

Godfrey Phillips India Limited (GPIL)

(BSE: 500163; NSE: GODFRYPHLP)

EARNINGS PRESENTATION

Q3 & 9 Months FY 2022-23



W E B U I L D U S



**GODFREY PHILLIPS
INDIA LIMITED**

9 Months FY23 Highlights



GODFREY PHILLIPS
INDIA LIMITED

Company

Rs. 7,126 Cr.
Gross Sales Value

Rs. 1,370 Cr.
Gross Profit

19.2%
Gross Profit Margin

Rs. 493 Cr.
Net Profit

Tobacco

Rs 5,832 Cr.
Domestic Cigarette Gross Sales Value

Rs. 817 Cr.
International Gross Sales Value

94%
Tobacco contribution to Gross sales
Value

Consumer & Retail

Rs. 371 Cr.
TFS Gross Sales Value

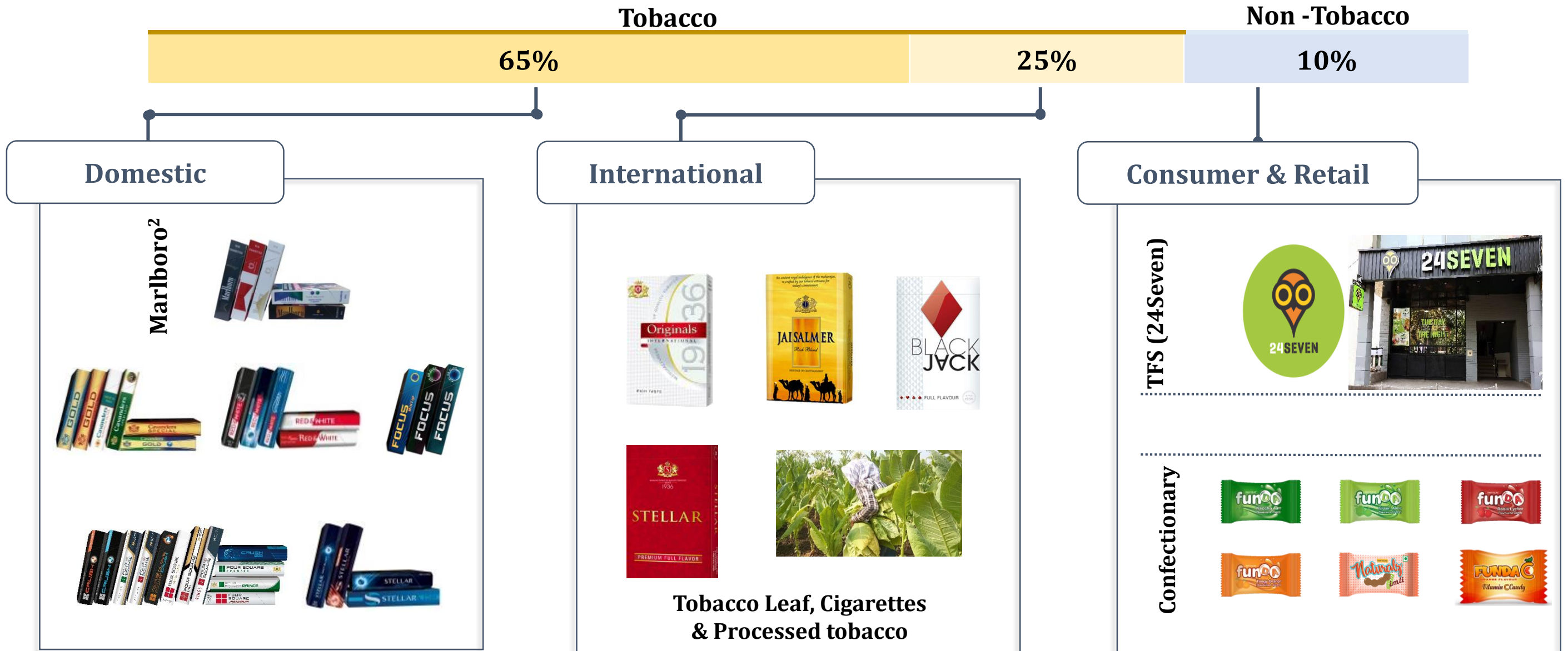
132
TFS stores/kiosks

Rs. 27 Cr.
Confectionary 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
- 4 Chewing products have been excluded from Consumer & Retail business

Godfrey Phillips Product Portfolio – 9 Months FY23

Net Sales: Rs. 3,259 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. Sharad Aggarwal
Chief Executive Officer

We are delighted to announce our 9 months FY23 financial results which reflect our continuing growth momentum from last year into this 9 months. The Company reported Gross Sales of Rs. 7,126 Crores and Net Profit of Rs. 493 Crores representing increases of 33% and 50% respectively compared to the same period last year. Similarly, our EBITDA (operating) margin has increased to 9.0% from 8.6% compared to last year. The focused approach of the Company and improvement in external environment has helped us to achieve these results. Moreover, closure of chewing business is helping us to focus more on cigarette business. We are hoping to carry the momentum forward to remaining part of FY23.

Godfrey Phillips has delivered strong cigarette domestic volume growth in 9 months FY23. The Company's topline is supported by increase in export of unmanufactured tobacco for 9 months at Rs 657 Crores, registering a growth of 93% over corresponding period last year.

Gross Sales from 24Seven Convenience Stores (TFS) during 9 months FY23 was Rs. 371 Crores, an increase of 20% over the corresponding period. The number of stores stand at 132 at the end of December 2022. Increased mobility has helped drive growth in this business.

While the pandemic has eased out, the safety of our workforce continues to remain our top priority and therefore, we continue to have in place a set of safety guidelines to ensure their wellbeing. We are having holistic engagement activities for employees so that we have one synchronous team with full dedication to ensure growth in business.

Godfrey Phillips has yet again been certified as 'Great Place To Work' for fourth consecutive year. Also, we are amongst India's Best Workplaces in Manufacturing in the Great Place to Work survey in 2022, a feat achieved third time in a row.

- **One of the leading FMCG Companies in India - flagship company of KK Modi Group**
- **Diversified business interests – Tobacco, 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**

**FY2022
Gross Sales Value
Rs. 7,325 cr**

**1,000+
Employees**

*Amongst India's Best
Companies to Work
2022*

**800+ Distributors
&
9000+ Field Force**

**Corporate Social
Responsibilities**

*Farmers Community
Program Women
Welfare Program*

Growth Priorities

1 Target New
Cigarette
Markets

2 Focus on
International
Business

3 Focus on
strengthening
the core

Strategic Direction

- ✓ Sustain growth momentum across all markets and prepare a base for quantum jump
- ✓ Strengthen partnership with Philip Morris International in the manufacture and distribution of Marlboro brand cigarettes in India – recently through launch of 64 mm Pocket Filter in weak geographies
- ✓ Build on existing cigarettes export markets to enhance own brand sales
- ✓ Contribute to the socio-economic growth across the value chain through programs for tobacco farmers

Growth Priorities – International Business Division



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Build on existing contract manufactured cigarettes export markets and augment unmanufactured tobacco business

Rs. 817 Cr

In 9 months FY23 Gross Sales Value

25%

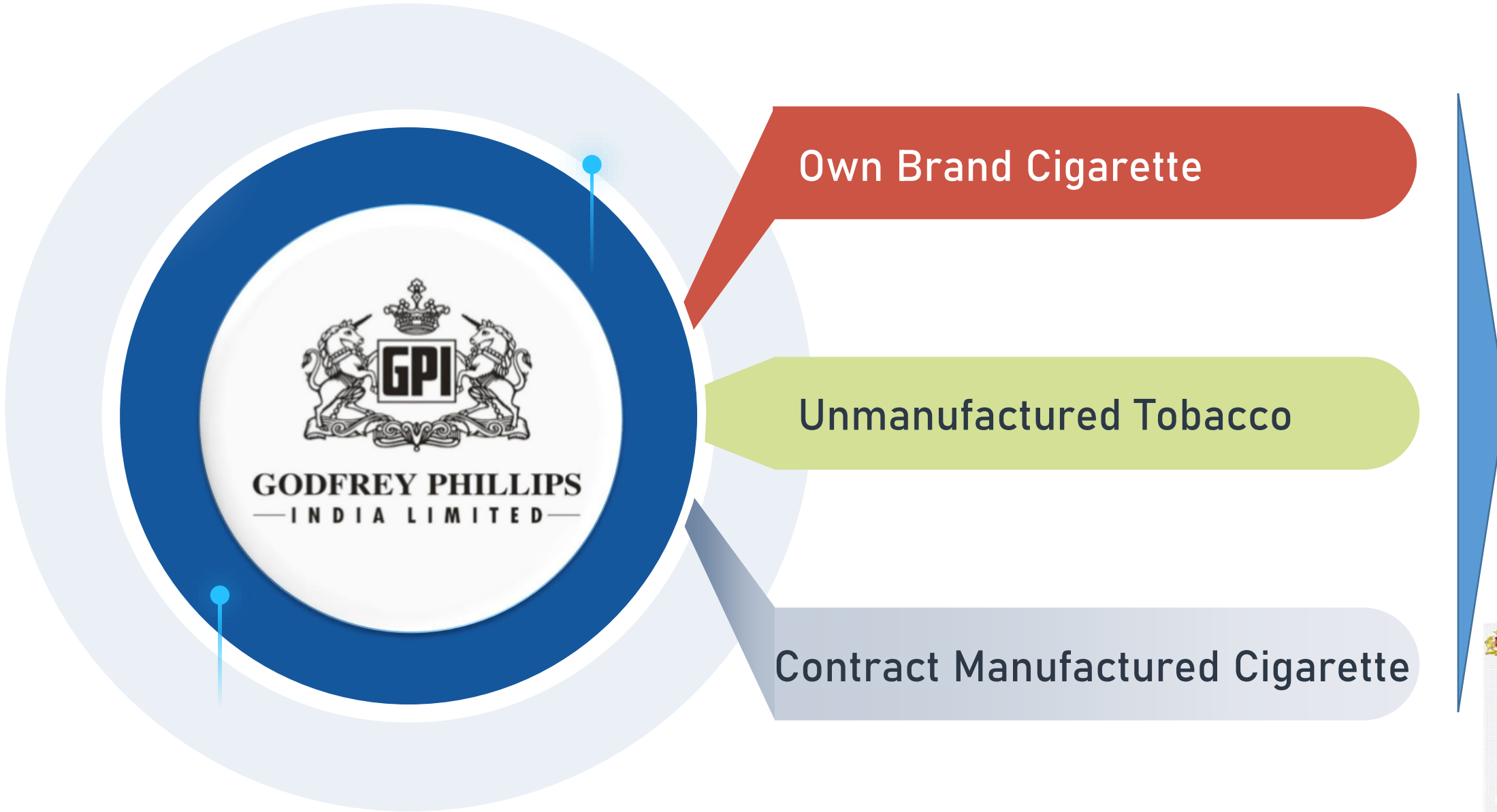
Contribution to 9 months FY23
Net Sales

Global Operations

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

72 Countries

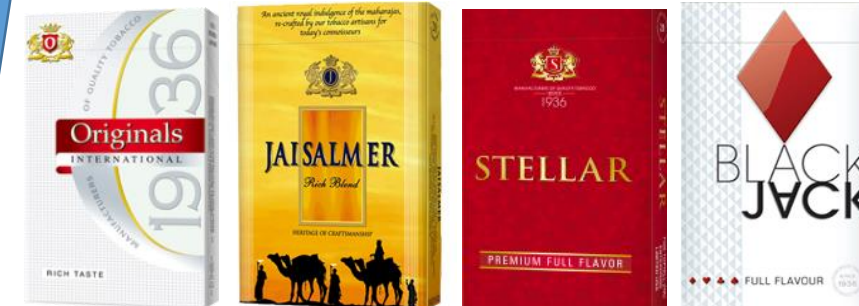
Exporting through more than 90
partners



Own Brand Cigarette

Unmanufactured Tobacco

Contract Manufactured Cigarette



TFS

- The 24Seven chain of convenience stores are another example of Godfrey Phillips India's innovative approach to business
- 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
- The Company has set up a base kitchen in Faridabad (Delhi NCR) to prepare all kinds of ready to eat food items in a highly quality controlled environment to cater to future expansion in retail stores in NCR



Confectionery

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

Funda C

- First of its kind candy proposition with Vitamin C



Gross Sales:
Rs. 27 crore

Cigarette Domestic Volume

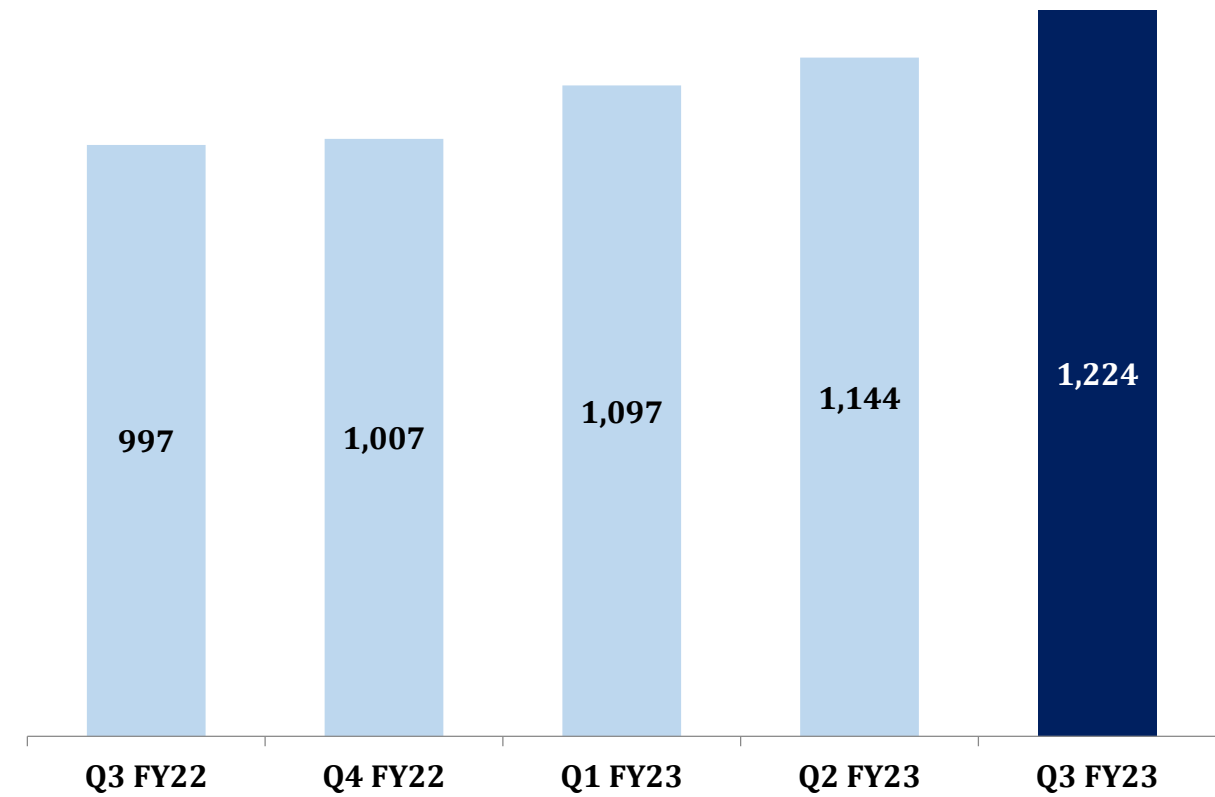


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Annual Volumes (million per month)



Quarterly Volumes (million per month)



9 Months FY23 Financial Summary

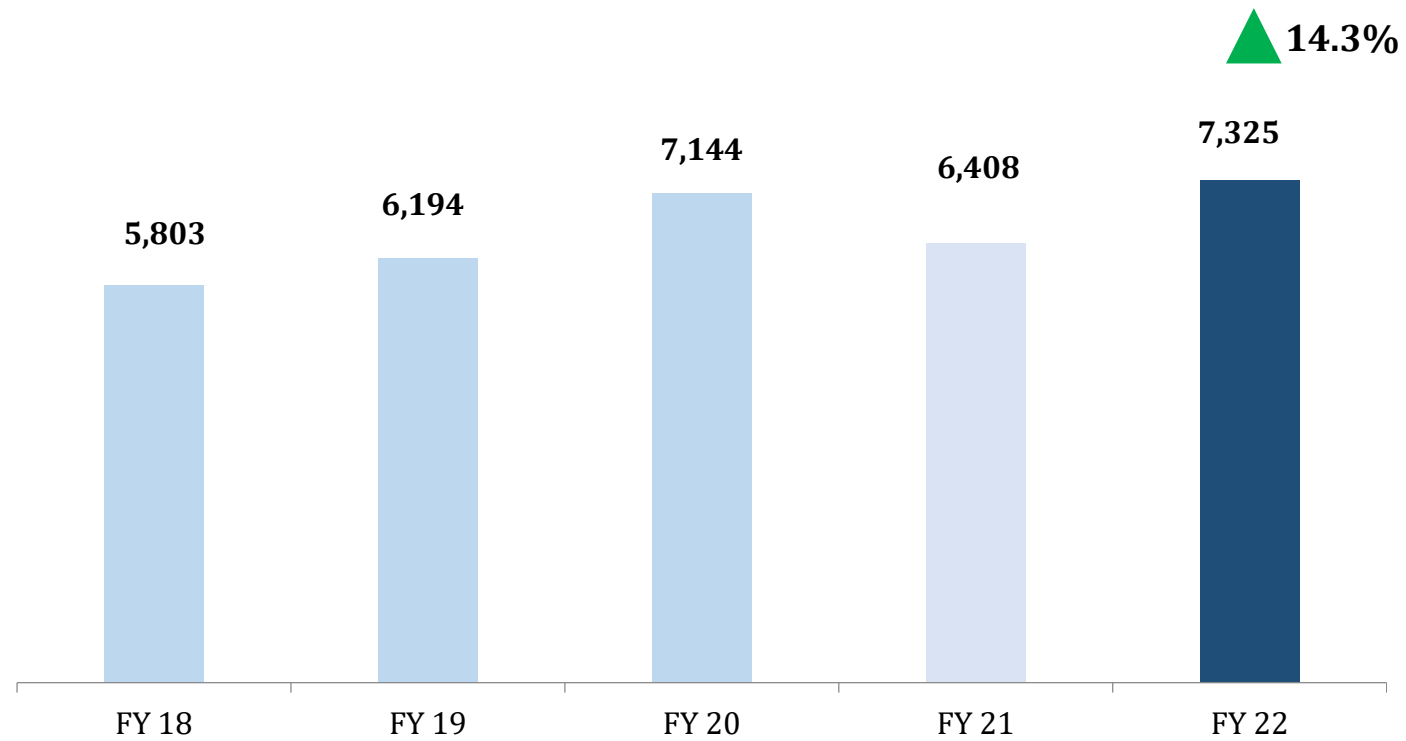


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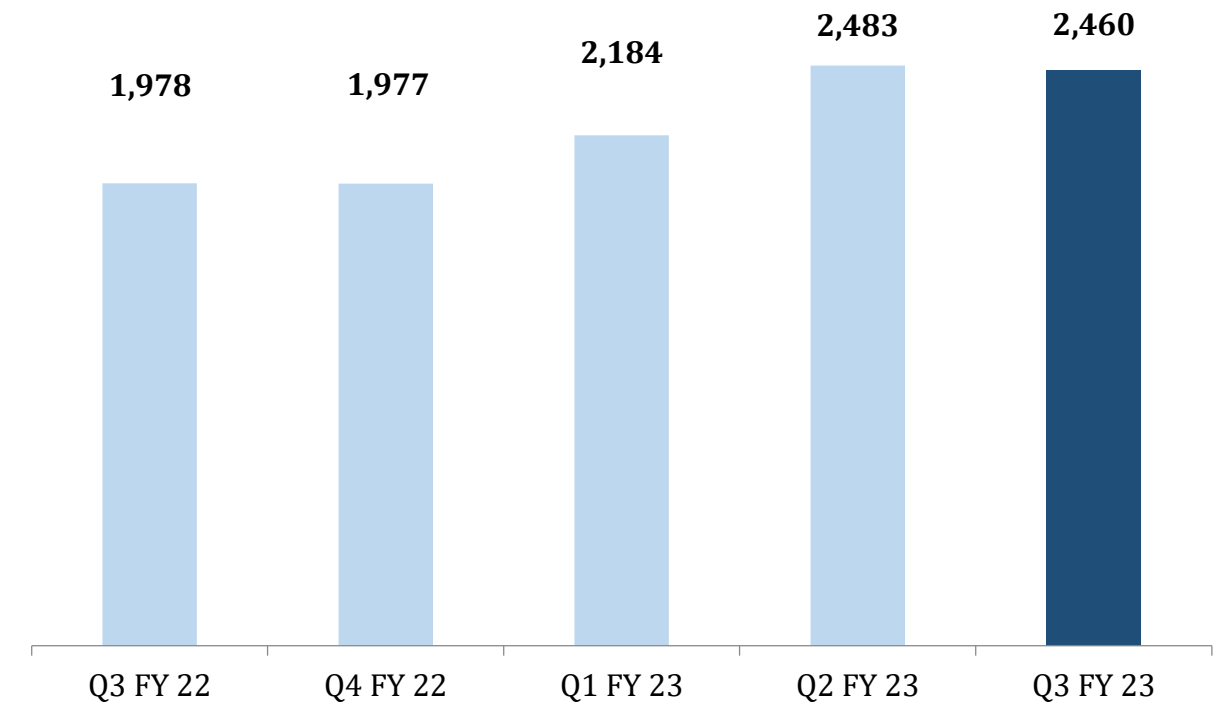
Rs. Crore		Standalone										Consolidated			
		Q3 FY23	Y-o-Y%	Q3 FY22	Q2 FY23	Q-o-Q%	9M FY23	Y-o-Y%	9M FY22	FY22	Y-o-Y%	FY21	FY22	Y-o-Y%	FY21
1	Gross Sales income	2460	24.4%	1978	2483	-0.9%	7126	33.2%	5349	7325	14.3%	6408	7339	14.2%	6426
2	Gross Revenue	1110		867	1191		3283		2364	3215		2926	3229		2961
	Less- Excise duty	193		161	172		519		412	541		436	541		436
	Net Revenue	917	29.9%	706	1019	(10.0)%	2764	41.6%	1952	2674	7.4%	2490	2688	6.5%	2525
3	COGS	453	42.9%	317	545	(16.9)%	1394	57.7%	884	1225		1218	1226		1223
4	Gross Profit	464	19.3%	389	474	(2.1)%	1370	28.3%	1068	1449	13.9%	1272	1462	12.3%	1302
	% to Sales	18.9%		19.7%	19.1%		19.2%		20.0%	19.8%		19.9%	19.9%		20.3%
5	Employee Benefits	78	13.0%	69	72	8.3%	216	7.5%	201	251	6.8%	235	278	4.1%	267
	% to Sales	3.2%		3.5%	2.9%		3.0%		3.8%	3.4%		3.7%	3.8%		4.2%
6	Advertising & sales promotion	20	11.1%	18	18	11.1%	63	21.2%	52	72	7.5%	67	72	7.5%	67
	% to Sales	0.8%		0.9%	0.7%		0.9%		1.0%	1.0%		1.0%	1.0%		1.0%
7	Other expenses (Net)	166	30.7%	127	148	12.2%	448	26.9%	353	499	9.9%	454	479	12.2%	427
	% to Sales	6.7%		6.4%	6.0%		6.3%		6.6%	6.8%		7.1%	6.5%		6.6%
8	EBITDA (Operating)	200	14.3%	175	236	(15.3)%	643	39.2%	462	627	21.5%	516	633	17.2%	541
	% to Sales	8.1%		8.8%	9.5%		9.0%		8.6%	8.6%		8.1%	8.6%		8.4%
9	Net Profit/(Loss)	182	54.2%	118	175	4.0%	493	50.3%	328	432	21.0%	357	438	16.2%	377
	% to Sales	7.4%		6.0%	7.0%		6.9%		6.1%	5.9%		5.6%	6.0%		5.9%

1 Margins are calculated based on Gross Sales Value

Gross Sales Value – Annual (Rs. Crore)



Gross Sales Value – Quarterly Standalone (Rs. Crore)



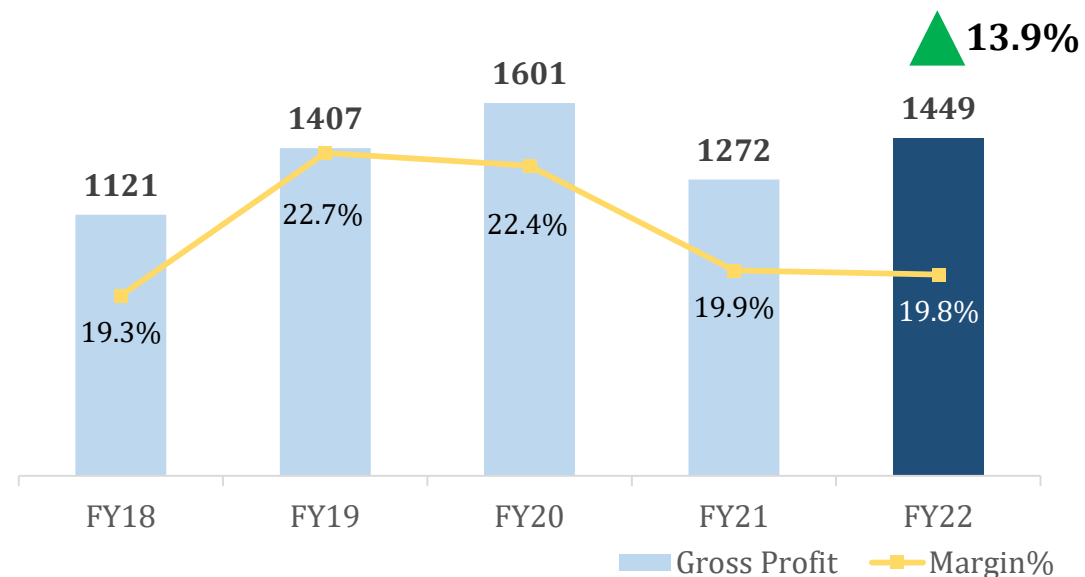
- Gross Sales Value includes Excise Duty, NCCD, GST, GST Compensation Cess and VAT as applicable in the corresponding reporting period

Gross Profit and Net Profit Contribution

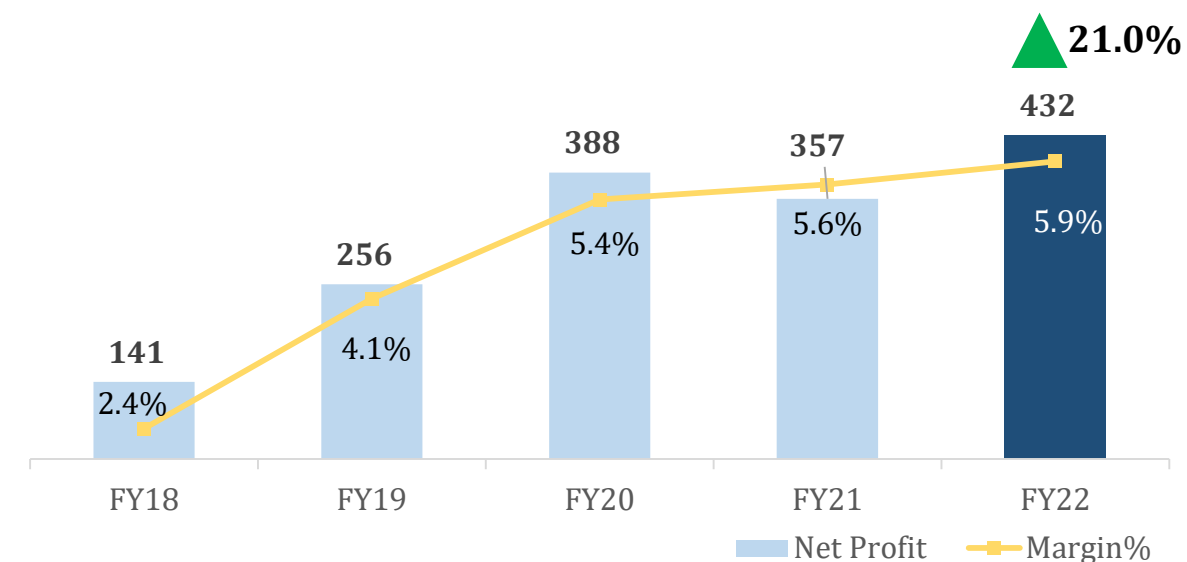


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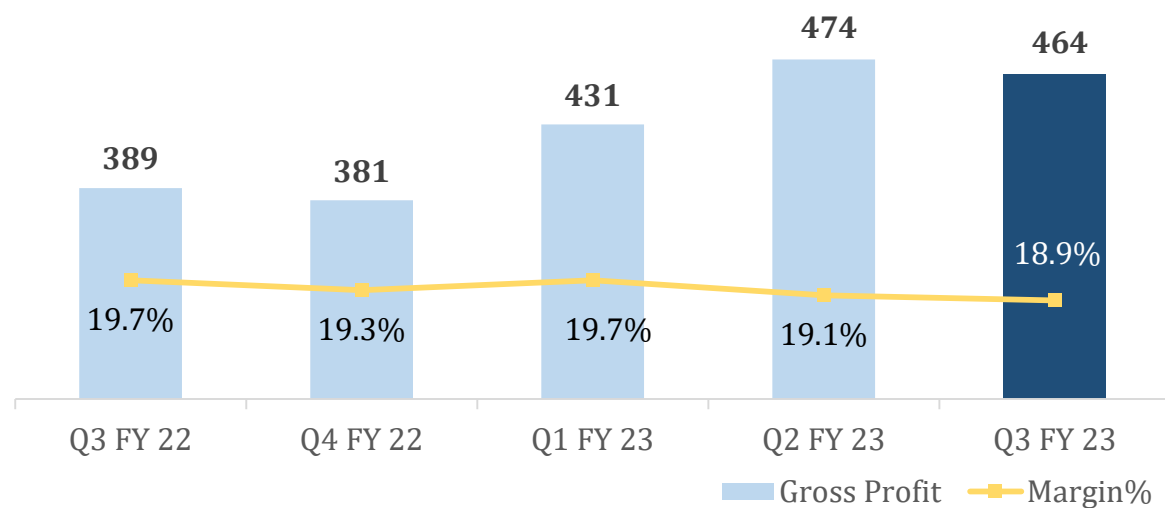
Gross Profit (Rs. Crore) and Margin (%)



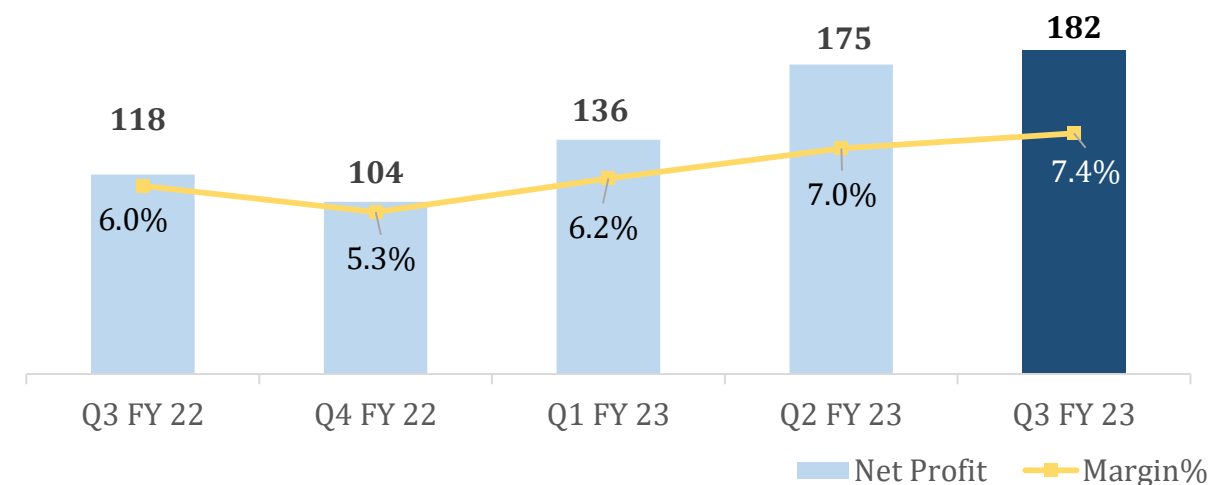
Net Profit (Rs. Crore) and Margin (%)



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



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



Focus on People as single largest priority



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1

Building Culture of Performance

Recognizing high performance and augmenting talent quotient with productivity building measures

2

Capability Building

Skilling and reskilling initiatives on an accelerated path to drive up the organization skill pool

3

Holistic Wellbeing

Workshops and interactions with employees to ensure physical and mental wellbeing

GPI as Great Place to Work – consistently for 4 years in a row



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Godfrey Phillips India was again recognized as a Great Place to Work for in April 2022; recently it was also again recognized as Best Workplaces in Manufacturing for 2022



Great Place to Work for 4 years in a row – a unique recognition amongst the large conglomerates in India



**India's Best Workplaces in Manufacturing 2022.
Recognized for 3 years in a row!**

Environment, Social and Governance at GPI



- GPI has a rich ESG legacy with significant work done in past.
- From FY'23, the ESG journey will commence in a structured manner.
- Environment is a key pivot in GPI operations and many resource conservation projects have been delivered in past; going forward, objective is to augment this work stream.
- 'People First' and strong principles of corporate governance are core elements of GPI's philosophy.

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,
- Sustainable tobacco farming
- Business growth and sustainability with an empowered and participatory community as partner

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
- Over 3000 children impacted directly



Augmented Earning

- 56 Farmers Development Society
- Women empowerment program through micro entrepreneurship, 200 women in the SHGs



Water & Soil Conservation

- 20 check dams & 9 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
- 20 plus acres of bio diverse plantation, 2300 trees planted
- 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 28 ft.
- Desiltation enabled increase in storage capacity of the tanks.
- Villagers are getting to drinking RO water. Water related diseases are down.
- Solar Plant saved energy consumption for Panchayat.
- Zero cases of child labour reported. Higher enrollment and lower dropout noted with infrastructure.
- 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



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



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