



**THANK YOU
FOR MAKING US NO.1.**



Annual Report 2015 - 16

Britannia Industries Limited - a Wadia Enterprise



From the very beginning,
we at Britannia have
always strived to be
the best at what we do.
Each and every biscuit
we make is the result
of a labour of love.
And when you taste that
love and respond with
loyalty, we feel humbled.
Thank you for making us no.1
in the biscuits category.
We couldn't have asked
for a better reward.
This is just the beginning
of a long and beautiful
journey in which
we will delight you every day.

Britannia Annual Report 2015-16

BOARD OF DIRECTORS

CHAIRMAN :

Mr. Nusli N Wadia

MANAGING DIRECTOR :

Mr. Varun Berry

DIRECTORS :

Mr. A K Hirjee

Mr. Avijit Deb

Mr. S S Kelkar

Mr. Nimesh N Kampani

Mr. Jeh N Wadia

Mr. Keki Dadiseth

Dr. Ajai Puri

Mr. Nasser Munjee

Mr. Ness N Wadia

Dr. Vijay L Kelkar (Upto 31 May 2016)

Mrs. Ranjana Kumar

MANAGEMENT TEAM :

Mr. Amlan Datta Majumdar

Mr. Vinay Singh Kushwaha

Mr. Manjunath Desai

Mr. Sudhir Nema

Mr. N Venkataraman

Mr. Gunjan Shah

Mr. Ali Harris Shere

Mr. Ritesh Rana

Mr. Anindya Dutta

Mr. Manoj Balgi

Mr. Sarad Garodia

- Chief Financial Officer
- Vice President-Supply Chain
- Vice President-Strategy & Business Development
- Vice President-R&D and Quality
- Vice President-Finance
- Vice President-Sales and Bread Business
- Vice President-Marketing
- Vice President-Human Resource
- Vice President-International Business
- Head-Procurement
- Head-Dairy Business

COMPANY SECRETARY:

Mr. Rajesh Arora

AUDITORS :

B S R & Co. LLP

Chartered Accountants

Maruthi Info-Tech Centre,

11-12/1, Inner Ring Road, Koramangala,

Bangalore - 560 071.

BANKERS :

Bank of America N. A.

Bank of Tokyo-Mitsubishi UFJ

Citibank N. A.

HDFC Bank Limited

ICICI Bank Limited

Indian Bank

Standard Chartered Bank

State Bank of India

The Hongkong and Shanghai Banking Corporation Limited

The Royal Bank of Scotland N. V.

(Corporate Identity Number: L15412WB1918PLC002964)

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

Executive Office : Prestige Shantiniketan, The Business Precinct, Tower C, 16th & 17th Floor,
Whitefield Main Road, Mahadevpura Post, Bangalore-560048.

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FINANCIAL HIGHLIGHTS

₹ in Crores	2015-16	2014-15	% Change
STANDALONE			
Net Sale of Products	7,868.89	7,100.46	11%
Profit from Operations	1,044.93	654.23	60%
Shareholders' Funds	1,700.16	1,235.62	38%
Capital Expenditure	220.98	88.04	151%
Profit Before Exceptional Items and Tax	1,141.89	740.55	54%
Profit Before Tax	1,131.56	882.61	28%
Net Profit	749.09	622.41	20%
Cash Profit	835.98	739.68	13%
Per Equity Share (Nominal value of ₹ 2/- each)			
Earnings (Basic)	62.44	51.90	20%
Dividend	20.00	16.00	25%
Dividend + Tax	24.07	19.26	25%
CONSOLIDATED			
Net Sale of Products	8,607.06	7,775.09	11%
Profit from Operations	1,113.12	719.43	55%
Profit Before Tax	1,197.90	949.59	26%
Net Profit	806.11	688.64	17%

REPORT OF THE DIRECTORS

The Directors present their Report together with the financial statements for the financial year ended 31 March 2016.

1. FINANCIAL RESULTS

₹ in Crores		
Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Sale of Products	8,097.81	7,269.26
Other Operating Revenues	79.01	75.53
Other Income	98.21	87.53
Profit from Operations (PBT before other income, finance costs and exceptional items)	1,044.93	654.23
Profit before exceptional items and tax	1,141.89	740.55
Exceptional Items*	(10.33)	142.06
Profit Before Tax	1,131.56	882.61
Less: Tax Expense	382.47	260.20
Net Profit	749.09	622.41
Add: Profit brought forward	811.07	491.15
Profit available for appropriation	1,560.16	1,113.56
Less: Proposed Dividend	239.95	191.88
Less: Tax on Proposed Dividend	48.85	39.06
Less: Dividend (including tax on dividend) on equity shares issued under ESOS after the year end	0.10	-
Less: Transfer to General Reserve	74.91	62.24
Less: Additional depreciation due to revision in useful life of Fixed Assets as per Companies Act, 2013 (Net of Deferred tax)	-	9.31
Balance carried forward to Balance Sheet	1,196.35	811.07
Net Cash Flow from Operating Activities	877.69	515.33

* Includes Additional bonus provision made as per amendments to the Payment of Bonus Act, 1965 of ₹ 10.33 Crores. (Previous year: Profit on sale of land & building of ₹ 159.92 Crores, provision for diminution in value of investments in Daily Bread Gourmet Foods (India) Private Limited of ₹ 4 Crores and Voluntary Retirement Scheme ("VRS") related cost to all workmen at Delhi factory of ₹ 13.86 Crores.)

2. OVERVIEW OF COMPANY PERFORMANCE

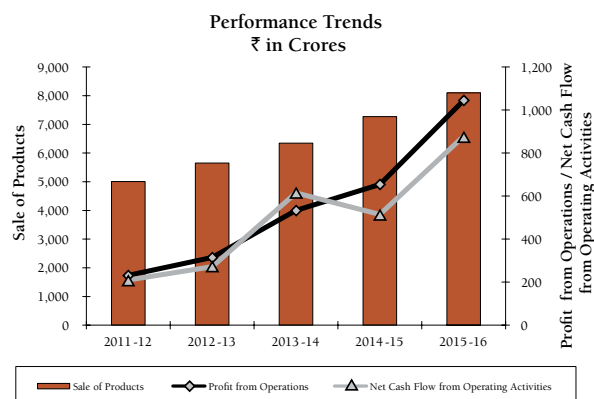
In an economic environment, wherein revenue growth in the FMCG sector has slowed down, your Company achieved a sales growth of 11.4% and added ₹ 828.55 Crores to sales. Your Company focused on profitability, capital productivity and working capital management to generate cash flow from operating activities of ₹ 877.69 Crores compared to ₹ 515.33 Crores in the previous year. Earnings per share (of ₹ 2/- each) increased from ₹ 51.90 to ₹ 62.44.

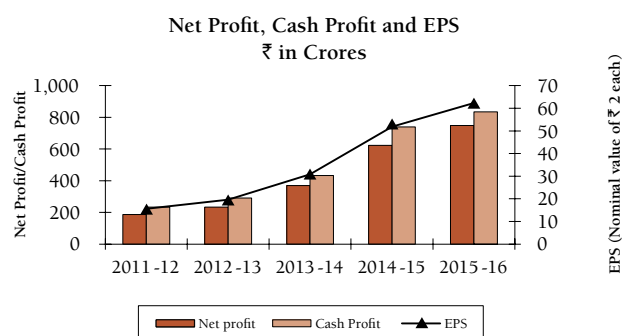
During the year, your Company focused on product innovation, brand building and distribution to grow faster than the market. Your Company's brands have become iconic over time due to the combination of superior product and endearing communication.

Your Company's focus on building new capabilities and a robust pipeline of innovation resulted in new launches in the form of Pure Magic Chocolush, Pure Magic Choco Deuce, Tiger Glucose Chocolate and Tiger Cashew Cookies. Coupled with leading edge go-to-market approaches, these innovations tap new sources of growth and profitable revenue, while building brand differentiation and relevance.

Your Company has been making focused efforts to balance cost, quality and aspiration in its brand for consumer affordability. Cost effectiveness has been a key pillar of your Company's value creation strategy and this was achieved through scale in operations, technology interventions and wastage reduction in the value chain along with efficient management of working capital. Your Company will continue and intensify the thrust on cost effectiveness in the coming year as well.

Trend lines of key performance parameters are shown in the tables below:





3. DIVIDEND

The Board of Directors are pleased to recommend a dividend of 1000% on the paid up equity share capital of the Company which amounts to ₹ 20/- per share (face value ₹ 2 per share) for consideration and approval by the Members at the Annual General Meeting. The total dividend payout amounts to ₹ 288.80 Crores including dividend distribution tax of ₹ 48.85 Crores.

4. CONSOLIDATED FINANCIAL RESULTS

Your Company has prepared Consolidated Financial Statements in accordance with Accounting Standard 21 - "Consolidated Financial Statements", prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. The Consolidated Financial Statements reflect the financial position of the Company and those of its Subsidiaries and Associates. As required by Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (hereinafter referred to as 'SEBI(LODR) Regulations, 2015'), the Audited Consolidated Financial Statements together with the Independent Auditor's Report thereon are annexed and form part of this Annual Report.

Consolidated Sale of Products of your Company for the financial year ended 31 March 2016 was ₹ 8,835.98 Crores compared with ₹ 7,944.18 Crores in the previous year, a growth of 11.2%. Consolidated Net Profit for the year ended 31 March 2016 was ₹ 806.11 Crores compared with ₹ 688.64 Crores in the previous year, a growth of 17.1%.

₹ in Crores

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Sale of Products	8,835.98	7,944.18
Other Operating Revenues	71.79	83.33
Other Income	99.98	87.96
Profit from Operations (PBT before other income and finance costs)	1,113.12	719.43
Profit before Tax	1,197.90	949.59
Net Profit	806.11	688.64

SUBSIDIARIES & ASSOCIATES

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013 read with the rules made thereunder, a statement containing the salient features of the financial statements of our Subsidiaries and Associates in the Form AOC-1 is annexed and form part of this Report.

The statement provides the details of performance and financial position of each of the Subsidiaries and Associates. Your Company does not have any Material Subsidiary as defined under Regulation 16(1)(c) of SEBI(LODR) Regulations, 2015 as on 31 March 2016.

In accordance with Section 136 of the Companies Act, 2013, the audited financial statements, including the consolidated financial statements, audited accounts of all the subsidiaries and other documents attached thereto are available on our website: www.britannia.co.in.

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

Britannia Dairy Private Limited (BDPL)

The Dairy business of the Company was favourably impacted by softening in milk price during the year. The Company registered a turnover of ₹ 322.25 Crores compared to ₹ 329.48 Crores in the previous year. The business achieved a Net Profit of ₹ 34.02 Crores compared to ₹ 29.47 Crores in the previous year, a growth of 15.4%.

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

Daily Bread is a manufacturer of premium gourmet bakery products, including specialty breads, cakes, pastries and cookies. Its operations are largely confined to Bangalore. The turnover of Daily Bread

was ₹ 9.88 Crores compared to ₹ 15.75 Crores in the previous year. Loss for the year was ₹ 1.96 Crores compared to ₹ 3.50 Crores in the previous year.

During the year under review, the Board of Directors of Daily Bread and Britannia Industries Limited (BIL) have approved the Scheme of Arrangement for Demerger of Manufacturing and Retail Sales Business of Daily Bread into BIL. Both the Companies are in the process of obtaining final approvals from the respective High Courts and other statutory authorities.

Strategic Foods International Co. LLC, Dubai (SFIC)

SFIC sales increased by 21.6% at AED 24.15 Crores (₹ 430.64 Crores) compared with AED 19.86 Crores (₹ 330.65 Crores) for the previous year. SFIC posted a net profit of AED 1.13 Crores (₹ 20.10 Crores) as compared to AED 1.94 Crores (₹ 32.34 Crores) in the previous year.

Al Sallan Food Industries Co. SAOC (ASFI)

ASFI sales are primarily to SFIC and for the year ended 31 March 2016 closed at RO 1.23 Crores (₹ 208.78 Crores) as compared to RO 1.02 Crores (₹ 162.20 Crores) for the previous year. It posted a net profit of RO 3.48 lakhs (₹ 5.92 Crores) against a net profit of RO 0.20 lakhs (₹ 0.32 Crores) in the previous year.

Britannia and Associates (Mauritius) Private Limited, Mauritius (BAMPL)

BAMPL, a Company formed in Mauritius is a wholly-owned subsidiary of your Company and is the holding Company of Britannia and Associates (Dubai) Private Company Limited, a Jebel Ali Free Zone Offshore Company, which in turn holds investments in Strategic Foods International Co. LLC, Dubai, Al Sallan Food Industries Co. SAOC, Oman and Strategic Brands Holding Company Limited, Dubai, a Jebel Ali Free Zone Offshore Company.

The combined revenue and loss of holding Companies for the year ended 31 March 2016 was USD 0.06 Crores (₹ 3.80 Crores) and USD 0.004 Crores (₹ 0.26 Crores) compared to USD 0.08 Crores (₹ 5.08 Crores) and USD 0.002 Crores (₹ 0.14 Crores) in the previous year.

Britannia Dairy Holdings Private Limited, Mauritius (BDH)

BDH, a Company formed in Mauritius is a wholly-owned subsidiary of your Company. BDH holds certain trademarks relating to the Dairy business of your Company. BDH is not engaged in any commercial activity.

Investment Companies

Boribunder Finance and Investments Private Limited (Boribunder), Flora Investments Company Private Limited (Flora) and Gilt Edge Finance and Investments Private Limited (Gilt Edge) form the Investment Subsidiaries of your Company. The combined revenue and profit of the Investment Subsidiaries for the financial year ended 31 March 2016 was Nil and ₹ 0.16 Crores respectively.

Further, the following Companies engaged in manufacturing of biscuits at various locations are also Subsidiaries of your Company. The Revenue from Operations / Net Sales and Net Profit of the said Subsidiaries for the financial year ended 31 March 2016 are as under:

₹ in Crores		
Name of Subsidiary	Revenue from Operations / Net Sales	Net Profit / (Loss)
International Bakery Products Limited	34.12	0.76
J B Mangharam Foods Private Limited	35.57	(0.45)
Manna Foods Private Limited	36.53	(1.33)
Ganges Vally Foods Private Limited	19.18	0.07
Sunrise Biscuit Company Private Limited	147.51	0.21

Welfare Companies

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

Besides the above, there are two other Subsidiary Companies namely (i) Vasana Agrex and Herbs Private Limited and (ii) Snacko Bisc Private Limited. They are not engaged in any commercial activity. The financial details of these Companies are forming part of this Report.

There are two Associate Companies namely, (i) Klassik Foods Private Limited and (ii) Nalanda Biscuits Company Limited. The financial details of these Companies are forming part of this Report.

5. RESERVES

Your Company has transferred an amount of ₹ 74.91 Crores to the General Reserve for the financial year ended 31 March 2016.

6. SHARE CAPITAL

During the year under review, your Company has allotted 50,000 equity shares of ₹ 2 each upon exercise of 50,000 options granted under ESOS. Consequently, the paid up equity share capital of the Company has increased from ₹ 23.99 Crores in the previous year to ₹ 24.00 Crores in the current year.

7. PUBLIC DEPOSITS

Your Company has neither accepted nor renewed any deposits from public within the meaning of Section 73 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014 during the year.

8. THE BRITANNIA PROMISE TO SPREAD DELIGHT

Your Company's oath to deliver a unique and ecstatic experience to its consumers, by maximizing on aspiration-worthiness, cost-effectiveness and quality has continued to be the guiding principle of operations. Guided by the Britannia Promise, the Management of your Company constantly assesses the current state of its products versus the desired state. The rigour and commitment behind product innovations which delivered new-to-market experiences is testimony to the Promise being at the core of our being. This reflects in our performance in the market place as well. Several opportunities are in the pipeline and will be rolled out in the coming year, each delighting consumers and strengthening our brand credentials.

Your Company recognizes that it is only as good as the last product it has delivered to consumers. Keeping this in mind, all employees of your Company continuously challenge themselves to ensure that the products that reach consumers are not only superior to competitors in their design but they also reach them with consistently high quality. Consequently, each employee of your Company maintains market-place-vigilance on a regular basis and is effectively an independent market information source reporting back into a mechanism designed to identify and correct market place deficiencies quickly and comprehensively.

9. BRANDS

Brands are your Company's competitive edge and hence keeping them vibrant, relevant and preferred by consumers is paramount. The year 2015-16 saw a slew of new initiatives - big renovations, innovations, promotions, activations and advertisements which kept your Company's brands salient in the Indian Consumer's minds.

The year 2015-16 saw subdued economic growth for the FMCG Industry, but your Company bucked the FMCG trend by demonstrating fresh thinking on all its brands, therefore bringing the brands closer to consumers than before.

Big strategic shifts were made to the power brands of your Company. Your Company's biggest brand, Good Day underwent a comprehensive relaunch with a differentiated product, new advertising campaign and fresh new packaging. The relaunch was a resounding success with the brand growing substantially in 2015-16. Britannia Milk Bikis, 50-50 and Tiger went through big relaunches which helped strengthen your Company's presence in the market and in consumer's minds. At the same time, a new campaign was released to accelerate the growth of your Company's premium health brand, Britannia Nutrigochoice.

Your Company took huge strides in digital media with large digital activations done by Good Day, 50-50 and Nutrigochoice during the year. Your Company launched Britannia Pure Magic Chocosh, a differentiated offering in the chocolate fills space. Your Company also transformed the category of value cookies, value creams and crackers with significant portfolio shifts in each of the categories.

Your Company created strong presence in the minds of consumers with blockbuster activations, associating with popular properties such as Filmfare, IPL, Asia Cup, The Tamil Movie Pasanga-2 etc. These properties also helped build stature for the Company, setting it apart from the rest of the competition in the category.

Your Company was competitive in the market place by ensuring that consumer value was always protected during the year, at a time, when competition was discounting. Your Company reclaimed market leadership in 2015-16 as a result of the brands winning with consumers across categories.

Your Company will renew its vigour on renovation, innovation, communication, activation and as a result, increase consumer engagement and feels confident that this will continue to hold your Company's growth in good stead in the years to come.

Awards and Recognition

Your Company was rewarded and recognized at many prestigious Marketing Forums in the country. The Good Day relaunch marketing campaign won 2 Gold and 3 Silver at the prestigious Abby Awards which celebrates impactful marketing and advertising.

The Indian Advertisers Association accorded Britannia the 'Marketer of the Year- FMCG- Foods-Award' in the 4th Edition of the IAA Leadership Awards held in Mumbai, in February 2016. The Association awards path-breaking marketing initiatives that strengthen a brand's promise and standing amongst consumers.

Britannia was chosen as one of the 'Top 3 Buzziest Brands in the Food Category' in 11th Edition of AFAQs!- Buzziest Brands Award. AFAQs! is the No 1 website in Asia- Pacific for Advertising, Media & Marketing professionals.

Britannia was chosen in another Industry Forum called the Pitch CMO Summit as a Company that delivered 'Maximum Customer Engagement'. The Awards recognize Best Practises in Marketing to the Indian Consumer in a competitive and dynamic environment.

10. SUPPLY CHAIN AND MANUFACTURING OPERATIONS

Your Company has been focusing on deploying a competitive edge in manufacturing and technology through implementation of operational excellence programs across the value chain to build leadership economics.

Your Company increased operating control on capacity with the successful completion of expansion of Jhagadia factory, acquisition of Chennai contract manufacturing unit and commencing production at greenfield project in Perundurai, Tamil Nadu.

The greenfield factory which was under construction at Bidadi, near Bangalore, is scheduled to be commissioned in Q1 2016-17. With the focus on Cake and Rusk business, your Company is setting up its first own Rusk manufacturing factory in Madurai which will leverage synergies in cost with the existing factory. The new Rusk factory is scheduled to be commissioned in FY 2016-17.

All these have helped in creating the right capacity and capability with superior technology to meet the growing demands and rising consumer expectations.

Your Company has successfully commissioned a state-of-the-art biscuit line in Gwalior factory and is in the final stages of commissioning another state-of-the-art innovation product line in its Chennai factory.

To address the challenges in supply chain planning, your Company could manage the spurt in growths in demand by effectively using the SAP-APO capability and by achieving more efficient inventory deployment across the supply nodes. Focus on freshness has helped in reducing stock ageing and returns.

Apart from service excellence to customers with optimal inventory, significant reduction in distance to market was achieved, thereby improving freshness and optimizing space utilization in the entire supply chain network.

11. QUALITY PROGRAMS

Your Company is committed to provide the best quality and safe products complying with all regulatory requirements and continued the journey with winning product design, vendor quality assurance programs for all input materials, manufacturing compliance to design and finally a robust supply chain to deliver products to delight consumers.

Your Company continued excellence in quality and food safety by adopting the best practices and building capability for International Quality Standards.

12. RESEARCH AND DEVELOPMENT (R&D)

You will be glad to know that your company is building futuristic capacity and capability in R&D and has built 55,000 sq ft of state-of-art R&D centre at Bidadi near Bangalore. This centre has world class analytical capability, organoleptic lab, culinary centre and advanced bench top and pilot plant capability. This will steer your company to next phase of growth by delighting consumers with delivery of disruptive innovations, renovating the core product portfolio and value engineering to be cost competitive in the market place.

This year is marked with launch of consumer winning Choco Centre filled product "Pure Magic Chocolush", Tiger Cashew Krunch, Tiger Choco Glucose, Good Day Chunkies and Heavens smaller pack, Festive boxes for Chunkies and Chocolush which received very positive response from the market. Your R&D team also delivered a very differentiated and new to market innovation "Pure Magic Deuce", which is being test marketed in Bangalore city. This product is made using a combination of crispy biscuit and a delightful choco slab. Your Company has also renovated core product range including Good Day Butter and Cashew, Tiger Glucose, Tiger Cream, 50-50 range