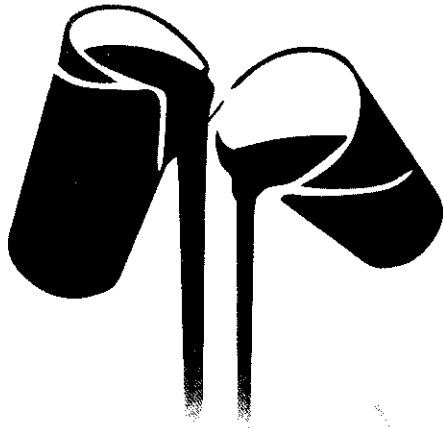


Cadbury

53rd Annual Report 2000



CADBURY INDIA LIMITED



C O N T E N T S

Chairman's Statement	1
Khane walo ko khane ka bahana chahiye	2
More happiness more masti	3
Tan ki shakti man ki shakti	4
Happiness for all occasions	5
A cadbury visible in every pocket	6
Managing for Value	7
Directors' Report	8
Corporate Governance	16
Auditors' Report	22
Balance Sheet	24
Profit and Loss Account	25
Schedules	26
Notes to Accounts	31
Cash Flow	36
Subsidiary Company	37

Board of Directors

CHAIRMAN

C Y Pal

VICE CHAIRMAN

Rajiv Wahi

MANAGING DIRECTOR

Matthew Cadbury

DIRECTORS

Non-Executive

Rajeev Bakshi
N V Iyer
David Kappler
Harsh Mariwala
Jaithirth Rao
S N Talwar

Executive

G M Bhat
P Chhaya
B Puri
G Sridhar
J Strydom

Company Secretary & Mgr. Financial Planning

Monaz Noble

General Managers

Vivek Aggarwal	Financial Accounting & Control
Vidyut Arte	Marketing
Jimmy Gandhi	Materials
Burjor Ichhaporia	Thane Factory
Thomas John	Cocoa Operations
Narender Katoch	Corporate Affairs
Jaiboy Phillips	Malanpur Factory
Sanjiv Sarin	VBM & Strategic Planning
Ajit Tawde	Technical
Cedric Vaz	Induri Factory & Third Party Operations
Sanjay Warke	Sales

Auditors

A F Ferguson & Co., Mumbai

Advocates & Solicitors

Crawford Bayley & Co., Mumbai

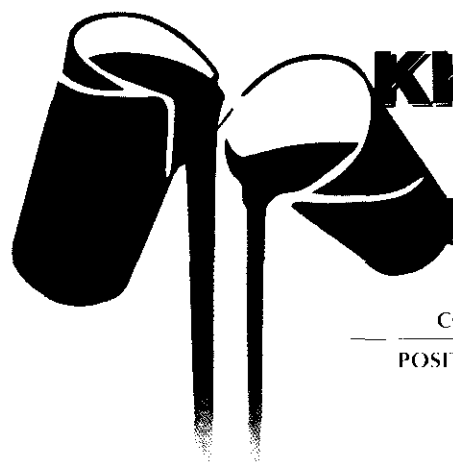
Bankers

State Bank of India
Citibank N A

Registered Office

Cadbury House, 19, Bhulabhai Desai Road,
Mumbai - 400 026.
Tel. : 4939558 Fax : 4938698





Khane walo ko khane ka bahana chahiye...



COMPANY
POSITIONING

CADBURY INDIA LIMITED

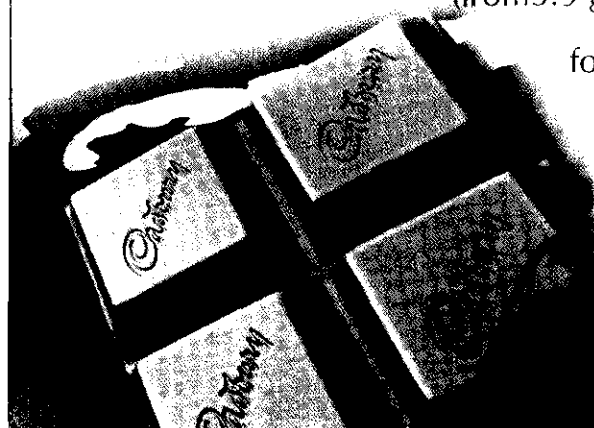
YEAR OF CDM

CDM sales volume increased, taking Cadbury India to No. 2 position worldwide – CDM campaign won the ABBY award for campaign of the century – Availability of CDM in different sizes for different occasions

2000 was the year of Cadbury Dairy Milk, the largest chocolate brand in the country. The brand registered a healthy topline growth in the competitive impulse category market. Cadbury India, now stands only second to Cadbury UK in sales of Cadbury Dairy Milk. A great achievement, indeed!

This tremendous achievement was powered by a well-defined marketing strategy cumulating in effective brand communication. The CDM advertising campaign was awarded the ABBY award for 'Campaign of the Century'.

Cadbury Dairy Milk is now available in a wide range of sizes (from 3.9 gm to 160 gm), for different occasions of life.



Chairman's Statement

Dear Shareholders,

It gives me great pleasure to welcome you all to the 53rd Annual General Meeting of the Company and present its financial performance in the first year of the millennium.

The year gone by has been a mixed year for the economy and this has been reflected in the operations of your Company. The year started on a very positive note and the first six months of operations were excellent. Thereafter the economy showed signs of slow down brought about predominantly by increase in petroleum prices. This reflected in sluggish growth of sales of most FMCG companies.

Notwithstanding the adverse economic conditions, the full year operations of the Company have been very positive and sales have increased by 11.8% with volume growth of 5.2%. The profit after tax and exceptional items shot up by 41.8%. This is indeed a satisfying performance considering the circumstances and this achievement has come about through hard work put in by all the divisions of the Company.

The sales growth was achieved through a richer product mix with limited price increases. The factories worked very hard to bring down direct and indirect costs thereby absorbing the petroleum products price hike. The major savings however came from dropping of material costs as percentage to sales. This was achieved through efficient material procurement, material substitution and reduced material wastage. During the year surplus immovable property was sold and thereby utilisation of assets was optimised.

I take great pride in informing you that after an exhaustive analysis of 9 major markets in Asia, HSBC Securities has awarded a trophy to your Company for being one of the 100 Asian (non Japan) companies, who have delivered on shareholder value and are expected to deliver shareholder value in the future. This award speaks for the Company's governing objective to deliver "Superior Shareholder Value."

The MANAGING FOR VALUE (MFV) programme started by the Company in 1998 has now become ingrained in the decision making process of the Company. All major business decisions are either driven by or are being evaluated from this standpoint. The MFV programme is also driving certain Human Relations initiatives in sharpening the culture across the Company.

I now come to a very significant change in the management of your Company. Mr. Rajeev Bakshi who was appointed Managing Director of the Company on April 1, 1998 has resigned from your board effective February 5, 2001 on his appointment as Managing Director of Cadbury South Africa.

During Mr. Bakshi's leadership your Company has recorded tremendous increase in sales and profitability. I am sure all of you would like to join me in thanking him for his exceptional contribution during his tenure with the Company and in wishing him well in his new assignment.

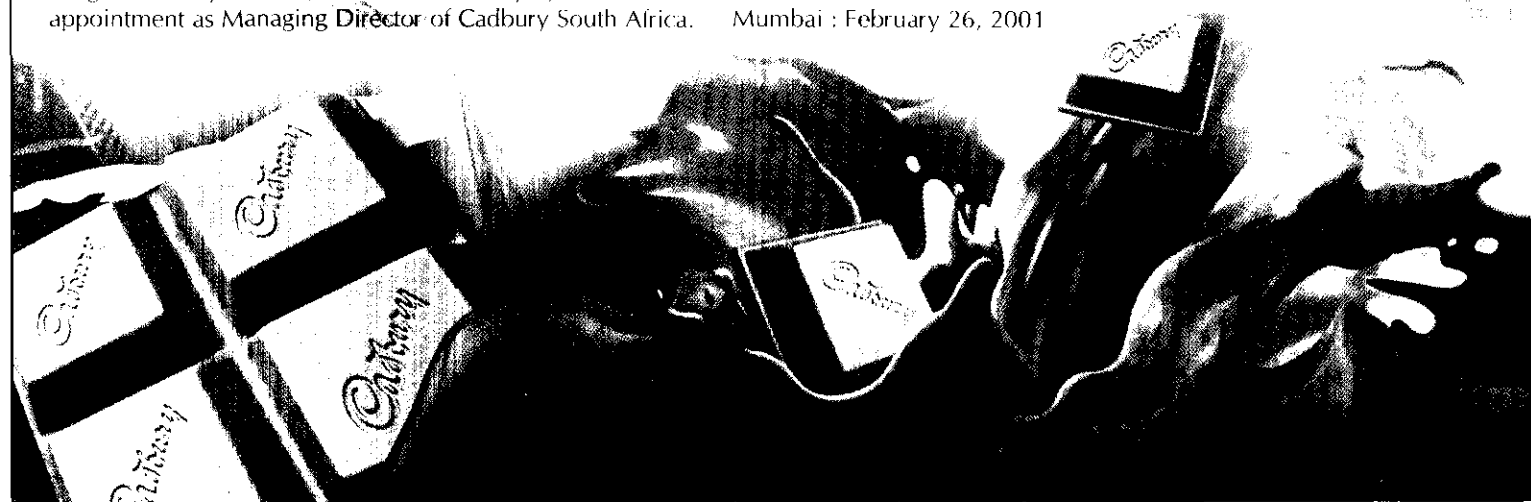
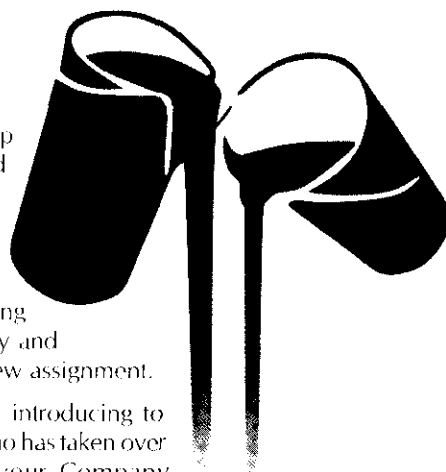
I now take great pleasure in introducing to you Mr. Matthew Cadbury who has taken over as Managing Director of your Company effective February 5, 2001. Mr. Cadbury comes with considerable experience having worked in the technical, marketing and strategy functions of the Cadbury Schweppes Group. In addition he has worked in various international markets such as U.K., Spain, Poland and Mexico. With the experience gained all over the world Mr. Cadbury is well suited to lead your Company to an era of high growth of business. I am sure you will join me in welcoming Mr. Cadbury to this key role and wish him all success in his endeavours.

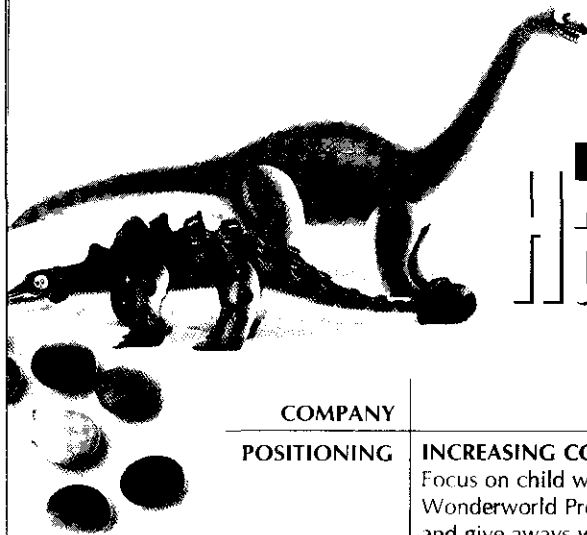
I would like to briefly touch upon the tragedy that occurred recently in Gujarat in the wake of the devastating earthquake that hit the State and surrounding areas. Your Company is extending monetary support for providing relief to the affected people by employees contributing a days wage which is being matched by the Company contributing an equal amount as well. In a touching gesture the Cadbury Schweppes Group came out with a call to its employees across the globe to contribute their might towards people affected by this tragedy with a promise to increase the fund through a matching corporate contribution. The modalities of handing over the amount collected to the Government or to an appropriate non-government organisation involved in providing succour to the affected people is being worked out.

While concluding, I would like to thank you all for your ongoing valuable support to the Company. I would also like to express my gratitude to all the stakeholders, including our employees, suppliers, agriculturists, distributors, retailers, bankers and consumers, who all contribute to the performance of the Company. I also thank the Cadbury Schweppes Group for its continued valuable support to the Company.

C Y Pal
Chairman

Mumbai : February 26, 2001





More Happiness more masti



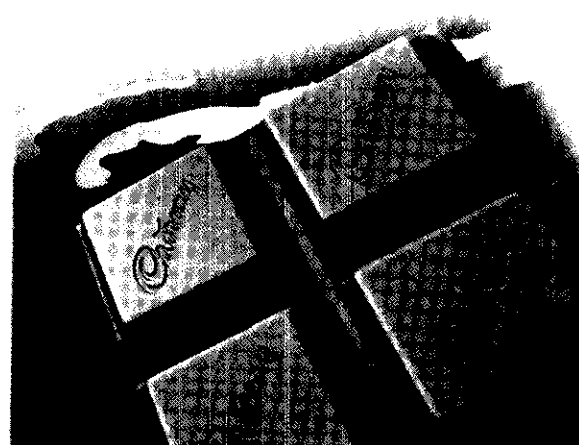
COMPANY	CADBURY INDIA LIMITED
POSITIONING	INCREASING CONNECTIVITY WITH CHILD Focus on child was increased with the launch of Cadbury Wonderworld Programme and Milk Treat - Special promotion offers and give-aways with Gems, continued to drive the market

Cadbury Wonderworld Programme for kids launched in 2000, already has a little army of over 20,000 friends all across India. Little ones share fun and laughter with Chocky, Cadbury's little cartoon character.



We launched a new brand offering for our favourite target consumer : kids. Milk Treat, a white chocolate enrobed wafer, was launched to cater to children in the 5-15 age group by giving the little ones all the goodness of milk with the undeniable fun of chocolate. Milk Treat has helped strengthen our already strong ties with children.

Gems continued to drive the market with a lot of special promotion offers & product give-aways to kids.





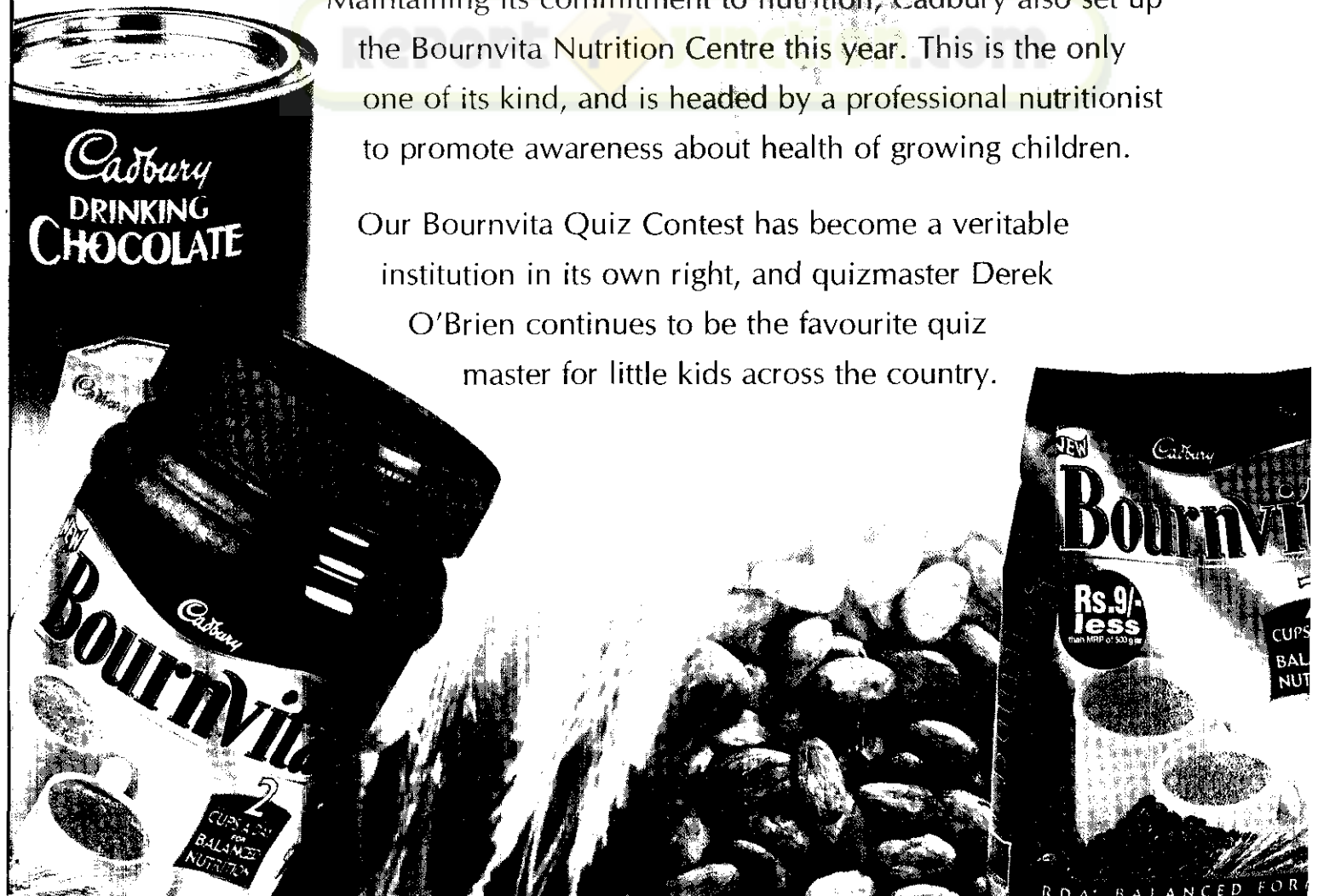
Tan ki Shakti man ki Shakti

COMPANY	CADBURY INDIA LIMITED
POSITIONING	CONSOLIDATION OF MFD MARKET Relaunch of Bournvita in 1999, has now planted its feet in the Malted Food Drink market – Cadbury Nutrition Centre was set up to cater to the nutritional needs of children – BQC continues to be the favourite quiz show amongst children

Bournvita, relaunched in 1999, has now firmly planted its feet on the malted foods platform with considerable market share. But while market share is important, child nutrition remains a top-of-mind issue at Cadbury. Parents be rest assured that with just two cups of Bournvita a day, your kids get maximum nutrition through the Recommended Dietary Allowance recipe.

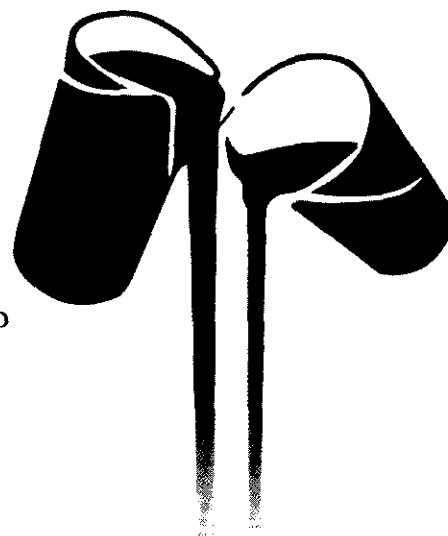
Maintaining its commitment to nutrition, Cadbury also set up the Bournvita Nutrition Centre this year. This is the only one of its kind, and is headed by a professional nutritionist to promote awareness about health of growing children.

Our Bournvita Quiz Contest has become a veritable institution in its own right, and quizmaster Derek O'Brien continues to be the favourite quiz master for little kids across the country.



Happiness

for all occasions



COMPANY

CADBURY INDIA LIMITED

POSITIONING

INTERNET AND GIFTING PRESENCE

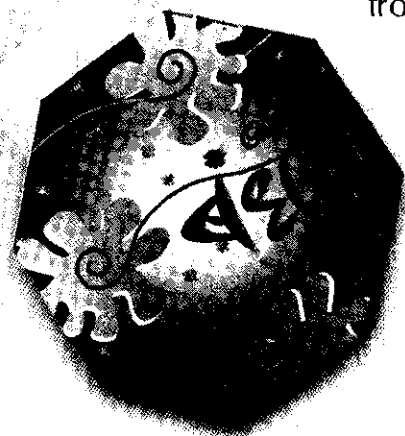
Gifts for all Indian festivals, be it Raksha Bandhan, Diwali, Valentine's Day, etc. - Launch of online chocolate store made gifting possible at the click of the mouse

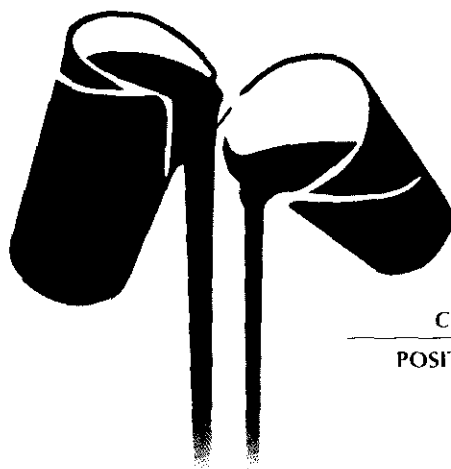
Nothing says 'I care' more than a gift of Cadbury Chocolate. Chocolate is also specially suited to Indian festivals.

The year 2000 saw brothers gift Bandhan packs to sisters on the day of Raksha Bandhan. It saw young suitors buy their loved ones boxes of heart shaped chocolate for

Valentine's Day. It saw families gift each other chocolates for Diwali, a shift from the conventional ghee-laden mithai of yore.

With Cadbury's around, the art of gifting just got sweeter!





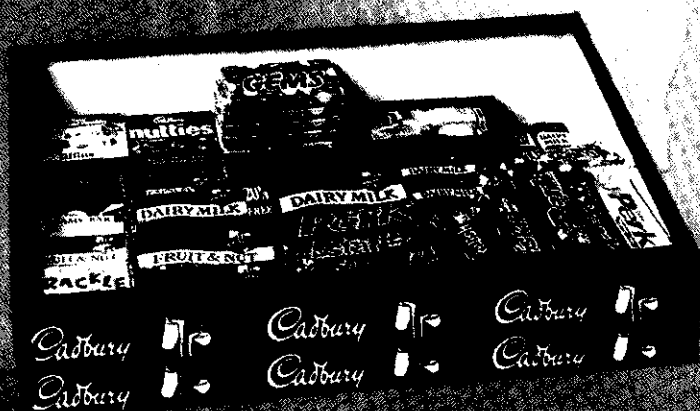
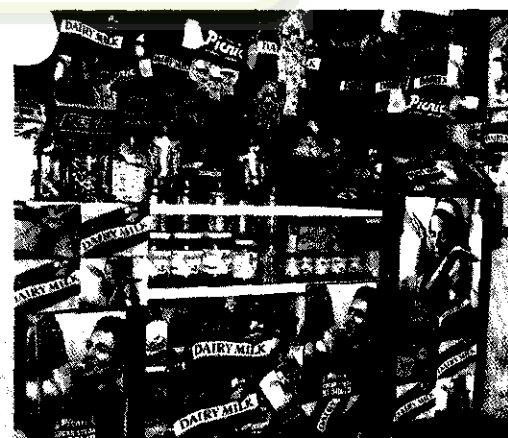
A Cadbury visible in every pocket

COMPANY	CADBURY INDIA LIMITED
POSITIONING	SALES INFRASTRUCTURE INCREASES Tremendous increase in retail outlets and consumers, because of increase in sales & distribution initiatives – Development of visicoolers, introduction of Star and Landmark outlets to increase visibility – Major launches like Milk treat, etc.



Cadbury has added lakhs of new consumers this year whereas retail outlets grew to 4.5 lakhs. Cadbury is now available in every urban and semi-urban town of India.

Refrigerated vans drive the network of roads across this country, and unload our products into refrigerated vending units called visicoolers. This ensures that even at the peak of the Indian summer, our chocolates maintain their perfect shape and form.





Cadbury



Managing for Value

Key Elements

Raising Performance

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

Rewards

- Linked to results
- Contribution driven

Sharpening the culture

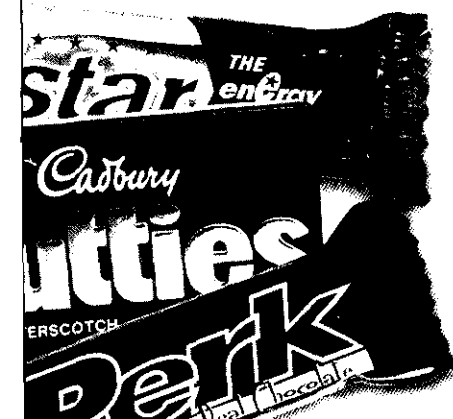
- Behaviours
 - ❖ 3 A's
- Alignment to value drivers
- Change Initiatives
- Communications

Leadership Capabilities

- Imperitives
- Organisation Review
- Benchmarking
- Selection
- Performance
- Development

Value Based Management

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





Report of the Directors

To the Members

Your Directors have pleasure in presenting the 53rd Annual Report on the business and operations of your Company and the Audited Financial Statements for the year ended December 31, 2000.

1. Financial Results

	2000 Rs. Lakhs	1999 Rs. Lakhs
Sales	57114	51108
Other Income	1205	793
	58319	51901
Profit before Interest, Depreciation & Tax	10692	8543
Interest	(311)	(377)
Depreciation	(2185)	(1995)
Profit before Tax and Exceptional Item	8196	6171
Provision for Taxation	(2965)	(2048)
Profit after Tax and before Exceptional Item	5231	4123
Exceptional item and tax adjustments for earlier years	(28)	(453)
Net Profit	5203	3670
Balance in P & L A/c brought forward	1558	1119
Balance available for distribution	6761	4789
Proposed Dividend (including Dividend Tax)	2190	1731
Transfer to General Reserve	2500	1500
Balance in P & L A/c carried forward	2071	1558
	6761	4789

2. Sustained Performance

Your Company remains committed to delivering Superior Shareholder Value through increased sales and tight control over costs. Despite tough market conditions and increased competition, net sales grew 11.8% with a volume growth of 5.2%. This was achieved through a richer product mix, innovative marketing strategies and focused advertising campaigns.

Other Income includes profit from sale of immovable property at Mumbai. The gross profit margin improved from 16.5% to 18.3% through substantial reduction in material costs (favourable prices, recipe changes and efficiencies) and controlled factory costs. Despite the growth of business the interest cost reduced by 17.5% over last year with better management of working capital and cash flows. Depreciation increased this year due to commissioning of new production lines and accelerated depreciation on information technology equipment and visicoolers. Provision for tax increased due to accelerated book depreciation over tax depreciation.

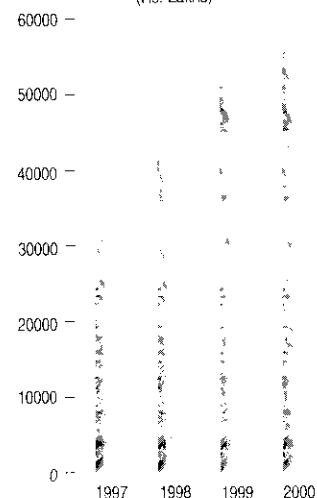
3. Dividend

Your Directors recommend a dividend of Rs. 5.00 for each equity share for the financial year ended December 31, 2000, payable on a higher capital base which increased during the year due to issue of bonus shares in the proportion of one bonus equity share for every two equity shares held. The dividend if approved at the forthcoming Annual General Meeting will be paid out of profits of the Company for the year to:

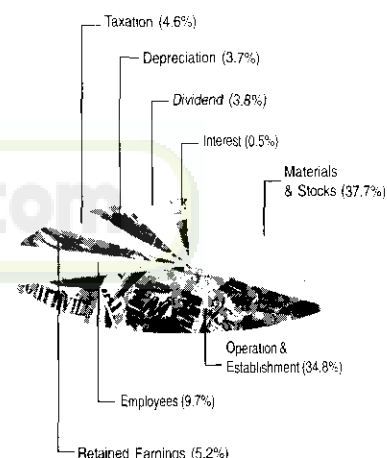
- all those Equity Shareholders whose names appear on the Register of Members of the Company after giving effect to all valid share transfers in physical form lodged with the Company on or before May 28, 2001 or
- those whose names appear as beneficial owners as at the end of business on May 28, 2001 as per lists to be furnished by the Depositories viz. National Securities Depository Limited and Central Depository Services (India) Limited.

Sales

(Rs. Lakhs)



Break up of costs



Profit After Tax

(Rs. Lakhs)

