

# Godfrey Phillips set to light up bidi tobacco markets

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GODFREY Phillips India (GPI) is looking to take big strides in the bidis and chewing-tobacco businesses. Part of the KK Modi Group, the vertical diversification move is in sync with the company's plans to become a leading tobacco player in the domestic and international markets.

For starters, Godfrey Phillips intends to enter into contract manufacturing deals for bidis so that it can emerge as the single-biggest national player in the largely fragmented Rs 15,000-crore bidi market. The company has recently started test-marketing bidis called 'Sona 24 Carat' in select markets like Gujarat, Rajasthan and Haryana.

"We have signed contract manufacturing deals for bidis with a factory in Murshidabad (West Bengal) and one in Nizamabad (Andhra Pradesh). Both the units have started making bidis for us. We plan to get into similar deals for manufacturing sophisticated value-added



premium bidis over a period of time," GPI president KK Modi told ET on Thursday.

Outlining the company's future growth strategy, Mr Modi said: "We are also planning to sell chewing tobacco in 2009-10 fiscal. The objective is to balance Godfrey Phillips' turnover in the near future. While the cigarette business will contribute about 50% to its turnover, balance 50% will come from cigarette exports, bidis and chewing-tobacco businesses." Incidentally, the company hopes to clock a turnover of Rs 2,200 crore for the year ending March 31, 2009.

Godfrey Phillips, which manufactures cigarette brands like Four Square, Jaisalmer, Igen, Stellar Red and White, Cavenders, Tipper and Prince, is also looking at penetrating into the eastern and southern markets. Mr Modi added: "We are changing the taste and the blend of cigarettes to cater to the varying taste and preference of customers belonging to different regions, including the eastern and southern markets." These initiatives coupled with the setting up of a modern integrated manufacturing facility at Thane (Mumbai) will help the company garner 29% of the cigarette market over the next four years, beginning from 2009-10.