

IT'S BRITANNIA TIME!

# ANNUAL REPORT 2010 - 11



BRITANNIA INDUSTRIES LIMITED



## IT'S BRITANNIA EVERY DAY!

Food – it's a conversation starter, and very often, the conversation. In dusty school playgrounds, intimidating boardrooms and overcrowded family functions, it triggers many a war cry, and quickly also becomes the peace offering. It's there to celebrate the beginning and the end of a journey. And everything in between.

Food – it's on the tip of everyone's tongue, 24 x 7. And, so is Britannia.

Every day gets off to a healthy-start with the fully loaded Britannia Marie, savoured with a steaming cup of tea. It's a great way to rejuvenate not just at dawn but all the way till dusk. It gets better with a breakfast spread of Britannia milk, cheese, butter and bread, dahi and parathas or simply Britannia NutriChoice. With over 50% of our products enriched with vitamins and minerals, Britannia ensures that breakfast, however quick, is nutritious.



We understand that the fun of snacking lies in indulging mindlessly anytime, anywhere. That's why we've mindfully eliminated trans fats from our portfolio and created sweet and salty snacks that are baked not fried. For mealtimes, lunch boxes are packed with carefree indulgence because at Britannia, we care for the well-being of the entire family.

To make everything as healthy as it is tasty, is the inspiration behind everything we create. So that food is enjoyed the way it should be - unconditionally.

Food – it isn't an ingredient in a fun-filled zindagi, but the recipe. And to it, Britannia adds a little more life.



# Britannia Annual Report 2010-11

## **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  
Nasser Munjee  
Ajai Puri  
Jeh N Wadia  
Ness N Wadia

### **CHIEF FINANCIAL OFFICER :**

Raju Thomas

### **COMPANY SECRETARY :**

P Govindan

### **AUDITORS :**

B S R & Co.  
Chartered Accountants  
Maruthi Info-Tech Centre,  
11-12/1, Inner Ring Road, Koramangala,  
Bangalore - 560 071.

### **BANKERS :**

Axis Bank Limited  
Bank of America N. A.  
Citibank N. A.  
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 N. V.

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

Executive Office : Britannia Gardens, Old Airport Road, Vimanapura, Bangalore - 560 017.

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**FINANCIAL HIGHLIGHTS**

₹ Million	2010-11	2009-10	% Change
<b>STANDALONE</b>			
Net sales	42,137	34,035	24%
Operating profit	1,794	1,248	44%
Shareholders' funds	4,513	3,963	14%
Capital expenditure	823	476	73%
Profit before tax	1,981	1,208	64%
Profit after tax	1,453	1,165	25%
Cash flow generation	1,899	1,541	23%
Per equity share (₹)			
Earnings	12.16	9.75	25%
Dividend	6.50	5.00	30%
Dividend + Tax	7.55	5.83	30%
<b>CONSOLIDATED</b>			
Net sales	46,052	37,729	22%
Operating profit	1,700	1,046	62%
Profit before tax	1,871	1,087	72%
Profit after tax	1,343	1,032	30%



REPORT OF THE DIRECTORS

The Directors present their Annual Report together with the Statement of Accounts for the year ended 31 March 2011.

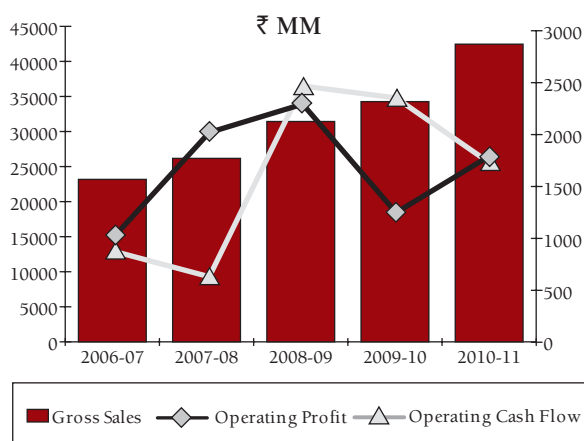
1. FINANCIAL RESULTS

Particulars	₹ MM	
	Year ended 31 March 11	Year ended 31 March 10
Gross sales	42,460	34,266
Other income	588	508
Profit from operations (PBT before other income, finance costs and exceptional items)	1,794	1,248
Profit before tax	1,981	1,208
Less: Tax	528	43
Net profit	1,453	1,165
Add: Profit brought forward	1,448	1,096
Profit available for appropriation	2,901	2,261
Less: Proposed dividend	776	597
Less: Tax on dividend	126	99
Less: Transfer to general reserve	146	117
Balance carried forward to Balance sheet	1,853	1,448
Net cash flow from operating activities	2,431	2,039

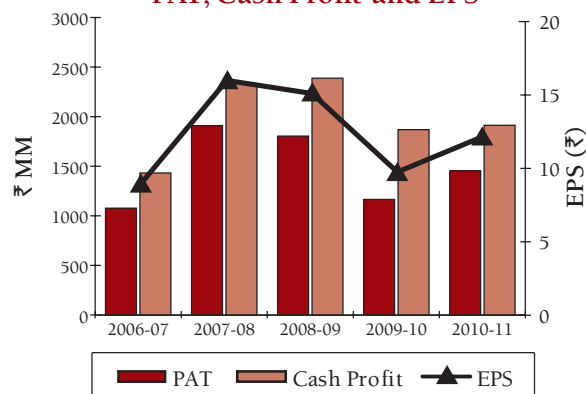
2. OVERVIEW OF COMPANY PERFORMANCE

In an environment that is becoming increasingly competitive and in a business whose profit and profitability are greatly impacted by commodity inflation, profit from operations increased from ₹ 1,248 MM to ₹ 1,794 MM. Your Company added ₹ 8,194 MM to the gross sales, which grew 23.9%. Earning per Share was ₹ 12.16. The tables below show trends in performance across key parameters:

Performance Trends



PAT, Cash Profit and EPS



In 2010-11 the unprecedented inflationary pressures on the consumer food basket continued, as did 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 growth strategy, led by its Power Brands and at the same time restructured operations to reduce cost. Britannia bakery brands including cake, rusk and bread grew 23.9% with biscuit brands outpacing market growth.

Your Company addressed the cost challenge by significantly reducing cost through consolidating operations, re-structuring manufacturing units, reducing complexity and eliminating wastages in the value chain. Your Company will continue and intensify the thrust on cost effectiveness in the coming year as well.

Your Company's focus on building new capabilities and a robust pipeline of innovation resulted in several new launches. Coupled with leading edge go-to-market approaches these innovations tap new sources of growth and profitable revenue, while building brand differentiation and relevance. Launches in the Indulgence portfolio continued with 'Treat-O' and 'GoodDay Choconut' and 'GoodDay Chocochip' cookies. Your Company further strengthened its entry in the mass cookies segment through the launch of 'Tiger Krunch' cookies in Fruit n Nut and Chocochip variants. Your Company also entered the functional health segment with the launch of specially formulated Diabetic-friendly biscuits under the Nutrchoice brand. "On-the-go consumption" at the ₹ 5 price point has been a thrust area.

2010-11 saw your Company entering new consumption segments, with the pilot launch of Breakfast Cereals - 'Britannia Healthy Start' in Mumbai. This is a delicious and healthy ready-to-cook range of breakfast options like porridge, oats, upma and poha mixes.

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The Company's Dairy operations represent a big pillar for growth. Despite an unexpected inflation in milk prices, growth has been accelerated in the Dairy vertical and synergies are being secured with the Britannia bakery business. Operations have also been streamlined for superior profitability and there have been sustained activities in the highly competitive cheese portfolio. Investment in new innovations - Actimind, Dahi, UHT Milk, Tiger Zor choco-milk was also strengthened.

Growth momentum continued and escalated in the emerging categories – Breads, Cakes and Rusks. Your Company is investing behind these categories and building consumer relevance and brand differentiation through new products, new consumption moments as well as through new communication.

Export out of India continues to grow rapidly at over 30%. Your Company has added dairy products to its exports range. During the current year the Company is expanding the range of products and opening new channels of distribution in key markets.

While the business environment continued to be challenging and competitive, consumers continued to buy and consume more of the Company's brands, more often. Your Company was ranked as the 'Most Respected FMCG Company' by Business World. Consumers once again voted brand "Britannia" as # 1 'Most Trusted Food Brand' and # 5 'Most Trusted Brand' across all product categories in an independent survey conducted by A C Nielsen and The Economic Times. Brand "Britannia" also entered the Hall of Fame as it has been voted among the Top 10 Most Trusted Brands for a continuous period of 10 years.

Britannia won the prestigious IMC Ramkrishna Bajaj National Quality performance excellence trophy 2010 for two of its units – the Rudrapur factory and the cake factory in Mangaldoi.

The Britannia Nutrition Foundation (BNF) was founded in this year and on the eve of National Nutrition Week (1 September 2010), BNF organized a symposium "India's Malnutrition: Combating the Hard Core" in New Delhi. The symposium saw huge participation and engagement with 19 international and national speakers of repute and expertise, and a 200 strong audience comprising the government sector, the development sector, the medical and scientific fraternity.

### 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 2011 was ₹ 46,378 MM.

The Consolidated Net Profit of the Company for the year ended 31 March 2011 was ₹ 1,343 MM compared with ₹ 1,032 MM in the previous year.

₹ MM

Particulars	Year ended 31 March 11	Year ended 31 March 10
Gross sales	46,378	37,963
Other income	649	582
Profit from operations (PBT before other income, finance costs and exceptional items)	1,700	1,046
Profit before tax	1,871	1,087
Net profit	1,343	1,032

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)*

During the current year, the Company operated in a highly inflationary environment and faced huge cost pressures owing to the surging price of milk which increased by around 17% compared to the previous year. In spite of this the business grew profitably by focusing on its value added portfolio like cheese and registered a turnover of ₹ 2,185 MM compared to ₹ 1,888 MM in the previous year - a growth of 16%. The business recorded a net profit of ₹ 42 MM (after considering an amortization charge of ₹ 130 MM) compared to a net loss of ₹ 344 MM (including an amortization charge of ₹ 498 MM) in the previous year. Your Company managed this by aggressively controlling costs and improving realization for its products in a very competitive market.

With more value-added products in the pipeline, your Company's dairy vision continues to be anchored in building differentiation by giving delightful consumer experiences. The plan is to accelerate profitable growth by augmenting and leveraging sales and distribution and accessing new geographies.

##### *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, modern trade and retail segments. In 2010-11 Daily Bread expanded its retail and franchisee operations in Bangalore and Hyderabad.

Daily Bread has achieved a turnover of ₹ 192 MM during the year as against ₹ 147 MM in the previous



year registering a growth of over 31%. Daily Bread has made significant improvement in its operations to achieve cash break-even for the year, compared to cash loss of ₹ 37 MM in previous year.

### *Strategic Food International Company LLC, Dubai (SFIC)*

Despite the challenging global economic scenario and a real population decline in Dubai, UAE where the Company has a sizeable presence, the Company increased sales by 12% to AED 110.8 MM (₹ 1,343 MM) for the year ended 31 March 2011 as against the previous year's levels AED 99.3 MM (₹ 1,280 MM). For the year ended 31 March 2011, SFIC posted a net loss of AED 10.8 MM (₹ 131 MM), compared to a net loss of AED 14.4 MM (₹ 185 MM) for the previous year. A new CEO was recruited in September 2010 to lead the business to the next level.

During the year, the Company increased its market share in the GCC region and made significant brand investments. These initiatives have strengthened the Company's competitive position, with share gains in all markets in the GCC where the Company operates. The recent upheaval in North Africa has affected business in markets such as Libya but the Company is confident that this will be made up in other markets.

### *Al Sallan Food Industries Company SAOC (ASFI)*

Sales for the year ended 31 March 2011 were recorded at Omani Rials (OMR) 7.52 MM (₹ 869 MM) as against OMR 7.56 MM (₹ 924 MM) for the year ended 31 March 2010. Unrest in Sohar led to loss of production in February and March 2011. The Company for the first time since its inception recorded a net profit of OMR 0.15 MM (₹ 18 MM) for the year ended 31 March 2011 compared to a net loss of OMR 0.68 MM (₹ 83 MM) in previous year, after considering an interest waiver from the National Bank of Oman of OMR 0.63 MM (₹ 74 MM) following the early settlement of the outstanding loan. Profitability was adversely affected owing to increase in commodity prices and lower sales due to the challenging global economic scenario.

### *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 profit of the investment companies for the year ended 31 March 2011 was ₹ 30.49 MM and ₹ 23.80 MM respectively.

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 2010-11 are as under:

Name of Subsidiary	₹ MM	
	Gross income	Net profit / (loss)
International Bakery Products Limited, TC Balam	139	0.7
J B Mangharam Foods Private Limited, Gwalior	183	7.1
Manna Foods Private Limited, Kolkata	2	0.07
Ganges Vally Foods Private Limited, Kolkata	136	(0.98)
Sunrise Biscuit Company Private Limited, Guwahati	821	(23.0)

### *Britannia and Associates (Mauritius) Private Limited (BAMPL)*

BAMPL, a Company formed in Mauritius and a wholly owned subsidiary of the Company, is the holding company of Britannia and Associates (Dubai) Private Co. Limited, 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.

The combined revenue and loss of holding companies for the period ended 31 March 2011 were USD 0.35 MM (₹ 16.02 MM) and USD 0.45 MM (₹ 20.23 MM) respectively.

### *Welfare Companies*

Britannia Employees General Welfare Association Private Limited, Britannia Employees Educational Welfare Association Private Limited and 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 325% on the paid up equity share capital of the Company, which works out to ₹ 6.50 per share, for consideration and approval by the shareholders at the Annual General Meeting. The total payout amounts to ₹ 902 MM including dividend distribution tax of ₹ 126 MM.

## 5. BRANDS

Brands provide the momentum for business growth and during the year, investment in Research and Development, Advertisement and Sales Promotion increased by 12.7% and coupled with the renovation and innovation efforts, resulted in 23.9% growth.

Several new and renovated offerings were successfully introduced across the entire portfolio that include Milk Almond Cookies, Fruit Dhamaka Cookies, Tiger Krunch - Fruit n Nut/Chocochips,

Diabetic friendly biscuits under Nutrigo, Time Pass Toasted snack variants, Maska Chaska variants, Treat-O and GoodDay - Chocochips and Choconut. Significant introductions in Bread and Cake include Sweet Bread, Milk Bread, Healthy Slice Bread, Premium Sandwich variants and Fruit chunk cakes, and provided significant impetus to the Bread and Cake business.

Your Company continues to invest significantly in its capability-building and structured innovation process, which is reflected in the launch of varied and differentiated offerings to strengthen the business. Your Company has also initiated the process for breakthrough innovations through interactions with reputed institutions, which is expected to help build a strong platform for sustained and significant business leadership and growth.

Significant innovation in packaging has led to the introduction of attractive and cost-effective new packs catering to increasing purchase and consumption both in-home and out of home.

## 6. SUPPLY CHAIN

The singular focus of supply chain has been to improve availability of stocks and reduce overall cost. A continuous focus on availability through specific projects in the customer service area improved the availability of SKUs at depots and with customers. New tools have been introduced for price discovery and this has brought in vendors with new capability. Further, a focused effort was made to improve volumetric utilization of trucks, which led to good savings. In addition, an IT tool was used to generate the optimum network and this was rigorously followed to deliver the least cost in manufacturing and distribution.

## 7. QUALITY STANDARDS

Each year your Company re-visits its quality standards and makes them more stringent.

Your Company's Rudrapur Unit (Biscuits) and one of its Contract Packers, Sunandram Foods Private Limited at Guwahati (Cakes) have been awarded the Performance Excellence Trophy in Manufacturing by The Indian Merchant Chambers and Ramkrishna Bajaj National Quality Awards Committee which includes a Crystal Trophy, a certificate and a Citation. The requirements for this award are based on the Malcolm Baldrige model of the US.

It is your Company's endeavor to deliver excellence in quality and there are specific programs in place to pervasively drive this quality culture.

To strengthen the Company's capability for exports to EU, its Contract Packer, M/s. Uttam Foods at Khopoli (Maharashtra) has been certified for BRC (British Retail Consortium) Standards.

## 8. MANUFACTURING OPERATIONS

Your Company has revised its manufacturing footprint to support profitable growth. In that context, capacities were created at relevant locations to meet demand. Additionally, there was

the continual focus on de-bottlenecking existing capacities and improving the productivity levels at current units.

The creation of these capacities and capabilities has helped the Company deliver the volume growth at improved customer service levels and lower costs.

## 9. INFORMATION TECHNOLOGY

Your Company continues to invest in Information Technology to improve operational efficiencies and enhance productivity. During the year a business intelligence system was implemented to enable effective analysis of secondary sales information to drive top line growth by identifying new opportunities. A project has also been initiated to connect the contract manufacturing units and depots to the Company's data centre in Bangalore through a more efficient network to ensure faster response to IT systems.

During the year, your Company also consolidated its core ERP infrastructure using new generation servers leading to significant reductions in energy/power consumption and enhanced efficiencies.

## 10. ENVIRONMENT AND SAFETY

Several initiatives were continued by the Company as part of energy saving measures including a new generation oven piloted in one of its own units. 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 like propane, LPG, PNG and biodiesel were used for baking purposes wherever such fuels were available, to reduce pollution.

As part of its overall safety initiatives, your Company has implemented several safety measures at its Corporate Office at Bangalore mainly in terms of:

- Implementation of Fire Safety Measures in compliance with National Building Code and Fire Norms
- Creation of Emergency Control Room
- Emergency Preparedness and Evacuation

## 11. CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company continues to pursue its Corporate Responsibility by driving the Health and Nutrition agenda in India. Your Company is moving along the path of "Better for You" products and "Good for You" products. "Better for You" includes initiatives of removal of unhealthy content like transfat which the Company undertook three years ago and continues to be the leading Company doing the same. Your Company now has a portfolio of "Good for You" products which are vitamin and mineral enriched – these products constitute 55% of your Company's product portfolio. In the last year, your Company pioneered energy-snacks specially created for people with diabetes – Nutrigo Diabetic Friendly Essentials. As you would be well aware, India is the Diabetes capital of the world.

Another well documented statistic is 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 several NGOs by supplying specially formulated Iron Fortified Biscuits.

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), CGI (Clinton Global Initiative), etc. Your Company has been recognized for its CSR efforts in the last year by the eminent Rotary Club of India and the Navjyoti Foundation.

Your Company also set up the Britannia Nutrition Foundation which seeks to "Secure every child's right to growth and development through good food everyday". The objective of the Britannia Nutrition Foundation is to work in three core areas – Scientific Knowledge Building and Dissemination, Education and Awareness building at grass root levels, Creating a Platform for Action. Your Company organised an international symposium on 1 September 2010 in New Delhi coinciding with the National Nutrition Week. The symposium was titled "India's Malnutrition – Combating the Hard Core". It had 19 international and national speakers of eminence from the scientific and medical fraternities, the bureaucracy as well as the development sector. The symposium brought to light the success stories from around the world in combating malnutrition along with the scientific advancements in the area. The final session of the symposium saw a healthy panel discussion on creating a platform for action in India.

Your Company also sponsors and participates in health and nutrition seminars to further the cause of awareness building. Some of them are:

- International Symposium on Transfats, Delhi, April 2010
- Sponsorship of Diabetes Blue Fortnight, World Diabetes Day, 14 November 2010
- 55th Annual National Conference of IPHA (Indian Public Health Association), Belgaum, January 2011
- 1st National Conference on Nutritional Anaemia, LTMG Hospital, Mumbai, January 2011

### 12. SUB-DIVISION OF EQUITY SHARES

In terms of the approval accorded by the shareholders at the Annual General Meeting held on 9 August 2010, each equity share of the face value of ₹ 10 each fully paid up was sub-divided into 5 equity shares of the face value of ₹ 2 each fully paid up on and from 9 September 2010 (the Record Date fixed by the Board for the purpose).

### 13. VOLUNTARY DELISTING OF EQUITY SHARES

The Company's equity shares were voluntarily delisted from the Calcutta Stock Exchange Limited (CSE) with effect from 12 January 2011 in terms of

the SEBI (Delisting of Equity Shares) Regulations, 2009. However, the Company's equity shares continue to be listed on the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE) having nation wide terminals.

### 14. 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 ₹ 121.20 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 Hon'ble 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 preferred appeals before the Central Board of Direct Taxes (CBDT), New Delhi challenging the orders of the CIT. CBDT passed orders in the said appeals in March, 2011 directing the Company inter alia to submit deeds of variation incorporating the modifications in line with the directions made in the orders effective 1 November 2004. The modified deeds of variation in line with the directions contained in the CBDT orders have already been filed with the CIT, Kolkata, for his approval. In writ petitions filed by some of the pensioners, the Hon'ble Madras High Court has passed an interim order restraining the CIT, Kolkata, from approving the deeds of variation pending disposal of the writ petitions.

A suit was filed by the Britannia Industries Limited Pensioners Welfare Association ('the Association') in the Hon'ble Court of City Civil and Sessions Judge, Bangalore, where the Hon'ble Court 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.

In an appeal filed against this order in the Hon'ble Karnataka High Court, the Hon'ble High Court in April 2010 modified the Trial Court's order so as to extend the time limit from 2 months to 3 months and in July 2010, further modified the Trial Court's order directing inter alia that the pension shall be paid as per Rule 11(a) from the date of filing of the suit by the Association in the Hon'ble Bangalore City Civil Court, i.e. with effect from 17 June 2008.

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The Company filed Special Leave Petitions (SLPs) in the Hon'ble Supreme Court against the above order of the Hon'ble Karnataka High Court. The Hon'ble Supreme Court passed an order in January 2011 disposing of the SLPs and directing inter alia that the interim order passed by it in September 2010 directing that the Pension Funds should continue to pay pension as per the interim order passed by the Hon'ble Bangalore City Civil Court on 1 January 2009 would continue till disposal of the suit by the Trial Court.

The proceedings in the main suit are currently in progress in the Hon'ble Bangalore City Civil Court.

The above matters have been dealt with in Note No. 27 of schedule S to the Accounts, which are self-explanatory.

## 15. 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 this Report.

## 16. 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.

## 17. DIRECTORS

Mr. Pratap C. Khanna, Director, passed away on 12 February 2011. He was 85. He had a long association with the Company since 1948 in various capacities including as General Manager of its Delhi Branch and as a Director from 1973 to 1981 and from 1993 till his death in February 2011 and as a Member of the Audit Committee from 2008 to 2011. The Board records its sorrow and deep sense of loss on the passing away of Mr. Khanna.

Your Board had appointed Dr. Ajai Puri as a Director with effect from 30 April 2009 in the casual vacancy caused by the resignation of Mr. Philippe Loic Jacob. 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.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Nusli N Wadia, Mr. A K Hirjee and Mr. Jeh N Wadia, Directors, retire by rotation at the forthcoming Annual General Meeting and are eligible for re-appointment.

## 18. 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.

## 19. 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.

## 20. AUDITORS

M/s. B S R & Co. retire in accordance with the provisions of the Companies Act, 1956. They have indicated their willingness to continue in office and are recommended for re-appointment as the Company's Auditors for the ensuing year.

## 21. 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:

- In the preparation of annual accounts, the applicable accounting standards have been followed and there are no material departures;
- 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 2011 and of the profit of the Company for the year ended 31 March 2011;
- 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;
- They have prepared the annual accounts on a going concern basis.

## 22. 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 2011

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 Directors' Report for the year ended 31 March 2011.

**A. CONSERVATION OF ENERGY**

(a) Following energy conservation measures were undertaken during 2010-11:

- (i) Enhancement of cream shell production by 40% at Uttarakhand through optimum extension of baking oven length resulting in better utilisation of line equipments thereby enabling reduction in energy consumption per tonne.
- (ii) Energy efficient continuous mixing system installation in Uttarakhand replacing conventional mixing system, which delivered substantial energy conservation.
- (iii) Installation of roof top air extractors (operating without electricity) in place of electrical exhaust fans in Uttarakhand factory.
- (iv) Installation of waste heat hot water generator at Delhi, enabling reduction of energy consumption and also ensuring reduction on impact on environment. The hot water generated is being used in the pre-mixing section.
- (v) Installation of heater in the pre-oven section at Delhi, enabling core heating of the product thereby achieving baking time reduction, productivity enhancement and reduction in energy consumption per tonne.
- (vi) Pre-heating of air in the Baking Oven at Kolkata factory has helped in improving combustion efficiency, thereby ensuring energy conservation.
- (vii) All sodium vapor lamps were replaced with metal halide lamps in Uttarakhand factory.
- (viii) Installation of CFL lights replacing conventional tube lights at possible locations.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy: Investment of ₹ 40 MM planned in 2011-12 for investing in various projects relating to reduction in energy consumption

(c) Impact of measures at (a) and (b) above:  
Electricity consumption reduced to 116.71 units/mt

of Biscuit production from 123.71 units/mt, resulting in reduction of almost 6% over the previous year.

**Form 'A'**

Form of disclosure of particulars with respect to conservation of energy

For the year ended	31 March 2011	31 March 2010
<b>1 ELECTRICITY</b>		
<b>(a) Purchased (gwh)</b>	11.67	12.00
Total amount (₹ MM)	57.79	55.14
Rate/Unit (₹/kwh) (1gwh = 1,000,000 kwh)	4.95	4.59
<b>(b) Own generation</b>		
<b>(i) Through diesel generator (gwh)</b>	2.27	1.13
Unit per litre of diesel oil (kwh/litre)	3.10	3.10
Cost/Unit (₹/kwh) (1gwh = 1,000,000 kwh)	10.73	9.60
<b>(ii) Through steam turbine/generator</b>		
Units (KL)	Nil	Nil
Unit per litre of fuel oil/gas	Nil	Nil
Cost/Unit (₹/KL)	Nil	Nil
<b>(iii) Others/Internal generation (Baking fuel consumption)*</b>		
Quantity (Billion btu)	225.55	195.75
Total cost (₹ MM)	204.21	152.99
Rate/Unit (₹/therm)	90.54	78.15
<b>Consumption per unit of production</b>		
<b>Bakery products</b>		
Biscuits (Mt)	119,452	106,150
Electricity (kwh/mt)**	116.71	123.71
Baking fuel (Therms/mt)**	18.88	18.44

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

\*\* Of Equivalent Production.

The rate per unit of electricity purchased was higher at ₹ 4.95 per kwh, compared with ₹ 4.59 per kwh in the previous year, due to increase in rate per unit of Electricity in Kolkata.

Own generation of electricity was higher by 100% since Uttarakhand had to rely more on own generation.

The increase in cost per unit of own generation as well as the rate per unit of baking fuel is due to the increase in cost of HSD and other fuels used in baking.

Due to increase in cost of Propane, usage of this fuel for baking was only for 6 months at Uttarakhand. This had also contributed to higher rate per unit of baking fuel.

Consequent upon the energy saving measures initiated, the electricity consumption for biscuits per tonne has reduced by 6% as compared to previous year.

Owing to change in product and SKU mix, as a few products like Jim Jam consume higher energy due to process complexity, there was marginal increase in baking fuel consumption per unit of biscuit production.

### Technology absorption, adaptation and innovation

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

Various actions were initiated for upgradation of technology and automation in specific areas.

- New pre-heating technology in the baking process is being tested. This has a potential to increase the plant output by around 10%, depending on variety and SKU.
- Continuous mixing of ingredients has been implemented at Uttarakhand.
- Packing machine speed enhancement has been effected through Automation and Servo controlled motion.

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

The above initiatives resulted in improved productivity, reduction of wastages, better energy utilization, process improvements and enhanced product quality.

(c) Details of imported technology:

- (i) Technology imported: Nil
- (ii) Year of import: Not applicable
- (iii) Has the technology been fully absorbed?: Not applicable
- (iv) If not fully absorbed, areas where this has not taken place, reasons therefor 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) Introduction of 'Ready to Cook' range of products.
- (ii) The investment behind upgradation of basic research led to the successful launch of 'Diabetic friendly' cookies with validated claims.
- (iii) Continuous research in the area of nutrition, analytical techniques, ingredients, packaging materials, process technology and food safety.
- (iv) 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:
  - Fruit Dhamaka Cookies
  - Diabetic-friendly Cookies
  - Healthy Start Range
  - Almond Cookies
  - Chocolate Biscuits
- (ii) Manufacturing and exporting range of products:
  - Digestive for SFIC
  - Nutro cream renovation
- (iii) Improved products with technology upgradation and cost efficiencies:
  - Mariegold, Vitamariegold
  - Thin Arrowroot
  - Nicetime
  - Treat-O
- (iv) Packaging upgradation for differentiation and serving different consumption occasions and target groups:
  - Chocochip & Choconut re-launch with differentiated packaging formats.
  - Britannia "Shubh Kamnayaen" offerings.
  - Promotional offerings.
  - New launches with differentiated packaging materials in Diabetic-friendly Cookies and Time pass variants.



## Britannia Annual Report 2010-11

- (v) Rewards and recognition:
- INDIASTAR Award for Cuptainer and BSK Packaging.

### 3. Future plan of action:

Your Company will continue to focus on technology led innovations and effectively apply the same in cost-efficient initiatives across portfolio:

- (i) New areas of research to facilitate product introduction in new benefit categories and upgrading the existing offerings to provide value for spend.
- (ii) Differentiated and consumer-appealing product/pack propositions catering to cross-sections of consumers.
- (iii) Continuous improvement and strengthening of the process of 'Concept to Commercialisation' to ensure 'FIRST-TIME RIGHT' delivery.
- (iv) Research in wheat characteristics, baking technology, sensory sciences, functional foods, specific nutrition needs and food safety.
- (v) New partnerships to explore alternative cereals/flours and fat reduction/replacements to drive the health and nutrition agenda further.

### 4. Expenditure on R&D

₹ MM

	31 March 11
Capital	47.48
Recurring	45.34
Total	92.82
Total R & D expenditure as a % of gross turnover	0.219%

### 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:

	₹ MM
	31 March 11
Foreign exchange used*	1,377.45
Foreign exchange earned	515.41

\* Foreign exchange used for dividend, import of raw materials and capital goods.

On behalf of the Board

Mumbai  
27 May 2011

Nusli N Wadia  
Chairman

# Britannia Annual Report 2010-11

## 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	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">Financial Year: 2008-09</td> <td style="text-align: right;">15,000 Options</td> </tr> <tr> <td>Financial Year: 2009-10</td> <td style="text-align: right;">15,000 Options</td> </tr> <tr> <td>Financial Year: 2010-11</td> <td style="text-align: right;">20,000 Options</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">50,000 Options</td> </tr> </table> <p>The numbers of options have been appropriately adjusted as under consequent upon the sub-division of the equity shares:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Date of Grant</th> <th style="text-align: center;">No. of Options outstanding as on 9.9.2010</th> <th style="text-align: center;">Adjusted No. of options</th> </tr> </thead> <tbody> <tr> <td>29.10.2008</td> <td style="text-align: center;">15,000</td> <td style="text-align: center;">75,000</td> </tr> <tr> <td>27.05.2009</td> <td style="text-align: center;">15,000</td> <td style="text-align: center;">75,000</td> </tr> <tr> <td>27.05.2010</td> <td style="text-align: center;">20,000</td> <td style="text-align: center;">100,000</td> </tr> <tr> <td>Total</td> <td style="text-align: center;">50,000</td> <td style="text-align: center;">250,000</td> </tr> </tbody> </table>	Financial Year: 2008-09	15,000 Options	Financial Year: 2009-10	15,000 Options	Financial Year: 2010-11	20,000 Options		50,000 Options	Date of Grant	No. of Options outstanding as on 9.9.2010	Adjusted No. of options	29.10.2008	15,000	75,000	27.05.2009	15,000	75,000	27.05.2010	20,000	100,000	Total	50,000	250,000
Financial Year: 2008-09	15,000 Options																							
Financial Year: 2009-10	15,000 Options																							
Financial Year: 2010-11	20,000 Options																							
	50,000 Options																							
Date of Grant	No. of Options outstanding as on 9.9.2010	Adjusted No. of options																						
29.10.2008	15,000	75,000																						
27.05.2009	15,000	75,000																						
27.05.2010	20,000	100,000																						
Total	50,000	250,000																						
(b) The pricing formula	<p>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 were granted.</p> <p>Accordingly the options were granted at an exercise price of ₹ 1,125.30, ₹ 1,698.15 and ₹ 1,668.55 being the closing market price on the previous date of grant, i.e. 28 October 2008, 26 May 2009 and 26 May 2010 respectively for the grants made on 29 October 2008, 27 May 2009 and 27 May 2010.</p> <p>The prices relating to the options granted on 29 October 2008 and 27 May 2009 have been adjusted downwards by ₹ 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.</p> <p>Consequent upon the sub-division of equity shares on and from 9 September 2010, the exercise prices have been further adjusted as under:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Date of Grant</th> <th style="text-align: center;">Adjusted Exercise Price (₹/Share)</th> </tr> </thead> <tbody> <tr> <td>29.10.2008</td> <td style="text-align: center;">191.06</td> </tr> <tr> <td>27.05.2009</td> <td style="text-align: center;">305.63</td> </tr> <tr> <td>27.05.2010</td> <td style="text-align: center;">333.71</td> </tr> </tbody> </table>	Date of Grant	Adjusted Exercise Price (₹/Share)	29.10.2008	191.06	27.05.2009	305.63	27.05.2010	333.71															
Date of Grant	Adjusted Exercise Price (₹/Share)																							
29.10.2008	191.06																							
27.05.2009	305.63																							
27.05.2010	333.71																							
(c) Options vested (as at 31 March 2011)	<p>150,000 Options.</p> <p>Options vest 1 year after date of grant of options.</p> <p>First lot of 75,000 options which were granted on 29 October 2008 vested on 29 October 2009 while the second lot of 75,000 options which were granted on 27 May 2009 vested on 27 May 2010 and the third lot of 100,000 options which were granted on 27 May 2010 are due for vesting in the next financial year (i.e. on 27 May 2011).</p>																							
(d) Options exercised (as at 31 March 2011)	Nil																							

## Britannia Annual Report 2010-11

(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	250,000 options
(j) Employee wise details of options granted to:	
(i) Senior managerial personnel.	250,000 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 pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share' (EPS).	₹ 12.16
(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.	₹ 7.79 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 ₹ 7.79 MM. The profit before tax and EPS would be lower by ₹ 7.79 MM and ₹ 0.07 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 granted during the year : ₹ 282.49 per option Weighted average Fair Value of Option: ₹ 81.24 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	6.56%
(ii) expected life of options	3 years
(iii) expected volatility	26.95%
(iv) expected dividends	300% of face value of share
(v) Market price (latest available closing price prior to the date of the meeting of the Board for grant)	₹ 1,125.30, ₹ 1,698.15 and ₹ 1,668.55 as on 28 October 2008, 26 May 2009 and 26 May 2010 respectively.

# Britannia Annual Report 2010-11

## AUDITORS' CERTIFICATE

To the Board of Directors of Britannia Industries Limited

We have examined the records and documents maintained by Britannia Industries Limited ('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 approved by the Shareholders of the Company at its Annual General Meeting held on 28 July 2008 have been implemented in accordance with the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as amended up to Circular No. SEBI/CFD/DIL/ESOP/5/2009/03/09 dated 3 September 2009 (the Guidelines) and in accordance with the terms of the aforesaid resolutions passed by the Company.

The certificate is issued on the request of the management of the Company and is solely for the purposes as stated in clause 14 of the Guidelines. This certificate is not intended to be and should not be used for any other purpose.

for B S R & Co.  
Chartered Accountants  
Firm registration number: 101248W

Natrajh Ramakrishna  
Partner  
Membership number: 32815

Place : Mumbai  
Date : 27 May 2011

## MANAGEMENT DISCUSSION AND ANALYSIS

### A) INDUSTRY STRUCTURE AND DEVELOPMENT

Biscuits constitute the largest, branded and packaged category within food, with a healthy growth momentum. Among the total universe of food in India valued at ₹ 11,000 Bn in 2010-11 and expected to grow to ₹ 13,200 Bn by 2015, the share of branded and packaged food is ₹ 990 Bn. Biscuits form ₹ 124 Bn of this. In other words, the biscuit category dominates branded food and has grown at a CAGR of 14-16% in the last five years.

The biscuit market recorded double digit growth this year as well and this is likely to sustain in the coming year even though volatile commodity prices may impact margins. Growth has been driven by variety products like cookies and creams getting more affordable as well as the value perception of biscuits improving vis-a-vis other categories. Upgradation of the mass market to better varieties, albeit at accessible prices and price-points as well as the emergence of higher value niches, anchored on superior differentiation will be the leading growth vectors. Your Company is well positioned to participate in this growth.

Competition in biscuits is expected to intensify as more players – both local and Multinational - enter the market supported by significant brand investment.

Your Company builds its business strategy taking into account the opportunities for growth, within the competitive and cost scenario.

### 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 as well as through focusing on other relevant consumer benefits.

Your Company will continue to focus on market place execution to drive higher sales at point of purchase, synergising 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 is working at new programs that will deliver retail excellence and synergies across the product lines at the front end.

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 industrializing 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 & 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, 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 Saudi Arabia market, the middle-east business will see a boost.

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

Despite the increasing competition and the adverse impact of commodity inflation, gross sales of domestic bakery business and exports from India recorded a growth of almost 24% to ₹ 42,460 MM driven by volume, mix and better realization and profit from operations increased from ₹ 1,248 MM to ₹ 1,794 MM.

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The key financials are as under:

	₹ MM	
	2010-11	2009-10
Gross sales	42,460	34,266
Total expenditure	40,744	32,869
Profit before exceptional items and tax	1,981	1,674
Exceptional items	–	466
Profit before tax	1,981	1,208
Income tax	528	43
Profit after tax	1,453	1,165

## F) OPPORTUNITIES AND THREATS

Macro-economic as well as industry specific (FMCG and Packaged Food) indications point to a long-term enduring buoyancy and greater competitiveness in the domestic market, while the international geographies in which your Company operates are likely to see some short-term disruptions, as in 2010-11.

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, life stage 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 incremental 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 competencies for delivering superior performance. During the year under review several people initiatives have been undertaken – from strengthening the performance management system to building learning and development programs. There was a high emphasis on the Functional training programs, which have a direct contribution to business such as Food Safety Programs, TQM, Kaizen initiatives, to name a few. Your Company embarked on a journey of engaging large number of people on profit improvement initiatives. There were over 150 such projects completed during the year, covering the entire value-chain. These invariably covered complex, cross functional projects. Other people related initiatives included a strengthening of the performance management system and "Gyanodaya" which is a development program in partnership with XLRI faculty for identified officers. 31 high performing officers were nominated and completed this program.

Voluntary Retirement Scheme was successfully implemented for 15 workmen in Kolkata factory. A Long Term Settlement was signed in June 2010 in the Delhi Factory.

As of 31 March 2011, your Company had 1994 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.



# Britannia Annual Report 2010-11

## 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 2011, the Board comprised six independent directors constituting 50% of the total Board strength.

During the year 2010-11, six Board Meetings were held, the dates of the meetings being 29 April 2010, 27 May 2010, 9 August 2010, 10 November 2010, 9 February 2011 and 12 March 2011. 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 Directorships and the Board Committee Memberships as at 31 March 2011 are given hereunder:

Name of the Director	Nature of Directorship	No. of Board Meetings attended	Whether attended last AGM held on 09.08.2010	No. of outside Directorships held #	No. of Board Committee of other Companies in which a member/Chairman ##
Mr. Nusli N Wadia	Promoter and Non-Executive Chairman	6	Yes	7	Nil
Ms. Vinita Bali	Managing Director	5	Yes	5	Member - 1
Mr. Keki Dadiseth	Non-Executive and Independent	4	Yes	6	Member - 2/ Chairman - 3
Mr. Avijit Deb	Non-Executive and Independent	6	Yes	Nil	Nil
Mr. A K Hirjee	Promoter and Non-Executive	4	Yes	4	Member - 3/ Chairman - 3
Mr. Nimesh N Kampani	Non-Executive and Independent	5	Yes	5	Member - 1/ Chairman - 1
Mr. S S Kelkar	Promoter and Non-Executive	6	Yes	10	Member - 4
Mr. Pratap Khanna* (up to 12.02.2011)	Non-Executive and Independent	4	Yes	NA	NA
Mr. Jeh N Wadia	Promoter and Non-Executive	5	Yes	4	Nil
Dr. Ajai Puri	Non-Executive and Independent	4	Yes	Nil	Nil
Mr. Nasser Munjee	Non-Executive and Independent	5	No	14	Member - 5/ Chairman - 4
Mr. Ness N Wadia (w.e.f. 29.04.2010)	Promoter and Non -Executive	5	Yes	6	Nil
Dr. Vijay L Kelkar (w.e.f. 28.05.2010)	Non-Executive and Independent	3	Yes	7	Member - 2

# 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.

\* Ceased to be a Director effective 13 February 2011 due to death.

## Britannia Annual Report 2010-11

**Note:** 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 composition, powers, role and terms of reference of the Committee are in accordance with the requirements mandated under Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

The Audit Committee, as on 31 March 2011, 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 (up to 12.02.2011)

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 and Mr. Avijit Deb.

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 2010, 9 August 2010, 10 November 2010 and 8 February 2011.

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	3
Mr. Keki Dadiseth	2
Mr. Avijit Deb	4
Mr. A K Hirjee	3
Mr. Pratap Khanna	3

At the Annual General Meeting of the Company held on 9 August 2010, the Chairman of the Audit Committee, Mr. Nimesh N Kampani, was present.

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

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## Internal Audit and Control:

M/s. Aneja & Associates, 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 Auditors and the internal control system are periodically reviewed by the Audit Committee.

### (b) Remuneration/Compensation Committee:

The Remuneration/Compensation Committee was re-constituted by the Board at its Meeting held on 12 March 2011.

The Committee as on 31 March 2011 comprised the following Directors.

Mr. Keki Dadiseth - Chairman of the Committee

Mr. Nusli N Wadia

Mr. Nimesh N Kampani

Dr. Ajai Puri (w.e.f. 29.04.2010)

Mr. Nasser Munjee (w.e.f. 12.03.2011)

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/Whole-time 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 2010. Mr. Nimesh N Kampani, Mr. Nusli N Wadia and Dr. Ajai Puri were present at the Meeting.

At the Annual General Meeting of the Company held on 9 August 2010, the Chairman of the Remuneration/Compensation Committee, Mr. Keki Dadiseth, was present.

## 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. 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 between the Managing Director and the Company.

The details of remuneration paid to Ms. Vinita Bali for the year 2010-11 are as follows:

Name	Salary/Benefits (₹)	Commission (₹)	Total (₹)*
Ms. Vinita Bali	32,749,535	18,000,000	50,749,535

\* 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 ₹ 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.

## Britannia Annual Report 2010-11

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 amount 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 9 August 2010.

Details of remuneration to Non-Executive Directors for the year 2010-11 are given below:

Name	Sitting Fees (₹)	Commission (₹)	Total (₹)
Mr. Nusli N Wadia	90,000	6,000,000	6,090,000
Mr. A K Hirjee	149,000	1,400,000	1,549,000
Mr. S S Kelkar	124,000	1,100,000	1,224,000
Mr. Nimesh N Kampani	112,000	975,000	1,087,000
Mr. Avijit Deb	100,000	925,000	1,025,000
Mr. Jeh N Wadia	72,000	465,000	537,000
Mr. Keki Dadiseth	60,000	605,000	665,000
Dr. Ajai Puri	100,000	1,115,000	1,215,000
Mr. Nasser Munjee	70,000	650,000	720,000
Mr. Ness N Wadia	70,000	650,000	720,000
Dr. Vijay L Kelkar	50,000	465,000	515,000
Mr. Pratap Khanna (up to 12.02.2011)	70,000	650,000	720,000

The commission amount, as mentioned above, will be paid, subject to deduction of tax, after the adoption of accounts for the year ended 31 March 2011 by the shareholders at the Annual General Meeting to be held on 6 August 2011. 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, Non Executive Chairman, who holds 2,250 equity shares of ₹ 2 each and 450 Non Convertible Bonus Debentures of ₹ 170 each. The shareholders at the Annual General Meeting of the Company (AGM) 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, 15,000 options on 27 May 2009 and further 20,000 options on 27 May, 2010 to Ms. Vinita Bali, Managing Director. Each option, upon exercise, will entitle the holder to receive one equity share of the Company. The Exercise Prices were determined at ₹ 1,125.30, ₹ 1,698.15 and ₹ 1,668.55 being the respective market prices corresponding to the above grants as defined under the ESOS. The Exercise Prices for the Options granted on 29 October 2008 and 27 May 2009 were adjusted downwards by ₹ 170 respectively to ₹ 955.30 and ₹ 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 of debentures allotted on 22 March 2010 as provided for under the ESOS. Compensation cost is calculated using the intrinsic valuation method as defined in the SEBI Guidelines.

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Consequent upon the sub-division of each equity share of ₹ 10 into 5 equity shares of ₹ 2 each on and from 9 September 2010, the number of options and the exercise prices have been appropriately adjusted as under by the Committee of the Board pursuant to the authority vested in terms of the Special Resolution passed by the shareholders at the 91<sup>st</sup> AGM held on 9 August 2010:

Date of Grant	No. of Options outstanding	Adjuted No. of Options	Adjuted Exercise Price (₹/Share)
29.10.2008	15,000	75,000	191.06
27.05.2009	15,000	75,000	305.63
27.05.2010	20,000	100,000	333.71

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

The Share Transfer & Shareholders'/Investors' Grievance and Ethics/Compliance Committee 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 N Wadia	-	Non-Executive Director
Ms. Vinita Bali	-	Managing Director

**The Committee:**

- (i) approves and monitors transfers, transmission, splitting, consolidation and dematerialisation, rematerialisation of securities and issue of duplicate share certificates by the Company over and above the delegated power as detailed below;
- (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 Board at its meeting held on 10 November 2010, had delegated the powers to approve transfer and transmission of securities, issuance of duplicate certificates of securities, etc. subject to certain guidelines and limits laid down, severally to the Chief Financial Officer and the Company Secretary.

The Committee, until 4 November 2010 met twice a month and thereafter, as and when required. The Committee met in all 18 times during the year.

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

No. of shareholders' complaints received during the year	24
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 2011.

(d) **Executive Committee of Board (COB)**

The Board at its meeting held on 10 November 2010, constituted an Executive Committee of the Board comprising Mr. Nusli N Wadia, Chairman, Mr. A K Hirjee, Dr. Ajai Puri, Mr. Nasser Munjee,

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Mr. Ness N Wadia and Dr. Vijay L Kelkar to review and discuss from time to time business plans and strategies, procurement strategies in respect of key commodities, business performance, etc. and address issues related to capital expenditure.

During the year under review, two Meetings of the COB were held, the dates of meetings being 13 January 2011 and 9 February 2011.

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

Name	No. of COB Meetings Attended
Mr. Nusli N Wadia	2
Mr. A K Hirjee	2
Dr. Ajai Puri	1
Mr. Nasser Munjee	2
Mr. Ness N Wadia	2
Dr. Vijay L Kelkar	2

### (e) 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 terms of reference of the Investment Committee are 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 one meeting of the Investment Committee was held on 19 January 2011.

#### (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/Whole-time 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 Committee consists of Dr. Ajai Puri and Ms. Vinita Bali, Managing Director. Dr. Puri is the Chairman of the Committee. The broad terms of reference of the Innovation Committee are to address all matters relating to the Company's product and technical development activities.

During the year under review four (4) meetings of the Innovation Committee were held on 3 and 4 May 2010, 5 and 6 August 2010, 8 and 9 November 2010 and 17 and 18 January 2011.

#### (iv) Committee of Directors for sub-division of equity shares:

The Board at its meeting held on 27 May 2010 constituted a Committee of Directors to take further action in respect of the sub-division of equity shares including determination of the Record Date, settlement of any question or doubt or difficulty that might arise in implementing and/or carrying out the stock split or otherwise as might be considered to be in the best interest of the Company and its Members, adjustment to be made appropriately to the number of Stock Options granted and outstanding as at the Record Date and the Exercise Price, in accordance with the Company's Employee Stock Option Scheme (ESOS) and SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 etc.



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The Committee consisted of the following Directors:

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

During the year under review 1 meeting of the Committee was held on 10 August 2010 and all the members were present at the Meeting.

The Board at its meeting held on 10 November 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
9 August 2010	Hyatt Regency, JA-1, Sector III, Salt Lake City, Kolkata 700 098.	10.30 am	1. Payment of commission to non executive directors. 2. Alteration of Articles of Association. 3. Amendment to Employee Stock Option Scheme.
31 August 2009	Hyatt Regency, JA-1, Sector III, Salt Lake City, Kolkata 700 098.	9.30 am	Nil
28 July 2008	Hyatt Regency, JA-1, Sector III, Salt Lake City, Kolkata 700 098.	10.30 am	Approval of Employee Stock Option Scheme

- (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 24 of schedule S to the notes to accounts for the year 2010-11.

- (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](http://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.

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(e) Public, Rights and Other Issues:

None

(f) The financial statements for the year 2010-11 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 2011.

(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 and 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](http://www.britannia.co.in)

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

One presentation was made to the institutional investors and to the analysts during the year 2010-11 which is available on the website of the Company [www.britannia.co.in](http://www.britannia.co.in)

## 7. GENERAL SHAREHOLDER INFORMATION

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

6 August 2011 – 11.00 a.m. at Oberoi Grand, 15, Jawaharlal Nehru Road, Kolkata – 700 013.

(b) Financial calendar (tentative)

Period	Approval of Quarterly Results
For the first quarter ending 30 June 2011	2nd week of August 2011
For the second quarter and half year ending 30 September 2011	2nd week of November 2011
For the third quarter ending 31 December 2011	2nd week of February 2012
For the year ending 31 March 2012	Last week of May 2012

(c) Book closure period : 21 July 2011 to 6 August 2011, both days inclusive.

(d) Dividend payment date : on or from 17 August 2011.

(e) Listing on Stock Exchanges :

The Company's equity shares are listed on:

1. Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 023.
2. National Stock Exchange of India Limited, Exchange Plaza, 5th Floor, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051.

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The Company's Non convertible bonus debentures are listed on:

1. Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 023.
2. Calcutta Stock Exchange Limited, 7 Lyons Range, Kolkata - 700 001.
3. National Stock Exchange of India Limited, 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 2012.

(f) Stock Code:

Stock Exchange	Equity Shares	Bonus Debentures
Bombay Stock Exchange	500825	934792
Calcutta Stock Exchange	–	12642 and 10012642
National Stock Exchange	BRITANNIA	BRITANNIA

(g) Stock Price Data:

Year/ Month	Bombay Stock Exchange (BSE) (Closing) (in ₹)		BSE (Sensex) (Monthly Closing)	National Stock Exchange (NSE) (Closing) (in ₹)		NSE (Nifty) (Monthly Closing)
	High	Low		High	Low	
	<b>2010</b>					
April	1,672.10	1,605.55	17,558.71	1,665.25	1,600.00	5,278.00
May	1,703.40	1,635.05	16,944.63	1,708.90	1,633.85	5,086.30
June	1,872.20	1,686.25	17,700.90	1,869.35	1,680.90	5,312.50
July	1,967.45	1,856.20	17,868.29	1,968.35	1,859.30	5,367.60
August	2,293.80	2,003.95	17,971.12	2,297.95	2,004.25	5,402.40
September Pre sub-division	2,118.45	2,049.55	18,645.06	2,123.25	2,053.25	5,604.00
September Post sub-division	482.45	428.25	20,069.12	482.75	428.10	6,029.95
October	443.50	415.30	20,032.34	445.95	413.65	6,017.70
November	441.05	393.20	19,521.25	440.35	392.60	5,862.70
December	412.30	394.65	20,509.09	413.50	395.35	6,134.50
<b>2011</b>						
January	411.35	354.85	18,327.76	410.00	354.30	5,505.90
February	376.80	337.45	17,823.40	376.15	336.35	5,333.25
March	370.55	343.15	19,445.22	372.50	343.10	5,833.75

During the year 2010-11, there was no trading of Company's shares on Calcutta Stock Exchange.

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

Diagram 1

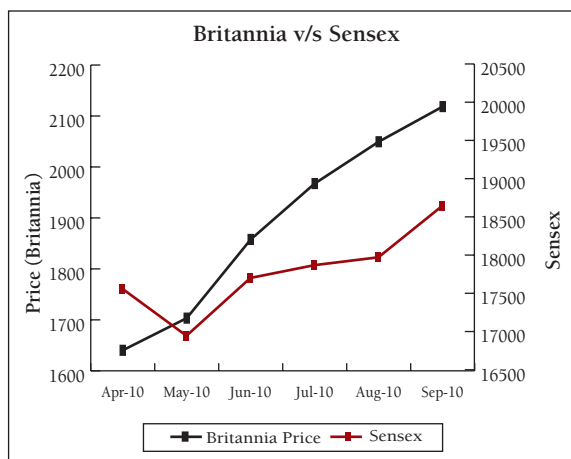


Diagram 2

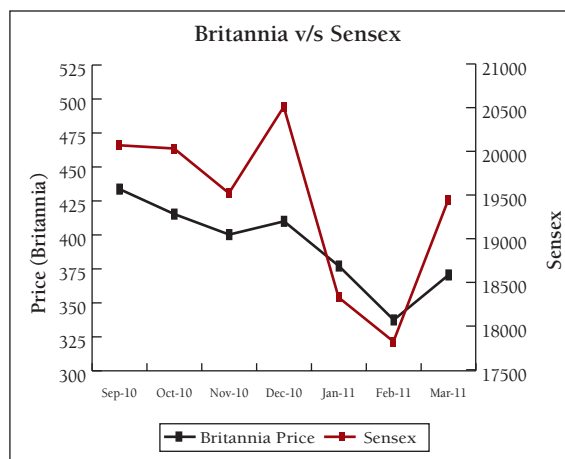


Diagram 1

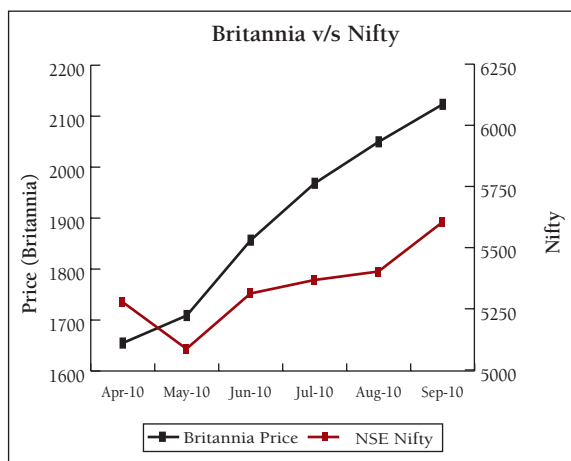
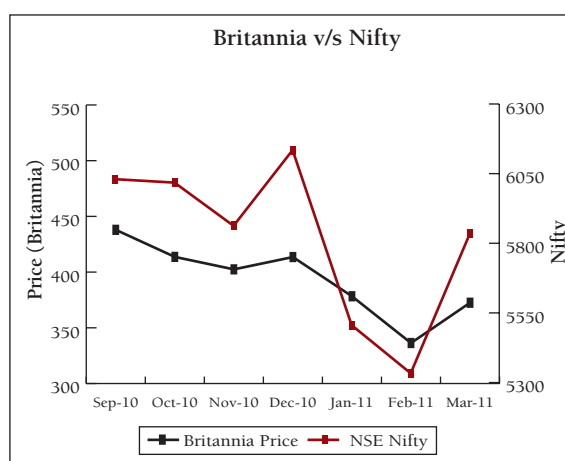


Diagram 2



**Note:** The equity shares of the Company were sub-divided effective 9 September 2010. Stock movement upto 8 September 2010 i.e. prior to sub-division is depicted in 'Diagram 1' while stock movement thereafter i.e. post sub-division is depicted in 'Diagram 2'.

(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 2011, the Company has credited an aggregate amount of ₹ 1,550,240 to the Investor Education and Protection Fund (IEPF).

As at 31 March 2011, the Company's unpaid/unclaimed dividend/interest accounts had a balance of ₹ 2,37,64,352.30 in various dividend/interest 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 and Transfer Agents:

M/s. Sharepro Services (India) Private Limited, 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:

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### 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](mailto:indira@shareproservices.com) or [sharepro@shareproservices.com](mailto: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. National Securities Depository Limited (NSDL) or Central Depository Services (India) Limited (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 2011.

Group of Shares	No. of Shareholders	Percentage to Total Shareholders	No. of Shares held	Percentage to Total Shares
1 to 500	32,563	79.552	2,960,273	2.478
501 to 1000	4,262	10.412	2,808,780	2.351
1001 to 2000	2,504	6.117	3,337,558	2.794
2001 to 3000	654	1.598	1,562,743	1.308
3001 to 4000	199	0.486	695,964	0.583
4001 to 5000	139	0.340	640,745	0.536
5001 to 10000	274	0.669	2,005,082	1.679
10001 and above	338	0.826	105,439,670	88.271
<b>Total</b>	<b>40,933</b>	<b>100.000</b>	<b>119,450,815</b>	<b>100.000</b>

- (ii) Shareholding pattern as on 31 March 2011

Category of Shareholder	No. of Shareholders	Total No. of shares held	Percentage of Shareholding
Promoters*	7	60,868,345	50.96
Mutual Funds	42	9,408,991	7.88
Banks & Financial Institutions	27	10,472,214	8.77
Foreign Institutional Investors	36	12,343,399	10.33
Bodies Corporate and Trusts	856	4,106,885	3.44
Foreign Nationals and NRIs	600	867,107	0.72
Indian Public	39,365	21,383,874	17.90
<b>Total</b>	<b>40,933</b>	<b>119,450,815</b>	<b>100.00</b>

\*Includes 2,250 equity shares of ₹ 2 each held by Mr. Nusli N Wadia, Promoter Director.

- (l) Dematerialisation of Shares:

113,925,228 equity shares representing 95.37% of the total equity capital and 22,699,486 non convertible bonus debentures representing 95.01% of the total debenture capital were held in dematerialised form with the National Securities Depository Limited and Central Depository Services (India) Ltd. as on 31 March 2011.

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

Not applicable.

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(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 (1) 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 Hon'ble Bombay High Court against the reversal and the Court proceedings are underway.

(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) Sub-Division of Equity Shares:

Each equity share of the face value of ₹ 10 fully paid up was sub-divided into 5 equity shares of the face value of ₹ 2 each fully paid up on and from 9 September 2010.

(q) Voluntary Delisting of Equity Shares:

The Company's equity shares were voluntarily delisted from the Calcutta Stock Exchange Limited (CSE) with effect from 12 January 2011 in terms of the SEBI (Delisting of Equity Shares) Regulations, 2009.

(r) 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. 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.



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(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 2010-11.

(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.

- (s) Pursuant to Circulars No. 17/2011 dated 21 April 2011 and 18/2011 dated 29 April 2011 issued by the Ministry of Corporate Affairs (MCA), MCA has undertaken a "Green Initiative in Corporate Governance", by allowing paperless compliances including service of notices/documents by companies to their shareholders through electronic mode. In order to enable the Company to send such documents in electronic form, members who have not registered their e-mail addresses so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their respective Depository Participants. Members who hold shares in physical form are requested to register their e-mail addresses with the Company or its Registrar and Transfer Agents, M/s. Sharepro Services (India) Private Limited, by sending a letter to their addresses given elsewhere in the Report, or an e-mail on their respective e-mail IDs investorrelations@britindia.com and britannia@shareproservices.com and also intimate changes in the e-mail IDs from time to time.

Mumbai  
27 May 2011

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### 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 2011.

For Britannia Industries Limited

Mumbai  
27 May 2011

**Vinita Bali**  
Managing Director

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### Auditors' 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 ('the Company'), for the year ended 31 March 2011, as stipulated in Clause 49 of the listing agreement(s) of the Company with the stock exchanges(s) in India.

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination 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, we certify

that the Company has complied with the conditions of corporate governance as stipulated in the above mentioned listing agreement(s).

We further 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 B S R & Co.  
Chartered Accountants  
Firm registration number: 101248W

**Natraj Ramakrishna**  
Partner

Place : Mumbai  
Date : 27 May 2011

Membership number: 32815

## AUDITORS' REPORT

### To the Members of Britannia Industries Limited

We have audited the attached balance sheet of Britannia Industries Limited ('the Company') as at 31 March 2011, the profit and loss account and the cash flow statement for the year ended on that date annexed thereto. 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.

We conducted our audit in accordance with 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.

As required by the Companies (Auditor's Report) Order, 2003, as amended, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ('the Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to 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, the profit and loss account and the cash flow statement dealt with by this report are in agreement with the books of account;
- (d) in our opinion, the balance sheet, the profit and loss account and the 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 at 31 March 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as at 31 March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act on the said date;
- (f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Act in the manner so required 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 31 March 2011;
  - (ii) in the case of the profit and loss account, of the profit of the Company for the year ended on that date; and
  - (iii) in the case of the cash flow statement, of the cash flows of the Company for the year ended on that date.

for B S R & Co.  
Chartered Accountants  
Firm registration number: 101248W

Natraj Ramakrishna  
Partner

Place : Mumbai  
Date : 27 May 2011

Membership number: 32815

# Britannia Annual Report 2010-11

## ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in our Report to the Members of Britannia Industries Limited ('the Company') for the year ended 31 March 2011. We report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of fixed assets have been physically verified during the year and no material discrepancies were observed on such verification.
- (c) Fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.
- (ii) (a) The inventory, except goods-in-transit and stocks lying with third parties, has been physically verified by the Management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year-end, written confirmations have been obtained by the Management.
- (b) The procedures for physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventories. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) (a) The Company has granted unsecured loans to two companies covered in the register maintained under Section 301 of the Companies Act, 1956 ('the Act'). The maximum amount outstanding during the year was ₹ 1,080,224 thousands and the year-end balance of such loan was ₹ 12,278 thousands. The Company has not granted any other secured or unsecured loans to companies/firms/other parties listed in the register maintained under Section 301 of the Act.
- (b) In our opinion, the rate of interest and other terms and conditions on which the aforesaid loan has been granted to these companies, is not, prima facie, prejudicial to the interest of the Company.
- (c) In case of loans granted to companies listed in the register maintained under Section 301, the loans are repayable on demand and the borrowers have been regular in repayment of principal amount and interest as demanded.
- (d) There is no overdue amount of more than Rupees one lakh in respect of aforesaid loan given to the companies listed in the register maintained under Section 301 of the Act.
- (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.
- (iv) 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 with regard to purchase of inventories and fixed assets and with regard to the sale of goods and services. We have not observed any major weaknesses in the internal control system during the course of the audit.
- (v) (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 contracts and arrangements referred to in (a) above and exceeding the value of ₹ 5 lakh with each party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public during the year.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) 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 manufactured by the Company.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of 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 have been regularly deposited during the year by the Company with the appropriate authorities.  
There are no dues on account of Cess under Section 441A of the Act since the date from which the aforesaid section comes into force has not yet been notified by the Central Government of India.

## Britannia Annual Report 2010-11

According to the information and explanations given to us, no undisputed amounts payable in respect of 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 were in arrears as at 31 March 2011 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of Wealth tax, Customs duty and Cess which have not been deposited with the appropriate authorities on account of any dispute. The particulars of dues of Income-tax, Sales-tax, Service tax and Excise duty dues as at 31 March 2011 which have not been deposited on account of disputes are as follows:

Statute/Nature of dues	Amount (₹)	Period to which the amount relates*	Forum where the dispute is pending
Excise duty(including service tax)	12,792,532	1998-2001	Supreme court
	26,452,708	1994-2007	High court
	253,759,761	1980-2010	Tribunal/CESTAT
	418,928,063	1991-2011	Appellate Authority up to Commissioner's level
Sales tax / Value added tax	47,724,543	2007-2010	Supreme court
	77,545,789	1989-2010	High court
	30,524,318	1996-2010	Tribunal
	225,265,297	1980-2010	Appellate Authority up to Commissioner's level
Income tax	299,595,205	1992-2004	High court
	9,178,646	1990-1992	Tribunal
	16,846,143	2004-2008	Appellate Authority up to Commissioner's level

\*The amounts disclosed are net of payments and include interest and penalties, wherever applicable.

- (x) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks or debenture holders. The Company did not have any outstanding dues to any financial institutions.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund/nidhi/mutual benefit fund/society.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) In our opinion and according to the information and explanations given to us, the terms and conditions on which the Company has given guarantees for loans taken by others from banks or financial institutions are not prejudicial to the interest of the Company.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to companies/firms/parties covered in the register maintained under Section 301 of the Act.
- (xix) According to the information and explanations given to us, the Company has created security or charge in respect of bonus debentures issued and outstanding at the year end.
- (xx) The Company has not raised any money by public issues during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company during the year has been noticed or reported during the course of our audit.

for B S R & Co.  
Chartered Accountants  
Firm registration number: 101248W

Natraj Ramakrishna  
Partner  
Membership number: 32815

Place : Mumbai  
Date : 27 May 2011

# Britannia Annual Report 2010-11

## BALANCE SHEET

₹ '000

As at	Schedule	31 March 2011	31 March 2010
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' funds</b>			
Share capital	A	238,902	238,902
Reserves and surplus	B	4,274,147	3,723,620
		<u>4,513,049</u>	<u>3,962,522</u>
<b>Loan funds</b>			
Secured loans	C	4,077,620	4,081,019
Unsecured loan		236,839	215,149
		<u>4,314,459</u>	<u>4,296,168</u>
Deferred tax liability, net	S (4)	62,373	–
		<u>8,889,881</u>	<u>8,258,690</u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed assets</b>			
Gross block	D	5,935,647	5,478,331
Less: Accumulated depreciation and amortisation		(2,898,601)	(2,663,323)
		<u>3,037,046</u>	<u>2,815,008</u>
Capital work-in-progress		116,901	99,678
		<u>3,153,947</u>	<u>2,914,686</u>
<b>Investments</b>			
Deferred tax asset, net	E	5,449,993	4,906,389
	S (4)	–	65,805
<b>Current assets, loans and advances</b>			
Inventories	F	3,112,005	2,683,435
Sundry debtors	G	572,651	394,868
Cash and bank balances	H	287,465	233,804
Other current asset	I	121,199	121,199
Loans and advances	J	2,161,160	1,955,774
		<u>6,254,480</u>	<u>5,389,080</u>
<b>Less: Current liabilities and provisions</b>			
Current liabilities	K	3,775,205	3,108,953
Provisions	L	2,193,334	1,908,317
		<u>5,968,539</u>	<u>5,017,270</u>
<b>Net current assets</b>		<u>285,941</u>	<u>371,810</u>
		<u>8,889,881</u>	<u>8,258,690</u>
Significant accounting policies and notes to accounts	S		

The schedules referred to above form an integral part of the balance sheet.

As per our report attached  
for **B S R & Co.**  
Chartered Accountants  
Firm registration number: 101248W

**Natrajh Ramakrishna**  
Partner  
Membership number: 32815

Place : Mumbai  
Date : 27 May 2011

**for and on behalf of the Board of Directors:**  
Chairman : Nusli N Wadia  
Managing Director : Vinita Bali  
Directors : Keki Dadiseth  
Nimesh N Kampani  
S S Kelkar  
Vijay L Kelkar  
Nasseer Munjee  
Ness N Wadia  
Chief Financial Officer : Raju Thomas  
Company Secretary : P Govindan

Place : Mumbai  
Date : 27 May 2011

# Britannia Annual Report 2010-11

## PROFIT AND LOSS ACCOUNT

₹ '000

For the year ended	Schedule	31 March 2011	31 March 2010
<b>INCOME</b>			
Gross sales		42,459,805	34,266,411
Less: Excise duty		(322,689)	(231,765)
Net sales		<u>42,137,116</u>	<u>34,034,646</u>
Other income	M	588,235	508,316
		<u>42,725,351</u>	<u>34,542,962</u>
<b>EXPENDITURE</b>			
Cost of materials	N	27,643,404	21,636,223
Staff cost	O	1,199,292	1,057,522
Other operating expenses	P	11,054,597	9,717,579
Depreciation and amortisation	D & S (12)	445,860	375,434
Financial expenses	Q	400,783	82,059
		<u>40,743,936</u>	<u>32,868,817</u>
<b>Profit before taxation and exceptional items</b>		<u>1,981,415</u>	<u>1,674,145</u>
Exceptional items (profit) / loss	R	-	466,374
<b>Profit before taxation</b>		<u>1,981,415</u>	<u>1,207,771</u>
Income tax expense			
- Current income tax		415,183	220,490
- Minimum alternative tax credit		-	(13,827)
- Minimum alternative tax for earlier years		(139,125)	-
- Income tax for earlier years		123,454	-
- Wealth tax		812	1,224
- Deferred tax charge / (credit)		128,178	(165,226)
<b>Profit after taxation</b>		<u>1,452,913</u>	<u>1,165,110</u>
Profit brought forward		1,447,649	1,095,989
<b>Profit available for appropriation</b>		<u>2,900,562</u>	<u>2,261,099</u>
<b>Appropriations</b>			
Transfer to general reserve		145,291	117,000
Proposed dividend		776,430	597,254
Tax on proposed dividend		125,956	99,196
Profit carried forward		1,852,885	1,447,649
		<u>2,900,562</u>	<u>2,261,099</u>
Earnings per share [Refer to note 22 of schedule S]:			
- Basic [nominal value of ₹ 2/- each]		12.16	9.75
- Diluted [nominal value of ₹ 2/- each]		12.16	9.75
Weighted average number of equity shares used in computing earnings per share:			
- Basic		119,450,815	119,450,815
- Diluted		119,512,374	119,486,755
Significant accounting policies and notes to accounts	S		

The schedules referred to above form an integral part of the profit and loss account.

As per our report attached

for **B S R & Co.**

Chartered Accountants

Firm registration number: 101248W

**Natrajh Ramakrishna**

Partner

Membership number: 32815

Place : Mumbai

Date : 27 May 2011

for and on behalf of the **Board of Directors:**

Chairman : Nusli N Wadia

Managing Director : Vinita Bali

Directors : Keki Dadiseth

Nimesh N Kampani

S S Kelkar

Vijay L Kelkar

Nasseer Munjee

Ness N Wadia

Chief Financial Officer : Raju Thomas

Company Secretary : P Govindan

Place : Mumbai

Date : 27 May 2011



# Britannia Annual Report 2010-11

## CASH FLOW STATEMENT

₹ '000

For the year ended	31 March 2011	31 March 2010
<b>Cash flows from operating activities</b>		
Profit before taxation	1,981,415	1,207,771
<b>Adjustments for:</b>		
Depreciation and amortisation	445,860	375,434
Provision / (reversal) for diminution in value of investments, net	(17,843)	200,000
Amortisation of voluntary retirement scheme expenditure	–	266,374
Profit on sale of investments, net	(86,636)	(81,040)
Profit on sale of fixed assets, net	(128,909)	(40,983)
Dividend income	(2,828)	(122,984)
Interest income	(248,380)	(164,245)
Interest expense	377,429	42,211
<b>Operating profit before working capital changes</b>	<b>2,320,108</b>	<b>1,682,538</b>
(Increase) / decrease in inventories	(428,570)	(147,104)
(Increase) / decrease in sundry debtors	(177,783)	101,275
(Increase) / decrease in other current assets and loans and advances	691,987	(702,751)
Increase / (decrease) in current liabilities and provisions	351,479	1,191,318
<b>Cash generated from operations</b>	<b>2,757,221</b>	<b>2,125,276</b>
Income taxes paid (including fringe benefit tax), net of refund	(325,760)	(85,803)
<b>Net cash generated from operating activities</b>	<b>2,431,461</b>	<b>2,039,473</b>
<b>Cash flow used in investing activities</b>		
Purchase of fixed assets (including finance leased assets)	(823,449)	(475,803)
Proceeds from sale of fixed assets	146,406	47,309
Purchase / sale of investments, net	(439,125)	(679,566)
Inter-corporate deposits placed	(500,000)	(100,000)
Loans given to subsidiaries	(276,400)	(537,384)
Loans repaid by subsidiaries	102,269	1,045,310
Interest received	223,294	171,952
Dividend received	2,828	122,984
<b>Net cash used in investing activities</b>	<b>(1,564,177)</b>	<b>(405,198)</b>
<b>Cash flow used in financing activities</b>		
Repayment of secured loans, net	(3,399)	(2,281)
Interest paid	(374,984)	(32,727)
Dividend paid including tax thereon	(695,524)	(1,805,515)
<b>Net cash used in financing activities</b>	<b>(1,073,907)</b>	<b>(1,840,523)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(206,623)</b>	<b>(206,248)</b>
<b>Cash and cash equivalent at the beginning of the year</b>	<b>201,730</b>	<b>407,978</b>
<b>Cash and cash equivalent at the end of the year [Refer to note (ii) below]</b>	<b>(4,893)</b>	<b>201,730</b>

# Britannia Annual Report 2010-11

## CASH FLOW STATEMENT (CONTINUED)

₹ '000

For the year ended	31 March 2011	31 March 2010
<b>Notes:</b>		
(i) The above cash flow statement has been prepared under indirect method as per Accounting Standard 3 - "Cash Flow Statement".		
(ii) Cash and cash equivalent at the end of the year		
Cash and bank balances (include ₹ 18,240 (previous year: ₹ 17,314) in dividend accounts and ₹ 14,962 (previous year: ₹ 52,672) held against bank guarantees, which are restrictive in nature) [Refer to schedule H]	287,465	233,804
Book overdraft [Refer to schedule K]	(292,358)	(32,074)
	(4,893)	201,730
(iii) Figures in bracket indicate cash outgo, except for adjustments for operating activities.		

As per our report attached  
for **B S R & Co.**  
Chartered Accountants  
Firm registration number: 101248W

**Natrajh Ramakrishna**  
Partner  
Membership number: 32815

Place : Mumbai  
Date : 27 May 2011

for and on behalf of the **Board of Directors:**

Chairman	: Nusli N Wadia
Managing Director	: Vinita Bali
Directors	: Keki Dadiseth
	: Nimesh N Kampani
	: S S Kelkar
	: Vijay L Kelkar
	: Nasseer Munjee
	: Ness N Wadia
Chief Financial Officer	: Raju Thomas
Company Secretary	: P Govindan

Place : Mumbai  
Date : 27 May 2011

Britannia Annual Report 2010-11  
SCHEDULES TO THE BALANCE SHEET

₹ '000

As at	31 March 2011	31 March 2010
<b>Schedule A - Share capital</b>		
<b>Authorised</b>		
Equity shares	500,000	500,000
[250,000,000 equity shares of ₹ 2/- each (previous year: 50,000,000 equity shares of ₹ 10/- each)]		
<b>Issued, subscribed and paid up</b>		
Equity shares fully paid	238,902	238,902
[119,450,815 equity shares of ₹ 2/- each (previous year: 23,890,163 equity shares of ₹ 10/- each)]*		
Of the above following were allotted:		
9,587,275 equity shares of ₹ 2/- each (previous year: 1,917,455 equity shares of ₹ 10/- each) for cash fully paid;		
178,895 equity shares of ₹ 2/- each (previous year: 35,779 equity shares of ₹ 10/- each) were allotted for consideration other than cash pursuant to a contract fully paid up;		
129,486,080 equity shares of ₹ 2/- each (previous year: 25,897,216 equity shares of ₹ 10/- each) were allotted as fully paid up bonus shares by capitalisation of general reserve. [Refer to note 8 and 32 of schedule S]		
The following equity shares were bought back in earlier years:		
Year	Number of shares	Nominal value
2001-02	1,000,000	10,000,000
2002-03	946,174	9,461,740
2003-04	792,226	7,922,260
2004-05	1,221,887	12,218,870
The above shares were bought back before the sub-division of shares and thus had a face value of ₹ 10/- at the time of buy back.		
* Of the total fully paid up equity shares: 60,866,095 equity shares of ₹ 2/- each (previous year: 12,173,219 equity shares of ₹ 10/- each) are held by the subsidiaries of The Bombay Burmah Trading Corporation Limited, the ultimate holding Company.		
	238,902	238,902

# Britannia Annual Report 2010-11

## SCHEDULES TO THE BALANCE SHEET (CONTINUED)

₹ '000

	General reserve	Capital redemption reserve	Capital reserve	Profit and loss account balance	As at 31 March 2011
<b>Schedule B - Reserves and surplus</b>					
Balance at the beginning of the year	2,232,048	39,603	4,320	1,447,649	3,723,620
Additions:					
Transfer from profit and loss account	145,291	-	-	550,527	695,818
	<u>2,377,339</u>	<u>39,603</u>	<u>4,320</u>	<u>1,998,176</u>	<u>4,419,438</u>
Deductions:					
Transfer to general reserve	-	-	-	145,291	145,291
Balance at the end of the year	<u>2,377,339</u>	<u>39,603</u>	<u>4,320</u>	<u>1,852,885</u>	<u>4,274,147</u>

	General reserve	Capital redemption reserve	Capital reserve	Profit and loss account balance	As at 31 March 2010
Balance at the beginning of the previous year	6,866,598	39,603	4,320	1,095,989	8,006,510
Additions:					
Transfer from profit and loss account	117,000	-	-	468,660	585,660
	<u>6,983,598</u>	<u>39,603</u>	<u>4,320</u>	<u>1,564,649</u>	<u>8,592,170</u>
Deductions:					
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
Balance at the end of the previous year	<u>2,232,048</u>	<u>39,603</u>	<u>4,320</u>	<u>1,447,649</u>	<u>3,723,620</u>

\* [Refer to note 31 of schedule S]

₹ '000

	31 March 2011	31 March 2010
<b>As at</b>		
<b>Schedule C - Loan funds</b>		
<b>Secured</b>		
<b>From others</b>		
Finance lease obligations	16,292	19,691
[Secured by hypothecation of assets taken on lease]		
23,890,163 (previous year: 23,890,163) 8.25% Redeemable non-convertible bonus debentures of face value of ₹ 170/- each, fully paid up	4,061,328	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 and machinery. The book value (net) of plant and machinery and inventories as on 31 March 2011 amounts to ₹ 2,238,938 and ₹ 3,112,005 respectively (previous year: ₹ 2,071,271 and ₹ 2,683,435).		
Redeemable in full at the end of 36 months from 22 March 2010, being the date of allotment.		
	<u>4,077,620</u>	<u>4,081,019</u>
<b>Unsecured</b>		
From bank	236,839	215,149
[Amount repayable within one year ₹ Nil (previous year: ₹ Nil)]		
	<u>4,314,459</u>	<u>4,296,168</u>



# Britannia Annual Report 2010-11

## SCHEDULES TO THE BALANCE SHEET (CONTINUED)

₹ '000

	Face value per share / unit	Units / Nos.		Value	
		As at 31 March 2011	As at 31 March 2010	As at 31 March 2011	As at 31 March 2010
<b>Schedule E - Investments</b>					
<b>At cost</b>					
<b>Long term</b>					
<b>Unquoted</b>					
<b>Trade</b>					
The Bengal Chamber of Commerce and Industry 6 1/2 % Non-redeemable registered Debentures 1962	-	-	-	4	4
<b>Non - trade</b>					
<b>(i) Shares (fully paid)</b>					
<b>Subsidiaries</b>					
Sunrise Biscuit Company Private Limited - Equity Shares	₹10	10,549,650	3,649,650	105,322	36,321
Ganges Vally Foods Private Limited - Equity Shares	₹10	252,000	252,000	7,164	7,164
J B Mangharam Foods Private Limited - Equity Shares	₹10	354,136	354,136	5,432	5,432
International Bakery Products Limited - Equity Shares	₹10	255,000	255,000	4,010	4,010
Britannia and Associates (Mauritius) Private Limited, Mauritius - Equity Shares [Refer to note 11 (c) of schedule S]	USD 1	16,537,617	200,000	791,431	8,983
Manna Foods Private Limited - Equity Shares	₹10	375,001	105,000	1,740	1,470
Boribunder Finance and Investments Private Limited - Equity Shares	₹10	2,170,999	171,000	20,800	799
Daily Bread Gourmet Foods (India) Private Limited - Equity Shares [Refer to note 11 (d) of schedule S]	₹4 (py: ₹ 10)	51,681,417	51,681,417	206,726	580,434
Britannia Dairy Private Limited - Equity Shares	₹10	5,779,999	5,779,999	700,247	700,247
Britannia Dairy Private Limited - 10% Non-cumulative Redeemable Preference Shares	₹10	6,000,000	6,000,000	60,000	60,000
Britannia and Associates (Mauritius) Private Limited, Mauritius - Redeemable Preference Shares [Refer to note 11 (c) of schedule S]	USD 1	-	12,274,930	-	598,173
Britannia Lanka Private Limited - Equity Shares	SLR 10	575	575	2	2
Britannia Lanka Private Limited - Redeemable Preference Shares	SLR 10	44,035,250	11,349,950	182,754	46,473
Britannia Dairy Holdings Private Limited, Mauritius - Equity Shares	USD 1	2,000	2,000	93	93
Britannia Dairy Holdings Private Limited, Mauritius - Class C - Preference Shares	USD 1	7,411,000	7,411,000	451	451
Flora Investments Company Private Limited - Equity Shares	₹10	84,987	84,987	1,025	1,025
Gilt Edge Finance and Investments Private Limited - Equity Shares	₹10	69,861	69,861	847	847
<b>Associates</b>					
Klassik Foods Private Limited - Equity Shares	₹100	3,260	3,260	3,198	3,198
Nalanda Biscuits Company Limited - Equity Shares	₹10	87,500	87,500	2,788	2,788
<b>(ii) Debentures in Subsidiaries</b>					
International Bakery Products Limited - 0% Unsecured Convertible Debentures	₹100,000	582	582	58,200	58,200
J B Mangharam Foods Private Limited - 6% Secured Redeemable Non-convertible Debentures	₹100	125,000	175,000	12,500	17,500



# Britannia Annual Report 2010-11

## SCHEDULES TO THE BALANCE SHEET (CONTINUED)

₹ '000

	Units / Nos.			Value	
	Face value per share / unit	As at 31 March 2011	As at 31 March 2010	As at 31 March 2011	As at 31 March 2010
<b>Schedule E - Investments (Continued)</b>					
(iii) Britannia Sports - Partnership firm [Refer to note 5 of schedule S]	-	-	-	49	49
(iv) Others					
Birla Sunlife Fixed Term Plan - Series BF - Institutional - Growth	₹10	-	6,005,243	-	60,052
Reliance Fixed Horizon Fund Series 2 - Growth	₹10	10,000,000	-	100,000	-
Kotak Fixed Maturity Plan - Series 10 - Growth	₹10	10,000,000	-	100,000	-
Birla Sunlife Fixed Term Plan - Institutional - Series CE - Growth	₹10	50,000,000	-	50,000	-
ICICI Prudential Fixed Term Plan - Series 53 - Growth	₹10	50,000,000	-	50,000	-
Birla Sunlife Fixed Term Plan - Institutional - Series CF - Growth	₹10	10,000,000	-	100,000	-
ICICI Prudential Interval Fund Annual Interval Plan - IV - Growth	₹10	8,608,300	-	100,334	-
Kotak Bond Fund - Growth	₹10	1,361,847	1,361,847	30,000	30,000
HDFC Standard Life Insurance Company Limited - Group Leave Encashment	₹10	996,548	996,548	30,763	30,763
ICICI Prudential Life Insurance Company Limited - Group Leave Encashment	₹10	2,896,593	2,896,593	29,125	29,125
SBI Arbitrage Opportunities Fund - Growth	₹10	-	887,571	-	10,000
<b>Quoted</b>					
<b>Non - trade</b>					
(i) Shares (fully paid)					
HDFC Bank Limited - Equity Shares	₹10	26,232	22,200	9,031	222
Standard Chartered Bank - IDR	₹10	334,177	-	34,754	-
Glaxosmithkline Pharmaceuticals Limited - Equity Shares	₹10	80	-	167	-
Great Offshore Limited - Equity Shares	₹10	1,237	-	282	-
Hindustan Unilever Limited - Equity Shares	₹1	4,020	-	1,104	-
Mahindra Lifespace Developers Limited - Equity Shares	₹10	688	-	232	-
State Bank of India - Equity Shares	₹10	780	-	1,999	-
Tata Coffee Limited - Equity Shares	₹10	400	-	372	-
Tata Steel Limited - Equity Shares	₹10	6,549	-	3,886	-
Great Eastern Shipping Company Limited - Equity Shares	₹10	4,953	-	1,285	-
Tata Motors Limited - Equity Shares	₹10	2,944	-	3,362	-
UltraTech Cement Limited - Equity Shares	₹10	254	-	143	-
The Fertilisers and Chemicals Travancore Limited - Equity Shares	₹10	500	-	20	-
Grasim Industries Limited - Equity Shares	₹10	200	-	476	-
ICICI Bank Limited - Equity Shares	₹10	300	-	299	-
Larsen & Toubro Limited - Equity Shares	₹2	700	-	1,067	-
Reliance Communications Limited - Equity Shares	₹5	618	-	63	-
Reliance Industries Limited - Equity Shares	₹10	1,236	-	1,282	-
Reliance Infrastructure Limited - Equity Shares	₹10	46	-	28	-

# Britannia Annual Report 2010-11

## SCHEDULES TO THE BALANCE SHEET (CONTINUED)

₹ '000

	Units / Nos.			Value	
	Face value per share / unit	As at 31 March 2011	As at 31 March 2010	As at 31 March 2011	As at 31 March 2010
	<b>Schedule E - Investments (Continued)</b>				
Atlas Copco Limited - Equity Shares	₹10	720	–	1,806	–
Reliance Capital Limited - Equity Shares	₹10	30	–	17	–
Tata Chemicals Limited - Equity Shares	₹10	721	–	230	–
Timken India Limited - Equity Shares	₹10	50	–	8	–
Bajaj Auto Limited - Equity Shares	₹10	2,400	–	1,639	–
Bajaj Finserv Limited - Equity Shares	₹5	1,200	–	626	–
Bajaj Holdings & Investments Limited - Equity Shares	₹10	1,200	–	887	–
Essel Propack Limited - Equity Shares	₹2	1,600	–	70	–
Titan Industries Limited - Equity Shares	₹10	315	–	1,090	–
<b>(ii) Others</b>					
Tata Capital 10.25% Secured Redeemable Non-convertible Debentures	₹500,000	500	500	250,000	250,000
Tata Capital 8.40% Secured Redeemable Non-convertible Debentures	₹1,000,000	250	250	250,000	250,000
Tata Capital 8.50% Secured Redeemable Non-convertible Debentures	₹1,000,000	250	–	250,000	–
Tata Capital 8.50% Secured Redeemable Non-convertible Debentures	₹1,000,000	250	–	250,000	–
Kotak Mahindra Prime 8.40% Secured Redeemable Non-convertible Debentures	₹1,000,000	250	250	250,000	250,000
L&T Finance 8.50% Secured Redeemable Non-convertible Debentures	₹1,000	61,232	61,232	61,232	61,232
				<b>4,132,462</b>	<b>3,105,057</b>
<b>Current</b>					
<b>Unquoted</b>					
<b>Non - trade</b>					
Kotak Flexi Debt - Institutional - Growth	₹10	–	30,579,438	–	345,901
Birla Sunlife Cash Manager - Growth	₹10	2,435,890	–	40,000	–
Templeton Floating Rate Income Fund - Long Term Plan - Super Institutional - Growth	₹10	7,667,689	37,911,876	102,129	476,437
ICICI Prudential Flexible Income Plan - Growth	₹100	821,390	2,457,250	150,042	420,003
IDFC Money Manager Fund - Treasury Plan - Super Institutional - Growth	₹10	8,590,991	24,761,876	100,000	270,000
BNP Paribas Money Plus Fund - Institutional - Growth (Formerly Fortis Money Plus Fund - Growth)	₹10	5,401,011	15,466,635	80,000	214,396
UTI Floating Rate Fund - Short Term Plan - Institutional - Growth	₹1,000	172,578	213,221	190,000	220,302
Reliance Medium Term Fund - Retail Plan - Growth	₹10	–	5,464,396	–	103,984
Birla Sunlife Savings Fund Institutional - Growth	₹10	–	9,271,734	–	161,758
Birla Sunlife Short Term Fund - Institutional - Growth	₹10	–	21,968,903	–	240,000
Tata Treasury Manager - SHIP - Growth	₹1,000	108,501	38,310	120,399	40,026
Reliance Money Manager Fund - Institutional - Growth	₹1,000	164,994	55,840	220,000	70,000
Kotak Floater Long Term Plan - Growth	₹10	3,221,234	–	50,000	–
Birla Sunlife Floating Rate Fund - Short Term Plan - Institutional - Growth	₹10	7,699,533	–	100,000	–

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## SCHEDULES TO THE BALANCE SHEET (CONTINUED)

₹ '000

	Units / Nos.			Value	
	Face value per share / unit	As at 31 March 2011	As at 31 March 2010	As at 31 March 2011	As at 31 March 2010
<b>Schedule E - Investments (Continued)</b>					
Birla Sunlife Ultra Short Term Fund - Institutional - Growth	₹10	8,562,450	-	100,000	-
Tata Floater Fund - Growth	₹10	8,595,665	-	125,932	-
Templeton Ultra Short Term Bond Fund - Institutional - Growth	₹10	7,862,653	-	99,488	-
Kotak Bank Certificate of Deposit	₹10,000,000	250	-	247,865	-
Canara Bank Certificate of Deposit	₹1,000,000	500	-	49,716	-
UCO Bank Certificate of Deposit	₹1,000,000	500	-	49,716	-
				<u>1,825,287</u>	<u>2,562,807</u>
<b>Total Investments</b>				5,957,749	5,667,864
Less: Provision for diminution in value of investments [Refer to note 11 (a) and (b) of schedule S]				507,756	761,475
				<u>5,449,993</u>	<u>4,906,389</u>
Total quoted investments				1,377,457	811,454
Total unquoted investments				4,072,536	4,094,935
				<u>5,449,993</u>	<u>4,906,389</u>
Aggregate market value of quoted investments				1,434,210	854,134

₹ '000

As at	31 March 2011	31 March 2010
<b>Schedule F - Inventories</b>		
Stores and spare parts	118,784	114,796
Packing materials	445,090	295,240
Raw materials	1,329,897	1,237,301
Finished goods	1,215,335	1,033,412
Materials in process	2,899	2,686
	<u>3,112,005</u>	<u>2,683,435</u>
<b>Schedule G - Sundry Debtors</b>		
<b>Unsecured</b> Considered good:		
Over six months	37,176	34,572
Others	535,475	360,296
	<u>572,651</u>	<u>394,868</u>
Considered doubtful:		
Over six months	45,155	37,513
Others	-	3,179
	<u>617,806</u>	<u>435,560</u>
Less: Provision for doubtful debts	45,155	40,692
	<u>572,651</u>	<u>394,868</u>

# Britannia Annual Report 2010-11

## SCHEDULES TO THE BALANCE SHEET (CONTINUED)

₹ '000

As at	31 March 2011	31 March 2010
<b>Schedule H - Cash and bank balances</b>		
Cash on hand	479	536
Cheques on hand	197,483	108,650
With scheduled banks:		
- Current accounts	56,301	54,632
- Deposit accounts held against bank guarantees	14,962	52,672
- Unpaid dividend accounts	18,240	17,314
	<u>287,465</u>	<u>233,804</u>
<b>Schedule I - Other current asset</b>		
Deposits [Refer to note 27 of schedule S]	121,199	121,199
	<u>121,199</u>	<u>121,199</u>
<b>Schedule J - Loans and advances</b>		
<b>Unsecured</b> Considered good:		
Advances recoverable in cash or in kind or for value to be received* [Refer to note 28 of schedule S]	1,002,898	1,543,112
Loans to subsidiaries*	256,400	82,269
Advance income tax and tax deducted at source	78,705	162,195
Inter-corporate deposits	600,000	100,000
Interest accrued but not due	43,338	18,252
Minimum alternative tax credit entitlement	152,952	13,827
Employee benefits - gratuity (net) [Refer to note 25 (b) of schedule S]	20,429	8,642
Balances with customs, port trust, excise, etc.	6,438	27,477
Considered doubtful:		
Loans / advances recoverable in cash or in kind or for value to be received*	79,302	74,302
Loans to subsidiaries*	21,646	62,688
	<u>2,262,108</u>	<u>2,092,764</u>
Less: Provision for doubtful loans / advances	100,948	136,990
	<u>2,161,160</u>	<u>1,955,774</u>
* [includes dues from entities under the same management within the meaning of section 370 1B of the Companies Act, 1956] - [Refer to note 30 of schedule S]		
<b>Schedule K - Current liabilities</b>		
Book overdraft	292,358	32,074
Sundry creditors		
- Due to micro and small enterprises [Refer to note 29 of schedule S]	28,369	38,615
- Others	1,560,755	1,152,426
Other liabilities	1,768,105	1,717,001
Interest accrued but not due	13,821	11,376
Advance from customers	93,557	140,147
Unpaid dividend accounts	18,240	17,314
[Investor Protection and Education Fund shall be credited when due]		
	<u>3,775,205</u>	<u>3,108,953</u>

# Britannia Annual Report 2010-11

## SCHEDULES TO THE BALANCE SHEET (CONTINUED)

₹ '000

As at	31 March 2011	31 March 2010
<b>Schedule L - Provisions</b>		
Excise related issues*	320,488	262,796
Sales tax and other issues*	183,133	163,855
Trade and other issues*	351,191	481,638
Employee benefits	64,144	61,785
Fringe benefit tax (net of advance tax)	–	9,259
Provision for income tax	371,992	232,534
Proposed dividend	776,430	597,254
Tax on dividend	125,956	99,196
	<u>2,193,334</u>	<u>1,908,317</u>

\* [Refer to note 7 of schedule S]

# Britannia Annual Report 2010-11

## SCHEDULES TO THE PROFIT AND LOSS ACCOUNT

₹ '000

For the year ended	31 March 2011	31 March 2010
<b>Schedule M - Other income</b>		
Profit on sale of equity shares, units of mutual funds (non-trade), net		
Long term	14,418	78,648
Current	72,218	2,392
Dividend income from equity shares, units of mutual funds (non-trade)		
Long term	44	548
Current	2,784	122,436
Interest on debentures and other deposits (gross)		
Long term	138,889	82,547
[Tax deducted ₹ 12,942 (previous year: ₹ 11,461)]	Current	81,698
Profit on sale of fixed assets	128,909	40,983
Provisions and liabilities no longer required written back, net	46,686	13,679
Reversal of provision for diminution in value of investment, consequent to reduction of share capital (net)	17,843	-
[Refer to note 11 (d) of schedule S]		
Royalty income	41,452	33,951
Other receipts	15,501	51,434
	<b>588,235</b>	<b>508,316</b>
<b>Schedule N - Cost of materials</b>		
(i) Consumption of raw material including packing material		
Opening stock	1,532,541	1,608,431
Add: Purchases	23,961,692	18,642,659
Less: Closing stock	1,774,987	1,532,541
	23,719,246	18,718,549
(ii) Finished goods purchased	4,103,073	3,131,221
(iii) (Increase) / decrease in finished goods and materials in process		
Opening stock:		
Finished goods	1,033,412	818,543
Materials in process	2,686	3,033
Closing stock:		
Finished goods	1,215,335	1,033,412
Materials in process	2,899	2,686
	(182,136)	(214,522)
Less: Excise duty on opening stock of finished goods	(11,055)	(10,080)
Add: Excise duty on closing stock of finished goods	14,276	11,055
Increase / (decrease)	3,221	975
	<b>27,643,404</b>	<b>21,636,223</b>
<b>Schedule O - Staff cost</b>		
Salaries, wages and bonus	1,063,284	881,917
Contribution to provident and other funds	56,962	57,250
Workmen and staff welfare expenses	64,567	56,034
Voluntary retirement scheme expenditure	14,479	62,321
	<b>1,199,292</b>	<b>1,057,522</b>



# Britannia Annual Report 2010-11

## SCHEDULES TO THE PROFIT AND LOSS ACCOUNT (CONTINUED)

₹ '000

For the year ended	31 March 2011	31 March 2010
<b>Schedule P - Other operating expenses</b>		
Consumption of stores and spare parts	69,952	74,773
Power and fuel	295,499	223,849
Repairs and maintenance:		
Plant and machinery (a)	80,403	70,476
Buildings (a)	11,324	8,792
Others	109,370	99,417
Rent	37,675	130,230
Rates and taxes	178,461	253,644
Commission	19,256	20,618
Insurance	10,608	10,526
Carriage, freight and distribution	2,870,860	2,415,577
Auditors' remuneration:		
Audit fees	4,466	5,250
Other services	350	460
Expenses reimbursed	1,056	382
Advertising and sales promotion	3,041,461	2,687,985
Conversion charges (b)	3,328,251	2,884,086
Foreign exchange loss	7,908	29,037
Miscellaneous (c)	983,234	796,703
Bad debts and advances written off	619	-
Provision for doubtful debts and loans / advances (net of write back)	3,844	5,774
	<u>11,054,597</u>	<u>9,717,579</u>
(a) Includes stores consumed	49,760	41,900
(b) Includes claim from contract packers in respect of certain taxes	-	1,256
(c) Includes share of loss in the partnership firm - Britannia Sports	7	1
<b>Schedule Q - Financial expenses</b>		
Interest:		
Short-term borrowings	874	1,118
Finance lease	2,765	3,113
Fixed loans	22,226	14,805
Redeemable non-convertible bonus debentures	335,060	9,180
Others	16,504	13,995
Bank and other charges	23,354	39,848
	<u>400,783</u>	<u>82,059</u>
<b>Schedule R - Exceptional items</b>		
Amortisation of voluntary retirement scheme expenditure	-	266,374
Provision for losses in an international subsidiary	-	200,000
	<u>-</u>	<u>466,374</u>

**SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT**

**Schedule S : Notes to accounts**

₹ '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 mandatory Accounting Standards ('AS') prescribed by the Companies (Accounting Standard), Rules 2006, the relevant provisions of the Companies Act, 1956 ('the Act') and the guidelines issued by the Securities and Exchange Board of India (SEBI).

**(b) Use of estimates**

The preparation of the financial statements, in conformity with generally accepted accounting principles in India, 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 the financial statements and the reported amounts of revenue and expenses during the reporting 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 cost of acquisition or construction less accumulated depreciation. Cost includes inward freight, duties, taxes and expenses incidental to acquisition and installation or construction, net of CENVAT and VAT credit, where applicable.

The cost of the fixed assets not ready for their intended use before such date, are disclosed as capital work-in-progress.

**Intangible assets**

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

**(d) Depreciation and amortisation**

Depreciation in respect of all the assets is provided on straight line method. The rates of depreciation prescribed in Schedule XIV to the Act are considered as minimum rates. If the Management's estimate of the useful life of a fixed asset at the time of the acquisition of the asset or of the remaining useful life on a subsequent review is shorter than envisaged in the aforesaid schedule, depreciation is provided at a higher rate based on the Management's estimate of the useful life / remaining useful life. Pursuant to this policy, vehicles acquired on finance lease are depreciated over a period of 5 years.

With effect from 1 April 2010, the Management has revised the estimated useful life for computers to four years, based on a review of useful life of such assets.

Assets costing individually upto ₹ 5 are fully depreciated in the year of addition.

Leasehold land is amortised over the period of primary lease.

**(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. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost. An impairment loss is reversed only to the extent that the carrying amount of asset does not exceed the net book value that would have been determined, if no impairment loss had been recognised.

**(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 their 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 S : Notes to accounts (continued)

₹ '000

**(g) Inventories**

Inventories are valued at the lower of cost (including prime cost, excise duty and other overheads incurred in bringing the inventories to their present location and condition) and estimated net realisable value, after providing for obsolescence, where appropriate. The comparison of cost and net realisable value is made on an item-by-item basis. The net realisable value of materials in process is determined with reference to the selling prices of related finished goods. Raw materials, packing materials and other supplies held for use in production of inventories are not written down below cost except in cases where material prices have declined, and it is estimated that the cost of the finished products will exceed their net realisable value.

The provision for inventory obsolescence is assessed regularly based on estimated usage and shelf life of products.

Raw materials, packing materials and stores and spares are valued at cost computed on monthly 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 for each investment individually.

**(j) Revenue recognition**

Revenue from sale of goods (including sale of scrap) is recognised on transfer of all significant risks and rewards of ownership to the buyer. The amount recognised as sale is exclusive of sales tax and net of trade discounts and sales returns. Sales are presented both gross and net of excise duty.

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) 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 the 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 towards 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 the forward contracts against the underlying assets is 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.

**(l) Taxes on income**

Income tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the Income tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between

**SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT**

**Schedule S : Notes to accounts (continued)**

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accounting income and taxable income for the year). Deferred tax in respect of timing differences which originate during the tax holiday period but reverse after the tax holiday period is recognised in the year in which the timing differences originate. For this purpose, the timing differences which originate first are considered to reverse first. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent where there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward business loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets.

Deferred tax assets / liabilities are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realised.

The Company offsets, the current tax assets and liabilities (on a year on year basis) and deferred tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in the guidance note issued by ICAI, the said asset is created by way of a credit to the profit and loss account. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

**(m) 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.

**(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.

**(n) Employee share based payments**

The Company measures compensation cost relating to employee stock options using the intrinsic value

## SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Schedule S : Notes to accounts (continued)

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method. Compensation expense, if any, is amortised over the vesting period of the option on a straight line basis.

**(o) 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.

Provision for onerous contracts, i.e. contracts where the expected unavoidable cost of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

**(p) Derivative contracts**

Based on the principle of prudence as provided in Accounting Standard 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 to 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.

**(q) 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 year. 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 converted as of the beginning of the year, 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. The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for the share splits.

**(r) Cash flow statement**

Cash flows are reported using indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

**(s) Borrowing costs**

Borrowing costs directly attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised. Other borrowing costs are accounted as an expense in the profit and loss account.

**2 Capital commitments and contingent liabilities:**

(a) Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 346,674 (previous year: ₹ 118,159).

(b) Contingent liabilities for:

(1) Bank guarantee and letter of credit for ₹ 65,010 (previous year: ₹ 1,046,138).

(2) Discounted cheques ₹ 456,988 (previous year: ₹ 582,506).

(3) Claims / demands against the Company not acknowledged as debts including excise, income tax, sales tax and trade and other demands of ₹ 578,773 (previous year: ₹ 1,058,882).

**SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT**

**Schedule S : Notes to accounts (continued)**

₹ '000

**Notes:**

- (i) During the current year, the Company has reassessed the exposure with respect to claims / demands for excise, income tax, sales tax and trade and other matters. Exposure with respect to claims / demands where the possibility of any outflow in settlement is assessed as remote as at the balance sheet date, have not been considered as contingent liability.
- (ii) The above does not include non-quantifiable industrial disputes and other legal disputes pending before various judicial authorities. Also refer to note 7.
- (c) The Company has furnished the following corporate guarantees:

	<b>Banking facilities given to</b>	<b>Name of the bank</b>	<b>31 March 2011</b>	<b>31 March 2010</b>
(i)	Britannia and Associates (Mauritius) Private Limited - Mauritius	ABN Amro Bank NV, Singapore	498,851	502,095
		Bank of America	1,115,000	–
(ii)	Strategic Food International Co. LLC - Dubai	National Bank of Fujairah, Dubai	–	107,142
		HSBC Bank Middle East, Dubai	–	36,588
		Bank of Baroda, Dubai	–	16,221
		BBK Bank, Dubai	–	78,542
		Blom Bank, Dubai	–	60,980
		Commercial Bank of Dubai, Dubai	–	12,196
(iii)	Britannia Dairy Private Limited	National Bank of Um Al Dahrain, Dubai	–	13,415
		Bank of America	600,000	600,000

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 letters of comfort / letters of awareness:

	<b>Banking facilities given to</b>	<b>Name of the bank</b>	<b>31 March 2011</b>	<b>31 March 2010</b>
(i)	Britannia Dairy Private Limited	HSBC Bank	45,000	45,000
(ii)	Strategic Food International Co. LLC, Dubai	ABN Amro Bank	460,180	463,448
(iii)	Al Sallan Food Industries Company SAOC, Oman	ABN Amro Bank	84,770	85,372

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



**SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT**

Schedule S : Notes to accounts (continued)

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**3 (a) Operating leases**

The Company has certain operating leases for office facilities and residential premises (cancellable leases). Such leases are generally with the option of renewal against increased rent and premature termination of agreement. Rental expenses of ₹ 37,675 (previous year: ₹ 130,230) in respect of obligation under operating leases have been recognised in the profit and loss account.

**(b) Finance leases**

The Company has taken motor vehicles on finance lease. The total minimum lease payments and present value of minimum lease payments as at 31 March 2011 are as follows:

	31 March 2011		31 March 2010	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Not later than 1 year	10,328	8,731	7,473	5,305
Later than 1 year and not later than 5 years	9,215	7,561	16,764	14,386
	<u>19,543</u>	<u>16,292</u>	<u>24,237</u>	<u>19,691</u>

The difference between minimum lease payments and the present value of minimum lease payments of ₹ 3,251 (previous year: ₹ 4,546) represents interest not due. The lease liability is secured by the relevant vehicles acquired under lease.

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

	31 March 2011		31 March 2010	
	Asset	Liability	Asset	Liability
Depreciation	–	291,136	–	245,949
Voluntary retirement scheme, terminal compensation benefits	58,676	–	97,146	–
Statutory payments	108,620	–	201,091	–
Provisions allowed on payments, write off	61,467	–	13,517	–
	<u>228,763</u>	<u>291,136</u>	<u>311,754</u>	<u>245,949</u>
Deferred tax asset / (liability), net		<u>(62,373)</u>	<u>65,805</u>	

**5 The Company has an investment of ₹ 49 (previous year: ₹ 49) in a partnership firm “Britannia Sports” having a capital of ₹ 100 (previous year: ₹ 100) in which it holds 49% share of the profit and loss and the balance share is held by two subsidiary 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.**

**SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT**

Schedule S : Notes to accounts (continued)

₹ '000

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

	Face value per unit (in ₹)	Purchase (including switch in)	Reinvested	In Units Sale (including switch out)
<b>(a) Investment in mutual funds (Unquoted, non-trade)</b>				
HDFC Floating Rate Income Fund - Short Term Plan - Wholesale - Growth	10	5,030,324	–	5,030,324
Birla Floating Rate Fund - Long Term Institutional - Growth	10	32,091,012	–	32,091,012
Kotak Liquid Fund - Institutional Premium - Growth	10	9,392,063	–	9,392,063
Reliance Floating Rate Fund - Short Term Plan - Growth	10	1,358,963	–	1,358,963
SBI - SHF - Ultra Short Term Fund - Institutional Plan - Growth	10	35,802,281	–	35,802,281
ICICI Prudential Liquid Super Institutional Plan - Growth	100	1,375,910	–	1,375,910
Birla Sunlife Cash Plus - Institutional Premium - Growth	10	20,488,871	–	20,488,871
UTI Liquid Cash Plan - Institutional - Growth	1,000	79,049	–	79,049
ICICI Prudential Floating Rate Fund - Plan D - Growth	100	2,952,388	–	2,952,388
UTI Floating Rate Fund - Short Term Plan - Institutional - Daily Dividend Reinvestment	1,000	39,969	44	40,013
UTI Treasury Advantage Plan - Institutional Plan - Growth	1,000	70,367	–	70,367
Reliance Liquid Fund Cash Plan - Growth Option - Growth Plan	10	12,852,964	–	12,852,964
SBI Premier Liquid Fund - Super Institution Plan - Growth	10	5,294,332	–	5,294,332
IDFC Cash Fund - Super Institutional Plan - Growth	10	7,700,469	–	7,700,469
Tata Liquid Super High Investment Fund - Appreciation	1,000	50,729	–	50,729
Templeton Treasury Management Account - Super Institutional Plan - Growth	10	63,013	–	63,013
DSP Black Rock Money Manager Fund - Institutional Plan - Growth	1,000	44,303	–	44,303
Kotak Flexi Debt Fund - Institutional - Growth	10	42,728,034	–	42,728,034
Templeton Floating Rate Income Fund - Super Institutional Option - Growth	10	63,800,587	–	63,800,587
ICICI Prudential Flexible Income Plan - Growth Option	100	4,269,320	–	4,269,320
IDFC Money Manager Fund - Treasury Plan - Super Institutional - Plan C - Growth	10	47,890,155	–	47,890,155
BNP Paribas Money Plus Fund Institutional - Growth Plan	10	4,241,388	–	4,241,388

**SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT**

**Schedule S : Notes to accounts (continued)**

₹ '000

	Face value per unit (in ₹)	Purchase (including switch in)	Reinvested	Sale (including switch out)
UTI Floating Rate Fund Short-Term Plan - Institutional - Growth	1,000	406,044	–	406,044
Reliance Medium Term Fund - Retail Plan - Growth	10	7,758,497	–	7,758,497
Kotak Floater Fund - Long Term Plan - Growth	10	19,969,186	–	19,969,186
Birla Sunlife Savings Fund - Institutional - Growth	10	9,941,048	–	9,941,048
Tata Floater Fund - Growth	10	81,943,321	–	81,943,321
Birla Sunlife Ultra Short-Term Fund - Institutional - Growth	10	54,426,886	–	54,426,886
Tata Treasury Manager SHIP - Growth	10	44,854	–	44,854
Templeton Ultra Short Bond Fund - Super Institutional Plan - Growth	10	62,921,909	–	62,921,909
Reliance Money Manager Fund - Institutional - Growth	1,000	224,385	–	224,385
Birla Sunlife Cash Manager - Institutional - Growth	10	29,444,389	–	29,444,389
(b) Bank Certificate of Deposit (Unquoted, non-trade)			–	
Kotak Bank - 7.30%	100	2,500	–	2,500
Canara Bank - 7.56%	100	2,500	–	2,500
(c) Non-Convertible Debentures (Unquoted, non-trade)			–	
Mahindra & Mahindra Financial Services Limited - 6.65%	1,000,000	250	–	250
Mahindra & Mahindra Financial Services Limited - 6.75%	1,000,000	250	–	250
(ii) Details of investments purchased, reinvested and sold during the previous year:				

	Face value per unit (in ₹)	Purchase (including switch in)	Reinvested	Sale (including switch out)
<b>Investment in mutual funds (Unquoted, non-trade)</b>				
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	1,000	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

**SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT**

**Schedule S : Notes to accounts (continued)**

₹ '000

	Face value per unit (in ₹)	Purchase (including switch in)	Reinvested	Sale (including switch out)
UTI Liquid Cash Plan - Institutional - Daily Dividend Reinvestment	1,000	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
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
ICICI Prudential Flexible - Income Plan - Daily Dividend	10	60,383,511	1,641,370	62,024,881
Reliance Money Manager Fund - Institutional Option - Daily Dividend	1,000	958,178	21,650	979,828
Tata Floater Fund - Dividend Daily Reinvestment	10	33,879,389	353,237	34,232,626
UTI Treasury Advantage Fund - Institutional Plan - Daily Dividend	10	389,957	8,104	398,061
Birla Sunlife Savings Fund - Daily Dividend Reinvestment	10	57,965,163	1,598,162	59,563,325
Fortis Money Plus Fund - Institutional Plus- Daily Dividend Reinvestment	10	82,979,997	1,782,202	84,762,199
Prudential ICICI Floating Rate Fund - Plan D - Daily Dividend	10	–	43,382	43,382
HDFC Floating Rate Income - Short Term Plan - Daily Dividend Reinvestment Wholesale	10	52,579,583	880,489	53,460,072
Birla Sunlife Short Term Fund - Institutional - Daily Dividend	10	–	29,214	29,214
IDFC Money Manager Fund - Treasury Plan - Super Institutional - Plan C - Daily Dividend Folio 1	10	51,996,735	316,095	52,312,830

**SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT**

**Schedule S : Notes to accounts (continued)**

₹ '000

	Face value per unit (in ₹)	Purchase (including switch in)	Reinvested	Sale (including switch out)
Kotak Floater Long Term - Daily Dividend Reinvestment	10	94,767,001	1,229,288	95,996,289
Fortis Money Plus Fund Institutional - Growth Plan	10	28,802,258	–	28,802,258
UTI Floating Rate Fund Short Term Plan - Institutional - Growth	1,000	96,675	–	96,675
Reliance Medium Term Fund - Retail Plan - Growth	10	5,245,406	–	5,245,406
Birla Sunlife Savings Fund - Institutional - Growth	10	8,606,296	–	8,606,296

- 7 In accordance with Accounting Standard 29 on “Provisions, contingent liabilities and contingent assets”, prescribed by the Companies (Accounting Standard), Rules 2006, certain classes of liabilities have been identified as provisions which have been disclosed as under:

	31 March 2010	Additions*	Utilisation*	Reversals / adjustments*	31 March 2011
(a) Excise related issues	262,796	57,873	(181)	–	320,488
(b) Sales tax and other issues	163,855	20,678	–	(1,400)	183,133
(c) Trade and other issues	481,638	21,453	–	(151,900)	351,191

	31 March 2009	Additions*	Utilisation*	Reversals / adjustments*	31 March 2010
(a) Excise related issues	131,126	137,403	–	(5,733)	262,796
(b) Sales tax and other issues	164,597	49,155	–	(49,897)	163,855
(c) Trade and other issues	109,468	324,891	(259)	47,538	481,638

(a) and (b) represents estimates made for probable cash outflow arising out of pending disputes / litigations with various regulatory authorities.

(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.

\* Included under various heads in the profit and loss account.

- 8 In the Annual General Meeting held on 9 August 2010, the shareholders of the Company approved the sub-division of equity shares, wherein each equity share with a face value of ₹ 10/- has been subdivided into 5 equity shares with a face value of ₹ 2/- each. The effective date for the sub-division was 10 September 2010. In compliance with Accounting Standard 20, the disclosure of earnings per share for the year ended 31 March 2010 has been arrived at after giving effect to the above sub-division.
- 9 Pursuant to the Labour Commissioner’s Order under section 25 O (1) of the Industrial Disputes Act, 1947, production at the Company owned facility in Mumbai was closed effective 24 March 2004. As per the Order of the Honourable Bombay High Court, the Company as on the date of the balance sheet has paid an amount of ₹ 58,317 (previous year: ₹ 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.

**SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT**

**Schedule S : Notes to accounts (continued)**

₹ '000

As per interim direction of the Honourable Bombay High Court, the Company has paid ₹ 12,579 (previous year: ₹ 14,703) as compensation equivalent to 70% of the last drawn amount for the year ended 31 March 2011. The Company has made the above payments as compensation under the Industrial Disputes Act, 1947. The case is currently pending in the Honourable Bombay High Court.

10

(a) Gross sales

Product group	Quantity		Value	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
	Tonnes	Tonnes		
Biscuits and high protein food	554,336	477,728	36,041,252	29,281,961
Bread, bread toast and rusk	123,735	117,050	4,080,726	3,468,737
Cake	17,218	11,069	1,936,193	1,193,097
Others (including scrap sales)			401,634	322,616
			<b>42,459,805</b>	<b>34,266,411</b>

(a) The above value does not include sale of raw materials (including wheat) and by-products on conversion of inputs aggregating to ₹ 547,833 (previous year: ₹ 483,273), which has been netted off with cost of material.

(b) The above quantity does not include finished goods issued for sales promotion and any write-off and damages for finished goods.

(b) Raw materials including packing materials consumed

Description	Quantity		Value	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
	Tonnes	Tonnes		
Flour	417,630	373,938	6,349,879	5,633,298
Fats and oils	79,554	68,877	3,636,054	2,930,948
Sugar	129,837	118,294	4,523,204	3,183,695
Lamination roll	8,418	7,273	2,127,204	1,589,818
Others			7,082,905	5,380,790
			<b>23,719,246</b>	<b>18,718,549</b>

	31 March 2011		31 March 2010	
	Value	%	Value	%
Imported	1,663,452	7.01	457,712	2.45
Indigenous	22,055,794	92.99	18,260,837	97.55
	<b>23,719,246</b>	<b>100.00</b>	<b>18,718,549</b>	<b>100.00</b>

(c) Stores and spare parts consumed

	31 March 2011		31 March 2010	
	Value	%	Value	%
Imported	879	0.73	1,021	0.88
Indigenous	118,833	99.27	115,652	99.12
	<b>119,712</b>	<b>100.00</b>	<b>116,673</b>	<b>100.00</b>



**SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT**

**Schedule S : Notes to accounts (continued)**

₹ '000

- 11** (a) In accordance with Accounting Standard 13 - "Accounting for Investments", prescribed by the Companies (Accounting Standard), Rules 2006 of the Companies Act, 1956, the Company has, based on its assessment of Britannia Dairy Private Limited's business, retained provision of ₹ 325,000 (previous year: ₹ 325,000) for diminution, other than temporary, on long term investment made in equity shares of Britannia Dairy Private Limited.
- (b) The Company has discontinued the business operations of Britannia Lanka Private Limited, Sri Lanka (Subsidiary of Britannia Industries Limited). Pursuant to this, an amount of ₹ 136,281 has been provided for diminution in value of investments. The total provision of ₹ 182,756 (previous year: ₹ 46,475) has been retained for diminution in value of investments.
- (c) During the year, redeemable preference shares amounting to ₹ 730,634 in Britannia and Associates (Mauritius) Private Limited, Mauritius and loan amounting of ₹ 51,814 due from Britannia and Associates (Mauritius) Private Limited, Mauritius have been converted into equivalent investment in equity shares of face value of USD 1 at par.
- (d) As per the approval by the Honourable Karnataka High Court, vide order no. 8771/11, for reduction of equity share capital of Daily Bread Gourmet Foods (India) Private Limited, face value of ₹ 10/- each, has been restated to ₹ 4/- each and equivalent value has been incorporated in investments. Giving effect to the same, the provision for diminution in value of investment of ₹ 390,000 has been reversed and a charge of ₹ 372,100 has been made on account of loss due to reduction in value of the investment.
- 12** In the current year, due to the revision of estimated useful life for computers to four years, additional depreciation charged amounts to ₹ 20,846.
- 13** Directors and managerial remuneration of ₹ 66,817 (previous year: ₹ 58,130 ) includes:
- Basic salary, fees and estimated cost of benefits ₹ 48,967 (previous year: ₹ 42,368)
  - Contribution to provident fund, pension fund ₹ 2,835 (previous year: ₹ 2,700)
  - Perquisites or benefits in cash or in kind ₹ 15 (previous year: ₹ 62)
  - Commission to non-wholetime directors ₹ 15,000 (previous year: ₹ 13,000)

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

	31 March 2011	31 March 2010
Profit before taxation	1,981,415	1,207,771
Add:		
Managerial remuneration	50,750	44,229
Directors sitting fees	1,067	901
Commission to non-wholetime directors	15,000	13,000
Depreciation and amortisation as per accounts	445,860	375,434
Provision for diminution in value of investments	-	436,475
Provision for corporate guarantee and other claims in relation to a subsidiary	8,000	142,282
VRS and terminal compensation benefits	14,479	328,695
Provision for doubtful debts and loans and advances	3,844	17,017
	2,520,415	2,565,804
Less:		
Profit on sale of investments, net	86,636	81,040

**SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT**

**Schedule S : Notes to accounts (continued)**

₹ '000

	31 March 2011	31 March 2010
Provision for doubtful debts and advances written back	41,042	390,000
Reversal of provision for diminution in value of investment, consequent to reduction of share capital (net)	17,843	–
Provisions and liabilities no longer required written back	5,644	13,679
Depreciation and amortisation as per Section 350 of the Companies Act, 1956	443,092	372,721
Profit on sale of properties	122,844	37,670
Profit on sale of assets	280	174
Profit under Section 349 of the Companies Act, 1956	1,803,034	1,670,520
Non-wholetime directors' commission restricted to 1%	18,030	16,705
Managerial remuneration @ 5%	90,152	83,526

**Notes:**

- (i) 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 the above.
- (ii) Ms. Vinita Bali was appointed as Managing Director for a period of 5 years with effect from 31 May 2006.

**14 Licensed and installed capacities per annum**

(in tonnes)

Product group	Licensed Capacity 31 March 2011	Licensed Capacity 31 March 2010	Installed Capacity 31 March 2011	Installed Capacity 31 March 2010
Biscuits and high protein food	–	–	152,100	148,800

Installed Capacity as at 31 March 2011 [including Mumbai factory (Refer to note 9 above) and excluding Chennai factory] has been certified by the Management and relied upon by the auditors; the certificate being technical in nature.

**15 Production\***

(in tonnes)

Product group	31 March 2011	31 March 2010
Biscuits and high protein food	489,418	430,194
Bread, bread toast and rusk	123,354	113,122
Cake	5,592	4,615
	<b>618,364</b>	<b>547,931</b>
* Includes third party processing		
Biscuits and high protein food	369,972	324,967
Bread, bread toast and rusk	123,354	113,122
Cake	5,592	4,535
	<b>498,918</b>	<b>442,624</b>

**SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT**

Schedule S : Notes to accounts (continued)

₹ '000

**16 Opening and closing stock of finished goods**

	31 March 2011		31 March 2010	
	Quantity Tonnes	Value	Quantity Tonnes	Value
(a) Opening stock				
Biscuits and high protein food	18,628	926,819	17,471	766,173
Bread, bread toast and rusk	850	50,334	489	23,594
Cake	554	51,108	272	24,589
Others		5,151		4,187
		<u>1,033,412</u>		<u>818,543</u>
(b) Closing stock				
Biscuits and high protein food	19,868	1,127,062	18,628	926,819
Bread, bread toast and rusk	685	40,444	850	50,334
Cake	426	41,400	554	51,108
Others		6,429		5,151
		<u>1,215,335</u>		<u>1,033,412</u>

**17 Purchase of finished goods**

	31 March 2011		31 March 2010	
	Quantity Tonnes	Value	Quantity Tonnes	Value
Biscuits and high protein food	65,411	2,822,628	54,484	2,309,377
Bread, bread toast and rusk	1,452	83,996	5,855	154,282
Cake	11,470	1,050,269	6,827	576,234
Others	4,113	146,180	2,704	91,328
	<u>82,446</u>	<u>4,103,073</u>	<u>69,870</u>	<u>3,131,221</u>

**18 Expenditure in foreign currency**

	31 March 2011	31 March 2010
(a) Trade promotion and media related	11,112	9,805
(b) Professional fees	1,597	21,358
(c) Others	2,980	4,104

**19 Value of imports on C.I.F. basis**

	31 March 2011	31 March 2010
(a) Capital goods	47,427	2,101
(b) Raw materials	1,009,329	616,389
(c) Finished goods	–	15,340
(d) Components and spare parts	672	811

**20 Earnings in foreign currency**

	31 March 2011	31 March 2010
(a) Exports at free on board value	474,221	365,086
(b) Royalty	21,125	14,412
(c) Others	20,065	28,965



**SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT**

**Schedule S : Notes to accounts (continued)**

₹ '000

	Spargo Enterprises Pte Limited, Singapore
	Valletort Enterprises Pte Limited, Singapore
4. Associates	Klassik Foods Private Limited
	Nalanda Biscuits Company Limited
5. Others	Britannia Sports (partnership firm)
6. Key management personnel (KMP) Managing Director	Ms. Vinita Bali

**Related party transactions**

	Relationship	31 March 2011	31 March 2010
<b>Investments made during the year in</b>			
Britannia and Associates (Mauritius) Private Limited, Mauritius	Subsidiary	132,461	589,182
Sunrise Biscuit Company Private Limited	Subsidiary	69,001	–
Britannia Dairy Private Limited	Subsidiary	–	155,601
Daily Bread Gourmet Foods (India) Private Limited	Subsidiary	–	548,481
Britannia Dairy Holdings Private Limited, Mauritius	Subsidiary	–	500
Britannia Lanka Private Limited, Sri Lanka	Subsidiary	136,281	46,475
Boribunder Finance and Investments Private Limited	Subsidiary	20,001	–
<b>Total</b>		<b>357,744</b>	<b>1,340,239</b>
<b>Conversion of preference shares to equity shares</b>			
Britannia and Associates (Mauritius) Private Limited, Mauritius	Subsidiary	730,634	–
<b>Conversion of loan to equity shares</b>			
Britannia and Associates (Mauritius) Private Limited, Mauritius	Subsidiary	51,814	–
<b>Reduction in the value of investments</b>			
Daily Bread Gourmet Foods (India) Private Limited [Refer to note 11 (d) of schedule S]	Subsidiary	373,708	–
<b>Consideration received on capital reduction</b>			
Daily Bread Gourmet Foods (India) Private Limited	Subsidiary	1,551	–
<b>Redemption of debentures</b>			
J B Mangharam Foods Private Limited	Subsidiary	5,000	5,000
<b>Remittance of dividend</b>			
Associated Biscuits International Limited	Holding company	269,523	431,236
Others	Fellow subsidiary companies	34,808	55,693
<b>Total</b>		<b>304,331</b>	<b>486,929</b>
<b>Purchase of shares</b>			
Boribunder Finance and Investments Private Limited	Subsidiary	3,018	8,741
Flora Investments Company Private Limited	Subsidiary	12,456	2,672
Gilt Edge Finance and Investments Private Limited	Subsidiary	16,046	3,069
<b>Total</b>		<b>31,520</b>	<b>14,482</b>

**SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT**

Schedule S : Notes to accounts (continued)		₹ '000	
	Relationship	31 March 2011	31 March 2010
<b>Purchase of finished goods / consumables and ingredients</b>			
Strategic Food International Co. LLC, Dubai	Subsidiary	–	10,915
Al Sallan Food Industries Company SAOC, Oman	Subsidiary	955	279
Sunrise Biscuit Company Private Limited	Subsidiary	964,018	1,889,275
Britannia Dairy Private Limited	Subsidiary	3,146	2,613
Nalanda Biscuits Company Limited	Associate	804,691	1,274,591
<b>Total</b>		<b>1,772,810</b>	<b>3,177,673</b>
<b>Conversion charges</b>			
International Bakery Products Limited	Subsidiary	135,332	85,397
J B Mangharam Foods Private Limited	Subsidiary	181,406	158,172
Ganges Vally Foods Private Limited	Subsidiary	135,414	100,259
Manna Foods Private Limited	Subsidiary	–	10,204
Klassik Foods Private Limited	Associate	47,864	49,622
<b>Total</b>		<b>500,016</b>	<b>403,654</b>
<b>Royalty income</b>			
Strategic Food International Co. LLC, Dubai	Subsidiary	21,125	14,412
<b>Interest and dividend income</b>			
Boribunder Finance and Investments Private Limited	Subsidiary	120	686
J B Mangharam Foods Private Limited	Subsidiary	1,049	1,225
Sunrise Biscuit Company Private Limited	Subsidiary	8,675	4,599
Britannia and Associates (Mauritius) Private Limited	Subsidiary	5,283	3,278
Daily Bread Gourmet Foods (India) Private Limited	Subsidiary	–	8,555
Klassik Foods Private Limited	Associate	652	326
Ms. Vinita Bali	KMP	3	20
<b>Total</b>		<b>15,782</b>	<b>18,689</b>
<b>Management contracts including reimbursement of expenses, net</b>			
Ganges Vally Foods Private Limited	Subsidiary	3,859	(1,574)
International Bakery Products Limited	Subsidiary	2,504	(819)
J B Mangharam Foods Private Limited	Subsidiary	5,655	2,167
Manna Foods Private Limited	Subsidiary	(21)	48,723
Sunrise Biscuit Company Private Limited	Subsidiary	4,689	18,088
Al Sallan Food Industries Company SAOC, Oman	Subsidiary	(243)	(404)
Strategic Food International Co. LLC, Dubai	Subsidiary	(1,685)	1,274
Britannia Dairy Private Limited	Subsidiary	2,223	(13,124)
Nalanda Biscuits Company Limited	Associate	4,706	3,017
Klassik Foods Private Limited	Associate	180	(24)
<b>Total</b>		<b>21,867</b>	<b>57,324</b>
<b>Remuneration</b>			
Ms. Vinita Bali	KMP	50,750	44,229
<b>Share of loss in partnership firm</b>			
Britannia Sports	Others	7	1



**SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT**

Schedule S : Notes to accounts (continued)		₹ '000	
	Relationship	31 March 2011	31 March 2010
<b>Loan given during the year</b>			
Sunrise Biscuit Company Private Limited	Subsidiary	–	28,000
Daily Bread Gourmet Foods (India) Private Limited	Subsidiary	15,000	555,000
Boribunder Finance and Investments Private Limited	Subsidiary	31,900	–
Manna Foods Private Limited	Subsidiary	229,500	–
<b>Total</b>		<b>276,400</b>	<b>583,000</b>
<b>Loan repaid during the year</b>			
Daily Bread Gourmet Foods (India) Private Limited	Subsidiary	–	450,000
Sunrise Biscuit Company Private Limited	Subsidiary	50,180	54,000
Boribunder Finance and Investments Private Limited	Subsidiary	52,089	–
Ms.Vinita Bali	KMP	687	194
<b>Total</b>		<b>102,956</b>	<b>504,194</b>
<b>Sale of goods / consumables and ingredients</b>			
Sunrise Biscuit Company Private Limited	Subsidiary	5,113	30,910
Strategic Food International Co. LLC, Dubai	Subsidiary	13,906	2,133
Al Sallan Food Industries Company SAOC, Oman	Subsidiary	–	6
Britannia Dairy Private Limited	Subsidiary	11,735	13,799
Nalanda Biscuits Company Limited	Associate	3,581	166,748
<b>Total</b>		<b>34,335</b>	<b>213,596</b>
<b>Outstanding as at year end - net receivables / (payables)</b>			
Boribunder Finance and Investments Private Limited	Subsidiary	11,900	33,456
Ganges Vally Foods Private Limited	Subsidiary	2,180	3,339
J B Mangharam Foods Private Limited	Subsidiary	7,575	2,804
International Bakery Products Limited	Subsidiary	17,699	7,477
Sunrise Biscuit Company Private Limited	Subsidiary	33,624	81,200
Manna Foods Private Limited	Subsidiary	236,979	11,902
Al Sallan Food Industries Company SAOC, Oman	Subsidiary	(35)	6,223
Strategic Food International Co. LLC, Dubai	Subsidiary	3,955	(3,372)
Britannia and Associates (Mauritius) Private Limited, Mauritius	Subsidiary	12,278	59,256
Britannia Lanka Private Limited, Sri Lanka	Subsidiary	11,243	11,243
Daily Bread Gourmet Foods (India) Private Limited	Subsidiary	15,061	–
Britannia Dairy Private Limited	Subsidiary	853	16,542
Britannia Dairy Holdings Private Limited, Mauritius	Subsidiary	46	46
Nalanda Biscuits Company Limited	Associate	15,657	17,827
Klassik Foods Private Limited	Associate	375	(2,312)
Britannia Sports (partnership firm)	Others	746	746
Ms.Vinita Bali	KMP	–	687
<b>Total</b>		<b>370,136</b>	<b>247,064</b>
<b>Provision for doubtful loans / advances</b>			
Boribunder Finance and Investments Private Limited	Subsidiary	–	21,042
Manna Foods Private Limited	Subsidiary	10,403	10,403

**SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT**

Schedule S : Notes to accounts (continued)		₹ '000	
	Relationship	31 March 2011	31 March 2010
Sunrise Biscuit Company Private Limited	Subsidiary	–	20,000
Britannia Lanka Private Limited, Sri Lanka	Subsidiary	11,243	11,243
Britannia Sports (partnership firm)	Others	746	746
<b>Total</b>		<b>22,392</b>	<b>63,434</b>
<b>Investment in shares held</b>			
Britannia Dairy Private Limited	Subsidiary	760,247	760,247
Britannia and Associates (Mauritius) Private Limited, Mauritius	Subsidiary	791,431	607,156
Sunrise Biscuit Company Private Limited	Subsidiary	105,322	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
Boribunder Finance and Investments Private Limited	Subsidiary	20,800	799
Britannia Lanka Private Limited, Sri Lanka	Subsidiary	182,756	46,475
Daily Bread Gourmet Foods (India) Private Limited	Subsidiary	206,726	580,434
Klassik Foods Private Limited	Associate	3,198	3,198
Nalanda Biscuits Company Limited	Associate	2,788	2,788
Britannia Sports (partnership firm)	Others	49	49
Others	Subsidiaries	4,156	3,886
<b>Total</b>		<b>2,094,079</b>	<b>2,057,959</b>
<b>Investment in debentures held</b>			
J B Mangharam Foods Private Limited	Subsidiary	12,500	17,500
International Bakery Products Limited	Subsidiary	58,200	58,200
<b>Total</b>		<b>70,700</b>	<b>75,700</b>
<b>Provision for diminution in value of investment</b>			
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	182,756	46,475
<b>Total</b>		<b>507,756</b>	<b>761,475</b>
<b>Guarantees / collaterals / contingent liability</b>			
Strategic Food International Co. LLC, Dubai	Subsidiary	–	325,084
Britannia and Associates (Mauritius) Private Limited	Subsidiary	1,613,851	502,095
Britannia Dairy Private Limited	Subsidiary	600,000	600,000
<b>Total</b>		<b>2,213,851</b>	<b>1,427,179</b>
<b>Provision for corporate guarantee and other claims</b>			
Britannia Lanka Private Limited, Sri Lanka	Subsidiary	14,002	142,282
<b>Letter of awareness / comfort</b>			
Strategic Food International Co. LLC, Dubai	Subsidiary	460,180	463,448
Al Sallan Food Industries Company SAOC, Oman	Subsidiary	84,770	85,372
Britannia Dairy Private Limited	Subsidiary	45,000	45,000
<b>Total</b>		<b>589,950</b>	<b>593,820</b>

**SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT**

**Schedule S : Notes to accounts (continued)**

₹ '000

	Relationship
<b>Letter of financial and operational support</b>	
Strategic Food International Co. LLC, Dubai	Subsidiary
Al Sallan Food Industries Company SAOC, Oman	Subsidiary
Britannia and Associates (Mauritius) Private Limited	Subsidiary
Strategic Brands Holding Company Limited, Dubai	Subsidiary

**Notes:**

- (i) 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.
- (ii) 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.
- (iii) SAP licenses held by the Company are also used by Britannia Dairy Private Limited and Al Sallan Food Industries Company SAOC, Oman.

**25 Employee benefits**

**(a) Post-retirement benefit - Defined contribution plans**

The Company has recognised an amount of ₹ 50,889 (previous year ₹ 47,555) as expenses under the defined contribution plans in the profit and loss account for the year:

	31 March 2011	31 March 2010
<b>Benefit (Contribution to)</b>		
Provident Fund*	23,971	22,577
Family Pension Scheme	11,505	10,222
Pension Fund	15,408	14,749
Labour Welfare Fund	5	7
<b>Total</b>	<b>50,889</b>	<b>47,555</b>

\* With 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, which are 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 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.

**SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT**

Schedule S : Notes to accounts (continued)

₹ '000

	31 March 2011	31 March 2010	31 March 2009
1. Reconciliation of opening and closing balances of the present value of the defined benefit obligation:			
Obligations at 1 April	157,476	146,729	170,096
Service cost	10,122	9,424	9,717
Interest cost	12,598	11,738	13,608
Benefits settled	(22,891)	(10,254)	(53,583)
Actuarial (gain) / loss	(2,702)	(161)	6,891
Obligations at year end 31 March	154,603	157,476	146,729
2. Change in plan assets:			
Plan assets at 1 April at fair value	166,118	141,499	160,090
Expected return on plan assets	13,290	11,320	12,807
Actuarial gain / (loss)	655	(14)	(636)
Contributions	17,860	23,567	22,821
Benefits settled	(22,891)	(10,254)	(53,583)
Plan assets at 31 March at fair value	175,032	166,118	141,499
3. Reconciliation of present value of the obligation and the fair value of the plan assets:			
Present value of obligation as at 31 March	154,603	157,476	146,729
Plan assets as at 31 March at fair value	175,032	166,118	141,499
Amount recognised in balance sheet asset / (liability)	20,429	8,642	(5,230)
4. Expenses recognised in the profit and loss account:			
Current service cost	10,122	9,424	9,717
Interest cost	12,598	11,738	13,608
Expected return on plan assets	(13,290)	(11,320)	(12,807)
Actuarial (gain) / loss	(3,357)	(147)	7,527
Net cost	6,073	9,695	18,045
5. Amount recognised in the balance sheet:			
Opening (asset) / liability	(8,642)	5,230	10,006
Expense as above	6,073	9,695	18,045
Employers' contribution paid	(17,860)	(23,567)	(22,821)
Closing (asset) / liability	(20,429)	(8,642)	5,230
6. Investment details:	% Invested	% Invested	% Invested
Government of India securities	25.45	22.96	22.45
State Government securities	15.91	18.04	15.02
Public sector securities	50.35	50.11	53.32
Mutual funds	0.63	0.85	–
Special deposit scheme	7.66	8.04	9.21
	100.00	100.00	100.00

**SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT**

**Schedule S : Notes to accounts (continued)**

₹ '000

	31 March 2011	31 March 2010	31 March 2009
7. Principal actuarial assumptions:			
Discount factor [Refer to note (i) below]	8.25%	8%	8%
Estimated rate of return on plan assets [Refer to note (ii) below]	8.25%	8%	8%
Attrition rate	14%	1%	1%
Salary escalation rate	5%	5%	5%
Retirement age (in years)	58	58	58

**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.

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

	Outstanding as at		Maximum outstanding during the year ended	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
<b>Subsidiaries</b>				
Sunrise Biscuits Company Private Limited (net)	–	19,306	19,306	84,180
Boribunder Finance and Investments Private Limited (net)	11,900	11,047	31,900	11,047
Daily Bread Gourmet Foods (India) Private Limited (net)	15,000	–	15,000	557,000
Britannia and Associates (Mauritius) Private Limited, Mauritius	–	51,916	51,916	58,658
Manna Foods Private Limited	229,500	–	229,500	–
<b>Others</b>				
Purbasha Properties Private Limited (repayment schedule in excess of 7 years)	41,324	43,326	43,326	44,000

- 27** 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 ₹ 121,199 (previous year: ₹ 121,199) received by it in earlier years. The Single Judge of the Honourable 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 ₹ 121,199 (previous year: ₹ 121,199) (included in Deposits under Schedule I) with a nationalised bank in the name of the Fund. On

## SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Schedule S : Notes to accounts (continued)

₹ '000

appeal, the Division Bench of the Honourable Calcutta High Court disposed off the writ petition pending before the Single Judge. The Fund filed a Special Leave Petition (SLP) before the Honourable Supreme Court against the Order of the Division Bench. The Honourable Supreme Court at its hearing on 12 May 2008 has set aside the Order of the Division Bench of the Honourable Calcutta High Court. As a condition of the stay Order granted, the Company has, under protest, made the deposit as per the direction of the Honourable Calcutta High Court.

Pursuant to the directions of the Honourable 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 preferred appeals before the Central Board of Direct Taxes (CBDT), New Delhi challenging the Orders of the CIT. CBDT passed Orders in the said appeals in March 2011 directing the Company inter alia to submit deeds of variation incorporating the modifications in line with the directions made in the Orders effective 1 November 2004. The modified deeds of variation in line with the directions contained in the CBDT Orders have already been filed with the CIT, Kolkata, for his approval. In writ petitions filed by some of the pensioners, the Honourable Madras High Court has passed an interim Order restraining the CIT, Kolkata, from approving the deeds of variation pending disposal of the writ petitions.

A suit was filed by the Britannia Industries Limited Pensioners Welfare Association ('the Association') in the Honourable City Civil Court and Sessions Judge, Bangalore, where the Honourable Court 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 Honourable 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. In an appeal filed against this Order in the Honourable Karnataka High Court, the Honourable Karnataka High Court in April 2010 modified the Trial Court's Order so as to extend the time limit from two months to three months and in July 2010, further modified the Trial Court's Order directing inter alia that the pension shall be paid as per Rule 11(a) from the date of filing of the suit by the Association in the Honourable Bangalore City Civil Court, i.e. with effect from 17 June 2008. The Company filed Special Leave Petitions (SLPs) in the Honourable Supreme Court against the above Order of the Honourable Karnataka High Court. The Honourable Supreme Court passed an Order in January 2011 disposing of the SLPs and directing inter alia that the interim Order passed by it in September 2010 directing that the Pension Funds should continue to pay pension as per the interim Order passed by the Honourable Bangalore City Civil Court on 1 January 2009 would continue till disposal of the suit by the Trial Court. The proceedings in the main suit are currently in progress in the Honourable Bangalore City Civil Court.

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.

### 28 Derivative contracts

#### (a) 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 Accounting Standard 11 - "The effects of changes in foreign exchange rates". Accordingly, the amount receivable of ₹ 236,839 (previous year: ₹ 215,149) and loan payable of ₹ 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 to schedule J].

The Company has designated certain Foreign Exchange Forward Contracts (relating to foreign currency receivables) outstanding as on 31 March 2011 as Hedge of highly probable forecasted transaction. On that date, the Company had forward contracts to sell USD 1,094 (in thousands), [previous year: USD 974 (in thousands)]. As at the year end the unrealised exchange loss of ₹ Nil (previous year: ₹ Nil) arrived on a mark to market basis has been accounted for.



**SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT**

Schedule S : Notes to accounts (continued)

₹ '000

(b) 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 ₹ Nil (previous year: ₹ 1,655) arrived on a mark to market basis for such contracts has been duly accounted for.

- 29 There are no material dues owed by the Company to Micro and Small enterprises, which are outstanding for more than 45 days during the year and as at 31 March 2011. 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.

	31 March 2011	31 March 2010
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year:		
- Principal	28,369	38,615
- Interest	–	–
The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the year.	–	–
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act.	–	–
The amount of interest accrued and remaining unpaid at the end of the year.	–	–
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	–	–

- 30 Amount due from companies under the same management:

	Outstanding as at		Maximum outstanding during the year ended	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
<b>Subsidiaries</b>				
Strategic Food International Co. LLC, Dubai	3,955	–	8,525	4,082
Boribunder Finance and Investments Private Limited	11,900	33,456	64,004	35,505
International Bakery Products Limited	17,699	7,477	27,004	17,229
J B Mangharam Foods Private Limited	7,575	2,804	25,691	22,308
Sunrise Biscuit Company Private Limited	33,641	81,200	150,193	159,716
Manna Foods Private Limited	236,979	11,902	236,979	61,315
Ganges Vally Foods Private Limited	2,180	3,339	10,563	8,221
Al Sallan Food Industries Company SAOC, Oman	–	6,223	6,223	6,223

**SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT**

Schedule S : Notes to accounts (continued)

₹ '000

	Outstanding as at		Maximum outstanding during the year ended	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
Britannia and Associates (Mauritius) Private Limited, Mauritius	12,278	59,256	62,656	63,980
Britannia Lanka Private Limited, Sri Lanka	11,243	11,243	11,243	13,164
Daily Bread Gourmet Foods (India) Private Limited	15,061	–	15,038	511,872
Britannia Dairy Private Limited	853	16,542	16,735	16,553
Britannia Dairy Holdings Private Limited, Mauritius	46	46	46	46
<b>Others</b>				
Britannia Sports (partnership firm)	746	746	746	746

**31** 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 ₹ 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 meeting 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 ₹ 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.

**32** 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 price of ₹ 1,125.30/-; 15,000 options on 27 May 2009 at an exercise price of ₹ 1,698.15/- and 20,000 options on 27 May 2010 at an exercise price of ₹ 1,668.55/- to the Managing Director of the Company. Each option represents one equity share of ₹ 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 ₹ 170/- per share for options granted on 29 October 2008 and 27 May 2009, being the face value of bonus debentures issued pursuant to the Scheme of Arrangement approved by the Honourable Calcutta High Court on 11 February 2010.

The number of options have been appropriately adjusted, consequent upon the sub-division of the equity shares. Also refer to note 8.

**SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT**

**Schedule S : Notes to accounts (continued)**

₹ '000

**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 ₹ 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 2011	31 March 2010
Options outstanding at the beginning of the year	150,000	75,000
Options granted during the year	100,000	75,000
Options vested during the year	75,000	75,000
Options exercised during the year	Nil	Nil
Options lapsed during the year	Nil	Nil
Shares under option at the end of the year	250,000	150,000
Exercisable at the end of year	150,000	75,000
Weighted average price per option (₹)	282.49	248.38

**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 2011	31 March 2010
Number of options granted	100,000	75,000
Date of grant	27 May 2010	27 May 2009
Vesting period (years)	1	1
Expected life of option (years)	3	3
Expected volatility	26.95%	31.01%
Risk free rate	6.56%	5.86%
Expected dividends expressed as a dividend yield	1.80%	1.31%
Weighted-average fair value of options per share (₹)	81.24	81.71

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 2011	31 March 2010
Net profit (as reported)	1,452,913	1,165,110
Less: Stock-based compensation expense determined under fair value based method net of Intrinsic Value (without considering tax impact)	7,785	9,401
Net profit (pro forma) considered for computing EPS (pro-forma)	1,445,128	1,155,709
Basic earnings per share (as reported) (₹)	12.16	9.75
Basic earnings per share (pro-forma) (₹)	12.09	9.68
Diluted earnings per share (as reported) (₹)	12.16	9.75
Diluted earnings per share (pro-forma) (₹)	12.09	9.68

**SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT**

**Schedule S : Notes to accounts (continued)**

₹ '000

- 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** Voluntary Retirement Scheme (VRS) expenditure for the year 2009-10 includes payment made towards VRS expenditure of Manna Foods Private Limited, Subsidiary of Britannia Industries Limited, amounting to ₹ 49,381 as per arbitration award dated 25 January 2010.
- 35** Figures in rupees have been rounded off to the nearest thousand, unless otherwise stated.
- 36** Previous year's figures have been regrouped / reclassified as per the current year's presentation for the purpose of comparability. The following significant regroupings / reclassifications of the previous year figures have been made:

Particulars	Previous year grouping	Current year grouping	Amount
In balance sheet			
Advance income tax	Provisions for income taxes	Advance income tax, net of provisions	162,195
In profit and loss account			
Voluntary retirement scheme	Exceptional items	Staff cost	62,321
In cash flow statement			
Investments in money market funds	Cash and cash equivalent	Investing activity	2,562,807

- 37** Previous year audit was carried out by a firm other than B S R & Co.

As per our report attached  
for B S R & Co.  
Chartered Accountants  
Firm registration number: 101248W

**Natrajh Ramakrishna**  
Partner  
Membership number: 32815

Place : Mumbai  
Date : 27 May 2011

**for and on behalf of the Board of Directors:**  
Chairman : Nusli N Wadia  
Managing Director : Vinita Bali  
Directors : Keki Dadiseth  
Nimesh N Kampani  
S S Kelkar  
Vijay L Kelkar  
Nasseer Munjee  
Ness N Wadia  
Chief Financial Officer : Raju Thomas  
Company Secretary : P Govindan

Place : Mumbai  
Date : 27 May 2011

## Britannia Annual Report 2010-11

### BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

#### I. Registration Details

Registration No.	02964	State Code	21
Balance Sheet Date	31/03/11		

#### II. Capital raised during the year (₹ '000)

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

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

Total Liabilities	8,889,881	Total Assets*	8,889,881
<b>Sources of Funds</b>		<b>Application of Funds</b>	
Paid up Capital	238,902	Net Fixed Assets	3,153,947
Reserves and Surplus	4,274,147	Investments	5,449,993
Secured Loans	4,077,620	Net Current Assets*	285,941
Unsecured Loan	236,839	Misc. Expenditure	-
Deferred Tax Liability, net	62,373	Deferred Tax Asset	-

\* Net of Current Liabilities and Provisions.

#### IV. Performance of the Company (₹ '000)

Turnover (including other income)	42,725,351
Total Expenditure	40,743,936
Profit Before Tax	1,981,415
Profit After Tax	1,452,913
Earnings per share in ₹	12.16
Dividend rate %	325%

#### 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.

**AUDITORS' REPORT TO THE BOARD OF DIRECTORS ON THE CONSOLIDATED FINANCIAL STATEMENTS OF BRITANNIA INDUSTRIES LIMITED AND ITS SUBSIDIARIES**

1. We have audited the attached consolidated balance sheet of Britannia Industries Limited ('the Company') and its subsidiaries (collectively called 'the Britannia Group') as at 31 March 2011, the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date, annexed thereto. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated 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 and other financial information of certain subsidiaries. These subsidiaries account for 8.77% of total assets, 3.50% of total revenues and other income and 14.56% of cash flows, as shown in these consolidated financial statements. Of the above:
  - a. The financial statements and other financial information of some of the subsidiaries incorporated outside India as drawn up in accordance with the generally accepted accounting principles of the respective countries ('the local GAAP') have been audited by other auditors duly qualified to act as auditors in those countries. These subsidiaries account for 8.75% of total assets, 3.50% of total revenue and other income and 12.63% of cash flows as shown in these consolidated financial statements. For purposes of preparation of consolidated financial statements, the aforesaid local GAAP financial statements have been restated by the management of the said entities so that they conform to the generally accepted accounting principles in India. This has been done on the basis of a reporting package prepared by the Company which covers accounting and disclosure requirements applicable to consolidated financial statements under the generally accepted accounting principles in India. The reporting packages made for this purpose have been reviewed by the other auditors and the limited review reports of those other auditors have been furnished to us. Our opinion on the consolidated financial statements, insofar as it relates to these entities, is based on the aforesaid limited review reports of these other auditors.
  - b. The financial statements and other financial information of the remaining subsidiaries have not been subject to audit either by us or other auditors and therefore unaudited financial statements for the year ended 31 March 2011 of these entities have been furnished to us by the management. These subsidiaries account for only 0.02% of total assets, Nil % of total revenues and other income and 1.93% of cash flows as shown in these consolidated financial statements, and therefore are not material to the consolidated financial statements, either individually or in the aggregate.
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 and Accounting Standard 23, Accounting for Investments in Associates in consolidated Financial Statements prescribed in the Companies (Accounting Standards) Rules, 2006.
5. Based on our audit and to the best of our information and according to the explanations given to us and on consideration of reports of other auditors on separate financial statements, in our opinion the 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 Britannia Group as at 31 March 2011;
  - b. in the case of the consolidated profit and loss account, of the profit of the Britannia 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 Britannia Group for the year ended on that date.

for B S R & Co.  
Chartered Accountants  
Firm registration number: 101248W

Natraj Ramakrishna  
Partner

Place : Mumbai  
Date : 27 May 2011

Membership number: 32815



Britannia Annual Report 2010-11  
**CONSOLIDATED BALANCE SHEET**

₹ '000

As at	Schedule	31 March 2011	31 March 2010
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' funds</b>			
Share capital	A	238,902	238,902
Reserves and surplus	B	3,021,438	2,589,078
		<u>3,260,340</u>	<u>2,827,980</u>
<b>Minority interest</b>		20,820	21,556
<b>Loan funds</b>			
Secured loans	C	4,333,029	5,205,139
Unsecured loans		1,855,292	1,364,480
		<u>6,188,321</u>	<u>6,569,619</u>
<b>Deferred tax liability, net</b>	S (4)	57,416	–
		<u>9,526,897</u>	<u>9,419,155</u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed assets</b>			
Gross block	D	10,546,096	10,105,412
Less: Accumulated depreciation and amortisation		5,497,947	5,112,030
Net block		5,048,149	4,993,382
Capital work-in-progress		134,463	101,617
		<u>5,182,612</u>	<u>5,094,999</u>
<b>Investments</b>	E	3,885,161	3,664,384
<b>Deferred tax asset, net</b>	S (4)	–	60,951
<b>Current assets, loans and advances</b>			
Inventories	F	3,470,045	3,042,135
Sundry debtors	G	809,616	732,654
Cash and bank balances	H	768,798	427,479
Other current assets	I	121,199	133,650
Loans and advances	J	2,128,898	1,976,926
		<u>7,298,556</u>	<u>6,312,844</u>
<b>Less: Current liabilities and provisions</b>			
Current liabilities	K	4,586,153	3,839,999
Provisions	L	2,253,279	1,874,024
		<u>6,839,432</u>	<u>5,714,023</u>
<b>Net current assets</b>		459,124	598,821
		<u>9,526,897</u>	<u>9,419,155</u>
<b>Significant accounting policies and notes to accounts</b>	S		

The Schedules referred to above form an integral part of the consolidated balance sheet.

As per our report attached

for B S R & Co.

Chartered Accountants

Firm registration number: 101248W

Natraj Ramakrishna

Partner

Membership number: 32815

Place : Mumbai

Date : 27 May 2011

for and on behalf of the Board of Directors:

Chairman : Nusli N Wadia

Managing Director : Vinita Bali

Directors : Keki Dadiseth

Nimesh N Kampani

S S Kelkar

Vijay L Kelkar

Nasseer Munjee

Ness N Wadia

Chief Financial Officer : Raju Thomas

Company Secretary : P Govindan

Place : Mumbai

Date : 27 May 2011

# Britannia Annual Report 2010-11

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

₹ '000

For the year ended	Schedule	31 March 2011	31 March 2010
<b>INCOME</b>			
Gross sales		46,377,789	37,963,157
Less: Excise duty		(326,147)	(234,075)
Net sales		46,051,642	37,729,082
Other income	M	648,845	582,471
		<u>46,700,487</u>	<u>38,311,553</u>
<b>EXPENDITURE</b>			
Cost of materials	N	30,253,994	24,114,912
Staff cost	O	1,801,997	1,645,146
Other operating expenses	P	11,647,082	10,340,468
Depreciation and amortisation	D & S (17)	648,593	582,318
Financial expenses	Q	478,062	234,544
		<u>44,829,728</u>	<u>36,917,388</u>
<b>Profit before taxation and exceptional items</b>		1,870,759	1,394,165
Exceptional items (profit) / loss	R	-	307,388
<b>Profit before taxation</b>		1,870,759	1,086,777
Income tax expense			
- Current income tax		425,240	228,750
- Minimum alternative tax credit		-	(13,827)
- Minimum alternative tax credit for earlier years		(139,125)	-
- Income tax for earlier years		123,454	-
- Wealth tax		812	1,224
- Deferred tax charge / (credit)		118,367	(160,368)
<b>Profit after taxation before share of profits / (losses) of associates (net) and minority interest</b>		<u>1,342,011</u>	<u>1,030,998</u>
Share of net profit / (loss) of associates		742	2,152
Share of loss / (profit) of minority		736	(1,351)
<b>Profit after taxation</b>		1,343,489	1,031,799
Profit brought forward		571,351	353,002
<b>Profit available for appropriation</b>		<u>1,914,840</u>	<u>1,384,801</u>
<b>Appropriations</b>			
Transfer to general reserve		145,291	117,000
Proposed dividend		776,430	597,254
Tax on proposed dividend		125,956	99,196
Profit carried forward		867,163	571,351
		<u>1,914,840</u>	<u>1,384,801</u>
Earnings per share [Refer to note 6 of schedule S]:			
- Basic [nominal value of ₹ 2/- each]		11.25	8.64
- Diluted [nominal value of ₹ 2/- each]		11.25	8.64
Weighted average number of equity shares used in computing earnings per share:			
- Basic		119,450,815	119,450,815
- Diluted		119,512,374	119,486,755
Significant accounting policies and notes to accounts	S		

The Schedules referred to above form an integral part of the profit and loss account.

As per our report attached

for B S R & Co.

Chartered Accountants

Firm registration number: 101248W

Natraj Ramakrishna

Partner

Membership number: 32815

Place : Mumbai

Date : 27 May 2011

for and on behalf of the Board of Directors:

Chairman : Nusli N Wadia

Managing Director : Vinita Bali

Directors : Keki Dadiseth

Nimesh N Kampani

S S Kelkar

Vijay L Kelkar

Nasseer Munjee

Ness N Wadia

Chief Financial Officer : Raju Thomas

Company Secretary : P Govindan

Place : Mumbai

Date : 27 May 2011

# Britannia Annual Report 2010-11

## CONSOLIDATED CASH FLOW STATEMENT

₹ '000

For the year ended	31 March 2011	31 March 2010
<b>Cash flows from operating activities</b>		
Profit before taxation	1,870,759	1,086,777
<b>Adjustments for:</b>		
Depreciation and amortisation	648,593	582,318
Amortisation of voluntary retirement scheme expenditure	–	266,374
Provision for claims and other costs	–	41,014
Profit on sale of investments, net	(86,636)	(81,040)
Profit on sale of fixed assets, net	(132,570)	(44,078)
Dividend income	(5,897)	(125,535)
Interest income	(234,483)	(151,118)
Interest expense	442,417	159,940
<b>Operating profit before working capital changes</b>	<b>2,502,183</b>	<b>1,734,652</b>
(Increase) / decrease in inventories	(426,889)	(133,808)
(Increase) / decrease in sundry debtors	(75,835)	(12,716)
(Increase) / decrease in other current assets and loans and advances	549,385	(132,368)
Increase / (decrease) in current liabilities and provisions	547,622	1,014,850
<b>Cash generated from operations</b>	<b>3,096,466</b>	<b>2,470,610</b>
Income taxes paid (including fringe benefit tax), net of refund	(336,310)	(93,353)
<b>Net cash generated from operating activities</b>	<b>2,760,156</b>	<b>2,377,257</b>
<b>Cash flow used in investing activities</b>		
Purchase of fixed assets (including finance lease assets)	(897,372)	(778,269)
Proceeds from sale of fixed assets	179,919	73,596
Purchase / sale of investments, net	(134,141)	190,343
Inter-corporate deposits placed	(500,000)	(100,000)
Consideration paid on acquisition (net of cash balance taken over)	(2,565)	(98,134)
Interest received	209,397	165,932
Dividend received	5,897	125,535
<b>Net cash used in investing activities</b>	<b>(1,138,865)</b>	<b>(420,997)</b>
<b>Cash flow used in financing activities</b>		
Repayment of secured loans, net	(872,110)	(347,620)
Interest paid	(439,972)	(159,537)
Proceeds from unsecured loans	488,478	83,750
Dividend paid including tax thereon	(695,524)	(1,805,515)
<b>Net cash used in financing activities</b>	<b>(1,519,128)</b>	<b>(2,228,922)</b>
<b>Net Increase / (decrease) in cash and cash equivalents</b>	<b>102,163</b>	<b>(272,662)</b>
<b>Cash and cash equivalent at the beginning of the year</b>	<b>373,176</b>	<b>645,838</b>
<b>Cash and cash equivalent at the end of the year [Refer to note (ii) below]</b>	<b>475,339</b>	<b>373,176</b>

# Britannia Annual Report 2010-11

## CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

₹ '000

For the year ended	31 March 2011	31 March 2010
<b>Notes:</b>		
(i) The above cash flow statement has been prepared under indirect method as per Accounting Standard 3 - "Cash Flow Statement".		
(ii) Cash and cash equivalent at the end of the year		
Cash and bank balances {include ₹18,240 (Previous year: ₹ 17,314) in dividend accounts and ₹ 14,962 (Previous year ₹ 52,672 ) held against bank guarantees, which are restrictive in nature} [Refer to schedule H]	768,798	427,479
Book overdraft [Refer to schedule K]	(293,093)	(54,152)
Effect of exchange rate changes	(366)	(151)
	<u>475,339</u>	<u>373,176</u>
(iii) Figures in bracket indicate cash outgo, except for adjustments for operating activities.		

As per our report attached

for B S R & Co.

Chartered Accountants

Firm registration number: 101248W

**Natraj Ramakrishna**

Partner

Membership number: 32815

Place : Mumbai

Date : 27 May 2011

**for and on behalf of the Board of Directors:**

Chairman : Nusli N Wadia

Managing Director : Vinita Bali

Directors : Keki Dadiseth

Nimesh N Kampani

S S Kelkar

Vijay L Kelkar

Nasseer Munjee

Ness N Wadia

Chief Financial Officer : Raju Thomas

Company Secretary : P Govindan

Place : Mumbai

Date : 27 May 2011

# Britannia Annual Report 2010-11

## SCHEDULES TO THE CONSOLIDATED BALANCE SHEET

₹ '000

As at	31 March 2011	31 March 2010
<b>Schedule A - Share capital</b>		
<b>Authorised</b>		
Equity shares	500,000	500,000
[250,000,000 equity shares of ₹ 2/- each (previous year: 50,000,000 equity shares of ₹ 10/- each)]		
<b>Issued, subscribed and paid up</b>		
Equity shares fully paid	238,902	238,902
[119,450,815 equity shares of ₹ 2/- each (previous year: 23,890,163 equity shares of ₹ 10/- each)]*		
Of the above following were allotted:		
9,587,275 equity shares of ₹ 2/- each (previous year: 1,917,455 equity shares of ₹ 10/- each) for cash fully paid;		
178,895 equity shares of ₹ 2/- each (previous year: 35,779 equity shares of ₹ 10/- each) were allotted for consideration other than cash pursuant to a contract fully paid up;		
129,486,080 equity shares of ₹ 2/- each (previous year: 25,897,216 equity shares of ₹ 10/- each) were allotted as fully paid up bonus shares by capitalisation of general reserve.		
[Refer to note 7 and 20 of schedule S]		
The following equity shares were bought back in earlier years:		
Year	Number of shares	Nominal value
2001-02	1,000,000	10,000,000
2002-03	946,174	9,461,740
2003-04	792,226	7,922,260
2004-05	1,221,887	12,218,870
The above shares were bought back before the sub-division of shares and thus had a face value of ₹ 10/- at the time of buy back.		
* Of the total fully paid up equity shares: 60,866,095 equity shares of ₹ 2/- each (previous year: 12,173,219 equity shares of ₹ 10/- each) are held by the subsidiaries of The Bombay Burmah Trading Corporation Limited, the ultimate holding Company.		
	238,902	238,902

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET (CONTINUED)

₹ '000

	Capital reserve	General reserve	Capital redemption reserve	Profit and loss account balance	Foreign currency translation reserve	As at 31 March 2011
<b>Schedule B - Reserves and surplus</b>						
Balance as at the beginning of the year	6,272	2,004,250	39,627	571,351	(32,422)	2,589,078
Additions:						
Transfer from profit and loss account	–	145,291	–	441,103	–	586,394
Foreign currency translation adjustment	–	–	–	–	(8,743)	(8,743)
	<u>6,272</u>	<u>2,149,541</u>	<u>39,627</u>	<u>1,012,454</u>	<u>(41,165)</u>	<u>3,166,729</u>
Deductions:						
Transfer to general reserve	–	–	–	145,291	–	145,291
Balance as at the end of the year	<u>6,272</u>	<u>2,149,541</u>	<u>39,627</u>	<u>867,163</u>	<u>(41,165)</u>	<u>3,021,438</u>
	Capital reserve	General reserve	Capital redemption reserve	Profit and loss account balance	Foreign currency translation reserve	As at 31 March 2010
Balance as at the beginning of the previous year	6,272	6,638,800	39,627	353,002	(62,901)	6,974,800
Additions:						
Transfer from profit and loss account	–	117,000	–	335,349	–	452,349
Foreign currency translation adjustment	–	–	–	–	30,479	30,479
	<u>6,272</u>	<u>6,755,800</u>	<u>39,627</u>	<u>688,351</u>	<u>(32,422)</u>	<u>7,457,628</u>
Deductions:						
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
Balance as at the end of the previous year	<u>6,272</u>	<u>2,004,250</u>	<u>39,627</u>	<u>571,351</u>	<u>(32,422)</u>	<u>2,589,078</u>

\* [Refer to note 16 of schedule S]

**SCHEDULES TO THE CONSOLIDATED BALANCE SHEET (CONTINUED)**

₹ '000

As at	31 March 2011	31 March 2010
<b>Schedule C - Loan funds</b>		
<b>Secured</b>		
<b>From banks</b>		
Term loan	–	463,448
[Secured by hypothecation by way of first charge on book debts, receivables, plant and machinery, stocks and stores]		
Government of Sultanate of Oman [Refer to note (b) below]	254,379	267,616
Oman Development Bank [Refer to note (a) below]	–	260,561
Bank overdraft [Refer to note (d) below]	–	131,164
<b>From others</b>		
Finance lease obligations	17,322	21,022
[Secured by hypothecation of assets taken on lease]		
23,890,163 (previous year: 23,890,163) 8.25% redeemable non-convertible bonus debentures of face value of ₹170/- each, fully paid up [Refer to note 16 of schedule S]	4,061,328	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 and machinery. The book value (net) of plant and machinery and inventories as on 31 March 2011 amounts to ₹ 2,238,938 and ₹ 3,112,005 respectively (previous year: ₹ 2,071,271 and ₹ 2,683,435).		
Redeemable in full at the end of 36 months from 22 March 2010, being the date of allotment		
	4,333,029	5,205,139
<b>Unsecured</b>		
<b>From banks</b>		
Term loans [Refer to note (c) below]	1,855,292	1,364,480
[Amount repayable within one year ₹ 1,400,422 (previous year: ₹ 584,852)]		
	6,188,321	6,569,619

**Notes:**

- (a) The total loan amounting to ₹ 260,561 was fully settled during the year. The bank also waived off the interest of ₹ 73,530. With the settlement of dues, the personal guarantee provided to the bank by continuing founder promoters of Al Sallan Food Industries Company SAOC, Oman was released.
- (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 Al Sallan Food Industries Company SAOC.
- (c) Term loan includes ₹ 342,883 and ₹ 1,025,570 (Previous year: ₹ 470,714 and ₹ Nil) payable to Royal Bank of Scotland and Bank of America respectively. The loan has been given to Britannia and Associates (Mauritius) Private Limited to fund its acquisition and support working capital of Strategic Food International Co. LLC, Strategic Brands Holding Limited and Al Sallan Food Industries Company SAOC and the amount has been guaranteed by Britannia Industries Limited.
- (d) The bank overdraft is secured against letter of comfort, hypothecation of inventory and trade receivables, assignment of insurance policies covering building, plant and machinery and inventories of Strategic Food International Co. LLC.



SCHEDULES TO THE CONSOLIDATED BALANCE SHEET (CONTINUED)

Schedule D - Fixed Assets

Description	Gross block at cost					Accumulated depreciation and amortisation / impairment					Net block			
	As at 1 April 2010	Acquisition during the year refer to note (f) below	Exchange difference	Additions	Deletions	Adjustment during the year refer to note (g) below	As at 31 March 2011	On acquisition	Exchange difference	Charge for the year	On deletions during the year	Adjustment during the year	As at 31 March 2011	As at 31 March 2010
<b>Own assets</b>														
<b>Tangible assets</b>														
Freehold land	52,278	-	-	-	-	-	52,278	-	-	-	-	-	52,278	52,278
Leasehold land [Refer to note (a) below]	66,212	-	-	56,391	-	-	122,603	2,516	-	571	-	-	119,516	63,696
Buildings [Refer to note (b) & (c) below]	1,388,054	-	(3,564)	29,907	440	-	1,413,957	603,588	(2,709)	49,937	331	-	763,472	784,466
Plant and machinery [Refer to note (b) & (d) below]	6,538,788	-	(10,990)	563,920	212,806	-	6,878,912	3,669,372	(8,078)	447,208	204,776	-	2,975,186	2,869,416
Data processing equipment	292,541	-	(138)	54,774	52,137	-	295,040	151,542	(86)	61,539	40,050	-	172,945	140,999
Furniture and fittings	212,477	-	(467)	9,467	11,334	-	210,143	138,349	(464)	7,959	619	-	145,225	74,128
Motor vehicles	18,400	-	(81)	1,314	676	-	18,957	12,726	(80)	1,290	684	-	13,252	5,674
<b>Intangible assets</b>														
Trademarks	471	-	-	-	-	-	471	128	-	14	-	-	329	343
Designs	149	-	-	-	-	-	149	-	-	-	-	-	149	149
Computer software	54,557	-	-	23,312	-	-	77,869	17,027	-	11,110	-	-	28,137	37,530
Knowhow	100,984	-	-	-	-	-	100,984	80,788	-	10,098	-	-	90,886	20,196
Marketing infrastructure	168,991	-	-	-	-	-	168,991	135,193	-	16,898	-	-	152,091	33,798
Non compete rights	244,647	-	-	-	-	-	244,647	207,950	-	36,697	-	-	244,647	36,697
Goodwill on consolidation, net [Refer to note (e) below]	933,026	-	(4,179)	2,565	-	-	931,412	75,112	-	-	-	-	856,300	857,914
<b>Assets taken on finance lease</b>														
Motor vehicles	10,071,575	-	(19,419)	741,650	277,393	-	10,516,413	5,094,291	(11,417)	643,321	246,460	-	5,479,735	4,977,284
<b>Total</b>	<b>10,105,412</b>	<b>-</b>	<b>(19,419)</b>	<b>746,260</b>	<b>286,157</b>	<b>-</b>	<b>10,546,096</b>	<b>5,112,030</b>	<b>(11,417)</b>	<b>648,593</b>	<b>251,259</b>	<b>-</b>	<b>5,497,947</b>	<b>4,993,382</b>
Previous year	9,216,476	516,807	(367,411)	942,610	171,922	(31,148)	10,105,412	4,511,365	361,690	582,318	142,404	(5,926)	5,112,030	101,617
Add: Capital work-in-progress													134,463	5,094,999

Notes:

- Agreements in respect of leasehold land at two factories of the Company (previous year: two factories) are in the process of renewal.
- Redeemable Non-convertible bonus debentures issued in the previous 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 and machinery.
- Buildings include:
  - Fully paid unquoted shares and bonds in respect of ownership of flats in 3 Co-operative Housing Societies (previous year: 4 Co-operative Housing Societies); 519 shares (previous year: 529 shares) of ₹ 50/- each, and 50 interest free loan stock bonds (previous year: 50 interest free loan stock bonds) of ₹ 100/- each.
  - Net book value ₹ 65,632 (previous year: ₹ 80,953) constructed on a land leased from the government(UAE) which is renewable each year in relation to Strategic Food International Co LLC (SFIC). The lessor [government (UAE)] would be required to give the tenant (SFIC) a notice of one year for termination of the lease.
  - Net book value ₹ 126,106 (previous year: ₹ 133,511) 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).
- Net book value of tangible assets included in the above schedule pertaining to ASFI amounts to ₹ 352,162 (previous year: ₹ 373,060). Substantially all the tangible assets of ASFI are mortgaged as security against the government term loan and other term loans amounting to ₹ 254,379 (previous year: ₹ 528,177).
- Goodwill on consolidation comprises goodwill ₹ 941,917 (previous year: ₹ 943,531) and capital reserve ₹ 10,505 (previous year: ₹ 10,505).
- Acquisition during the previous year represent the assets of Britannia Dairy Private Limited on account of further investment made in the entity.
- Adjustment during the previous year represents assets pertaining to Britannia Lanka Private Limited, which has been classified as current asset - Assets held for sale (Refer to schedule I), on account of discontinuation of operation.

**SCHEDULES TO THE CONSOLIDATED BALANCE SHEET (CONTINUED)**

₹ '000

As at	31 March 2011	31 March 2010
<b>Schedule E - Investments</b>		
<b>Long term</b>		
<b>Quoted</b>		
Non-trade: Fully paid equity shares	37,636	2,862
Fully paid debentures	1,311,236	811,232
<b>Unquoted</b>		
Trade: Fully paid debentures	4	4
Non-trade: Fully paid equity shares in associates [including goodwill ₹ 3,406 (previous year: ₹ 3,406)]	15,276	14,534
Units (fully paid):		
- Mutual funds	528,087	100,308
- Insurance policy	59,888	59,888
Others: Capital in a partnership firm	100	100
	<u>1,952,227</u>	<u>988,928</u>
<b>Current</b>		
<b>Unquoted</b>		
Non-trade: Mutual funds units (fully paid)	1,933,032	2,675,556
Fully paid debentures	4	4
	<u>1,933,036</u>	<u>2,675,560</u>
Less: Provision for diminution in value of investment	102	104
	<u>3,885,161</u>	<u>3,664,384</u>
<b>Schedule F - Inventories</b>		
Stores and spare parts	180,567	171,568
Packing materials	512,651	377,580
Raw materials	1,431,480	1,302,490
Finished goods	1,342,347	1,187,137
Materials in process	3,000	3,360
	<u>3,470,045</u>	<u>3,042,135</u>
<b>Schedule G - Sundry debtors</b>		
<b>Unsecured</b>		
Considered good:		
Over six months	36,618	34,572
Others	772,998	698,082
	<u>809,616</u>	<u>732,654</u>
Considered doubtful:		
Over six months	95,653	91,400
	<u>905,269</u>	<u>824,054</u>
Less: Provision for doubtful debts	95,653	91,400
	<u>809,616</u>	<u>732,654</u>

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## SCHEDULES TO THE CONSOLIDATED BALANCE SHEET (CONTINUED)

₹ '000

As at	31 March 2011	31 March 2010
<b>Schedule H - Cash and bank balances</b>		
Cash in hand	32,968	22,182
Cheques on hand	197,483	108,650
With scheduled banks:		
- Current accounts	457,528	186,314
- Deposit accounts	62,579	93,019
- Unpaid dividend accounts	18,240	17,314
	<u>768,798</u>	<u>427,479</u>
<b>Schedule I - Other current assets</b>		
Assets held for sale	-	12,451
Deposits [Refer to note 11 of schedule S]	121,199	121,199
	<u>121,199</u>	<u>133,650</u>
<b>Schedule J - Loans and advances</b>		
<b>Unsecured</b> Considered good:		
Advances recoverable in cash or in kind or for value to be received [Refer to note 14 of schedule S]	1,199,642	1,620,811
Advance income tax and tax deducted at source (net of provision for tax)	110,216	193,283
Inter corporate deposits	600,000	100,000
Interest accrued but not due	43,338	18,252
Balances with customs, port trust, excise, etc	13,404	29,813
Minimum alternative tax credit entitlement	152,952	13,827
Employee benefits - gratuity (net) [Refer to note 10 (b) of schedule S]	9,346	940
	<u>2,128,898</u>	<u>1,976,926</u>
Considered doubtful:		
Advances recoverable in cash or in kind or for value to be received	122,621	106,378
	<u>2,251,519</u>	<u>2,083,304</u>
Less: Provision for doubtful advances	122,621	106,378
	<u>2,128,898</u>	<u>1,976,926</u>
<b>Schedule K - Current liabilities</b>		
Book overdraft	293,093	54,152
Sundry creditors		
- Due to Micro and small enterprises	28,369	38,615
- Others	2,019,651	1,575,859
Other liabilities	2,119,422	2,002,536
Interest accrued but not due	13,821	11,376
Advance from customers	93,557	140,147
Unpaid dividend accounts	18,240	17,314
[Investor Protection and Education Fund shall be credited when due]		
	<u>4,586,153</u>	<u>3,839,999</u>

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### SCHEDULES TO THE CONSOLIDATED BALANCE SHEET (CONTINUED)

₹ '000

As at	31 March 2011	31 March 2010
<b>Schedule L - Provisions</b>		
Excise related issues*	320,870	262,796
Sales tax and other issues*	183,133	163,855
Trade and other issues*	333,947	380,377
Employee benefits	132,600	120,332
Fringe benefit tax (net of advance tax)	963	10,221
Provision for income tax (net of advance tax and tax deducted at source)	379,380	239,993
Proposed dividend	776,430	597,254
Tax on proposed dividend	125,956	99,196
	<u>2,253,279</u>	<u>1,874,024</u>

\* [Refer to note 5 of schedule S]

**SCHEDULES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT**

₹ '000

For the year ended		31 March 2011	31 March 2010
<b>Schedule M - Other income</b>			
Profit on sale of equity shares, units of mutual funds (non-trade), net	Long term	14,418	78,648
	Current	72,218	2,392
Dividend income from equity shares, units of mutual funds (non-trade)	Long term	44	548
	Current	5,853	124,987
Interest on debentures and other deposits (gross)	Long term	124,992	68,832
[Tax deducted ₹ 12,839 (previous year : ₹ 11,358)]	Current	109,491	82,286
Profit on sale of fixed assets, net		132,570	44,078
Provisions and liabilities no longer required written back		121,499	8,661
Provisions for doubtful debts and advances written back, net		-	7,583
Royalty income		20,327	19,539
Other receipts		47,433	144,917
		<b>648,845</b>	<b>582,471</b>
<b>Schedule N - Cost of materials</b>			
(i) Consumption of raw material including packing material			
Opening stock		1,680,070	1,808,125
Add: Purchases		27,380,611	20,117,092
Less: Closing stock		(1,944,131)	(1,680,070)
		27,116,550	20,245,147
(ii) Finished goods purchased		3,289,073	4,142,319
(iii) (Increase) / decrease in finished goods and materials in process			
Opening stock			
- Finished goods		1,187,137	910,062
- Materials in process		3,360	6,906
Closing stock			
- Finished goods		1,342,347	1,187,137
- Materials in process		3,000	3,360
		(154,850)	(273,529)
Less: Excise duty on opening stock of finished goods		(11,055)	(10,080)
Add: Excise duty on closing stock of finished goods		14,276	11,055
Increase / (decrease)		3,221	975
		<b>30,253,994</b>	<b>24,114,912</b>
<b>Schedule O - Staff cost</b>			
Salaries, wages and bonus		1,606,169	1,417,258
Contribution to provident and other funds		91,195	82,783
Workmen and staff welfare expenses		90,154	82,784
Voluntary retirement scheme expenditure		14,479	62,321
		<b>1,801,997</b>	<b>1,645,146</b>

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### SCHEDULES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT (CONTINUED)

₹ '000

For the year ended	31 March 2011	31 March 2010
<b>Schedule P - Other operating expenses</b>		
Consumption of stores and spare parts	91,437	106,114
Power and fuel	569,369	454,670
Repairs and maintenance:		
Plant and machinery (a)	108,563	94,502
Buildings (a)	21,046	28,021
Others	109,370	99,417
Rent	67,080	163,816
Rates and taxes	195,691	273,662
Commission	19,256	20,618
Insurance	18,595	19,720
Carriage, freight and distribution	3,005,280	2,535,611
Auditors' remuneration:		
Audit fees	4,627	5,250
Other services	350	460
Expenses reimbursed	1,134	382
Advertising and sales promotion	3,352,407	3,009,623
Conversion charges (b)	2,874,478	2,493,293
Foreign exchange loss	7,908	29,037
Miscellaneous (c)	1,192,175	1,006,272
Bad debts and advances written off	619	-
Provision for doubtful debts and loans / advances (net of write back)	7,697	-
	<b>11,647,082</b>	<b>10,340,468</b>
(a) Includes stores consumed	49,760	41,900
(b) Includes claim from contract packers in respect of certain taxes	-	1,256
(c) Includes share of loss in the partnership firm Britannia Sports	7	1
<b>Schedule Q - Financial expenses</b>		
Interest:		
Short-term borrowings	42,910	80,473
Finance lease	2,988	3,330
Fixed loans	44,109	54,037
Redeemable non-convertible bonus debentures	335,060	9,180
Others	17,350	12,920
Bank and other charges	35,645	74,604
	<b>478,062</b>	<b>234,544</b>
<b>Schedule R - Exceptional items</b>		
Amortisation of Voluntary Retirement Scheme	-	266,374
Provision for claims and other costs	-	41,014
	<b>-</b>	<b>307,388</b>

**SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AND  
PROFIT AND LOSS ACCOUNT**

**Schedule S : Notes to consolidated accounts**

₹ '000

**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 and associates ('the Group'). The consolidated financial statements are prepared in accordance with Accounting Standard 21 - "Consolidated Financial Statements" and Accounting Standard 23 - "Accounting for Investments in Associates in Consolidated Financial Statement" prescribed by the Companies (Accounting Standard), Rules 2006. 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 Company's separate financial statements. Appropriate disclosure is made of significant deviations from the Company's accounting policies, which have not been adjusted.

**(b) Subsidiaries 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 %)
<b>Subsidiary companies:</b>			
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	98.88	98.88
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 Private Limited	Sri Lanka	100.00	100.00
Daily Bread Gourmet Foods (India) Private Limited	India	100.00	100.00
Britannia Dairy Private Limited	India	100.00	100.00
Britannia Dairy Holdings Private Limited (formerly known as Britannia New Zealand Holdings Private Limited)	Mauritius	100.00	100.00
<b>Associates:</b>			
Klassik Foods Private Limited	India	26.02	26.02
Nalanda Biscuits Company Limited	India	35.00	35.00

**(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.



**SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AND  
PROFIT AND LOSS ACCOUNT**

**Schedule S : Notes to consolidated accounts (continued)**

₹ '000

**(d) Accounting for investment in associates**

Accounting for investments in associate companies has been carried out under the equity method of accounting prescribed under Accounting Standard 23 - "Accounting for Investments in Associates in Consolidated Financial Statement" 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.

The following associate companies and partnership firm (where control exists) are excluded from consolidation as they are not significant:

Name of the entity	Relationship	Country of incorporation
Britannia Sports	Partnership firm where control exists	India
Vasna Agrex and Herbs Private Limited	Associate	India
Snacko Bisc Private Limited	Associate	India

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

The consolidated 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 mandatory Accounting Standards prescribed by the Companies (Accounting Standard), Rules 2006, the relevant provisions of the Companies Act, 1956 ('the Act') and the guidelines issued by the Securities and Exchange Board of India (SEBI).

The financial statements of Britannia and Associates (Mauritius) Private Limited, Britannia and Associates (Dubai) Private Co. Limited, Britannia Dairy Holdings Private Limited, Strategic Brands Holding Company 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.

**(f) Use of estimates**

The preparation of consolidated financial statements, in conformity with generally accepted accounting principles in India 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.

**(g) Fixed assets**

**Tangible assets**

Tangible assets are stated at their cost of acquisition or construction less accumulated depreciation. Cost includes inward freight, duties, taxes and expenses incidental to acquisition and installation or construction, net of refundable duties, levies and taxes where applicable. The cost of fixed assets not ready for their intended use before such date, are disclosed as capital work-in-progress.

**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.

**SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AND  
PROFIT AND LOSS ACCOUNT**

**Schedule S : Notes to consolidated accounts (continued)**

₹ '000

**(h) Depreciation and amortisation**

Depreciation in respect of all the assets is provided on straight line method. The rates of depreciation prescribed in Schedule XIV to the Act are considered as minimum rates. If the Management's estimate of the useful life of a fixed asset at the time of the acquisition of the asset or of the remaining useful life on a subsequent review is shorter than envisaged in the aforesaid schedule, depreciation is provided at a higher rate based on the Management's estimate of the useful life/ remaining useful life. Pursuant to this policy vehicles acquired on finance lease are depreciated over a period of 5 years.

With effect from 1 April 2010, the Management has revised the estimated useful life for computers to four years, based on a review of useful life of such assets.

Assets costing individually upto ₹ 5 are fully depreciated in the year of addition.

Leasehold land is amortised over the period of primary lease.

**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

In respect of assets held by J B Mangharam Foods Private Limited and Ganges Vally Foods Private Limited, depreciation is provided on a written-down-value basis over its expected useful life. The written down value of assets as on 31 March 2011 amounts to ₹ 41,637 and ₹ 36,727 (previous year: ₹ 43,360 and ₹ 30,841) for J B Mangharam Foods Private Limited and Ganges Vally Foods Private Limited respectively.

**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 to note (i) below.

**(i) 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. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost. An impairment loss is reversed only to the extent that the carrying amount of asset does not exceed the net book value that would have been determined, if no impairment loss had been recognised.

**(j) 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

**SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AND  
PROFIT AND LOSS ACCOUNT**

**Schedule S : Notes to consolidated accounts (continued)**

₹ '000

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.

**(k) Inventories**

Inventories are valued at the lower of cost (including prime cost, excise duty and other overheads incurred in bringing the inventories to their present location and condition) and estimated net realisable value, after providing for obsolescence, where appropriate. The comparison of cost and net realisable value is made on an item-by-item basis. The net realisable value of materials in process is determined with reference to the selling prices of related finished goods. Raw materials, packing materials and other supplies held for use in production of inventories are not written down below cost except in cases where material prices have declined, and it is estimated that the cost of the finished products will exceed their net realisable value.

The provision for inventory obsolescence is assessed regularly based on estimated usage and shelf life of products.

Raw materials, packing materials and stores and spares are valued at cost computed on monthly 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. The value of these inventories are as given below:

	31 March 2011	31 March 2010
J B Mangharam Foods Private Limited	5,760	5,094
Sunrise Biscuit Company Private Limited	54,269	62,891
Britannia Dairy Private Limited	98,967	116,218

**(l) Sundry debtors and loans and advances**

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

**(m) 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 for each investment individually.

**(n) Revenue recognition**

Revenue from sale of goods (including sale of scrap) is recognised on transfer of all significant risks and rewards of ownership to the buyer. The amount recognised as sale is exclusive of sales tax and net of trade discounts and sales returns. Sales are presented both gross and net of excise duty.

**SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AND  
PROFIT AND LOSS ACCOUNT**

**Schedule S : Notes to consolidated accounts (continued)**

₹ '000

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.

**(o) 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 Group uses foreign exchange forward contracts to cover its exposure towards movements in foreign exchange rates. The use of foreign exchange forward contracts reduces the risk of fluctuations in exchange movements for the Group. The Group 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 is 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.

**(p) Taxes on income**

Income tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the income tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year). Deferred tax in respect of timing differences which originate during the tax holiday period but reverse after the tax holiday period is recognised in the year in which the timing differences originate. For this purpose, the timing differences which originate first are considered to reverse first. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent where there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward business loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets.

Deferred tax assets / liabilities are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realised.

The Group offsets, the current tax assets and liabilities (on a year on year basis) and deferred tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in the guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account. The Group reviews the same at each balance

**SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AND  
PROFIT AND LOSS ACCOUNT**

**Schedule S : Notes to consolidated accounts (continued)**

₹ '000

sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Group will pay normal income tax during the specified period.

**(q) 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 to note 10]

In case of Al Sallan Food Industries Company SAOC, the provision for employees' terminal benefits is based upon the liability accrued in accordance with the terms of employment of the Company's employees at the statement of financial position date, having regard to the requirements of the Oman Labour Law, 2003 and the Social Security Law, 1991.

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 1 January every year.

**SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AND  
PROFIT AND LOSS ACCOUNT**

**Schedule S : Notes to consolidated accounts (continued)**

₹ '000

**(r) Borrowing costs**

Borrowing costs directly attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised. Other borrowing costs are accounted as an expense in the profit and loss account.

**(s) Employee share based payments**

The Group 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.

**(t) 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.

Provision for onerous contracts, i.e. contracts where the expected unavoidable cost of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

**(u) Derivative contracts**

Based on the principle of prudence as provided in Accounting Standard 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 to point (o) 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 notification issued in March 2008 in relation to such transactions.

**(v) 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 year. 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 converted as of the beginning of the year, 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. The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for the share splits.

**(w) Cash flow statement**

Cash flows are reported using indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Group are segregated.

**SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AND  
PROFIT AND LOSS ACCOUNT**

**Schedule S : Notes to consolidated accounts (continued)**

₹ '000

**2 Capital commitments and contingent liabilities**

- (a) Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 585,467 (previous year: ₹ 118,244).
- (b) Contingent liabilities for:
- (1) Bank guarantee and letter of credit for ₹ 86,794 (previous year: ₹ 1,079,518).
  - (2) Discounted cheques ₹ 475,519 (previous year: ₹ 616,332).
  - (3) Claims / demand against the Group not acknowledged as debts including excise, income tax, sales tax & trade and other demands ₹ 603,832 (previous year: ₹ 1,089,205).

**Notes:**

- (i) During the current year, the Group has reassessed the exposure with respect to claims / demands for excise, income tax, sales tax and trade and other matters. Exposure with respect to claims / demands where the possibility of any outflow in settlement is assessed as remote as at the balance sheet date, have not been considered as contingent liability.
- (ii) The above does not include non quantifiable industrial disputes and other legal disputes pending before various judicial authorities. Also refer to note 11 to 13.

Regarding item (b) 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.

**3 (a) Operating leases**

The Group has certain operating leases for land, 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 (except non cancellable leases). Rental expenses of ₹ 65,349 (previous year: ₹ 161,150) and ₹ 1,731 (previous year: ₹ 2,666) in respect of obligation under cancellable and non cancellable operating leases respectively 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.

Future obligations of lease rentals applicable to above leased assets aggregate to ₹ 13,328 (previous year: ₹ 15,144) and are due:

	31 March 2011	31 March 2010
Not later than 1 year	1,720	1,731
Later than 1 year and not later than 5 years	6,879	6,923
More than five years	4,729	6,490
	<b>13,328</b>	<b>15,144</b>



**SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AND  
PROFIT AND LOSS ACCOUNT**

**Schedule S : Notes to consolidated accounts (continued)**

₹ '000

**(b) Finance leases**

The Group has taken motor vehicles on finance lease. The total minimum lease payments and present value of minimum lease payments as at 31 March 2011 are as follows:

	31 March 2011		31 March 2010	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Not later than 1 year	10,779	9,053	7,923	5,639
Later than 1 year and not later than 5 years	9,962	8,269	17,962	15,383
	<b>20,741</b>	<b>17,322</b>	<b>25,885</b>	<b>21,022</b>

The difference between minimum lease payments and the present value of minimum lease payments of ₹ 3,419 (previous year: ₹ 4,863) represents interest not due. The lease liability is secured by the relevant vehicles acquired under lease.

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

	31 March 2011		31 March 2010	
	Asset	Liability	Asset	Liability
Depreciation	–	306,287	–	258,024
Voluntary retirement scheme, terminal compensation benefits	60,693	–	97,146	–
Statutory payments	108,620	–	207,384	–
Provisions allowed on payments, write off	70,428	–	14,445	–
Others	9,130	–	–	–
	<b>248,871</b>	<b>306,287</b>	<b>318,975</b>	<b>258,024</b>
<b>Deferred tax asset / (liability), net</b>		<b>(57,416)</b>	<b>60,951</b>	

- 5 In accordance with Accounting Standard 29 on “Provisions, contingent liabilities and contingent assets”, prescribed by the Companies (Accounting Standard), Rules 2006, certain classes of liabilities have been identified as provisions which have been disclosed as under:

	31 March 2010	Additions*	Utilisation*	Reversals/ adjustments*	31 March 2011
(a) Excise related issues	262,796	58,255	(181)	–	320,870
(b) Sales tax and other issues	163,855	20,678	–	(1,400)	183,133
(c) Trade and other issues	380,377	21,453	–	(67,883)	333,947
	<b>31 March 2009</b>	<b>Additions*</b>	<b>Utilisation*</b>	<b>Reversals/ adjustments*</b>	<b>31 March 2010</b>
(a) Excise related issues	131,126	137,403	–	(5,733)	262,796
(b) Sales tax and other issues	164,597	49,155	–	(49,897)	163,855
(c) Trade and other issues	109,468	223,630	(259)	47,538	380,377

(a) and (b) represents estimates made for probable cash outflow arising out of pending disputes / litigations with various regulatory authorities.

**SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AND  
PROFIT AND LOSS ACCOUNT**

**Schedule S : Notes to consolidated accounts (continued)**

₹ '000

(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 Group.

\* Included under various heads in profit and loss account.

**6 Earnings per share**

	31 March 2011	31 March 2010
(a) Net profit attributable to the equity shareholders	1,343,489	1,031,799
(b) Weighted average number of equity shares outstanding during the year	119,450,815	119,450,815
(c) Effect of potential equity shares on employee stock option outstanding	61,559	35,940
(d) Weighted average number of equity shares outstanding for computing diluted earnings per share [(b)+(c)]	119,512,374	119,486,755
Nominal value of Equity shares (₹)	2	2
Basic earnings per share (₹)	11.25	8.64
Diluted earnings per share (₹)	11.25	8.64

7 In the Annual General Meeting held on 9 August 2010, the shareholders of the Company approved the sub-division of equity shares, wherein each equity share with a face value of ₹ 10/- has been subdivided into 5 equity shares with a face value of ₹ 2/- each. The effective date for the sub-division was 10 September 2010. In compliance with Accounting Standard 20, the disclosure of earnings per share for the year ended 31 March 2010 has been arrived at after giving effect to the above sub-division.

8 Based on guiding principles given in the Accounting Standard 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 are not applicable. The Group primarily caters to the domestic market (India) and export sales are not significant. The Group has ₹ 1,396,070 (previous year: ₹ 1,494,928) of segment assets which is located outside India.

**9 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	Bannatyne Enterprises Pte Limited, Singapore Dowbiggin Enterprises Pte Limited, Singapore Nacupa Enterprises Pte Limited, Singapore Spargo Enterprises Pte Limited, Singapore Valletort Enterprises Pte Limited, Singapore
3	Other related parties with whom transactions have taken place during the year	
	Associates	Klassik Foods Private Limited Nalanda Biscuits Company Limited Vasna Agrex and Herbs Private Limited
4	Key management personnel (KMP)	
	Managing Director	Ms. Vinita Bali

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## SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Schedule S : Notes to consolidated accounts (continued) ₹ '000

Related party transactions	Relationship	31 March 2011	31 March 2010
<b>Remittance of dividend</b>			
Associated Biscuits International Limited	Holding company	269,523	431,236
Others	Fellow subsidiary companies	34,808	55,693
<b>Total</b>		<b>304,331</b>	<b>486,929</b>
<b>Purchase of finished goods</b>			
Nalanda Biscuits Company Limited	Associate	804,691	1,274,591
<b>Conversion charges paid</b>			
Klassik Foods Private Limited	Associate	47,864	49,622
<b>Interest and dividend income</b>			
Klassik Foods Private Limited	Associate	652	326
Ms. Vinita Bali	KMP	3	20
<b>Total</b>		<b>655</b>	<b>346</b>
<b>Management contracts including reimbursement of expenses, net</b>			
Klassik Foods Private Limited	Associate	180	(24)
Nalanda Biscuits Company Limited	Associate	4,706	3,017
<b>Total</b>		<b>4,886</b>	<b>2,993</b>
<b>Remuneration</b>			
Ms. Vinita Bali	KMP	50,750	44,229
<b>Loan repaid by</b>			
Ms. Vinita Bali	KMP	687	194
<b>Share of current year profit / (loss)</b>			
Klassik Foods Private Limited	Associate	1,927	1,275
Nalanda Biscuits Company Limited	Associate	1,052	864
<b>Total</b>		<b>2,979</b>	<b>2,139</b>
<b>Sale of goods / consumables and ingredients</b>			
Nalanda Biscuits Company Limited	Associate	3,581	166,748
<b>Outstanding as at year end net receivables / (payables)</b>			
Klassik Foods Private Limited	Associate	375	(2,312)
Nalanda Biscuits Company Limited	Associate	15,657	17,827
Ms. Vinita Bali	KMP	-	687
<b>Total</b>		<b>16,032</b>	<b>16,202</b>
<b>Investments (including goodwill)</b>			
Klassik Foods Private Limited	Associate	10,622	10,932
Nalanda Biscuits Company Limited	Associate	4,554	3,502
Vasna Agrex and Herbs Private Limited	Associate	100	100
<b>Total</b>		<b>15,276</b>	<b>14,534</b>
<b>Provision for Investment</b>			
Vasna Agrex and Herbs Private Limited	Associate	100	100

**SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AND  
PROFIT AND LOSS ACCOUNT**

**Schedule S : Notes to consolidated accounts (continued)**

₹ '000

**Notes:**

- (i) 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.
- (ii) 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.

**10 Employee Benefits**

**(a) Post-retirement benefit - Defined contribution plans**

The Group has recognised an amount of ₹ 69,873 (previous year: ₹ 62,162) as expenses under the defined contribution plans in the profit and loss account for the year:

	31 March 2011	31 March 2010
<b>Benefit (Contribution to)</b>		
Provident Fund*	36,529	27,293
Family Pension Scheme	12,526	13,731
Pension Fund	15,501	16,660
Labour Welfare Fund	4	36
ESI	5,313	4,442
<b>Total</b>	<b>69,873</b>	<b>62,162</b>

\* With regard to the assets of the Fund and the return on the investments, the Group 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, which are 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 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.

# Britannia Annual Report 2010-11

## SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

### Schedule S : Notes to consolidated accounts (continued)

₹ '000

	31 March 2011	31 March 2010	31 March 2009
1. Reconciliation of opening and closing balances of the present value of the defined benefit obligation:			
Obligations at 1 April	200,948	187,249	202,455
Service cost	13,094	12,177	13,436
Interest cost	16,076	14,788	16,768
Benefits settled	(27,937)	(11,283)	(55,184)
Actuarial (gain) / loss	1,314	416	9,774
On acquisition	–	(2,399)	–
Obligations at the year end 31 March	203,495	200,948	187,249
2. Change in plan assets:			
Plan assets at 1 April at fair value	201,888	173,607	186,678
Expected return on plan assets	16,152	13,674	14,936
Actuarial gain / (loss)	741	976	(708)
Contributions	21,997	27,597	27,885
Benefit settled	(27,937)	(11,283)	(55,184)
On acquisition	–	(2,683)	–
Plan assets at 31 March at fair value	212,841	201,888	173,607
3. Reconciliation of present value of the obligation and the fair value of the plan assets:			
Present value of obligation as at 31 March	203,495	200,948	187,249
Plan assets at 31 March at fair value	212,841	201,888	173,607
Amount recognised in balance sheet asset / (liability)	9,346	940	(13,642)
4. Expenses recognised in the profit and loss account:			
Current service cost	13,094	12,177	13,436
Interest cost	16,076	14,788	16,768
Expected return on plan assets	(16,152)	(13,674)	(14,936)
Actuarial (gain) / loss	573	(560)	10,482
Net cost	13,591	12,731	25,750
5. Amount recognised in the balance sheet:			
Opening (asset) / liability	(940)	13,642	15,777
On acquisition	–	284	–
Expense as above	13,591	12,731	25,750
Employers contribution paid	(21,997)	(27,597)	(27,885)
Closing (asset) / liability	(9,346)	(940)	13,642
6. Investment details:	% Invested	% Invested	% Invested
Government of India securities	25.45	22.96	22.45
State Government securities	15.91	18.04	15.02
Public sector securities	50.35	50.11	53.32
Mutual funds	0.63	0.85	–
Special deposit scheme	7.66	8.04	9.21
	100.00	100.00	100.00

## Britannia Annual Report 2010-11

### SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

#### Schedule S : Notes to consolidated accounts (continued)

₹ '000

	31 March 2011	31 March 2010	31 March 2009
7. Principal actuarial assumptions			
Discount factor [Refer to note (i) below]	8.25%	8.00%	8.00%
Estimated rate of return on plan assets [Refer to note (ii) below]	8.25%	8.00%	8.00%
Attrition rate	14.00%	1.00%	1.00%
Salary escalation rate	5.00%	5.00%	5.00%
Retirement age (in years)	58	58	58

#### 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 ₹ 7,713 (previous year: ₹ 7,890).

**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 ₹ 121,199 (previous year: ₹ 121,199) received by it in earlier years. The Single Judge of the Honourable 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 ₹ 121,199 (previous year: ₹ 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 Honourable Calcutta High Court disposed off the writ petition pending before the Single Judge. The Fund filed a Special Leave Petition (SLP) before the Honourable Supreme Court against the Order of the Division Bench. The Honourable Supreme Court at its hearing on 12 May 2008 has set aside the Order of the Division Bench of the Honourable Calcutta High Court. As a condition of the stay Order granted, the Company has, under protest, made the deposit as per the direction of the Honourable Calcutta High Court.

Pursuant to the directions of the Honourable 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 preferred appeals before the Central Board of Direct Taxes (CBDT), New Delhi challenging the Orders of the CIT. CBDT passed Orders in the said appeals in March 2011 directing the Company inter alia to submit deeds of variation incorporating the modifications in line with the directions made in the Orders effective 1 November 2004. The modified deeds of variation in line with the directions contained in the CBDT Orders have already been filed with the CIT, Kolkata, for his approval. In writ petitions filed by some of the pensioners, the Honourable Madras High Court has passed an interim Order restraining the CIT, Kolkata, from approving the deeds of variation pending disposal of the writ petitions.

**SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AND  
PROFIT AND LOSS ACCOUNT**

**Schedule S : Notes to consolidated accounts (continued)**

₹ '000

A suit was filed by the Britannia Industries Limited Pensioners Welfare Association ('the Association') in the Honourable City Civil Court and Sessions Judge, Bangalore, where the Honourable Court 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 Honourable 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. In an appeal filed against this Order in the Honourable Karnataka High Court, the Honourable Karnataka High Court in April 2010 modified the Trial Court's Order so as to extend the time limit from two months to three months and in July 2010, further modified the Trial Court's Order directing inter alia that the pension shall be paid as per Rule 11(a) from the date of filing of the suit by the Association in the Honourable Bangalore City Civil Court, i.e. with effect from 17 June 2008. The Company filed Special Leave Petitions (SLPs) in the Honourable Supreme Court against the above Order of the Honourable Karnataka High Court. The Honourable Supreme Court passed an Order in January 2011 disposing of the SLPs and directing inter alia that the interim Order passed by it in September 2010 directing that the Pension Funds should continue to pay pension as per the interim Order passed by the Honourable Bangalore City Civil Court on 1 January 2009 would continue till disposal of the suit by the Trial Court. The proceedings in the main suit are currently in progress in the Honourable Bangalore City Civil Court.

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's income tax assessments for the year 2003 to 2010 have not been agreed with the Secretariat General for Taxation at the Ministry of Finance, Oman. Management believes that additional taxes, if any, that may become payable on finalisation of the assessments in respect of these open years would not be material to the Company's financial position as at 31 March 2011. No tax has been recognised due to carried forward accumulated losses of prior years.
- 13** Pursuant to the Labour Commissioner's Order under Section 25 O (1) of the Industrial Disputes Act, 1947, production at the Company owned facility in Mumbai was closed effective 24 March 2004. As per the Order of the Honourable Bombay High Court, the Company as on the date of the balance sheet has paid an amount of ₹ 58,317 (previous year: ₹ 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 Honourable Bombay High Court, the Company has paid ₹ 12,579 (previous year: ₹ 14,703) as compensation equivalent to 70% of the last drawn amount for the year ended 31 March 2011. The Company has made the above payments as compensation under the Industrial Disputes Act, 1947. The case is currently pending in the Honourable Bombay High Court.

**14 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 Accounting Standard 11 - "The effects of changes in foreign exchange rates". Accordingly, the amount receivable of ₹ 236,839 (previous year: ₹ 215,149) and loan payable of ₹ 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 to schedule J].



**SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AND  
PROFIT AND LOSS ACCOUNT**

**Schedule S : Notes to consolidated accounts (continued)**

₹ '000

The Company has designated certain Foreign Exchange Forward Contracts (relating to foreign currency receivables) outstanding as on 31 March 2010 as Hedge of highly probable forecasted transaction. On that date, the Company had forward contracts to sell USD. 1,094 (in thousands) [previous year: USD 974 (in thousands)]. As at the year end the unrealised exchange loss of ₹ Nil (previous year: ₹ Nil) 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 ₹ Nil (previous year: ₹ 1,655) arrived on a mark to market basis for such contracts has been duly accounted for.

- 15** The Company has discontinued the business operations of Britannia Lanka Private Limited, 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.
- 16** 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 ₹ 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 meeting 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 ₹ 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 High Court of Calcutta.
- 17** In the current year, due to the revision of estimated useful life for computers to four years, additional depreciation charged amounts to ₹ 20,846.
- 18** (a) During the previous year, 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) During the previous year, 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.

**SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AND  
PROFIT AND LOSS ACCOUNT**

**Schedule S : Notes to consolidated accounts (continued)**

₹ '000

(c) As per the approval by the Honourable Karnataka High Court, vide order no. 8771/11, for reduction of equity share capital of Daily Bread Gourmet Foods (India) Private Limited, face value of ₹ 10/- each, has been restated to ₹ 4/- each.

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

	Outstanding as at		Maximum outstanding during the year ended	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
Purbasha Properties Private Limited (repayment schedule in excess of 7 years)	41,324	43,326	43,326	44,000

**20** 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 price of ₹ 1,125.30/-; 15,000 options on 27 May 2009 at an exercise price of ₹ 1,698.15/- and 20,000 options on 27 May 2010 at an exercise price of ₹ 1,668.55/- to the Managing Director of the Company. Each option represents one equity share of ₹ 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 ₹ 170/- per share for options granted on 29 October 2008 and 27 May 2009, being the face value of bonus debentures issued pursuant to the Scheme of Arrangement approved by the Honourable Calcutta High Court on 11 February 2010.

The numbers of options have been appropriately adjusted, consequent upon the sub-division of the equity shares. Also refer to note 7.

**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 ₹ 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 2011	31 March 2010
Options outstanding at the beginning of the year	150,000	75,000
Options granted during the year	100,000	75,000
Options vested during the year	75,000	75,000
Options Exercised during the year	Nil	Nil
Options Lapsed during the year	Nil	Nil
Shares under option at the end of the year	250,000	150,000
Exercisable at the end of year	150,000	75,000
Weighted average price per option (₹)	282.49	248.38

**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.

## Britannia Annual Report 2010-11

### SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

#### Schedule S : Notes to consolidated accounts (continued)

₹ '000

Particulars	31 March 2011	31 March 2010
Number of options granted	100,000	75,000
Date of grant	27 May 2010	27 May 2009
Vesting period (years)	1	1
Expected life of option (years)	3	3
Expected volatility	26.95%	31.01%
Risk free rate	6.56%	5.86%
Expected dividends expressed as a dividend yield	1.80%	1.31%
Weighted-average fair values of options per share (₹)	81.24	81.71

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 2011	31 March 2010
Net profit (as reported)	1,343,489	1,031,799
Less: Stock-based compensation expense determined under fair value based method net of Intrinsic Value (without considering tax impact)	7,785	9,401
Net profit (pro forma) considered for computing EPS (pro forma)	1,335,704	1,022,398
Basic earnings per share (as reported) (₹)	11.25	8.64
Basic earnings per share (pro forma) (₹)	11.18	8.61
Diluted earnings per share (as reported) (₹)	11.25	8.64
Diluted earnings per share (pro forma) (₹)	11.18	8.61

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

22 Previous year's figures have been regrouped / reclassified as per the current year's presentation for the purpose of comparability. The following significant regroupings / reclassifications of the previous year figures have been made:

Particulars	Previous year grouping	Current year grouping	Amount
In balance sheet			
Advance income tax	Provisions for income taxes	Advance income tax, net of provisions	193,283
In profit and loss account			
Voluntary retirement scheme	Exceptional items	Staff cost	66,171
In cashflow			
Investments in money market funds	Cash and cash equivalent	Investing activity	2,675,810

23 Previous year audit was carried out by a firm other than B S R & Co.

As per our report attached

for B S R & Co.

Chartered Accountants

Firm registration number: 101248W

Natraj Ramakrishna

Partner

Membership number: 32815

Place : Mumbai

Date : 27 May 2011

for and on behalf of the Board of Directors:

Chairman : Nusli N Wadia

Managing Director : Vinita Bali

Directors : Keki Dadiseth

Nimesh N Kampani

S S Kelkar

Vijay L Kelkar

Nasseer Munjee

Ness N Wadia

Chief Financial Officer : Raju Thomas

Company Secretary : P Govindan

Place : Mumbai

Date : 27 May 2011

**STATEMENT PURSUANT TO SECTION 212 (8) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES**

In accordance with the General Circular No: 2/2011 dated 8 February 2011, issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss Account and other documents of the subsidiaries are not being attached with the Annual Accounts of the Company. This Annual Report contains Consolidated Financial Statements of the Company and its subsidiaries/associates prepared in accordance with the relevant Accounting Standards and the same has been duly audited by the Statutory Auditors. The Annual Accounts of the following subsidiary companies and the related information will be made available to the shareholders of the Company and its subsidiary companies on request and will also be kept open for inspection by the shareholders at the Registered Office of the Company and the subsidiary companies concerned.

₹ '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 funds in subsidiaries)	Turnover (Net Sales + Other Income)	Profit Before Taxation	Provision for Taxation	Profit After Taxation	Proposed Dividend	Country
1	Boribunder Finance and Investments Private Limited	INR	1.00	21,710	(17,973)	16,504	12,767	8,250	5,732	5,107	962	4,145	-	India
2	Flora Investments Company Private Limited	INR	1.00	2,843	14,369	19,693	2,481	4,232	10,589	10,448	2,061	8,387	-	India
3	Gilt Edge Finance and Investments Private Limited	INR	1.00	2,498	15,334	20,995	3,163	2,032	14,169	14,028	2,764	11,264	-	India
4	Ganges Vally Foods Private Limited	INR	1.00	6,000	32,421	63,266	24,845	-	136,135	(2,043)	(1,067)	(976)	-	India
5	International Bakery Products Limited	INR	1.00	5,000	5,378	99,909	89,531	37	138,601	1,048	319	729	-	India
6	J B Mangharam Foods Private Limited	INR	1.00	4,502	18,851	78,366	55,013	28	183,202	10,151	3,094	7,057	-	India
7	Manna Foods Private Limited	INR	1.00	3,790	(3,780)	237,025	237,055	-	2,089	69	-	69	-	India
8	Sunrise Biscuit Company Private Limited	INR	1.00	106,995	10,230	233,833	116,608	-	821,308	(29,364)	(6,325)	(23,039)	-	India
9	Britannia Dairy Private Limited	INR	1.00	117,800	(162,338)	362,497	407,035	92	2,187,824	42,165	-	42,165	-	India
10	Daily Bread Gourmet Foods (India) Private Limited	INR	1.00	206,726	(144,794)	117,918	55,986	-	194,926	(11,574)	-	(11,574)	-	India
11	Britannia Employees General Welfare Association Private Limited	INR	1.00	1,750	810	2,615	55	-	94	59	18	41	-	India
12	Britannia Employees Educational Welfare Association Private Limited	INR	1.00	1,752	931	2,717	34	-	99	26	8	18	-	India
13	Britannia Employees Medical Welfare Association Private Limited	INR	1.00	1,800	623	2,457	34	40	83	47	15	32	-	India
14	Al Sallan Food Industries Company SAOC	OMR	115.63	231,260	(579,159)	552,388	900,287	-	872,662	17,768	-	17,768	-	Oman
15	Strategic Food International Co. LLC	AED	12.12	236,340	(250,050)	1,053,632	1,067,342	-	1,361,119	(130,507)	-	(130,507)	-	Dubai
16	Britannia Lanka Private Limited	LKR	0.40	186,873	(195,085)	2,591	10,803	-	378	(40,290)	-	(40,290)	-	Sri Lanka
17	Britannia and Associates (Mauritius) Private Limited	USD	44.59	737,387	(20,584)	2,101,399	1,384,596	-	23,107	(11,354)	-	(11,354)	-	Mauritius
18	Britannia and Associates (Dubai) Private Co. Limited	USD	44.59	12	(70,800)	2,019,692	2,090,480	-	15,725	(8,874)	-	(8,874)	-	Dubai-JAFZA
19	Strategic Brands Holding Company Limited	USD	44.59	12	(1,615)	148	1,751	-	-	(298)	-	(298)	-	Dubai-JAFZA
20	Britannia Dairy Holdings Private Limited	USD	44.59	330,546	(102,914)	238,631	10,999	-	-	(17,401)	-	(17,401)	-	Mauritius

## Britannia Annual Report 2010-11

### SIGNIFICANT RATIOS

			2010-11	2009-10
<b>Measures of Investment</b>				
Return on equity	$\frac{\text{Profit after tax}}{\text{Shareholders' funds}}$	%	32.2	29.4
Book value per share	$\frac{\text{Shareholders' funds}}{\text{Number of equity shares}}$	₹	37.8	33.2
Dividend cover	$\frac{\text{Earnings per share}}{\text{Dividend (plus tax) per share}}$	times	1.6	1.7
<b>Measures of Performance</b>				
Profit margin	$\frac{\text{Profit before tax}}{\text{Net sales + Other income}}$	%	4.6	3.5
Debtors turnover	$\frac{\text{Gross Sales}}{\text{Debtors + Bills receivable}}$	times	74.1	86.8
Stock turnover	$\frac{\text{Gross Sales}}{\text{Stock}}$	times	13.6	12.8
<b>Measures of Financial Status</b>				
Debt ratio	$\frac{\text{Borrowed capital}}{\text{Equity shareholders' funds}}$	%	95.6	108.4
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	times	1.0	1.1
Tax ratio	$\frac{\text{Tax provision}}{\text{Profit before tax}}$	%	26.7	3.5

# Britannia Annual Report 2010-11

## TEN YEAR FINANCIAL STATISTICS : 2002 - 2011

₹ Million

As at / Year ended 31 March	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Assets employed</b>										
Fixed assets less depreciation and amortisation	1,632	1,481	1,283	1,338	1,516	2,144	2,507	2,839	2,915	3,154
Investments	3,104	2,969	2,913	3,301	3,599	3,200	3,808	4,231	4,906	5,450
Net current assets	592	747	43	(485)	309	596	2,072	1,161	438	223
Miscellaneous expenditure	217	260	463	342	161	256	232	266	–	–
	<b>5,545</b>	<b>5,457</b>	<b>4,702</b>	<b>4,496</b>	<b>5,585</b>	<b>6,196</b>	<b>8,619</b>	<b>8,497</b>	<b>8,259</b>	<b>8,827</b>
<b>Financed by</b>										
Equity shares	269	259	251	239	239	239	239	239	239	239
Reserves and surplus	3,430	3,653	4,059	4,196	5,252	5,909	7,319	8,006	3,724	4,274
Loan funds	1,846	1,545	392	61	94	48	1,061	252	4,296	4,314
	<b>5,545</b>	<b>5,457</b>	<b>4,702</b>	<b>4,496</b>	<b>5,585</b>	<b>6,196</b>	<b>8,619</b>	<b>8,497</b>	<b>8,259</b>	<b>8,827</b>
<b>Profits and appropriations</b>										
Sales	14,510	13,491	14,705	16,154	18,179	23,171	26,170	31,429	34,266	42,460
Profit before depreciation, amortisation and tax	1,630	1,722	2,251	2,645	2,218	1,514	2,536	2,866	2,049	2,427
Depreciation and amortisation	240	261	224	190	217	253	291	335	375	446
Profit before tax and exceptional items	1,390	1,461	2,027	2,455	2,001	1,261	2,245	2,531	1,674	1,981
Exceptional items	1,201	12	(183)	(252)	6	(77)	78	(206)	(466)	–
Profit before tax*	2,591	1,473	1,844	2,203	2,007	1,184	2,323	2,325	1,208	1,981
Taxation	559	482	656	715	543	108	413	521	43	529
Profit after tax	2,032	991	1,188	1,488	1,464	1,076	1,910	1,804	1,165	1,453
Dividend	201	251	272	334	358	358	430	956	597	776
Tax on dividend	–	32	35	47	50	61	73	162	99	126
Debenture redemption reserve	14	18	–	–	–	–	–	–	–	–
Retained earnings	1,564	692	910	1,117	1,056	657	1,407	686	469	551

\* Includes impact on account of transfer of dairy business of ₹ 1,257 in 2002.

## Notes



# IT'S BRITANNIA IN EVERY HEART



In every place



For every age



For every occasion

## RECOGNITION



In the FMCG category, Britannia tops Businessworld's list of the Most Respected Companies of 2011.



Britannia Manufacturing Units win the Performance Excellence Trophy at the IMC Ramakrishna Bajaj National Quality Awards 2010.



Britannia voted the #1 Most Trusted Food Brand at the Brand Equity Awards 2010.

# Zindagi mein Life



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