

Hawkins Cookers Limited
Fifty-fifth Annual General Meeting
August 6, 2015

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-fifth 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 thirty minutes 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.” While the Directors still hold to that statement in respect of the financial year 2015-16, I must inform you that net sales in the first quarter of the current year are –1.2% as compared with the first quarter of 2014-15.

3. In my Speech today, I would like to explain the basis of our confidence as regards the current financial year, 2015-16. In order to do so, I would like to explain to you the Hawkins way of *Growing Demand*. As I see it, there are six, more-or-less discrete steps to *Growing Demand*.

4. The first step is the assessment of consumer need for a new product or an improved product. As I mentioned in my Speech at the AGM last year on the topic of *The Design and Development of New Products in Hawkins*, this is a Top Management function and involves questions such as “What advantage is required over competitive products?” and “What is the desired price range?”

5. The second step is the design and development of the new and improved products. This step involves questions of the product function and durability required by the consumer – along with user safety and user convenience – which is superior to any competitive product available in the market. This step also involves the development of the form of the product so as to have a pleasing distinctiveness which will further strengthen the brand image of the product. Also to be developed is packaging for protection in transit and display value and communication of the product benefits at the point-of-sale. Finally, the package has to contain comprehensive and tested instructions and recipes for the consumer.

6. The need for *Growing Demand* also applies to existing products. In fact, once a new or improved product is developed, it becomes an existing product and joins the ranks of all other existing products in our product range. Thereafter, the steps required are common for *Growing Demand* of both new and existing products.

7. The third step in *Growing Demand* is increase in Supply. Two years ago, at the AGM in 2013, I spoke about the symbiotic relationship between supply and demand. In that Speech I had stated: “Increased supply of good products wanted by consumers in turn leads to the growth of demand for such products, largely through word-of-mouth recommendations from one consumer to the other.” I am glad to report that the serious challenges that we have faced to increase Supply have been well overcome in the last couple of years. I would be so bold as to say that Hawkins is now well-positioned as regards the first three steps of *Growing Demand*.

8. The fourth step in *Growing Demand* is the placement of products in widespread distribution and on effective displays at the point-of-sale. This is not achieved merely by sending out salesmen with pricelists and orderbooks. For example, the Ceramic-Coated Hawkins Contura Pressure Cookers that you see on the front cover of our Annual Report 2014-15 were introduced last week in Agra to approximately 300 dealer delegates from all over India in a four-day Conference at which our Top Management was present along with approximately 40 sales and marketing personnel. The program included cooking demonstrations and food tastings, the launch of new marketing initiatives and discussions with dealers in formal and informal contexts. There are six other such Dealer Conferences planned all over India which shall be held during the next five months. And the biggest dealers shall be invited to two Conferences abroad in the next financial year. The dealers and the Hawkins management both look forward to such events which serve to strengthen relationships and improve our customers’ understanding of our products and promotional policies – for our mutual benefit.

9. The fifth step in *Growing Demand* is advertising. Along with David Ogilvy, we believe that the purpose of advertising is “To make the cash registers ring!” In the last one year, we have launched three, new television films which I would like to show you now. Each of these films is made in six to eight Indian languages. In the interest of saving time, we shall show you each film in just two languages, English and Hindi. The first film you will see will be on the Hawkins Pressure Cooker; the second film will be on the Futura Pressure Cooker; and the third film will be on the Futura Cookware. Let the film show begin.

10. Everyone has an opinion on advertising films. Let us know what you think of each of the three films that you have seen – but in the Question Hour.

11. Meanwhile, the sixth and final step in *Growing Demand*. Once well-designed and well-packaged, highly needed products are placed in widespread distribution and display and effectively advertised, you get to the sixth and ultimate stage when the magic of ‘Word of Mouth’ takes over – launching the products into outer space, breaking all pulls of gravity. This is the *nirvana* which is dreamt of by all marketing men and women. This is what we in Hawkins aim at always and achieve sometimes.

12. Having explained to you our strategy of *Growing Demand*, I would like to share with you, briefly, my understanding of the macro-economic factors and the social trends that affect the demand for Hawkins products, today and tomorrow.

13. The growth of India’s Gross Domestic Product has never been more explosive, particularly when you compare with the major economies in the world today.

Country	Annual Growth %
• Europe	1.0%
• Britain + USA	2.9%
• China	7.0%
• India	7.5%

Along with high GDP growth, we have low inflation seldom seen in India and unprecedented low unemployment. Look at the figures produced by *The Economist*:

- High GDP Growth – 7.5% per year in real terms
- Low Inflation – 5.4% per year
- Low Unemployment – 4.9%

14. What makes the macro-economic picture even more potent for the growth of demand for Hawkins products are the social trends in India today. For example:

- Spread of Literacy, TV, Cell phones
- “I am not less than anyone else” – Spread of Aspirational Behaviour
- Disillusionment with Poor Quality Products – Move towards Well-Reputed Brands

15. It is for you to judge how suitable is the socio-economic context of the Indian market for the growth of demand for Hawkins products. It is also for you to judge how appropriate Hawkins strategies are for *Growing Demand*. What I would respectfully submit to all of you is 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.
