

Moderator Link Intime:

Good afternoon to all the panel members and shareholders. A warm welcome for the 87th Annual General Meeting of Godfrey Philips India Limited. I now hand over the proceedings to the Company Secretary, over to you Sir.

Company Secretary:

Very Good afternoon, I am Sanjay Gupta, Company Secretary of Godfrey Phillips India Limited, very warm welcome to the Chairperson, the esteemed Board members, the Auditors, all the shareholders and my dear colleagues who have joined us today at the 87th Annual General Meeting of Godfrey Phillips India Ltd. through video conferencing. The Ministry of Corporate Affairs had vide its various circulars permitted the holding of Annual General Meeting through VC and other audio-visual means without the physical presence of the members at a common venue. In compliance with the provisions of the Companies Act, 2013, the Listing Regulations and MCA circulars issued from time to time, the AGM of the Company is being held through VC. The deemed venue of the AGM shall be the registered office of the Company.

Before commencing our official proceedings, I would like to inform the attendees that:

1. all members who have joined this meeting are by default placed on mute mode to avoid any disturbance from background and to ensure smooth conduct of the meeting.
2. the Company had provided a designated email ID inviting shareholders to register themselves as speakers at the AGM or post their queries, if any.

Upon commencement of the question & answer session, we will announce one-by-one the name of the speaker shareholders, according to the serial number allotted to them. The speaker shareholder present will thereafter be muted by the moderator and those who could not register themselves as speakers or could not send queries in time are free to get in touch with the Company through email ID for resolution of their queries in due course of time. If such speaker shareholder is unable to join through video, for any reason, then such member can join through audio mode. The shareholders are advised to use headphones for clear audio and switch off other background applications. If there is any connectivity issue from the speaker shareholder's end, we'll request the next speaker shareholder to join the meeting and the previous speaker can join later. We would request the speaker stakeholder to kindly limit their speech to 3 min.

In case any shareholder who have not cast their vote through remote e-voting and are present at the AGM through VC, they shall be eligible to vote through e-voting at the AGM. The window for e-voting shall remain open for such shareholder. I now request our respected Chairperson Dr. Bina Modi, to kindly take over the procedures.

Chairperson:

I welcome the shareholders at the 87th Annual General Meeting of the Company. As the quorum is present, I declare the meeting to order. Thank you.

Company Secretary:

I will now introduce the panellist in this meeting. Dr. Lalit Bhasin, who is sitting on my right, is an independent director and Chairman of the Audit Committee and various other Committees. Sitting on the right of Chairperson are Ms. Charu Modi, Additional Director; Mr. Sharad Aggarwal, Whole-time Director, Chairman of ESG Committee and member of the Risk Management Committee; Ms. Nirmala Bagri, Independent Director, member of the NRC, CSR

Committee and Audit Committee; Mr. Sunil Agarwal, Chief Financial Officer and Mr. Vishal Dhariwal, Senior Vice-President - Finance. Then from this side, on the left of me is Mr. Punit Kumar Chellaramani, Deputy General Manager – Secretarial; Mr. Suman Bhardwaj, Independent Director and a member of the NRC; Mr. Lakshminarayanan, Independent Director and member of ESG committee and NRC and Mr. Rajeev Kapoor, Senior Vice-President-Finance.

Then, attending through VC are Mr. Atul Kumar Gupta, Independent Director and member of various committees, Mr. Samir Modi, Executive Director, Mr. Rupesh Agarwal, representative of Secretarial Auditors and Mr. Naman Agarwal, representative of Statutory Auditors.

Now, I request the meeting to take the notice convening the meeting, Directors' Report and audited financial statements as read.

I also request the meeting to take the statutory auditors' report, the secretarial auditors' report as read, since there are no qualifications or adverse remarks, and the reports are forming part of the Annual Report sent to the Shareholders. The statutory registers and other inspection documents are open and accessible for electronic inspection during the meeting to any person entitled to attend the meeting. Now I hand over to the Chairperson.

Chairperson:

Good afternoon, everybody! Before I start, I want to pay tribute to my late husband K.K. Modi who steered this company for 40 years and to whom I was married for 58 years. And want to say that I miss him very much every day in my life, more so, on days like today.

I extend a warm welcome to all our valued shareholders, esteemed members of the Board, the management team and our associates present here to attend the 87th AGM of the Company.

I feel privileged to be speaking to you at this AGM once again and I'm deeply grateful to you for your continued support and confidence bestowed on us year after year. I would like to quote from Robert Browning, "The woods are lovely dark and deep, but I have promises to keep. And miles to go before I sleep and miles to go before, I sleep".

In the context of India and the world, there are three inter-connected developments now happening simultaneously.

One, the world is today faced with critical geopolitical conflicts on multiple fronts in different geographies, climate issues, inflationary pressures, and food security concerns. Second, on the other hand, there are unprecedented new opportunities in the form of technological advancements in the use of digital platforms and Artificial Intelligence which shall transform manufacturing and marketing and redefine the future.

Third, in this backdrop, India is emerging as a beacon of growth, as the world's fastest growing major economy with 7%+ GDP growth rate being clocked consistently year after year. Experts predict that India is well poised to be a global powerhouse in the near future. There is no doubt that the country's leadership is taking economic transformation seriously in its objective of becoming the world's third largest economy in the next few years. No wonder the world today sees India with respect. In light of the above context, your Company is growing at a rapid speed and is contributing to the India's overall success story.

Despite global challenges and subdued domestic consumption, your Company has delivered strong financial performance with gross sales value (including duties and taxes) reaching

Rs. 11,271 crores, a growth of 19.8 per cent year on year and consolidated net profit after tax touching the figure of Rs. 884 crores for the financial year 2023-24. The tobacco segment continued to be the pillar of our revenue contributing 95 per cent of our gross sales value of which our international operations contributed Rs. 1,343 crores. The cigarette business witnessed a year of sustained growth trajectory particularly with focus on premiumisation and innovation along with tax stability lending a helping hand in gaining some volumes from illicit trade. I am pleased to say that the momentum is continuing in the current year as well. The share price of your Company is at all-time high.

This focus on our core business is in consonance with the theory of core competency propagated by the late global management guru Professor C.K. Prahalad. This strategy has also led us to the closure of our retail business 24Seven. At times we need to bite the bullet in the long-term interest of the Company and shareholders.

Therefore, the medium-term growth story remains strong despite some near-term headwinds. The future is very promising as the company is venturing into virgin markets for its cigarettes business and is focused on expanding footprint of its unmanufactured tobacco exports. The Company is also exploring opportunities to monetise some of its valuable assets in the near future to further enhance its shareholders' value.

I am also proud to announce that Godfrey Phillips India has been recognized as "A Great Place to Work" for the sixth consecutive year, a remarkable achievement by any standards. The Company's People-First philosophy remains the core of its values.

This year, we have also made substantial progress in our Environmental, Social and Governance (ESG) initiatives, alongside our Corporate Social Responsibility (CSR) commitments. Our sustainability strategy has led to a four-fold increase in the Dow Jones Sustainability Index score, reflecting our dedication to integrating ESG into our core operations. We are committed to responsible care, and this is going to be the focus of the entire Company. We continue to prioritize the well-being of the marginalized farming community engaged in tobacco cultivation. Our community development programmes have expanded to 170+ villages, addressing critical issues such as access to safe drinking water, sanitation, education, and social protection.

I would like to make a few announcements today.

Going forward we are determined to strongly adhere to DEI- Diversity, Equity and Inclusion in our governance model.

We want to reward our shareholders for the patience and confidence shown in our management.

Considering the superior performance, the Board of Directors were pleased to recommend a dividend of Rs. 56 per share, as compared to Rs. 44 per share paid for the last financial year which was higher by 28%. The Board is cognisant of the shareholders' constant request on increasing the dividend payout. Given our performance and overall profitability, as a Chairperson and Managing Director of the Company, I am committed to recommend to the Board significantly higher payout for our shareholders in times to come.

I would also like to share some good news with you today, at 2 pm today, the Company has sent a notice to the Stock Exchanges that the Board of Directors will meet on 20 September 2024 to consider issuing Bonus shares in the ratio of 2:1 i.e. 2 equity share for every 1 equity shares held. As per the vision of late KK Modi, we stand committed that the Company shall be run professionally and efficiently to unlock the value for shareholders.

We believe in “Horses for courses” approach. We shall continue to revamp all our Board level committees such as NRC, Audit, CSR with forward-looking and constructive people.

We shall take advantage of every bit of experience and knowledge of our partners Phillip Morris International (PMI) and shall also plan to induct new members on the Board including PMI nominees in order to deliver on our commitment to the shareholders and to make the Company more global and professional.

At the same time, we shall continue to enhance our recruitment and selection process for the Independent Directors and further increase their representation on the Board in due course with support and involvement of PMI.

I would like to express my sincere gratitude to our employees and senior management team for their hard work, commitment and determination in achieving strong financial results, and the Board of Directors for their valuable guidance and unwavering support to the operating management.

I would also like to extend my gratitude to the customers, channel partners, farming community, bankers, other stakeholders, and government authorities for their continued confidence in the Company. Last but not the least, I would like to thank you my dear shareholders for your continued trust, support and confidence, this drives us to strive for excellence and growth. It is my assurance and promise to drive Shareholder value and this shall be our motto in coming years.

Company Secretary:

Thank you, Ma'am! As per the provisions of Section 108 and other applicable provisions, of the Companies Act, 2013 read with the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has provided its Members, the facility to exercise their vote through electronic means i.e. ‘remote e-voting’ on resolutions proposed to be passed at this Annual General Meeting. The e-voting period prior to the Annual General Meeting ended on 5th September, 2024 at 5.00 p.m. Since it is obligatory to provide similar voting rights to the members present at the meeting, to vote in proportion to the shares held by them, the e-voting window for those shareholders who could not cast their votes previously is already enabled.

Mr. V. Ramachandran, Proprietor, V. R. Associates, Company Secretaries, has been appointed as the Scrutinizer to scrutinize the e-voting process.

First item of the agenda, Item No. 1 - Ordinary resolution for (a) adoption of Audited Standalone Financial Statements of the Company for the financial year ended 31st March, 2024, the reports of the Board of Directors and Auditors thereon; and (b) adoption of Audited Consolidated Financial Statements of the Company for the financial year ended 31st March, 2024 and the report of Auditors thereon.

Shareholders who are registered as speakers shall speak or raise their questions within the timelines of 3 minutes for each speaker, in order of the serial number allotted to them, when the respective serial number is called out by the moderator.

Moderator, please take over.

Moderator Link Intime:

Thank you, Sir. Our 1st speaker for the day is Mr. Anil Babulal Mehta. Since he is not available, we'll go for the 2nd speaker, Mr. Digant Z. Haria. Sir, you are on the panel, now you may speak.

Digant Z. Haria:

Thank you for giving this opportunity. I have only two main questions to talk about. First is that we are the fastest growing cigarette Company in India and probably in the world now, but our dividend payout ratios are probably at the lowest. We are sitting on huge cash as our businesses are generating good amount of cash now, so why are we still at 33 % dividend payout? I understand we have improved from 20 % to 33 %, but can we see anything from the Chairperson in the form of commitment to increase this ratio because tobacco and cigarette based companies are giving more than 50-60 % payouts. So, that's question number one and question number two is that we have decided to spin off or sell the 24x7 because it has been loss making for a substantial amount of time. And from ITC's experience also we can learn that getting into all other businesses, the return on capital is low and it takes a very long time for success. I hope that in future we don't enter into ventures which are loss making and capital intensive and which is why I asked the 1st question that what do we do about the excess cash and why not commit a higher dividend payout? And lastly, because of the family feud going on, we saw so many online and offline posts. Does it affect the professional management in any way and what steps are we taking to ensure that they really remain unaffected from this and the overall shareholder value gets created by the ones running the Company. So how do we protect them? How do we incentivize them? And how do we truly build that independent board which Bina ma'am just talked about? So that's it from my side, these three questions. Thank you so much.

Moderator Link Intime:

Our 3rd speaker for the event is Mr. Mustafa. Sir, you are on the panel, now you may speak.

Mustafa:

Good afternoon and thank you for this opportunity. Ma'am, I would second what Mr. Digant just said some time ago. While most of the growth is happening in our associate IPM, the emoluments paid to the promoters has skyrocketed, I meant that remuneration to our chairperson has doubled in the last year and despite this we have seen that the payout to shareholders has gone down from 37% last year to 33% this year. So, I mean we also heard an announcement today that some bonus issue has been issued. Ma'am bonus is nearly a capitalization of reserves. As a shareholder with some shares in the Company, we would much rather prefer a dividend payout rather than a bonus which actually does nothing fundamentally to alter the situation of a minority shareholder. Another thing is ma'am that we also export manufactured cigarettes, where the realization per stick is barely half a rupee. So, going forward, do we plan to re-negotiate the terms of this particular arrangement and can we expect higher realizations from there, and lastly Ma'am, I would hope that the family can come to a certain understanding amongst themselves, as washing a dirty linen in the public only affects the Company and minority shareholders in an adverse manner. That's all. Thank you very much.

Moderator Link Intime:

Our 4th speaker for the event is Mr. Yusuf Rangwala. Sir, you are on the panel, now you may speak.

Yusuf Rangwala:

Good afternoon! I hope you all can hear me. I would thank Mr. Sanjay Gupta, Company Secretary for his services and for sending me the Annual Report of the Company in time. We are leaders in the cigarette business and our competition is with ITC. Also, please allow us visit to the factory, as its due from last four years. We last visited before COVID. I thank you for the handsome dividend.

He signed off by quoting some Hindi shayri.

Moderator Link Intime:

Our 5th speaker for the event is Mr. Rohinton. Mr. Rohinton is not available in the speaker panel right now, so we'll move to the 6th speaker, HS Patel. You are on the panel, you may now speak.

HS PATEL:

Respected Chairperson, CFO - Mr. Sunil Agarwal, CS - Mr. Sanjay Gupta, and all the eminent Directors on the Board. This is the 87th AGM and I have got a chance to speak. Today the share price of the Company is quoted at around / roughly around Rs. 6,393 per share. It has come down to Rs. 6,377. You are giving us a dividend of Rs. 56, which is a very good dividend. And Madam you have announced a bonus of 2:1. Thank you for this. God bless you. But bonus is not dividend. Dividend is but it needs to increase. For the shareholders, the share price to be increased more and that is more valuable to me, at least. Anyway, everything is good. It is very surprising to me that our Dr. Lalit Bhasin who is the only Director who is holding 2,000 shares. If I am in the wrong, please do correct me, I find that no other directors are holding any shares in the Company. If directors hold shares, they become responsible for the working of the Company. That's what I feel. So, your 1st Quarter results are out. In the domestic cigarette, it has 14 % market share and market cap was around Rs. 33,240 crores. Besides your other brands of cigarettes and tobacco, you also hold Marlboro light under the license of Philip Morris. So, this is a very good brand and good product specially Marlboro light, it's a very good product. I'm not a smoker, please don't presume that, but I do understand from the other members that it's a very good product, very nice product licensed under Philips Morris. Your other brands Red and White or Four Square are also good ones.

In comparison with last year, the balance was up for investments; Revenue / income / Net profit are high, and EPS has also had gone up from Rs. 132 to Rs. 169. Sir, I am little bit surprised that cash balance and bank balance both are down, yet you are giving us a dividend of Rs. 56 and a bonus, which is very surprising to me. Besides cigarettes, you have also mentioned other real estate activities as another business. I would like to know, besides cigarettes, is Godfrey Phillips making snuff. I'm very much interested in that, please do let me know.

I further congratulate the Company and all its employees for the various awards that the Company has won especially the Rabale Factory. I congratulate the workers for the hard work that you have put for getting this award. Regarding foreign exchange, it's really good to note and it's really surprising because all other companies, mostly all other companies when I compare their earnings are less and their outgoing is more, but here you have your earnings more than outgoing.

Thank you, Company, thank you for the workers and the board of directors.

I have noticed that the revenue expenditure has gone up than the capital expenditure for R& D. Please explain. Also, regarding the payment to the shareholders, it should go up. Please do give

us a factory visit. Thank you, Board of Directors and all the employees, all the very best to you. Thank you very much. Good luck to you.

Moderator Link Intime:

Our next speaker, 7th and 8th speakers are not available in the panel. Ms. Celestine and Mr. Dinesh Gopaldas Bhatia, they both are not available in the panel. So, we'll move to our 9th speaker Mr. Badri Vishal Bajaj. Sir, you are on the panel, you may speak now.

Badrivishal Bajaj:

I appreciate your concern for the Company, for the staff, for the shareholders. Your market cap is doubled to almost Rs. 33,000 crore and just now, there has been an announcement about bonus proposal as well, which I appreciate. Revenue for FY 24 compared to FY23, has been high and margins also have crossed Rs. 900 crores, with earnings per share at Rs. 170. Reserves are more than 4000 crore.

So, everything is well with the Company. VST, being a peer company with smaller base, has proposed higher bonus share of 10:1. Please explain. Further, there is something which I would like to know from you. As I understand that VST's management including Director, MD, even COO is the ex-staff of Godfrey Phillips. It looks like you are going to acquire VST as your subsidiary in the future. Further, VST has flat ratio compared to your jumping financial year by year.

Now, my next question is about the online open network digital commerce i.e. ONDC. I have searched its annual report but could not see anything. Are you anyways involved in using ONDC, as it is provided by Central Government and is involved in the marketing and the distribution more for the rural area as compared to direct marketing.

Regarding ESG in the Chairperson's speech, I appreciate the steps taken on ESG. Keep it up Madam. Thank you, good day.

Moderator Link Intime: Thank You Sir. Our next speaker for the event is Mr. Satish Shah.

Satish Shah:

My name is Satish Shah from Mumbai. We have got good dividend. I want to know about the Dividend Policy. I am happy about the bonus shares announcement.

Thank You.

Moderator Link Intime: Our next speaker for the day is Ms. Pratiksha Doshi.

Moderator Link Intime: I think some technical issue is there from her end. We'll move to our next speaker, Mr. Satish Chandra Shantilal Doshi. Currently he's also not present in the panel sir. We'll move to our next speaker Mr. Ajit Sanjay Darda. Sir, you are on a panel, you may speak now.

Ajit Darda:

Hello. Hi, good afternoon. So, my questions have already been answered. Thanks for the opportunity.

Moderator Link Intime: We'll move to our next speaker, Ms. Anushri Shanti Prakash Gandhi. Ma'am, you are on a panel, you may speak now.

Anushree Gandhi:

I just have a quick few question. So, one is if you could provide the attrition rate of our employees at Godfrey Phillips India. Another question is, if you could provide brand sales volumes and value in comarison to last year, and also if it would be possible to provide brand wise gross margins or EBIT or any idea about the profitability per stick across different brands and sizes.

And lastly, Godfrey's own brands sales volumes have decreased over the last year. So, how much of that is due to Marlboro cannibalization and what is the strategy going forward to grow Godfrey's own sales volumes and protect our market share. And also, how much is the overlapping between Marlboro and Godfrey brands portfolios.

Moderator Link Intime: Our next speaker, Mr. Hardik Jain. Currently he is not available, so we'll move to our next speaker, Mr. Prolin Nandu. Sir, you are in a panel, you may speak now.

Prolin Bharat Nandu:

So, thank you for giving me this opportunity. And Sanjay Ji, thanks a lot for answering most of my questions. Bina Ji, just to take forward from what you commented in the speech about creation of shareholders' value. So, some of the suggestion that I'm making are in that wake only, and this has been already made by previous speakers. But let me summarize. One is that on dividend, I mean, there is a cash available in the books which can be given out as one time dividend. The dividend payout on a regular basis can also be increased and this can create a lot more shareholders' value than Bonus Shares. Secondly, you know, you also mentioned that you want to improve the quality of the Board, so Ma'am, can you help us and share us about the steps that you are going to take to do the same. That's my 2nd question.

Thirdly, Ma'am, again, since there is a lot of noise around the family feud and there are different opinions that the family member has, as to how the Company should run, but everybody's united in terms of the shareholding. So, our suggestion would be to probably resolve this matter and also until the matter is resolved, how much of this has an impact or bearing on the business of the Company is something which we want to get clarity on. So yeah, that those are the three suggestions or questions that I have. Thank you so much.

Moderator Link Intime: Our next speaker is Mr. Ravi Naradi. Sir, you are in a panel, you may speak now.

Ravi Naredi:

Hello! Respected chairperson, ED and honourable Board of Directors, employees of Company and fellow shareholders. Sir, I am the shareholder of this company since last ten years and attended few physical meetings in Mumbai also. In today's context, no one is talking to reinvest in Company and grow the Company. Everyone is asking to give more dividend, more bonus and give extra.

Also, why is there the family dispute. Please tell the reason. Thank you very much for my question.

Moderator Link Intime: Our next speaker is Mr. Gautam K. Tiwari. Sir, you are on the panel, you may speak now.

Gautam K. Tiwari:

Very special good afternoon to our honourable chairperson MD, Dr. Bina Modi, our CFO Mr. Sunil Agarwal, Ms. Charu Modi, Mr. Samir Modi, all Modi family, Sanjay Gupta Ji - our very popular and energetic Company Secretary; very much efficient and good team; and my fellow shareholders. I'm participating at this AGM from Mumbai.

I have received the annual report. Our balance sheet is very strong and healthy and very much robust. And ₹56 dividend is really welcome. During such challenging times the company has done a very good job and rewarded the shareholders each and every time. We are very happy and proud shareholders of this Company since inception. And dividend year on year is increasing. Year before last it was at Rs. 28, then last year it was Rs. 44 and this year is Rs. 56.

We are very happy with the way the Company is performing. I really request you to please get over with the family dispute amongst yourself only, which will keep all the shareholders very happy. I congratulate the management for many various awards and accolades. And for excellent CSR activities I congratulate each member of the CSR team. One thing I must mention that the investor care and investor service by the Company is excellent. It is really headed by Sanjay Kumar Gupta Ji and his team. It's, very, very appreciable. It certainly stands amongst the top ten at national level. All our problems, issues are solved instantly and politely and satisfactory for which we are thankful.

Madam, I support of course all appointments and reappointments of all directors and strongly support all resolutions. You have announced 2:1 bonus which has made me happy. I further request for the factory visit. We have got total trust, confidence and faith in the management, that is why our lifetime support is always there with you and two three things only I would like to know. How much amount of unclaimed dividend and how many shares we are transferred to IEPF. Secondly, how many stores do we have now, of our own and how many are on rental or lease basis. And then what is our market share as of now and who are our main competitors besides ITC. How much is the capacity utilization of four-five plants that we have got on individual and consolidated levels. And one very important thing is that which is our most popular brand amongst Marlboro and Four Square and others. Also, which brand of ours, contribute more than or at least equal to 50 % of our sales volume and profitability. And the rest is very good. How much income our company generates in organic and inorganic sectors and amongst in domestic and international business. How much is our attrition level at top level attrition of employees at top level.

Best compliments. With this, I take your leave and thank you very much for patient listening and I'm very happy with the Company. Thank you very much, Madam. Thank you.

He signed off by quoting a Hindi shayri.

Moderator Link Intime: Our next speaker, Ms. Celestine Elizabeth Mascarenhas has joined, Ma'am, you're in a panel, you may speak.

Celestine Elizabeth Mascarenhas:

Respected chairperson and MD, Dr. Bina Modi, Mr. Samir Kumar Modi, other members of the Board. I am Celestine Elizabeth Mascarenhas, speaking from Mumbai. I am a very old shareholder, I used to attend the meetings when it was physical before the COVID.

Here I, thank the Company Secretary, Mr. Sanjay Kumar Gupta and his team for sending me Annual Report and also registering me as a speaker and giving me this platform. The annual report is very good and well drafted and a very good dividend of Rs. 56 per share has been declared. I am happy with it, and also to add is the declaring of 2:1 bonus issue, is a real great heart. See, I would ask, to consider buyback and that too before 30th Sep. though I don't know whether you can do it, because the bonus is announced. So before 30th if you do the buyback, we will get it tax free. Otherwise, afterwards it will go for 20 % or maybe 15% in person accordingly.

Now I come to the congratulations part for all the awards and applause gained during the year and also good CSR work. Thank you very much. Now I come to my queries. Our tobacco exports are good, here I would like to know how much the margins are. What is our market share in the world, and do we get our payments in dollar which will definitely be good for us because I find dollar is the strongest currency.

2nd question is how many total employees we have, average age male female ratio. 3rd question is that we have three plants, what is the average utilization of these plants. And I would like you to visit, to arrange a visit to our Rabale plant. Now we have land at Adheri, which now it is left like that, I would like to know the status of that place.

Last but not the least, what is the future roadmap for the next five years, any CAPEX requirements for organic. Whether there is any inorganic growth by acquisition and which vertical will give us the good margins. I would also like to know what happened to our Pan Masala brand which was there earlier. With this, I support all the resolutions, I wish my Company all the best. I specially wish you all the best team.

Moderator Link Intime: With this we have completed our speaker session. Over to you sir.

Company Secretary:

Mr. Sunil Agarwal, Chief Financial Officer, you may respond to the queries raised by the speaker shareholders.

Chief Financial Officer:

So, I will attempt to answer the queries raised by shareholders one by one.

The first shareholder was Digant Haria, He had three questions why dividend payout ratio is low. Of course, you know, the Chairperson in her initial address has mentioned very categorically that she intends to take it to the Board for higher payout in times to come. So, I think that should be reassuring to you. Mr. Haria. 24x7 was discontinued very recently, and your question that whether we would want to enter into loss making ventures in times to come, of course not, we will continue to build on our core competency and wherever we go for expansion only with clear understanding of the profitable growth, and so far as whether the family feud affects the operating management of the Company, I would like to draw your attention to the recent interview, our CEO Mr. Sharad Aggarwal had with the journalist of Economic Times and he very categorically said that the operating management is unaffected by the family dispute because there are

professionals who are taking care of the management of the Company and they will continue to do their job dutifully.

Next Shareholder was Mr. Mustafa Khedwala; he also raised the issue of bonus versus dividend payout. On dividend payout, I have already mentioned earlier and would like to draw your attention to what Dr Modi said in course of her opening remarks. So, it should be improving in times to come. Exports of cigarette: on your question can we get better realization, I would say that generally the brands that we export are private labels and therefore, the margins are low. We are trying to improve the realization by making some value addition to the exports that we are making.

So, in times to come, we hope to improve the value realization but there is a limit to value realization on private labels.

Mr. Yusuf Rangwala, thank you very much for your compliments to the Secretarial function and our Registrars, Link Intime. ITC is the big daddy of cigarette business, you know, they have almost 77% market share, but we are also improving our condition in the competitive arena year on year basis. We have taken note of your suggestion Mr. Rangwala, about shareholders meet at the factory which we discontinued of course at the time of COVID. We will look at the feasibility of restarting this trend. Thank you for your compliments, we shall continue to work towards better results.

Ms. H.S Patel, I would like to correct you here, that the share price has already touched Rs. 7250. Yes, the suggestion of increase in dividend has been taken note of. Your question that Dr. Lalit Basin only holds 2,000 shares and no other Directors. Ma'am, there is no correlation between holding of shares and the responsibility that the independent directors and other directors undertake in taking the Company forward, irrespective of their holding the shares, they are doing their job very dutifully and in the best of the Shareholders' interest. Yes, we have taken note of your suggestion on Factory visit. We thank you for your compliments on the June quarter results. Marlboro is an iconic brand, and we are piggybacking on that to improve the performance of our own brands. Although our own brands are also doing good, both Four Square and Red and White. Thank you for your encouraging words about improvement in the turnover, profit after tax and EPS. On question that we don't have cash balance or cash balance has gone down, but we are paying the dividend. No, don't worry about the cash balance, we have a lot of money in the investments and, you know, there is enough liquidity to take care of any requirement in terms of cash. Are we making snuff? No, we are not at the moment, but we have taken note of your suggestion and we will look at the feasibility. Foreign exchange earnings are more than expenses; Yes, the earnings are more and that is a good sign and we hope to continue with that. There is an increase in CAPEX on R&D because we are trying to work on new products and new brands and in that sense, the CAPEX on R & D is very well justified.

Mr. Badri Bajaj, thank you for compliments that our market cap has doubled in last one year. You made a very interesting observation about VST that they have given 10:1 and we are giving 2:1. You know, if my memory serves me right, VST has never ever given bonus before, but we had, in the 90s and that too twice, so that is one comparison. Secondly that our Mr. Aditya Gooptu has gone and joined VST, proves the point that we are a factory of making good professionals, and our professionals are picked up by our competitors also. Your question are we likely to acquire a VST, let us see, God willing-yes. On ONDC - perhaps ONDC is not available to us for the reasons that we are a very regulated industry and our reach to consumer is very, very limited and it's not permitted as any other FMCG. Thank you very much for your compliments to our efforts on the ESG initiatives that we have undertaken, and we promise you that we will improve our rating of ESG in times to come.

Mr. Satish Sah wanted to know about our dividend policy, Mr. Shah, it is mentioned on page 27 of the annual report. Mr. Shah, thank you very much for your compliments on the issue of bonus that our Chairperson mentioned, and this will go as a part of total process and hopefully the record date for the bonus share will be announced very soon.

Ms. Anushree Gandhi wanted to know about attrition rate of our employees. Presently, it is about 8 %. She wanted to also understand the cannibalization of Marlboro, whether it is cannibalizing on GPI brands, of course, you know, we try to control as much as possible in terms of not letting the Marlboro or any other brand for that matter of competition, cannibalize on our volumes, but it is open market forces which play out. But Marlboro is also our brand, we not only manufacture, we also distribute it. So, even if Marlboro is growing, that is also a good sign for the shareholders because we earn enough from that as well. Is there any overlap? Yes, there are overlaps in the regular size cigarette category because you know we have our own brands mainly in that category and Marlboro is also now in regular size filter. In terms of profitability per stick, normally that is not the metric, which is used, but as you will see that, overall profitability of Company is growing year on year, which many shareholders have alluded to and hopefully we will improve the profitability in times to come as well. If you are really interested I will give you the data on the sales volume; at least, I can give you the information on some of our core brands. GPI Four Square's, in the year, 23-24, volume was 6,741 million as against 7,109 million last year; Red and white it was 655 million as against 747 million last year, Cavender 1,189 million as against 1,214 million last year, Stellar was 838 million as against 580 million last year, North Pole, 135 as against 158 last year and other brands put together were 212 million as against 188 million last year. But the icing on cake is the Marlboro which was at 5,768 million in 23-24 as against 3,958 million last year. And Marlboro volume is also counted by us as our volume. I think I have answered all your questions.

Mr. Prolin Nandu, who actually had many questions, and our colleagues had a one-to-one conversation with him and answered many of his questions in the call. Your suggestions to improve the shareholder value Mr. Nandu, in terms of dividend one time or recurring increase in dividend payout is very well taken note of. Our chairperson has already alluded to some of the measures that are in pipeline in terms of improving the quality of the Board - you will see, some of these things happening in times to come. And again, I would like to repeat that company operations are completely insulated from the family feud.

Mr. Ravi Naredi, thank you for holding the shareholding of this Company for last ten years. You made one comment that everybody is saying that give more dividend and more bonus, but nobody's talking about how to grow; while shareholders may not be talking but operating management of the Company is very much cognizant of this fact that we have to grow, and we have to grow in terms of business, in terms of shareholder value. So, it goes irrespective that we will continue our efforts to grow.

Mr. Gautam Tiwari had a lot of questions and he ended with a shayri. So, thank you very much Mr. Tiwari for your compliments on strong balance sheet, Dividend payout being higher, our CSR initiatives. Thank you for complementing our investor services, so meticulously taken care of by Company Secretary - Mr. Sanjay Kumar Gupta and his team. On the question of the unclaimed dividend and unclaimed shares which have gone to IEPF. I would like to give the data – 4,74,324 equity shares were transferred to IEPF ever since this requirement came into being, then out of this 7,620 Shares have been claimed back by the shareholders which were duly facilitated by us for taking them back. Mr. Tiwari wanted to know about attrition at top level, our attrition at top level is slightly lower than the general level attrition, it is only at about 5 to 6 %. On what is our market share; as of now it is 16.9%, Our competitors are mainly ITC and VST but we have left behind VST by quite a distance now. Our capacity utilization in cigarette plants is about 55 to 60

% of packing machine. Which of our brand is the most selling brand, undoubtedly of Godfrey Phillips Brand, it is Four Square.

Our last speaker was Ms. Celestine Mascarenhas, we do recognize Madam that you are a very old shareholder. We have met personally also when we were holding the meeting physically and thank you for your compliments to the Secretarial function.

We make a good margin in all of our brands, our market share is 16.9% as of now, we do get, foreign exchange in US dollars on our exports. Our total number of employees is 969 of GPI and 147 of our subsidiary company International Tobacco. Our capacity utilization as I mentioned earlier is about 55 to 60 % of our packing machines. So, we have taken note of your suggestion to visit the Rabale plant, we hope to restart that activity soon. On future roadmap, you know, in this limited time, I won't be able to dwell on what future roadmap is but you will keep getting to know about this through various means of communication. On land at Andheri; at an appropriate time it will be taken up for redevelopment or whatever future use we think of. On CAPEX; presently our requirement is only about 150 crores in the financial year 24-25, and you wanted to know about Panmasala; we exited from this business in last financial year because it was not in good shape and that is why we decided to exit it and concentrate on the core competency of the Company, which is the cigarette business.

Lastly, I would like to take up Questions that Mr. Satish Chandra Doshi had raised through email, and unfortunately, we could not connect because of some issues in the connectivity. So, I will take up one by one the questions that he had raised in email.

Question 1 & 2-Could you please give us some breakup of brand wise. I have already spoken about that breakup to the question to one of the other shareholders.

Question 3- what is Godfrey Phillip's own brand and Marlboro Brand mark market share. So, our own brand market share as of now is 9.8% and Marlboro market share as of now is 7.1%, so in aggregate it is 16.9%.

Question 5-How much of market share gain Marlboro has made at the cost of GPI brands. Of course, we have grown in our own brand market share also in last financial year, so obviously it cannot be that Marlboro has grown at the cost of GPI alone and Marlboro is actually improving year on year basis after the introduction of RSFT segment brand as Marlboro Compact.

Question 6- can you please share information on our arrangement with IPM with respect to manufacturing and distribution business and what is the percentage margin on this activity. How many years the contract the contract is going to be renewed. So my answer to three of these questions put together is Philip Morris and Godfrey Phillips (GPI) had entered into manufacturing and distribution agreement in May 2009. GPI manufactures and distributes Marlboro brands using its manufacturing facilities and sales distribution channel in India. GPI gets manufacturing and distribution margins on cost plus basis and the same is governed by the written agreements. The agreements between GPI and Philip Morris are for perpetuity.

Question 7- what the strategies to enter the East and South India markets where ITC Limited and VST Industries are strong presence than us. Are we using Marlboro to enter into these markets and then cross sell Godfrey brands.

My answer is, we have a long term state wise strategy to gain market share in South and East. And in short it is to cater to consumers of all price segments with the best quality offerings from

our range of Marlboro as well as GPI brands. Yes, you're right, we plan to piggyback on Marlboro to gain entry into some of these markets for GPI brands.

Question 8- was can you please tell us how many retail shops has Marlboro where GPI is already present and how many new shops Marlboro has generated? What is the period in which, Marlboro will be able to penetrate in all Godfrey penetrated shops.

So, my simple answer to this is our products are present in approximately 1.2 million shops. And Marlboro is available in around 0.8 million, that is 8,00,000 shops. Marlboro brand's penetration in the rural markets will take some more time.

Question 9 - In the case of new retail shops (non-Godfrey brand present shops) where Marlboro has penetrated, can Godfrey sell its existing products? Yes, retail shops are common for Marlboro and GPI brands, of course we do place our brands in all the outlets, be it for Four Square or Marlboro or any other.

Question 10-In the export markets (white label or own brands), is contract manufacturing for overseas market possible. Yes, contract manufacturing is very much possible, and we are doing it for few of our clients.

Question 12-Which are the brands of cigarettes that are licensed to GPI by Philip Morris, whether any other global brands can be introduced in a similar manner by IPM or Godfrey Phillips?

Licensed brands in perpetuity are Four Square, Red & White and North Pole. These are in perpetuity license to us, and answer to the 2nd part of the question is yes, they can, there can be, introduction of more brands like Marlboro in India, subject to mutual arrangement.

Question 13-What is our new product introduction strategy? Our new product introduction strategy depends on multiple factors like bringing innovation into particular product segment, bridging any portfolio gap that is observed, competitive positioning by varianting, line extension, etc., and addressing any unaddressed consumer needs.

Question 14- The leaf Tobacco business has seen significant growth recently. What is the expected sustainable growth rate for this business over the next few years?

My answer is that from the last few years, we are continuously working to increase our exports of leaf tobacco on the back of higher demand for Indian tobacco by overseas buyers. This is not one time, and we are quite hopeful to maintain the growth momentum in the future as well.

Question 15- The inventory of raw material and packing material has grown substantially from 650 crores in March 2023 to 1,168 crores in March 2024; Could you please explain the reason behind this increase? Inventory has increased mainly due to procurement of higher quantity of leaf tobacco to cater to a higher demand projected for exports in FY25. As well as swelling in purchase price by nearly 25 to 30 % in the auctions in India. So, these are the two contributory factors, and all these inventories will get liquidated over a period of time through the means of exports.

Question 16-What is the size of illicit imported cigarette market and how is it growing? Has the Govt efforts to combat illicit cigs resulted in decrease in their presence, or is the Govt still actively working to address this issue? Recently, the Hindu has published a report in which the chairman and vice chairman of Tobacco board are quoted to have said that 26% of the market is illicit in India. So, I think that that report should be having some authenticity. There are instances of

deterrent actions by authorities which have helped industry to regain some volumes from illicit trade.

So, these were the questions that Mr. Doshi had asked, which I have attempted to answer to the best of my abilities and there are other shareholders whose questions also I have attempted to answer. Thank you very much for the patient hearing.

Company Secretary:

Thank you, Mr. Sunil Agarwal, CFO.

The following items are forming part of Agenda as contained in the AGM Notice already circulated. These proposed resolutions have already been put up for e-voting.

Item No. 2 - Ordinary resolution for declaration of Dividend on the equity shares for the year ended 31st March 2024.

Item No. 3 - Special resolution for re-appointment of Dr. Bina Modi (DIN:00048606) as Managing Director of the Company for the period of Five years w.e.f. 14th November 2024 and to approve the payment of remuneration to her.

In respect of this item, I would like to mention and announce that the Hon'ble judge of the Delhi High Court vide interim order dated 5th September 2024 in the suit pertaining to the KK Modi Family Trust, has observed as under:

“I find no merit in the application seeking to challenge the re-appointment of Dr. Bina Modi as Managing Director of the Company. The same is dismissed. It is however directed that Dr. Bina Modi shall on a half-yearly basis file an affidavit disclosing all the remuneration and other benefits received by her in her position as Managing Director of Godfrey Phillips India Limited. In case a direction is passed at any stage of said suit that her appointment as Managing Director of the Company is found to be against the terms of the Trust Deed or the India Trust Act, she shall immediately tender her resignation from the said position and not claim any equity only because of the dismissal of the said application.”

This disclosure is being made for the due information of the members in compliance with the orders of the Hon'ble Court. This was item number 3, which has already been put up to vote.

Item No. 4 - Ordinary resolution for appointment of Ms. Charu Modi (DIN:00029625) as a Director of the Company.

Item No. 5 - Special resolution for appointment of Ms. Charu Modi (DIN: 00029625) as an Executive Director of the Company for period of Five years w.e.f. 7th September 2024 and to approve the payment of remuneration to her.

Item No. 6 - Ordinary resolution for the vacancy caused by retirement by rotation of Mr. Samir Kumaar Modi (DIN: 00029554), be not filled up for the time being.

Now, I, handover the proceedings to the Chairperson for her final remarks.

Chairperson:

I Chairperson, Bina Modi, authorise the Company Secretary and Mr. Sharad Aggarwal, Whole-time Director to declare the results of voting within 48 hours of the conclusion of the Annual General Meeting. The results along with the Scrutinizer's Report shall be intimated to NSE and BSE and shall also be uploaded on Company's website along with the Scrutinizer's Report and shall also be available at registered office of the Company.

With this, I announce closure of the 87th Annual General Meeting of the Company.

Moderator Link Intime:

Thank you everyone for joining. The meeting is now concluded and voting lines are open for 15 minutes.