



# A letter to our shareholders

Dear shareholders,

I hope this letter finds you and your families well and safe.

This has been a very difficult year for our country and our world, and I am deeply grateful to our incredible team members for all the hard work, courage, and heart they have put in to serve our consumers and communities.

Like I had shared with you in my letter last year, Godrej was founded during a crisis as part of India's freedom and Swadeshi movement in 1897, and the bubonic plague that year. We first made soap in 1918 (also the first soap in the world to be made from vegetable oil and not animal fat) during the Spanish flu pandemic. So, 2020 as we saw it, was our chance to create a 'second beginning' for the next century of Godrej. Looking back, I really feel that despite — and maybe even because of — the many uncertainties that challenged us, we have seen some of the best of Godrej. We truly lived our purpose and did well, while doing good.

I typically start my reflections by sharing the bad news before moving on to the good. But we have all had enough of our share of bad news for the year, so let me start with some good news.

# The good news

Your company achieved a lot of what we set out to do and delivered a strong performance overall. Consolidated sales for fiscal year 2020-21 increased by 11 per cent and EBITDA by 14 per cent. We had double-digit growth across categories in household insecticides, hygiene, and value for money products. From a geography perspective, India and Latin America had a strong year, and we are at the beginning of a strong turnaround of our performance in Africa.

We doubled down on the resurgence of household insecticides, our largest and most critical category. Household insecticides delivered 15 per cent growth globally, backed by strong innovation and full portfolios across formats and price points.

In response to COVID-19, we introduced a range of hygiene products in record timelines. We built on this momentum to develop full hygiene portfolios with multiple products across countries, resulting in hygiene (including soaps) growing by 24 per cent. For me, it was personally very fulfilling to see my dream product and dream technology — our Magic hand wash, the first powder-to-liquid hand wash in the world, very sustainable, and available at just ₹15 — become our first global hygiene product. This has the potential to democratise sanitation and handwashing across countries. Another highlight was our new Saniter brand in Indonesia being scaled up to ₹150 crore in just a year. This is the fastest we have built a new brand to over ₹100 crore.

**Magic, our revolutionary powder-to-liquid hand wash, becomes our first global hygiene product**



For all its turbulence, this was a year that unleashed potential and tested our mettle. We were stretched and pushed harder, and we experimented more and experimented faster. This was our busiest year on new product development and digitisation; we are creating new growth vectors for the future, refreshing how we go-to-market, and embedding analytics for sharper decision-making.

We are also listening more intently to our people on ground, especially in sales and manufacturing. Leadership and decision-making in a crisis has to be distributed. Our big shifts have been possible because our people gave it their 100 per cent, sharing feedback and ideas, and working with agility to capture opportunities. We need to bottle this mojo and make it our new normal.

**Our new Saniter brand of hygiene essentials in Indonesia**



# The bad news

There is no shortage of bad news. The brutal impact of the second wave in India brought the pandemic much closer home. Across our teams and communities, people are struggling to come to terms with illness and loss. The angst and fear, the uncertainty and loneliness, and the breakdown of regular support systems have taken a terrible toll on mental wellness. Godrej is only as healthy as the people in it. So, as we make our way through this pandemic, it is critical for us to focus on how our people are doing and get them the help they need to take care of both their mental and physical health.

On the business front, performance in Indonesia was disappointing. We saw a gradual recovery in the last quarter of the year; we will build on this to bring performance back on track through focused innovation and go-to-market efforts. Discretionary categories like air care were also negatively impacted.



Watch my conversation with Dr. Amit Malik (mental health professional for over 20 years and Founder & CEO, Inner Hour) and Shobhana Raja (member of the GCPL strategy team and a strong advocate for seeking therapy) on the importance of mental health



# What do we need to do now?

Our purpose of **bringing the goodness of health and beauty to consumers in emerging markets** has never had deeper meaning or resonated more strongly than it does right now.

We have the opportunity and responsibility to pivot our strategy of democratising categories — especially given how critical some of them are right now — and make essential products more affordable and accessible through clever innovation and delightful design. As I write this, we have entered the 125<sup>th</sup> year of Godrej. I hope that someday people will look back on this as a turning point when we made our company stronger, better, and more purposeful.



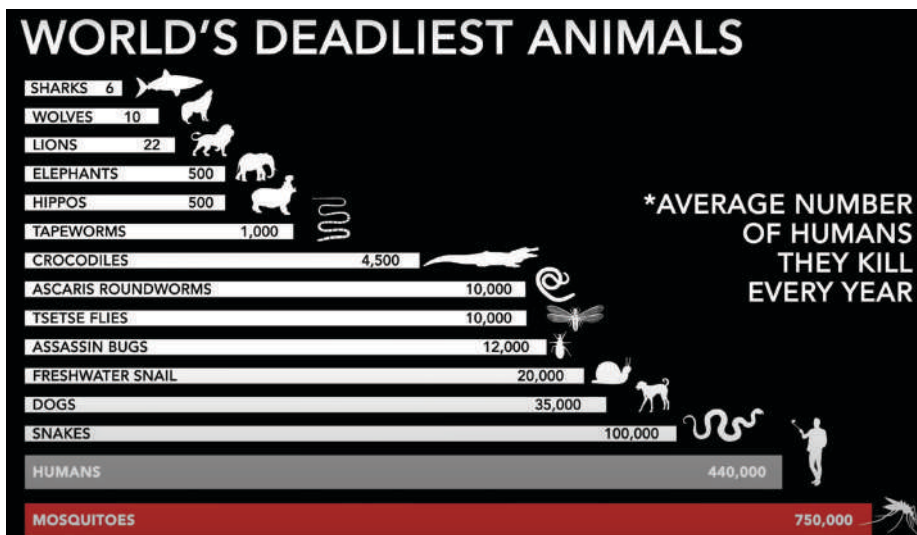
Watch our purpose video on bringing the goodness of health and beauty to consumers in emerging markets

# 1. Combat the other major global health threat: Insect-borne diseases

Even as we continue to focus on solutions to COVID-19, we have not taken our eyes off the other major global health threat of insect-borne diseases. It is ironic that the deadliest creature the world has ever seen is also one of the smallest — the mosquito. Though we have made great strides with breakthroughs in anti-malarial drugs and vaccines, a child dies of malaria every 30 seconds, and each year, more than 200 million cases are reported, resulting in over 4,00,000 deaths.

Bringing the goodness of health to people in emerging markets is core to our purpose, and household insecticides is our biggest product category. So, we are deeply committed to working towards a malaria-free world and are innovating for accessibly priced products that can be distributed far and wide. We are also working on creating largescale social impact through our Goodknight brand, and you will see a revised strategy on this roll out later this year.

It will take continued global efforts to fight the mosquito, but like we have seen with COVID-19 vaccine development, the solutions to some of our biggest problems are possible when we bring science and empathy together.



Watch our commitment to enabling a malaria-free world

Consumer demand has shifted to health. Vigilance about mosquitoes and protection against diseases like malaria and dengue has gone up. We continue to pivot advertising towards disease prevention and have full portfolios in India and Indonesia to serve multiple consumer needs. As category leaders, we are leveraging multiple growth opportunities, including penetration, innovation in burning formats, scaling up our non-mosquito portfolio, and upgrades and premiumisation.

In India, we are driving premiumisation with products like Goodknight Gold Flash (the most powerful liquid vaporiser in India with visible vapours), Goodknight Smart Spray (the first no-gas aerosol solution in India), and a range of Goodknight Natural Neem products. In Indonesia, we launched HIT Expert Piramida, a 4-hour revolutionary paper-based mosquito repellent. We continue to build on strategic pivots, taking the category beyond mosquitoes and scaling up our personal repellents portfolio.

The household insecticides category in Africa is a significant opportunity for us. We are leveraging our product expertise from India and Indonesia, and our distribution networks in the sub-continent, to enter it. The response to our newly launched Goodknight Power Shots aerosol in Nigeria, a unique concentrated no-gas spray format for a multi-insect solution, is encouraging. We will add to this a wider range of products going forward.

**Foraying into household insecticides in Africa with the launch of Goodknight Power Shots**



## 2. Build hygiene as a big, holistic category

GCPL started out in hygiene with soap, and COVID-19 has been a shot in the arm for consumer demand and new product development. Through the pandemic, the impact of handwashing on health has brought awareness around this category front and centre. With brands like Godrej protekt and Saniter, we have now gone beyond the soap bar.

We launched over 10 new products across five categories in India. We scaled up Godrej protekt into an entire range of home and personal hygiene products, and entered toilet cleaners with the launch of a new brand, Godrej ProClean. In Indonesia, we built our new ₹150 crore Saniter brand as a range of hygiene essentials. In Chile, we launched Bidex, a new range of sanitation products, and in Argentina, the USA, and Africa, we introduced new hygiene products. We will continue to build on these innovations and create a stronghold in hygiene. Successfully scaling up Magic, our powder-to-liquid hand wash, across countries will be critical.

We are also pivoting existing categories and products for more relevance. In air care, we introduced products with dual benefits of sanitation and air care. Similarly, in fabric care, we have products which combine liquid detergents with fabric sanitisers.



Watch our history of soap making for over a century



(Top) Our range of Godrej protekt home and personal hygiene products in India  
 (Left) The new Godrej ProClean brand of toilet cleaners in India

Our dual benefit products in Godrej aer and Ezee



### 3. Invest in longer term pivots on go-to-market and digital

Innovations and start-up efforts in FMCG last mile distribution are changing the sales and distribution landscape. Recent shifts in consumer behaviour, especially on digital, have opened up multiple opportunities to scale and transform how we do business. On the market visits I did with our teams last year, I was amazed by just how quickly things are changing on ground.

We are leveraging data and technology, innovating for local contexts, and building more agility across multiple routes-to-market. We are doubling down on digitisation and platforms like e-commerce and chemists. At the same time, the pandemic has refocused attention on last mile distribution and neighbourhood convenience stores. New models will be omni-channel, straddling the pyramid of online and offline, and we are building capabilities to serve this.

The widespread acceleration in digital adoption has propelled our digital ambitions. We are strengthening our e-commerce businesses. In India, we have set up an independent e-commerce business unit with separate P&L accountability and fully functional capabilities across sales, marketing, innovation, and supply chain.



Visiting the market with our team members in Mumbai



We are doing this because we do not see e-commerce as a channel in the future, but a separate business with a comprehensive approach to the entire consumer journey. In Indonesia and the USA, our e-commerce businesses have grown significantly post-COVID-19. Our Africa business is crafting an e-business function, combining digital marketing and e-commerce. In Latin America, we have a new e-commerce team. These structures are designed to allow for agility and consumer focus, including e-commerce-focused product innovation.

We are also launching digital native brands and experimenting with premium niche categories that lean towards more educational and digital content. We recently hired an 'Entrepreneur in Residence' to guide these forays.

Consumers are turning to online shopping and choosing to interact with brands on their D2C platforms. In India and Nigeria, we have experimented with these platforms, which are now being scaled up. We are also investing in data-driven marketing for rich actionable consumer insights, partnering on digital brand advocacy, and creating online brand communities. Kinky Roots Africa, our black hair information and inspiration platform, houses African blogger and consumer-generated content.



Visit Kinky Roots Africa, our black hair information and inspiration platform

**goodness.me,**  
our digital native  
baby care brand



## 4. Continue to turnaround performance in Africa

We are deeply committed to building a very purposeful and successful company in Africa. Driving the turnaround in our performance here has been a big focus. We had a difficult first quarter, but I am glad to see the recovery we have made post that. Dharnesh Gordhon, our new South African-born CEO of Godrej Africa, the USA, and Middle East, has settled in well. Under his leadership, our business has started to turnaround, with three consecutive quarters of double-digit sales growth.

We crafted a revised strategy which was shared with the Board in August 2020. As part of this, we shifted to a centralised category management structure from a geography-led one. We found that we were re-learning at each point, instead of leveraging learning in different ways, from consumer insights to manufacturing excellence. This changed approach will deepen focus on core categories, promote category learnings, and fuel long-term growth, while allowing execution to be tailored locally.

Though these are early days, we are already starting to see benefits. We are also relooking at how to make the operating models for each of our geographies more efficient. You will see us put many other such building blocks in place, including a more comprehensive go-to-market approach, and leverage shared services. Governance is critical and so we have a strong framework to map this and ensure we are building longer-term, sustainable ecosystems.

**Using our Magic hand wash to build awareness on the importance of handwashing among school children in South Africa**



Even as we drive strong momentum on our core categories of hair fashion and wet hair, we have started building footholds beyond hair care. With the consumer demand in hygiene, we cross-pollinated Magic, our very sustainable and affordable powder-to-liquid hand wash from India to South Africa.

In Nigeria, we forayed into household insecticides with Goodknight Power Shots. Our USA business has entered the hair fashion market in the country with an exclusive Walmart launch of our Darling brand from Africa. We are particularly excited about the opportunity here.

**Godrej Nigeria partners with the Nigerian Medical Association and the Lagos state government to encourage people to fight malaria on World Malaria Day**



**Foraying into hair fashion in the USA with an exclusive Darling-Walmart launch**



## 5. Live the Godrej Way

Serving our people and communities with love has been our most important priority this year. We made several efforts over the last year — ramped up safety infrastructure and polices, made our medical policies more comprehensive, extended medical support and insurance to our channel partner supply and distribution networks, strengthened our mental wellness platforms, and experimented with new ways of remote working.

While we continue to add to this support network, the best way we can ensure the safety of ourselves, the people we love, and our world now is to get vaccinated at the earliest. So, the last few months have focused on helping our team members and their families, our business partners, and our communities get vaccinated.

Godrej was founded in India's freedom movement by standing for equal rights and an independent India. Over a century later, we must stand for freedom again, this time for equality and inclusion, not just because it is in our DNA and the right thing to do, but also because it continues to make excellent business sense.

As a global conglomerate serving over a billion consumers, we simply cannot afford to not have a team and ecosystem that reflects the diversity of our consumers and communities. Companies like ours can make real change possible. We have the resources and reach, and we need to use them.

We continue to build diversity into our operations in different ways, through businesses in new geographies, inclusive stances on gender and LGBT+ rights, and hiring from different backgrounds and skills. While we have made some progress, there is lots more to do. We have the highest number of women board members of any listed company in India, and we have improved women representation in our company to 45.25 per cent, but we are not at the equal representation we aim for.

**We have helped over 60,000 people get vaccinated at our Godrej vaccination camps across India**



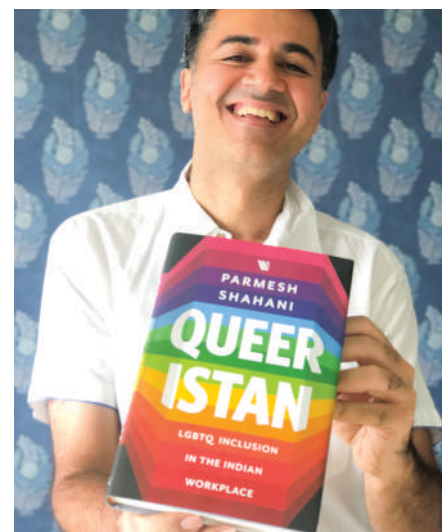
In India and at Godrej, we grapple with already low and decreasing participation rates of women in the workforce. Studies are now showing this worryingly slide even lower following the impact of the pandemic. We are becoming more inclusive for our LGBT+ colleagues, but I would like us to make a more concerted shift by translating our advocacy efforts into hiring.

My colleague, Parmesh Shahani, who now leads our diversity and inclusion agenda, has been the catalyst for a lot of change. Through 10 years of innovative programming at the Godrej India Culture Lab, which he founded, Parmesh has pushed the needle to make not just Godrej, but India, more inclusive. There is a difference between being diverse and being truly inclusive. My hope is that we will be able to bridge this at Godrej and become a real force for good.



Watch my conversation with Rebecca Lewis, Managing Partner at Arisaig (one of GCPL's oldest and largest investors) and Parmesh Shahani, on the imperative for companies to be diverse and inclusive

Parmesh Shahani with his book 'Queeristan', where he draws from his decade-long journey as an out and proud gay man working at Godrej to make a cogent case of LGBT+ inclusion, and lays down a step-by-step guide to reshaping office culture in India



## 6. Create a greener and more equitable world

The impact of COVID-19 is not just an unprecedented public health crisis but also an economic crisis impacting the lives and livelihoods of billions of people globally. This is more pronounced in the emerging markets where we operate, given pre-existing socio-economic inequalities. Added to this are concerns around our environment which need much more focused attention — and action.

As the pandemic spread, we recognised the urgent need for philanthropic and corporate support to ensure immediate relief for our communities. So, we pivoted our sustainability initiatives, supporting a range of programmes with governments and local municipal bodies, civil society organisations, and citizen initiatives, to reach over 2.77 lakh of the most vulnerable communities in our ecosystem.

We diverted 63 per cent of our CSR budget and initiated medium to long-term livelihood recovery programmes to support 9,000 nano entrepreneurs.

As of March 2021, over 1,000 people received entitlements or have been able to re-establish businesses. Our teams also realigned our key CSR programmes in India — Beautypreneur and EMBED (Elimination of Mosquito Borne Endemic Diseases) — to support the COVID-19 response.

Overall, our green manufacturing performance remained flat after fluctuating in the first half of the year due to lockdown measures and intermittent operations.

### Pivoting our sustainability initiatives to support a range of COVID-19 relief programmes



Our water usage spiked and remains high due to increased sanitation and domestic usage demands. We achieved zero waste to landfill and water positivity. Our specific energy reduced by 28 per cent, and we source about 29 per cent of energy from renewable sources, meeting our goals.

We are 100 per cent extended producer responsibility (EPR) compliant. We now take back post-consumer plastic packaging waste equivalent to the plastic packaging we send out, making us plastic neutral. We completed life cycle assessments of five of our major products. Our team is working to fill the gaps in our value chain and make our products more environmentally sustainable.

While we have a lot more progress to make, our performance on global sustainability indices has improved, returning to the leadership band with an 'A-' in the CDP Climate Disclosure. We rank among the top 15 per cent in our industry for excellence in sustainability as part of The Sustainability Yearbook 2021 by S&P Global CSA.

This year, we completed the first decade of our sustainability commitments for Godrej Good & Green, which were detailed back in 2010. Our sustainability vision is crafted around helping create a greener and more equitable world. We have drawn from our reflections and learning to refresh our approach for a sharper focus.

Our goals for Vision 2025 focus on four key aspects: (1) skills that empower, (2) health and well-being that protects, (3) influence sustainable consumption, and (4) be global leaders in sustainability. Through this, we hope to be able to create more lasting impact.

We have formed a Board-level Sustainability Committee to oversee all Environmental, Social, and Governance (ESG) issues and initiatives. The Committee met for the first time in May 2021 and will meet biannually to take forward our ESG agenda with greater focus.

## Good & Green Vision 2025

### (1) Skills that empower

- Empower 1.20 lakh women with beauty skills in emerging economies

### (2) Health and well-being that protects

- Strengthen public healthcare systems in three states in India
- Protect 10 million people against vector-borne diseases

### (3) Influence sustainable consumption

- Ensure one-third of all our products are greener than in 2020
- Cover 75% of our suppliers in India (by procurement spends) and 50% of those in our other geographies under our Sustainable Procurement Policy
- Ensure efficient waste management systems for 3 municipalities in India impacting 3 million people
- Partner with consumers and customers to promote sustainable consumption of our green products

### (4) Be global leaders in sustainability

- Achieve Scopes 1 and 2 carbon neutrality
- Improve energy efficiency, in line with our EP100 commitment
- Achieve 35% renewables in energy mix
- Maintain water positivity, achieve and maintain zero waste to landfill
- Announce our commitment towards the global Science Based Targets initiative (SBTi) and publish our roadmap and targets for emissions reduction
- Increase transparency in our ESG reporting and disclosures, reaffirming our commitment to sustainability
- Advance human rights and inclusion across our value chain

As we reimagine the future of our company and build towards the next phase of growth, I am excited to welcome Sudhir Sitapati, who will join us as Managing Director and CEO on October 18, 2021. I will continue to serve our company as Executive Chairperson. Sudhir's significant leadership experience in building sustainable and profitable businesses aligns very strongly with our purpose at GCPL. He has a deep understanding of FMCG and love for consumers and brands. I also believe that his values-based leadership style will make him a great fit with the Godrej culture.



**Sudhir Sitapati with his wife, Ketki, and their children, Sahaana and Kabir, who he is trying to get interested in his own hobbies, tennis, Hindustani music, farming and scrabble**

## **Sudhir Sitapati, our incoming Managing Director and CEO**

Sudhir Sitapati was Executive Director-Foods and Refreshments at Hindustan Unilever Limited (HUL). In his 22 years at HUL, he has led teams across several categories and functions in India, Europe, South East Asia, and Africa to create significant value for the business. Sudhir was appointed to the HUL Management Committee as an Executive Director in 2016, making him one of its youngest-ever members.

Under Sudhir's leadership, HUL built up its Foods and Refreshments business as one of the largest in India. This included the USD 5 billion merger and integration of GlaxoSmithKline Consumer Healthcare with HUL, the largest deal of its kind in the FMCG sector in India.

In his previous roles, Sudhir was instrumental in creating a world-class Tea business for HUL in India and leading HUL's Soaps business in the country.

A passionate marketer, he has worked closely on internationally acclaimed purpose-led marketing campaigns for some of HUL's most iconic brands, including Surf Excel's 'Dirt is Good', Lifebuoy's 'Have you washed your hands with Lifebuoy?' on rotis at the Kumbh Mela, and Brooke Bond's 'Taste of Togetherness'.

He is currently the Co-chair of the CII National Committee of Food Processing and is a past Co-chair of the FMCG Committee. He was also a member of the Advisory Board of Flipkart in 2015.

Sudhir is the author of the best-selling book 'The CEO Factory: Management lessons from Hindustan Unilever'. The book was a runner up at the Tata Book Festival 2020.

Sudhir has an MBA from the Indian Institute of Management, Ahmedabad and a B.Sc in Math with Economics Honours from St. Xavier's College, Mumbai.

On behalf of the GCPL Board and Management Committee, I want to take this opportunity to say a big, big thank you to all our people. We greatly appreciate your grit, agility, and passion for Godrej, and are so proud of and humbled by the many examples that we see of this every day. To all our customers, business partners, shareholders, investors, and communities, our heartfelt thanks for your exceptional partnership and empathy through a year which I hope has brought us closer together. We will continue to count on your support as we build forward to emerge stronger, together.



**Nisaba Godrej**