



GODFREY PHILLIPS  
—INDIA LIMITED—

**ANNUAL REPORT  
2017-2018**



SOAR



# SOAR

"A comfortable place is beautiful, but nothing ever grows there."

It is a time of reinvention. It is a time of change. As market dynamics transform, Godfrey Phillips India stands poised to soar into the future.

Armed with aggressive strategic and operational agendas such as profitability augmentation, realignment of business focus, deeper employee engagement; the commitment is to stretch our limits, not only as individuals but also as an organisation.

As we embark upon this fearless journey through fire, we know that the support of our stakeholders and partners will always be the wind beneath our wings.

Let's fly together for one unified purpose, and loftier heights will be ours.

# NAVODAYA

Project Navodaya or 'the new dawn', has been set up in line with the forward looking 'Soar' theme of Godfrey Phillips India to take on and work towards achieving ambitious and soaring targets in the present and near future. The project was setup with strategic interventions across the board to fulfill the Company's vision to drastically uplift its profitable trajectory.

Navodaya is currently running at full intensity across markets and brands with unprecedented cross-functional involvement. Multiple vital aspects like: profitability augmentation, realignment of business focus, deeper employee engagement are being addressed with strategic and operational perspectives. Constant assessment of internal and external risks is underway to ensure agile reactions.

Comprehensive and inclusive ways of working have ensured that the entire organisation is working towards a strong GPI as 'One GPI'.







# HUMAN RESOURCE

Godfrey Phillips India is a Company that values learning and development by emphasising on various training programs that build strategic capabilities for future challenges. It endorses partnership and teamwork with employees helping each other, learning together and collectively lending their values to a progressive Company culture. The purpose being to build a Company that is willing and ready for the future.

Our organisation-wide initiative Navodaya is ensuring seamless, transparent and inspirational communication to drive discretionary performance. Moreover, to encourage performance orientation, the CEO Awards have been instituted for recognising and rewarding superior performances.

The Company is also committed to revamping people's processes from time to time, so as to keep abreast with the best-in-class people practices and technology. An empowered decision making body has been instituted that takes collective decisions on people policies and systems.

# DOMESTIC CIGARETTE BUSINESS

The gross revenue for the domestic cigarettes business has grown during the year, driven primarily by favorable taxation coupled with favorable pricing for our cigarette portfolio. Our strong financial results were underpinned by the excellent performance of our mainline brands and new product launch (NPLs) success. Our 64mm segment has also grown faster than the industry (5.0% vs 3.8%), thereby growing our market share. The performance of NPLs has been encouraging both on the volumes and the gross marginal contribution front and they stand poised for accelerated growth in the FY'19. The Company is expected to grow faster than the industry through its predicted growth on RSFT core brands and by delivering on NPL volumes in FY'19. The successful run of FY'18 has set up a strong platform for FY '19 to grow faster.

## **FOUR SQUARE**

Brand Four Square is back to its winning ways with the much awaited launch of the Easy Flow Filter™ which boosted brand performance in FY'18. The Four Square Red Franchisee has regained the coveted #1 spot in key markets. FS Green Franchisee seems to have stabilised post the initial shock and has registered a growth since Oct 2017 to Feb 2018. FS is on the path of recovery with Easy Flow Filter gaining great acceptance. Four Square has put Himachal Pradesh on the path of growth after a considerable decline of 3 years – strengthening FS Premier 64mm segment and gaining volumes in 69 mm segment with Crush. Four Square has led many category-first initiatives in packaging and communication and has always pushed the boundaries of innovation. It has now introduced pioneering products like FS Crush an innovative capsule brand. FS Crush has reached 10 Million in record time and has helped strengthen overall FS brand perception. FS Crush has a positive impact on the mother brand's imagery and is now the leading capsule brand in many markets.

## **RED & WHITE**

It was a strong year for brand - Red & White. In an industry that declined by 2.9%, the Red & White Franchise managed to grow by 3.2% with NPL contribution increasing from 5.5% to 12.5%. The brand extended its footprint (with Red & White Original Blend) to new geographies. NPLs did very well for the Red & White Franchisee with the brand's first NPL – Red & White Mint Button achieving a good market share in Punjab in the first 6 months of its launch and Red & White Original Blend achieving an impressive 10 million mark in the first year of launch. FY'18 also saw Red & White Striker touch the 50 million mark. The brand is now poised for a strong show in FY'19 with the readiness of the Easy Flow Filter™ on its mainline variant – Red & White Flake Premium.

## CAVANDERS

Cavanders started the year by neutralising the counterfeit threat with the introduction of its new innovative flip top pack and bundle paper. It was a great year for the Cavanders Gold Franchisee. Cavanders Gold Smooth is now the fastest growing GPI NPL.

## STELLAR

Stellar closed the year with a 275% growth in volumes over FY'17 (13.5M FY'18 vs 4.9M FY'17). The brand also recorded its first ever 10 million sales in a single month. Stellar Mint Blast crossed the 5 million mark and firmly established itself as a brand to contend with at the 5 Rs price point, while Stellar Cool Blast crossed the 5 million mark.

## TIPPER & NORTH POLE

It was a rebound year for the Tipper Franchisee with the brand recording a 5% volume growth. North Pole also saw similar growth in volumes during the same period.



Statutory warning - Smoking causes throat cancer.



# CHEWING BUSINESS

*Pure  
as  
Gold*



Pan Vilas Pan Masala has successfully carved a niche for itself in the premium chewing category. The delicately balanced blend of flavor and fragrance with the finest ingredients give Pan Vilas an unmatched and lingering taste. Pan Vilas is manufactured at Guldhar, a state-of-the-art plant that employs world's most advanced,

Japanese food processing technologies. The brand stands for high quality and superior experience.

To our epicurean consumer who enjoy pan masala, it is a choice of high taste, that is why the Brand propagates and lives the positioning of Shauk Badi Cheez Hai.



CHEWING OF PAN MASALA IS HARMFUL TO HEALTH

## शौक बड़ी चीज़ है



Raag firmly established as a key player  
in the mid-premium Pan Masala category.



- Raag pan masala was developed for the quality conscious consumers in the mid premium pan masala segment. Since launch in Sept'15, the brand has seen rapid consumer acceptance, primarily on account of superior product and packaging.
- In a category which has been historically ATL driven along with celebrity endorsement, Raag re-defined the category codes of demand generation by launching innovative Limited Edition packaging series and a series of digital films (stop motion animation) – both based on Mughal Miniature illustration form to associate Raag with the erstwhile Indian regal society, where consumption of pan during leisure time was a common indulgence.
- The communication showcased witty conversations between three characters (Raja, Rani, Mantri), with product/brand attributes of Raag being integral to each such conversation. The films were promoted on Youtube ([www.youtube.com/raagpanmasala](http://www.youtube.com/raagpanmasala)) with over 5 million views.



स्वाद में हीरा

YouTube [www.youtube.com/raagpanmasala](http://www.youtube.com/raagpanmasala)

**Khatte  
Mein  
Kuch  
Mithas  
Hai**



**imli candy**

**PAN VILAS™**



Natural's imli candy is the first of its kind brand from GPI scale in the sugar confectionery category. It provides consumers with a best Quality real tamarind pulp having sweet and tangy taste bringing alive their childhood memories. The brand launched last year has been successfully capturing the Indian heart across all age-groups and is expected to bring more joy and delight among Indian consumers.

**The  
Funda  
Gang**

Funda Goli brand offers international quality with an Indian core. It provides consumers with a chewing experience that is not only fun to eat, but also caters to the varied Indian taste profiles. The brand is synonymous with fruity flavours that are meant to capture the Indian heart. From Tangy Orange to Raski Lychee, Kaccha Aam, Mast Guava and Green Apple, Funda Goli candies have delighted the Indian taste buds.

