

Need MGNREGA scheme for urban poor: HUL chief

When There Is Hyperinflation, You Can't Stick To Volume-Led Profitable Growth, Says Mehta

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Mumbai: Hindustan Unilever (HUL's) chairman & MD Sanjiv Mehta pulled a rabbit out of the hat last week, when the company delivered a strong Q3 performance in unprecedented times. Will there be an encore given that rural markets have slowed down and high inflation continues to bite? In an exclusive interview with TOI, Mehta speaks about how HUL is navigating the choppy external environment, while also developing in-house new age business endeavours. His Budget wish: An MGNREGA equivalent for the urban poor. Excerpts:

Unilever is planning to recast its structure. What does this mean for HUL?

Organisations keep evolving with the changing times. The consumer trends are changing, the channels are reshaping and the competitive context is changing. In this respect, the premise around which Unilever is working on the new structures is—how do you make the company much more agile than what it is today, enhance category focus, and strengthen accountability.

Last year, you had said that you want volume-led growth with healthy margins. Should HUL be more discreet in taking gram-mage reductions?

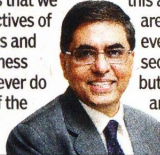
When things are normal, you look at volume growth very closely. Around 65-70% of our topline growth consists of volume growth. That's the reason we have talked about volume-led profitable growth. But when there is hyperinflation, you can't stick to the same metric.

There are two important imperatives — to ensure consumers remain with you and to protect your business model. We play the portfolio as we have brands and pack sizes at different price points, offer-

ring varied benefits. Our intent is that even if a consumer chooses to change a brand it should remain within Unilever's portfolio of brands. When it comes to price increases the first port of call is looking at all lines of P&L (profit & loss), optimise the costs and only then in a calibrated manner we look at price increases.

opportunities and that's the reason we set up our own premium business unit whose whole mandate is digital-first brands. We have put our best entrepreneurial people to focus on it and start growing. For us, digital is something that is going to impact the whole value chain. Over 15% of our demand is now captu-

NOT EASY, BUT WE PLAY FOR LONG TERM

| On pricing and grammage reduction... | On competition from D2C startups... |
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| <p>“ We look at the strength of our brands to carry price increase and also endeavour to protect the packs with low price points. This ensures that we meet the twin objectives of retaining consumers and protecting our business model. We would never do things at the cost of the long-term health of our business</p> | <p>“ Channel reshaping or e-commerce is not going to go away. That was the reason why we started building our muscle in this arena. I don't mind if we are not the first to a trend every time. It's okay to be a second or a third to a trend but we could still be better and win in the long run</p> |
|  <p>SANJIV MEHTA CMD, HUL</p> | |

We also look at the strength of our brands to carry price increase and also endeavour to protect the packs with low price points. It's not an easy game but at HUL, we always play the game for the long term. We would never do things at the cost of the long-term health of our business.

Inflation and Covid would have been especially harsh on smaller players in FMCG. Has that share of the market shifted to HUL?

There has been more formalisation of the economy. It's not come to our attention that some players who were big in certain pockets, have closed shop. But our performance is not just good compared to the average of the market. Our share gains have been extremely good and in most categories they are top of the league and even when compared to our big competitors.

How are you competing with the D2C startups?

The headroom to grow in India is massive. It is not a zero-sum game. We see these as op-

red digitally. We have seen great success and 15% of our Rs 50,000-crore business is a substantive business compared to any other digital-first brand.

What are your Budget expectations?

The government could look at extending the outlay on MGNREGA till the economy fully recovers and the rural markets and consumption goes back to its normal beat. However, in the last two years, very little has been done for the urban poor: During the pandemic, restaurants, hotels and tourism have been impacted in a big way. We have been talking to the government that we need to look at a MGNREGA equivalent for the urban poor. The same can be customised to the urban needs.

According to a Sebi requirement, the CMD post will have to be split. What's the status of that?

According to Sebi's directive, we have to implement it before April 1, and HUL will always comply with the law of the land.