



Hawkins Cookers Limited

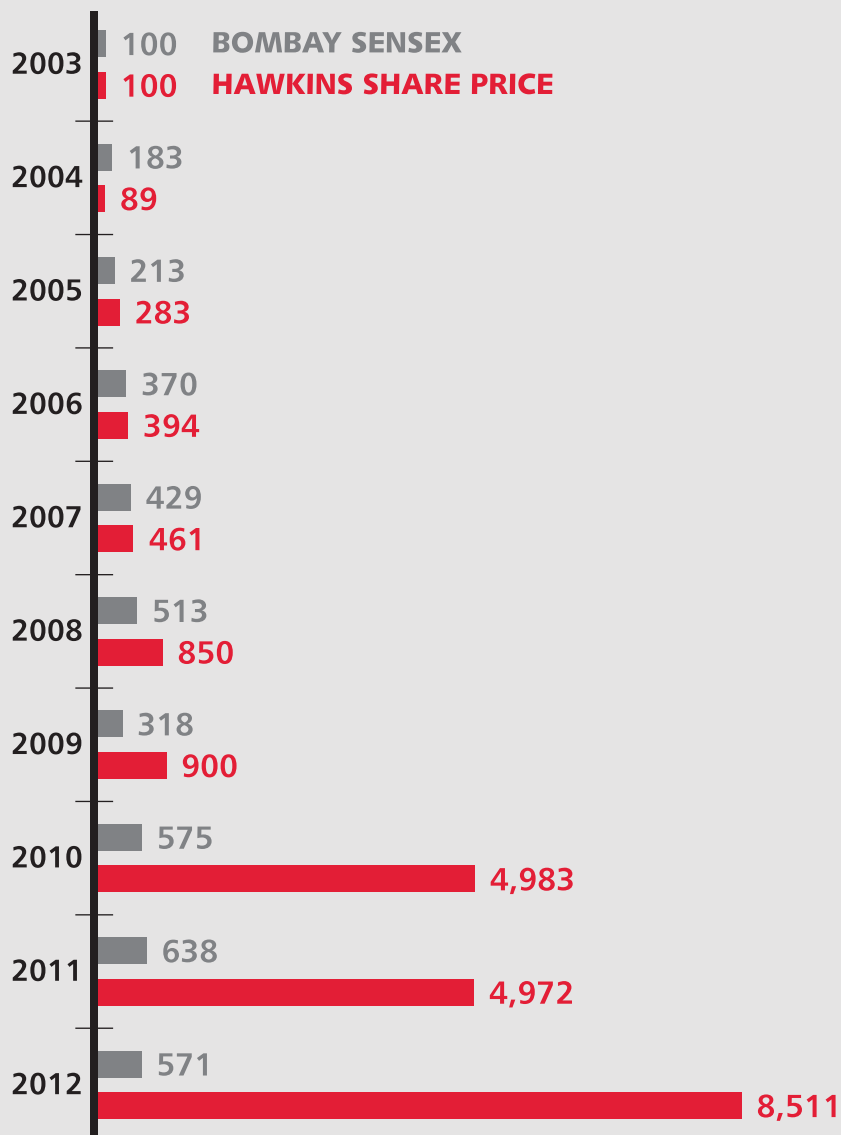
Annual Report 2011-12

TEN YEARS TO END MARCH 2012
INDEXED TO END MARCH 2003=100

HAWKINS PRICE PER SHARE VERSUS BOMBAY SENSEX

AT END MARCH OF EACH YEAR

END MARCH	SENSEX	HAWKINS ₹/SHARE
2003	3049	18
2004	5591	16
2005	6493	51
2006	11280	71
2007	13072	83
2008	15644	153
2009	9709	162
2010	17528	897
2011	19445	895
2012	17404	1532



AS AT END APRIL AND END MAY, 2012

AS AT MONTH END	SENSEX	HAWKINS ₹/SHARE
APRIL 2012	17319	1533
MAY 2012	16219	1588

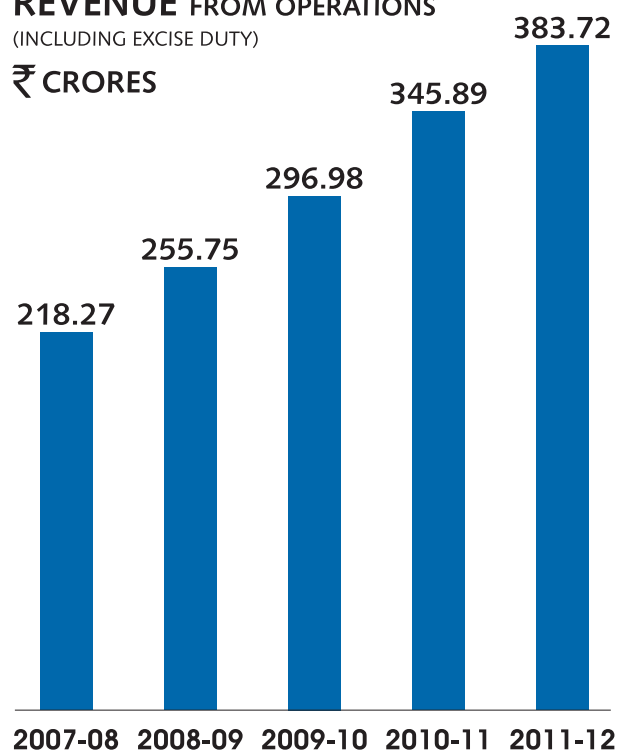


FINANCIAL PERFORMANCE: LAST FIVE YEARS

REVENUE FROM OPERATIONS

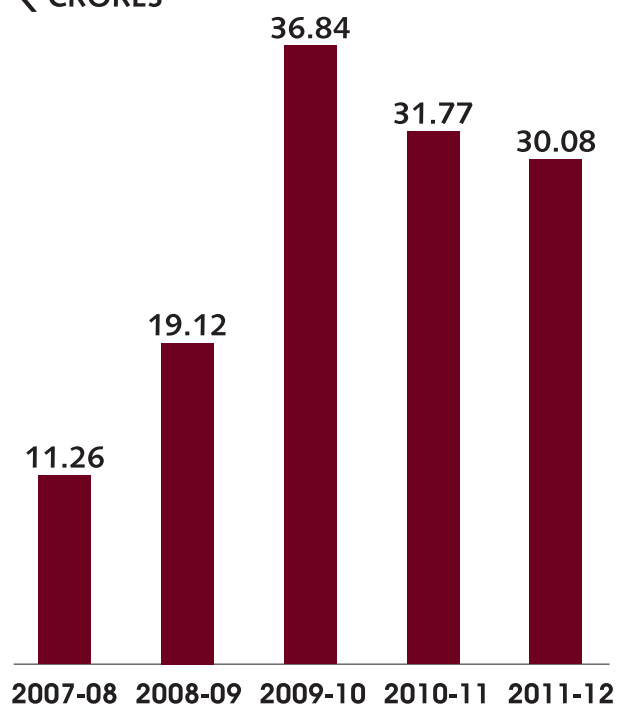
(INCLUDING EXCISE DUTY)

₹ CRORES

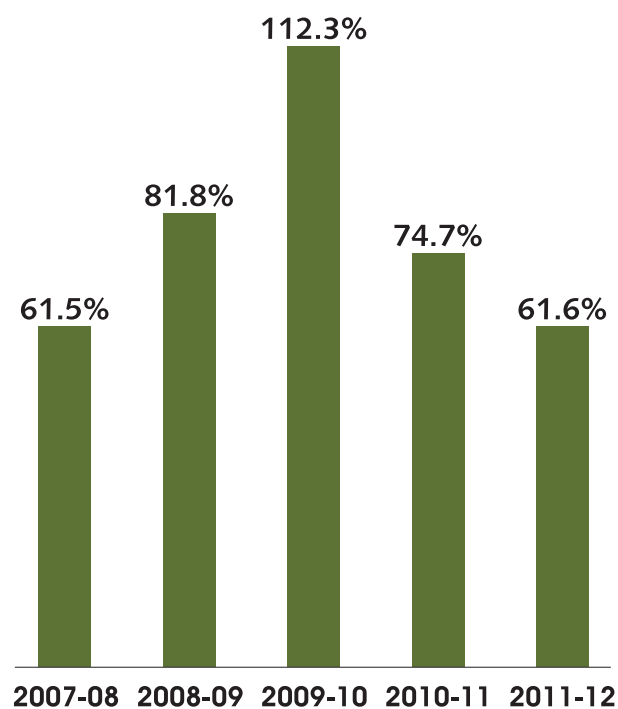


PROFIT AFTER TAX

₹ CRORES



RETURN ON NET WORTH



DIVIDEND

RUPEES PER SHARE



HAWKINS COOKERS LIMITED ANNUAL REPORT 2011-12

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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. Teckchandani K. K. Kaul
VICE-CHAIRMAN & CHIEF EXECUTIVE OFFICER EXECUTIVE DIRECTOR – FINANCE & ADMINISTRATION EXECUTIVE DIRECTOR – OPERATIONS

Brahm Vasudeva
CHAIRMAN

COMPANY SECRETARY

Hutoxi 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

SOLICITORS

Crawford Bayley & Co.

REGISTRAR AND SHARE TRANSFER AGENT

Link Intime India Pvt. Ltd.
C-13, Pannalal Silk Mills Compound,
L. B. Shastri Marg, Bhandup (West), Mumbai 400 078
Tel: 2596 38 38 / 2594 69 70 Fax: 2596 26 91
email: rnt.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 fifty-second Annual Report and Audited Statement of Accounts for the year ended March 31, 2012.

2011-12 Operations: Main Results

Sales are the highest ever. Revenue from operations including excise duty in 2011-12 was ₹3,837.2 million (up 10.9% over previous year) and, net of excise duty, it was ₹3,675.4 million (up 10.1% over the previous year).

Profit before tax was ₹445.6 million (6.3% less than the previous year). Net profit after tax was ₹300.8 million (5.3% less than the previous year).

The net return on shareholders funds (net worth) was 62%.

Management Discussion and Analysis

In 2011-12, demand for our products was well in excess of the supply. Supply was hindered by deteriorated labour relations in our Jaunpur factory and an order of the Punjab Pollution Control Board (PPCB), dated October 13, 2011, instructing our Hoshiarpur factory to cease operations in view of their allegation that it was producing effluents with pollutants beyond permissible limits. We explain herein below the events in respect of the said hindrances:

- In our Jaunpur factory, the Wage Settlement became due for renegotiation with effect from April 1, 2011. Around that time, the majority of workers started a campaign of a go-slow of production and then went on a 15-day strike in September 2011. Since then, though there has been some improvement in the rate of production, the situation has not returned fully to normal so far. The Company's stand is that we will not negotiate a Wage Settlement under the pressure of a go-slow. Currently, the matter is under conciliation before the Deputy Labour Commissioner, Varanasi. We are hopeful that the matter will be resolved shortly.
- In regard to our Hoshiarpur factory, the Company denied the allegations of PPCB and took the matter to the Honourable High Court of Punjab and Haryana at Chandigarh. The Honourable High Court stayed the order of PPCB subject to certain

restrictions and heard the matter on numerous occasions. The final judgement of the Honourable High Court was delivered on April 16, 2012, in which it instructed the Company to apply afresh for the required No Objection Certificate and Consents and also instructed PPCB to decide the matter on merit within three weeks of receiving the required information from the Company. The Company has submitted all necessary information to PPCB by May 19, 2012, and now awaits the decision of PPCB. Meanwhile, production of pressure cookers at our Hoshiarpur factory is continuing on a restricted basis. We are hopeful of getting the required No Objection Certificate/ Consents from PPCB and resolving the whole matter shortly.

We are pleased to report that labour relations in Thane factory and Mumbai offices and Hoshiarpur factory are normal. In 2011-12, long-term Wage Settlements were signed with Thane factory workers and Hoshiarpur factory workers and staff. The Agreement with staff in Thane factory and Mumbai offices was signed on April 27, 2012. These Settlements shall be in effect up to dates that range from October 15, 2013, to June 30, 2014.

The number of employees as on March 31, 2012, is 854. Except for Jaunpur factory workers at the moment, the morale of our employees is high. We appreciate very much the contribution of the vast majority of our employees to the successful working of your Company.

Owing to supply restrictions, pressure cooker sales value increased only by 7.5% over the previous year. In cookware, sales value increased by 31% over the previous year. Management is working with full vigour to increase supply to match the growth in demand.

Profit before tax as a percentage of net sales in 2011-12 was 12.1% as against 14.2% in the previous year. Profit after tax as a percentage of net sales in 2011-12 was 8.2% as against 9.5% in the previous year. The reduction in margins is because of low sales growth on account of restricted supply and increase in material costs. The total material cost increased by 12% during the year led by an increase in the cost of aluminium of 13%. Consequent to the increase in input costs, we have effected a price increase in our products of about 8% on February 16, 2012.

In 2011-12, we launched a full range of seven sizes of Induction-Compatible Stainless Steel pressure cookers. In addition, we introduced a Hard Anodised Contura (4 litre) and a new model, Hevibase (3 litre) pressure cooker. We also launched two items of cookware – a Hard Anodised Frying Pan (18 cm diameter) and the Nonstick Dosa Tava (33 cm diameter). All the new products have been well-received in the market.

Cash flow during the year, taking into account all activities, was comfortable. The increase in cash and cash equivalents at the end of the year is ₹34.6 million over the opening balance of ₹467.5 million. The cash and cash equivalents as on March 31, 2012, is ₹502.1 million. Additionally, we have ₹10 million in bank deposits with a term in excess of one year. We have plans to utilise these funds appropriately.

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 price of aluminium on the London Metal Exchange is 26% down in June 2012 as compared with June 2011, this advantage is nullified by the depreciation by 25% of the Indian Rupee versus the US Dollar in the same period. Management continues to diligently watch cost trends and seeks effective cost controls and necessary adjustment in prices as needed from time to time.

The continuing vitality in the demand for our brands – Hawkins, Contura, Futura and Miss Mary – augur well for the future of your Company.

Outlook

Subject to our being able to overcome the hindrances that are affecting our production of pressure cookers in our Hoshiarpur and Jaunpur factories, we believe 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 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.

2011-12 Operations: Other Aspects

As against an 8% increase in the volume of exports, FOB value of exports was up 19% over the previous year at ₹148.3 million in 2011-12. Foreign Exchange used in 2011-12 was ₹8.1 million as against ₹29.4 million in the previous year.

Information as per Section 217(2A) of the Companies Act, 1956, is given in **Appendix I**.

On March 31, 2011, we obtained recognition for our Research & Development Unit from the Department of Scientific and Industrial Research. Therefore, our expenditure on R&D in 2011-12 shall be eligible for the benefit of deductibility of expenses at the rate of 200% for the purpose of the computation of income tax, subject to the necessary approvals by the Department of Scientific and Industrial Research and the Income Tax Department. The expenditure on Research & Development in 2011-12 was ₹10.4 million, up 9% over previous year which was ₹9.5 million. 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, 2012, 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 Forty per share). Our recommendation takes into account the profitability, circumstances and requirements of the business.

Out of the amount available for appropriation of ₹483.8 million (previous year: ₹478.9 million), we propose

- ₹211.5 million as provision for dividend (previous year: ₹211.5 million)
- tax on proposed dividend ₹34.3 million (previous year: ₹34.3 million)
- ₹50.0 million transfer to General Reserve (previous year: ₹50.0 million) and
- ₹188.0 million as surplus carried to the Balance Sheet (previous year: ₹183.0 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.

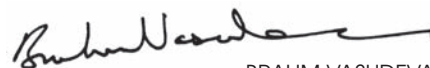
Directors

Mr. Gerson da Cunha, Director, retires by rotation and, being eligible, offers himself for reappointment for which a suitable resolution is proposed for your approval. Mr. B. K. Khare, Director, retires by rotation and, being eligible, offers himself for reappointment for which a suitable resolution is proposed for your approval.

Auditors

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

ON BEHALF OF THE BOARD OF DIRECTORS



BRAHM VASUDEVA
CHAIRMAN

Mumbai
July 2, 2012

DIRECTORS' REPORT: APPENDIX I

Information as per Section 217 (2A) read with Companies (Particulars of Employees) Rules, 1975, and forming part of the Directors' Report for the year ended March 31, 2012

SR. NO.	NAME	AGE	DESIGNATION NATURE OF DUTIES	GROSS REMUNERATION ₹	QUALIFICATION	EXPERIENCE (YEARS)	DATE OF COMMENCEMENT OF EMPLOYMENT	LAST EMPLOYMENT	
								NAME OF EMPLOYER	POSITION HELD
1.	S. Dutta Choudhury	44	Vice-Chairman & Chief Executive Officer	13,052,725	B. Tech Degree Electrical Engineering, IIT, Kharagpur Post Graduate Diploma in Business Administration, IIM, Calcutta	20	18.05.1992	—	—
2.	M. A. Teckchandani	64	Executive Director - Finance & Administration	8,921,492	B. E. (Electrical), Post Graduate Diploma in Business Administration, IIM, Ahmedabad	40	16.08.1983	Bright Brothers Ltd.	General Manager Finance
3.	K. K. Kaul	57	Executive Director - Operations	8,415,379	B. E. (Hons.) (Mechanical), BITS, Pilani Post Graduate Diploma in Industrial Engineering	32	26.12.1984	Premier Automobiles Ltd.	Assistant Manager - Material Planning and Control

DIRECTORS' REPORT: APPENDIX II

Research & Development

Specific areas in which R&D efforts have been carried out: R&D in materials, machines, processes and designs of components and products in order to improve the functioning and durability of products, to produce greater fuel economies and to improve the safety and convenience of users of the 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: ₹0.25 million. Recurring expenditure: ₹10.2 million, 0.3% of total turnover (previous year: ₹9.4 million, 0.3%).

Technology Absorption, Adaptation and Innovation

Efforts made: The Company has relied upon internal generation. No technology has been imported for the last five years. As of 1st April, 2011, the Company had 68 valid patents and design registrations in force in five countries. During the year 2011-12, one design registration was granted and one patent and one design registration application 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 2011-12 has been obtained from all Directors and Senior Managers. There is no instance of non-compliance.

Mumbai
May 25, 2012

BY ORDER OF THE BOARD OF DIRECTORS



SUBHADIP DUTTA CHOUDHURY
VICE-CHAIRMAN & CHIEF EXECUTIVE OFFICER

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 31st March, 2012, 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.

Mumbai
July 2, 2012

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No. 117366W)



Rajesh K. Hiranandani
Partner
(Membership No. 36920)

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 with all stakeholders and the creation of value on competitive merit.

Board of Directors

The Board of Directors comprises of a Non-Executive Chairman, a Vice-Chairman & Chief Executive Officer, two other Executive Directors and five independent, non-executive Directors. During the year, four Board Meetings were held: on May 27, July 29 and October 29, 2011 and January 28, 2012. Directors' attendance record and other details are as follows:

Name	Position	Board Meetings Attended	Whether Attended Last AGM	Director of Other Companies	Other Company's Board Committee
Brahm Vasudeva	Promoter, Non-Executive Chairman	4	Yes	1	None
Subhadip Dutta Choudhury	Vice-Chairman & Chief Executive Officer, Executive Director	4	Yes	None	None
M. A. Teckchandani	Executive Director - Finance & Administration	3	Yes	None	None
K. K. Kaul	Executive Director - Operations	4	Yes	None	None
J. M. Mukhi	Independent Director	4	Yes	None	None
Shishir K. Diwanji	Independent Director	4	No	7	4 (including 2 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	4	Yes	6	1 (as Chairman)

Audit Committee

The Audit Committee is charged with the responsibility to oversee the Company's financial reporting process and disclosures; to recommend the appointment of Statutory Auditors and Cost Auditor and the fixation of their fees; to review and discuss with the Auditors regarding the scope of audit including the observations of the Auditors; to review the internal control system, 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 discuss with the internal Auditors any significant findings for follow-up thereon; to review the Company's financial and risk management policies; 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	Number of Meetings Attended
B. K. Khare, Chairman	4
Shishir K. Diwanji	4
Gerson da Cunha	3
General V. N. Sharma (Retd.)	4

Cost Audit

A new requirement for Cost Audit has been imposed on a number of industries by an Order dated June 30, 2011, with reference to a Notification dated June 3, 2011, issued under Section 642(1)(b) read with Section 233B(4) and Section 227(1) of the Companies Act, 1956. Since it was not completely clear as to which industries were covered by the said Order, the Central Government issued a General Circular dated November 30, 2011 in an attempt to clarify the matter. However, our initial understanding of the clarification was that our industry was not covered by the said Order. On examining the matter further and after suitable consultations, we have come to the conclusion that our Industry is covered by the said Order. Therefore, we have initiated the process required to appoint a Cost Auditor under Section 233B of the Companies Act, 1956. Accordingly, the necessary Report of the Cost Auditor in respect of the financial year ended March 31, 2012 shall be filed on or before September 27, 2012, as required under law.

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 Wholtime Directors under Section II of Part II of Schedule XIII 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 2011-2012.

Directors' Remuneration

The remuneration of executive directors for the year 2011-12 is as per the table below:

Director	Salary	Provident Fund, Superannuation & Gratuity	Perquisites & Allowances	Commission	Total	Contract Period
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	
S. Dutta Choudhury	25.00	7.95	1.21	96.37	130.53	1.8.2010 to 31.7.2013
M. A. Teckchandani	21.00	6.68	1.31	60.22	89.21	12.11.2010 to 11.11.2013
K. K. Kaul	18.00	5.72	12.25	48.18	84.15	1.6.2010 to 31.5.2013

Note: One Lakh = 100,000

Benefits extended to Mr. Brahm Vasudeva, Chairman of the Board, for his Advisory Services for the year 2011-12 were ₹0.99 lakhs (as per contracts approved by the Members at the 45th Annual General Meeting of the Company held on 29th July, 2005 and at the 50th Annual General Meeting of the Company held on 29th July, 2010). 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 25, 2012, resolved to pay commissions to the non-executive Directors for the year 2011-12 amounting to ₹48.18 lakhs 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 2011-12 ₹ in lakhs	Board Meeting Fees ₹ in lakhs	Committee Meeting Fees ₹ in lakhs	Total ₹ in lakhs
Brahm Vasudeva	8.03	0.80	0.15	8.98
J. M. Mukhi	8.03	0.80	—	8.83
Shishir K. Diwanji	8.03	0.80	2.55	11.38
Gerson da Cunha	8.03	0.60	1.95	10.58
General V. N. Sharma (Retd.)	8.03	0.80	0.60	9.43
B. K. Khare	8.03	0.80	0.60	9.43
Total	48.18	4.60	5.85	58.63