

Cadbury



CADBURY INDIA LIMITED

51st Annual Report 1998

Shareholder Information

Board of Directors

Chairman

C Y Pal

Managing Director

Rajeev Bakshi

Directors

Patrick Fleming (Alternate Director)

N V Iyer

Ian Johnston

Harsh Mariwala

Jaithirth Rao

T F Spurling

S N Talwar

Executive Directors

Peter Calverley Finance & IT

Prashant Chhaya Technical

Niraj Goyal Commercial, Logistics & Operations

Bharat Puri Sales & Marketing

Ganesh Sridhar Human Resources & Exports

Johan Strydom Operations (Additional)

Company Secretary & Mgr. Financial Planning

Monaz Noble

General Managers

Vivek Aggarwal Financial Accounting & Control

Jimmy Gandhi Materials

Burjor Ichhaporia Thane Factory

Thomas John Cocoa Operations

Narender Katoch Corporate Affairs

Sukanya Kripalu Marketing

Jaiboy Phillips Malanpur Factory

Sanjiv Sarin Sales

Ajit Tawde Technical

Cedric Vaz Operations

Auditors

A F Ferguson & Co., Mumbai

Advocates & Solicitors

Crawford Bayley & Co., Mumbai

Bankers

State Bank of India

Bank of India

Citibank N A

The Hongkong & Shanghai Banking Corporation

Registered Office

Cadbury House, 19, Bhulabhai Desai Road,

Mumbai - 400 026

Tel : 4939558 Fax : 4938698

Works

1st Pokhran Road, District Thane, Maharashtra

Village Induri, Talegaon-Dabhade, District Pune, Maharashtra

Malanpur, District Bhind, Madhya Pradesh

Cocoa Operations

Central Office, Kottayam, Kerala

Website Address : (Proposed)

<http://www.cadburyindia.com>

Parent Company Website Address

<http://www.cadburyschweppes.com>

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51st Annual General Meeting

Time : 3.00 p.m. Thursday 22nd April, 1999

Venue : Nehru Centre Auditorium, Dr A Besant Road, Worli, Mumbai - 400 018.

Listing

Mumbai Stock Exchange

National Stock Exchange

Dividend (subject to approval in AGM) Rs. / Share

For the year 1998 4.50

Special Golden Jubilee 1.00

Date of Payment : On or after 3rd May 1999

Registrars & Share Transfer Agents

Sharepro Services, Satam Estate, 3rd Floor

Above Bank of Baroda, Cardinal Gracious Road,

Chakala, Andheri (E), Mumbai - 400 099

Tel : 8329828/8348218/8215168/8347719

Fax : 022-8375646

912, Raheja Centre, Free Press Journal Road,

Nariman Point, Mumbai - 400 021

Tel : 2825163/2844668/2881568/2881569

Fax : 022-2825484

No. of Shareholders

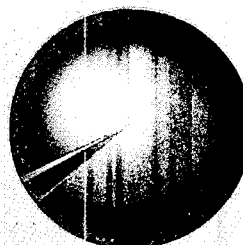
1995 - 39544

1996 - 39941

1997 - 44725

1998 - 46373

SHAREHOLDING PATTERN



- Companies (52%)
- Public Financial Institutions/Banks (12%)
- Foreign Institutional Investors (3%)
- Mutual Funds (1%)
- Individuals (32%)



Chairman's Statement

MD	<input checked="" type="checkbox"/>	BKC	<input checked="" type="checkbox"/>
CS	<input type="checkbox"/>	DPY	<input checked="" type="checkbox"/>
RO	<input type="checkbox"/>	DIV	<input checked="" type="checkbox"/>
TR	<input checked="" type="checkbox"/>	AC	<input checked="" type="checkbox"/>
AG	<input type="checkbox"/>	SHI	<input type="checkbox"/>
YE	<input type="checkbox"/>		<input type="checkbox"/>

Dear Shareholders,

It gives me great pleasure to present the financial performance of your Company for the 51st year of our operations.

Inspite of the sluggish economy, the management team led by Rajeev Bakshi was able to deliver excellent performance in difficult market conditions thus making it possible for your Company to return to the growth path enjoyed during the mid nineties. The beginning of the year under review saw the completion of major investments in Malanpur and Induri and the launch of 'Picnic' manufactured at Malanpur and of 'Gold' made at Induri. I am delighted to convey that both the products have been well received in the market.

During the year the Company felt the need to redefine and sharpen its vision in line with the current and emerging market opportunities. The new vision has two elements – one to work towards delivering '**Superior Shareholder Value**' which is a part of the Managing for Value initiative mentioned by me last year and the other to focus on '**Cadbury in every pocket**'. To achieve the latter part of the vision the Company has already committed itself to introducing at least one new major product every year.

As a part of our expansion into the high quality confectionery end of the market, investment on manufacture of a speciality Sugar Confectionery product

is in progress and the project will be completed later this year. This product will stimulate further growth of our Sugar Confectionery business.

I am happy to advise that following the tremendous work done by your Company to modernize and upgrade our business software we won 'SAP star customer award' for successful implementation of SAP and for the support extended to SAP and the SAP user community.

You will be pleased to know that as an indication of your Company's increased importance to the global business the Board of Cadbury Schweppes Plc honoured our Golden Jubilee Year by having their first ever Main Board meeting in India in October 1998. As a part of their visit the Board also graciously made a special grant of 25000 Pounds for spending on social development work.

Before I conclude I would like to take this opportunity to thank all our stake holders for their active help and support during the year without which we would not be where we are today and I am happy to advise that with the able guidance of your Board and with full support of Cadbury Schweppes and all business associates your Company has made a steady start to the current year.

C Y Pal
Chairman

Mumbai : February 25, 1999

Our Vision

Cadbury India's governing objective is to deliver :

Superior shareholder value

& Cadbury in every pocket

Report Junction.com

We believe this requires :

- **Broadening our consumer appeal and extending our reach to newer markets.**
- **Sustained growth of our market share through aggressive product development and innovative utilisation of our assets.**
- **Focusing on cost competitiveness & productivity in our operations.**
- **Investing to develop our people.**

Superior Shareholder Value

This is in line with the Cadbury Schweppes Group's world-wide initiative to deliver increased shareholder value on a sustainable basis. Increasing the value of the Company is not only beneficial to the shareholders, it also brings more reward and satisfaction to employees. Raising our financial performance by improving the way we manage the business and sharpening

our corporate culture is the route to achieve this. This is Managing for Value (MFV).

Managing for Value has the following five closely related elements :

1. Raising Performance

Targeting for significant improvement in financial performance.

2. Sharpening the Culture

We need to sharpen our culture to ensure we are all focused on improving our performance. We need an organisation where all our employees are accountable, aggressive and adaptable in pursuit of our goals.

3. Value-Based Management

This is the part of Managing for Value that deals with the strategic operational decision making. At its most practical day to-day level it is about everyone understanding what creates the most





March 15, 1999

Cadbury India Limited

Registered Office : Cadbury House, 19, Bhulabhai Desai Road, Mumbai 400 026.

Dear Shareholder,

Sub : Payment of Dividend through Electronic Clearing Service – Credit Clearing (ECS)

Reserve Bank of India has introduced the Electronic Clearing Service which allows electronic credit of the dividend amount to your bank account for the amount due to you. This scheme is at present available only for payments upto a maximum amount of Rs 1,00,000/-.

The ECS is presently available at sixteen centres viz. **Mumbai, New Delhi, Calcutta, Chennai, Ahmedabad, Bangalore, Hyderabad, Pune, Kanpur, Nagpur, Jaipur, Chandigarh, Patna, Bhubaneswar, Guwahati and Thiruvananthapuram**. RBI has plans of extending this facility to other places in a phased manner.

Even if you are presently not covered by the above centres, you may still provide the details which will be used as and when RBI extend this facility to your location.

The advantages of ECS are given below :

- a) Instant credit of dividend to your account at no extra cost.
- b) Eliminates the Delay in postal transit, Loss of warrant in transit & fraudulent encashment.
- c) No frequent visits to the bank for deposit.

We request you to avail this facility by filing the Form printed overleaf and returning the same along with a Xerox copy of a cheque or cancelled cheque pertaining to the Bank Account where you would like the amount to be credited. Please send the same to our Register & Transfer Agent whose address is given below:

Sharepro Services**Unit : Cadbury India Limited****Satam Estate, 3rd Floor,****Above Bank of Baroda,****Cardinal Gracious Road,****Chakala, Andheri (East),****Mumbai 400 099****OPTING FOR PAYMENT BY ECS IS NOT COMPULSORY.**

Thanking you,

Yours faithfully,

For **Cadbury India Limited**

Monaz Noble

Company Secretary &

Manager Financial Planning

Sharepro Services

Unit : Cadbury India Limited
Satam Estate, 3rd Floor,
Above Bank of Baroda,
Cardinal Gracious Road,
Chakala, Andheri (East),
Mumbai 400 099

Dear Sir,

Sub : Payment of Dividend through Electronic Clearing Service – Credit Clearing (ECS)

I have read the letter giving details of ECS printed overleaf, I wish to participate in the Electronic Clearing Service introduced by Reserve Bank of India. As requested, I give below the details of my bank account, to which you may electronically credit the payment due to me against the folio number mentioned against item no. 1 below.

- 1) Folio No. : _____
- 2) Name of the Sole/First shareholder : _____
- 3) Particulars of the Bank
- a) Name of the Bank : _____
- b) Branch Address : _____
- *c) 9 digit Code Number of the Bank & Branch as appearing on the MICR cheque issued by the bank
- | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|
| | | | | | | | | |
|--|--|--|--|--|--|--|--|--|
- d) Account type (Please tick)
- | | | | | | |
|--------------------------|---------|--------------------------|---------|--------------------------|-------------|
| <input type="checkbox"/> | Savings | <input type="checkbox"/> | Current | <input type="checkbox"/> | Cash Credit |
|--------------------------|---------|--------------------------|---------|--------------------------|-------------|
- e) Ledger Folio No. (if any) of your bank account : _____
- f) Account No. : _____

I hereby declare that the particulars given above are correct and complete. I undertake to inform any subsequent changes in the above particulars before the relevant book closure date(s). If the payment transaction is delayed or not effected at all for any reason(s), beyond the control of the Company, I would not hold the Company responsible.

Date: _____

 Signature of the sole/first holder

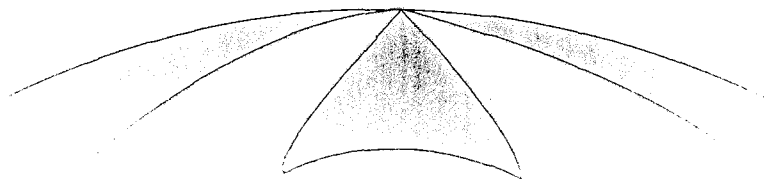
(*) The nine digit code number of your bank and branch is mentioned on the MICR band next to the cheque number.

AFFIX PHOTOCOPY OF YOUR CHEQUE OR CANCELLED CHEQUE HERE

(in the absence of the above, the Company reserve it's right to reject this application)

MANAGING FOR VALUE

KEY ELEMENTS



Raising Performance

- Stretch targets
- Shareholder value
- Earnings growth
- Cashflow
- Individual targets
- Performance standards

Sharpening the Culture

- Behaviours
- 3 A's
- Alignment to value drivers
- Change initiatives
- Communications

Value-Based Management

- Measurement
- Value drivers
- Strategic Process
- Pilots
- Learning by doing

Leadership Capabilities

- Imperatives
- Organisation Review
- Benchmarking
- Selection
- Performance
- Development

Rewards

- Linked to results
- Contribution driven

value in their area of responsibility and working to achieve it.

Such value creation is measured through the concept of 'Economic Profit (EP)'. Economic Profit (EP) is a measure of value added to the business over and above the cost of capital. It is the superior profit over and above the minimum required to meet the lenders and shareholders expectations (weighted average cost of capital, i.e ; WACC).

EP = Net operating profit after tax (NOPAT) - post tax cost of capital employed (COCE)

COCE = Capital employed * WACC rate

4. Leadership Capability

To improve the performance and achieve our goals we need strong leaders; people who can motivate their teams to achieve their objectives and deliver results.

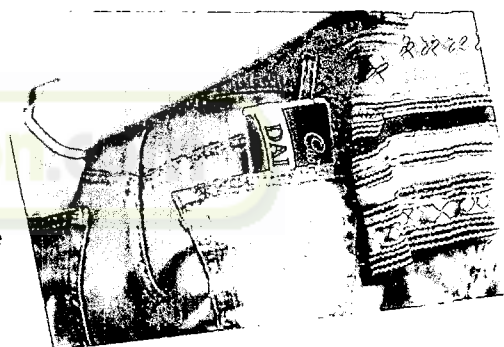
5. Rewards

We have to align the interests of employees as closely as possible with the interests of our shareowners.

Benefits of Managing for Value

What is good for shareholders is also good for other stakeholders. A prosperous

company generates opportunities for employees, customers, suppliers and the communities in which it operates. Managing for Value is not only about creating value for the shareholders but it is creating value for all the business constituents with ultimate growth in value for the shareholders.

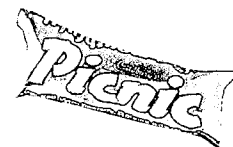
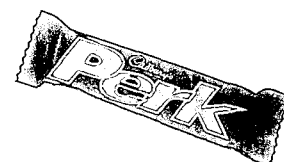


Cadbury in every pocket

The urban penetration of chocolates amongst urban Indians is 19% as compared to 34% for soft drinks. Similarly, the urban per capita consumption of chocolates in India remains a minuscule 160g/yr compared to 8.7kgs/yr in UK. Therefore the potential for continuous growth and expansion of the Indian market is immense.

This implies :

- Mass 'value for money' brands.
- Profitable enfranchisement of a large number of consumers, including the rural.



The real taste of life

www.sansco.net

Financial Highlights

Cadbury

Year	1998	1997	1996	1995	Dec 1994 (9 months)	Mar 1994	1993	1992	1991	1990
										Rs Lakhs
ASSETS EMPLOYED										
Net Fixed Assets	14883	15277	9229	6767	5453	2249	2629	2784	2868	2673
Net Current Assets	5186	6382	3569	3308	4643	6421	5693	1824	1838	1639
Others	271	384	431	387	395	394	401	360	80	80
Total	20340	22043	13229	10462	10491	9064	8723	4968	4786	4392
FINANCED BY										
Equity Share Capital	2380	(c) 2380	(b) 1984	1240	1240	1240	1240	840	840	840
Reserves & Surplus	15881	14700	8215	7691	6364	5839	5405	1842	1724	1467
Shareholders' Funds	18261	17080	10199	8931	7604	7079	6645	2682	2564	2307
Loan Funds	2079	4963	3030	1531	2887	1985	2078	2286	2222	2085
Total	20340	22043	13229	10462	10491	9064	8723	4968	4786	4392
SALES	42833	35414	31388	25308	14498	16958	15720	14246	12229	10835
PROFIT AND APPROPRIATIONS										
Gross Profit before depreciation & tax	5720	4046	4068	3898	2041	1617	635	1137	1205	1165
Depreciation	1934	1369	846	640	217	327	372	367	331	255
Profit before tax	3786	2677	3222	3258	1824	1290	263	770	874	910
Tax	1184	820	1190	1290	865	480	126	410	340	380
Profit after tax and before exceptional items	2602	1857	2032	1968	959	810	137	360	534	530
Exceptional items	20	—	—	40	—	57	—	10	16	25
Profit after tax and exceptional items	2622	1857	2032	2008	959	867	137	370	550	555
Dividends+Tax on dividends	1440	835	763	682	434	434	173	252	294	294
Retained earnings	1182	1022	1269	1326	525	433	(36)	118	256	261
RATIOS										
Earnings per share (Rupees)	11.01	7.80	10.24	15.87	7.73	6.54	1.10	4.29	6.36	6.31
Book Value per share (Rupees)	75.78	70.34	49.46	71.94	61.18	56.90	53.34	31.93	30.52	27.46
Dividend per Share (Rupees) (excluding tax on dividend)	5.50	3.50	3.50	5.50	3.50	3.50	2.00	3.00	3.50	3.50

- (a) Rights and Preferential Issue at Rs 100, 1:5.
 (b) Bonus Issue 3:5.
 (c) Rights Issue at Rs 150, 1:5.

Notice

NOTICE IS HEREBY GIVEN THAT THE FIFTY - FIRST ANNUAL GENERAL MEETING OF THE MEMBERS OF CADBURY INDIA LIMITED will be held on Thursday, April 22, 1999 at 3.00 p.m. at the Nehru Centre Auditorium, Dr. Annie Besant Road, Worli, Mumbai 400 018, to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended January 2, 1999 and the Balance Sheet as on that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of **Mr S N Talwar**, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of **Mr T F Spurling**, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a Director in place of **Mr G Sridhar** who retires by rotation and being eligible, offers himself for reappointment.
6. To appoint Auditors and to authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS :

7. To appoint **Mr Bharat Puri** as a Director of the Company.
8. To consider and if thought fit, to pass with or without modification(s), as an Ordinary Resolution, the following :
"RESOLVED THAT pursuant to Sections 198, 269, 309, Schedule XIII and any other applicable provisions of the Companies Act, 1956, the Company hereby accords its approval to the appointment of and remuneration payable to **Mr Bharat Puri** as an Executive Director of the Company for a period of three years commencing from August 6, 1998, on the terms and conditions set out in the draft agreement placed before the meeting and initialled by the Chairman of the Board, for the purpose of identification, be and the same is hereby approved".
9. To appoint **Mr Jaithirth Rao** as a Director of the Company.
10. To appoint **Mr Prashant Chhaya** as a Director of the Company.
11. To consider and if thought fit, to pass with or without modification(s), as an Ordinary Resolution, the following :
"RESOLVED THAT pursuant to Sections 198, 269, 309, Schedule XIII and any other applicable provisions of the Companies Act, 1956, the Company hereby accords its approval to the appointment of and remuneration payable to **Mr Prashant Chhaya** as an Executive Director-Designate from January 1, 1999 and as an Executive Director of the Company for a period of three years commencing from February 25, 1999 on the terms and conditions set out in the draft agreement placed before the meeting and initialled by the Chairman of the Board, for the purpose of identification, be and the same is hereby approved".
12. To appoint **Mr Johan Strydom** as a Director of the Company.
13. To consider and if thought fit, to pass with or without modification(s), as an Ordinary Resolution, the following :
"RESOLVED THAT pursuant to Sections 198, 269, 309 and any other applicable provisions of the Companies Act, 1956, and subject to the approval of the Central Government, the Company hereby accords its approval to the appointment of

and remuneration payable to **Mr Johan Strydom** as an Executive Director of the Company for a period of three years commencing from March 1, 1999, on the terms and conditions set out in the draft agreement placed before the meeting and initialled by the Chairman of the Board, for the purpose of identification, be and the same is hereby approved".

14. To consider and if thought fit, to pass with or without permissible modification(s), as a Special Resolution, the following :

"RESOLVED THAT the Articles of Association of the Company be and are hereby amended, as set out herein below :

- 14.1 The present Article 13 be substituted with the following Article:

"The Company is hereby permitted to purchase its own shares or other specified securities in accordance with the provision of Sections 77A, 77AA and 77B of the Act, and such Regulations or Guidelines framed by the Securities and Exchange Board of India or any other appropriate authority".

- 14.2 Article 51 shall commence with the following words:

"In the absence of a nomination recorded in accordance with the Section 109A of the Act, which shall in any event have precedence" and the first word "The" of the present Article 51 shall be read as "the".

NOTES :

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL ONLY INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.

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

- (b) The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of items 7 to 14 stated above is annexed hereto.
- (c) The Register of Members and Share Transfer Books of the Company will remain closed from April 6, 1999 to April 22, 1999, both days inclusive.
- (d) The dividend as recommended by the Board, if sanctioned at the meeting, shall be paid on or after May 3, 1999, to those members whose names appear on the Register of Members of the Company as on April 22, 1999.
- (e) Pursuant to Section 205 A of the Companies Act, 1956, the dividend remaining unpaid/unclaimed for the year ended December 31, 1994, has been transferred to the General Revenue Account of the Central Government during the year. Members who have not encashed dividend warrants for the said period are requested to claim the amount, from the Registrar of Companies, Maharashtra, Hakoba Compound (Bombay Industrial Estate), 2nd floor, Dattaram Lad Marg, Chinchpokli (East), Mumbai 400 033.
- (f) Members desiring any information on the Accounts are requested to write to the Company at least one week before the meeting so as to enable the Management to keep the information ready. Replies will be provided only at the meeting.
- (g) Members/Proxies should bring the Attendance Slip sent herewith, duly filled in, for attending the meeting.



- (h) Members are requested to address all their communications regarding transfer of shares, change of address, dividend mandates, etc. directly to

M/s Sharepro Services,
912, Raheja Centre,
Free Press Journal Road,
Nariman Point,
Mumbai 400 021

Telephone :
2825163, 2844668,
2881568, 2881569
Fax : (022) 2825484

OR

Satam Estate
3rd floor, Above Bank of Baroda
Cardinal Gracious Road, Chakala,
Andheri (E), Mumbai 400 099

Telephone :
8215168, 8215991
8329828, 8347719
8348218
Fax : (022) 8375646

Change of address, dividend mandates, if any, may please be intimated immediately to the R & T Agents, quoting your folio number(s).

- (i) Members holding shares in identical order of names in more than one folio are requested to write to the Company's R&T Agents enclosing their share certificates to enable to

consolidate their holdings in one folio.

- (j) Members are requested to bring their copies of Annual Reports to the Annual General Meeting, as it will not be distributed at the meeting.

By Order of the Board of Directors

Monaz Noble
Company Secretary &
Manager Financial Planning

Mumbai
Date : February 25, 1999

Registered Office :

Cadbury House
19, B D Road
Mumbai 400 026.

Explanatory Statements under Section 173(2) of the Companies Act, 1956

Item No. 7 & 8

Mr Bharat Puri was appointed as an Additional Director of the Company in accordance with the provisions of Article 114 of the Company's Articles of Association read with Section 260 of the Companies Act, 1956 as an Executive Director for a period of 3 years commencing from August 6, 1998. Mr Puri holds the office as a Director upto the forthcoming Annual General Meeting and has agreed to be considered for appointment.

The Company has also received notice under Section 257 of the Companies Act, 1956, alongwith a deposit of Rs 500/- from a member intimating his intention to propose the candidature of Mr Puri for the office of a Director of the Company.

Mr Puri holds a P.G.D.M. from the Indian Institute of Management, Ahmedabad, and joined the Board after an initial career with Asian Paints. He brings with him 16 years of Sales & Marketing experience from consumer non-durables industry and the Company looks forward to gaining the benefit of his experience in his new role with the Company.

The remuneration and perquisites of Mr Puri are set out in the draft agreement referred to in the resolution and are subject to the approval of the Shareholders of the Company. The material terms of appointment of Mr Puri as set out in the said agreement are as follows:

Remuneration

Salary

- Rs 77,000/- per month including dearness and all other allowances from August 6, 1998 to November 30, 1998.
- From December 1, 1998 Rs 84,000/- per month including dearness and all other allowances with yearly increments as may be decided by the Board, subject to overall ceiling on salary of Rs 1,50,000/- per month.

Commission

- Commission upto Rs 5 lakhs per annum subject to an overall ceiling laid down under Section 309 of the Companies Act, 1956.
- A commission of Rs 4 lakhs will be paid for a proportionate period for the year 1998.

Provident Fund, Gratuity, Superannuation as per applicable rules from time to time and Company policy.

Perquisites

- Company accomodation.
- Gas, electricity, water costs to be reimbursed by the Company.
- Medical reimbursement and Personal Accident Insurance as per Company policy.
- Leave Travel Allowance, once in a year, as per Company policy.
- Club fees-Membership of one club.
- Use of car and telephone at residence.
- Reimbursement of expenses actually and properly incurred in cash or by credit card for the business of the Company.

Leave-Full pay and allowance as per rules of the Company but not exceeding one month's leave for every 11 months of service.

The Board of Directors may increase the aforesaid remuneration, benefits and amenities within the overall limits of Schedule XIII of the Companies Act, 1956. In the absence of profits or inadequacy of profits, the provisions of Schedule XIII of the Companies Act, 1956 shall apply.

Mr Puri will not be entitled to sitting fees for attending meetings of the Board of Directors or Committees thereof.

Mr Puri will give an undertaking to the Company, that he will not, so long as he functions as an Executive Director of the Company, become interested or otherwise concerned directly or through his wife or minor children, in any selling agency of the Company, without the prior approval of the Central Government.

A copy of the draft agreement is available for inspection to the