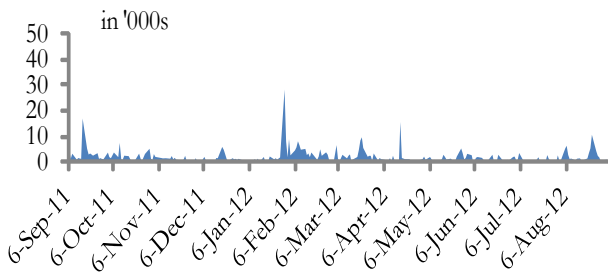


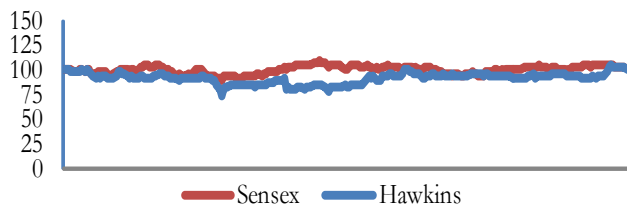
Equity Statistics

Current Market Price	Rs.	1,667.5
52 Week High / Low	Rs.	1759.9/1215
Market Capitalisation	Rs. crores	881.7
Free Float	Rs. crores	396.6
Dividend Yield	%	2.4
One Year Regression Beta	Times	0.5

BSE Volumes Trend - Average = 2.26 Thousand

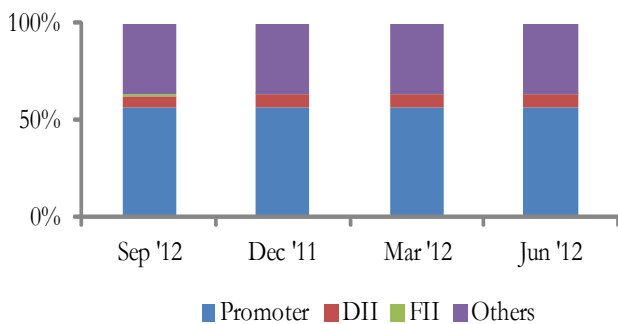


Relative Returns



Returns (%)	1M	3M	6M	1Yr
Absolute	0%	-3%	15%	22%
Relative to Sensex	-1%	5%	1%	3%

Shareholding Pattern



Business summary

Hawkins Cookers Ltd. (Hawkins) is one of the leading manufacturers of cookers in India with a share of ~25% of total market and ~40% of organized market, with over 57 different models of pressure cookers in 10 different types. The product range consists of pressure cookers, cooker accessories, non-stick cookware, cuisinettes and satilon cookware. In FY12, Hawkins reported net sales of Rs. 367.5 crores and adjusted PAT of Rs. 30.1 crores. Geographically, the company predominantly sells its products in the Indian market; exports contributed only around 4% of net sales in FY12.

Core strength for Hawkins is a strong presence in the kitchenware space, with well known brands especially, in the northern and western regions of India and a wide network of authorized service centers. The company however faces risks at operational levels on account of labor unrest at its Jaunpur, Uttar Pradesh plant where employees have resorted to go-slow production campaign and on account of charges by the Punjab Pollution Control Board (PPCB) against its Hoshiarpur facility, which has lead to reduction in production volumes.

Hawkins is currently trading at 33.1 times FY12 EPS and 17.1 times FY12 adjusted book value.

Board of directors

Person	Role	Background
Brahm Vasudeva	NED, Chairman	NA
S. Dutta Choudhury	ED, VC	B.Tech. (IIT-K), PGDB (IIM-C)
M. A. Teckchandani	ED	B. E., PGDB (IIM-A)
K. K. Kaul	ED	B. E. (Hons.), PG (Industrial Engineering).
J. M. Mukhi	NED, Independent	Advocate (Supreme Court)
Shishir K. Diwanji	NED, Independent	Advocate, Solicitor
Gerson da Cunha	NED, Independent	Media person
General V. N. Sharma (Retd.)	NED, Independent	Retired, Chief of Army Staff
B. K. Khare	NED, Independent	C.A., Law Graduate.

Source: AR and CARE Research

Note: NED: Non Executive Director, VC: Vice Chairman, ED: Executive Director

Source: BSE, Capitaline and CARE Research

Background

The company was incorporated in 1959 as a private limited company and was known as Pressure Cookers and Appliances Pvt. Ltd. The company had an agreement with L.G. Hawkins & Co. to manufacture and market Hawkins pressure cookers. In 1975, the company was converted into a public limited company and subsequently, in 1986 the company acquired its present name. Currently, Hawkins is one of the leading manufacturers of cookers in India with a share of ~25% of total market and ~40% of organized market, with over 57 different models of pressure cookers in 10 different types, and sold under three different brands i.e. Hawkins, Futura and Miss Mary. The product range consists of pressure cookers, cooker accessories, non-stick cookware, cuisinettes and satilon cookware.

Hawkin's has three plants located Thane (Maharashtra), Hoshiarpur (Punjab) and Jaunpur (Uttar Pradesh). The company had employee strength of 854 employees as on March 31, 2012. The company has a network of 700 authorised service centers.

Business overview

The company operates in a single business segment i.e. manufacture, trading and sale of kitchenware. Within kitchenware, pressure cookers continued to dominate the product mix. Geographically, the company predominantly sells its products in the Indian market; exports contributed only around 4% of net sales in FY12. In FY12, sales from the Indian market grew by around 10.5% y-o-y, while the sales from overseas market exhibited a higher growth of around 19% y-o-y.

Aluminum is the key raw material (formed around 62% of the total cost of raw materials consumed in FY12) for Hawkins.

Strengths and growth drivers

- Hawkins is one of the leading brands in Indian pressure cooker market with an extensive range of models. The company has strong presence in the kitchenware space, especially in the northern and western regions of India.
- With growth urbanization and increase in disposable income to continue, the demand for kitchenware & kitchen appliances such as cookers, non-stick cookware and small appliances is set to witness an increase. The demand is also expected to shift from unorganized to organized sector.

Risk and concerns

- Hawkins faces significant risk from labor unrest at its Jaunpur plant where employees have resorted to go-slow production campaign since, April 2011. The matter is currently under the conciliation before the Deputy Labour Commissioner, Varanasi.
- In May 2012, PPCB ordered closure of Hoshiarpur plant due to higher than permitted discharge of effluents. Hawkins obtained a temporary stay on this order, and as per the directive of the Honorable High Court, applied for a fresh No Objection Certificate and Consent from PPCB. Final decision on the same is awaited and currently the plant is working on restrictive basis, which is impacting the volume for Hawkins.

Future strategy and expansion plans

- The company does not plan to negotiate any wage settlement under the pressure of a go-slow and currently it is pursuing the matter under conciliation before the Deputy Labour Commissioner, Varanasi.

Industry outlook

The Indian consumer durables and kitchenware market is extremely competitive and fragmented. The markets in India are extremely heterogeneous companies with wide product mix tend to gain higher consumer acceptance. Brand equity tends to influence purchase decision to a great extent in the Indian consumer durables and kitchenware market. Wide distribution network is one of the key parameters for the companies to be successful in reaching the market.

The Indian pressure cooker market is estimated to be around Rs. 1,300 – 1,400 crores and is growing at CAGR of around 9-10% over the last few years with a shift from the unorganized to organized sector. CARE Research estimates the industry at a CAGR of 13-14 per cent during FY11 to FY16. Rising income levels, double-income families, shorter replacement cycle and increasing consumer awareness are expected to be the key growth drivers for the industry volume growth. Value growth is expected to be boosted largely by a shift in segmental mix in favor of high-end products and introduction of energy saving models at higher price points that would help in increasing average realizations across segments.

Peer comparison		Year ended March 31, 2012			
Income statement (Rs. crore)	Hawkins	TTK	Gandhimathi	Bajaj	
Total income	378.5	1,162.0	604.2	3,161.1	
Net sales	367.5	1,103.4	590.2	3,099.0	
EBITDA	45.9	176.8	57.1	237.1	
Ordinary PAT	30.1	113.4	30.4	117.9	
Adjusted PAT	30.1	113.2	30.4	117.9	
Per share data (Rs.)					
Adjusted BVPS	97.6	249.9	42.3	70.2	
Diluted EPS*	50.4	97.6	18.2	11.4	
Growth (Y-o-Y) (%)					
Growth in total income	10.6	45.3	175.9	11.5	
Growth in net sales	10.1	44.5	190.5	13.0	
Growth in EBITDA	(5.2)	41.6	182.9	(5.1)	
Growth in adjusted PAT	(5.3)	34.6	100.3	(20.0)	
Growth in EPS*	(5.9)	35.8	(12.3)	(19.2)	
Profitability ratio (%)					
EBITDA margin	12.5	16.0	9.7	7.7	
Adjusted PAT margin	7.9	9.7	5.0	3.7	
Valuation ratios (Times)					
Price/EPS (P/E)	33.1	34.1	19.5	15.2	
Price/Book value (P/BV)	17.1	13.3	8.4	2.5	
Enterprise value (EV)/EBITDA	18.4	21.3	11.4	7.3	

Source: BSE, Capitaline and CARE Research

Note: TTK: TTK Prestige Ltd., Gandhimathi: Gandhimathi Appliances Ltd., Bajaj: Bajaj Electricals Ltd.

Quarterly financials		Quarter ended June 30, 2012				
Income statement (Rs. crore)	Q1FY13	Q4FY12	Q3FY12	Q2FY12	Q1FY12	
Total income	83.9	107.0	89.1	99.4	75.9	
Net sales	82.5	106.0	88.0	98.5	75.0	
EBITDA	27.3	38.2	28.9	34.0	24.1	
Ordinary PAT	5.2	9.9	3.6	9.3	7.3	
Adjusted PAT	5.2	9.9	3.6	9.3	7.3	
Growth (Q-o-Q) (%)						
Growth in net sales	(22.1)	20.4	(10.7)	31.4		
Profitability ratio (%)						
EBITDA margin	33.1	36.0	32.8	34.5	32.1	
Adjusted PAT margin	6.2	9.2	4.0	9.4	9.6	

Source: BSE, Capitaline and CARE Research

Financial analysis

- In FY12, Hawkins reported net sales of Rs. 367.5 crores – up 10.1% y-o-y. Total income witnessed a growth of 10.6% during the same period.
- Raw materials (especially aluminum) form the largest portion of cost for Hawkins. In FY12, raw materials cost as a percentage of net sales was at around 35%.
- The company reported EBITDA margins and adjusted PAT margins of 12.5% and 7.9%, respectively in FY12.
- The total debt as on March 31, 2012 was at Rs. 12.2 crores compared to an adjusted networth of Rs. 51.6 crores.
- Hawkins exhibited a cash conversion cycle of around 9.7 days in FY12.
- Operating cash flows for the company has been positive in each of the last four years (*i.e. period considered for analysis*).
- The company has paid a dividend of Rs.40 per share for FY12, resulting in a dividend yield of 2.4% at the current market price of Rs. 1667.5 per share.

Annual financial statistics	FY08	FY09	FY10	FY11	FY12
Income statement (Rs. crore)					
Total income	208.2	242.7	290.8	342.1	378.5
Net sales	204.1	241.5	285.6	333.8	367.5
EBITDA	18.4	26.9	54.3	48.4	45.9
Depreciation and amortisation	1.6	1.7	1.7	1.9	2.2
EBIT	16.8	25.2	52.6	46.4	43.7
Interest	1.5	1.4	1.7	2.2	2.9
PBT	17.8	29.4	55.9	47.6	44.6
Ordinary PAT	11.3	19.1	36.8	31.8	30.1
Adjusted PAT	11.2	17.6	36.8	31.8	30.1
Balance sheet (Rs. crore)					
Adjusted networth	20.0	26.7	38.9	46.1	51.6
Total debt	8.0	8.8	12.3	9.1	12.2
Cash and bank	3.8	14.4	40.7	46.8	51.2
Investments	0.1	0.1	0.1	0.1	0.1
Net fixed assets (incl. CWIP)	14.8	15.2	16.9	18.3	20.9
Net current assets (excl. cash, cash equivalents)	10.1	6.7	(5.6)	(9.2)	(8.1)
Per share data (Rs.)					
Adjusted BVPS	37.8	50.6	73.6	87.2	97.6
Diluted EPS*	19.6	32.7	63.0	53.6	50.4
DPS	10.0	20.0	40.0	40.0	40.0
Growth (Y-o-Y) (%)					
Growth in total income		16.6	19.8	17.7	10.6
Growth in net sales		18.3	18.3	16.9	10.1
Growth in EBITDA		46.2	101.7	(10.9)	(5.2)
Growth in adjusted PAT		57.9	108.8	(13.8)	(5.3)
Growth in EPS*		67.2	92.4	(15.0)	(5.9)
Key financial ratio					
EBITDA margin (%)	9.0	11.1	19.0	14.5	12.5
Adjusted PAT margin (%)	5.4	7.3	12.7	9.3	7.9
RoCE (%)		46.1	75.9	55.7	46.8
RoE (%)		81.8	112.2	74.7	61.6
Gross debt - equity (times)	0.4	0.3	0.3	0.2	0.2
Net debt - equity (times)	0.2	NM	NM	NM	NM
Interest coverage (times)	11.5	18.4	30.7	21.6	15.2
Current ratio (times)	1.3	1.4	1.5	1.4	1.5
Inventory days		60.5	63.6	62.3	65.9
Receivable days		36.1	34.9	36.7	34.9

Source: BSE, Capitaline and CARE Research

DISCLOSURES

- Each member of the team involved in the preparation of this grading report, hereby affirms that there exists no conflict of interest that can bias the grading recommendation of the company.
- This report has been sponsored by the BSE Investors' Protection Fund.

DISCLAIMER

- CARE Research, a division of Credit Analysis & REsearch Limited [CARE] has taken utmost care to ensure accuracy and objectivity while developing this report based on information available in public domain or from sources considered reliable. However, neither the accuracy nor completeness of information contained in this report is guaranteed. Opinions expressed herein are our current opinions as on the date of this report. Nothing in this report can be construed as either investment or any other advice or any solicitation, whatsoever. The subscriber / user assumes the entire risk of any use made of this report or data herein. CARE specifically states that it or any of its divisions or employees do not have any financial liabilities whatsoever to the subscribers / users of this report. This report is for personal information only of the authorised recipient in India only. This report or part of it should not be reproduced or redistributed or communicated directly or indirectly in any form to any other person or published or copied for any purpose.

PUBLISHED BY

CARE Research is an independent research division of CARE Ratings, a full-service rating company. CARE Research is involved in preparing detailed industry research reports with 5-year demand and 2-year profitability outlook on the industry besides providing comprehensive trend analysis and the current state of the industry. CARE Research also offers research that is customized to client requirements.

Credit Analysis & REsearch Ltd. (CARE) is a full service rating company that offers a wide range of rating and grading services across sectors. CARE has an unparalleled depth of expertise. CARE Ratings' methodologies are in line with the best international practices.

Head Office: 4th Floor Godrej Coliseum, Off Eastern Express Highway, Somaiya Hospital Road, Sion East, Mumbai – 400 022. | Tel: +91-22-67543456 | Fax: +91-22-67543457 | www.careratings.com |

Regional Offices: New Delhi | Kolkata | Ahmedabad | Bangalore | Hyderabad | Chennai | Pune |

Published on behalf of The Stock Exchange Investors' Protection Fund

First Floor, P J Towers, Dalal Street, Mumbai.
Tel: 22721233/34 | www.bseindia.com

