

Hawkins Cookers Limited
Fifty-fourth Annual General Meeting
September 19, 2014

*The Design and Development of
New Products in Hawkins*

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-fourth AGM of our Company. As I have said before at our AGMs, we do not regard this meeting as a routine formality. We regard it as an opportunity to explain our understanding of our current situation and our strategies to produce the best possible results for all of us. Equally, we are keen to receive your questions and suggestions – we seek inspiration from your inputs and our interaction. So, “Lend me your ears” for the next fifteen minutes and then – give me your thoughts.

2. In our Directors’ Report this year, we wrote: “With the end of the shortage of the supply of our products in the year 2012-13, 2013-14 was a year in which the main challenge was increasing demand. Your Company has met this challenge mainly by the introduction of new products.”

3. In my Speech today, I would like to explain the Hawkins way for the design and development of new products. There are three reasons for my wanting to do so. First, we have received questions from our shareholders and our dealers as to why Hawkins is so slow in coming out with new products and in diversification. Second, as you can see from the cover of our Annual Report for 2013-14, we have introduced a lot of new products recently and the topic is timely. And third, it has become a tradition since our Golden Jubilee Year (when I spoke about *The Seven Strands of the DNA of Hawkins*) that I take the opportunity of the AGM to explain to you and the world at large an important aspect of the working of Hawkins.

4. The decision whether to go for a new product or a new line of business is taken by Top Management assisted by Marketing. Once the decision to produce a new product is taken in sufficient detail – What is the consumer need that the product has to fill? What advantage over competitive products is required? What is the desired price range? – the project is handed over to Technical to design and develop the product required. Technical go through a seven-step design and development process which I will now summarize for you.

5. Step One: Product Function. The *alpha* of product design is to ensure that the product works as is needed by the consumer. We have to ensure user safety and user convenience and that the product works significantly better than any competitor’s product in the market.

6. Step Two: Product Form. Function may be the *alpha* of product design but it is not the *omega*. The products we develop have to have aesthetics to enhance saleability. They also have to have a pleasing distinctiveness which will inter-mingle with and strengthen the brand image of the product.

7. Step Three: Packaging. Packaging has to be designed not only for product protection in transit and in storage but also for display value to help the product *leap* from dealers' shelves into the hands of consumers. Such packaging also contributes powerfully to the brand image of the product.

8. Step Four: User Instructions. We believe no product should be put in the market without comprehensive and tested instructions for the user. Such instructions include Safety Precautions and Do's and Don'ts, how to use and take care of the product, apart from recipes and helpful tips for cooking different types of dishes. Such 'Collateral Material' also includes the terms of the guarantee as well as information on product service and spare parts.

9. Step Five: Product Durability and Serviceability. The sturdiness of the product and its ability to work for many years has to be designed *ab initio*. Further, the serviceability of the product, the spare parts, the tools for servicing, the training of Service Centers and the service manuals and procedures have to be put in place at the same time as the new products are put in the market.

10. Step Six: Prototypes and Testing. Hawkins does not rush untested new products to market. Towards the end of the design and development process, prototypes are made and tested not only in the factory but also in the Hawkins Test Kitchen which, deliberately, is located in the Marketing Office in the island city of Bombay. The Test Kitchen reports on the performance of the product from the consumers' viewpoint and also develops the User Instructions mentioned in Step Four. Quite often, Technical has to revise the product design to address the points raised by Test Kitchen.

11. Step Seven: Productionising. This is the last step in the development cycle when the drawings, specifications and bill of materials are confirmed and the production processes are tried out. Once it is confirmed that the product can be produced as specified, the project is handed over to Manufacturing.

12. As you can well imagine, the Hawkins way to design and develop new products is not a quick fix. It means that Hawkins tends not to be the first in the market with new developments. It also means that Hawkins tends to be the best in the market whenever it does produce new products. I believe this is the case with our pressure cookers, our nonstick cookware and our induction compatible pressure cookers and cookware. Once in a while, we are the first and best – as is the case with our hard anodized cookware. At any rate, I believe our method of designing and developing new products is the best way we have to continue to enhance shareholder value.

13. Before I conclude my Speech today, I would like to inform you about the current state of our business. Sales including excise duty (revenue from operations) in the first five months of the current year (April to August, 2014-15) were Rs.176.47 crores, 18.2% higher than the corresponding period of the previous year. You may recall that sales including excise duty in the whole year 2013-14 were 7.5% up over its previous year. So, in the current year, in the first five months, our sales are increasing at a rate which is almost 2.5 times higher than the sales increase in 2013-14. At the same time, I would like to remind shareholders of what we wrote in the Directors' Report for the year 2013-14: "The high magnitude of first quarter increases in the current financial year is partially because of the low base effect of the corresponding quarter in the previous year and are unlikely to be sustained through the coming quarters of the current year. Nevertheless, we believe that the good start in the first quarter of the current year augurs well for the results that we expect in the year 2014-15." Nothing has happened since then to change our assessment.
