

# HAWKINS COOKERS LIMITED ANNUAL REPORT 2009-10

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## BOARD OF DIRECTORS

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

## COMPANY SECRETARY

Hutad Bhesania

## AUDITORS

Deloitte Haskins & Sells

## REGISTERED OFFICE

Maker Tower F 101, Cuffe Parade, Mumbai 400 005 India  
Tel: 2218 66 07 Fax: 2218 11 90  
[www.hawkinscookers.com](http://www.hawkinscookers.com)

## SOLICITORS

Crawford Bayley & Co.

## REGISTRAR AND SHARE TRANSFER AGENT

Link Intime India Pvt. Ltd.  
C-13, Pannalal Slik Mills Compound,  
L. B. Shastri Marg, Bhandup (West), Mumbai 400 078  
Tel: 2596 38 38 / 2594 69 70 Fax: 2596 26 91  
email: [mt.helpdesk@linkintime.co.in](mailto:mt.helpdesk@linkintime.co.in)

## 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 fiftieth Annual Report and Audited Statement of Accounts for the year ended March 31, 2010. As mentioned in our report last year, 2008-09 was in fact our Golden Jubilee Year. In 2009-10, we celebrated our Golden Jubilee appropriately by holding functions at our plants and in Mumbai to which our associates, vendors, employees and their families were invited. We feel that these functions have significantly enhanced the understanding and enthusiasm of our associates, vendors and employees about your Company and its character.

### 2009-10 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 2009-10 were Rs.2954 million; sales net of excise duty were Rs.2856 million, up 18% over the previous year. Profit before tax was Rs.558.8 million, up 90% over the previous year. Net profit after tax for the year was Rs.368.4 million, up 93% over the previous year.

### MANAGEMENT DISCUSSION AND ANALYSIS

Profit before tax as a percentage of sales in 2009-10 was 18.9% as against 11.5% in the previous year. Profit after tax as a percentage of sales in 2009-10 was 12.5% as against 7.5% in the previous year. The improvement in margins is the result of higher sales and moderation in material costs.

Two new pressure cooker models were introduced in 2009-10 and were very well received in the market – sales of these models in the aggregate were 89 thousand units in the launch year. Four new cookware items were similarly launched for a total sale of 27 thousand units.

Pressure Cooker sales volume increased by 19% and sales value by 17% over the previous year. The number of directly transacting dealers has gone up to 4,815, an increase of 29% on the previous year. Despite our pressure cooker production increasing from 22.9 lakh units to 28.0 lakh units, we were not able to supply fully the demand for our pressure cookers. Similarly, in cookware our demand has been substantially more than our ability to supply. Management is working to implement plans to further increase supply of all our products significantly in 2010-11.

Although material costs in 2009-10 as a whole were significantly lower than the previous year, the trend of costs during the year was upwards. At present, the materials cost situation is uncertain and difficult to forecast.

Cash flow during the year, taking into account operating, investing and financing activities, was very

comfortable. The increase in cash and bank deposits at the end of the year is Rs.250 million over the opening balance of Rs.144 million. The cash and bank deposits as on March 31, 2010, is Rs.394 million. We have plans to utilise these funds appropriately.

The number of employees as on March 31, 2010, is 900. Morale of employees is high. Industrial relations are normal. We have long-term settlements with our workers and staff in place in all our plants and offices. 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.

### 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

The general inflationary trend in the Indian economy is a cause for concern. While the cost of raw materials had moderated, they may once again move up irrationally and 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 general, buoyant growth rate of the Indian economy augur well for your Company.

### 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 report 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.

### 2009-10 OPERATIONS: OTHER ASPECTS

FOB value of exports was Rs.114.8 million, down 10% over the previous year mainly owing to delayed shipments because of product scarcity. Foreign Exchange used in

the year under report was Rs.6.9 million (previous year: Rs.10.4 million).

Information as per Section 217(2A) of the Companies Act, 1956, is given in **Appendix I**. The expenditure on Research and Development was Rs.10.2 million, (previous year: Rs.11.1 million) – down by 8%. Required details are given in **Appendix II**. Efforts continue in our factories and offices to save energy wherever possible. None of the fixed deposits maturing for payment prior to March 31, 2010, remained unclaimed as on that date.

## **DIVIDEND AND APPROPRIATIONS**

We are pleased to recommend Rupees Forty per Share as dividend at the rate of 400% (previous year: Rupees Twenty per share). Our recommendation takes into account the profitability, circumstances and requirements of the business.

Out of the amount available for appropriation of Rs.457.8 million (previous year: Rs.258.2 million), we propose

- Rs.211.5 million as provision for dividend (previous year: Rs.105.8 million)
- tax on proposed dividend Rs.35.1 million (previous year: Rs.18.0 million)
- Rs.50.0 million transfer to General Reserve (previous year: Rs.45.0 million) and
- Rs.161.2 million as surplus carried to the Balance Sheet (previous year: Rs.89.5 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 forms part of our Report. A Certificate has been received 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. Both appear elsewhere in the Annual Report.

## **DIRECTORS**

The Company has received notices under section 257 of the Companies Act, 1956 for reappointment of Mr. Brahm Vasudeva as a non-executive Director with effect from April 26, 2011, for which a suitable resolution is proposed for your approval. Subject to his being elected as non-executive Director, the Board has resolved at its meeting held on May 29, 2010 to reappoint Mr. Vasudeva as the non-executive Chairman of the Board of the Company for a further period of five years with effect from April 26, 2011. At its meeting held on May 29, 2010, the Board has also reappointed Mr. Vasudeva as an Advisor to your Company for a further period of five years subject to your approval for which a suitable resolution is also proposed.

The Board at its meeting held on May 29, 2010, has reappointed Mr. Subhadip Dutta Choudhury as Vice Chairman & Chief Executive Officer for a further period of three years with effect from August 1, 2010, on revised terms subject to your approval for which a suitable resolution is proposed.

At its meeting held on May 29, 2010, the Board decided to change the responsibilities and designation of Mr. M. A. Teckchandani from Executive Director – Operations to Executive Director – Finance & Administration with effect from June 1, 2010, with all other terms of his appointment remaining unchanged. Mr. Teckchandani retires by rotation and, being eligible, offers himself for reappointment for which a suitable resolution is proposed for your approval. The Board also reappointed Mr. M. A. Teckchandani as Executive Director – Finance & Administration for a further period of three years with effect from November 12, 2010, on revised terms subject to your approval for which a suitable resolution is also proposed.

The Board at its meeting held on May 29, 2010, appointed Mr. K. K. Kaul as a Wholtime Director of the Company designated as Executive Director – Operations

**DIRECTORS' REPORT** continued

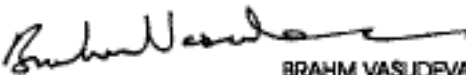
for a term of three years with effect from June 1, 2010, subject to your approval for which a suitable resolution is proposed. Mr. Kaul has served in your Company as an executive for the last 25 years at growing levels of seniority and was Executive Vice President – Technical prior to being appointed as Executive Director – Operations.

Mr. Shishir K. Diwanji, Director retires by rotation and, being eligible, offers himself for reappointment for which a suitable resolution is proposed for your approval.

Messrs. Deloitte Haskins & Sells retire and, being eligible, offer themselves for reappointment.

ON BEHALF OF THE BOARD OF DIRECTORS

Mumbai  
June 21, 2010

  
BRAHM VASUDEVA  
CHAIRMAN

**DIRECTORS' REPORT: APPENDIX I**

Information as per Section 217 (2A) read with Companies (Particulars of Employees) Rules, 1975, forming part of the Directors' Report for the year ended March 31, 2010

SR. NO.	NAME	AGE	DESIGNATION NATURE OF DUTIES	GROSS REMUNERATION (Rs.)	QUALIFICATION	EXPERIENCE (YEARS)	DATE OF COMMENCEMENT OF EMPLOYMENT	LAST EMPLOYMENT	
								NAME OF EMPLOYER	POSITION HELD
1.	S. Dutta Choudhury	42	Vice-Chairman & Chief Executive Officer	11,553,966	B. Tech Degree Electrical Engineering, IIT, Kharagpur Post Graduate Diploma In Business Administration, IIM, Calcutta	18	18.05.1992	-	-
2.	M. A. Teekchandani	62	Executive Director - Operations	8,360,734	B. E. (Electrical), Post Graduate Diploma In Business Administration, IIM, Ahmedabad	38	16.08.1983	Bright Brothers Ltd.	General Manager Finance
3.	K. Sundararaghavan (up till April 15, 2009)	64	Executive Director - Finance & Administration	408,130	B. E. (Mechanical), Post Graduate Certificate In General Management, IIM, Ahmedabad	43	12.10.1987	Xenos (India) Ltd.	Operations Manager
4.	K. K. Kaul	55	Executive Vice President - Technical	6,548,362	B. E. (Hons.) (Mechanical), BITS, Pilani Post Graduate Diploma In Industrial Engineering	30	26.12.1984	Premier Automobiles Ltd.	Assistant Manager - Material Planning and Control
5.	Tej Paul Sharma	48	Senior Vice President - Sales	4,878,143	B. Com	28	14.11.1983	Speedo Sales Corporation	Salesman

## 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 plus design and quality improvement/cost reduction in existing products. 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 consumer service and support. Capital expenditure on R&D: Rs.0.05

million. Recurring expenditure: Rs.10.1 million, 0.3% of total turnover (previous year: Rs.10.9 million, 0.4%).

### Technology Absorption, Adaptation & Innovation

Efforts made: The Company has relied upon internal generation. No technology has been imported for the last five years. As of 1st April, 2009, the Company had 67 valid patents and design registrations in force in 5 countries. During the year 2009-10, 5 design registrations were granted and 2 design applications were filed. Benefits derived: as described above.

## 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 2009-10 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 29, 2010

## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

### To the Members of Hawkins Cookers Limited

We have examined the compliance of the conditions of Corporate Governance by Hawkins Cookers Limited, for the year ended on March 31, 2010, as stipulated in clause 49 of the Listing Agreement of the said Company with the Bombay Stock Exchange Limited, Mumbai (hereinafter referred to as clause 49).

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring 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 and the representations made by the directors and the management, we certify that the Company has complied, in all material respects, with the conditions of Corporate Governance as stipulated in clause 49.

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 Deloitte Haskins & Sells  
Chartered Accountants  
(Registration No. 117366W)



R. K. Hiranandani  
Partner  
(Membership No. 36920)

Mumbai  
June 21, 2010



## REPORT ON CORPORATE GOVERNANCE

### Company's Philosophy

Hawkins Cookers Limited believes in corporate governance that optimises results in the present and 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, one Executive Director (two Executive Directors for the period April 1 to April 15, 2009) and five Independent, non-executive Directors. During the year, five Board Meetings were held: on May 30, 2009, July 31, 2009, September 22, 2009, October 31, 2009, and January 30, 2010. Directors' attendance record and other details are as follows:

NAME OF DIRECTOR	POSITION	BOARD MEETINGS ATTENDED	WHETHER ATTENDED LAST AGM	OTHER DIRECTORSHIPS	BOARD COMMITTEES OF OTHER COMPANIES
Brahm Vasudeva	Promoter, Non-Executive Chairman	5	Yes	1	None
Subhadip Dutta Choudhury	Vice-Chairman & Chief Executive Officer	5	Yes	None	None
M. A. Teekchandani	Executive Director	5	Yes	None	None
K. Sundararaghavan (up till April 15, 2009)	Executive Director	None	No	None	None
J. M. Mulhi	Independent Director	2	Yes	1	None
Shishir K. Diwanji	Independent Director	5	Yes	6	4 including one as Chairman
Gerson da Cunha	Independent Director	3	Yes	1	None
General V. N. Sharma (Retd.)	Independent Director	4	Yes	None	None
B. K. Khare	Independent Director	5	No*	5	1 (Chairman)

\* Owing to his not feeling well at that time.

### 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 consists 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

## Remuneration Committee

The Remuneration Committee consists of four independent non-executive Directors: Mr. J.M. Mukhi, Chairman, Mr. Shishir K. Diwanji, Mr. Gerson da Cunha and Mr. B. K. Khare. The role of the Remuneration Committee is to approve the remuneration of Wholetime Directors under Section II of Part II of Schedule XII of the Companies Act, 1956, in the event of no profits or inadequate profits. No meeting of the Remuneration Committee was required or held during the year 2009-10.

## Directors' Remuneration

The remuneration of executive directors for the year 2009-10 is as per the table below:

DIRECTOR	SALARY (Rs.)	PROVIDENT FUND, SUPERANNUATION & GRATUITY (Rs.)	PERQUISITES & ALLOWANCES (Rs.)	COMMISSION (Rs.)	TOTAL (Rs.)	CONTRACT PERIOD
Subhadip Dutta Choudhury	2,000,000	636,154	126,963	8,790,849	11,553,966	01.08.2007 to 31.07.2010
M. A. Teekchandani	1,800,000	872,538	147,630	8,860,566	8,380,734	12.11.2007 to 11.11.2010
K. Sunderaraghavan (up till April 15, 2009)	75,000	23,856	65,084	244,190	408,130	12.11.2007 to 15.04.2009

Benefits extended to Mr. Brahm Vasudeva, non-executive Director and Chairman of the Board for his Advisory Services for the year 2009-10 (as per contract approved by the Members at the 45th Annual General Meeting of the Company held on 29th July, 2005, for a period of 5 years with effect from 26th April, 2006) were Rs.121,089. In addition, an office has been provided to the non-executive Chairman at the registered office of the Company.

The Board at its meeting held on May 29, 2010, resolved to pay commissions to the non-executive Directors for the year 2009-10 amounting to Rs.5,860,566 in the aggregate which is 1% of the applicable net profit of the Company as per Section 309(5) of the Companies Act, 1956. The Board further resolved to distribute the said amount amongst the non-executive Directors as noted in the table below which also shows the sitting fees paid:

DIRECTOR	COMMISSION PAYABLE FOR THE YEAR 2009-10 (Rs.)	BOARD MEETINGS' FEES (Rs.)	COMMITTEE MEETINGS' FEES (Rs.)	TOTAL (Rs.)
Brahm Vasudeva	976,761	100,000	65,000	1,141,761
J. M. Mukhi	976,761	40,000	-	1,016,761
Shishir K. Diwanji	976,761	100,000	165,000	1,241,761
Gerson da Cunha	976,761	60,000	130,000	1,166,761
General V. N. Sharma (Retd.)	976,761	80,000	50,000	1,106,761
B. K. Khare	976,761	100,000	50,000	1,126,761

## Shareholding of Non-executive Directors as at 31.3.2010

DIRECTOR	NO. OF SHARES HELD
Brahm Vasudeva	1,832,332
Shishir K. Diwanji	2,475
J. M. Mukhi	5,345