



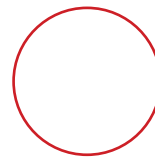
Advanced
Skincare for the
Modern
Consumer

MARICO KAYA
ENTERPRISES LIMITED



Advanced Technologies

Taking Advantage of Advanced Technologies which suit the modern consumer & conform to International standards of safety and efficacy



Dermatological Expertise

Expertise of over 200 highly qualified dermatologists across India & the Middle East



Over 7 lakh Satisfied Customers

Touched lives of over 7
lakh customers through
customized skin care
solutions





A Wide Footprint

kaya smiles™
love what you see™



kaya™ skin bar



Extensive Range

Board of Directors



Harsh Mariwala
Chairman & Whole-Time Director



Nikhil Khattau
Non-Executive Independent Director



B S Nagesh
Non-Executive Independent Director



Rajen Mariwala
Non-Executive Director



Ms. Ameera Shah
Additional Director

COMPANY INFORMATION

Board of Directors	: Mr. Harsh Mariwala : Mr. Nikhil Khattau, Chairman of Audit Committee and Stakeholders Relationship Committee : Mr. B. S. Nagesh, Chairman of Nomination & Remuneration Committee : Mr. Rajen Mariwala : Ms. Ameera Shah (w.e.f. June 19, 2014)
Company Secretary & Compliance Officer	: Ms. Almas Badar
Audit Committee	: Mr. Nikhil Khattau, Chairman : Mr. B. S. Nagesh, Member : Mr. Rajen Mariwala, Member : Mr. Harsh Mariwala, Permanent Invitee : Ms. Almas Badar, Secretary to the Committee
Nomination & Remuneration Committee (Erstwhile Corporate Governance Committee)	: Mr. B. S. Nagesh, Chairman : Mr. Nikhil Khattau, Member : Mr. Rajen Mariwala, Member : Mr. Harsh Mariwala, Permanent Invitee : Ms. Almas Badar, Secretary to the Committee
Stakeholders' Relationship Committee (Erstwhile Shareholders' Grievance Committee)	: Mr. Nikhil Khattau, Chairman : Mr. Dharmendar Jain, Member : Mr. Subramanian S., Member : Ms. Almas Badar, Member & Secretary to the Committee
Auditors	: Price Waterhouse, Chartered Accountants
Internal Auditors	: Ernst & Young LLP
Cost Accountants	: Ashwin Solanki & Associates
Bankers to Company	: HDFC Bank
Registered Office	: 9th Floor, Grande Palladium, 175, CST Road, Kalina, Santacruz (East), Mumbai, Maharashtra - 400 098.
Website	: www.maricokaya.com

Index	Page No.
Chairman's Letter to Shareholders	07
Directors' Report	09
Management Discussion and Analysis	14
Corporate Governance Report	27
 Marico Kaya Enterprise Limited - Standalone	
Auditors' Report.....	42
Balance sheet	46
Statement of Profit and Loss	47
Cash Flow Statement	48
Notes to the Accounts	49
Statement pursuant to Section 212 (1)(e) of the Companies Act, 1956	57
Statement pursuant to Section 212 (8) of the Companies Act, 1956	59
 Marico Kaya Enterprise Limited - Consolidated	
Auditors' Report.....	60
Balance sheet	62
Statement of Profit and Loss	63
Cash Flow Statement	64
Notes to the Accounts	66
 Subsidiary Financials	
Kaya Limited	91
Kaya Middle East Limited FZE	126
Awards and Accolades	145

CHAIRMAN'S LETTER TO SHAREHOLDERS

Dear Shareholders,

I am pleased to present the first Annual Report of Marico Kaya Enterprises Limited.

We commenced the year 2013-14 with the demerger of the Kaya business from Marico Limited recognizing the distinct entrepreneurial approach to business that Kaya requires. This organizational change is expected to accelerate the trajectory of growth of your Company both in India and Middle East and unlock significant value.

Kaya Skin Clinic was first launched in December 2002 in Mumbai with the objective of delivering flawless skin to our discerning consumers. A pioneer in the cosmetic dermatology space, Kaya Skin Clinic offers specialized skincare solutions backed by advanced and cutting-edge technologies. Encouraged by very positive customer feedback, your Company began opening more clinics and extended its footprint to other cities in India. Having identified an opportunity in the Middle East, it opened its first skin clinic in Dubai in 2004. Your company has come a long way since then having grown to 106 clinics and skin bars (88 in India and 18 in the Middle East) with seven hundred thousand customers being served by a pool of over 200 expert dermatologists.

Your Company's expertise in skin care delivered through a range of services and products developed at its R&D centre by in-house dermatologists and the experience we are committed to provide our consumers has resulted in creating a strong equity for the brand Kaya. Customized and holistic, result oriented solutions using a combination of specialized services and advanced products have helped it to carve out a very strong position in the skin care solutions market.

During FY14, your Company renewed its focus on its core strength of expertise-led skincare categories like Anti-ageing, Laser hair reduction, Acne, Fairness & Pigmentation. Reinforcing our commitment to offer world-class services to our consumers, we made investments in bringing advanced skincare technologies to our clinics. We continued to strengthen our offerings through relentless innovation across our services and products. Moreover, our bouquet of advanced beauty facials worked in conjunction with our specialized service categories to provide 360 degree experience of the brand.

Regular customers are rewarded through the Company's loyalty program. 'Kaya Smiles' completed 2 years and has built a membership of over 150,000. The program has enabled significant improvements in customer engagement and retention and contributes to nearly 80% of overall business. The success of your Company's loyalty program is a reflection of the customers' trust in the brand and a source of confidence over their continued patronage.

Every brand must refresh itself. Your Company has undertaken an exercise of revamping its clinics based on Kaya's new brand positioning. The new Kaya is contemporary, inviting and aspirational. Our new clinic identity is a rendition of the new positioning which enables our consumers to enjoy services in a warm and refreshing ambience.

Having established the brand, your Company sees an opportunity in retailing its products outside the clinic format. A product-retail format called Kaya Skin Bar which was launched as a prototype in Bengaluru last year. The new format houses over 50+ SKUs of Kaya's advanced products from across 13 distinct ranges, making the expertise of Kaya even more accessible to our consumers. The results of the prototype have been encouraging. In the coming year, you will see expansion of both our clinics and Kaya Skin Bar in relevant markets.

Our members have always been the key to our success and growth. We have over 1000 members and associates strongly aligned to the Company's objectives and motivated to continuously give off their best. Ours is a customer facing business and we continually invest in functional and customer service skill training to ensure impeccable customer experiences. At the same time we invest in technical skill enhancement programs thus enhancing the capability of our doctors on advanced technologies that enable us to deliver the very best solutions to our consumers.

Your Company has received industry accolades in the areas of Loyalty program (Kaya Smiles), Innovative retail format (Kaya Skin Bar) and Women Leadership for excellence in HR by CMO Asia. In the Middle East, Kaya has yet again received the Superbrand status for fourth time consecutively.

As part of our strategy to stay focused on leveraging Kaya in the existing large markets of India & the Middle East, your Company divested its Singapore based DermaRx business.

CHAIRMAN'S LETTER TO SHAREHOLDERS (Contd.)

During the year, our consolidated total income was Rs 36,687.93 lacs in FY 2014. Our Operating EBIT (before Exceptional Items) was Rs 2,459.74 lacs, while our PAT was Rs 3,501.76 lacs. Our Net revenue Same Stores Sales growth (excluding divested business) for the year was 9% notwithstanding the challenging macroeconomic environment resulting in reduced discretionary spends by consumers.

We look forward to the years ahead with confidence. Your Company is now poised to grow profitably on the strength of a strong brand, established clinics and protocols, and a technically strong and motivated team.

I would like to thank all our stakeholders for their constant support and encouragement. I look forward to receiving your continued patronage.

Thank you and best wishes.

Harsh Mariwala
Chairman & Whole Time Director

Place : Mumbai

Date : 8th August 2014.