

CODE OF ETHICS AND BUSINESS PRINCIPLES APPLICABLE TO NON-EXECUTIVE DIRECTORS

FOREWORD

The values and principles which have governed the manner in which Britannia Industries Limited (hereafter “Britannia”) and its Directors have conducted themselves have never been articulated. It was therefore considered worthwhile to prepare a clearly defined document which could serve as a guide to each non-executive director on the values, ethics and business principles expected of him or her.

Recent amendment to Clause 49 of the Listing Agreement relating to Corporate Governance made by the Stock Exchanges at the instance of the Securities and Exchange Board of India (SEBI) in terms of its circular No. SEBI/CFD/DIL/CG/1/2004/12/10 dated 29th October, 2004 requires, effective 1st April, 2005 (since extended up to 31st December, 2005), the Board of Directors of a listed company to lay down a code of conduct for all Board members and senior management of the company which has to be posted on the website of the company. All Board members and senior management personnel are required to affirm compliance with the code on an annual basis. The Annual Report of the company is required to contain a declaration to this effect duly signed by the CEO.

Each director is urged to read this document and take pride in upholding the high standards of corporate and personal behaviour on which Britannia’s reputation and respectability have been built over the past 86 years.

1. NATIONAL INTEREST

Britannia shall be committed in all its actions to benefit the economic development of the countries in which it operates and shall not engage in any activity that would adversely affect such objective. It shall not undertake any project or activity to the detriment of the Nation’s interests or those that will have any adverse impact on the social and cultural life patterns of its citizens. Britannia shall conduct its business affairs in accordance with the economic development and foreign policies, objectives and priorities of the Nation’s government and shall strive to make a positive contribution to the achievement of such goals at the international, national and regional level as appropriate.

2. FINANCIAL REPORTING AND RECORDS

Britannia shall prepare and maintain its accounts fairly and accurately in accordance with the accounting and financial reporting standards which represent the generally accepted guidelines, principles, standards, laws and regulations of the country in which the Company conducts its business affairs.

Internal accounting and audit procedures shall fairly and accurately reflect all of the Company's business transactions and disposition of assets. All required information shall be accessible to company auditors and other authorised parties and government agencies. There shall be no willful omissions of any company transactions from the books and records, no advance income recognition and no hidden bank account and funds.

Any willful material misrepresentation of and/or misinformation on the financial accounts and reports shall be regarded as a violation of the Code apart from inviting appropriate civil or criminal action under the relevant laws.

3. COMPETITION

Britannia shall fully strive for the establishment and support of a competitive open market economy in India and abroad and shall co-operate in the efforts to promote the progressive and judicious liberalisation of trade and investment by a country.

Specifically, Britannia shall not engage in activities which generate or support the formation of monopolies, dominant market positions, cartels and similar unfair trade practices.

Britannia shall market its products and services on its own merits and shall not make unfair and misleading statements about competitors' products and services. Any collection of competitive information shall be made only in the normal course of business and shall be obtained only through legally permitted sources and means.

4. EQUAL-OPPORTUNITIES EMPLOYER

Britannia shall provide equal opportunities to all its employees and all qualified applicants for employment without regard to their race, caste, religion, colour, ancestry, material status, sex, age, nationality, disability and veteran status. Employees of Britannia shall be treated with dignity and in accordance with the Company's policy to maintain a work environment free of sexual harassment, whether physical, verbal or psychological. Employee policies and practices shall be administered in a manner that would ensure that in all matters equal opportunity is provided to those eligible and the decisions are merit-based.

5. GIFTS AND DONATIONS

Britannia and its directors shall neither receive nor offer or make, directly or indirectly, any illegal payments, remuneration, gifts, donations or comparable benefits which are intended to or perceived to obtain business or uncompetitive favours for the conduct of its business. However, Britannia and its directors may accept and offer nominal gifts which are customarily given and are of commemorative nature for special events.

6. GOVERNMENT AGENCIES

Britannia and its directors shall not offer or give any company funds or property as donation to any government agencies or their representatives, directly or through intermediaries, in order to obtain any favourable performance of official duties.

7. HEALTH, SAFETY AND ENVIRONMENT

Britannia shall strive to provide a safe and healthy working environment and comply, in the conduct of its business affairs, with all regulations regarding the preservation of the environment of the territory it operates in. Britannia shall be committed to prevention of the wasteful use of natural resources and minimization of any hazardous impact of the development, production, use and disposal of any of its products and services on the ecological environment.

8. QUALITY OF PRODUCTS AND SERVICES

Britannia shall be committed to supplying goods and services of the highest quality standards backed by efficient after-sales service consistent with the requirement of the customers to ensure their total satisfaction. The quality standards of the Company's goods and services should at least meet the required national standards and the Company should endeavour to achieve international standards.

9. CORPORATE CITIZENSHIP

Britannia shall be committed to be good corporate citizen not only in compliance with all relevant laws and regulations but also by actively assisting in the improvement of the quality of life of the people in the communities in which it operates, with the objective of making them self-reliant. Such social responsibility would comprise, to initiate and support community initiatives in the field of community health and family welfare, water management, vocational training, education and literacy and encourage application of modern scientific and managerial techniques and expertise.

10. CO-OPERATION WITH GROUP COMPANIES

Britannia shall co-operate with other group companies by sharing physical, human and management resources as long as this does not adversely affect its business interests and shareholder value.

In the procurement of products and services, Britannia shall give preference to another group company as long as it can provide these on competitive terms relative to third parties.

11. PUBLIC REPRESENTATION OF THE COMPANY AND THE GROUP

Britannia honours the information requirements of the public and its stakeholders. In all its public appearance with respect to disclosing company and business information to public constituencies such as the media, the financial community, employees and shareholders, Britannia shall be represented only by specifically authorised directors and employees. It will be the sole responsibility of these authorised representatives to disclose information on the Company.

12. THIRD PARTY REPRESENTATION

Parties which have business dealings with Britannia but are not members of the Group such as consultants, agents, sales representatives, distributors, contractors, suppliers, etc. shall not be authorised to represent Britannia if their business conduct and ethics are known to be inconsistent with the Code.

13. USE OF THE BRAND

The use of the trade name and trademark owned by Britannia shall be governed by manuals, codes and agreements to be issued by Britannia.

14. GROUP POLICIES

Britannia may recommend to its Board of Directors the adoption of policies and guidelines periodically formulated by the group companies.

15. SHAREHOLDERS

Britannia shall be committed to enhancing shareholder value and complying with all regulations and laws that govern shareholders' rights. The Board of Directors of Britannia shall duly and fairly inform its shareholders about all relevant aspects of the Company's business and disclose such information in accordance with the respective regulations and agreements.

16. ETHICAL CONDUCT

Every director of Britannia shall *conduct himself and* deal on behalf of the Company with professionalism, honesty, integrity as well as high moral and ethical standards. Such conduct shall be fair and transparent and be perceived to be as such by third parties.

Every director shall be responsible for the implementation of and compliance with the Code in his professional environment. Failure to adhere to the Code could attract the most severe consequences including termination of association.

17. REGULATORY COMPLIANCE

Every director of Britannia shall, in his business conduct, comply with all applicable laws and regulations, both in letter and in spirit, in all the territories in which he operates. If the ethical and professional standards set out in the applicable laws and regulations are below that of the Code then the standards of the Code shall prevail.

18. CONFLICT OF INTEREST

A director of Britannia shall not engage in any business, relationship or activity which might detrimentally conflict with the interest of the Company. If a director is directly or indirectly concerned or interested in any contract or arrangement between the Company and another entity, in which he has material or pecuniary interest, he shall disclose the same in accordance with the provisions of Section 299 or other applicable provisions of the Companies Act, 1956.

19. SECURITIES TRANSACTIONS AND CONFIDENTIAL INFORMATION

A director of Britannia shall scrupulously follow the provisions of the Code of internal procedures and conduct framed by the Company pursuant to Regulation 12 of the SEBI (Prohibition of Insider Trading) Regulations, 1992 and other applicable Regulations in force from time to time in matters of securities transactions and pertaining to price sensitive information.

20. PROTECTING COMPANY ASSETS

The assets of Britannia should not be misused but employed for the purpose of conducting the business for which they are duly authorised. These include tangible assets such as equipment and machinery, systems, facilities, materials, resources as well as intangible assets such as proprietary information, relationships with customers and suppliers, etc.

21. CITIZENSHIP

A director of Britannia shall in his private life be free to pursue an active role in civic or political affairs as long as it does not adversely affect the business or interests of the Company.

22. INTEGRITY OF DATA FURNISHED

Every director of Britannia shall ensure, at all times, the integrity of data or information furnished by him to the Company.
