

## 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 proactively complies with the law and 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 with the revised clause 49 of the listing agreement, which has become mandatory from January 1, 2006. 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.

#### 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.

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

As the Marico Group expands its operations, we would endeavor to increase the role of institutionalized comprehensive risk management frame-works, which runs on pre-aligned guidelines and rules, over and above simple and intuitive approaches.

### 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, creates and maintains an environment 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 and as also internally in the Company's relationship with its employees and in the conduct of its business. Such transparency and openness is however judiciously tempered with discretion to ensure that the Company's strategic interests and competitive position are not compromised.

#### **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.

#### **Value-adding Checks & Balances**

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

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

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:

#### **Information Sharing**

- ❖ Operational performance details are circulated through Media releases / Information updates useful to analysts amongst others.
- ❖ All material information is included in the Annual Report.
- ❖ All relevant information is also posted on the corporate website.
- ❖ Financial results are posted on the intranet for employees.
- ❖ Financial results are published in leading newspapers.
- ❖ Stock exchanges are informed of all material developments.

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### Ownership Separated from Management

- ❖ 7 out of 8 directors are non-executive and 6 are independent.
- ❖ All related party transactions are periodically placed before Board and approved. These can be referred to in Notes to Accounts annexed to the financial statements for the year ended March 31, 2006.
- ❖ 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 internal code of conduct (share dealing rules) for trading in Company securities in addition to concerned SEBI regulations.

### 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.
  - Remuneration Committee (renamed as Corporate Governance Committee) covers remuneration of Executive Directors.
  - Share Transfer Committee covers transfer formalities and other share-related procedures.
  - Shareholders' Committee covers redressal of investor grievances.
- ❖ Constituted Committees meet frequently 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 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 / Committee, at its discretion, invites 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, compliances across the Company. It has regularly monitored the effectiveness of policies, need for strengthening internal controls etc.

### Reconstitution of the Board

The reconstitution of the Board of Directors and various committees has been effected during the year. After such reconstitution, a Corporate Governance Committee has been constituted. One of the roles of the Corporate Governance Committee is the role played earlier by the erstwhile Remuneration Committee (which is no more a separate Committee). The Corporate Governance Committee is entrusted with the responsibility of annually reviewing the Company's Corporate Governance practices, and recommending for approval to the Board any improvements considered appropriate.

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### Compliance with revised Clause 49 of the Listing Agreement

The Company has complied with the revised clause 49 of the Listing agreement.

During the year, the Company laid down and adopted a Code of Conduct for the Board of Directors and senior members, as also a Whistle Blower Policy.

The Code of Conduct prescribes certain dos and don'ts to the Directors, senior management comprising of the 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 the prescribed statutory requirements.

The CEO declaration regarding compliance by Board Members and senior management personnel with the Company's Code of Conduct has been included elsewhere in this Report.

## II. BOARD OF DIRECTORS

(I) Composition and categories of Directors (As on April 20, 2006):-

Name	Category
Mr. Harsh Mariwala	Chairman & Managing Director (Promoter)
Mr. Rajen Mariwala	Non-Executive (Promoter) (Appointed w.e.f. April 27, 2005)
Mr. Bipin Shah	Non-Executive and Independent
Mr. Nikhil Khattau	Non-Executive and Independent
Mr. Atul Choksey	Non-Executive and Independent
Mr. Rajeev Bakshi	Non-Executive and Independent
Mr. Jacob Kurian	Non-Executive and Independent (Appointed w.e.f. July 26, 2005)
Ms. Hema Ravichandar	Non-Executive and Independent (Appointed w.e.f. July 26, 2005)

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

Four meetings of the Board of Directors were held during the period April 01, 2005 to March 31, 2006 viz.: April 27, 2005; July 26, 2005; October 25, 2005 and January 24, 2006. The attendance record of all directors is as under: -

Names of Directors	No. of Board Meetings		Attendance at Last AGM	Remarks
	Held	Attended		
Mr. Harsh Mariwala	4	4	Yes	-
Mr. Kishore Mariwala	4	1	NA	Resigned w.e.f. April 27, 2005
Mr. Rajen Mariwala	4	3	Yes	Appointed w.e.f. April 27, 2005
Mr. Bipin Shah	4	4	Yes	-
Mr. Nikhil Khattau	4	4	No	-
Mr. Atul Choksey	4	4	No	-
Mr. Rajeev Bakshi	4	3	No	-
Mr. Jacob Kurian	4	3	NA	Appointed w.e.f. July 26, 2005
Ms. Hema Ravichandar	4	3	NA	Appointed w.e.f. July 26, 2005

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

Director	Number of Outside Directorships held	*Number of Committee Memberships	*Number of Committees in which Chairperson
Mr. Harsh Mariwala	4	2	2
Mr. Rajen Mariwala	2	2**	Nil
Mr. Bipin Shah	2	3	1
Mr. Nikhil Khattau	2	2	1
Mr. Atul Choksey	10	Nil	Nil
Mr. Rajeev Bakshi	2	3	Nil
Mr. Jacob Kurian	Nil	1***	Nil
Ms. Hema Ravichandar	Nil	1***	Nil

\*includes committee Membership(s) / Chairmanship(s) with Marico Limited

\*\*was member of Audit Committee of Board of Marico Limited until October 25, 2005

\*\*\*appointed as members of Audit Committee of Board of Marico Limited w.e.f. October 25, 2005

### 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 292 A of the Companies Act, 1956.

During the year, the Audit Committee was re-constituted by the Board of Directors on October 25, 2005. The Audit Committee now comprises the following Members:

Mr. Bipin Shah	-	Chairman
Mr. Nikhil Khattau	-	Member
Mr. Rajeev Bakshi	-	Member
Mr. Jacob Kurian	-	Member
Ms. Hema Ravichandar	-	Member
Mr. Milind Sarwate	-	Secretary to the Committee
Mr. Harsh Mariwala	-	Permanent Invitee

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

1. Review of the financial reporting process of the Company.
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 statutory auditors.
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.
  - b) Changes if any in the accounting policies and practices and reasons for the same.
  - c) Major accounting entries involving estimates based on the exercise of judgement by the Management.

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- 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, performance of statutory and internal auditors, adequacy of the internal control systems.
  7. Review of management letters issued by statutory auditors.
  8. Reviewing the adequacy of internal audit function, 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. Discussing with the internal auditors any significant findings and followup there on.
  10. Reviewing the findings of any internal investigations by the internal auditors.
  11. Discussion with statutory auditors before commencement of the audit about the nature and scope of audit and concern areas if any post audit.
  12. To look into substantial defaults in the payment to depositors, debenture holders, shareholders and creditors.
  13. To review the functioning of the Whistle Blower mechanism.
  14. Reviewing mandatorily the following:
    - a) Management Discussion and Analysis of financial condition and results of operations;
    - b) Statement of significant related party transactions;
    - c) The appointment, removal and terms of remuneration of the Chief Internal Auditor.

The Committee had 4 meetings during the period April 01, 2005 to March 31, 2006 viz.: April 27, 2005; July 26, 2005; October 25, 2005 and January 24, 2006.

Names of Directors	No. of Audit Committee Meetings	
	Held	Attended
Mr. Kishore Mariwala*	4	1
Mr. Bipin Shah	4	4
Mr. Nikhil Khattau	4	4
Mr. Rajeev Bakshi	4	3
Mr. Rajen Mariwala**	4	2
Mr. Jacob Kurian***	4	1
Ms. Hema Ravichandar***	4	1

\*Resigned w.e.f. April 27, 2005

\*\*ceased as member on October 25, 2005

\*\*\*Appointed as member on October 25, 2005

## IV. REMUNERATION COMMITTEE / CORPORATE GOVERNANCE COMMITTEE

**Constitution:**

The Board of Directors 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.

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With the formation of this Committee, there would be no separate Remuneration Committee and the Corporate Governance Committee itself will review and oversee the Remuneration strategy and Performance Management Philosophy of Marico, especially for Directors and senior employees. Similarly, 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 now comprises the following Directors:

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

The Corporate Governance Committee (erstwhile Remuneration Committee) had met 3 times on April 27, 2005, July 26, 2005 and on January 24, 2006.

The remuneration paid to Non-executive Directors for the financial year 2005-2006 is as under:

Name	Remuneration (payable annually) (Rs.)	Sitting Fees (Rs.)
Mr. Kishore Mariwala	61,250	15,000
Mr. Rajen Mariwala	1,45,000	25,000
Mr. Bipin Shah	1,65,000	40,000
Mr. Nikhil Khattau	1,85,000	45,000
Mr. Atul Choksey	1,25,000	20,000
Mr. Rajeev Bakshi	1,85,000	35,000
Mr. Jacob Kurian	1,55,000	25,000
Ms. Hema Ravichandar	1,55,000	25,000

The remuneration paid to Mr. Harsh Mariwala, Chairman & Managing Director, for the financial year 2005-2006 is as under:

Name	Salary and Perquisites (Rs.)	Annual Performance Incentive (Rs.)
Mr. Harsh Mariwala	94,69,912	9,11,901

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, 2006)
Mr. Rajeev Bakshi	-
Mr. Atul Choksey	6,000
Mr. Nikhil Khattau	-
Mr. Jacob Kurian	500
Mr. Rajen Mariwala	7,06,320
Mrs. Hema Ravichandar	-
Mr. Bipin Shah	4,400
<b>Total</b>	<b>7,17,220</b>

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### 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. Therefore, the remuneration policy for Executive Directors presently covers only the Chairman & Managing Director.

The remuneration of the Chairman & Managing Director is governed by the agreement dated April 23, 2001 executed between the Company and Mr. Harsh Mariwala. The terms of this agreement have already been shared with the members. The remuneration to Chairman & Managing Director comprises of two broad terms – fixed remuneration and variable remuneration in the form of performance incentive.

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

A proposal relating to his re-appointment as Managing Directors, on revised terms has been scrutinised by the Corporate Governance Committee of the Board, as also by the Board. After the approval of the shareholders, the proposal will be implemented.

#### 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, linked to their attendance at Board / Committee meetings.

The shareholders of the Company had on July 26, 2005 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. The Board of Directors was allowed freedom, within this limit, to decide the mode, the quantum, the recipients and the frequency of payment of such remuneration.

## 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 April 27, 2005.

The terms of reference of the Shareholders' Committee are to specifically look into the redressal of shareholders' and investors' complaints like 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
Mr. Milind Sarwate	-	Secretary to the Committee

During the financial year 2005-2006, one meeting of the Committee was held on April 27, 2005.

#### Name and Designation of Compliance Officer:

Mr. Milind Sarwate, Chief Financial Officer & Company Secretary



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### Status Report of Investor Complaints for the year ended March 31, 2006

No. of Complaints Received	-	77
No. of Complaints Resolved	-	77
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.

## VI. GENERAL BODY MEETINGS

### Annual General Meetings

YEAR	VENUE	DATE	TIME
2003	'Kohinoor Hall', Kohinoor Corner, Opposite Siddhivinayak Mandir, Veer Savarkar Marg, Prabhadevi, Mumbai - 400 025	July 17, 2003	9.00 a.m.
2004	'Kohinoor Hall', Kohinoor Corner, Opposite Siddhivinayak Mandir, Veer Savarkar Marg, Prabhadevi, Mumbai - 400 025	July 21, 2004	9.00 a.m.
2005	'Kohinoor Hall', Kohinoor Corner, Opposite Siddhivinayak Mandir, Veer Savarkar Marg, Prabhadevi, Mumbai - 400 025	July 26, 2005	9.30 a.m.

### Details of Special Resolution passed at any of previous three Annual General Meetings

A special resolution was passed for payment of remuneration to Non-executive Directors in the Annual General Meeting held on July 26, 2005.

### Postal ballot

A special resolution for change in name of the Company to "Marico Limited" was passed by the Company through Postal Ballot process in the year 2004-05. The details of the said postal ballot exercise were disclosed in the previous year's Corporate Governance Report.

## VII. 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 2005-2006, 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 non-mandatory requirements of Clause 49 of the Listing Agreement

Clause 49 of the Listing Agreement mandates us to obtain a certificate from either the Auditors or practicing 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 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

We renamed the Remuneration Committee as the Corporate Governance Committee. A detailed note on the Committee is provided elsewhere in this report.

### Whistle Blower Policy

We have established a mechanism for employees to report to the Management 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 victimisation 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 Organisation 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 organisational objectives and customers for whom we exist.

## VIII. MEANS OF COMMUNICATION

Quarterly, Half-Yearly and Annual results for Marico Limited. are being published in an English financial daily (Free Press Journal) and a vernacular newspaper (Navashakti). In addition, the consolidated financial results for Marico group are also published.

All official news releases and financial results are communicated by the Company through its corporate website - [www.maricoindia.com](http://www.maricoindia.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.

## IX. GENERAL SHAREHOLDER INFORMATION

### Details of Directors seeking appointment / re-appointment at the forthcoming Annual General Meeting

#### Mr. Bipin Shah

Mr. Bipin Shah (74 years) was first appointed on the Board of the Company on April 17, 1996. He is a Bachelor of Commerce and a Chartered Accountant by profession. He has a rich experience in company management in commercial and financial matters. His other directorships includes Dolphin Offshore Enterprises Ltd. and Kotak Mahindra Asset Management Company Ltd. His Committee memberships in other public limited companies include Shareholder's Grievance Committee of Dolphin Offshore Enterprises (I) Ltd. and Audit Committee of Kotak Mahindra Asset Management Company Ltd. He holds 4400 shares of the Company.

#### Mr Atul Choksey

Mr. Atul Choksey (54 years) was first appointed on the Board of the Company on October 23, 2001. He has done his Bachelor's in Chemical Engineering from Illinois Institute of Technology, Chicago, U.S.A. and has also done management courses in Finance, Personnel, Micro and Macro Economics, etc. He is the Chairman of APCO group of companies which consists of Apcotex Industries Ltd. and Apco Exnterprises Ltd. as well as other group companies. He also holds directorships in Ceat Ltd., Mazda Colours Ltd., Finolex Cables Ltd., Standard Chartered Asset Management Company P. Ltd. and Cricket Club of India. He also takes active interest in various religious and educational institutions. He brings to the Board a rich experience in project planning and execution, marketing and general management. He holds 6000 shares of the Company.

#### Mr. Jacob Kurian

Mr. Jacob Kurian (50 years) was appointed as the Additional Director on the Board of the Company on July 26, 2005. He holds Bachelor's degree in Engineering (Electrical & Electronics) from the Regional Engineering College, University of Chennai and a Post Graduate Diploma in Management from the Xavier Labour Relations Institute. He brings to the Board a varied experience in retailing, marketing and corporate strategy formulation. He holds 500 shares of the Company.

#### Ms. Hema Ravichandar

Ms. Hema Ravichandar (45 years) was appointed as the Additional Director on the Board of the Company on July 26, 2005. She holds a Bachelor's degree in Arts (Economics) from the University of Chennai and a Post Graduate Diploma in management

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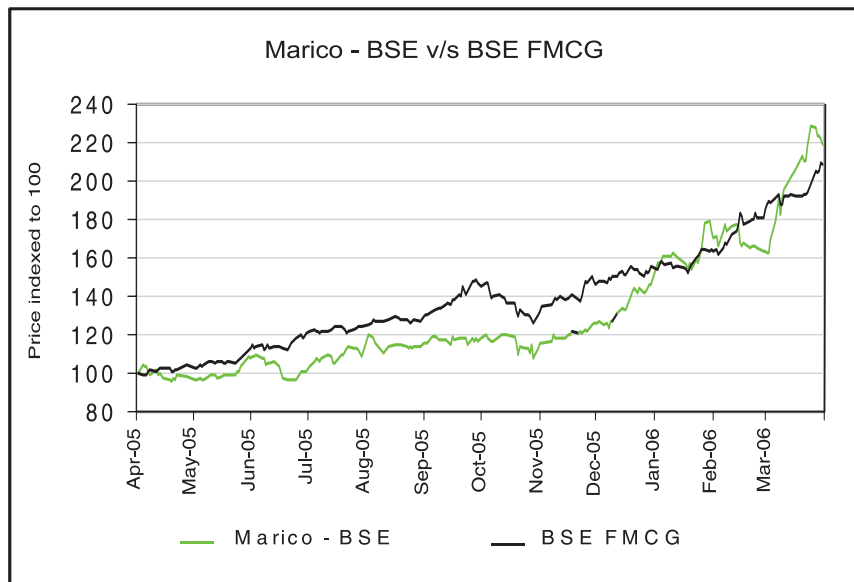
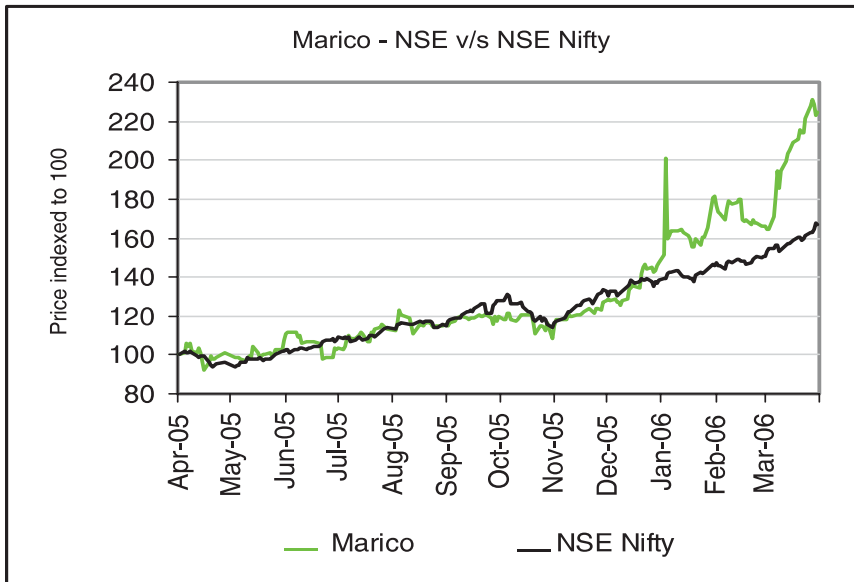
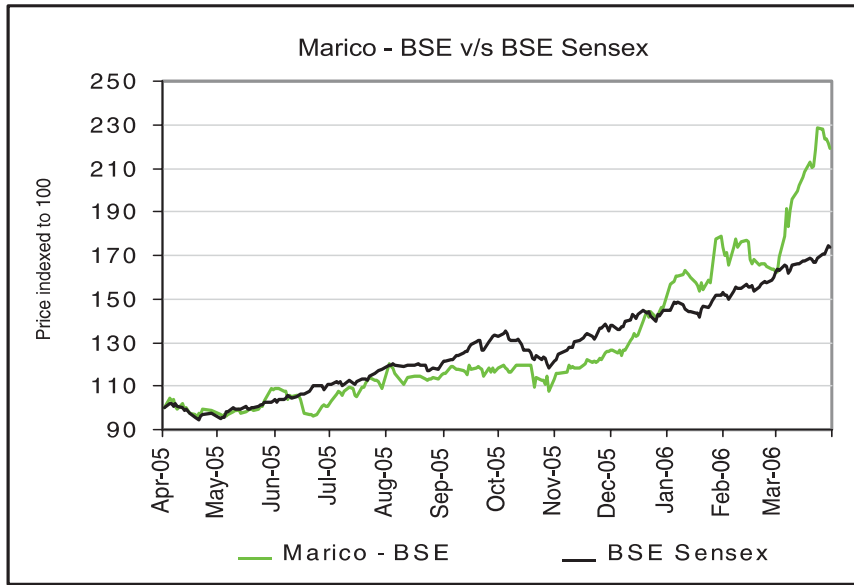
from the Indian Institute of Management, Ahmedabad. Her experience of 22 years comprises corporate roles in Infosys Technologies Ltd. and Motor Industries Co. Ltd., and an entrepreneurial stint in an HR consulting venture she set up independently to service clients across industries. She is also on the Board of Feedback Business Consulting P. Ltd. She brings to the Board a rich experience in change management, leadership development and human resource development. She does not have any shareholding in the Company.

Annual General Meeting – Date, Time and Venue :	9.15 a.m. on Tuesday, July 25, 2006 Indian Education Society, Gate No. 6, Manik Sabha Griha , Opposite Leelavati Hospital, Bandra Reclamation, Bandra (W), Mumbai 400 050
Financial Year	: April 01 - March 31
Book Closure Date	: Wednesday, June 28, 2006 to Friday, June 30, 2006, both days inclusive.
Dividend Payment Date	: August 23, 2005 (1 <sup>st</sup> Interim Equity Dividend 2005-06) November 21, 2005 (2 <sup>nd</sup> Interim Equity Dividend 2005-06) February 20, 2006 (3 <sup>rd</sup> Interim Equity Dividend 2005-06) May 12, 2006 (4 <sup>th</sup> Interim Equity Dividend 2005-06)
Listing on Stock Exchanges	: The Stock Exchange, Mumbai. (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 2006-07 have been paid.
Stock / Scrip Code	: BSE – 531642 NSE – MARICO
ISIN Number	: INE 196A01018
Unique Identification Number	: 100067223
Market Price Data	:

Month	The Stock Exchange, Mumbai (BSE) (In Rs.)		National Stock Exchange (NSE) (In Rs.)	
	High	Low	High	Low
Apr-05	266.00	234.00	265.95	225.00
May-05	275.00	232.20	275.00	232.10
Jun-05	274.25	235.70	277.00	237.00
Jul-05	295.00	249.00	294.00	248.10
Aug-05	300.00	265.00	304.75	266.50
Sep-05	298.00	268.70	299.50	270.00
Oct-05	302.75	263.00	303.50	261.60
Nov-05	316.80	282.00	319.00	281.00
Dec-05	370.00	299.00	370.90	297.00
Jan-06	464.00	366.15	459.90	370.50
Feb-06	449.90	391.55	446.00	394.50
Mar-06	578.00	398.00	579.00	395.10

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



## 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 on fortnightly basis, as may be warranted by the number of share transfers received.

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 Intime Spectrum Registry Limited, C -13 Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai - 400 078 .

Distribution of Shareholding as on March 31, 2006 :

No. of Equity Shares held	No. of Shareholders	No. of Shares held	Percentage of Shareholding
0-50	4,030	1,11,943	0.19
51-500	4,975	10,44,672	1.80
501-1000	514	4,05,392	0.70
1001-5000	437	9,36,781	1.62
5001-10000	54	3,74,861	0.65
10001-50000	37	8,78,993	1.52
50001 & Above	74	5,42,47,358	93.53
<b>Total</b>	<b>10,121</b>	<b>5,80,00,000</b>	<b>100.00</b>

Categories of Shareholding as on March 31, 2006 :

Category	No. of Shareholders	No. of Shares held	Percentage of Shareholding
Promoters	31	3,86,40,652	66.62
Foreign Institutional Investors	23	79,98,758	13.79
NRIs and OCBs	200	2,18,071	0.38
Insurance Companies, Banks and other Financial Institutions	9	27,81,186	4.80
Mutual Funds, including Unit Trust of India	18	34,99,771	6.03
Public / Private Ltd. Companies	388	11,26,099	1.94
Resident Individuals, Trusts and In Transit	9,452	37,35,463	6.44
<b>Total</b>	<b>10,121</b>	<b>5,80,00,000</b>	<b>100.00</b>

# MARICO LIMITED

## CORPORATE GOVERNANCE REPORT

Dematerialisation of Shares and Liquidity	:	As on March 31, 2006, 96.32 % 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, Saswad, Goa, Pondicherry, Daman and Dehradun
Address for correspondence	:	<b>Shareholding related queries</b> Company's Registrar & Transfer Agent: M/s Intime Spectrum Registry Limited Unit: Marico Limited C -13 Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai - 400 078  <b>General Correspondence</b> Marico Limited, Rang Sharda, Krishnachandra Marg, Bandra Reclamation, Bandra (West), Mumbai - 400 050.

### 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, 2006, 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 : April 20, 2006

## 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, 2006 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 or illegal or violative of the Company's policies.
- (c) We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company 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 during the year;
  - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the Notes to the Accounts; 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.

Yours truly,

**For Marico Limited**

**HARSH MARIWALA**

Chairman & Managing Director

Place : Mumbai

Date : April 20, 2006

**For Marico Limited**

**MILIND SARWATE**

Chief Financial Officer

Place : Mumbai

Date : April 20, 2006