

India may Become Pivot for Unilever, Says Polman

Feels initiatives such as demonetisation & GST ambitious and critical to future of the country

ET INTERVIEW

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Mumbai: Unilever CEO Paul Polman paid tribute to Prime Minister Narendra Modi for the scale of his ambition and said India could become Unilever's biggest market, without specifying a timeline. The world's fourth-largest consumer goods company remains upbeat on the country's growth relative to the US, its biggest region.

"I would love to have an economy of your size, growing at 5-6%," Polman told **ET** in an exclusive interview at the end of a three-day tour of India.

"Anybody would like to have that trajectory. At HUL (Hindustan Unilever), we have doubled our business in about seven-eight years. We have created an HUL in the last

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PAUL POLMAN
CEO, Unilever

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eight years... what took us a hundred years to create."

Initiatives such as demonetisation and the goods and services tax (GST) are ambitious and critical to the future of India.

"These are big statements and he (PM Modi) can only hold himself accountable and he sets the bar higher for himself," the Unilever chief executive officer said.

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“The question is, how quickly can he get the whole country with him. But the essence of what you are trying to do with some of the big initiatives is right and to the benefit of Indian economy. We are supportive of many of these initiatives because if it’s beneficial to India, it will be beneficial to HUL as well,” he said.

HUL contributes about 9%, or 4.5 billion euros, to the Anglo-Dutch company’s overall sales versus the US that accounts for 15%, or about 7.5 billion euros.

“I am not giving guidance but the assumption we double (in India) in the next 10 years or seven-eight years is a no-brainer. Because US is not going to double,” Polman said. “India as an economy is going to do better than other parts of the world. If we fail, then we would be the first one to be very disappointed.”

The optimism from Polman, who has been credited with turning around Unilever after taking over in 2009, comes against a backdrop of slowing consumer demand in India in the last two years.

The company, regarded as a proxy for consumer sentiment in the country, saw sales rise 4% with an underlying volume increase of 1% last fiscal.

Polman, 61, was disappointed to miss the just-concluded Ganesh Chaturthi festival but will be carrying back figurines of the god of new beginnings and remover of obstacles back home to London.

Demonetisation late in 2016 and the rollout of GST in July were regarded by some as obstacles to growth.

“Demonetisation... was a big challenge to implement but from a strategic, long-term point of view, it is the right thing to do in India,” Polman said.

“In terms of GST, we had been working in a planned way for long for this smooth transition. We have certainly seen that translate into share increases among a big part of the business.” He said the first invoice under GST was issued by HUL.

Unilever, which saw a failed takeover attempt by US giant Kraft Heinz in February, has been focusing more heavily on cutting costs, improving profit margins and boosting shareholder returns after the bid.

This had resulted in the group’s share price rising 35%. The Indian subsidiary mirrored the trend — at \$40.8 billion, HUL accounts for a quarter of Unilever’s overall market cap and saw its shares surge to record last week.