

*Cadbury*



**CADBURY INDIA LIMITED**

**55th Annual Report 2002**



## **Chairman's Statement**

Dear Shareholders,

It gives me great pleasure to welcome you to the 55<sup>th</sup> annual general meeting of your Company.

Having seen the financial results of the Company you will agree that the performance this year has been more than satisfactory. When compared with the other FMCG peer group companies, which have seen a falling trend, the performance of your Company is very creditable. The sales turnover has grown by 9.7% in value terms and 7.9% in volume terms. The net profit (before exceptional items) this year is 23.1 % higher than that of last year.

You would have no doubt noticed the pruning of dividend this year to 20%. This has been necessary to conserve resources of the Company to acquire the business of Warner Lambert India Private Limited, the company which manufactures and markets Halls, Clorets and Chiclets in India. This is a part of the global deal which was entered into between Cadbury Schweppes plc, U.K. and Pfizer Inc., U.S.A. in December 2002. This acquisition is expected to be completed shortly.

As you are aware following the voluntary offer made by Cadbury Schweppes plc along with Cadbury Schweppes Mauritius Limited and Cadbury Schweppes Overseas Limited, the public shareholding of Cadbury India Limited fell below 10%. In accordance with the intent expressed by the acquirers the Company's equity shares have been delisted from the BSE effective January 20, 2003 and from the NSE effective February 7, 2003. The holding of Cadbury Schweppes Group now stands at 94.5%.

During 2002 your company introduced several innovative products including CADBURY MILK TREAT ECLAIRS, an éclair with a white cream centre, CADBURY CHOCKI a unique liquid chocolate product and CADBURY CELEBRATIONS a premium chocolate assortment aimed at the gifting market segment. Further product innovation came through chocolate offering in a new CHUNKY format and CADBURY HEROS, a collection of miniatures of most of the popular Cadbury branded chocolates. Some of the old brands such as CADBURY 5STAR and CADBURY BOURNVILLE were relaunched with a new recipe and packaging. All these offerings have been well received in the market place.

I have great pleasure in informing you that your Vice-Chairman, Mr. Rajiv Wahi has been appointed as President of the Asia Pacific Region of Cadbury Schweppes plc and this makes him a member of the Group's Executive Committee which is the top decision making body of the global Company. Your Company now forms a part of the vast Asia Pacific Region of the Cadbury Schweppes Group which opens new opportunities for collaborative initiatives in this region.

I now come to changes in the Management team of your Company. I have great pleasure in welcoming Mr. Jaiboy Phillips who was appointed Executive Director – Operations in place of Mr. Johan Strydom who moved to a position in the Cadbury Schweppes Group in South Africa. I also have great pleasure in welcoming Mr. Radhakrishnan Menon Executive Director – Human Resources who comes in place of Mr. Ganesh Sridhar who moved to a position in Cadbury Schweppes Group in the U.K. I would like to place on record the Company's sincere gratitude to Mr. Johan Strydom and Mr. Ganesh Sridhar for their valuable services rendered during their tenure with your Company.

I also wish to place on record our appreciation for the valuable advise and guidance rendered by Mr. N V Iyer who resigned as a Non-Executive Director of the Company on 29.7.2002 after his presence on the board of your Company for 18 years.

While concluding, I extend my sincere gratitude to all the contributors to your Company's success, namely shareholders, employees, suppliers, distributors, retailers, bankers and last but not the least the consumers. I also acknowledge the support and encouragement your Company has always received from the Cadbury Schweppes Group in all spheres of activity.

February 20, 2003

**C Y Pal**  
Chairman

**CADBURY INDIA LIMITED**

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

**ATTENDANCE SLIP**

I hereby record my presence at the 55th Annual General Meeting of the Company at the Mayfair Rooms, 254 - C, Dr. Annie Besant Road, Worli, Mumbai - 400 025, on Monday 31st March, 2003 at 11.00 a.m.

NAME &amp; ADDRESS OF THE SHAREHOLDER

L.F. No. / CL. ID &amp; DP. ID No. :

**SIGNATURE OF THE SHAREHOLDER OR THE PROXY ATTENDING THE MEETING**

If Shareholder, please sign here	If Proxy, please sign here

Note : Shareholders/Proxy holders are requested to bring this duly completed & signed Attendance Slip with them when they come to the meeting and hand it over at the gate. The copy of Annual Report may please be brought to the meeting hall.

**CADBURY INDIA LIMITED**

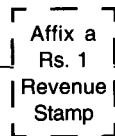
Registered Office : Cadbury House, 19, Bhulabhai Desai Road, Mumbai 400 026.

**PROXY FORM**

L.F. No. / CL. ID &amp; DP. ID No. :

I/We \_\_\_\_\_  
 of \_\_\_\_\_ being a member/members of CADBURY INDIA LIMITED  
 hereby appoint \_\_\_\_\_ of \_\_\_\_\_  
 or failing him/her \_\_\_\_\_ of \_\_\_\_\_  
 as my/our proxy to vote for me/us and on my/our behalf at the 55th ANNUAL GENERAL MEETING  
 of the Company to be held at the Mayfair Rooms, 254 - C, Dr. Annie Besant Road, Worli, Mumbai -  
 400 025, on Monday 31st March, 2003 at 11.00 a.m. and at any adjournment thereof.  
 As witness my/our hand(s) this \_\_\_\_\_ day of \_\_\_\_\_ 2003

(Signature of the Shareholder)



Note : The 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.



## Notice

NOTICE IS HEREBY GIVEN THAT THE FIFTY – FIFTH ANNUAL GENERAL MEETING OF THE MEMBERS OF CADBURY INDIA LIMITED will be held on Monday, March 31, 2003 at 11.00 a.m. at the Mayfair Rooms, 254-C, Dr. Annie Besant Road, Worli, Mumbai 400 025 to transact the following business :

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended December 29, 2002 and the Balance Sheet as on that date and the Reports of the Directors and the Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of **Mr. Suresh Talwar**, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of **Mr. Prashant Chhaya**, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of **Mr. Vidyut Arte**, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint M/s. Deloitte Haskins & Sells, Chartered Accountants, Mumbai as Auditors in place of M/s A. F. Ferguson & Co., Mumbai, the retiring Auditors and to authorise the Board of Directors to fix their remuneration.

### SPECIAL BUSINESS :

7. To appoint **Mr. Jaiboy Phillips** as a Director of the Company liable to retire by rotation.
8. To consider and if thought fit, to pass with or without modification (s), as an Ordinary Resolution the following :  
  

“RESOLVED THAT the Company hereby approves the appointment of Mr. Jaiboy Phillips as an Executive Director with effect from July 1, 2002 for a period of 5 years on the terms and conditions set out in the Agreement dated August 5, 2002 entered into between the Company and Mr. Jaiboy Phillips, a copy of whereof initialled by the Chairman of the Board for the purpose of identification, is placed before the meeting.”
9. To appoint **Mr. Radhakrishnan Menon** as a Director of the Company liable to retire by rotation.
10. To consider and if thought fit, to pass with or without modification (s), as an Ordinary Resolution the following:  
  

“RESOLVED THAT the Company hereby approves the appointment of Mr. Radhakrishnan Menon as an Executive Director with effect from July 4, 2002 for a period of 5 years on the terms and conditions set out in the Agreement dated August 5, 2002 entered into between the Company and Mr. Radhakrishnan Menon, a copy of whereof initialled by the Chairman of the Board for the purpose of identification, is placed before the meeting.
11. Consider and if thought fit, to pass with or without modification (s), as an Ordinary Resolution the following:  
  

“RESOLVED THAT subject to the provisions of Section 309 and 310 read with other applicable provisions, if any, of the Companies Act, 1956 and subject to the conditions specified in the Schedule XIII thereunder, the Company hereby accords its approval to the increase in the commission payable to the Executive Directors of the Company from the existing overall limit of Rs. 10 Lakhs to Rs. 20 Lakhs and for the Managing Director of the Company from the existing overall limit of Rs. 30 Lakhs to Rs. 45 Lakhs, effective financial year 2002, as set out in the Agreements entered into between the Company and the concerned Executive Directors and Managing Director, copies whereof initialled by the chairman of the Board for the purpose of identification, are placed before the meeting.”

**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 item nos.7 to 11 stated above is annexed hereto.
- (c) The Register of Members and Share Transfer Books of the Company will remain closed from March 18, 2003 to March 31, 2003, both days inclusive.
- (d) Dividend on Equity Shares as recommended by the Directors for the financial year ended December 29, 2002 when declared at the meeting will be paid:
- (i) to those Members 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 March 17, 2003, or
  - (ii) in respect of shares held in electronic form, to those "Deemed Members" whose names appear in the Statement of Beneficial Ownership furnished by the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) as at the end of business hours on March 17, 2003.
- (e) The Company has transferred unclaimed dividends up to December 31, 1994 to the General Revenue Account of the Central Government as required under Section 205A of the Companies Act, 1956.
- (f) The Company has transferred the unclaimed share application money received by the company for allotment of securities in the year 1993 and due for refund, to the Investor Education and Protection Fund of the Central Government as required under Section 205C of the Companies Act, 1956.
- (g) Members seeking any information or clarification on the Accounts are requested to send in written queries to the Company, at least one week before the date of the meeting. Replies will be provided in respect of such written queries received only at the meeting.
- (h) Members/Proxies should bring the Attendance Slip sent herewith, duly filled in, for attending the meeting.
- (i) Members are requested to immediately address their communications regarding transfer of shares, change of address, dividend mandates, etc. quoting their folio number(s) to the Company's Registrar & Transfer Agent:

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

Telephone (022) 22825163, 22844668,  
22881568, 22881569  
Fax : (022) 22825484

OR

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

Telephone: (022) 28215168,  
28348218, 28215991,  
28329828, 28347719  
Fax : (022) 28375646



- (j) **Members holding shares in identical order of names in more than one folio are requested to write to the Company's aforesaid Registrar & Transfer Agent, and send their share certificates to enable consolidation of their holdings into one folio.**
- (k) **Members holding shares in dematerialised form, may please note that while opening a depository account with participants they may have given their bank account details, which will be printed on their dividend warrants. However, if Members want to change/correct the bank account details, they should communicate the same immediately to the concerned Depository Participant. Members are also requested to furnish the MICR code of their bank to their Depository Participant. The Company will not entertain any direct request from Members for deletion / change in the bank account details furnished by Depository Participants to the Company.**
- (l) **Members holding shares in physical form are requested to note that, in order to avoid any loss/interception in postal transit and also to get prompt credit of dividend through Electronic Clearing Service (ECS), they should submit their ECS details to the Company's Registrar & Transfer Agent by March 17, 2003. The requisite ECS application form can be obtained from the Company's Registrar & Transfer Agent. Alternatively, Members may provide details of their bank account quoting their folio numbers by the said date, to the Company's Registrar & Transfer Agent to enable them to print such details on the dividend warrants.**
- (m) **Members who hold shares in the physical form can nominate a person in respect of all the shares held by them singly or jointly. Members who hold shares in single name are advised, in their own interest to avail of the nomination facility by filling Form 2B. Blank forms will be supplied by Company's Registrar & Transfer Agent on request. Members holding shares in the dematerialised form may contact their Depository Participant for recording nomination in respect of their shares.**
- (n) **Members are requested to bring their copy of the Annual Report to the Annual General Meeting.**

By Order of the Board of Directors



**Ms. Monaz Noble**  
Company Secretary

Mumbai : February 20, 2003

**Registered office :**

Cadbury House  
19, Bhulabhai Desai Road  
Mumbai 400 026.



## I. Explanatory Statement under Section 173(2) of the Companies Act, 1956

### Item No. 6

The retiring auditors M/s. A. F. Ferguson & Co. (AFF), Mumbai, have indicated that they do not seek reappointment as auditors of the Company. The Company proposes appointment of M/s. Deloitte Haskins & Sells (DH&S), Chartered Accountants, Mumbai, as the auditors.

As required under Section 225(1) of the Companies Act, 1956, a Special Notice in terms of Section 190 of the said Act has been received from a shareholder, proposing the appointment of M/s Deloitte Haskins & Sells, Chartered Accountants, Mumbai, as the Auditors of the Company in place of M/s. A. F. Ferguson & Co., Chartered Accountants, the retiring auditors. The retiring auditors have informed the Company that they have no representation to make to the members of the Company relating to the Special Notice.

The Board therefore recommends the appointment of DH&S as auditors of the Company in the vacancy caused by AFF.

None of the Directors of the Company is concerned or interested in this resolution.

### Item No. 7

The Board of Directors appointed Mr. Jaiboy Phillips as an Executive Director of the Company with effect from July 1, 2002 to fill in the casual vacancy caused by the resignation of Mr. Johan Strydom in accordance with the provision of the Article 113 of the Articles of Association of the Company read with Section 262 of the Companies Act, 1956.

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

### Item No. 8

The Board of Directors appointed Mr. Phillips as an Executive Director of the Company with effect from July 1, 2002 for a period of 5 years.

Mr. Phillips holds a Bachelor of Technology (Chemical) Degree. He joined the Company in November 1981 as a Management Trainee. Thereafter, over the years he moved up through various responsibilities which includes Operations, Supply Chain, Sales, Sales Administration, Commercial and R & D. He brings with him vast experience and insights into the Operation side of our business.

The terms of appointment, remuneration and perquisites of Mr. Phillips are set out in the 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. Phillips as set out in the said Agreement are as follows :

#### Remuneration

##### Salary

- Rs.1,30,000/- per month including allowances from July 1, 2002.
- Utility allowance of Rs 3,56,160/- per annum
- Any increases within the overall limit of Rs 5,00,000/- per month as may be approved by the Board.

#### Commission

- Commission upto Rs.10 lakhs per annum subject to an overall ceiling laid down under Section 309 of the Companies Act, 1956.





### **Retirement Benefits**

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

### **Perquisites/Benefits**

- Company accommodation
- Gas, electricity and water expenses 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 rules.
- Club fees – Membership of one club.
- Housing loan, Furniture and Appliance scheme as per Company policy
- Use of car and reimbursement of expenses on telephone at residence.
- Reimbursement of expenses actually and properly incurred in cash or by credit card for the business of the Company.
- Leave – With full pay and allowance as per rules of the Company but not exceeding one month's leave for every 11 months of service.
- Shifting and Joining allowance for relocation (one time).

The Board of Directors of the Company is authorised to vary the aforesaid remuneration, perquisites, benefits and amenities, including the monetary value thereof, as specified in the Agreement, entered into with Mr. Phillips, provided the said variation or increase is within the overall limits laid down under the relevant provisions of the Companies Act, 1956 and Schedule XIII thereto.

In the event of loss or inadequacy of profits in any financial year of the Company, the provisions of Schedule XIII to the Companies Act, 1956 shall apply.

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

A copy of the aforesaid Agreement entered into between the Company and Mr Phillips is available for inspection by the Members at the Registered Office of the Company, between 10.00 a.m. to 1.00 p.m. on any working day of the Company up to the date of the Annual General Meeting.

The Board of Directors recommend this Resolution for the approval of the Members.

### **Memorandum of Interest**

Except Mr. Phillips, no other Director is concerned or interested in the said Resolution.

### **Item No. 9**

Mr. Radhakrishnan Menon was appointed as an Additional Director of the Company with effect from July 4, 2002 in accordance with the provisions of Article 114 of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956. Mr. Menon holds office as a Director up to this Annual General Meeting and has agreed to be considered for appointment.

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

### **Item No.10**

The Board of Directors appointed Mr. Menon as an Executive Director of the Company with effect from July 4, 2002 for a period of 5 years.





Mr. Menon holds a Personnel Management & Industrial Relations Masters Degree from the Tata Institute of Social Sciences, Mumbai and has completed his Bachelors Degree in English Literature. He brings with him over 23 years of work experience in the field of HR. The Company looks forward to avail the experience and services of Mr. Menon.

The appointment, remuneration and perquisites of Mr. Menon are set out in the 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. Menon as set out in the said Agreement are as follows :

#### **Remuneration**

##### **Salary**

- Rs.1,50,000/- per month including allowances from July 4, 2002.
- Utility allowance of Rs 3,56,160/- per annum
- Any increases within the overall limit of Rs 5,00,000/- per month as may be approved by the Board.

##### **Commission**

- Commission upto Rs.10 lakhs per annum subject to an overall ceiling laid down under Section 309 of the Companies Act, 1956.

##### **Retirement Benefits**

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

##### **Perquisites/Benefits**

- Company accommodation
- Gas, electricity and water expenses 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 rules.
- Club fees – Membership of one club.
- Housing loan, Furniture and Appliance scheme as per Company policy
- Use of car and reimbursement of expenses on telephone at residence.
- Reimbursement of expenses actually and properly incurred in cash or by credit card for the business of the Company.
- Leave – With full pay and allowance as per rules of the Company but not exceeding one month's leave for every 11 months of service.
- Shifting and Joining allowance for relocation (one time).

The Board of Directors of the Company is authorised to vary the aforesaid remuneration, perquisites, benefits and amenities, including the monetary value thereof, as specified in the Agreement, entered into with Mr. Menon, provided the said variation or increase is within the overall limits laid down under the relevant provisions of the Companies Act, 1956 and Schedule XIII thereto.

In the event of loss or inadequacy of profits in any financial year of the Company, the provisions of Schedule XIII to the Companies Act, 1956 shall apply.

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



A copy of the aforesaid Agreement entered into between the Company and Mr. Menon is available for inspection by the Members at the Registered Office of the Company, between 10.00 a.m. to 1.00 p.m. on any working day of the Company up to the date of the Annual General Meeting.

The Board of Directors recommend this Resolution for the approval of the Members.

#### **Memorandum of Interest**

Except Mr. Menon, no other Director is concerned or interested in the said Resolution.

#### **Item No. 11**

In view of the substantial growth of the business of the Company, over the last few years, the responsibilities of the Executive Directors and Managing Director have increased tremendously. The market for experienced senior management personnel has also substantially changed in view of the many opportunities in India and abroad. Commission level, therefore, need to conform to international standards.

It is accordingly proposed to increase the limit of commission as indicated in the resolution. The others terms and conditions of the agreement approved remained unchanged.

Except the Managing Director and the Executive Directors, none of the other directors is interested in this resolution.

#### **II. As required under clause 49 (VI) of the Listing Agreement given below are the details of the directors proposed for re-appointment.**

##### **Mr. Talwar**

Mr. Talwar is a B Com and a Bachelor of Law(LLB). He is a partner of Crawford Bayley & Co., Mumbai (Solicitors & Advocates). Currently he is Legal Counsel to numerous Indian Companies, Multinational Corporations, Indian and Foreign Banks. He has wide experience in Corporate Laws, Corporate Tax, Foreign Laws and MRTP.

Outside directorship	: Greaves Morganite Crucible Ltd
(excluding Private Limited Companies	: Jog Engineering Ltd
and Alternate Directorships)	: Merck Ltd
	: Blue Star Ltd
	: Blue Star Infotech Ltd
	: Birla Sun Life insurance Co Ltd
	: Burroughs Wellcome (India) Ltd
	: BPL Communications Ltd
	: Carborundum Universal Ltd
	: Chowgule & Company Ltd
	: Sandvik Asia Ltd
	: Shrenuj & Co. Ltd
	: Solvay Pharma India Ltd
	: Sonata Software Ltd.
Committee membership	: Ten (Chairman of 4 Committees)