

Godfrey Phillips India Limited (GPIL)

(BSE: 500163; NSE: GODFRYPHLP)

EARNINGS PRESENTATION
Q1 FY 24
(CONSOLIDATED)



W E B U I L D U S



GODFREY PHILLIPS
INDIA LIMITED

Company

Rs. 2,623 Cr.
Gross Sales Value

Rs. 493 Cr.
Gross Profit

18.8%
Gross Profit Margin

Rs. 254 Cr.
Net Profit

Tobacco

Rs 2,154 Cr.
Domestic Cigarette Gross Sales Value

Rs. 333 Cr.
International Gross Sales Value

95%
Tobacco contribution to Gross sales
Value

Consumer & Retail

Rs. 126 Cr.
TFS Gross Sales Value

146
TFS stores/kiosks

Rs. 10 Cr.
Confectionary Gross
Sales Value

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

Godfrey Phillips Product Portfolio - Q1 FY24



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Net Sales: Rs. 1,233 Cr

Tobacco

Non -Tobacco

63%

27%

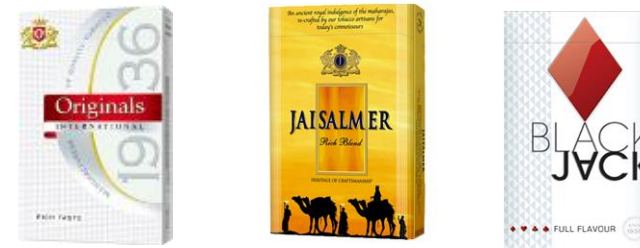
10%

Domestic

International

Consumer & Retail

Marlboro²



Tobacco Leaf, Cigarettes
& Processed tobacco

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. Sharad Aggarwal
Chief Executive Officer

We are delighted to announce our Q1 FY24 financial results which reflect our continuing growth momentum from last year to this quarter. The Company has recorded consolidated Gross Sales Value of Rs. 2,623 Crores and Net Profit of Rs. 254 Crores representing increase of 20% and 79% respectively compared to the corresponding period in last year. Our EBITDA (operating) margin has improved to 9.6% from 9.2% compared to the same period last year. As we move forward, we plan to expand our business footprint while maintaining a sharp focus on growth and profitability. We are committed to delivering the best results for our stakeholders.

Godfrey Phillips has delivered strong cigarette domestic volume growth in Q1 FY24. The Company's topline is supported by increase in export of unmanufactured tobacco during Q1 FY24 at Rs 302 Crores, registering a growth of 128% over last year.

Gross Sales from 24Seven Convenience Stores (TFS) in Q1 FY24 was Rs. 126 Crores, an increase of 5% over the last year. The number of stores/kiosks stand at 146 at the end of June 2023.

On people front, we are infusing young talent in the leadership team, who are being mentored by their predecessor. This way we are getting the right balance of fresh perspective and wisdom of experience.

It is a matter of pride that Godfrey Phillips has yet again been certified as 'Great Place To Work' for fifth consecutive year. Also, the Company has embarked on its ESG journey in right earnest.

- **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**

FY2023
Gross Sales Value
Rs. 9,410 cr

1,000+
Employees

*Amongst India's Best
Companies to Work
2023*

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

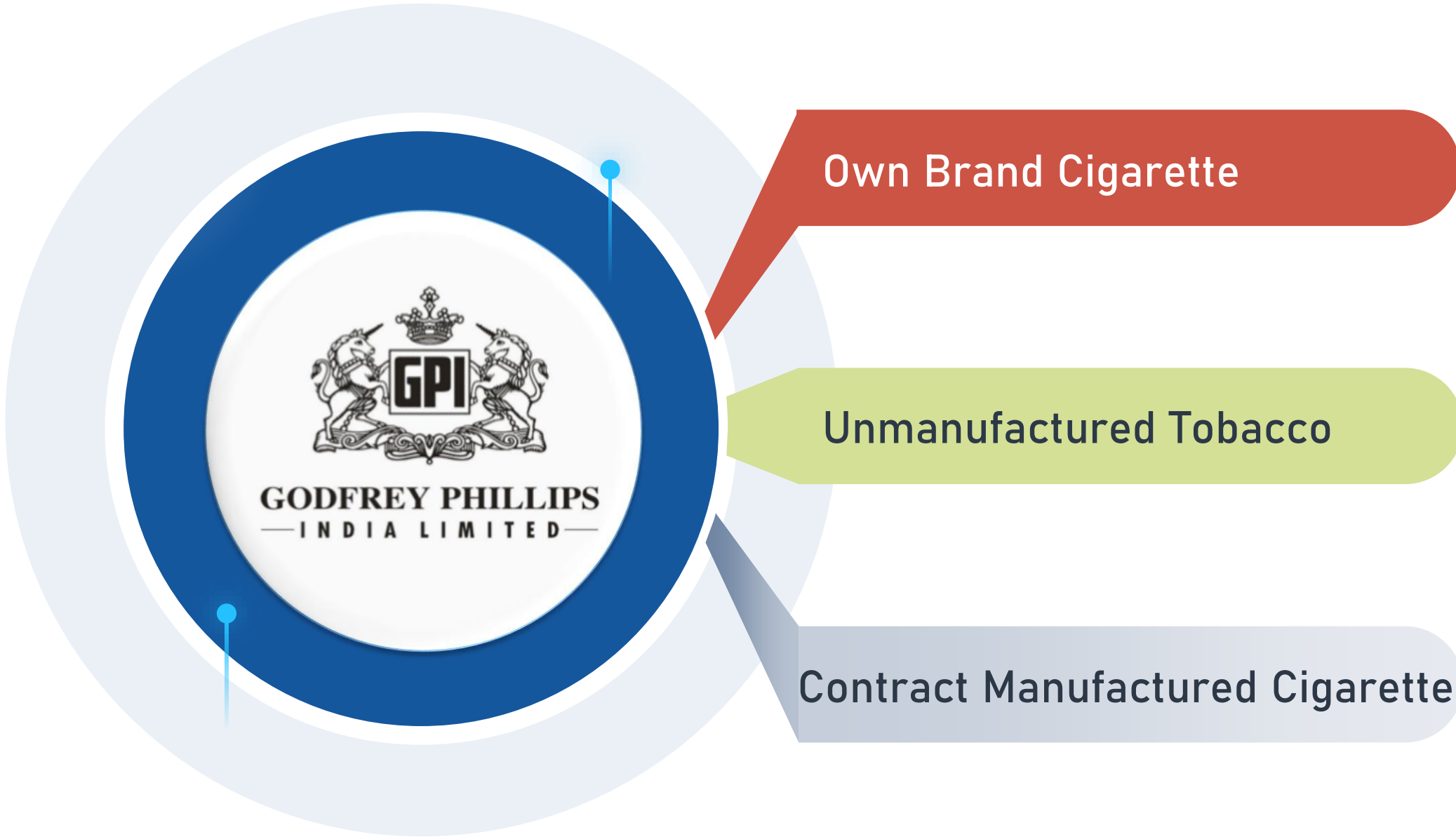
- ✓ Sustain growth momentum across all markets and prepare a base for quantum jump
- ✓ Strengthen partnership with Philip Morris International in the manufacture and distribution of Marlboro brand cigarettes in India
- ✓ Build on export markets to enhance of sale of unmanufactured tobacco
- ✓ Contribute to the socio-economic growth across the value chain through programs for tobacco farmers

Growth Priorities – International Business Division



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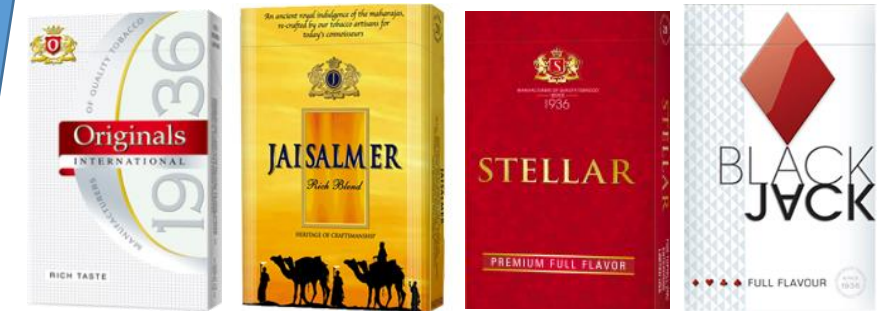
Build on existing contract manufactured cigarettes export markets and augment unmanufactured tobacco business



Rs. 333 Cr
In Q1 FY24 Gross Sales Value

27%
Contribution to Q1 FY24 Net Sales

Global Operations
Significant market presence across Latin America, Middle East, South East Asia and Eastern Europe in around 40 countries



TFS

- The 24Seven chain of convenience 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.

Q1 FY24
Gross Sales
Rs. 126 crore
(5% growth)

146
**stores/
kiosks**

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

Funda Gum Shums

- Cool new mint gum test launched recently



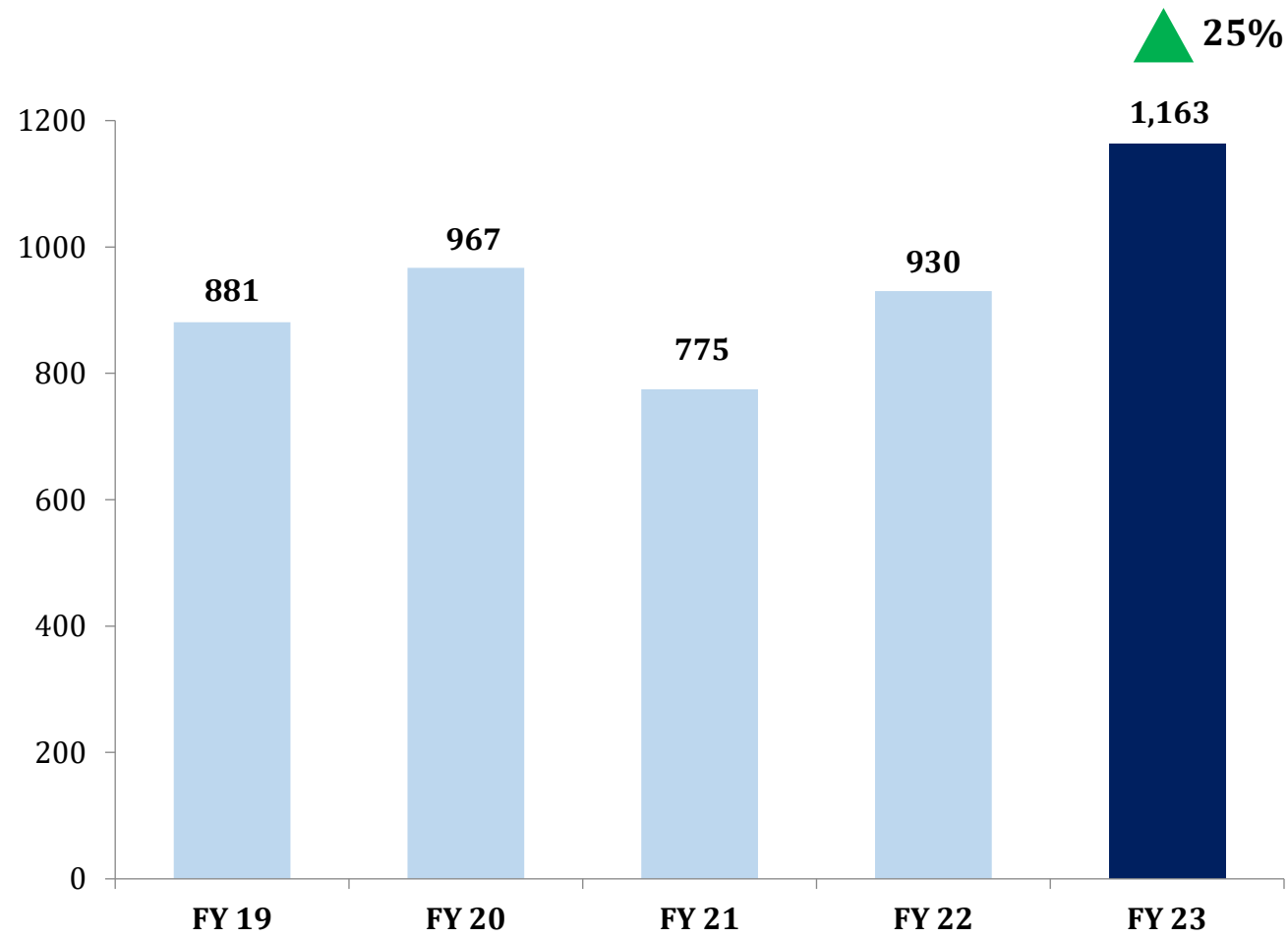
Gross Sales:
Rs. 10 crore

Cigarette Domestic Volume

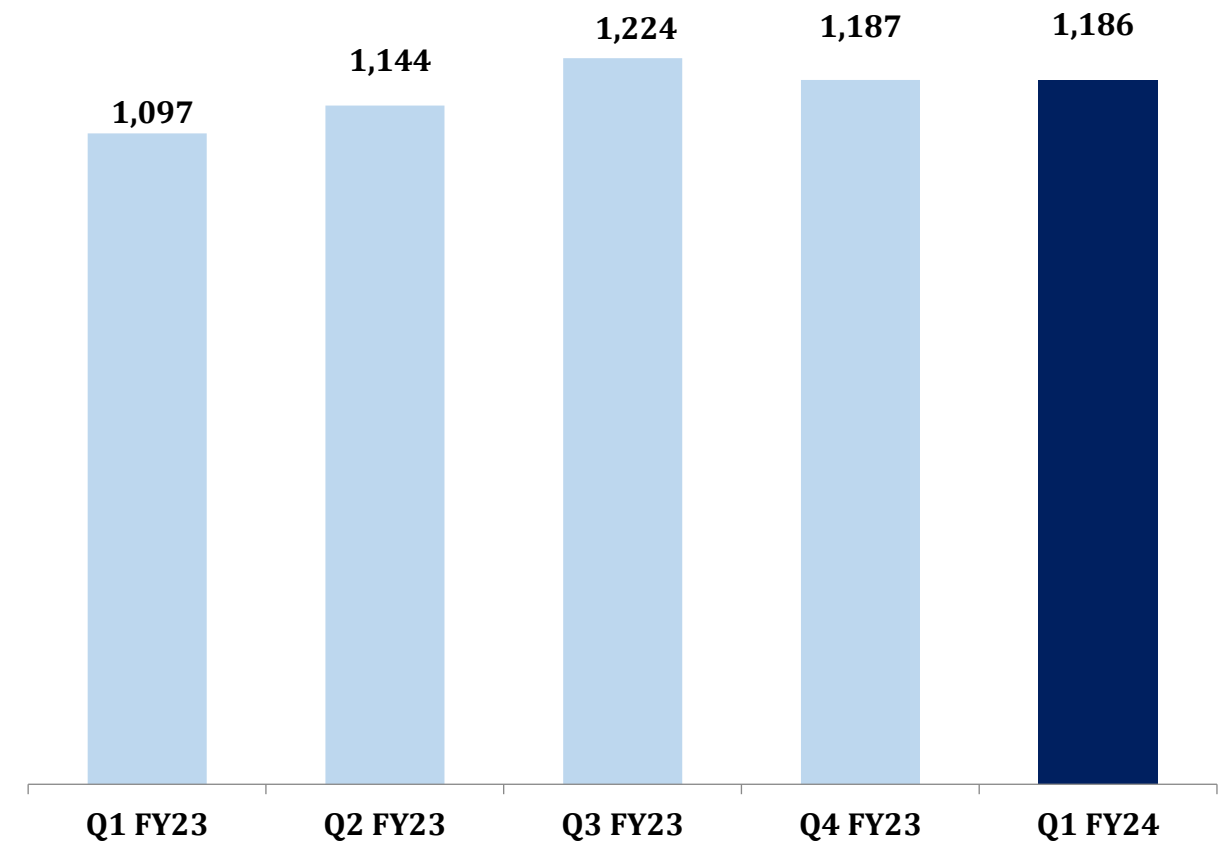


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Annual Volumes (million per month)



Quarterly Volumes (million per month)



Q1 FY24 Financial Summary

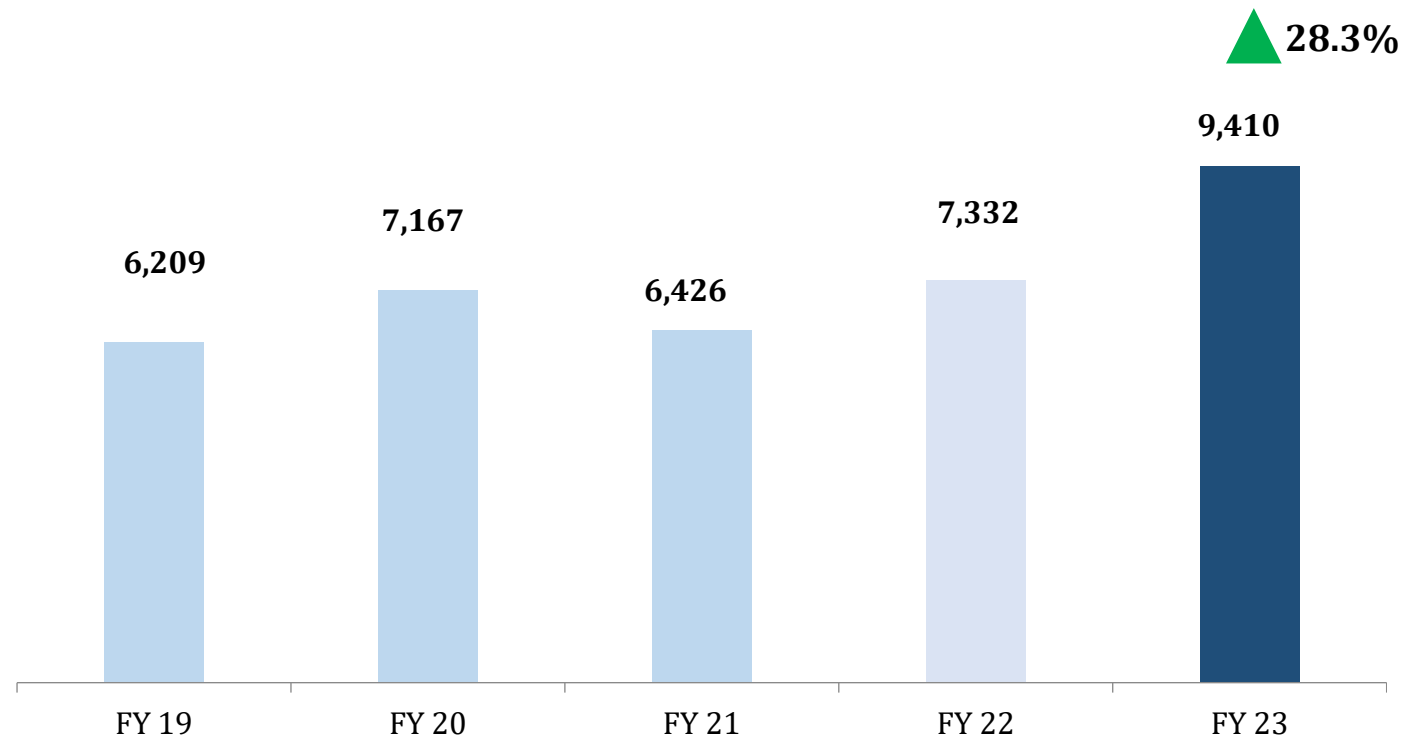


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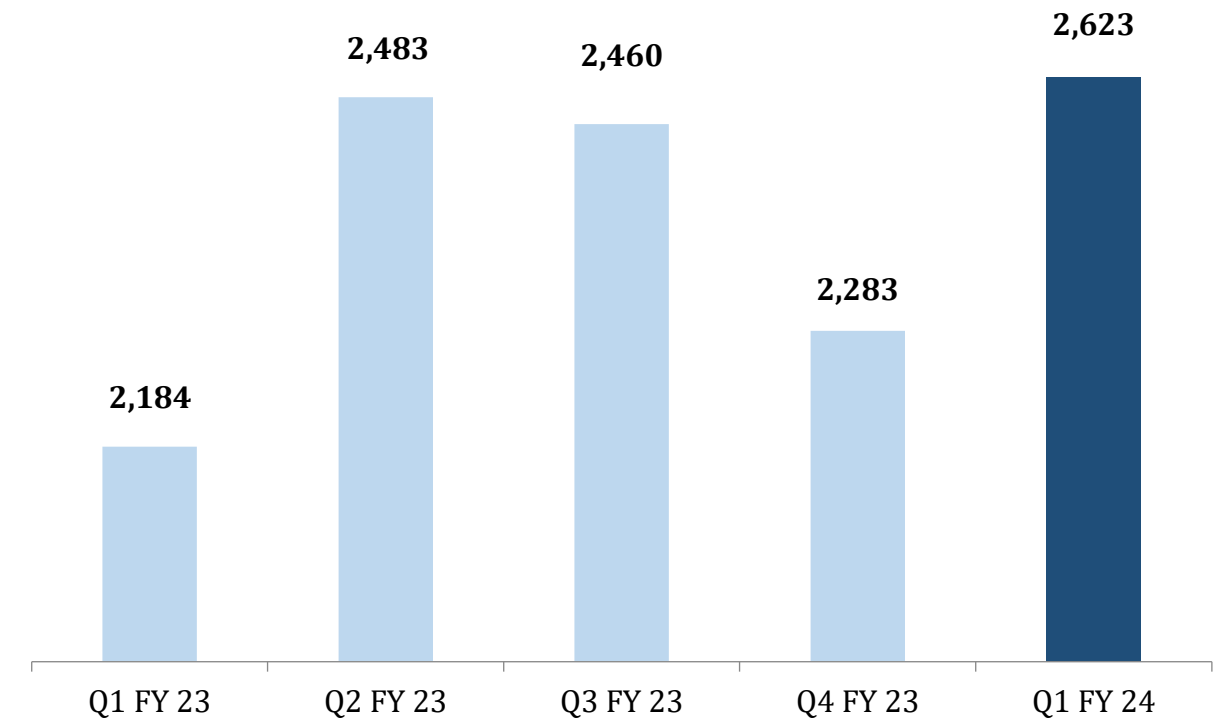
Rs. Crore		Consolidated							
		Q1 FY24	Y-o-Y%	Q1 FY23	Q4 FY23	Q-o-Q%	FY23	Y-o-Y%	FY22
1	Gross Sales Value	2623	20.1%	2184	2283		9410		7332
2	Gross Revenue	1245		982	974		4260		3229
	Less- Excise duty	199		154	178		697		541
	Net Revenue	1046	26.3%	828	796	31.4%	3563	32.6%	2688
3	COGS	553	39.3%	397	388	42.5%	1781	45.3%	1226
4	Gross Profit	493	14.4%	431	408	20.8%	1782	21.9%	1462
	% to Sales	18.8%		19.7%	17.9%		18.9%		19.9%
5	Employee Benefits	79	8.2%	73	73	8.2%	308	10.8%	278
	% to Sales	3.0%		3.3%	3.2%		3.3%		3.8%
6	Other expenses (Net)	161	2.5%	157	183	(12.0)%	670	21.6%	551
	% to Sales	6.1%		7.2%	8.0%		7.1%		7.5%
7	EBITDA (Operating)	253	25.9%	201	152	66.4%	804	27.0%	633
	% to Sales	9.6%		9.2%	6.7%		8.5%		8.6%
8	Net Profit/(Loss)	254	78.9%	142	147	72.8%	690	57.5%	438
	% to Sales	9.7%		6.5%	6.4%		7.3%		6.0%

1) Gross Sales Value is inclusive of all applicable indirect taxes 2) Margins are calculated based on Gross Sales Value

Gross Sales Value – Annual (Rs. Crore)



Gross Sales Value – Quarterly (Rs. Crore)

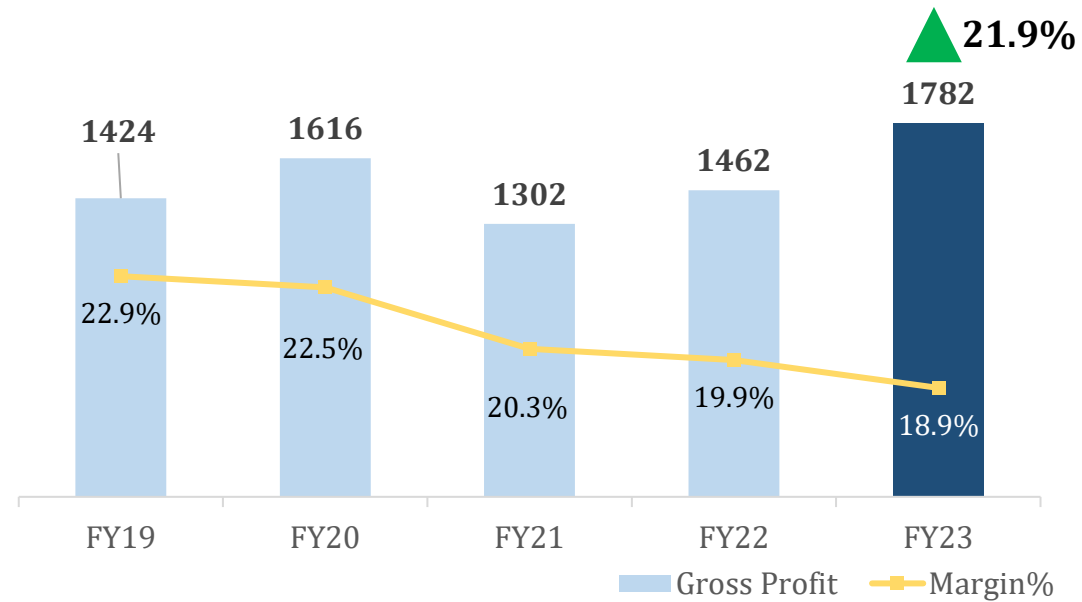


- Gross Sales Value includes Excise Duty, NCCD, GST, GST Compensation Cess and VAT as applicable in the corresponding reporting period

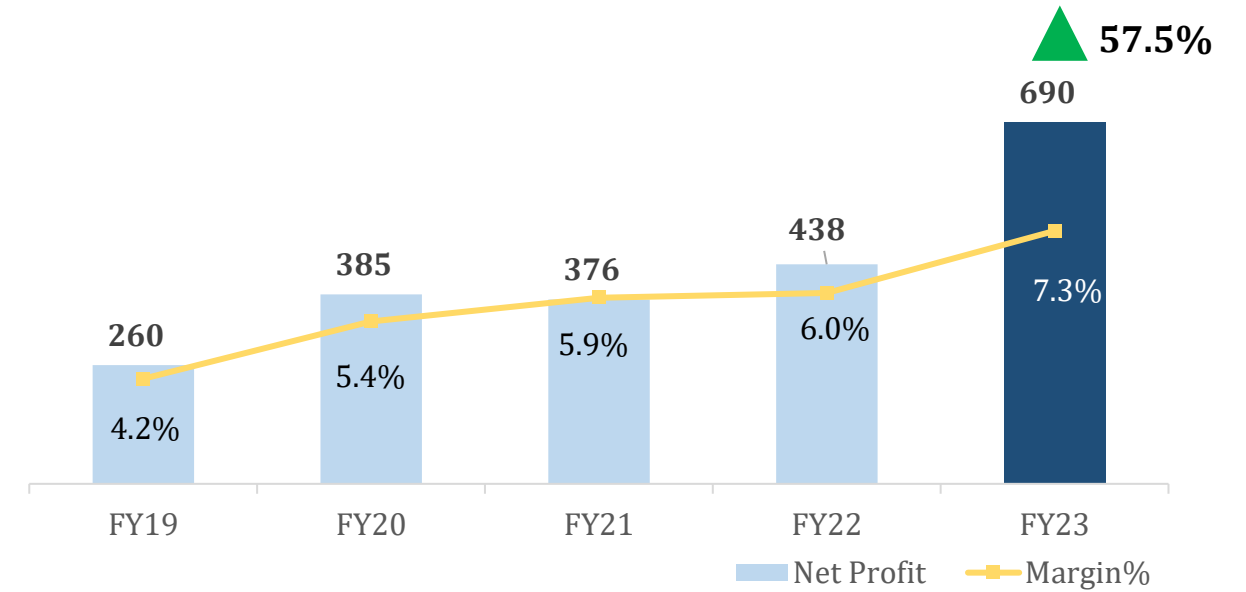
Gross Profit and Net Profit Contribution



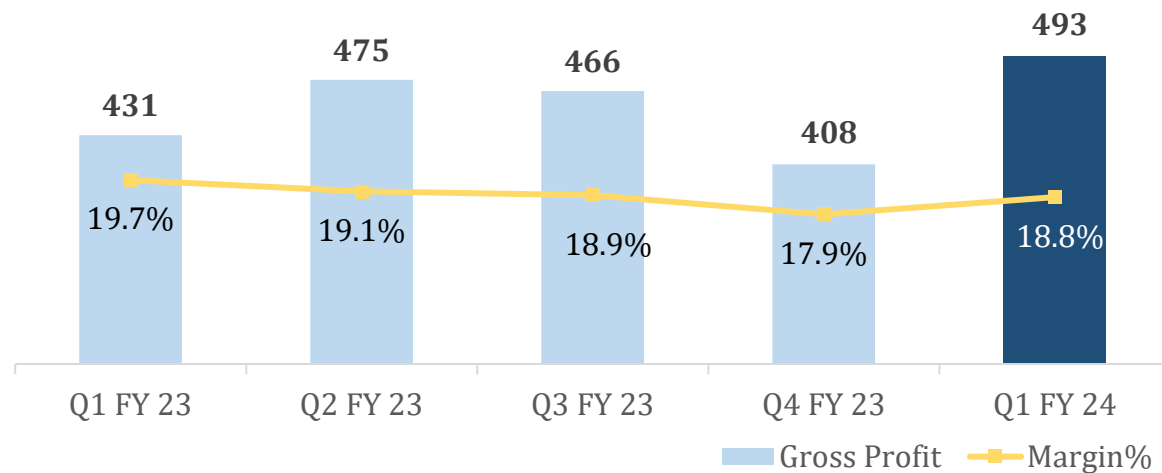
Gross Profit (Rs. Crore) and Margin (%)



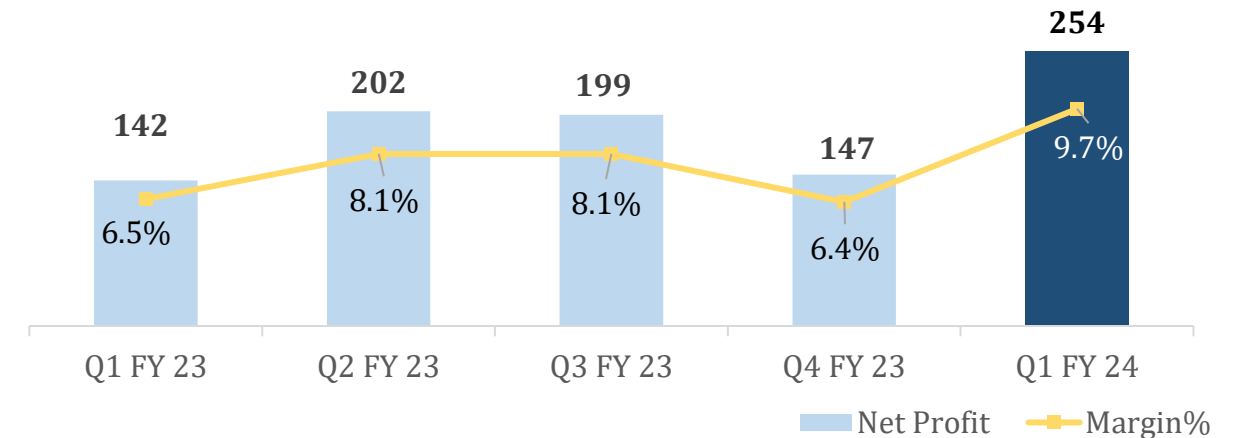
Net Profit (Rs. Crore) and Margin (%)



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

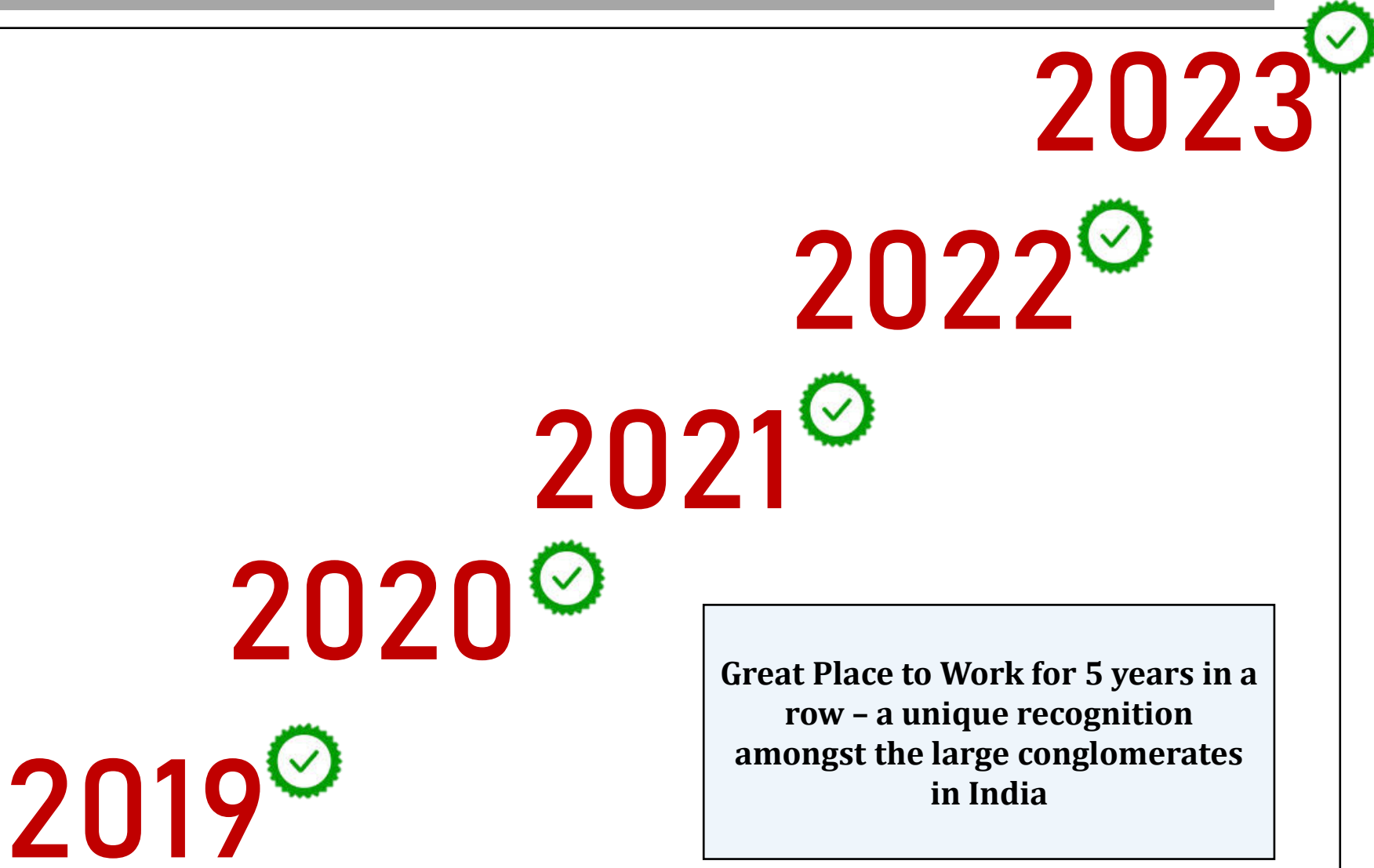
Workshops and interactions with employees to ensure physical and mental wellbeing

GPI as Great Place to Work – consistently for 5 years in a row



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Godfrey Phillips India was again recognized as a Great Place to Work for in March 2023; the journey started in May 2019 and continues till date – reinforcing our belief of ‘People First’



Great Place to Work for 5 years in a row – a unique recognition amongst the large conglomerates in India

ESG is not new to GPI; In FY'23, all initiatives were consolidated within the ESG framework



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- GPI has a rich ESG legacy with significant work done in past
- In FY'23, the ESG journey commenced in a structured manner

- 'People First' and strong principles of corporate governance are core elements of GPI's philosophy

- Environment is a key pivot in GPI operations and many resource conservation projects were delivered in past; going forward, ESG is being integrated into all workstreams

Corporate Social Responsibility (CSR)



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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 for community Company operates in
- Tobacco farming for business sustainability
- Business growth as crop quality and output
- Stakeholder management as programs 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 prices. 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. GPI program addresses these elements.

Program Goals

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

290 villages have now been identified in total (an increase from 156) for outreach in the districts Leaf Division operates out of.

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

- 70 Child Labour Awareness programs on benefits of education, rewards for attendance



Augmented Earning

- 56 Farmers Development Society for loans, trainings on Good Agricultural Practices for better earnings



Water & Soil Conservation

- Over 35 check dams built
- De-siltations to increase tank capacity and extract fertile top soil
- Pond Developments to increase water table
- 23 acres of biodiverse plantation



Safe Water & Health

- Over 50 Community RO Water Plants
- 45 Health camps annually
- Borewell recharges for RO plants
- Waste water usage of RO plants





GODFREY PHILLIPS
—INDIA LIMITED—

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