



**JOYOUS**

Celebrating the 'us' that makes us



The page features a light gray background with several stylized human figures scattered across it. Each figure is composed of a colored upper body (red, green, orange, purple, blue, or yellow) and a gray lower body. Long, thin, light gray shadows extend from each figure, generally pointing towards the bottom-left or bottom-right. The figures are positioned around the central text, with some at the top, some in the middle, and some at the bottom. The word "JOYOUS" is prominently displayed in the center, with "JOY" in black and "OUS" in yellow.

# JOYOUS

As we sum up the year that was, and start planning the way forward, it must be acknowledged that the most inspiring aspect of the year has been the cohesive spirit of the organisation. While individuals, at different levels within the Company, stretched far to reach beyond their comfort zone, teamwork and incisive business strategy empowered and propelled them to a sure success. We salute our people, their passion for their work, and their absolute commitment to the betterment of each other and the organisation at large. It is this unified purpose of greater excellence, the spirit of #OneGPI that binds us all.

Today, we are cognizant of the 'US' that got us listed as one of the Best Companies to Work For. Today, we also humbly acknowledge the 'US' that reflects in the heartening numbers listed in the pages ahead.

As we embark upon the road ahead, we know that the support of our stakeholders and partners will always be an integral part of the 'US' that will carry us fearlessly forward. And together we will make the journey JOYOUS.

# NAVODAYA

The setting up of Project Navodaya has augured well for our Company. It has provided the perfect launch pad for the Company to grow on all attributes including revenue and profitability. The Company is progressing as desired on this growth path. All the strategic interventions, started last year, have yielded successful ways of working that are now being ramped up across the organisation.

The intensity of employee engagement practiced as 'OneGPI' in the Company, is now being recognised externally as well. Cross functional collaborative working among teams is now opening up opportunities that were not known so far. Various businesses and functions are energised to operate seamlessly and deliver the set outcomes. At the same time, both external and internal risks are being scanned to mitigate impact, if any.

This new beginning has set the context and path for moving forward. Navodaya has made the Company stronger than ever to chart its defined course in the future. This year's results are just the beginning.



# HUMAN RESOURCE

It is a joyous moment for us as Godfrey Phillips India has been chosen as one of India's Best Companies to Work For, notably in our first attempt at the Great Places to Work survey. The 37<sup>th</sup> ranking is a testament to the rich culture of the organisation that values respect, transparency, collaboration and empowerment. Godfrey Phillips is the second Company of Modi Enterprises that has been recognised as a Great Place to Work in and reflects the commitment of the Group.

A persistent focus on the people – our most important asset, has been our driving factor. Our collective sincere efforts and commitment towards living our values of collaboration, empowerment, transparency, respect and passion for winning, have garnered fruitful results. Our values have been instrumental in laying the foundation for a working culture wherein empowering individuals at all levels and pushing the boundaries to achieve increasingly challenging goals has become the norm. The Company remains committed to continually empower, upskill, create collaborative working relationships and offer freedom of thought to its people to ensure that there is a positive shift in the way the organisation embraces the winning culture.



We credit the practices established by our project 'Navodaya' for fostering our win as one of the Best Companies to Work For 2019

# DOMESTIC CIGARETTE BUSINESS

The domestic cigarettes business led the Company's growth, with significant growth in volumes and segment profit. Volumes grew at double the pace of the industry growth, despite the constant threat of tax-evaded illicit products. Following an effective and focused strategy, we consolidated and grew market share in our core markets, while simultaneously expanding into new geographies in the lucrative South Zone. Our flagship trademark Four Square performed strongly, demonstrating improved brand equity and pricing power in mid-price segment. This, coupled with a strong performance from Marlboro at the top end, has enabled our Company to grow our "share of wallet" of the trade and consumer. Finally, portfolio reorganisation in the value segment has been done, to have more options for downtrading consumers, in the wake of successive years of heavy tax increase. Our Company now has an effective lineup of brands in most of its markets, ready to capitalize on the major growth opportunities that are likely to emerge in the next few years. We continue to invest significantly into our strategic trademarks to build brand equity and drive market penetration. Innovation has been a mantra for our team. Innovative new product launches in the Four Square, Red and White and Stellar brands have resulted in sizeable successes and helped grow the shares of the trademarks as well as expand their geographic footprint. Today, new products launched in the last 3 years contribute to 15-20% of our volumes nationally, the figure being substantially higher in erstwhile weak geographies. A notable new launch last year was Four Square Clove Crush, a first of its kind innovation in India. There is a solid innovation pipeline in place. Under the organisational renewal project entitled Navodaya, the Company was able to align and motivate all levels of employees around a focused growth strategy, which is already showing results. We witnessed a surge of intra-company collaboration resulting in process improvements, customer experience transformation and productivity enhancements – resulting into margin improvement. The domestic cigarettes business is confident of delivering continued superior performance - with strong brands, deep distribution, superior quality and a great desire to succeed and grow shareholder value.

# INFORMATION & TECHNOLOGY

At Godfrey Phillips India, we have always been the pioneers in adopting technology and have been investing in state of the art infrastructure over the past five years. Our implementation of enterprise applications, automation and investment in upgrading IT infrastructure was a worthy decision as it ensured security, quality as well as great user experience for all stakeholders. We have also leveraged technology to enhance sales processes by implementing a new set of applications for our ground team backed on cloud infrastructure and enabled by mobile phones. We have also implemented a first of its kind cloud-based analytics automation which helps derive actionable insights to drive data based decision making. A high degree of work is also being done to make the process robust with addition of new age computing solutions and use of AI. Implementation of robotics on some of our processes and experiments with IoT have garnered fruitful results.



# LEAF DIVISION

Leaf was awarded as **"Smart Exporter Tobacco"** by Smart Logistics for the year 2018. Our Company is the first to introduce Community Tray Seedlings Technology in Vinukonda Burley growing area. The focus lies in improving the quality of seedlings and enabling the farmers to produce tray seedlings to facilitate lower mortality, better establishment, uniform crop growth that results in yield increase and quality improvement. We also moved to a state of the art processing facility to pack tobacco and meet customer product quality and compliance.

# INTERNATIONAL BUSINESS DIVISION

In line with Navodaya and the organisation's focus on profitability, IBD surpassed its target of operating profit and sales revenue. Cigarette exports hit the highest ever figure in terms of value in the Financial Year 2018-19. Jaisalmer continued to be the flagship brand, the capsule variant met the growing demands of innovative products while Ultima, Originals and Business King remained consistent and we continue to focus on our own brands to bolster profit realisation for the exports division. It is a matter of great pride that our own brand share has reached almost 60% of total exports.

# ELECTRONIC VAPING DEVICES



Vaping is a global phenomenon now and offers an alternative to mainstream adult smokers. Our dedicated team of internal experts has developed significant products and a comprehensive brand portfolio of Electronic Vaping Device Solutions. The product range of brands namely VERGE ORA, ATOM, CAMO and XL offer unique flavours, convenience, cutting edge technology for both Indian and International markets. VERGE is available at premium retail and HORECA and has created newer channels of access with its current products and provides unique experiences for the urban affluent consumer.



# OPERATIONS

The Operations team comprising of Factory, R&D and Supply Chain are frontrunners in integration through collaboration. With our commitment to quality, processes, and optimisation as the guiding force, the Operations team this year has surpassed in various fields. The R&D now boasts of international standards with analytical testing that are far ahead in the game in domestic market. The manufacturing units can boast of innovative solutions that have led to huge cost optimisation for the Company. Our investments in technology are helping us not only achieve a competitive edge but also reach new levels of efficiency. We are also proud to share that our cigarette manufacturing plant is ISO 50001, ISO 9001, ISO 14001 and OSHAS 18001 certified. Our chewing plant is ISO 22000 certified. In addition to ISO 22K, our Ghaziabad Chewing Plant has also been certified on Environment Management System ISO 14001:2015 by TUV SUD South Asia Private Limited in Mar'2019.

The hard work and critical thinking of the teams have not only added value to the Company but has resulted in many recognitions and accolades.





# CORPORATE SOCIAL RESPONSIBILITY

It is a well-known fact that the tobacco industry is a highly regulated and restricted one. With various legislations and initiatives for tobacco control, one of the majorly impacted stakeholders are the marginalised farmers and workers who are associated with the industry. Our strategic CSR programme created with focus on sustainable development and livelihood for communities linked to tobacco industry, is centered on the Burley Tobacco Farmers' community in Vinukonda, and the Tobacco Leaf Graders community in Ongole, Andhra Pradesh. Along with initiatives to improve their earning capacity, working and living conditions, providing safe drinking water, awareness and access to sanitation, health and hygiene, child education and elimination of child labour, the programme also includes collectivization of farmers into Farmers Development Societies, providing revolving fund support, access to credit, water and soil conservation, exposure to good agricultural practices and systems and protocols for the institutional development of the farmers' collective as cooperatives. It is our honour that the programme with over 2,00,000 direct and indirect beneficiaries has been **formally recognised by the office of Maddiapadu Mandal and the District Magistrate, Andhra Pradesh Govt.** The program has also received awards and accolades like the **Greentech Foundation CSR Gold Award 2019, CSR Leadership Award 2019** and **8th Asia's Best CSR Practices Award 2018.**



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