

Hawkins Cookers Limited

Standing on the shoulders of Giants

**Speech at the
Sixtieth Annual General Meeting
August 5, 2020**

1. My fellow shareholders, fellow colleagues and fellow directors, a warm welcome to the 60th Annual General Meeting. On one hand, it is a pity that we cannot meet physically as we usually do at the AGM in Mumbai, for the first time in 60 years. On the other hand, it is also true that shareholders from outside Mumbai, even outside India, have an opportunity to attend the AGM. It reminds me of the first paragraph of Charles Dickens' Tale of Two Cities – *"It was the best of times, it was the worst of times, ... it was the spring of hope, it was the winter of despair."*

2. I don't know how to give voice to our grief on losing our beloved Chairman, Mr. Brahm Vasudeva. Mr. Vasudeva was 84 years old when he passed away due to heart failure peacefully at his home in Mumbai, amongst his wife and children last month. Many of you shareholders have expressed your profound grief. Tributes have poured in from professionals in Marketing from Advertising Standards Council of India(ASCI), Indian Society of Advertisers(ISA) and Media Research Users Council(MRUC), all institutions that he had more than a hand in founding. He took your Company that was started by his father, and built it to the stage that it is today. The basic character of Brahm Vasudeva, the man is imprinted on the product and the people who worked with him. Many of us who work at Hawkins, do so because we are inspired by his ideals, by his ethical way of doing business, by his single-minded concern for customers, by his fair treatment of workers and employees.

3. I joined Hawkins as a Management Trainee fresh out of college 28 years ago and I have had the privilege of working closely with him and learning. It has been an education that I have not got from the IIT or the IIM. It is not possible to explain the debt that I and many of us at Hawkins have to him. He was an institution builder, and Hawkins was the institution he built with care and love, with patience and courage, with foresight and wisdom, but always without compromising on principles. A good place to find these principles is his speech to shareholders in the AGM in July 2009 – *The Seven Strands of the DNA of Hawkins*. In these uncertain times when most businesses are struggling to deal with the unprecedented challenge of COVID-19, let me give you some insights on how some of the principles that Mr. Vasudeva had inculcated in the Company have helped us.

4. One of the principles he always followed was *Be Prudent* - do not "buy" sales by giving credit to suspect parties. As on March 31, 2020 we had Rs.1509 Lakhs due to be paid by 740 dealers; Today, out of that, we have only Rs. 8 lakhs still unpaid. We have collected 99.5% of our dues even in these terrible times. And we will collect the rest.

5. As we do not lend freely, we do not borrow freely either. Even during the incredibly difficult period of April and early May when cash coming in was completely stopped, our kitty of deposits with the banks and cash credit facilities

which was about Rs. 60 crores at the start of the pandemic, kept coming down as we paid our suppliers and vendors and employees. Mr. Vasudeva refused to borrow even under these circumstances while the banks were more than ready to lend. So, we did not increase our bank limits by a rupee. Today that same kitty is more than double the amount in March because we have tightened our belts, improved our operations, increased our profitability, reduced our fixed costs, improved our cash management, controlled our inventory – all because we refused to borrow.

6. At the end of the last Board meeting in May we had stated that in view of the uncertainties we were not recommending any dividend. Thereafter, we have earlier today announced our first quarter results. The Turnover is 100 crores and the Profit Before Tax is 8 crores. While both are less compared to June Quarter 2019, the Company has made profits despite being shut down largely for about half the quarter and we are comfortable on our cash. The board earlier today has, therefore, declared an interim dividend of Rs. 80 per Ten Rupee share.

7. We are pleased to see excellent demand for our products as markets open up. Pressure Cookers and Cookware have become essential commodities as people around the world are cooking at home. We are seeing a significant increase in demand for both cookers and cookware as markets open up. In the month of July our Turnover is up 36%. One of the reasons we are seeing this surge in demand is because of our strict financial policies. While other companies are still busy collecting money, we are able to concentrate on selling.

8. Continuing on the theme of how constraints make you more creative – I will speak about selling during COVID. The whole system of going to the market and selling has been upended by the fact that inter-city travel is very difficult. But while travel was not possible, we found an opportunity in that constraint. Our salesmen could now call a larger number of dealers than usual because they do not lose time in travel. We doubled the calls. We started to make calls to dealers who were not dealing with us. We started calling dealers in far-off, otherwise difficult to travel, towns. The power of the brand – the goodwill of the product and the reputation of the dealings of Mr. Vasudeva and Hawkins are such that 850 new dealers opened their purse strings in the middle of the COVID disaster to a phone call from an unknown salesman, “Good Morning Sir, I am calling from Hawkins.”

9. We have taken special efforts to supply spare parts to all in this time of lockdown. We found that spares were being charged for exorbitantly online by some unscrupulous parties. We started selling our spares at MRP online – which brought down the prices by 70%. During the lockdown, we have sent spares to 870 customers. Despite all lockdowns we have kept our phone lines open – taken 2000 consumer calls and have tried to solve their problems. Because as Mr. Vasudeva had written in the

first paragraph of the Hawkins Mission Statement 25 years ago: *We have one overarching goal: to win over customers, to truly please them by delivering products and service beyond their expectations, to earn their friendship and build relationships that will endure.*

10. Mr. Vasudeva had worked this out. He used to think deeply about the survival and success of Hawkins. And this was his *Gurumantar*. If you can gain the confidence of the consumer by treating him straight, you will be able to survive amongst the pressure of monopoly sellers, large buyers, government policy, unforeseen events like COVID. To have the customer on your side, he felt, was the right strategy for a small Company like Hawkins.

11. That reminds me that we are not so small any longer - for the first time Hawkins is a part of the BSE top 500 companies by market capitalization. For us it means that we have to take some more additional steps for corporate governance, which we have already done. The other thing it requires is to take fresh guard and not forget the simple task of being true to our customers, whatever size we reach, knowing that to be the real reason that makes this Company valuable.

12. We have opened partially our offices and factories, taking all precautions and following all government regulations and permissions. It means a lot of checks and cross-checks and is not business as usual. Our suppliers are also under constraints. However, we are steadfast in ensuring that we put the safety of our workers and managers first. I am pleased to report that we have reached about 75% of our average last year production in July despite all these problems. But every month brings fresh challenges. We are trying to deal with them as best as possible.

13. But in all this, we have kept our chin up. I am so proud and grateful to our suppliers, our workers, our managers, our dealers, our consumers – each one of them, individuals facing an unprecedented personal crisis but keeping their faith in brand Hawkins. This faith is not earned just by our recent actions. This faith has been earned over the 50 years of stewardship by our late Chairman, Mr. Brahm Vasudeva. This faith has been earned by being fair to the dealer, transaction after transaction, this faith has been earned by giving the customer a first rate product, product after product, this faith has been earned by paying our suppliers on time in full, week after week, this faith has been earned by being fair to our employees, year after year, this faith has been earned by being transparent with our shareholders, meeting after meeting. People like us who have worked with him for 28 years have first a sense of privilege – of being close to a man of principles. Secondly, we have a sense of courage, to take decisions as he would. And finally, we have a sense of his grace where he stands by us in times good or bad and helps Hawkins see further, because we are standing on the shoulders of giants.