

Date: 4th February, 2019

1. **The Secretary**
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai 400 001
2. **The Manager**
Listing Department
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor
Plot No. C/1, G Block
Bandra-Kurla Complex
Bandra (E), Mumbai – 400 051

Sub: Earnings Presentation

Ref: Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir/Madam,

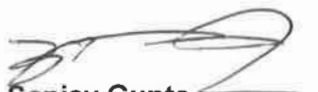
Pursuant to the provisions of Regulation 30 read with Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed a copy of Earnings Presentation with reference to the last published unaudited financial results of the Company for the quarter and nine months ended 31st December, 2018 which were already submitted to you on 2nd February, 2019 in the prescribed format.

The presentation is also placed on the website of the Company i.e., <https://www.godfreyphillips.com/earnings-presentation>.

Request you to take the above information on records.

Yours faithfully,

For Godfrey Phillips India Limited



Sanjay Gupta
Company Secretary

Encl:As above



Godfrey Phillips India Limited (GPIL)

(BSE: 500163; NSE: GODFRYPHLP)

Q3 & 9 Months FY2019 Earnings Presentation

9 Months FY2019 Highlights (Y-o-Y)

Gross Sales Value of
Rs. 4,612 Cr.
up 6.2%

Gross Profit of
Rs. 1,045 Cr.
up 25.8%

Gross Profit margin
increased from
19.1% to 22.7%
y-o-y

Net Profit of
Rs 206 Cr. Up 110.2%
(excluding exception income)

Cigarette Gross Sales
Value increased
7.1%

Cigarette domestic
market share
increased from
11.8% to 11.9%

Marlboro Sales Volume
contribution is 13% of
GPIL domestic volume

International Gross Sales
Value increased
24% to Rs. 397 Cr.

TFS Gross Sales Value
increased
62% to Rs. 227 Cr.

TFS stores increased
from
54 to 100

Premium Pan Masala
(Pan Vilas) Gross Sales
Value increased by
18%

Confectionary
Gross Sales Value
increased
37% to Rs. 27.5 Cr.

Note:

- 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 Market size and market share data is based on internal estimates

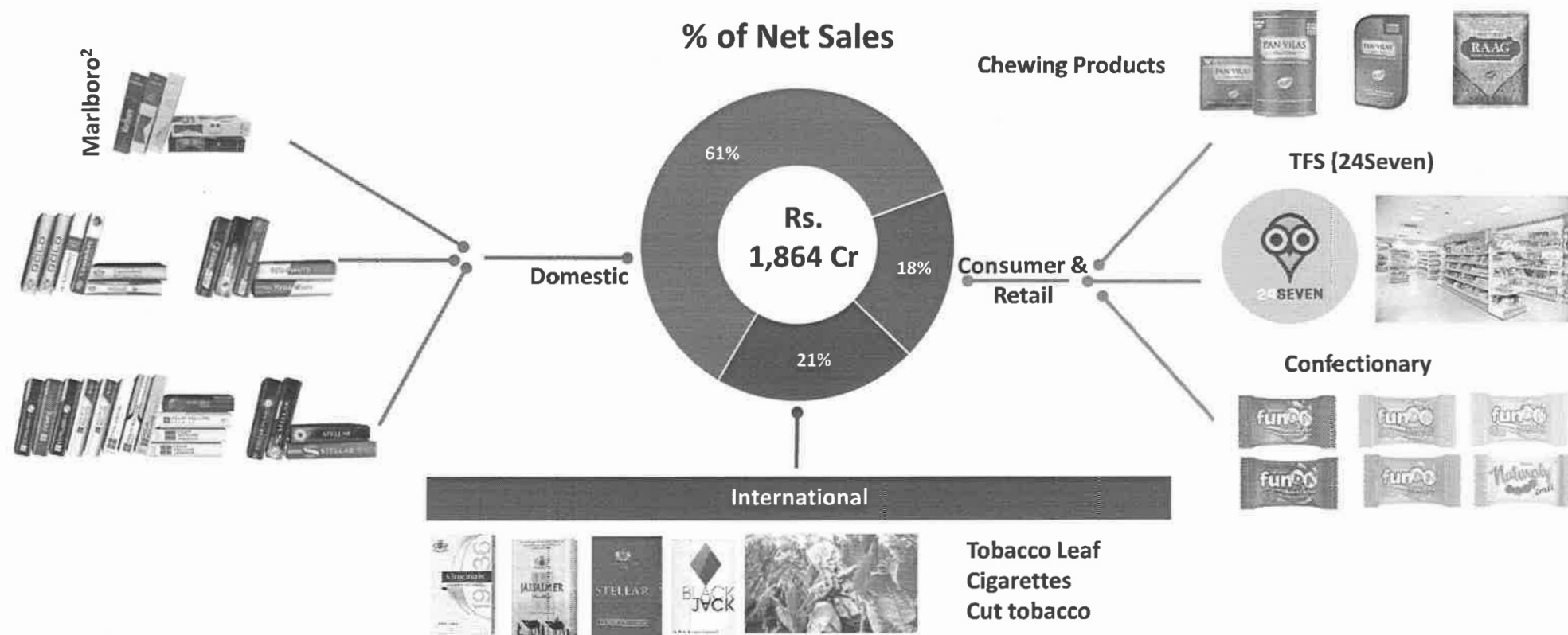
Godfrey Phillips Product Portfolio – 9 Months FY2019



Tobacco

Consumer & Retail

% of Net Sales



Note:

- 1 The ratios shown above are based on Net Sales which exclude tea business that was divested in FY18.
- 2 Marlboro is manufactured and distributed under exclusive procurement and supply agreements with Philip Morris International

Management Perspective

Commenting on the results, Mr. Bisham Wadhera, CEO at Godfrey Phillips India said:

We are delighted to announce our Q3 FY2019 financial results which reflect our growth momentum during the course of the year. The Company reported Gross Sales of Rs. 1,650 Crores and Net Profit of Rs. 78 Crores representing increases of 8.0% and 85.7% (excluding exceptional income) respectively compared to the corresponding quarter. Our Gross Profit margins increased to 22.3% from 19.8% and EBITDA margins increased to 7.0% from 6.0% compared to the corresponding quarter. In particular, Net Profit for 9 months period increased to Rs. 206 Crores.

Godfrey Phillips delivered strong cigarette domestic volume growth of 8% year to date with a better product mix and improved realizations. Our topline performance has been supported by an increase in export of unmanufactured tobacco with the international business growing by 24% to Rs. 397 Crores. Our continued focus on premium pan masala has resulted in an increase of 18% in sales value of Pan Vilas.

Gross Sales from 24Seven Convenience Stores (TFS) increased by 62% to Rs. 227 Crores with store outlets increasing from 54 to 100 on a year on year basis and with 11 store outlets opening in the last quarter. The current TFS footprint is in Delhi, NCR & Chandigarh.

Company management remains fully committed to its core business and there is focus on expanding Godfrey Phillips' sales and distribution infrastructure to high potential markets in southern India. We are also looking to grow strategically in the vaping segment with our newly launched product "Verge ORA", a nicotine salt-based product.

Driving Future Growth

Strategic Direction

- Strengthen partnership with Philip Morris International in the manufacture and distribution of Marlboro brand cigarettes in India
- Launched sale of GPIL and Marlboro brand in South India after careful evaluation of geographic expansion plans
- Launched series of successful new brands over the last 9 months contributing to volume growth
- Build on existing cigarettes export markets to enhance own brand sales
- Expand Consumer & Retail segment to significantly increase revenue contribution
- Capitalise on the fast growing retail space through 24Seven's innovative approach
- Continue to expand chewing and confectionary product offerings to suit consumer taste and preferences
- Contributing to the socio-economic growth across the business value chain through programs for tobacco farmers

Growth Priorities

- 1 **24Seven Convenience Stores (TFS)**
- 2 **Chewing Products and Confectionary**
- 3 **International Business Division**
- 4 **Reduced harm / new generation products**

Growth Priorities – 24Seven Convenience Stores (TFS)



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

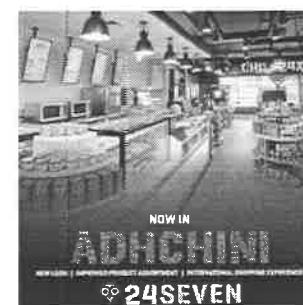


TFS 9 months FY19
Gross Sales Value
increased 62% to
Rs. 227 Cr.

Contribution of
9.7% to
9 Months FY19
Net Sales

39 new stores
added in 9 months
to Dec'2018

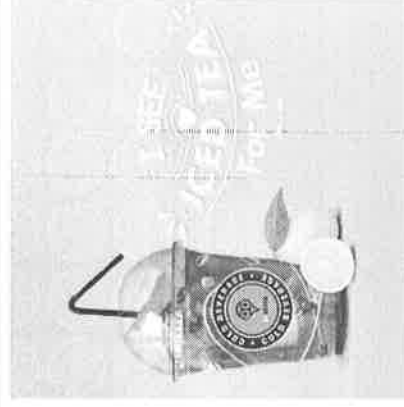
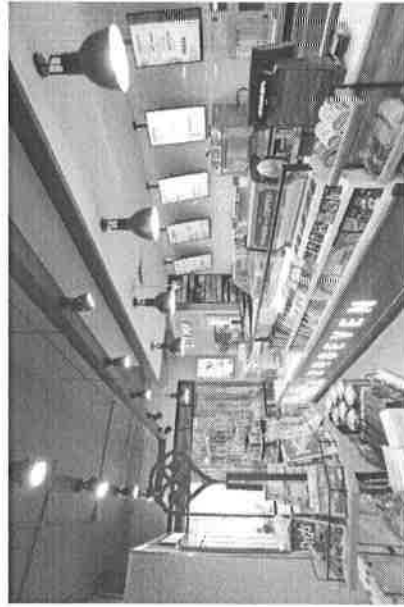
Total stores as on
31-Dec-18 are
100



Growth Priorities – 24Seven Convenience Stores (TFS)



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



Growth Priorities – Chewing Products & Confectionary

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



Raag

- Extending the Pan Vilas brand further, Raag, a pan masala in the popular price segment was launched in the mid-premium segment whose market size is estimated to be Rs 20,000 Crore. Within a short span of launch, Raag has gained significant market share



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

9 Months FY19 Gross Sales Value¹ decreased (20.6%) to Rs. 267.2 Cr.

Premium Pan Masala (Pan Vilas) Gross Sales Value increased by 18%

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 unbeatable taste

Leverage network of 800 exclusive distributors

Leverage network of 9,000 exclusive field force

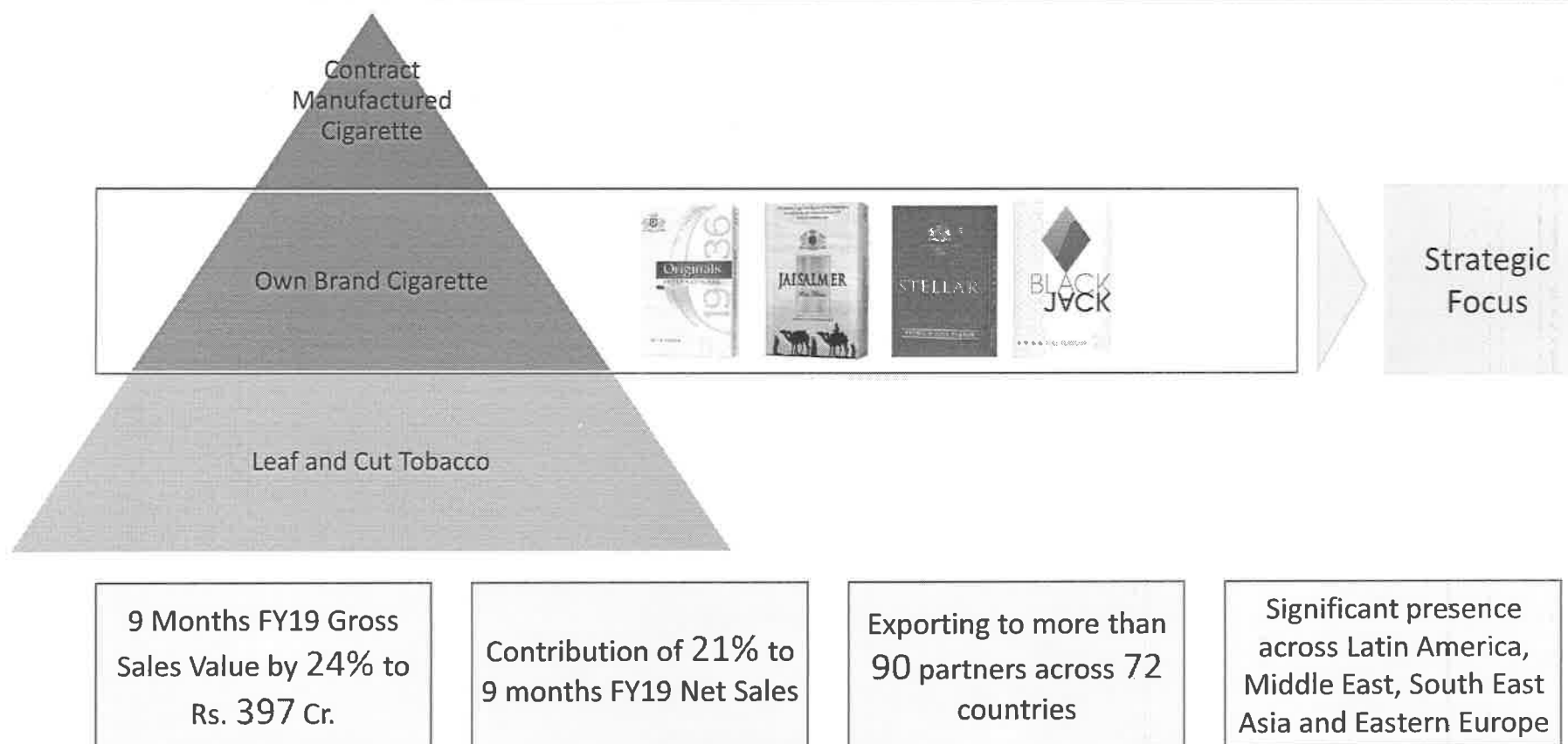
1. Excludes sales value of chewing tobacco – 'Raaga' which is Rs. 26.3 crores



GODFREY PHILLIPS
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Growth Priorities – International Business Division

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





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Growth Priorities – Reduced harm/new generation products

Industry Trends and Opportunity

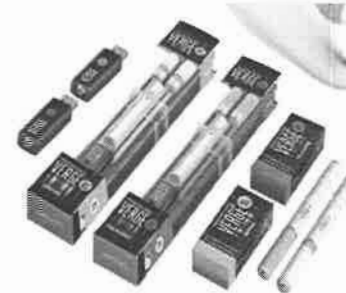
- Growing awareness of the effects of smoking has led to technological advancement in the reduced harm products space
- Vaping industry globally is expected to reach \$50 billion over the next 5 years
- Indian vaping market is expected to grow at a CAGR of over 45% to reach \$1 billion over the next 6-8 years
- Development of Electronic Nicotine Delivery System (ENDS) is likely to have wide reaching implications on society, governmental health budget allocations and tobacco industry structures
- All major industry players have made significant investments and shown their commitment towards reduced harm products

GPIL Positioning

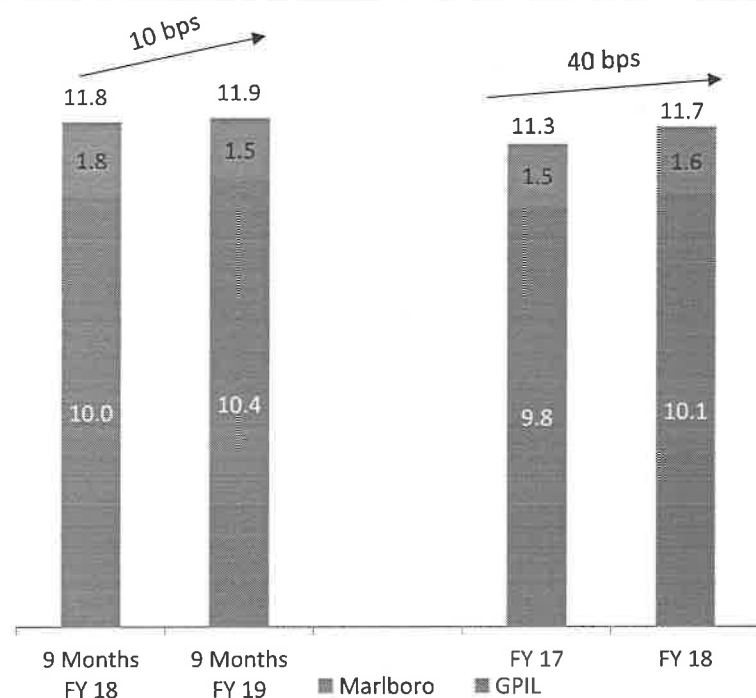
- GPIL has been one of the early movers to identify the industry trend and is monitoring developments globally
- It has partnered with leading vaping device manufacturers
- It is engaged with regulatory and testing experts in the UK
 - GPIL vaping products are compliant with European Union Tobacco Product Directive

GPIL Vaping Product Portfolio – 'VERGE'

- Verge ORA, a nicotine salt based product
- Verge Atom, the first Pod Mod
- Verge XL, a cigarette look alike product
- Verge E-Juices, flavoured e-liquids



Cigarette Domestic Market Share and Volume Mix



Volumes (million per month)					
Volume	9 Months FY18	9 Months FY19	Growth	FY17	FY18
GPI Brands	687	761	11%	696	697
% of Total	85%	87%		87%	86%
Marlboro	122	112	(8)%	106	113
% of Total	15%	13%		13%	14%
Total	809	873	8%	802	810

Note: Market share data is based on internal estimates

9 Months FY2019 Financial Summary



Rs. Crore	Standalone											Consolidated		
	Q3 FY19	Q3 FY18	Y-o-Y (%)	Q2 FY19	Q-o-Q (%)	9 Months FY19	9 Months FY18	Y-o-Y (%)	FY18	FY17	Y-o-Y (%)	FY18	FY17	Y-o-Y (%)
Gross Sales Value	1,650	1,528	8.0%	1,585	4.1%	4,612	4,343	6.2%	5,803	5,389	7.7%	5,813	5,399	7.7%
Gross Revenue	690	612		660		1,948	2,305		2,877	4,396		2,891	4,412	
Less: Excise	(31)	(30)		(30)		(84)	(537)		(565)	(2,009)		(565)	(2,009)	
Net Revenue	659	582		630		1,864	1,768		2,312	2,387		2,326	2,403	
COGS	291	279	4.3%	276	5.4%	819	937	(12.6)%	1,191	1,271	(6.3)%	1,195	1,270	(5.9)%
Gross Profit	368	303	21.5%	354	4.0%	1,045	831	25.8%	1,121	1,116	0.4%	1,131	1,133	(0.2)%
Gross Margin	22.3%	19.8%		22.3%		22.7%	19.1%		19.3%	20.7%		19.5%	21.0%	
Employee Benefits	65	53	22.6%	64	1.6%	196	163	20.2%	210	233	(9.9)%	239	263	(9.1)%
% of Sales	3.9%	3.5%		4.0%		4.2%	3.8%		3.6%	4.3%		4.1%	4.9%	
Advertising and Sales Promotion	29	35	(17.1)%	29	0%	85	101	(15.8)%	131	131	0.0%	132	132	0.0%
% of Sales	1.8%	2.3%		1.8%		1.8%	2.3%		2.3%	2.4%		2.3%	2.4%	
Other Expenses	158	124	27.4%	144	9.7%	434	380	14.2%	522	504	3.6%	502	485	3.5%
% of Sales	9.6%	8.1%		9.1%		9.4%	8.7%		9.0%	9.4%		8.6%	9.0%	
EBITDA	116	91	27.5%	117	(0.9)%	330	187	76.5%	258	248	4.0%	258	253	2.0%
EBITDA Margin	7.0%	6.0%		7.4%		7.2%	4.3%		4.4%	4.6%		4.4%	4.7%	
Net Profit (Adjusted)	78	42 ²	85.7%	70	11.4%	206	98 ²	110.2%	141 ²	136	3.7%	139 ²	137	1.5%
Net Profit Margin	4.7%	2.7%		4.4%		4.5%	2.3%		2.4%	2.5%		2.4%	2.5%	

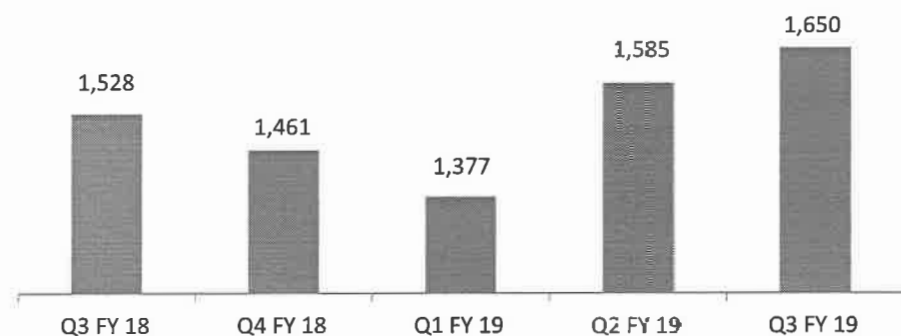
Note:

1 Margins are calculated based on Gross Sales Value

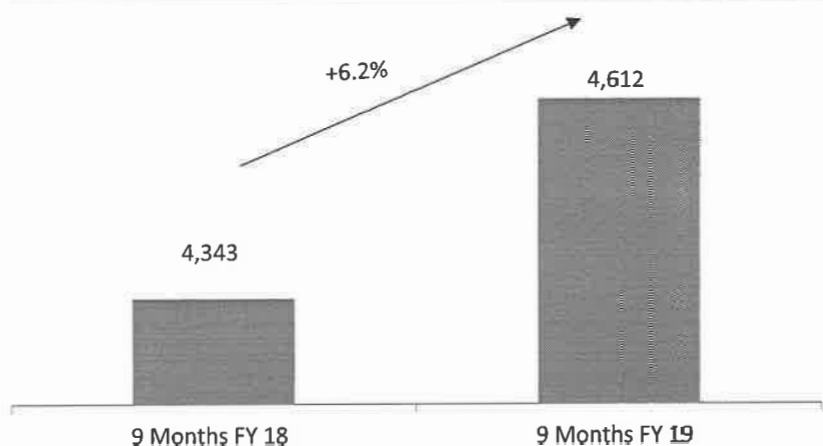
2 Net Profit for FY18 is adjusted for Rs. 20 Crore realized on sale/assignment of trademarks associated with packaged tea business of the Company

Revenue Analysis

Gross Sales Value – Quarterly Standalone (Rs. Crore)



Gross Sales Value – 9 Months Standalone (Rs. Crore)

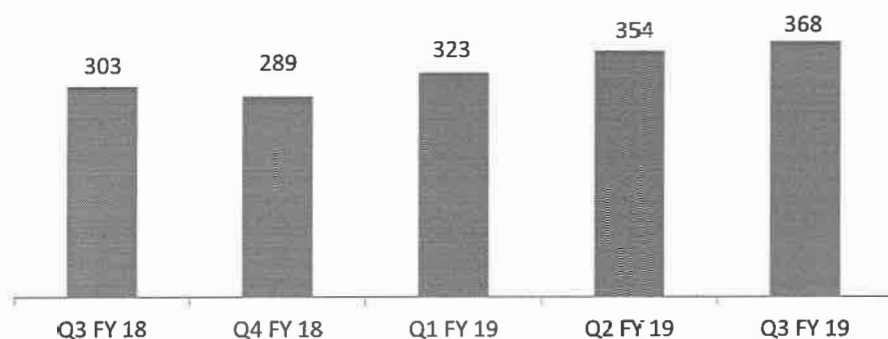


Management Perspectives

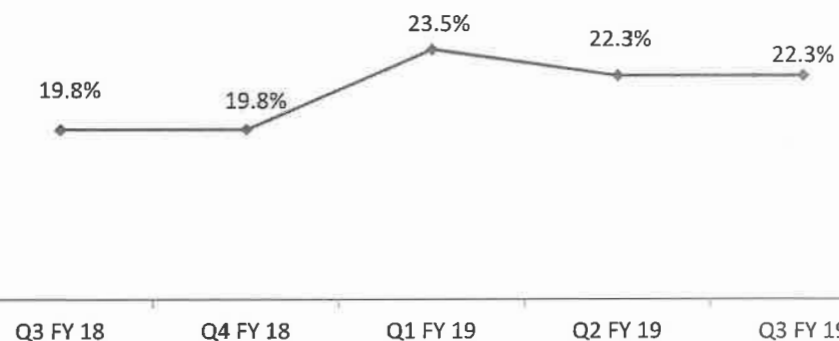
- Gross Sales Value includes Excise Duty, NCCD, GST, GST Compensation Cess and VAT as applicable in the corresponding reporting period
- Y-o-Y increase in 9 Months FY19 gross sales was attributed to:
 - Increase in volume of cigarette sales
 - Increase in export of unmanufactured tobacco
 - Better product mix and higher realization
- TFS convenience stores continued to perform well and registered a 62% growth in 9 Months FY19 gross sales to reach Rs. 227 Crore

Gross Margin Contribution

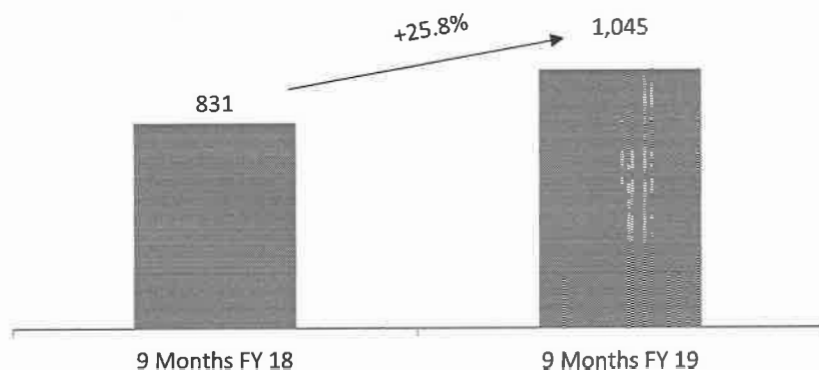
Gross Profit – Quarterly Standalone (Rs. Crore)



Gross Profit Margin (%) on Gross Sales Value



Gross Profit – 9 Months Standalone (Rs. Crore)



Management Perspectives

- Continued healthy gross margin performance
- Marlboro brand accounted for 13% of the total GPIL cigarette volumes in 9 Months FY19

Corporate Social Responsibility (CSR)

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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Corporate Social Responsibility (CSR)

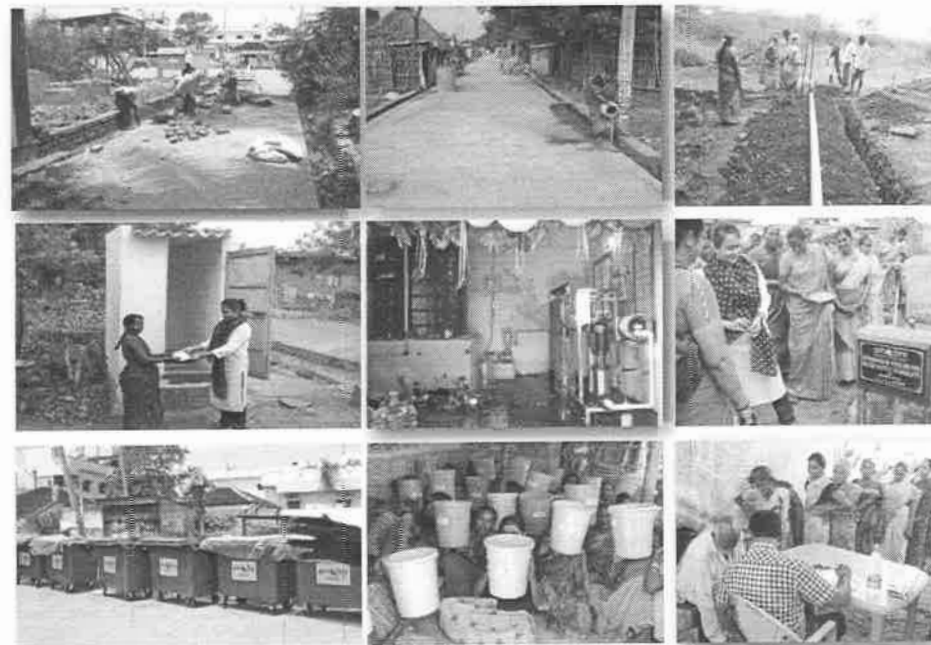
Program for Tobacco Grading Women

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 Anganwadi
- 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 received the Greentech Foundation CSR Gold Award in 2018



Corporate Social Responsibility (CSR)

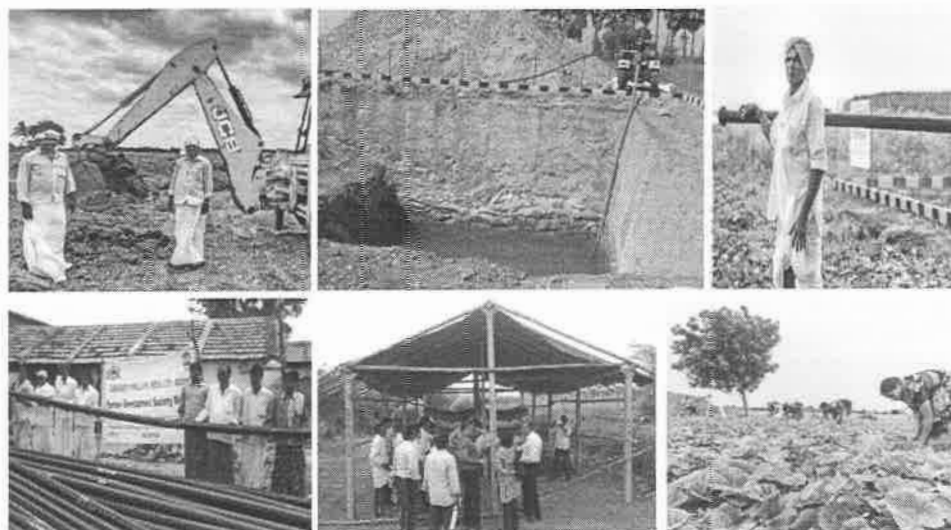
Program for Burley Tobacco Farmers

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 practice s

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

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