



Hawkins Cookers Limited

***The More Things Change
the More they Stay the Same***

**Chairman's Speech
at the
Sixty-Fourth Annual General Meeting
August 5, 2024**

Dear Shareholders,

1. A Very Warm Welcome to all of you to our Sixty-Fourth Annual General Meeting. As we usually do not give quarterly investor thumbs-ups and guidance, we look forward to this opportunity to update you on our progress during the year. The year gone by has been a year of moderate growth in Sales and a decent growth in Profits. Profits after tax have crossed 100 crores for the first time. In fact, amongst our listed competition we were the only ones to grow both sales and profit in the last financial year. A single dividend has crossed Rs.100 for the first time. We have launched more than 50 new products for two years running, we have increased our distribution to nearly 10,000 direct dealers. On almost all counts we have improved our competitive position in an increasingly competitive market.

2. As I was writing the above – I realised that this is the 64th AGM and I have been in Hawkins for exactly half that period. So, I have been associated with Hawkins for exactly 50% of its working and Hawkins has been 100% of my working life. I had joined this Company as a fresh post-graduate diploma holder from the Indian Institute of Management, Calcutta on the 18th of May, 1992 – thirty-two years ago. This was and is my first job.

3. As I look back a lot has changed in Hawkins in these 32 years. In 1991-92 our sales were 52 crores and profits were 1 crore. In 2023-24 sales were Rs.1024 crores and profits were Rs.110 crores – the Sales growth is 10% per annum compounded and the Profit growth is 16% per annum. Of course, it has not been a straight-line increase – we have had our ups and downs and our bumps and roadblocks – and thankfully so. As Nietzsche said – *What does not kill you makes you stronger*. We are a bigger, stronger organisation than the one I joined 32 years ago. We are financially much more robust, the brands have gained strength, our share price has touched Rs.9000 and so on. However, some things have not changed, and today I will draw your attention to one of them.

4. When I first joined Hawkins – one of the things that struck me was that many people were working in Hawkins for a long time. My first assignment was as a frontline salesman in Patna. I was asked to take over from the existing salesman who had been working in Hawkins for 20 or so years. And he was not the exception, he was the rule.

5. This is *one thing* that has not changed – my fellow Executive Directors – Tej has been with us for 41 years, Neil for 27 and Sudeep has completed 11 years in Hawkins – we have all had long stints. Even if you look at our senior management team below the Board level – there are many who have been effectively ‘lifers’. What is the reason? Is it that Hawkins is such a benign employer that it does not sack anyone? The pressure cooker manufacturer whose employees are under no pressure? A cushy career aiming for cozy retirement? Or is there something else? What is the secret sauce for people to be willing to work their whole life in Hawkins?

6. It may sound far-fetched but here is what I believe. Hawkins has a recipe to retain good people. Let me go deeper into this recipe.

7. For this recipe, you start with the best ingredients. Mr. Brahm Vasudeva, our former Chairman used to say that you can train a horse to run faster, but you can't train a donkey to be a horse. We still select very, very carefully. The selection process in Hawkins is still unique – we insist on a written, signed application with an essay as to why they want to join Hawkins. We put people through a written test. We make workers run a 5 km race. We still put our management trainees in frontline roles – as salesmen in the field, as workers in the factory. Those that quit, finding frontline work too demanding, are good riddance – those that survive and flourish are worth their weight in gold.

8. The next step in this recipe is to give challenges that require getting to the bottom of things – be it a new product, a quality complaint, or the results of a dealer scheme. One of my first experiences in Hawkins, 32 years ago, was a sales seminar where salesmen from all over India were called and we discussed threadbare marketing schemes, even going to the extent of rating posters. Attention to detail has been part of our DNA. That, of course, makes everything more of an effort. Some people leave, finding the effort too much – others enjoy the basic approach where you fall in love with the problem – not the solution. Solutions emerge naturally when you know more about the problem than others. We run our own large IT department because we want data – to understand things, to get to the bottom of things. Don't we select any superficial people in our Company? Of course we do, but they don't last long.

9. The next handicap that we put on our people is of utmost honesty and integrity in all transactions – with their colleagues, consumers, dealers, suppliers, government, regulatory environment – all of them. This makes life difficult, especially in a country like ours. Things take time, work gets demanding. Every scheme must have a written circular. Every official will have to be treated squarely. You cannot play favourites amongst dealers or suppliers. While this approach causes a lot of daily frustration, at the end of the day when you consider your career and your life, it provides a lot of satisfaction and pride in doing things differently. Of course, people not comfortable with this approach end up finding other jobs.

10. Finally, we try to ensure meticulously to operate on merit. Unlike many Indian companies which are either North Indian or South Indian – we are Pan Indian – just look at our Board – we have Punjabis, Haryanvis, Sindhis, Gujarathis, Marathis, Parsis, Bengalis and even an American. There are no quotas – diversity comes naturally if you pursue merit. That is the other reason that we have people who work a long time with us – they know that the quality of their work will be their calling card.

11. Generally, family-run businesses are more successful because they have a longer-term view compared to companies run by a professional. Professionals generally are looking for the next opportunity – the 20% salary hike, the dream designation. The seven-year itch. On the other hand, a professional brings outsider views and verve which can energise the slow insularity of a family firm. The best of both worlds is when you have a professionally run company with a long-term view of a family business. Hawkins has somehow managed to hit this sweet spot in its recipe.

12. There are also some corollaries in dealing with every item carefully. We often take time to launch products – because we try to ensure that it will not disappoint the consumer. I am pleased to inform you that we are finally entering the Kitchen Electricals area by launching an electronic kettle. This is different from the usual boiling kettles. In this you can set the temperature at which you want your water. So, no more burnt throats and tongues – or waiting interminably for your tea to cool down. This is a pilot product; other products will follow.

13. We are not launching electrical products because we are trying to increase our turnover or our profits. We are launching electrical products because we believe that, in future, the kitchen equipment will become more electrical. We are following the consumer. In some ways this is not a launch but a relaunch. Hawkins had launched electrical products in 1981 – but they were far ahead of their time – the products were reliable; the electricity supply was not. In the intervening years, this category has become more acceptable, however with lots of poor-quality competition. We don't expect to become a leader overnight – but we believe if we can provide the same long-lasting products with excellent service – in the long run we will do well.

14. Long-lasting Companies are usually created by long-lasting brands. Long-lasting brands are often created by long-lasting products. Long-lasting products are created by long-lasting relationships. Long-lasting relationships are created by long-lasting people. One such long-lasting person is here on our stage – General Sharma – he joined the Board in 1998 and has spent 25 years with us through thick and thin. General Sharma was the 15th Chief of Army Staff, and I won't talk about his achievements in the army, which are legion. With us, he has been instrumental in guiding us and being a fair motivator and a dispassionate critic in his own inimitable way. As his term comes to an end, this is his last AGM as an Independent Director. Hawkins is, indeed deeply indebted to him for being with us through good times and bad.

15. Many of you, Shareholders, are also long-term shareholders. In this new world of derivatives and lightning trades – you have options to go anywhere with your money – but many of you have been long term because you see value in long term relationships. So do many of our employees, and our customers – that is a sure way to ensure that we are not a flash in the pan – but a long-term wholesome recipe for success.

16. Finally coming to the short term - our results in the first quarter of 2024-25 are excellent – total income at Rs.231 crores is up 12%. Profits at Rs.25 crores are up 21%. Raw material prices, which had gone up, are now trending downwards. We are expanding. We have 43 people who have joined management in the last six months, and we are very excited at the new vigour that these youngsters will bring to Hawkins by getting impatient and wanting to change things for the better. I was one of them 32 years ago.
