

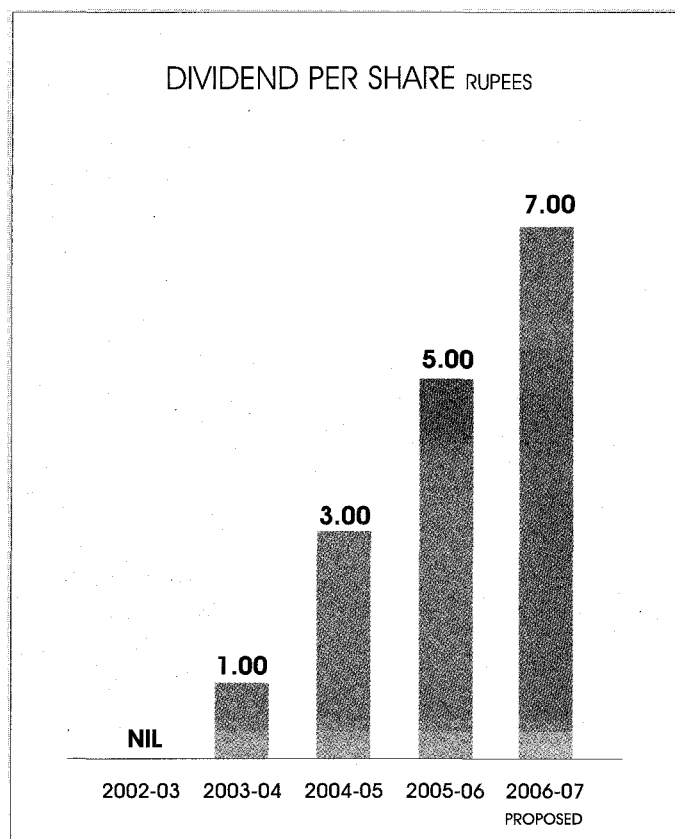
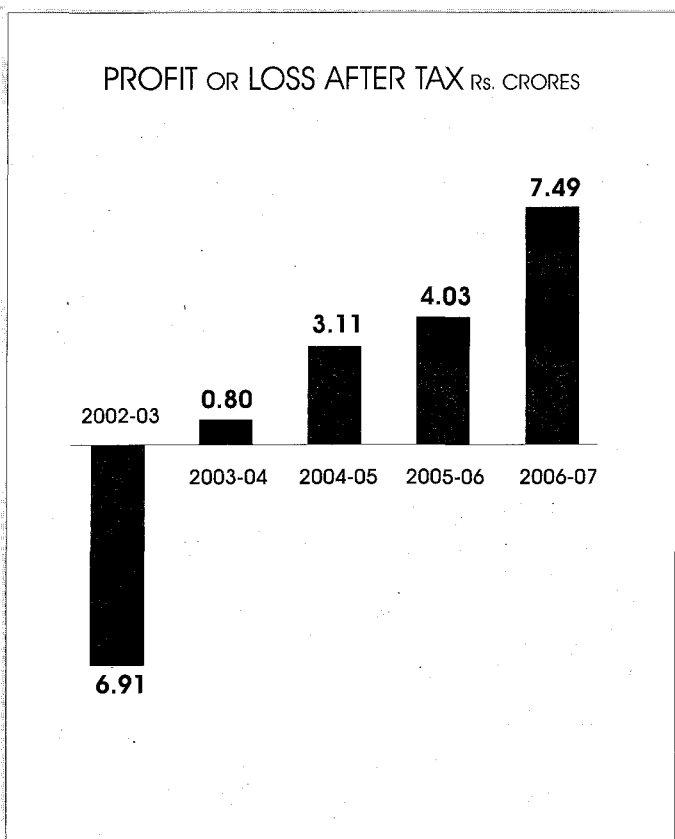
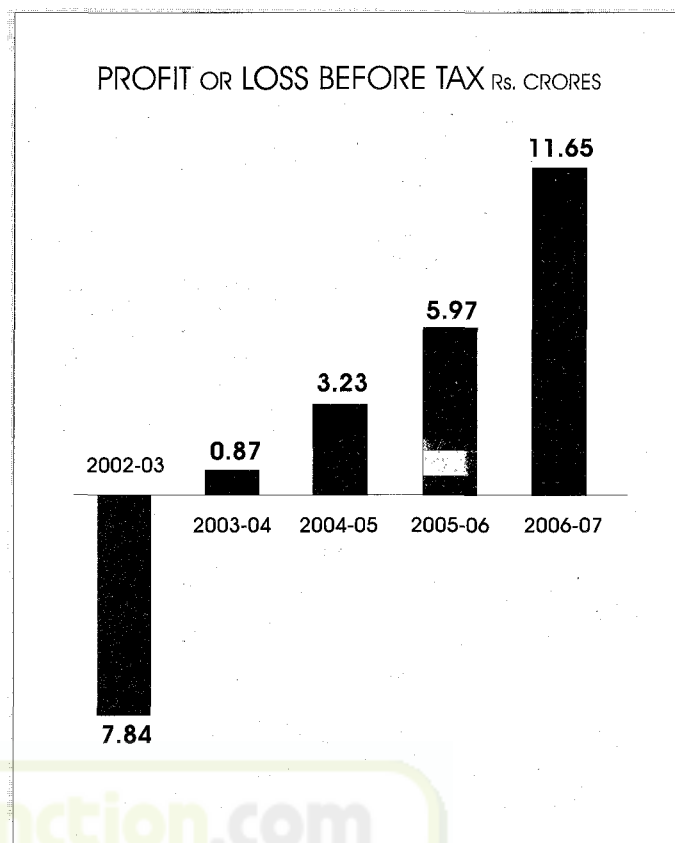
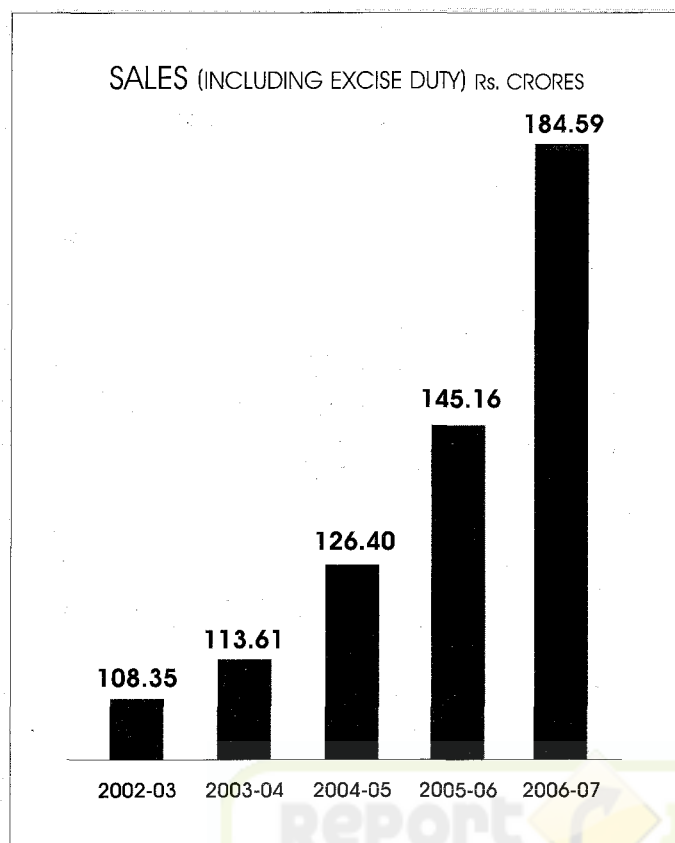
Hawkins Cookers Limited

Annual Report 2006-07

SECULAR RETURN ON HAWKINS SHAREHOLDER'S INVESTMENT COMPARED WITH THE BOMBAY STOCK EXCHANGE INDEX SENSEX 1997 TO 2007

	RUPEES PER SHARE
CURRENT AVERAGE PRICE PER HAWKINS SHARE IN THE FORTNIGHT ENDED JUNE 8, 2007	116.04
LESS: COST OF RIGHTS ISSUE SHARE IN 1997 ISSUED ON NOVEMBER 21, 1997	35.00
EQUALS: APPRECIATION IN SHARE PRICE	81.04
PLUS: DIVIDENDS PAID AND ACCRUED ON EACH RIGHTS ISSUE SHARE	29.72
EQUALS: SHAREHOLDER'S TOTAL RETURNS	110.76
COMPOUND ANNUAL RETURN ON THE HAWKINS SHARE	16.2%
COMPOUND ANNUAL GROWTH IN BSE SENSEX	16.0%
CURRENT SENSEX AVERAGE IN THE FORTNIGHT ENDED JUNE 8, 2007	14,397
SENSEX AVERAGE IN 1997 IN THE FORTNIGHT ENDED NOVEMBER 28, 1997	3,515

FIVE-YEAR FINANCIAL PERFORMANCE



1 CRORE = 10 MILLION

HAWKINS COOKERS LIMITED ANNUAL REPORT 2006-07

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BOARD OF DIRECTORS

J. M. Mukhi	Shishir K. Diwanji	Gerson da Cunha	Gen. V. N. Sharma (Retd.)	B. K. Khare
	Brahm Vasudeva CHAIRMAN		S. Dutta Choudhury VICE-CHAIRMAN & CHIEF EXECUTIVE OFFICER	
	M. A. Teckchandani EXECUTIVE DIRECTOR – OPERATIONS		K. Sundararaghavan EXECUTIVE DIRECTOR – FINANCE & ADMINISTRATION	

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

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: 2596 3838 Fax: 2596 2691

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 forty-seventh Annual Report and audited statement of accounts for the year ended March 31, 2007.

2006-2007 OPERATIONS: MAIN RESULTS

We are happy to report that sales, profit before tax and profit after tax are the highest ever in the history of your Company.

Sales (including excise duty) in 2006-07 were Rs.1846 million, up 27% over the previous year. Sales net of excise duty were Rs.1732 million, up 27% over the previous year. The Profit before tax was Rs.116.5 million, up 95% over the previous year. The net profit after tax for the year was Rs.74.9 million, up 86% over the previous year.

MANAGEMENT DISCUSSION AND ANALYSIS

Pressure Cookers

Our pressure cooker sales volume increased by 23% and sales value by 28% over previous year. The continuing, buoyant sales trend in the market gives us the confidence to look forward to a further good sales growth in pressure cookers in the current year. Market Research in the year 2006 shows that the total pressure cooker market in the country is growing at 7.3% per annum and that Hawkins continues to be the Number One brand in the pressure cooker market in India.

Cookware

Sales volume of Futura Cookware increased by 23% and sales value by 32% over previous year. Both the Hard Anodised and Nonstick ranges of our cookware are doing well.

Material Costs

Inflation in metals, particularly in aluminium, brass and stainless steel, accounted for additional expenses of Rs.124 million during the year. However, this inflationary trend seems to be moderating in the current year.

Expenses

As against an increase of 27% in sales (excluding excise duty), total expenses (excluding excise duty) increased by 12%. A judicious control of costs continues to be a major part of our corporate strategy.

Cash Flow

Net Cash Flow from operating activities was Rs.112.9 million, down 5% mainly on account of the significant increase in direct taxes paid. The major use

(43%) of this cash flow was to reduce bank borrowings by Rs.48.0 million. Another use (15%) of the cash flow was to acquire fixed assets to the tune of Rs.16.8 million. Rs.30.0 million was used to pay dividends and tax on dividends. This demonstrates the continuing robust financial health of your Company.

Employee Morale

Morale of employees is high. Industrial relations are normal. We appreciate very much the contribution of all our employees.

Control Systems

In our judgment, 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 judgments exercised in good faith at this time. Actual developments and/or results may differ from our anticipation.

2006-07 OPERATIONS: OTHER ASPECTS

FOB value of exports was Rs.78.1 million (previous year: Rs.88.6 million). Foreign Exchange used in the year under report was Rs.4.6 million (previous year: Rs.13.0 million).

During the year, we successfully launched the 2 Litre Hard Anodized Contura and 8 Litre Ekobase Pressure Cookers. In Cookware, we launched six items: Futura Hard Anodised Sauce Pan (Handi) with two short handles; Futura Hard Anodised Kadhai 2.75 litre; Futura Hard Anodised Cook-n-Serve Stewpot 5 Litre with glass lid; Futura Non-stick Cook-n-Serve Stewpot 3 Litre and 5 Litre with glass lid and Futura Hard Anodised Ezee Pour Sauce Pan 1.5 litre.

The expenditure on Research and Development was Rs.9.8 million, 0.6% of turnover (previous year: Rs.9.1 million, 0.6%). Required details are given in **Appendix I**. Efforts continue in our factories to save energy wherever possible.

Information as per Section 217(2A) of the Companies Act, 1956, read with Rules thereunder, is given in **Appendix II**.

Of the fixed deposits maturing for payment prior to March 31, 2007, five fixed deposits amounting to Rs.28,198 were neither renewed nor claimed till March 31, 2007. Since then, two deposits amounting to Rs.8,198 were transferred to the Investor Education and Protection Fund.

DIVIDEND AND APPROPRIATIONS

We are pleased to recommend Rupees Seven per share as dividend at the rate of 70% (previous year: Rupees Five per share).

Out of the amount available for appropriation of Rs.87.1 million (previous year: Rs.47.3 million), we propose Rs.37.0 million as provision for dividend (previous year: Rs.26.4 million); tax on distributed profits on proposed dividend Rs.6.3 million (previous year: Rs.3.7 million); Rs.7.5 million transfer to General Reserve (previous year: Rs.5.0 million); and Rs.36.3 million as surplus carried to the Balance Sheet (previous year: Rs.12.2 million).

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Board confirms that:

1. 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.

2. In the preparation of the Annual Accounts, the applicable accounting standards have been followed and proper explanation given relating to material departures. The directors have prepared the Annual Accounts on a going concern basis.

3. 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.

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.

CODE OF CONDUCT

The Board has formulated a Code of Conduct for all Directors of the Board and Senior Managers of the Company. This Code has been posted on the website of the Company.

All Directors and Senior Management Personnel have affirmed compliance with the Code. A declaration to this effect signed by the Vice-Chairman and Chief Executive Officer of the Company appears elsewhere in this Annual Report.

DIRECTORS

Mr. Shishir K. Diwanji and Mr. K. Sundararaghavan, Directors, retire by rotation and, being eligible, offer themselves for reappointment.

After 38 years of distinguished service to your Company, Mr. Brahm Vasudeva retired as Chairman and Chief Executive Officer on April 25, 2006, the day before his seventieth birthday. With effect from April 26, 2006, Mr. Vasudeva became the Non-Executive Chairman of the Board of Directors of your Company. On that date, Mr. Vasudeva also commenced his 5-year appointment as Advisor to your Company. The directors wish to place on record their high appreciation for the very significant contributions made by Mr. Brahm Vasudeva to the culture and growth of your Company during his executive tenure.

The present tenure of Mr. Subhadip Dutta Choudhury, Vice Chairman & Chief Executive Officer expires on July 31, 2007 and that of the Wholetime Directors Mr. M.A. Teckchandani, and Mr. K. Sundararaghavan expire on November 11, 2007. The Board at its meeting held on May 28, 2007 has reappointed Mr. Subhadip Dutta Choudhury for a further period of 3 years with effect from August 1, 2007. Mr. M.A. Teckchandani and Mr. K. Sundararaghavan have also been reappointed for a further period of 3 years with effect from November 12, 2007, subject to your approval for which suitable resolutions are proposed.

AUDITORS

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

ON BEHALF OF THE BOARD OF DIRECTORS



Mumbai
June 1, 2007

BRAHM VASUDEVA
CHAIRMAN

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 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.9.8 million, 0.6% of total turnover (previous year: Rs.9.1 Million, 0.6%).

TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

Efforts made: The Company has relied upon internal generation. As of 1st April, 2006, the Company had 68 valid patents and design registrations in force in 7 countries. During the year, 1 patent application and 1 design registration was filed. Benefits derived: as described above. 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 for the year ended March 31, 2007.

SR.	NAME	AGE	DESIGNATION NATURE OF DUTIES	GROSS REMUNERATION RECEIVED (RS.)	QUALIFICATION	EXPERIENCE (YEARS)	DATE OF COMMENCEMENT OF EMPLOYMENT	LAST EMPLOYMENT	
								NAME OF EMPLOYER	POSITION HELD
1.	Brahm Vasudeva	70	Chairman of the Board (**)	469,380	B.A.(Hons.)	48	01.06.1968.	Hindustan Lever Ltd.	Product Group Manager
2.	S. Dutta Choudhury	39	Vice-Chairman & Chief Executive Officer (**)	2,531,072	B.Tech Degree Elec. Engg., IIT PGDBA, IIM	15	18.05.1992	-	-
3	M.A. Teckchandani	59	Executive Director- Operations	2,531,072	B.E.(Elec.) PGDBA, IIM	35	16.08.1983	Bright Brothers Ltd.	General Manager Finance
4	K. Sundararaghavan	61	Executive Director- Finance & Administration	2,531,073	B.E.(Mech.) Post.Gr. Cert. in Gen. Mgmt.	40	12.10.1987	Xomox (India) Ltd.	Operations Manager

(**)Mr. Brahm Vasudeva retired as Wholtime Chairman and Managing Director of the Company on April 25, 2006, the day before his seventieth birthday. With effect from April 26, 2006, Mr. Vasudeva continues as a Non-Executive Chairman of the Board of the Company. With effect from April 26, 2006, Mr. Subhadip Dutta Choudhury, Executive Director (Marketing), has been appointed as Vice-Chairman & Managing Director designated as Chief Executive Officer of the Company.

COMPLIANCE WITH THE CODE OF CONDUCT

The Board has formulated a Code of Conduct for all Directors and Senior Managers of the Company which has been posted on the website of the Company. It is hereby affirmed that all Directors and Senior Managers have complied with the Code of Conduct framed by the Company and a confirmation to this effect has been obtained from all Directors and Senior Managers. There is no

instance of non-compliance.

BY ORDER OF THE BOARD OF DIRECTORS

Mumbai

June 1, 2007 VICE-CHAIRMAN & CHIEF EXECUTIVE OFFICER

Subhadip Dutta Choudhury
SUBHADIP DUTTA CHOUDHURY

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, 2007, 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 the 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 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

S. R. Tata
Partner

Mumbai: June 1, 2007

Membership No: 38320

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY

Hawkins Cookers Limited believes in corporate governance that optimizes 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

Through the year under report the Board of Directors comprised of a Non-Executive Chairman, (Executive Chairman up to April 25, 2006), Vice-Chairman & Chief Executive Officer (with effect from April 26, 2006; Executive Director-Marketing up to April 25, 2006), two Executive Directors and five independent, non-executive directors. During the year, four Board Meetings were held: on May 27, 2006, July 28, 2006, October 30, 2006, and January 29, 2007. 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 OF BOARD COMMITTEES OF OTHER COMPANIES
Brahm Vasudeva	Promoter, Non-Executive Chairman (**)	4	Yes	1	None
Subhadip Dutta Choudhury	Vice-Chairman & Chief Executive Officer (**)	4	Yes	None	None
M.A. Teckchandani	Executive Director	3	No	None	None
K. Sundararaghavan	Executive Director	4	Yes	None	None
J. M. Mukhi	Independent Non-Executive Director	4	Yes	2	1
Shishir K. Diwanji	Independent Non-Executive Director	3	No	8	3
Gerson da Cunha	Independent Non-Executive Director	3	Yes	2	None
General V. N. Sharma (Retd.)	Independent Non-Executive Director	4	Yes	None	None
B. K. Khare	Independent Non-Executive Director	4	No	6	None

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

(**) Mr. Brahm Vasudeva retired as Wholtime Chairman and Managing Director of the Company on April 25, 2006, the day before his seventieth birthday. With effect from April 26, 2006, Mr. Vasudeva continues as Non-Executive Chairman of the Board of the Company. With effect from April 26, 2006, Mr. Subhadip Dutta Choudhury has been appointed as Vice Chairman & Managing Director designated as Chief Executive Officer of the Company.

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 the 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; and 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 four 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	4
Shishir K. Diwanji	Member	3
Gerson da Cunha	Member	3
General V. N. Sharma (Retd.)	Member	4

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 Wholtime Directors under Section II of Part II of Schedule XIII to the Companies Act, 1956, in the event of no profits or inadequate profits. No meeting of the Remuneration Committee was held during the year 2006-07.