



**CADBURY INDIA LIMITED**

**64th Annual Report 2011**

# BOARD OF DIRECTORS

## CHAIRMAN

C. Y. Pal

## MANAGING DIRECTOR

Anand Kripalu

## NON EXECUTIVE DIRECTORS

Harsh Mariwala

Radhakrishnan Menon

## EXECUTIVE DIRECTORS

Atul Bhatia

V. Chandramouli

Sree Patel

Rajesh Ramanathan

Frans Rydén

Neel Kant Saxena

Narayan Sundararaman

Sunil Taldar

## COMPANY SECRETARY

Barkha Bordia

## AUDITORS

M/s. Lovelock & Lewes, Mumbai

## ADVOCATES & SOLICITORS

Taiwar Thakore & Associates, Mumbai

K. J. John & Co., New Delhi

## BANKERS

Bank of India

Citibank NA

HDFC Bank Ltd.

HSBC Ltd.

State Bank of India

The Royal Bank of Scotland N.V.

## REGISTERED OFFICE

Cadbury House,

19, Bhulabhai Desai Road,

Mumbai 400 026

Tel.: 40073100 • Fax.: 23521698

## WORKS

Thane : 1 Pokharan Road, Eastern Express  
Highway, Thane - 400 606, Maharashtra

Induri : Talegaon Dabhade, Pune - 410 507,  
Maharashtra

Malanpur : Plot No. 25, Malanpur Industrial Area,  
Village Gurikha, Tehsil Gohad,  
District Bhind, Gwalior - 477 116,  
Madhya Pradesh

Baddi : Hadbast No. 199, Village Sandholi  
Baddi, Tehsil - Nalagarh,  
Dist. Solan - 173205, Himachal Pradesh

Bangalore : Jodi Hanumanapalya Mahadevapura  
Post, Mangalore Road,  
Nelamangala - 562123, Bangalore,  
Karnataka

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## CHAIRMAN'S STATEMENT

Dear Shareholders,

2011 was another good year for Cadbury India Limited.

We continued to invest in our legacy portfolio and in our power brands, focused on customer execution at point of buying and increased numeric distribution. Innovation continued to fuel our growth contributing 16 percent to our net revenue.

Our net revenue grew by 34 percent to Rs. 3359 crores and profit grew by 42 percent to Rs. 297 crores.

2011 was also the year of more rewards and recognitions. We were nominated Client of the Year at the Effies. Our CDM Shubh Aarambh campaign continues to win awards across platforms like the Effies, Abbies and Grand Prix.

We are proud to continue our support for agricultural sustainability in India through our Cocoa Gold programme. Cocoa Gold reaches out to community of 66,000 existing Cocoa farmers and aims adding approximately 7500 new farmers every year. Hardly surprising then that the Cocoa tree is called the Cadbury tree in India!

In October as part of Delicious Difference Week over 1600 of our colleagues across the country served 15,000 meals to underprivileged children. We reaffirmed our commitment to Sahyog – a non formal education programme in Himachal Pradesh which targets to bring children of migrant workers into the formal education system. And we continue to support our village development program SARVAM in the south of the country.

Thank you for your continued support.

Best wishes,

**O. Y. Pal**  
Chairman

Mumbai:  
May 25, 2012



## NOTICE

NOTICE IS HEREBY GIVEN THAT THE SIXTY-FOURTH ANNUAL GENERAL MEETING OF THE MEMBERS OF CADBURY INDIA LIMITED will be held on June, 29, 2012 at 3.00 p.m. at Textiles Committee (Auditorium) (Govt. of India, Ministry of Textiles), P. Balu Road, Prabhadevi Chowk, Prabhadevi, 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 31, 2011 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. Radhakrishnan Menon**, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of **Mr. V Chandramouli**, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass with or without modification (s), as an Ordinary Resolution the following:

"RESOLVED THAT M/s. Lovelock & Lewes, Chartered Accountants, Mumbai, be and are hereby appointed as the Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors of the Company."

### SPECIAL BUSINESS:

6. To appoint Mr. Neel Kant Saxena as a Director of the Company liable to retire by Rotation.
7. To consider and if thought fit, to pass with or without modification (s), as an Ordinary Resolution the following:  
"RESOLVED THAT pursuant to the provisions of Sections 198, 260, 269, 309 and 310 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. Neel Kant Saxena as an Executive Director of the Company for a period of 5 years commencing from October 1, 2011, on the terms and conditions set out in the agreement entered into between the Company and Mr. Neel Kant Saxena, a copy of whereof initialled by the Chairman of the Board for the purpose of identification, is placed before the meeting."
8. To consider and if thought fit, to pass with or without modification (s), as an Ordinary Resolution the following:  
"RESOLVED THAT pursuant 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 re-appointment of and remuneration payable to Mr. Anand Kripalu as Managing Director of the Company for a period of 5 years commencing from November 7, 2011, on the terms and conditions set out in the agreement entered into between the Company and Mr. Anand Kripalu, a copy of whereof initialled by the Chairman of the Board for the purpose of identification, is placed before the meeting."
9. To consider and if thought fit, to pass with or without modification (s), as an Ordinary Resolution the following:  
"RESOLVED THAT pursuant 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 re-appointment of and remuneration payable to Mr. Atul Bhatia as an Executive Director of the Company for a period of 5 years commencing from May 15, 2012, on the terms and conditions set out in the agreement entered into between the Company and Mr. Atul Bhatia, a copy of whereof initialled by the Chairman of the Board for the purpose of identification, is 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 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 nos.6 to 9 stated above is annexed hereto.
- (c) The Register of Members and Share Transfer Books of the Company will remain closed from June 16, 2012 to June 29, 2012, both days inclusive, in terms of the provisions of Section 154 of the Companies Act, 1956.
- (d) Dividend on Equity Shares as recommended by the Directors for the financial year ended December 31, 2011 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 June 15, 2012
- 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 June 15, 2012.
- (e) The Company has transferred the unclaimed amounts of dividends up to the financial year ended December 28, 2003 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 is 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) 66134700  
Fax : (022) 22825484

OR

13 AB, Samhita Co.op. Warehousing Complex,  
Plot No. 53, Sakinaka,  
Off Andheri Kurla Road,  
Andheri (E)  
Mumbai - 400 072

Telephone: (022) 67720300,  
67720400  
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 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

**Barkha Bordia**  
Company Secretary

Mumbai  
Date : May 25, 2012

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



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

### Item No. 6 & 7

The Board of Directors appointed Mr. Neel Kant Saxena as an Additional Executive Director of the Company with effect from October 1, 2011 for a period of 5 years.

The terms of appointment, remuneration and perquisites of Mr. Neel Kant Saxena as set out in the Agreement referred to in the resolution are subject to the approval of the Shareholders of the Company and the Central Government under Schedule XIII of the Companies Act, 1956. The approval from Central Government will be obtained as Mr. Neel Kant Saxena was not staying in India for a continuous period of twelve months immediately preceding the date of his appointment.

The Company has also received notice under Section 257 of the Companies Act, 1956, along with a deposit of ₹ 500 from a member intimating his intention to propose the candidature of Mr. Neel Kant Saxena for the office of a Director of the Company.

The terms of agreement referred to above between Cadbury India Limited and Mr. Neel Kant Saxena are set out below:

Clause 1	Parties to the Contract	: (a) Cadbury India Limited (b) Mr. Neel Kant Saxena
Clause 2	Effective date of appointment as Executive Director	: October 1, 2011
	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	: <b>Salary</b> (1) Basic Salary – ₹ 4,18,000/- p.m. (2) Allowances – ₹ 3,62,859/- p.m. – Any increases in Basic Salary and allowances within the overall limit of ₹ 15 Lacs p.m. as may be approved by the Board of Directors from time to time. <b>Management Incentive Plan/Commission</b> – Management Incentive Plan/Commission subject to a maximum of 1% of Net Profit. <b>Provident fund, Gratuity and Superannuation:</b> – As per applicable rules from time to time and Company policy. <b>Perquisites/Benefits</b> – 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.



- |          |                              |   |  |
|----------|------------------------------|---|--|
| Clause 7 | Confidentiality              | : | <ul style="list-style-type: none"><li>- Housing Loan, Furniture &amp; Appliance Scheme as per Company policy.</li><li>- Reimbursement of expenses reasonably incurred in cash or by credit card while on Company duty.</li><li>- Shifting and joining allowance for relocation (one time).</li><li>- 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.</li></ul> |
| Clause 8 | Termination of the agreement | : | <ul style="list-style-type: none"><li>- Automatic termination due to superannuation, resignation, etc.</li><li>- Immediate termination due to misconduct, conviction for a criminal offence or dishonest acts.</li><li>- Termination with 3 months notice during prolonged illness or incapacity.</li><li>- Mutual notice for termination.</li></ul>   |
| 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. Neel Kant Saxena 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. Neel Kant Saxena 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 recommends this Resolution for approval by the Members.

#### Memorandum of Interest

Except Mr. Neel Kant Saxena, no other Director is concerned or interested in this Resolution.

#### Item No. 8

The Board of Directors of the Company in their meeting held on November 3, 2011 have approved the re-appointment of Mr. Anand Kripalu as Managing Director of the Company from November 7, 2011 for a period of 5 years.

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





The terms of the agreement referred to above between Cadbury India Limited and Mr. Kripalu are set out below:

1. Parties to the Contract : (a) Cadbury India Limited  
(b) Mr. Anand Kripalu — Managing Director
2. Effective date of re-appointment as Managing Director : November 7, 2011  
Duration of the term : 5 years
3. Duties of Managing Director : Substantial powers of management subject to such restrictions as the Board may impose from time to time.
4. Other interests : Restriction on holding Directorship — Mr. Kripalu will not undertake any other business or become a director/employee/agent or hold a direct/indirect interest in any other company without obtaining the consent of the company.
5. Place of Work : Regd. Office of the Company
6. Remuneration, Perquisites and benefits :

**Salary**

Base Salary ₹ 17,46,000/- p.m. and Flex Allowance of ₹ 6,37,777/- p.m. from November 7, 2011.

Any increases in the Base Salary and Flex Allowance within the overall limit of ₹ 30,00,000/- p.m. as may be approved by the Board of Directors from time to time.

**Management Incentive Plan**

Management Incentive Plan as per Company's applicable rules and policy from time to time.

**Provident Fund, Gratuity and Superannuation:**

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

**Perquisites /Benefits**

- Furnished Company accommodation.
- Gas, electricity and water expenses to be reimbursed by the Company.
- Medical Reimbursement and Personal Accident Insurance as per Company policy.
- Club fees – Membership of 2 clubs.
- Use of two cars, one with driver.
- Reimbursement of expenses on telephone at residence.
- Reimbursement of expenses reasonably incurred in cash or by credit card while on Company duty.
- Reimbursement of relocation expenses as per the Company policy.
- Payment of education expenses as per Company policy

7. Holidays and holiday pay : 30 days per year.
8. Illness : Medical leave & Remuneration Entitlement during long leave due to illness.
9. Notice of Termination of contract : (a) Notice of termination of contract when given by the Company – 78 weeks.  
(b) Notice of termination of contract when given by Mr. Kripalu – 13 weeks.  
(c) The Company may elect to pay base salary in lieu of the notice period for termination of contract.  
(d) The contract may be terminated by the Company without notice to Mr. Kripalu if, he is unable to perform his duties for a continuous period of: (i) 180 calendar days; or (ii) 125 working days in a period of 52 weeks.



10. Statutory Severance Pay : This provision provides that if at the time of termination of employment, Mr. Kripalu is entitled to any severance payment under law then the payment in lieu of notice will be reduced by an amount equal to the statutory severance entitlement.
11. Garden Leave Period : This provision provides that during the Notice period for termination of the Contract or period of suspension during the investigation of misconduct or breach of the agreement the following may apply to Mr. Kripalu:
- (a) There will be no obligation on the part of the Company to offer him work or allow the exercise of any of his powers or duties; further his entry to the premises of the Company may be excluded.
  - (b) The salary and benefits that he is entitled to, will continue to be paid.
  - (c) During this period he will be (i) bound by the terms of the agreement; (ii) conduct himself with good faith and not cause harm to the Company; and, (iii) will not have any business dealings with customers, suppliers or employees without prior approval of Group Chief Executive or Chief Human Resources Officer.
12. Normal Retirement Age : 58 years
13. After Termination of employment : Return of property, resignation from all Offices and Transfer of shares
14. Standard clauses pertaining to the following form part of the agreement
- (a) Non-competition
  - (b) Non-solicitation and non-dealing
  - (c) Intellectual property rights
  - (d) Confidentiality
  - (e) Discipline and grievance
  - (f) Notices
  - (g) Entire Agreements; Schedule(s)
  - (h) Policies and procedures
  - (i) Collective agreements
  - (j) Data Protection
  - (k) Governing law
  - (l) Definitions

The Board of Directors of the Company is authorised to vary the aforesaid benefits, perquisites and amenities, including the monetary value thereof, provided the said variation is as per the 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, the provisions of Schedule XIII to the Companies Act, 1956 shall apply.

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

#### **Memorandum of Interest**

Except Mr. Kripalu, no other Director is concerned or interested in this resolution.