

Godfrey Phillips India Limited (GPIL)

(BSE: 500163; NSE: GODFRYPHLP)

EARNINGS PRESENTATION

Q4 & Full Year 2020-21



W E B U I L D U S



**GODFREY PHILLIPS
INDIA LIMITED**

Company

Rs. 6,408 Cr.
Gross Sales Value

Rs. 1,272 Cr.
Gross Profit

19.9%
Gross Profit Margin

Rs. 357 Cr.
Net Profit

Tobacco

Rs 5,323 Cr.
Domestic Cigarette Gross Sales Value

Rs. 597 Cr.
International Gross Sales Value

93%
Tobacco contribution to Gross sales
Value

Consumer & Retail

Rs. 354 Cr.
TFS Gross Sales Value

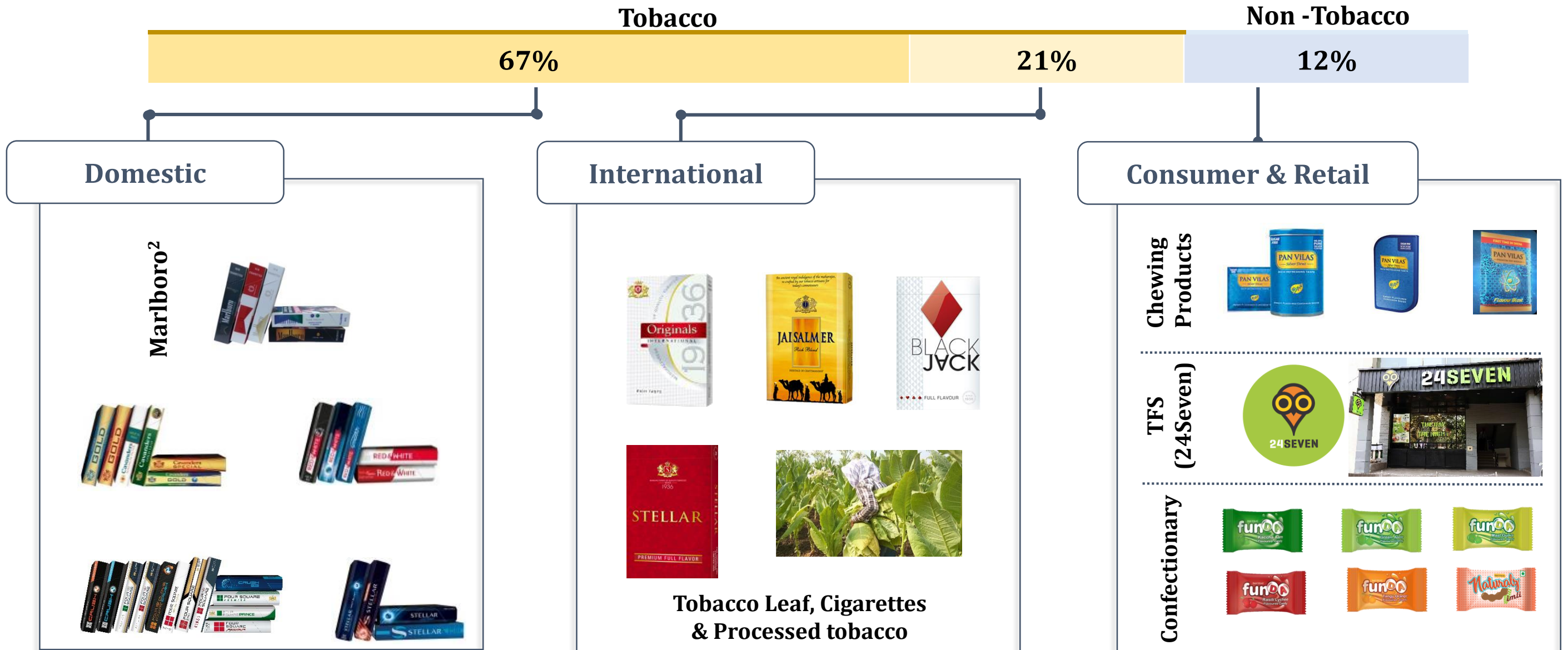
93
TFS stores

Rs. 121 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 - FY21

Net Sales: Rs. 2,905 Cr



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. Bhasham Wadhwa
Chief Executive Officer

“Recovery trend continued to advance into fourth quarter of the current financial year. While the tough market conditions improved over the last few quarters, the residual impact of the adversity continued. In wake of the relatively challenging market conditions, the Company reported Gross Sales Value of Rs. 6,408 Crores and Net Profit of Rs. 357 Crores during FY21. This was made possible by significant efforts and recovery in businesses. While we were hoping to carry the momentum forward into FY22, second wave of pandemic has made things difficult once again.

Our cigarette domestic volume declined by 20% during FY21 as compared to 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 in FY21 have been sustained at last year level despite 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) in FY21 was Rs. 354 Crores, a decline of 13.5%. The number of stores now stand at 93 at the end of March 2021. 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, remained our top priority and therefore, we had prepared safety guidelines to ensure their 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.

Godfrey Phillips was yet again certified as India’s Best Companies to Work For in June 2021 and improved its ranking to 28 from 29 in 2020. This is in addition to amongst India’s 30 Best Workplaces in Manufacturing 2021 in the Great Place to Work survey.

- **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**



**FY 2021
Gross Sales Value
Rs. 6,408 cr**

**1,000+
Employees**
*Amongst India's Best
Companies to Work
2021*

Global Presence
*India
Singapore
UAE*

**Corporate Social
Responsibilities**
*Farmers Community Program
Women Welfare Program*

Growth Priorities

1

**Target New Markets
for Cigarettes**

2

**Focus on Exports /
International Business**

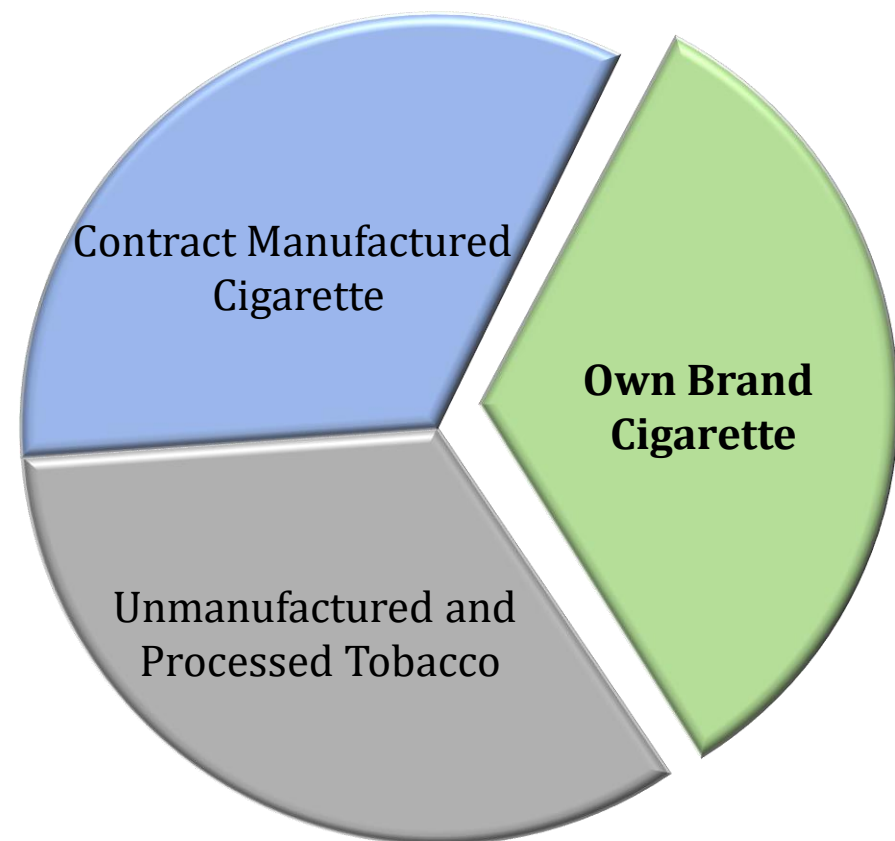
3

**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

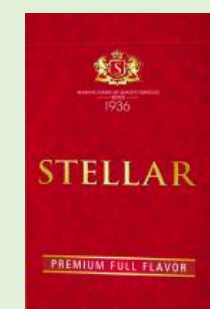
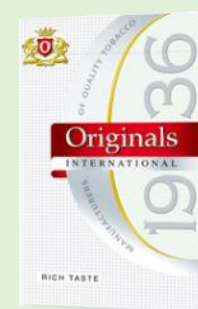


Rs. 597 Cr.
FY21 Gross Sales Value

21%
Contribution to FY21 Net Sales



Strategic Focus



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

72 Countries
Exporting through more than 90 partners

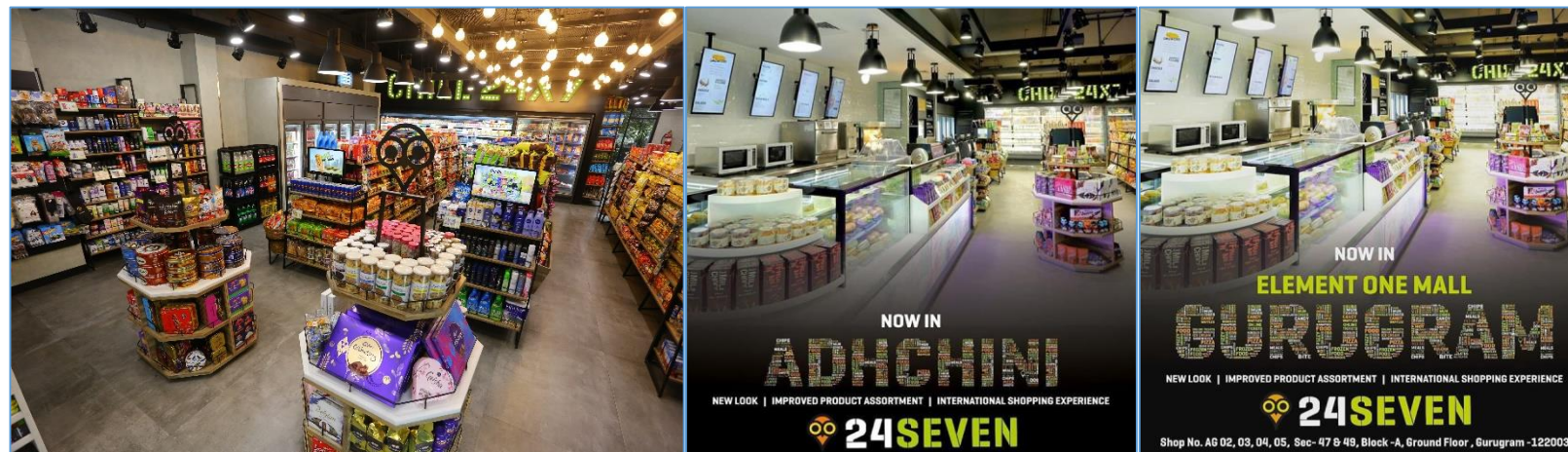
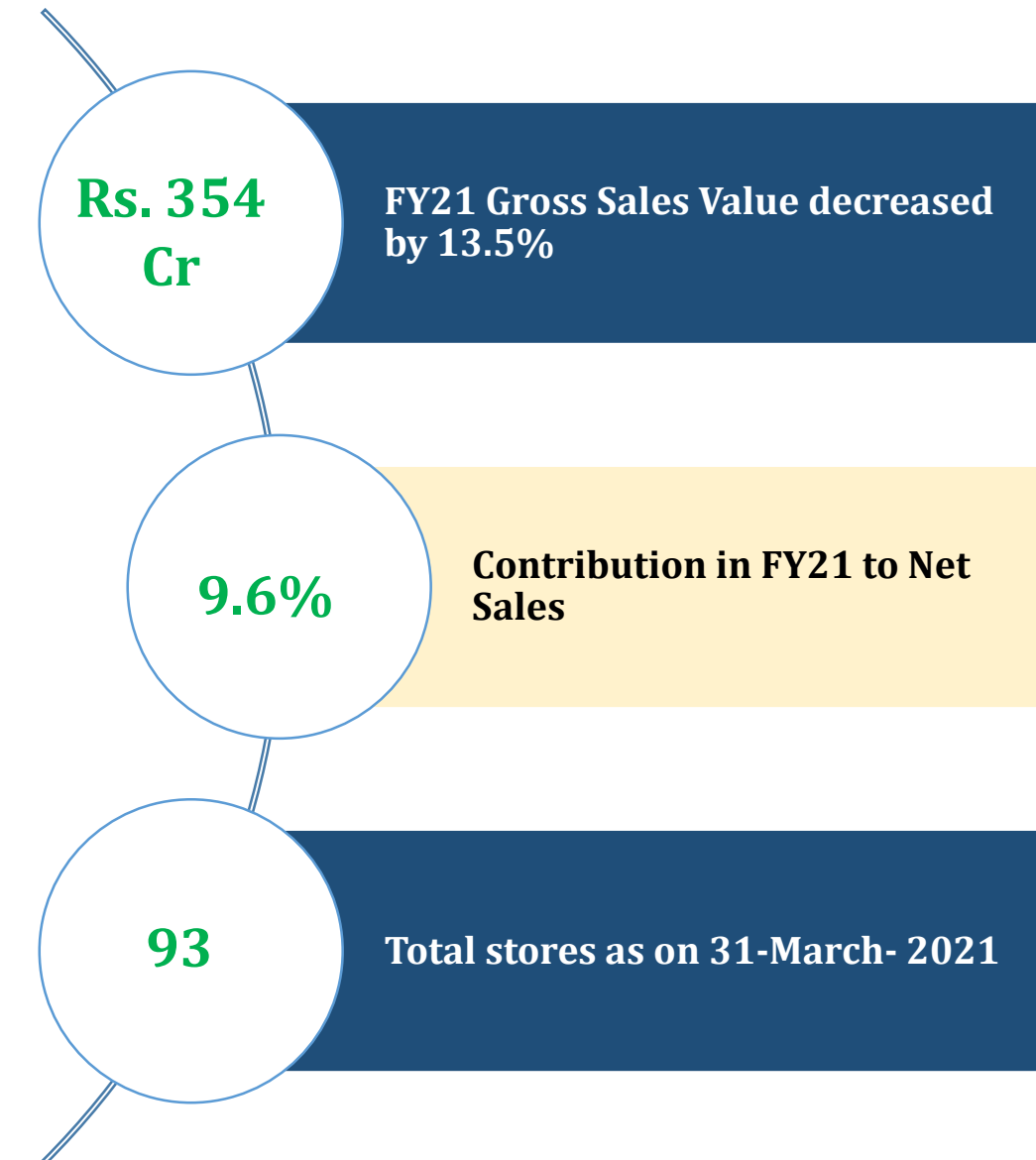
Growth Priorities – 24Seven Convenience Stores (TFS)



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)



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



Growth Priorities – Chewing Products & Confectionary



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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



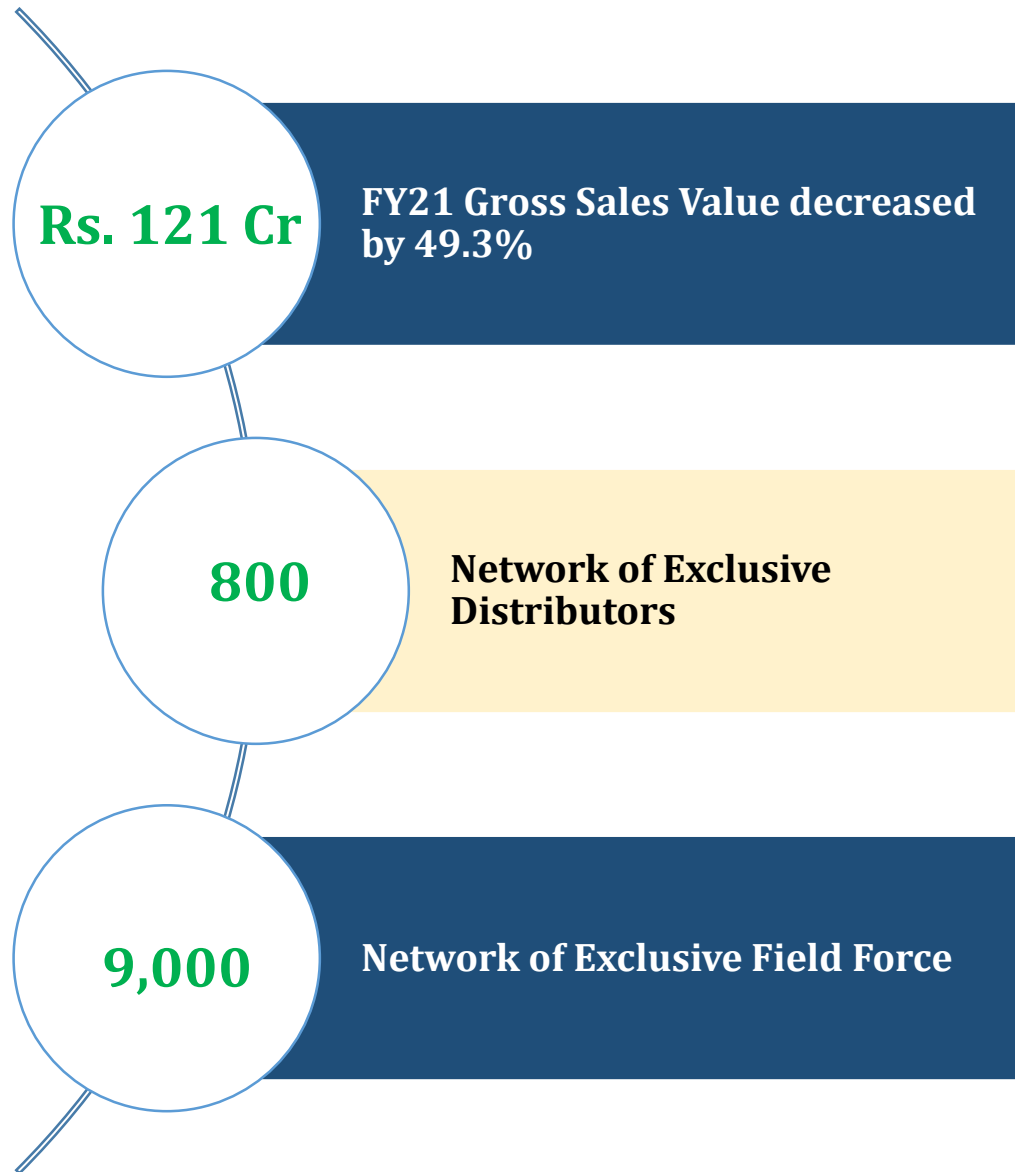
Funda Goli

- 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

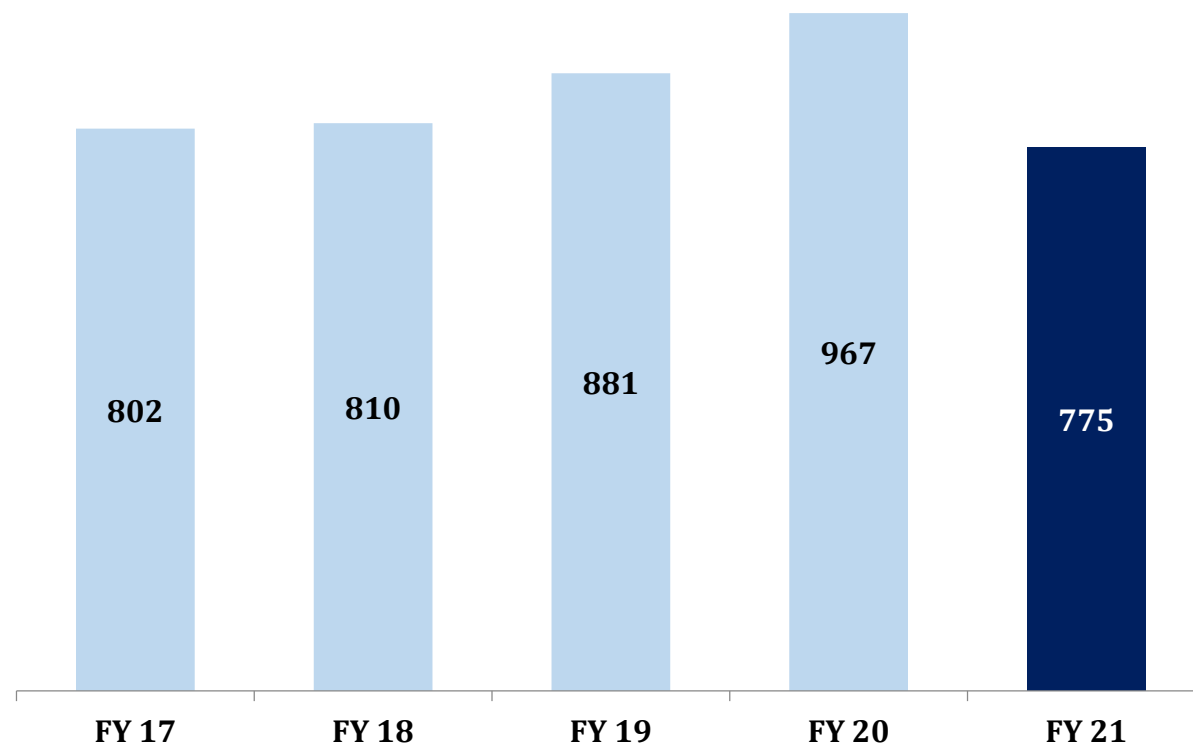


Cigarette Domestic Volume

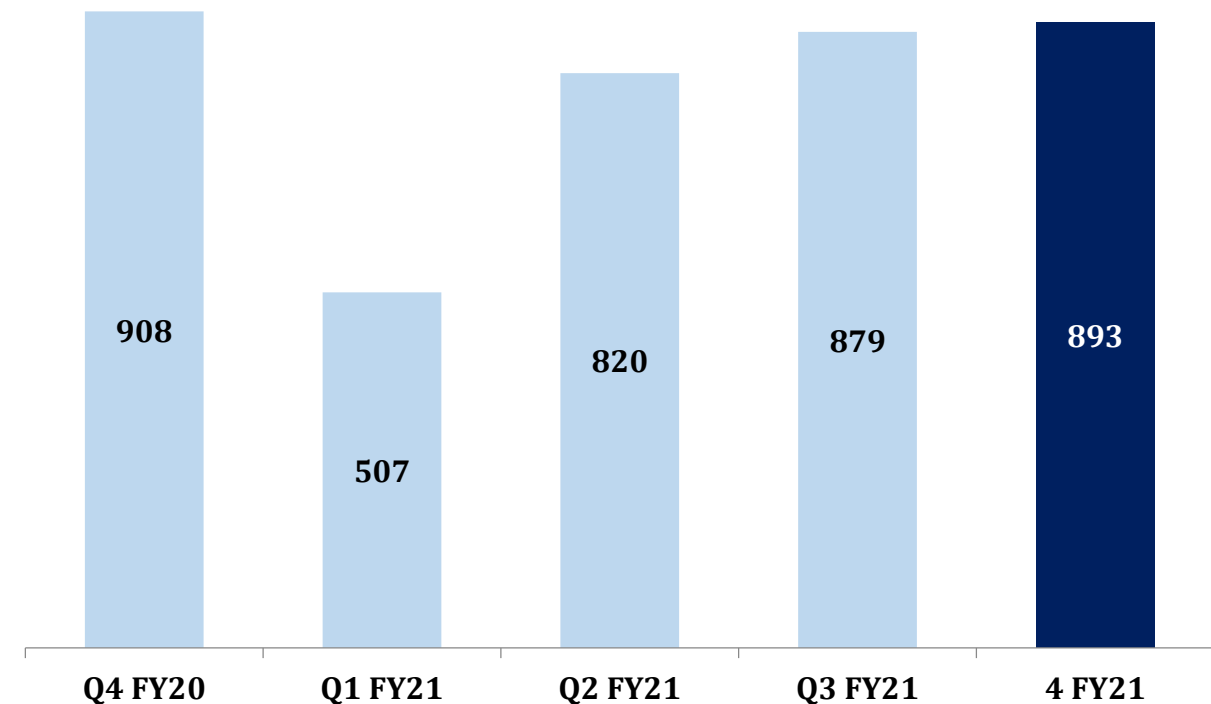


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Annual Volumes (million per month)



Quarterly 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 FY21 was somewhat lower than our expectations.

FY21 Financial Summary

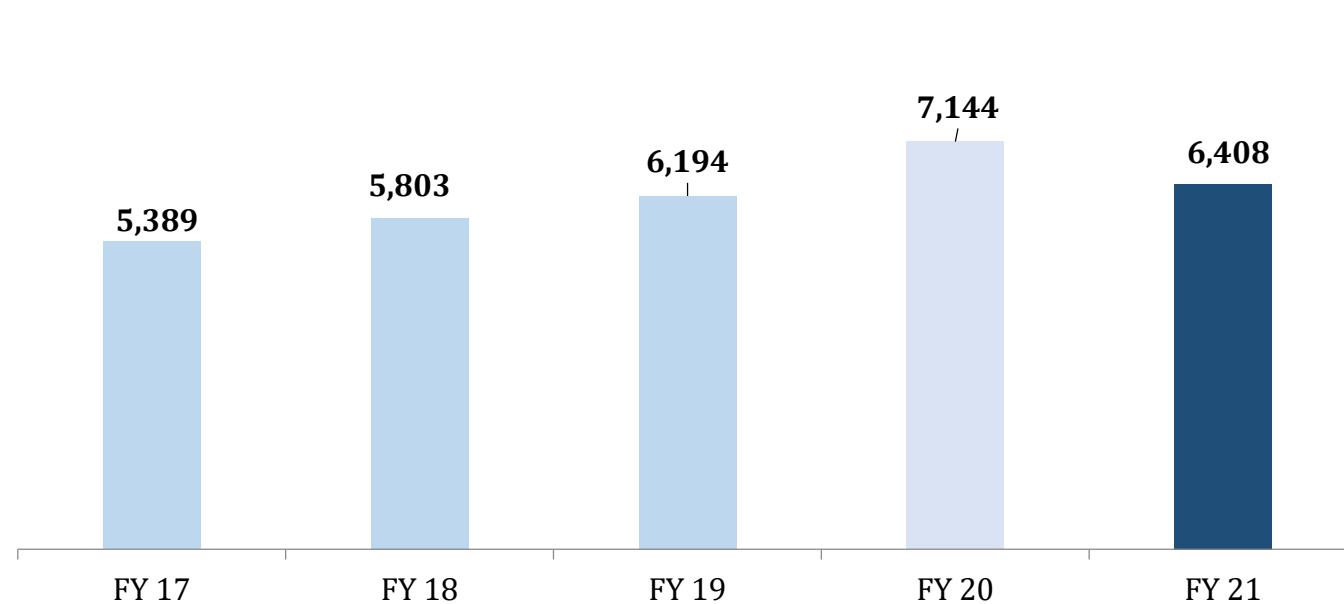


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INDIA LIMITED

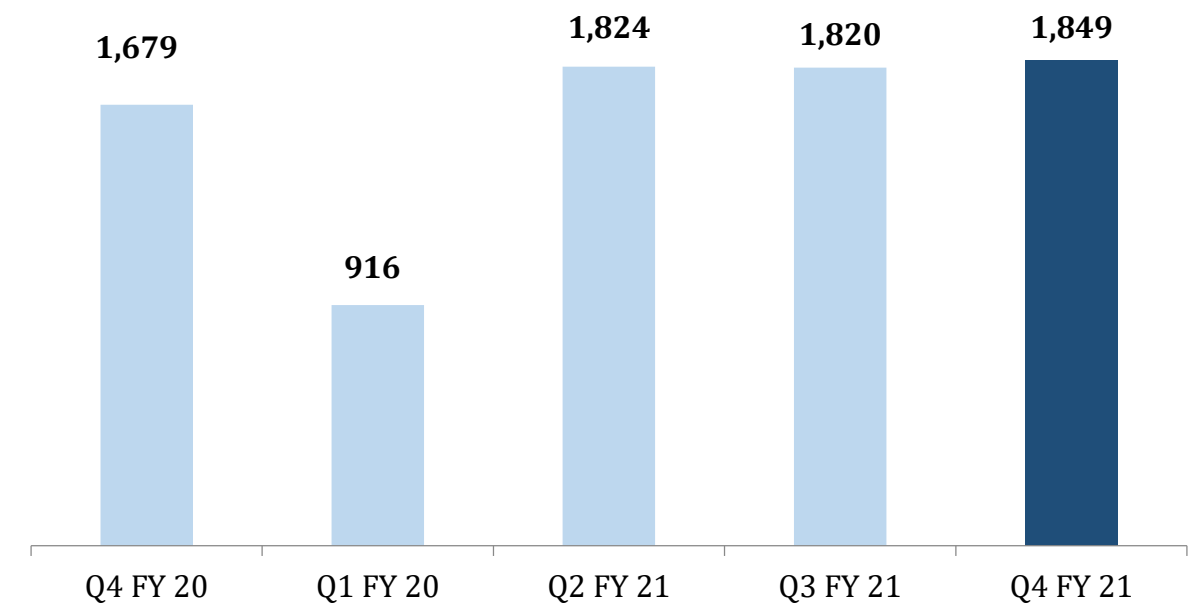
Rs. Crore		Standalone							Consolidated			
		Q4FY21	Q4FY20	Y-o-Y%	Q3FY21	Q-o-Q%	FY21	Y-o-Y%	FY20	FY21	Y-o-Y%	FY20
1	Gross Sales income	1849	1679	10.1%	1820	1.6%	6408	(10.3)%	7144	6426	(10.3)%	7167
2	Gross Revenue	831	678		827		2926		3045	2961		3068
	Less- Excise duty	130	87		135		436		191	436		191
	Net Revenue	701	591	18.6%	692	1.3%	2490	(12.8)%	2854	2525	(12.2)%	2877
3	COGS	324	247	31.2%	336	(3.6)%	1218	(2.8)%	1253	1223	(3.0)%	1261
4	Gross Profit	377	344	9.6%	356	5.9%	1272	(20.5)%	1601	1302	(19.4)%	1616
	% to Sales	20.4%	20.5%		19.6%		19.9%		22.4%	20.3%		22.5%
5	Employee Benefits	64	55	16.4%	58	10.3%	235	(6.0)%	250	267	(4.0)%	278
	% to Sales	3.5%	3.3%		3.2%		3.7%		3.5%	4.2%		3.9%
6	Advertising & sales promotion	23	39	(41.0)%	18	27.8%	67	(57.1)%	156	67	(57.1)%	156
	% to Sales	1.2%	2.3%		1.0%		1.0%		2.2%	1.0%		2.2%
7	Other expenses (Net)	133	160	(16.9)%	124	7.3%	454	(24.7)%	603	427	(27.6)%	590
	% to Sales	7.2%	9.5%		6.8%		7.1%		8.4%	6.6%		8.2%
8	EBITDA (Operating)	157	90	74.4%	156	0.6%	516	(12.8)%	592	541	(8.6)%	592
	% to Sales	8.5%	5.4%		8.6%		8.1%		8.3%	8.4%		8.3%
9	Net Profit/(Loss)	95	48	97.9%	114	(16.7)%	357	(8.0)%	388	377	(1.8)%	384
	% to Sales	5.1%	2.9%		6.3%		5.6%		5.4%	5.9%		5.4%

1 Margins are calculated based on Gross Sales Value

Gross Sales Value – Annual (Rs. Crore)



Gross Sales Value – Quarterly Standalone (Rs. Crore)



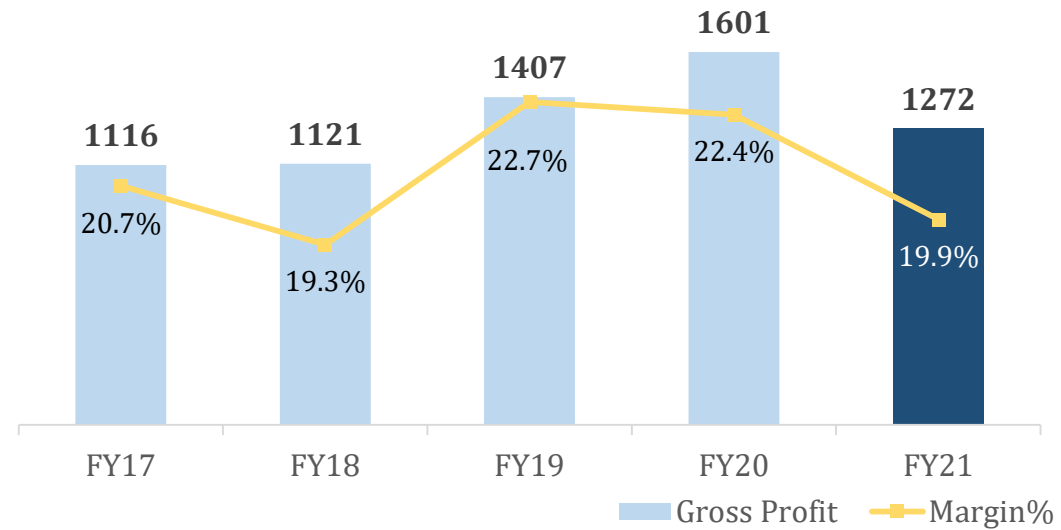
- Gross Sales Value includes Excise Duty, NCCD, GST, GST Compensation Cess and VAT as applicable in the corresponding reporting period
- The outbreak of COVID 19 pandemic and the consequent lockdowns had resulted in disruption in the business operations of the Company in Q1 FY21 in terms of both production and sales.
- Our core markets in Western India were one of the most adversely affected by COVID-19 in India; this impacted our overall business in FY21.

Gross Profit and Net Profit Contribution

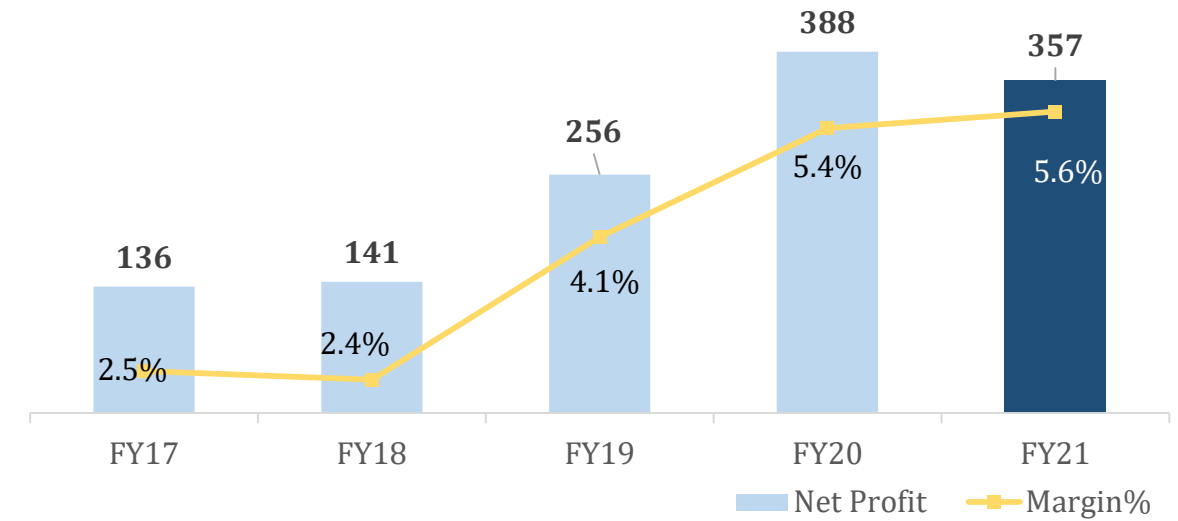


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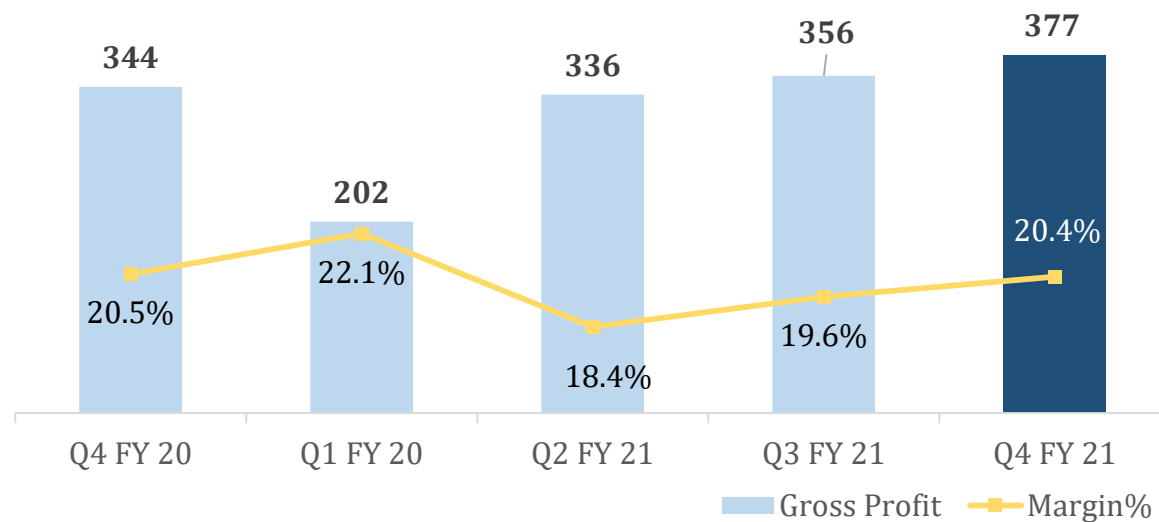
Gross Profit (Rs. Crore) and Margin (%)



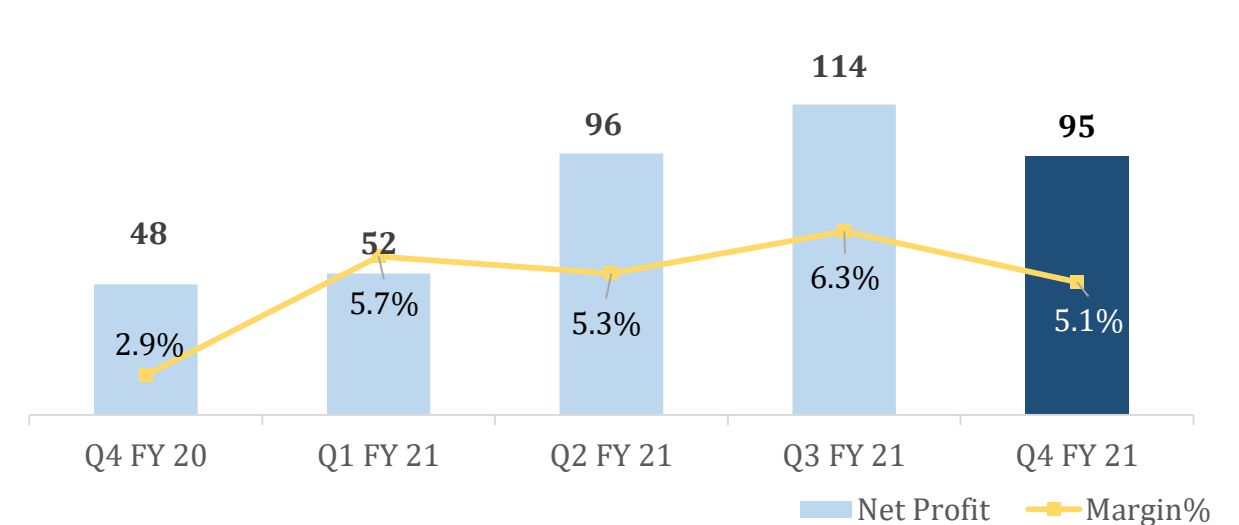
Net Profit (Rs. Crore) and Margin (%)



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

Vaccination camps setup at key business locations

People Connect & Engagement

Individual dialogue channels established for their wellbeing

Mental wellbeing as key agenda was supported through online sessions

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

Health Support System

Set up infra in select premises to deal with basic covid care of employees and their families

GPI as Great Place to Work – consistently for 3 years in a row



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Godfrey Phillips India is again recognized as a Great Place to Work for in June 2021



Great Place to Work for 3 years in a row
Ranked #28 nationally in June'21



India's Best Workplaces in FMCG 2021
Recognized for 3 years in a row!



India's Best Companies to Work For 2021
Recognized for 3 years in a row!



India's Best Workplaces in Manufacturing 2021.
Recognized for 2 years in a row!

Community Development Program for Burley Tobacco Farmers

Program Objective : Tobacco is the core component of Company's product.

The marginalized farmers community need to be protected to ensure;

- Sustainable livelihood,
- Tobacco farming for business sustainability.
- Business growth through improved crop quality and better output .
- Stakeholder management as most programs are in partnership with Govt. bodies and Tobacco Board .

Context: Area falls under drought prone area and the poor farmers/labourers are caught in the trap of seasonal employment, low income leading to lower bargaining power, increased debts and downward trend in labour wages. These issues drive larger community issues such as low access to safe potable water as the region has high fluoride content, lack of community sanitation and hygiene, limited access to education and skills beyond farming, and with non-availability of social protection, the children of farmers & labourers get pushed into child labour.

Program Goals

- Short term goals are to ensure farming efficiencies to provide sustainable livelihood.
- Long term plans, a necessity for sustainable business, are aimed at water and environment conservation to manage climate change that impact agriculture.

156 villages in Guntur district have been identified in total for outreach.

The social initiatives of Godfrey Phillips are in line with the UN SDG's for livelihood, education, water & sanitation, environment and climate change.



Initiatives under Community Development Program for Burley Tobacco Farmers



Elimination of Child Labour

- 50 After School programs keeping children back after school
- School infrastructure development
- Awareness workshops on child labour



Augmented Earning

- 56 Farmers Development Society
- Women empowerment program through micro entrepreneurship



Water & Soil Conservation

- 20 check dams & 7 farm ponds
- 22 de-siltations to increase tank capacity and extract fertile top soil
- Borewell recharges for RO plants
- Waste water usage of RO plants
- 17 acres of bio diverse plantation
- Pilot Solar Plant



Safe Water & Health

- 35 Community RO Water Plants
- 45 Health camps annually
- Awareness camps on COVID care



Impact , Awards & Recognitions for Godfrey Phillips Program

Impact :

- Better quality and higher volume of tobacco produce for farmers who are now earning more. More farmers want to enroll with improved tobacco farming.
- Check Dams have led ground water table increase by about 20 ft.
- Desiltation enabled increase in storage capacity of the tanks.
- Villagers are getting to drinking RO water.
- Solar Plant saved energy consumption for Panchayat.
- Zero cases of child labour reported.
- Attendance reaches 92 % in after school programs.

About 2,00,000 villagers are direct and indirect beneficiaries with outreach in 85 villages.



Awards :

The GPI CSR program has been formally recognized by the office of District Magistrate & Collector, Andhra Pradesh Govt.

- Mahatma Award 'CSR Excellence' 2020 (initiative by Aditya Birla Group)
- Greentech Foundation CSR Gold Award 2018, 2019 & 2020,
- Apex CSR Excellence Award 2019 & 2020,
- CSR Leadership Award 2019
- 8th Asia's Best CSR Practices Award 2018.



Promotion of education and healthcare through 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



GODFREY PHILLIPS
—INDIA LIMITED—

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