

Cadbury



CADBURY INDIA LIMITED

58th Annual Report 2005

BOARD OF DIRECTORS

CHAIRMAN

C Y Pal

VICE CHAIRMAN

Rajiv Wahi

MANAGING DIRECTOR

Anand Kripalu

NON EXECUTIVE DIRECTORS

Amit Banati

Harsh Mariwala

Jaithirth Rao

Suresh Talwar

EXECUTIVE DIRECTORS

Vidyut Arte

Girish Bhat

V Chandramouli

Radhakrishnan Menon

Jaiboy Phillips

Sanjay Purohit

COMPANY SECRETARY

Monaz Noble

GENERAL MANAGERS

Vivek Aggarwal	Finance
Jimmy Gandhi	Materials
Sharad Gangal	Employee Relations & H R Services
Shivanand Sanadi	Legal Affairs
Sunil Taldar	Sales
Ajit Tawde	Science & Technology
Cedric Vaz	Operations

AUDITORS

M/s. Deloitte Haskins & Sells, Mumbai

ADVOCATES & SOLICITORS

Crawford Bayley & Co., Mumbai

K.J. John & Co., New Delhi

BANKERS

Citibank N A

HDFC Bank Ltd.

State Bank of India

REGISTERED OFFICE

Cadbury House

19, Bhulabhai Desai Road, Mumbai 400 026.

Tel.: 40073100 • Fax: 23521698

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Notice

NOTICE IS HEREBY GIVEN THAT THE FIFTY – EIGHTH ANNUAL GENERAL MEETING OF THE MEMBERS OF CADBURY INDIA LIMITED will be held on Thursday, May 4, 2006 at 3.00 p.m. at Sunville, Royal Room, 3rd Floor, 9, 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 1, 2006 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. Harsh Mariwala**, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of **Mr. Jaithirth Rao**, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of **Mr. Sanjay Purohit**, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

7. To appoint Mr. Vidyut Arte 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 subject to the provisions of Sections 198, 260, 269, 309 and 310 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. Vidyut Arte as an Executive Director of the Company for a period of 5 years commencing from May 23, 2005 on the terms and conditions set out in the agreement entered into between the Company and Mr. Vidyut Arte, a copy of whereof initialed by the Chairman of the Board for the purpose of identification, is placed before the meeting.”

9. To appoint Mr.V Chandramouli 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 subject to the provisions of Sections 198, 260, 269, 309 and 310 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. V Chandramouli as an Executive Director of the Company for a period of 5 years commencing from May 25, 2005 on the terms and conditions set out in the agreement entered into between the Company and Mr. V Chandramouli, a copy of whereof initialed by the Chairman of the Board for the purpose of identification, is placed before the meeting.”

11. To 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 Sections 198, 269, 309 and 310 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. Anand Kripalu as Managing Director- Designate of the Company from November 7, 2005 to December 31, 2005 and as Managing Director from January 1, 2006 for a period of 3 years commencing from November 7, 2005 subject to the approval of the Central Government on the terms and conditions set out in the agreement entered into between the Company and Mr. Anand Kripalu , a copy of whereof initialed by the Chairman of the Board for the purpose of identification, is placed before the meeting.”

12. To 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 20 lacs to Rs 40 lacs effective financial year 2006.”



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

"RESOLVED THAT pursuant to the provisions of Article 13 of the Articles of Association of the Company and in accordance with the provisions of Sections 77A and 77B and all other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as "the Act") and the provisions contained in the Private Limited Company and Unlisted Public Limited Company (Buy-back of Securities) Rules, 1999 as amended upto date (hereinafter referred to as "the Buy-back Regulations") including any statutory modification(s) or re-enactment of the said Act or Rules framed thereunder from time to time or the Buy-back Regulations, for the time being in force and subject to such approvals, permissions and sanctions as may be necessary and further subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which expression shall be deemed to include a Committee thereof), the consent of the Company be and is hereby accorded to the Board to purchase or Buy-back its fully paid-up equity shares of the face value of Rs.10/- each up to a maximum of 13,54,667 equity shares and cash outflow not exceeding Rs.10160 lacs (Rupees One hundred and one crores sixty lacs only) at a price not exceeding Rs.750/- (Rupees Seven hundred fifty) per equity share (hereinafter referred to as "the Buy-back").

RESOLVED FURTHER THAT the Board be and is hereby authorised to implement the Buy-back within a period of twelve months from the date of passing of this Resolution (or such extended period as may be permitted under the Act or the Buy-back Regulations or by the appropriate authorities) in one or more tranches from out of the Company's Free Reserves and/or the Securities Premium Account and/or the proceeds of earlier issue of shares other than equity shares made specifically for Buy-back purposes, by adopting the methodology involving purchase of the Equity Shares from the existing equity shareholders on a proportionate basis, in such manner as may be prescribed by the Act and/or the Buy-back Regulations and on such terms and conditions as the Board may from time to time in its absolute discretion deem fit.

RESOLVED FURTHER THAT within the limits of maximum of 13,54,667 equity shares and cash outflow not exceeding Rs.10160 lacs (Rupees One hundred and one crores sixty lacs only) at a price not exceeding Rs.750/- (Rupees Seven hundred fifty) per equity share stipulated as aforesaid, the Board be and is hereby authorised to determine the aggregate amount to be utilised towards the Buy-back including the number of equity shares to be bought back, the specific price for individual transactions in the Buy-back and the time frame for the completion of the modalities for the closure of the Buy-back.

RESOLVED FURTHER THAT subject to applicable statutory regulations and within the overall limits of a maximum of 13,54,667 equity shares and cash outflow not exceeding Rs.10160 lacs (Rupees One hundred and one crores sixty lacs only) at a price not exceeding Rs.750/- (Rupees Seven hundred fifty) per equity share, the Board be and is hereby authorised to implement Buy-back through one or more of the other permitted methodologies including tender route, within a period of twelve months (or such permitted extended period) from the date of passing of this resolution and the Board may decide to close the Buy-back through the methodology of purchase of the Equity Shares from the existing equity shareholders on a proportionate basis.

RESOLVED FURTHER THAT nothing contained hereinabove shall confer any right on the part of any shareholder to offer and/or any obligation on the part of the Company or the Board to Buy-back any shares, and/or impair any power of the Company or the Board to terminate any process in relation to such Buy-back, if so permissible by law.

RESOLVED FURTHER THAT the buy-back of shares from non-resident shareholders, and/or shareholders of foreign nationality shall be subject to such further approvals as may be required including approvals, if any, from the Reserve Bank of India under the Foreign Exchange Management Act, 1999 and the Rules/Regulations framed thereunder.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of its powers to any Committee of Directors of the Company for giving effect to the aforesaid Resolutions."

NOTES:

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF ONLY ON A POLL 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 no.7 to 13 stated above is annexed hereto.
- (c) The Register of Members and Share Transfer Books of the Company will remain closed from April 22, 2006 to May 4, 2006, both days inclusive.
- (d) Dividend on Equity Shares as recommended by the Directors for the financial year ended January 1, 2006 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 April 21, 2006, 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 April 21, 2006.
- (e) The Company has transferred the unclaimed amounts of dividends up to the financial year ended January 3, 1998 to the General Revenue Account / Investor Education and Protection Fund of the Central Government as required under Sections 205A and 205C of the Companies Act, 1956.
- (f) Members are requested to encash their Dividend Warrants on receipt as Dividend remaining unclaimed for seven years are required to be transferred to the Investor Education and Protection Fund established by the Central Government under Section 205C of the Companies Act, 1956. Once unclaimed dividends are transferred to this fund, Members will not be entitled to claim these dividends.
- (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, 28215991
28348218,
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 the depository 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 April 21, 2006. 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

Monaz Noble
Company Secretary

Mumbai

Date : March 23, 2006

Registered office :

Cadbury House
19, Bhulabhai Desai Road
Mumbai 400 026.





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

Item Nos. 7 & 8

The Board of Directors appointed Mr. Vidyut Arte as an Additional Executive Director of the Company with effect from May 23, 2005 for a period of 5 years. Mr. Arte holds the office upto the forthcoming Annual General Meeting and has agreed to be considered for appointment.

The terms of appointment, remuneration and perquisites of Mr. Arte as set out in the Agreement referred to in the resolution are subject to the approval of the Shareholders of the Company.

The Company has also 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. Arte for the office of a Director of the Company

The material terms of appointment and remuneration of Mr. Arte as set out in the said Agreement are as follows:

- | | | | |
|--------------|---|---|---|
| Clause 1 | Parties to the Contract | : | (a) Cadbury India Limited
(b) Mr Vidyut Arte |
| Clause 2 | Effective date of appointment as Executive Director | : | May 23, 2005 |
| | Duration of the term | : | 5 years |
| Clause 3 | Duties of Executive Director | : | Substantial powers of management subject to such restrictions as the Board may impose from time to time. |
| Clause 4 | Place of Work | : | Regd. Office of the Company |
| Clause 5 & 6 | Remuneration, Perquisites and benefits | : | Salary
- Rs 2,57,500/- p.m. excluding allowances
- Special Allowance Rs. 7,500/- p.m.
- Utility Allowance Rs 4,26,000/- p.a.
- Any increases within the overall limit of Rs 5,00,000/- p.m. as may be approved by the Board of Directors from time to time.
Commission
- Commission upto maximum of Rs. 20,00,000 p.a.
Provident fund, Gratuity and Superannuation:
- As per applicable rules from time to time and Company policy.
Perquisites /Benefits
- Company accommodation
- Gas, electricity and water expenses to be reimbursed by the Company
- Medical Reimbursement and Personal Accident Insurance as per the Company policy
- Leave Travel Allowance, once in a year, as per the rules of the Company
- Club fees – Membership of 1 club
- Use of car with driver
- Reimbursement of expenses on telephone at residence.
- Housing Loan, Furniture & Appliance Scheme as per Company policy
- Reimbursement of expenses reasonably incurred in cash or by credit card while on Company duty |



- | | | |
|----------|------------------------------|--|
| Clause 7 | Confidentiality: | - Executive Director not to divulge, disclose or use for his own purpose, information, knowledge etc. relating to the business activities of the Company gathered during employment with the Company. |
| Clause 8 | Termination of the agreement | : Automatic termination due to superannuation, resignation, etc.
- Immediate termination due to misconduct, conviction for a criminal offence or dishonest acts.
- Termination with 3 months notice during prolonged illness or incapacity.
- Mutual notice for termination |
| Clause 9 | Notices to either parties | : Mode of Service |

APPENDIX

1. Inventions and improvements
2. Confidential information – not to divulge trade secret or confidential information
3. Non Solicitation – after termination of the employment
4. Non Competition
5. Return of papers – after termination of the agreement

The Board of Directors of the Company is authorised to vary the aforesaid remuneration, perquisites and benefits, including the monetary value thereof, provided the said variation is as per Company policy and within the overall limits laid down in 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, payment of remuneration will be made in accordance with the provisions of Schedule XIII to the Companies Act, 1956.

Mr Arte 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. Arte 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 aforesaid explanatory statement may also be treated as an abstract of Mr. Arte's contract of service under Section 302 of the Companies Act, 1956.

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

Memorandum of Interest

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

Item Nos. 9 & 10

The Board of Directors appointed Mr. V Chandramouli as an Additional Executive Director of the Company with effect from May 25, 2005 for a period of 5 years. Mr. Chandramouli holds the office upto the forthcoming Annual General Meeting and has agreed to be considered for appointment

The terms of appointment, remuneration and perquisites of Mr. Chandramouli as set out in the Agreement referred to in the resolution are subject to the approval of the Shareholders of the Company.

The Company has also 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. Chandramouli for the office of a Director of the Company

The material terms of appointment and remuneration of Mr. Chandramouli as set out in the said Agreement are as follows:

- | | | |
|----------|-------------------------|--|
| Clause 1 | Parties to the Contract | : (a) Cadbury India Limited
(b) Mr V Chandramouli |
|----------|-------------------------|--|

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The Board of Directors of the Company is authorised to vary the aforesaid remuneration, perquisites and benefits, including the monetary value thereof, provided the said variation is as per Company policy and within the overall limits laid down in 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, payment of remuneration will be made in accordance with the provisions of Schedule XIII to the Companies Act, 1956.

Mr Chandramouli 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. Chandramouli 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 aforesaid explanatory statement may also be treated as an abstract of Mr. Chandramouli's contract of service under Section 302 of the Companies Act, 1956.

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

Memorandum of Interest

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

Item No. 11

The Board of Directors appointed Mr. Anand Kripalu as a Managing Director – Designate starting from November 7, 2005 till December 31, 2005 and as Managing Director of the Company effective January 1, 2006 for a period of 3 years from November 7, 2005.

The terms of appointment, remuneration and perquisites of Mr. Kripalu as set out in the Agreement referred to in the resolution are subject to the approval of the Shareholders of the Company.

The material terms of appointment of Mr. Kripalu as set out in the said Agreement are as follows :

- | | | | |
|--------------|--|---|--|
| Clause 1 | Parties to the Contract | : | (a) Cadbury India Limited
(b) Mr Anand Kripalu |
| Clause 2 | Effective date of appointment as Managing Director | : | November 7, 2005 |
| | Duration of the term | : | 3 years |
| Clause 3 | Duties of Managing Director | : | Substantial powers of management subject to such restrictions as the Board may impose from time to time. |
| Clause 4 | Place of Work | : | Regd. Office of the Company |
| Clause 5 & 6 | Remuneration, Perquisites and benefits | : | Salary
- Rs 8,00,000/- p.m. - base salary
- Utility Allowance Rs 4,25,000/- p.a.
- Any increases in the base salary and utility allowance within the overall limit of Rs. 20,00,000/- p.m. as may be approved by the Board of Directors from time to time.
Commission/Annual Incentive Plan
- Commission or the annual incentive plan will be targeted at 50% of the annual base salary with a maximum possible payout of 75% as may be approved by the Board of Directors from time to time. |