

Pvt firms can help supply vaccines: HUL's Mehta

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NEW DELHI

Hindustan Unilever Ltd (HUL), India's largest consumer goods company, saw its profit, revenue and sales volume surge in the December quarter as demand rebounded. In an interview, chairman and managing director Sanjiv Mehta said the government could take steps to revive urban demand even as the private sector could lend a hand in vaccine distribution. Edited excerpts:

 **INTERVIEW**

Are you satisfied with last quarter's performance?

I would certainly want it to get better. But I'm pleased with the trajectory in which the business is moving, the direction in which the markets are moving. If you recall, even before the pandemic, in the 2019 December quarter, the mar-

kets had slowed significantly. The biggest stress those days was rural markets. Rural has seen a pretty good comeback, and over the last couple of quarters, we are seeing rural to be pretty resilient. The urban mar-



HUL's chairman and managing director Sanjiv Mehta. MINT

kets, which took a big toll because of mobility reasons, are coming back to growth, albeit still at a very low level. If the momentum keeps building, we

would be in the right space.

But won't rural growth plateau as migrants return to cities and also with the farmers' agitation?

It would be difficult because farmers' agitation is...but it is still restricted to parts of the country. And I hope it ends soon in the interest of the nation and in the interest of farmers. Rural markets have been buoyed by several factors. One is the government taking the right steps in terms of direct transfer of money, the benefit in kind—through free foodgrain, then increasing MSP (minimum support price) and

also a good harvest. In the pandemic, the two biggest priorities for the government will be, first, the health of the nation; second, ensuring the marginal sections are protected. And a large section of our marginal population is in rural areas. So, the government should keep supporting rural for some time so that it keeps building the momentum. And if we can keep covid infections at bay, and do not let another surge happen, if we can ramp up vaccine rollout, mobility will improve in urban areas significantly.

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Schools will reopen, people will start going to offices, and then we should also start seeing urban consumption coming back.

The vaccine rollout is just one of the things. What else can the government do to push urban recovery? Relaxation in personal income tax?

Personal income tax would be for the middle class, but one of the things the government also needs to look at is the marginal sections of the urban population. The two biggest areas of focus should be health and speedy rollout (of vaccine).

Once the first phase of vaccination is over, the government should also look at how the private sector could complement government efforts. Because we would like to vaccinate, not just our employees, but all the people in our ecosystem, thousands

of people who work as salesmen and workers with distributors.

We would like to own the responsibility of vaccinating them. Also, we have a very wide distribution network. If at any stage, the government needs us to help with the distribution of vaccine, we would be more than happy to do that. Vaccination will increase mobility and increased mobility will mean more economic activities, and that will help the economy.

The second one, of course, is the role of the government to alleviate the marginal sections. How do you help the urban poor, people who have lost their jobs, the informal sector?

And as far as corporate and personal taxes go, what business and investors need, is predictability and certainty. My request to the government would be not to tinker with taxes because as we get on to the momentum, we

need to ensure we put further fuel and fire up the momentum even more

On vaccines, are you in talks with the government?

It hasn't reached that stage. But at (industry lobby) Ficci, we are looking at ways and means to reach out to the government to see how the private sector could augment government efforts.

HUL is increasing prices; could that act as a speed breaker for demand?

You're absolutely right. What we try to do is look at all lines of P&L (profit and loss). And we try to optimize it, and our endeavour always is price hikes should be done in a very calibrated fashion. But when the price increase of inputs

becomes unprecedented—you know, we're talking about 40% increase in palm oil (prices), the price of tea went up by 60%—then we also have to ensure we protect our business model. But our endeavour would always be to create value for our consumers.

Rural has seen a pretty good comeback, and over the last couple of quarters, we are seeing rural to be pretty resilient.

Will you invest in capacity expansion this year?

We never shy away from investments. We keep investing in building capacities. We are also putting a

lot of investment behind what we call "Reimagining HUL" agenda, where we have brought in technology and data at the centre of what we do. We are rejigging our entire supply chain—fulfilment centres, factories.

HUL is among the largest

TV advertisers but with the controversy around TRPs, will you re-look at your ad spends on the medium?

For us, it's not about this controversy. There are two big things we do as a consumer goods firm—physical reach and mental reach. And we have a lot of technology being used to ensure how we optimize the spends that we do in traditional channels... There's constant endeavour to bring in more science and technology into how we spend our money and bring in a better causality between the amount we spend and the growth we get. We would want, at the end of the day, any data that we rely on to be credible. But we use many other means to optimize our spends.

Will the row with Sebamed affect your brands?

We know how to protect our turf, and we will protect it. I'm very emphatic about it.