

Price: 6,769

Recommendation: Buy

Industry: Cigarettes Tobacco

Sector: Fast Moving Consumer Goods

Report Date: 31-Mar-2025

Godfrey Phillips India Limited (GPIL) is focused on sustaining growth and expanding its market presence. The company is strengthening its partnership with Philip Morris International for Marlboro cigarettes in India and enhancing export markets for unmanufactured tobacco. GPIL is also entering a product supply agreement with Ferrero India for sweet-packaged foods. With a strong international presence, GPIL aims to diversify its offerings and strengthen core operations.

Sales		Profit & Loss		Profitability Matrix	
Current Year	5653 Cr	Operating Profit(Year)	1053 Cr	Operating Profit Margin	18.6 %
Previous Year	3560 Cr	Operating Profit(Quarter)	358 Cr	EBITDA Margin	19.02 %
Current Quarter	1897 Cr	PAT (Year)	735 Cr	Net Profit Margin	16.7 %
Previous Quarter	1649 Cr	PAT (Quarter)	332 Cr	EPS	189
Revenue (QYoY)	1482 Cr				
Valuation Matrix		Growth(YoY)		Growth(QoQ)	
Trailing P/E	34.3	Sales Growth	26.2 %	Sales Growth	15.04 %
PEG Ratio	1.14	PAT Growth	44.4 %	Sales Growth QYoY	28.0 %
EV/EBITDA	24.4	EPS Growth	11.83 %	PAT Growth	34.41 %
P/B	8.76	Dividend Yield	0.83	PAT Growth QYoY	34.96 %
Capital Allocation		Holdings		Leverage	
RoE	20.9 %	Promoter	72.6 %	Debt/Equity	0.06
RoA	14.9 %	FII	10.6 %	Debt	246 Cr
RoCE	24.1 %	DII	1.99 %	Market Cap	35196 Cr
RoIC	48.8 %	Public	14.4 %	Enterprise value	35417 Cr
		No of Shares	5.20 Cr	Cash Equivalents	24.4 Cr

source : Company filings

Company's Overview Based on Recent Concall and Performance:

In the recent meeting, Godfrey Phillips India Limited (GPIL) outlined several strategic initiatives aimed at sustaining growth and expanding its market presence. The company emphasized its commitment to strengthening its partnership with Philip Morris International for the manufacture and distribution of Marlboro cigarettes in India. Additionally, GPIL is focusing on enhancing its export markets for unmanufactured tobacco, leveraging its distribution infrastructure, and entering into a product supply agreement with Ferrero India for the distribution of sweet-packaged food products. The company is also committed to socio-economic growth through programs for tobacco farmers, aligning with its corporate social responsibility goals.

GPIL's business strategies are centered around diversifying its product offerings and expanding its international business division. The company is building on existing contract-manufactured cigarette export markets and augmenting its unmanufactured tobacco business. With a significant market presence across Latin America, the Middle East, Southeast Asia, and Eastern Europe, GPIL is targeting new cigarette markets and focusing on strengthening its core operations. The introduction of the Funda Goli range of candies and the partnership with Ferrero India are part of GPIL's efforts to establish a niche in the confectionery market, with products like Funda C and Imli Naturalz offering unique propositions.

Looking ahead, GPIL is poised for future growth and scaling, with plans to sustain growth momentum across all markets and prepare for a quantum jump. The company's focus on international business and strengthening its core operations is expected to drive future growth. GPIL's commitment to sustainability and corporate social responsibility, including programs for tobacco farmers and community development, further supports its long-term growth strategy. The company's improved financial performance, with a 25% increase in consolidated gross sales value and a net profit of Rs. 837 crores, reflects its strong growth trajectory.

While GPIL's strategic initiatives and growth prospects are promising, there are areas for improvement. The company could further enhance its ESG performance, which has already seen a significant increase in external ratings. Additionally, GPIL's focus on infusing young talent into its leadership team could be complemented by more robust talent development programs. The company's efforts to diversify its product offerings and expand its market presence are commendable, but continued innovation and adaptation to changing market dynamics will be crucial for sustained success. Overall, GPIL's strategic direction and growth priorities position it well for future success, with opportunities to further strengthen its market position and enhance its value proposition.

GODFRYPHLP Daily Closing One Year Price Chart



Name	Mar Cap (Rs. Cr.)	P/E	ROE	Sales(G) QoQ	Sales(G) QYoY	PAT(G) QoQ	PAT(G) QYoY
ITC	512766.06	25.81	28.43%	-6.00%	9.28%	-3.74%	-8.40%
VST Industries	4471.59	18.39	24.63%	1.98%	1.26%	13.27%	0.28%
Godfrey Phillips	35195.72	34.34	20.91%	15.03%	27.98%	34.62%	35.34%
NTC Industries	276.43	37.36	7.29%	-12.91%	82.72%	20.00%	503.45%

Aspect	Commentary
Revenue	The company shows strong revenue growth with a significant increase from the previous year and quarter, indicating robust sales performance. This growth is driven by strategic partnerships and market expansion efforts, reflecting a positive trend in revenue generation.
Profit & Loss	Operating profit and PAT have increased, showcasing effective cost management and operational efficiency. The rise in quarterly and yearly profits highlights the company's ability to convert sales into profit, maintaining a healthy financial position.
Profitability Matrix	The company maintains strong profitability with high operating and net profit margins. The EPS indicates solid earnings performance, suggesting efficient operations and a strong market position, contributing to shareholder value.
Valuation Matrix	The valuation metrics suggest the company is valued fairly with a moderate P/E ratio and a reasonable PEG ratio, indicating growth potential. The EV/EBITDA and P/B ratios reflect a balanced valuation, supporting investment attractiveness.
Growth (YoY)	Year-over-year growth metrics are impressive, with significant increases in sales, PAT, and EPS. This indicates successful strategic initiatives and market expansion, contributing to the company's overall growth trajectory.
Growth (QoQ)	Quarter-over-quarter growth is strong, with notable increases in sales and PAT. This reflects the company's ability to sustain growth momentum and adapt to market dynamics, ensuring continued financial performance improvement.
Capital Allocation	The company demonstrates efficient capital allocation with high RoE, RoA, and RoCE, indicating effective use of resources to generate returns. The strong RoIC further emphasizes the company's ability to create value from invested capital.
Holdings	The promoter holds a significant stake, indicating confidence in the company's prospects. The presence of institutional investors suggests market trust, while public holdings provide liquidity. The shareholding pattern supports stability and growth.
Leverage	The company maintains a low debt-to-equity ratio, reflecting prudent financial management and low leverage risk. The manageable debt level and strong market capitalization indicate financial stability and capacity for future investments.

Analyst viewpoint: Godfrey Phillips India Limited (GPIL) showcases a robust growth trajectory, marked by a significant quarter-over-quarter sales growth of 15.04% and profit after tax (PAT) growth of 34.41%, reflecting effective operational efficiency. The company has strengthened its market presence through strategic partnerships such as the one with Philip Morris International for Marlboro cigarettes and its venture into sweet-packaged foods with Ferrero India. GPIL's valuation is compelling with a trailing P/E of 34.3 and an impressive capital allocation demonstrated by a high Return on Capital Employed (RoCE) of 24.1%. These factors, alongside a low debt-to-equity ratio of 0.06, illustrate a well-managed balance sheet poised for future investments.

In comparison to peers, GPIL shows competitive edge with a sales growth of 27.98% year-over-year, outpacing other companies in the sector. The company's focus on expanding its international business further strengthens its growth potential, with operations optimizing across Latin America, the Middle East, and Southeast Asia. This diversified approach supports a stable revenue base and positions GPIL favorably for sustained short-to-medium term gains. However, it should be noted that while the innovation trajectory is strong, the potential for further enhancement in ESG performance remains an area for growth. Overall, GPIL's strategic initiatives and solid financial footing make it an attractive prospect for investors seeking growth and value.

Please read detailed disclosure on next page.

Explanation of Investment Rating*	
Investment Rating	Expected Return (over 12-month)
BUY	>=15%
SELL	<-10%
NEUTRAL	>-10% to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures:

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (hereinafter referred to as the Regulations).

1. GOALZEN CAPITAL SERVICES PRIVATE LIMITED is a SEBI-Registered Research Analyst having SEBI registration number INH000013448. GOALZEN CAPITAL SERVICES PRIVATE LTD ("GoalFi" or "We"), the research entity, is engaged in providing research services on securities and information on personal financial products. This Research Report (called Report) is prepared and distributed by GOALZEN CAPITAL SERVICES PRIVATE LIMITED with brand name 'GoalFi' (brand name trademarked to research analyst and company director 'Robin Arya') and used by GOALZEN CAPITAL SERVICES PRIVATE LIMITED with mutual consent.

2. GOALZEN CAPITAL SERVICES PRIVATE LIMITED, its partners, employees, directors or agents, do not have any material adverse disciplinary history as on the date of publication of this report.

3. I, Robin Arya, author/s and the name/s in this report, hereby certify that all of the views expressed in this research report accurately reflect my/our views about the subject issuer(s) or securities. I/We also certify that no part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. I/we or my/our relative or GOALZEN CAPITAL SERVICES PRIVATE LIMITED do not have any financial interest in the subject company.

4. I/we or my/our relative or GOALZEN CAPITAL SERVICES PRIVATE LIMITED do not have beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of the Research Report. I/we or my/our relative or GOALZEN CAPITAL SERVICES PRIVATE LIMITED do not have any material conflict of interest. I/we have not served as director / officer, etc. in the subject company in the last 12-month period.

5. I, Robin Arya, do not hold this stock as part of my investment portfolio at the date of recommendation. I/analysts in the Company have not traded in the subject stock thirty days preceding this research report and will not trade within five days of publication of the research report as required by regulations.

6. GOALZEN CAPITAL SERVICES PRIVATE LIMITED has not received any compensation from the subject company in the past twelve months. GOALZEN CAPITAL SERVICES PRIVATE LIMITED has not been engaged in market making activity for the subject company.

7. In the last 12-month period ending on the last day of the month immediately preceding the date of publication of this research report, GOALZEN CAPITAL SERVICES PRIVATE LIMITED has not received compensation or other benefits from the subject company of this research report or any other third-party in connection with this report.

Analyst Certification:

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Disclaimers:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent.

This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment.

The investment discussed or views expressed may not be suitable for all investors. Certain transactions - including those involving futures, options, another derivative product as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document.

This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of GOALZEN CAPITAL SERVICES PRIVATE LIMITED. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject GOALZEN CAPITAL SERVICES PRIVATE LIMITED to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt GOALZEN CAPITAL SERVICES PRIVATE LIMITED or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold GOALZEN CAPITAL SERVICES PRIVATE LIMITED or any of its affiliates or employees responsible for any such misuse and further agrees to hold GOALZEN CAPITAL SERVICES PRIVATE LIMITED or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of GOALZEN CAPITAL SERVICES PRIVATE LIMITED only.

GOALZEN CAPITAL SERVICES PRIVATE LIMITED has a contractual arrangement with a vendor - Smallcase Technologies Private Limited (STPL) whereby STPL provides technology solutions and related back-end infrastructure along with support for back-office related operations & processes. STPL does not provide any investment advice or recommendation nor does it make any claim of returns or performance with respect to any advice or recommendation.

Investments in securities market are subject to market risks. Read all the related documents carefully before investing. Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Terms & Conditions:

These Terms and Conditions govern the use of the research subscription services provided by GOALZEN CAPITAL SERVICES PRIVATE LTD ("GoalFi" or "We"). By subscribing to our services, you agree to these terms, if you disagree with any part of the terms, you must not use our services.

Payment and Renewal:

The subscription fee is non-refundable. No such requests over email or any other channel requesting for refund or for pro-rata refund will be acknowledged if smallcase constituents or research provided is accessed by the user. Please do not subscribe if you disagree with any part of the terms. Subscription renewals will be charged the standard rate unless otherwise notified.

Limitation of Liability:

GoalFi provides research based on data and analysis. The subscriber acknowledges that all investment decisions carry inherent risks, and GoalFi shall not be liable for any losses incurred based on our research.

No Investment Advice:

The content provided under the subscription is purely for informational purposes and should not be construed as investment advice. GoalFi, being a SEBI Registered Research Analyst (RA), provides research insights and not investment advisory services.

Termination:

GoalFi reserves the right to terminate the subscription at any time due to non-compliance with these terms or any other reasons deemed appropriate by us and no refund will be made.

No Guarantee: While we strive to provide accurate and reliable research, there is no guarantee on the returns or performance of the recommendations. Investing in securities involves risks, and there's the potential for losing money.

Review and Update: Our research products are reviewed and updated periodically to reflect the latest market conditions and insights. However, market conditions can change rapidly, and there's no guarantee that the conditions on which recommendations and insights are based will remain the same.

Research Analyst Details:

Name: Robin Arya

Email: smallcase@goalfi.in

Contact: +91-9394306085

GOALZEN CAPITAL SERVICES PRIVATE LIMITED

CIN: U66190TS2023PTC176030

Address: Co ikeva Office 10, Level 3, NSL Centrum, Serene Estate Pvt Ltd, Site No. Phase I and II, Opp KPHB Colony Lane Opp. Forum Mall Kukatpally, HYDERABAD, TELANGANA, 500072

Support Telephone: +91 9063309052, Support Email – support@goalfi.in

Customer having any query/feedback/ clarification/ In case of grievances for any of the services rendered by GOALZEN CAPITAL SERVICES PRIVATE LIMITED, write to hello@goalfi.app

Website: goalfiresearch.smallcase.com