



IN CONVERSATION WITH VIVEK GAMBHIR

Tell us about the GCPL purpose and why this is important.

At GCPL, we are united and inspired by our shared purpose of 'Bringing the goodness of health and beauty to consumers in emerging markets'. Together with our values of Trust, Be Bold, Own It, Create Delight, Be Humble and Show Respect, this makes up 'The Godrej Way' - the cultural cornerstone that guides our choices and actions. It defines why we exist as a company, how we add value and how we bring meaning to what we do.

There is a perceptible shift today in what our employees, customers and investors expect from us as a business. Of course, we must meet growth targets and objectives, but more importantly, we must do so while ensuring we do good for our communities and the environment – placing people and planet alongside profit, as we say at Godrej.

People want to work at companies where they find meaning and are making a difference, while also growing in their careers. Consumers want great quality and affordable prices, but they also want to spend on brands that are committed to larger causes. Investors are increasingly seeing more stable, long-term returns associated with companies with holistic, responsible world views.

As we get larger and more global, we need to ensure that current and future generations of Godrejites fully embrace and live our distinctive purpose and values. So, our leadership team is spending a lot of time reflecting on how to become more deliberate in defining and embedding our purpose in our choices and actions. You will continue to see this translate into how we craft our strategy, build our brands, inspire our people and give back to our communities.

How has your India business performed in the last year?

We continued to make good strides in becoming more purposeful, agile, innovative and future-ready. However, in

terms of financial results, we fell short of our expectations. While we continued to deliver strong profits and increased profit margins to industry leading levels, it was a challenging year for top line growth. Our soaps, hair colour and air freshener categories performed relatively well. However, our largest category, Household Insecticides, was significantly impacted by a surge in illegal and unsafe mosquito incense sticks, and an unfavourable season. We are taking numerous corrective actions to recover our performance over the next year.

This has been an active year on innovations, with multiple new products launched across categories. Godrej protekt mr. magic handwash is the first ever powder-to-liquid handwash, designed to be more environmentally sustainable, while also democratising the low penetrated handwash category. We extended our Cinthol portfolio to foray into the growing male grooming category, with a range of multi-benefit products for the face, body, hair and beard. Through Godrej Nupur Natural Henna Based Hair Colour, we are extending our strong henna play to the herbal-based powder hair colour segment. In Goodknight, we introduced Power Chip, an electric solution infused with unique gel technology, a higher efficacy liquid vapouriser and 100 per cent natural mosquito repellent incense sticks.

How has your journey been, in scaling up your presence in Africa, Middle East and the USA?

Performance in our Africa, Middle East and USA cluster was a mixed bag, owing to multiple macroeconomic challenges. While overall performance was impacted by the weakness in South Africa, our West Africa and USA businesses continued to deliver strong growth and Kenya is showing good signs of recovery.

Africa remains a key strategic focus, in terms of both business size today and potential for the future. We are very excited about building a leading home and personal care company, with delightfully designed, superior quality, affordable products tailored to African consumer needs. We are putting

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a lot of building blocks in place to scale up this business. In fact, our largest investment as a company, of ₹4,000 crore, is in Africa. We are confident that these focused efforts and strong on-ground execution will translate into stronger top line and bottom line growth.

The acquisition of Strength of Nature in the USA catapulted us to become one of the largest global players in hair care for women of African descent. Today, this category contributes to 21 per cent of our revenues. However, it is still very underserved in product innovation and brand delight, opening up a significant opportunity for us to leverage our skills and drive global leadership.

Brand building and innovation are critical priorities. Over the last year, we rolled out an extensive relaunch of our Darling brand, the leader in hair extensions in the subcontinent. We developed a new brand architecture and innovation platforms, and refreshed our communication and digital strategies to position Darling as more modern and fashion-forward. The brand metrics are looking very favourable in Kenya and Nigeria. We will continue driving focus on this relaunch to ensure pan-Africa success.

We are also scaling up our Wet Hair portfolio and cross-pollinating products between our Africa and USA businesses. There is huge potential in creating this complementary portfolio, and you will continue to see a lot of exciting innovation focus here.

Our investments in infrastructure, manufacturing and a focused R&D team for Africa, are key enablers of our ambitious aspirations. We are also building up an impactful employer brand, adding strong local talent and ensuring that we have the right leadership in place.

Your Indonesia business is turning around after a difficult couple of years. Tell us more about this.

Our Indonesia business has picked up its growth momentum and is outperforming the industry in a tough macroeconomic environment. The team has worked on a range of levers to drive this turnaround, and responded well to the competitive intensity and challenging market conditions.

It is encouraging to see the improvement in our household insecticides business, where our HIT brand, the category leader, continues to gain market share. We are driving a strong focus on brand building, ramping up our innovation pipeline and investing in marketing and trade promotion, across categories. Some of our recent launches like HIT anti roach spray, cross pollinated from India to expand our presence in Household Insecticides, and the HIT Magic Expert Piramida (a paper-based mosquito repellent) introduced to disrupt the coils segment, are being well received.

The first leg of our extensive go-to-market transformation has also started showing impact. Building this backbone is a multi-year investment and critical to driving stronger performance in the years ahead.

What are you doing to innovate and build new growth engines?

Innovation is our lifeblood as a company. As category leaders, we must keep innovating and finding new ways to grow our categories. Especially given our emerging markets focus, we are democratising categories and making superior quality, delightfully designed products available at affordable prices. We are also pursuing attractive adjacencies and creating new vectors of growth to broaden our portfolio. At the core of this is design thinking. We are using the tools of empathy, rapid prototyping and visualisation to reimagine our brands and create new ones.

The number of new products launched annually in the last 2 years has doubled. New products launched in the last 5 years account for over 20 per cent of the India business. Innovation rates in India and Indonesia are 30 per cent and 50 per cent higher, respectively, than last year. Air Care, a category that we launched in India in 2012, has evolved into a fourth core category for us, globally. We are now leaders in air fresheners in India and Indonesia. We are also building up a strong focus in Hair Care for women of African origin, and are among the largest global players in this category.

We have an integrated platform, RIDE (Research & Development + Innovation + Design + Expertise), to streamline and expedite our innovation process. Our focused global innovation team offers design thinking strategic input for brand architecture, enables cross-pollination and sharing, and evaluates patents and new technologies in the consumer goods space.

We are also investing in technology and skills. We have a state-of-the-art global Research & Development (R&D) centre at our headquarters in Mumbai, supported by local R&D centres in our different geographies. Our in-house global Design Lab integrates design thinking and transforms product capabilities. This is something that is normally outsourced in FMCG, but we believe it is very strategic to have it internally. Through our different strategic global partnerships, we are also leveraging various cutting-edge technologies and processes.

How are you leveraging digital in your business?

We have accelerated our focus on becoming more 'digitally fit'. Our global digital partnerships, commitment to first-class online user experience and shift to consumer-driven content, are showing encouraging results. We are tracking a 53 per cent increase in digital reach, and cost per engagement is

2x lower than that in the previous year. Through this, and with our investments in digital infrastructure and training, we are laying strong foundations to hold us in good stead in a rapidly changing digital landscape.

Our Global Digi Cell brings together digital marketers from across geographies to share ideas and learning. We also partner with other internal and external teams on digital priorities.

We are leveraging relationships with global partners like Google, Facebook and Shopalyst to accelerate learning and experimentation. Last year, I joined some of our team members in immersive sessions at the Google and Facebook global headquarters and met a variety of consumer-facing start-ups to build an understanding of digital-first thinking.

As part of the focus to strengthen our digital ecosystem, 70 per cent of our brand websites have been redesigned for improved consumer user experience, organic traffic and conversion. The average time spent on each site has improved significantly and bounce rate reduced due to more engaging content.

One noteworthy initiative is the Black Hair Hub, our unbranded consumer website, dedicated to hair needs of women of African origin. It includes articles, images, and how-to videos to help and inspire and has been a big success; 6,50,000 site visits over the year, over a million page views, and 18 per cent of returning visitors. While this platform offers us the ability to talk about our brands, our focus is on gaining an unvarnished perspective on consumers - the problems they face and the trends they are interested in. Our ambition is for it to become the number one online hair resource for women of African origin.

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At the Black Box, our physical digital command centre at our headquarters in Mumbai, we monitor live digital activity across our brands, respond to issues and gather consumer insights.

To build up our focus on e-commerce, we have set up an e-commerce business for India with separate P&L accountability. This structure will allow us to be more agile and deliver the consumer focus required to win. In specific, we are targeting growth from e-commerce focused product innovation and digital native brands, in addition to our current portfolio. To enable this, we have a dedicated digital team, the E-Com Cell, a team of in-country e-commerce specialists, charged with rapidly growing online sales.

How are you rethinking your go-to-market approach?

Emerging markets will power global consumption and growth over the next couple of decades. This is why we have centred our growth strategy on these markets and in particular, the emergent consuming class. As incomes rise, purchasing power improves and these markets mature, new distribution systems are enabling greater reach. To leverage this, we are ramping up our go-to-market strategy and reach across geographies.

Direct distribution reach in India has improved to 1.3 million outlets. Our 'Rural One' focus and specific rural demand influencing programmes resulted in rural growth being over 2x of that in urban traditional trade. Middle India (cities with a population between 1,00,000 and 10,00,000) is an emerging focus to drive higher growth. We are also focusing more intensely on outlet segmentation, shopper insights and a differential service approach for channels such as modern trade, chemists, wholesalers and cash & carry.

We are rolling out a phased go-to-market transformation in Indonesia. The first phase included streamlining and simplifying channel models, strengthening channel partnerships, improving wholesale efficiency and indirect coverage.

We are also using predictive analytics for better decision-making across different initiatives. In India, this enables optimised trade spends for better returns, smaller cluster localised planning and predictive suggestions for salespeople on ground. We are trying to further optimise time spent and delivery routes through GPS-enabled maps. Across Africa, we are using hand-held devices to expand coverage and improve brand visibility. In Kenya, we have introduced sales bots for automated order booking, and in Nigeria, we are using analytics to improve cross-selling and up-selling basis previous buying patterns. In our USA business, Electronic Data Interchange helps improve connectivity with large retailers like Walmart and Target. Through our new analytics portal in Indonesia, team members can track and optimise key imperatives.

Our different partner engagement programmes with distributors in India and Indonesia and salon partners in Africa are helping build stronger connect and drive common goals.

Tell us about the work you are doing in next gen automation in supply chain.

We are exploring a lot of exciting opportunities in Industry 4.0 and making longer-term investments in next gen automation and capabilities to build a more dynamic global supply chain. We are leveraging the Internet of Things in manufacturing and logistics. We are also exploring opportunities in agile manufacturing through smart automation and robotics. Through this, we are already seeing very encouraging results in better productivity, greater accuracy, safety and efficiency.

We continue to implement best practices across geographies and are trying to become more agile in responding to constantly changing consumer demand. Given our focus on agile fulfilment, we are mapping cutting-edge replenishment practices. Our significantly high fill rates for key geographies are industry benchmarks. We are also finding ways to improve the 'freshness' of our products, like the project on bar coding shippers in India, which has helped improve logistics and product traceability.

What are some of the steps taken to strengthen the culture at GCPL?

Our hallmark has always been our unique culture of trust, agility and empowerment. This is core to who we are and how we do business. Most of our international growth has been through acquisitions and, unlike traditional multinationals, we have a multi-local operating model, centred on values-based partnering and operational autonomy at the local level. This helps sustain the agile, entrepreneurial spirit that made these companies successful, while providing the benefits of processes and scale that GCPL brings. Continuing to successfully strike this balance, even as we become larger and more complex, is critical. We are building stronger collaboration across geography cluster and function teams through shared accountability and clearly defined ways of working.

Project Nimble is a self-managed team of young leaders who work on ideas across functions to make GCPL more agile. As part of the 10xers Programme, cross-functional teams work on challenging business-critical projects in Finance, HR, Planning, Marketing and Analytics. Both are great examples of how we are engaging young leaders to take accountability and drive change.

To build a stronger culture of experimentation and idea generation, we launched 'I Am Ardeshir', a large-scale innovation challenge named after our founder, Ardeshir Godrej, for Godrejites and our key external partners. It was a big success and threw open several new ideas for consideration. We are also trying to incorporate much more rapid prototyping and experimentation in how we approach different processes.

What are you doing to foster a more inclusive GCPL?

Becoming more diverse and inclusive is critical to realising our ambition of being a leading multi-local FMCG player. We are building diversity in different ways - through our businesses and teams that work across different continents, in the future-ready skills of digital, design, analytics, consumer insights, research and innovation, and how we adapt people policies and processes. We have clearly articulated diversity goals, which are tracked by the Diversity Council for the Godrej Group, which meets every quarter.

Developing more women leaders and building equal gender representation in our teams is a key priority. Over the last few years, the percentage of women in GCPL has increased to ~26 per cent and the percentage of women in senior leadership (Vice President and above) to ~19 per cent today.

We continue to review our policies and infrastructure to create a more enabling workplace for women. Through Careers 2.0, our second careers programme, we provide women who have taken a career break a chance to return to the workplace. Multiple flexible work, part-time, and work from home options help women manage time more effectively. Our Caregiver Travel Policy enables new mothers to bring a caregiver and children up to a year old for necessary work-related travel.

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Our commitment to diversity extends to our board of directors as well. The number of women on the GCPL board has increased from one in 2007 to five today. We are very proud that along with Godrej Agrovet, GCPL has the most women directors in any Indian listed company.

We see tremendous opportunity in leveraging cultural diversity as we build up our business in Sub Saharan Africa. We have set up a separate Diversity Champions Council, specific to the subcontinent, that spearheads targeted interactive sessions to build appreciation and awareness.

Our well-defined equal opportunity policy and a gender neutral anti-harassment policy protect the rights of our lesbian, gay, bisexual, transgender, queer and intersex (LGBTQI) team members. We have extended medical benefits like hospitalisation cover to domestic partners of Godrejites. This also covers same sex dependents, AIDS patients and fertility treatments. Our adoption policy is designed with a gender neutral primary caregiver in mind.

We recently introduced a Gender Affirmation Policy for our team members who wish to undergo gender transition. We are also reviewing amenities and infrastructure facilities for LGBTQI team members. In December 2018, we launched a 'Manifesto for Trans Inclusion in the Indian Workplace'. Through this, we aim to bring to light the position and circumstances of trans people in Indian society, and how corporate India can take action to better them.

GCPL has always had a strong sustainability focus. What are you doing to enhance this?

We are fortunate to be part of the Godrej Group, with a strong legacy of actively championing social responsibility and being deeply committed to driving social progress in our communities. Through 'Godrej Good & Green' we are

playing our part in creating a more inclusive and greener planet. This is guided by our 'shared value' approach which links business success to social progress.

We have aligned our sustainability initiatives with the United Nations' Sustainable Development Goals, the Government of India's social development priorities, and the needs of our local communities. Our CSR Committee regularly reviews and provides strategic inputs on these programmes.

Skilling youth is high on our agenda. We collaborate with non-profit organisations and social enterprises on employability training programmes in beauty and hair care for young people from low-income communities. Since fiscal year 2013, we have trained 3,05,101 youth in India and Kenya in skills that will enhance their earning potential. An independent impact assessment of Salon-i, our flagship vocational training programme for women in hair and beauty, showed that over half our trainees take up employment and over a quarter work from home in beauty-related trades. The Social Return on Investment (SROI) study of our Beautypreneur programme on beauty and wellness entrepreneurship for women, measured an overall social return of ₹6.46 on the programme for every rupee invested.

Environmental sustainability is key to our manufacturing processes and supply chain. We are implementing several initiatives to reduce specific energy and water consumption across our manufacturing locations. We have also set targets for improvement on environmental aspects, including achieving zero waste to landfill and carbon neutrality. In addition to these Green targets, we have identified sustainable packaging targets for our India business. By fiscal year 2025, we aim to reduce packaging consumption per unit of production by 20 per cent, have 100 per cent of packaging material as recyclable, reusable, recoverable or

compostable, and use at least 10 per cent post-consumer recycled content in plastic packaging.

Our efforts on solid waste management extend beyond our manufacturing plants and immediate areas of operations, to include local communities. We are partnering with local municipal corporations and commissioning multiple community waste management projects across India.

To ensure that our sustainability commitments extend across the value chain, we collaborate closely with our partners to drive sustainable practices across their businesses as well. All GCPL suppliers are required to align with our sustainable procurement policy. This draws from internationally recognised standards and details our partnership expectations around integrity, human rights, health and safety, environmental sustainability and community development.

As leaders in household insecticides, we believe it is important that we partner the Government of India in the pledge to eliminate malaria by 2030. In 2016, we launched Project EMBED (Elimination of Mosquito Borne Endemic Diseases) to improve the knowledge and awareness of communities through behaviour change campaigns and empower them to take charge of their own protection. EMBED currently addresses 45 per cent of the malaria burden in Madhya Pradesh, a state with one of the highest burdens of malaria in India. The programme is spread across nine districts, 3,000 villages, 7 lakh households, and 35 lakh people. Our internal data suggests that in Phase 1 districts, between 2015 and 2017, there has been a 70-86 per cent decrease in the Annual Parasitic Index (API) in intervention villages, as compared to a 40-50 per cent decrease in API in non-intervention villages.

What do you think you could have done better last year?

We remain steadfast in our journey to be a leading FMCG player in emerging markets and to delight our consumers with affordable, high-quality and innovative products. This year too, we continued to make good progress in putting many of the necessary building blocks in place. However, our top line growth in India in the second half of the year was below our expectations. In Africa, we need to do better to drive more sustainable and consistent profitable growth. In Latin America, we need to get more agile in navigating the challenging environment. The potential of our portfolio remains very exciting and the opportunities are tremendous. We now need to ensure that we can fire on all cylinders.

What are your key priorities for the year ahead?

We are committed to driving five key priorities to try to become better as an organisation in our journey to become a leading emerging markets focused multi-local FMCG player:

1. Reinvigorate top line and volume led growth and deliver sustained profitable growth
2. Step up our efforts on disruptive innovations
3. Instil a deeper sense of purpose in our brands and ways of working
4. Better leverage the power of digital
5. Sharpen our focus on developing and inspiring our key talent