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# For most cos, India is a priority: HUL CEO

## Mehta Says Mkt Of 1.5bn Indians Attractive As Country Set To Pip China In Population

**Namrata.Singh**  
@timesgroup.com

**Mumbai:** With India set to overtake China as the most populous country, demographics is seen as an asset by global companies.

"A market of nearly 1.5 billion Indians is an attractive one," said Sanjiv Mehta, CEO & MD of Hindustan Unilever (HUL).

In an exclusive interview, Mehta told **TOI**: "I would not be surprised if for most global companies, India is a priority. For our parent company Unilever, we've got five business groups and for all of them, India remains a key priority."

When he joined Unilever about 30 years ago, India didn't receive this kind of attention and focus, he added.

HUL, which is knocking at the doors of becoming a Rs 60,000-crore company, reaches 9 million outlets in India, with nine out of 10 Indian households using at least one of its brands. For companies like HUL, population is a demographic dividend. India is the biggest market for Unilever by volume.

"I treat demographics as our asset. About 25% of the world's working population will be in India. Industry 4.0 plays to our strength. And for the world looking at reconfiguring their supply chains, India could be the most attractive destination," he said.

When asked how this could be sustainable, especially in the wake of events such as Joshimath, Mehta said India will have to decouple its environment footprint from its growth agenda. "The world cannot afford India's per capita greenhouse gas emissions at the Western levels. We will have to tread a very different path of growth," said Mehta, while adding that innovations in the future will have to be on three axes — meeting consumer needs, being affordable and being sustainable. "No country in the world can say they have mastered this. On the new innovation agenda, India could potentially aspire to play that role," said Mehta.

On talks around global recession, Mehta said while there is stress on exports

and pressure on balance of payments, but notwithstanding all the constraints, the country is seeing reasonable growth.

"While the threat of global recession remains, we could see a soft landing and it may not be all pervasive. It could happen in a few pockets — perhaps in Europe or briefly in the US. As a global picture today, I don't see it becoming a very deep recession," he said.

HUL, too, can't be insulated from the macro. Its volumes got hit with the inflation that persisted at high levels for over a year as the company raised product prices and reduced grammage. The tide has now begun to turn. Mehta

in the thick of inflation enabled consumers to step up the ladder.

"What gives me comfort is that consumers are still spending money — they're spending more money this year than they did last year. When commodity prices cool off, this will get converted into volume growth," said Mehta.

On the other hand, HUL's premium portfolio which is over indexed as compared to the market has ensured that margins improved over the years.

HUL is laying a greater thrust on the premium part of the portfolio which has been growing irrespective of the inflation or the pandemic, but there is also an equi-

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ta expressed confidence that when the commodity prices come down to reasonable levels, the company would pass on the benefits to consumers and correct the price-value equation leading to a volume-led profitable growth. "That is when I would believe that the volumes will start kicking in," he said.

Given the price-sensitivity of the Indian consumer, there's a clear connection between volume growth and product-pricing. In the December quarter, when HUL revised soap prices downwards in line with the palm oil prices, volumes improved. "But it is not that the price growth has gone away. In skin cleansing, we still had a price-led growth in double digits in the December quarter. The good bit is because the prices started going down, volumes started coming back," said Mehta.

Bridge packs that were introduced by the company

al effort to ensure premium products are available at affordable price points such as Rs 10 so that mass-end consumers move to a higher order benefit pack.

"That is how we have been growing categories, and our market shares are higher as you climb up the price ladder. As India evolves, as consumer spending goes up, as consumers start looking at higher order benefits, HUL will be better positioned to leverage this," said Mehta, who will complete 10 years at the helm of HUL this year. He, however, did not comment on media reports around his succession plan.

In the upcoming Budget, Mehta expects stability on policies, an extension of the 15% concessional rate of corporate tax for new manufacturing by five years and some incentive to R&D investment, which can help in making India an innovation hub.