

Godfrey Phillips India Limited (GPIL)

(BSE: 500163; NSE: GODFRYPHLP)

EARNINGS PRESENTATION

Q3 & 9 Months FY 2020-21



W E B U I L D U S



**GODFREY PHILLIPS
INDIA LIMITED**

9 Months FY21 Highlights



GODFREY PHILLIPS
INDIA LIMITED

Company

Rs. 4,560 Cr.
Gross Sales Value

Rs. 895 Cr.
Gross Profit

19.6%
Gross Profit Margin

Rs. 262 Cr.
Net Profit

Tobacco

Rs 3,770 Cr.
Domestic Cigarette Gross Sales Value

Rs. 432 Cr.
International Gross Sales Value

92%
Tobacco contribution to Gross sales
Value

Consumer & Retail

Rs. 260 Cr.
TFS Gross Sales Value

90
TFS stores

Rs. 89 Cr.
Chewing Products Gross Sales Value

- 1 Above values are based on standalone financials
- 2 Gross Sales Value is inclusive of all applicable indirect taxes
- 3 Margins are calculated on Gross Sales Value

Godfrey Phillips Product Portfolio - 9 Months FY21



GODFREY PHILLIPS
INDIA LIMITED

Net Sales: Rs. 2,083 Cr

Tobacco

Non -Tobacco

68%

21%

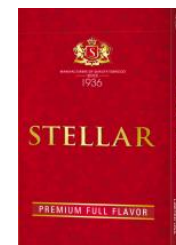
11%

Domestic

International

Consumer & Retail

Marlboro²



Tobacco Leaf, Cigarettes
& Processed tobacco

Chewing
Products



TFS
(24Seven)



Confectionary



1 The ratios shown above are based on Net Sales

2 Marlboro is manufactured and distributed under exclusive procurement and supply agreements with Philip Morris International



Mr. Bhisham Wadhera
Chief Executive Officer

“Recovery trend continued to advance into third quarter of the current financial year. While the tough market conditions have improved over the last few months, the residual impact of the adversity continues. In wake of the relatively challenging market conditions, the Company reported Gross Sales Value of Rs. 4,560 Crores and Net Profit of Rs. 262 Crores during nine months FY21. This was made possible by significant efforts and recovery in businesses. We expect to carry the momentum in Q4 FY21.

Our cigarette domestic volume declined by 25% during nine months FY21 as compared to corresponding period last year. This decline was primarily driven by the temporary closure of factories & distribution points as per the state directives in first half of the current financial year. Our Rabale factory resumed operations only in 1st week of August for export business and 1st week of September for domestic business whereas Gudhar factory had resumed its operations in May in a phased manner. The International Business gross sales also declined by 18% mainly due to impact of supply chain disruptions and closure of Rabale factory which caters majorly to the international markets with cigarettes & cut tobacco.

Gross Sales from 24Seven Convenience Stores (TFS) was Rs. 260 Crores, a decline of 15%. The number of stores now stand at 90 at the end of Dec 2020. TFS remained open during the lockdown and provided all types of essential goods to consumers. However, the TFS business is now trying to come to terms with changing buying habits of the consumers at large.

Amidst the crisis, the safety of our workforce, remains top priority and therefore, we had prepared safety guidelines to ensure well being. It gives me immense pleasure to see that the employees have adopted the new working norms and shown full dedication to ensure continuity of business operations. We are now back to office working across all locations and it is heartening to see the enthusiasm within the entire organization.

Godfrey Phillips was yet again recognized amongst India’s 30 Best Workplaces in Manufacturing 2021 in the Great Place to Work survey. This is in addition to the Great Place to Work certification received in June 2020 by Great Place to Work Institute, India. Whereby ranking had further improved to 29 from 37 in 2019.



- **One of the leading FMCG Companies in India - flagship company of KK Modi Group**
- **Diversified business interests – Tobacco, Chewing Products, Convenience Stores & Confectionary**
- **Strong Credit Rating : CRISIL A1+ (Short Term Debt) and AA+/Stable (Long Term Loan)**
- **State-of-the-art Research & Development Facilities – ISO 17025 certification**
- **ISO 50001, ISO 14001, ISO 22000 and OSHAS 18001 certified manufacturing operations**



Growth Priorities

1

**Target New Markets
for Cigarettes**

2

**Focus on Exports /
International Business**

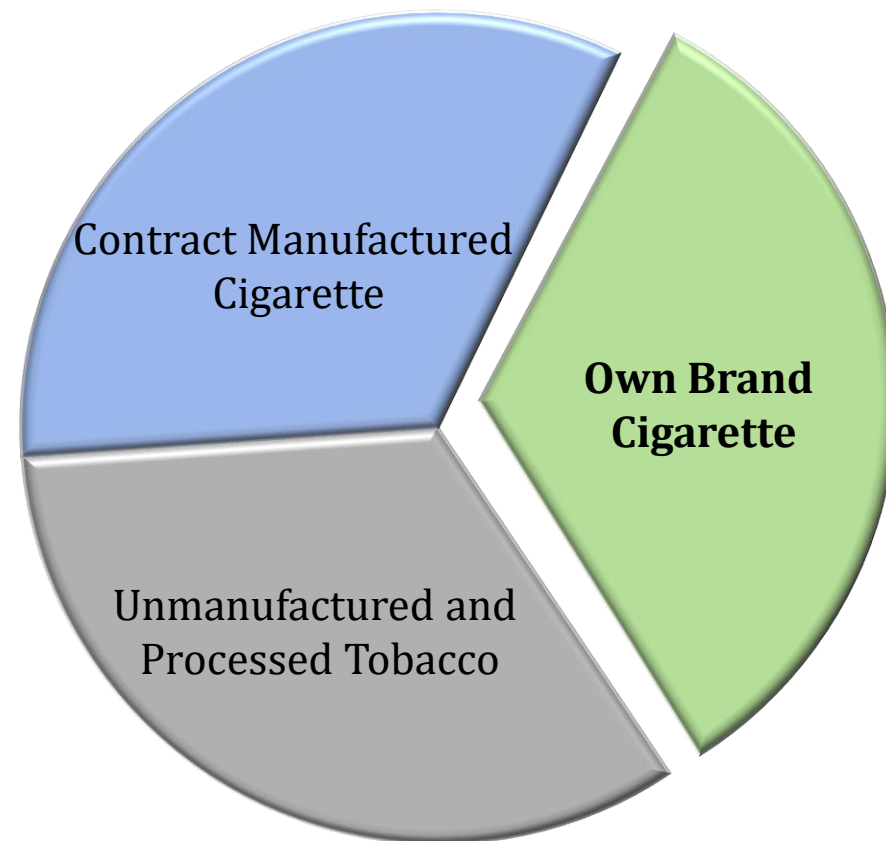
3

**24Seven Convenience
Stores (TFS)**

Strategic Direction

- ✓ Recover sales volume across all markets to prepare a base for future growth
- ✓ Strengthen partnership with Philip Morris International in the manufacture and distribution of Marlboro brand cigarettes in India
- ✓ Build on existing cigarettes export markets to enhance own brand sales
- ✓ Expand chewing and confectionary product offerings through innovative products
- ✓ Capitalise on the fast growing retail space through 24Seven's innovative approach
- ✓ Contributing to the socio-economic growth across the value chain through programs for tobacco farmers

Build on existing contract manufactured cigarettes export markets to enhance own brand sales



Rs. 432 Cr.
9 months FY21 Gross Sales Value
decreased by 18.4%

21%
Contribution in 9 months FY21 to Net Sales



Global Operations
Significant market presence across Latin America,
Middle East, South East Asia and Eastern Europe

72 Countries
Exporting through more than 90 partners

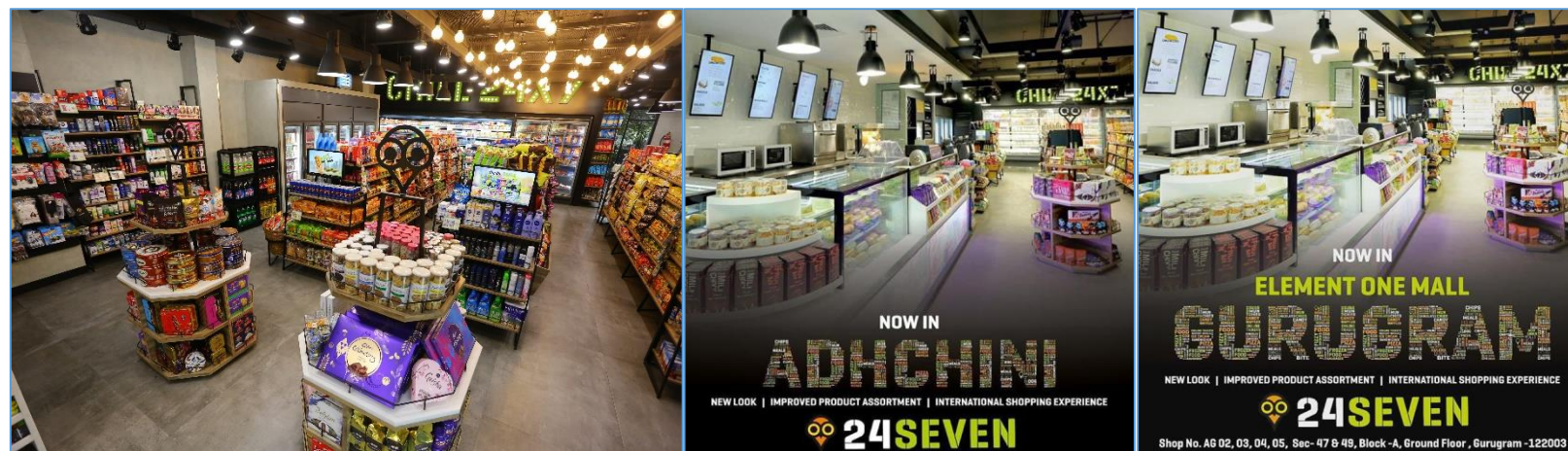
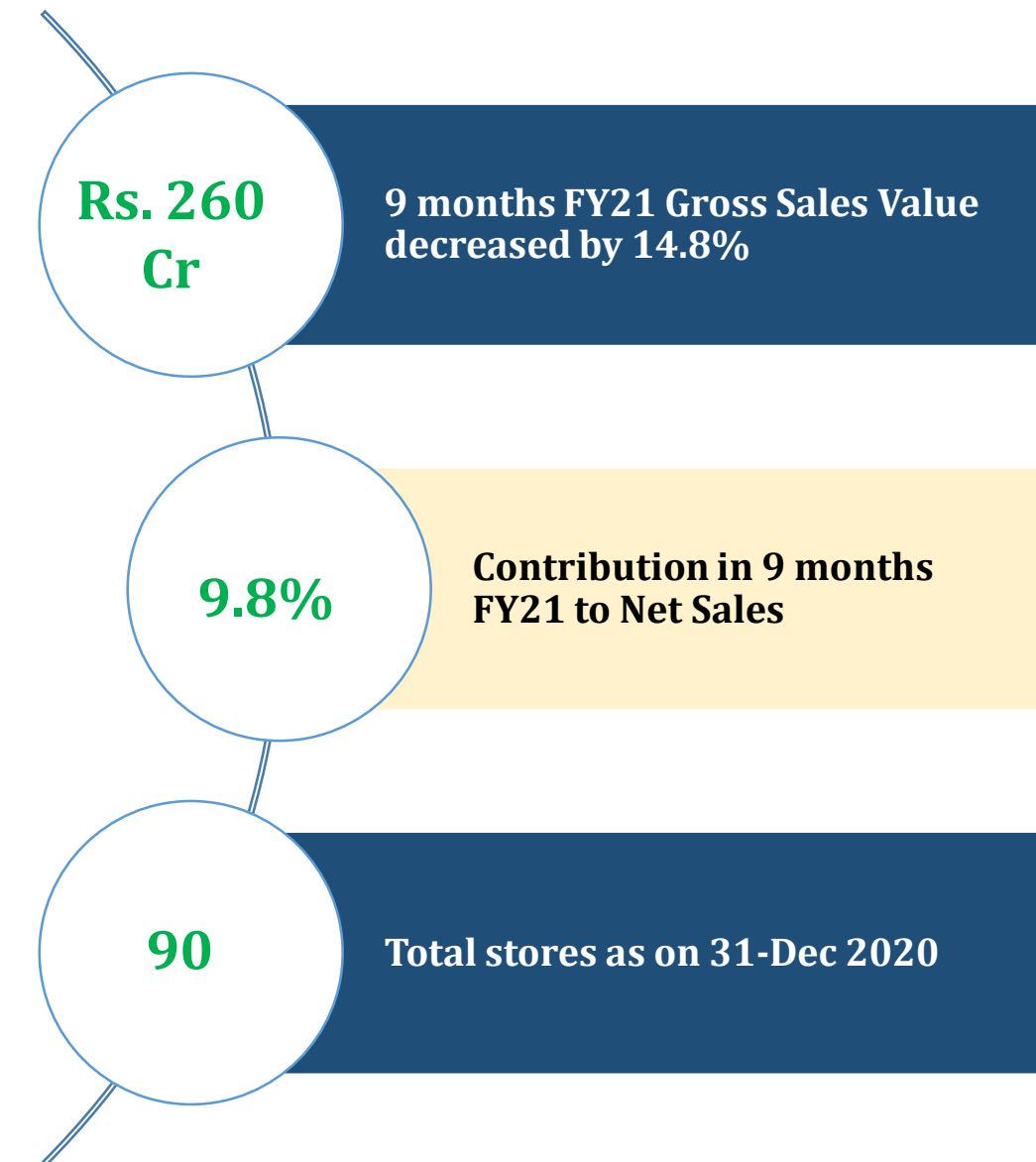
Growth Priorities – 24Seven Convenience Stores (TFS)



GODFREY PHILLIPS
INDIA LIMITED

India's only organised retail chain in the 'round-the-clock' convenience store format

- The 24Seven chain of convenience stores are another example of Godfrey Phillips India's innovative approach to business
- 24Seven stores deliver an international shopping experience, stocking a wide variety of products and providing a range of services, round the clock
- Stores offer daily needs groceries, ready-to-eat foods, beverages, cosmetics and personal care products, music and movies, magazines, domestic and international courier services, instant photo development, bill payments, mobile phone recharges, movie tickets and several other offerings
- 24Seven stores are giving India's young working people new and more comfortable options that meet their requirements and also fulfil the needs of today's modern Indian work culture
- In FY19, the company set up a large scale kitchen hub in Faridabad (Delhi NCR) to prepare all kinds of ready to eat food items in a highly quality controlled environment, to meet growing demand



Growth Priorities – 24Seven Convenience Stores (TFS)



GODFREY PHILLIPS
INDIA LIMITED

Offering a range of food products fulfilling the needs of today's modern Indian work culture



Growth Priorities – Chewing Products & Confectionary



GODFREY PHILLIPS
INDIA LIMITED

Chewing Products



Pan Vilas

- The premium pan masala market size is estimated to be Rs. 2,800 Crore and Pan Vilas has a 20% share in its key market of Gujarat
- GPI is more focused on Pan Vilas as a key product offering and expected to further drive revenue and profitability
- An innovative product using flavour blast technology has been launched recently and is showing encouraging results



Pan Vilas Silver Dewz

- A premium mouth freshener made of silver-coated flavoured Elaichi – Silver Dewz is an extension of Pan Vilas brand’s offering in the competitive mouth freshener category

Confectionary



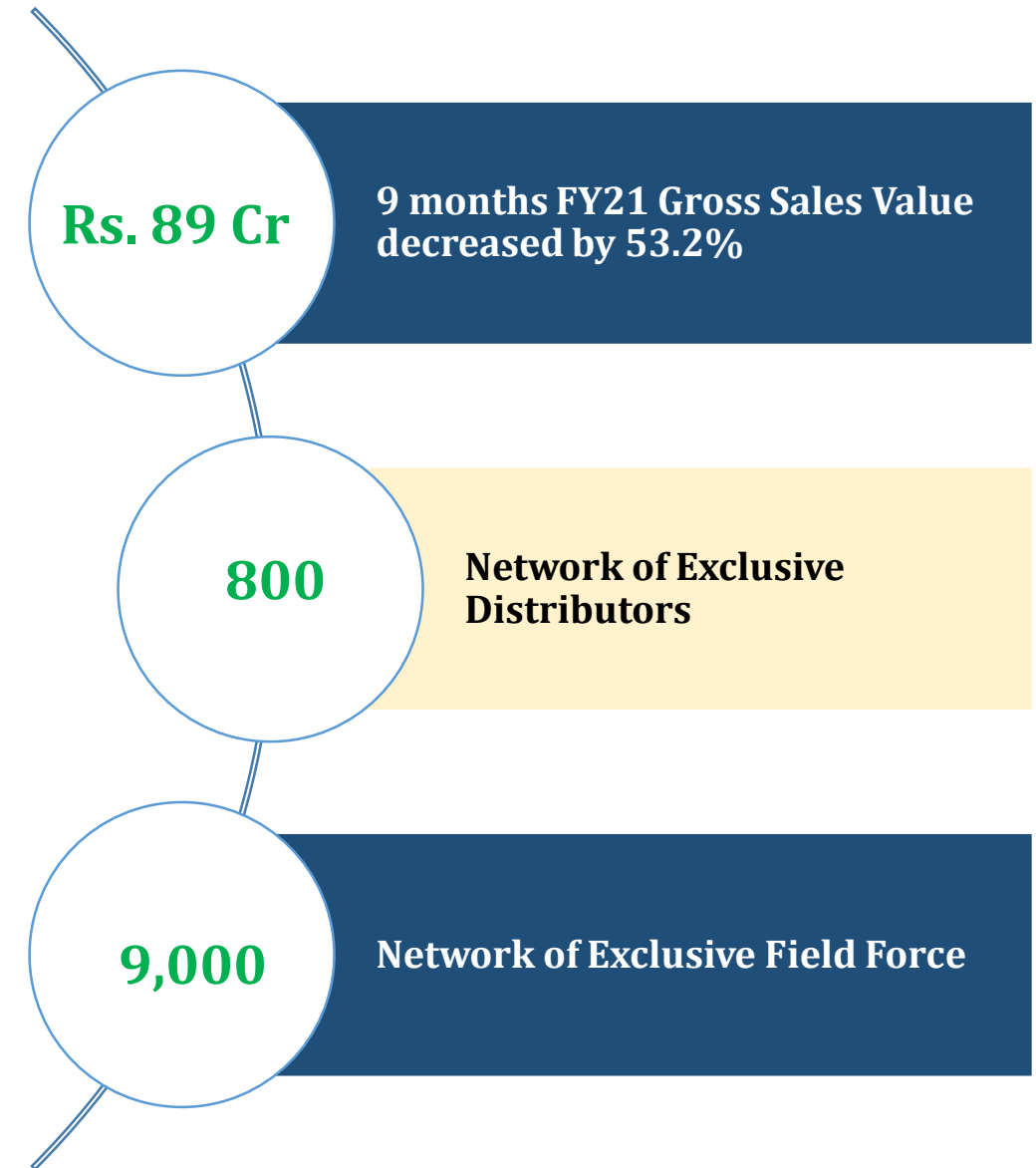
Funda Goli

- With the introduction of the Funda Goli range of candies, GPIL established a niche for itself as a unique confectionery brand
- Funda Goli’s fun range includes flavours like Kachha Aam, Refreshing Green Apple, Mast Guava, Orange Mints and Slurpy Lychee



Imli Naturalz

- First of its kind candy with natural ingredients and distinguished taste

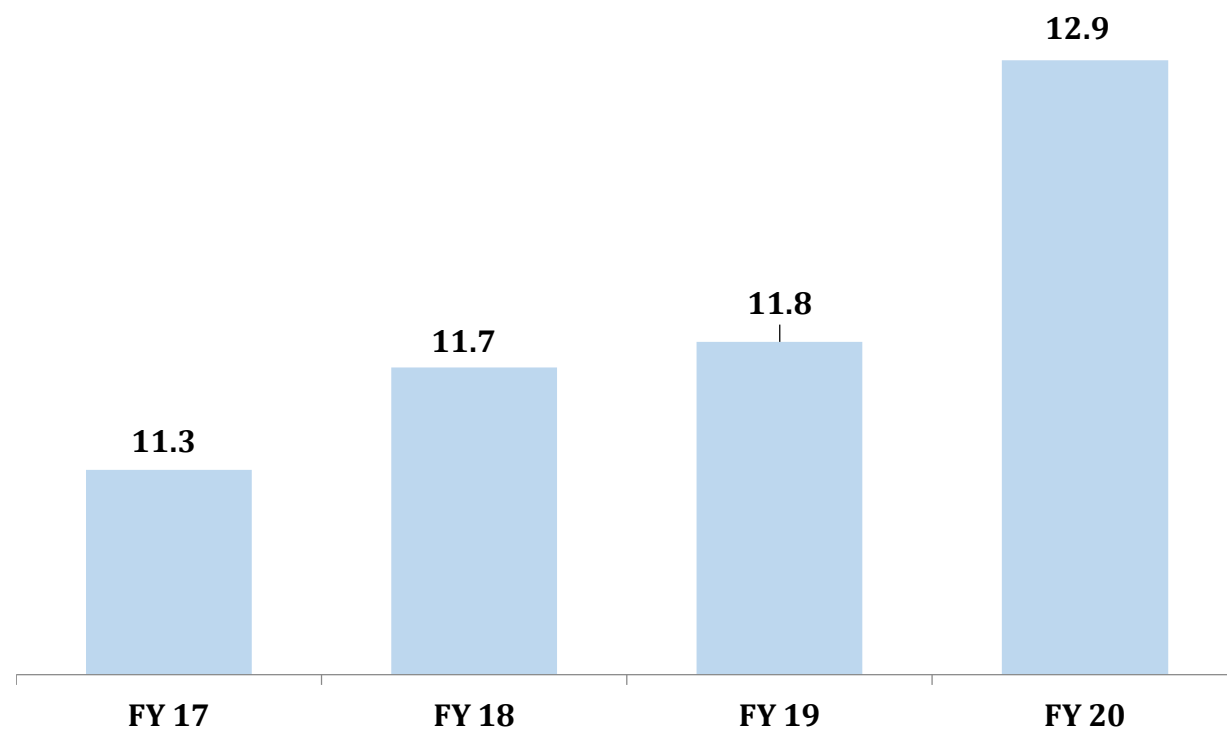


Cigarette Domestic Market Share and Volume

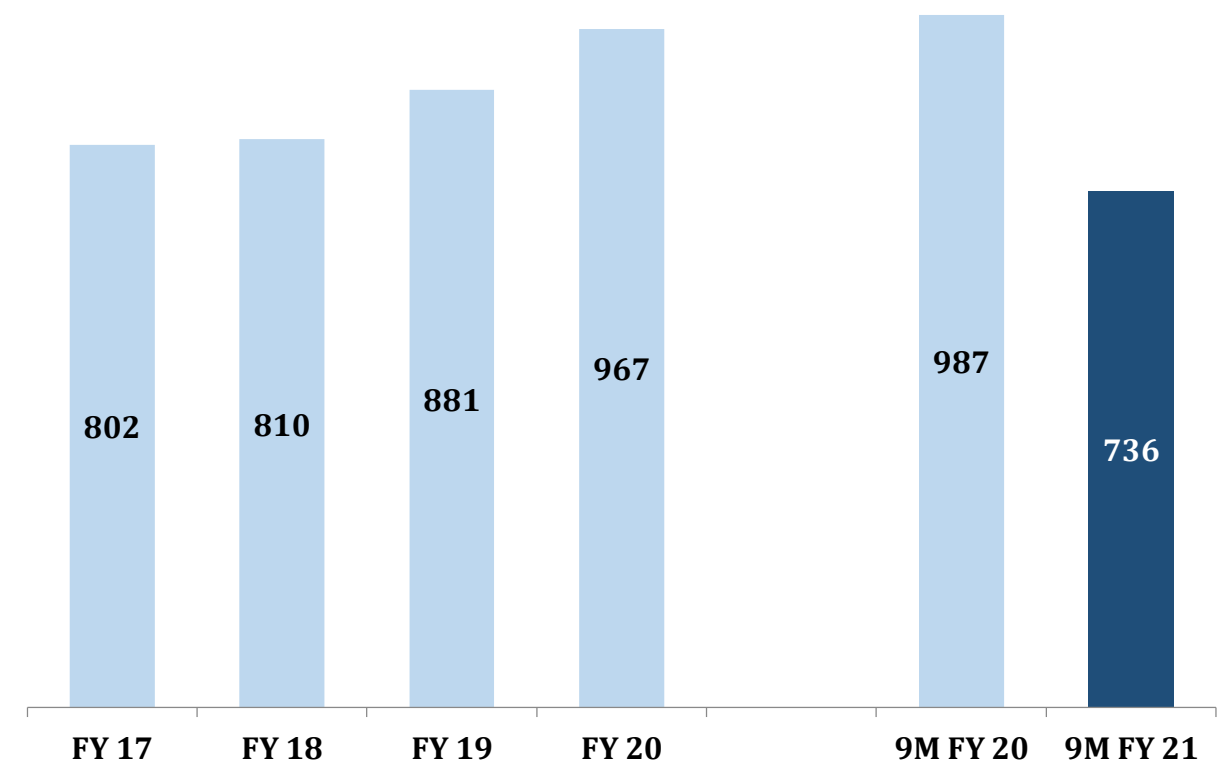


GODFREY PHILLIPS
INDIA LIMITED

Market Share (%)



Volumes (million per month)



- Our core markets in Western India were one of the most adversely affected by COVID-19 in India; this impacted our business and therefore our sales recovery in 9 months FY21 was somewhat lower than our expectations.

Note: Market share data is based on internal estimates

9 Months FY21 Financial Summary



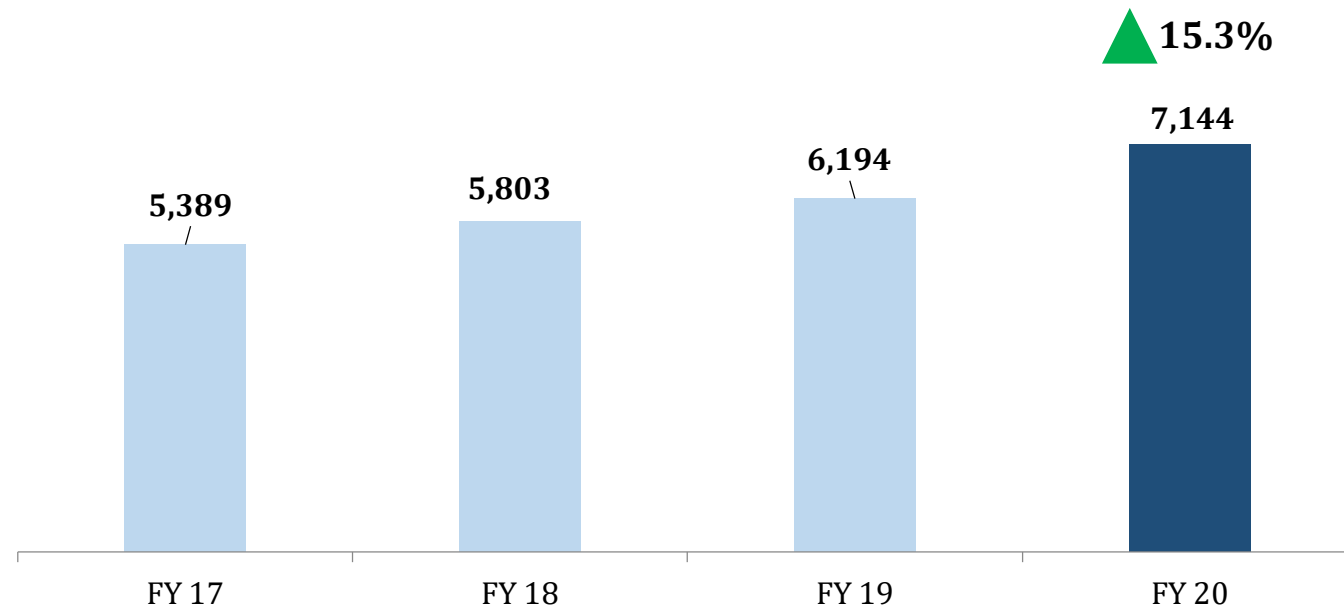
GODFREY PHILLIPS
INDIA LIMITED

Rs. Crore		Standalone									Consolidated				
		Q3FY21	Q3FY20	Y-o-Y%	Q2FY21	Q-o-Q%	9M FY21	9M FY20	Y-o-Y%	FY20	Y-o-Y%	FY19	FY20	Y-o-Y%	FY19
1	Gross Sales income	1820	1844	(1.3)%	1824	(0.2)%	4560	5465	(16.6)%	7144	15.3%	6194	7167	15.4%	6210
2	Gross Revenue	827	788		812		2095	2367		3045		2592	3068		2612
	Less- Excise duty	135	36		121		306	105		191		115	191		115
	Net Revenue	692	752	(8.0)%	691	0.1%	1789	2262	(20.9)%	2854	15.2%	2477	2877	15.2%	2497
3	COGS	336	335	0.3%	355	(5.4)%	894	1005	(11.0)%	1253	17.1%	1070	1261	17.5%	1073
4	Gross Profit	356	417	(14.6)%	336	6.0%	895	1257	(28.8)%	1601	13.8%	1407	1616	13.5%	1424
	% to Sales	19.6%	22.6%		18.4%		19.6%	23.0%		22.4%		22.7%	22.5%		22.9%
5	Employee Benefits	58	65	(10.8)%	61	(4.9)%	171	195	(12.3)%	250	(1.2)%	253	278	(1.1)%	281
	% to Sales	3.2%	3.5%		3.3%		3.8%	3.6%		3.5%		4.1%	3.9%		4.5%
6	Advertising & sales promotion	18	39	(53.8)%	17	5.9%	44	116	(62.1)%	156	6.8%	146	156	6.8%	146
	% to Sales	1.0%	2.1%		0.9%		1.0%	2.1%		2.2%		2.4%	2.2%		2.4%
7	Other expenses (Net)	123	152	(19.1)%	113	7.9%	321	443	(27.5)%	603	(1.6)%	613	590	(0.7)%	594
	% to Sales	6.8%	8.2%		6.2%		7.0%	8.1%		8.4%		9.9%	8.2%		9.6%
8	EBITDA (Operating)	157	161	(2.5)%	145	9.0%	359	503	(28.6)%	592	49.9%	395	592	46.9%	403
	% to Sales	8.6%	8.7%		7.9%		7.9%	9.2%		8.3%		6.4%	8.3%		6.5%
9	Net Profit/(Loss)-Adj.	114	109	4.6%	96	18.8%	262	340	(22.9)%	388	51.6%	256 ²	384	47.7%	260
	% to Sales	6.3%	5.9%		5.3%		5.7%	6.2%		5.4%		4.1%	5.4%		4.2%

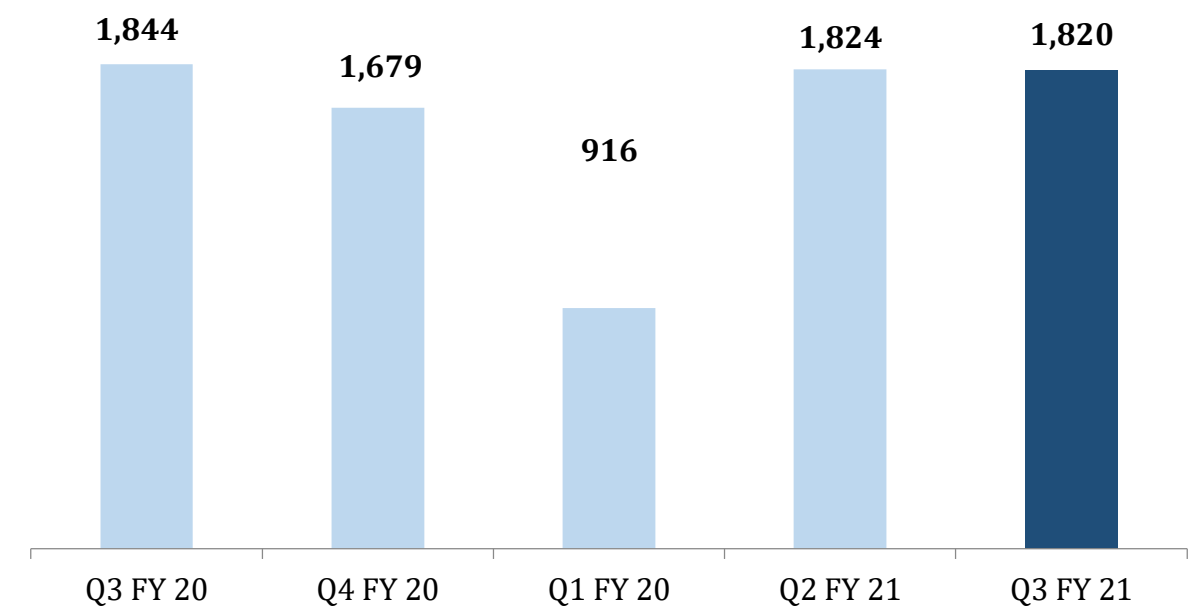
1 Margins are calculated based on Gross Sales Value

2 Net Profit and EBITDA for FY19 is adjusted for Rs. 15.1 Crore charged as provision for decline in the value of non current investment

Gross Sales Value –Annual (Rs. Crore)



Gross Sales Value – Quarterly Standalone (Rs. Crore)

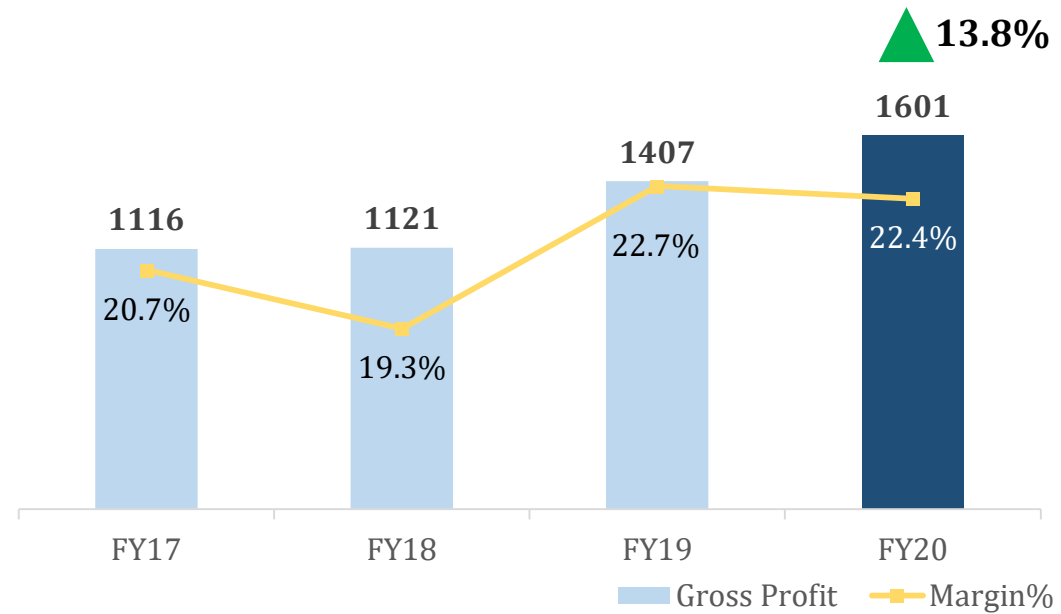


- Gross Sales Value includes Excise Duty, NCCD, GST, GST Compensation Cess and VAT as applicable in the corresponding reporting period
- The outbreak of COVID 19 pandemic and the consequent lockdowns have resulted in disruption in the business operations of the Company since second half of March'20 in terms of both production and sales.
- Our core markets in Western India were one of the most adversely affected by COVID-19 in India; this impacted our business and therefore our sales recovery in 9 months FY21 was not quite in line with our expectations.

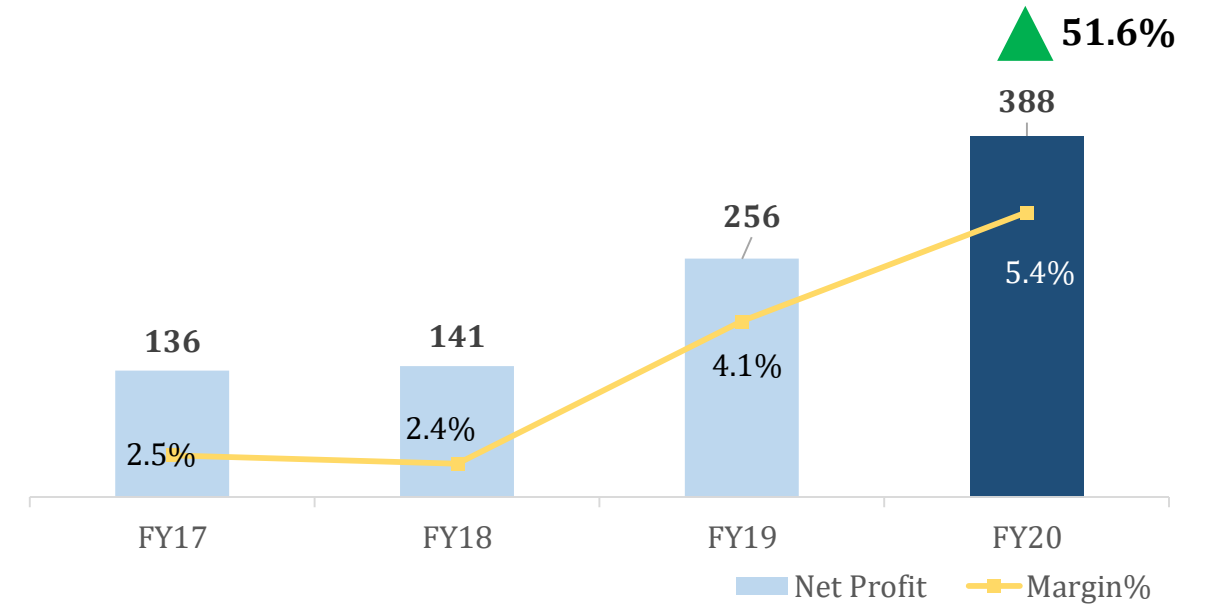
Gross Profit and Net Profit Contribution



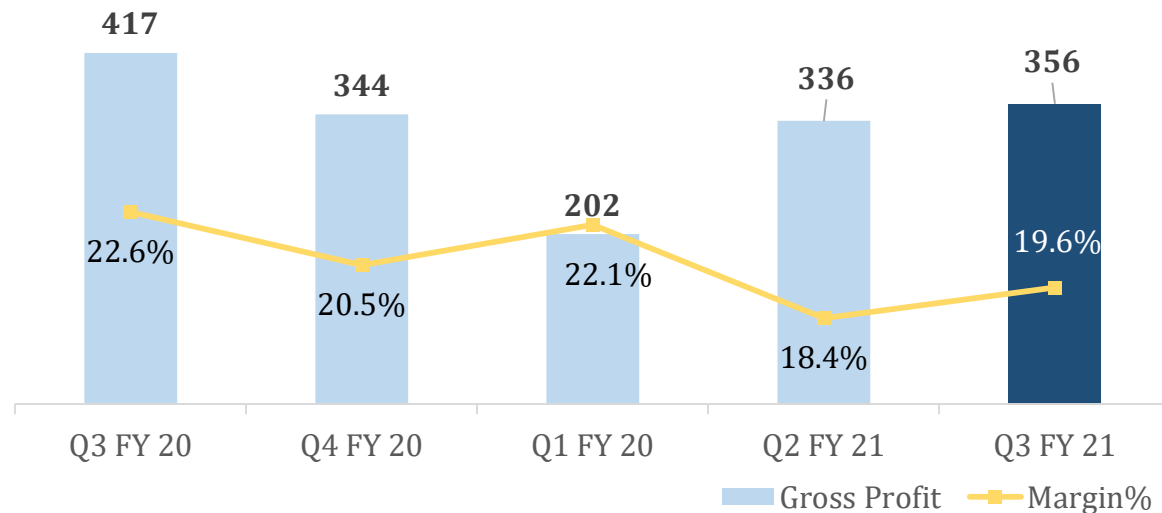
Gross Profit (Rs. Crore) and Margin (%)



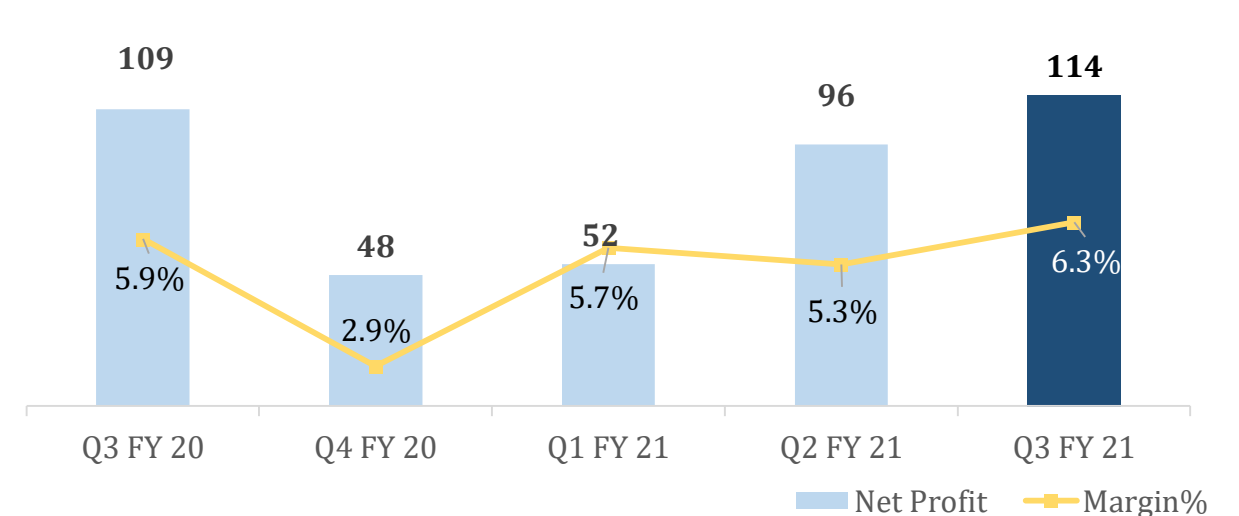
Net Profit (Rs. Crore) and Margin (%)



Gross Profit (Rs. Crore) and Margin (%)



Net Profit (Rs. Crore) and Margin (%)



Safety and Reassurance

Working guidelines created and cascaded across all offices to ensure safety of human capital

People Connect

Individual dialogue channels established with current and retired employees for discussing their wellbeing

Information Hub

Set up for employees to resolve queries, create awareness and action in emergency situations, way forward and contact details

Business Continuity

Centrally facilitated guidelines to ensure business continuity and employee well being across in-office and WFH scenarios

Capability Building

Skilling and reskilling initiatives were accelerated through online medium

Social Engagement

Virtual employee engagement programs were created to ensure connectedness; GPI anthem created to celebrate the spirit of OneGPI

GPI as India's Best Companies to Work For

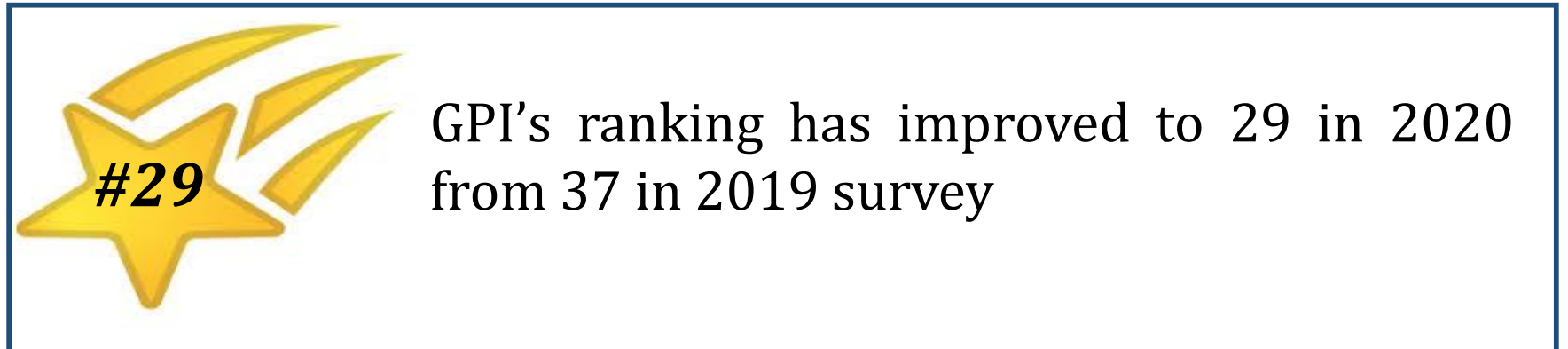


GODFREY PHILLIPS
INDIA LIMITED

Godfrey Phillips India is now recognized amongst India's Top 30 Best Workplace in Manufacturing 2021



Godfrey Phillips India is yet again recognized amongst India's Top 30 Best Workplaces in Manufacturing-2021



GPI was adjudged "Best in FMCG" in the Great Place To Work 2020 survey

Modicare Foundation

Founded in 1996, Modicare Foundation's core focus areas are empowerment of children, adolescents and women by developing a holistic approach towards education, life skills and leadership

Vision

Modicare foundation strongly believes that every individual has the potential to transform his / her to life to grow and develop as an active citizen

Mission

Empower the marginalised population specially women, adolescents, youth and children with skills and knowledge to work as change agents for themselves and their community

Key Projects

Khwabgah



- Provide comprehensive development opportunities to children, adolescents / young adults and their families
- Over 1,500 children are directly benefitting while over 100,000 people are receiving services and support
- Location: Slums of South Delhi

Ambassadors of Change (AOC)



- Flagship programme since 2000, provides life skill education for in and out of school adolescents
- Empower 4200 adolescents every month and till date it has reached over 1.5 lakh adolescents and 130 institutions

Ehsaas



- Supported by Clinton Foundation, USA and works as coordinating agency on the National Pediatric Program which linked HIV+ children with government ART centres
- Supported over 1000 affected families and provided HIV related counselling services to 11,000 people

Partners in Change



- Provides training / capacity building on gender, sexual harassment at workplaces, reproductive health, HIV/AIDS
- Support includes activities such as awareness generation through community based camps, forming internal committees, master trainers

Program for Tobacco Grading Women



Program

- About 650 women, engaged into tobacco leaf grading activity for cigarettes and tobacco exports in Ongole, Andhra Pradesh are direct beneficiaries
- The program was held over 3 tobacco grading units and 4 villages where majority of the women worker reside

Initiatives

- Edugundlapadu is now a model village - 100% open defecation free with toilets for all families, health camps, tree plantation, Community RO for safe water, child education and infrastructure of 2 primary school and Angaanwadi
- This village was officially recognized by the Govt. of Andhra Pradesh and awarded a **Certificate of Merit** by the Collector and District Magistrate on **26th January 2019**
- We have received the Greentech Foundation CSR 2020 Award for “Ensuring Environment Sustainability”

Program for Burley Tobacco Farmers

Program

- Burley tobacco producing farmers are important stakeholders of the Company and there is a direct impact on the business due to the various issues impacting the farmers
- CSR objectives are integrated with the Tobacco Leaf Division to facilitate stringent standards and expectations from farmers under the agriculture labor practices

Initiatives

- Since 2014 over 3,200 families in 60 villages have been directly impacted and 2 lakh population are enjoying the community initiatives
- Water and soil conservation through farm ponds, water harvesting and desiltations
- Reducing debt through Farmers Development Societies (FDS) and support to farmers with curing sheds that help protect the crop
- Access to safe water with community RO, health camps and toilets
- Solar power and watershed program to deliver sustainable comprehensive development
- An After School Program to eliminate child labour





GODFREY PHILLIPS
—INDIA LIMITED—

Godfrey Phillips India Limited

CIN: L16004MH1936PLC008587

Registered Office:

Macropolo Building, Ground Floor
Dr. Babasaheb Ambedkar Road
Lalbaug, Mumbai 400033

Corporate Office:

14, Omaxe Square,
Jasola District Centre
New Delhi 110025

For more information, please contact:

Sunil Agrawal

Chief Financial Officer
Godfrey Phillips India

isc-gpi@modi.com

+91 11 2683 2155

Sanjay Gupta

Company Secretary & Compliance Officer
Godfrey Phillips India

isc-gpi@modi.com

+91 11 2683 2155

Ravi Gothwal

Churchgate Partners

GPIL@churchgatepartners.com

+91 22 6169 5988

Disclaimer: This presentation contains statements that contain “forward looking statements” including, but without limitation, statements relating to the implementation of strategic initiatives, and other statements relating Godfrey Phillips India Limited’s (“GPIL” or the Company) future business developments and economic performance. While these forward looking statements indicate our assessment and future expectations concerning the development of our business, a number of risks, uncertainties and other unknown factors could cause actual developments and results to differ materially from our expectations. These factors include, but are not limited to, general market, macro-economic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in the financial conditions of third parties dealing with us, legislative developments, and other key factors that could affect our business and financial performance. GPIL undertakes no obligation to publicly revise any forward looking statements to reflect future / likely events or circumstances.



GODFREY PHILLIPS
INDIA LIMITED

GODFREY PHILLIPS INDIA LIMITED

HEAD OFFICE

Godfrey Phillips India Limited, 14, Omaxe Square, Jasola District Centre New Delhi 110025
Tel.: +91 11-2683 2155, 2631 8400 Fax: +91 11-2683 5803

REGISTERED OFFICE

'Macropolo Building', Ground Floor, Dr. Babasahed Ambedkar Road, Lalbaug, Mumbai - 400033

For more information, log on to www.godfreyphillips.com