

HUL offers GST reduction benefit worth ₹119 crore

TIMES NEWS NETWORK

Mumbai: Hindustan Unilever (HUL), which reported a 28% increase in December quarter net profit to Rs 1,326 crore on the back of a recovery in consumer demand, has offered to return GST reduction benefit to the tune of Rs 119 crore — which it could not pass on to consumers due to paucity of time and pipeline issues — to the government.

Effective November 15, 2017, GST rates were reduced for some of HUL's FMCG categories from 28% to 18%. While the implementation of this change was initiated immediately, the company said due to paucity of time it was not possible for it to pass on the entire benefit of this rate reduction on some of the pipeline stocks during the transition. "An estimated value of Rs 119 crore was proactively disclosed to the CBEC (Central Board of Excise and Customs) on this count and we have offered to pay this amount suo motu to the government. This amount is not recognised as revenue and is accounted as a liability as on December 31, 2017," the company said.

At the results media conference, Sanjiv Mehta, MD & CEO, HUL, said, "This amount is not in our profit and loss, so we have kept it as a provision in our balance sheet. We firmly believe as a responsible company it is our duty to be transparent and what belongs to the consumer should go to the consumers. As soon as we hear from the authorities, we will pass it on."

HUL CFO Srinivas Phatak said, "CBEC has commended the approach taken by HUL. But there are no legal provisions or rules that allow them to take this money and, therefore, they have referred this matter to the Directorate General of Safeguards (DGS). We are awaiting their guidance to take this forward."

At present, nearly 95% of its products in the market come with the new pricing (based on new GST rates). On the notice it received from the DGS, HUL said it is yet to fully ascertain the details.