



# Hawkins Cookers Limited

## Hawkins Corporate Performance: The Trends

In Rs. Crores except *Price per Share* which is in Rupees

	2008-09	2009-10	2010-11	2011-12	2012-13
<b>Sales</b> Note 1	256	297	346	384	447
<b>Profit After Tax</b>	19.12	36.84	31.77	30.08	34.10
<b>Net Worth</b> Note 2	23.36	32.82	42.50	48.84	53.17
<b>PAT as % of Net Worth</b> Note 3	82	112	75	62	64
<b>Price per Share</b> Note 4	263	1075	1366	1567	2227

**Notes:** 1. Including excise duty and other operating income. 2. The average of each year's opening and closing balances of Shareholders' Funds (paid up capital plus reserves & surplus).

3. Profit After Tax as a percentage of Net Worth, that is, the ROI (return on investment) on Shareholders' Funds.

4. The average of the daily closing price per share for the three weeks ended June 14 following each financial year.

## Annual Report 2012-13

A New Product  
Launched in July 2013



Maximum Retail  
Price Rs. 2,300

# HAWKINS COOKERS LIMITED ANNUAL REPORT 2012-13

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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 VICE-CHAIRMAN & CHIEF EXECUTIVE OFFICER	M. A. Teckchandani EXECUTIVE DIRECTOR – FINANCE & ADMINISTRATION	K. K. Kaul EXECUTIVE DIRECTOR – OPERATIONS (RETIRED MAY 31, 2013)
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-third Annual Report and Audited Statement of Accounts for the year ended March 31, 2013.

### 2012-13 Operations: Main Results

Once again, sales are the highest ever. Revenue from operations including excise duty in 2012-13 was ₹4,468.2 million (up 16.4% over previous year) and, net of excise duty, it was ₹4,247.2 million (up 15.6% over the previous year).

Profit before tax was ₹500.6 million (12.4% more than the previous year). Net profit after tax was ₹341.0 million (13.4% more than the previous year).

The net return on shareholders funds (net worth) was 64%.

### Management Discussion and Analysis

As we had stated in our Directors' Report to the Shareholders last year, 2011-12 was a year of severe shortage of supply of our pressure cookers relative to demand. We had written in the said report: "Management is working with full vigour to increase supply to match the growth in demand". We are now pleased to report that the shortage of supply has been ended in 2012-13. We summarise hereinbelow how this has been achieved:

- In our Jaunpur factory we signed an Agreement with 85% of the workers individually in August 2012. The said Agreement has been registered by the appropriate authority in Uttar Pradesh on October 20, 2012. The validity of the said Agreement and its registration has been upheld by the Honourable High Court at Allahabad in its Order dated January 15, 2013. Production of pressure cookers in Jaunpur factory in 2012-13 was 35% more than in the previous year.
- In our Hoshiarpur factory, production had been restricted during the litigation started by the Company to protest the Order of the Punjab Pollution Control Board. As stated in our report last year, "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 NOC and Consents were received by the Company through PPCB's

Orders dated October 22, 2012, and February 13, 2013. Hoshiarpur factory's production in the period January to May, 2013, is 24% more than the corresponding five months in the previous year.

We are pleased to be back in a situation where our efforts to grow the demand for our products are not constrained by the shortage of supply. Your Company's strengths lie in bringing to the market products of good design, good quality and high consumer benefit; in organising widespread distribution and service networks; in effective advertising; and in the skilful management of the supply chain, working capital and cash flows. Your Company can now once again focus on brand-building and growth in the near and long-term through introduction of new products as well as the growth of existing products.

The number of employees as on March 31, 2013, is 804. With the exception of a small group of workers in Jaunpur factory, 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.

Profit before tax as a percentage of net sales in 2012-13 was 11.8% as against 12.1% in the previous year. Profit after tax as a percentage of net sales in 2012-13 was 8.0% as against 8.2% in the previous year. Consequent to the increase in input costs, we have taken a price increase of about 7% in our products on April 1, 2013.

In 2012-13, we launched nine new products which sold 3.2 lakh units (as against the sale of 1.4 lakh units of five new products launched in 2011-12).

Cash flow during the year was comfortable. The cash and cash equivalents as on March 31, 2013, is ₹499.7 million (previous year: ₹492.0 million). 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 US Dollar price of aluminium

on the London Metal Exchange is 3.3% down in the first half of June 2013 as compared with the corresponding period in 2012, this advantage is more than nullified by the depreciation by 3.3% of the Indian Rupee versus the US Dollar in the same period as well as a 6.4% increase in the pricing formula by our supplier of aluminium, Hindalco. Management continues to diligently watch cost trends and seeks effective cost controls and necessary adjustment in prices as needed from time to time.

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

### Outlook

We believe the outlook for our business is excellent. The supply shortage has been overcome during the year 2012-13 and we are now considerably better poised to take advantage of the opportunities in the marketplace 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.

### 2012-13 Operations: Other Aspects

As against a 35% increase in the volume of exports, FOB value of exports at ₹232.7 million in 2012-13 was 57% up over the previous year. Foreign Exchange used in 2012-13 was ₹41.7 million (₹8.1 million in the previous year).

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

As our Research & Development unit is recognised by the Department of Scientific and Industrial Research, our expenditure on R&D in 2012-13 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 2012-13 was ₹10.9 million, up 4.3% over previous year. 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, 2013, remained unclaimed as on that date.

### Dividend and Appropriations

We are pleased to recommend Rupees Fifty per Share as dividend at the rate of 500% (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 ₹529.0 million (previous year: ₹483.8 million), we propose:

- ₹264.4 million as provision for dividend (previous year: ₹211.5 million)
- tax on proposed dividend ₹44.9 million (previous year: ₹34.3 million)
- ₹50.0 million transfer to General Reserve (previous year: ₹50.0 million) and
- ₹169.7 million as surplus carried to the Balance Sheet (previous year: ₹188.0 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 The Corporate Governance 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 Board at its meeting held on May 23, 2013, has resolved to reappoint Mr. Subhadip Dutta Choudhury as Vice Chairman & Chief Executive Officer for a further period of three

years with effect from August 1, 2013, on revised terms subject to your approval for which a suitable resolution is proposed.

After 29 years of valuable service to the Company, Mr. M. A. Teckchandani, Executive Director–Finance & Administration, has expressed his desire to retire at the end of his present contract on November 11, 2013. The Board would like to express their high appreciation of the sincerity, commitment and contribution of Mr. Teckchandani during all the many years of his service in your Company.

The Directors have resolved to appoint Mr. Sudeep Yadav, who happens to be a son-in-law of Mr. Brahm Vasudeva, Chairman of the Board of Directors of the Company, as an Additional Director with effect from July 17, 2013, and as Executive Director–Finance & Administration (Designate) with effect from July 22, 2013. Effective November 12, 2013, Mr. Yadav will become Executive Director–Finance and Administration. Mr. Yadav, a graduate of IIT Delhi and a post-graduate of IIM Calcutta, has 21 years of work experience in Business Administration in the banking industry; his previous job was Managing Director, CITI Transaction Services in India. Suitable resolutions are proposed for his appointments for your approval.

After 28 years of valuable service to the Company, Mr. K. K. Kaul, Executive Director–Operations, had expressed

his desire to retire at the end of his present contract on May 31, 2013. The Board would like to express their high appreciation of the sincerity, commitment and contribution of Mr. Kaul during all the many years of his service in your Company. Management has taken appropriate steps to reorganize the technical side of the business to ensure the continuity of operations.

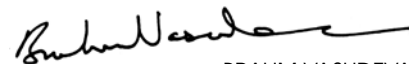
Mr. M. A. Teckchandani and Mr. Shishir K. Diwanji, Directors, retire by rotation and, being eligible, offer themselves for reappointment for which suitable resolutions are proposed for your approval.

At its meeting held on May 23, 2013, the Board has resolved to reappoint Mr. Brahm Vasudeva as an Advisor to your Company for a further period of three years with effect from April 26, 2014, subject to your approval for which a suitable resolution is proposed.

#### Auditors

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

ON BEHALF OF THE BOARD OF DIRECTORS



BRAHM VASUDEVA  
CHAIRMAN

Mumbai  
June 25, 2013

### 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, 2013

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	45	Vice-Chairman & Chief Executive Officer	14,197,998	B. Tech Degree Electrical Engineering, IIT, Kharagpur; Post Graduate Diploma in Business Administration, IIM, Calcutta	21	18.05.1992	—	—
2.	M. A. Teckchandani	65	Executive Director - Finance & Administration	9,936,645	B. E. (Electrical); Post Graduate Diploma in Business Administration, IIM, Ahmedabad	41	16.08.1983	Bright Brothers Ltd.	General Manager Finance
3.	K. K. Kaul	58	Executive Director - Operations	8,960,451	B. E. (Hons.) (Mechanical) BITS, Pilani; Post Graduate Diploma in Industrial Engineering	33	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: ₹0.35 million. Recurring expenditure: ₹10.5 million, 0.2% of total turnover (previous year: ₹10.2 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, 2012, the Company had 55 valid patents and design registrations in force. During the year 2012-13, one design registration was granted and five expired. Therefore, as of April 1, 2013, there were 51 valid patents and design registrations. Benefits derived: as described above.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE OF CONDUCT

The Board has formulated The Corporate Governance 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 Corporate Governance Code of Conduct framed by the Company and a confirmation to this effect for the year 2012-13 has been obtained from all Directors and Senior Managers. There is no instance of non-compliance.

BY ORDER OF THE BOARD OF DIRECTORS

Mumbai  
May 23, 2013

  
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, 2013, 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).

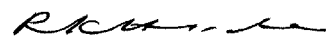
The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of Corporate Governance. It is neither an audit 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  
June 25, 2013

For DELOITTE HASKINS & SELLS  
Chartered Accountants  
(Firm 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

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 25, August 6 and November 3, 2012 and February 2, 2013. 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	4	Yes	None	None
K. K. Kaul*	Executive Director – Operations	4	Yes	None	None
J. M. Mukhi	Independent Director	2	Yes	None	None
Shishir K. Diwanji	Independent Director	4	Yes	7	5 (including 2 as Chairman)
Gerson da Cunha	Independent Director	4	Yes	1	None
General V. N. Sharma (Retd.)	Independent Director	4	Yes	None	None
B. K. Khare	Independent Director	4	Yes	5	1 (as Chairman)

\*Mr. Kaul retired on May 31, 2013, at the end of his contract.

## 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, consisting of all independent, non-executive Directors, 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	4
General V. N. Sharma (Retd.)	4

Mr. J. M. Mukhi, Independent Director, was elected to the Audit Committee with effect from May 20, 2013.

## Cost Audit

M/s. R. Nanabhoy & Company, Cost Accountants, were appointed as Cost Auditors in respect of the financial years 2011-12 and 2012-13. The Cost Audit Report in respect of the financial year 2011-12 was filed in time with the Ministry of Corporate Affairs on January 31, 2013 (due date: February 28, 2013). The due date for submission of the Cost Audit Report for the year 2012-13 is September 27, 2013.

At the Board meeting held on May 23, 2013, M/s. R. Nanabhoy & Company were reappointed as Cost Auditors for the year 2013-14, subject to the approval of the Central Government which is awaited.

## 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 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 2012-13.

## Directors' Remuneration

The remuneration of executive directors for the year 2012-13 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	1.02	108.01	141.98	1.8.2010 to 31.7.2013
M. A. Teckchandani	21.00	6.68	4.18	67.51	99.37	12.11.2010 to 11.11.2013
K. K. Kaul	18.00	5.72	11.88	54.00	89.60	1.6.2010 to 31.5.2013

Benefits extended to Mr. Brahm Vasudeva, Chairman of the Board, for his Advisory Services for the year 2012-13 were ₹1.05 lakhs (as per the contract approved by the Members at the 50th Annual General Meeting of the Company held on July 29, 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 23, 2013, resolved to pay commissions to the non-executive Directors for the year 2012-13 amounting to ₹54 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 2012-13 ₹ in lakhs	Board Meeting Fees ₹ in lakhs	Committee Meeting Fees ₹ in lakhs	Total ₹ in lakhs
Brahm Vasudeva	9.00	0.80	0.15	9.95
J. M. Mukhi	9.00	0.40	—	9.40
Shishir K. Diwanji	9.00	0.80	2.25	12.05
Gerson da Cunha	9.00	0.80	2.10	11.90
General V. N. Sharma (Retd.)	9.00	0.80	0.60	10.40
B. K. Khare	9.00	0.80	0.75	10.55
<b>Total</b>	<b>54.00</b>	<b>4.40</b>	<b>5.85</b>	<b>64.25</b>