

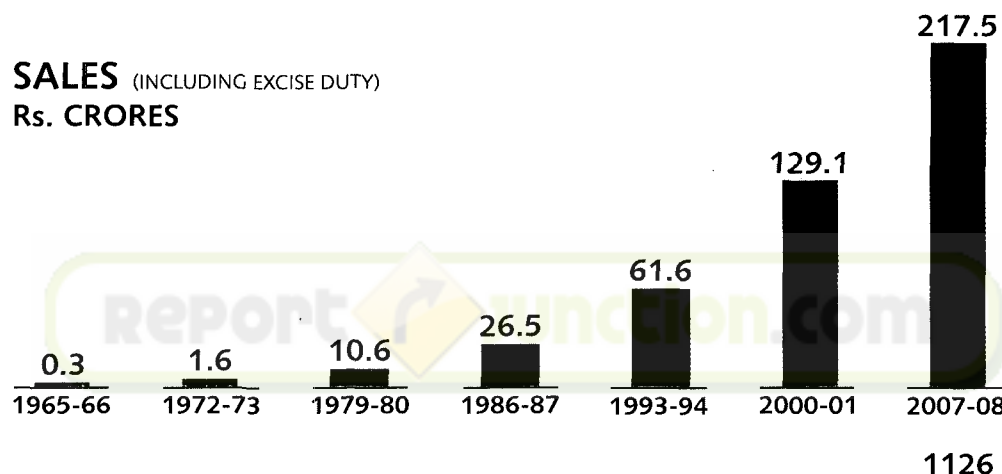
# Hawkins Cookers Limited

## Annual Report 2007-08

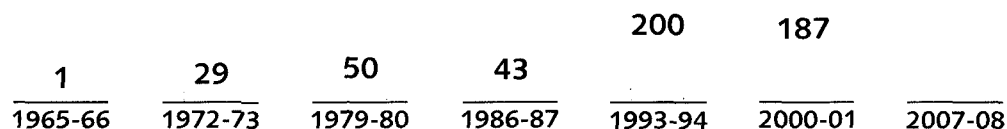
Hawkins was founded in 1959. In the 49-year life of Hawkins so far, there are seven periods of seven years each. Given below are the significant facts of Hawkins performance in each of the seven periods in

### THE LIFE-HISTORY OF THE COMPANY

**SALES** (INCLUDING EXCISE DUTY)  
Rs. CRORES



**NET PROFIT** AFTER TAX  
Rs. LAKHS

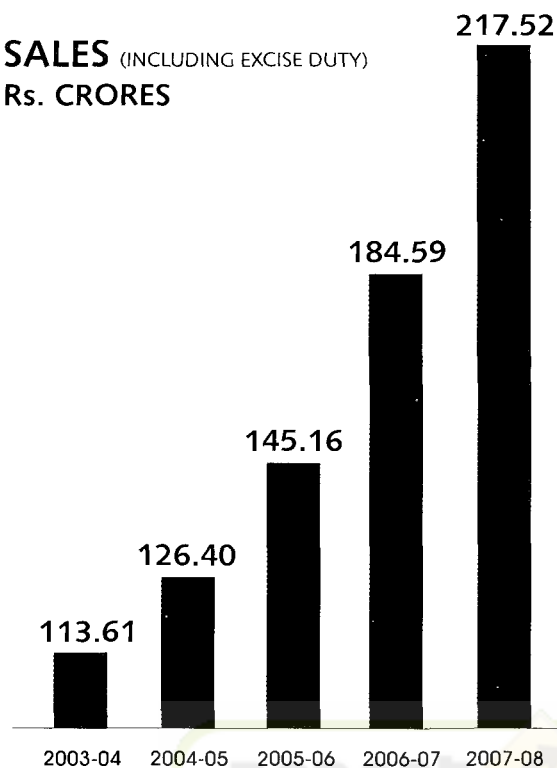
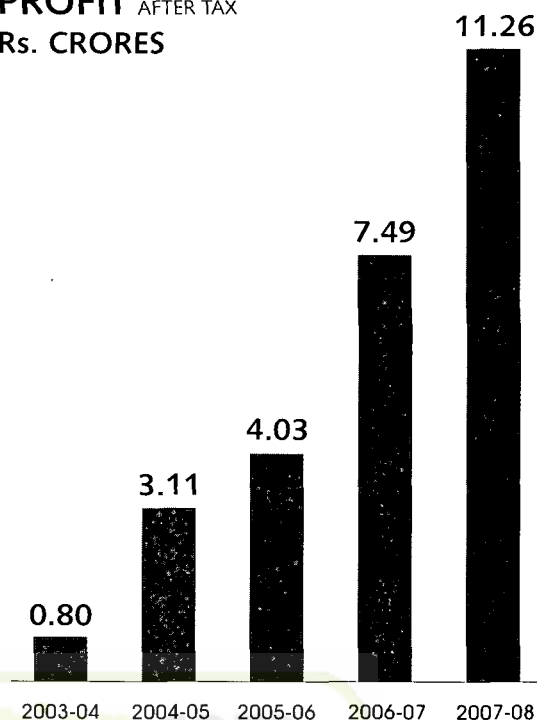
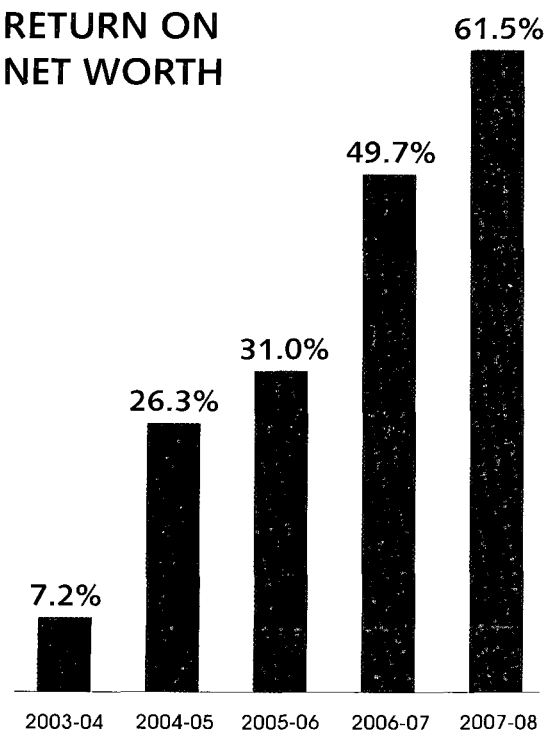
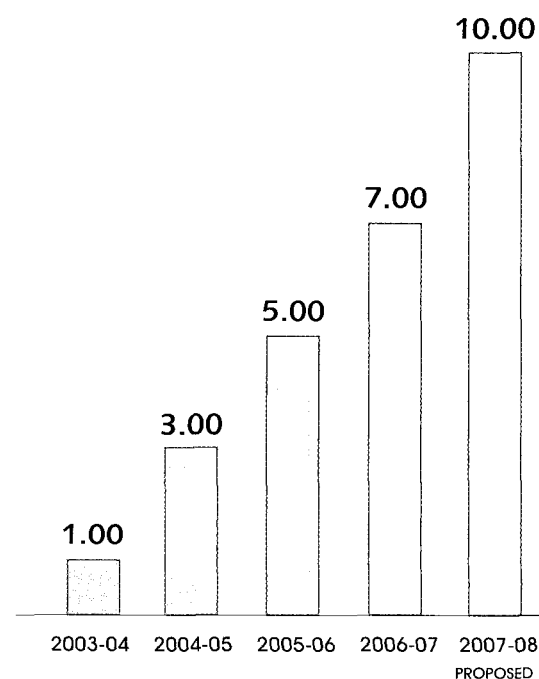


### COMPOUND ANNUAL GROWTH IN SALES & NET PROFIT

PERIOD	1959-66	1966-73	1973-80	1980-87	1987-94	1994-2001	2001-08
SALES	44.1%	27.8%	29.8%	12.7%	11.6%	10.1%	11.2%
NET PROFIT	75.5%	65.7%	4.7%	-5.4%	27.8%	-8.3%	93.7% *

\*AS THERE WERE LOSSES IN 2001-02 AND 2002-03, THE COMPOUND ANNUAL GROWTH HAS BEEN WORKED ON THE BASE OF 2003-04 WHICH IS THE FIRST YEAR WITH A PROFIT IN THIS 7 YEAR PERIOD.

## FIVE-YEAR FINANCIAL PERFORMANCE

**SALES** (INCLUDING EXCISE DUTY)  
Rs. CRORES**PROFIT** AFTER TAX  
Rs. CRORES**RETURN ON  
NET WORTH****DIVIDEND** PER SHARE  
RUPEES

1 CRORE = 10 MILLION



## Hawkins Cookers Limited

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

### NOTICE

NOTICE is hereby given that the 48th Annual General Meeting of the shareholders of the Company will be held on Friday, the 25th day of July, 2008, at Patkar Hall, SNDT Women's University, Thackersey Road, Churchgate, Mumbai 400 020 at 4.00 p.m. to transact the following business:

#### Ordinary Business

1. To receive and adopt the audited Profit and Loss Account for the year ended March 31, 2008, and the Balance Sheet as at March 31, 2008, and Directors' and Auditors' Reports thereon.

2. To declare a dividend.

3. To appoint a Director in place of Mr. J.M. Mukhi who retires by rotation and, being eligible, offers himself for reappointment.

4. To appoint a Director in place of General V.N. Sharma (Retd.) who retires by rotation and, being eligible, offers himself for reappointment.

#### Special Business

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

"RESOLVED that subject to the provisions of Sections 224, 225 and other applicable provisions, if any, of the Companies Act, 1956, Messrs. Deloitte Haskins & Sells, Chartered Accountants, be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting of the Company, in place of the retiring auditors, Messrs. A.F. Ferguson & Co., Chartered Accountants, to examine and audit the accounts of the Company for the financial year 2008-09, on a remuneration of Rs.10,00,000 (Rupees Ten lakhs only) plus service tax, if any, and out of pocket expenses."

By Order of the Board

Brahm Vasudeva  
Chairman

Mumbai  
June 16, 2008

#### NOTES

1. 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.

2. Members/Joint shareholder(s)/Proxies are requested to  
a) bring the attendance slips duly completed to the meeting and sign the same at the meeting in order to obtain entry.

b) bring their copy of the Annual Report with them to the Annual General Meeting.

c) notify immediately the change of address/change in bank details if any, to the Company's Registrar and Share Transfer Agent, Intime Spectrum Registry Limited, C-13, Pannalal Silk Mills Compound, L. B. Shastri Marg, Bhandup (West), Mumbai 400078, quoting their folio number. Members holding shares in the electronic form are advised to inform change of address/bank details to their respective Depository Participants.

d) where applicable, submit their Electronic Clearing Service (ECS) mandates to the Company's Registrar and Share Transfer Agent, Intime Spectrum Registry Ltd., at the aforesaid address.

3. The Register of Members and Transfer Books will remain closed from July 18, 2008, to July 25, 2008, both days inclusive.

4. Dividend, if approved at the meeting, will be made payable to those Members whose names appear on the Company's Register of Members on July 25, 2008 in respect of shares held in physical form. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as on July 17, 2008 as per details furnished by the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) for this purpose.

5. Dividend for the financial year ended March 31, 2001, and thereafter which remain unclaimed for a period of seven years will be transferred to the "INVESTOR EDUCATION AND PROTECTION FUND" of the Central Government. Members who have not encashed their dividend warrant(s) for the financial year ended March 31, 2001, or thereafter are requested to contact the Company's Share Transfer Agent, Intime Spectrum Registry Limited.

6. Information required under Clause 49 IV G of the Listing Agreement with The Stock Exchange, Mumbai (relating to Corporate Governance) with respect to the Directors seeking appointment/reappointment at the 48th Annual General Meeting is as follows:

#### Reappointment of Mr. J.M. Mukhi

Mr. Jai Mangharam Mukhi, 80 years of age, received his education from the Universities of Bombay and Cambridge and the London School of Economics. He is a Barrister of Lincoln's Inn and the Middle Temple and an Advocate in the Supreme Court of India. He was at one time Legal Adviser

to the Ministry of External Affairs in charge of India's case against Portugal in the World Court at The Hague, Chairman of the Legal Committee of the International Commission for Supervision and Control in Vietnam and Senior Counsel to the Monopolies Commission. He has advised on the Sino-Indian Boundary Question, the Kutch Arbitration, Constitution-making in Ghana and international commercial arbitrations. He was for many years Chairman of SAE India Ltd. He is a director on the Board of International Factories (India) Pvt. Ltd. He holds 5345 shares of the Company.

#### **Reappointment of General V. N. Sharma (Retd.)**

General V.N. Sharma, 78 years of age, retired in 1990 from the Indian Army as Chief of Army Staff after a most distinguished service of 40 years. He has been awarded the Ati-Vishisht Seva Medal (AVSM) by the President of India in 1977 and in 1986 the Param-Vishisht Seva Medal (PVSM) which is the highest award for distinguished service of a most exceptional order. He thus brings with him a wealth of experience in Leadership and Management. After his retirement, he became the Trustee of the World Memorial Fund for Disaster Relief. He runs a free tuberculosis project in Himachal Pradesh. He is also a member of the India International Centre and The Institute of Defence Studies and Analysis. He has served on the Local Advisory Board of ABN Amro Bank for seven years and on the Board of Directors of the Diamond and Gem Development Corporation for five years. General Sharma is not a director of any other Company. He does not hold any shares of the Company.

#### **7. An explanatory statement of the Special Business pursuant to Section 173 (2) of the Companies Act, 1956, in respect of item no. 5 is given below:**

At present, the Company's accounts are being audited by Messrs. A.F. Ferguson & Co., Chartered Accountants. Messrs. A.F. Ferguson & Co. have informed the Company that they do not wish to seek re-appointment as statutory auditors of the Company for the financial year 2008-09 at the forthcoming Annual General Meeting.

The Company has received a special notice from a Member of the Company, in terms of the provisions of the Act signifying his intention to propose the appointment of Messrs. Deloitte Haskins & Sells as the Statutory Auditors of the Company from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting. Messrs. Deloitte Haskins & Sells have expressed their willingness to act as Auditors of the Company, if appointed and have further confirmed that the said appointment would be in conformity with the provisions of Section 224 (1B) of the Act.

In view of the above, and based on the recommendation of the Audit Committee, the Board of Directors has at its meeting held on May 26, 2008, proposed the appointment of Messrs. Deloitte Haskins & Sells as the Statutory Auditors in place of Messrs. A.F. Ferguson & Co., for the financial year 2008-09 at a remuneration of Rs.10,00,000.

Members' approval is being sought to the appointment of Messrs. Deloitte Haskins & Sells as the Statutory Auditors of the Company and to authorise payment of remuneration to them.

The Board of Directors recommend the Ordinary resolution under item No. 5 for acceptance by the Members.

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

By Order of the Board



Mumbai  
June 16, 2008

Brahm Vasudeva  
Chairman

# HAWKINS COOKERS LIMITED ANNUAL REPORT 2007-08

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Sales of Pressure Cookers and Cookware since the beginning, every seventh year	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		S. Dutta Choudhury	
	CHAIRMAN		VICE-CHAIRMAN & CHIEF EXECUTIVE OFFICER	
	M. A. Teckchandani		K. Sundararaghavan	
	EXECUTIVE DIRECTOR – OPERATIONS		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-eighth Annual Report and Audited Statement of Accounts for the year ended March 31, 2008.

### 2007-08 OPERATIONS: MAIN RESULTS

We are happy to report that both sales and profits are the highest ever in the history of your Company. Sales (including excise duty) in 2007-08 were Rs.2175 million, up 18% over the previous year. Sales net of excise duty were Rs.2042 million, up 18% over the previous year. Profit before tax was Rs.178.1 million, up 53% over the previous year. Net profit after tax for the year was Rs.112.6 million, up 50% over the previous year. Profit before tax as a percentage of sales in 2007-08 was 8.2% as against 6.3% in the previous year. Profit after tax as a percentage of sales in 2007-08 was 5.2% as against 4.1% in the previous year.

### MANAGEMENT DISCUSSION AND ANALYSIS

**Pressure Cooker** sales volume increased by 10% and sales value by 18% over the previous year. Also, the Company continued its thrust towards the wider distribution of its products and has succeeded in expanding the number of direct dealers by 16% during the year under report.

**Cookware** sales volume increased by 17% and sales value by 22% over the previous year. Both the Hard Anodised and Non-stick ranges of Futura Cookware are doing well.

**Material costs** as a percentage of sales in the year under report is 42.6% as against 44.4% in the previous year. This afforded some relief to operating margins as in the previous year material costs had escalated quite sharply.

**Total expenses** (excluding material costs and excise duty) increased by 18% as against an increase of 18% in sales (excluding excise duty). A judicious control of costs in the face of rising inflationary trends continues to be an important part of our corporate strategy.

**Net Cash Flow** from operating activities was Rs.112.7 million, despite much higher income tax payment of Rs.71.9 million (last year Rs.26.5 million). The major use of this cash inflow was to reduce bank borrowings by Rs.31.4 million, to acquire fixed assets at a cost of Rs.21.9 million, and towards dividend payment inclusive of dividend distribution tax of Rs.43.6 million. This demonstrates the continuing financial health of your Company.

**Morale of employees** is high. Industrial relations are normal. We appreciate very much the contribution of all your company's employees.

### Control Systems

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

### Compliance with Revised Accounting Standard AS 15 (Employee Benefits)

During the year, the Company has adopted the Revised Accounting Standard 15 (Employee Benefits) applicable from April 1, 2007. As required by the Revised Standard, the difference between the transitional liability (such liability under the Revised Standard) and the liability that has been recognised at March 31, 2007 (under the then existing AS 15) of Rs.26.5 million (net of tax Rs.17.5 million) has been adjusted against the opening balance of General Reserve on April 1, 2007.

### Risks and Concerns

All foreseeable risks that the Company may encounter and concerns have been addressed in a documented risk management framework which is reviewed by the Board from time to time.

### Threats and Opportunities

Inflation in oil and raw material prices could pose a threat. The Company continues to diligently watch these trends and seeks effective cost controls and necessary adjustment in prices as needed from time to time.

The continuing vitality of our brands – Hawkins, Futura and Miss Mary – and the economic growth and the growth of aspirations in India offer your company the best opportunity. Also, the fast developing modern retail segment in India offers new opportunities for increasing the sale of our products.

### Outlook

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

All forward-looking statements in our reports are based on our assessments and judgments exercised in good faith at this time. Of course, actual developments and/or results may differ from our anticipation.

**2007-08 OPERATIONS: OTHER ASPECTS**

FOB value of exports was Rs.103.2 million, up 32% over the previous year. Foreign Exchange used in the year under report was Rs.17.4 million (previous year: Rs.4.6 million)

The expenditure on Research and Development was Rs.9.4 million, 0.5% of turnover (previous year: Rs.9.8 million, 0.6%). Required details are given in **Appendix I**. Efforts continue in our factories and offices 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**.

None of the fixed deposits maturing for payment prior to March 31, 2008 remained unclaimed as on that date.

**DIVIDEND AND APPROPRIATIONS**

We are pleased to recommend Rupees Ten per Share as dividend at the rate of 100% (previous year: Rupees Seven per share).

Out of the amount available for appropriation of Rs.148.9 million (previous year:Rs.87.1 million), we propose Rs.52.9 million as provision for dividend (previous year: Rs.37.0 million); tax on distributed profits on proposed dividend Rs.9.0 million (previous year: Rs.6.3 million); Rs.20.0 million transfer to General Reserve (previous year: Rs.7.5 million) and Rs.67.0 million as surplus carried to the Balance Sheet (previous year: Rs.36.3 million).

**DIRECTORS' RESPONSIBILITY STATEMENT**

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.

**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.

**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.

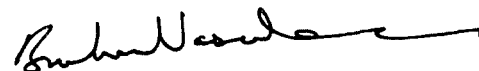
**DIRECTORS**

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

**AUDITORS**

At the Annual General Meeting members will be required to appoint Auditors for the financial year 2008-09 and fix their remuneration. Messrs. A. F. Ferguson & Co. the existing Auditors have informed the Company that they do not wish to seek re-appointment as Statutory Auditors of the Company. Based on the recommendations of the Audit Committee, the Board of Directors has, at its meeting held on May 26, 2008, decided to propose the appointment of Messrs Deloitte Haskins & Sells as the Statutory Auditors. Deloitte Haskins & Sells have furnished a certificate regarding their eligibility for appointment as Statutory Auditors of the Company.

ON BEHALF OF THE BOARD OF DIRECTORS



Mumbai  
June 16, 2008

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 in the future plus design and quality improvement/cost reduction. Future Plan of Action: We intend to support the R&D Centre and the 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: Rs.0.5

million. Recurring expenditure: Rs.8.9 million, 0.5% of total turnover (previous year: Rs.9.8 million, 0.6%).

### Technology Absorption, Adaptation & Innovation

Efforts made: The Company has relied upon internal generation. As of 1st April, 2007, the Company had 62 valid patents and design registrations in force in 5 countries. During the year, 1 design registration was granted and 4 design applications were 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, 2008.

SR. NO.	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.	S. Dutta Choudhury	40	Vice-Chairman & Chief Executive Officer	50,00,199	B. Tech Degree Electrical Engineering, IIT, Kharagpur Post Graduate Diploma in Business Administration, IIM, Calcutta	16	18.05.1992	-	-
2.	M. A. Teckchandani	60	Executive Director - Operations	41,36,490	B. E. (Electrical), Post Graduate Diploma in Business Administration, IIM, Ahmedabad	36	16.08.1983	Bright Brothers Ltd.	General Manager Finance
3.	K. Sundararaghavan	62	Executive Director - Finance & Administration	41,91,972	B. E. (Mechanical), Post Graduate Certificate in General Management, IIM, Ahmedabad	41	12.10.1987	Xomox (India) Ltd.	Operations Manager



## 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 for the year 2007-08 has been obtained from all Directors and Senior Managers. There is no instance of non-compliance.

BY ORDER OF THE BOARD OF DIRECTORS



SUBHADIP DUTTA CHOUDHURY  
VICE-CHAIRMAN & CHIEF EXECUTIVE OFFICER

Mumbai  
May 26, 2008

## 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, 2008, 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 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  
Partner

Membership No: 38320

Mumbai  
June 16, 2008

## 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, a Vice-Chairman & Chief Executive Officer, two Executive Directors and five independent non-executive Directors. During the year, four Board Meetings were held: on May 28, 2007, July 30, 2007, October 27, 2007, and January 28, 2008. 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	3	Yes	None	None
M.A. Teckchandani	Executive Director	4	Yes	None	None
K. Sundararaghavan	Executive Director	4	Yes	None	None
J. M. Mukhi	Independent Non-Executive Director	4	Yes	1	None
Shishir K. Diwanji	Independent Non-Executive Director	4	Yes	8	4
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	Yes	7	1 (Chairman)

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

### 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	4
Gerson da Cunha	Member	3
General V. N. Sharma (Retd.)	Member	4