



GODFREY PHILLIPS
—INDIA LIMITED—

Report



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Seeking new horizons

Annual Report 2008-2009

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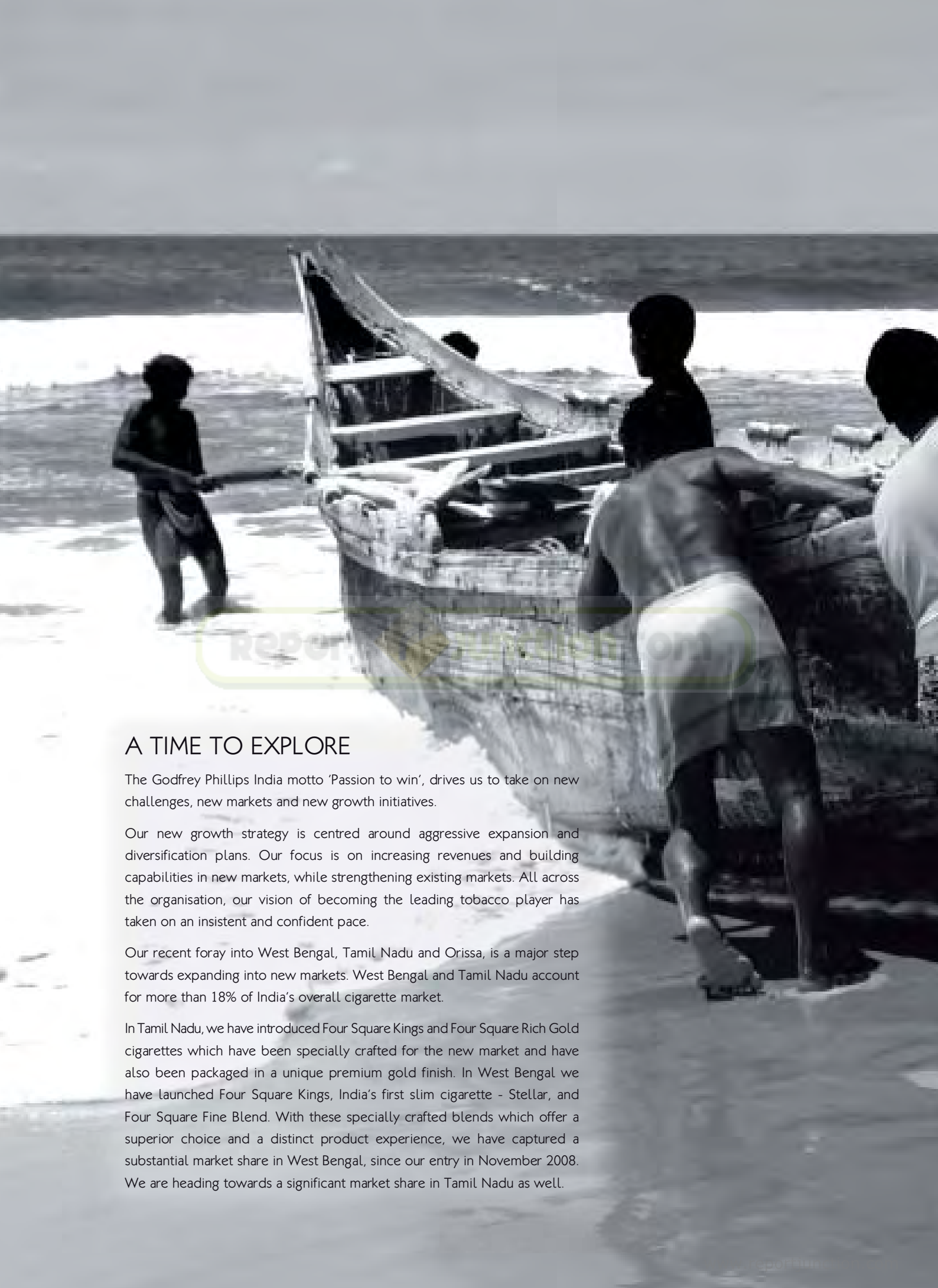


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From epoch-making changes to small everyday acts, at Godfrey Phillips India we are driven by our resolve to seek new horizons and create a better tomorrow.

It galvanises our every endeavour, be it ambitious growth plans, exploring and harnessing new markets or launching social initiatives.

It is a sincere commitment to our stakeholders, employees, customers and to society as a whole.



A TIME TO EXPLORE

The Godfrey Phillips India motto 'Passion to win', drives us to take on new challenges, new markets and new growth initiatives.

Our new growth strategy is centred around aggressive expansion and diversification plans. Our focus is on increasing revenues and building capabilities in new markets, while strengthening existing markets. All across the organisation, our vision of becoming the leading tobacco player has taken on an insistent and confident pace.

Our recent foray into West Bengal, Tamil Nadu and Orissa, is a major step towards expanding into new markets. West Bengal and Tamil Nadu account for more than 18% of India's overall cigarette market.

In Tamil Nadu, we have introduced Four Square Kings and Four Square Rich Gold cigarettes which have been specially crafted for the new market and have also been packaged in a unique premium gold finish. In West Bengal we have launched Four Square Kings, India's first slim cigarette - Stellar, and Four Square Fine Blend. With these specially crafted blends which offer a superior choice and a distinct product experience, we have captured a substantial market share in West Bengal, since our entry in November 2008. We are heading towards a significant market share in Tamil Nadu as well.





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A TIME FOR WINNING

At Godfrey Phillips India, every one of our employees plays a vital role in our growth. It is their 'can do' attitude that propels us forward. Enabling our people to work together as a motivated team is one of our primary goals. A few amongst our many initiatives in this direction are - benchmarking best people and compensation practices, imparting training in people related and leadership skills, company-wide Six Sigma initiatives and the new corporate initiative for managers - 'People Capability Development'. We believe that it is only when people are inspired and motivated, that an organisation can move forward with a genuine 'Passion to win'.

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A TIME TO ADVANCE

With the aim of creating a better world in every way, we constantly think about how we can improve overall prospects, work environment and productivity. Right from the smallest of details in our Andheri and Guldhar units, to expansive grassroots initiatives like that of adopting farmers in Karnataka and Andhra Pradesh.

The Godfrey Phillips India Leaf Division has taken exemplary steps towards making tobacco cultivation profitable for the farmer while delivering the best value to the customer - initiatives like the Farmer's Programme, imparting training and technical know-how, adopting more farmers every year, hand-holding from seed to marketing and providing subsidies for seeding and curing. Many of our adopted farmers are recognised and rewarded by the Tobacco Institute of India every year. This year too, seven of our farmers received awards from this renowned institute. In Andhra Pradesh, potential leaf development areas were identified. In these areas, L. S. Burley, KFC and HDBRG development was successfully carried out and their quality was accepted by overseas customers.

Andheri and Guldhar manufacturing units continued their commitment towards the environment by sustaining and adopting various green practices such as rainwater harvesting, water recycling, noise reduction, solid waste recycling and sapling planting drives, and have also installed more advanced technologies for improved energy conservation. Productivity has been enhanced by introducing a high speed cigarette machine with a capacity of 12,000 cigarettes/minute, packing machines with capacities of 600 packs/minute and new sensors for price and date codes. Six Sigma initiatives have been extensively adopted for enhanced efficiency, faster installation of machines and reduced spillages.

An exceptional achievement for the Guldhar factory, was winning the coveted **Greentech Foundation Silver Award for Outstanding Achievement in Environment Management**. The Andheri factory was certified with OHSAS 18001:2008 this year, and also won the **INSSAN Excellence Awards** for the 13th time in a row.

A new manufacturing unit in Rabale

Godfrey Phillips India's ambitious expansion plans are rapidly taking shape in Rabale. All construction and development is happening in line with 'Green Building' requirements, utilising the latest environment-friendly technology and eco-friendly materials. The Rabale unit with a capacity of 65 million cigarettes/day is expected to be operational by October 2010.



A TIME TO LEAD

Our portfolio of market leading brands is constantly growing and expanding. From our flagship cigarette brands like Four Square and Red & White, to the newly launched Stellar, from our Funda Mint and Funda Goli brands in the confectionery market to our continuing successes in the tea market with Tea City.

