

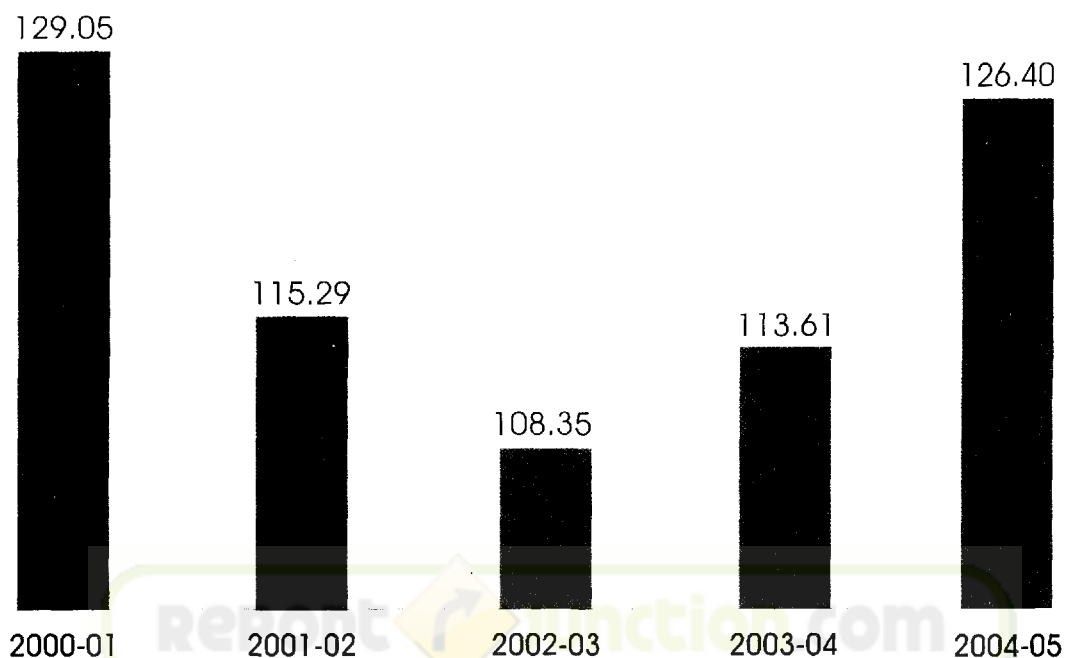
## HAWKINS COOKERS LIMITED



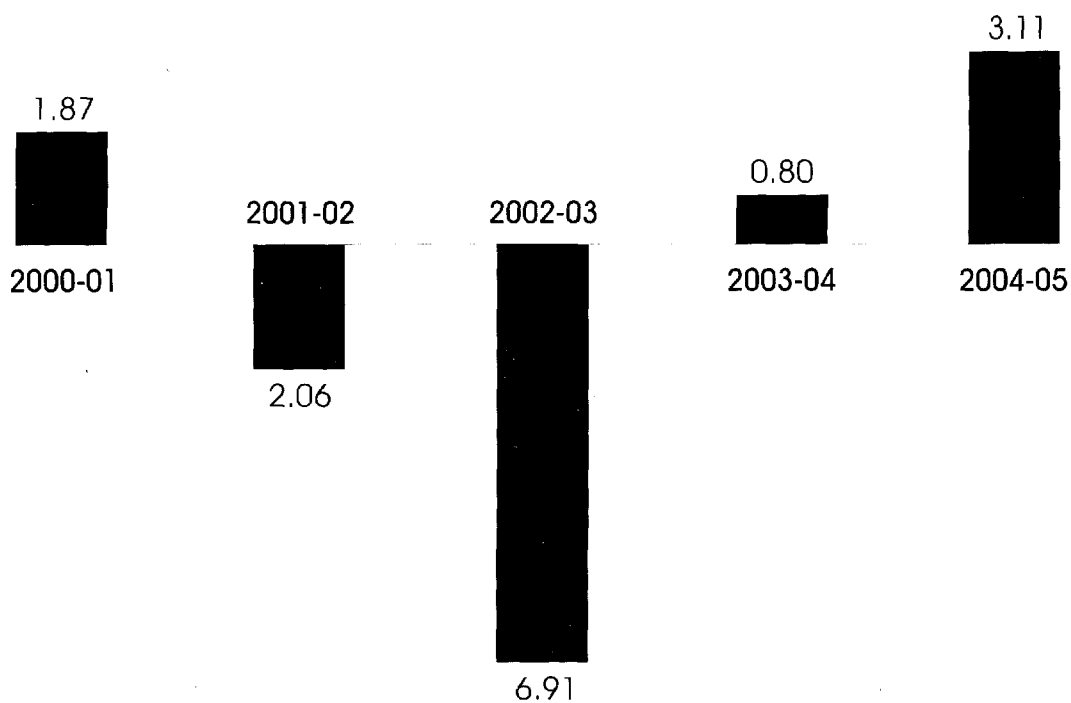
ANNUAL REPORT 2004-05

## CONTINUING TURNAROUND: FINANCIAL PERFORMANCE HIGHLIGHTS

SALES (INCLUDING EXCISE DUTY) Rs. CRORES



PROFIT OR LOSS (AFTER TAX) Rs. CRORES



1 CRORE = 10 MILLION

# HAWKINS COOKERS LIMITED ANNUAL REPORT 2004-05

## CONTENTS

Financial Performance Highlights	Inside Front Cover
Directors' Report	2
Corporate Governance Report	4
Auditors' Report	8
Balance Sheet	10
Profit & Loss Account	11
Cash Flow Statement	12
Schedules	13
Television Advertising	Inside Back Cover

## BOARD OF DIRECTORS

J. M. Mukhi      Shishir K. Diwanji      Gerson da Cunha      Gen. V. N. Sharma (Retd.)      B. K. Khare

Brahm Vasudeva

CHAIRMAN & CHIEF EXECUTIVE OFFICER

M. A. Teckchandani      K. Sundararaghavan      S. D. Choudhury  
EXECUTIVE DIRECTOR – OPERATIONS      EXECUTIVE DIRECTOR – FINANCE & ADMINISTRATION      EXECUTIVE DIRECTOR – MARKETING

## AUDIT COMMITTEE

B. K. Khare      Shishir K. Diwanji      Gerson da Cunha      Gen. V. N. Sharma (Retd.)  
CHAIRMAN

## COMPANY SECRETARY

Hutoxi Bhesania

## AUDITORS

A. F. Ferguson & Co.

## REGISTERED OFFICE

Maker Tower F 101, Cuffe Parade, Mumbai 400 005 India  
Tel: 2218 66 07 Fax: 2218 11 90

## SOLICITORS

Desai & Diwanji  
Crawford Bayley & Co.

## REGISTRAR AND SHARE TRANSFER AGENT

Intime Spectrum Registry Ltd.  
C-13, Pannalal Silk Mills Compound,  
L. B. Shastri Marg, Bhandup (West), Mumbai 400 078  
Tel: 5555 5454 Fax: 5555 5353

## BANKERS

Dena Bank  
Punjab National Bank  
The Saraswat Co-operative Bank Limited  
Corporation Bank

## DIRECTORS' REPORT TO SHAREHOLDERS

We have the honour to present our 45th report and audited statement of accounts for the year ended March 31, 2005.

### 2004-2005 OPERATIONS: MAIN RESULTS

Sales (including excise duty) in 2004-05 were Rs.1264 million, up 11.3% over the previous year. Sales net of excise duty were Rs.1178 million, up 11.6% over the previous year. The net profit after tax for the year was Rs.31.1 million as against Rs.8.0 million in the previous year.

### MANAGEMENT DISCUSSION AND ANALYSIS

#### Pressure Cookers

Sales volume grew by 7% while sales turnover increased by 11% – notwithstanding dealers' concerns regarding the Value Added Tax being introduced from April 1, 2005. Market Research for the year 2004 shows that Hawkins continues to be the Number One brand in the pressure cooker market and that the total pressure cooker market in India is growing at 8.9% per annum. Introduction of new and improved models of pressure cookers has given a good boost to our sales.

#### Cookware

Sales volume of our Futura Cookware grew by an impressive 23% while the turnover increased by 17%. The re-branding exercise launched last year to bring the Hard Anodised and Nonstick Cookware of the company under one single brand 'Futura' has been successful.

#### Distribution

Underlying the continuing sales recovery and turnaround of the company is the expansion of direct distribution initiated by the New Sales Policy launched in 2001. The number of unique dealers buying any of our products directly from the company are given in the table below.

YEAR	NUMBER OF DEALERS
2001-02	1589
2002-03	2487
2003-04	2654
2004-05	2944

#### Material Costs

Inflation in material costs, particularly aluminium, has been a cause of concern throughout the year. We have had some success in persuading our principal suppliers to exercise price restraint in our mutual interest. Our efforts continue.

#### Expenses

As against an increase of 11.6% in sales (excluding excise duty), total expenses (excluding excise duty) grew by 9.4%. A major contributor to more economical working is lower interest costs - down from Rs.36.7 million in the previous year to Rs.30.9 million in the year under report. Although total personnel costs increased from Rs.210.2 million in the previous year to Rs.215.3 million in the year under report, as a percentage of sales they came down from 18.5% to 17.0%. A judicious control of costs continues to be a major part of our corporate strategy.

#### Cash Flow

Cash Flow from operating activities continued to grow significantly during the year reaching Rs.84.3 million, out of which Rs.11.3 million was absorbed in investing activities such as fixed assets and a further Rs.78.7 million was absorbed in financing activities mainly in the form of reducing the bank borrowings and other short term loans, to leave a net cash reduction of Rs.5.7 million from the Cash and Bank Balances of the company. This demonstrates the improving financial health of the company's business during the year under report.

#### Deferred Tax Benefit

Your company had incurred losses in the financial years 2001-02 and 2002-03 which result in the setting up of a Deferred Tax Asset in the accounts which reduces the tax liability until the losses are fully absorbed. The residual past unabsorbed losses as on March 31, 2005, amount to Rs.13.5 million which will reduce the tax liability in the future leading to a higher profit after tax.

#### Employee Morale

Having survived two successive years of sales decline and losses (2001-02 and 2002-03), and having seen the rate of recovery accelerate in the year under report, morale of employees is high. Industrial relations are normal.

#### Control Systems

In our judgement, the company has adequate financial and administrative systems and controls and an effective internal audit function.

#### Outlook

In our judgement, the outlook for our business is good. We are well-positioned to take advantage of the growth of demand in our markets and to increase our sales and profits.

All forward-looking statements in our reports are based on our assessments and judgements exercised

in good faith at this time. Actual developments and/or results may differ from our anticipation.

#### 2004-05 OPERATIONS: OTHER ASPECTS

FOB value of exports was Rs.64.5 million (previous year: Rs.62.0 million). Foreign Exchange used in the year under report was Rs.8.6 million (previous year: Rs.16.4 million).

During the year, we successfully launched three new models of pressure cookers: 3.5 Litre Classic Hawkins, 6.5 Litre Hawkins Contura and 6.5 Litre Hawkins Ventura. Hawkins Ekobase was re-launched in a new, improved version, as were the Hawkins Classic and Hawkins Contura ranges. In Cookware, we added the Tadka Pan.

The expenditure on Research and Development was Rs.9.9 million, 0.8% of turnover (previous year: Rs.10.8 million, 1.0%). Required details are given in Appendix I. Efforts continued in our factories to save energy wherever possible.

We appreciate very much the contributions of all employees and associates. None of our employees received gross remuneration exceeding the limits prescribed in the Section 217(2A) of the Companies Act, 1956.

#### Dividend and Appropriations

As against a dividend of One Rupee per share in the previous year, we are pleased to recommend Rupees Three per share as dividend at the rate of 30%.

Out of the amount available for appropriation of Rs.33.1 million (previous year: Rs.8.0 million), we propose Rs.15.9 million as provision for dividend (previous year: Rs.5.3 million); tax on distributed profits on proposed dividend Rs.2.2 million (previous year: Rs.0.7 million); Rs.8.0 million transfer to General Reserve (previous year: Nil) and Rs.7.0 million as surplus carried to the Balance Sheet (previous year: Rs.2.0 million).

#### Fixed Deposits

Of the fixed deposits maturing for payment prior to March 31, 2005, five fixed deposits amounting to Rs.28,198 were neither renewed nor claimed till March 31, 2005.

#### 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/ loss 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

Mr. J.M. Mukhi, Mr. Shishir K. Diwanji and General V.N. Sharma (Retd.), Directors, retire by rotation and, being eligible, offer themselves for reappointment.

Mr. Brahm Vasudeva, Chairman and Chief Executive Officer, retires on April 25, 2006, after 38 years of distinguished service to your Company. We feel that it is in the interest of the Company that the benefit of the experience, expertise and wise counsel of Mr. Brahm Vasudeva continues to be available to the Company after he retires as Wholtime Chairman. The Company has received notices under section 257 of the Companies Act, 1956, proposing the appointment of Mr. Brahm Vasudeva as a Non-Executive Director with effect from April 26, 2006, for which a suitable resolution is proposed. Subject to his being elected as Non-Executive Director, the Board has resolved at its Meeting held on May 28, 2005, to appoint Mr. Brahm Vasudeva as the (Non-Executive) Chairman of the Board of the Company with effect from April 26, 2006. In view of the long association of Mr. Brahm Vasudeva with the Company and his vast experience and expertise in the Pressure Cooker Industry and pursuant to Sections 297, 309 and 314(1) and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of the shareholders at the 45th Annual General Meeting and Central Government approval as required by law, the Board at its meeting held on May 28, 2005, resolved to enter into an agreement with Mr. Vasudeva to avail of advisory services from him as and when needed by the Company. A suitable resolution to this effect is also proposed.

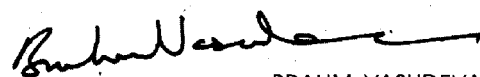
#### CORPORATE GOVERNANCE

A separate section on Corporate Governance and a Certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange form part of the Annual Report.

#### AUDITORS

Messrs. A. F. Ferguson & Co. retire and, being eligible, offer themselves for reappointment.

ON BEHALF OF THE BOARD OF DIRECTORS



Mumbai  
May 28, 2005

BRAHM VASUDEVA  
CHAIRMAN & CHIEF EXECUTIVE OFFICER

**DIRECTORS' REPORT: APPENDIX****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 objectives for quality improvement, cost reduction and introduction of new products and customer service and support. Capital expenditure on

R&D: Nil. Recurring expenditure: Rs.9.9 million, 0.8% of total turnover (previous year: Rs.10.8 million, 1.0%).

**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

Efforts made: The Company has relied upon internal generation. As of 1st April, 2004, the Company had 80 valid patents and design registrations in force in 7 countries. During the year, 1 design registration was granted and 1 patent and 2 design applications were filed. Benefits derived: as described above. No technology has been imported for the last five years.

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE****To the Members of Hawkins Cookers Limited**

We have examined the compliance of conditions of Corporate Governance by Hawkins Cookers Limited, for the year ended 31st March, 2005, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange in India.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that in respect of investor grievances received during the year ended 31st March, 2005, no investor grievances are pending against the Company as per records maintained by the Company which are presented to the Shareholders/Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

FOR A. F. FERGUSON & CO.  
Chartered Accountants



S. R. Tata  
Partner

Mumbai: May 28, 2005

**REPORT ON CORPORATE GOVERNANCE****COMPANY'S PHILOSOPHY**

Hawkins Cookers Limited believes in corporate governance that optimises results in the long-term, duly balancing the expectations of all major stakeholders, consumers, employees, associates and shareholders. It achieves the required results by focussing on technology, management and marketing in the area of durable products for consumers' kitchens. The Company is committed to transparency, fair dealings and the creation of value on competitive merit.

**BOARD OF DIRECTORS**

The Board of Directors comprises of a Chairman and Chief Executive Officer, three Executive Directors and five Non-Executive Directors. During the year, four Board Meetings were held: on May 31, 2004, July 30, 2004, October 30, 2004, and January 29, 2005. Directors' attendance record and directorships/memberships of Committees are as follows:

NAME OF DIRECTOR	POSITION	BOARD MEETINGS ATTENDED	WHETHER ATTENDED LAST AGM	OTHER DIRECTORSHIPS (*)	MEMBERSHIP IN BOARD COMMITTEES OF OTHER COMPANIES
Brahm Vasudeva	Promoter Chairman & Chief Executive Officer	4	Yes	2	None
M.A. Teckchandani	Executive Director	4	Yes	1	None
K. Sundararaghavan	Executive Director	4	Yes	None	None
S. Dutta Choudhury (**)	Executive Director	2	No	None	None
J. M. Mukhi	Independent Non-Executive Director	3	Yes	2	1 (Chairman of Committee)
Shishir K. Diwanji	Independent Non-Executive Director	4	Yes	10	5
Gerson da Cunha	Independent Non-Executive Director	1	No	1	None
General V. N. Sharma (Retd.)	Independent Non-Executive Director	3	No	None	None
B. K. Khare	Independent Non-Executive Director	4	Yes	7	2

(\*) Includes Private Limited Companies and Companies incorporated under Section 25 of the Companies Act, 1956.

(\*\*) After his appointment as Executive Director, there were only two meetings. Appointed after the date of the last AGM.

#### AUDIT COMMITTEE

The Audit Committee is charged with the responsibility to oversee the Company's financial reporting process and disclosure of its financial information; to recommend the appointment of Statutory Auditors and the fixation of their fees; to review and discuss with the Auditors about the internal control system, the scope of audit including the observations of the Auditors, the adequacy of the internal audit system, major accounting policies, practices and entries, compliances with accounting standards and Listing Agreement entered into with the Stock Exchange and other legal requirements concerning financial statements and related party transactions, if any; to review the Company's financial and risk management policies; to discuss with the internal Auditors any significant findings for follow-up thereon; to review the Quarterly, Half Yearly and Annual financial statements before they are submitted to the Board of Directors. Minutes of the Audit Committee Meetings are circulated to the Members of the Board, discussed and noted or acted upon, as required.

The Audit Committee comprises of four independent Non-Executive Directors. The Audit Committee met three times during the year and the attendance of Members at the Meetings was as follows:

NAME OF DIRECTOR	STATUS	NO. OF MEETINGS ATTENDED
B. K. Khare	Chairman	3
Shishir K. Diwanji	Member	3
Gerson da Cunha	Member	1
General V. N. Sharma (Retd.)	Member	3

#### REMUNERATION COMMITTEE

The Remuneration Committee comprises of four independent Non-Executive Directors: Mr. J.M. Mukhi, Mr. Shishir K. Diwanji, Mr. Gerson da Cunha and Mr. B.K. Khare. Mr. Mukhi is the Chairman of the Remuneration Committee. The role of the Remuneration Committee is to approve the remuneration of Wholetime Directors under Section II of Part II of Schedule XIII to the Companies Act, 1956, in the event of no profits or inadequate profits. During the year 2004-05, one meeting of the Remuneration Committee was held on 31st May, 2004, at which all the members of the Committee were present, except Mr. Gerson da Cunha.

#### DETAILS OF DIRECTORS' REMUNERATION FOR THE YEAR 2004-05

NAME OF DIRECTOR	SALARY (Rs.)	PROVIDENT FUND, SUPERANNUATION, ANNUITY & GRATUITY (Rs.)	PERQUISITES & ALLOWANCES (Rs.)	TOTAL (Rs.)	CONTRACT PERIOD
Brahm Vasudeva	1,325,000	995,250	225,000	2,545,250	1.6.2004 to 25.4.2006
M.A. Teckchandani	1,247,400	406,278	68,371	1,722,049	12.11.2004 to 11.11.2007
K. Sundararaghavan	1,198,304	390,287	117,529	1,706,120	12.11.2004 to 11.11.2007
S. Dutta Choudhury	733,336	238,847	42,267	1,014,450	1.8.2004 to 31.7.2007

Sitting Fees Paid to Non-Executive Directors during the year 2004-05, are as follows:

NAME OF DIRECTOR	BOARD MEETINGS (Rs.)	COMMITTEE MEETINGS (Rs.)	TOTAL (Rs.)
Shishir K. Diwanji	35,000	27,500	62,500
J.M. Mukhi	25,000	2,500	27,500
Gerson da Cunha	10,000	12,500	22,500
General V.N. Sharma (Retd.)	25,000	12,500	37,500
B. K. Khare	35,000	15,000	50,000

#### SHAREHOLDERS' GRIEVANCE COMMITTEE

The Shareholders' Grievance Committee is to look into the redressal of shareholders' complaints, if any. The number of shareholders' complaints received during the year 2004-05 are 22 (previous year: 36) and all have been satisfactorily resolved. The Committee also approves requests for issue of new certificates on loss/ consolidation/ split/ defacement/ transmission/ rematerialisation, etc. The Committee met three times in 2004-05. The Shareholders' Grievance Committee comprises of two Non-Executive Directors and two Executive Directors. The Company Secretary is the Compliance Officer. The members of the Committee are as follows:

NAME OF DIRECTOR	STATUS
Shishir K. Diwanji	Chairman
Gerson da Cunha	Member
M.A. Teckchandani	Member
K. Sundararaghavan	Member

#### GENERAL BODY MEETINGS

The last three Annual General Meetings were held as under:

FINANCIAL YEAR	DATE	TIME	LOCATION
2001-2002	31.7.2002	4:00 PM	Jai Hind College, Mumbai
2002-2003	31.7.2003	4:00 PM	Kishinchand Chellaram College, Mumbai
2003-2004	30.7.2004	4:00 PM	Jai Hind College, Mumbai

No special resolutions were required to be put through postal ballot last year. No special resolutions on matters requiring postal ballot are placed for shareholders' approval at this Meeting.

#### DISCLOSURES

There were no transactions of a material nature with the promoters, the Directors or the Management, or relatives, subsidiaries, etc. that may have potential conflict with the interest of the Company at large.

There were no instances of non-compliance nor have any penalties, strictures been imposed by Stock Exchange or SEBI or any other statutory authority during the last three years on any matter related to the capital markets except that the Company availed on March 28, 2003, the SEBI Amnesty Scheme under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, for certain inadvertent delayed disclosures as already reported in our Annual Reports for 2002-03 and 2003-04.

#### MEANS OF COMMUNICATION

During the year, quarterly results were taken on record by the Board of Directors and submitted to the Stock Exchanges in terms of the requirements of Clause 41 of the Listing agreement. Quarterly results are published as required in prominent local daily newspapers, namely, The Economic Times and Maharashtra Times. The results are displayed on the website [www.sebidifar.nic.in](http://www.sebidifar.nic.in). No presentations have been made to institutional investors or to the analysts. The Management Discussion and Analysis forms part of the Directors' Report.

#### GENERAL SHAREHOLDER INFORMATION

Annual General Meeting is to be held on Friday, the 29th day of July, 2005, at 4.00pm at Jai Hind College Hall, 'A' Road, Churchgate, Mumbai 400 020.

The Financial Calendar is as follows

- Annual Results of 2004-05: May 28, 2005
- First Quarter Results: July 29, 2005
- Dates of Book Closure: July 22, 2005 to July 29, 2005
- Dividend Payment Date: Dividend of Rs.3 per share for the year 2004-05 has been recommended on May 28, 2005, and subject to approval of the shareholders at the Annual General Meeting, will be paid thereafter on or before August 27, 2005.
- Mailing of Annual Report: By July 5, 2005.
- Annual General Meeting: July 29, 2005.

Listing of equity shares on Stock Exchange : Mumbai. Stock Code : 508486

#### Stock Market Price data for the year 2004-2005

MONTH	COMPANY STOCK PRICES (Rs.)		SENSEX INDEX	
	HIGH	LOW	HIGH	LOW
April	23.00	16.85	5979.25	5599.12
May	23.65	15.05	5772.64	4804.90
June	22.00	17.75	5012.52	4613.44
July	22.90	18.00	5155.63	4723.04
August	20.90	17.45	5269.22	5022.29
September	27.50	19.50	5638.79	5178.57
October	23.35	18.55	5803.82	5263.04
November	26.40	21.00	6248.43	5649.03
December	39.70	22.50	6617.15	6176.09
January	34.25	24.00	6696.31	6069.33
February	51.90	34.70	6721.08	6508.33
March	57.50	43.25	6954.86	6321.31

**Registrar and Share Transfer Agent:** The Company's Registrar and Share Transfer Agent is M/s Intime Spectrum Registry Limited, having its registered office at C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai 400078 (RTA). The RTA acknowledges and executes transfer of shares, arranges for issue of dividend, processes dematerialisation and rematerialisation of shares, receives and deals with complaints from investors under the supervision and control of the Company.

**Share Transfer System:** The Company's shares are traded in the Stock Exchange in demat mode. Shares in physical mode which are lodged for transfer are processed and returned to the shareholders within the stipulated 30 days.

#### Distribution of Shareholding as on March 31, 2005

CATEGORY	NO. OF SHARES HELD	% SHAREHOLDING
Banks/Financial Institutions	344,046	6.50
Unit Trust of India	12,000	0.23
Bodies Corporate	143,890	2.72
Promoters	2,962,836	56.03
Others	1,825,043	34.52
Total	5,287,815	100.00

**Dematerialisation of Shares:** As on 31st March, 2005, 38.18% of the Company's total shares representing 20,18,747 shares were held in dematerialised form and the balance 32,69,068 shares were held in physical form.

**Plant Locations:** The Company's plants are located at Thane (Maharashtra), Hoshiarpur (Punjab) and Jaunpur District (UP).

**Address for communication:** The Company's registered office is situated at Maker Tower F101, Cuffe Parade, Mumbai 400005, Maharashtra. Shareholders holding shares in electronic mode should address their correspondence to their respective Depository Participant.