

‘Rural markets showing some signs of recovery’

In a post-results interaction, HUL's CEO and MD, **SANJIV MEHTA**, explained the road ahead for the firm. Edited Excerpts:

Commodity inflation is growing. Does that pose a challenge to your strategy of growing sales volumes?

I have been heading HUL for over four years now, and volatility is part of the game. Yes, crude oil has spiked to nearly \$70 a barrel from \$57 a barrel earlier. But our strategy has been to look at judicious price hikes whenever commodity inflation has grown. I don't think we will deviate from this. Volume growth is something we will continue to keep our eyes on, and even if price hikes have to be considered, these will be effected after a careful look at the competitive scenario.

There is a view that your operating margins could suffer in the future since pricing power will be limited in a post-GST regime.

The GST rate reduction is revenue-neutral and does not impact us per se. Since the tax rate was slashed, that benefit had to be passed to consumers, which we have done. As far as margins are concerned, we look at every line item in our profit and loss account and ensure we are delivering savings. So even if we find ourselves in a situation where price hikes are limited, the lever to rein in expenditure exists. We will exercise that.



How quickly do you see rural sales growth bouncing back?

It is difficult to tell when rural sales growth will return, but we remain optimistic. The first nine months of 2017-18 financial year have seen us deliver an average of five per cent volume growth. Compare this figure with the underlying volume growth between 2013 and 2016, and it was three per cent. This improvement in volume growth is partly coming because the rural markets are showing some

signs of recovery.

What are your expectations from the Union Budget?

I think all eyes will be on the government's rural focus in the Budget and what the finance minister has to say on the corporate tax.

Q&A

SANJIV MEHTA
 CEO & MD, HUL