

Hawkins Cookers Limited

Annual General Meeting

July 31, 2009

Speech of the Chairman

Mr. Brahm Vasudeva

The Seven Strands of the DNA of Hawkins

My dear shareholders, ladies and gentlemen: I am very pleased to extend a warm welcome to each of you to the forty-ninth Annual General Meeting of our company. I trust all of you are pleased with the results for the year ended March 2009 and our recommendation for a dividend at the rate of Rs.20 per share – which will be the highest dividend ever declared in the fifty-year life of our company.

In my speech to you today, I shall not speak about our company's financial performance. The Annual Report has been with you for some time and, in any case, as the lawyers say, *res ipsa loquitur* – "the thing speaks for itself". Instead, having just completed our Golden Jubilee Year, I would like to talk to you about the DNA of our company, about our nature and our character, about what makes the Team Hawkins tick. I prefer to do so because I believe a Jubilee should be not only a time for celebration but also for reflection – reflection on who and what we are, a time to look back on history, before we look forward to what will be in the future.

To begin this quick survey of our company over the last fifty years, I can do no better than to quote to you one paragraph from the Directors' Report in our Annual Report 2008-09:

"In the year of our Golden Jubilee, it is fitting to thankfully remember our founding directors, Mr. and Mrs. H. D. Vasudeva, who started your Company in 1959 with an equity capital of Rs.20,000. More important than the money that they brought to the business was the vision of the need of crores of Indian homes for the convenience and economy of the pressure cooker – at that time an unknown product in India. That vision and the values, energy and tact of Amrit and Hari Dutt Vasudeva are, to a great extent, responsible for what your Company is today. Their son, Brahm Vasudeva, the present Chairman of the Board of your Company, had the good fortune to join his parents in Hawkins as Managing Director in 1968 and to benefit from the guidance of his father for many fruitful years. The survival and growth of your Company for fifty years, and its future promise and potential, are a tribute to the vision and values of our founding directors."

So what were those values of our founding directors that have taken root in our company and govern its actions today? I would like to present to you what I may call *the operating values* that have emerged in the actual conduct of our company over the last fifty years. As I look back on the last forty years that I have been privileged to work in and for Hawkins Cookers, I see seven strands in our DNA. These seven strands are not from any hallowed mission statements – in fact, they have been put together in writing for the first time specifically for the purpose of my speech to you today. These are principles deduced inductively after studying the behaviour of our company over its first fifty years.

Principle No. One: Follow the Golden Rule: “Do unto others as you would that they do unto you”. Since we want to be treated fairly and reasonably by all who deal with us, this rule obliges us to deal equally fairly and reasonably with all who come into contact with us. This includes employees at all levels, vendors of goods and services, dealers and consumers. We do it because we believe it is the right thing to do. It also tends to build positive relationships and trust in all who deal with our company and with our brands.

Principle No. Two: Ends and Means. We are not so results-orientated that we will use any means to achieve them. All our people are instructed time and again that the results have to be achieved and the means have to be right. It is not a question of doing one or the other – we have to do both. Each manager, each worker is made aware of his or her responsibility to ensure that the results are achieved only through using acceptable processes that meet our professional and our ethical standards and the country’s legal requirements.

Principle No. Three: Seek the Best. The pursuit of excellence informs all that we do – from the choice of materials and machines to the selection and promotion of our people, we choose to work with the best we can get or create. For example, in the nineteen seventies, when imports were severely restricted and we needed a special purpose flow-forming machine to make a heavy base pressure cooker, we collaborated with the Central Machine Tools Institute in Bangalore to design and produce the machine. Incidentally, for that achievement, we received a Silver Shield from the Government of India for import substitution in machine tools. More recently, last year, when the galloping prices of nickel led a number of manufacturers to downgrade the quality of stainless steel, we chose to maintain our nickel/chromium levels and bear the high costs. For the selection of workers in our three plants, in Maharashtra, Punjab and U.P., we use written tests and physical endurance tests

(a five kilometer run) along with hand-eye coordination tests and interviews to select the best workers. For managers at all levels, we use written tests conducted at ten or twelve centres all over India and group discussions and final interviews conducted in Bombay in which top management participates. In the case of both workers and managers, we advertise extensively in the press to invite applications and carefully process each of the many thousands of applications that we receive from time to time. Salary progression and promotions are on the basis of a well-structured appraisal process in which top management participates.

Principle No. Four: Hot Focus. We are a stay-close-to-the-knitting kind of company. It was not always so. Before he started Hawkins in 1959, my father, who was 54 years of age at that time, was already a serial entrepreneur: he had started a general insurance company, a pan-Indian distribution business for imported radios and refrigerators and a company that aimed to manufacture cold storage units. By 1959, he had disposed off his other businesses and was uncharacteristically concentrating solely on pressure cookers. By the time I joined in 1968, there was within our company a division trying to manufacture optical-medical instruments – which we closed down after a few years. Nevertheless, we produced and marketed *Four Seasons*, a quarterly magazine in four languages, four types of spices specially formulated for pressure cooking and two types of electrical kitchen appliances, the Inframatic and the Simmermatic. All these products were not commercially viable and were closed down almost 25 years ago. Since then, we have diversified only into cookware which is an area where the technology and distribution channels are closely allied to our original business of pressure cookers. I am glad to say that the cookware diversification is successful. Today, we know as much or more than any other manufacturer in the world about pressure cookers and cookware. Our products compare favourably with pressure cookers and cookware manufactured anywhere in the world. Our policy of *Hot Focus* applies not only to our choice of diversification – it applies to the way we work in the company. For example, we have the practice of gathering relevant managers along with top management in groups ranging from 15 to 30 people for a week at a time on various topics such as technical development, marketing and advertising, once or twice a year. There have been over 50 marketing seminars. Such seminars are held in residential locations outside Mumbai and permit undisturbed concentration for 10 to 12 hours a day on pre-prepared agendas and presentations. They result in greater clarity on policy issues and better operational decisions.

Principle No. Five: Be Prudent. This principle applies to our financial operations as well as general expectations. We are conservative to the point of being stodgy. We do not issue ‘detailed guidance’ to investors. We do not seek out analysts or journalists. We don’t “Bet the Company” on anything, no matter how exciting the prospect is. We believe in vigorous preparation and planning and we never forget the importance of the unforeseen and the contingent.

Principle No. Six: Where an Important Principle is Involved, Be Bold, Brave and Resolute. There have been a few occasions when we have faced situations fraught with consequences. It may be a hugely important customer or a state government or even the Government of India who has in some matter treated us unjustly to the extent that it hurts us in a major way or involves important principles which would prejudice us in the future. In such cases, we have never shied away from representing our case directly to the party concerned or, if all else fails, taking the matter to the appropriate court. I am pleased to report that, in such cases, the authorities have eventually seen reason and have not acted vindictively. I am pleased to say that our principled stand on various issues with various authorities has always benefited us in the long term.

Principle No. Seven: Do Your Best and Leave the Rest to God. This most important principle prevents us from developing an exaggerated view of our own importance and allows us to sleep soundly at night. It also enables us to enjoy our work without undue anxiety. Nothing more is expected of any of us than we work sincerely and to the best of our God-given abilities. It enables our employees and our associates to work in an open and collaborative atmosphere, free from fear. It enables people at all levels to freely contribute to decision making and implementation without being unduly anxious about how they will be perceived or the final outcome. It enables all to give of their best.

Based on an historical analysis, those are the seven strands of DNA that I see in our company. As to the future, based on all that I know, I feel optimistic and confident. I feel the first fifty years have laid a good foundation and created good work habits in the Team Hawkins. I know the future will call for the best efforts of all Hawkins employees and associates and the continuing grace of God. You, dear shareholders, will draw your own conclusions – based more on what we deliver than on what we say.

The financial results of the June quarter of 2009-10 are excellent. Net Sales are Rs.54 crores, up 22.5% over the June quarter of the previous year. Net Profit After Tax in June quarter 2009-10 is Rs.7.12 crores, up 68% over the June quarter of the previous year.

Finally, I must express my profound gratitude to all of you, dear shareholders, for the steadfast confidence you have reposed in our company and the Team Hawkins through thick and thin. And thank you for the patient hearing that you have given to my rambling thoughts today.
