

Godfrey Phillips India Limited (GPIL)

(BSE: 500163; NSE: GODFRYPHLP)

EARNINGS PRESENTATION

H1 FY21



W E B U I L D U S



GODFREY PHILLIPS
INDIA LIMITED

Company

Rs. 2,740 Cr.
Gross Sales Value

Rs. 539 Cr.
Gross Profit

19.7%
Gross Profit Margin

Rs. 147 Cr.
Net Profit

Tobacco

Rs 2,264 Cr.
Domestic Cigarette Gross Sales Value

Rs. 248 Cr.
International Gross Sales Value

92%
Tobacco contribution to Gross sales
Value

Consumer & Retail

Rs. 168 Cr.
TFS Gross Sales Value

98
TFS stores

Rs. 56 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 -H1 FY21



GODFREY PHILLIPS
INDIA LIMITED

Net Sales: Rs. 1,260 Cr

Tobacco

Non -Tobacco

67%

20%

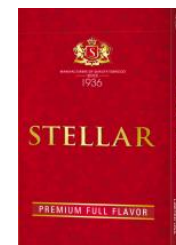
13%

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

“The first half of the current financial year was adversely affected due to the outbreak of the Covid-19 pandemic and subsequent lockdown measures which impacted all businesses and economic activity across the globe. In light of the challenging market conditions, the Company reported Gross Sales Value of Rs. 2,740 Crores and Net Profit of Rs. 147 Crores during H1 FY21. This was made possible by significant recovery in businesses in Q2 FY21. We expect to carry the momentum in H2 FY21.

Our cigarette domestic volume declined by 32% in H1 FY21 as compared to H1 FY20. This decline was primarily due to the temporary closure of factories & distribution points as per the state directives. Our Rabale factory resumed operations only in 1st week of Aug 2020 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 32% mainly due to 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. 168 Crores, a decline of 17% with the number of stores now at 98 at the end of Sep 2020. TFS remained open during the lockdown and provided all types of essential goods to consumers. However, food sale was impacted due to curtailed movement of public at large.

Amidst the crisis, the safety of our workforce remained top priority and therefore, we have prepared safety guidelines and allowed work from home to ensure employees' 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 recognized amongst India's Top 30 Manufacturing Places to Work For and this was in addition to the Great Place to Work certification received in June 2019 by Great Place to Work Institute, India. I am happy to share that our ranking has further improved to 29 from 37 last year, in the announcements made by the institute in June 2020.



- **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**

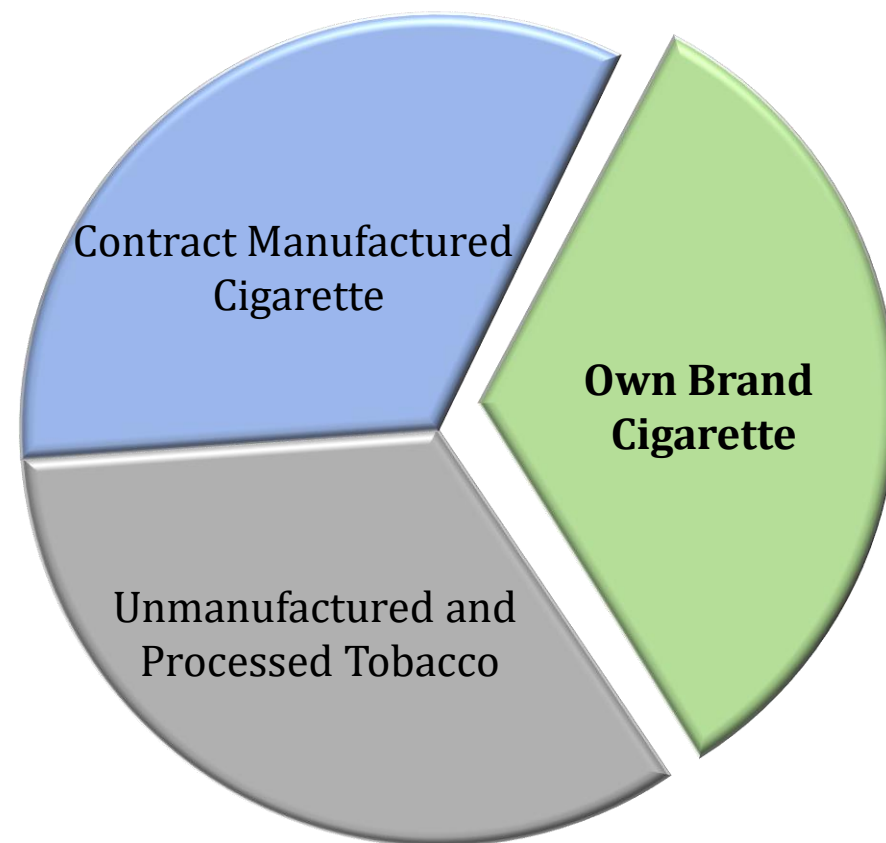
3

**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
- ✓ Continue to expand chewing and confectionary product offerings to suit varying consumer tastes and preferences
- ✓ 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. 248 Cr.
H1 FY21 Gross Sales Value
decreased by 31.5%

20%
Contribution in H1 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

**Rs. 168
Cr**

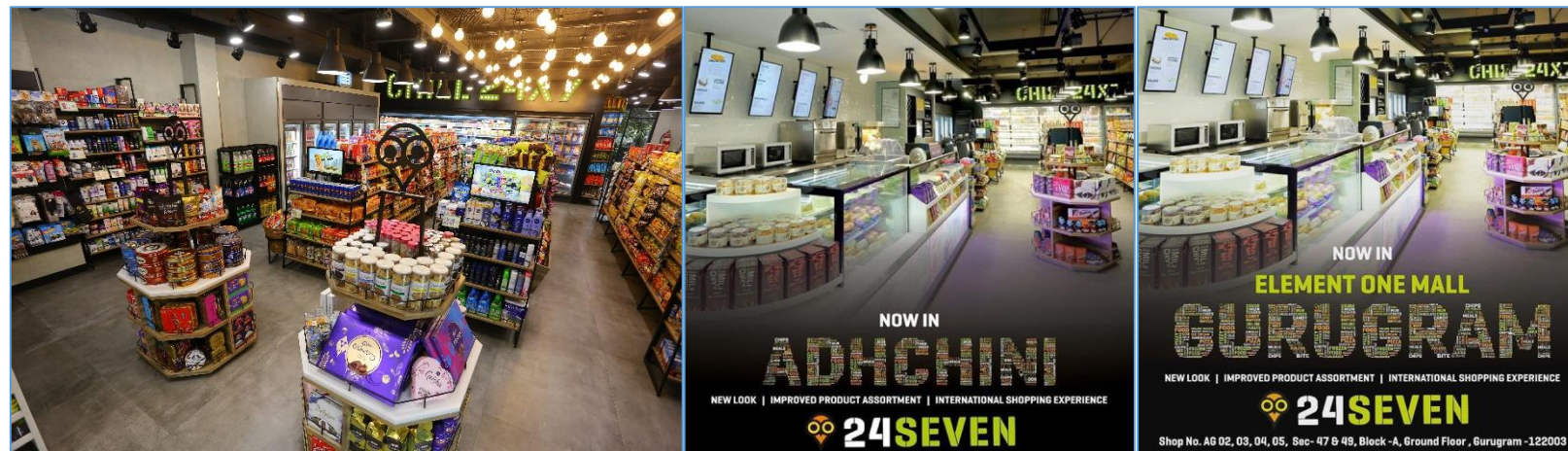
**H1 FY21 Gross Sales Value
decreased by 16.8%**

10.4%

**Contribution in H1 FY21 to
Net Sales**

98

Total stores as on 30-Sep 2020



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



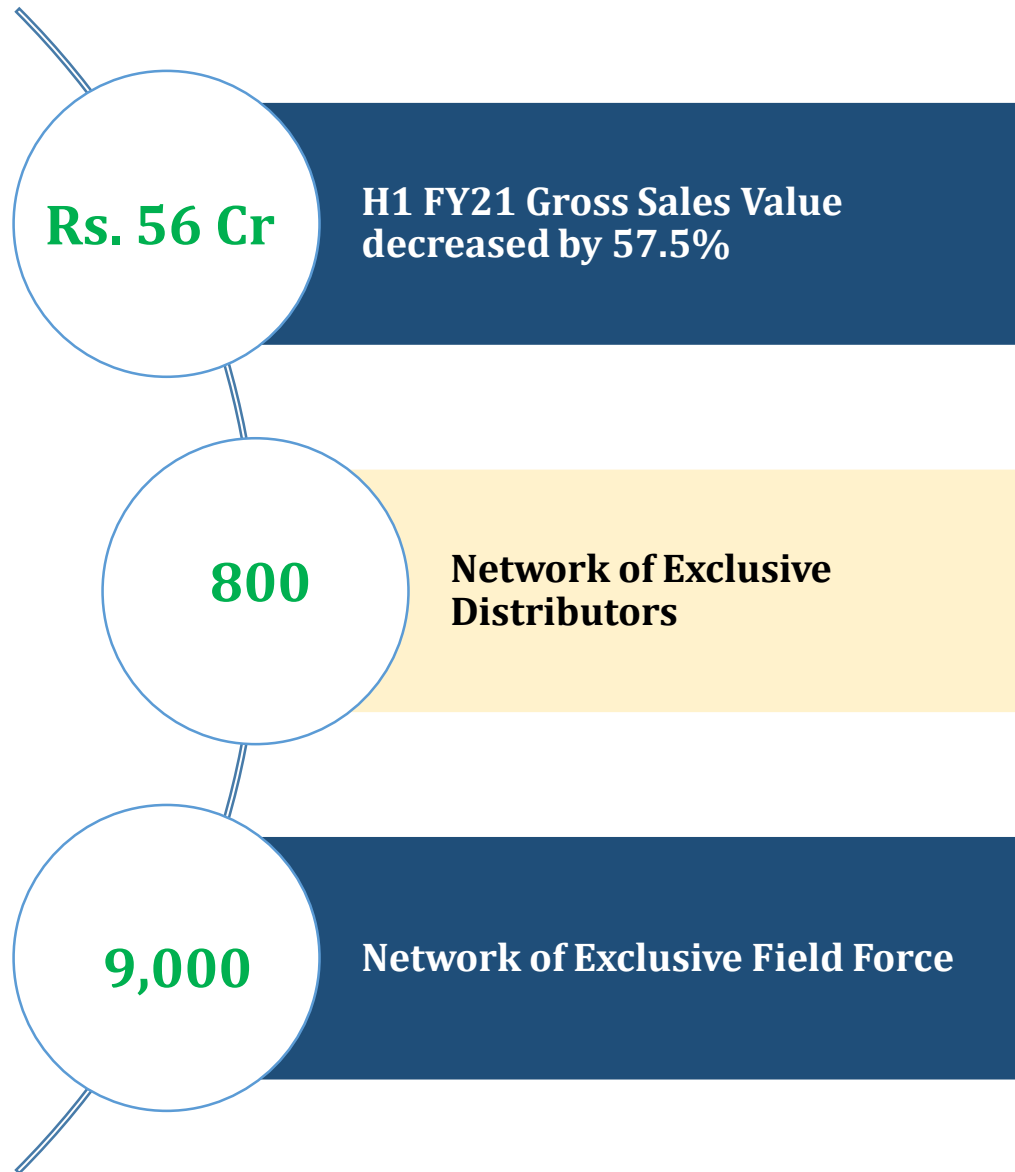
Pan Vilas

- 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



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

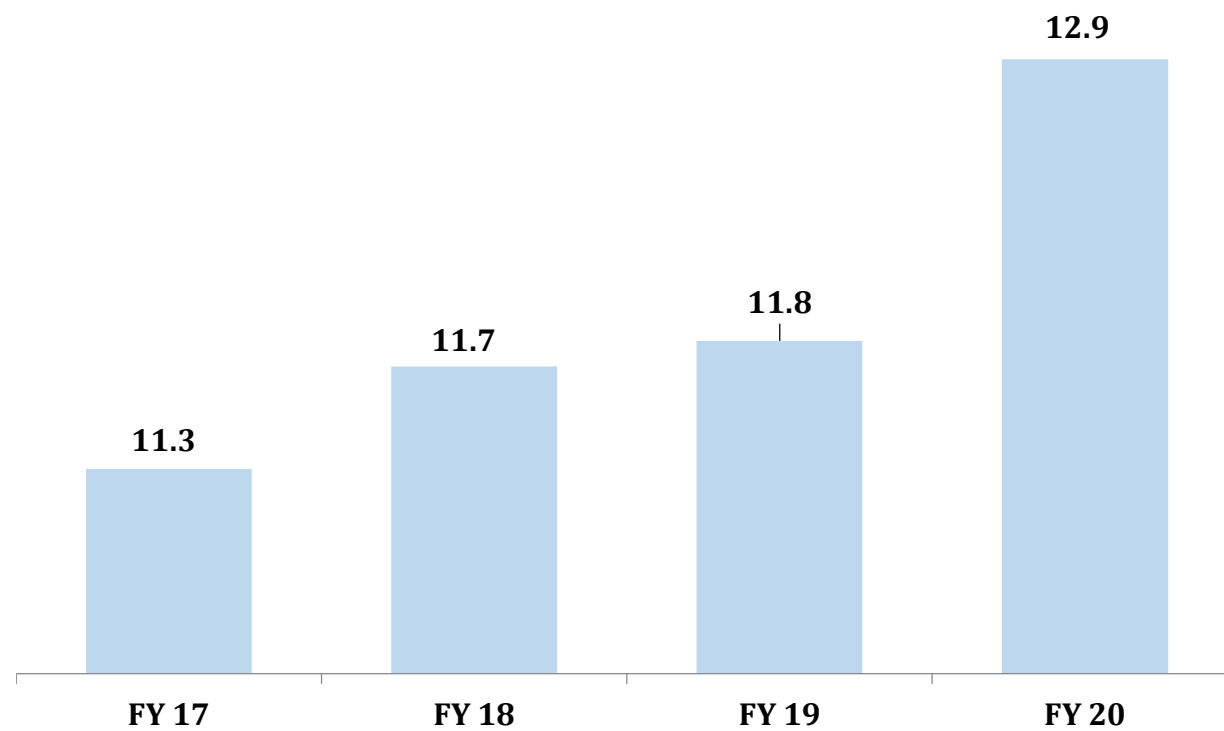


Imli Naturalz

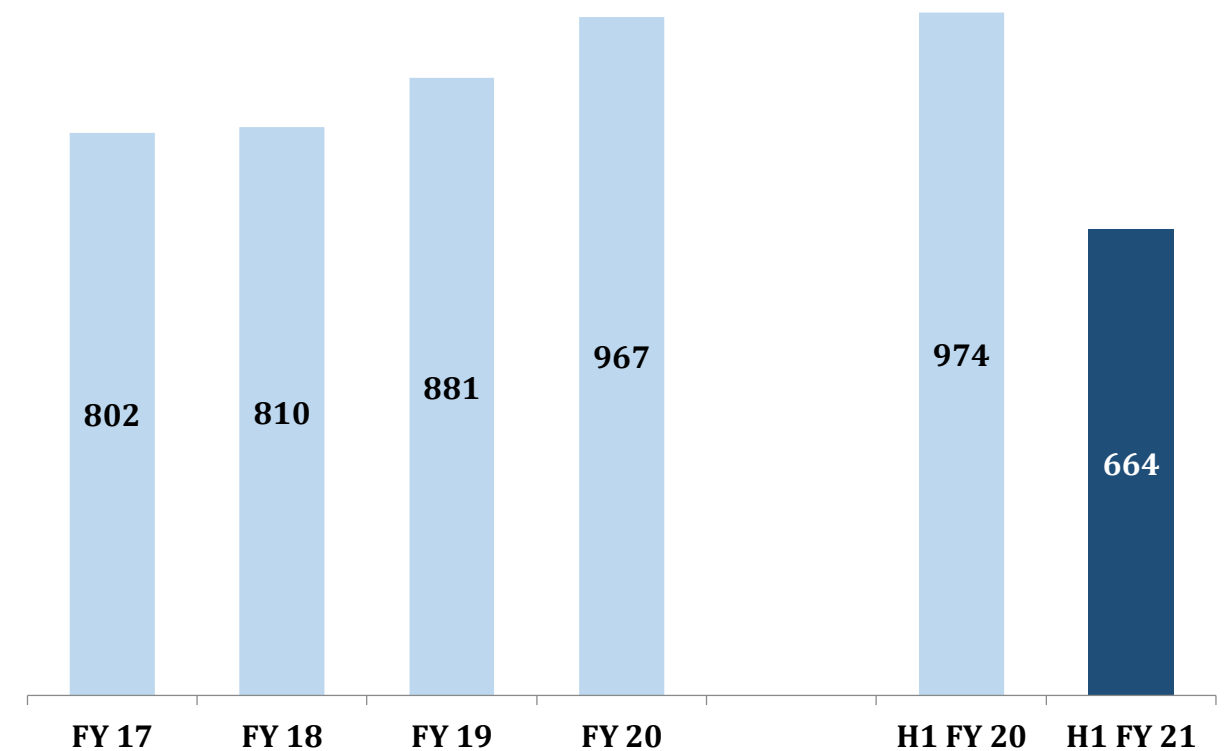
- First of its kind candy with natural ingredients and distinguished taste

Cigarette Domestic Market Share and Volume

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 sales recovery in H1 FY21 was lower than our expectations.

Note: Market share data is based on internal estimates

H1 FY21 Financial Summary



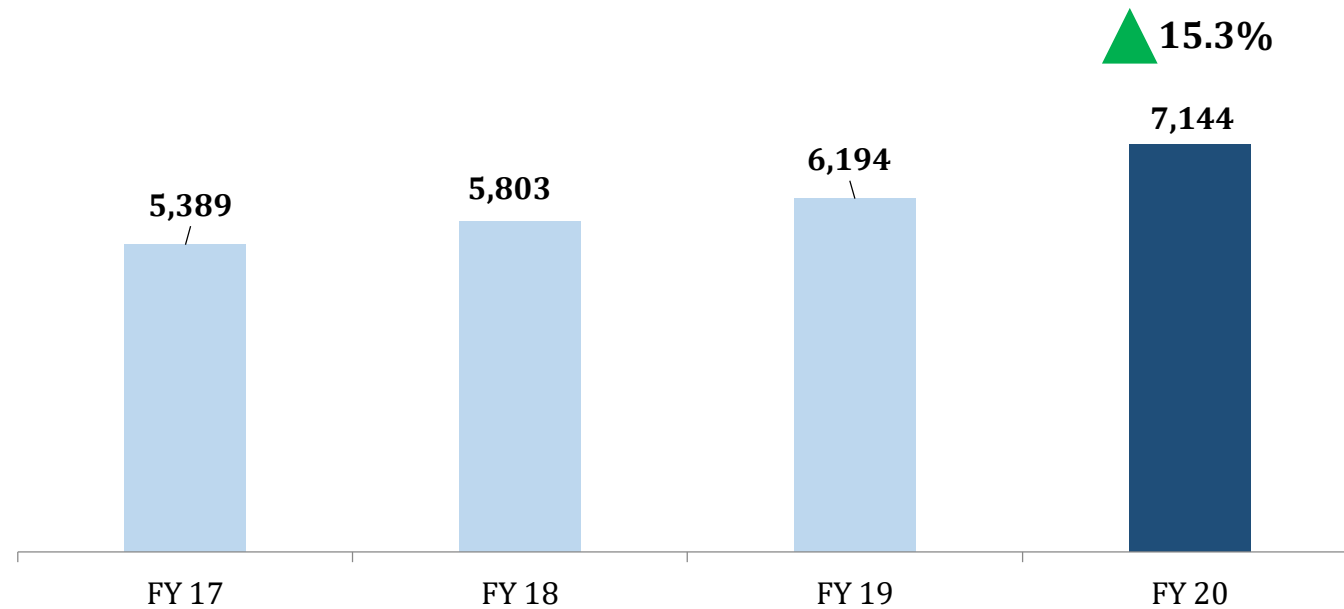
GODFREY PHILLIPS
INDIA LIMITED

Rs. Crore		Standalone									Consolidated				
		Q2FY21	Q2FY20	Y-o-Y%	Q1FY21	Q-o-Q%	H1FY20	H1FY20	Y-o-Y%	FY20	Y-o-Y%	FY19	FY20	Y-o-Y%	FY19
1	Gross Sales income	1824	1769	3.1%	916	99.1%	2740	3621	(24.3)%	7144	15.3%	6194	7167	15.4%	6210
2	Gross Revenue	812	748		456		1268	1579		3045		2592	3068		2612
	Less- Excise duty	121	35		51		171	69		191		115	191		115
	Net Revenue	691	713	(3.1)%	405	70.6%	1097	1510	(27.4)%	2854	15.2%	2477	2877	15.2%	2497
3	COGS	355	308	15.3%	203	74.9%	558	671	(16.8)%	1253	17.1%	1070	1261	17.5%	1073
4	Gross Profit	336	405	(17.0)%	202	66.3%	539	839	(35.8)%	1601	13.8%	1407	1616	13.5%	1424
	% to Sales	18.4%	22.9%		22.1%		19.7%	23.2%		22.4%		22.7%	22.5%		22.9%
5	Employee Benefits	61	71	(14.1)%	52	17.3%	114	129	(11.6)%	250	-1.2%	253	278	(1.1)%	281
	% to Sales	3.3%	4.0%		5.7%		4.2%	3.6%		3.5%		4.1%	3.9%		4.5%
6	Advertising & sales promotion	17	37	(54.1)%	9	88.9%	26	78	(66.7)%	156	6.8%	146	156	6.8%	146
	% to Sales	0.9%	2.1%		1.0%		0.9%	2.2%		2.2%		2.4%	2.2%		2.4%
7	Other expenses (Net)	113	154	(26.6)%	83	36.1%	196	291	(32.6)%	603	-1.6%	613	590	(0.7)%	594
	% to Sales	6.2%	8.7%		9.1%		7.2%	8.0%		8.4%		9.9%	8.2%		9.6%
8	EBITDA (Operating)	145	143	1.4%	58	150.0%	203	341	(40.5)%	592	49.9%	395	592	46.9%	403
	% to Sales	7.9%	8.1%		6.3%		7.4%	9.4%		8.3%		6.4%	8.3%		6.5%
9	Net Profit/(Loss)-Adj.	96	115	(16.5)%	52	84.6%	147	230	(36.1)%	388	51.6%	256 ²	384	47.7%	260
	% to Sales	5.3%	6.5%		5.7%		5.4%	6.4%		5.4%		4.1%	5.4%		4.2%

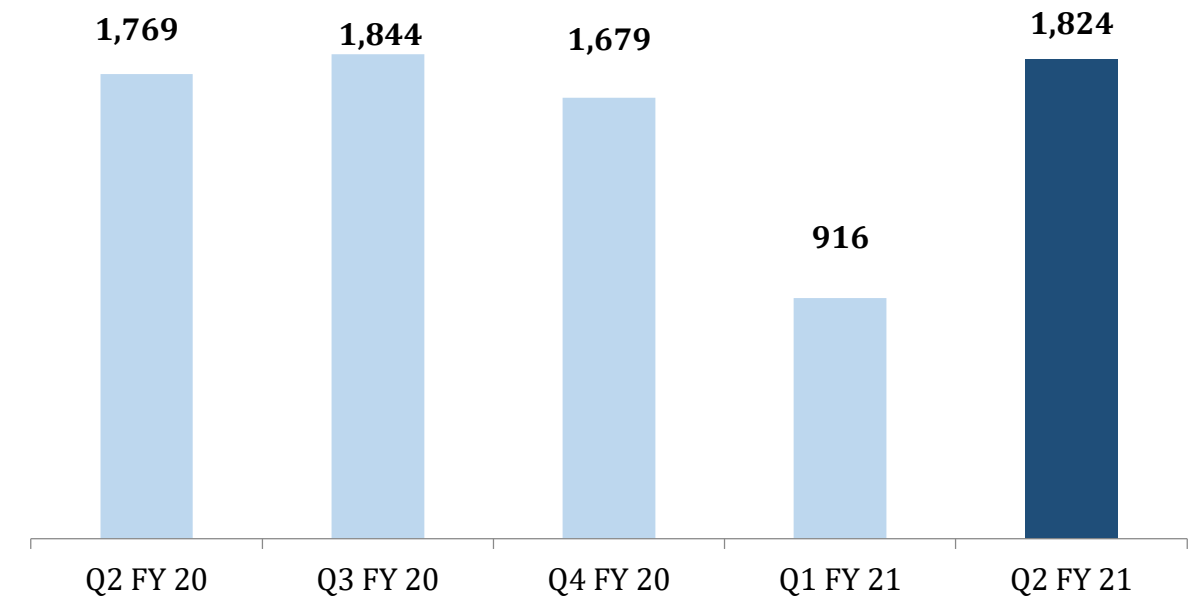
1 Margins are calculated based on Gross Sales Value

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)

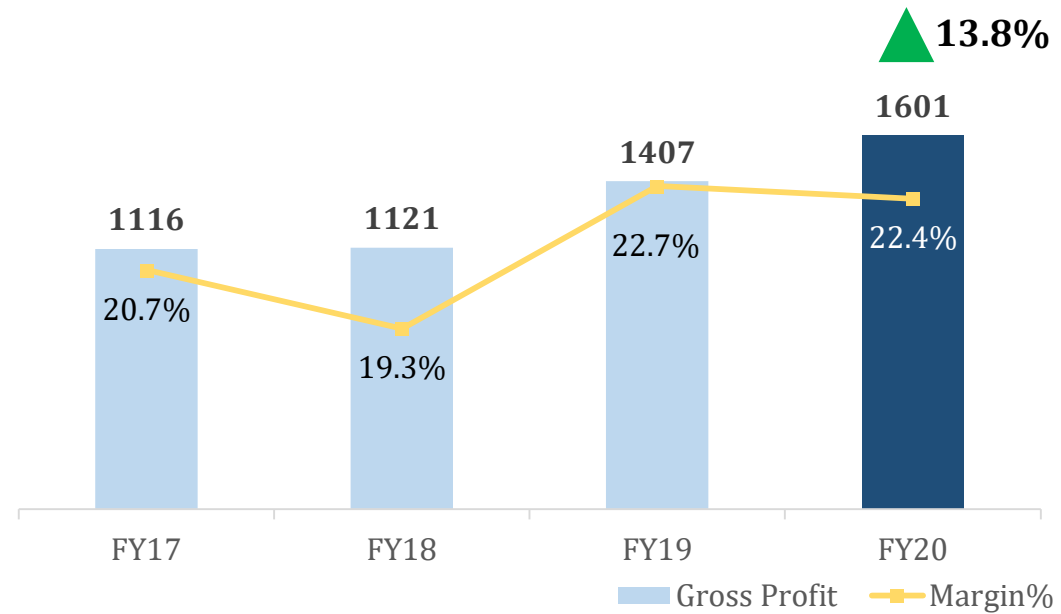


- Gross Sales Value includes Excise Duty, NCCD, GST, GST Compensation Cess and VAT as applicable in the corresponding reporting period
- The outbreak of COVID 19 pandemic and the consequent lockdowns have resulted in disruption in the business operations of the Company since second half of March'20 in 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 sales recovery in H1 FY21 was not in line with our expectations.

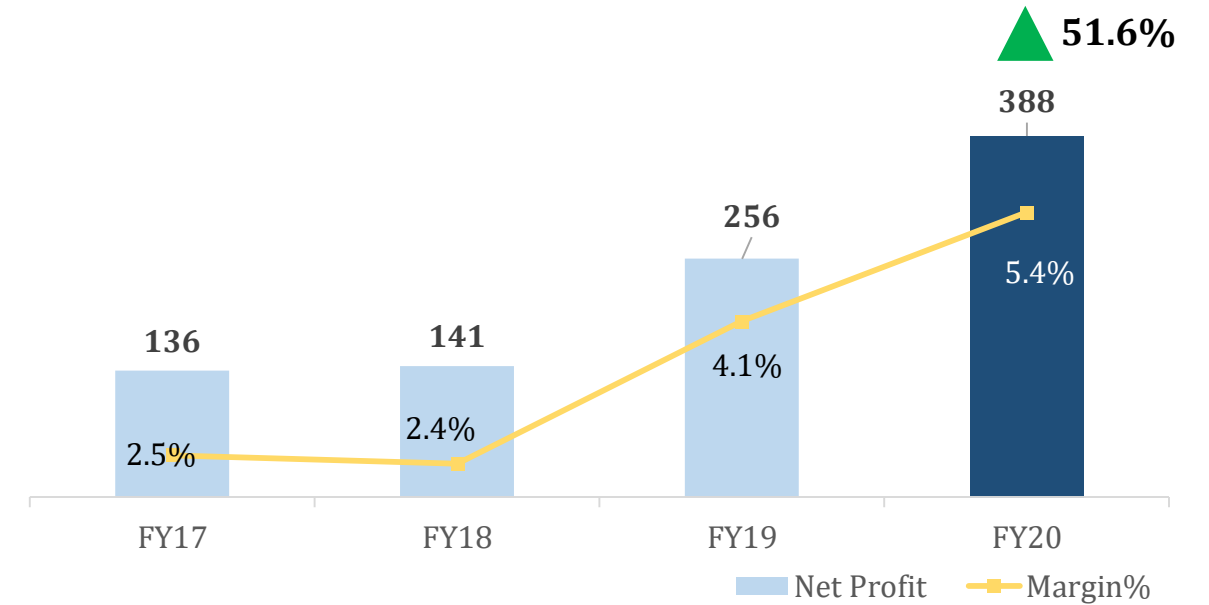
Gross Profit and Net Profit Contribution



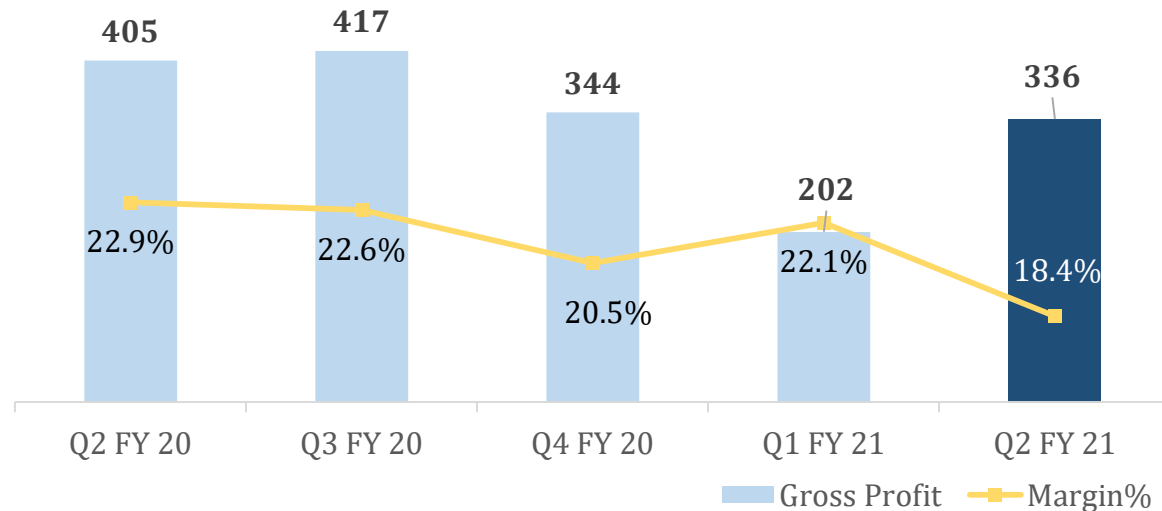
Gross Profit (Rs. Crore) and Margin (%)



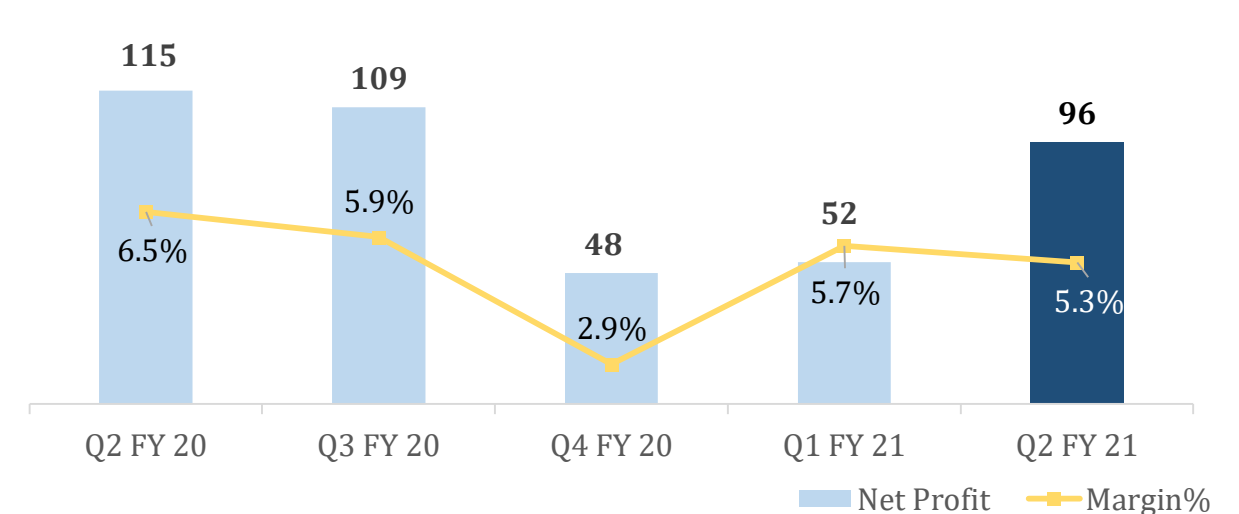
Net Profit (Rs. Crore) and Margin (%)



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

Work From Home (WFH)

Centrally facilitated WFH guidelines to ensure business continuity and employee wellbeing

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 Manufacturing Places to Work For



GPI's ranking has improved to 29 in 2020 from 37 in 2019 survey



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



Godfrey Phillips India is now recognized amongst India's Top 30 Manufacturing Places to Work For

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

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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