

Hawkins Cookers Limited
Fifty-sixth Annual General Meeting
August 4, 2016

*Increasing the Effectiveness of
Growing Demand*

Speech of the Chairman
Mr. Brahm Vasudeva

1. I am very happy to extend to all of you a very warm welcome to this, the fifty-sixth AGM of our Company. As I have said before at our AGMs, we do not regard this meeting as a mere formality. Your Directors and I regard it as an opportunity to explain our current situation and our strategies to produce the best possible results. Equally, we are keen to receive your questions and suggestions. So, “Lend me your ears” for the next twenty minutes or so and then give me your thoughts.

2. In our Directors’ Report this year, we wrote: “We believe the outlook for our business is excellent. In this year, we have further strengthened the good reputation we have amongst our consumers and customers and we expect to increase our sales and profits handsomely.” The Directors still hold to that statement in respect of the financial year 2016-17 and beyond. Net sales in the June quarter 2016 are 8.2% higher than the June quarter 2015.

3. By way of comparison, I would like to mention the June quarter sales 2016 vs. 2015 of a well-reputed company I had the privilege of serving for ten years, Hindustan Lever (now called Hindustan Unilever). The HUL net sales growth in June quarter 2016 over June quarter 2015 is 0.3% – as against the corresponding growth in Hawkins of 8.2%.

4. In my Speech at the AGM last year, I had talked about the six steps to *Growing Demand*:

1. The Assessment of Consumer Need
2. The Design and Development of the Product and its Packaging
3. Increase in Supply of the Products
4. Effective Distribution and Display of Products
5. Effective Advertising of Products
6. The Magic of ‘Word of Mouth’

Today, I would like to draw your attention to how we in Hawkins have gone about making two of the aforementioned six steps even more effective. These two steps are Distribution and Advertising.

5. In our Directors' Report to you for the year 2015-16, we have written: "In 2015-16, our major focus has been in improving Distribution and making further improvements in our Advertising. Around 1,500 new dealers have been created which is more than double of what has been done in any previous year. Distribution has also been strengthened by the setting up and training of 50 Hawkins Authorised Megawholesalers from all over India. Further, 118 Hawkins Authorised Showrooms have been set up in 83 towns. These improvements in Distribution are expected to bear fruit in the coming years."

6. As regards Advertising, in our Directors' Report for the year 2015-16, we wrote: "We have had excellent response to our Advertising wherein we have added two new TV commercials and have improved the continuing three TV commercials." At the AGM last year, I showed you three advertising films, one for Hawkins Pressure Cooker, another for Futura Pressure Cooker and the third film for Futura Cookware. Today, I would like to show you the changes we have made in those three films and also the two new films that we have added to our portfolio since October 2015.

7. Before I show you the films, let me explain what we have achieved by making these changes. The three previous films were in duration from 50 to 60 seconds each, a total of 160 seconds. The three revised films are the same films edited with a duration from 30 to 40 seconds, a total of 100 seconds. We have thereby reduced the cost of showing these films by 37%. And we believe we have increased their effectiveness. As you see the new films shortly, judge for yourselves whether the films are less or more effective. Further, the two new films that we have made, one for Hawkins Contura Pressure Cooker and the other for Futura Cookware, are 15 and 20 seconds in duration.

8. The old set of three films totalled a duration of 2 minutes 40 seconds. The new set of five films (three shortened old films and two new films) total a duration of 2 minutes 15 seconds. The total time and cost of showing these films is reduced by 16% and the opportunity for our target audience to see our advertising is increased from three to five, that is, by 67%. We are already seeing the effect of the new advertising on our sales.

9. Now we will show you the edited and new films and you can judge their effectiveness yourselves. Let the film show begin.

10. Well, what you think? Let us know what you think of the films – but in the Question Hour. Meanwhile, I will share with you one of my own opinions. I have been involved in making advertising films, first for Hindustan Lever and then for Hawkins, since 1960 – the last 56 years. Even I find it difficult to recognize what product or service is being advertised, leave aside what brand. I believe this is because the makers of the so-called advertising films are more interested in displaying their originality than in selling the product or service being advertised. We in Hawkins believe, with the advertising guru, David Ogilvy, that the purpose of advertising is “To make cash registers ring!” This makes Hawkins advertising films all the more unique and more effective than the general run of commercials that you see these days.

11. Now let us look at the macro-economic scene. Here, we find what I will call The Indian Paradox. The Indian market has never been more buoyant. GDP (which is in real terms, net of inflation) in India is up 7.9% vs. China 6.7% vs. the US 2.1% and vs. Europe 1.7%. Yet, most Indian companies who have been traditionally acknowledged to be expert marketers are growing in low single digits, if at all. Why? As a contrast, look at the Indian airline sector which is perhaps growing faster than any other country in the world.

12. Where does Hawkins stand in all this? I put it to you that Hawkins is doing and will continue to do very well – for two basic reasons. One is the role of the pressure cooker: saving time, saving fuel, saving money, saving housewives and children from indoor pollution, saving nutrition, improving taste, and saving forests – with all their attendant benefits.

13. The second basic reason for the success of Hawkins is the set of skills that we have developed:

- Design and Development of Products
- Manufacturing and Sourcing
- Quality Control
- Distribution
- Advertising
- Consumer Service

14. In conclusion, I would like to thank all of you, our shareholders, for your hugely steadfast and uncomplaining support. Finally, I respectfully submit to all of you that the Hawkins Board of Directors and all its officers and employees shall always do their best to produce the best possible results – in the interest of shareholders, employees, associates and consumers.
