

Godfrey Phillips eyes 25% of Indian pie

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KOLKATA

GODFREY Phillips India Ltd (GPIL), a leading cigarette manufacturer in the country, is gearing up for a pan-India presence based on which it is hoping to capture a 25% market share by 2010-11.

For 2008-09, the company is targeting a Rs 2,000-crore turnover, the bulk of which would be from its cigarette business while about Rs 100 crore will come from tea business, which was launched a year back. During 2007-08, the company registered a Rs 1,825 crore turnover.

For starters, it has decided to enter east India for the first time and is looking at a 5% market share in West Bengal in the first full year of operation. This will be followed by a launch in southern India by the later part of the next fiscal. The south Indian markets lend volumes to the cigarette industry. Till now, GPIL has been strongly present only

in northern and western India. "Our market share in cigarette business in Rajasthan is about 85%, in Himachal Pradesh it is 70%, while in Delhi it is about 40%," said executive vice-president of sales at GPIL Bhisham Wadhwa.

"We have created a presence in about 5,000 retail outlets in Kolkata and by the end of this week it will touch 15,500. In another five months, our presence in West Bengal is expected to touch 50,000 outlets. The cigarette industry clocks a Rs 1,500-crore turnover in the state every month and we see a huge potential here," he added. The company also plans to set up 25 brand shops in and around Kolkata which will offer the entire range of its product portfolio.

For West Bengal, GPIL has lined up a series of products that will be launched over the next few months. To start with, the company has, on Wednesday, launched two cigarette brands specially developed for smokers in the state — Four Square Fine Blend

and Tipper. This will be followed by a launch of the full range of cigarettes, which includes Red & White, Jaisalmer, Cavadars and Stellar in a month.

"Next in the pipeline are cigars and mint. After this, we would launch tea including green tea, orthodox, CTC as well as premium Darjeeling tea," said Mr Wadhwa. The company is currently in the process of launching a 'bidi' branded Sona and it is planning to introduce it in West Bengal soon. Talking about increase in production capacity, Mr Wadhwa said: "GPIL has a licensed capacity of 2 billion cigarettes per month including unutilised capacity of about 700 million a month. Demand from new territories will help us in utilising this idle capacity lying with us. Additionally, there are companies that manufacture for others. We may use their capacity too."

"Currently, the laws don't allow us to expand capacity beyond the licensed capacity. Hence, we may source from other manufacturers," he added.