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P O T E N T I A L



Godfrey Phillips India Limited • Annual Report 2002 - 2003

“If you want one year of prosperity,
grow grain.

If you want ten years of prosperity,
grow trees.



If you want a hundred ~~years of prosperity,~~
grow people.”

Old Chinese saying.

Grow people, profits will follow - At GPI, this has been our conviction and credo - that enhanced organizational performance always springs from individual inspiration and empowerment.

The core values of GPI were defined and every member of the GPI family was given the opportunity to participate in this process. From this emerged the vision that GPI

must strive for; which is to become one of the leading players in the tobacco industry, not just

in India, but also worldwide. Performance blossoms when potential blossoms - In

working towards that vision, our talented employees have summoned a number of achievements. These achievements are a testament to their determination to achieve more,

they were manifested in the continuous philosophy of innovation, in the standards of

corporate trust and transparency that were set, they reflect their desire to set global standards and the conscience

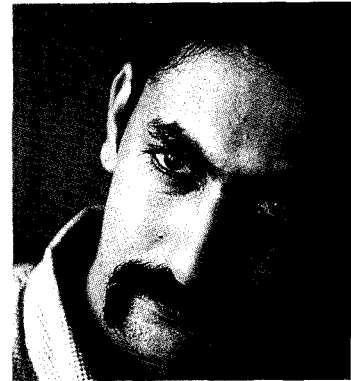
to be responsible social citizens. **Our roadmap of success** - It is our conviction that our growth and profitability

are sustained by our adherence to the philosophy of nurturing individual potential. This realized potential leads to

sustainable growth for our business and long term value creation for our shareholders.



“We took up the challenge of doing things differently and today we have really strengthened our sales and distribution processes. I think that our desire to change and the willingness to take risks is the real success factor...”





"This is what happens when you set high standards for yourself - you achieve them! We have managed to grow our market share significantly, especially when compared to the industry rate of growth..."



"We wanted to build trust, from the inside out. For that we needed to ensure transparency and accessibility... today our communication programme with employees is a model that others would want to emulate..."

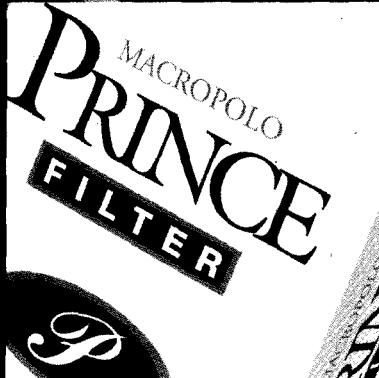
Fulfilling the potential to win

Inspired individuals share their story- what drove them to succeed against the odds and how they realized their goals.

"The launch of three new brands has been the joint effort of everyone, right across the company. From buying the leaf, to the blend, the R&D, the processing, the packaging and finally the marketing, sales and distribution all had to work in tandem, to achieve one goal. It's really true, **success is about teamwork, it is about five fingers coming together to form a fist.**"

- GPI grew by
3 times the
Industry rate of
growth in 2002 - 03

- Successful launch of
Tipper and Prince



"I am really proud to be part of the team that worked on re-launching Prince in the market. We knew that we had a winning brand on our hands. We were so clear about the aim, we knew that we had to find a way to achieve it.

The passion to succeed - it's a value that cuts right across the organization. Every individual is determined to realize his or her potential to be a winner.

Nurturing the potential for innovation

As the next few testimonials prove, anything is possible when people are solutions oriented. Then there are no problems, only solutions waiting to be uncovered.

"Today I feel responsible not just for my task in the factory but also for the overall quality of the finished product. I know that I can make innovative suggestions and implement them. It makes me feel like I am not just a worker, but the owner of this factory, like I can do anything..."

"I believe the most innovative brand in the market today is Tipper. It is a filter less cigarette that provides the smoker the attributes of a filter. That's what innovation is - fulfilling consumer needs that no one else has been able to do. That's also the test of true leadership - when you create trends and concepts that even competitors want to emulate."

-Our factory productivity is one of the highest in the industry

-Our innovative approach to distribution has increased market penetration and brand visibility

-Launch of Tipper - a unique filter less cigarette with the attributes of a filter - a first in the industry & the country

"...once you have the passion to succeed, nothing can stand in your way.

Life has no limitations, except the ones you make."

The potential for innovation. At GPI we try to make it a way of life for everyone, from the shop floor to the boardroom.



Realizing potential by building trust.

Our endeavor is to build an organization where transparency and trust is paramount, and accessibility is built into every level of functioning. Here's how it has helped us strengthen and grow to our potential.

-Kaizen Teian
(continuous improvement programme) being extended to every branch office of GPI across the country
-INSAAN awards honoring the best suggestion made by workers. GPI has won this award 6 years running
-ISO 9000 and ISO 14000 certification

"Hello GPI is an interactive online programme unique to us. No matter what our location or level in the organization, we are all encouraged to make suggestions for improvement to department heads which are usually acted upon. This builds a sense of transparency and trust amongst everyone... it is incredible how it has opened up our minds and hearts."

"What is truly unique about our ISO 9000 and ISO 14000 ratings is how they were achieved by the workers themselves, without the help of any ISO consultants. That's the great thing about building trust, everyone plays on the same side... Tomorrow, the same spirit will help us to achieve 6 sigma quality standard have no doubt about that..."

We extend the same spirit of transparency and trust to our trade partners as well. That's what makes even big challenges seem achievable.

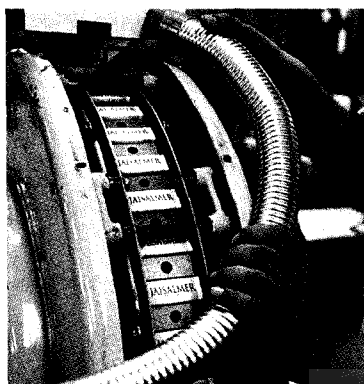


Hello GPI - a unique initiative showcasing the participative management style at GPI

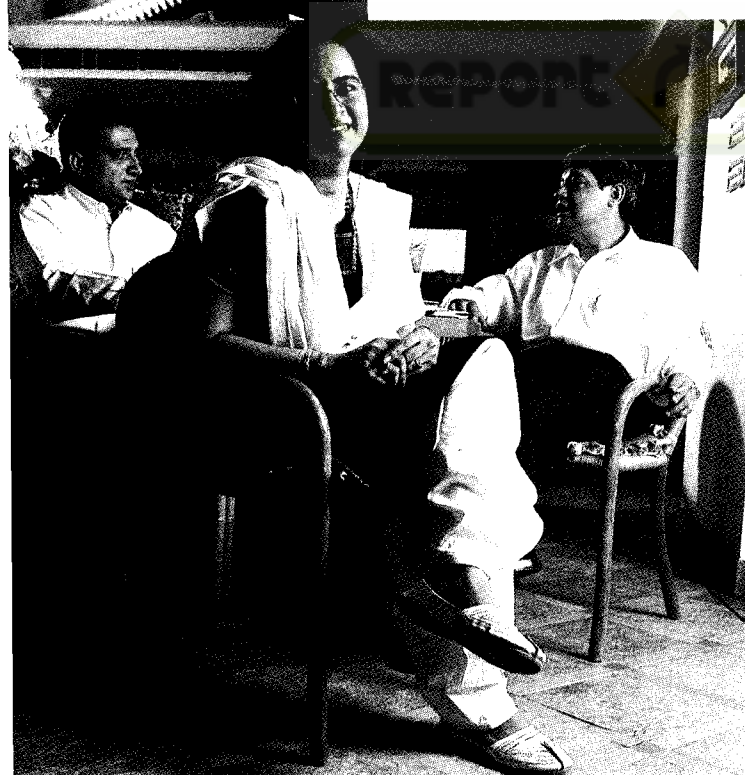
Enhancing the potential for global success.

India is the second largest producer of tobacco in the world. Read for yourself how we at GPI are seizing this opportunity to achieve global success.

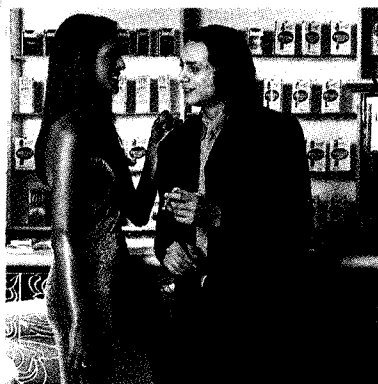
"We all know that the world is opening up and we have to seize the opportunity. Why should we not become among the best in the world and excel? All it means is that we have to be geared for global challenges and exceed the world's expectations. That's exactly what we plan to do and in the process, we hope to make GPI truly an Indian multinational."



"Today there are no geographical boundaries between India and the rest of the world. We recognize this fact and are geared up for it. We have set world class quality standards, employed world class skills, processes and technology and instituted global practices. But most of all we have imbibed the global mindset which will allow GPI to take its place amongst the best tobacco companies in the world."



Across the board at GPI, the attempt is to fulfill our innate potential for global success. It is our conviction that this will propel GPI and India onto the world stage.



Fulfilling the potential for responsible citizenship

Nothing more aptly represents the true spirit of GPI as the many initiatives it takes to be a responsible corporate citizen. The commitment has always been to enrich and energize the community and society within which we operate. This commitment of GPI is a source of unremitting pride for all of us.

- Red & White Bravery awards extended to 12 States

- Active participation in social benefit programmes like rehabilitation of Gujarat Earthquake victims

- Substantial contribution to the 'Aids Prevention Programme'

