

Our priority is to grow our core brands or introduce Unilever brands to the market: HUL CEO

Over time, we have traditionally acquired brands that met our criteria of complementarity, where we believed we had the right to win, and were available at a good value, said Jawa

[Swaraj Singh Dhanjal](#) & [Deborshi Chaki](#)



Our priority is to grow our core brands or introduce Unilever brands to the market: HUL CEO

FMCG major Hindustan Unilever Limited's capital allocation decisions prioritise growing its own core brands or introducing Unilever brands to the market and any merger and acquisition opportunity must pass a rigorous evaluation process, CEO Rohit Jawa told Moneycontrol in an exclusive interaction.

Referring to the recent announcement by the company on the sale of its water purification business Pureit, Jawa said that the decision to sell the business was a result of the company's strategy to have a focused portfolio and to concentrate on significant opportunities.

"To put things in perspective, the brand (Pureit) we built over the last 20 years, while a pioneer in India, constitutes less than 1% of our sales. It operates under a very different business model, requiring different competencies and levels of service. It's better suited to potential new owners, and we aim to close the transaction by the end of the year," Jawa said.

On July 15, [HUL announced that it has entered into an agreement to sell Pureit](#) to AO Smith India for an enterprise value of Rs 601 crore.

"We have a focused portfolio. We have split Beauty & Wellbeing and Personal Care, creating four major divisions. Our guiding principles are to pursue growth areas, focus on a few major initiatives, and cater to large-scale aspirations in India. Focusing on our top 20 brands and major innovations is beneficial. This move aligns with our strategy to concentrate on significant opportunities. Thus, the sale of Pureit was a move in that direction," the HUL CEO said.

Jawa noted that in terms of mergers and acquisitions (M&A) and capital allocation, HUL's priority is to grow its core brands or introduce Unilever brands to the market.

"For instance, we are scaling brands such as Love, Beauty and Planet and Simple in India. Any M&A activity must meet criteria such as strategic fit, complementarity, and a strong commercial case. This disciplined process has led to acquisitions like OZiva, where we hold a majority share. OZiva, already surpassing ₹ 150 crore in annual recurring revenue, is a key part of our health and wellbeing expansion strategy," he said.

Also Read: [Hindustan Unilever enters health and wellbeing category with two investments](#)

"Over time, we have traditionally acquired brands that met our criteria of complementarity, where we believed we had the right to win, and were available at a good value. Indulekha is a great example, having grown 4-5X in scale and expanding into multiple categories. We see a bright future for it, especially in the premium Ayurvedic therapeutic segment. Similarly, the acquisitions of Horlicks, Boost, VWash, OZiva and our investment in Wellbeing Nutrition reflect our strategic approach," he added.

In December 2018, HUL signed a deal to acquire GlaxoSmithKline Consumer Healthcare Ltd in a deal valued at Rs 31,700 crore. The deal gave it access to a portfolio comprising brands such as Boost, Horlicks and Maltova. HUL acquired ayurvedic hair oil brand Indulekha for Rs 330 crore in 2015, re-entering the hair care business after exiting it a decade ago.

On HUL's M&A strategy, Jawa commented that categories such as beauty care and food are attractive areas for HUL.

"We continuously assess opportunities, particularly in the beauty care and food sectors. If a brand fits our needs, we consider bolt-on acquisitions. However, any potential acquisition must pass a rigorous evaluation process: first, we assess if we can achieve the same with our own brand; next, we consider if a Unilever brand can fulfil the need. Only then do we proceed with the acquisition," he said.