



HAWKINS COOKERS LIMITED

ANNUAL REPORT 1998-99

KINS COOKERS LIMITED

Performance
Every Tenth Year

ANNUALISED

** PROPOSED

Sales & Other Income

RUPEES LAKHS

114,21

32,21

68

8,17

1968-69

1978-79

1987-89 *

1998-99

Profit after Tax

RUPEES LAKHS

4,01

4

40

46

1968-69

1978-79

1987-89 *

1998-99

Return on Net Worth

35.8 %

26.3 %

19.2 %

12.1 %

1968-69

1978-79

1987-89 *

1998-99

Earnings per Share

RUPEES

9.66

4.88

7.59

2.50

1968-69

1978-79

1987-89 *

1998-99

Dividend per Share

RUPEES

5.00

2.00

2.00

1.00

1968-69

1978-79

1987-89 *

1998-99 **



Hawkins Cookers Limited

Registered Office: Maker Tower F 101, Cuffe Parade, Mumbai 400 005

Notice

NOTICE is hereby given that the 39th Annual General Meeting of the shareholders of the Company will be held on Friday, the 17th day of September, 1999 at Patkar Hall, SNDT Women's University, Thackersey Road, Mumbai 400 020 at 4.00pm to transact the following business:

Ordinary Business

1. To receive and adopt the audited Profit and Loss Account for the year ended March 31, 1999 and the Balance Sheet as at March 31, 1999 and Directors' and Auditors' Reports thereon.
2. To declare a final dividend.
3. To appoint a Director in the place of Mr Gerson da Cunha who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in the place of Mr B M Rai who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint Auditors for the current year and to fix their remuneration.

Special Business

6. To consider and, if thought fit, to pass with or without modification(s) the following resolution as an ORDINARY RESOLUTION:

"RESOLVED that General V N Sharma (Retd.), who was appointed as an Additional Director of the Company by the Board of Directors under Article 118 of the Articles of Association of the Company and who holds office under Section 260 of the Companies Act, 1956 upto the conclusion of the 39th Annual General Meeting and in respect of whom the Company has received a Notice under Section 257 of the Companies Act, 1956 proposing the candidature for the office of Director, be and is hereby appointed a Director of the Company".

7. To consider and, if thought fit, to pass with or without modification(s) the following resolution as an ORDINARY RESOLUTION :

"RESOLVED that pursuant to the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 the Company hereby approves the reappointment of and remuneration payable to Mr Brahm Vasudeva as Chairman and Managing Director designated as Chairman of the Board and Chief Executive Officer for a period of 5 years with effect from June 1, 1999 on the terms and conditions set out in the Agreement dated July 26, 1999 entered into with Mr Brahm Vasudeva".

8. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a SPECIAL RESOLUTION:

"RESOLVED that pursuant to the provisions of Section 314(1B) and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of the Central Government, the consent of the Company be and is hereby accorded to Mr Neil Vasudeva, son of Mr Brahm Vasudeva, Chairman and Chief Executive Officer of the Company to hold and continue to hold an office or place of profit under the Company as Senior General Manager-South Zone and for the payment of revised remuneration with effect from April 1, 1998 on the following terms and conditions:

- A. (i) Basic Salary of Rs. 14,000 per month in the grade of Rs. 7000-500-17000 with increase to Rs. 15,000 per month with effect from April 1, 1998 as per performance appraisal for the year 1997-98.
- (ii) Further increase resulting in a basic salary of Rs. 16,900 per month in the grade of Rs. 8500-700-22500 with effect from April 1, 1999 due to general revision in remuneration to management staff.

- (iii) A further increase resulting in a basic salary not exceeding Rs. 21,100 per month with effect from April 1, 1999 on the basis of performance appraisal for management staff to be done by the Company for the year 1998-99.
- B. Variable Dearness Allowance linked to the Bombay Consumer Price Index and other allowances such as fixed dearness allowance; education allowance; conveyance allowance; cleaning & energy allowance; leave travel allowance and also other benefits, perquisites and amenities as applicable to executives in the same grade.
- C. Provident Fund, Superannuation Fund, Gratuity Fund, Group Life Insurance and Group Personal Accident Insurance in accordance with the rules of the Company applicable to his grade.
- D. Perquisites such as housing, or house rent allowance in lieu of housing, medical benefits and residential telephone as applicable to his grade.
- E. Fixed bonus and variable incentive payment linked with achievement of sales target as applicable to the field staff in the Company or linked to profits, whichever is higher, as applicable to the management staff of the Company.

"FURTHER RESOLVED that the Company in General Meeting hereby expressly approves of:

1. The increments in the basic salary subject to a maximum of six increments in a year in the time scale of Rs. 8500-700-22500 which is to be determined annually on the basis of the annual performance appraisal applicable to senior management staff.
2. The grant of increase in variable dearness allowance linked to the Bombay Consumer Price Index, which has reached to Rs. 3305 for May, 1999 and further increases thereto as may arise due to the change of the Bombay Consumer Price Index.
3. A fixed bonus which is at present Rs. 10,000 per annum plus an incentive linked payment as per the rules of the Company which is the higher of:
 - (a) a field force incentive linked with achievement of sales target as applicable to field staff in the Company subject to a maximum of six months' salary, or
 - (b) a profit performance incentive subject to profit after tax of the Company being equal to or higher than the profit after tax of the previous financial year, and subject further to a maximum of 0.20% of profit after tax, which shall in any case not exceed 0.20% of the net profits in accordance with Section 199 of the Companies Act, 1956.
4. The grant of increases in the various allowances and benefits in accordance with the rules and regulations governing such allowances and benefits in the Company as applicable to management staff in the same grade.
5. Grant of annual increases taking effect on April 1 in each year when sanctioned and determined by the Board on completion of the performance appraisal process as applicable to all employees in his grade".

"RESOLVED FURTHER that the overall remuneration expressly sanctioned by this Special Resolution shall be within the ceiling of Rs. 7 lakhs in any financial year".

"RESOLVED FURTHER that the Company in General Meeting hereby expressly authorises the Board of Directors to promote Mr Neil Vasudeva on the basis of the performance appraisal to the higher grade of Chief Executive with effect from such date as the Board may deem fit with grant of appropriate basic salary and allowances and benefits applicable to the said grade subject to an over all monetary ceiling of Rs. 10 lakhs in a financial year".

"RESOLVED FURTHER that Board of Directors be and is hereby authorised to do all such acts, deeds and things as it may consider necessary, expedient or desirable in order to give effect to this Resolution".

9. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a SPECIAL RESOLUTION:

"RESOLVED that consent of the Company be and is hereby accorded for the appointment of M/s Intime Spectrum Registry Private Limited having its registered office at Shree Ganesh Industrial House, 'B' Wing, 1st Floor, Near Amar Cinema, W.T. Patil Marg, Chembur, Mumbai 400 071 as Registrars and Share Transfer Agent with effect from August 2, 1999".

"RESOLVED FURTHER that the consent of the Members of the Company be and is hereby given, under Section 163(1) of the Companies Act, 1956, to locate, effective August 2, 1999, the various records, the Register of Members, the Index of Members, Returns, Copies of Certificates and Documents etc. connected with the Secretarial Department at the Administrative Office of the Registrars and Share Transfer Agent of the Company M/s Intime Spectrum Registry Private Limited, at 260, Shanti Industrial Estate, Sarojini Naidu Road, Mulund (West), Mumbai 400 080, so long as they act as the Company's Registrars and Share Transfer Agent".

BY ORDER OF THE BOARD



Brahm Vasudeva

Mumbai: July 31, 1999

Chairman & Chief Executive Officer

Notes

1. (a) A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Company. Proxies, in order to be valid, must be lodged at the Registered Office of the Company not less than forty-eight hours before the commencement of the meeting.
- (b) Joint shareholders desiring to attend the meeting are requested to furnish their folio No. and obtain additional attendance slips from the Company before September 17, 1999.
- (c) Members/Joint shareholder(s)/Proxies are requested to bring the attendance slips duly completed and signed for the meeting.
2. The Register of Members and Transfer Books will remain closed from September 9, 1999 to September 17, 1999, both days inclusive.
3. Final dividend, if approved at the meeting, will be made payable to those Members whose names appear on the Company's Register of Members on September 17, 1999 and the warrants are likely to be posted on or before October 25, 1999.
4. With a view to provide protection against fraudulent encashment of dividend warrants, Members were requested by the Company through its circulars dated July 28, 1994, July 25, 1995, July 15, 1996, July 15, 1997 and July 15, 1998 to provide the names, addresses and account numbers of their bank accounts for incorporation in the dividend warrants. Those Members who have not yet responded are once again requested to provide these bank details in the enclosed proforma quoting their folio number to the Company by September 17, 1999 for incorporation in the dividend warrant(s) for the final dividend. The Company will not be responsible for any loss arising out of fraudulent encashment of dividend warrants.
5. Members are aware that the Central Government has amended the provisions of Section 205A regarding transfer of unclaimed dividend to the General Revenue Account of the Central Government after 3 years. By the Companies Amendment Act, 1999, the unclaimed dividend will now be transferred to a new fund called "INVESTOR EDUCATION AND PROTECTION FUND" after a period of 7 years. Shareholders, may please note that once the unclaimed dividend is transferred to this Fund, they cannot claim the dividend from the Central Government. The unclaimed dividend in respect of dividend No. 34, being the final dividend for the year ended March 31, 1996 will be transferred to the new fund account on June 7, 2003. Members who have not encashed their dividend warrants may approach the Company's Share Department at the registered office of the Company for revalidating the warrants or for obtaining duplicate warrants.
6. Members are requested to
 - (a) bring their copy of the Annual Report with them to the Annual General Meeting.
 - (b) notify immediately the change of address/change in bank details if any, to the Company's new Registrar and Share Transfer Agent, M/s Intime Spectrum Registry Private Limited, 260, Shanti Industrial Estate, Sarojini Naidu Road, Mulund (West), Mumbai 400 080 quoting their folio number.
 - (c) write to the Company's Share Department enclosing their share certificates to consolidate their holdings in one folio if they are holding shares in identical order of names in more than one folio number.

7. An Explanatory statement as required under Section 173(2) of the Companies Act, 1956 in respect of item No. 6 above is given below.

Explanatory Statement in respect of the Special Business Pursuant to Section 173(2) of the Companies Act, 1956.

Item No. 6 of the Notice

General V N Sharma (Retd.) was appointed as an Additional Director on October 27, 1998 by the Board of Directors under Section 260 of the Companies Act, 1956. He holds the office upto the conclusion of 39th Annual General Meeting in terms of Section 260 of the Companies Act, 1956. The Company has received Notice under Section 257 of the Companies Act, 1956 from a Member proposing the name of General V N Sharma (Retd.) for appointment as a Director.

The Directors recommend Resolution No.6 for acceptance by the Members.

No other Director, except General V N Sharma (Retd.), is deemed to be interested in this resolution.

Item No. 7 of the Notice

The Board of Directors of the Company, by a resolution passed at its meeting held on April 30, 1999 re-appointed Mr Brahm Vasudeva as Chairman and Managing Director designated as Chairman of the Board and Chief Executive Officer for a term of five years with effect from June 1, 1999 under Sections 269 and 309 and other applicable provisions of the Companies Act, 1956 and subject to the approval of the shareholders at the 39th Annual General Meeting to be held on September 17, 1999.

The material provisions of the Agreement dated July 26, 1999 are as under:

- (1) Mr Brahm Vasudeva shall be the Chairman and Managing Director designated as Chairman of the Board and Chief Executive Officer of the Company for a period of five years commencing from June 1, 1999, or until this Agreement is determined as provided in Clause 4 herein.
- (2) The Chairman of the Board and Chief Executive Officer shall be subject to the supervision and control of the Board of Directors.
- (3) During the continuance of this Agreement, Mr Brahm Vasudeva shall use his best endeavour to promote

the interest and welfare of the Company. It is clarified that during this appointment Mr Brahm Vasudeva may undertake independent professional consultancy work for fees or any other basis for any person, firm or Company other than Hawkins Cookers Limited or any firm or Company under its management.

- (4) This contract may be terminated by either party giving to the other party three months notice in writing.
- (5) Mr Brahm Vasudeva agrees and undertakes that so long as he functions as the Chairman of the Board and Chief Executive Officer of the Company, he shall not become interested or otherwise concerned, directly or indirectly or through his wife and/or minor children in any selling agency of the Company without the prior approval of the Central Government.
- (6) Subject to the ceiling limits laid down in Sections 198 and 309 of the Companies Act, 1956, and Schedule XIII, Mr Brahm Vasudeva during the term of his appointment as Chairman of the Board and Chief Executive Officer shall receive the following remuneration:

Subject to overall ceiling of 5% of the Net Profits of the Company as per Section 309, Mr Brahm Vasudeva is entitled to the following remuneration in the case of Company making adequate profits in any financial year:

I SALARY

Monthly salary of Rs. 87,500 (Rupees Eighty Seven Thousand Five Hundred only)

II COMMISSION ON NET PROFITS

Commission shall be paid at the rate of 2.5% (Two and a half per cent) of the net profits of the Company.

III PROVIDENT FUND, SUPERANNUATION AND GRATUITY

- (a) Provident Fund and Superannuation Fund contributions shall be made by the Company as per rules of the Company such that singly or put together the contributions are not taxable under the Income-tax Act, 1961.
- (b) Gratuity: As per rules of the Company not exceeding half a month's salary for each completed year of service.

IV PERQUISITES

- (a) *Housing I:* The expenditure incurred by the Company on hiring furnished accommodation for Mr Brahm Vasudeva shall be subject to a ceiling of sixty per cent of the salary over and above ten per cent payable by Mr Brahm Vasudeva.

Housing II: In case the accommodation is owned by the Company, ten per cent of the salary of Mr Brahm Vasudeva shall be deducted by the Company.

Housing III: In case no accommodation is provided by the Company, Mr Brahm Vasudeva shall be entitled to House Rent Allowance of sixty per cent of the salary.

- (b) *Gas, Electricity, Furnishing etc.*

The Company shall bear expenditure on Gas, Electricity, Water and provide furniture and furnishings.

- (c) *Medical Reimbursement*

Expenses incurred by Mr Brahm Vasudeva and his family will be borne by the Company as per rules of the Company.

- (d) *Leave Travel Concession*

For Mr Brahm Vasudeva and his family, once in a year incurred in accordance with the rules of the Company.

- (e) *Fees of Club*

Fees of Clubs subject to a maximum of two clubs.

- (f) *Personal Accident Insurance*

As per rules of the Company.

- (g) *Car*

The Company shall provide a Car for the use of Mr Brahm Vasudeva for Company's business and also for the personal use of Mr Brahm Vasudeva and his family.

- (h) *Telephone*

Free telephone facility at his residence. Personal long distance calls shall be billed by the Company to Mr Brahm Vasudeva.

V LEAVE

Mr Brahm Vasudeva shall be entitled for leave as per the rules of the Company. He will be entitled for encashment of leave at the end of the tenure.

- VI In the event the Company does not have profits or its profits are inadequate, the total salary, commission and perquisites shall not exceed Rs. 87,500 per month. However, contributions to Provident Fund and Superannuation, Gratuity and encashment of leave at the end of the tenure shall not be included in the ceiling of Rs. 87,500 per month.

The Agreement dated July 26, 1999 between the Company and Mr Brahm Vasudeva is available for inspection by the Members at the Registered Office of the Company between 10.00am to 1.00pm on all working days of the Company.

The shareholders are aware that Mr Brahm Vasudeva has been working with your Company since 1968 as Vice-Chairman and Managing Director and Chairman and Managing Director from 1984. The Company has made rapid progress under his able guidance and leadership. The Directors are of the view that Mr Brahm Vasudeva's appointment on the terms specified is in the interest of your Company.

Directors recommend the resolution under item No. 7 for acceptance by the Members.

Except Mr Brahm Vasudeva, none of the other Directors are deemed to be interested in this item.

The terms and conditions mentioned above may be treated as an abstract within the meaning of Section 302(7) of the Companies Act, 1956.

Item No. 8 of the Notice

Mr Neil Vasudeva, aged 28 years, son of Mr Brahm Vasudeva, Chairman and Chief Executive Officer of the Company, was appointed as Senior General Manager-South Zone in the Marketing function of the Company from November 5, 1997. His qualifications are Bachelor of Arts and Post Graduate in Business Management with specialisation in Marketing from XLRI Jamshedpur. He has had four years post qualification experience in the marketing division of a multinational corporation.

At the 37th Annual General Meeting held on August 29, 1997 the shareholders of the Company passed a special resolution under Section 314(1B) of the Companies Act, 1956 approving the appointment of Mr Neil Vasudeva, in the Management Cadre of the Company, subject to his total remuneration not exceeding Rs. 7 lakhs per annum and subject to the approval of the Central Government.

The Central Government permitted the Company to pay him a total remuneration of Rs. 30,000 per month subject to the payment of only one increment in a year and any other increase in remuneration beyond this approval being subject to the approval of the Central Government.

In terms of the aforesaid approval of the shareholders and Central Government, the Board of Directors at their meeting held on January 30, 1999 passed a resolution approving, with effect from April 1, 1998 the payment of revised remuneration to Mr Neil Vasudeva, based on the annual performance appraisal for the year 1997-98 subject to approval of the Central Government.

The application made by the Company to the Central Government for its approval under Section 314(1B) of the Companies Act, 1956 to the payment of revised remuneration to Mr Neil Vasudeva was rejected on the grounds, inter alia, that the Members had not approved such revised remuneration vide their Special Resolution dated August 29, 1997.

The Board of Directors of the Company have now at their meeting held on July 31, 1999 passed a fresh resolution, approving with effect from April 1, 1998, payment of revised remuneration to Mr Neil Vasudeva, based on the annual performance appraisal for 1997-98, and revision in remuneration with effect from April 1, 1999 given to all management staff, subject to approval of shareholders and the Central Government.

The terms and conditions of revised remuneration are set out in the Special Resolution mentioned at Item No. 8 of the accompanying Notice for specific and express sanction of shareholders.

The proposed revision in Mr Neil Vasudeva's remuneration, is to ensure that:

- (i) Based on the policy of the Company as applicable to Senior General Managers, Mr Neil Vasudeva be paid such number of increments in a year, as he would be eligible to, based on the annual performance appraisal.

- (ii) Variable component of remuneration is built-in linked to annual performance appraisals applicable to management staff of the Company.

- (iii) It would be fair and equitable to extend to him perquisites/benefits/amenities applicable to other Senior General Managers of his grade and status and also any general revision therein from time to time are also extended to Mr Neil Vasudeva.

The proposed revised remuneration would be subject to the original limit of Rs. 7 lakhs per annum which was approved by the shareholders at the 37th Annual General Meeting, with the provision that if in future, Mr Neil Vasudeva, is promoted to the next grade of Chief Executive, his remuneration will be subject to a limit of Rs. 10 lakhs per annum.

Hence the Special Resolution set out at Item No. 8 of the Notice, seeking approval to the revised remuneration payable to Mr Neil Vasudeva, with effect from April 1, 1998 is placed before the Members for their approval. The Board recommends the said resolution for the Members approval.

Mr Brahm Vasudeva is deemed to be interested in the Special Resolution. No other Director is deemed to be interested or concerned in the said Resolution.

Item No. 9 of the Notice

In view of takeover of Registrarship and Share Transfer Agent business activities of M/s Consolidated Share Services Private Limited, Shanti Nagar Cross Road 'A', Near MIDC Bus Depot, MIDC, Andheri (East), Mumbai 400 093 by M/s Intime Spectrum Registry Private Limited having its registered office at Shree Ganesh Industrial House, 'B' Wing, 1st Floor, Near Amar Cinema, W.T. Patil Marg, Chembur, Mumbai 400 071, with effect from August 2, 1999, the approval of the Members of the Company is required for keeping the Register of Members, the Index of Members, Returns under Section 159 together with the copies of Certificates and documents required to be annexed thereto under Section 161 at any place other than the Registered Office of the Company. This approval is required under Section 163 of the Companies Act, 1956 to keep these records at 260, Shanti Industrial Estate, Sarojini Naidu Road, Mulund (West), Mumbai 400 080. The new Share Transfer Agent is classified as category I Registrars and Share Transfer Agent by SEBI. They have good infrastructure facilities which includes dematerialisation of shares.

The new Share Transfer Agent is having offices at the following places:

- (i) *Registered Office:*
Shree Ganesh Industrial House
'B' Wing, 1st Floor, Near Amar Cinema
W.T. Patil Marg
Chembur
Mumbai 400 071
- (ii) *Operational Centre*
260, Shanti Industrial Estate
Sarojini Naidu Road
Mulund (West)
Mumbai 400 080
- (iii) *Additional Centre to receive documents*
203, Daver House, 2nd Floor
197/199, Dr. D N Road
Mumbai 400 001

All postal communication should be addressed to Mulund Office. However, shareholders can handover/collect documents from any of the three offices of the proposed Share Transfer Agent in addition to handing over and collection from the Registered Office of the Company. The availability of three offices for handing over/collection will benefit the Members.

None of the Directors are deemed to be concerned or interested in the proposed resolution.

Directors recommend the resolution under item No. 9 for acceptance by the Members.

BY ORDER OF THE BOARD



Brahm Vasudeva

Chairman & Chief Executive Officer

Mumbai: July 31, 1999

