BRITANNIA INDUSTRIES LIMITED

Registered Office: 5/1A, Hungerford Street, Kolkata - 700 017

NOTICE

Notice is hereby given that the Ninety-first Annual General Meeting of the members of Britannia Industries Limited will be held on Monday, 9 August 2010, at 10.30 a.m. at Hyatt Regency, JA-1, Sector III, Salt Lake City, Kolkata - 700 098 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31 March, 2010 and the Balance Sheet as on that date and the Reports of the Directors and the Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr. Avijit Deb, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Nimesh N Kampani, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Mr. S S Kelkar, who retires by rotation and being eligible, offers himself for reappointment.
6. To consider and, if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:

   "**RESOLVED THAT** subject to the provisions of Sections 224, 225 and other applicable provisions, if any, of the Companies Act, 1956, Messrs B S R & Co., Chartered Accountants, be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting of the Company, in place of the retiring Auditors, Messrs Lovelock & Lewes, Chartered Accountants, to examine and audit the accounts of the Company for the financial year 2010-11, at such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Auditors, plus service tax and out-of-pocket expenses."

SPECIAL BUSINESS:

To consider and, if thought fit, to pass, with or without modification(s); the following Resolutions:

7. **As an Ordinary Resolution:**

   "**RESOLVED THAT** Mr. Nasser Munjee be and is hereby appointed as a Director of the Company."
8. **As an Ordinary Resolution:**

   "**RESOLVED THAT** Mr. Ness Nusli Wadia be and is hereby appointed as a Director of the Company."
9. **As an Ordinary Resolution:**

   "**RESOLVED THAT** Dr. Vijay L Kelkar be and is hereby appointed as a Director of the Company."
10. **As a Special Resolution:**

    "**RESOLVED THAT** pursuant to the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956 (the Act), when the Company has a Managing or Whole-time Director or a Manager, such sum by way of commission not exceeding in the aggregate one percent per annum of the net profits of the Company computed in the manner laid down in Section 198 of the Act for each of the five financial years of the Company commencing from 1 April 2010, be paid to and distributed amongst such Directors of the Company [excluding Managing Director(s) and Whole-time Director(s)] as may be determined by the Board of Directors of the Company (the Board), the proportion and manner of such payment and distribution to be as the Board may from time to time decide."

    "**RESOLVED FURTHER THAT** for the sake of clarification, the remuneration aforesaid shall be exclusive of fees payable to a Director for each of the Meetings of the Board or a Committee of the Board attended by him."
11. **As an Ordinary Resolution:**

    "**RESOLVED THAT** pursuant to the provisions of Section 94 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and Article 58 and other enabling provisions of the Articles of Association of the Company and subject to such approval(s), consent(s), permission(s) and sanction(s) as may be necessary from the authority(ies) concerned, each Equity Share of the Company having a face value of Rs.10 (Rupees Ten) each fully paid up be sub-divided into 5 (Five) Equity Shares of the face value of Rs. 2 (Rupees Two) each fully paid up."

    "**RESOLVED FURTHER THAT** upon sub-division of Equity Shares as aforesaid, the existing Share Certificate(s) in relation to the existing Equity Shares of the face value of Rs. 10 each held in physical form shall be deemed to have been automatically cancelled and be of no effect on and from the Record Date and the Company may, without requiring the surrender of the existing Share Certificate(s), directly issue and dispatch the new Share Certificate(s) of the Company, in lieu of such existing Share Certificate(s) subject to the provisions of the Companies (Issue of Share Certificate) Rules, 1960 and in the case of Shares held in the dematerialized form, the number of sub-divided Equity Shares be credited to the respective beneficiary accounts of the Shareholders with the Depository Participants, in lieu of the existing credits representing the Equity Shares of the Company before sub-division."

"**RESOLVED FURTHER THAT** the Board of Directors of the Company (which expression shall also include a Committee thereof) be and is hereby authorised to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, and to execute all deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do all such acts, deeds, matters and things and to give from time to time such directions as may be necessary, proper, expedient or incidental for the purpose of giving effect to this Resolution."

"**RESOLVED FURTHER THAT** the Board be and is hereby authorised to delegate all or any of its powers to any Committee of Directors of the Company as it may deem appropriate."

12. **As an Ordinary Resolution:**

"**RESOLVED THAT** pursuant to the provisions of Section 16 and all other applicable provisions, if any, of the Companies Act, 1956 and upon the sub-division of the Company's Equity Shares, the existing Clause 5 of the Memorandum of Association of the Company be altered by substituting in its place and stead the following Clause:

"5. The Authorised Share Capital of the Company is Rs.50,00,00,000 (Rupees Fifty crores) divided into 25,00,00,000 (Twenty Five crores) Equity Shares of the face value of Rs.2 (Rupees Two) each with power to increase or reduce the capital, to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred or special rights, privileges or conditions as may be determined by or in accordance with the regulations of the Company, to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the regulations of the Company."

13. **As a Special Resolution:**

"**RESOLVED THAT** pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 and upon the sub-division of the Company's Equity Shares, the existing Article 5 of the Articles of Association of the Company be altered by substituting in its place and stead the following Article:

"5. The Authorised Share Capital of the Company is Rs.50,00,00,000/- (Rupees Fifty crores) divided into 25,00,00,000 (Twenty Five crores) Equity Shares of the face value of Rs.2 (Rupees Two) each."

14. **As a Special Resolution:**

"**RESOLVED THAT** upon the sub-division of the Company's Equity Shares, in partial modification of the Special Resolution passed at the 89th Annual General Meeting of the members held on 28 July 2008, approving the proposal for introduction of an Employee Stock Option Scheme (ESOS), the maximum number of equity shares and the face value of each such Equity Share to be allotted on exercise of the rights attached to the options granted under the ESOS framed by the Company under the authority vested in terms of the aforesaid Resolution be amended from 1,00,000 and Rs. 10 each to 5,00,000 and Rs. 2 each respectively wherever they occur in the aforesaid Resolution and the ESOS, with liberty to the Board (including the Committee thereof) to make appropriate adjustments to the number of Options outstanding as at the Record Date and the Exercise Price, in accordance with the provisions of the ESOS and Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999."

NOTES

a. **A member entitled to attend and vote at the meeting, is entitled to appoint one or more proxies to attend and vote on a poll only instead of himself/herself and the proxy need not be a member of the Company.**

A proxy form duly completed and stamped, must reach the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid Meeting.

b. The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, setting out material facts relating to the business at Items 6 to 14 of the Notice as set out above, is annexed hereto.

c. The Register of Members and Share Transfer Books of the Company will remain closed from 27 July 2010 to 9 August 2010 (both days inclusive).

d. Pursuant to the provisions of Section 205A of the Companies Act, 1956, dividend for the financial years ended 31 March 2003 and onwards, which remains unpaid or unclaimed for a period of seven (7) years from the date of its transfer to the unpaid dividend account of the Company would be transferred to Investor Education and Protection Fund (IEPF) on the dates given in the table below:

Financial Year	Date of Declaration of dividend	Last date for claiming unpaid dividend	Last date for transfer to IEPF
2002 – 03	8-08-2003	14-09-2010	14 -10-2010
2003 – 04	19-08-2004	25-09-2011	25-10-2011
2004 – 05	20-07-2005	26-08-2012	25-09-2012
2005 – 06	1-08-2006	07-09-2013	07-10-2013
2006 – 07	19-09-2007	26-10-2014	25-11-2014
2007 – 08	28-07-2008	03-09-2015	03-10-2015
2008 – 09	27-05-2009	03-07-2016	02-08-2016

Members who have so far not encashed the Dividend Warrants for the above years are advised to submit their claim to the Company's Registrar & Transfer Agents at their address given herein below immediately, quoting their folio number/ DP ID &

Client ID. It may be noted that once the unclaimed dividend is transferred to IEPF as aforesaid, no claim shall lie in respect of such amount by the members.

e. Members are requested to immediately intimate change of address, if any, to the Company's Registrar & Transfer Agent or Depository Participant, as the case may be.

f. Members/ Proxies should bring the Attendance Slip to the Meeting duly filled in, for attending the Meeting.

g. Members, who hold shares under more than one folio in name(s) in the same order, are requested to send the relative Share Certificate(s) to the Company's Registrar & Transfer Agent for consolidating the holdings into one account. The Share Certificate(s) will be returned after consolidation.

h. Members holding shares in dematerialised form may please note that while opening a depository account with Participants they may have given their bank account details, which will be printed on their dividend warrants. However, if members want to change/ correct the bank account details, they should send the same immediately to the concerned Depository Participant. Members are also requested to give the MICR code of their bank to their Depository Participant. The Company will not entertain any direct request from members for cancellation/ change in the bank account details furnished by Depository Participants to the Company.

i. Members who hold shares in the physical form can nominate a person in respect of all the shares held by them singly or jointly. Members who hold shares in single name are advised, in their own interest to avail of the nomination facility by filling Form No. 2B. Members holding shares in the dematerialised form may contact their Depository Participant for recording nomination in respect of their holdings.

j. Members are requested to bring their copy of the Annual Report to the Annual General Meeting.

k. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/ Registrar and Share Transfer Agents.

l. All documents, transfers, demat requests and other communications in relation thereto should be addressed direct to the Company's Registrar & Transfer Agent, M/s. Sharepro Services (India) Pvt. Ltd. at the address mentioned below:

M/s. Sharepro Services (India) Pvt. Ltd.
Unit: **Britannia Industries Limited**
13 AB, Samhita Warehousing Complex, II Floor,
Sakinaka Telephone Exchange Lane,
Off Andheri - Kurla Road,
Sakinaka, Andheri (East),
Mumbai - 400 072
Telephone Nos : 022-67720300/400
Fax No.: 022-28591568
mail : indira@shareproservices.com, or sharepro@shareproservices.com

m. Pursuant to Clause 47(f) of the Listing Agreement entered into with the Stock Exchanges, the Company has created an exclusive email id for quick redressal of shareholders/ investors grievances. The said email id is investorrelations@britindia.com.

By Order of the Board of Directors
For **BRITANNIA INDUSTRIES LIMITED**

Registered Office:
5/1A, Hungerford Street,
Kolkata - 700 017.

P Govindan
Company Secretary

27 May 2010

Explanatory Statement:

As required by Section 173 of the Companies Act, 1956 (the Act), the following Explanatory Statement sets out all material facts relating to the business at Items 6 to 14 of the accompanying Notice dated 27 May 2010.

Item No. 6

At present Messrs Lovelock & Lewes, Chartered Accountants, are the Statutory Auditors of the Company, and entitled to hold office, up to the conclusion of the forthcoming Annual General Meeting (AGM). They will not be seeking re-appointment at the ensuing AGM as Statutory Auditors of the Company.

The Company has received a special notice from a Member of the Company, in terms of the provisions of the Act, signifying his intention to propose the appointment of Messrs B S R & Co., Chartered Accountants, as the Statutory Auditors of the Company from the conclusion of this AGM till the conclusion of the next AGM of the Company. Messrs B S R & Co. have expressed their willingness to act as Auditors of the Company, if appointed, and have further confirmed that the said appointment would be in conformity with the provisions of Section 224(1B) of the Act.

In view of the above, and based on the recommendations of the Audit Committee, the Board of Directors has at its meeting held on 27 May 2010 proposed the appointment of Messrs B S R & Co., Chartered Accountants, as the Statutory Auditors in place of Messrs Lovelock & Lewes for the financial year 2010-11.

The Members' approval is being sought for the appointment of Messrs B S R & Co., in place of Messrs Lovelock & Lewes as the Statutory Auditors and to authorise the Board to determine the remuneration payable to the Auditors.

The Directors commend the Resolution at Item 6 for approval by the Members.

None of the Directors is concerned or interested in the Resolution at Item 6 of the Notice.

Item No. 7

Mr. Nasser Munjee was appointed as a Director of the Company by the Board of Directors in the casual vacancy caused by the resignation of Mr. Stephen Gerlich with effect from 17 August 2009. In terms of Section 262 of the Act read with Article 112 of the Articles of Association of the Company, Mr. Nasser Munjee holds office as a Director till the date of the ensuing Annual General Meeting of the Company, but is eligible for appointment. Notice in writing has been received from a Member of the Company along with the requisite deposit under Section 257 of the Act read with Article 113 of the Articles of Association of the Company, signifying his intention to propose Mr. Nasser Munjee as a candidate for the office of Director.

Mr. Nasser Munjee, 57, is an eminent economist. He obtained his Masters Degree from the London School of Economics, UK. He spent a short while at the University of Chicago, USA, before returning to India in 1977. He joined the Chairman of one of India's leading development banks – ICICI, to establish the first housing finance company in India – the first retail institution serving customers directly for their housing needs. Against many odds the HDFC Group, as it is known today, grew to be a financial conglomerate with assets of over $50 billion in banking, insurance, mutual funds as well as its prime business – housing finance. He rose to be an Executive Director on the Board, on which he continues even today, although in a non-executive capacity.

In 1997, the Finance Minister of India requested the Chairman of HDFC to consider setting up an infrastructure finance company as India faced acute challenges in this field. Mr. Nasser Munjee was asked to think through this challenge and, as a result, Infrastructure Development Finance Company (IDFC) was born. IDFC charted the course of private investment in infrastructure with great success. Much of the conditions for private investment in infrastructure in India were created by IDFC between 1997 and 2004. Mr. Nasser Munjee left IDFC in 2004.

Since 2004, Mr. Nasser Munjee has been pursuing his interests in his own way. He sits on several eminent Corporate Boards in India which include Tata Motors, Tata Chemicals, Voltas, Cummins India, ABB India, Ambuja Cements (now part of the HOLCIM group) and Bharti-AXA Insurance. Apart from being the Chairman of Development Credit Bank, he chairs a couple of other Aga Khan institutions in India. He was the President of the Bombay Chamber of Commerce and Industry during the year 2003-04 and has served on numerous Government Task Forces on Housing and Urban Development.

He is also on the Board and Committees of the Board of several other leading companies listed below:

a) Public Limited Companies

Name of the Company	**Designation**	**Chairmanship/ Membership of Committees of the Board**
ABB Ltd.	Director	Chairman – Audit Committee Member - Authorisation Committee
Ambuja Cements Ltd.	Director	Member - Compensation & Remuneration Committee
Apollo Health Street Ltd.	Director	Member - Compensation & Remuneration Committee and Audit Committee
Bharti AXA Life Insurance Co. Ltd.	Director	Member - Investment Committee, Remuneration Committee and Audit & Compliance Committee
Bharti AXA General Insurance Co. Ltd.	Director	Nil
Cummins India Ltd.	Director	Chairman - Audit & Finance Committee
Development Credit Bank Ltd.	Chairman	Chairman - Capital Raising Committee, Executive Committee, Nomination Committee Member - Customer Service Committee
HDFC Ltd.	Director	Nil
Neptune Developers Ltd.	Director	Nil
Shipping Corporation of India Ltd.	Director	Nil
Tata Chemicals Ltd.	Director	Chairman - Audit Committee
Tata Motors Ltd.	Director	Chairman - Audit Committee
Unichem Laboratories Ltd.	Director	Member - Audit Committee
Voltas Ltd.	Director	Member - Audit Committee, Remuneration Committee

b) Private Limited companies

Name of the Company	Designation
Himalayan ski village Pvt. Ltd.	Director
First American Securities Pvt. Ltd.	Director
GIBA Holdings Pvt. Ltd.	Director

c) Section 25 Companies

Name of the Company	Designation
Aga Khan Rural Support Programme- India	Chairman
Indian Institute of Human settlements	Director

He is also a Director of a foreign company, EMSAF-Mauritius.

Mr. Munjee does not hold any shares of the Company.

The Board considers it desirable that the Company continues to avail itself of the benefit of the knowledge and experience and valuable advice of Mr. Nasser Munjee and accordingly the Directors recommend that he be appointed as a Director of the Company.

None of the Directors other than Mr. Nasser Munjee is in any way concerned or interested in this Resolution.

Item No. 8

Mr. Ness Nusli Wadia was appointed as an Additional Director of the Company by the Board of Directors with effect from 29 April 2010. In terms of Section 260 of the Act, read with Article 94 of the Articles of Association of the Company, Mr. Ness N Wadia holds office as a Director till the date of the ensuing Annual General Meeting of the Company, but is eligible for appointment. Notice in writing has been received from a Member of the Company along with the requisite deposit under Section 257 of the Act, read with Article 113 of the Articles of Association of the Company, signifying his intention to propose Mr. Ness N Wadia as a candidate for the office of Director.

Mr. Ness N Wadia, 38, is an M.Sc. in Engineering Business Management from the Warwick University, UK. He has had extensive training with The Bombay Dyeing and Manufacturing Company Limited (Bombay Dyeing) in various areas of management. He was closely involved in Marketing and Retail Distribution of the Textile Division of Bombay Dyeing. He has been actively associated with the Wadia Group for over 17 years including about 5 years as Deputy Managing Director and 4 years as Joint Managing Director of Bombay Dyeing.

He holds Directorship and Committee Membership in various other leading companies listed below:

a) Public Limited Companies

Name of the Company	Designation	Chairmanship/ Membership of Committees of the Board
National Peroxide Ltd.	Director	Nil
Gherzi Eastern Ltd.	Director	Nil
The Bombay Dyeing and Manufacturing Company Ltd.	Joint Managing Director	Member-Finance Committee
Proline India Ltd.	Director	Nil
The Bombay Burmah Trading Corporation Ltd.	Director	Nil

b) Private Limited companies

Name of the Company	Designation
Virtual Education Network Pvt. Limited	Director
Go Airlines (India) Pvt. Limited	Director
KPH Dreams Cricket Pvt. Limited	Director

Mr. Ness N Wadia does not hold any shares of the Company.

Having due regard to his wide knowledge and experience, the Directors recommend the appointment of Mr. Ness N Wadia as a Director of the Company.

Mr. Ness N Wadia is interested in the Resolution as it relates to his appointment. Mr. Nusli Wadia and Mr. Jeh Wadia, being relatives of Mr. Ness Wadia (as defined in Section 6 of the Act) are deemed to be concerned or interested in the Resolution at Item 8. None of the other Directors is concerned or interested in the said Resolution.

Item No. 9

Dr. Vijay L Kelkar was appointed as an Additional Director of the Company by the Board of Directors with effect from 28 May 2010. In accordance with the provisions of Section 260 of the Act, read with Article 94 of the Articles of Association of the Company, Dr. Kelkar holds Office up to the date of the ensuing Annual General Meeting, but is eligible for appointment. Notice in writing has been received from a Member of the Company along with the requisite deposit under Section 257 of the Act, read with Article 113 of the Articles of Association of the Company, signifying his intention to propose Dr. Kelkar as a candidate for the office of Director.

Dr. Vijay L Kelkar, 68, holds a Doctorate degree in Development Economics from the University of California at Berkely. Dr. Kelkar is the former Finance Secretary to the Government of India.

Dr. Kelkar has held many senior level positions in the Government of India including the most recent position as the Chairman of the Finance Commission, Advisor to Minister of Finance, Finance Secretary, Government of India, Secretary of Ministry of Petroleum & Natural Gas and Chairman of the Tariff Commission. He has also served in several key posts in international organizations such as Director and Co-ordinator of International Trade Division, UNCTAD, Switzerland and Executive Director for India, Sri Lanka, Bangladesh and Bhutan at the International Monetary Fund, USA.

He is currently the Chairman of India Development Foundation, India, and Chairman, Forum of Federations, Canada. He is also the Non-Executive Chairman of the National Stock Exchange of India Limited.

Dr. Kelkar was earlier appointed as a Director of Britannia Industries Ltd. on 20 July 2005 and he relinquished the directorship from 31 December 2007 on assuming office as the Chairman of the Finance Commission.

He also holds Directorship/Committee Membership in the following companies.

a) Public Limited Companies

Name of the Company	Designation	Chairmanship/ Membership of the Committees of the Board
J M Financial Ltd.	Director	Member – Audit Committee
JSW Steel Ltd.	Director	Nil
Lupin Ltd.	Director	Nil
Tata Consultancy Services Ltd.	Director	Member – Audit Committee
National Stock Exchange of India Ltd.	Chairman	Member - Remuneration/ Compensation Committee
Green Infra Ltd.	Chairman	Nil
Orbis Capital Ltd.	Chairman	Nil

b) Private Limited companies

Name of the Company	Designation
Roche Scientific Company (India) Pvt. Ltd.	Director

Dr. Kelkar does not hold any shares in the Company.

The Board desires that the Company continues to avail itself of the benefit of the knowledge and experience and valuable advice of Dr. Kelkar and accordingly the Directors recommend that he be appointed as a Director of the Company.

None of the Directors other than Dr. Kelkar is in any way concerned or interested in this Resolution.

Item No. 10

At the 86th Annual General Meeting of the Company held on 20 July 2005, the Members had passed a Special Resolution approving the payment of remuneration by way of commission not exceeding in the aggregate 1% per annum of the net profits of the Company computed in the manner laid down in Section 198 of the Act, to the Directors other than Managing or Whole-time Directors for each of the five financial years commencing on and from 1 April 2005. The quantum of such payment within the aforesaid limit, the proportion and manner of payment and distribution will be as the Board of Directors may from time to time decide. The approval conveyed by the aforesaid Resolution has expired at the end of the last financial year i.e. on 31 March 2010.

It is proposed, pursuant to sub-section (7) of Section 309 of the Act, to renew the above Special Resolution for a further term of five years. The Special Resolution is necessary having regard to the provisions of Section 309(4) of the Act. The Directors, therefore, recommend the Special Resolution at Item 10 of the accompanying Notice for approval by the Members.

All the Directors of the Company other than the Managing Director, Ms. Vinita Bali, are deemed to be concerned or interested in the said Resolution.

Item Nos. 11 to 14

The existing Authorised Share Capital of the Company is Rs.50,00,00,000 (Rupees Fifty crores) divided into 5,00,00,000 (Five crores) shares of Rs.10 (Rupees Ten) each out of which the Issued, Subscribed and Paid-Up Equity Share Capital consists of 2,38,90,163 (Two crores thirty eight lakhs ninety thousand one hundred sixty three) Equity Shares of Rs.10 (Rupees Ten) each. The Company's shares are listed on Bombay Stock Exchange, National Stock Exchange and Calcutta Stock Exchange.

In order to improve the liquidity of your Company's Equity Shares in the Stock Markets with higher floating stock in absolute numbers and to make them more affordable for the small retail investors to invest in the Company, the Board of Directors of the Company (the Board), at its Meeting held on 27 May 2010, has approved the proposal of sub-division (stock split) of each Equity Share of the Company having a face value of Rs.10 into 5 (Five) Equity Shares of the face value of Rs.2 (Rupees Two) each, subject to the approval of the shareholders and all authority(ies) concerned.

The Record Date for the aforesaid sub-division of the Equity Shares will be fixed by the Company after the approval of the shareholders is obtained.

The sub-division as aforesaid would require consequential amendments to the existing Clause 5 of the Memorandum of Association and Article 5 of the Articles of Association of the Company as also to the Employee Stock Option Scheme (ESOS) and would also require appropriate adjustments to be made to the number of Stock Options granted and outstanding as at the Record Date and the Exercise Price, in accordance with the Company's ESOS and SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as set out in Items 12 to 14 respectively of the Notice.

Accordingly, the Resolutions at Items 11 to 14 seek the approval of the shareholders for the proposed sub-division of the Equity Shares of the face value of Rs. 10 each and the consequent amendments to the existing Clause 5 of the Memorandum of Association and Article 5 of the Articles of Association of the Company as also the ESOS.

The Board is of the opinion that the aforesaid sub-division of the face value of Equity Shares is in the best interest of the Company and the investors and hence commends passing of the Resolutions at Items 11 and 12 as Ordinary Resolutions and the Resolutions at Items 13 and 14 as Special Resolutions.

Copies of the Memorandum and Articles of Association of the Company and the ESOS along with the proposed changes are available for inspection by the shareholders at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on all working days (except Saturdays, Sundays and Public Holidays) up to 8 August 2010.

It may be noted that Mr. Nusli Wadia and Mr. Pratap Khanna are the shareholders of the Company and may be deemed to be concerned or interested in these items of business to the extent of their respective shareholdings in the Company to the same extent as that of every other shareholder and the Managing Director may be deemed to be concerned or interested to the extent of stock options granted to her as on the date of the Notice. None of the other Directors of the Company is concerned or interested in these items of business.

INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT AS REQUIRED UNDER CLAUSE 49(IV)(G) OF THE LISTING AGREEMENT:

MR. AVIJIT DEB

Mr. Avijit Deb, 62, is a solicitor and an enrolled Advocate of the Calcutta High Court. He maintains his own firm of Solicitors in Kolkata and has over 38 years of experience in the Legal field. He has been associated with the Company since 1993.

Other Directorship of Mr. Deb is listed below:

Private Limited Companies

Name of the Company	Designation
Deb & Associate Consultants Pvt. Ltd.	Director
Media Contents & Communications Services India Pvt. Ltd.	Director
ABP TV Pvt.Ltd.	Director
Satellite Printing Private Ltd.	Director
Calcutta Media Institute Private Ltd.	Director

He is also a Member of the Committee of The Bengal Club Limited.

Mr. Deb is a member of Audit Committee of the Company.

He does not hold any shares in the Company.

MR. NIMESH N KAMPANI

Mr. Nimesh N Kampani, 63, is a graduate from Sydenham College and a Chartered Accountant. Mr. Kampani is the founder and chairman of the JM Financial Group, one of India's leading financial services group, which has interests in investment banking, institutional equity sales, trading, research and broking, private and Corporate wealth management, equity broking, portfolio management, asset management, commodity broking, NBFC (Non Banking Finance Company) activities, private equity and asset re-construction. In his career spanning more than three decades, he has made pioneering contributions to the development of the Indian capital markets and has advised several corporates on their financial needs, especially capital raising and mergers and acquisitions. He has been actively involved in various committees of CII, FICCI, SEBI, MOF, BSE, etc.

Mr. Kampani is Chairman of Audit Committee and member of Share Transfer & Shareholders'/ Investors' Grievance and Ethics/Compliance Committee, Remuneration/Compensation Committee and Nomination Committee of Britannia Industries Ltd.

He is on the Board and Committees of the Board of several other companies listed below:

a) Public Limited Companies

Name of the Company	Designation	Chairmanship/ Membership of Committees of the Board
JM Financial Ltd.	Chairman & Managing Director	Chairman-Remuneration/ Compensation Committee Member-Allotment/ Share Transfer Committee
Kampani Consultants Ltd.	Chairman	Nil
Apollo Tyres Ltd.	Director	Nil
Deepak Nitrite Ltd.	Director	Nil
KSB Pumps Ltd.	Director	Chairman-Audit Committee

b) Private Limited Companies

Name of the Company	Designation	Chairmanship/ Membership of Committees of the Board
JM Financial & Investment Consultancy Services Pvt. Ltd.	Chairman	Chairman-Share Transfer Committee, Assets Liability Management Committee, Borrowing & Allotment Committee, Nomination Committee, Risk Management Committee, Preference Share Allotment Committee
JM Financial Trustee Company Pvt. Ltd.	Chairman	Member- Audit Committee
JM Financial Consultants Pvt. Ltd.	Chairman	Member- Allotment Committee Chairman- Remuneration/ Compensation Committee
JM Financial Securities Pvt.Ltd.	Chairman	Nil
JM Financial Services Pvt. Ltd.	Chairman	Chairman-Audit Committee
Capital Market Publishers India Pvt. Ltd.	Chairman	Nil

He does not hold any shares of the Company.

MR. S S KELKAR

Mr. S S Kelkar, 71, is a Post Graduate in Commerce and retired as an Executive Director of The Bombay Dyeing and Manufacturing Company Limited. He has been associated with The Bombay Dyeing and Manufacturing Company Limited, a group company for over 33 years and has held various positions in the functional areas of finance besides having previous banking experience. He is also on the Board of several other leading companies listed below:

a) Public Limited Companies

Name of the Company	Designation	Chairmanship/ Membership of Committees of the Board
The Bombay Dyeing and Mfg. Co. Ltd.	Director	Member- Share Transfer & Shareholders/ Investors Grievances Committee, – Audit Committee, – Executive Committee, – Finance Committee
Kotak Mahindra Asset Management Co. Ltd.	Director	Member – Audit Committee Chairman– Remuneration Committee
TVS Infrastructure Ltd.	Director	Nil
Harvard Plantations Ltd.	Director	Nil
Macrofil Investments Ltd.	Director	Nil
Placid Plantations Ltd.	Director	Nil
Nowrosjee Wadia & Sons Ltd.	Director	Member – Audit Committee
Naperol Investments Ltd.	Director	Nil
Kalabakan Investments Co. Ltd.	Director	Nil
Damascus Investment & Trading Co. Ltd.	Director	Nil

b) Foreign Companies

Name of the Company	Designation
ABI Holdings Ltd. UK	Director
Associated Biscuits International Ltd. UK	Director
Britannia Brands Ltd. UK	Director
P.T. Five Star Textile Indonesia	Commissioner

Mr. S S Kelkar is a member of Share Transfer & Shareholders'/Investors' Grievance and Ethics/ Compliance Committee and Investment Committee of Britannia Industries Limited.

He does not hold any shares of the Company.

Details in respect of Mr. Nasser Munjee, Mr. Ness N Wadia and Dr. Vijay L Kelkar have been furnished at the appropriate places in the Explanatory Statement annexed to the Notice.

By Order of the Board of Directors
For **BRITANNIA INDUSTRIES LIMITED**

Registered Office:
5/1A, Hungerford Street,
Kolkata - 700 017.

27 May 2010

P GOVINDAN
Company Secretary

BRITANNIA
Eat Healthy, Think Better

Zindagi mein Life

ANNUAL REPORT 2009 - 10

BRITANNIA INDUSTRIES LIMITED

How do we add a little more life to your zindagi?

We ask ourselves this question every day and with the launch of our new products, we have tried to answer it yet again in our own Britannia way.

This of course isn't the end. Our quest continues... It's what adds life to our zindagi.

Tiger, the favourite biscuit brand now gets healthier & yummier as TigerZor, a fortified chocolate milk drink.

ActiMind, a unique milk based drink is fortified with seven active brain nutrients to enhance mental sharpness.

Britannia Cookies - "Jo tann ko lagey mann ko chuay" is the taste of India.

Marie Gold - "Tea time mein nayi jaan daal de" with ten vitamins, minerals and proteins.

ChocoDecker is the threesome awesome Treat of chocolate biscuit and jam.

BRITANNIA

Zindagi mein life

BOARD OF DIRECTORS

CHAIRMAN :

Nusli N Wadia

MANAGING DIRECTOR :

Vinita Bali

DIRECTORS :

Keki Dadiseth
Avijit Deb
A K Hirjee
Nimesh N Kampani
S S Kelkar
Vijay L Kelkar
Pratap Khanna
Nasser Munjee
Ajai Puri
Jeh N Wadia
Ness N Wadia

CHIEF FINANCIAL OFFICER :

Raju Thomas

COMPANY SECRETARY :

P Govindan

AUDITORS :

Lovelock & Lewes
Chartered Accountants
5th Floor, Tower D, The Millenia
1&2 Murphy Road, Ulsoor
Bangalore - 560 008

BANKERS :

Axis Bank Limited
Bank of America
Citibank N.V.
HDFC Bank Limited
ICICI Bank Limited
Indian Bank
Standard Chartered Bank
State Bank of India
The Hongkong and Shanghai Banking Corporation Limited
The Royal Bank of Scotland

Registered Office : 5/1A, Hungerford Street, Kolkata – 700 017
Executive Office : Britannia Gardens, Old Airport Road, Vimanapura, Bangalore - 560 017.

CONTENTS

FINANCIAL HIGHLIGHTS

Rs. Million	2009-10	2008-09	% Change
Net Sales	34,014	31,122	9%
Operating profit	1,257	2,293	-45%
Shareholders' funds	3,963	7,979	-50%
Capital expenditure	475	678	-30%
Before exceptional items			
- Profit before tax	1,736	2,531	-31%
- Profit after tax	1,514	1,940	-22%
- Cash flow generation	1,889	2,275	-17%
After exceptional items			
- Profit before tax	1,208	2,325	-48%
- Profit after tax	1,165	1,804	-35%
- Cash flow generation	1,540	2,139	-28%
Per equity share (Rs.)			
Earnings	48.77	75.51	-35%
Dividend	25.00	40.00	-38%
Dividend + Tax	29.15	46.80	-38%

REPORT OF THE DIRECTORS

The Directors present their Annual Report together with the Statement of Accounts for the year ended 31 March 2010.

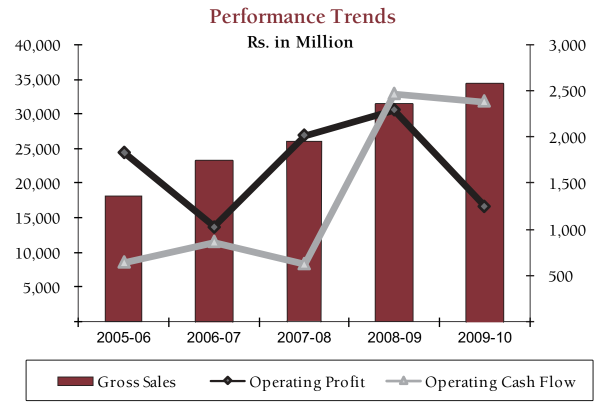
1. FINANCIAL RESULTS

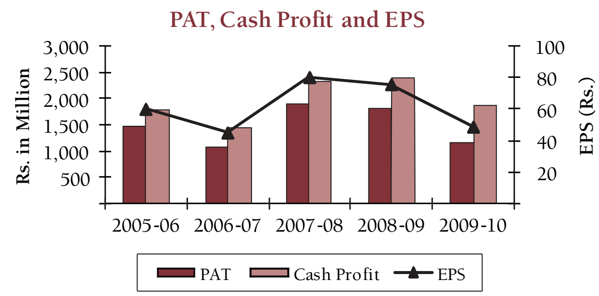
Rs. Million

Particulars	Year ended 31 March 10	Year ended 31 March 09
Gross Sales	34,246	31,429
Other Income	561	399
Profit from Operations (PBT before Other Income, Finance costs and Exceptional Items)	1,257	2,293
Profit before Tax	1,208	2,325
Less: Tax	43	521
Net Profit	1,165	1,804
Add: Profit brought forward	1,096	600
Profit available for appropriation	2,261	2,404
Less: Proposed Dividend	597	-
Less: Interim Dividend	-	956
Less: Tax on Dividend	99	162
Less: Transfer to General Reserve	117	190
Balance Carried forward to Balance Sheet	1,448	1,096
Net Cash flow from operating activities	2,353	2,468

2. OVERVIEW OF COMPANY PERFORMANCE

The year witnessed unprecedented commodity inflation, particularly in sugar, wheat and milk products, in the latter half of the year, coupled with a fiercely competitive environment. This restrained your Company's ability to correct selling prices and had a high adverse impact on margins and profitability. Consequently, whilst your Company added Rs. 2,817 MM to gross sales, Profit from Operations declined by Rs. 778 MM, excluding provisions for certain one-off items aggregating Rs. 258 MM for certain disputes relating to a long term lease, excise duty demand and obligation arising from a past acquisition. Net cash flow from operating activities was Rs. 2,353 MM, achieved by a disciplined approach to managing working capital. Exceptional items for the year include Rs. 329 MM towards amortization of VRS costs and provision of Rs. 200 MM for losses arising from Sri Lanka operations and closure. Earning Per Share was Rs. 48.77. The tables below show trends in performance across key parameters:





In retrospect, 2009-10 was a challenging year with the country going through an economic slowdown in the first half, unprecedented inflationary pressures on the consumer food basket and exceptional input commodity inflation for the food industry.

Against this adverse economic scenario and continued competitiveness that eroded the overall industry profit pool, your Company continued to focus on its strategy of generating growth through increasing the base and frequency of consumption and, at the same time restructuring operations and eliminating waste.

The market challenge was successfully met by strengthening the Company's pillar brands which grew at over 17%, year on year, in the second half.

The Company addressed the cost challenge by removing over Rs. 700 MM (over 2% of sale value) in cost, by consolidating operations, optimizing manufacturing units, reducing complexity and eliminating wastages in the value chain. Your Company has also undertaken an ambitious program to more than double cost savings in the coming years.

Additionally, your Company focused attention on building new capabilities and a robust pipeline of innovation. Coupled with leading edge go-to-market approaches these innovations tap new sources of growth and profitable revenue, while building brand differentiation and relevance. New products like Britannia Cookies and Treat Choco-Decker were launched, leveraging new capabilities, to open up new growth vectors. Consumption opportunities were successfully tapped and widened through introduction of regional brands like Britannia Top, extensions of existing brands, like Nutri-Choice Nature Spice and "on-the-go consumption" at the Rs. 5 price point was enlarged and now contributes in excess of 10% of your Company's business.

The Company's Dairy operations represent a big pillar for growth. Subsequent to your Company acquiring from the JV partner its 49% equity stake and preference shareholding in erstwhile Britannia New Zealand Foods Pvt. Ltd., growth has been accelerated and synergies secured with the Britannia business. Operations have also been streamlined for superior profitability and new, differentiated products like 'Actimind' have been introduced, in addition to strengthening the existing portfolio of cheese, dahi and UHT milk.

Once again, consumers voted brand 'Britannia' among the Top 10 Most Trusted Brands across all categories for the 6th successive year in an independent survey conducted by AC Nielsen and Economic Times. Britannia was rated as # 2 Most Trusted Food brand and # 9 Most Trusted brand across all categories in 2009.

Britannia brands are embedded in the lives of people, adding joy and vitality to everyday moments. By delivering on Britannia's promise of "zindagi mein life" through enjoyable food that is good for you, the Company contributes to the joy and well-being of its consumers. Brands that deliver over 50% of volume are now fortified with micro-nutrients that meet the WHO standards and transfats have been removed from most products. In October 2009, as a big step in this mission, your Company initiated the process of setting up the Britannia Nutrition Foundation, a non profit institution, dedicated to activities and programs that further the cause of nutrition for children. The work done by your Company in the area of child nutrition was also recognized as exemplary by the Clinton Global Initiative and featured in the closing plenary of the 2009 Meeting in New York.

During the year your Company won many accolades - Pure Magic Canister received the "PFFCA STAR AWARD" and Cake Greetings Carton pack the "CORRUSTAR AWARD" for The Best Consumer Pack of the Year awarded by Federation of Corrugated Box Manufacturers of India (FCBM). Treat Holography Pack and Greetings carton pack won the "INDIA STAR AWARD" while Pure Magic won the "INDIA STAR, ASIA STAR AND WORLD STAR AWARD."

Your Company's exports grew robustly this year with Britannia brands growing 50%, owing to a better product mix and higher pricing in all markets except Africa, which experienced a decline mainly owing to currency devaluation leading to severe pricing pressure. For Britannia Brands a three pronged strategy was followed through improved distribution in high growth markets of USA, Canada, Australia, New Zealand and Singapore, launch of new products like Rusk, Nutrichoice 5 Grain, Nutrichoice Digestive, and opening up of new geographies: Taiwan, Fiji, Nigeria, Botswana & Ghana.

3. CONSOLIDATED FINANCIAL RESULTS

Your Company has prepared Consolidated Financial Statements in accordance with Accounting Standard 21(AS21) issued by the Institute of Chartered Accountants of India. The Consolidated Statements reflect the results of the Company and those of its Subsidiaries and Associates. As required by Clause 32 of the Listing Agreement with the Stock Exchanges, the Audited Consolidated Financial Statements together with the Auditors' Report thereon are annexed and form part of this Annual Report.

The Consolidated turnover of the Company for the year ended 31 March 2010 was Rs. 37,943 MM.

The Consolidated Net Profit of the Company for the year ended 31 March 2010 was Rs. 1,032 MM compared with Rs. 1,515 MM in the previous year.

Rs. MM

Particulars	Year ended 31 March 10	Year ended 31 March 09
Gross Sales	37,943	34,523
Other Income	635	387
Profit from Operations (PBT before Other Income, Finance costs and Exceptional Items)	1,084	1,721
Profit before Tax	1,087	1,963
Net Profit	1,032	1,515

Performance of Subsidiaries and Associates is presented below:

SUBSIDIARIES AND ASSOCIATES

Your Directors present herewith a broad overview of the operations and financials of Subsidiaries and Associates of your Company.

Britannia Dairy Private Limited (BDPL) *[Formerly known as Britannia New Zealand Foods Private Limited (BNZF)]*

During April 2009, your Company entered into an agreement with M/s. Fonterra Brands (Mauritius) Holdings Limited, Mauritius, for acquiring the latter's

49% equity and preference shareholding in BNZF. With this acquisition, your Company now holds the entire equity and preference capital in the Dairy entity. Consequent to this acquisition, BNZF has been renamed as Britannia Dairy Private Limited (BDPL).

The year witnessed an unprecedented increase in the cost of milk. Availability of dairy products, especially butter, was also severely affected. In these difficult conditions, BDPL grew profitably by diversifying its sourcing base and driving efficiencies across all cost elements of the supply chain. Consequently, for the year ended 31 March 2010, BDPL recorded a turnover of Rs. 1,888 MM compared with Rs. 1,619 MM in the previous year, a growth of 16.7% and recorded a Net Loss of Rs. 344 MM. The Net Loss of the current year includes an exceptional charge of Rs. 445 MM towards amortization of intangibles consequent to your Company acquiring 100% stake in BDPL. Excluding this, the company has achieved Net Profit of Rs. 101 MM, compared to Net Loss of Rs. 35 MM in the previous year.

Your Company has plans to scale up existing products and launch differentiated products to drive consumer preference, profitable growth and shareholder value. This will be implemented through a focused approach across products, channels and geographies. BDPL is also working towards strengthening its innovation funnel and supply chain operations. Dairy products will thus play a more dominant role in the growth of your Company going forward.

Daily Bread Gourmet Foods (India) Private Limited (Daily Bread)

Daily Bread is a manufacturer and retailer of premium, gourmet bakery products, including specialty breads, cakes and cookies, which it sells to institutional and retail segments. In 2009-10 Daily Bread consolidated its operations in Bangalore and focused its efforts as an incubation venture to arrive at the business model for roll out to other cities. The business made significant improvements in its operation to break even at the EBITDA level by the end of the year. Business growth was enhanced with expansion of the retail footprint using a franchising route and costs were reduced by streamlining commissary operations and optimising delivery models.

The Daily Bread business provides Britannia with the opportunity to engage with a new business opportunity in retail. Equally, it complements and synergizes Britannia's core competency in Bakery, making it India's foremost food brand with leadership across the extended bakery space of biscuits, cakes, rusks, bread etc.

The company achieved a turnover of Rs. 144.87 MM and recorded a net loss of Rs. 45.55 MM as against a loss of Rs. 247.67 MM in the previous year. In the Bangalore market where it currently operates, Daily Bread registered a sales growth of 21.9%.

Strategic Food International Co. LLC, Dubai (SFIC)

During the financial year, your Company acquired the complete beneficial interest in the above business. Despite the challenging global economic scenario and a real population decline in Dubai, UAE where the Company has a sizeable presence, the Company maintained sales at AED. 99.3 MM (Rs. 1,280 MM) for the year ended 31 March 2010 on a *pro rata* basis at almost previous year's levels (AED. 129.9 MM or Rs. 1,578 MM for the 15 months period ended 31 March 2009). SFIC posted a net loss of AED. 14.35 MM (Rs. 185 MM) for the year, compared to a net loss of AED. 22.17 MM (Rs. 269 MM) for 15 months ended 31 March 2009.

During the year, the Company has increased its market share in the GCC region, launched the "Nutro" brand in refreshing new packs and made significant brand investments. These have strengthened its competitive position, with share gains in all markets in the GCC where the Company operates. Additionally, the Company entered Kuwait and the Kingdom of Saudi Arabia with reputed distributors.

Al Sallan Food Industries Co. SAOC (ASFI)

Sales for the year ended 31 March 2010 increased to Omani Rials (OMR) 7.56 MM (Rs. 924 MM) from OMR 6.3 MM (Rs. 730 MM) for the 15 months period ended 31 March 2009. The net loss for the year ended 31 March 2010 was OMR 0.68 MM (Rs. 83 MM) [15 months ended 31 March 2009 net loss OMR 0.59 MM (Rs. 69 MM)]. Profitability was adversely affected due to increase in commodity prices.

ASFI added Burtons of UK as a customer for its quality private label products of fig rolls and re-launched the "Baker's Pride" brand. Your Company makes and sells a select range of "Britannia" products at the world class facilities in Sohar, Sultanate of Oman primarily for Middle Eastern markets.

Investment Companies

M/s Boribunder Finance and Investments Private Limited (Boribunder), M/s Flora Investments Company Private Limited (Flora) and M/s Gilt Edge Finance and Investments Private Limited (Gilt Edge) form the Investment Associates of your Company. Boribunder is a wholly owned subsidiary of your Company.

The combined revenue and loss of the investment companies for the year ended 31 March 2010 was Rs. 0.5 MM and Rs. 13 MM respectively. The negative profit is on account of loss on sale of shares in group companies to your Company.

Further, pursuant to Section 4 of the Companies Act, 1956, the following companies engaged in manufacture of biscuits at various locations are also deemed to be subsidiaries of your Company. The Gross Income and Net Profit of the said subsidiaries during 2009-10 are as under:

Rs. MM

Name of Subsidiary	Gross Income	Net Profit / (Loss)
International Bakery Products Limited, TC Balam	118	0.48
J B Mangharam Foods Private Limited, Gwalior	168	10.39
Manna Foods Private Limited, Kolkata	11	(6.80)
Ganges Vally Foods Private Limited, Kolkata	100	0.49
Sunrise Biscuit Company Private Limited, Guwahati	706	35.25

Britannia and Associates (Mauritius) Private Ltd. (BAMPL)

BAMPL, a company formed in Mauritius is the holding company of Britannia and Associates (Dubai) Private Ltd., a Jebel Ali Free Zone company, which in turn holds investments in Strategic Food International Co. LLC, Dubai and Al Sallan Food Industries Company SAOC, Oman. In March, 2010 your Company acquired the equity stakes held by the investment companies: Boribunder, Flora and Gilt Edge in BAMPL and consequently BAMPL is now a wholly owned subsidiary of the Company.

The combined revenue and loss of holding companies for the period ended 31 March 2010 was USD 0.01 MM (Rs. 0.64 MM) and USD 0.33 MM (Rs. 15.73 MM) respectively.

Welfare Companies

M/s Britannia Employees General Welfare Association Private Limited, M/s Britannia Employees Educational Welfare Association Private Limited and M/s Britannia Employees Medical Welfare Association Private Limited are the three other Associates of your Company. These are companies limited by guarantee, have no share capital and have been set up for general, educational and medical welfare of the employees of your Company. They are not engaged in any commercial activity.

4. **DIVIDEND**

The Board of Directors is pleased to recommend a dividend of 250% on the paid up equity share capital of the Company, which works out to Rs. 25 per share, for consideration and approval by the shareholders at the Annual General Meeting. The total payout amounts to Rs. 696 MM including dividend distribution tax of Rs. 99 MM.

5. **BRANDS**

Your Company believes that its brands are its business. Therefore the right and adequate investment in brands is a key priority for profitable growth. This investment includes everything that the Company does to gain consumer insights and convert those into meaningful and differentiated propositions that delight and satisfy consumers and create value for all other stakeholders. During the year, investment in R&D, Advertisement & Sales Promotion increased by 27.3% and together with the renovation & innovation efforts across the portfolio, resulted in a healthy and double digit growth.

Your Company brands span two distinct portfolios in the bakery business - 'delight and lifestyle' (brands like GoodDay, Treat, 50-50 and Pure Magic etc.) and 'health and nutrition' (brands like Tiger, Milk Bikis, MarieGold, NutriChoice and products like bread and rusk). In addition, the Company's Dairy brands are a significant engine for the Company's growth, fuelling the health and nutrition position.

Several new and renovated offerings were successfully introduced across the entire portfolio and include Nutrichoice Nature-Spice Cracker, Marie renovation fortified with 10 micro-nutrients, Treat Choco Decker – a biscuit-chocolate delight for kids. Research in the area of food ingredients has led to development of special texture product like Britannia Cookies. Completely innovative products such as long shelf-life vegetarian cakes, special breads like Healthy Slice, Milk Breads etc. have also been introduced. Simultaneously, in Dairy, your Company introduced Actimind, a milk based nutritive beverage for kids in a few markets and strengthened the 'dahi' portfolio. Your Company has also invested significantly in building its capability and pipeline of innovation. This has reflected in an increased contribution of new lines to our business and is expected to strengthen in the coming years.

Your Company also introduced a number of new packs to target new consumption opportunities both 'in-home' and 'out-of-home' at an accessible price of

Rs. 5. The sales of these doubled in the current year with innovative "go to market" initiatives.

6. **MANUFACTURING OPERATIONS**

The manufacturing operations continue to focus attention on delivering consistent quality products to consumers, every time, all the time. In this regard, a systematic approach by way of focused work groups to rapidly and definitively deliver the new formats has been put in place, while concurrently developing competencies to handle adjacent technologies.

Concentration on cost minimization continues to be one of the key deliverables of the manufacturing system and in this regard, the appropriate exploitation of latest technologies like energy integration through new energy efficient ovens, on-line mixing etc. have been put in place in a few relevant units. This drive will continue in the forthcoming years to leverage Technology as a competitive edge.

Uttarakhand factory continues to deliver a significant share of production and with investment in automation and mechanization, will continue to drive efficiencies. Marginal capacities have been exited during the course of this year like Manna Foods in Kolkata.

Rusk throughput levels have undergone an increase by way of strategic expansions in existing units as well as creation of third party greenfield operations. The scale benefits are now being leveraged by way of enhancement of manufacturing technologies.

7. **QUALITY STANDARDS**

As a philosophy your Company has, over the years, been continually striving and excelling in its delivered quality standards, not only in its products and packs, but also in its operations by establishing various quality systems and processes at critical points of the Supply Chain.

The thrust has been on ensuring that quality processes are utilized in various facets of the Supply Chain covering both existing and new processes such as Daily Quality Indexing, Food Safety Certifications in the form of ISO 22000, Quality Audits, Vendor Quality Improvement Program, Regulatory Processes, Training and New Product Quality tracking. The 'Consumer Quality Index' tracking has now been institutionalized and covers the entire portfolio. The Comprehensive Consumer Quality Index has seen consistent improvement over the months which indicate higher delivered quality standards. Another significant shift during the year has been the establishment of "Cost Champions" to improve cost efficiency and effectiveness.

The results of the comprehensive Quality Systems and Processes which have been put in place are reflected in the significant reduction in consumer complaints reported during the year. Further, the spontaneous feedback from delighted consumers has been a matter of great pride for your Company.

8. **INFORMATION TECHNOLOGY**

Your Company continues to invest in Information Technology to improve operational efficiencies and to facilitate informed decision making. Workflow systems are deployed across all key business processes. This year, the core ERP system was integrated with the secondary sales system which enabled the implementation of a Continuous Replenishment System across depots. Several metrics for monitoring business performance are now using the business intelligence platform.

During the year, your Company has consolidated its IT infrastructure using virtualization technology, which has reduced the number of servers by 50% leading to significant reductions in energy/power conservation.

9. **ENVIRONMENT AND SAFETY**

Several initiatives were continued as part of energy saving measures including a new invention in baking. The drive for energy conservation is always a key priority and your Company continually strives to achieve this through process improvements and through enhancing equipment capability. Environment friendly fuels were used for baking purposes wherever such fuels were available to reduce pollution.

10. **CORPORATE SOCIAL RESPONSIBILITY**

Your Company continues to pursue its Corporate Social Responsibility by driving the Nutrition agenda in India. It is a well documented statistic that India suffers from wide spread micronutrient deficiency - the most notable being Iron Deficiency or Anaemia which affects 70% of the Indian population. Your Company continues to support NGOs like the Navjyoti Foundation by supplying Iron Fortified biscuits - you may be pleased to note that within 3 months of supply of these biscuits, children showed a significant improvement in Iron status with a rise in Haemoglobin levels from around 8 to around 12.

Your company pursues relevant partnerships with key organizations in Nutrition like GAIN (Global Alliance for Improved Nutrition), UNWFP (United Nations World Food Program), WBI (World Bank Institute) etc. Your Company has been recognized for its CSR efforts by the global non-partisan organization CGI - Clinton Global Initiative. Out of 1,200 organisations that are part of the CGI, your Company's progress on its nutrition commitment was acknowledged at the closing plenary and your Company was asked to present a progress update in front of a global audience of Heads of States, industry and NGO representatives and international media in New York in September 2009.

Your Company is in the process of setting up a foundation under the name and style of the "Britannia Nutrition Foundation" which will primarily work towards betterment of the undernourished segments of our society and will be supported by an external expert advisory board. To advance this process, your Company had organized a well attended technical seminar on "Addressing Malnutrition in India" on 12 October 2009 in New Delhi.

11. BONUS ISSUE OF NON-CONVERTIBLE DEBENTURES

Pursuant to the Scheme of Arrangement sanctioned by the Calcutta High Court vide its order passed on 11 February 2010 under Section 391(2) of the Companies Act, 1956, 23,890,163 Secured Redeemable Non-Convertible Debentures of Rs. 170 each (Bonus Debentures) amounting to an aggregate value of around Rs. 4,061.33 MM were issued and allotted on 22 March 2010 from the General Reserve by way of distribution as bonus, to the Members in the ratio of one Bonus Debenture of Rs. 170 for every equity share of Rs. 10 held on the Record Date, i.e. 9 March 2010. These Bonus Debentures have since been listed on BSE, NSE and CSE. These Debentures were rated AAA/Stable by CRISIL.

12. PENSION

In respect of the notice received from the Commissioner of Income Tax (CIT), Kolkata, in April 2007, to the Company's Covenanted Staff Pension Fund asking it to show cause why recognition granted to the Fund should not be withdrawn for refunding in the year 2004, the excess contribution of Rs. 121.199 MM received by it in earlier years, the Hon'ble Supreme Court of India has directed the Single Judge of the Hon'ble Calcutta High Court to hear the same.

Pursuant to the directions of the Madras High Court, the CIT, Kolkata passed orders rejecting the deeds of variation submitted in May 2005 by the Company's Pension Funds on technical grounds. The Company has preferred an appeal before the Central Board of Direct Taxes, New Delhi challenging the orders of the CIT.

A suit was filed by the Britannia Industries Limited Pensioners Welfare Association in the Court of City Civil & Sessions Judge, Bangalore, where the Hon'ble Court has passed interim orders on 1 January 2009 and 10 February 2009 directing the Funds to pay pension to the members in accordance with the computation made and submitted by the Pension Funds to the Court. This computation was on a defined contribution basis, and is consistent with the pension offered by the Pension Funds to eligible employees at the time of their retirement/exit. The Funds have been complying with the said order. In April, 2010, the Hon'ble judge passed another interim order requiring the Funds to pay pension as per Rule 11(a) of the Pension Fund Rules, i.e. on "Defined Benefit Basis", and gave the Funds 2 months time for complying with the order. An appeal was filed against this order in the Karnataka High Court, which was heard on 22 April 2010. The Hon'ble Court has fixed 15 June 2010 for further hearing whilst modifying the Trial Court's order so as to extend the time limit from 2 months to 3 months.

The above matters have been dealt with in note No. 28 of Schedule T to the Accounts, which are self-explanatory.

13. ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

Details of energy conservation, technology absorption, foreign exchange earnings and outgoings in accordance with the provisions of clause (e) of sub-section (1) of Section 217 of the Companies Act, 1956, read with the Companies (Disclosure of the Particulars in the Report of Board of Directors) Rules, 1988, are given as Annexure 'A' to the Directors' Report.

14. SETTLEMENT WITH KRAFT INC., USA

Your Company, Generale Biscuit S.A.(GB) and Kraft Foods Singapore Pte. Ltd. arrived at a negotiated settlement on 14 July 2009 in full and final settlement of all claims from December 2007 onwards in respect of the disputes relating to infringement of your Company's Trade marks. In terms of the settlement your Company will have exclusive ownership of all IP rights in its Tiger Logo and GB and its affiliates were precluded from using that Tiger Logo in relation to any goods or services anywhere in the world. GB and its affiliates have consequently assigned the existing Tiger Logo registrations in favour of your Company, as envisaged under the settlement, effective 14 July 2009. GB would have exclusive ownership of all IP rights in the Tiger Logo it has developed. While your Company would desist from selling or distributing any products bearing any Tiger Logo or the Tiger Word Mark in Indonesia, Malaysia, Singapore, Egypt, Philippines, Vietnam, Yemen and Afghanistan for a period of 20 years, GB will not sell or distribute any products bearing any Tiger Logo or the Tiger Word Mark for a period of 30 years in India and 20 years in Sri Lanka, Bhutan, Nepal and Bangladesh.

15. **CORPORATE GOVERNANCE**

In accordance with Clause 49 of the Listing Agreement with the Stock Exchanges, a separate report on corporate governance along with the Auditors' Certificate on its compliance is attached to this Report.

16. **DIRECTORS**

Your Board appointed Mr. Nasser Munjee as a Director with effect from 17 August 2009 in the casual vacancy caused by the resignation of Mr. Stephen Gerlich. He holds office up to the date of the forthcoming Annual General Meeting under Section 262 of the Companies Act, 1956 read with Article 112 of the Articles of Association of the Company, and is eligible for appointment as a Director of the Company.

Your Board also appointed as Additional Directors Mr. Ness N Wadia with effect from 29 April 2010 and Dr. Vijay L Kelkar with effect from 28 May 2010. They hold office up to the date of the forthcoming Annual General Meeting under Section 260 of the Companies Act, 1956 read with Article 94 of the Articles of Association of the Company, and are eligible for appointment as Directors of the Company.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Avijit Deb, Mr. Nimesh N Kampani and Mr. S S Kelkar, Directors, retire by rotation at the forthcoming Annual General Meeting and are eligible for re-appointment.

17. **PARTICULARS OF EMPLOYEES**

Information as per Section 217 (2A) of the Companies Act, 1956 (the Act), read with the Companies (Particulars of Employees) Rules, 1975, forms part of this Report. However, as per the provisions of Section 219(1) (b) (iv) of the Act, the report and accounts are being sent, excluding the statement containing the particulars to be provided under Section 217(2A) of the Act. Any member interested in obtaining such particulars may inspect the same at the Registered Office of the Company or write to the Company Secretary for a copy thereof.

18. **EMPLOYEE STOCK OPTION SCHEME (ESOS)**

Requisite disclosure in respect of the Employee Stock Option Scheme in terms of Guideline 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999, has been provided in Annexure 'B' to this Report.

19. **AUDITORS**

Messrs Lovelock & Lewes, Chartered Accountants, who are the Statutory Auditors of the Company, hold office, in accordance with the provisions of the Companies Act, 1956 (the Act), upto the conclusion of the forthcoming Annual General Meeting (AGM). They would not be seeking re-appointment at the ensuing AGM. The Company has received a special notice from a Member of the Company in terms of the provisions of the Act, signifying his intention to propose the appointment of Messrs B S R & Co., Chartered Accountants, as the Statutory Auditors of the Company from the conclusion of the ensuing AGM until the conclusion of the next AGM. Messrs B S R & Co. have also expressed their willingness to act as Auditors of the Company, if appointed, and have confirmed their eligibility. Members are requested to appoint Messrs B S R & Co. as Auditors at remuneration to be fixed by the Board of Directors.

20. **DIRECTORS' RESPONSIBILITY**

Pursuant to sub-section (2AA) of Section 217 of the Companies Act, 1956, your Directors, based on representations from the Operating Management, confirm that:

i) In the preparation of annual accounts, the applicable Accounting Standards have been followed and there are no material departures;

ii) They have, in selection of the accounting policies, consulted the statutory auditors and applied these policies consistently, making judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as on 31 March 2010 and of the profit of the Company for the year ended 31 March 2010;

iii) They have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv) They have prepared the annual accounts on a going concern basis.

21. **ACKNOWLEDGEMENTS**

The Directors would like to thank all stakeholders, namely, customers, shareholders, dealers, suppliers, bankers, employees and all other business associates for the continuous support given by them to the Company and its management.

On behalf of the Board

Mumbai
27 May 2010

Nusli N Wadia
Chairman

ANNEXURE 'A' TO THE DIRECTORS' REPORT

Information under Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31 March 2010.

A. CONSERVATION OF ENERGY

(a) Following energy conservation measures were undertaken during 2009-10:

- i) Fuel propane used in Uttarakhand factory
- ii) Energy Integration Systems in Mixers commissioned at various locations
- iii) Energy efficient tube-lights replaced conventional tube lights wherever possible
- iv) New energy efficient oven commissioned at Delhi factory
- v) Energy efficient motors replaced the conventional motors in Circulating Fans, Turbulence Fans and Mixers etc.
- vi) Variable frequency drives installed in Air washers at Uttarakhand factory
- vii) Secondary air preheating system introduced in burners at Kolkata factory

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

Investment of Rs. 30 MM planned in 2010-11 for investing in various projects relating to reduction in energy consumption

(c) Impact of measures taken (a) and (b) above:

- i) Baking fuel consumption declined to 18.44 therms/mt from 19.12 therms/mt, resulting in a reduction of 3.57% over the previous year.
- ii) Electricity consumption increased marginally to 123.71 units / tonne as compared to 122.91 units /tonne in the previous year due to increased production of certain varieties of biscuits which consume higher power due to complexity in process requirement.

Form 'A'

Form of disclosure of particulars with respect to conservation of energy

For the year ended	31 March 2010	31 March 2009
1 ELECTRICITY		
a) Purchased (gwh)	**12.00**	11.68
Total amount (Rs. MM)	**55.14**	49.63
Rate/Unit (Rs./kwh)	**4.59**	4.25
(1gwh = 1,000,000 kwh)		
b) Own Generation		
i) Through Diesel Generator (gwh)	**1.13**	0.66
Unit per Litre of Diesel oil (kwh/Litre)	**3.10**	3.03
Cost / Unit (Rs./kwh)	**9.60**	10.71
(1gwh = 1,000,000 kwh)		
ii) Through steam turbine/ Generator		
Units (KL)	**Nil**	Nil
Unit per ltr of fuel oil / gas	**Nil**	Nil
Cost/Unit (Rs. /KL)	**Nil**	Nil
iii) Others/Internal Generation (Baking Fuel Consumption)*		
Quantity (Billion btu)	**195.75**	192.00
Total Cost (Rs. MM)	**152.99**	154.07
Rate/Unit (Rs./therm)	**78.15**	80.24
Consumption per Unit of Production		
Bakery Products		
Biscuits (Mt)	**106150**	100402
Electricity (kwh/mt)**	**123.71**	122.98
Baking Fuel (Therms/mt)**	**18.44**	19.12

* Different baking fuels like furnace oil, piped natural gas, coal gas and HSD are used at our factories.

** Of Equivalent Production

Rate per unit of electricity purchased was higher at Rs. 4.59 compared with Rs. 4.25 in the previous year due to increase in rate per unit of electricity in Uttarakhand and Kolkata.

Own generation of electricity was higher than the previous year as Uttarakhand unit had to rely more on own generation on account of frequent power cuts.

Baking fuel consumption was marginally higher than previous year due to the increase in production. The reduction in rate / unit of baking fuel is due to the increased usage of baking fuel Propane at Uttarakhand.

Biscuit production increased in 2009-10 by 5.73% over the previous year.

Cost per unit of own generation has declined due to better efficiency at Uttarakhand.

Baking fuel per tonne of biscuit was lower compared to the previous year as the use of Propane gas at Uttarakhand was optimized.

Electricity consumption per tonne of biscuit has increased marginally due to higher production of JIM-JAM biscuits at Delhi factory. This brand consumes higher units of electricity as compared to other varieties.

Technology absorption, adaptation and innovation

(a) Efforts in brief made towards absorption, adaptation and innovation:

Improvement in baking oven has been made and commissioned as part of innovation and adaptation of technology initiatives. Other initiatives like bulk flour handling system, on-line mixing system, advancement in moulding unit etc., have also been adopted. Energy integration in mixers, replacing conventional motors with energy efficient motors, energy efficient tube lights in place of conventional tube lights etc., continued in this year.

(b) Benefits derived as a result of the above:

The above initiatives resulted in process improvements like wastage reduction, reduction in weight variation and excess weight, reduction in power consumption etc.

(c) Details of imported technology:

(1) Technology imported: Nil

(2) Year of import: Not applicable

(3) Has the technology been fully absorbed?: Not applicable

(4) If not fully absorbed, areas where this has not taken place, reasons thereof and future plans of action: Not applicable

B. TECHNOLOGY ABSORPTION

Research and Development (R & D)

Details of efforts made in technology absorption are

1. **Core areas of Research by the company:**

i) Development of 'consumer winning' new products and formats to deliver to the changing market / consumer expectations viz.

a. Indulgence & Lifestyle – e.g. Britannia Cookies; Butter Elaichiz, Tops

b. Health & Wellness – Nature Spice Cracker

ii) Creation of differentiated value-added product / pack proposition for varied consumer segments and occasions e.g. substituting eggs to deliver long shelf life cakes.

iii) Consistently upgrading knowledge base and conducting research in areas of future interest led to development and launch of Choco Decker.

iv) Benefit of iron fortified biscuits assessed by field trial conducted in collaboration with Navjyoti Foundation of India.

v) Crispy textured cookies with less fat.

vi) Introduction of new ingredients / upgraded formulations, consumer winning claims and micro-nutrient fortification while maintaining delightful taste of Marie, Tiger and specialty breads.

vii) Basic research in the area of nutrition, analytical techniques, ingredients, packaging materials, process technology and food safety.

viii) Partnership with leading NGOs / institutes initiated for delivering specially formulated and fortified products.

2. **Benefits delivered as a result of above R&D initiatives :**

i) New products launched :

- Britannia Cookies
- Treat – Choco Decker
- Britannia Top
- Vegetarian cakes
- Treat – Chocoz
- Nature Spice Cracker

ii) Manufacturing and exporting range of products:

- Britannia rusk
- Britannia cakes
- Britannia biscuits

iii) Improved products with technology up-gradation and cost efficiencies:

- Tiger - Glucose
- Marie Gold

- Softer texture of bread and cakes
- Packaging material standardization / complexity reduction

iv) Benefit of iron fortified biscuits assessed by field trial conducted in collaboration with Navjyoti Foundation of India

v) Packaging upgradation for differentiation and serving different consumption occasions and target groups

- 'Pure Magic' re-launch in new vertical formats and contemporary pack designs.
- Britannia "Shubh Kamnaiyae" - New metallized / texture finish packs.
- Promotional offerings
- Material & design optimization in bread and cake.

vi) Improved process efficiency and consistent product delivery through Technology applications.

vii) Rewards and recognition

- PFFCA award for Pure Magic canister pack
- India Star Award for Treat Holographic Pack and Greetings Carton Pack
- Corrustar Award for Cakes

3. Future plan of action :

Your Company will continue to focus on technology led innovations in the core areas of nutrition and delight. Some of the new initiatives are:

(i) New areas of research to facilitate product introduction in new benefit categories and upgrading the existing offerings.

(ii) New product / pack propositions catering to multiple segments, and new consumption opportunities.

(iii) Further strengthening the process of 'idea to commercialization of innovation' through business wide systems and processes.

(iv) Cost effectiveness and profit improvement plans through the application of new technology and new processes.

(v) Basic research in functional foods, specific nutrition needs and food safety.

(vi) Natural ingredients to deliver health and micro nutrition

(vii) New partnerships to drive the health and nutrition agenda.

The above will be addressed through:

(i) Focusing on a combination of ingredients to create differentiated and new products, packs and consumer/customer propositions.

(ii) Developing new technology / competencies to support future business development into allied areas

(iii) Collaborating with leading research institutes, equipment manufacturers and raw material suppliers to benefit from emerging technologies, ingredients and processes.

(iv) Upgrading research tools and techniques to generate superior consumer insights.

4. Expenditure on R&D :

Rs. MM

	31 March 10
Capital	4.17
Recurring	41.90
Total	46.07
Total R & D expenditure as a % of gross turnover	0.135%

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Activities relating to exports:

(i) The Company actively pursued and secured new export markets for its core products.

(ii) Total foreign exchange used and earned:

Rs. MM

	31 March 10
Foreign exchange used*	1,156.80
Foreign exchange earned	408.46

* Foreign exchange used for dividend, import of raw materials and engineering items.

On behalf of the Board

Mumbai
27 May 2010

Nusli N Wadia
Chairman

ANNEXURE 'B' TO THE DIRECTORS' REPORT

Disclosure pursuant to the provisions of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999

Particulars	No. Of Options
(a) Options granted	Financial year: 2008-09 15,000 Options Financial year: 2009-10 15,000 Options 30,000 Options
(b) The pricing formula	The exercise price was determined in accordance with the pricing formula approved by the shareholders i.e. at the latest available closing market price on the stock exchange having highest trading volume, prior to the date of the meeting of the Board of Directors or Remuneration / Compensation Committee in which options are granted. Accordingly the options were granted at an exercise price of Rs. 1,125.30 and Rs.1,698.15 being the closing market price on the previous date of grant, i.e 28 October 2008 and 26 May 2009 respectively for the grants made on 29 October 2008 and 27 May 2009. The prices are being adjusted downwards by Rs.170, being the face value of bonus debenture, issued as per Scheme of Arrangement approved by Hon'ble High Court of Calcutta by its order dated 11 February 2010.
(c) Options vested (as at 31 March 2010)	15,000 Options. Options vest 1 year after date of grant of options. First 15,000 options which were granted on 29 October 2008 vested on 29 October 2009 and next 15,000 options which were granted on 27 May 2009 are due for vesting in the next financial year (i.e 27 May 2010)
(d) Options exercised (as at 31 March 2010)	NIL
(e) The total number of shares arising as a result of exercise of option.	NIL
(f) Options lapsed	NA
(g) Variation of terms of options	NA
(h) Money realized by exercise of options.	NA
(i) Total number of options in force.	30,000 options
(j) Employee wise details of options granted to;-	
(i) Senior managerial personnel;	30,000 options granted to the Managing Director Ms. Vinita Bali
(ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year.	NA
(iii) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.	NA

(k) Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share.	Rs. 48.75
(l) Employee compensation cost	
(i) Method of calculating employee Compensation cost.	The Company has calculated the employee compensation cost using the intrinsic value method of accounting for the Options granted under the Scheme.
(ii) Difference between the employee compensation cost so computed at (i) above and the employee compensation cost that shall have been recognised if it had used the fair value of the Options.	Rs. 9.40 MM
(iii) The impact of this difference on the profits and on EPS of the Company.	Had the Company considered 'fair value' method then the additional employee compensation cost would be Rs. 9.40 MM. The profit before tax and EPS would be lower by Rs.9.40 MM and Re. 0.39 respectively.
(m) Weighted-average exercise price and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock. [Also refer point (b)]	Weighted average Exercise Price for the options : Rs.1,241.90 Weighted average Fair Value of Option : Rs. 408.56 per option
(n) Description of method and significant assumptions used during the year to estimate the fair values of options	Black and Scholes Model
i) risk – free interest rate	5.86%
ii) expected life of options	3 years
iii) expected volatility	31.01%
iv) expected dividends	200% of face value of share
v) Market price (latest available closing price prior to the date of the meeting of the Board for grant)	Rs. 1,125.30 and Rs.1,698.15 as on 28 October 2008 and 26 May 2009 respectively.

AUDITORS' CERTIFICATE

We have examined the records and documents maintained by the Company and based on the information and explanations given to us and to the best of our knowledge and belief, we confirm that the Employee Stock Option Scheme 2008 is approved by the members of the Company at its 89th Annual General Meeting, held on July 28, 2008 and is in accordance with the applicable provisions of Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

This certificate is issued at the request of the Company in accordance with clause 14 of Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and should not be used by any other person or for any other purpose, as such use may not be appropriate.

For Lovelock & Lewes
Firm Registration No. 301056E
Chartered Accountants

Usha A Narayanan
Partner
Membership No. 023997

Place: Mumbai
Date : May 27, 2010

MANAGEMENT DISCUSSION AND ANALYSIS

A) INDUSTRY STRUCTURE AND DEVELOPMENT

The biscuit market recorded double digit growth this year and this is likely to sustain in the coming year even though volatile commodity prices may impact margins. Growth will be driven by upgradation of the mass market to better varieties, albeit at accessible prices and the emergence of higher value niches, anchored on superior differentiation. Your Company is well positioned to participate in this growth.

Competition in biscuits is expected to intensify further with the likely resurgence of a large number of local players as commodity prices stabilise. Equally, there are likely to be new entries from other International players, who are in search of "growth markets", globally.

Although the runaway inflation in commodities has eased, prices of all key commodities in the bakery and dairy industry are at an all time high and volatility is likely to continue coupled with moderate inflation. The commodity procurement strategy, therefore, will be guided by assessment of prices, risk and volatility.

B) BUSINESS STRATEGY

Your Company's key priorities continue to be to drive revenue through brand relevance and differentiation and to enhance profitability through cost competitiveness. This includes strengthening current brands through product design, delivery and mix and introducing new differentiated higher margin products. To drive this harder, the focus on understanding consumers and meeting their needs will be enhanced to create and sustain higher levels of purchase and consumption. Nutrition efforts will be further strengthened by offering more value to consumers through healthy options at affordable price points.

Your Company will continue to focus on channel initiatives to give a new edge to driving higher sales at point of purchase, synergizing all levers including distribution, trade marketing, market activation and advertising. Britannia will continue to build the edge in trade channels through width and depth of reach, service quality and customer insight, and create best in class customer and people engagement practices for sustained, superlative delivery.

Your Company has implemented several initiatives in all areas of operations to create an efficient and robust supply chain. These will be reinforced further by integrating manufacturing and logistics and industrialising the set of manufacturing practices and technologies the Company has built to date.

C) SEGMENT INFORMATION

The primary business segment of the Company is Foods comprising (i) bakery products - biscuits, bread, cakes and rusk, and (ii) dairy products – milk, butter, cheese, ghee and dahi.

D) OUTLOOK

The Company expects sustained growth of both the bakery and dairy segments over a medium term horizon, buffeted by some volatility in commodity prices. Simultaneously, the widening of the consumer food basket with growth in disposable income, will enhance growth and investment opportunities in existing and adjacent categories thereby opening up new vectors of growth.

In bakery, growth will endure for relevant and differentiated propositions but offered at the right price value. This will direct effort in enhancing differentiation through innovation and simultaneously eliminating costs through the entire value-chain.

In dairy, growth will be achieved through a steady and gradual shift to branded products like dahi and milk and through value-added and differentiated functional products.

International markets are likely to stabilize, especially in the large middle-east geography where your Company has manufacturing and marketing operations. With the entry of your Company's brands in the large Saudi Arabia market, the middle-east business will see a further boost.

The circle of competition has widened as markets are morphing across categories with biscuits interacting with snacks, beverages, sugar and chocolate confectionery and health drinks for a share of the consumer attention and consumption. All these categories continue to witness significant investments from a powerful array of players – both local and international.

Your Company will continue to drive profitable growth in an extremely competitive environment with focus on consumers, customers and cost effectiveness.

E) FINANCIAL AND OPERATIONAL PERFORMANCE

Gross Sales of domestic bakery business and exports from India increased 9% to Rs. 34,246 MM driven by volume, mix and better realization. However, improved realization and cost effectiveness measures could not offset the steep increase in prices of commodities especially sugar which had an inflation exceeding 70% in the 2nd half of the year. This resulted in reduced operating profits.

The key financials are as under:

Rs. MM

	2009-10	2008-09
Gross Sales	34,246	31,429
Total Expenditure	32,839	28,990
Profit before exceptional items and tax	1,737	2,531
Exceptional items	529	206
Profit before Tax	1,208	2,325
Income Tax	43	521
Profit after Tax	1,165	1,804

F) OPPORTUNITIES AND THREATS

Macro-economic as well as industry specific (FMCG and Packaged Food) indications point to enduring buoyancy in the domestic market, while the international geographies in which your Company operates are likely to be stable as well.

Changing demographics (young, higher disposable income, experimental, urbanization, willingness to spend) further fuelled by trends like a greater awareness of health and nutrition on one hand and more hedonism (especially the new 'affluent' generation) is rapidly enlarging the opportunity.

New consumption moments, new consumers, new needs and desires are growing your Company's market, e.g out-of-home consumption, lifestage and lifestyle changes, etc. Even as new niches are developing, it is the Indian heartland that is fundamentally changing and in its Aspirational quest, is exploding growth for relevant and differentiated propositions offered at the right price and value.

Your company truly believes that it is on the cusp of the big change that represents a large and enduring opportunity for us.

G) RISKS AND CONCERNS

The major risk faced by your Company is the significant inflation in commodities that could impact business profitability. Countering enhanced competition from local and international players may necessitate market investments in the short term that could impact results.

H) INTERNAL CONTROL SYSTEMS AND ADEQUACY

The Company's internal control systems are commensurate with the nature, size and complexities of its business and ensure proper safeguarding of assets, maintaining proper accounting records and providing reliable financial information.

An external independent firm carries out the internal audit of the Company operations and reports its findings to the Audit Committee on a regular basis. Internal Audit also evaluates the functioning and quality of internal controls, and provides assurance of its adequacy and effectiveness through periodic reporting.

The Company has a code of business conduct for all employees and a clearly articulated and internalized delegation of financial authority. These authority levels are periodically reviewed by management and modifications, if any, are submitted to the Audit Committee and Board for approval.

The Audit Committee also reviews the risk management framework that is periodically updated.

I) HUMAN RESOURCES AND INDUSTRIAL RELATIONS

Your Company's philosophy has been to create an open and transparent culture, focused on people and their capability for delivering superior performance. During the year under review several people initiatives have been undertaken – from strengthening the performance management system to building a strong and cost-effective learning and development program, Institutionalising an employee engagement framework and using IT to enable and simplify several HR processes. During the year, Britannia Assessment of Talent (BAT) policy was formulated laying emphasis on mutual exchange of feedback to and from employees during appraisal and post-appraisal cycles to further foster a culture of personal ownership and accountability.

Voluntary Retirement Scheme was successfully implemented for 50 workmen in Kolkata factory.

As of 31 March 2010, your Company had 2010 employees (including workmen) on its rolls.

J) CAUTIONARY STATEMENT

Statements in this Management Discussion and Analysis describing the Company's objectives, expectations or predictions may be forward-looking within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include raw material availability and prices, cyclical demand and pricing in the Company's principal markets, competitive actions, changes in Government regulations, tax regimes, economic developments in India and in countries in which the Company conducts business and other incidental factors.

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Your Company considers good Corporate Governance a pre-requisite for meeting the needs and aspirations of its shareholders and other stakeholders in the Company and firmly believes that the same could be achieved by maintaining transparency in its dealings, creating robust policies and practices for key processes and systems with clear accountability, integrity, transparent governance practices and the highest standard of regulatory compliance.

2. BOARD OF DIRECTORS

The Board is headed by a Non-Executive Chairman, Mr. Nusli N Wadia, and comprises eminent persons with considerable professional experience and expertise in diverse fields. Over three-fourths of the Board consists of Non-Executive Directors. As of 31 March 2010, the Board comprised six independent directors constituting 54.55% of the total Board strength.

During the year 2009-10, seven Board Meetings were held, the dates of the meetings being 30 April 2009, 27 May 2009, 31 July 2009, 31 August 2009, 29 October 2009, 27 November 2009 and 28 January 2010. The maximum gap between any two board meetings held during the year was not more than four (4) months.

The details of Composition of the Board, Directors attendance at the Board Meetings and at the last Annual General Meeting, Outside Directorship and the Board Committee Membership as at 31 March 2010 are given hereunder:

Director	Whether Promoter, Executive/ Non-Executive/ Independent	No. of Board Meetings attended	Whether attended last AGM held on 31.08.2009	No. of outside Directorships held #	No. of Board Committee of other Companies in which a member/ Chairman ##
Mr. Nusli N Wadia	Promoter & Non-Executive Chairman	7	Yes	6	Nil
Ms. Vinita Bali, Managing Director	Executive	7	Yes	4	Member 2
Mr. Keki Dadiseth	Non-Executive and Independent	4	Yes	6	Member 2/ Chairman 3
Mr. Avijit Deb	Non-Executive and Independent	4	Yes	Nil	Nil
Mr. Stephan Gerlich (up to 14.04.2009)	Promoter & Non-Executive	Nil	No	NA	NA
Mr. A K Hirjee	Promoter & Non-Executive	6	Yes	4	Member 3/ Chairman 3
Mr. Nimesh N Kampani	Non-Executive and Independent	3	No	5	Member 1 Chairman 1
Mr. Philippe Loic Jacob (up to 14.04.2009)	Promoter & Non-Executive	Nil	No	NA	NA
Mr. S S Kelkar	Promoter & Non-Executive	7	Yes	8	Member 4
Mr. Pratap Khanna	Non-Executive and Independent	4	Yes	Nil	Nil
Mr. Jeh N Wadia	Promoter & Non-Executive	6	Yes	3	Nil
Dr. Ajai Puri (w.e.f. 30.04.2009)	Non-Executive and Independent	6	Yes	Nil	Nil
Mr. Nasser Munjee (w.e.f. 17.08.2009)	Non-Executive and Independent	3	No	14	Member 4/ Chairman 4

Excludes alternate directorship and directorship in foreign companies, private companies and companies governed by Section 25 of the Companies Act, 1956.

Excludes Committees other than Audit Committee and Shareholders'/Investors' Grievance Committee and companies other than public limited companies.

Notes:

1. With effect from 29 April 2010 Mr. Ness N Wadia has been appointed as a Non-Executive Director.
2. With effect from 28 May 2010 Dr. Vijay L Kelkar has been appointed as a Non-Executive Director.
3. Mr. Nusli N Wadia, Mr. Jeh N Wadia and Mr. Ness N Wadia are relatives in terms of Section 6 of the Companies Act, 1956.

3. BOARD COMMITTEES

The Board has constituted the following Committees of Directors:

(a) Audit Committee:

The Audit Committee, as on 31 March 2010, comprised the following five Non-Executive Directors.

Mr. Nimesh N Kampani– Chairman of the Committee

Mr. Keki Dadiseth

Mr. Avijit Deb

Mr. A K Hirjee

Mr. Pratap Khanna

The Chairman of the Committee, Mr. Nimesh N Kampani, is an Independent Director. Apart from Mr. Nimesh N Kampani, the other Independent Directors are Mr. Keki Dadiseth, Mr. Avijit Deb and Mr. Pratap Khanna.

All the members of the Audit Committee are financially literate and Mr. Nimesh N Kampani, Mr. Keki Dadiseth and Mr. A K Hirjee have financial management expertise. Mr. P Govindan, Company Secretary, is the Secretary to the Audit Committee.

The role and terms of reference of the Audit Committee include review of Internal Audit reports and Statutory Auditors' report on Financial Statements, general interaction with Internal Auditors and Statutory Auditors, selection and establishment of Accounting Policies, review of Financial Statements both Quarterly and Annual before submission to the Board, review of Management Discussion and Analysis of financial condition and results of operations, review of the performance of Statutory and Internal Auditors, review of risk assessment framework of the Company and adequacy of Internal Control Systems and other matters specified under Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

The Audit Committee also reviews statement of related party transactions, management letters and the response thereto by the management.

During the year under review, the Audit Committee held four (4) meetings, the dates of meetings being 27 May 2009, 23 July 2009, 29 October 2009 and 28 January 2010.

The attendance of the members at the Audit Committee Meetings held during the year under review is as follows:

Name	No. of Audit Committee Meetings attended
Mr. Nimesh N Kampani	1
Mr. Keki Dadiseth	3
Mr. Avijit Deb	2
Mr. A K Hirjee	4
Mr. Pratap Khanna	3

At the Annual General Meeting of the Company held on 31 August 2009, the then officiating Chairman of the Audit Committee, Mr. Keki Dadiseth, was present.

The Managing Director, Chief Financial Officer, Internal Auditors, Statutory Auditors and other Executives as considered appropriate, also attended the Audit Committee Meetings.

Internal Audit and Control:

M/s. Deloitte Haskins & Sells, Chartered Accountants, are the internal auditors of the Company and their internal audit plan and remuneration are approved by the Audit Committee. The reports and findings of the internal auditor and the internal control system are periodically reviewed by the Audit Committee.

(b) Remuneration/Compensation Committee:

The Committee as on 31 March 2010 comprised the following Directors:

Mr. Keki Dadiseth - Chairman of the Committee
Mr. Nusli N Wadia
Mr. Nimesh N Kampani
Mr. Pratap Khanna

The Chairman of the Committee, Mr. Keki Dadiseth, is an Independent Director.

Broad terms of reference of the Remuneration/Compensation Committee include;

i) Recommendations to the Board, of salary/perquisites, commission and retirement benefits and finalisation of the perquisite package payable to the Company's Managing Director/Wholetime Directors.

ii) To evolve and bring into effect the Employee Stock Option Scheme (ESOS) within the broad parameters approved by the Board/Shareholders and formulate the detailed terms and conditions of the ESOS.

iii) To be responsible for the administration and superintendence of the ESOS.

During the year under review, the Remuneration/Compensation Committee met once on 27 May 2009. Mr. Keki Dadiseth, Mr. Nusli N Wadia and Mr. Pratap Khanna were present at the Meeting.

All the members of the Remuneration/Compensation Committee other than Mr. Nimesh N Kampani attended the Company's last Annual General Meeting held on 31 August 2009.

The Remuneration/Compensation Committee was re-constituted by the Board at its Meeting held on 29 April 2010 and the re-constituted Committee consists of Mr. Keki Dadiseth (Chairman of the Committee), Mr. Nusli N Wadia, Mr. Nimesh N Kampani and Dr. Ajai Puri.

Remuneration Policy:

Managing Director

Ms. Vinita Bali was appointed as Managing Director for a period of five years effective 31 May 2006 by the Board of Directors. The said appointment was approved by the shareholders at the Annual General Meeting held on 1 August 2006. Prior to her appointment as the Managing Director, Ms. Bali was the Manager of the Company under the provisions of Section 387 of the Companies Act, 1956. The terms and conditions of appointment and remuneration payable to the Managing Director were fixed by the Board of Directors of the Company and an agreement dated 1 August 2006 was entered into between the Managing Director and the Company.

The details of remuneration paid to Ms. Vinita Bali for the year 2009-10 are as follows:

Name	Salary/ Benefits (Rs.)	Commission (Rs.)	Total (Rs.)*
Ms. Vinita Bali	29,228,588	15,000,000	44,228,588

*Contributions to employee retirement / post retirement and other employee benefits which are based on actuarial valuation done on an overall Company basis are excluded from above.

The remuneration to Ms. Vinita Bali comprises basic salary (upto a maximum of Rs. 15 lacs per month), allowances, commission based on net profits, perquisites, contributions to provident fund, superannuation fund, gratuity based on basic salary and encashment of unavailed leave. Notwithstanding anything to the contrary, in the event of there being no profits or inadequate profits, the Company will pay remuneration by way of salary and perquisites and allowances as specified above to Ms. Bali in compliance with Schedule XIII of the Companies Act, 1956 and with the approval of the Central Government, if and to the extent necessary.

As per the agreement referred to above, either party to the agreement is entitled to terminate the employment by giving not less than six calendar months prior notice in writing to the other party; provided however that the Company shall be entitled to terminate the incumbent's employment at any time by payment to her of six months' basic salary in lieu of such notice. In addition, the Company has a right to terminate the agreement by giving atleast 30 days notice in writing in case of any misconduct or any breach of the agreement by the incumbent.

Non-Executive Directors

The Non-Executive Directors do not draw any remuneration from the Company other than sitting fees and commission on the net profits of the Company. The Board collectively decides the aggregate amounts of commission for each year and the amount of commission payable to individual non-executive directors is determined based on their attendance at the meetings of the Board of Directors and its Committees and their contribution. The shareholders of the Company have approved the payment of commission to Non-executive Directors at the Annual General Meeting held on 20 July 2005.

Details of remuneration to Non-Executive Directors for the year 2009-10 are given below:

Name	Sitting Fees (Rs.)	Commission (Rs.)	Total (Rs.)
Mr. Nusli N Wadia	80,000	5,200,000	5,280,000
Mr. Keki Dadiseth	80,000	880,000	960,000
Mr. Avijit Deb	60,000	560,000	620,000
Mr. Stephan Gerlich (up to 14.04.2009)	Nil	Nil	Nil
Mr. A K Hirjee	187,000	1,580,000	1,767,000
Mr. Nimesh N Kampani	50,000	420,000	470,000
Mr. S S Kelkar	156,000	1,300,000	1,456,000
Mr. Pratap Khanna	80,000	730,000	810,000
Mr. Jeh N Wadia	68,000	560,000	628,000
Mr. Philippe Loic-Jacob (up to 14.04.2009)	Nil	Nil	Nil
Dr. Ajai Puri	110,000	1,490,000	1,600,000
Mr. Nasser Munjee	30,000	280,000	310,000

The commission amounts, as mentioned above, will be paid, subject to deduction of tax, after the adoption of accounts for the year ended 31 March 2010 by the shareholders at the Annual General Meeting to be held on 9 August 2010. The Non-Executive Directors did not have any other pecuniary relationship or transactions with the Company.

No member of the Board of Directors holds any shares/debentures of the Company, other than Mr. Nusli N Wadia, Chairman, and Mr. Pratap Khanna, Non-Executive Director, who hold 450 and 28,228 equity shares and 450 and 28,228 Non-Convertible Bonus Debentures respectively. The shareholders at the Annual General Meeting of the Company held on 28 July 2008 approved issue of Options to the Senior Management (being permanent employees) and its Whole Time/Executive Directors of the Company through an Employee Stock Option Scheme. The Remuneration/Compensation Committee of the Board at its meeting held on 29 October 2008 approved the Employee Stock Option Scheme (ESOS). Under the ESOS the Remuneration/Compensation Committee granted 15,000 options on 29 October 2008 and further 15,000 options on 27 May 2009 to Ms. Vinita Bali, Managing Director, under the said scheme. Each option, upon exercise, will entitle the holder to receive one equity share of the Company. The Exercise Prices of Rs. 1,125.30 and Rs. 1,698.15 being the respective market prices corresponding to the above grants as defined under the ESOS were adjusted downwards by Rs. 170 respectively to Rs. 955.30 and Rs. 1,528.15 as approved by the Board of Directors at its Meeting held on 27 May 2009, by way of fair and reasonable adjustment in lieu of the bonus issue as provided for under the ESOS. Compensation cost is calculated using the intrinsic valuation method as defined in the SEBI Guidelines.

(c) **Share Transfer & Shareholders'/ Investors' Grievance and Ethics/Compliance Committee:**

The Share Transfer & Shareholders'/Investors' Grievance and Ethics/Compliance Committee as re-constituted on 29 October 2009 consisted of 4 Non-Executive Directors and Managing Director namely:

Mr. A K Hirjee	-	Non-Executive Director (Chairman)
Mr. S S Kelkar	-	Non-Executive Director
Mr. Nimesh N Kampani	-	Non-Executive Director
Mr. Jeh Wadia (w.e.f. 29.10.2009)	-	Non-Executive Director
Ms. Vinita Bali (w.e.f. 29.10.2009)	-	Managing Director

The Committee:

(i) approves and monitors transfers, transmission, splitting, consolidation and rematerialisation of securities and issue of duplicate share certificates by the Company;

(ii) looks into various issues relating to shareholders, including redressal of complaints relating to transfer of shares, non-receipt of annual reports, dividends, etc.; and

(iii) carries out the functions envisaged under the Code of Conduct for Prevention of Insider Trading adopted by the Company in terms of Regulation 12(1) of the SEBI (Prohibition of Insider Trading) Regulations, 1992.

The Committee, which generally meets twice a month, met 18 times during the year. Additionally the Committee also transacted its business on seven occasions by circulation on 4 June 2009, 10 June 2009, 2 July 2009, 16 July 2009, 17 September 2009, 1 October 2009 and 15 October 2009.

The Company has not delegated the powers to approve share transfers, etc., to any officer of the Company since the Share Transfer & Shareholders'/Investors' Grievance and Ethics/Compliance Committee generally meets twice a month and the process of Share transfer is completed within the stipulated time.

Mr. P Govindan, Company Secretary, is the Compliance Officer of the Company.

No. of shareholders' complaints received during the year	50
No. of complaints not resolved to the satisfaction of shareholders	Nil
No. of pending share transfers	Nil

The Company has generally attended to the investors' grievances/correspondence within a period of ten days from the date of receipt of the same, except in cases that are constrained by disputes or legal impediments. There are some pending cases relating to disputes over title to shares, in which the Company is made a party. However, these cases are not material in nature.

Shareholders' requests for transfer/transmission of equity shares were effected within 15 days from the date of receipt. There were no valid transfers pending for registration as of 31 March 2010.

(d) **Other Committees of the Board:**

In addition to the above Committees, the Board has constituted the following Committees:

(i) **Investment Committee:**

The Committee comprises Mr. A K Hirjee, Chairman of the Committee and Mr. S S Kelkar, both being Non-Executive Directors.

The brief description of the terms of reference of the Investment Committee is to approve investments/ divestments of the funds of the Company within the limits prescribed by the Board from time to time. During the year under review three (3) meetings of the Investment Committee were held on 18 May 2009, 14 August 2009 and 18 November 2009.

(ii) **Nomination Committee:**

The Nomination Committee comprises Mr. Nusli N Wadia, Chairman and Mr. Nimesh N Kampani.

The terms of reference of this Committee were to identify and recommend to the Board the appointment of the Managing Director/Wholetime Director/Chief Executive Officer of the Company. During the year under review, no meeting of the said Committee was held as there were no appointments for consideration.

(iii) **Innovation Committee:**

The Board at its meeting held on 30 April 2009 constituted a Committee of Directors to address all matters relating to the Company's product and technical development activities.

The Committee consisted of the following Directors as members:

1. Dr. Ajai Puri – Chairman of the Committee
2. Ms. Vinita Bali

During the year under review five (5) meetings of the Innovation Committee were held on 1 June 2009, 4 August 2009, 3 September 2009, 26 October 2009 and 2 February 2010 .

(iv) **Bonus Debenture Issue Committee:**

The Board at its meeting held on 27 May 2009 constituted a Committee of Directors to take further action arising from the Scheme of Arrangement entailing the issue and allotment of bonus debentures approved by the Board including appointment of Merchant Bankers and Debenture Trustees, determination of interest rate, issue and allotment of debentures etc., and to settle any question or doubt or difficulty arising during implementation of the Scheme.

The Committee consisted of the following Directors as members:

1. Mr. A K Hirjee
2. Mr. S S Kelkar
3. Ms. Vinita Bali

During the year under review four (4) meetings of the Committee were held on 29 October 2009, 28 January 2010, 24 February 2010 and 22 March 2010. While Mr. A K Hirjee and Mr. S S Kelkar attended all the 4 meetings of the Committee, Ms. Vinita Bali could attend only 2 meetings.

The Board at its meeting held on 27 May 2010 dissolved the Committee.

4. GENERAL BODY MEETINGS

(a) Location and time where the last three Annual General Meetings were held and the Special Resolutions passed thereat:

Date	Location	Time	Special Resolutions Passed
31 August 2009	Hyatt Regency, JA-1, Sector III, Salt Lake City, Kolkata 700 098	9.30 a.m.	NIL
28 July 2008	Hyatt Regency, JA-1, Sector III, Salt Lake City, Kolkata 700 098	10.30 a.m.	Approval of Employee Stock Option Scheme
19 September 2007	Hyatt Regency, JA-1, Sector III, Salt Lake City, Kolkata 700 098	10.30 a.m.	NIL

(b) Whether any Special Resolutions were passed last year through postal ballot: No.

(c) Whether any Special Resolution is proposed to be passed through postal ballot this year: No

5. DISCLOSURES

(a) Disclosures of 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 interests of the Company at large:

Related party transactions in the ordinary course of business are reported to the Audit Committee. None of them were (i) not in the normal course of business, or (ii) not on arms length basis, or (iii) in conflict with the interests of the Company at large, including the related party transactions that are disclosed under item 25 of Schedule T, notes to accounts for the year 2009-10.

(b) Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchange or Securities and Exchange Board of India or any statutory authority, on any matter related to capital markets, during the last three years:

None

(c) Risk Management:

A detailed review of business risks and the Company's plan to mitigate them is presented to the Audit Committee of the Board. The Company has been taking steps to mitigate foreseeable business risks. Business risk evaluation and management is an ongoing and continuous process within the Company and regularly updated to the Audit Committee.

(d) Code of Conduct:

The Company has laid down a Code of Conduct for the members of the Board as well as for all employees of the Company. The code has also been posted on the Company's website, www.britannia.co.in. The Managing Director has confirmed and declared that all members of the Board and senior management have affirmed compliance with the Code of Conduct.

(e) Public, Rights and Other Issues:

During the year under review, the Company made a bonus issue of non-convertible Debentures out of the General Reserve of the Company of an aggregate value of around Rs. 406.13 crores to the existing shareholders of the Company in the ratio of 1:1 pursuant to the Scheme of Arrangement approved by the Calcutta High Court by its Order dated 11 February 2010 under Section 391(2) of the Companies Act, 1956.

(f) The financial statements for the year 2009-10 have been prepared in accordance with the applicable Accounting Standards prescribed by the Institute of Chartered Accountants of India and as required under the Companies (Accounting Standards) Rules, 2006.

(g) CEO/CFO Certification:

Ms. Vinita Bali, Managing Director, and Mr. Raju Thomas, Chief Financial Officer, have certified to the Board in accordance with Clause 49(V) of the Listing Agreement pertaining to CEO/ CFO certification for the financial year ended 31 March 2010.

(h) Management Discussion and Analysis Report:

This has been separately attached to the Directors' Report.

(i) Compliance Reports:

The Board has noted and reviewed the compliance reports from all functions pertaining to the respective laws applicable to them, which were placed before the Board at each of its meetings held during the year under review.

6. MEANS OF COMMUNICATION

Quarterly, Half-Yearly and Annual Results

Quarterly, half-yearly & yearly financial results are published within the stipulated time as per the Listing Agreement in leading newspapers, i.e., Financial Express (all editions) and Pratidin (Kolkata edition). The Company also uploads financial results on its website, www.britannia.co.in.

As per the requirements of Clause 51 of the Listing Agreement, all the data relating to quarterly financial results, shareholding pattern, etc. for the year under review were uploaded to the website www.sebiedifar.nic.in. However, the data for the last quarter could not be uploaded owing to discontinuation of edifar filing pursuant to the SEBI notification issued to this effect.

The quarterly and half-yearly reports are not separately sent to each shareholder. However, the Company provides the same to individual shareholders, if requested.

No presentations were made to institutional investors or to the analysts during the year 2009-10.

7. GENERAL SHAREHOLDER INFORMATION

(a) **Annual General Meeting - Date, time and venue:**

9 August 2010 – 10.30 a.m. at Hyatt Regency, JA-1, Sector III, Salt Lake City, Kolkata – 700 098.

(b) **Financial calendar (tentative):**

Period	Approval of Quarterly results
For the first quarter ending 30 June 2010	2nd week of August 2010
For the second quarter and half year ending 30 September 2010	2nd week of November 2010
For the third quarter ending 31 December 2010	2nd week of February 2011
For the year ending 31 March 2011	Last week of May 2011

(c) **Book closure period** : 27 July 2010 to 9 August 2010, both days inclusive.

(d) **Dividend payment date** : On or from 16 August 2010

(e) **Listing on Stock Exchanges** : The Company's equity shares and bonus debentures are listed on:

1. Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 023.
2. Calcutta Stock Exchange Ltd., 7 Lyons Range, Kolkata - 700 001.
3. National Stock Exchange of India Ltd., Exchange Plaza, 5th Floor, Bandra Kurla Complex, Bandra (East) Mumbai – 400 051.

Listing fees for equity shares and debentures as prescribed have been paid to all the aforesaid Stock Exchanges up to 31 March 2011.

(f) **Stock Code:**

Stock Exchange	Equity Shares	Bonus Debentures
Bombay Stock Exchange	500825	934792
Calcutta Stock Exchange	10000038	12642 & 10012642
National Stock Exchange	BRITANNIA	BRITANNIA

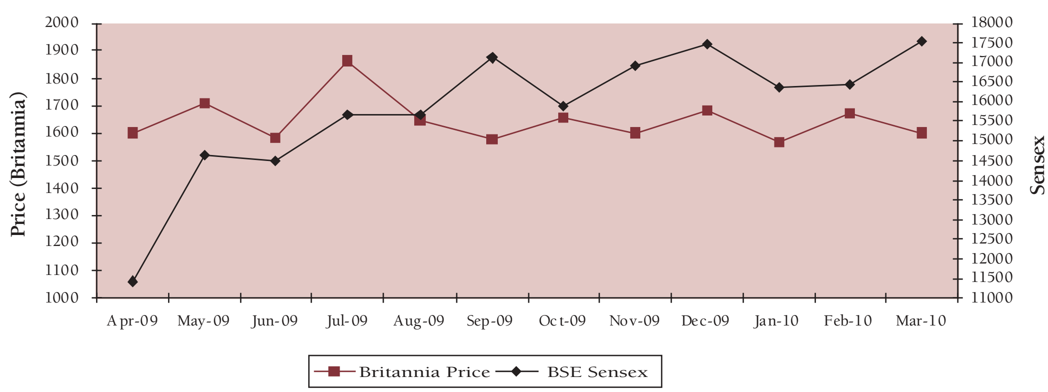
(g) **Stock Price Data:**

Year/Month	Bombay Stock Exchange (BSE) (in Rs.)		BSE (Sensex)	National Stock Exchange (NSE) (in Rs.)		NSE (Nifty)
	High	Low		High	Low	
2009						
April	1,601.70	1,399.40	11,403.25	1,600.80	1,399.85	4,278.54
May	1,744.20	1,547.25	14,625.25	1,739.05	1,547.40	5,480.11
June	1,681.95	1,557.05	14,493.84	1,682.80	1,550.75	5,296.58
July	1,861.95	1,569.85	15,670.31	1,868.75	1,570.15	5,737.09
August	1,825.80	1,634.45	15,666.64	1,836.45	1,646.35	5,774.96
September	1,682.10	1,513.10	17,126.84	1,682.35	1,512.95	6,302.19
October	1,759.25	1,542.60	15,896.28	1,763.05	1,536.80	5,846.03
November	1,683.15	1,599.85	16,926.22	1,688.40	1,603.10	6,245.49
December	1,685.55	1,618.50	17,464.81	1,680.40	1,618.20	6,456.97
2010						
January	1,694.20	1,567.85	16,357.96	1,693.70	1,566.50	6,061.68
February	1,671.30	1,585.35	16,429.55	1,673.45	1,595.80	6,114.27
March	1,765.85	1,566.50	17,527.77	1,767.40	1,568.50	6,521.55

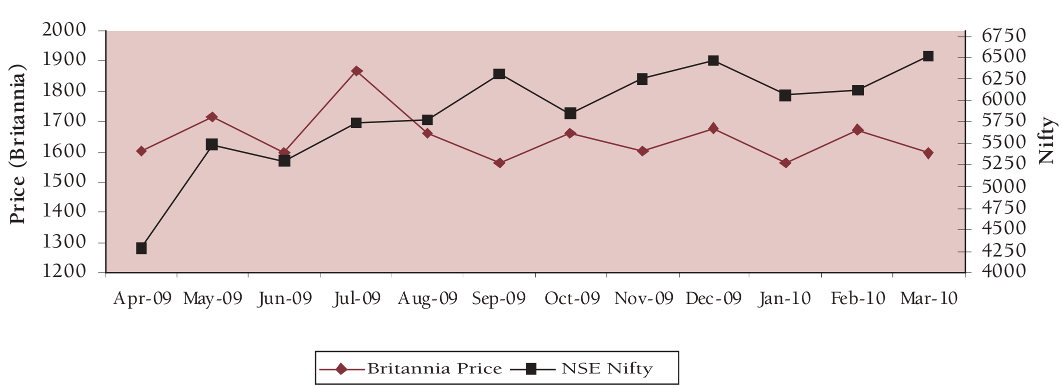
During the year 2009-10, there was no trading of Company's shares on Calcutta Stock Exchange.

(h) **Stock Performance: (Comparison of closing price/index value on the respective dates)**

Britannia v/s Sensex



Britannia v/s Nifty



(i) In terms of Section 205C of the Companies Act, 1956 read with the Investor Education and Protection Fund (Awareness and Protection of Investor) Rules, 2001, during the year ended 31 March 2010, the Company has credited an aggregate amount of Rs. 15,09,666.50 to the Investor Education and Protection Fund (IEPF).

As at 31 March 2010, the Company's unpaid/unclaimed dividend account had a balance of Rs. 1,73,15,342.29 in various dividend accounts. The Company sends out reminders to those shareholders who have not claimed the dividends for earlier years to claim the same from the Company failing which the Company would be required to transfer the same to IEPF after seven years.

(j) **Registrar & Transfer Agents**:

M/s Sharepro Services (India) Pvt. Ltd., is the Registrar and Transfer Agents of the Company and handles the entire share registry work, both Physical and Electronic. Accordingly, all documents, transfer deeds, demat requests and other communications in relation thereto should be addressed to the Registrar and Transfer Agents at the address mentioned below:

Sharepro Services (India) Private Limited
13 AB, Samhita Warehousing Complex II Floor
Sakinaka Telephone Exchange Lane, Off Andheri - Kurla Road, Sakinaka,
Andheri (East), Mumbai - 400 072
Telephone Nos. : 022-67720300/400
Fax No. : 022-28591568
Contact Person: Ms. Indira P. Karkera
Email : indira@shareproservices.com, or sharepro@shareproservices.com

Share transfers, where documents were found to be in order, were registered and returned in the normal course within a period of two weeks from the date of receipt of the documents. Requests for dematerialisation/ rematerialisation of shares were processed and confirmation was given to the depositories i.e. (NSDL) or (CDSL), as the case may be, within 15 days of receipt.

(k) (i) **Distribution of shares according to Size, Class and Categories of Shareholding as on 31 March 2010.**

Group of Shares	No. of Shareholders	Percentage to Total Shareholders	No. of Shares held	Percentage to Total Shares
1 to 500	25,806	95.97	19,27,041	8.06
501 to 1000	486	1.81	3,45,085	1.44
1001 to 2000	273	1.01	3,98,241	1.67
2001 to 3000	76	0.28	1,87,872	0.80
3001 to 4000	43	0.16	1,50,539	0.63
4001 to 5000	37	0.14	1,68,033	0.70
5001 to 10000	76	0.28	5,22,859	2.19
10001 & above	93	0.35	2,01,90,493	84.51
Total	**26,890**	**100.00**	**2,38,90,163**	**100.00**

(ii) **Shareholding pattern as on 31 March 2010**

Category of Shareholder	No. of Shareholders	No. of shares held	Percentage of Shareholding
Promoters	7	1,21,73,519	50.96
Mutual Funds	34	23,43,598	9.81
Banks & Financial Institutions	30	21,74,883	9.10
Foreign Institutional Investors	21	20,51,828	8.59
Bodies Corporate & Trusts	604	4,64,524	1.94
Director & Relatives	14	2,79,183	1.17
Foreign Nationals & NRIs	463	1,71,257	0.72
Indian Public	25,717	42,31,421	17.71
Total	**26,890**	**2,38,90,163**	**100.00**

(l) **Dematerialisation of Shares**: 2,26,67,997 equity shares representing 94.88% of the total equity capital were held in dematerialised form with the National Securities Depository Limited and Central Depository Services (India) Ltd. as on 31 March 2010.

(m) **Outstanding GDRs/ADRs/ Warrants or any Convertible instruments, conversion dates and likely impact on equity:**

Not applicable

(n) **Plant Locations:**

Kolkata	15, Taratola Road, Kolkata – 700 088.
Delhi	33, Lawrence Road, Delhi – 110 035.
Mumbai	Reay Road (East), Mazagaon, Mumbai – 400 010.
Uttarakhand	Plot No. 1 Sector 1, Integrated Industrial Estate (IIE), Pant Nagar, Tehsil/Taluk, Rudrapur Kichha, District Udham Singh Nagar, Uttarakhand.

Plant at Mumbai: Pursuant to Labour Commissioner's Order under Section 25-O of the Industrial Disputes Act, 1947, production at the Company owned plant at Mumbai was closed effective 24 March 2004. However, based on the appeal filed by the workers union, the Industrial Tribunal reversed the Order of Labour Commissioner. The Company has preferred an appeal before the Mumbai High Court against the reversal and the Court proceedings are underway.

Plant at Chennai: Chennai plant was closed with effect from 1 January 2009.

(o) **Address for correspondence:**

Executive Office

Britannia Industries Limited
Britannia Gardens, Old Airport Road,
Vimanapura,
Bangalore – 560 017.
Tel : (080) 39400080
Fax : (080) 25266063
Contact Persons: Mr. P Govindan/
Mr. Vighneshwar G Bhat
Email: pgovindan@britindia.com,
vgbhat@britindia.com

Registered Office

Britannia Industries Limited
5/1A, Hungerford Street
Kolkata – 700 017
Tel : (033) 22872439/2057
Fax : (033) 22872501
Contact Persons: Mr. B K Guha/
Ms. Pousali Sinha
Email: bguha@britindia.com,
pousali@britindia.com

Note:

Pursuant to Clause 47(f) of the Listing Agreement, the Company has designated an e-mail ID exclusively for registering complaints by investors and investors can reach the Company at investorrelations@britindia.com.

(p) **Adoption, Compliance and Non-adoption of Non-mandatory requirements:**

(i) **The Board**

The Company defrays expenses of the Non-Executive Chairman's office incurred in the performance of his duties.

The Company has not fixed the tenure of Independent Directors on the Board. The dates of appointment of independent directors are as follows:

Name of the Independent Director	Date of First Appointment
Mr. Pratap Khanna	8 September 1993
Mr. Avijit Deb	4 June 1996
Mr. Nimesh N Kampani	30 March 2001
Mr. Keki Dadiseth	31 May 2006
Dr. Ajai Puri	30 April 2009
Mr. Nasser Munjee	17 August 2009
Dr. Vijay L Kelkar	28 May 2010

(ii) **Remuneration/Compensation Committee**

Information pertaining to Remuneration/Compensation Committee is provided in point No. 3(b) of this report.

(iii) **Shareholder Rights – furnishing of half yearly results**

The Company's quarterly and half yearly results are published in the newspapers and also uploaded on its website, www.britannia.co.in. Therefore, no individual communication is sent to shareholders on the quarterly and half-yearly financial results. However, the Company furnishes the quarterly and half yearly results on receipt of a request from the shareholders.

(iv) **Audit Qualifications**

There are no qualifications in the Auditor's Report on the accounts for the year 2009-10.

(v) **Others**

The Company has not adopted other non-mandatory requirements of Clause 49 of the Listing Agreement, relating to imparting training to the non-executive directors, evaluation of their performance and the whistle blower policy.

Mumbai
27 May 2010

DECLARATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, this is to confirm that all the members of the Board and the Senior Management have affirmed compliance with the Code of Conduct for the year ended 31 March 2010.

For Britannia Industries Limited

Mumbai
27 May 2010

Vinita Bali
Managing Director

Auditor's Certificate on compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreements

To the Members of Britannia Industries Limited

We have examined the compliance of conditions of corporate governance by Britannia Industries Limited for the year ended March 31, 2010, as stipulated in Clause 49 of the Listing agreement(s) of the said company with the stock exchange(s) in India.

The compliance of conditions of corporate governance is the responsibility of the company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us read along with paragraph 2 of the Report on Corporate Governance, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement(s).

We state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For **Lovelock & Lewes**
Firm Registration No. 301056E
Chartered Accountants

Usha A Narayanan
Partner
Membership No.: 023997

Place: Mumbai
Date: May 27, 2010

AUDITORS' REPORT

To the Members of Britannia Industries Limited

1. We have audited the attached Balance Sheet of Britannia Industries Limited (the "Company") as at March 31, 2010, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:

   (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;

   (e) On the basis of written representations received from the directors, as on March 31, 2010 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;

   (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India:

      (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010;

      (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and

      (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **Lovelock & Lewes**
Firm Registration No. 301056E
Chartered Accountants

Usha A Narayanan
Partner
Membership No. 023997

Place: Mumbai
Date : May 27, 2010

ANNEXURE TO THE AUDITORS' REPORT

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of Britannia Industries Limited on the financial statements for the year ended March 31, 2010]

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.

   (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.

   (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.

2. (a) The inventory (excluding stocks with third parties) has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.

   (b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.

   (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.

3. (a) The Company has granted unsecured loan, to a company covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year and the year-end balance of such loan aggregates to Rs. 500,000,000 and Rs. Nil, respectively.

   (b) In our opinion, the rate of interest and other terms and conditions of such loan is not prima facie prejudicial to the interest of the Company.

   (c) In respect of the aforesaid loan, the party has repaid the principal amounts as stipulated and was also regular in payment of interest.

   (d) In respect of the aforesaid loan, there is no overdue amount more than Rupees One Lakh.

   (e) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act, and accordingly, clauses (iii)(f) and (iii)(g) of paragraph 4 of the Order are not applicable.

4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.

5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.

   (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

6. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.

7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.

8. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the Company.

9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company

is regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income-tax, sales-tax, wealth-tax, service-tax, customs duty, excise duty and cess as at March 31, 2010 which have not been deposited on account of a dispute, are as follows:

Statute / Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where the dispute is pending
Excise Duty (including Service Tax)	12,792,532	1998-2001	Supreme Court
	24,725,591	1992-1999	High Court
	240,434,400	1980-2008	Tribunal
	376,045,114	1986-2010	Appellate Authority Up to Commissioner's level
Sales Tax/Value Added Tax	34,059,756	2000-2010	Supreme Court
	65,944,862	1996-2005	High Court
	4,275,843	1996-2005	Tribunal
	149,343,917	1987-2009	Appellate Authority Up to Commissioner's level
Income Tax	14,049,128	1978-1993	High Court
	40,920,900	2000-2004	Tribunal
	369,668,367	1981-2007	Appellate Authority Up to Commissioner's level

10. The Company has no accumulated losses as at March 31, 2010 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.

11. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the Balance Sheet date.

12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company.

14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.

15. In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company, for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the Company.

16. In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.

17. On the basis of an overall examination of the Balance Sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.

18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.

19. The Company has created security or charge in respect of bonus debentures issued and outstanding at the year-end.

20. The Company has not raised any money by public issues during the year.

21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

For **Lovelock & Lewes**
Firm Registration No. 301056E
Chartered Accountants

Usha A Narayanan
Partner
Membership No. 023997

Place: Mumbai
Date : May 27, 2010

BALANCE SHEET

Rs. '000

As at	Schedule	31 March 2010	31 March 2009
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	A	238,902	238,902
Reserves and surplus	B	3,723,620	8,006,510
		3,962,522	8,245,412
Loan funds	C		
Secured		4,081,019	21,972
Unsecured		215,149	229,651
		4,296,168	251,623
Deferred tax liability, net	T (4)	–	99,421
		8,258,690	8,596,456
APPLICATION OF FUNDS			
Fixed assets	D		
Gross block		5,478,331	5,115,047
Less: Accumulated depreciation and amortisation		2,663,323	2,336,654
Net block		2,815,008	2,778,393
Capital work-in-progress and advances		116,393	60,203
		2,931,401	2,838,596
Investments	E	4,906,389	4,230,969
Deferred tax asset, net	T (4)	65,805	–
Current assets, loans and advances			
Inventories	F	2,683,435	2,536,331
Sundry debtors	G	394,868	496,143
Cash and bank balances	H	233,607	407,978
Other current assets	I	144,649	137,085
Loans and advances	J	1,753,611	1,815,878
		5,210,170	5,393,415
Less: Current liabilities and provisions			
Liabilities	K	3,204,872	2,658,062
Provisions	L	1,650,203	1,474,836
		4,855,075	4,132,898
Net current assets		355,095	1,260,517
Miscellaneous expenditure (to the extent not written off or adjusted)	M	–	266,374
		8,258,690	8,596,456
Significant accounting policies and notes to accounts	T		

The schedules referred to above and the notes thereon form an integral part of the financial statements.

In terms of our report of even date

For **Lovelock & Lewes**
Firm Registration No. 301056E
Chartered Accountants

Usha A Narayanan
Partner
Membership No. 023997

Place: Mumbai
Date: 27 May 2010

For and on behalf of the Board of Directors

Chairman	:	Nusli N Wadia
Managing Director	:	Vinita Bali
Directors	:	Avijit Deb
	:	A K Hirjee
	:	Nimesh N Kampani
	:	S S Kelkar
	:	Pratap Khanna
	:	Nasser Munjee
	:	Ajai Puri
	:	Ness N Wadia
Chief Financial Officer	:	Raju Thomas
Company Secretary	:	P Govindan

PROFIT AND LOSS ACCOUNT

Rs. '000

For the year ended	Schedule	31 March 2010	31 March 2009
INCOME			
Gross sales		34,245,793	31,428,919
Less: Excise duty		231,765	306,778
Net sales		34,014,028	31,122,141
Other income	N	561,157	398,948
		34,575,185	31,521,089
EXPENDITURE			
Cost of materials	O	21,689,064	19,103,947
Staff cost	P	995,201	960,172
Expenses	Q	9,696,961	8,430,867
Depreciation and amortisation	D	375,434	334,560
Financial expenses	R	82,059	160,071
		32,838,719	28,989,617
Profit before taxation and exceptional items		1,736,466	2,531,472
Exceptional items (Profit)/Loss	S	528,695	206,295
Profit before taxation		1,207,771	2,325,177
Income tax expense			
- Current income tax		220,490	343,799
- Minimum alternative tax credit		(13,827)	–
- Fringe benefit tax		–	52,973
- Wealth tax		1,224	1,224
- Deferred income tax, net		(165,226)	123,180
Profit after taxation		1,165,110	1,804,001
Profit brought forward		1,095,989	600,000
Profit available for appropriation		2,261,099	2,404,001
Appropriations			
Transfer to general reserve		117,000	190,000
Proposed dividend		597,254	–
Interim dividend		–	955,607
Tax on Interim / Proposed dividend		99,196	162,405
Profit carried forward		1,447,649	1,095,989
		2,261,099	2,404,001
Basic earnings per share of nominal value of Rs. 10 each [Refer Note 23 of Schedule T] (Rs.)		48.77	75.51
Diluted earnings per share of nominal value of Rs. 10 each [Refer Note 23 of Schedule T] (Rs.)		48.75	75.51
Significant accounting policies and notes to accounts	T		

The schedules referred to above and the notes thereon form an integral part of the financial statements.

In terms of our report of even date

For **Lovelock & Lewes**
Firm Registration No. 301056E
Chartered Accountants

Usha A Narayanan
Partner
Membership No. 023997

Place: Mumbai
Date: 27 May 2010

For and on behalf of the Board of Directors

Chairman : Nusli N Wadia
Managing Director : Vinita Bali
Directors : Avijit Deb
: A K Hirjee
: Nimesh N Kampani
: S S Kelkar
: Pratap Khanna
: Nasser Munjee
: Ajai Puri
: Ness N Wadia
Chief Financial Officer : Raju Thomas
Company Secretary : P Govindan

CASH FLOW STATEMENT

Rs. '000

For the year ended	31 March 2010	31 March 2009
Cash flows from operating activities		
Profit before taxation	1,207,771	2,325,177
Adjustments for:		
Depreciation and amortisation	375,434	334,560
Provision for doubtful debts/loans/advances/bad debts written off	17,017	402,342
Provision for diminution in value of investment	436,475	–
Compensation and amortisation of voluntary retirement scheme (VRS)	328,695	249,435
Reversal of previous years' liabilities/provisions	(456,520)	(264,247)
Unrealised foreign exchange loss/(gain), net	8,352	(13,338)
Loss/(Profit) on sale of investments, net	(81,040)	(72,774)
Loss/(Profit) on sale of fixed assets, net	(40,983)	(2,034)
Dividend income	(122,984)	(127,367)
Interest income	(164,245)	(43,519)
Interest expense	42,211	116,963
Operating profit before working capital changes	**1,550,183**	**2,905,198**
(Increase)/decrease in inventory	(147,104)	478,978
(Increase)/decrease in sundry debtors	94,570	(43,628)
(Increase)/decrease in other current assets and loans and advances	(124,360)	(476,771)
Increase/(decrease) in current liabilities and provisions	1,127,717	295,476
Cash generated from operations	**2,501,006**	**3,159,253**
Payment of VRS / terminal / other compensation benefit	(62,321)	(283,551)
Income taxes paid (including fringe benefit tax), net of refund	(85,803)	(407,928)
Net cash provided from operating activities	**2,352,882**	**2,467,774**
Cash flow from investing activities		
Purchase of fixed assets (including finance leased assets)	(474,565)	(678,416)
Proceeds from sale of fixed assets	47,309	14,101
Purchase of investments in subsidiaries / joint venture	(1,340,239)	(48,736)
Purchase of investments other than subsidiaries / joint venture	(811,232)	(391,509)
Proceeds from sale of investments	725,285	1,252,856
Loan given to subsidiaries / joint venture	(583,000)	(206,740)
Loan repaid by subsidiaries / joint venture	1,045,310	33,000
Receipt of government grant	–	1,320
Interest received	171,275	19,507
Dividend received	122,984	127,367
Net cash used in investing activities	**(1,096,873)**	**122,750**
Cash flow from financing activities		
Proceeds from / (Repayment) of secured loans, net	(2,281)	2,600
Interest paid	(32,727)	(117,365)
Repayment of unsecured loans (including commercial paper)	–	(2,591,603)
Proceeds from unsecured loans (including commercial paper)	–	1,750,772
Dividend paid including tax thereon	(1,805,515)	(502,108)
Net cash used in financing activities	**(1,840,523)**	**(1,457,704)**

CASH FLOW STATEMENT (CONTINUED)

Rs. '000

For the year ended	31 March 2010	31 March 2009
Net Increase / (Decrease) in cash and cash equivalents	(584,514)	1,132,820
Cash and cash equivalent at the beginning of the year	3,380,928	2,248,108
Cash and cash equivalent at the end of the year (Refer note (ii) below)	2,796,414	3,380,928

Notes:

(i) The above cash flow statement has been prepared under Indirect method as per Accounting Standard 3 "Cash Flow Statement" notified u/s 211(3C) of the Companies Act, 1956.

Rs. '000

(ii) Cash and cash equivalents at the end of the year	31 March 2010	31 March 2009
Cash and bank balances include Rs. 17,314 (Previous year: Rs. 14,595) in dividend accounts and Rs. 52,475 (Previous year: Rs. 2,362) held against bank guarantees, which are restrictive in nature.	233,607	407,978
Current investments	2,562,807	2,972,950
	2,796,414	3,380,928

(iii) Figures in bracket indicate cash outgo, except for adjustments for operating activities.

(iv) Previous year figures have been regrouped / rearranged wherever necessary.

This is the Cash Flow Statement referred to in our report attached.

For and on behalf of the Board of Directors

Chairman	:	Nusli N Wadia
Managing Director	:	Vinita Bali
Directors	:	Avijit Deb
	:	A K Hirjee
	:	Nimesh N Kampani
	:	S S Kelkar
	:	Pratap Khanna
	:	Nasser Munjee
	:	Ajai Puri
	:	Ness N Wadia
Chief Financial Officer	:	Raju Thomas
Company Secretary	:	P Govindan

For **Lovelock & Lewes**
Firm Registration No. 301056E
Chartered Accountants

Usha A Narayanan
Partner
Membership No. 023997

Place: Mumbai
Date: 27 May 2010

SCHEDULES TO THE BALANCE SHEET

Rs. '000

As at	Shares of Rs. 10 each (Nos.)	31 March 2010	31 March 2009
Schedule A - Share Capital			
Authorised			
Equity shares	50,000,000	500,000	500,000
Issued, subscribed and paid up			
Equity shares for cash fully paid	1,917,455	19,175	19,175
For consideration other than cash pursuant to a contract fully paid	35,779	358	358
As bonus shares by capitalisation of reserves and share premium fully paid	25,897,216	258,972	258,972
Equity shares bought back	(3,960,287)	(39,603)	(39,603)
Year — Number of shares			
2001-02 — 1,000,000			
2002-03 — 946,174			
2003-04 — 792,226			
2004-05 — 1,221,887			
	23,890,163	238,902	238,902

Rs. '000

	General Reserve	Capital Redemption Reserve	Capital Reserve	Profit and Loss	31 March 2010	31 March 2009
Schedule B - Reserves and surplus						
Balance at the beginning of the year	6,866,598	39,603	4,320	1,095,989	8,006,510	7,319,201
Addition:						
Transfer from Profit and Loss Account	117,000	–	–	468,660	585,660	875,989
Receipt of grant in aid	–	–	–	–	–	1,320
	6,983,598	39,603	4,320	1,564,649	8,592,170	8,196,510
Deduction:						
Issue of Bonus Debentures*	4,061,328	–	–	–	4,061,328	–
Dividend Distribution tax on Bonus Debentures *	690,222	–	–	–	690,222	–
Transfer to General Reserve	–	–	–	117,000	117,000	190,000
Balance at the end of the year	2,232,048	39,603	4,320	1,447,649	3,723,620	8,006,510

*Refer Note 32 of Schedule T.

SCHEDULES TO THE BALANCE SHEET (CONTINUED)

Rs. '000

As at	31 March 2010	31 March 2009
Schedule C - Loan funds		
Secured		
Long Term		
From others		
Finance lease obligations [Secured by hypothecation of assets taken on lease]	19,691	21,972
23,890,163 (Previous year: Nil) 8.25% Redeemable Non-convertible Bonus Debentures of face value of Rs.170/- each, fully paid up [Refer Note 32 of Schedule T]	4,061,328	–
Secured by way of first mortgage created on identified immovable property and first charge on Company's movable assets restricted to inventories and plant & machinery. The book value (net) of plant & machinery and inventories as on 31 March 2010 amounts to Rs. 2,071,271 and Rs. 2,683,435 respectively. Redeemable in full at the end of 36 months from 22 March 2010 being the date of allotment		
	4,081,019	21,972
Unsecured		
Long Term		
From Bank	215,149	229,651
	4,296,168	**251,623**

SCHEDULES TO THE BALANCE SHEET (CONTINUED)

Schedule D - Fixed assets

Rs. '000

		Gross block at cost				Accumulated depreciation and amortisation				Net Block	
		As at 31 March 2009	Additions	Deletions	As at 31 March 2010	As at 31 March 2009	Charge for the year	On deletions during the year	As at 31 March 2010	As at 31 March 2010	As at 31 March 2009
Own assets											
Tangible assets											
Freehold land		25,336	–	–	25,336	–	–	–	–	25,336	25,336
Leasehold land	(a)	52,205	–	–	52,205	2,280	236	–	2,516	49,689	49,925
Buildings	(b) & (c)	591,986	9,221	1,403	599,804	140,104	16,883	559	156,428	443,376	451,882
Plant and machinery	(c)	4,056,707	354,608	44,793	4,366,522	2,030,687	307,182	42,618	2,295,251	2,071,271	2,026,020
Data processing equipment		231,441	32,606	7,578	256,469	102,464	33,097	4,393	131,168	125,301	128,977
Furniture and fittings		78,368	9,133	1,178	86,323	38,435	4,398	1,056	41,777	44,546	39,933
Motor vehicles		1,724	1,220	139	2,805	1,439	117	139	1,417	1,388	285
Intangible assets											
Trademarks		324	–	–	324	–	–	–	–	324	324
Designs		149	–	–	149	–	–	–	–	149	149
Computer Software		45,557	9,000	–	54,557	8,674	8,353	–	17,027	37,530	36,883
		5,083,797	415,788	55,091	5,444,494	2,324,083	370,266	48,765	2,645,584	2,798,910	2,759,714
Assets taken on finance lease											
Motor vehicles		31,250	2,587	–	33,837	12,571	5,168	–	17,739	16,098	18,679
		31,250	2,587	–	33,837	12,571	5,168	–	17,739	16,098	18,679
Total		**5,115,047**	**418,375**	**55,091**	**5,478,331**	**2,336,654**	**375,434**	**48,765**	**2,663,323**	**2,815,008**	**2,778,393**
Previous year		4,531,829	715,130	131,912	5,115,047	2,121,939	334,560	119,845	2,336,654		
Add : Capital work-in-progress including advances on capital account Rs. 16,715 (Previous year Rs.17,953)										116,393	60,203
										2,931,401	**2,838,596**

Notes:

(a) Agreements in respect of leasehold land at two factories (Previous year: two factories) are in the process of renewal.

(b) Buildings include fully paid unquoted shares and bonds in respect of ownership of flats in 4 Co-operative Housing Societies (Previous year: 6 Co-operative Housing Societies); 529 shares (Previous year: 539 shares) of Rs. 50 each, and 50 interest-free loan stock bonds (Previous year: 50 interest free loan stock bonds) of Rs. 100 each.

(c) Redeemable Non-convertible Bonus Debentures issued during the year have been secured by way of first mortgage created on identified immovable property and first charge on Company's movable assets restricted to inventories and plant & machinery.

SCHEDULES TO THE BALANCE SHEET (CONTINUED)

Rs. '000

	Units / Nos.			Value	
	Face Value per share	Balance as at 31 March 2010	Balance as at 31 March 2009	Balance as at 31 March 2010	Balance as at 31 March 2009
Schedule E - Investments					
Long Term					
Unquoted					
Trade					
The Bengal Chamber of Commerce and Industry 6 1/2 % Non-redeemable registered debentures 1962.	–	–	–	4	4
Non - Trade					
(i) **Shares (Fully paid)**					
Subsidiaries					
Sunrise Biscuit Co. Private Limited - Equity Shares	Rs.10	3,649,650	3,649,650	36,321	36,321
Ganges Vally Foods Private Limited - Equity Shares	Rs.10	252,000	252,000	7,164	7,164
J B Mangharam Foods Private Limited - Equity Shares	Rs.10	354,136	354,136	5,432	5,432
International Bakery Products Limited - Equity Shares	Rs.10	255,000	255,000	4,010	4,010
Britannia and Associates (Mauritius) Private Limited, Mauritius - Equity Shares	USD 1	200,000	50,000	8,983	2,238
Manna Foods Private Limited - Equity Shares	Rs.10	105,000	105,000	1,470	1,470
Boribunder Finance and Investments Private Limited - Equity Shares	Rs.10	171,000	171,000	799	799
Britannia Dairy Private Limited - Equity Shares	Rs.10	5,779,999	2,832,200	700,247	575,246
Daily Bread Gourmet Foods (India) Private Limited - Equity Shares	Rs.10	51,681,417	209,185	580,434	31,953
Britannia Dairy Private Limited - 10% Non-Cumulative Redeemable Preference Shares	Rs.10	6,000,000	2,940,000	60,000	29,400
Britannia and Associates (Mauritius) Private Limited, Mauritius - 6% Non-Cumulative Redeemable Preference Shares	USD 1	12,274,930	327,730	598,173	15,736
Britannia New Zealand Holdings Private Limited, Mauritius - Equity Shares	USD 1	2,000	1,000	93	44
Britannia New Zealand Holdings Private Limited, Mauritius - Class C Preference Shares	USD 1	7,411,000	–	451	–
Britannia Lanka Private Limited - Equity Shares	SLR 10	575	–	2	–
Britannia Lanka Private Limited - Class A Non-Cumulative Redeemable Preference Shares	SLR 10	11,349,950	–	46,473	–
Others					
Klassik Foods Private Limited - Equity Shares	Rs.100	3,260	3,260	3,198	3,198
Nalanda Biscuits Co Limited - Equity Shares	Rs.10	87,500	87,500	2,788	2,788
Flora Investments Company Private Limited - Equity Shares	Rs.10	84,987	84,987	1,025	1,025
Gilt Edge Finance and Investments Private Limited - Equity Shares	Rs.10	69,861	69,861	847	847
(ii) **Debentures in Subsidiaries**					
International Bakery Products Limited - 0% Unsecured Convertible Debentures	Rs.100,000	582	582	58,200	58,200
J.B. Mangharam Foods Private Limited - 6% Secured Redeemable Convertible Debentures	Rs.100	175,000	225,000	17,500	22,500
(iii) **Britannia Sports - Partnership firm**	–	–	–	49	49

SCHEDULES TO THE BALANCE SHEET (CONTINUED)

Rs. '000

	Face Value per share	Units / Nos. Balance as at 31 March 2010	Units / Nos. Balance as at 31 March 2009	Value Balance as at 31 March 2010	Value Balance as at 31 March 2009
Schedule E - Investments (Continued)					
(iv) **Others**					
Reliance Fixed Horizon Fund IV - Series 5 - Growth	Rs.10	–	20,000,000	–	200,000
Reliance Fixed Horizon Fund VII - Series 1 - Growth	Rs.10	–	10,000,000	–	100,000
Birla Sunlife Fixed Term Plan - Series BD - Institutional - Growth	Rs.10	–	8,024,078	–	80,250
Zero % Secured Redeemable Non Convertible Debentures of G E Capital Services Ltd.	Rs.1,000,000	–	95	–	80,186
Birla Sunlife Fixed Term Plan - Series BF - Institutional - Growth	Rs.10	6,005,243	6,005,243	60,052	60,052
IDFC Fixed Maturity Plan Series 17 - Growth	Rs.10	–	5,000,000	–	50,000
Principal PNB Fixed Maturity Plan - 385 days - Series 7 - Institutional - Growth	Rs.10	–	4,101,254	–	41,013
Templeton Fixed Horizon Fund - Series 8 - Plan F - Institutional - Growth	Rs.10	–	4,000,814	–	40,008
IDFC Fixed Maturity Plan Yearly Series 24 - Plan B - Growth	Rs.10	–	4,000,000	–	40,000
Kotak Bond Fund - Growth	Rs.10	1,361,847	1,361,847	30,000	30,000
HDFC Standard Life Insurance Company Ltd. - Group Leave Encashment	Rs.10	996,548	988,412	30,763	25,182
ICICI Prudential Life Insurance Company Ltd. - Group Leave Encashment	Rs.10	2,896,593	2,518,204	29,125	25,182
SBI Arbitrage Opportunities Fund - Growth	Rs.10	887,571	887,571	10,000	10,000
ICICI Prudential Fixed Maturity Plan Series 41 - Retail Cumulative	Rs.10	–	250,000	–	2,500
Tata Capital 10.25% Secured Redeemable Non Convertible Debentures	Rs.500,000	500	–	250,000	–
Tata Capital 8.40% Secured Redeemable Non Convertible Debentures	Rs.1,000,000	250	–	250,000	–
Kotak Mahindra Prime 8.40% Secured Redeemable Non Convertible Debentures	Rs.1,000,000	250	–	250,000	–
L&T Finance 8.50% Secured Redeemable Non Convertible Debentures	Rs.1,000	61,232	–	61,232	–
Quoted					
Non - trade					
Shares (Fully paid)					
HDFC Bank Limited - Equity Shares	Rs.10	22,200	22,200	222	222
Aggregate market value of quoted investments Rs. 42,902 (Previous year: Rs. 21,486)					
				3,105,057	1,583,019
Current					
Unquoted					
Non - Trade					
ICICI Prudential Flexible Income Plan - Daily Dividend Reinvestment	Rs.10	–	48,907,929	–	517,128
Birla Sunlife Savings Fund Institutional - Daily Dividend Reinvestment	Rs.10	–	43,539,881	–	435,695
UTI Treasury Advantage Fund - Institutional - Daily Dividend Reinvestment	Rs.1,000	–	383,964	–	384,046

SCHEDULES TO THE BALANCE SHEET (CONTINUED)

Rs '000

		Units / Nos.		Value	
	Face Value per share	Balance as at 31 March 2010	Balance as at 31 March 2009	Balance as at 31 March 2010	Balance as at 31 March 2009
Schedule E - Investments (Continued)					
Tata Floater Fund - Daily Dividend Reinvestment	Rs.10	–	32,273,545	–	323,884
HDFC Floating Rate Income Fund - Short Term Plan - Wholesale - Daily Dividend Reinvestment	Rs.10	–	31,942,482	–	322,009
Reliance Money Manager Fund - Insitutional - Daily Dividend Reinvestment	Rs.1,000	–	271,821	–	272,130
Fortis Money Plus Fund - Institutional - Daily Dividend Reinvestment	Rs.10	–	22,544,038	–	225,503
Kotak Floater - Long Term Plan - Institutional - Daily Dividend Reinvestment	Rs.10	–	21,973,421	–	221,488
IDFC Money Manager Fund - Treasury Plan - Super Institutional - Daily Dividend Reinvestment	Rs.10	–	17,056,619	–	170,592
ICICI Prudential Floating Rate Fund - Plan D - Institutional - Daily Dividend Reinvestment	Rs.10	–	6,041,321	–	60,426
Birla Sunlife Short Term Fund - Institutional - Daily Dividend Reinvestment	Rs.10	–	4,002,702	–	40,049
Kotak Flexi Debt - Institutional - Growth	Rs.10	30,579,438	–	345,901	–
Templeton Floating Rate Income Fund - Long Term Plan - Super Institutional - Growth	Rs.10	37,911,876	–	476,437	–
ICICI Prudential Flexible Income Plan - Growth	Rs.100	2,457,250	–	420,003	–
IDFC Money Manager Fund - Treasury Plan - Super Institutional - Growth	Rs.10	24,761,876	–	270,000	–
Fortis Money Plus Fund - Institutional - Growth	Rs.10	15,466,635	–	214,396	–
UTI Floating Rate Fund - Short Term Plan - Institutional - Growth	Rs.1,000	213,221	–	220,302	–
Reliance Medium Term Fund - Retail Plan - Growth	Rs.10	5,464,396	–	103,984	–
Birla Sunlife Savings Fund Institutional - Growth	Rs.10	9,271,734	–	161,758	–
Birla Sunlife Short Term Fund - Institutional - Growth	Rs.10	21,968,903	–	240,000	–
Tata Treasury Manager - SHIP - Growth	Rs.1,000	38,310	–	40,026	–
Reliance Money Manager Fund - Insitutional -Growth	Rs.1,000	55,840	–	70,000	–
				2,562,807	2,972,950
Total Investments				5,667,864	4,555,969
Less : Provision for Diminution in value of investment [Refer note 13 of Schedule T]				761,475	325,000
				4,906,389	4,230,969

Rs '000

As at	31 March 2010	31 March 2009
Schedule F - Inventories		
Stores and spare parts	114,796	106,324
Packing materials	295,240	268,524
Raw materials	1,237,301	1,339,907
Finished goods	1,033,412	818,543
Materials in process	2,686	3,033
	2,683,435	2,536,331

SCHEDULES TO THE BALANCE SHEET (CONTINUED)

Rs. '000

As at		31 March 2010	31 March 2009
Schedule G - Sundry debtors			
Secured	Considered good:		
	Over six months	4,497	3,078
	Others	8,390	3,961
		12,887	7,039
Unsecured	Considered good:		
	Over six months	30,075	28,304
	Others	351,906	460,800
		381,981	489,104
	Considered doubtful:		
	Over six months	37,513	34,918
	Others	3,179	–
		422,673	524,022
	Less: Provision for doubtful debts	40,692	34,918
		381,981	489,104
		394,868	**496,143**
Schedule H - Cash and bank balances			
Cash on hand		536	744
Cheques on hand		108,650	330,593
With scheduled banks			
- Current accounts		54,632	59,684
- Deposit accounts held against bank guarantees		52,475	2,362
- Unpaid dividend accounts		17,314	14,595
		233,607	**407,978**
Schedule I - Other current assets			
Deposits [Refer note 28 of Schedule T]		144,649	137,085
		144,649	**137,085**

SCHEDULES TO THE BALANCE SHEET (CONTINUED)

Rs. '000

As at		31 March 2010	31 March 2009
Schedule J - Loans and advances			
Secured	Considered good:		
	Advances recoverable in cash or in kind or for value to be received (secured by bank guarantee)	751,806	708,063
Unsecured	Considered good:		
	Advances recoverable in cash or in kind or for value to be received # [Refer note 30 of Schedule T]	853,969	841,978
	Loans to Subsidiaries	121,143	153,885
	Loans to Joint Venture	–	46,310
	Advance income tax and tax deducted at source (net of provision)	–	54,111
	Minimum Alternative Tax credit entitlement [Refer note 1 (m) (iv) of Schedule T]	13,827	–
	Employee benefits - Gratuity (net) [Refer note 26 (b) of Schedule T]	8,642	–
	Balances with customs, port trust, excise, etc	4,224	11,531
	Considered doubtful:		
	Loans / advances recoverable in cash or in kind or for value to be received	136,990	515,747
		1,890,601	2,331,625
	Less: Provision for doubtful loans / advances [Refer Schedule S]	136,990	515,747
		1,753,611	**1,815,878**

Includes -

Amount due from companies having common directors Rs. 16,619 (Previous year: Rs. 11,726).

Maximum amount due at any time during the year from companies having common directors Rs. 20,503 (Previous year: Rs. 19,907).

Amount due from Managing Director Rs. 687 (Previous year: Rs. 861). This has been received subsequent to the year end.

Maximum amount due at any time during the year from Managing Director Rs. 861 (Previous year: Rs. 1,029).

Schedule K - Liabilities	31 March 2010	31 March 2009
Book overdraft	32,074	17,295
Sundry creditors		
- Due to Micro, Small and Medium Enterprises	38,615	25,533
- Others	1,292,573	847,951
Other liabilities	1,824,296	1,752,688
Unclaimed dividend	17,314	14,595
	3,204,872	**2,658,062**

SCHEDULES TO THE BALANCE SHEET (CONTINUED)

Rs. '000

As at	31 March 2010	31 March 2009
Schedule L - Provisions		
Excise related issues *	221,915	91,952
Sales tax and other issues *	114,059	79,811
Trade and other issues *	476,396	106,926
Employee benefits	61,785	68,876
Fringe benefit tax (net of Advance tax)	9,259	9,259
Provision for income tax (net of advance tax and tax deducted at source)	70,339	–
Proposed dividend	597,254	–
Interim dividend	–	955,607
Tax on Interim / Proposed dividend	99,196	162,405
	1,650,203	**1,474,836**

* Refer note 7 of Schedule T

Schedule M - Miscellaneous expenditure (to the extent not written off or adjusted)		
Voluntary Retirement Scheme (VRS) and terminal compensation benefits:		
Balance at the beginning of the year	266,374	232,258
Add: VRS paid during the year [Refer note 10 of Schedule T]	62,321	283,551
Less: Amortisation for VRS during the year	328,695	249,435
Balance at the end of the year	–	**266,374**

SCHEDULES TO THE PROFIT AND LOSS ACCOUNT

Rs. '000

For the year ended		31 March 2010	31 March 2009
Schedule N - Other income			
Profit on sale of equity shares,	Long term	78,648	77,394
units of mutual funds (non-trade), net	Current	2,392	–
Dividend income from equity shares,	Long term	548	1,167
units of mutual funds (non-trade)	Current	122,436	126,200
Bank and other interest (gross)	Long term	82,547	36,837
[Tax deducted Rs.11,461 (Previous year: Rs.6,406)]	Current	81,698	6,682
Foreign exchange gain, net		–	18,133
Profit on sale of fixed assets, net		40,983	2,034
Provisions and liabilities no longer required written back, net		66,520	59,062
Other receipts		85,385	71,439
		561,157	**398,948**
Schedule O - Cost of materials			
(i) Consumption of raw material including packing material			
Opening stock		1,608,431	2,291,560
Add: Purchases		18,695,500	16,987,483
Less: Closing stock		1,532,541	1,608,431
		18,771,390	17,670,612
(ii) Finished goods purchased		3,131,221	1,629,418
(iii) (Increase)/decrease in finished goods and materials in process			
Opening stock			
Finished goods		818,543	625,539
Materials in process		3,033	1,624
Closing stock			
Finished goods		1,033,412	818,543
Materials in process		2,686	3,033
		(214,522)	(194,413)
Excise duty on opening stock of finished goods		10,080	11,750
Less: Excise duty on closing stock of finished goods		11,055	10,080
Increase/(decrease)		975	(1,670)
		21,689,064	**19,103,947**
Schedule P - Staff cost			
Salaries, wages and bonus		881,917	844,233
Contribution to provident and other funds		57,250	63,192
Workmen and staff welfare expenses		56,034	52,747
		995,201	**960,172**

SCHEDULES TO THE PROFIT AND LOSS ACCOUNT (CONTINUED)

Rs. '000

For the year ended		31 March 2010	31 March 2009
Schedule Q - Expenses			
Consumption of stores and spare parts		74,773	66,544
Power and fuel		223,849	214,668
Repairs and maintenance of plant and machinery	(a)	164,483	150,849
Repairs and maintenance of buildings	(a)	8,792	13,016
Rent		130,230	13,019
Rates and taxes, net		253,644	203,199
Insurance		10,526	12,204
Carriage, freight and distribution, net		2,415,577	2,235,478
Auditors' remuneration			
Audit fees		5,250	5,250
Other services		460	325
Expenses reimbursed		382	533
Advertising and sales promotion, net		2,687,985	2,111,846
Conversion charges, net	(b)	2,884,086	2,662,821
Foreign exchange loss, net		29,037	–
Loss on sale of equity shares, units of mutual funds (non-trade, current), net		–	4,620
Miscellaneous, net	(c)	802,113	737,956
Bad debts and advances written off		–	126
Provision for doubtful debts and loans/advances (net of write back)		5,774	12,216
Services shared with a joint venture for utilising common facilities		–	(13,803)
		9,696,961	**8,430,867**
(a) Includes stores consumed		41,900	31,716
(b) Includes claim from contract packers in respect of certain taxes		1,256	1,122
(c) Includes share of loss in the partnership firm Britannia Sports		1	3
Schedule R - Financial expenses			
Interest			
Bank		1,118	768
Finance lease		3,113	2,886
Fixed loans		14,805	102,020
Redeemable Non convertible Bonus Debentures		9,180	–
Others		13,995	11,289
Bank and other charges		39,848	43,108
		82,059	**160,071**
Schedule S - Exceptional items			
Amortisation of Voluntary Retirement Scheme expenditure [Refer note 10 of Schedule T]		328,695	249,435
Provision for doubtful loans / advances to subsidiaries (Net) [Refer note 13 (ii) & (iii) of Schedule T]		(378,757)	390,000
Provision for corporate guarantee and other claims in relation to subsidiary [Refer note 13 (iii) of Schedule T]		142,282	–
Provisions and liabilities no longer required written back, net		–	(205,185)
Amount received as consideration for settlement of litigation		–	(227,955)
Provision for diminution in value of investments in subsidiaries [Refer note 13 (ii) & (iii) of Schedule T]		436,475	–
		528,695	**206,295**

SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Schedule T : Notes to accounts Rs. '000

1 Significant accounting policies

(a) **Basis of accounting and preparation of financial statements**

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting to comply in all material aspects with the applicable accounting principles in India, the applicable Accounting Standards notified u/s 211(3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956.

(b) **Use of estimates**

The preparation of financial statements, in conformity with Generally Accepted Accounting Principles, requires that the management makes estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

(c) **Fixed assets**

Tangible assets

Tangible assets are stated at their original cost less accumulated depreciation. Cost includes inward freight, duties, taxes and expenses incidental to acquisition and installation, net of CENVAT and VAT credit, where applicable.

Intangible assets

Intangible assets are stated at cost of acquisition less accumulated amortisation.

(d) **Depreciation and amortisation**

Depreciation in respect of all the assets acquired upto 30 June 1984 is provided on written down value method. For additions on or after 1 July 1984, straight line method has been used. Depreciation rates are estimated by the Company and are as specified in the amended Schedule XIV of the Companies Act, 1956, except relating to vehicles which are depreciated over a period of five years. Assets costing individually upto Rs. 5 are fully depreciated in the year of addition. Computer software is amortised over a period of six years.

Leasehold land is amortised over the period of primary lease.

The assets identified and retired based on technical evaluation and held for disposal are stated at lower of net book value and estimated net realisable value.

(e) **Impairment of assets**

The Company assesses at each Balance Sheet date whether there is any indication that an asset, including intangible, may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Profit and Loss Account.

(f) **Leases**

Assets acquired under lease where the Company has substantially all the risks and rewards of ownership are classified as finance lease. Such leases are capitalised at the inception of lease at lower of the fair value and present value of minimum lease payments. Assets taken on finance lease are depreciated over its estimated useful life or the lease term whichever is lower.

Assets acquired under lease where the significant portion of risks and rewards of ownership are retained by the lessor are classified as operating lease. Lease rentals are charged to Profit and Loss Account on accrual basis.

SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Schedule T : Notes to accounts (continued) Rs. '000

(g) **Inventories**

Inventories are valued at the lower of cost and estimated net realisable value, after providing for obsolescence, where appropriate.

Raw materials, packing material and stores and spares are valued at cost computed on moving weighted average basis. The cost includes purchase price, inward freight and other incidental expenses net of CENVAT and VAT credit, where applicable.

Materials in process is valued at input material cost plus conversion cost as applicable.

Finished goods are valued at lower of net realisable value and prime cost, excise duty and other overheads incurred in bringing the inventories to their present location and condition.

(h) **Sundry debtors and Loans and advances**

Sundry debtors and Loans and advances are stated after making adequate provision for doubtful debts and advances.

(i) **Investments**

Long term investments are stated at cost. A provision for diminution is made to recognise a decline, other than temporary, in the value of long term investments.

Current investments are stated at lower of cost and fair value.

(j) **Revenue recognition**

Sales are recognised when goods are supplied and are recorded net of trade discounts, rebates, sales tax, VAT and excise duties (on goods manufactured and outsourced).

Income from royalty and services is accounted based on contractual agreements.

Dividend income is accounted for in the year in which the right to receive the same is established.

Interest on investments is booked on a time-proportion basis taking into account the amounts invested and the rate of interest.

(k) **Commodity hedging contracts**

The realised gain or loss in respect of commodity hedging contracts, the pricing period of which has expired during the year are recognised in the Profit and Loss Account.

(l) **Foreign currency transactions**

Transactions in foreign currency are recorded at exchange rates prevailing on the respective dates of the relevant transactions. Monetary assets and liabilities denominated in foreign currency are restated at exchange rates prevailing at the Balance Sheet date. The gains or losses resulting from such transactions are adjusted to the Profit and Loss Account. Non-monetary assets and non-monetary liabilities denominated in foreign currency and measured at fair value/net realisable value are translated at the exchange rate prevalent at the date when the fair value/net realisable value was determined. Non-monetary assets and non-monetary liabilities denominated in foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

The Company uses foreign exchange forward contracts to cover its exposure to movements in foreign exchange rates. The use of foreign exchange forward contracts reduces the risk of fluctuations in exchange movements for the Company. The Company does not use the foreign exchange forward contract for trading or speculative purposes.

Premium or Discount arising at the inception of forward contracts against the underlying assets are amortised as expense or income over the life of contract. Exchange differences on forward contracts are recognised in the Profit and Loss Account in the reporting period in which the exchange rates change.

(m) Taxes on income

(i) Current taxation

Provision for current tax is made based on the tax liability computed after considering tax allowances and exemptions.

(ii) Fringe benefit tax

Fringe benefit tax was determined at current applicable rates on expense falling within the ambit of 'Fringe benefit' as defined under the Income Tax Act, 1961 till the previous year. With effect from 1 April 2009 Fringe benefit tax is not required to be borne by the Company on account of change in legislature.

(iii) Deferred taxation

Deferred income tax is provided on all timing differences at the Balance Sheet date between the tax basis of assets and liabilities and their carrying amount for financial reporting purpose. Deferred tax asset or liability is recognised only for those timing differences that originate during the tax holiday period but reverse after the tax holiday period.

Deferred tax assets are recognised only if there is a reasonable or virtual certainty, as may be applicable, that sufficient future taxable income will be available, against which they can be realised. The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax asset to be utilised.

(iv) Minimum alternative tax

Minimum Alternative Tax (MAT) paid under Section 115JB of the Income Tax Act, 1961 is considered as current tax for the year in which it arises. MAT Credit (Excess of MAT paid over the income tax computed under the normal provisions of income tax) is treated as an asset and is shown under the head 'Loans and Advances' in the year in which it becomes eligible to be recognised as an asset as discussed in paragraph 11 of the Guidance Note on Accounting for Credit available in respect of Minimum Alternative Tax under the Income Tax Act, 1961.

(n) Employee benefits

(i) Short term employee benefits

All employee benefits falling due wholly within twelve months of rendering the services are classified as short term employee benefits, which include benefits like salaries, wages, short term compensated absences and performance incentives and are recognised as expenses in the period in which the employee renders the related service.

(ii) Post-employment benefits

Contributions to defined contribution schemes such as Provident Fund, Pension Fund etc., are recognised as expenses in the period in which the employee renders the related service. In respect of certain employees, Provident Fund contributions are made to a Trust administered by the Company. The interest rate payable to the members of the Trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Company. In respect of contributions made to government administered Provident Fund, the Company has no further obligations beyond its monthly contributions. The Company also provides for post employment defined benefit in the form of gratuity and medical benefits. The cost of providing benefit is determined using the projected unit credit method, with actuarial valuation being carried out at each Balance Sheet date.

The Britannia Industries Limited Covenanted Staff Pension Fund Trust (BILCSPF) and Britannia Industries Limited Officers' Pension Fund Trust (BILOPF) were established by the Company to administer pension schemes for its employees. These trusts are managed by the trustees. The Pension scheme is applicable to all the managers and officers of the Company who have been employed up to the date of 15 September 2005 and any manager or officer employed after that date, if he has opted for the membership of the scheme. The Company makes a contribution of 15% of salary in respect of the members each month to the trusts. On retirement, subject to the vesting conditions as per the rules of the Trust, the member becomes eligible for pension, which is paid from annuity purchased in the name of the member by the trusts. [Refer note 28]

(iii) Other Long Term Employee Benefits

All employee benefits (other than post-employment benefits and termination benefits) which do not fall due wholly within twelve months after the end of the period in which the employees render the related services are determined based on actuarial valuation carried out at each Balance Sheet date. Provision for Long term compensated absences is based on actuarial valuation carried out as at 1st January every year.

(iv) Termination Benefits

Compensation in respect of payments made before 31 March 2006 under the Company's Voluntary Retirement Schemes (VRS) and terminal compensation benefit is amortised over a period of 60 months from the month of such payments. The payments made on or after 1 April 2006 are amortised equally to ensure that the amount is not carried forward beyond 31 March 2010. The unamortised amount is recognised as 'Miscellaneous Expenditure (to the extent not written off or adjusted).'

(o) Employee share based payments

The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense, if any, is amortised over the vesting period of the option on a straight line basis.

(p) Provisions and contingent liabilities

A provision is recognised when the Company has a present obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made. Provisions are reviewed regularly and are adjusted where necessary to reflect the current best estimate of the obligation. When the Company expects a provision to be reimbursed, the reimbursement is recognised as a separate asset only when reimbursement is virtually certain.

A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

(q) Derivative contracts

Based on the principle of prudence as provided in AS 1 - "Disclosure of accounting policies", the Company assesses losses, if any, by marking to market all its outstanding derivative contracts [other than those accounted under AS 11 - "Effects of changes in foreign exchange rates" (Refer point (l) above) and commodity hedging contracts referred under point (k) above] at the Balance Sheet date and provides for such losses. The net gain, if any, based on the said evaluation is not accounted for in line with the Institute of Chartered Accountants of India (ICAI) notification issued in March 2008 in relation to such transactions.

(r) Earnings per share

Basic earnings per share is computed by dividing the net profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed

SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Schedule T : Notes to accounts (continued) Rs. '000

converted as of the beginning of the period, unless issued at a later date. In computing diluted earnings per share, only potential equity shares that are dilutive and that either reduces earnings per share or increases loss per share are included.

2 Capital commitments and contingent liabilities:

(a) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 118,159 (Previous year: Rs. 69,509).

(b) Contingent Liabilities for:

(1) Bank guarantee and letter of credit for Rs. 1,046,138 (Previous year: Rs.43,799).

(2) Discounted cheques Rs. 582,506 (Previous year: Rs. 737,696).

(3) Claims/demand against the Company not acknowledged as debts including Excise, Income tax, Sales tax and Trade and other demands Rs. 1,058,882 (Previous year: Rs. 822,401).

Notes:

(i) Contingent liabilities disclosed above represents possible obligations where possibility of cash outflow to settle the obligation is not remote.

(ii) The above does not include non quantifiable industrial disputes and other legal disputes pending before various judicial authorities. [Also refer note 28]

(c) The Company has furnished the following corporate guarantees:

	Banking facilities given to	Name of the bank	31 March 2010	31 March 2009
(i)	Britannia and Associates (Mauritius) Pvt. Ltd., Mauritius	ABN Amro Bank NV, Singapore	502,095	643,383
(ii)	Strategic Food International Company LLC, Dubai	National Bank of Fujairah, Dubai	107,142	120,882
		HSBC Bank Middle East, Dubai	36,588	41,280
		Bank of Baroda, Dubai	16,221	18,301
		BBK Bank, Dubai	78,542	88,614
		Blom Bank, Dubai	60,980	68,800
		Commercial Bank of Dubai, Dubai	12,196	13,760
		National Bank of Um Al Dahrain, Dubai	13,415	15,136
(iii)	Britannia Dairy Private Limited	Citi Bank	–	600,000
		Bank of America	600,000	–
(iv)	Britannia Lanka Private Limited, Sri Lanka	Citi Bank	–	50,720

Regarding items (b) and (c) above, it is not practicable to disclose information in respect of the estimate of the financial effect, an indication of the uncertainties relating to outflow and the possibility of any reimbursement as it is determinable only on occurrence of uncertain future events/receipt of judgements pending at various forums.

Schedule T : Notes to accounts (continued) Rs. '000

(d) The Company has furnished the following letter of comfort/letter of awareness:

Banking facilities given to	Name of the bank	31 March 2010	31 March 2009
Britannia Dairy Private Limited	HSBC Bank	45,000	45,000
Daily Bread Gourmet Foods (India) Private Limited	HSBC Bank	–	10,000
	Standard Chartered Bank	–	40,000
Strategic Food International Co. LLC, Dubai	ABN Amro Bank	463,448	522,880
Al Sallan Food Industries Company SAOC, Oman	ABN Amro Bank	85,372	96,320

These letters are not to be construed as a guarantee issued by the Company.

3 (a) **Operating leases**

The Company has certain operating leases for vehicles, office facilities and residential premises (cancellable as well as non-cancellable leases). Such leases are generally with the option of renewal against increased rent and premature termination of agreement. Rental expenses of Rs. 130,230 (Previous year: Rs. 13,019) in respect of obligation under operating leases [including minimum lease payments of Rs.906 (Previous year: Rs. 1,343)] have been recognised in the Profit and Loss Account.

Assets on operating lease which represents motor vehicles (acquired prior to 1 April 2001) aggregate to Rs. Nil (Previous year: Rs. 4,064). The charge on account of lease rental to Profit and Loss Account for the year is Rs. 1,019 (Previous year: Rs. 1,511).

Future obligations of lease rentals applicable to above leased assets aggregate to Rs. Nil (Previous year: Rs. 713) and are due:

	31 March 2010	31 March 2009
Not later than 1 year	–	713
	–	713

(b) **Finance leases**

The Company has taken motor vehicles on finance leases. The total minimum lease payments and present value of minimum lease payments as at 31 March 2010 are as follows:

	31 March 2010		31 March 2009	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Not later than 1 year	7,473	5,305	7,286	4,514
Later than 1 year and not later than 5 years	16,764	14,386	21,861	17,458
	24,237	19,691	29,147	21,972

The difference between minimum lease payments and the present value of minimum lease payments of Rs. 4,546 (Previous year: Rs. 7,175) represents interest not due. The lease liability is secured by the relevant vehicles acquired under lease.

There is no contingent rent for operating and finance leases.

SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Schedule T : Notes to accounts (continued) Rs. '000

4 "Accounting for taxes on income" disclosure as per AS 22: Major components of deferred tax assets and liabilities on account of timing differences are as follows:

	31 March 2010		31 March 2009	
	Asset	Liability	Asset	Liability
Depreciation	–	245,949	–	242,566
Voluntary retirement scheme, terminal compensation benefits	97,146	–	37,980	–
Statutory payments	201,091	–	99,196	–
Provisions allowed on payments, write off	13,517	–	5,969	–
	311,754	245,949	143,145	242,566
Deferred tax asset/(liability), net	65,805		(99,421)	

5 The Company has an investment of Rs. 49 (Previous year: Rs. 49) in a partnership firm "Britannia Sports" having a capital of Rs. 100 (Previous year: Rs. 100) in which it holds 49% share of the profit or loss and the balance share is held by two associate companies, Flora Investments Company Private Limited and Gilt Edge Finance and Investments Private Limited who hold 26% and 25% respectively. The Company has booked its proportionate share of partnership losses which is disclosed in the Profit and Loss Account.

6 Details of investments purchased, reinvested and sold during the year:

Investment in mutual funds (Unquoted, non-trade)

In Units

Mutual funds	Face value per unit - Rs.	Purchase (including switch in)	Reinvested (including switch out)	Sold
Birla Cash Plus - Institutional Premium Plan -Daily Dividend Reinvestment	10	45,910,475	4,571	45,915,046
ICICI Prudential Liquid Plan - Super Institutional -Daily Dividend Reinvestment	10	49,991,101	5,393	49,996,494
Kotak Liquid Plan - Institutional Premium Plan -Daily Dividend Reinvestment	10	82,596,642	7,915	82,604,557
Templeton India Treasury Management Account - - Super Institutional Plus - Daily Dividend Reinvestment	1000	339,771	37	339,808
Reliance Liquidity Fund - Institutional -Daily Dividend Reinvestment	10	85,973,348	8,489	85,981,837
Fortis Overnight Fund - Institutional -Daily Dividend Reinvestment	10	70,978,706	5,719	70,984,425
UTI Liquid Cash Plan - Institutional -Daily Dividend Reinvestment	1000	382,561	39	382,600
HDFC Liquid Fund -Daily Dividend Reinvestment	10	67,658,999	6,452	67,665,451
Kotak Flexi Debt Scheme -Daily Dividend Reinvestment	10	49,767,422	511,294	50,278,716
Templeton Floating Rate Income Fund - LT Plan - Super -Daily Dividend Reinvestment	10	22,005,187	115,729	22,120,916
HDFC Cash Management Fund - Treasury Advantage Plan -Daily Dividend Reinvestment	10	19,938,820	64,756	20,003,576
Templeton India Ultra Short term Bond Fund - Institutional - Daily Dividend Reinvestment	10	24,973,629	52,932	25,026,561

SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Schedule T : Notes to accounts (continued) Rs. '000

In Units

Mutual funds	Face value per unit - Rs.	Purchase (including switch in)	Reinvested (including switch out)	Sold
IDFC Money Manager Fund - Treasury Plan - C -Daily Dividend Reinvestment	10	5,529,721	17,754	5,547,475
IDFC Cash Fund - Super Institutional - Plan C -Daily Dividend Reinvestment	10	47,988,003	4,534	47,992,537
Reliance Medium term Fund -Daily Dividend Reinvestment	10	17,728,941	45,858	17,774,799
Kotak Floater - Long term Plan - Institutional - Growth	10	22,327,258	–	22,327,258
Tata Floater Fund - Growth	10	2,920,305	–	2,920,305
Templeton India Ultra Short term Bond Fund - Institutional Growth	10	16,905,885	–	16,905,885

7 In accordance with AS 29 – "Provisions, Contingent Liabilities and Contingent Assets" notified u/s 211(3C) of the Companies Act, 1956, certain classes of liabilities have been identified as provisions which have been disclosed as under:

		31 March 2009	Additions	Utilisation	Reversals/ adjustments	31 March 2010
(a)	Excise related issues	91,952	135,696	–	(5,733)	221,915
(b)	Sales tax and other issues	79,811	36,163	–	(1,915)	114,059
(c)	Trade and other issues	106,926	322,191	–	47,279	476,396
		31 March 2008	Additions	Utilisation	Reversals/ adjustments	31 March 2009
(a)	Excise related issues	82,746	9,206	–	–	91,952
(b)	Sales tax and other issues	70,339	9,661	(189)	–	79,811
(c)	Trade and other issues	281,699	40,000	(3)	(214,770)	106,926

(a) and (b) represents estimates made for probable cash outflow arising out of pending disputes/litigations with various regulatory authorities. The timing of the outflow with these matters depends on the position of law and the settlement of which is not expected to exceed 2-3 years in most cases.

(c) represents provisions made for probable liabilities/claims arising out of commercial transactions with vendors/ others. Further disclosures as required in AS 29 are not made since it can be prejudicial to the interests of the Company.

8 Pursuant to Labour Commissioner's Order under section 25 O (1) of the Industrial Disputes Act, 1947, production at the Company owned facility was closed effective 24 March 2004. As per the Order of the Bombay High Court, the Company as on the date of the Balance Sheet has paid an amount of Rs. 58,317 (Previous year: Rs. 58,317) equivalent to eligible compensation under section 25 O (1) of the Industrial Disputes Act, 1947. Further, based on the appeal filed by the worker union, the Industrial Tribunal has reversed the Order of the Labour Commissioner. The Company has preferred an appeal against the Order of the Industrial Tribunal. As per interim direction of the Bombay High Court, the Company has paid Rs. 14,703 (Previous year: Rs. 12,799) as compensation equivalent to 70% of the last drawn amount for the year (Previous year: 50% of the last drawn amount for the period from 1 April 2008 to 19 November 2008 and 70% of the last drawn amount for the period 20 November 2008 to 31 March 2009). The Company has made the above payments as compensation under the Industrial Disputes Act, 1947. The case is currently pending in the High Court.

SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Schedule T : Notes to accounts (continued) Rs. '000

9 (a) **Gross sales**

Product group	Quantity 31 March 2010 Tonnes	Quantity 31 March 2009 Tonnes	Value 31 March 2010	Value 31 March 2009
Biscuits and high protein food	477,728	476,938	29,281,961	27,380,192
Bread and suji toast	117,050	104,930	3,468,737	2,836,453
Cake	11,069	9,275	1,193,097	985,084
Others (including scrap sales)			301,998	227,190
			34,245,793	31,428,919

(a) The above value does not include sale of raw materials (including wheat) and by-products on conversion of inputs aggregating to Rs. 483,273 (Previous year: Rs. 812,914), which has been netted off with cost of material.

(b) The above does not include quantities issued for sales promotion.

(b) **Raw materials including packing materials consumed**

Description	Quantity 31 March 2010 Tonnes	Quantity 31 March 2009 Tonnes	Value 31 March 2010	Value 31 March 2009
Flour	373,938	377,149	5,633,298	5,261,980
Fats and Oils	68,877	66,502	2,930,948	3,287,837
Sugar	118,294	121,780	3,183,695	2,078,088
Lamination roll	7,273	7,138	1,589,818	1,754,341
Others			5,433,631	5,288,366
			18,771,390	17,670,612

	31 March 2010		31 March 2009	
	Value	%	Value	%
Imported	457,712	2.44	8,113	0.05
Indigenous	18,313,678	97.56	17,662,499	99.95
	18,771,390	100.00	17,670,612	100.00

(c) **Stores and spare parts consumed**

	31 March 2010		31 March 2009	
	Value	%	Value	%
Imported	1,021	0.88	461	0.47
Indigenous	115,652	99.12	97,799	99.53
	116,673	100.00	98,260	100.00

10 Voluntary Retirement Scheme (VRS) expenditure includes payment made towards VRS expenditure of Manna Foods Private Limited, Subsidiary of Britannia Industries Limited, amouting to Rs. 49,381 as per arbitration award dated 25 January 2010.

11 Provisions for deferred tax for the current year is after provision in respect of earlier years of Rs. Nil (Previous year: Rs. 11,246).

12 Salaries, wages and bonus and contribution to provident and other funds are net of recoveries of Rs. 41,671 and Rs. 3,622 respectively for seconded staff costs (Previous year: Rs. 27,953 and Rs. 2,789 respectively).

SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Schedule T : Notes to accounts (continued) Rs. '000

13 (i) In accordance with AS 13 - "Accounting for Investments", notified u/s 211(3C) of the Companies Act, 1956, the Company has, based on an approved business plan, retained provision of Rs. 325,000 (Previous year: Rs. 325,000) for diminution, other than temporary, on long term investment made in equity shares of Britannia Dairy Private Limited.

(ii) During current year, an amount of Rs. 390,000 has been reversed from Provision for doubtful advances as a result of conversion of loan given to Daily Bread Gourmet Foods (India) Private Limited into equivalent investment in equity shares. Further, an amount of Rs. 390,000 has been provided for diminution in value of investments in relation to these equity shares.

(iii) The Company has decided to discontinue the business operations of Britannia Lanka Private Limited, Sri Lanka (Subsidiary of the Company). Pursuant to this, an amount of Rs. 46,475 and Rs. 11,243 has been provided for diminution in value of investments and for doubtful advances respectively. Further, an amount of Rs. 142,282 has been provided in relation to Corporate guarantee and other claims.

14 Directors remuneration of Rs. 58,130 (Previous year: Rs. 60,145) includes:

- Fees and estimated cost of benefits Rs. 32,369 (Previous year: Rs. 29,869)
- Contribution to Provident Fund, Pension Fund Rs. 2,700 (Previous year: Rs. 2,700)
- Perquisites or benefits in cash or in kind Rs. 62 (Previous year: Rs. 76)
- Commission to Non-wholetime Directors Rs. 13,000 (Previous year: Rs. 17,500), net of reversal of last years liability of Rs. Nil (Previous year: Rs. Nil)

Statement of computation of net profits as per Section 349 of the Companies Act, 1956.

	31 March 2010	31 March 2009
Profit before taxation	1,207,771	2,325,177
Add :		
Managerial remuneration	44,229	42,095
Directors Sitting fees	901	550
Commission to Non-wholetime Directors	13,000	17,500
Depreciation and amortisation as per accounts	375,434	334,560
Provision for diminution in value of investments	436,475	–
Provision for Corporate guarantee and other claims in relation to a subsidiary	142,282	–
VRS and terminal compensation benefits	328,695	249,435
Provision for doubtful debts and loans/advances	17,017	402,216
	2,565,804	3,371,533
Less :		
Profit on sale of investments, net	81,040	72,774
Provision for doubtful debts and advances written back	390,000	–
Provisions and Liabilities no longer required written back	66,520	264,247
Depreciation and amortisation as per Section 350 of the Companies Act, 1956	372,721	332,288
Profit on sale of properties	37,670	–
Profit on sale of assets	174	121
Profit under Section 349 of the Companies Act, 1956	1,617,679	2,702,103
Non-wholetime Directors commission restricted to 1%	16,177	27,021
Managerial remuneration @ 5%	80,884	135,105

Notes :

1. Contributions to employee retirement/post retirement and other employee benefits which are based on actuarial valuation done on an overall Company basis are excluded from above.
2. Ms. Vinita Bali was appointed as Managing Director for a period of 5 years with effect from 31 May 2006.

SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Schedule T : Notes to accounts (continued) Rs. '000

15 Licensed and installed capacities per annum (in tonnes)

Product group	Licensed Capacity 31 March 2010	Licensed Capacity 31 March 2009	Installed Capacity 31 March 2010	Installed Capacity 31 March 2009
Biscuits and high protein food	–	–	148,800	163,500

The Government vide Notification No : S.O.298(E) dated 3 April 1997 has omitted biscuits from the list of items reserved for the small scale sector.

Installed Capacity as at 31 March 2010 [including Mumbai factory (Refer note 8 above) and excluding Chennai factory (Refer note 33 below)] is as certified by the Management and relied upon by the auditors; this being a technical matter.

16 Production* (in tonnes)

Product group	31 March 2010	31 March 2009
Biscuits and high protein food	430,114	456,544
Bread and suji toast	113,122	101,215
Cake	4,535	4,505
Others	80	–
	547,851	562,264
*Includes third party processing		
Biscuits and high protein food	324,887	356,648
Bread and suji toast	113,122	101,215
Cake	4,535	4,505
	442,544	462,368

17 Opening and Closing stocks of Finished goods

	31 March 2010		31 March 2009	
	Quantity Tonnes	Value	Quantity Tonnes	Value
(a) Opening stock				
Biscuits and high protein food	17,471	766,173	14,165	592,526
Bread and suji toast	489	23,594	275	13,113
Cake	272	24,589	162	13,959
Others		4,187		5,941
		818,543		625,539
(b) Closing stock				
Biscuits and high protein food	18,628	926,819	17,471	766,173
Bread and suji toast	850	50,334	489	23,594
Cake	554	51,108	272	24,589
Others		5,151		4,187
		1,033,412		818,543

SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Schedule T : Notes to accounts (continued) Rs. '000

18 Purchase of finished goods

	31 March 2010		31 March 2009	
	Quantity Tonnes	Value	Quantity Tonnes	Value
Biscuits and high protein food	54,484	2,309,377	27,152	1,042,042
Bread and suji toast	5,855	154,282	5,228	105,413
Cake	6,827	576,234	5,119	414,444
Others	2,704	91,328	2,148	67,519
	69,870	3,131,221	39,647	1,629,418

		31 March 2010	31 March 2009
19	Expenditure in foreign currency:		
	Travelling, Consultancy, Software licenses and others	35,267	27,821
20	Value of imports on C.I.F. basis :		
	(a) Capital goods	2,101	70,408
	(b) Raw materials	616,389	40,099
	(c) Finished goods	15,340	4,267
	(d) Components and spare parts	811	461
21	Earnings in foreign currency:		
	(a) Exports at F.O.B value	365,086	386,191
	(b) Capital receipt towards settlement of litigation	–	227,955
	(c) Others - Royalty, freight and insurance etc.	43,377	77,495

22 Dividend remitted in foreign currency (net of tax):

Relating to the year ended	31 March 2009	31 March 2008
No. of Non resident shareholders	6	6
No. of Equity shares held	12,173,219	12,173,219
Amount remitted	486,929	219,118

23 Earnings Per Share	31 March 2010	31 March 2009
(a) Net profit attributable to the equity shareholders	1,165,110	1,804,001
(b) Weighted average number of equity shares outstanding during the year	23,890,163	23,890,163
(c) Effect of potential equity shares on employee stock option outstanding	7,188	1,703
(d) Weighted average number of equity shares outstanding for computing diluted earnings per share {(b)+(c)}	23,897,351	23,891,866
Nominal value of equity shares (Rs.)	10	10
Basic earnings per share (Rs.)	48.77	75.51
Diluted earnings per share (Rs.)	48.75	75.51

24 Based on guiding principles in the AS 17 - "Segment Reporting," the primary business segment of the Company is foods, comprising bakery and dairy products. As the Company operates in a single primary business segment, disclosure requirements are not applicable. The Company primarily caters to the domestic market and export sales are not significant and accordingly there is no reportable secondary segment.

SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Schedule T : Notes to accounts (continued)

25 Related party disclosures under Accounting Standard 18:

Relationships

1.	Ultimate Holding Company	The Bombay Burmah Trading Corporation Limited
		ABI Holdings Limited (ABIH), UK (till 14 April 2009).
	Holding Company	Associated Biscuits International Limited (ABIL), UK
2.	Subsidiary Companies	Strategic Food International Co. LLC, Dubai
		Boribunder Finance and Investments Private Limited
		International Bakery Products Limited
		J B Mangharam Foods Private Limited
		Sunrise Biscuit Company Private Limited
		Manna Foods Private Limited
		Ganges Vally Foods Private Limited
		Al Sallan Food Industries Company SAOC, Oman
		Flora Investments Company Private Limited
		Gilt Edge Finance and Investments Private Limited
		Britannia and Associates (Mauritius) Private Limited, Mauritius
		Britannia and Associates (Dubai) Private Company Limited, Dubai
		Strategic Brands Holding Company Limited, Dubai
		Britannia Lanka Private Limited, Sri Lanka
		Daily Bread Gourmet Foods (India) Private Limited
		Britannia Dairy Private Limited #
		Britannia New Zealand Holdings Private Limited, Mauritius #
3.	Fellow Subsidiary Companies	Valletort Enterprises Pte Limited, Singapore
		Spargo Enterprises Pte Limited, Singapore
		Nacupa Enterprises Pte Limited, Singapore
		Dowbiggin Enterprises Pte Limited, Singapore
		Bannatyne Enterprises Pte Limited, Singapore
4 .	Associates	Britannia Sports (partnership firm)
		Klassik Foods Private Limited
		Nalanda Biscuits Company Limited
5.	Key Management Personnel (KMP)	
	Managing Director	Ms. Vinita Bali
6.	Relatives of Key Management Personnel	None

Britannia Dairy Private Limited (Formerly known as Britannia New Zealand Foods Private Limited) and Britannia New Zealand Holdings Private Limited have been considered as subsidiaries pursuant to a change in control during the year.

SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Schedule T : Notes to accounts (continued) Rs. '000

Related party disclosure

	Relationship	31 March 2010	31 March 2009
Investments made during the year in			
Sunrise Biscuit Company Private Limited	Subsidiary	–	33,000
Britannia and Associates (Mauritius) Private Limited, Mauritius	Subsidiary	589,182	15,736
Britannia Dairy Private Limited	Subsidiary	155,601	–
Daily Bread Gourmet Foods (India) Private Limited	Subsidiary	548,481	–
Britannia New Zealand Holdings Private Limited, Mauritius	Subsidiary	500	–
Britannia Lanka Private Limited, Sri Lanka	Subsidiary	46,475	–
Total		**1,340,239**	**48,736**
Remittance of dividend			
Associated Biscuits International Limited	Holding Company	431,236	194,056
Others	Fellow Subsidiary Companies	55,693	25,062
Total		**486,929**	**219,118**
Purchase of finished goods/consumables and ingredients			
Strategic Food International Co. LLC, Dubai	Subsidiary	10,915	–
Al Sallan Food Industries Company SAOC, Oman	Subsidiary	279	2,645
Sunrise Biscuit Company Private Limited	Subsidiary	1,889,275	324,895
Britannia Dairy Private Limited	Subsidiary	2,613	3,228
Nalanda Biscuits Company Limited	Associate	1,274,591	128,569
Total		**3,177,673**	**459,337**
Royalty and shared service income			
Strategic Food International Co. LLC, Dubai	Subsidiary	14,412	10,741
Britannia Dairy Private Limited	Subsidiary	–	37,695
Total		**14,412**	**48,436**
Conversion charges			
International Bakery Products Limited	Subsidiary	85,397	112,961
J B Mangharam Foods Private Limited	Subsidiary	158,172	130,601
Sunrise Biscuit Company Private Limited	Subsidiary	–	32,658
Ganges Vally Foods Private Limited	Subsidiary	100,259	90,344
Manna Foods Private Limited	Subsidiary	10,204	47,720
Klassik Foods Private Limited	Associate	49,622	47,061
Nalanda Biscuits Company Limited	Associate	–	64,237
Total		**403,654**	**525,582**
Interest and dividend income			
Boribunder Finance and Investments Private Limited	Subsidiary	686	1,948
J B Mangharam Foods Private Limited	Subsidiary	1,225	1,350
Sunrise Biscuit Company Private Limited	Subsidiary	4,599	5,001
Britannia and Associates (Mauritius) Private Limited	Subsidiary	3,278	2,783
Daily Bread Gourmet Foods (India) Private Limited	Subsidiary	8,555	24,743
Klassik Foods Private Limited	Associate	326	978
Ms. Vinita Bali	KMP	20	25
Total		**18,689**	**36,828**

SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Schedule T : Notes to accounts (continued) Rs. '000

	Relationship	31 March 2010	31 March 2009
Management contracts including secondment of employees & Reimbursement of expenses, net			
Ganges Vally Foods Private Limited	Subsidiary	(1,574)	2,071
International Bakery Products Limited	Subsidiary	(819)	(2,872)
J B Mangharam Foods Private Limited	Subsidiary	2,167	1,609
Manna Foods Private Limited	Subsidiary	48,723	(260)
Sunrise Biscuit Company Private Limited	Subsidiary	18,088	4,634
Al Sallan Food Industries Company SAOC, Oman	Subsidiary	(404)	264
Strategic Food International Co. LLC, Dubai	Subsidiary	1,274	–
Daily Bread Gourmet Foods (India) Private Limited	Subsidiary	–	(2,123)
Britannia Dairy Private Limited	Subsidiary	(13,124)	(6,263)
Nalanda Biscuits Company Limited	Associate	3,017	3,531
Klassik Foods Private Limited	Associate	(24)	(84)
Total		**57,324**	**507**
Purchase of Shares			
Boribunder Finance and Investments Private Limited	Subsidiary	8,741	–
Flora Investments Company Private Limited	Subsidiary	2,672	–
Gilt Edge Finance and Investments Private Limited	Subsidiary	3,069	–
Total		**14,482**	**–**
Remuneration			
Ms. Vinita Bali	KMP	44,229	42,095
Loan given during the year			
Britannia and Associates (Mauritius) Private Limited	Subsidiary	–	5,640
Sunrise Biscuit Company Private Limited	Subsidiary	28,000	82,000
Daily Bread Gourmet Foods (India) Private Limited	Subsidiary	555,000	119,100
Total		**583,000**	**206,740**
Loan repaid by			
Daily Bread Gourmet Foods (India) Private Limited	Subsidiary	450,000	13,000
Sunrise Biscuit Company Private Limited	Subsidiary	54,000	20,000
Ms. Vinita Bali	KMP	194	194
Total		**504,194**	**33,194**
Share of loss in partnership firm			
Britannia Sports	Associate	1	3
Sale of goods/consumables and ingredients			
Sunrise Biscuit Company Private Limited	Subsidiary	30,910	54,137
Strategic Food International Co. LLC, Dubai	Subsidiary	2,133	–
Al Sallan Food Industries Company SAOC, Oman	Subsidiary	6	–
Britannia Dairy Private Limited	Subsidiary	13,799	10,344
Nalanda Biscuits Company Limited	Associate	166,748	79,974
Total		**213,596**	**144,455**
Sale of assets			
Sunrise Biscuit Company Private Limited	Subsidiary	–	3,099

SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Schedule T : Notes to accounts (continued) Rs. '000

	Relationship	31 March 2010	31 March 2009
Outstanding as at year end			
Net receivables/(payables)			
Boribunder Finance and Investments Private Limited	Subsidiary	33,456	34,037
Ganges Vally Foods Private Limited	Subsidiary	3,339	3,397
J B Mangharam Foods Private Limited	Subsidiary	2,804	8,442
International Bakery Products Limited	Subsidiary	7,477	828
Sunrise Biscuit Company Private Limited	Subsidiary	81,200	136,406
Manna Foods Private Limited	Subsidiary	11,902	6,822
Al Sallan Food Industries Company SAOC, Oman	Subsidiary	6,223	6,091
Strategic Food International Co. LLC, Dubai	Subsidiary	(3,372)	(397)
Britannia and Associates (Mauritius) Private Limited, Mauritius	Subsidiary	59,256	63,433
Britannia Lanka Private Limited, Sri Lanka	Subsidiary	11,243	13,007
Daily Bread Gourmet Foods (India) Private Limited	Subsidiary	–	439,879
Britannia Dairy Private Limited	Subsidiary	16,542	11,660
Britannia New Zealand Holdings Private Limited, Mauritius	Subsidiary	46	46
Nalanda Biscuits Company Limited	Associate	17,827	24,197
Klassik Foods Private Limited	Associate	(2,312)	(238)
Britannia Sports (partnership firm)	Associate	746	746
Ms. Vinita Bali	KMP	687	861
Total		**247,064**	**749,217**
Provision for doubtful loans/advances			
Boribunder Finance and Investments Private Limited	Subsidiary	21,042	21,042
Manna Foods Private Limited	Subsidiary	10,403	10,403
Sunrise Biscuit Company Private Limited	Subsidiary	20,000	20,000
Daily Bread Gourmet Foods (India) Private Limited	Subsidiary	–	390,000
Britannia Lanka Private Limited, Sri Lanka	Subsidiary	11,243	–
Britannia Sports (partnership firm)	Associate	746	746
Total		**63,434**	**442,191**
Investment in debentures held			
J B Mangharam Foods Private Limited	Subsidiary	17,500	22,500
International Bakery Products Limited	Subsidiary	58,200	58,200
Total		**75,700**	**80,700**
Investment in shares held			
Britannia Dairy Private Limited	Subsidiary	760,247	604,646
Britannia and Associates (Mauritius) Private Limited, Mauritius	Subsidiary	607,156	17,974
Sunrise Biscuit Company Private Limited	Subsidiary	36,321	36,321
Ganges Vally Foods Private Limited	Subsidiary	7,164	7,164
J B Mangharam Foods Private Limited	Subsidiary	5,432	5,432
International Bakery Products Limited	Subsidiary	4,010	4,010
Britannia New Zealand Holdings Private Limited, Mauritius	Subsidiary	544	44
Britannia Lanka Private Limited, Sri Lanka	Subsidiary	46,475	–
Daily Bread Gourmet Foods (India) Private Limited	Subsidiary	580,434	31,953
Klassik Foods Private Limited	Associate	3,198	3,198
Nalanda Biscuits Company Limited	Associate	2,788	2,788
Britannia Sports (partnership firm)	Associate	49	49
Others	Subsidiary	4,141	4,141
Total		**2,057,959**	**717,720**

SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Schedule T : Notes to accounts (continued) Rs. '000

	Relationship	31 March 2010	31 March 2009
Provision for diminution in value of Investment			
Britannia Dairy Private Limited	Subsidiary	325,000	325,000
Daily Bread Gourmet Foods (India) Private Limited	Subsidiary	390,000	–
Britannia Lanka Private Limited, Sri Lanka	Subsidiary	46,475	–
Total		**761,475**	**325,000**
Guarantees/collaterals/contingent liability			
Britannia Lanka Private Limited, Sri Lanka	Subsidiary	–	50,720
Strategic Food International Co. LLC, Dubai	Subsidiary	325,084	366,773
Britannia and Associates (Mauritius) Private Limited	Subsidiary	502,095	643,383
Britannia Dairy Private Limited	Subsidiary	600,000	600,000
Total		**1,427,179**	**1,660,876**
Provision for corporate guarantee and other claims			
Britannia Lanka Private Limited, Sri Lanka	Subsidiary	**142,282**	–
Letter of Awareness/comfort			
Strategic Food International Co. LLC, Dubai	Subsidiary	463,448	522,880
Al Sallan Food Industries Company SAOC, Oman	Subsidiary	85,372	96,320
Daily Bread Gourmet Foods (India) Private Limited	Subsidiary	–	50,000
Britannia Dairy Private Limited	Subsidiary	45,000	45,000
Total		**593,820**	**714,200**

Notes:

1. The above does not include related party transactions with retiral funds, as key management personnel who are trustees of the funds cannot individually exercise significant influence on the retiral funds transactions.
2. The above information has been determined to the extent such parties have been identified on the basis of information available with the Company and relied upon by the auditors.

26 Employee Benefits

(a) **Post Retirement Benefit - Defined Contribution Plans**

The Company has recognised an amount of Rs. 47,555 (Previous year: Rs.45,147) as expenses under the defined contribution plans in the Profit and Loss Account for the year:

	31 March 2010	31 March 2009
Benefit (Contribution to)		
Provident Fund *	22,577	21,287
Family Pension Scheme	10,222	10,058
Pension Fund	14,749	13,797
Labour Welfare Fund	7	5
Total	**47,555**	**45,147**

*Having regard to the assets of the Fund and the return on the investments, the Company does not expect any deficiency in the foreseeable future.

(b) **Post Retirement Benefit- Defined Benefit Plans**

The Company makes annual contributions to the Britannia Industries Limited Covenanted Staff Gratuity Fund and Britannia Industries Limited Non Covenanted Staff Gratuity Fund, funded defined benefit plans for qualifying employees.

(i) The Scheme in relation to Britannia Industries Limited Non Covenanted Staff Gratuity Fund provides for lumpsum payment to vested employees at retirement, death while in employment or on termination

SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Schedule T : Notes to accounts (continued) Rs. '000

of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of six months subject to the maximum amount payable as per the Payment of Gratuity Act, 1972.

(ii) The Scheme in relation to Britannia Industries Limited Covenanted Staff Gratuity Fund provides for lumpsum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of six months subject to the higher of maximum amount payable as per the Payment of Gratuity Act, 1972 and twenty months salary.

Vesting (for both the funds mentioned above) occurs only upon completion of five years of service, except in case of death or permanent disability. The present value of the defined benefit obligation and the related current service cost are measured using the projected unit credit method with actuarial valuation being carried out at Balance Sheet date.

The Payment of Gratuity Act (Amendment) Bill, 2010 has proposed to increase the ceiling limit from Rs. 3.5 Lakhs to Rs. 10 Lakhs. This Bill has been passed by both the houses of parliament in May 2010. The effect of this change has been considered in the actuarial valuation carried out at Balance Sheet date as this event is an adjusting event in accordance with AS 4 - "Contingenices and Events Occurring After the Balance Sheet Date".

		31 March 2010	31 March 2009	31 March 2008
(1)	Reconciliation of Opening and Closing balances of the present value of the defined benefit obligation:			
	Obligations at 1 April	146,729	170,096	183,586
	Service cost	9,424	9,717	7,844
	Interest cost	11,738	13,608	14,687
	Benefits settled	(10,254)	(53,583)	(38,410)
	Actuarial (gain)/loss	(161)	6,891	2,389
	Past service cost	–	–	–
	Obligations at year end 31 March	157,476	146,729	170,096
(2)	Change in Plan Assets			
	Plan assets at 1 April at fair value	141,499	160,090	163,878
	Expected return on plan assets	11,320	12,807	13,110
	Actuarial gain/(loss)	(14)	(636)	(463)
	Asset distributed on settlements	–	–	–
	Contributions	23,567	22,821	21,975
	Benefits settled	(10,254)	(53,583)	(38,410)
	Plan assets at 31 March at fair value	166,118	141,499	160,090
(3)	Reconciliation of present value of the obligation and the fair value of the plan assets			
	Present value of obligation as at 31 March	157,476	146,729	170,096
	Plan assets as at 31 March at fair value	166,118	141,499	160,090
	Amount recognised in Balance Sheet Asset/(Liability)	8,642	(5,230)	(10,006)
(4)	Expenses recognised in the Profit and Loss Account			
	Current service cost	9,424	9,717	7,844
	Interest cost	11,738	13,608	14,687
	Expected return on plan assets	(11,320)	(12,807)	(13,110)
	Actuarial (gain)/loss	(147)	7,527	2,852
	Net cost	9,695	18,045	12,273

SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Schedule T : Notes to accounts (continued) Rs. '000

	31 March 2010	31 March 2009	31 March 2008
(5) Amount Recognised in the Balance Sheet			
Opening net liability	5,230	10,006	19,708
Expense as above	9,695	18,045	12,273
Employers contribution paid	(23,567)	(22,821)	(21,975)
Closing net (asset)/liability	(8,642)	5,230	10,006
(6) Investment details	% Invested	% Invested	% Invested
Government of India Securities	22.96	22.45	0.95
State Govt. Securities	18.04	15.02	1.39
Public Sector Securities	50.11	53.32	36.00
Mutual funds	0.85	–	23.97
Special Deposit Scheme	8.04	9.21	37.69
	100.00	100.00	100.00
(7) Principal Actuarial Assumptions			
Discount Factor (Note (i) below)	8%	8%	8%
Estimated Rate of Return on Plan Assets (Note (ii) below)	8%	8%	8%

Notes:

(i) The discount rate is based on the prevailing market yield on Government Securities as at the Balance Sheet date for the estimated term of obligations.

(ii) The expected return on plan assets is determined considering several applicable factors mainly the composition of the plan assets held, assessed risks of asset management, historical results of the return on plan assets and the Company's policy for plan asset management.

(iii) The estimate of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

(iv) The disclosure above includes amounts for both Britannia Industries Limited Covenanted Staff Gratuity Fund and Britannia Industries Limited Non Covenanted Staff Gratuity Fund.

27 Disclosure as per Clause 32 of the Listing Agreement in respect of loans and advances in the nature of loans outstanding at year end:

	Outstanding		Maximum outstanding	
	31 March 2010	31 March 2009	31 March 2010	31 March 2009
Subsidiaries:				
Sunrise Biscuits Company Private Limited (Net)	58,180	84,180	84,180	124,180
Boribunder Finance and Investments Private Limited (Net)	11,047	11,047	11,047	11,047
Daily Bread Gourmet Foods (India) Private Limited (Net)	–	46,310	557,000	400,000
Britannia and Associates (Mauritius) Private Limited, Mauritius	51,916	58,658	58,658	58,658
Others:				
Purbasha Properties Private Limited	43,326	30,000	44,000	30,000

SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Schedule T : Notes to accounts (continued) Rs. '000

28 In April 2007, the Commissioner of Income Tax (CIT), Kolkata issued a notice to the Company's Covenanted Staff Pension Fund (BILCSPF) asking it to show cause why recognition granted to the Fund should not be withdrawn for refunding in the year 2004, the excess contribution of Rs. 121,199 (Previous year: Rs. 121,199) received by it in earlier years. The Single Judge of the Calcutta High Court, on a writ petition, granted a stay restraining the CIT from proceeding with the show cause notice but with a direction to the Company to deposit Rs. 121,199 (Previous year: Rs. 121,199) (included in Deposits under Schedule I) with a nationalised bank in the name of the Fund. On appeal, the Division Bench of the Calcutta High Court disposed off the writ petition pending before the Single Judge. The Fund filed a Special Leave Petition before the Supreme Court against the order of the Division Bench. The Supreme Court at its hearing on 12 May 2008 has set aside the order of the Division Bench of the Calcutta High Court. As a condition of the stay order granted, the Company has, under protest, made the deposit as per the direction of Hon'ble Calcutta High Court.

Pursuant to the directions of the Madras High Court, the CIT, Kolkata passed orders rejecting the deeds of variation submitted in May 2005 by the Pension Fund on technical grounds. The Company has preferred appeals before the Central Board of Direct Taxes (CBDT), New Delhi challenging the orders. The appeals came up for hearing in August 2009 and the matter is in progress. A suit has been filed in the City Civil Court, Bangalore, where the Hon'ble Judge has passed interim orders on 1 January 2009 and 10 February 2009 directing the Fund to pay pension to the members in accordance with the Fund's calculations. The Fund has since complied with the said order. On 8 April 2010, the Hon'ble Judge passed another interim order requiring the Funds to pay pension as per Rule 11(a) of the Pension Fund Rules, i.e. on "Defined Benefit Basis", and gave the Funds two months time for complying with the order. An appeal was filed against this order in the Karnataka High Court, which was heard on 22 April 2010. The Hon'ble Court has modified the Trial Court's order so as to extend the time limit for compliance from two months to three months and has fixed 15 June 2010 for further hearing.

The Company believes, based on current knowledge and after consultation with eminent legal counsel that the resolution of the matter will not have material adverse effect on the financial statements of the Company.

29 There are no material dues owed by the Company to Micro, Small and Medium Enterprises, which are outstanding for more than 45 days as at 31 March 2010. This information as required under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company and has been relied upon by the auditors.

30 Derivative contracts

(i) Foreign currency forward contracts

The Company has entered into foreign exchange forward contracts for hedging the foreign exchange fluctuation risks on foreign currency payables/loans, which has been accounted for in line with AS 11 - "The effects of changes in foreign exchange rates". Accordingly, the amount receivable of Rs. 215,149 (Previous year: Rs. 229,651) and loan payable of Rs. 200,772 (Previous year: 200,772), relating to foreign exchange forward contracts for hedging have been netted off and disclosed under 'Loans and advances' (Refer Schedule J).

The Company has designated certain foreign exchange forward contracts (relating to foreign currency receivabes) outstanding as on 31 March 2010 as Hedge of highly probable forecasted transaction. On that date, the Company had forward contracts to sell USD 974 (in thousands), (Previous year: USD 2,092 (in thousands)). As at the year end the unrealised exchange loss of Rs. Nil (Previous year: 1,102) arrived on a mark to market basis has been accounted for.

(ii) Other derivative contracts

For all other derivative contracts, a mark to market valuation has been obtained and any loss thereon has been accounted for in line with the ICAI notification issued in March 2008 in relation to such transactions. Any gain on such valuation is not accounted for based on the principle of prudence.

As at the year end, the unrealised loss of Rs. 1,655 (Previous year: Rs. Nil) arrived on a mark to market basis for such contracts has been duly accounted for.

SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Schedule T : Notes to accounts (continued) Rs. '000

31 The disclosure required under AS 27 - "Financial Reporting of Interests in Joint Ventures" has been given below:

The Company's interests, as a venturer, in jointly controlled entities (incorporated Joint Ventures) are:

Name	Country of Incorporation	Percentage of ownership interest at 31 March 2010	Percentage of ownership interest at 31 March 2009
Britannia Dairy Private Limited #	India	–	49.00%
Britannia New Zealand Holdings Private Limited #	Mauritius	–	50.00%

Britannia Dairy Private Limited (Formerly known as Britannia New Zealand Foods Private Limited) and Britannia New Zealand Holdings Private Limited have been considered as subsidiaries pursuant to a change in control during the year.

The aggregate amounts of each of the assets, liabilities, income and expenses related to the Company's interests in jointly controlled entities are:

	Particulars	31 March 2010 #	31 March 2009
(i)	ASSETS		
	Fixed Assets	–	490,082
	Deferred tax asset, net	–	–
	Current assets, loans and advances		
	Inventories	–	61,253
	Sundry debtors	–	5,144
	Cash and bank balances	–	51,411
	Loans and advances	–	3,275
(ii)	LIABILITIES		
	Loan funds		
	Secured	–	252,350
	Unsecured	–	5,680
	Current liabilities and provisions		
	Current liabilities	–	75,006
	Other liabilities	–	187,943
	Provisions	–	2,827
(iii)	INCOME		
	Sales	–	793,030
	Other income	–	744
(iv)	EXPENDITURE		
	Consumption of materials	–	645,813
	Employee cost	–	20,041
	Operating and other administration expenses	–	128,380
	Depreciation and amortisation	–	26,079
	Fringe Benefit Tax	–	833
(v)	OTHER MATTERS		
	Cheques discounted not realised	–	23,804
	Bank guarantee	–	135

Pursuant to a change in control during the year, Britannia Dairy Private Limited and Britannia New Zealand Holdings Private Limited have become subsidiaries (Previous year: Joint Venture) hence current year's figures have not been disclosed.

SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Schedule T : Notes to accounts (continued)

32 The Committee of the Board of Directors (the Board), at its meeting held on 22 March 2010, pursuant to the scheme of arrangement (the Scheme) sanctioned by the Honourable High Court of Calcutta on 11 February 2010 under Section 391(2) of the Companies Act, 1956 (the Act), allotted 8.25% secured fully paid-up redeemable non-convertible bonus debentures (the bonus debentures) from the general reserve, in the ratio of one debenture of the face value of Rs. 170 for every equity share held by the shareholders of the Company as on 9 March 2010. The date of allotment of bonus debentures is 22 March 2010. The Scheme was earlier approved by the Board at its meeting held on 27 May 2009 and by the shareholders at the general meetings held on 31 August 2009. The bonus debentures have been listed on the Bombay Stock Exchange Limited, National Stock Exchange of India Limited and the Calcutta Stock Exchange Limited. The Issue of bonus debentures has been treated as 'deemed dividend' under the provisions of the Income Tax Act, 1961. Accordingly the Company has remitted Rs. 690,222 (in thousands) as dividend distribution tax and has utilised general reserve for the payment of the same, pursuant to the Scheme. The scheme involves issuance of bonus debentures out of General Reserve and does not entail any real borrowing, accordingly, the requirement of creating a Debenture Redemption Reserve pursuant to Section 117C of the Act or Clause 10.3 of SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued under the Securities and Exchange Board of India Act, 1992 is not applicable. This has also been noted in the scheme of arrangement sanctioned by the Honourable Calcutta High Court.

33 The Company had offered a VRS scheme to workers at its manufacturing unit at M.T.H. Road, Padi, Chennai during the month of April 2008. The same was accepted by all workers. Consequently, manufacturing operations have been suspended effective 7 April 2008.

34 During the financial year 2008-09, the Company introduced Britannia Industries Limited Employee Stock Option Scheme (Scheme). As per the Scheme, the Remuneration/Compensation Committee grants options to the employees and Executive Directors of the Company. The vesting period of the option is one year from the date of grant. Options granted under the Scheme can be exercised within a period of three years from the date of vesting. Exercise of an option is subject to continued employment.

Under the Scheme, the Company granted 15,000 options on 29 October 2008 at an exercise prices of Rs. 1,125.30 and 15,000 options on 27 May 2009 at an exercise of Rs.1,698.15 to the Managing Director of the Company. Each Option represents one equity share of Rs. 10 each. The said price was determined in accordance with the pricing formula approved by the shareholders i.e. the latest available closing price, prior to the date of the meeting of the Board of Directors or Remuneration/Compensation Committee in which options were granted, on the stock exchange having higher trading volume.

Exercise prices as stated above are adjusted downwards by Rs. 170 per share, being the face value of bonus debentures issued pursuant to the Scheme of Arrangement approved by the Honourable High Court of Calcutta on 11 February 2010.

Method used for accounting for share based payment plan:

The Company has used intrinsic value method to account for the compensation cost of stock options to employees and Executive Directors of the Company. Intrinsic value is the amount by which the quoted market price of the underlying share exceeds the exercise price (without considering the impact of Rs. 170 on account of issue of bonus debentures) of the option. Since the options under the Scheme were granted at the market price, the intrinsic value of the option is Nil. Consequently the accounting value of the option (compensation cost) is also Nil.

Movement in the options under the scheme:	**31 March 2010**	**31 March 2009**
Options outstanding at the beginning of the year	15,000	Nil
Options granted during the year	15,000	15,000
Options vested during the year	15,000	Nil
Options exercised during the year	Nil	Nil
Options lapsed during the year	Nil	Nil
Shares under option at the end of the year	30,000	15,000
Exercisable at the end of year	15,000	Nil
Weighted average price per option (Rs.)	1,241.90	955.30

SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Schedule T : Notes to accounts (continued) Rs. '000

Fair Value Methodology:

Options have been valued based on Fair Value method of accounting as described under Guidance Note on Accounting for Employee Share-based Payments using Black Scholes valuation option- pricing model, using the market values of the Company's shares as quoted on the National Stock Exchange.

The key assumptions used in Black-Scholes model for calculating fair value of options under the scheme as on the date of grant are as follows:

Particulars	31 March 2010	31 March 2009
No. of Options granted	15,000	15,000
Date of grant	27 May 2009	29 October 2008
Vesting period (years)	1	1
Expected life of option (years)	3	3
Expected volatility	31.01%	22.04%
Risk free rate	5.86%	7.44%
Expected dividends expressed as a dividend yield	1.31%	1.60%
Weighted-average fair values of options per share (Rs.)	408.56	251.00

Had the compensation cost for the scheme been determined based on fair value approach, the Company's net profit and earnings per share would have been as per the pro-forma amounts indicated below:

Particulars	31 March 2010	31 March 2009
Net profit (as reported)	1,165,110	1,804,001
Less : Stock-based compensation expense determined under fair value based method net of Intrinsic Value (without considering tax impact)	9,401	1,567
Net profit (pro forma) considered for computing EPS (pro forma)	1,155,709	1,802,434
Basic earnings per share (as reported) (Rs.)	48.77	75.51
Basic earnings per share (pro forma) (Rs.)	48.38	75.45
Diluted earnings per share (as reported) (Rs.)	48.75	75.51
Diluted earnings per share (pro forma) (Rs.)	48.38	75.45

35 During the year, there were no significant purchase of machinery spares that are of irregular usage.

36 Figures in rupees have been rounded off to the nearest thousand, unless otherwise stated.

37 Previous year's figures have been regrouped/rearranged, wherever necessary.

For and on behalf of the Board of Directors

For **Lovelock & Lewes**
Firm Registration No. 301056E
Chartered Accountants

Usha A Narayanan
Partner
Membership No. 023997

Place: Mumbai
Date: 27 May 2010

Chairman	:	Nusli N Wadia
Managing Director	:	Vinita Bali
Directors	:	Avijit Deb
	:	A K Hirjee
	:	Nimesh N Kampani
	:	S S Kelkar
	:	Pratap Khanna
	:	Nasser Munjee
	:	Ajai Puri
	:	Ness N Wadia
Chief Financial Officer	:	Raju Thomas
Company Secretary	:	P Govindan

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.	02964	State Code	21
Balance Sheet Date	31/03/10		

II. Capital raised during the year (Rs. '000)

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

III. Position of Mobilisation and Deployment of Funds (Rs. '000)

Total Liabilities	8,258,690	Total Assets *	8,258,690
Sources of Funds		**Application of Funds**	
Paid-up Capital	238,902	Net Fixed Assets	2,931,401
Reserves & Surplus	3,723,620	Investments	4,906,389
Secured Loans	4,081,019	Net Current Assets*	3,55,095
Unsecured Loans	215,149	Misc. Expenditure	–
Deferred Tax Liability, net	Nil	Deferred Tax Asset, net	65,805

* Net of Current Liabilities and Provisions.

IV. Performance of the Company (Rs. '000)

Turnover (including other income)	34,575,185
Total Expenditure including Exceptional Items	33,367,414
Profit Before Tax	1,207,771
Profit After Tax	1,165,110
Earnings per share in Rs.	48.77
Dividend rate %	250%

V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code)	190531.00 190590.20	Product Description	Biscuit
Item Code No. (ITC Code)	190510.00	Product Description	Bread
Item Code No. (ITC Code)	190590.10	Product Description	Cake

Figures in rupees have been rounded off to the nearest thousand.

AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors of Britannia Industries Limited

1. We have audited the attached Consolidated Balance Sheet of Britannia Industries Limited (the "Company") and its subsidiaries, its jointly controlled entities and associate companies; hereinafter referred to as the "Group" (refer Note 1(a) and ((b) on Schedule T to the attached consolidated financial statements) as at March 31, 2010, the related consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of 12 subsidiaries included in the consolidated financial statements, which constitute total assets of Rs. 2,462,563,000 and net assets of Rs. (93,799,000) as at March 31, 2010, total revenue of Rs. 3,694,436,000 net costs of Rs. 4,962,642,000 and net cash flows amounting to Rs. 103,904,000 for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors. We also did not audit the financial statements of (i) 5 subsidiaries included in the consolidated financial statements, which constitute total assets of Rs. 15,878,000 and net assets of Rs. (454,664,000) as at March 31, 2010, total revenue of Rs. Nil;, net costs of Rs. 34,211,000 and net cash flows amounting to Rs. (78,183,000) for the year then ended; and (ii) 2 associate companies which constitute net profit of Rs. 2,152,000 for the year then ended. These financial statements and other financial information have been certified by their directors, whose certificates have been furnished to us, and in our opinion, in so far as it relates to amounts included in respect of these subsidiaries and joint ventures, it is solely based on these certificates.

4. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements, Accounting Standard (AS) 23 - Accounting for Investments in Associates in Consolidated Financial Statements, and Accounting Standard (AS) 27 - Financial Reporting of Interests in Joint Ventures notified under sub-section (3C) of Section 211 of the Companies Act, 1956.

5. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components of the Group as referred to above, and to the best of our information and according to the explanations given to us, in our opinion, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2010;

   (b) in the case of the consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and

   (c) in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **Lovelock & Lewes**
Firm Registration No. 301056E
Chartered Accountants

Usha A Narayanan
Partner
Membership No. 023997

Place: Mumbai
Date : May 27, 2010

CONSOLIDATED BALANCE SHEET

Rs '000

As at	Schedule	31 March 2010	31 March 2009
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	A	238,902	238,902
Reserves and surplus	B	2,589,078	6,974,800
		2,827,980	7,213,702
Minority Interest		21,556	36,974
Loan funds	C		
Secured		5,205,139	1,660,401
Unsecured		1,364,480	1,087,832
		6,569,619	2,748,233
Deferred tax liability, net	T(4)	–	99,417
		9,419,155	**10,098,326**
APPLICATION OF FUNDS			
Fixed assets	D		
Gross block		10,105,412	9,216,476
Less: Accumulated depreciation and amortisation		5,112,030	4,511,365
Net block		4,993,382	4,705,111
Capital work-in-progress and advances		118,343	62,990
		5,111,725	4,768,101
Investments	E	3,664,384	3,773,437
Deferred tax asset, net	T(4)	60,951	–
Current assets, loans and advances			
Inventories	F	3,042,135	2,886,890
Sundry debtors	G	730,206	740,000
Cash and bank balances	H	427,282	688,412
Other current assets	I	157,100	137,085
Loans and advances	J	1,720,334	1,654,709
		6,077,057	6,107,096
Less: Current liabilities and provisions			
Current liabilities	K	3,935,918	3,301,106
Provisions	L	1,559,044	1,519,203
		5,494,962	4,820,309
Net current assets		582,095	1,286,787
Miscellaneous expenditure (to the extent not written off or adjusted)	M	–	270,001
		9,419,155	**10,098,326**
Significant accounting policies and notes to accounts	T		

The schedules referred to above and the notes thereon form an integral part of the consolidated financial statements.

In terms of our report of even date

For **Lovelock & Lewes**
Firm Registration No. 301056E
Chartered Accountants

Usha A Narayanan
Partner
Membership No. 023997

Place: Mumbai
Date: 27 May 2010

For and on behalf of the Board of Directors

Chairman : Nusli N Wadia
Managing Director : Vinita Bali
Directors : Avijit Deb
: A K Hirjee
: Nimesh N Kampani
: S S Kelkar
: Pratap Khanna
: Nasser Munjee
: Ajai Puri
: Ness N Wadia
Chief Financial Officer : Raju Thomas
Company Secretary : P Govindan

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Rs. '000

For the year ended	Schedule	31 March 2010	31 March 2009
INCOME			
Gross sales		37,942,539	34,522,596
Less : Excise duty		234,075	310,316
Net sales		37,708,464	34,212,280
Other income	N	635,312	387,176
		38,343,776	34,599,456
EXPENDITURE			
Cost of materials	O	24,167,753	21,190,636
Staff cost	P	1,578,975	1,587,075
Expenses	Q	10,295,269	9,054,224
Depreciation and amortisation (including impairment)	D	582,318	659,106
Financial expenses	R	234,544	326,031
		36,858,859	32,817,072
Profit before taxation and exceptional items		**1,484,917**	**1,782,384**
Exceptional items (Profit) / Loss	S	398,140	(180,059)
Profit before taxation		**1,086,777**	**1,962,443**
Income tax expense [Refer note 1(r) of Schedule T]			
- Current income tax		228,750	346,508
- Minimum alternative tax credit		(13,827)	–
- Fringe benefit tax		–	54,648
- Wealth tax		1,224	1,224
- Deferred income tax, net		(160,368)	127,646
Profit after taxation before Share of Profits / (Losses) of Associates (Net) and Minority Interest		**1,030,998**	**1,432,417**
Share of Net Profit / (Loss) of Associates		2,152	2,117
Share of Loss /(Profit) of Minority		(1,351)	80,314
Profit after taxation		**1,031,799**	**1,514,848**
Profit brought forward		353,002	146,166
Profit available for appropriation		**1,384,801**	**1,661,014**
Appropriations			
Transfer to general reserve		117,000	190,000
Interim dividend		–	955,607
Proposed dividend		597,254	–
Tax on Interim / Proposed dividend		99,196	162,405
Profit carried forward		571,351	353,002
		1,384,801	1,661,014
Basic earnings per share (Rs.)		43.19	63.41
Diluted earnings per share (Rs.)		43.18	63.40
Significant accounting policies and notes to accounts	T		

The schedules referred to above and the notes thereon form an integral part of the consolidated financial statements.

In terms of our report of even date

For **Lovelock & Lewes**
Firm Registration No. 301056E
Chartered Accountants

Usha A Narayanan
Partner
Membership No. 023997

Place: Mumbai
Date: 27 May 2010

For and on behalf of the Board of Directors

Chairman	:	Nusli N Wadia
Managing Director	:	Vinita Bali
Directors	:	Avijit Deb
	:	A K Hirjee
	:	Nimesh N Kampani
	:	S S Kelkar
	:	Pratap Khanna
	:	Nasser Munjee
	:	Ajai Puri
	:	Ness N Wadia
Chief Financial Officer	:	Raju Thomas
Company Secretary	:	P Govindan

CONSOLIDATED CASH FLOW STATEMENT

Rs. '000

For the year ended	31 March 2010	31 March 2009
Cash flows from operating activities		
Profit before taxation	1,086,777	1,962,443
Adjustments for:		
Depreciation and amortisation	582,318	659,106
Provision for doubtful debts and advances	(7,583)	23,278
Compensation and amortisation of voluntary retirement scheme (VRS)	332,545	253,081
Reversal of previous years' liabilities	(61,502)	(264,961)
Provision for claims and other costs	65,595	–
Unrealised foreign exchange loss/(gain), net	8,352	(12,057)
(Profit)/loss on sale of investments, net	(81,040)	(73,625)
(Profit)/ loss on sale of fixed assets, net	(44,078)	(1,782)
Dividend income	(125,535)	(126,978)
Interest income	(151,118)	(8,471)
Interest expense	159,940	228,009
Operating profit before working capital changes	**1,764,671**	**2,638,043**
(Increase) / decrease in inventory	(133,808)	455,469
(Increase) / decrease in sundry debtors	(12,716)	(17,441)
(Increase) / decrease in other current assets and loans and advances	(127,200)	(245,849)
Increase / (decrease) in current liabilities and provisions	970,715	340,728
Cash generated from operations	**2,461,662**	**3,170,950**
Payment of VRS / terminal / other compensation benefit	(62,544)	(283,551)
Income taxes paid (including fringe benefit tax), net of refund	(93,353)	(428,859)
Net cash provided from operating activities	**2,305,765**	**2,458,540**
Cash flow from investing activities		
Purchase of fixed assets (including finance leased assets)	(794,995)	(1,082,098)
Proceeds from sale of fixed assets	73,596	28,728
Purchase of investments	(830,463)	(392,069)
Proceeds from sale of investments	722,893	1,252,930
Consideration paid on acquisition (net of cash balance taken over)	(98,134)	–
Receipt of government grant	–	3,272
Interest received	165,932	2,065
Dividend received	125,535	126,978
Net cash used in investing activities	**(635,636)**	**(60,194)**
Cash flow from financing activities		
Proceeds from / (Repayment) of secured loans, net	(347,620)	1,075,352
Interest paid	(159,537)	(228,411)
Repayment of unsecured loans (including commercial paper)	–	(3,764,374)
Proceeds from unsecured loans (including commercial paper)	83,750	2,337,368
Dividend paid including tax thereon	(1,805,515)	(502,108)
Net cash used in financing activities	**(2,228,922)**	**(1,082,173)**

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

Rs. '000

For the year ended	31 March 2010	31 March 2009
Net Increase / (Decrease) in cash and cash equivalents	(558,793)	1,316,173
Cash and cash equivalent at the beginning of the year	3,661,885	2,345,712
Cash and cash equivalent at the end of the year (Refer note (ii) below)	3,103,092	3,661,885

Notes:

(i) The above cash flow statement has been prepared under Indirect method as per Accounting Standard 3 "Cash Flow Statement" notified u/s 211(3C) of the Companies Act, 1956.

(ii) Cash and cash equivalent at the end of the year	31 March 2010	31 March 2009
Cash and bank balances include Rs.17,314 (Previous year: Rs. 14,595) in dividend accounts and Rs. 52,475 (Previous year: Rs. 2,362) held against bank guarantees, which are restrictive in nature.	427,282	688,412
Current investments	2,675,810	2,973,473
	3,103,092	3,661,885

(iii) Figures in bracket indicate cash outgo, except for adjustments for operating activities.

(iv) Previous year figures have been regrouped / rearranged wherever necessary.

This is the cash flow statement referred to in our report attached

For **Lovelock & Lewes**
Firm Registration No. 301056E
Chartered Accountants

Usha A Narayanan
Partner
Membership No. 023997

Place: Mumbai
Date: 27 May 2010

For and on behalf of the Board of Directors

Chairman : Nusli N Wadia
Managing Director : Vinita Bali
Directors : Avijit Deb
: A K Hirjee
: Nimesh N Kampani
: S S Kelkar
: Pratap Khanna
: Nasser Munjee
: Ajai Puri
: Ness N Wadia
Chief Financial Officer : Raju Thomas
Company Secretary : P Govindan

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET

Rs. '000

As at	Shares of Rs. 10 each (Nos.)	31 March 2010	31 March 2009
Schedule A - Share Capital			
Authorised			
Equity shares	50,000,000	500,000	500,000
Issued and subscribed and paid up			
Equity shares for cash fully paid	1,917,455	19,175	19,175
For consideration other than cash pursuant to a contract fully paid	35,779	358	358
As bonus shares by capitalisation of reserves and share premium fully paid	25,897,216	258,972	258,972
Equity shares bought back	(3,960,287)	(39,603)	(39,603)
Year / Number of shares			
2001-02 / 1,000,000			
2002-03 / 946,174			
2003-04 / 792,226			
2004-05 / 1,221,887			
	23,890,163	238,902	238,902

Rs. '000

	Capital Reserve	General Reserve	Capital Redemption Reserve	Profit and Loss	Foreign Currency Translation Reserve	31 March 2010	31 March 2009
Schedule B - Reserves and surplus							
Balance as at the beginning of the year	6,272	6,638,800	39,627	353,002	(62,901)	6,974,800	6,683,375
Addition:							
Transfer from Profit and Loss Account	–	117,000	–	335,349	–	452,349	586,836
On account of acquisition*	–	–	–	–	–	–	(35,891)
Receipt of capital subsidy (Refer Note 13 of Schedule T)	–	–	–	–	–	–	3,272
Foreign Currency Translation	–	–	–	–	30,479	30,479	(72,792)
Adjustment	–	–	–	–	–	–	–
	6,272	6,755,800	39,627	688,351	(32,422)	7,457,628	7,164,800
Deduction:							
Issue of Bonus Debentures #	–	4,061,328	–	–	–	4,061,328	–
Dividend Distribution tax on bonus debentures #	–	690,222	–	–	–	690,222	–
Transfer to General Reserve	–	–	–	117,000	–	117,000	190,000
Balance as at the end of the year	6,272	2,004,250	39,627	571,351	(32,422)	2,589,078	6,974,800

Refer note 17 of Schedule T.

* Relating to acquisition of additional stake in Daily Bread Gourmet Foods (India) Private Limited during the previous year.

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET (CONTINUED)

Rs. '000

As at	31 March 2010	31 March 2009
Schedule C - Loan funds		
Secured		
Long Term		
From bank		
Term loan	463,448	829,842
[Secured by hypothecation by way of first charge on book debts, receivables, plant and machinery, stocks and stores]		
Government of Sultanate of Oman [Note (b) below]	267,616	315,139
Oman Development Bank [Note (a) below]	260,561	320,454
Bank overdraft	131,164	171,475
From others		
Finance lease obligations	21,022	23,491
[Secured by hypothecation of assets taken on lease]		
23,890,163 (Previous year: Nil) 8.25% Redeemable Non-convertible Bonus Debentures of face value of Rs.170/- each, fully paid up [Refer Note 17 of Schedule T]	4,061,328	–
Secured by way of first mortgage created on identified immovable property and first charge on Company's movable assets restricted to inventories and plant & machinery. The book value (net) of plant & machinery and inventories as on 31 March 2010 amounts to Rs. 2,071,271 and Rs. 2,683,435 respectively. Redeemable in full at the end of 36 months from 22 March 2010, being the date of allotment.		
	5,205,139	1,660,401
Unsecured		
From bank		
Term Loan [Note (c) below]	1,364,480	1,087,832
	6,569,619	**2,748,233**

Notes:

a) Loan amounting to Rs. 187,031 (Previous year: Rs. 237,475) bears interest at the rate of 6%. The balance amount of Rs. 73,530 (Previous year: Rs. 82,979) pertains to interest free loan. The said loan has been secured by the personal guarantee of continuing founder promoters of Al Sallan Food Industries Company SAOC, Oman and are also secured by a second charge on the tangible assets of Al Sallan Food Industries Company SAOC, (ASFI) Oman.

b) The loan from Government of Oman is repayable in 13 years which starts from 1 August 2006 and ends on 1 August 2018. Loan is secured by first ranking mortgage on all the tangible assets of the ASFI.

c) Term Loan includes Rs. 470,714 (Previous year: Rs. 643,383) payable to ABN Amro Bank. The loan has been given to Britannia and Associates (Mauritius) Pvt. Limited to fund its acquisition of Strategic Food International LLC, Strategic Brands Holdings Ltd. and Al Sallan Food Industries Company SAOC and the amount has been guaranteed by Britannia Industries Limited.

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET (CONTINUED)

Schedule D - Fixed Assets

Rs. '000

	Gross block at cost							Accumulated depreciation and amortisation / impairment							Net Block	
	As at 31 March 2009	Acquisition during the year (Refer note (f) below)	Exchange Difference	Additions during the year	Deletions during the year	Adjustment during the year (Refer note (g) below)	As at 31 March 2010	As at 31 March 2009	On acquisition	Exchange Difference	Charge for the year	On deletions during the year	Adjustment during the year	As at 31 March 2010	As at 31 March 2010	As at 31 March 2009
Own assets																
Tangible assets																
Freehold land	52,278	–	–	–	–	–	52,278	–	–	–	–	–	–	–	52,278	52,278
Leasehold land a)	114,178	–	–	–	47,966	–	66,212	2,280	–	–	236	–	–	2,516	63,696	111,898
Buildings b) & c)	1,442,030	–	(73,386)	22,225	2,815	–	1,388,054	647,403	–	(44,212)	49,268	48,871	–	603,588	784,466	794,627
Plant and machinery b) & d)	6,532,241	–	(240,812)	377,512	99,562	(30,591)	6,538,788	3,475,879	–	(138,575)	411,013	73,226	(5,719)	3,669,372	2,869,416	3,056,362
Data processing equipments	266,426	2,185	(2,503)	36,703	9,923	(347)	292,541	122,431	1,452	(951)	35,055	6,316	(129)	151,542	140,999	143,995
Furniture and fittings	196,400	–	2,296	15,891	1,900	(210)	212,477	143,182	–	(8,863)	8,392	4,284	(78)	138,349	74,128	53,218
Motor vehicles	26,479	–	(2,407)	4,084	9,756	–	18,400	23,719	–	(2,412)	1,126	9,707	–	12,726	5,674	2,760
Intangible assets																
Trademarks	471	–	–	–	–	–	471	114	–	–	14	–	–	128	343	357
Designs	149	–	–	–	–	–	149	–	–	–	–	–	–	–	149	149
Computer Software	45,557	–	–	9,000	–	–	54,557	8,674	–	–	8,353	–	–	17,027	37,530	36,883
Knowhow	–	100,984	–	–	–	–	100,984	–	70,691	–	10,097	–	–	80,788	20,196	–
Marketing Infrastructure	–	168,991	–	–	–	–	168,991	–	118,294	–	16,899	–	–	135,193	33,798	–
Non compete Rights	–	244,647	–	–	–	–	244,647	–	171,253	–	36,697	–	–	207,950	36,697	–
Goodwill on consolidation, net e)	509,017	–	(50,599)	474,608	–	–	933,026	75,112	–	–	–	–	–	75,112	857,914	433,905
	9,185,226	516,807	(367,411)	940,023	171,922	(31,148)	10,071,575	4,498,794	361,690	(195,013)	577,150	142,404	(5,926)	5,094,291	4,977,284	4,686,432
Assets taken on finance lease																
Motor vehicles	31,250	–	–	2,587	–	–	33,837	12,571	–	–	5,168	–	–	17,739	16,098	18,679
	31,250	–	–	2,587	–	–	33,837	12,571	–	–	5,168	–	–	17,739	16,098	18,679
Total	9,216,476	516,807	(367,411)	942,610	171,922	(31,148)	10,105,412	4,511,365	361,690	(195,013)	582,318	142,404	(5,926)	5,112,030	4,993,382	4,705,111
Previous year	7,602,584	80,422	695,173	997,511	159,214	–	9,216,476	3,611,728	20,290	352,509	659,106	132,268	–	4,511,365		
Add: Capital work-in-progress including advances on capital account Rs. 16,726 (Previous year: Rs.17,953)															118,343	62,990
															5,111,725	4,768,101

Notes:

a) Agreements in respect of leasehold land at two factories of the Company (Previous year: two factories) are in the process of renewal.

b) Redeemable Non-convertible Bonus Debentures issued during the year have been secured by way of first mortgage created on identified immovable property and first charge on Company's movable assets restricted to inventories and plant & machinery.

c) Buildings include:

(i) fully paid unquoted shares and bonds in respect of ownership of flats in 4 Co-operative Housing Societies (Previous year: 6 Co-operative Housing Societies); 529 shares (Previous year: 539 shares) of Rs. 50 each, and 50 interest-free loan stock bonds (Previous year: 50 interest free loan stock bonds) of Rs. 100 each.

(ii) Net Book Value Rs. 80,953 (Previous year: Rs. 108,356) constructed on a land leased from the government[U.A.E] which is renewable each year in relation to Strategic Food International Co LLC (SFIC). The Lessor (government (U.A.E)) would be required to give the tenant (SFIC) a notice of one year for termination of the lease.

(iii) Net Book Value Rs. 133,511 (Previous year: Rs. 158,903)constructed on a land leased from the Public Establishment for Industrial Estates (Sohar Industrial Estate) for a period of 25 years from 1 January 1994 which is renewable thereafter for a further period of 25 years in relation to Al Sallan Food Industries Co SAOC (ASFI).

d) Net Block of tangible assets included in the above schedule pertaining to ASFI amounts to Rs. 373,060 (Previous year: Rs. 440,562). Substantially all the tangible assets of ASFI are mortgaged as security against the government term loan and other term loans amounting to Rs. 528,177 (Previous year: Rs. 635,594).

e) Goodwill on consolidation comprises of Goodwill Rs. 943,531 (Previous year: Rs. 519,522) and Capital Reserve Rs. 10,505 (Previous year: Rs.10,505).

f) Acquisition during the year represent the assets of Britannia Dairy Private Limited on account of further investment made in the entity.

g) Adjustment during the year represents assets pertaining to Britannia Lanka Private Limited, which has been classified as Current Asset - Assets held for sale (Schedule I), on account of discontinuation of operation.

h) Current year charge includes charge on account of impairment Rs. Nil (Previous year: Rs. 128,817) (including goodwill impairment of Rs. Nil (Previous year: Rs. 75,112)) in relation to Daily Bread Gourmet Foods (India) Private Limited.

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET (CONTINUED)

Rs. '000

As at			31 March 2010	31 March 2009
Schedule E - Investments				
Long term				
Quoted				
Non-trade	:	Fully paid Equity Shares	2,612	2,612
Unquoted				
Trade	:	Fully paid Debentures	4	4
Non-trade	:	Fully paid Equity Shares in Associates	14,534	12,721
		[including goodwill Rs. 3,406 (Previous year: Rs. 3,406)]		
		Fully paid Debentures	811,232	80,186
		Fully paid Equity Shares	250	252
		Units (fully paid):		
		- Mutual Funds	100,058	653,823
		- Insurance policy	59,888	50,364
		Govt. Securities	–	6
Others		Capital in a partnership firm	100	100
			988,678	800,068
Current				
Unquoted				
Non-trade	:	Mutual Funds Units (fully paid)	2,675,806	2,973,032
		Fully paid Debentures	4	4
		Fully paid Preference Shares	–	437
			2,675,810	2,973,473
		Less : Provision for Diminution in value of investment	104	104
Total investments			**3,664,384**	**3,773,437**
Schedule F - Inventories				
Stores and spare parts			171,568	161,797
Packing materials			377,580	388,983
Raw materials			1,302,490	1,419,142
Finished goods			1,187,137	910,062
Materials in process			3,360	6,906
			3,042,135	**2,886,890**
Schedule G - Sundry debtors				
Secured		Considered good:		
		Over six months	4,497	3,078
		Others	8,390	6,080
			12,887	9,158
Unsecured		Considered good:		
		Over six months	34,425	107,518
		Others	682,894	623,324
			717,319	730,842
		Considered doubtful:		
		Over six months	91,400	104,059
			808,719	834,901
		Less: Provision for doubtful debts	91,400	104,059
			717,319	730,842
			730,206	**740,000**

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET (CONTINUED)

Rs. '000

As at		31 March 2010	31 March 2009
Schedule H - Cash and bank balances			
Cash in hand		22,182	14,676
Cheques on hand		108,650	330,897
With scheduled banks			
- Current accounts		186,314	207,864
- Deposit accounts		92,822	120,380
- Unpaid dividend accounts		17,314	14,595
		427,282	688,412
Schedule I - Other current assets			
Assets held for sale		12,451	–
Deposits (Refer note 11 of Schedule T)		144,649	137,085
		157,100	137,085
Schedule J - Loans and advances			
Secured	Considered good:		
	Advances recoverable in cash or in kind or for value to be received (secured by bank guarantee)	751,806	708,063
Unsecured	Considered good:		
	Advances recoverable in cash or in kind or for value to be received (Refer note 15 of Schedule T)	948,141	855,161
	Advance tax and tax deducted at sources net of provision for tax	–	76,299
	Balances with customs, port trust, excise, etc	6,560	15,186
	Minimum Alternative Tax credit entitlement	13,827	–
	Considered doubtful:		
	Advances recoverable in cash or in kind or for value to be received	106,378	101,302
		1,826,712	1,756,011
	Less: Provision for doubtful advances	106,378	101,302
		1,720,334	1,654,709
Schedule K - Current liabilities			
Book overdraft		54,152	42,574
Sundry creditors			
- Due to Micro, Small and Medium Enterprises		38,615	25,533
- Others		1,575,859	1,250,631
Other liabilities		2,249,978	1,967,773
Unclaimed dividend		17,314	14,595
		3,935,918	3,301,106

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET (CONTINUED)

Rs. '000

As at	31 March 2010	31 March 2009
Schedule L - Provisions		
Excise related issues *	221,915	91,952
Sales tax and other issues *	114,059	79,811
Trade and other issues *	375,135	107,774
Employee benefits	94,554	111,218
Fringe benefit tax	10,221	10,436
Provision for income tax (net of advance tax and tax deducted at source)	46,710	–
Interim dividend	–	955,607
Proposed dividend	597,254	–
Tax on Interim/Proposed dividend	99,196	162,405
	1,559,044	**1,519,203**

* Refer note 5 of Schedule T

	31 March 2010	31 March 2009
Schedule M - Miscellaneous expenditure (to the extent not written off or adjusted)		
Voluntary retirement compensation (VRS) and terminal compensation benefits:		
Balance at the beginning of the year	270,001	239,531
Add: VRS paid during the year	62,544	283,551
Less: Amortisation for VRS during the year [Refer note 1(s)(iv) of Schedule T]	332,545	253,081
Balance at the end of the year	–	270,001

SCHEDULES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

Rs. '000

For the year ended		31 March 2010	31 March 2009
Schedule N - Other income			
Profit on sale of equity shares, units of mutual funds (non-trade) , net	Long term	78,648	78,245
	Current	2,392	–
Dividend income from equity shares, units of mutual funds (non-trade)	Long term	548	778
	Current	124,987	126,200
Bank and other interest (gross)	Long term	68,832	16
	Current	82,286	8,455
Foreign exchange gain, net		–	18,133
Profit on sale of fixed assets, net		44,078	1,782
Provisions and liabilities no longer required written back		61,502	59,776
Provisions for doubtful debts and advances written back, net		7,583	–
Other receipts		164,456	93,791
		635,312	**387,176**
Schedule O - Cost of materials			
(i) Consumption of raw material including packing material			
Opening stock		1,808,125	2,430,975
Add: Purchases		20,169,933	18,667,093
Less: Closing stock		(1,680,070)	(1,808,125)
		20,297,988	19,289,943
(ii) Finished goods purchased		4,142,319	2,096,895
(iii) (Increase)/decrease in finished goods and materials in process			
Add : Opening stock			
Finished goods		910,062	720,659
Materials in process		6,906	1,777
Less : Closing stock			
Finished goods		1,187,137	910,062
Materials in process		3,360	6,906
		(273,529)	(194,532)
Excise duty on opening stock of finished goods		10,080	11,750
Less: Excise duty on closing stock of finished goods		11,055	10,080
Increase/(decrease)		975	(1,670)
		24,167,753	**21,190,636**
Schedule P - Staff cost			
Salaries, wages and bonus		1,413,408	1,408,171
Contribution to provident and other funds		82,783	94,688
Workmen and staff welfare expenses		82,784	84,216
		1,578,975	**1,587,075**

SCHEDULES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT (CONTINUED)

Rs. '000

For the year ended	31 March 2010	31 March 2009
Schedule Q - Expenses		
Consumption of stores and spare parts	106,114	100,019
Power and fuel	454,670	514,752
Repairs and maintenance of plant and machinery	188,509	207,170
Repairs and maintenance of buildings	28,021	19,258
Rent	163,816	53,996
Rates and taxes, net	273,662	214,454
Insurance	19,720	22,136
Carriage, freight and distribution, net	2,535,611	2,345,747
Auditors' remuneration		
Audit fees	5,250	5,250
Other services	460	325
Expenses reimbursed	382	533
Advertising and sales promotion, net	3,009,623	2,355,725
Conversion charges, net	2,493,293	2,248,541
Foreign exchange loss, net	29,037	–
Loss on sale of equity shares, units of mutual funds (non-trade, current), net	–	4,620
Miscellaneous, net	987,101	945,183
Bad debts and advances written off	–	126
Provision for doubtful debts and advances, net of write back	–	23,152
Services shared with a joint venture for utilising common facilities	–	(6,763)
	10,295,269	**9,054,224**
Schedule R - Financial expenses		
Interest		
Bank	118,318	116,262
Finance lease	3,330	3,112
Fixed loans	16,192	108,635
Redeemable Non-convertible Bonus Debentures	9,180	–
Others	12,920	11,289
Bank and other charges	74,604	86,733
	234,544	**326,031**
Schedule S - Exceptional items		
Amortisation of Voluntary Retirement Scheme	332,545	253,081
Provisions and liabilities no longer required written back, net	–	(205,185)
Capital receipt towards settlement of litigation	–	(227,955)
Provision for claims and other costs [Refer note 17 of Schedule T]	65,595	–
	398,140	**(180,059)**

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Schedule T : Notes to Consolidated accounts

1 Significant accounting policies

(a) **Basis of Preparation of Consolidated Financial Statements**

The Consolidated Financial Statements relate to Britannia Industries Limited (the Company) and its subsidiaries, joint ventures and associates (the Group). The Consolidated Financial Statements are prepared in accordance with AS 21 - "Consolidated Financial Statements", AS 23 - "Accounting for Investments in Associates in Consolidated Financial Statement" and AS 27 - "Financial Reporting of Interests in Joint Ventures" notified u/s 211(3C) of the Companies Act, 1956. The Consolidated Financial Statements are prepared by adopting uniform accounting policies between the group companies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Comapany's separate financial statements. Appropriate disclosure is made of significant deviations from the Company's accounting policies, which have not been adjusted.

(b) **Subsidiaries, Joint Venture and Associate Companies considered in the Consolidated Financial Statements:**

Name of the Company	Country of incorporation	Proportion of ownership interest in %	Proportion of voting power held directly or indirectly in %
Subsidiary Companies:			
Boribunder Finance and Investments Private Limited	India	100.00	100.00
Flora Investments Company Private Limited	India	40.53	100.00
Gilt Edge Finance and Investments Private Limited	India	46.13	100.00
Ganges Vally Foods Private Limited	India	51.00	51.00
International Bakery Products Limited	India	100.00	100.00
J B Mangharam Foods Private Limited	India	100.00	100.00
Manna Foods Private Limited	India	100.00	100.00
Sunrise Biscuit Company Private Limited	India	96.85	96.85
Britannia and Associates (Mauritius) Private Limited	Mauritius	100.00	100.00
Britannia and Associates (Dubai) Private Co. Limited	Dubai, UAE	100.00	100.00
Al Sallan Food Industries Company SAOC	Oman	65.46	65.46
Strategic Food International Co. LLC	Dubai, UAE	100.00	100.00
Strategic Brands Holding Company Limited	Dubai, UAE	100.00	100.00
Britannia Lanka Pvt. Ltd.	Sri Lanka	100.00	100.00
Daily Bread Gourmet Foods (India) Private Limited	India	100.00	100.00
Britannia Dairy Private Limited (formerly known as Britannia New Zealand Foods Private Limited) *	India	100.00	100.00
Britannia New Zealand Holdings Private Limited*	Mauritius	100.00	100.00
Associates:			
Klassik Foods Private Limited	India	26.02	26.02
Nalanda Biscuits Company Limited	India	35.00	35.00

* Pursuant to a change in control during the year, Britannia Dairy Private Limited and Britannia New Zealand Holdings Private Limited have become subsidiaries (Previous year: Joint Ventures).

(c) **Principles of consolidation**

These Consolidated Financial Statements have been prepared by consolidation of the financial statements of the Company and its subsidiaries on a line-by-line basis after fully eliminating the inter-company transactions.

(d) **Accounting for Investments in Associates**

Accounting for Investments in Associate Companies has been carried out under the equity method of accounting prescribed under AS 23 - "Accounting for Investments in Associates in Consolidated Financial Statements" wherein Goodwill/Capital Reserve arising at the time of acquisition, and the Group's share of profit or losses after the date of acquisition have been adjusted in the investment value.

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Schedule T : Notes to Consolidated accounts (continued) Rs. '000

The following Associate Companies/Firm are excluded from consolidation as they are not significant.

Name of the Company	Country of incorporation
Britannia Sports (partnership firm)	India
Vasna Agrex and Herbs Private Limited	India
Snacko Bisc Private Limited	India

(e) **Accounting for Interest in Joint Ventures**

The proportionate share of the Group's interests in joint ventures is combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra group balances / transactions to the extent it pertains to the Group as per AS 27 - "Financial Reporting of Interest in Joint Ventures".

(f) **Basis of accounting and preparation of financial statements**

The Group adopts the historical cost concept and accrual basis in accordance with Generally Accepted Accounting Principles (GAAP) for the preparation of its accounts and complies with accounting standards notified u/s 211 (3C) of the Companies Act, 1956 and other relevant provisions of the Companies Act, 1956.

The Financial Statements of Britannia and Associates (Mauritius) Private Limited, Britannia and Associates (Dubai) Private Limited, Britannia New Zealand Holdings Private Limited, Strategic Brands Holding Company Limited, Manna Foods Private Limited, Klassik Foods Private Limited and Nalanda Biscuits Company Limited have been incorporated in the Consolidated Financial Statements of Britannia Industries Limited based on unaudited Financial Statements.

The Profit and Loss Account of Britannia and Associates (Mauritius) Private Limited, Britannia and Associates (Dubai) Private Co. Limited, Al Sallan Food Industries Company SAOC, Strategic Food International Co. LLC and Strategic Brands Holding Company Limited considered for consolidation were for fifteen months in the previous year while that of the current year is for twelve months and accordingly the figures for the two periods are not comparable.

(g) **Use of estimates**

The preparation of consolidated financial statements, in conformity with GAAP requires, that the management makes estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of financial statement and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

(h) **Fixed assets**

Tangible assets

Tangible assets are stated at their original cost less accumulated depreciation. Cost includes inward freight, duties, taxes and expenses incidental to acquisition and installation net of refundable duties, levies and taxes where applicable.

Intangible assets

i) Intangible assets are stated at cost of acquisition less accumulated amortisation.

ii) Goodwill arising on consolidation represents the excess of cost to the Group of its investment in a subsidiary company over the Group's portion of net worth of the subsidiary, and is net of Capital Reserve.

(i) **Depreciation and amortisation**

Depreciation in respect of all the assets of the Company acquired upto 30 June 1984 is provided on written down value method. For additions on or after 1 July 1984, straight line method has been used. Depreciation rates estimated by the Company and certain subsidiaries are as specified in the amended Schedule XIV of the Companies Act, 1956, except relating to vehicles which is depreciated over a period of five years or period

Schedule T : Notes to Consolidated accounts (continued) Rs. '000

of lease, whichever is lower. Assets costing upto Rs.5 are fully depreciated in the year of addition. Computer software is amortised over a period of six years. Leasehold land is amortised over the period of primary lease.

a) **Tangible assets:**

Expected range of useful life of assets of Group is as mentioned below:

Building on freehold land : 20 - 30 years,

Plant and machinery : 10 - 30 years,

Data processing equipments : 4 - 6 years and

Furniture and fixtures : 4 - 16 years.

The assets identified and retired based on technical evaluation and held for disposal are stated at estimated net realisable value.

In respect of assets held by J B Mangharam Foods Private Limited and Ganges Vally Foods Private Limited, depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a written-down-value basis over its expected useful life. The Written down value of assets as on 31 March 2010 amounts to Rs. 43,362 and Rs. 30,841 (Previous year: Rs. 39,731 and Rs. 33,772) for J B Mangharam Foods Private Limited and Ganges Vally Foods Private Limited respectively.

b) **Intangible assets:**

Expected useful life of assets of Group is as mentioned below:

Know-how : 3 years

Marketing Infrastructure : 3 years

Non compete Rights : 2 years

Goodwill arising on consolidation is evaluated for impairment periodically. (Also refer note j below)

(j) **Impairment of assets**

The Group assesses at each Balance Sheet date whether there is any indication that an asset, including intangible, may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Profit and Loss Account.

(k) **Leases**

Assets acquired under lease where the Group has substantially all the risks and rewards of ownership are classified as finance lease. Such leases are capitalised at the inception of lease at lower of the fair value and present value of minimum lease payments. Assets taken on finance lease are depreciated over its estimated useful life or the lease term whichever is lower.

Assets acquired under lease where a significant portion of risks and rewards of ownership are retained by the lessor are classified as operating lease. Lease rentals are charged to Profit and Loss Account on accrual basis.

(l) **Inventories**

Inventories are valued at the lower of cost or estimated net realisable value, after providing for obsolescence, where appropriate.

Raw materials, packing material and stores and spares are valued at cost, computed on a moving weighted average basis. The cost includes purchase price, inward freight and other incidental expenses net of refundable duties, levies and taxes where applicable.

Materials in process is valued at input material cost plus conversion cost as applicable.

Finished goods are valued at lower of net realisable value and prime cost, excise duty and other overheads incurred in bringing the inventories to their present location and condition.

In respect of following subsidiaries, inventories are valued at cost, computed under first-in-first-out basis.

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Schedule T : Notes to Consolidated accounts (continued)

Rs. '000

The value of these inventories are as given below:

	31 March 2010	31 March 2009
J B Mangharam Foods Private Limited	5,094	4,297
Sunrise Biscuit Company Private Limited	62,891	31,388
Britannia Dairy Private Limited	116,218	63,753

(m) Sundry debtors and Loans and advances

Sundry debtors and Loans and advances are stated after making adequate provision for doubtful debts and advances.

(n) Investments

Long term investments are stated at cost. A provision for diminution is made to recognise a decline, other than temporary, in the value of long term investments.

Current investments are stated at lower of cost and fair value.

(o) Revenue recognition

Sales are recognised when goods are supplied and are recorded net of trade discounts, rebates, sales tax, VAT, excise duties and other applicable taxes (on goods manufactured and outsourced).

Income from royalty and services is accounted for based on contractual agreements.

Dividend income is accounted for in the year in which the right to receive the same is established.

Interest on investments is booked on a time-proportion basis taking into account the amounts invested and the rate of interest.

(p) Commodity hedging contracts

The realised gain or loss in respect of commodity hedging contracts, the pricing period of which has expired during the year are recognised in the Profit and Loss Account.

(q) Foreign currency transactions

Transactions in foreign currency are recorded at exchange rates prevailing on the respective dates of the relevant transactions. Monetary assets and Liabilities denominated in foreign currency are restated at exchange rates prevailing at the Balance Sheet date. The gains or losses resulting from such transactions are adjusted to the Profit and Loss Account. Non-monetary assets and non-monetary liabilities denominated in foreign currency and measured at fair value / net realisable value are translated at the exchange rate prevalent at the date when the fair value / net realisable value was determined. Non-monetary assets and non-monetary liabilities denominated in foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

The Company uses foreign exchange forward contracts to hedge its exposure to movements in foreign exchange rates. The use of foreign exchange forward contracts reduces the risk of fluctuations in exchange movements for the Company. The Company does not use the foreign exchange forward contract for trading or speculative purposes.

Premium or Discount arising at the inception of forward contracts against the underlying assets are amortized as expense or income over the life of contract. Exchange differences on forward contracts are recognized in the Profit and Loss Account in the reporting period in which the exchange rates change.

The Financial statements of foreign operations treated as integral operations are translated in the same manner as foreign currency transactions, described above. Exchange differences arising on such translation are recognised as income or expense of the period in which they arise.

In respect of non-integral foreign operations, the assets and liabilities, both monetary and non-monetary are translated at the closing rates and income and expenses are translated at average rates and all the resulting exchange differences are accumulated in Foreign exchange translation reserve until the disposal of the net investment.

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

(r) **Taxes on income**

(i) **Current taxation**

Provision for current tax is made based on the tax liability computed after considering tax allowances and exemptions. Foreign companies recognise tax liabilities and assets in accordance with the applicable local laws of those jurisdictions. (Also refer note 12)

(ii) **Fringe benefit tax**

Fringe benefit tax was being determined at applicable rates on expense falling within the ambit of 'Fringe benefit', as defined under the Income Tax Act, 1961 till the previous year. With effect from 1 April 2009, Fringe benefit tax is not required to be borne by the Company on account of change in legislature.

(iii) **Deferred taxation**

Deferred income tax is provided on all timing differences at the Balance Sheet date between the tax basis of assets and liabilities and their carrying amount for financial reporting purpose. Deferred tax asset or liability is recognised only for those timing differences that originate during the tax holiday period but reverse after the tax holiday period.

Deferred tax assets are recognised only if there is a reasonable or virtual certainty, as may be applicable, that sufficient future taxable income will be available against which they can be realised. The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax asset to be utilised.

(s) **Employee benefits**

(i) **Short term employee benefits:**

All employee benefits falling due wholly within twelve months of rendering the services are classified as short term employee benefits, which include benefits like salaries, wages, short term compensated absences and performance incentives and are recognised as expenses in the period in which the employee renders the related service.

(ii) **Post-employment benefits:**

Contributions to defined contribution schemes such as Provident Fund, Pension Fund etc., are recognised as expenses in the period in which the employee renders the related service. In respect of certain employees, Provident Fund contributions are made to a Trust administered by the Company. The interest rate payable to the members of the Trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Company. In respect of contributions made to government administered Provident Fund, the Company has no further obligations beyond its monthly contributions. The Company also provides for post employment defined benefit in the form of gratuity and medical benefits. The cost of providing benefit is determined using the projected unit credit method, with actuarial valuation being carried out at each Balance Sheet date.

The Britannia Industries Limited Covenanted Staff Pension Fund Trust (BILCSPF) and Britannia Industries Limited Officers' Pension Fund Trust (BILOPF) were established by the Company to administer pension schemes for its employees. These trusts are managed by the trustees. The Pension scheme is applicable to all the managers and officers of the Company who have been employed up to the date of 15 September 2005 and any manager or officer employed after that date, if he has opted for the membership of the scheme. The Company makes a contribution of 15% of salary in respect of the members each month to the trusts. On retirement, subject to the vesting conditions as per the rules of the trust, the member becomes eligible for pension, which is paid from annuity purchased in the name of the member by the trusts. [Refer note 11]

In case of Al Sallan Food Industries Co SAOC, Contributions to a defined contribution retirement plan for Omani employees in accordance with the Oman Social Insurance Scheme, are recognised as an expense in the income statement as incurred. Provision for non-Omani employee terminal benefits, which is an unfunded defined benefit retirement plan, is made in accordance with Oman Labour Law and is based on the liability that would arise if the employment of all employees were terminated at the Balance Sheet date.

In case of Strategic Food International Co. LLC, provision for staff terminal benefits is calculated in accordance with the UAE Federal Labour Law and is based on the liability that would arise if the employment of all the Company's staff were terminated on the Balance Sheet date. This difference in accounting policy from the group's accounting policy as mentioned above does not have a material impact on the financial statements.

(iii) Other Long Term Employee Benefits:

All employee benefits (other than post-employment benefits and termination benefits) which do not fall due wholly within twelve months after the end of the period in which the employees render the related services are determined based on actuarial valuation carried out at each Balance Sheet date. Provision for Long term compensated absences is based on actuarial valuation carried out as at 1st January every year.

(iv) Termination Benefits:

Compensation in respect of payments made before 31 March 2006 under the Company's Voluntary Retirement Schemes (VRS) and terminal compensation benefit is amortised over a period of 60 months from the month of such payments. The payments made on or after 1 April 2006 are amortised equally to ensure that the amount is not carried forward beyond 31 March 2010. The unamortised amount is recognised as "Miscellaneous expenditure (to the extent not written off or adjusted)".

(t) Employee share based payments

The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense, if any, is amortised over the vesting period of the option on a straight line basis.

(u) Provisions and contingent liabilities

A provision is recognised when the Group has a present obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made. Provisions are reviewed regularly and are adjusted where necessary to reflect the current best estimate of the obligation. When the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset only when reimbursement is virtually certain.

A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

(v) Derivative contracts

Based on the principle of prudence as provided in AS 1 - "Disclosure of accounting policies", the Company assesses losses, if any, by marking to market all its outstanding derivative contracts [other than those accounted under Accounting Standard 11 "Effects of changes in foreign exchange rates" (Refer point (q) above) and commodity hedging contracts referred under point (p) above] at the Balance Sheet date and provides for such losses. The net gain, if any, based on the said evaluation is not accounted for in line with the ICAI notification issued in March 2008 in relation to such transactions.

(w) Earnings per share

Basic earnings per share is computed by dividing the net profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Schedule T : Notes to Consolidated accounts (continued) Rs. '000

issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. In computing diluted earnings per share, only potential equity shares that are dilutive and that either reduces earnings per share or increases loss per share are included.

2 Capital commitments and contingent liabilities:

(a) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 118,244 (Previous year: Rs. 69,509).

(b) Contingent Liabilities for:

(1) Bank guarantee, letter of credit and letter of comfort for Rs. 1,079,518 (Previous year: Rs. 86,115).

(2) Discounted cheques Rs. 616,332 (Previous year: Rs. 762,471).

(3) Claims/demand against the Group not acknowledged as debts including excise, income tax, sales tax and trade and other demands Rs. 1,089,205 (Previous year: Rs. 848,634).

(i) Contingent liabilities disclosed above represents possible obligations where possibility of cash outflow to settle the obligation is not remote.

(ii) The above does not include non-quantifiable industrial disputes and other legal disputes pending before various judicial authorities. (Also refer note 11)

(c) The Company has furnished the following corporate guarantees:

Banking facilities given to	Name of the bank	31 March 2010	31 March 2009
Britannia Dairy Private Limited	Citi Bank	–	294,000

Regarding items (b) and (c) above, it is not practicable to disclose information in respect of the estimate of the financial effect, an indication of the uncertainties relating to outflow and the possibility of any reimbursement as it is determinable only on occurrence of uncertain future events/receipt of judgements pending at various forums.

(d) The Company has furnished the following letter of comfort/letter of awareness:

Banking facilities given to	Name of the bank	31 March 2010	31 March 2009
Britannia Dairy Private Limited	HSBC Bank	–	22,050

This letter is not to be construed as a guarantee issued by the Company.

3 **(a) Operating leases**

The Group has certain operating leases for Land, Vehicles, office facilities and residential premises (cancellable as well as non-cancellable leases). Such leases are generally with the option of renewal against increased rent and premature termination of agreement. Rental expenses of Rs. 163,816 (Previous year: Rs. 53,996) in respect of obligation under operating leases [including minimum lease payments of Rs. 2,637 (Previous year: Rs.2,865)] have been recognised in the Profit and Loss Account. With respect to Al Sallan Food Industries Company SAOC, the Company has taken on lease a plot of land for factory premises at Sohar from the Public Establishment for Industrial Estates ("PEIE") for a period of 25 years from 1 January 1994 which is renewable thereafter for a further period of 25 years.

Assets on operating lease which represents motor vehicles (acquired prior to 1 April 2001) aggregate to Rs. Nil (Previous year: Rs. 4,064). The charge on account of lease rental to Profit and Loss Account for the year is Rs. 1,019 (Previous year: Rs. 1,511).

Schedule T : Notes to Consolidated accounts (continued) Rs. '000

Future obligations of lease rentals applicable to above leased assets aggregate to Rs. 15,144 (Previous year: Rs. 19,755) and are due:

	31 March 2010	31 March 2009
Not later than 1 year	1,731	2,666
Later than 1 year and not later than 5 years	6,923	7,812
More than five years	6,490	9,277
	15,144	19,755

(b) Finance leases

The Group has taken motor vehicles under finance leases. The total minimum lease payments and present value of minimum lease payments as at 31 March 2010 are as follows:

	31 March 2010		31 March 2009	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Not later than 1 year	7,923	5,639	7,737	4,774
Later than 1 year and not later than 5 years	17,962	15,383	23,510	18,789
	25,885	21,022	31,247	23,563

The difference between minimum lease payments and the present value of minimum lease payments of Rs. 4,863 (Previous year: Rs. 7,684) represents interest not due.

The lease liability is secured by the relevant vehicles acquired under lease.

There is no contingent rent for operating and finance leases.

4 Accounting for taxes on income disclosure as per AS 22 - "Accounting for Taxes on Income". Major components of deferred tax assets and liabilities on account of timing differences are as follows:

	31 March 2010		31 March 2009	
	Asset	Liability	Asset	Liability
Depreciation	–	258,024	–	253,862
Voluntary retirement scheme, terminal compensation benefits	97,146	–	37,980	–
Statutory payments	207,384	–	99,196	–
Provisions allowed on payments, write off	14,445	–	17,269	–
	318,975	258,024	154,445	253,862
Deferred tax asset/ (liability), net	60,951		(99,417)	

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Schedule T : Notes to Consolidated accounts (continued) Rs. '000

5 In accordance with AS 29 - "Provisions, Contingent Liabilities and Contingent Assets", issued by the Institute of Chartered Accountants of India, certain classes of liabilities have been identified as provisions which have been disclosed as under:

	31 March 2009	Additions	Utilisation	Reversals/ adjustments	31 March 2010
(a) Excise related issues	91,952	135,696	–	(5,733)	221,915
(b) Sales tax and other issues	79,811	36,163	–	(1,915)	114,059
(c) Trade and other issues	107,774	220,923	–	46,438	375,135
	31 March 2008	**Additions**	**Utilisation**	**Reversals/ adjustments**	**31 March 2009**
(a) Excise related issues	83,362	9,589	(999)	–	91,952
(b) Sales tax and other issues	70,339	9,661	(189)	–	79,811
(c) Trade and other issues	281,711	40,848	(15)	(214,770)	107,774

(a) and (b) represents estimates made for probable liabilities arising out of pending disputes/litigations with various regulatory authorities. The timing of the outflow with these matters depends on the position of law and the settlement of which is not expected to exceed 2-3 years in most cases.
(c) represents provisions made for probable liabilities/claims arising out of commercial transactions with vendors/ others. Further disclosures as required in Accounting Standard 29 are not made since it can be prejudicial to the interests of the Company.

6 Earnings Per Share

	31 March 2010	31 March 2009
(a) Net profit attributable to the equity shareholders	1,031,799	1,514,848
(b) Weighted average number of equity shares outstanding during the year	23,890,163	23,890,163
(c) Effect of potential equity shares on employee stock option outstanding	7,188	1,703
(d) Weighted average number of equity shares outstanding for computing diluted earnings per share {(b)+(c)}	23,897,351	23,891,866
Nominal value of Equity shares (Rs.)	10	10
Basic earnings per share (Rs.)	43.19	63.41
Diluted earnings per share (Rs.)	43.18	63.40

7 Based on guiding principles given in the AS 17 - Segment Reporting, the primary business segment of the Group is foods, comprising bakery and dairy products. As the Group operates in a single primary business segment, disclosure requirements of AS 17 - are not applicable. The Group primarily caters to the domestic market (India) and export sales are not significant. The Group has Rs. 1,494,928 (Previous year: Rs. 1,816,337) of segment assets which is located outside India.

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Schedule T : Notes to Consolidated accounts (continued) Rs. '000

8 Related party disclosures under Accounting Standard 18

Relationships

1.	Ultimate Holding Company	The Bombay Burmah Trading Corporation Limited, ABI Holdings Limited (ABIH), UK (till 14 April 2009)
	Holding Company	Associated Biscuits International Limited (ABIL), UK
2.	Fellow Subsidiary Companies	Valletort Enterprises Pte Limited, Singapore Spargo Enterprises Pte Limited, Singapore Nacupa Enterprises Pte Limited, Singapore Dowbiggin Enterprises Pte Limited, Singapore Bannatyne Enterprises Pte Limited, Singapore
3.	Other related parties with whom transactions have taken place during the year- Associates	Britannia Sports (partnership firm) Klassik Foods Private Limited Nalanda Biscuits Company Limited Vasna Agrex and Herbs Private Limited
4.	Key Management Personnel (KMP) Managing Director	Ms. Vinita Bali
5.	Relatives of Key Management Personnel	None

	Relationship	31 March 2010	31 March 2009
Remittance of dividend			
Associated Biscuits International Limited	Holding Company	431,236	194,056
Others	Fellow Subsidiary Companies	55,693	25,062
Total		486,929	219,118
Purchase of finished goods/consumables and ingredients			
Nalanda Biscuits Company Limited	Associate	1,274,591	128,569
Britannia Dairy Private Limited (Note 3 below)	Joint Venture	–	1,582
Total		1,274,591	130,151
Royalty and shared service income etc.			
Britannia Dairy Private Limited (Note 3 below)	Joint Venture	–	18,471
Conversion charges			
Nalanda Biscuits Company Limited	Associate	–	64,237
Klassik Foods Private Limited	Associate	49,622	47,061
Total		49,622	111,298
Interest and dividend income			
Klassik Foods Private Limited	Associate	339	1,017
Ms. Vinita Bali	KMP	20	–
Total		359	1,017

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Schedule T : Notes to Consolidated accounts (continued) Rs. '000

	Relationship	31 March 2010	31 March 2009
Management contracts including secondment of employees, net			
Britannia Dairy Private Limited (Note 3 below)	Joint Venture	–	3,069
Klassik Foods Private Limited	Associate	(24)	84
Nalanda Biscuits Company Limited	Associate	3,017	(3,531)
Total		**2,993**	**(378)**
Remuneration			
Ms. Vinita Bali	KMP	44,229	42,095
Loan repaid by			
Ms. Vinita Bali	KMP	194	168
Share of Current year profit/(loss)			
Klassik Foods Private Limited	Associate	1,288	735
Nalanda Biscuits Company Limited	Associate	864	1,382
Britannia Sports (partnership firm)	Associate	(3)	(6)
Total		**2,149**	**2,111**
Sale of goods/consumables and ingredients			
Britannia Dairy Private Limited (Note 3 below)	Joint Venture	–	5,069
Nalanda Biscuits Company Limited	Associate	166,748	79,974
Total		**166,748**	**85,043**
Outstanding as at year end			
Net receivables/(payables)			
Britannia Dairy Private Limited (Note 3 below)	Joint Venture	–	5,713
Klassik Foods Private Limited	Associate	(2,312)	(238)
Nalanda Biscuits Company Limited	Associate	17,827	24,197
Britannia Sports (partnership firm)	Associate	746	746
Ms.Vinita Bali	KMP	687	861
Total		**16,948**	**31,279**
Investments (Including goodwill)			
Klassik Foods Private Limited	Associate	10,932	9,983
Nalanda Biscuits Company Limited	Associate	3,502	2,638
Vasna Agrex and Herbs Private Limited	Associate	100	100
Britannia Sports (partnership firm)	Associate	100	100
Total		**14,634**	**12,821**
Provision for doubtful advances			
Britannia Sports (partnership firm)	Associate	746	1,174

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Schedule T : Notes to Consolidated accounts (continued) Rs. '000

	Relationship	31 March 2010	31 March 2009
Provision for Investment			
Vasna Agrex and Herbs Private Limited	Associate	100	100
Guarantees / collaterals / contingent liability			
Britannia Dairy Private Limited (Note 3 below)	Joint venture	–	294,000
Letter of Awareness			
Britannia Dairy Private Limited (Note 3 below)	Joint venture	–	22,050

Notes:

1. The above does not include related party transactions with retiral funds, as key management personnel who are trustees of the funds cannot individually exercise significant influence on the retiral funds transactions.
2. The above information has been determined to the extent such parties have been identified on the basis of information available with the group and relied upon by the auditors.
3. Pursuant to change in control during the year, Britannia Dairy Private Limited and Britannia New Zealand Holdings Private Limited, Mauritius have become subsidiaries (Previous year: Joint ventures). Accordingly, the current year figures have not been disclosed.

9 Employee Benefits

(a) **Post Retirement Benefit-Defined Contribution Plans**

The Company has recognised an amount of Rs. 62,271 (Previous year: Rs. 58,797) as expenses under the defined contribution plans in the Profit and Loss Account for the year:

	31 March 2010	31 March 2009
Benefit (Contribution to)		
Provident Fund *	27,293	26,896
Family Pension Scheme	13,731	13,509
Pension Fund	16,660	14,257
Labour Welfare Fund	36	25
ESI	4,442	4,110
Total	62,162	58,797

* Having regard to the assets of the Fund and the return on the investments, the Company does not expect any deficiency in the foreseeable future.

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Schedule T : Notes to Consolidated accounts (continued) Rs. '000

(b) **Post Retirement Benefit- Defined Benefit Plans**

As per Actuarial Valuation as on 31 March 2010 and recognised in financial statements

		31 March 2010	31 March 2009	31 March 2008
1	Reconciliation of Opening and Closing balances of the present value of the defined benefit obligation:			
	Obligations at the beginning of the year	187,249	202,455	212,012
	Current service cost	12,177	13,436	9,886
	Interest cost	14,788	16,768	16,961
	Benefits settled	(11,283)	(55,184)	(41,108)
	Actuarial (gain)/loss	416	9,774	4,704
	On acquisition	(2,399)	–	–
	Past service cost	–	–	–
	Obligations at the year end	200,948	187,249	202,455
2	Change in Plan Assets			
	Plan assets at the beginning of the year at fair value	173,607	186,678	185,936
	Expected return on plan assets	13,674	14,936	14,875
	Actuarial gain/(loss)	976	(708)	(267)
	Asset distributed on settlements	–	–	–
	Contributions	27,597	27,885	27,242
	Benefit settled	(11,283)	(55,184)	(41,108)
	On acquisition	(2,683)	–	–
	Plan assets at the year end at fair value	201,888	173,607	186,678
3	Actual Return on Plan Assets			
	Expected Return on Plan Assets	13,674	14,936	14,875
	Actuarial gain/(loss) on Plan Assets	976	(708)	(267)
	Actual Return on Plan Assets	14,650	14,228	14,608
4	Reconciliation of present value of the obligation and the fair value of the plan assets			
	Present value of obligation as at the year end	200,948	187,249	202,455
	Plan assets at the year end at fair value	201,888	173,607	186,678
	Amount recognised in Balance Sheet (Asset) / Liability	(940)	13,642	15,777
5	Expenses recognised in the Profit and Loss Account			
	Current service cost	12,177	13,436	9,886
	Interest cost	14,788	16,768	16,961
	Expected return on plan assets	(13,674)	(14,936)	(14,875)
	Actuarial (gain)/loss	(560)	10,482	4,971
	Net cost	12,731	25,750	16,943

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Schedule T : Notes to Consolidated accounts (continued)

Rs. '000

		31 March 2010	31 March 2009	31 March 2008
6	Amount Recognised in the Balance Sheet			
	Opening net liability	13,642	15,777	26,076
	On acquisition	284	–	–
	Expense as above	12,731	25,750	16,943
	Employers Contribution paid	(27,597)	(27,885)	(27,242)
	Closing net liability	(940)	13,642	15,777
7	Principal Actuarial Assumptions			
	Discount Factor (Note (i))	8%	8%	8%
	Estimated Rate of Return on Plan Assets (Note (ii))	8%	8%	8%

Notes:

(i) The discount rate is based on the prevailing market yield on Government Securities as at the Balance Sheet date for the estimated term of obligations.

(ii) The expected return on plan assets is determined considering several applicable factors mainly the composition of the plan assets held, assessed risks of asset management, historical results of the return on plan assets and the Company's policy for plan asset management.

(iii) The estimate of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

(iv) The disclosure above includes amounts for both Britannia Industries Limited Covenanted Staff Gratuity Fund and Britannia Industries Limited. Non Covenanted Staff Gratuity Fund and amounts relating to other group companies.

(c) The charge for retirement benefits of Al Sallan Food Industries Company SAOC, Strategic Food International Co. LLC and Britannia Lanka Private Limited has been calculated in accordance with the laws applicable in their countries of incorporation which amounts to Rs. 7,890.

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Schedule T : Notes to Consolidated accounts (continued) Rs. '000

10. The disclosure required under AS 27 - "Financial Reporting of Interests in Joint Ventures" has been given below:

Particulars	31 March 2010#	31 March 2009
Pertaining to Balance Sheet:		
ASSETS		
Fixed Assets [including Goodwill on Consolidation]	–	765
Deferred tax asset, net	–	–
Current assets, loans and advances		
Inventories	–	63,753
Sundry debtors	–	5,346
Cash and bank balances	–	53,507
Loans and advances	–	3,334
Miscellaneous expenditure (to the extent not written off or adjusted)	–	–
LIABILITIES		
Loan funds		
Secured	–	262,650
Unsecured	–	–
Current liabilities and provisions		
Current liabilities	–	63,523
Other liabilities	–	14,546
Provisions	–	919
Pertaining to Profit and Loss Account:		
INCOME		
Sales	–	825,300
Other income	–	870
	–	**826,170**
EXPENDITURE		
Cost of materials	–	672,174
Staff cost		20,859
Operating and Other Administration Expenses	–	123,147
Depreciation and amortisation	–	363
	–	**816,543**
Profit/(Loss) before exceptional items	–	9,627
Exceptional items	–	–
Profit/(Loss) before tax	–	9,627
Income tax - Fringe Benefit Tax	–	867
Profit/(Loss) after tax (Refer note 1 below)	–	**8,760**
Contingent Liabilities		
Cheques discounted not realised	–	24,775
Bank guarantee	–	140
Share in Provision		
Sales tax and other dues		
Opening	–	12
Utilisation	–	–
Closing	–	12

#Pursuant to change in control during the year, Britannia Dairy Private Limited and Britannia New Zealand Holdings Private Limited, Mauritius are considered to be subsidiaries (Previous year: Joint ventures). Accordingly, the current year figures have not been disclosed.

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Schedule T : Notes to Consolidated accounts (continued) Rs. ’000

11 In April 2007, the Commissioner of Income Tax (CIT), Kolkata issued a notice to the Company’s Covenanted Staff Pension Fund (BILCSPF) asking it to show cause why recognition granted to the Fund should not be withdrawn for refunding in the year 2004, the excess contribution of Rs.121,199 (Previous year: Rs. 121,199) received by it in earlier years. The Single Judge of the Calcutta High Court, on a writ petition, granted a stay restraining the CIT from proceeding with the show cause notice but with a direction to the Company to deposit Rs. 121,199 (Previous year: Rs. 121,199) (included in Deposits under Schedule I) with a nationalized bank in the name of the Fund. On appeal, the Division Bench of the Calcutta High Court disposed off the writ petition pending before the Single Judge. The Fund filed a Special Leave Petition before the Supreme Court against the order of the Division Bench. The Supreme Court at its hearing on 12 May 2008 has set aside the order of the Division Bench of the Calcutta High Court. As a condition of the stay order granted, the Company has, under protest, made the deposit as per the direction of Hon’ble Calcutta High Court.

Pursuant to the directions of the Madras High Court, the CIT, Kolkata passed orders rejecting the deeds of variation submitted in May 2005 by the Pension Fund on technical grounds. The Company has preferred appeals before the Central Board of Direct Taxes (CBDT), New Delhi challenging the orders. The appeals came up for hearing in August 2009 and the matter is in progress. A suit has been filed in the City Civil Court, Bangalore, where the Hon’ble Judge has passed interim orders on 1 January 2009 and 10 February 2009 directing the Fund to pay pension to the members in accordance with the Fund’s calculations. The Fund has since complied with the said order. On 8 April 2010, the Hon’ble Judge passed another interim order requiring the Funds to pay pension as per Rule 11(a) of the Pension Fund Rules, i.e. on “Defined Benefit Basis”, and gave the Funds two months time for complying with the order. An appeal was filed against this order in the Karnataka High Court, which was heard on 22 April 2010. The Hon’ble Court has modified the Trial Court’s order so as to extend the time limit for compliance from two months to three months and has fixed 15 June 2010 for further hearing.

The Company believes, based on current knowledge and after consultation with eminent legal counsel that the resolution of the matter will not have material adverse effect on the financial statements of the Company.

12 With respect to Al Sallan Food Industries Co SAOC, the Company has incurred a tax loss during the year. The tax loss incurred during the five year exemption period (expired on 31 December 2001) amounting to Rs. 917,874 will be available for set off against future taxable profits without any time limit. The tax loss estimated as incurred during the period from 1 January 2002 to 31 March 2010 of Rs. 601,609 (Previous year Rs. 548,807) is eligible to be carried forward for not more than five years unless the Company’s tax exemption is further renewed. The tax assessments up to 2003 have been completed by the Secretariat General for Taxation. The management consider that any amounts that may become payable upon finalization of the tax for the years 2004 to 2007 would not be material to the Company’s financial position as at the date of Balance Sheet. The future tax benefit from carried forward losses together with other timing differences amounting to Rs. 110,294 (Previous year Rs. 108,356) is not recognized as a deferred tax asset during the current year. The management has decided not to consider the potential deferred tax benefit because of the uncertainty relating to the extension of the period of tax exemption and until future profitability can be consistently demonstrated.

13 Capital Reserve includes:

(i) Grant in aid for implementation of ISO 22000 on HACCP systems from Government of India for Uttarakhand factory Rs. Nil (Previous year: Rs. 1,320).

(ii) Capital subsidy received from West Bengal Industrial Development Corporation Ltd. under The West Bengal Incentive Scheme, 2000 by Ganges Vally Foods Pvt. Ltd. Rs. Nil (Previous year: Rs. 1,952).

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Schedule T : Notes to Consolidated accounts (continued) Rs. '000

14 Pursuant to Labour Commissioner's Order under section 25 O (1) of the Industrial Disputes Act, 1947, production at the Company owned facility was closed effective 24 March 2004. As per the Order of the Bombay High Court, the Company as on the date of the Balance Sheet has paid an amount of Rs.58,317 (Previous year: Rs. 58,317) equivalent to eligible compensation under Section 25 O (1) of the Industrial Disputes Act, 1947. Further, based on the appeal filed by the worker union, the Industrial Tribunal has reversed the Order of the Labour Commissioner. The Company has preferred an appeal against the Order of the Industrial Tribunal. As per interim direction of the Bombay High Court, the Company has paid Rs. 14,703 (Previous year: Rs. 12,799) as compensation equivalent to 70% of the last drawn amount for the year (Previous year: 50% of the last drawn amount for the period from 1 April 2008 to 19 November 2008 and 70% of the last drawn amount for the period 20 November 2008 to 31 March 2009). The Company has made the above payments as compensation under the Industrial Disputes Act, 1947. The case is currently pending in the High Court.

15 Derivative contracts

(i) **Foreign currency forward contracts**

The Company has entered into foreign exchange forward contracts for hedging the foreign exchange fluctuation risks on payables, which has been accounted for in line with AS 11 - "The effects of changes in foreign exchange rates". Accordingly, the amount receivable of Rs. 215,149 (Previous year: Rs. 229,651) and loan payable of Rs. 200,772 (Previous year: Rs. 200,772), in the subsequent years, relating to foreign exchange forward contracts for hedging have been netted off and disclosed under 'Loans and advances' (Refer Schedule J).

The Company has designated certain foreign exchange forward contracts outstanding as on 31 March 2010 as Hedge of highly probable forecasted transaction. On that date, the Company had forward contracts to sell USD. 974 (in thousands) (Previous year: USD. 2,092 (in thousands)). As at the year end the unrealized exchange loss of Rs. Nil (Previous year: Rs. 1,102) arrived on a mark to market basis has been accounted for.

(ii) **Other derivative contracts**

For all other derivative contracts, a mark to market valuation has been obtained and any loss thereon has been accounted for in line with the ICAI notification issued in March 2008 in relation to such transactions. Any gain on such valuation is not accounted for based on the principle of prudence.

As at the year end, the unrealized loss of Rs. 1,655 (Previous year: Rs. Nil) arrived on a mark to market basis for such contracts has been duly accounted for.

16 The Company decided to cease the operations of Britannia Lanka Pvt. Ltd., Sri Lanka, with effect from 31 March 2010. Accordingly, the financial statements of the said company have not been prepared on going concern basis. All non current assets and non current liabilities have been valued at Net realisable value and classified under current assets and liabilities respectively. An amount of Rs. 65,595 has been provided in relation to costs/expenses associated to cessation of operations.

17 The Committee of the Board of Directors (the Board), at its meeting held on 22 March 2010, pursuant to the scheme of arrangement (the Scheme) sanctioned by the Honourable Calcutta High Court on 11 February 2010 under Section 391(2) of the Companies Act, 1956 (the Act), allotted 8.25% secured fully paid-up redeemable non-convertible bonus debentures (the bonus debentures) from the general reserve, in the ratio of one debenture of the face value of Rs.170 for every equity share held by the shareholders of the Company as on 9 March 2010. The date of allotment of bonus debentures is 22 March 2010. The Scheme was earlier approved by the Board at its meeting held on 27 May 2009 and by the shareholders at the general meetings held on 31 August 2009. The bonus debentures have been listed on Bombay Stock Exchange Limited, National Stock Exchange of India Limited and the Calcutta Stock Exchange Limited. The Issue of bonus debentures has been treated as 'deemed

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Schedule T : Notes to Consolidated accounts (continued) Rs. '000

dividend' under the provisions of the Income Tax Act, 1961. Accordingly the Company has remitted Rs.690,222 as dividend distribution tax and has utilised general reserve for the payment of the same, pursuant to the Scheme. The scheme involves issuance of bonus debentures out of General Reserve and does not entail any real borrowing, accordingly, the requirement of creating a Debenture Redemption Reserve pursuant to Section 117C of the Act or Clause 10.3 of SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued under the Securities and Exchange Board of India Act, 1992 is not applicable. This has also been noted in the scheme of arrangement sanctioned by the Honourable Calcutta High Court.

18 The Company had offered a VRS scheme to workers at its manufacturing unit at M.T.H. Road, Padi, Chennai during the month of April 2008. The same was accepted by all workers. Consequently, manufacturing operations have been suspended effective 7 April 2008.

19 Provisions for deferred tax for the current year is after provision in respect of earlier years of Rs. Nil (Previous year: Rs.11,246).

20 a) The Company acquired additional shares in Britannia Dairy Private Limited (BDPL) thereby increasing its shareholdings from 51% to 100%. The group has considered book value of the assets and liabilities as of 31 March 2009 for the purpose of goodwill computation though the actual acquisition took place on 28 April 2009. However, all material transactions in BDPL books between 31 March 2009 and 28 April 2009 have been duly considered.

b) The Company acquired additional shares in Strategic Food International Co. LLC (SFIC) and Strategic Brands Holding Company Limited (SBH) thereby increasing its shareholdings from 70% to 100%. The group has considered book value of the assets and liabilities as of 31 March 2009 for the purpose of goodwill computation though the actual acquisition took place in the month of April 2009. However, there were no material transactions in SFIC and SBH books between 31 March 2009 and the date of acquisition.

21 Figures in Rupees have been rounded off to the nearest thousand, unless otherwise stated.

22 Previous year's figures have been regrouped / rearranged wherever necessary.

For and on behalf of the Board of Directors

For **Lovelock & Lewes**	**Chairman**	:	Nusli N Wadia
Firm Registration No. 301056E	**Managing Director**	:	Vinita Bali
Chartered Accountants	**Directors**	:	Avijit Deb
		:	A K Hirjee
		:	Nimesh N Kampani
Usha A Narayanan		:	S S Kelkar
Partner		:	Pratap Khanna
Membership No. 023997		:	Nasser Munjee
		:	Ajai Puri
		:	Ness N Wadia
Place: Mumbai	**Chief Financial Officer**	:	Raju Thomas
Date: 27 May 2010	**Company Secretary**	:	P Govindan

STATEMENT PURSUANT TO EXEMPTION RECEIVED UNDER SECTION 212 (8) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

The Ministry of Corporate Affairs, Government of India has vide letter No. 47/334/2010-CL-III dated 27th April, 2010, exempted the Company from the applicability of the provisions contained in sub-section (1) of Section 212 of the Companies Act, 1956 in respect of the Annual Reports of its subsidiary companies for the Financial Year ended on 31.12.2009 / 31.3.2010 as the case may be. This Annual Report contains Consolidated Financial Statements of the Company and its subsidiary / associate companies prepared in accordance with the relevant Accounting Standards and the said statements have been duly audited by the Statutory Auditors. The annual accounts of the following subsidiary companies and the related detailed information will be made available to the investors of the Company and its subsidiary companies on request and will also be kept for inspection by such investors at the registered offices of the Company and the subsidiary companies concerned. The details of accounts can also be viewed on the Company's website www. britannia.co.in.

Rs. '000

Sr. No.	Name of the Subsidiary Company	Reporting Currency	Exchange Rate	Capital	Reserves	Total Assets (including investments)	Total Liabilities excluding shareholders funds	Investments (except investment in subsidiaries)	Turnover (Net Sales + Other Income)	Profit Before Taxation	Provision for Taxation	Profit After Taxation	Proposed Dividend	Country
1	Boribunder Finance & Investments Private Limited	INR	1.00	1,710	(22,118)	15,108	35,516	752	179	(12,046)	-	(12,046)	-	India
2	Flora Investments Company Private Limited	INR	1.00	2,843	5,982	9,534	709	1,135	127	(649)	-	(649)	-	India
3	Gilt Edge Finance & Investments Private Limited	INR	1.00	2,498	4,071	7,106	537	1,177	211	170	(6)	176	-	India
4	Ganges Vally Foods Private Limited	INR	1.00	6,000	33,397	54,495	15,098	-	99,589	1,393	904	489	-	India
5	International Bakery Products Limited	INR	1.00	5,000	4,649	90,199	80,550	34	117,727	347	(129)	476	-	India
6	J B Mangharam Foods Private Limited	INR	1.00	4,502	11,793	91,602	75,307	1,008	168,372	15,719	5,333	10,386	-	India
7	Manna Foods Private Limited	INR	1.00	3,750	(1,867)	14,425	12,542	-	11,321	(6,801)	-	(6,801)	-	India
8	Sunrise Biscuit Company Private Limited	INR	1.00	37,995	33,269	238,315	167,051	-	706,408	42,028	6,779	35,249	-	India
9	Britannia Dairy Private Limited	INR	1.00	117,800	(204,502)	509,088	595,790	112,466	1,890,536	(343,980)	-	(343,980)	-	India
10	Daily Bread Gourmet Foods (India) Private Limited	INR	1.00	516,814	(441,758)	108,326	33,270	-	148,690	(45,554)	-	(45,554)	-	India
11	Britannia Employees General Welfare Association Private Limited	INR	1.00	1,750	738	2,499	11	-	119	105	36	69	-	India
12	Britannia Employees Educational Welfare Association Private Limited	INR	1.00	1,752	931	2,694	11	-	125	111	38	73	-	India
13	Britannia Employees Medical Welfare Association Private Limited	INR	1.00	1,800	588	2,399	11	-	104	89	31	58	-	India
14	Al Sallan Food Industries Co. SAOC, Oman	OMR	116.36	232,710	(597,180)	593,116	957,586	-	879,653	(78,890)	-	(78,890)	-	Oman
15	Strategic Food International Co. LLC, Dubai	AED	12.20	237,822	(120,293)	964,923	847,394	-	1,211,651	(174,960)	-	(174,960)	-	Dubai
16	Britannia Lanka Pvt. Ltd.	LKR	0.39	55,209	(152,249)	44,236	141,276	-	134,467	(92,023)	14	(92,037)	-	Sri Lanka
17	Britannia and Associates (Mauritius) Private Limited	USD	44.89	8,978	(9,292)	1,081,100	1,081,414	-	8,991	(4,453)	-	(4,453)	-	Mauritius
18	Britannia and Associates (Dubai) Private Company Limited	USD	44.89	12	(62,343)	1,000,310	1,062,641	-	-	(10,431)	-	(10,431)	-	Dubai-JAFZA
19	Strategic Brands Holding Company Limited	USD	44.89	12	(1,326)	23	1,337	-	-	(203)	-	(203)	-	Dubai-JAFZA
20	Britannia New Zealand Holdings Private Limited	USD	44.89	332,770	(86,089)	257,384	10,703	-	90	(17,564)	-	(17,564)	-	Mauritius

SIGNIFICANT RATIOS

			2009-10	2008-09
Measures of Investment				
Return on equity	Profit after tax / Shareholders' funds	%	29.4	22.6
Book value per share	Shareholders' funds / Number of equity shares	Rs.	165.9	334.0
Dividend cover	Earnings per share / Dividend (plus tax) per share	times	1.7	1.6
Measures of Performance				
Profit margin	Profit before tax & exceptional items / Net Sales + Other Income	%	5.0	8.0
Debtors turnover	Gross Sales / Debtors + Bills receivable	times	86.7	63.3
Stock turnover	Gross Sales / Stock	times	12.8	12.4
Measures of Financial Status				
Debt ratio	Borrowed capital / Equity Shareholders' funds	%	108.4	3.2
Current ratio	Current assets / Current liabilities	times	1.1	1.3
Tax ratio	Tax provision / Profit before tax	%	3.5	22.4

TEN YEAR FINANCIAL STATISTICS : 2001 - 2010

Rs. Million

As at / Year ended 31 March	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Assets employed										
Fixed assets less Depreciation & Amortisation	1,588	1,632	1,481	1,283	1,338	1,516	2,144	2,507	2,839	2,931
Investments	2,156	3,104	2,969	2,913	3,301	3,599	3,200	3,808	4,231	4,906
Net current assets	257	592	747	43	(485)	309	596	2,072	1,161	421
Miscellaneous Expenditure	163	217	260	463	342	161	256	232	266	–
	4,164	**5,545**	**5,457**	**4,702**	**4,496**	**5,585**	**6,196**	**8,619**	**8,497**	**8,258**
Financed by										
Equity shares	279	269	259	251	239	239	239	239	239	239
Reserves & Surplus	2,123	3,430	3,653	4,059	4,196	5,252	5,909	7,319	8,006	3,723
Loan funds	1,762	1,846	1,545	392	61	94	48	1,061	252	4,296
	4,164	**5,545**	**5,457**	**4,702**	**4,496**	**5,585**	**6,196**	**8,619**	**8,497**	**8,258**
Profits and appropriations										
Sales	13,325	14,510	13,491	14,705	16,154	18,179	23,171	26,170	31,429	34,246
Profit before Depreciation, Amortisation and Tax	1,369	1,630	1,722	2,251	2,645	2,218	1,514	2,536	2,866	2,112
Depreciation and Amortisation	189	240	261	224	190	217	253	291	335	375
Profit before tax and Exceptional items	1,180	1,390	1,461	2,027	2,455	2,001	1,261	2,245	2,531	1,737
Exceptional Items	(41)	1,201	12	(183)	(252)	6	(77)	78	(206)	(529)
Profit before tax *	1,139	2,591	1,473	1,844	2,203	2,007	1,184	2,323	2,325	1,208
Taxation	434	559	482	656	715	543	108	413	521	43
Profit after tax	705	2,032	991	1,188	1,488	1,464	1,076	1,910	1,804	1,165
Dividend	153	201	251	272	334	358	358	430	956	597
Tax on dividend	16	–	32	35	47	50	61	73	162	99
Debenture Redemption Reserve	47	14	18	–	–	–	–	–	–	–
Retained earnings	489	1,564	692	910	1,117	1,056	657	1,407	686	469

* Includes impact on account of transfer of dairy business of Rs. 1,257 MM in 2002.

EVERYWHERE ♥ BRITANNIA

Bus depots

Railway stations

Expressway Tea shops

Malls

WILLIAM JEFFERSON CLINTON

October 22, 2009

Ms. Vinita Bali
Managing Director and Chief Executive Officer
Britannia Industries Limited
Britannia Gardens
Airport Road
Vimanapura, Bangalore 560 017

Dear Vinita:

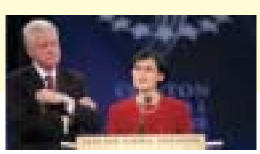
Thank you for joining me at the Fifth Annual Meeting of the Clinton Global Initiative (CGI).

Your presence symbolizes an unwavering dedication to empowering our communities and building a stronger future for our world. I was inspired by your ideas, your initiative, and, most importantly, your hope. Our work is fueled by an unfaltering faith in the ability to influence progress, and I appreciate the role you play in advancing this common mission.

As you move forward with your commitment, I hope that you will take this experience and leverage our visions into transformative actions that shape progress. I am profoundly grateful for your participation, and I look forward to hearing about your work.

Sincerely,

Bill Clinton



Clinton Global Initiative

Schools

Zindagi mein Life

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