

CORPORATE GOVERNANCE REPORT

This report on Corporate Governance is divided into the following parts:

- Philosophy on Code of Corporate Governance
- Board of Directors
- Audit Committee
- Remuneration Committee / Corporate Governance Committee
- Shareholders' Committee
- General Body Meetings
- Disclosures
- Means of Communication
- General Shareholder Information

I. PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Basic Philosophy

Corporate Governance encompasses laws, procedures, practices and implicit rules that determine a management's ability to take sound decisions vis-à-vis all its stakeholders – in particular, its shareholders, creditors, the State and employees. There is a global consensus on the objective of Good Corporate Governance: Maximising long-term shareholder value.

Since shareholders are residual claimants, this objective follows from a premise that in well-performing capital and financial markets, whatever maximises shareholder value must necessarily maximise corporate value, and best satisfy the claims of creditors, employees and the State.

A company which is proactively compliant with the law and which adds value to itself through Corporate Governance initiatives would also command a higher value in the eyes of present and prospective shareholders.

Marico therefore believes that Corporate Governance is not an end in itself but is a catalyst in the process towards maximisation of shareholder value. Therefore, shareholder value as an objective is woven into all aspects of Corporate Governance - the underlying philosophy, development of roles, creation of structures and continuous compliance with standard practices.

Corporate Governance as a concept has gained considerable importance of late, primarily because of the proposal to enshrine many of the accepted good governance principles into corporate law. For Marico, however, good corporate governance has been a cornerstone of the entire management process, the emphasis being on professional management, with a decision making model based on decentralisation, empowerment and meritocracy. Together, the management & Board ensure that Marico remains a company of uncompromised integrity and excellence.

Risk Assessment and Risk Mitigation Framework

Marico believes that:

- Risks are an integral part of any business environment and it is essential that we create structures that are capable of identifying and mitigating them in a continuous and vibrant manner.
- Risks are multi-dimensional and therefore have to be looked at in a holistic manner, straddling both, the external environment and the internal processes.

Marico's Risk Management processes therefore envisage that all significant activities are analysed keeping in mind the following types of risks:

- ❖ Business Risks
- ❖ Controls Risks
- ❖ Governance Risks

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This analysis is followed by the relevant Function(s) in Marico tracking the risk elements, both internal and external, and reporting status at periodic management reviews. This is aimed at ensuring that adequate checks and balances are in place with reference to each significant risk.

The Board and its Audit Committee are periodically presented with all the information under risks management at group level and the progress on the risk responses.

The Company has an internal audit system commensurate with the size of the Company and the nature of its business. The Audit Committee of the Board has the ultimate authority and responsibility to select, evaluate and, where appropriate, replace the independent auditor in accordance with the law. All possible measures must be taken by the committee to ensure the objectivity and independence of the independent auditor. The Committee, independent of the executive director and promoter directors of the Company, holds periodic one to one discussions with the Internal Auditors to review the scope and findings of audit and to ensure adequacy of internal audit system in the Company.

We believe that this framework ensures a unified and comprehensive perspective.

Cornerstones

Marico thus follows Corporate Governance Practices around the following philosophical cornerstones:

Generative Transparency and Openness in Information sharing

Marico believes that sharing and explaining all relevant information on the Company's policies and actions to all those to whom it has responsibilities, with transparency and openness, generates an ambience which helps all stakeholders to take informed decisions about the Company. This reflects externally in making maximum appropriate disclosures without jeopardising the Company's strategic interests as also internally in the Company's relationship with its employees and in the conduct of its business.

The Company announces its financial results each quarter, usually within a month of the end of the quarter. Apart from disclosing these in a timely manner to the stock exchanges, the Company also hosts the results on its website together with a detailed information update and media release discussing the results. The financial results are published in leading newspapers. Marico participates in analyst and investor conference calls, one-on-one meetings and investor conferences where analysts and fund managers get frequent access to the company's senior management. Presentations made by the Company at investor conferences are also uploaded on its website. Through these meetings, presentations and information updates the Company shares its broad strategy and business outlook. The Company also follows a practice of making public information on significant developments through immediate disclosure to the stock exchanges on which it is listed.

Constructive Separation of Ownership and Management

Marico believes that constructive separation of the Management of the Company from its owners results in maximising the effectiveness of both, by sharpening their respective accountability. Seven out of eight directors are non-executive and six of them are independent. The Board does not consist of representatives of creditors or banks. The Committees of the Board are chaired by Independent Directors.

No related party transactions exist except for those with subsidiaries/group companies and for remuneration to Chairman and Managing Director (CMD) and relatives of CMD. These can be referred to in Notes to Accounts annexed to the financial statements for the year ended March 31, 2011.

As and when required, senior management personnel are present at Board / Committee meetings so that the Board/ Committees can seek and get explanations as required from them.

All Directors and employees are required to comply with Marico's Unified Code Of Conduct (share dealing rules) for trading in Company's securities in addition to concerned SEBI regulations.

The Company's Internal and External auditors are not related to the Company.

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Accountability

The Board plays a supervisory role rather than an executive role. Members of the Board of Directors of the Company provide constructive critique on the operations of the Company. Each business unit is headed by a Chief Executive Officer who is responsible for its management and operation and is answerable to the Board.

The Audit Committee and the Board of Directors meet at least once every quarter to consider inter alia, the business performance and other matters of importance.

Discipline

Marico's senior management understands and advocates the need for good corporate governance practices. The Company places significant emphasis on good corporate governance practices and endeavours to ensure that the same is followed at all levels across the Organisation.

The Company continues to focus on its core businesses of beauty and wellness. In its international business too it is focussed on growing in the Asian and African continents in the near term. This would result in the Company building depth in its selected segments and geographies rather than spreading itself thin.

The Company has always adopted a conservative policy with respect to debt. All actions having financial implications are well thought through. Funds are raised for financing activities which add to the business performance and not for the purpose of arbitrage. The Company has also stayed away from entering into exotic derivative products.

The Company has also followed a prudent dividend policy and has been declaring cash dividend on a regular basis thereby providing a regular return on investment to shareholders.

Responsibility

The Group has put in place checks and balances to ensure orderly and smooth functioning of operations and also defined measures in case of transgressions by members.

There exists a Unified Code of Conduct which regulates the behaviour and conduct of the members of the Organisation. Swift action is taken against members found in violation of the code.

Purchase and sale of shares by members is governed by the Unified Code of Conduct to ensure transparency in trading by all members of the Organisation.

Fairness

All actions taken are arrived after considering the impact on the interests of all stakeholders including minority shareholders. All shareholders have equal rights and can convene general meetings if they feel the need to do so. Investor Relations is given due priority. There exists a separate department for handling this function. Full disclosures are made in the general meeting of all matters. Notice of the meetings are comprehensive, the presentations made at the meetings are informative. Board remuneration does not rise faster than Company's profits.

Social Awareness

The Company has an explicit policy emphasising ethical behaviour. It follows a strict policy of not employing the under-aged. The Company believes in equality of genders and does not practise any type of discrimination. All policies are free of bias and discrimination. Environmental responsibility is given high importance and measures have been taken at all locations to ensure that members are educated and equipped to discharge their responsibilities in ensuring the proper maintenance of the environment.

Value-adding Checks & Balances

Marico relies on a robust structure with value adding checks and balances designed to:

- ❖ prevent misuse of authority
- ❖ facilitate timely response to change and
- ❖ ensure effective management of risks, especially those relating to statutory compliance

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At the same time, the structure provides scope for adequate executive freedom, so that bureaucracies do not take value away from the Governance Objective.

Board / Committee Proceedings

The process of the conduct of the Board and Committee proceedings is explained in detail later on in this Report.

Other Significant Practices

Other significant Corporate Governance Practices followed by Marico are listed below:

Checks & Balances

- ❖ All directors are provided with complete information relating to operations and Company finances to enable them to participate effectively in Board discussions.
- ❖ Proceedings of Board are logically segregated and matters are delegated to committees as under:
 - Administrative Committee covers routine transactional issues.
 - Investment and Borrowing Committee covers management of funds.
 - Audit Committee covers internal control systems, financial reporting and compliance issues.
 - Corporate Governance Committee (erstwhile Remuneration Committee) covers remuneration of Directors and their relatives, Corporate Governance policy and procedures and has been designated as the Compensation Committee for the purpose of administration and superintendence of the Marico Employees Stock Option Scheme 2007.
 - Share Transfer Committee covers transfer formalities and other share-related procedures.
 - Shareholders' Committee covers redressal of investor grievances.
 - Securities Issue Committee covers the matters relating to the issue and allotment of securities and allied matters.
 - Real Estate Projects Committee (erstwhile Committee for investing in new office premises) covers matters relating to transactions in real estate and allied matters.
 - Above constituted committees meet periodically to review operations.
- ❖ Each non-executive director brings value through a specialisation.
- ❖ Directorships held are within the ceiling limits specified.
- ❖ Committee memberships and chairmanship of directors are within overall limits.
- ❖ Statutory compliance report along with a Compliance Certificate is placed before the Audit Committee/ Board at every meeting.
- ❖ Audit Committee is chaired by an Independent Director to check control systems and review them.
- ❖ All Directors endeavour to attend all the Board/Committee meetings as also the Annual General Meeting. The Chairman of the Audit Committee attends the Annual General Meeting to answer queries, if any, on accounts.
- ❖ The Chairman of the Board/Committee, in consultation with the Chief Financial Officer and the Company Secretary, formalises the agenda for each of the Board Meetings.
- ❖ The Board/Committees, at their discretion, invite Senior Managers of the Company and / or outside Advisors to any meeting(s) of the Board/Committee.
- ❖ The Audit Committee has, during the year considered, all important Company policies having a financial or control angle viz: materials, risk management, internal controls and compliances across the Company. It has regularly monitored the effectiveness of policies, need for strengthening internal controls etc.

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Compliance with Clause 49 of the Listing Agreement

The Company has complied with the provisions of Clause 49 of the Listing agreement (LA), as revised from time to time.

The Company already has a Unified Code of Conduct for the Board of Directors and Senior Members, and a Whistle Blower Policy in place.

The Unified Code of Conduct prescribes certain dos and don'ts to the Directors, Senior Management comprising key personnel of the Company and other employees of the Company to promote ethical conduct in accordance with the stated values of Marico and also to meet statutory requirements.

The CEO declaration has been included in the CEO Certificate given elsewhere in the Annual Report.

II. BOARD OF DIRECTORS

(I) Composition and categories of Directors:

Name	Category
Mr. Harsh Mariwala	Chairman and Managing Director (Promoter)
Mr. Rajeev Bakshi	Non-Executive and Independent
Mr. Atul Choksey	Non-Executive and Independent
Mr. Nikhil Khattau	Non-Executive and Independent
Mr. Anand Kripalu	Non-Executive and Independent
Mr. Rajen Mariwala	Non-Executive (Promoter)
Ms. Hema Ravichandar	Non-Executive and Independent
Mr. B. S. Nagesh*	Non-Executive and Independent

*Member of the Board w.e.f July 16, 2010

No director is related to any other director on the Board in terms of the definition of 'Relative' given under the Companies Act, 1956 except Mr. Harsh Mariwala and Mr. Rajen Mariwala, who are related to each other as first cousins.

(II) Attendance of each Director at the Board meetings and the last Annual General Meeting:

Six meetings of the Board of Directors were held during the period April 01, 2010 to March 31, 2011 viz: April 28, 2010, July 16, 2010, July 28, 2010, September 10, 2010, October 26, 2010 and January 27, 2011. The attendance record of all directors is as under: -

Names of Directors	No. of Board Meetings		Attendance at Last AGM
	Held	Attended	
Mr. Harsh Mariwala	6	6	Yes
Mr. Rajeev Bakshi	6	3	No
Mr. Atul Choksey	6	5	No
Mr. Nikhil Khattau	6	5	No
Mr. Anand Kripalu	6	4	No
Mr. Rajen Mariwala	6	4	Yes
Ms. Hema Ravichandar	6	5	Yes
Mr. B. S. Nagesh	6	4	Yes

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- (III) Number of Board or Board Committees of which a Director is a member or chairperson (Only the Membership(s)/ Chairmanship(s) of Audit Committee and Shareholders' Committee is considered as per Clause 49 of the Listing Agreement)

Director	Number of Outside Directorships (\$) held	Number of Other Committee (*) Memberships	Number of Committees (*) in which Chairperson
Mr. Harsh Mariwala	3	Nil	1
Mr. Rajeev Bakshi	2	1	Nil
Mr. Atul Choksey	8	Nil	Nil
Mr. Nikhil Khattau	Nil	Nil	Nil
Mr. Anand Kripalu	2	Nil	Nil
Mr. Rajen Mariwala	2	Nil	Nil
Ms. Hema Ravichandar	1	Nil	Nil
Mr. B. S. Nagesh	4	Nil	Nil

(\$) Excludes directorship in private limited companies, foreign companies and companies under Section 25 of the Companies Act, 1956

(*) Only two committees, namely, Audit Committee and Shareholders'/Investors' Grievance Committee have been considered as per Clause 49 of the Listing Agreement.

III. AUDIT COMMITTEE

Constitution:

The Audit Committee was constituted by the Board of Directors at its meeting held on January 23, 2001, in accordance with Section 292A of the Companies Act, 1956. The Audit Committee was last re-constituted by the Board of Directors on July 16, 2010.

The Audit Committee now comprises of the following Members:

Mr. Nikhil Khattau	-	Chairman
Mr. Rajen Mariwala	-	Member
Ms. Hema Ravichandar	-	Member
Mr. B. S. Nagesh	-	Member
Ms. Hemangi Wadkar*	-	Secretary to the Committee
Mr. Harsh Mariwala	-	Permanent Invitee

* Appointed as secretary to the Committee w.e.f October 27, 2010

The terms of reference of the Audit Committee are as stated in Clause 49 of the Standard Listing Agreement and Section 292A of the Companies Act, 1956 and include:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.

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4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgement by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
7. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
8. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
9. Discussion with internal auditors any significant findings and follow up there on.
10. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
11. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
12. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
13. To review the functioning of the Whistle Blower mechanism.
14. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
15. Reviewing mandatorily the following information:
 - a. Management discussion and analysis of financial condition and results of operations;
 - b. Statement of significant related party transactions, submitted by management;
 - c. Management letters / letters of internal control weaknesses issued by the statutory auditors;
 - d. Internal audit reports relating to internal control weaknesses; and
 - e. The appointment, removal and terms of remuneration of the Chief internal auditor.

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The Committee had 5 meetings during the period April 01, 2010 to March 31, 2011 viz: April 28, 2010, July 16, 2010, July 28, 2010, October 26, 2010 and January 27, 2011.

Names of Directors	No. of Audit Committee Meetings	
	Held	Attended
Mr. Nikhil Khattau	5	4
Mr. Rajen Mariwala	5	3
Ms. Hema Ravichandar	5	4
Mr. B. S. Nagesh*	5	3
Mr. Harsh Mariwala	5	5

* Appointed as a member w.e.f July 16, 2010

IV. CORPORATE GOVERNANCE COMMITTEE

Constitution:

The Board of Directors had at its meeting held on October 25, 2005, renamed the Remuneration Committee as the Corporate Governance Committee with terms of reference relating to overseeing and continuously improving the Corporate Governance policies and practices in the Company. The primary purpose of the Corporate Governance Committee is 'to enable' the Board function effectively in strategic and core issues of management.

The Corporate Governance Committee reviews and oversees the Remuneration strategy and Performance Management Philosophy of Marico, especially for Directors and senior employees. The Committee has also been designated as the Compensation Committee for administration and superintendence of the Company's Employees Stock Option Scheme. The Committee will also act as the Nomination Committee, with the details of this role being defined at an appropriate and relevant time in the future. The Corporate Governance Committee was last reconstituted by the Board of Directors on January 28, 2010.

The Corporate Governance Committee comprises of the following Directors:

Ms. Hema Ravichandar	-	Chairperson
Mr. Rajeev Bakshi	-	Member
Mr. Anand Kripalu	-	Member
Mr. Milind Sarwate	-	Secretary to the Committee
Mr. Harsh Mariwala	-	Permanent Invitee

The Corporate Governance Committee met four times during the period April 01, 2010 to March 31, 2011, viz: April 27, 2010, July 16, 2010, September 10, 2010 and January 26, 2011.

The Remuneration paid/payable to Non-Executive Directors for the Financial Year 2010-2011 is as under:

Name	Remuneration (payable annually) (Rs.)	Sitting Fees (Rs.)
Mr. Rajeev Bakshi	6,00,000	60,000
Mr. Atul Choksey	6,00,000	50,000
Mr. Nikhil Khattau	6,00,000	90,000
Mr. Anand Kripalu	6,00,000	80,000
Mr. Rajen Mariwala	6,00,000	70,000
Ms. Hema Ravichandar	6,00,000	1,20,000
Mr. B. S. Nagesh	4,25,806	70,000

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The remuneration paid to Mr. Harsh Mariwala, Chairman & Managing Director, for the financial year 2010-2011 is as under:

Name	Salary and Perquisites (Rs.)	Annual Performance Incentive (Rs.)
Mr. Harsh Mariwala	2,34,47,579	97,27,301

For any termination of service contract, the Company and/or the Executive Director is required to give a notice of three months.

Shareholding of Non Executive Directors

Name of Non Executive Director	No. of Shares held (As on March 31, 2011)
Mr. Rajeev Bakshi	0
Mr. Atul Choksey	12,000
Mr. Nikhil Khattau	0
Mr. Anand Kripalu	0
Mr. Rajen Mariwala	36,93,200
Ms. Hema Ravichandar	0
Total	37,05,200

REMUNERATION POLICY OF THE COMPANY

Remuneration Policy for Executive Director

The Marico Board presently consists of only one executive director namely Mr. Harsh Mariwala, Chairman & Managing Director (CMD). Therefore, the remuneration policy for executive directors presently covers only the CMD

The remuneration of the CMD was governed by the agreement dated June 28, 2006 executed between the Company and Mr. Harsh Mariwala. The said agreement was valid upto March 31, 2011. The terms of remuneration of CMD has been revised with effect from April 1, 2011 by the Board at its meeting held on January 27, 2011 based on the recommendation of the Corporate Governance Committee. The remuneration to the CMD comprises of two broad terms – Fixed Remuneration and Variable Remuneration in the form of performance incentive. The revised terms of remuneration are subject to the approval of the shareholders of the Company at this Annual General Meeting.

The performance incentive is based on internally developed detailed performance related matrix which is verified by the HR department.

Remuneration Policy for Non-Executive Directors

Non-Executive Directors of a Company's Board of Directors can add substantial value to the Company through their contribution to the Management of the Company. In addition, they can safeguard the interests of the investors at large by playing an appropriate control role. For best utilizing the Non-Executive Directors, Marico has constituted certain Committees of the Board, viz: Corporate Governance Committee, Audit Committee and Shareholders' Committee.

Non-Executive Directors bring in their long experience and expertise to bear on the deliberations of the Marico Board and its Committees. Although the Non-Executive Directors would contribute to Marico in several ways, including off-line deliberations with the Managing Director, the bulk of their measurable inputs come in the form of their contribution to Board/Committee meetings. Marico therefore has a structure for remuneration to Non-Executive Directors, based on engagement levels of the Board members linked to their attendance at Board/Committee Meetings.

The shareholders of the Company had on July 28, 2010 approved payment to Non-Executive Directors for a period of five years up to a limit of 3% of the net profits of the Company calculated in accordance with the provisions of the Companies Act, 1956 with a liberty to the Board of Directors to decide the mode, the quantum, the recipients and the frequency of payment of such remuneration within the said limit.

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The Board has approved following remuneration structure for Non-Executive Directors (NEDs) for the Financial years 2010-11 and 2011-12 :

Component	Amount
Fixed Remuneration	Rs. 6 lacs per director for whole year's directorship
Sitting fees to Board Members	Rs. 10000 per meeting physically attended
Sitting Fees to Board Committee Members	Rs. 10000 per meeting physically attended
Reimbursement of expenses	Actual expenses incurred on cost of travel, stay and local conveyance of outstation and local Directors, as may be applicable.

V. SHAREHOLDERS' COMMITTEE

Constitution:

The Shareholders' Committee was constituted by the Board of Directors at its meeting held on October 23, 2001 and was last re-constituted on July 24, 2008.

The terms of reference of the Shareholders' Committee are to specifically look into the redressal of shareholders' and investors' complaints relating to transfer of shares, non-receipt of balance sheet, non-receipt of dividends etc.

The Shareholders' Committee now comprises the following Directors (All Non-Executive):

Mr. Nikhil Khattau	-	Chairman
Mr. Rajen Mariwala	-	Member
Ms. Hemangi Wadkar*	-	Secretary to the Committee

* Appointed as secretary to the Committee w.e.f October 27, 2010

VI. ADMINISTRATIVE COMMITTEE

Constitution:

The Administrative Committee was constituted by the Board of Directors at its meeting held on April 27, 1998 and was last re-constituted on November 5, 2009.

The terms of reference of the Administrative committee are to consider and dispose of any day-to-day matters, with a view to ensuring smooth operation and timely action/compliances. The Committee meets at frequent intervals and dispose matters which are of routine but urgent in nature without having to wait for the next board meeting or resorting of passing of circular resolutions.

The Administrative Committee now comprises the following members:

Mr. Harsh Mariwala	-	Chairman
Mr. Rajen Mariwala	-	Member
Mr. Milind Sarwate	-	Member
Mr. Vivek Karve	-	Member
Mr. Ravin Mody	-	Member
Ms. Hemangi Wadkar*	-	Secretary to the Committee

* Appointed as secretary to the Committee w.e.f October 27, 2010

The Administrative Committee met 20 (twenty times) during the period April 01, 2010 to March 31, 2011.

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VII. INVESTMENT AND BORROWING COMMITTEE

Constitution:

The Investment and Borrowing Committee was constituted by the Board of Directors at its meeting held on June 30, 1998 and was last re-constituted on October 28, 2009.

The terms of reference of the Investment and Borrowing Committee to invest, borrow or lend monies with a view to ensure smooth operation and timely action. The Committee could meet at frequent intervals and dispose matters which are of routine but urgent in nature without having to wait for the next board meeting or resorting of passing of circular resolutions.

The Investment and Borrowing Committee now comprises the following members:

Mr. Harsh Mariwala	-	Chairman
Mr. Milind Sarwate	-	Member
Mr. Chaitanya Deshpande	-	Member
Mr. Vivek Karve	-	Member
Ms. Hemangi Wadkar*	-	Secretary to the Committee

* Appointed as secretary to the Committee w.e.f October 27, 2010

The Investment and Borrowing Committee met 11 (eleven) times during the period April 01, 2010 to March 31, 2011.

VIII. SECURITIES ISSUE COMMITTEE

Constitution:

The Securities Issue Committee was constituted by the Board of Directors at its meeting held on April 20, 2006 and was last re-constituted on March 23, 2011.

The terms of reference of the Securities Issue Committee relates to overseeing all matters pertaining to issue of Securities, other matters incidental to the issue and all such acts/ powers as may be entrusted to it by the Board from time to time.

The Securities Issue Committee now comprises the following members:

Mr. Harsh Mariwala	-	Chairman
Mr. Milind Sarwate	-	Member
Mr. Chaitanya Deshpande	-	Member
Mr. Vivek Karve	-	Member
Mr. Ravin Mody	-	Member
Mr. Ankit Jain	-	Member
Ms. Hemangi Wadkar*	-	Secretary to the Committee

* Appointed as secretary to the Committee w.e.f October 27, 2010

The Securities Issue Committee met twice during the period April 01, 2010 to March 31, 2011.

IX. SHARE TRANSFER COMMITTEE

Constitution:

The Share Transfer Committee was constituted by the Board of Directors at its meeting held on April 20, 2006.

The terms of reference of the Securities Issue Committee to approve, transfer and transmission of shares and to approve sub-division, consolidation and issue of new/duplicate share certificates, whenever requested for by the shareholders of the Company.

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The Share Transfer Committee now comprises the following members:

Mr. Harsh Mariwala	-	Chairman
Mr. Chaitanya Deshpande	-	Member
Ms. Hemangi Wadkar*	-	Member & Secretary to the Committee

* Appointed as member and secretary to the Committee w.e.f October 27, 2010

The Share Transfer Committee met four times during the period April 01, 2010 to March 31, 2011.

Name and Designation of Compliance Officer:

Ms. Hemangi Wadkar was appointed as the Company Secretary & Compliance Officer w.e.f. October 27, 2010.

Status Report of Investor Complaints for the year ended March 31, 2011

No. of Complaints Received	-	38
No. of Complaints Resolved	-	38
No. of Complaints Pending	-	NIL

All valid requests for share transfer received during the year have been acted upon and no such transfer is pending.

X. GENERAL BODY MEETINGS

Annual General Meetings

YEAR	VENUE	DATE	TIME
2008	Mayfair Rooms, 'Mayfair South', 254- C, Dr. Annie Besant Road, Worli, Mumbai – 400 030	July 24, 2008	2.30 p.m.
2009	Mayfair Rooms, 'Mayfair South', 254- C, Dr. Annie Besant Road, Worli, Mumbai – 400 030	July 23, 2009	3.00 p.m.
2010	The National Stock Exchange of India Limited, 'NSE Auditorium', Ground Floor, Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai – 400051	July 28, 2010	3.30 p.m.

XI. DISCLOSURES

There has not been any non-compliance, penalties or strictures imposed on the Company by the Stock Exchanges, SEBI or any other statutory authority, on any matter relating to the capital markets during the last three years.

During the year 2010-2011, there were no materially significant related party transactions i.e. transactions of the company of material nature, with its Promoters, the Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interest of Company at large.

The Company has a well-defined Whistle Blower Policy and it is fully implemented by the Management.

No personnel has been denied access to the Audit Committee.

Compliance with mandatory and non-mandatory requirements of Clause 49 of the Listing Agreement

The Company has complied with mandatory requirements of Clause 49 of the Listing Agreement requiring it to obtain a certificate from either the Auditors or Practising Company Secretaries regarding compliance of conditions of Corporate Governance as stipulated in this clause and annex the certificate with the Directors' Report, which is sent annually to all the shareholders of the Company. We have obtained a certificate to this effect from the auditors and the same is given as an annexure to the Directors' Report.

The clause further states that the non-mandatory requirements may be implemented as per our discretion. However, the disclosures of the compliance with mandatory requirements and adoption (and compliance) / non-adoption of the non-mandatory requirements shall be made in the section on Corporate Governance of the Annual Report. We comply with the following non-mandatory requirements:

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Remuneration Committee

The scope of the Remuneration Committee was expanded and designated as the Corporate Governance Committee by the Board of Directors at its meeting held on October 25, 2005. A detailed note on the Committee is provided elsewhere in this report.

Whistle Blower Policy

We have established a mechanism for employees to report concerns about unethical behaviour, actual or suspected fraud or violation of our code of conduct or ethics policy. This mechanism also provides for adequate safeguards against victimization of employees who avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases. The guidelines are meant for all members of the Organization from the day they join and are designed to ensure that they may raise any specific concern on integrity, value adherence without fear of being punished for raising that concern. The guidelines also cover our associates who partner us in our organizational objectives and customers for whom we exist.

The Board and its Corporate Governance Committees are informed periodically on the matters reported with the Whistle Blower Ombudsman and the status of resolution of such cases.

XII. MEANS OF COMMUNICATION

Quarterly, half-yearly and annual results for Marico Limited as also consolidated financial results for the Marico group are published in an English financial daily (Free Press Journal) and a vernacular newspaper (Navashakti).

All official news releases and financial results are communicated by the Company through its corporate website - www.marico.com. Presentations made to Institutional Investors/ analysts are also put up on the website for wider dissemination.

The Management Discussion and Analysis Report forms part of the Annual Report.

XIII. GENERAL SHAREHOLDER INFORMATION

Details of Directors seeking appointment/reappointment at the forthcoming Annual General Meeting

Ms. Hema Ravichandar

Ms. Hema Ravichandar is a Bachelor of Arts (Economics) from the University of Chennai and holds a Post Graduate Diploma in Management from the Indian Institute of Management, Ahmedabad. Hema's experience of 28 years comprises corporate roles in Infosys Technologies Ltd. and Motor Industries Co. Ltd., and entrepreneurial stints in HR, across industries. Her experience spans Change Management, Leadership Development and Human Resource Development. In her last role as the Senior Vice President and Global Head of HR for the Infosys Group, she was responsible for staffing & recruitment, compensation and benefits, performance management, immigration, learning & development and organizational effectiveness. She currently provides Strategic HR Advisory to several multinational and Indian organizations. Hema has held several key industry positions. She was formerly the Chairperson for The Conference Board's HR Council of India and was a Member of the National Advisory Council of the National HRD Network of India. She has worked closely with industry bodies such as CII and NASSCOM on some of their key initiatives. She is a regular speaker at several international and national conferences and leading business schools. She has been on the Board of Directors of the Company since July 26, 2005.

Mr. Nikhil Khattau

Nikhil Khattau is an experienced banker, entrepreneur and venture capital investor who has built and invested in companies in India since 1995. Nikhil also has an additional 10 years of international work experience. Currently, he is a Managing Director of MF Advisors Pvt. Ltd. He sits on the boards of Consim Info Pvt. Ltd. (India's largest matrimony company), Geodesic Techniques (a speciality construction company) and Sohanlal Commodity Management (an agricultural logistics company). Nikhil is also on the national board of advisors of AIESEC (The International Association of Students of Economics and Management) in India. Nikhil was the founding CEO of SUN F&C Asset Management, one of the first private sector mutual fund companies in India. Nikhil's prior experience includes working for Ernst & Young's Corporate Finance and Audit practices in New York and London from 1986-1995, where he successfully advised a number of mid-market companies on their acquisition and divestment strategies. Nikhil received his bachelor's degree in commerce from Bombay University and is an associate of the Institute of Chartered Accountants in England and Wales.

CORPORATE GOVERNANCE REPORT

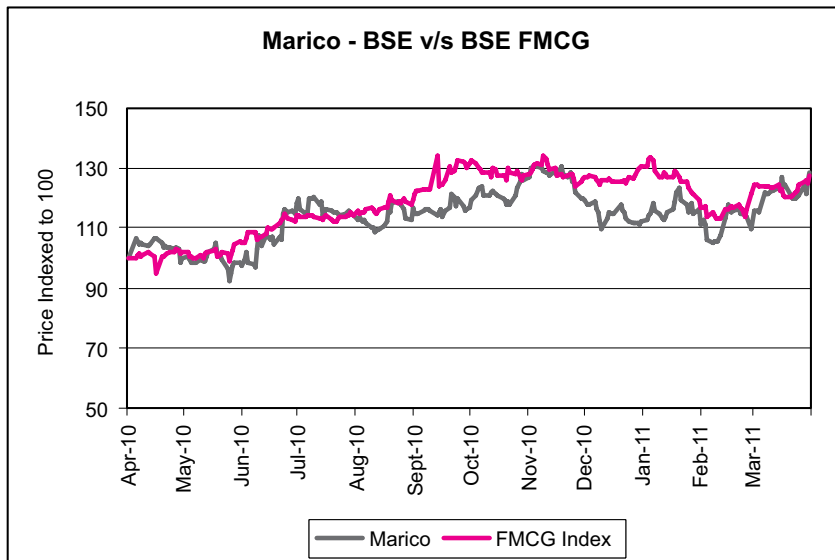
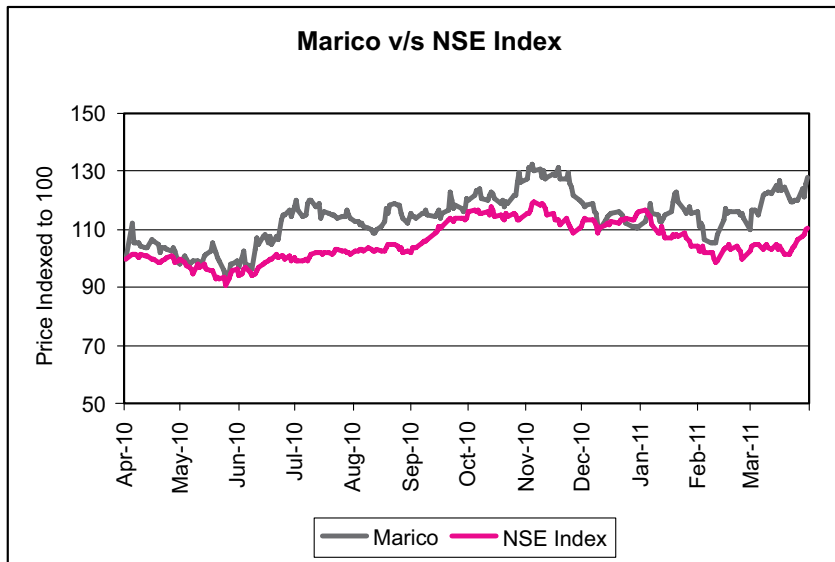
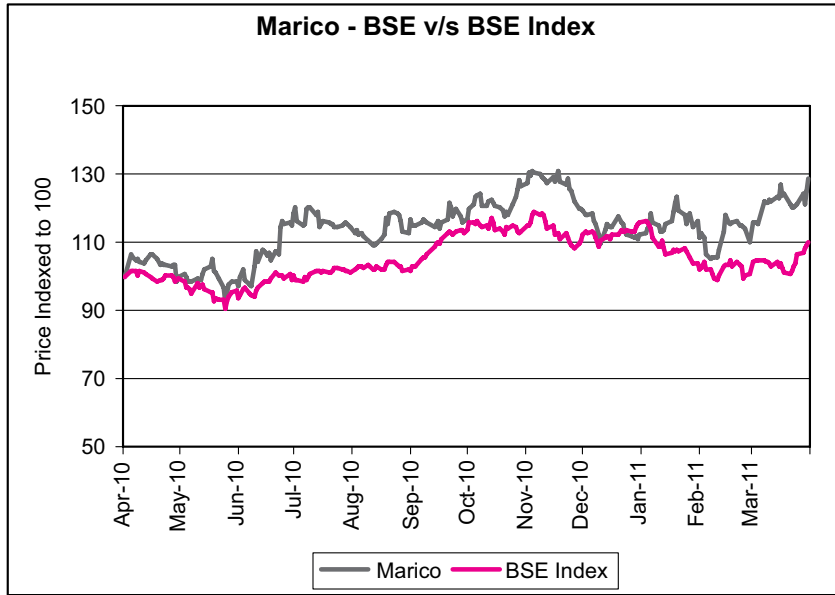
Annual General Meeting – Date, time and Venue	:	3.30 p.m. on Wednesday, July 27, 2011 IES Management College & Research Centre, Gate No. 4, Seminar Hall, 6th Floor, Plot No. 791, S. K. Marg, VMDL Complex, Bandra Reclamation, Bandra (W), Mumbai – 400050
Financial Year	:	April 01 - March 31
Book Closure Date	:	Monday, July 25, 2011 to Wednesday, July 27, 2011, both days inclusive.
Dividend Payment Date	:	November 16, 2010 (1st Interim Equity Dividend 10-11) May 23, 2011 (2nd Interim Equity Dividend 10-11)
Listing on Stock Exchanges	:	Bombay Stock Exchange Limited (BSE), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001. The National Stock Exchange of India Limited (NSE), Exchange Plaza, Bandra Kurla Complex, Mumbai 400 051. Listing fees for Financial Year 2010-2011 has been paid.
Stock /Scrip Code	:	BSE – 531642 NSE – MARICO
ISIN number	:	INE 196A01026
Company Identification Number (CIN)	:	L15140MH1988PLC049208
Unique Identification Number	:	100067223

Market Price Data

Month	Bombay Stock Exchange Limited (BSE) (in Rs.)		The National Stock Exchange of India Limited (NSE) (in Rs.)	
	High	Low	High	Low
April 2010	122.40	106.10	124.85	106.25
May 2010	117.50	99.75	117.50	99.15
June 2010	136.20	104.35	136.50	104.05
July 2010	134.40	123.10	134.50	123.25
August 2010	133.90	116.25	144.65	116.15
September 2010	133.40	122.00	133.70	121.55
October 2010	153.00	126.50	145.70	126.80
November 2010	144.60	125.00	143.80	125.35
December 2010	131.90	115.00	132.00	118.00
January 2011	136.40	119.50	136.70	120.00
February 2011	129.40	112.10	129.80	112.05
March 2011	139.90	119.05	140.80	119.40

CORPORATE GOVERNANCE REPORT

PERFORMANCE IN COMPARISON: BSE SENSEX, S & P CNX NIFTY AND BSE FMCG



CORPORATE GOVERNANCE REPORT

Share Transfer System : Transfers in physical form are registered by the Registrar and Share Transfer Agents immediately on receipt of completed documents and certificates are issued within one month of date of lodgement of transfer.

Invalid share transfers are returned within 15 days of receipt.

The Share Transfer Committee generally meets as may be warranted by the number of share transaction requests received by the Company.

All requests for dematerialisation of shares are processed and the confirmation is given to respective Depositories i.e. National Securities Depository Limited and Central Depository Services (India) Limited, generally within 20 days.

Registrar & Transfer Agents : M/s Link Intime India Pvt Limited (erstwhile Intime Spectrum Registry Limited), (Unit: Marico Ltd.) C -13 Pannalal Silk Mills Compound, LBS Road, Bhandup (West), Mumbai 400 078

Distribution of Shareholding as on March 31, 2011 :

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1- 500	26,601	82.68	3,159,561	0.51
501-1000	2,210	6.87	1,909,623	0.31
1001 -2000	1,176	3.66	1,970,268	0.32
2001-3000	400	1.24	1,060,550	0.17
3001-4000	625	1.94	2,428,320	0.40
4001- 5000	204	0.63	977,138	0.16
5001-10000	421	1.31	3,235,360	0.53
10001 & above	538	1.67	599,658,730	97.60
Total	32,175	100.00	614,399,550	100.00

Categories of Shareholding as on March 31, 2011 :

Category	No. of Shareholders	No. of Shares held	Percentage of Shareholding
Promoters	28	386,376,520	62.88
Foreign Institutional Investors	107	159,191,646	25.91
NRIs and OCBs	684	2,059,390	0.34
Insurance Companies, Banks and other Financial Institutions	13	7,798,670	1.27
Mutual Funds, including Unit Trust of India	37	19,274,048	3.14
Public / Private Ltd. Companies	528	14,848,333	2.42
Resident Individuals, Trusts and In Transit	30,778	24,850,943	4.04
Total	32,175	614,399,550	100.00

CORPORATE GOVERNANCE REPORT

Group coming within the definition of Group as defined in the Monopolies and Restrictive Trade Practices Act, 1969 (54 of 1969) : List of persons forming part of the same “Group” for the purposes of Regulation 3(1)(e)(i) of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997:

1. Valentine Family Trust
2. Aquarius Family Trust
3. Taurus Family Trust
4. Gemini Family Trust
5. Harshraj C Mariwala HUF
6. Harsh C Mariwala & Family
7. Archana Mariwala & Family
8. Rajvi Harsh Mariwala & Family
9. Rishabh Harsh Mariwala & Family
10. Kishore V Mariwala & Family
11. Hema K Mariwala & Family
12. Rajen Mariwala & Family
13. Anjali R Mariwala & Family
14. Ravindra K Mariwala & Family
15. Paula R Mariwala & Family
16. Malika Chirayu Amin & Family
17. Pallavi C Jaikishen & Family
18. Preeti Gautam Shah & Family
19. The Bombay Oil Private Limited
(erstwhile Bombay Oil Industries Pvt. Ltd.)
20. Arctic Investment and Trading Co. Pvt. Ltd
21. Hindustan Polyamides and Fibres Ltd

Dematerialization of Shares and Liquidity : As on March 31, 2011, 99.68% of shareholding was held in Dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited.

In terms of the notification issued by SEBI, trading in the equity shares of the Company is permitted only in dematerialised form with effect from May 31, 1999.

Outstanding GDR / ADR / Warrants or any convertible instruments, conversion date and impact on equity : The Company has not issued any GDR / ADR / Warrants or any convertible instruments.

Plant Locations : Kanjikode, Jalgaon, Goa, Pondicherry, Daman, Dehradun, Paonta Sahib and Baddi

CORPORATE GOVERNANCE REPORT

Address for correspondence

: **Shareholding related queries**

Company's Registrar & Transfer Agent:

M/s Link Intime India Pvt Limited

(erstwhile Intime Spectrum Registry Limited)

Unit: Marico Limited

C -13 Pannalal Silk Mills Compound, LBS Road,

Bhandup (West), Mumbai 400 078

Tel.: 022 - 25946970, Fax: 022 - 25946969

E-mail: rnt.helpdesk@linkintime.co.in

General Correspondence

Marico Limited, Rang Sharda, Krishnachandra Marg,

Bandra Reclamation, Bandra (West), Mumbai – 400 050.

Tel.: 022 - 66480480, Fax:022 - 66490112/3/4

E-mail: milinvrel@maricoindia.net

CORPORATE GOVERNANCE REPORT

CHIEF EXECUTIVE OFFICER (CEO) DECLARATION

This is to confirm that the Company has adopted a Code of Conduct for its Board Members and senior management. This Code of Conduct is available on the Company's website.

I confirm that the Company has in respect of the financial year ended March 31, 2011, received from the senior management team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, senior management team means personnel as specified in the Annexure to the Code of Conduct.

HARSH MARIWALA

Chairman and Managing Director

Place: Mumbai

Date: May 2, 2011

CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

We, to the best of our knowledge and belief, hereby certify that:

- (a) We have reviewed the financial statements and cash flow statement for the year ended March 31, 2011 and to the best of our knowledge and belief:
 - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to the financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee:
 - (i) significant changes in internal control over financial reporting during the year;
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the Management or an employee having a significant role in the Company's internal control system over financial reporting.

Yours truly,

For Marico Limited

Harsh Mariwala

Chairman and Managing Director

Place: Mumbai

Date: May 2, 2011

For Marico Limited

Milind Sarwate

Group Chief Financial Officer &
Chief Human Resources Officer

Place: Mumbai

Date: May 2, 2011