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INDIA'S FAVOURITE PRESSURE COOKER

HAWKINS COOKERS LIMITED

ANNUAL REPORT 2000 - 2001

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BOARD OF DIRECTORS

Brahm Vasudeva CHAIRMAN & CHIEF EXECUTIVE OFFICER	B M Rai MANAGING DIRECTOR
J M Mukhi	Shishir K Diwanji
Gerson da Cunha	General V N Sharma (Retd.)

AUDIT COMMITTEE

Shishir K Diwanji CHAIRMAN	Gerson da Cunha	B M Rai
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COMPANY SECRETARY
C Napoleon

AUDITORS
R D Allawadi & Co.

REGISTERED OFFICE
Maker Tower F 101, Cuffe Parade, Mumbai 400 005 India
Tel: 218 66 07 Fax: 218 11 90

SOLICITORS
Desai & Diwanji
Crawford Bayley & Co.

REGISTRAR AND SHARE TRANSFER AGENT
Intime Spectrum Registry Pvt. Ltd.
260, Shanti Industrial Estate,
Sarojini Naidu Road, Mulund (West),
Mumbai 400 080
Tel: 568 45 90 Fax: 567 26 93

BANKERS
Dena Bank
Punjab National Bank
The Hongkong and Shanghai Banking Corporation Limited
The Saraswat Co-operative Bank Limited
Corporation Bank

DIRECTORS' REPORT TO SHAREHOLDERS

We have the honour to present our 41st report and audited statement of accounts for the year ended March 31, 2001.

2000-2001 Operations

Total income was Rs.1294 million, up 4% over the previous year.

Profit before tax was Rs.24.9 million, 52% lower than the previous year. The reason for this decline is the fact that Central Excise Duty on pressure cookers was increased from 8% to 16% with effect from March 2000. Consequently, excise duty paid increased from Rs.89 million in the previous year to Rs.160 million in the year under report, an increase of more than Rs.7 crores. Net of the MODVAT benefit, the excise duty paid was Rs.5.7 crores higher than the previous year. Had the increase in excise duty not taken place and other things remained the same, our profit before tax in the year ended March 2001 would have been substantially more than the profit before tax in the previous year.

For the reason explained in the preceding paragraph, the net profit after tax for the year is Rs.18.7 million, 48% lower than the previous year.

FOB value of exports was Rs.66.7 million (previous year: Rs.60.0 million), up 11% over the previous year. Foreign Exchange used in the year under report was Rs.16.2 million (previous year: Rs.22.9 million).

During the year, we launched three new models of pressure cookers: 18 litre Hawkins; 4 litre Futura; 8.5 litre Miss Mary. In cookware we launched six items: Futura Tava 22cm diameter; Futura Tava 26cm diameter, 4.88 mm thick;

Futura Small Deep Fry Pan (1.5 litre); Hawkins Non-stick Stir Fry Pan; Hawkins Non-stick All-Purpose Pan and Hawkins Universal Non-stick Tava.

The expenditure on Research and Development was Rs.16.5 million, 1.2% of turnover (previous year: Rs.18.1 million, 1.4%). Required details are given in the Appendix I. Efforts continued in our factories to save energy wherever possible.

We appreciate the contributions of all employees and associates to the results of your Company. Information as per Section 217(2-A) of the Companies Act, 1956, read with Rules thereunder, is given in Appendix II.

Dividend

We recommend Rs.3 per share as dividend, free of tax (previous year: Rs.4.00 per share).

Appropriations

Out of the amount available for appropriation of Rs.35,841,784 (previous year: Rs.57,190,229), we propose Rs.15,863,445 as provision for dividend (previous year: Rs.21,151,260); tax on distributed profits on proposed dividend Rs.1,618,071 (previous year: Rs.2,908,298); Rs.2,000,000 to be transferred to General Reserve (previous year: Rs.15,000,000); and Rs.16,360,268 as surplus carried to the Balance Sheet (previous year Rs.18,130,671).

Fixed Deposits

Of the fixed deposits maturing for payment prior to March 31, 2001, 145 fixed deposits amounting to Rs.1,224,188 were neither renewed nor claimed till March 31, 2001, of which 90 fixed deposits for Rs.864,000 have since been renewed or repaid.

Directors' Responsibility Statement

The Board confirms that:

1. In the preparation of the annual accounts, the applicable accounting standards have been followed and proper explanation given relating to material departures;

2. The directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

3. The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

4. The directors have prepared the annual accounts on a going concern basis.

Directors

General V. N. Sharma (Retd.) and Mr. Gerson da Cunha retire by rotation and, being eligible, offer themselves for reappointment.

Mr. B. M. Rai, Managing Director, retires on November 11, 2001, after 24 years of distinguished service to your Company. We feel that it is in the interest of your Company that the benefit of the experience and wise counsel of Mr. Rai continues to be available to the Company after he retires as Managing Director. The Company has received a notice under Section 257 of the Companies Act,

1956, proposing the appointment of Mr. B. M. Rai as a Non-Executive Director with effect from November 12, 2001.

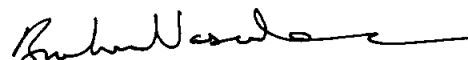
We propose the appointment of Mr. M. A. Teckchandani as Executive Director (Operations) with effect from November 12, 2001. Mr. Teckchandani has served in your Company as a senior executive for 17 years and is at present Executive Vice President (Technical).

We propose the appointment of Mr. K. Sundararaghavan as Executive Director (Finance & Administration) with effect from November 12, 2001. Mr. Sundararaghavan has served in your Company as a senior executive for 13 years and is at present Executive Vice President (Finance & Administration).

Auditors

Messrs. R. D. Ailawadi & Co., the retiring auditors, have expressed their inability to continue as Statutory Auditors of the Company with effect from the conclusion of the 41st Annual General Meeting, owing to "the retirement of our Partner Shri. M. P. Warde and due to pre-occupations". We recommend for your approval the appointment of Messrs. A. F. Ferguson & Co., Chartered Accountants, Mumbai, as Statutory Auditors of the Company with effect from the conclusion of the 41st Annual General Meeting.

ON BEHALF OF THE BOARD OF DIRECTORS



Mumbai
June 9, 2001

BRAHM VASUDEVA
CHAIRMAN & CHIEF EXECUTIVE OFFICER

DIRECTORS' REPORT: APPENDIX I

Research & Development

Specific areas in which R&D efforts have been carried out: Quality improvement of existing products and design of new products. Benefits derived as a result: Launch of new products as noted in the Report plus design and quality improvement/cost reduction. Future Plan of Action: We intend to support the R&D Centre and Test Kitchen to meet corporate objective for quality improvement, cost reduction and introduction of new products. Capital expenditure on R&D: none during the financial year 2000-2001. Recurring

expenditure: Rs.16.5 million, 1.2% of total turnover.

Technology Absorption, Adaptation and Innovation

Efforts made: The Company has relied upon internal generation. As of 1st April 2000, the Company had 107 valid patents and design registrations in force in 19 countries. During the year, 6 design registrations were granted and 6 design applications were filed. Benefits derived: as described in this appendix. No technology has been imported for the last five years.

DIRECTORS' REPORT: APPENDIX II

Information as per Section 217(2A) read with Companies (Particulars of Employees) Rules, 1975 and forming part of Directors' Report

Sr. No.	Name	Age	Designation Nature of duties	Gross Remuneration received (Rs.)	Qualification	Experi-ence (years)	Date of commence-ment of employment	Last Employment held	
								Name of Employer	Position held
1.	B. M. Rai	64	Managing Director	1,360,416	B.A. (Hons.)	44	14.03.77	Bharat Refineries Limited	Supply Manager
2.	K. Sundararaghavan	55	Executive Vice President Finance & Administration	1,340,549	B.E. (Mech.), Post Gr. Cert. in Gen. Mgmt.	34	12.10.87	Xomox (India) Ltd.	Operations Manager
3.	M. A. Teckchandani	53	Executive Vice President Technical	1,267,233	B.E. (Elec.), PGDBA	29	16.08.83	Bright Brothers Ltd.	General Manager Finance
4.	Brahm Vasudeva	64	Chairman and Chief Executive Officer	2,133,980	B.A. (Hons.)	42	01.06.68	Hindustan Lever Ltd.	Product Group Manager

Notes: 1) Gross remuneration includes salary, commission, allowances, bonus payable, company's contribution to provident fund, superannuation and gratuity fund, provision for gratuity, reimbursement of medical expenses and taxable value of perquisites wherever applicable as also leave salary as terminal benefits wherever the employee's remuneration is Rs.1,00,000 per month or more. 2) All the above appointments are on contractual basis. 3) All were employed throughout the year.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of HAWKINS COOKERS LIMITED, as at March 31, 2001 and the Profit and Loss Account for the year ended on that date, annexed thereto, and report that:

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

2. Further to our comments in the Annexure referred to in paragraph 1 above:

(a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

(b) proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;

(c) the Balance Sheet and the Profit and Loss Account referred to in this report are in agreement with the books of account;

(d) in our opinion, the Profit and Loss Account and the Balance Sheet comply with the Accounting Standards referred to

in sub-section (3C) of Section 211 of the Companies Act, 1956;

(e) on the basis of information and explanations given to us and representations received from the Directors of the Company, we report that no Director is disqualified from being appointed as Director of the Company under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

(f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes in Schedule 16, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:

1. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2001 and

2. in the case of Profit and Loss Account, of the profit of the Company for the year ended on that date.

For R. D. Ailawadi & Co.
Chartered Accountants

S. M. Agrawal

S. M. Agrawal
Proprietor

Mumbai: June 9, 2001

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in Paragraph 1 of our Report of Even Date)

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. We are informed that these assets were physically verified by the Management during the year and no material discrepancies between the book records and physical inventory have been noticed.

2. None of the fixed assets have been revalued during the year.

3. The stock of finished goods, stores, spare parts and raw materials have been physically verified by the Management at the year end/during the year.

4. In our opinion, the procedure of physical verification of stocks followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.

5. The discrepancies noticed on verification between the physical stocks and the book records were not material and the same have been properly dealt with in the books of accounts.

6. In our opinion, the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the previous year.

7. The Company has not taken any loans secured or unsecured, from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. There are no Companies under the same management within the meaning of Section 370 (1B) of the Companies Act, 1956.

8. The Company has not granted any loans, to companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. There are no Companies under the same management within the meaning of Section 370 (1B) of the Companies Act, 1956.

9. In respect of loans and advances in the nature of loans given to employees and others, recovery of principal amount and interest wherever applicable have been made as stipulated.

10. In our opinion, and according to the information and explanations given to us during the course of audit, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of stores, raw materials including components, plant and machinery, equipment and other assets and with regard to sale of goods.

11. According to the information and explanations given to us, there are no transactions of purchase of goods, materials and services aggregating during the year to Rs.50,000 or more in respect of each party made in pursuance of contracts or arrangement entered in the Register maintained under Section 301 of the Companies Act, 1956.

12. As explained to us, the Company has a reasonable system for determination of unserviceable or damaged stores, raw materials and finished goods. Adequate provision has been made in the accounts for loss arising in respect of items so determined.

13. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975, with regard to the deposits accepted from the public.

14. In our opinion, reasonable records have been maintained by the Company for the sale and disposal of scrap. The Company has no by-products.

15. In our opinion, the Company has adequate internal audit system commensurate with the size and nature of its business.

16. No cost records under Section 209 (1) (d) of the Companies Act, 1956 have been prescribed for any of the products of the Company.

17. According to the records of the Company, Provident Fund and Employees' State Insurance dues have been regularly deposited during the year with the appropriate authorities.

18. According to the information and explanations given to us, there are no undisputed amounts payable in respect of income-tax, wealth-tax, sales-tax, customs duty and excise duty, outstanding for a period of more than six months as at March 31, 2001 from the date they become payable.

19. According to the information and explanations given to us and the records of the Company examined by us, no personal expenses have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.

20. In our opinion, the Company is not a sick Industrial Company within the meaning of clause (a) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

21. In respect of trading activities of the Company, adequate provision has been made for damaged goods.

For R. D. Ailawadi & Co.
Chartered Accountants

S. M. Agrawal

S. M. Agrawal
Proprietor

Mumbai: June 9, 2001

BALANCE SHEET

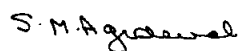
	Schedule Reference	As at Mar. 31, 2001 Rupees	As at Mar. 31, 2000 Rupees
Sources of Funds			
SHAREHOLDERS' FUND			
Share Capital	1	52,878,150	52,878,150
Reserves & Surplus	2	173,284,805	173,055,208
		226,162,955	225,933,358
LOAN FUNDS			
Secured Loans	3	206,991,074	160,014,509
Unsecured Loans	4	103,712,560	72,200,242
		310,703,634	232,214,751
TOTAL		536,866,589	458,148,109
Application of Funds			
FIXED ASSETS			
Gross Block	5	267,043,106	245,639,385
Less: Depreciation		106,394,634	91,506,907
Net Block		160,648,472	154,132,478
Capital Work-in-Progress		4,150,905	6,705,276
		164,799,377	160,837,754
INVESTMENTS	6	4,130,067	982,067
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	7	276,581,916	160,708,359
Sundry Debtors	8	242,192,009	264,990,284
Cash and Bank Balances	9	25,132,995	25,784,707
Loans and Advances	10	54,545,199	43,578,222
		598,452,119	495,061,572
Less:			
CURRENT LIABILITIES & PROVISIONS			
Liabilities	11	207,932,593	169,912,341
Provisions	12	22,582,381	28,820,943
		230,514,974	198,733,284
NET CURRENT ASSETS		367,937,145	296,328,288
TOTAL		536,866,589	458,148,109

Schedules 1 to 12 & Notes in Schedule 16 form part of this Balance Sheet

As per our separate report of even date
For R.D. AILAWADI & CO.
Chartered Accountants


Brahm Vasudeva
Chairman & Chief Executive Officer


B.M. Rai
Managing Director


S.M. Agrawal
Proprietor
Mumbai: June 9, 2001


S.K. Diwanji
Director


C. Napoleon
Company Secretary

PROFIT & LOSS ACCOUNT

	Schedule Reference	For the year ended Mar. 31, 2001 Rupees	For the year ended Mar. 31, 2000 Rupees
INCOME			
Sales		1,290,480,225	1,239,221,801
Income from other sources	13	3,862,580	6,268,879
		<u>1,294,342,805</u>	<u>1,245,490,680</u>
EXPENDITURE			
Materials	14	444,427,729	465,921,745
Expenses	15	809,088,250	714,931,670
Depreciation		15,871,038	12,990,820
		<u>1,269,387,017</u>	<u>1,193,844,235</u>
PROFIT BEFORE TAXATION		24,955,788	51,646,445
Provision for Taxation		<u>6,275,000</u>	<u>15,500,000</u>
PROFIT AFTER TAXATION		18,680,788	36,146,445
Balance brought forward from last year		18,130,671	21,043,784
Prior Year adjustment		(969,675)	—
AMOUNT AVAILABLE FOR APPROPRIATION		35,841,784	57,190,229
APPROPRIATIONS			
Proposed Dividend : Interim		—	15,863,445
Final		15,863,445	5,287,815
Tax on Proposed Dividend		1,618,071	2,908,298
Transfer to General Reserve		2,000,000	15,000,000
Balance carried to Balance Sheet		16,360,268	18,130,671
TOTAL		35,841,784	57,190,229
Schedules 13 to 15 and Notes in Schedule 16 also form part of this Profit & Loss Account			

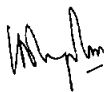


B.M. Rai
Managing Director



Brahm Vasudeva
Chairman & Chief Executive Officer

As per our separate report of even date
For R.D. AILAWADI & CO.
Chartered Accountants



C. Napoleon
Company Secretary



S.K. Diwanji
Director

S.M. Agrawal
S.M. Agrawal
Proprietor

Mumbai: June 9, 2001

SCHEDULES

SCHEDULE 1	As at Mar. 31, 2001 Rupees	As at Mar. 31, 2000 Rupees
Share Capital		
AUTHORISED		
10,000,000 Equity Shares of Rs. 10 each (previous year: 10,000,000)	<u>100,000,000</u>	<u>100,000,000</u>
	<u>100,000,000</u>	<u>100,000,000</u>
ISSUED AND SUBSCRIBED		
5,287,815 Equity Shares of Rs. 10 each, fully paid-up, (previous year: 5,287,815) of which 3,332,600 shares were allotted as fully paid-up Bonus Shares by capitalisation of General Reserve, Share Premium Account, Capital Reserve — Central Subsidy Account and Export Reserve Account (previous year: 3,332,600)	<u>52,878,150</u>	<u>52,878,150</u>
	<u>52,878,150</u>	<u>52,878,150</u>

SCHEDULE 2	As at Mar. 31, 2001 Rupees	As at Mar. 31, 2000 Rupees
Reserves and Surplus		
GENERAL RESERVE		
As per last Balance Sheet	130,000,000	115,000,000
Add: Transfer from Profit & Loss Account	<u>2,000,000</u>	<u>15,000,000</u>
	132,000,000	130,000,000
SHARE PREMIUM ACCOUNT	24,924,537	24,924,537
PROFIT & LOSS ACCOUNT SURPLUS	<u>16,360,268</u>	<u>18,130,671</u>
	<u>173,284,805</u>	<u>173,055,208</u>