

TABLE OF CONTENTS

Financial Highlights	2
Report of the Directors	3
Management Discussion and Analysis	10
Report on Corporate Governance	12
Auditors' Report	22
Balance Sheet	26
Profit and Loss Account	27
Cash Flow Statement	28
Schedules and Notes to Balance Sheet	30
Schedules and Notes to Profit & Loss Account	44
Statement of Value Added	58
Significant Ratios	59
Ten Year Financial Statistics	60

FINANCIAL HIGHLIGHTS

Rs. mn	2004-05	2003-04	% Change
Sales	16,154	14,705	10%
Operating profit	1,649	1,478	12%
Shareholders' funds	4,435	4,310	3%
Capital expenditure	432	118	266%
Before exceptional items			
– Profit before tax	2,420	1,963	23%
– Profit after tax	1,624	1,265	28%
– Cash flow generation	1,814	1,489	22%
After exceptional items			
– Profit before tax	2,203	1,844	19%
– Profit after tax	1,488	1,188	25%
– Cash flow generation	1,678	1,412	19%
Per equity share (Rs.)			
Earnings	60.59	44.16	37%
Dividend	14.00	11.00	27%
Dividend + Tax	15.96	12.23	30%

The Directors present their Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2005.

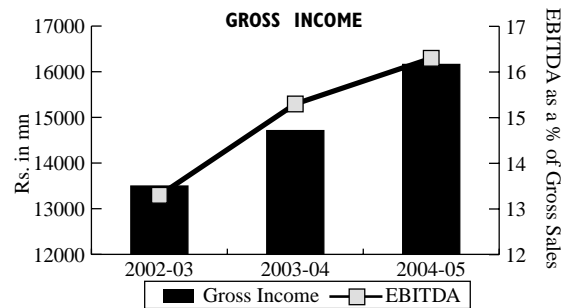
I. FINANCIAL RESULTS

Particulars	Rs. mn	
	Year ended 31 Mar. '05	Year ended 31 Mar. '04
Corporate Sales	16,154	14,705
Operating Profit before depreciation and amortisation	1,839	1,702
Less : Depreciation & amortisation	(190)	(224)
Operating profit	1,649	1,478
Add : Other income (net of interest)	771	485
Profit before tax and exceptional items	2,420	1,963
Exceptional items		
Less : Proportionate VRS costs	(134)	(97)
Less : Provision for Diminution in value of investments	(325)	(78)
Less : Claims for Corporate Guarantee	(115)	–
Add : Profit on sale of brand	324	–
Add : Provisions no longer required - written back	35	64
Less : Loss on retiral of assets	(1)	(3)
Less : (Loss)/Profit on sale of properties	(1)	59
Less : Irrecoverable advance written off	–	(185)
Add : Refund of excess contribution to pension funds	–	121
Profit before tax	2,203	1,844
Less : Provision for taxation	715	656
Net profit	1,488	1,188
Add : Transfer from Debenture Redemption Reserve	–	30
Add : Profit brought forward	500	500
Add : Reversal of proposed dividend of previous year	10	–
Profit available for appropriation	1,998	1,718
Less : Dividend on equity shares	334	272
Less : Tax on dividend	47	35
Less : Transfer to General Reserve	1,117	911
Profit carried forward	500	500

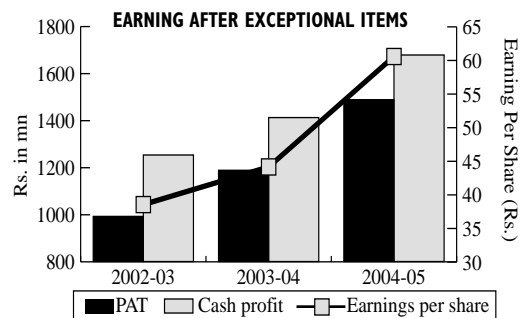
2. COMPANY PERFORMANCE

Your Company posted a net sales growth of 10%. Profit before tax and exceptional items at Rs. 2,420 mn improved by 23% and Operating Profit at Rs. 1,649 mn increased by 12%.

Despite significant increases in input cost and stagnant or declining consumer prices, business efficiency has improved as a result of the focused initiatives of the Company on supply chain efficiencies and overall cost management. Consequently, operating margin improved from 10.0% to 10.2% in an environment where margins for packaged consumer goods were under pressure.



Gross revenues increased by 10% over last year. Additionally, your Company's focus this year was on improving organisational effectiveness, increasing distribution efficiencies and controlling costs. Your Company has achieved a satisfactory EBITDA / Gross Sales ratio of 16.3% compared with 15.3% in 2003-04 and performed better than most of the comparable companies in the industry.



The major exceptional items during the year were:

- Provision for diminution of value in investment Rs. 325 mn
- Provision for claims on account of corporate guarantee Rs. 115 mn
- Profit on sale of brand Rs. 324 mn

After considering all the exceptional items, Profit before tax and Net Profit work out to Rs. 2,203 mn and Rs. 1,488 mn respectively.

Earnings per Share have increased from Rs. 44.16 in the last year to Rs. 60.59 this year.

3. DIVIDEND

The Board of Directors are pleased to recommend a dividend of 140% on the paid up equity share capital of the Company, which works out to Rs. 14/- per share, for consideration and approval of the shareholders at the Annual General Meeting. The total payout of proposed dividend is Rs. 381 mn which includes the corporate dividend tax of Rs. 47 mn.

4. BUSINESS OUTLOOK

At a macro level the Indian economy continues to grow at a healthy pace with a 6.9% growth in the financial year 2004-05 on the back of robust showing by manufacturing and service sectors. However, this is lower than 8.5% growth in 2003-04 primarily due to lower farm output growth at 1.1%. India's economic outlook remains encouraging, with both domestic demand and exports driving the current economic expansion. Consumer and business confidence remain upbeat, with indications of investment recovery taking hold, though rising oil prices will increase the cost of doing business.

The increase in personal disposable income has largely been directed at personal asset building and spending on a vast array of white goods. Branded FMCG growth was subdued in the year with leading brands and companies showing low single digit growth. Also, with increasing competition in almost all categories at the lower end of the price spectrum, revenue growth through price increases has given way to revenue growth through mix management.

Within FMCGs, the biscuit industry showed a robust volume growth of about 12% last year, though overall price realisation dropped by approximately 2%, largely due to brand and pack mix. Significant new capacity was created in the market both by existing national players and new local players. The industry is expected to continue its pace of 10-12% volume growth with the market becoming increasingly competitive as national and local players position themselves to capture this share of growth. Your Company will continue to focus on profitable growth through mix management,

expanding distribution and availability, and by continuing to invest in the relevance and differentiation of its brands.

5. BUY BACK OF SHARES

During the year, 1,221,887 equity shares of Rs. 10/- each have been bought back and extinguished under an approved scheme of buy-back, at an average price of Rs. 636.81 per share resulting in a total outflow of Rs. 778.1 mn. The number of paid up equity shares now stands reduced from 25,112,050 to 23,890,163 equity shares.

No public announcement was made pursuant to the fourth round of buyback, as per the scheme approved by the members by passing a special resolution at the Annual General Meeting held on 19th August, 2004 in terms of Section 77A(2)(b) of the Companies Act, 1956, since the market price of the shares generally remained above the maximum price of Rs. 650/- per share determined as per the approved scheme. As provided under Section 77A(4), the validity of the aforesaid scheme expires on 18th August, 2005.

6. BRAND INVESTMENT

Your Company believes in giving the best value to consumers through its brands and constantly looks for ways to enhance the overall consumer experience. In 2004-05, several of the lead brands in the portfolio posted double digit growth on the back of marketing and sales initiatives. These included Tiger, Good Day, Marie and Milk Bikis. Your Company now has six power brands in its portfolio each exceeding Rs. 100 crores in annual sales.

The emphasis on expanding distribution reach also continued and 50% of Tiger sales now come from rural markets. Your Company will continue to expand its reach and presence in existing urban markets as well as invest in the right distribution and sales infrastructure to increase availability in the growing rural markets.

Several new products were launched during the year such as Treat-Duet and Tiger Orange Cream, in addition to new variants in Jim-Jam Treat and Cakes. Additionally, new packaging formats were introduced in several markets to tap into attractive price points from a consumer perspective.

Going forward, your Company has set its focus on product innovation and development based on new

opportunities for positioning our brands in the overall consumption repertoire of food products. This will pertain to both existing as well as new products and brands. Part of the innovation agenda will continue to address product and packaging enhancements both from a technical and aesthetic perspective.

Consistent with the focus on brands as the drivers of profit for the Company and drivers of value for all stakeholders, your Company re-organised its structure and moved from geographies as profit centres to brands as profit centres.

7. CAPACITY EXPANSION

The new factory in the state of Uttaranchal was commissioned in record time and started commercial production in April 2005, ahead of the scheduled date. Despatches of products commenced from mid April. The current focus is on training and a quick ramp up to reach full capacity by the end of 3rd quarter of this year. In line with growing demand, capacity enhancements were also completed at some of the other manufacturing units.

8. COST FOCUS AND SUPPLY CHAIN INITIATIVES

To ensure that a cost effective and efficient supply chain supports the business, a full scale end to end study on optimizing supply chain efficiencies was undertaken with the support of KPMG. The scope of this work comprised the identification and prioritisation of key initiatives to derive benefits out of efficient purchase of raw materials, manufacturing and distribution logistics, and improved sales and operations plans aimed at evolving the most efficient supply chain and improved customer service levels.

Currently, work is under way on 14 projects that will yield significant process improvements and opportunities for optimisation. The endeavour is to establish best in class processes to achieve these objectives and institutionalise them.

The focus on cost control yielded savings of Rs. 202 mn in 2004-05, partly as a result of the opportunities identified in the supply chain study and partly from ongoing process improvements in the business. For the first time, your Company developed and implemented a commodities buying strategy for managing input costs.

9. QUALITY STANDARDS

The high quality standards for all "Britannia" brands are the hallmark of the quality policy of your Company. Continuous efforts are always on to improve product and pack quality based on product testing and consumer feedback.

All factories follow the well proven quality assurance systems, such as ISO 9001-2000 and HACCP. The quality organisation of your Company ensures strict adherence to these systems through regular audits and visits by senior managers to the various manufacturing locations and stocking depots.

10. INFORMATION TECHNOLOGY

Your Company has continued its thrust in technology investment and during the year all depots and production centres have been connected and integrated with the centralised SAP data centre in the corporate office at Bangalore, resulting in optimization of many of our business processes, like invoicing and sales accounting, ordering and payment, and better receivables management.

We have also upgraded our communication software thereby leveraging technology to improve the speed of communication between all Britannia offices, vendors, suppliers and manufacturing units. Investment has been made to improve uptime and data security, enhance speed of operation and flexibility to increase bandwidth on demand.

We have also implemented a common invoicing and accounting package across key distributors that will enable us to have online secondary sales information. Plans are in place to roll out this package to other distributors across the country during the year.

Another milestone achieved during the year was the creation of a centralised set-up for payables processing, accounting and MIS systems in the corporate office at Bangalore. This will significantly improve turnaround time and overall efficiency of back-end systems, thereby improving customer satisfaction to our valued suppliers and channel partners.

11. ENVIRONMENT AND SAFETY

Your Company believes in conservation and there is a continuous thrust on conservation of energy and reduction of wastage across manufacturing centres. An example is use of alternate fuels to improve efficiency and cost effectiveness.

Investment in safety measures continues across all manufacturing units and the year ended with no accidents reported from any unit.

12. TSUNAMI RELIEF

The entire Britannia family responded to the process of relief and rehabilitation by voluntary donations from employees that were matched with cash contribution by the Company and given to the Indian Red Cross Society. The Company also supplied products and other articles of need to the affected people.

13. ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

Details of energy conservation, technology absorption and foreign earnings and outgo in accordance with the provisions of Section 217(1)(e) 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 an annexure to the Directors' Report.

14. CORPORATE GOVERNANCE

Your Company has not only complied with all provisions of corporate governance as prescribed under the listing agreements of the stock exchanges with which the Company is listed, but also is in the process of establishing its own code of conduct and corporate governance.

A separate report on corporate governance along with the Auditors' statement on its compliance is attached to this Report.

15. DIRECTORS

Field Marshal Sam Manekshaw, Mr. S.S. Kelkar and Mr. P. C. Khanna retire by rotation at the forthcoming Annual General Meeting and are eligible for reappointment. Field Marshal Sam Manekshaw has informed the Company that he does not want to seek reappointment to the Board in view of his age. The Board is especially grateful to him for the many contributions he has made in the 12 years of association as a Board Member as well as the Chairman and member respectively of the Audit and Remuneration Committees. Your Company and its Board of Directors have been honoured by his presence, benefited from his wisdom and learnt from the unique perspective he brings to every situation.

16. APPOINTMENT OF MANAGER

The Board appointed Ms. Vinita Bali, who joined as Chief Executive Officer of the Company on January 3, 2005, as Manager under the Companies Act, 1956 for a period of five years with effect from 24th January, 2005. Her appointment and remuneration are subject to your approval at the ensuing Annual General Meeting. Ms. Vinita Bali brings with her a rich and diverse experience in packaged foods and beverages gained from working with Cadbury Schweppes and The Coca-Cola Company in several continents, in a variety of marketing, sales and general management positions. She also blends a high quality of Indian and International perspective having lived and worked in the UK, Nigeria, South Africa, USA and Chile.

Mr. Nikhil Sen who was appointed as a Manager with effect from 8th August, 2003 will, consequent upon his resignation, relinquish charge at close of business hours on 31st May, 2005.

17. PARTICULARS OF EMPLOYEES

Information in accordance with sub-section (2A) of Section 217 of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, and forming part of the Directors' Report for the year ended 31st March, 2005 is also given in the annexure to this report.

18. AUDITORS

Messrs. Lovelock & Lewes who are willing to continue in office are recommended for reappointment as the Company's Auditors for the ensuing year also.

19. DIRECTORS' RESPONSIBILITY

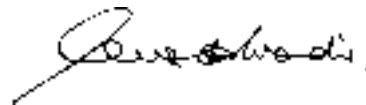
Pursuant to sub-section (2AA) of Section 217 of the Companies Act, 1956, your Directors, based on the representations from the operating management, confirm that :

- i) In the preparation of the annual accounts, the applicable Accounting Standards have been followed and that there are no material departures;
- ii) They have, in selection of the accounting policies, consulted the statutory auditors and applied them consistently, making judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of financial year and of the profit of the Company for that period;
- iii) They have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) They have prepared the annual accounts on a going concern basis.

20. ACKNOWLEDGEMENTS

The Directors would like to thank all stakeholders, namely, shareholders, customers, 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



Nusli N. Wadia
Chairman

26th May, 2005

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.

A. CONSERVATION OF ENERGY

- (a) Energy conservation measures taken :
- i) Utilisation of low cost heavy fuel oil and gaseous fuel for baking in place of LDO.
 - ii) Extension of "Waste Heat Recycling & Recovery Technology" in baking ovens.
 - iii) Substitution of Air Atomised Burners with Pressure Jet Burners to improve specific fuel consumption.
 - iv) Improving on oven throughput per hour and per unit of baking surface area to match with internal/international bench marking.
 - v) Optimisation of electricity consumption by :
 - Substitution of centralised air-conditioning system with spot cooling at manufacturing centres
 - Right sizing of different drive motors
 - Substitution of eddy-current drives by frequency controlled drives; and
 - vi) Substitution of cooling towers for captive generation by coil coolers to improve the generator loading.
- (b) Steps being taken to reduce energy consumption :
- i) Modification of Oven Designs to improve specific fuel consumption.
 - ii) Extension of waste heat recovery and recycling system in a phased manner in the baking ovens.
 - iii) Usage of natural gas and other liquid alternate cheaper fuels replacing LDO wherever possible.
- (c) Impact of measures taken under (a) & (b) above :
- i) Purchase of total electrical energy has reduced by 23.3% while the total production has come down by 7% as compared to last year. Consequently, consumption of total electrical units per tonne has reduced by 15.1%.
 - ii) Specific Fuel Consumption for captive generation has improved by 6.3% as compared to last year.
 - iii) Total cost of baking fuel has reduced by 17.5% and cost per unit of heat generation has come down by 11.7%, although there has been a

marginal increase in the specific fuel consumption by about 0.5%. This is a direct fall-out of the usage of cheaper alternate baking fuel in place of LDO. Heavy fuel oil has comparatively higher impurities with respect to LDO.

POWER AND FUEL CONSUMPTION

For the year ended	31st March, 2005	31st March, 2004
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Electricity

a) Purchased (gwh)	10.64	13.87
Total amount (Rs mn)	50.42	66.76
Rate/Unit (Rs./kwh)	4.74	4.81
(1gwh = 1,000,000 kwh)		

b) Own Generation

i) Through Diesel Generator (gwh)	1.41	1.40
Unit per Litre of Diesel oil (kwh/Litre)	3.39	3.19
Cost/Unit (Rs./kwh)	6.31	5.21
(1gwh = 1,000,000 kwh)		

ii) Furnace Oil

Quantity (KL)	Nil	Nil
Total Cost (Rs. Mn)	Nil	Nil
Average Rate (Rs./KL)	Nil	Nil

iii) Other Internal Generation

Quantity (Billion btu)	173.51	185.81
Total Cost (Rs. Mn.)	70.49	85.49
Rate/Unit (Rs./therm)	40.63	46.01

Consumption per Unit of Production

Bakery Products

Electricity (kwh/mt)*	193.80	228.35
Furnace Oil (Therms/mt)*	Nil	Nil
Baking Fuel (Therms/mt)*	27.91	27.78

* Of Equivalent Production

B. TECHNOLOGY ABSORPTION

Details of efforts made in technology absorption are given below.

Research and Development (R & D)

1. Core areas of Research by the Company

- i) Optimisation of process technology and formulations for minimisation of cost and to meet the pricing requirements of the consumer.
- ii) Achieving wastage reduction, quality consistency and cost reduction through improved process technology.

- iii) Development of innovative products through constant search for new ingredients, equipment and process technology.
 - iv) Standardisation of processes and procedures to meet product consistency.
 - v) Improvement of product shelf life, safety, convenience and consumer appeal through improved packaging.
2. Benefits derived as a result of above R & D initiatives:
- i) New products developed :
 - Duet treat – Strawberry–Vanilla
 - Duet treat – Orange-Chocolate
 - Jam Treat – Orange
 - Tiger Orange Cream
 - Cup cake
 - Pineapple and Chocolate cakes
 - Renovation of Goodday variants, Treat variants, 50 - 50 and Tiger Coconut
 - ii) Implementation of alternate fats/oils and other ingredients for cost competitiveness.
 - iii) Quality assurance and creation of a safe and cleaner working environment in the factories.
 - iv) Cost reduction through better formulation, process control and packaging.
3. Future plan of action :
- i) Development of value added and more nutritious products to satisfy consumer expectations.
 - ii) Continuous innovation in process technology and packaging to reduce cost.
 - iii) Use of new ingredients for developing products with better nutritive value, taste and cost competitiveness.
 - iv) Constant endeavour towards development of more environment friendly process technology.

4. Expenditure on R&D

	31st March, 2005 Rs. mn
Capital	1.87
Recurring	18.96
Total	20.83

Technology absorption, adaptation and innovation

- A. Efforts, in brief, made towards technology absorption, adaptation and innovation.
- i) Adaptation of latest research findings, tools and high-end instrumentation to develop better process technology and products.
 - ii) Interactions with research Institutes of National and International repute to update the technology.
 - iii) Upgradation of process technology and equipment for improvement in quality and efficiency of operations.
- B. Benefits derived as a result of the above effort:
- i) Introduction of new products
 - ii) Major initiatives resulting in reduction of material costs
 - iii) Improvement in process output yields across various product lines
 - iv) Optimisation and reduction of energy consumption
 - v) Development of improved packaging materials.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Activities relating to exports:

- i) The Company is actively pursuing development of new export markets for its core products.
- ii) Total foreign exchange used and earned:

	31st March, 2005 Rs. mn
Foreign Exchange Used	462.53
Foreign Exchange Earned	399.77

STATEMENT OF PARTICULARS OF EMPLOYEES FORMING PART OF THE DIRECTORS' REPORT

Sl. No.	Name	Age	Designation/ Nature of duties	Remuneration Received/ Receivable Rupees	Net take home pay after tax & P.F deductions Rupees	Qualification	Experience	Date of Employment	Previous Employment held
1	2	3	4	5	6	7	8	9	10
A. Employed throughout the year under review and were in receipt of remuneration aggregating not less than Rs. 2,400,000/- per annum									
1	Aurora GS	56	GM-Bakery Operations	2,977,949	1,774,014	B.E. (Mech), DSQC & OR	34	15-Sep-78	Chief Executive- Quality Malhotra International Ltd.
2	Banerjee G	51	GM-Materials	2,662,862	1,575,886	B.E. (Mech). M.Tech (IE & OR)	28	2-Aug-82	Manager - Raw Materials Dunlop India Ltd.
3	Chakraborty S K	48	GM-Bakery Operations	3,087,705	1,898,077	B.Sc (Hons) M.Sc (Food Tech)	25	12-Nov-87	Quality Assurance Executive Glindia Ltd.
4	Gupta A K	50	GM-Accounts & Planning	3,112,001	1,878,217	B.Com. A.C.A	26	29-Dec-86	Chief Accountant Malhotra Distributors (P) Ltd.
5	Sen N	46	Chief Operating Officer	7,100,071	3,944,502	B.A. (Hons.) DBA	26	1-Jul-80	Research Executive-Marketing Research & Advisory Services
6	Shyam Sunder P	54	GM-ISD & Logistics	3,285,991	1,953,089	B.Tech. PGDIE, FIIPE	31	26-Apr-91	Resident Internal Auditor - TELCO
7	Tiwari V	47	GM-Bakery Operations	2,840,739	1,688,462	B.Tech (Mech) DBM	26	2-Jul-79	-
8	Wakhle Rajiv	46	Head of Product Development	3,173,123	1,929,351	B.E.(Mech.)	24	4-Jun-01	Tiffany Foods Ltd. UAE
B. Employed for part of the year under review and were in receipt of remuneration aggregating not less than Rs. 200,000/- per month.									
1	Arte V	43	V P & Head of Marketing	1,138,553	709,398	M. B. A	19	14-Feb-05	Director-Sales & Mass Market Cadburys India Ltd.
2	Bali V	49	Chief Executive Officer	3,130,575	1,622,008	M. B. A	25	3-Jan-05	Managing Principal Zyman Group, USA
3	Chopra N L	45	GM-Marketing	2,076,151	1,453,263	B.A.	24	16-May-88	Manager Chandralok Engg. Pvt. Ltd.
4	Harikrishna B	47	GM-Human Resources	201,926	190,056	B.Com PGDIR	25	5-Nov-99	GM-Human Resources Ford India Ltd.
5	Kaul V	48	Head - Technical	3,615,130	2,312,724	B.Tech (Chem)	26	16-Jul-79	-
6	Lal R K	55	VP & Head of Operations	997,723	583,439	B.Tech (Chem) Master of Applied Sciences	33	7-Jan-05	Usha Martin International, Texas, USA
7	Rajagopalan J	53	GM - Treasury & Taxation	2,386,155	1,555,537	FCA, FICWA, FCS	29	1-Sep-77	Accountant - Cost Enfield India Ltd.
8	Ramesh Shankar S	46	GM & Head of Human Resources	528,665	372,547	M.A., PGDM LLB	23	1-Mar-05	Chief Executive Span Eicher Designs Ltd.
9	Shridhar N	39	Chief Financial Officer	7,252,610	4,242,212	ACMA (London), AICWA, PGDMS	18	8-Apr-04	V P (Operations Finance) Coca-Cola India Inc.

Remuneration received/receivable relates to the year ended 31st March, 2005 and has been calculated in compliance with the relevant provisions under the Companies Act, 1956. All appointments are/were contractual. Other terms and conditions are as per Company rules. No employee is a relative of any director of the Company.

A) INDUSTRY STRUCTURE AND DEVELOPMENT

The organised and branded biscuit industry in India is currently estimated at around 900,000 tonnes having grown 12% last year, as compared to the 7% growth of the FMCG sector. New players have entered the market at the national and regional level, making the industry dynamic and very competitive. Aggressive pricing activity, trade and consumer promotions have pulled down the overall pricing power of brands in the market, calling for strong margin management measures to sustain profitability. In the last year alone, key input costs have increased by 12-15%.

Per capita consumption continues to grow across all age groups and socio-economic strata. Biscuits continue to maintain their position as one of the most widely distributed and available packaged food categories in India. 38% of the total volume comes from the rural markets though this number varies by type of biscuit, with glucose being the most widely distributed in rural markets at 50% of overall sales. The market has also migrated towards bulk and family packs that offer better value for money on a per kg basis.

B) BUSINESS STRATEGY

The essence of your Company's strategy is to identify the high value opportunities, and deliver against those through relevant and differentiated brands, supported by an effective and efficient supply chain.

The thrust of this strategy lies in brand building – to increase consumer relevance, preference and purchase. The key drivers are availability, presence, and merchandising for brands that offer consumers a satisfying experience across a variety of consumption occasions and price points that represent good value for money.

Profitable growth will come from fortifying existing brands and tapping into new consumer segments, and new purchase and consumption occasions through a mix of product and packaging innovation and renovation. Expanding the footprint of power brands like Tiger, Good Day, Marie, Milk Bikis, 50:50 and Treat will continue to be a key priority.

The Company will continue its focus on increasing the width and depth of distribution in urban and rural markets. The rapidly expanding modern trade channel also presents a new growth opportunity and the sales and distribution infrastructure is being aligned to service this effectively. The overall goal

is to strengthen Britannia's position as the most significant player in the biscuit market and increase its share of consumer spend in this category through a more profitable brand-package-price and channel mix.

On the cost side your Company has significantly strengthened its supply chain initiatives and is working towards capacity expansion that is more efficient. Towards that objective, the start up of the new manufacturing unit at Uttaranchal in April 2005 is a major step.

C) SEGMENT-WISE PERFORMANCE

The primary business segment of the Company is bakery, which consists of biscuits, bread and cakes. Overall sales have improved by 11% in volume and 10% in value during the year:

- Biscuit volume grew 12% and value 10%.
- Bread volume grew 4% and value 6%.
- Cake and Rusk volume grew 28% and value 24%.

D) OUTLOOK

The biscuit market will become increasingly competitive with new national and regional players expanding their manufacturing capacity and market presence. Several of the new players will also invest heavily in promotional and pricing support to gain share. This is likely to exert a downward pressure on prices especially for the large and dominant categories like glucose, milk biscuits, creams etc.

On the other hand raw material, packaging material and transportation costs are likely to increase and the key challenge will therefore be to manage profitability without increasing price. Critical cost areas are being addressed to achieve this task – including the structural cost of the business, in addition to innovations aimed at enhancing margins through mix management.

E) FINANCIAL AND OPERATIONAL PERFORMANCE

During the year 2004-05, operating margins improved from 10.05% to 10.20% largely through operational effectiveness and cost management.

Rs. 432 million was spent on additions to fixed assets and capital work-in-progress with a view to enhancing production capacity.

The Company has booked Treasury income of Rs. 648 million during the year.

The Company's Commercial Paper short-term debt and non-convertible debentures continue to enjoy

the highest ratings and it continues to maintain a very strong liquidity profile.

F) RISKS AND CONCERNS

Your Company's exposure to price fluctuations on its major raw materials continues, with bulk of them being agro-based and subject to market price variations during the year. Prices of these commodities continue to be linked to both domestic and international prices which depend on various external factors like good monsoon in the country, imports/exports, international crop size. The setting up of the commodity exchange and introduction of commodity futures and other hedge strategies in the country has opened up reasonable opportunities for the Industry to hedge and possibly minimise the impact of these price fluctuations. Your Company has successfully introduced various measures like forward buying strategy of commodities, supported by tools to forecast future trends and hedge against market price fluctuations to minimize the impact on its profitability.

As evident in the last two years, fuel prices continue to be a big area of concern as fuel is widely used in manufacturing and distribution operations and has a direct impact on total costs. The last two years have witnessed approximately 22% increase in diesel and petrol costs due to increasing oil prices in the global markets.

An increasingly competitive market has curtailed the ability to take price increases and in fact overall biscuit prices have remained flat for the last 3-4 years. With significant enhancements in overall biscuit capacity in tax advantaged regions like Uttaranchal, there is a high likelihood of reducing consumer prices, common in a number of other categories, which will further squeeze margins. Your Company has taken various steps aimed at controlling cost and others aimed at developing a high margin mix to tap into new opportunities to counter this threat and strengthen its position in the market place.

G) INTERNAL CONTROL SYSTEMS AND ADEQUACY

The Company has an adequate system of internal control relating to purchase of raw materials, components, plant and machinery, equipment and other assets and for sale of goods commensurate with its size and the nature of its business. The Company has also adequate systems and controls for:

- Proper recording and safeguarding of assets.
- Maintaining proper accounting records and reliability of financial information.

The Company also regularly monitors its business risk control procedures through Internal Audit, which is continuously reviewed by the Audit Committee.

Implementation of ERP Package (SAP) has been extended to all depots and contract packing locations which have enabled the Company to leverage technology to help improve the process and control environment. The centralisation of various functions at Bangalore has also led to improved levels of efficiency and controls. This will also ensure the Company's ability to meet the enhanced corporate governance objectives through better processes, systems and metrics.

H) DEVELOPMENTS IN HUMAN RESOURCE AND INDUSTRIAL RELATIONS

The Company's Human Resources philosophy is to establish and build a strong performance driven culture with greater accountability and responsibility at all levels. To that extent the Company views capability as a combination of the right people in the right jobs, supported by the right processes, systems, structure and metrics.

The Industrial Relations climate of the Company remained cordial during the year and continues to be focused towards improving productivity, quality and safety. Wage agreements at two of the manufacturing units have expired and are under negotiation.

The Company owned production facility at Mumbai was closed effective March 24, 2004, based on Labour Commissioner's order permitting the same under Section 25(O) of the Industrial Disputes Act, 1947.

A certain section of the employees representing the Union had approached the Industrial Tribunal against the closure of Mumbai factory and the matter is pending disposal.

I) 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, changes in government regulations, tax regimes, economic developments in India and the countries in which the Company conducts business and other incidental factors.

1. COMPANY'S PHILOSOPHY ON CODE OF 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. With this end in view, this year's Annual Report has made relevant disclosures on the Board, Board Committees as also on the financial and stock performance.

2. BOARD OF DIRECTORS**Composition, Attendance at the Board Meetings and the last Annual General Meeting, Outside Directorships and Board Committee Memberships.**

Above information as at 31st March, 2005 is tabulated hereunder:

Director	No. of Board Meetings Attended	Attendance at previous AGM on 19.08.2004	No. of outside Directorships Held*	No. of Membership/ Chairmanship in other Board Committees #	Executive/ Non-Executive/ Independent
Mr. Nusli N Wadia	8	Present	9	2 (Chairman of 1)	Chairman– Non-Executive
Mr. Avijit Deb	8	Present	Nil	Nil	Non-Executive & Independent
Mr. A K Hirjee	7	Present	9	8 (Chairman of 3)	Non-Executive
Mr. Simon Israel	2	Present	1	Nil	Non-Executive
Mr. Nimesh N Kampani	7	Present	9	5 (Chairman of 2)	Non-Executive & Independent
Mr. S S Kelkar	8	Present	9	5 (Chairman of 1)	Non-Executive
Mr. Pratap Khanna	7	Present	Nil	Nil	Non-Executive & Independent
Field Marshal Sam Manekshaw M. C.	7	Present	9	7 (Chairman of 3)	Non-Executive & Independent
Mr. John Martin Miller	5	Present	Nil	Nil	Non-Executive
Mr. Francois-Xavier Roger	8	Present	Nil	Nil	Non-Executive

* Excludes alternate directorship and directorship in foreign companies and private companies which are neither a subsidiary nor a holding company of a public company.

Excludes Committees other than Audit Committee, Shareholders'/Investors' Grievance Committee, Remuneration Committee and of Companies other than Public Limited Companies.

BOARD MEETINGS

During the year under review, 8 Board Meetings were held, the dates being 12th April 2004, 22nd May 2004, 28th June 2004, 20th July 2004, 19th August 2004, 25th October 2004, 24th January 2005 and 28th March 2005.

3. BOARD COMMITTEES

(A) AUDIT COMMITTEE :

The Audit Committee was reconstituted during the year under review and it currently comprises Mr. Nimesh N. Kampani (Chairman), Field Marshal Sam Manekshaw M.C., Mr. Francois-Xavier Roger and Mr. Avijit Deb, all being Non-Executive Directors.

The role and terms of reference of the Audit Committee include review of Internal Audit Reports and the Statutory Auditors' Report on the financial statements, general interaction with the Internal Auditors and Statutory Auditors, review of weaknesses in internal controls, selection and establishment of sound accounting policies and review of financial statements, both annual and quarterly before submission to the Board and other matters specified under clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

During the year under review, six meetings of the Audit Committee were held, the dates being 28th June 2004, 20th July 2004, 25th October 2004, 16th December 2004, 24th January 2005 and 25th February 2005.

Mr. Nimesh Kampani took over as the Chairman of the Audit Committee from Field Marshal Sam Manekshaw M.C. at the meeting held on 25th October 2004 and at the Meeting held on 24th January 2005, Mr. Avijit Deb, was inducted as a member of the Audit Committee.

The attendance of the members at the Audit Committee Meetings was as follows :

Name	No. of Audit Committee Meetings Attended
Mr. Nimesh N Kampani - Chairman	5
Mr. Francois – Xavier Roger	5
Field Marshal Sam Manekshaw M.C	3
Mr. Avijit Deb (w.e.f. 24.01.2005)	2

During the year, the Audit Committee meetings were also attended by other directors namely Mr. S. S. Kelkar on 25th October 2004, 16th December 2004, 24th January 2005 and 25th February 2005; Mr. Nusli N Wadia on 28th June 2004, 25th October 2004, 16th December 2004, 24th January 2005 and 25th February 2005.

Mr. A. K. Hirjee, Director, is a permanent invitee to the Audit Committee meetings and attended five meetings held during the year. Manager of the Company/Heads of the Finance functions, Internal Auditor, Statutory Auditors and such other Executives as considered appropriate, attend the Meetings.

Mr. J. Rajagopalan acted as the Secretary to the Committee till his resignation on 31st August, 2004 and subsequently, Ms. Nandita Swarup, Legal Manager and Compliance Officer acted in his place.

(B) REMUNERATION COMMITTEE :

The Remuneration Committee comprises three Directors and is headed by Field Marshal Sam Manekshaw M.C. who is an Independent and Non-Executive Director. The composition of the Committee is as follows :

Field Marshal Sam Manekshaw M.C. – Chairman

Mr. Nusli N. Wadia

Mr. Simon Israel

Broad terms of reference of the Remuneration Committee include recommendation to the Board, of salary/perquisites, commission and retirement benefits and finalisation of the perquisite package payable to the Company's Managing Director/Wholtime Directors. There being no Managing Director/Whole-time Director, no Remuneration Committee meeting was held during the year under review.

REMUNERATION POLICY :

Ms. Vinita Bali was appointed as Chief Executive Officer w.e.f. 3rd January, 2005 and as a Manager under Section 269 of the Companies Act, 1956 w.e.f. 24th January 2005. The terms and conditions of appointment and remuneration applicable to her were fixed by the Board of Directors of the Company.

The details of remuneration paid to the Managers of the Company were as follows :

Name	Salary/Benefits (Rs.)	Commission (Rs.)	Total (Rs.)
Mr. Nikhil Sen	7,061,156	Nil	7,061,156
Ms. Vinita Bali	2,493,258	Nil	2,493,258

Remuneration to Mr. Nikhil Sen, Manager, as per the terms and conditions approved by the shareholders at the previous AGM held on 19th August, 2004, comprises basic salary, commission, perquisites and allowances, contributions to provident fund, superannuation and gratuity funds.

The appointment of Mr. Nikhil Sen is for a period of 5 years from 8th August, 2003 and the Company has executed an Agreement dated 12th August, 2003 for the said appointment. Mr. Nikhil Sen has since submitted his resignation from the services of the Company and will be relinquishing charge at the closing hours of 31st May, 2005.

Remuneration to Ms. Vinita Bali, Manager as per the terms and conditions approved by the Board and as per the agreement dated 16th May, 2005, comprises basic salary, incentive, allowances, performance award, contributions to provident fund, superannuation and gratuity funds.

The terms of appointment of and remuneration payable to Ms. Vinita Bali as Manager, are subject to the approval of the Shareholders of the Company at the ensuing Annual General Meeting.

The Agreement with the Managers is for a period of five years. Either party to the Agreement is entitled to terminate the Agreement 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.

The Non-Executive Directors do not draw any remuneration from the Company other than sitting fees and such commission on net profits as may be determined by the Board for each year.

Presently, the Company does not have a scheme for grant of stock options either to the Directors or employees.

Details of remuneration to Non-Executive Directors for the year 2004-2005 are given below :

Name	Sitting Fees (Rs.)	Commission (Rs.)	Total (Rs.)
Mr. Nusli N. Wadia	85,000	4,800,000	4,885,000
Mr. Avijit Deb	90,000	661,000	751,000
Mr. A. K. Hirjee	112,000	1,321,000	1,433,000
Mr. Simon Israel	20,000	132,000	152,000
Mr. Nimesh N Kampani	112,000	925,000	1,037,000
Mr. S. S. Kelkar	113,000	1,321,000	1,434,000
Mr. Pratap Khanna	70,000	462,000	532,000
Field Marshal Sam Manekshaw M.C.	85,000	727,000	812,000
Mr. John Martin Miller	50,000	727,000	777,000
Mr. Francois - Xavier Roger	105,000	925,000	1,030,000

The above commission will be paid, subject to deduction of tax after adoption of the accounts by the shareholders at the Annual General Meeting to be held on 20th July, 2005.

The Non-Executive Directors do not have any other pecuniary relationship or transactions with the Company.

(C) SHARE TRANSFER & SHAREHOLDERS'/INVESTORS' GRIEVANCE AND ETHICS/COMPLIANCE COMMITTEE :

The Share Transfer & Shareholders'/Investors' Grievance and Ethics/Compliance Committee presently comprises 3 Directors, namely:

- Mr. A. K. Hirjee – Non-Executive Director – Chairman
- Mr. S. S. Kelkar – Non-Executive Director
- Mr. Nimesh N. Kampani – Non-Executive Director

This Committee:

- i. approves and monitors transfers, transmission, splitting, consolidation and rematerialisation of securities and issue of duplicate securities certificates by the Company;
- ii. looks into various issues relating to shareholders including redressal of complaints relating to transfer of shares, non-receipt of Balance Sheets, Dividends, etc.; and
- iii. ensures compliance of the Code of Conduct for Prevention of Insider Trading formulated by the Company as per the Securities and Exchange Board of India Regulations.

The Committee, which generally meets twice a month, met 24 times during the year.

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

NAME AND DESIGNATION OF COMPLIANCE OFFICER :

Mr. J. Rajagopalan, Acting Company Secretary (upto 31.08.2004)

Ms. Nandita Swarup, Legal Manager (w.e.f 01.09.2004)

No. of Shareholders' complaints received during the year	72
No. of complaints not resolved to the satisfaction of shareholders	Nil
No. of pending share transfers	Nil

The Company has attended to most of 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. No transfers are pending for registration.

OTHER COMMITTEES OF DIRECTORS :

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

- (a) **Executive Committee of the Board** – The Executive Committee comprises Mr. Nusli N. Wadia (Chairman) and Mr. Simon Israel, both being Non-Executive Directors.

The brief description of the terms of reference of the Executive Committee is to discharge the following functions which would otherwise be required to be discharged by the Board, i.e.,

- i. discussions with Management on preparation of annual budget
- ii. periodical review of the performance of the Company
- iii. review and approval of any major operational proposal put forth by the Management.

At the Board Meeting held on 20th July, 2004, the Executive Committee was expanded by inducting Mr. A. K. Hirjee and Mr. John Martin Miller as its members.

The Executive Committee was constituted consequent upon the termination of the services of Mr. S. K. Alagh as the Managing Director. In view of the appointment of Ms. Vinita Bali as Chief Executive Officer, the Committee was dissolved at the meeting of the Board of Directors held on 28th March, 2005.

- (b) **Investment Committee** – The Investment Committee comprises Mr. Nusli N Wadia (Chairman), Mr. A. K. Hirjee and Mr. S. S. Kelkar, all being Non-Executive Directors.

The brief description of the terms of reference of the Investment Committee is to approve investments/disinvestments of the funds of the Company within the limits prescribed by the Board from time to time.

During the year under review, several meetings of the Investment Committee were held.

- (c) **Nomination Committee** – The Nomination Committee comprises Mr. Nusli N. Wadia, (Chairman and Non-Executive Director), Mr. Simon Israel (Non-Executive Director) and Mr. Nimesh N. Kampani, (Non-Executive and Independent Director).

The terms of reference of this Committee include identifying and recommending to the Board the appointment of the Managing Director/Wholetime Director/Chief Executive Officer of the Company.

During the year under review, the Nomination Committee met several times to identify/shortlist/interview and finalise candidates for the position of Chief Executive Officer. During the meeting held on 25th October, 2004, the Committee proposed the appointment of Ms. Vinita Bali as the Chief Executive Officer of the Company to the Board.

4. GENERAL BODY MEETINGS :

Location and time where last three Annual General Meetings were held:

Date	Location	Time
19th August, 2004	Hotel Oberoi Grand 15, Jawaharlal Nehru Road Kolkata – 700 013.	10.30 am
8th August, 2003	- do -	10.30 am
6th August, 2002	- do -	10.30 am

5. POSTAL BALLOT :

During the year under review, consent of the shareholders was obtained by way of postal ballot in terms of Section 192 A of the Companies Act, 1956 read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2001 for the buy back of maximum of 25,00,000 equity shares of Rs. 10/- each at a price not exceeding Rs. 650/- per share and outflow not exceeding Rs. 760 million by way of Special Resolution under Sections 77A and 77B of the Companies Act, 1956.

Mr. Samir Ghosh, Ex-Senior Partner of M/s. Lovelock & Lewes, Chartered Accountants was appointed as the Scrutiniser by the Board.

The voting pattern was as under:

	Particulars	No. of postal ballots	No. of votes/shares	Percentage
A	Valid postal ballots in favour of the Resolution	1,489	12,560,298	99.59
B	Valid postal ballots against the Resolution	280	52,273	0.41
C	Total valid postal ballot forms received	1,769	12,612,571	100.00
	Invalid postal ballots	474	102,063	–

6. 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.

None of the related party transactions were in conflict with the interests of the Company at large including the related party transactions that are disclosed under item (xxiv) of Schedule 6 to the accounts.

- (b) Details of non-compliance by the Company, penalties, 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:

No penalties/strictures have been imposed on the Company by any regulatory authority for non-compliance of any laws/regulations relating to capital markets.

7. MEANS OF COMMUNICATION :

Quarterly, Half-Yearly and Annual Results

Quarterly results including half-yearly results are published as per the Listing Agreement in leading newspapers such as *Financial Express* (all editions) and *Pratidin* (Kolkata edition). The annual audited accounts are likewise published. The half-yearly report is not separately sent to each shareholder.

As per requirements of clause 51 of the Listing Agreement, all the data relating to quarterly financial results, shareholding pattern, etc. are uploaded to the website www.sebiedifar.nic.in.

8. GENERAL SHAREHOLDER INFORMATION

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

20th July, 2005 - 10.30 am at Hotel Oberoi Grand, 15 Jawaharlal Nehru Road, Kolkata – 700 013.

- (b) **Financial calendar**

Period	Approval of Quarterly results
For the first quarter ending 30th June, 2005	4th week of July, 2005
For the second quarter and half year ending 30th September, 2005	4th week of October, 2005
For the third quarter ending 31st December, 2005	4th week of January, 2006
For the year ending 31st March, 2006	1st or 2nd week of June, 2006

- (c) **Book closure period** : 12th July, 2005 to 20th July, 2005, both days inclusive.
- (d) **Dividend payment date** : On and from 21st July, 2005.
- (e) **Listing on Stock Exchanges** : The Company's securities are listed at :
1. The Stock Exchange, Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 023.
 2. The Calcutta Stock Exchange Association Ltd., 7 Lyons Range, Kolkata - 700 001.
 3. National Stock Exchange of India Ltd., Exchange Plaza, 5th Floor, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051.

Listing fees as prescribed, have been paid to all the aforesaid Stock Exchanges upto 31st March, 2005.

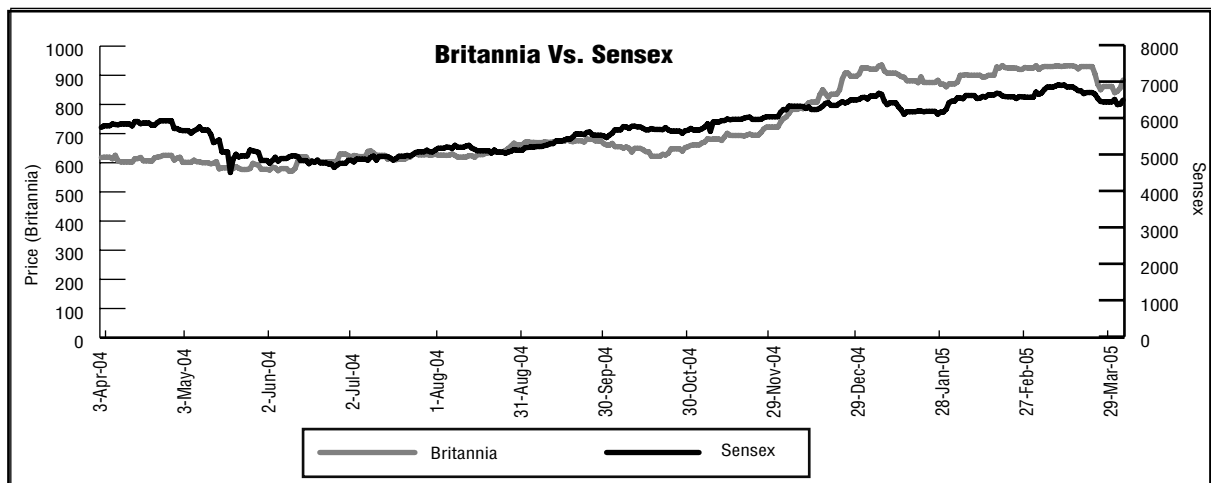
(f) **Stock Code :**

Stock Exchange	Stock Code
The Stock Exchange, Mumbai	825
The Calcutta Stock Exchange Association	38
National Stock Exchange	BRITANNIA

(g) **Stock Price Data based on closing prices :**

Year/Month	Calcutta Stock Exchange (CSE) (in Rs.)		Bombay Stock Exchange (BSE) (in Rs.)		National Stock Exchange (NSE) (in Rs.)	
	High	Low	High	Low	High	Low
2004						
April	638.00	601.50	625.60	601.30	625.15	598.30
May	No trading	No trading	608.95	575.05	616.85	576.80
June	605.00	604.95	629.80	570.35	629.65	574.55
July	642.00	612.60	640.50	609.00	640.50	609.40
August	640.00	640.00	672.70	618.55	672.45	620.00
September	No trading	No trading	682.90	660.30	684.20	660.10
October	No trading	No trading	661.20	622.00	663.25	620.80
November	677.10	677.10	751.55	668.15	749.25	669.25
December	905.10	905.10	926.00	757.20	926.55	756.75
2005						
January	No trading	No trading	935.35	851.10	931.15	851.80
February	No trading	No trading	933.50	893.65	934.60	890.95
March	No trading	No trading	932.65	840.20	930.60	840.80

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



- (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, the Company has credited during the year ended 31st March, 2005 an aggregate amount of Rs. 704,884 to the Investor Education and Protection Fund (IEPF).

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

M/s Sharepro Services (India) Pvt. Ltd. are the Registrar and Transfer Agents of the Company for both Physical and Demat Shares and their address is as given below:

REGISTERED OFFICE:	CONTACT PERSON:
M/s. Sharepro Services (India) Pvt. Ltd. Unit: Britannia Industries Limited Above Bank of Baroda, Satam Estate, 3rd Floor, Cardinal Gracious Road, Chakala, Andheri (E), Mumbai - 400 099. Tel No. (022)-2821 5168, 2832 9828, 2821 5991, 2834 7719, 2834 8218. Fax No. (022)-2837 5646 E-mail : sharepro@vsnl.com	Ms. Indira P. Karkera Senior Manager

Share transfers, where documents are 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 respective depositories i.e. (NSDL) and (CDSL) or to the shareholders, as the case may be, within 15 days of receipt.

(k) (i) **Distribution of shareholding as on 31st March 2005 :**

Group of Shares	No. of Shareholders	No. of Shares held	% age to Total Shares
1 to 500	21,590	2,240,496	9.38
501 to 1000	615	443,987	1.86
1001 to 2000	285	411,485	1.72
2001 to 3000	108	263,296	1.10
3001 to 4000	49	172,682	0.73
4001 to 5000	36	161,072	0.67
5001 to 10000	87	590,492	2.47
10001 & above	90	19,606,653	82.07
Total	22,860	23,890,163	100.00

(ii) Shareholding pattern as on 31st March 2005 :

Category	No. of Shares Held	%age Shareholding
A. Promoter's Holding		
1. Promoters		
– Indian Promoters	750	–
– Foreign Promoters	12,173,219	50.96
2. Persons acting in concert	–	–
Sub-Total	12,173,969	50.96
B. Non-Promoters holding	11,716,194	49.04
3. Institutional Investors		
a. Mutual Funds and UTI	861,938	3.61
b. Banks, Financial Institutions, Insurance Companies (Central/State Government Institutions/ Non-Government Institutions)	4,137,370	17.32
c. Foreign Institutional Investors (FIIs)	1,402,489	5.87
Sub-Total	6,401,797	26.80
4. Others		
a. Private Corporate Bodies	338,934	1.42
b. Indian Public	4,851,195	20.30
c. NRIs/OCBs	120,388	0.50
d. Any other	3,880	0.02
Sub-Total	5,314,397	22.24
GRAND TOTAL	23,890,163	100.00

(l) **Dematerialisation of Shares:** 9,788,360 shares representing 40.97% of the total equity capital were held in dematerialised form with the National Securities Depository Limited and Central Depository Services (India) Ltd. as on 31st March 2005.

(m) **Outstanding GDRs/Warrants, Convertible Bonds, conversion date and likely impact on Equity :** Not applicable.

(n) **Plant Locations :**

Kolkata	15, Taratola Road, Kolkata – 700 088.
Delhi	33, Lawrence Road, Delhi – 110 035.
Chennai	M T H Road, Padi, Chennai – 600 050
Mumbai	Reay Road (East), Mazagaon, Mumbai – 400 010.
Uttaranchal	Plot No.1 Sector 1, Integrated Industrial Estate (IIE), Pant Nagar, Tehsil/Taluk, Rudrapur Kichha, District Udham Singh Nagar, Uttaranchal.

a. **Closure of Mumbai Undertaking :**

Pursuant to permission under Section 25(O) of the Industrial Disputes Act, 1947 for closure of manufacturing operations situated at Reay Road, Mumbai, received from the Labour Commissioner on 23rd March, 2004, production was closed effective 24th March, 2004. Certain section of the employees representing the Union

have approached the Industrial Tribunal against the closure and the matter is pending disposal.

b. Uttaranchal factory :

A new biscuit manufacturing Plant has been commissioned in Uttaranchal and commercial production commenced in April 2005.

(o) COMPLIANCE OF NON-MANDATORY REQUIREMENTS

(i) Office of the Chairman of the Board :

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

(ii) Remuneration Committee :

The Company has a Remuneration Committee to determine the remuneration package of the Managing Director/ Wholetime Directors.

(iii) Shareholder rights – furnishing of half yearly results :

The Company's half yearly results are published in the newspapers and are, therefore, not sent to the shareholders. Based on request from the shareholders, the Company would also provide the quarterly and half yearly results.

(iv) Postal ballot :

The Company complied with the requirements of Postal Ballot and continues to do so as and when such matters, which would require the approval of the shareholders by such process, arise in future in terms of Sec. 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001.

Address for correspondence:

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

OR

BRITANNIA INDUSTRIES LIMITED
Executive Office:
Britannia Gardens, Airport Road,
Vimanapura, Bangalore – 560 017.

On behalf of the Board

Nusli N. Wadia
Chairman

26th May, 2005

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

To the Members of

Britannia Industries Limited

We have examined the compliance of conditions of Corporate Governance by Britannia Industries Limited during the year ended 31st March 2005, as stipulated in Clause 49 of the Listing Agreement(s) of the said Company with the Stock Exchange(s) in India.

The compliance of conditions of Corporate Governance is the responsibility of the 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, and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement(s).

We state that as per the records maintained by the Company, no investor grievance(s) is remaining unattended/ pending for a period exceeding one month.

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.

Usha A. Narayanan
Partner
Membership Number 23997

for and on behalf of
Lovelock & Lewes
Chartered Accountants

Place: Mumbai
Date : 26th May, 2005



To the Shareholders of Britannia Industries Limited

1. We have audited the attached Balance Sheet of Britannia Industries Limited as at 31st March, 2005 the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above:
 - (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 have been kept by the Company as required by law so far as appears from our examination of those books;
 - (c) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

- (d) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211(3C) of the 'Companies Act, 1956', of India (the 'Act'), to the extent applicable;
- (e) On the basis of written representations received from the Directors, as on 31st March, 2005 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2005 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto, give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2005; and
 - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date.
 - (iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Usha A. Narayanan
Partner

Membership Number - 23997

For and on behalf of
Lovelock & Lewes
Chartered Accountants

Place: Mumbai
Date : 26th May, 2005

Referred to in paragraph 3 of our report of even date on the accounts for the year ended 31st March, 2005, of Britannia Industries Limited.

1. (a) The Company has maintained proper records to show full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets are physically verified by the management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management, during the year and no material discrepancies between the book records and the physical inventory have been noticed.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
2. (a) The inventory (excluding stocks with third parties) has been physically verified by the management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the Register maintained under Section 301 of the Act, and accordingly, clauses (iii)(b), (iii)(c) and (iii)(d) of paragraph 4 of the Order are not applicable.
- (b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act, and accordingly, clauses (iii) (f) and (iii) (g) of paragraph 4 of the Order are not applicable.
4. In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public under the provisions of Sections 58A and 58AA of the Act and the rules framed thereunder.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the Company.
9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund,

employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.

(b) According to the information and

explanations given to us and the records of the Company examined by us, the particulars of dues of income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess as at 31st March, 2005 which have not been deposited on account of a dispute, are as follows –

Rs.'000

Name of the statute	Nature of dues	Amount	Period to which the amount relates		Forum where the dispute is pending					
			From	To	High Court	Tribunal	Commissioner /Dy. Com. Appeals	Commissioner/ Jt. Comm./ Dy. Comm./ Asst. Comm.	Assessing Officers/ Superintendent	
Excise Duty Act	Excise Duty Matters	5,586 401 2,797 2,937 6,641 1,195 50 39 460 343 1,202	2001 1996 1996 1998 1995 1996 1997 1997 1998 1998 2000	2001 1996 1998 1999 1997 1998 1999 2001		5,586		401 2,797 2,937	6,641 1,195 50 39 460 343 1,202	
Agricultural Product Market Cess Act	APMC (Agricultural Produce Marketing Corporation)	51,518	1989	2004	51,518					
Sales Tax Act	Sales Tax / Purchase Tax Matters	16 5,759 133 2,298 6,871 1,348 331 7,007 484 1,141 2,388 1,515 2,466 2,341 498 1,161 7,421 20,275 2 2,105	1997 1997 1998 1999 2000 2001 2002 2002 1996 1998 1999 2000 2001 2001 1997 1998 1999 2000 2001 2002 2002 1997 2000	1998 1998 2000 2001 2002 2003 1997 1999 2000 2001 2002 2002 1998 2000 2001 1998 2001 2002 2003 2003 2001	16		5,759 133 2,298 6,871 1,348 331 7,007	484 1,141 2,388 1,515	2,466 2,341 498 1,161 7,421 20,275	2 2,105

Name of the statute	Nature of dues	Amount	Period to which the amount relates		Forum where the dispute is pending				
			From	To	High Court	Tribunal	Commissioner /Dy. Com. Appeals	Commissioner/ Jt. Comm./ Dy. Comm./ Asst. Comm.	Assessing Officers/ Superintendent
Entry Tax Act	Entry Tax Matters	22,906	2003	2004	22,906				
		4,836	1993	1996			4,836		
		819	1997	1998			819		
		1,410	1998	1999			1,410		
		102	1999	2000			102		
		47	2000	2001			47		
Income Tax Act	Income Tax Matters	1,263	1978	1979	1,263				
		366	1985	1986	366				
		5,130	1986	1987	5,130				
		397	1987	1988	397				
		2,405	1992	1993	2,405				
		2,099	1986	1987		2,099			
		7,895	1992	1993		7,895			
		14,542	1997	1998		14,542			
		3,137	2000	2001				3,137	

10. The Company has no accumulated losses as at 31st March, 2005 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
12. In our opinion, the Company has maintained adequate documents and records in the cases where the Company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities other than employee housing loans which are unsecured.
13. The provisions of special statute applicable to chit fund and nidhi/mutual benefit fund/society are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company, for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the Company. Reference is drawn to Note (xi) of Schedule 6 of the Notes on Accounts for claim on Corporate Guarantee given to another company.
16. The Company has not obtained any term loans.
17. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by way of public issue during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

Usha A. Narayanan

Partner

Membership Number - 23997

For and on behalf of

Lovelock & Lewes

Chartered Accountants

Place: Mumbai

Date : 26th May, 2005



BALANCE SHEET

As at	Schedule	31st March, 2005 Rs. '000	31st March, 2004 Rs. '000
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Capital	A	238,902	251,121
Reserves and Surplus	B	<u>4,196,341</u>	<u>4,059,133</u>
		4,435,243	4,310,254
LOAN FUNDS			
Secured	C	61,379	391,865
DEFERRED TAX LIABILITY			
		<u>170,600</u>	<u>202,472</u>
		4,667,222	4,904,591
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block		2,503,463	2,735,089
Less : Depreciation & Amortisation		<u>1,543,940</u>	<u>1,460,670</u>
Net Block	D	959,523	1,274,419
Capital Work-in-Progress		<u>317,007</u>	<u>8,607</u>
		1,276,530	1,283,026
INVESTMENTS			
	E	3,300,767	2,913,159
DEFERRED TAX ASSET			
		137,084	131,417
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	F	1,342,237	1,222,464
Sundry Debtors	G	427,764	191,136
Cash and Bank Balances	H	163,062	70,827
Other Current Assets	I	1,847	4,389
Loans and Advances	J	<u>708,720</u>	<u>779,375</u>
		<u>2,643,630</u>	<u>2,268,191</u>
Less :			
CURRENT LIABILITIES AND PROVISIONS			
Liabilities	K	2,059,717	1,372,980
Provisions	L	<u>973,431</u>	<u>781,228</u>
		<u>3,033,148</u>	<u>2,154,208</u>
NET CURRENT ASSETS			
		(389,518)	113,983
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)			
	M	342,359	463,006
		<u>4,667,222</u>	<u>4,904,591</u>

NOTES

In terms of our report of even date

Usha A. Narayanan
Partner
Membership Number : 23997For and on behalf of
Loveloek & Lewes
Chartered AccountantsMumbai
26th May, 2005Chairman
DirectorsChief Executive Officer
Chief Financial Officer: Nusli N. Wadia
: Avijit Deb
: A. K. Hirjee
: S. S. Kelkar
: Pratap Khanna
: Field Marshal Sam Manekshaw, M.C.
: Nimesh Kampani
: John Miller
: Francois-Xavier Roger
: Vinita Bali
: N. Shridhar

PROFIT AND LOSS ACCOUNT

For the year ended	Schedule	31st March, 2005 Rs. '000	31st March, 2004 Rs. '000
INCOME			
Gross Sales		16,154,485	14,705,263
Less : Excise Duty (Net)		278,787	309,136
Net Sales		15,875,698	14,396,127
Other Income	1	791,930	545,923
		16,667,628	14,942,050
EXPENDITURE			
Consumption of Materials	2	7,358,693	6,040,775
Salaries, Wages, Bonus, Commission, Allowances, etc.		586,096	627,225
Depreciation & Amortisation		189,707	224,040
Expenses	3	6,112,565	6,086,726
		14,247,061	12,978,766
PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS		2,420,567	1,963,284
Exceptional Items	4	218,160	119,361
PROFIT BEFORE TAX		2,202,407	1,843,923
Provision for Tax	5	714,712	655,930
PROFIT AFTER TAX		1,487,695	1,187,993
Profit Brought Forward		500,000	500,000
Transfer from Debenture Redemption Reserve		–	29,725
Reversal of Proposed Dividend of previous year (Refer note vii (b) of Schedule N)		10,777	–
PROFIT AVAILABLE FOR APPROPRIATION		1,998,472	1,717,718
APPROPRIATION			
PROPOSED DIVIDEND AND TAX THEREON			
Final Dividend @ 140%		334,462	272,345
Tax on Dividend		46,908	34,894
TRANSFERRED TO GENERAL RESERVE		1,117,102	910,479
PROFIT CARRIED FORWARD		500,000	500,000
		1,998,472	1,717,718
Basic / Diluted Earnings Per Share (Rs.)		60.59	44.16

NOTES

6

In terms of our report of even date

Chairman

: Nusli N. Wadia

Directors

: Avijit Deb

Usha A. Narayanan

: A. K. Hirjee

Partner

: S. S. Kelkar

Membership Number : 23997

: Pratap Khanna

For and on behalf of

: Field Marshal Sam Manekshaw, M.C.

Lovell & Lewes

: Nimesh Kampani

Chartered Accountants

: John Miller

: Francois-Xavier Roger

Mumbai

Chief Executive Officer

: Vinita Bali

26th May, 2005

Chief Financial Officer

: N. Shridhar



CASH FLOW STATEMENT

For the year ended	31st March, 2005 Rs. '000	31st March, 2004 Rs. '000
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before taxation	2,202,407	1,843,923
Adjusted for		
Depreciation and Amortisation	189,707	224,040
Voluntary Retirement Compensation	134,026	97,211
Reversal of previous year's liabilities	(34,514)	(63,892)
Foreign Exchange / Forward cover (Gain) / Loss	(17,754)	143
Loss on retiral of assets	1,436	2,850
Irrecoverable advance written off	–	185,198
Claims for corporate guarantee	115,000	–
Provision for diminution in value of investments	325,000	78,398
Refund from Covenanted Staff Pension Fund	–	(121,199)
(Profit)/Loss on sale of Investments - Net	(583,678)	(387,837)
(Profit)/Loss on sale of Fixed Assets - Net	(323,007)	(58,870)
Investment Income	(61,774)	(30,512)
Interest Income	(11,645)	(25,119)
Interest expenses	21,035	60,460
Operating Profit before Working Capital changes	1,956,239	1,804,794
Adjusted for		
Inventories	(119,773)	(403,217)
Debtors	87,300	100,475
Loans & Advances	18,283	(31,554)
Creditors & Provisions	855,310	101,064
Cash Generated from Operations	2,797,359	1,571,562
Refund from Covenanted Staff Pension Fund	–	121,199
Voluntary Retirement Compensation paid	(90,112)	(73,363)
Interest paid	(7,691)	(81,802)
Direct Taxes Paid	(775,000)	(711,700)
NET CASH FLOW FROM OPERATING ACTIVITIES	1,924,556	825,896
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets and Capital Advances	(431,745)	(118,423)
Sales of Fixed Assets	6,359	66,981
Purchase of Investments	(9,061,539)	(8,435,856)
Sale of Investments	8,932,609	8,800,644
Interest received	11,645	32,608
Dividend received	61,774	30,512
Loans given	(14,466)	(8,782)
Loans repaid	43,561	27,045
NET CASH FROM/(USED) IN INVESTING ACTIVITIES	(451,802)	394,729

CASH FLOW STATEMENT (Contd.)

For the year ended	31st March, 2005 Rs. '000	31st March, 2004 Rs. '000
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment to Banks	(330,486)	(3,602,644)
Borrowings from Banks	–	2,950,000
Buy back of Equity Share capital	(778,113)	(424,819)
Debentures redeemed	–	(500,000)
Tax on dividend	(33,670)	(32,175)
Dividend paid	(262,792)	(249,993)
NET CASH FROM / (USED IN) FINANCING ACTIVITIES	(1,405,061)	(1,859,631)
NET (DECREASE) / INCREASE - CASH AND CASH EQUIVALENTS	67,693	(639,006)
CASH & CASH EQUIVALENTS		
Opening balance		
Cash and Bank Balances	70,827	708,495
Cash Equivalents	27,796	29,134
TOTAL	98,623	737,629
Closing Balance		
Cash & Bank Balances	163,062	70,827
Cash Equivalents	3,254	27,796
TOTAL	166,316	98,623

Notes:

- The above cash flow statement has been prepared in accordance with the requirements of Accounting Standard 3 "Cash Flow Statement" issued by the Institute of Chartered Accountants of India.
- Figures in brackets indicate cash outgo, except for adjustments for operating activities.
- Previous years' figures have been regrouped/rearranged wherever necessary.

In terms of our report of even date

Usha A. Narayanan
Partner
Membership Number : 23997

For and on behalf of
Lovell & Lewes
Chartered Accountants

Mumbai
26th May, 2005

Chairman
Directors

: Nusli N. Wadia
: Avijit Deb
: A. K. Hirjee
: S. S. Kelkar
: Pratap Khanna
: Field Marshal Sam Manekshaw, M.C.
: Nimesh Kampani
: John Miller
: Francois-Xavier Roger

Chief Executive Officer
Chief Financial Officer

: Vinita Bali
: N. Shridhar



SCHEDULES TO BALANCE SHEET**A SHARE CAPITAL**

	Shares of Rs. 10 each	31st March, 2005 Rs. '000	31st March, 2004 Rs. '000
Authorised	Equity Shares	50,000,000	500,000
Issued and subscribed	Equity shares for cash fully paid	1,917,455	19,175
	For consideration other than cash pursuant to a contract fully paid	35,779	358
	As bonus shares by capitalisation of reserves and share premium fully paid	25,897,216	258,972
	<i>Less</i> : Equity shares bought back during the year 1,221,887 (Previous Year 792,226) (Refer note vii (a) (i) of Schedule N)	(3,960,287)	(39,603)
		23,890,163	251,121

B RESERVES AND SURPLUS

Rs. '000	General	Capital Redemption Reserve	Profit and loss	Total	Previous Year
As at 31st March, 2004	3,531,749	27,384	500,000	4,059,133	3,652,606
Addition :					
Transfer from Profit and Loss Account	1,117,102	–	500,000	1,617,102	1,410,479
Transfer from Debenture Redemption Reserve	–	–	–	–	29,725
Transfer from General Reserve (Refer Note (vii) (a) (iii) of Schedule N)	–	12,219	–	12,219	7,922
	4,648,851	39,603	1,000,000	5,688,454	5,100,732
Deduction :					
Premium relating to Equity Shares bought back (Refer note (vii) (a) (ii) of Schedule N)	765,894	–	–	765,894	416,897
Non-compete fees adjusted against reserves	–	–	–	–	57,330
Intangible assets adjusted against reserves (Refer note (xi) of Schedule N))	214,000	–	–	214,000	–
Transfer to Capital Redemption Reserve (Refer note (vii) (a) (iii) of Schedule N)	12,219	–	–	12,219	7,922
Transfer to Profit and Loss Account on Redemption of Debentures	–	–	–	–	29,725
Transfer to General Reserve	–	–	500,000	500,000	529,725
As at 31st March, 2005	3,656,738	39,603	500,000	4,196,341	4,059,133

C LOAN FUNDS

	31 March, 2005 Rs. '000	31 March 2004 Rs. '000
Secured		
Bank Overdraft (represents book overdraft)	61,379	391,865
Secured by hypothecation by way of first charge on book debts, receivables, stocks and stores.	61,379	391,865

D FIXED ASSETS Rs.'000	Gross Block at Cost		Depreciation/Amortisation		Net Book Value	
	As at 31st March, 2004	Additions/ Deductions/ Adjustments	As at 31st March, 2004	For the year Deductions/ Adjustments	As at 31st March, 2005	As at 31st March, 2004
Freehold Land	26,968	-	-	-	26,968	26,968
Leasehold Land	799	-	-	-	799	799
Buildings	320,075	3,464	82,929	6,985	227,685	237,146
Plant and Machinery	1,914,516	70,992	1,185,683	167,446	629,634	728,833
Furniture, Fittings and Equipment	164,271	22,989	98,389	15,186	73,681	65,882
Motor Vehicles	1,710	82	1,392	90	283	318
Copyrights	168,713	-	50,753	-	-	117,960
Trademarks	127,812	-	38,448	-	324	89,364
Designs	10,225	-	3,076	-	149	7,149
Total	2,735,089	97,527	1,460,670	189,707	106,437	1,543,940
Previous Year	2,773,073	89,321	1,295,644	224,040	59,014	1,460,670

Notes

- a) Buildings include fully paid unquoted shares and bonds in respect of ownership flats in 11 Co-operative Housing Societies (Previous year 11 Co-operative Housing Societies); 1199 shares (Previous year 1199 shares) of Rs. 50 each, and 10 shares (Previous year 10 shares) of Rs. 100 each, Rs. 0.070 mn interest free non-redeemable loan stock bonds (Previous year Rs. 0.070 mn) and 50 interest-free loan stock bonds (Previous year 50 interest free loan stock bonds) of Rs. 100 each.
- b) Agreements in respect of leasehold land at one factory is in the process of renewal.
- c) During the year, the Company has retired assets based on technical review and stated them at estimated net realisable value under "Other Current Assets"; Loss arising therefrom is Rs. 1.436 mn disclosed under "Exceptional items" (Previous year Rs. 2.850 mn).
- d) Refer Note (xi) of Schedule N.

E INVESTMENTS

31st March, 2005
Rs. '000

31st March, 2004
Rs. '000

Long Term

Unquoted

Trade :

The Bengal Chamber of Commerce and Industry.
6 1/2% Non-redeemable registered debentures 1962. 4 4

Others :

Shares

(Fully paid)

Flora Investments Company Private Limited.
84,987 equity shares of Rs. 10 each
(Previous year 84,987 equity shares of Rs. 10 each). 1,025 1,025

Boribunder Finance and Investments Private Limited.
51,111 equity shares of Rs. 10 each
(Previous year 51,111 equity shares of Rs. 10 each). 679 679

Gilt Edge Finance and Investments Private Limited.
69,861 equity shares of Rs. 10 each
(Previous year 69,861 equity shares of Rs. 10 each). 847 847

Uttam Biscuit Company Private Limited.
33,600 equity shares of Rs. 10 each
(Previous year 33,600 equity shares of Rs. 10 each). 2,769 2,769

J.B. Mangharam Foods Private Limited.
108,036 equity shares of Rs. 10 each
(Previous year 108,036 equity shares of Rs. 10 each). 5,186 5,186

Sunrise Biscuit Company Private Limited.
119,880 equity shares of Rs. 10 each
(Previous year 119,880 equity shares of Rs. 10 each). 1,942 1,942

Nalanda Biscuit Company Limited.
60,000 equity shares of Rs. 10 each
(Previous year 60,000 equity shares of Rs. 10 each). 1,385 1,385

Ganges Vally Foods Private Limited.
144,000 equity shares of Rs. 10 each
(Previous year 144,000 equity shares of Rs. 10 each). 1,440 1,440

Manna Foods Private Limited.
90,000 equity shares of Rs. 10 each
(Previous year 90,000 equity shares of Rs. 10 each). 900 900

International Bakery Products Limited.
115,000 equity shares of Rs. 10 each
(Previous year 115,000 Equity Shares of Rs. 10 each). 1,150 1,150

Klassik Foods Private Limited.
3,130 equity shares of Rs. 100 each
(Previous year 3,130 equity shares of Rs. 100 each). 2,880 2,880

Kwality Biscuits Private Limited.
NIL equity shares of Rs. 10 each. Sold during the year
30,340 equity shares of Rs. 10 each
(Previous year 30,340 equity shares of Rs. 10 each). – 78,398

Britannia New Zealand Foods Private Limited.
2,832,200 equity shares of Rs. 10 each
(Previous year 2,832,200 equity shares of Rs. 10 each). 575,246 575,246

E INVESTMENTS (Contd.)

		31st March, 2005 Rs. '000	31st March, 2004 Rs. '000
	Britannia New Zealand Foods Private Limited. 2,940,000 10% Non-cumulative redeemable preference shares of Rs. 10 each (Previous year 2,940,000 10% Non-cumulative redeemable preference shares of Rs. 10 each).	29,400	29,400
	Britannia New Zealand Holdings Private Limited, Mauritius 1,000 equity shares of USD 1 each (Previous year NIL)	44	-
Debentures	J.B. Mangharam Foods Private Limited. 325,000, 10% Secured Redeemable Non-Convertible Debentures of Rs. 100 each fully paid. (Previous year 400,000, 12% Secured Redeemable Non-Convertible Debentures of Rs. 100 each fully paid). Redeemed during the year 75,000 (Previous year 50,000), 12% Secured Redeemable Non-Convertible Debentures of Rs. 100 each fully paid.	32,500	40,000
	International Bakery Products Limited. 582, 0% Unsecured Convertible Debentures of Rs. 100,000 each fully paid. (Previous year NIL). Subscribed during the year 582, 0% Unsecured Convertible Debentures of Rs. 100,000 each.	58,200	-
Others	J.M. Income Fund - Growth NIL (Previous year 11,907,782 units of Rs. 10 each). Sold during the year 11,907,782 units of Rs. 10 each	-	230,000
	Templeton India Income Fund - Growth NIL (Previous year 16,752,469 units of Rs. 10 each). Sold during the year 16,752,469 units of Rs. 10 each	-	270,000
	DSP Merrill Lynch Bond Fund - Growth NIL (Previous year 14,263,974 units of Rs.10 each) Sold during the year 14,263,974 units of Rs.10 each	-	227,262
	Birla Income Plus - Growth NIL (Previous year 4,483,056 units of Rs. 10 each). Sold during the year 4,483,056 units of Rs. 10 each	-	80,000
	Templeton India Income Builder Account - Growth NIL (Previous year 10,770,263 units of Rs. 10 each). Sold during the year 10,770,263 units of Rs. 10 each	-	170,000
	Sundaram Bond Saver - Growth NIL (Previous year 7,660,167 units of Rs. 10 each) Sold during the year 7,660,167 units of Rs. 10 each	-	110,000
	HDFC Income Fund - Growth NIL (Previous year 11,773,663 units of Rs. 10 each) Sold during the year 11,773,663 units of Rs. 10 each	-	150,000

E INVESTMENTS (Contd.)

	31st March, 2005 Rs. '000	31st March, 2004 Rs. '000
Grindlays Super Saver Income Fund - Growth NIL (Previous Year 19,012,039 units of Rs. 10 each). Sold during the year 19,012,039 units of Rs. 10 each	–	250,000
Kotak - K Bond Wholesale Plan - Growth NIL (Previous Year 11,449,886 units of Rs. 10 each). Sold during the year 11,449,886 units of Rs. 10 each	–	170,000
HDFC Multiple Yield Fund - Growth 35,000,000 units of Rs. 10 each (Previous Year NIL) Purchased during the year 35,000,000 units of Rs. 10 each.	350,000	–
Franklin Templeton India Monthly Income Plan A - Growth 14,764,157 units of Rs.10 each (Previous year NIL) Purchased during the year 14,764,157 units of Rs. 10 each	250,000	–
DSP Merrill Lynch Savings Plus Moderate - Growth 7,219,753 units of Rs.10 each (Previous year NIL) Purchased during the year 7,219,753 units of Rs. 10 each	90,000	–
HDFC Monthly Income Plan - Short term - Growth 7,325,337 units of Rs. 10 each (Previous year NIL) Purchased during the year 7,325,337 units of Rs. 10 each	80,000	–
Kotak Fixed Maturity Plan Series I - Growth 25,000,000 units of Rs. 10 each (Previous Year NIL) Purchased during the year 25,000,000 units of Rs. 10 each.	250,000	–
Grindlays Fixed Maturity 4th Plan B - Growth 25,000,000 units of Rs. 10 each (Previous Year NIL) Purchased during the year 25,000,000 units of Rs. 10 each.	250,000	–
Birla Fixed Term Plan Series A - Growth 30,000,000 units of Rs. 10 each (Previous Year NIL) Purchased during the year 30,000,000 units of Rs. 10 each.	300,000	–
Capital in a partnership firm Britannia Sports - Partnership firm (Refer note (ix) of Schedule N)	49	49
	2,285,646	2,400,562
Quoted Others Shares (Fully paid) HDFC Bank Limited 37,200 Equity shares of Rs. 10 each (Previous year 37,200 equity shares of Rs. 10 each). Aggregate market value of quoted investments Rs. 20.246 mn. (Previous year Rs. 14.074 mn).	372	372
	372	372
Current Prudential ICICI Liquid Plan Institutional Plus Daily Dividend 41,252,358 units of Rs. 10 each (Previous year 8,861,940 units of Rs. 10 each) Purchased during the year 79,300,206 units of Rs. 10 each Reinvested during the year 1,185,391 units of Rs. 10 each Sold during the year 48,095,178 units of Rs. 10 each	488,902	105,025

E INVESTMENTS (Contd.)

31st March, 2005
Rs. '000

31st March, 2004
Rs. '000

Grindlays Cash Fund Institutional Plan B - Daily Dividend 15,491,233 units of Rs. 10 each (Previous year 6,628,089 units of Rs. 10 each) Purchased during the year 134,957,084 units of Rs. 10 each Reinvested during the year 1,031,874 units of Rs. 10 each Sold during the year 127,115,814 units of Rs. 10 each	154,912	70,136
JM Short Term Plan Institutional Dividend Reinvestment NIL (Previous year 14,264,190 units of Rs.10 each) Sold during the year 14,264,190 units of Rs.10 each	–	144,275
Birla Bond Plus Institutional Short Term Plan Dividend Reinvestment NIL (Previous year 23,133,636 units of Rs. 10 each) Sold during the year 23,133,636 units of Rs. 10 each	–	240,747
DSP Merrill Lynch Liquidity Plan Daily Dividend Reinvestment NIL (Previous year 3,040,914 units of Rs. 10 each) Purchased during the year 62,446,169 units of Rs. 10 each Reinvested during the year 199,302 units of Rs. 10 each Sold during the year 65,686,385 units of Rs. 10 each	–	30,440
JM High Liquidity - Super Institutional Plan - Daily Dividend Reinvestment 3,997,586 units of Rs. 10 each (Previous year NIL) Purchased during the year 55,579,580 units of Rs. 10 each Reinvested during the year 379,187 units of Rs. 10 each Sold during the year 51,961,181 units of Rs. 10 each	40,042	–
Birla Cash Plus Institutional Premium Plan Daily Dividend Reinvestment 863,848 units of Rs. 10 each (Previous year NIL) Purchased during the year 93,752,032 units of Rs. 10 each Reinvested during the year 487,026 units of Rs. 10 each Sold during the year 93,375,210 units of Rs. 10 each	8,655	–
Sundaram Money Fund Institutional - Daily Dividend Reinvestment 9,037,135 units of Rs. 10 each (Previous year NIL) Purchased during the year 35,918,472 units of Rs. 10 each Reinvested during the year 195,041 units of Rs. 10 each Sold during the year 27,076,378 units of Rs. 10 each	91,233	–
Kotak Liquid Institutional Premium - Daily Dividend Reinvestment 11,723,603 units of Rs. 10 each (Previous year NIL) Purchased during the year 79,771,708 units of Rs. 10 each Reinvested during the year 646,132 units of Rs. 10 each Sold during the year 68,694,237 units of Rs. 10 each	143,357	–
Principal Cash Management Fund Institutional Plus Plan - Daily Dividend Reinvestment 12,124,865 units of Rs. 10 each (Previous year NIL) Purchased during the year 30,007,255 units of Rs. 10 each Reinvested during the year 116,530 units of Rs. 10 each Sold during the year 17,998,920 units of Rs. 10 each	121,256	–
HSBC Cash Fund - Institutional Plus Daily Dividend Reinvestment 17,089,174 units of Rs. 10 each (Previous year NIL) Purchased during the year 16,993,219 units of Rs. 10 each Reinvested during the year 95,955 units of Rs. 10 each	170,988	–

E INVESTMENTS (Contd.)	31st March, 2005 Rs. '000	31st March, 2004 Rs. '000
Deutsche Insta Cash Plus Fund Institutional Plan - Daily Dividend Reinvestment 6,009,996 units of Rs. 10 each (Previous year NIL) Purchased during the year 5,988,323 units of Rs. 10 each Reinvested during the year 21,673 units of Rs. 10 each	60,217	-
ING Vysya Liquid Fund Institutional - Daily Dividend Reinvestment 5,013,531 units of Rs. 10 each (Previous year NIL) Purchased during the year 4,996,902 units of Rs. 10 each Reinvested during the year 16,629 units of Rs. 10 each	50,166	-
Chola Liquid Institutional - Daily Dividend Reinvestment Plan 1,000,623 units of Rs. 10 each (Previous year NIL) Purchased during the year 998,562 units of Rs. 10 each Reinvested during the year 2,061 units of Rs. 10 each	10,021	-
	1,339,749	590,623
Total Investments	3,625,767	2,991,557
Less : Provision for Diminution in value of investment [Refer note (xii) of Schedule 6]	(325,000)	(78,398)
	3,300,767	2,913,159

F INVENTORIES	31st March, 2005 Rs. '000	31st March, 2004 Rs. '000
Stores, spare parts etc.	44,074	46,711
Packing materials	153,111	172,328
Raw materials	824,354	585,026
Finished goods	316,869	413,729
Materials in process	1,688	1,996
	1,340,096	1,219,790
Loose tools	2,141	2,674
	1,342,237	1,222,464

G SUNDRY DEBTORS		31st March, 2005 Rs. '000	31st March, 2004 Rs. '000
Secured	Considered good:		
	Over six months	1,767	2,709
	Others	3,295	1,139
		5,062	3,848
Unsecured	Considered good:		
	Over six months	17,991	33,503
	Others @	404,711	153,785
		422,702	187,288
	Considered doubtful:		
Over six months	21,485	15,624	
	444,187	202,912	
Less: Provision for doubtful debts	21,485	15,624	
	422,702	187,288	
	427,764	191,136	

@ - 1. Includes Rs. 9.070 mn (Previous year Rs. 13.124 mn) due from an Associate Company having common directors.
2. Also includes Rs. 323.928 mn (Previous year NIL) [Refer note (x) of Schedule 6].

H CASH AND BANK BALANCES		31st March, 2005 Rs. '000	31st March, 2004 Rs. '000
	Cash and Cheques on hand	89,985	8,826
	With Scheduled Banks in current accounts	73,077	62,001
		163,062	70,827
I OTHER CURRENT ASSETS		31st March, 2005 Rs. '000	31st March, 2004 Rs. '000
	Assets Held for sale	1,847	4,389
		1,847	4,389
J LOANS AND ADVANCES		31st March, 2005 Rs. '000	31st March, 2004 Rs. '000
Unsecured	Considered good :		
	Bills receivable	15,383	8,045
	Advances recoverable in cash or in kind or for value to be received includes :	635,472	730,845
	– Amount outstanding by an erstwhile Director and an Officer NIL (Previous year Rs. 0.007 mn). Maximum amount outstanding at any time during the year by an erstwhile Director and an Officer Rs. 0.007 mn (previous year Rs. 6.955 mn).		
	– Amount outstanding by a Manager NIL (Previous year Rs. 0.233 mn), an erstwhile Officer Rs. 0.362 mn (Previous year Rs. 0.987 mn). Maximum amount outstanding at any time during the year by a Manager Rs. 0.233 mn (Previous year Rs. 0.272 mn) and an erstwhile Officer Rs. 0.987 mn (Previous year Rs. 1.158 mn).		
	– Capital Advances of Rs.61.869 mn (Previous year Rs. 36.051 mn)		
	– Advance for subscription to debentures NIL (Previous year Rs. 62.373 mn).		
	– Amount Rs. NIL (Previous year Rs. 10.195 mn) being expenditure incurred by or at the behest of the erstwhile Managing Director and his relatives/related parties [Refer note (vi) of Schedule N]		
	Taxes paid less provision	45,146	32,050
	Current accounts with Excise and Customs authorities	12,719	8,435
	Considered doubtful:		
	Advances	108,351	51,393
		817,071	830,768
	<i>Less: Provision for doubtful advances</i>	108,351	51,393
		708,720	779,375

K LIABILITIES

31st March, 2005
Rs. '000

31st March, 2004
Rs. '000

Book overdraft	185,491	–
Sundry Creditors		
– Due to Small Scale Industrial Undertakings [Refer note (xii) of Schedule N]	6,693	11,205
– Others	1,856,420	1,350,761
Investor Education and Protection Fund shall be credited by		
– Unpaid dividend (less than 7 years)	11,113	11,014
	2,059,717	1,372,980

L PROVISIONS

31st March, 2005
Rs. '000

31st March, 2004
Rs. '000

Provision for Excise related demands [Refer note (xiv) of Schedule N]	91,947	30,718
Provision for Sales tax demands [Refer note (xiv) of Schedule N]	96,788	78,481
Provision for trade and other demands [Refer note (xiv) of Schedule N]	192,267	77,267
Provision for Retirement benefits	60,791	60,521
Terminal compensation benefit [Refer note (x) of Schedule N]	150,268	227,002
Dividend	334,462	272,345
Tax on Dividend	46,908	34,894
	973,431	781,228

M MISCELLANEOUS EXPENDITURE

31st March, 2005
Rs. '000

31st March, 2004
Rs. '000

Voluntary Retirement Compensation and Terminal Compensation Benefits [Refer note (vi) of Schedule 6]	342,359	463,006
	342,359	463,006

N NOTES

(i) The Significant accounting policies are summarised below :

- (a) Basis for preparation of accounts** The accounts have been prepared to comply in all material aspects with applicable accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.
- (b) Fixed assets**
1. Fixed assets are stated at their original cost less depreciation. Cost includes inward freight, duties, taxes and expenses incidental to acquisition and installation net of CENVAT credit where applicable.
 2. Depreciation in respect of all assets acquired upto 30th June, 1984, is provided on 'Written Down Value' method. For additions on or after 1st July, 1984, 'Straight Line' method has been used. The rates are as specified in the amended Schedule XIV of the Companies Act, 1956. Assets costing less than Rs. 5,000 are fully depreciated in the year of addition.
 3. Acquired Trade marks, Designs, Copyrights etc are amortised over a period of 10 years and reviewed for their useful life in line with Accounting Standard on Intangible Assets (AS 26) issued by the Institute of Chartered Accountants of India.
 4. Assets identified and retired based on technical evaluation and held for disposal are stated at estimated net realisable value.
 5. Research and development expenses of revenue nature are charged off in the period in which they are incurred.
- (c) Inventories**
1. Raw materials, stores and spares and materials in process are valued at cost or under, after making provision for obsolescence, where appropriate. Cost includes purchase price, freight and other incidental expenses.
 2. Finished goods are valued at lower of prime cost plus manufacturing overheads and net realisable value.
 3. Loose tools are written off over 10 years from the year of purchase.
- (d) Sundry Debtors** Sundry Debtors are stated after making adequate provision for doubtful debts.
- (e) Investments**
1. Long term investments are stated at cost, net of provision for permanent diminution in value. Current investments are stated at lower of cost and market value.
 2. Dividend income is accounted for in the year in which the right to receive the same is established. Interest on investments are booked on a time-proportion basis taking into account the amounts invested and the rate of interest.
- (f) Revenue Recognition** Sales are recorded when supply of goods takes place in accordance with the terms of sale. Gross sales include excise duty but are net of trade discounts. Income from royalty/ services is accounted based on contractual agreements/arrangements.
- (g) Foreign Currencies**
1. Exchange difference arising from foreign currency transactions and premia on forward contracts are dealt with in the Company's Profit & Loss Account.
 2. Current assets and liabilities including loans are restated at the rates prevailing at the year end, or at forward contract rates as applicable.
 3. Profit/loss arising on cancellation or renewal of forward exchange contracts are recognised as income/expense for the period, except in case of forward exchange contracts relating to liabilities incurred for acquiring fixed assets, in which case such profit/loss are adjusted in the carrying amount of the respective fixed assets.
- (h) Deferred Taxation** Deferred tax is recognised on timing differences, being the difference between taxable income and accounting income that originate in one period and are reversible in one or more subsequent periods.

N NOTES (Contd.)

- (i) **Provision for Retirement Benefits**
1. The liabilities in respect of retirement benefits are provided/regularly contributed to appropriate authorities/various Provident Funds, Pension Funds and Gratuity Funds and are charged against revenue based on contributions as a fixed percentage of salaries/actuarial valuations in accordance with applicable rules.
 2. Leave encashment liability is determined by actuarial valuation.

- (j) **Miscellaneous Expenditure**
- Compensation under the Company's Voluntary Retirement Scheme (VRS) and Terminal Compensation Benefits is being amortised over a period of 5 years from the month of payment in line with the Announcement made by the Institute of Chartered Accountants of India. The unamortised amount is carried forward as "Miscellaneous Expenditure" in the Balance Sheet.

(ii) Commitments for capital expenditure not provided for Rs.150.438 mn (Previous year Rs. 225.517 mn).

(iii) (a) Contingent Liabilities for :

1. Bank guarantee/Letter of comfort Rs. 105.962 mn (Previous year Rs. 152.092 mn).
2. Discounted cheques Rs. 278.187 mn (Previous year Rs. 256.444 mn).
3. Claims/demand against the Company not acknowledged as debts including excise, income tax and sales tax Rs.183.752 mn (Previous year Rs.103.586 mn).

Note : The above does not include non quantifiable industrial disputes and other legal disputes pending before various judicial authorities.

- (b) The Company has furnished a Letter of Awareness to Hongkong & Shanghai Banking Corporation who have granted banking facilities of Rs. 600 mn (Previous Year Rs. 600 mn) to M/s. Britannia New Zealand Foods Private Limited based on the letter. The letter is not to be construed as a Guarantee issued by the Company.

(iv) Assets on Operating lease aggregate to Rs. 6.106 mn (Previous year Rs. 11.810 mn). The charge on account of lease rental to Profit and Loss Account for the year is Rs. 2.184 mn (Previous year Rs. 5.972 mn).

(v) Future obligations of lease rentals applicable to above leased assets aggregate to Rs. 6.191 mn (Previous year Rs. 2.747 mn) and are due :

	Rs. '000	
	31st March, 2005	31st March, 2004
Not later than 1 year	1,449	2,122
Later than 1 year and not later than 5 years	4,742	625
	6,191	2,747

In respect of buildings occupied as tenant, the aggregate lease rentals are charged as rent in the Profit and Loss Account.

(vi) The matter relating to certain expenditure of the erstwhile Managing Director, Mr. S. K. Alagh and his relatives/related parties was reviewed and the amounts payable/receivable by the Company were ascertained and settled during the year.

(vii) (a) The Company has bought back 1,221,887 equity shares (Previous year 792,226 equity shares) of Rs. 10 each at an average price of Rs. 636.81 per share (Previous year Rs. 536.23 per share) during the year and accordingly:

- (i) The face value of shares have been reduced from the paid up Equity Share Capital.
- (ii) The balance of Rs. 626.81 per share (Previous year Rs. 526.23 per share) paid on these shares aggregating to Rs. 765.894 mn (Previous year Rs. 416.897 mn) has been adjusted to General Reserve.
- (iii) As required under the provisions of Companies Act, 1956, Rs. 12.219 mn (Previous year Rs. 7.922 mn) has been transferred to Capital Redemption Reserve from General Reserve.

N NOTES (Contd.)

(b) The Company had bought back and extinguished 868,434 equity shares (Previous year NIL) between 26th June 2004, and 6th August 2004, the record date for purposes of identifying the members eligible for dividend. Accordingly, the provision for dividend and tax thereon, on these shares, Rs. 10.777 mn (Previous Year NIL) has been transferred to the Profit and Loss Appropriation Account during the year.

(viii) Accounting for taxes on income disclosure as per Accounting Standard 22. Major components of deferred tax assets and liabilities on account of timing differences as at 31st March 2005 are :

	Rs. '000			
	Asset		Liability	
	31st March, 2005	31st March, 2004	31st March, 2005	31st March, 2004
(a) Depreciation	–	–	170,600	194,688
(b) Voluntary retirement scheme/compensation	6,767	–	–	7,784
(c) Statutory payments etc.	117,715	125,893	–	–
(d) Provisions allowed on payment/write off	12,602	5,524	–	–
TOTAL	137,084	131,417	170,600	202,472

(ix) The Company has an investment in a partnership firm “Britannia Sports” in which it holds 49% share of the profit and loss and the balance is held by two associate companies namely, M/s. Flora Investments Company Private Limited and M/s 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.

(x) The production at the Company owned facility in Mumbai city was closed effective 24th March, 2004 based on the order received from Labour Commissioner, Mumbai permitting the closure under Section 25(O) of the Industrial Disputes Act, 1947. Certain section of the employees representing the Union have approached the Industrial Tribunal against the closure and the matter is pending disposal.

Out of the Rs. 227.002 mn provided for voluntary retirement and terminal compensation benefits in the previous year, the Company has disbursed Rs. 76.734 mn during the year. This includes payments of Rs. 40.805 mn made in line with the order of the Mumbai High Court, as per eligible limits under Section 25 (O) of the Industrial Disputes Act, 1947.

(xi) In accordance with the transitory provisions of the Accounting Standard on Impairment of Assets (AS-28) issued by the Institute of Chartered Accountants of India, unamortised balance of Copyrights Rs. 117.960 mn, Trademarks Rs. 89.040 mn and Designs Rs. 7 mn as at 1st April, 2004 have been adjusted against the opening General Reserve. This was based on the assessment of the business prospects related to these acquired assets. But for this change, depreciation for the year would have been higher and profit for the year would have been lower by Rs. 30.765 mn, and the balance of intangible assets and general reserves would have been higher by Rs. 183.235 mn.

(xii) The outstanding amount payable to any Small Scale Industrial Undertaking for more than 30 days as at 31st March, 2005 is Rs. 0.010 mn (Previous Year NIL), in respect of M/s. True Cartons, Chennai.

N NOTES (Contd.)

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

Government and Trust Securities

Quoted

NIL

Unquoted

Mutual Funds

	Number of units			Face value per unit (Rs.)
	Purchased	Reinvested	Sold	
Grindlays Floater Super Institutional Plan C Daily Dividend Reinvestment	10,000,000	129,998	10,129,998	10
HDFC Cash Management Fund Savings Plan Daily Dividend Reinvestment	21,003,872	47,901	21,051,773	10
HSBC Cash Fund - Institutional Plan Daily Dividend Reinvestment	2,873,536	2,620	2,876,156	10
Principal Cash Management Institutional Plan Daily Dividend Reinvestment	20,996,011	9,054	21,005,065	10
Templeton Floating Rate Income Fund - Short Term Weekly Dividend Reinvestment	12,985,069	76,080	13,061,149	10
Templeton India Treasury Management Account Institutional Plan Plus Daily Dividend Reinvestment	1,072,367	7,863	1,080,230	1,000

(xiv) In accordance with Accounting Standard 29 on Provisions, Contingent Liabilities and Contingent Assets, issued by the Institute of Chartered Accountants of India, certain classes of liabilities have been identified as provision and accordingly regrouped separately as under:

Particulars	Rs. '000	As at 31st March 04	Additions	Utilisation	Reversals	As at 31st March 05
Excise related issues		30,718	84,186	—	22,957	91,947
Sales Tax and other taxes		78,481	29,123	—	10,816	96,788
Trade and other demands		77,267	115,000	—	—	192,267

The Company sets up and maintains provision for trade and other demands when a reasonable estimate can be made. These provisions are based upon estimates made by the management, which are reviewed annually. These demands/issues involve quick settlement not exceeding a period of two - three years in most cases.

N NOTES (Contd.)

(xv) BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(a) Registration Details

Registration No.	02964	State Code	21
Balance Sheet Date	31/03/05		

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

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

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

Total Liabilities	4,667,222	Total Assets*	4,667,222
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Sources of Funds

Paid-up Capital	238,902
Reserves & Surplus	4,196,341
Secured Loans	61,379
Unsecured Loans	—
Deferred Tax Liability	170,600

Application of Funds

Net Fixed Assets	1,276,530
Investments	3,300,767
Net Current Assets*	(389,518)
Misc. Expenditure	342,359
Deferred Tax Asset	137,084

* Net of Current Liabilities and Provisions.

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

Turnover	16,667,628
Total Expenditure including Exceptional Items	14,465,221
Profit Before Tax	2,202,407
Profit After Tax	1,487,695
Earnings per share in Rs.	60.59
Dividend rate %	140%

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

Item Code No. (ITC Code)	190530.03	Product Description	BISCUIT
	190530.09		
Item Code No. (ITC Code)	190510.00	Product Description	BREAD
Item Code No. (ITC Code)	190590.10	Product Description	CAKE

(xvi) Figures in Rupees have been rounded off to the nearest thousand.

(xvii) Previous year's figures have been regrouped/rearranged wherever necessary.

Chairman	: Nusli N. Wadia
Directors	: Avijit Deb
	: A. K. Hirjee
	: S. S. Kelkar
	: Pratap Khanna
	: Field Marshal Sam Manekshaw, M.C.
	: Nimesh Kampani
	: John Miller
	: Francois-Xavier Roger
Chief Executive Officer	: Vinita Bali
Chief Financial Officer	: N. Shridhar



I OTHER INCOME		2004-05 Rs. '000	2003-04 Rs. '000
Profit/(Loss) on sale of debentures/equity shares/units of Mutual Funds, etc. - net		579,080	387,837
Income from other investments-gross		61,774	30,512
Bank and other Interest-gross (Tax deducted Rs.1.762 mn; Previous year Rs. 3.752 mn)		11,645	25,119
Foreign exchange gain/(loss) (net)		17,754	-
Profit on sale of fixed assets (net)		219	-
Other receipts		121,458	102,455
		791,930	545,923
2 CONSUMPTION OF MATERIALS		2004-05 Rs. '000	2003-04 Rs. '000
Opening stock	Raw materials	585,026	343,009
	Materials in process	1,996	4,513
	Finished goods	413,729	278,701
		<u>1,000,751</u>	<u>626,223</u>
Purchase	Raw materials	6,131,991	5,407,589
	Finished goods	1,368,862	1,007,714
		<u>7,500,853</u>	<u>6,415,303</u>
Closing stock	Raw materials	824,354	585,026
	Materials in process	1,688	1,996
	Finished goods	316,869	413,729
		<u>1,142,911</u>	<u>1,000,751</u>
		7,358,693	6,040,775

3 EXPENSES

		2004-05 Rs. '000	2003-04 Rs. '000
Packing Materials consumed		1,601,709	1,583,338
Stores and Spare parts consumed		34,187	46,860
Contribution to provident and other funds	(a)	62,408	79,873
Workmen and staff welfare expenses	(b)	67,854	113,457
Power and fuel		140,741	170,385
Repairs and maintenance of plant and machinery	(c)	46,838	52,431
Repairs and maintenance of buildings	(c)	15,281	12,079
Rent		11,448	17,406
Rates and taxes (Net)	(d)	225,985	194,610
Insurance		14,459	16,123
Carriage, freight and distribution		565,450	527,327
Loss on sale of fixed assets (net)		–	335
Auditors' remuneration			
– Audit fees		2,000	1,500
– Management services		875	931
– Certificates		–	97
– Expenses reimbursed		349	444
Advertising & Sales promotion		1,010,931	1,146,614
Conversion cost (Net)		1,856,362	1,721,078
Miscellaneous (Net)	(e) (f) & (g)	383,747	326,710
Bad debts written off		–	1,220
Provision for doubtful debts/advances (Net)		63,180	41,333
Interest (Net)	(h)	21,035	60,460
Loss on sale of investments	(i)	–	–
Services shared with a Joint Venture for utilising common facilities		(12,274)	(27,885)
		6,112,565	6,086,726
(a) Includes provisions for Retirement benefits		370	34,013
(b) Includes salaries, wages and bonus		237	2,139
(c) Includes stores consumed		21,123	21,685
(d) Includes claim from contract packers in respect of certain taxes		40,501	–
(e) Includes net (gain) / charge for exchange differences		–	(142)
(f) Share of loss in the partnership firm Britannia Sports [Refer note (ix) of Schedule N]		427	2,311
(g) Includes donations to political parties			
– Bhartiya Janata Party		8,000	–
– Maharashtra Pradesh Congress Committee		4,500	–
(h) Includes interest on Debentures		–	15,041
(i) Net of reversal of provision for diminution in value of investment (Refer note (xii) of Schedule 6)		73,800	–

4 EXCEPTIONAL ITEMS

		2004-05 Rs. '000	2003-04 Rs. '000
Proportionate Voluntary Retirement Scheme costs [Refer note (vi) of Schedule 6]		(134,026)	(97,211)
Profit/(loss) on sale of brand [Refer note (x) of Schedule 6]		323,928	–
Provisions/liabilities no longer required written back (net) [Refer note (vii) of Schedule 6]		34,514	63,892
Refund of excess contribution to pension funds made in earlier years		–	121,199
Profit/(loss) on sale of properties		(1,140)	59,205
Loss on retiral of assets		(1,436)	(2,850)
Irrecoverable advance written off		–	(185,198)
Claims on corporate guarantee [Refer note (xi) of Schedule 6]		(115,000)	–
Diminution in value of investments [Refer note (xii) of Schedule 6]		(325,000)	(78,398)
		(218,160)	(119,361)

5 PROVISION FOR TAX	2004-05 Rs. '000	2003-04 Rs. '000
Current income tax [Refer note (viii) of Schedule 6]	731,902	698,040
Deferred income tax [Refer note (viii) of Schedule 6]	(17,190)	(42,110)
	714,712	655,930

6 NOTES

	Quantity		Value	
	2004-05 Tonnes	2003-04 Tonnes	2004-05 Rs. '000	2003-04 Rs. '000
(i) Gross Sales				
Product group				
Biscuits and high protein food	311,853	280,044	14,926,882	13,618,828
Bread	47,784	45,962	772,764	726,563
Cake and rusk	4,163	3,245	355,653	285,778
Others	-	-	99,186	74,094
			16,154,485	14,705,263

The above does not include sale of wheat/by-products on conversion of inputs

	Quantity		Value	
	2004-05 Tonnes	2003-04 Tonnes	2004-05 Rs. '000	2003-04 Rs. '000
(ii) Raw materials consumed				
Flour	222,651	217,869	2,134,533	2,075,229
Fats and Oils	40,906	41,358	1,738,282	1,693,863
Sugar	70,339	68,410	1,035,546	855,532
Others			984,302	540,948
			5,892,663	5,165,572

	2004-05		2003-04	
	Rs. '000	%	Rs. '000	%
Imported	296,577	5.03	87,628	1.70
Indigenous	5,596,086	94.97	5,077,944	98.30
	5,892,663	100.00	5,165,572	100.00

	2004-05		2003-04	
	Rs. '000	%	Rs. '000	%
(iii) Stores and spare parts consumed				
Imported	39,502	71.42	6,393	9.33
Indigenous	15,808	28.58	62,152	90.67
	55,310	100.00	68,545	100.00

	2004-05 Rs. '000	2003-04 Rs. '000
(iv) Other Income includes :		
Net Income from long term investments - Gross (Tax deducted Rs. 0.786 mn; Previous year Rs. 0.921 mn)	582,632	426,140
Net of loss on diminution in value of long term mutual funds Rs. 0.250 mn (Previous year NIL)		
Net Income/(Loss) from current investments - Gross (Tax deducted Rs. 0.037 mn; Previous year Rs. 0.522 mn)	63,625	(743)
Net of loss on diminution in value of Short Term mutual funds Rs. 0.172 mn (Previous year Rs. 3.290 mn)		

6 NOTES (Contd.)

- (v) Excise duty represents duty in relation to products manufactured in the Company's own facilities. Excise duty paid by Contract Packers/Suppliers of finished goods forms part of Conversion charges/ Purchase of finished goods respectively.
- (vi) Voluntary Retirement Scheme (VRS) and Terminal Compensation Benefits
- The Company has paid VRS compensation/Terminal Compensation Benefits to employees amounting to Rs. 13.378 mn (Previous year Rs. 73.363 mn) during the year and included the same under Miscellaneous Expenditure, over and above Rs. 76.734 mn [refer note (x) of Schedule N] on account of Mumbai factory closure.
- The charge to the Profit and Loss account of Rs. 134.026 mn (Previous year Rs. 97.211 mn) includes amortisation relating to payments/provisions made in earlier years and proportionate amount for the current year.
- The unamortised amount carried forward as deferred revenue expenditure is Rs. 342.359 mn (Previous year Rs. 463.006 mn).
- (vii) The Company has written back a net amount of Rs. 34.514 mn (Previous year Rs. 63.892 mn) in respect of liabilities to certain packers and others which have been withdrawn and/or settled during the year.
- (viii) Provisions for income tax and deferred tax for the current year are after write back in respect of earlier years of Rs. 114.819 mn (Previous year NIL) and Rs. 20.349 mn (Previous year NIL).
- (ix) Salaries, Wages, Bonus and Commission and Contribution to Provident and other Funds are net of recoveries of Rs. 25.701 mn and Rs. 2.702 mn respectively for seconded staff costs (Previous year Rs. 39.736 mn and Rs. 3.745 mn respectively).
- (x) During the year, the Company has sold certain dairy trademarks relating to the self-generated brand "Milkman" for a consideration of Rs. 323.928 mn to M/s. Britannia New Zealand Holdings Private Limited, sale proceeds for which were received on 4th April, 2005.
- (xi) Exceptional items include Rs. 115 mn (Previous year NIL) provided in respect of claims against the Company on account of Corporate Guarantee given by the Company on behalf of a business affiliate.
- (xii) In accordance with Accounting Standard 13 - "Accounting for Investments", issued by the Institute of Chartered Accountants of India, a provision of Rs. 325 mn (Previous year Rs. 78.398 mn) has been made for diminution, other than temporary, on long term investment made in equity shares of a joint venture company.
- Further, out of the provision of Rs. 78.398 mn for diminution in value of investments made in the previous year, an amount of Rs. 4.598 mn has been written back after adjusting the loss of Rs. 73.800 mn on sale of such investments during the year.
- (xiii) Directors/Managers remuneration of Rs. 23.396 mn (Previous year Rs. 16.143 mn) includes:
- Fees and estimated cost of benefits Rs. 5.935 mn (Previous year Rs. 2.929 mn)
 - Contribution to Provident Fund, Pension Fund, Gratuity Fund Rs. 1.077 mn (Previous year Rs. 1.407 mn).
 - Commission to Non-whole-time Directors Rs. 13 mn (Previous year Rs. 7 mn), net of reversal of last year's liability Rs. 4 mn (Previous year Rs. 6 mn)
 - Rs. 2.867 mn (Previous year Rs. 3.716 mn) for Managers appointment/remuneration requiring approval of shareholders

6 NOTES (Contd.)

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

	Rs. '000
Profit before Taxation	2,202,407
Add : Directors' remuneration including Directors' fees	10,396
Provision for doubtful debts and advances	63,180
Commission to Non wholetime Directors	13,000
Provision for diminution in value of investments	325,000
Provision for claims on corporate guarantee / contract packers	155,501
Political contributions	12,500
VRS and Terminal Compensation Benefits	134,026
	<u>2,916,010</u>
Less : Profit on sale of investments (net)	579,080
Provisions no longer required written back	34,514
Reversal of provision for diminution in value of investment [Refer note (xii) of Schedule 6]	4,598
Profit on sale of brand [Refer note (x) of Schedule 6]	323,928
	<u>1,973,890</u>
Non wholetime Directors commission restricted to 1%	<u>19,739</u>

Notes :

1. Contribution to employee retirement / post retirement and other employee benefits which are based on actuarial valuation done on an overall Company basis are excluded from above.
2. Ms. Vinita Bali was appointed as a Manager w.e.f 24th January 2005.

(xiv) Licensed and installed capacities per annum - in tonnes

Product group	Licensed	Licensed	Installed	Installed
	Capacity	Capacity	Capacity	Capacity
	2004-05	2003-04	2004-05	2003-04
Biscuits and high protein food	-	-	111,000	111,000
Bread	-	-	12,000	12,000
Cake and rusk	-	-	5,500	5,500

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

Installed Capacities are as certified by the Management including Mumbai factory [Refer note (x) of Schedule N]

(xv) Production in tonnes

	2004-05	2003-04
Biscuits and high protein food	60,258	64,411

(xvi) Opening and Closing stocks of Finished goods

	2004-05		2003-04	
	Quantity Tonnes	Value Rs. '000	Quantity Tonnes	Value Rs. '000
(a) Opening stock				
Biscuits and high protein food	10,578	400,946	7,048	274,111
Bread	102	6,621	96	1,210
Cake, rusk and others	65	6,162	108	3,380
		<u>413,729</u>		<u>278,701</u>

6 NOTES (Contd.)

(b) Closing stock	2004-05		2003-04	
	Quantity Tonnes	Value Rs. '000	Quantity Tonnes	Value Rs. '000
Biscuits and high protein food	8,142	313,463	10,578	400,946
Bread	–	–	102	6,621
Cake, rusk and others	107	3,406	65	6,162
		316,869		413,729
(xvii) Consumption of materials includes purchase of finished goods 43,753 tonnes (previous year 33,395 tonnes).				
			2004-05 Rs. '000	2003-04 Rs. '000
(xviii) Expenditure in foreign currencies :				
Travelling, Software licenses and others			5,423	6,403
(xix) Value of imports on C.I.F. basis :				
(a) Capital goods			62,108	1,984
(b) Raw materials			258,349	72,394
(c) Components and spare parts			2,749	11,590
(xx) Earnings in foreign exchange from:				
(a) Exports at F.O.B.			71,645	48,045
(b) Others – freight and insurance			1,997	1,346
– Miscellaneous			2,202	5,100
(c) Sale of Trademark			323,928	–
(xxi) Dividend remitted to non-resident shareholders during the financial year :				
Relating to the year ended 31st March 2003				
No. of shareholders			–	6
No. of shares			–	12,173,219
Amount remitted (Rs.'000)			–	121,732
Relating to the year ended 31st March 2004				
No. of shareholders			6	–
No. of shares			12,173,219	–
Amount remitted (Rs.'000)			133,905	–
(xxii) Earnings Per Share				
Profit attributable to the Equity Shareholders			1,487,695	1,187,993
Add / Less: Extraordinary Items (Net of tax)			(21,514)	(119,249)
			1,466,181	1,068,744
Weighted average number of Equity shares outstanding during the year			24,199,109	25,189,304
Nominal value of Equity shares (Rs.)			10	10
Earnings per Share			61.48	47.16
Earnings per share adjusted for buyback of 2004-05			61.48	49.09
Earnings per Share after adjustment of extraordinary items			60.59	42.43
Earnings per share after adjustment of extraordinary items / buyback of 2004-05			60.59	44.16
Note : Extraordinary items include Reversal of previous years' liabilities				
(xxiii) Based on guiding principles given in the Accounting Standard on Segment Reporting (AS -17), the primary business segment of the Company is bakery, which consists of biscuits, bread and cakes. As the Company operates in a single primary business segment, disclosure requirements are not applicable. The Company primarily caters to the domestic market and export sales are not significant and accordingly there is no reportable secondary segment.				

6 NOTES (Contd.)

(xxiv) Related party disclosures under Accounting Standard 18

Relationships

- | | |
|--|--|
| 1. Party where control exists | Associated Biscuits International Limited |
| 2. Other related parties with whom transactions have taken place during the year | |
| – Joint Venture Company | Britannia New Zealand Foods Private Limited
Britannia New Zealand Holdings Private Limited, Mauritius |
| – Associates | Kwality Biscuits Private Limited
J B Mangharam Foods Private Limited
Uttam Biscuit Company Private Limited
Sunrise Biscuit Company Private Limited
Ganges Vally Foods Private Limited
Manna Foods Private Limited
International Bakery Products Limited
Nalanda Biscuit Company Limited
Klassik Foods Private Limited
Flora Investments Company Private Limited
Boribunder Finance & Investments Private Limited
Gilt Edge Finance & Investments Private Limited
Britannia Sports (partnership firm) |
| 3. Key Management Personnel | Ms. Vinita Bali, Chief Executive Officer
Mr. Nikhil Sen, Chief Operating Officer |
| 4. Relatives of Key Management Personnel | NIL |

6 NOTES (Contd.)

Rs. '000

Nature of transactions with Related Parties	Party where control exists	Associates/ Joint Venture	Key Management personnel	Relatives of Key Management personnel	Total
Sale of Investment					
Kwality Biscuits Private Limited		4,598			4,598
		—			—
Britannia Sports		—			—
		49			49
Investments made					
International Bakery Products Limited		58,200			58,200
		—			—
Others		44			44
		—			—
Total		58,244			58,244
		—			—
Debentures redeemed					
JB Mangharam Foods Private Limited		7,500			7,500
		5,000			5,000
Provision for diminution in value of investments					
Britannia New Zealand Foods Private Limited		325,000			325,000
		—			—
Kwality Biscuits Private Limited		—			—
		78,398			78,398
Remittance of dividend					
Associated Biscuits International Limited	133,784				133,784
	121,732				121,732
Purchase of Finished Goods					
Sunrise Biscuit Company Private Limited		310,387			310,387
		259,630			259,630
Ganges Vally Foods Private Limited		232,056			232,056
		196,039			196,039
Others		2,519			2,519
		9,725			9,725
Total		544,962			544,962
		465,394			465,394
Royalty and shared services income etc.					
Britannia New Zealand Foods Private Limited		36,834			36,834
		75,614			75,614
Others		—			—
		1,723			1,723
Total		36,834			36,834
		77,337			77,337
Processing Charges paid					
Uttam Biscuit Company Private Limited		90,669			90,669
		90,886			90,886
JB Mangharam Foods Private Limited		158,725			158,725
		173,553			173,553
Nalanda Biscuit Company Limited		61,066			61,066
		53,803			53,803
Klassik Foods Private Limited		100,881			100,881
		66,854			66,854
International Bakery Products Limited		111,682			111,682
		87,793			87,793
Others		54,841			54,841
		34,923			34,923
Total		577,864			577,864
		507,812			507,812

6 NOTES (Contd.)

Rs. '000

Nature of transactions with Related Parties	Party where control exists	Associates/ Joint Venture	Key Management personnel	Relatives of Key Management personnel	Total
Interest & Dividend Income					
JB Mangharam Foods Private Limited		3,750 4,500			3,750 4,500
Sunrise Biscuit Company Private Limited		2,936 2,923			2,936 2,923
Boribunder Finance & Investments Private Limited		1,473 2,241			1,473 2,241
Britannia New Zealand Foods Private Limited		– 10,876			– 10,876
Others		214 336			214 336
Total		8,373 20,876			8,373 20,876
Guarantees and collaterals given					
Ganges Vally Foods Private Limited		860 41			860 41
Kwality Biscuits Private Limited		– 20,250			– 20,250
Others		– 91			– 91
Total		860 20,382			860 20,382
Guarantees and collaterals taken back					
Uttam Biscuit Company Private Limited		2,655 –			2,655 –
International Bakery Products Limited		2,205 –			2,205 –
Britannia New Zealand Foods Private Limited		– 192,455			– 192,455
Others		219 667			219 667
Total		5,079 193,122			5,079 193,122
Letter of Awareness given					
Britannia New Zealand Foods Private Limited		– 600,000			– 600,000

6 NOTES (Contd.)

Rs. '000

Nature of transactions with Related Parties	Party where control exists	Associates/ Joint Venture	Key Management personnel	Relatives of Key Management personnel	Total
Management contracts including secondment of employees (net)					
JB Mangharam Foods Private Limited		3,583 4,948			3,583 4,948
Ganges Vally Foods Private Limited		2,456 4,337			2,456 4,337
Britannia New Zealand Foods Private Limited		12,457 25,963			12,457 25,963
Others		3,517 11,465			3,517 11,465
Total		22,013 46,713			22,013 46,713
Reversals of previous years' liabilities					
Sunrise Biscuit Company Private Limited		32,973 -			32,973 -
Ganges Vally Foods Private Limited		17,828 11,477			17,828 11,477
International Bakery Products Limited		- 13,202			- 13,202
Others		9,796 2,692			9,796 2,692
Total		60,597 27,371			60,597 27,371
Inter Corporate Deposits made					
Britannia New Zealand Foods Private Limited		- 130,000			- 130,000
Others		- 11,892			- 11,892
Total		- 141,892			- 141,892
Inter Corporate Deposits Repaid					
Britannia New Zealand Foods Private Limited		- 130,000			- 130,000
Others		- 3,770			- 3,770
Total		- 133,770			- 133,770
Advances made/converted					
International Bakery Products Limited		16,150 -			16,150 -
Manna Foods Private Limited		- 5,501			- 5,501
Kwality Biscuits Company Private Limited		- 28,015			- 28,015
Others		2,856 534			2,856 534
Total		19,006 34,050			19,006 34,050

6 NOTES (Contd.)

Rs. '000

Nature of transactions with Related Parties	Party where control exists	Associates/ Joint Venture	Key Management personnel	Relatives of Key Management personnel	Total
Advances Repaid / Adjusted					
JB Mangharam Foods Private Limited		8,458			8,458
		—			—
Manna Foods Private Limited		7,692			7,692
		—			—
Nalanda Biscuit Company Limited		—			—
		1,944			1,944
Kwality Biscuits Private Limited		—			—
		1,820			1,820
Total		16,150			16,150
		3,764			3,764
Provision for doubtful advances					
Sunrise Biscuit Company Private Limited		20,000			20,000
		—			—
Manna Foods Private Limited		10,403			10,403
		—			—
Boribunder Finance and Investments Private Limited		24,542			24,542
		—			—
Kwality Biscuits Private Limited		—			—
		20,000			20,000
Others		1,174			1,174
		—			—
Total		56,119			56,119
		20,000			20,000
Advances written off					
JB Mangharam Foods Private Limited		—			—
		68,602			68,602
Manna Foods Private Limited		—			—
		116,596			116,596
Total		—			—
		185,198			185,198
Provisions for claims / expenses					
Kwality Biscuits Private Limited		40,501			40,501
		—			—
Klassik Foods Private Limited		104			104
		817			817
Total		40,605			40,605
		817			817
Purchase of car					
JB Mangharam Foods Private Limited		—			—
		82			82

6 NOTES (Contd.)

Rs. '000

Nature of transactions with Related Parties	Party where control exists	Associates/ Joint Venture	Key Management personnel	Relatives of Key Management personnel	Total
Remuneration					
Vinita Bali			2,493		2,493
Nikhil Sen			7,061		7,061
S.K. Alagh			3,716		3,716
			8,654		8,654
Total			9,554		9,554
			12,370		12,370
Loan repaid (inclusive of interest)					
Nikhil Sen			233		233
			46		46
Share of loss in partnership firm					
Britannia Sports		427			427
		2,311			2,311
Sale of Goods					
Britannia New Zealand Foods Private Limited		6,312			6,312
Others		6,666			6,666
		3,264			3,264
Total		6,312			6,312
		9,930			9,930
Sale of assets -trademark license					
Britannia New Zealand Holdings Private Limited		323,928			323,928
		-			-
Purchase of assets					
Kwality Biscuits Private Limited		1,740			1,740
		-			-
Sale of Assets					
Sunil Alagh			-		-
			21		21
Rent Received					
Maya Alagh				-	-
				47	47
Outstanding as at Year end					
Net Receivables/(Payables)					
Britannia New Zealand Holdings Private Limited		323,974			323,974
JB Mangharam Foods Private Limited		7,960			7,960
		14,167			14,167
Sunrise Biscuit Company Private Limited		62,899			62,899
		25,583			25,583
Manna Foods Private Limited		(995)			(995)
		9,070			9,070
Kwality Biscuits Private Limited		(19,405)			(19,405)
		26,657			26,657
Boribunder Finance and Investments Private Limited		1,473			1,473
		24,542			24,542
Britannia New Zealand Foods Private Limited		7,465			7,465
		13,124			13,124
Others		(15,532)		-	(15,532)
		(44,658)		(3,571)	(48,229)
Total		367,839		-	367,839
		68,485		(3,571)	64,914

6 NOTES (Contd.)

Rs. '000

Nature of transactions with Related Parties	Party where control exists	Associates/ Joint Venture	Key Management personnel	Relatives of Key Management personnel	Total
Amount recoverable on account of expenditure incurred by or at the behest of erstwhile Managing Director and his relatives / related parties Sunil Alagh			– 9,817	– 378	– 10,195
Advance against Debentures/Preference Shares International Bakery Products Limited		– 62,373			– 62,373
Investment in Debentures JB Mangharam Foods Private Limited International Bakery Products Limited		32,500 40,000 58,200 –			32,500 40,000 58,200 –
Total		90,700 40,000			90,700 40,000
Guarantees/Collaterals/Contingent liability Kwality Biscuits Private Limited Others		20,250 20,250 1,258 5,224			20,250 20,250 1,258 5,224
Total		21,508 25,474			21,508 25,474
Investments Britannia New Zealand Foods Private Limited Kwality Biscuits Private Limited Others		604,646 604,646 – 78,398 20,252 20,251			604,646 604,646 – 78,398 20,252 20,251
Total		624,898 703,295			624,898 703,295
Provision for Investment Britannia New Zealand Foods Private Limited Kwality Biscuits Private Limited		325,000 – – 78,398			325,000 – – 78,398
Total		325,000 78,398			325,000 78,398
Letter of Awareness Britannia New Zealand Foods Private Limited		600,000 600,000			600,000 600,000

Notes:

- The above does not include related party transactions with retiral funds, as the key management personnel who are also trustees of the Funds cannot individually exercise significant influence on the retiral funds transactions.
- Previous year figures are in italics

6 NOTES (Contd.)

(xxv) Disclosure as per Clause 32 of the listing agreement in respect of loans and advances in the nature of loans to associates outstanding at year end :

Klassik Foods Private Ltd. NIL (maximum outstanding Rs. 4.013 mn [Previous year Rs. 4.013 mn - maximum outstanding Rs. 4.013 mn] Sunrise Biscuit Company Private Ltd. Rs. 57.230 mn (maximum outstanding Rs. 58.547 mn) [Previous year Rs. 58.547 mn- maximum outstanding Rs. 58.547 mn] Gilt Edge Finance & Investments Private Ltd. Rs. 1.922 mn (maximum outstanding Rs. 1.922 mn) [Previous year Rs.1.922 mn - maximum outstanding Rs. 2.245 mn] Boribunder Finance & Investments Private Ltd. Rs. 26.014 mn (maximum outstanding Rs. 26.014 mn) [Previous year Rs. 24.542 mn - maximum outstanding Rs. 25.485 mn], Flora Investments Company Private Ltd. Rs. 1.092 mn (maximum outstanding Rs. 1.092 mn) [Previous year Rs.1.092 mn- maximum outstanding Rs. 1.404 mn] and Britannia New Zealand Foods Private Ltd. NIL (maximum outstanding NIL) [Previous year NIL- maximum outstanding Rs.130.000 mn]

(xxvi) Figures in Rupees have been rounded off to the nearest thousand.

(xxvii) Previous year's figures have been regrouped / rearranged, wherever necessary.

Chairman	: Nusli N. Wadia
Directors	: Avijit Deb
	: A. K. Hirjee
	: S. S. Kelkar
	: Pratap Khanna
	: Field Marshal Sam Manekshaw, M.C.
	: Nimesh Kampani
	: John Miller
	: Francois-Xavier Roger
Chief Executive Officer	: Vinita Bali
Chief Financial Officer	: N. Shridhar

STATEMENT OF VALUE ADDED

	Rs. mn	
	2004-05	2003-04
Sales including excise duty	16,154	14,705
Sales tax on turnover	<u>1,645</u>	<u>1,478</u>
Gross revenue	17,799	16,183
<i>Less</i> : Bought in materials and services	<u>13,512</u>	<u>11,970</u>
Value added	4,287	4,213
<i>Add</i> : Net income from other sources	771	485
Available for distribution	<u>5,058</u>	<u>4,698</u>

	2004-05		2003-04	
	Rs. mn	%	Rs. mn	%
To employees as salaries and wages, contribution to retirement benefit and welfare expenses	716	14.2	821	17.5
To Government as taxes on profit, excise duty, octroi, sales tax on turnover and tax on dividend	2,712	53.6	2,500	53.2
To shareholders as dividend	334	6.6	272	5.8
To funds retained including depreciation, etc. for development	1,296	25.6	1,105	23.5
	<u>5,058</u>	<u>100.0</u>	<u>4,698</u>	<u>100.0</u>

SIGNIFICANT RATIOS

2004-05 2003-04

MEASURES OF INVESTMENT

Return on equity	$\frac{\text{Profit after tax}}{\text{Equity shareholders' funds}}$	%	33.5	27.6
Cash flow per share	$\frac{\text{PAT + Dep. +/- Profit/loss on sale of fixed assets +/- variation in long term liabilities}}{\text{Number of equity shares}}$	Rs.	83.73	59.29
Book value per share	$\frac{\text{Shareholders' funds}}{\text{Number of equity shares}}$	Rs.	185.65	171.64
Dividend cover	$\frac{\text{Earnings per share}}{\text{Dividend (plus tax) per share}}$	times	3.8	3.4

MEASURES OF PERFORMANCE

Profit margin	$\frac{\text{Profit before tax \& exceptional items}}{\text{Sales + Other Income}}$	%	14.5	13.1
Debtors turnover	$\frac{\text{Sales}}{\text{Debtors + Bills receivable}}$	times	35.8	73.9
Stock turnover	$\frac{\text{Sales}}{\text{Stock}}$	times	12.0	12.0

MEASURES OF FINANCIAL STATUS

Debt ratio	$\frac{\text{Borrowed capital}}{\text{Equity shareholders' funds}}$	%	1.4	9.1
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	times	0.9	1.1
Tax ratio	$\frac{\text{Tax provision}}{\text{Profit before tax}}$	%	32.5	35.6

	Rs. mn									
Year ended 31st March	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Assets employed										
Fixed assets less depreciation & amortisation	714	853	1,277	1,353	1,306	1,588	1,632	1,481	1,283	1,277
Investments	871	731	912	1,293	1,470	2,156	3,104	2,969	2,913	3,300
Net current assets	68	78	7	18	65	257	592	747	43	(423)
Miscellaneous Expenditure	–	–	–	–	122	163	217	260	463	342
	1,653	1,662	2,196	2,664	2,963	4,164	5,545	5,457	4,702	4,496
Financed by										
Equity shares	186	186	186	186	279	279	269	259	251	239
Reserves & Surplus	741	838	1,026	1,308	1,586	2,123	3,430	3,653	4,059	4,196
Loan funds	726	638	984	1,170	1,098	1,762	1,846	1,545	392	61
	1,653	1,662	2,196	2,664	2,963	4,164	5,545	5,457	4,702	4,496
Profits and appropriations										
Sales	6,024	7,523	8,478	10,301	11,698	13,325	14,510	13,491	14,705	16,154
Profit before Depreciation, Amortisation and tax	324	368	542	735	962	1,211	1,463	1,690	2,187	2,610
Depreciation and Amortisation	54	73	118	159	172	189	240	261	224	190
Profit before tax and Exceptional items	270	295	424	576	790	1,022	1,223	1,429	1,963	2,420
Exceptional Items	–	–	–	–	19	117	1,368	44	(119)	(217)
Profit before tax*	270	295	424	576	771	1,139	2,591	1,473	1,844	2,203
Taxation	110	116	135	180	261	434	559	482	656	715
Profit after tax	160	179	289	396	510	705	2,032	991	1,188	1,488
Dividends	74	74	93	102	125	153	201	251	272	334
Tax on dividend	–	7	9	11	14	16	–	32	35	47
Debenture Redemption Reserve	–	–	–	–	–	47	14	18	–	–
Retained earnings	86	98	187	283	371	489	1,564	692	910	1,117

* Includes impact on account of transfer of dairy business Rs. 1,257 mn in 2001-02.