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**RESPONSIBLE GROWTH IS THE
ONLY MODEL THAT WILL SUCCEED:
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Responsible Growth is the Only Model That Will Succeed: HUL's Sanjiv Mehta

ET Q&A

Since 2010, the global Unilever Sustainable Living Plan (USLP) has provided a blueprint to make sustainable living

commonplace. From Project Shakti, an initiative which empowers rural women to create livelihood opportunities, to taking the hand-wash programme to millions and launching water-conservation work, the USLP projects of Hindustan Unilever, winner of the **ET Corporate Citizen** award, have been aligned to the national agenda. "It is based on a simple imperative – that responsible growth is the only model that will succeed in the current context and in a world of changing societal expectations. We believe that business growth should not be at the expense of people and the planet," HUL chairman and managing director **Sanjiv Mehta** tells **Sagar Malviya**. Edited excerpts:

Do you see any correlation between purpose of a brand and sales or profitability?

Increasingly, evidence shows that consumers prefer brands that are sustainable and have a purpose at their heart. In our own business globally, we have seen that sustainable-living brands have grown nearly 50%

faster than other brands. The concept of 'purpose-driven' brands is not new. Among our own brands, Lifebuoy, Surf Excel, Brooke Bond, Dove, Rin, among others, have always had a social or environmental purpose at their heart. But in today's complex and interconnected world, having a powerful purpose is not enough. We also need to communicate the purpose to our consumers in an engaging manner.

How do you manage a situation when a product innovation will actually be good for the planet but the consumer won't readily accept the change in the product?

With rising population, water and food are increasingly getting scarce. Meeting basic hygiene and sanitation needs are becoming more challenging. Societies and consumers are looking up to businesses such as ours to drive positive change. Having said that, consumers are at the heart of our business and the innovations that are being introduced need to be embraced by them; otherwise they will fail.

How is HUL performing in the context of increasing cost and are you seeing positive consumer demand?

After a period where we saw some fundamental



Sanjiv Mehta

changes in our economy, the turbulence is now behind us. Overall, consumer demand has been stable with volume growth moving up to the 6-7% range on an annual basis. Our September-quarter performance of

12% sales growth, 10% volume growth and 20% EBITDA growth is further proof that our focus on strengthening the core, driving market development, removing non-value-adding costs and relentless drive on flawless execution, is yielding results. On the other hand, we are also seeing headwinds in terms of crude price and currency depreciation. There will be price increases in some parts of our portfolio, but there is no one-to-one correlation between cost and prices. We look at all levers to optimise costs before we take pricing. Our aim will always be to maintain the price-value equation.

Is it still difficult to gauge actual demand or are there emerging trends in select geographies or categories that indicate growing demand?

Nearly two-thirds of our population are part of the rural economy and over the last few years, rural growth had tapered down to more or less at par with urban growth. Now, the good thing is that rural growth has rebounded to 1.3X times urban. Any initiative, which puts more money into the hands of our rural countrymen – like increase in MSP – will certainly bolster rural growth where the per capita consumption is still significantly lower than the national average. Premiumisation driven

by country's development and rising aspirations of our population is a secular trend.

Has GST helped in terms of sales and operational profit growth?

In the larger picture, what is good for the country is good for HUL. Hence, we have been huge supporters of GST from the beginning as it benefits both consumers as well as companies. It has created a level-playing field for all players and should aid the honest tax payer in the long run. Companies like ours passed on the benefits of GST to the consumer through price reductions which we believe has played an important part in driving volumes. GST has enabled us to relook our supply-chain footprint, be it factories, fulfilment centres or transportation.