



Nisaba Godrej with her 'dream product and dream technology' – our Mr. Magic powder-to-liquid hand wash



Watch the Mr. Magic hand wash story



A letter to our shareholders

Dear shareholders,

Over the last decade, GCPL has transformed into an emerging markets FMCG leader. While we are very proud of our achievements as a company, I believe we are only as good as what we do next.

Before I share with you my reflections on what we need to do going forward to build towards this, I want to take stock of where we are today; the good news, and the bad.

The bad news

Our performance in fiscal year 2020 was not good. Sales declined around 4 per cent and Profit Before Tax (pre exceptions) was flat. March 2020 was particularly impacted by the spread of the COVID-19 pandemic and the eventual lockdown in many geographies where we operate. This resulted in virtually no sales in the latter part of the month.

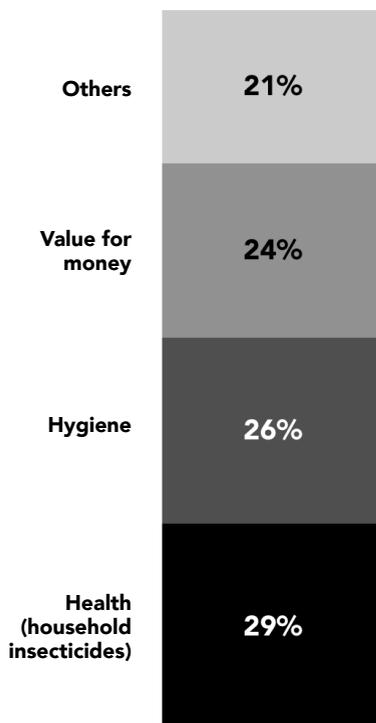
We now have with COVID-19, a health, humanitarian and economic crisis of epic proportions to contend with. The excellence we will require now, going against water rather than with water, to perform and take market share, means a significant step up in ways we probably haven't even realised yet.

The good news

In our internal conversations, I have been telling our people – Yes, there is no denying that this is a bad situation. But, we are also fortunate that GCPL is an FMCG company with a robust portfolio to deliver in a COVID-19 world. Eighty per cent of our product portfolio comprises health (household insecticides), hygiene, and value for money products. Many of our innovations have started playing out fully in the last couple of months and we have seen high growth in household insecticides and hygiene. We have gained share across categories in India and our exit market shares in March were our highest ever.

While we don't get to choose market conditions or the intensity of our competitors, and certainly not a global pandemic, we do choose our attitude in the face of these. Godrej was founded in a crisis; as part of India's freedom and swadeshi movement in 1897, and also during 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, as we see it, 2020 could be our 'second beginning' for the next 123 years of Godrej.

Global category salience



1. Health (household insecticides)

"Protects me from disease and prevents need to go to the hospital"

- Presence across formats and price points

2. Hygiene

"Keeps me and my surroundings sanitised from COVID and other infectious diseases"

- Strong current portfolio of soaps, hand wash, and wipes
- Significant number of new and upcoming launches across geographies in personal and home hygiene
- Strongly price-enabled (e.g. mr. magic at INR 15/USD 0.20)

3. Value for money products

"Gives me high quality products at affordable prices"

- Significant number of products in other categories which are price-enabled and can take advantage of consumer downtrading
- Potential to gain significant share across countries

80 per cent of our product portfolio comprises health, hygiene, and value for money products

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.



Watch
our purpose video

We need to do more of what we do and do it even better. There is tremendous scope to leverage our global category insights (in household insecticides, hygiene, hair care, and air care) and unique multi-local approach to create long-term growth in our geographies. We will do this by offering amazing quality products at affordable prices. But more importantly, while helping solve significant global problems, including protecting our consumers from viruses and insect borne diseases. Our approach - low cost manufacturing; value for money, disruptive, sustainable products; very strong go to market capabilities - is focused on creating this delight for our consumers.

What particularly drives me is this opportunity to innovate for very disruptive products that create penetration and actually solve real problems for our consumers. Our one rupee paper-based mosquito repellent, Goodknight Fast Card for example, broke barriers, and drove penetration and reach in rural India where electricity is a problem and people cannot use electric mosquito repellents. Godrej Expert Rich Crème, which democratized hair colour crème colouring in India, is a crème hair colour in a sachet which costs just ₹30 and compares in quality to much higher priced products. Our Mr. Magic powder-to-liquid hand wash, will do just the same with democratizing hand washing, which is a key tool to keep us safe from disease.

We are focusing our efforts and going where the demand is – in household insecticides, hygiene, and value for money. We have several new launches; strongly price-enabled, across geographies, to create more goodness. It is not just our categories; our channels too are seeing a shift, and we will be doubling down on platforms like e-commerce and chemists. Like Dharnesh Gordhon, our new Africa cluster business head, keeps reminding us, a crisis is a terrible thing to waste.

**Democratising categories
with value for money portfolios**

Global	Global	Global	Latin America	Across Africa
INR 15 USD 0.20	INR 10 USD 0.13	INR 30 USD 0.40	USD 1.85	USD 1-2
First powder-to-liquid hand wash	First 1 rupee insecticide	First sachet hair colour crème	First sachet hair colour crème	Braids



1. Drive the resurgence of household insecticides

2020 will be the Year of Resurgence for our household insecticides business. This is our largest and most critical category globally. We are going where the consumer demand is and the demand is to protect their health. We see this as a long-term area of focus. People are definitely being more careful; they don't want to take chances and want to protect themselves from insect borne diseases like malaria and dengue, which are on the rise.

In fact, if anything, our struggle initially was enabling supply to meet demand, which has been very strong in the last couple of months. We are scaling up our supply systems and have never had stronger portfolios across price points and formats, in India and Indonesia, to serve this. We are also making a foray into this category in Africa, where it is still underserved.

Our household insecticides strategy is multi-pronged. We want to drive penetration with lower price point products, drive premiumisation with very efficacious and safe electrical products, as well as meet the consumer need for natural-based products. Our largest, most profitable format is liquid vaporisers. Last year, we launched Goodknight Gold Flash, India's most powerful liquid vapouriser and the only one with visible vapours, a major breakthrough in technology and efficacy.

In the last couple of years, we have been impacted by unorganised incense sticks players, whose products are not just part of an unorganised market, but also illegal and dangerous to use. Our mistake was to spend too much time in conversations and messaging about how they are illegal, instead of reacting quickly enough. But, we have corrected the missteps we made on that front. We also have a full naturals range of coils, incense sticks, fly spray, liquid vapouriser, and personal mosquito repellent products on offer.

The revolutionary Goodknight Gold Flash

- Most powerful liquid vapouriser in India
- Disruptive heat-based technology and visible efficacy through flash vapours
- Upgrading users of formats such as coils and burning solutions such as incense sticks



The Goodknight Naturals range



Our household insecticides portfolio in India

Burning



Aerosol



Electric



Personal



Naturals



Non-mosquito



2. Invest behind significant innovation and growth in hygiene

There is significant opportunity to innovate and grow our hygiene portfolio, which is currently 26 per cent of our global business, by expanding our existing strongholds in soaps in India, and wet wipes and disinfectants in Indonesia.

In response to COVID-19, we launched sanitiser products across our India and SAARC, Indonesia, Africa, Latin America, and USA businesses in just a few weeks. In many of these markets, it was the first time we were entering the category. We will now be scaling these up into full portfolios with multiple product offerings.

I am also particularly excited because this is the year for my dream product and dream technology – our Mr. Magic hand wash. It is the first powder-to-liquid hand wash in the world, very sustainable, and available at just ₹15. We see in it, the potential to build out and democratise sanitation and hand washing across countries.

We are also pivoting our existing categories and products for more relevance in these spaces. In air care for example, we have launched new products with dual benefits of sanitation and air care. You will now see our innovation engine in full throttle.

The new Saniter range of hygiene products in Indonesia



Pivoting our air care category for more relevance



The Godrej protekt range of hygiene products in India



Kitchen Protection

Personal Protection

Home Protection

3. Ensure full potential growth for India and Indonesia; turnaround for Africa. Be very prudent on costs.

Our businesses in India and Indonesia, which make up roughly 70 per cent of our overall business, are very profitable, and have similar portfolios in health, hygiene, and value for money. There are significant opportunities for growth here, especially given the current consumer demand trends, and we are well poised to leverage this.

We have big dreams for our Africa business and one of our largest investments outside of India, is in the sub-continent. Africa, with its diverse countries, can be quite volatile on the macro-economic front. But where things are tough, there is also a lot of opportunity. Africa has a young, fast-growing, urbanising population with growing aspirations. There is much to yet start unearthing as infrastructure, industrialisation and digital leapfrog. We see tremendous opportunity here, to innovate and grow sustainably both in hair care and household insecticides, while also 'doing good'.

Our African business and its ecosystem is also very women-focused; we have two African women on our Board, 65 per cent of our team members are women and our consumer base is almost exclusively women. So, it is of great personal interest to me. Ardeshir Godrej, founder of the Godrej Group, left behind a legacy in India that is now over 100 years old; I would love to leave behind the legacy of a very purposeful and successful company in Africa.

However, our performance in Africa, over the last few years, has not been up to the mark. As we drive the turnaround, it is very reassuring to be partnering with someone with the experience and passion of Dharnesh Gordhon, our new South Africa-born CEO of Godrej Africa, USA and Middle East.

Cost remains a focus, with Project Pi and newer opportunities we are seeing to be more efficient. We are also laser focused on cash and receivables during this time.



Dharnesh Gordhon,
our South African CEO of Godrej Africa, USA and Middle East

Prior experience

15 years at Nestlé: CEO Nestlé Indonesia, CEO Nestlé Nigeria, Chairman Nestlé Nigeria Trust, Group Sales Director Nestlé Southern Africa

15 years in printing and textile industries in South Africa

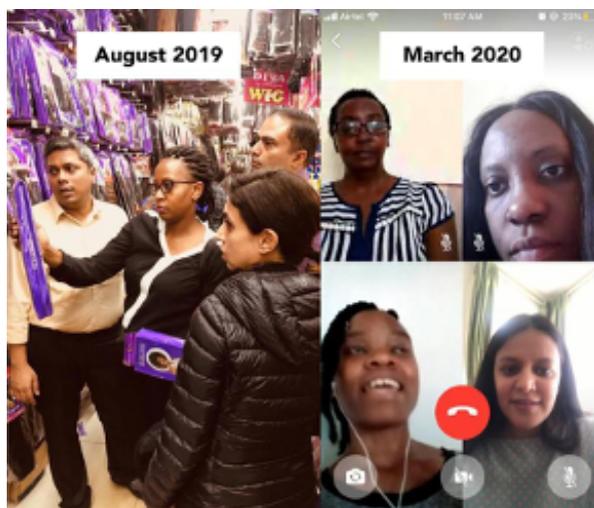
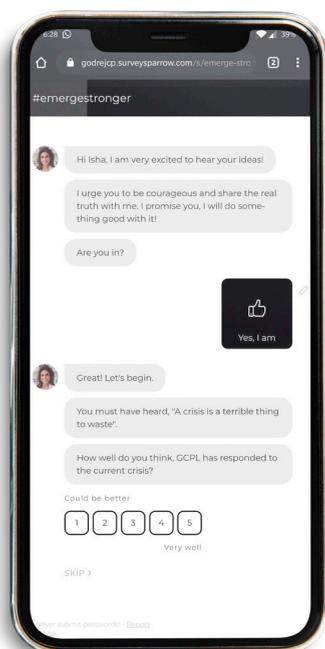
4. Get our execution mojo back; double down on digitisation and sustainability

Our India CEO, Sunil Kataria, talks about 'beautiful constraints'. That is probably the best way to describe these lockdowns and our learning. We are moving faster; fixing our missteps and assessing what we should leave behind to travel more lightly. I always tell people that while our values should remain the same, our business should change every five years. This is making us do just that. I feel like the lockdown has unleashed GCPL. My job is to capture that, build on it, and make us unstoppable.

I believe the solutions to the world and Godrej's opportunities and problems lie with people. It is a leadership myth that any one person like the leader has all the answers. That is just not possible. And especially now, in a crisis, leadership must be distributed. That is exactly what we are trying to do. Our leadership team is reaching out and speaking to people in small groups, especially our frontline team members in sales and manufacturing; we are hosting virtual town halls, sharing and asking for feedback real time. A month ago, we launched an app called #EmergeStronger to gather feedback and ideas from across GCPL. We received an overwhelming response, with hundreds of people responding and a 90 per cent participation rate. I am personally reading each of these responses and I am very energised by the passion and drive of our team.

Our new product development cycles have reduced from months to weeks. Consumer research which was always on-ground for FMCG, has moved online. We are now doing consumer conversations through WhatsApp and Zoom calls. Digitisation has never been quicker. In India, we are ramping up our e-commerce business, which is a separate P&L. We have also shifted a lot of connect with our kirana store and general trade partners to various digital platforms.

The new #EmergeStronger app



Our Africa team hosts consumer conversations online

5. Serve our people and communities with love

Our values matter most when it is hard to live them and we will do our very best to truly live The Godrej Way right now. Godrej has always been known for trust. In today's context, we are redefining this as kindness, love, and empathy.

The Godrej Group stands in solidarity with the many efforts to overcome this pandemic. To start with, we have earmarked a fund of ₹50 crore for community support and relief initiatives in India.

This is an initial outlay and we hope to supplement it over time. We are also supporting relief efforts in our other geographies, through community outreach.

As the second-largest maker of soap in India, we will do our best to ramp up innovation and supplies to serve our country. We recently launched the #ProtektIndiaMovement, a nationwide multi-media and multi-channel campaign to promote mass awareness around hand washing and public health.

Our people and their safety and well-being continues to be our most important priority. We shifted to work from home for all our office-based team members in March, before this was mandated by governments. We also significantly boosted safety measures and protocol for Godrejites in frontline sales and manufacturing roles.



Supporting relief efforts across our geographies



Working from home in a lockdown, especially given the rising angst, can lead to more stress and fatigue, unless we balance it out right. Our new ways of working are being designed to reimagine work and jobs for longer term work from home set-ups; boost productivity, while showing people how to make choices and strike a balance. Mental wellness in particular is a big focus. Our Employee Assistance Programme, now globally available, offers resources and one-on-one counselling.

The lockdowns have opened our eyes to many things, among them, realising just how important and interdependent our ecosystems are. So, in addition to the existing medical insurance we have for all GCPL team members, in April, our India team insured over 4,000 extended team members in our channel partner supply and distribution networks, for COVID-19 treatment. We will continue to find more meaningful ways to support our partners.

Along with flattening the health crisis curve, this is a time for much introspection on how we need to flatten other equally concerning curves of inequality. As a multi-local conglomerate, delighting over a billion consumers, becoming more inclusive isn't just in our DNA and the right thing to do, it also makes excellent business sense. There is enough research to show that companies with greater diversity in leadership roles are more innovative, customer-centric, and profitable. So, we are building diversity in different ways – through businesses in new geographies, inclusive stances on gender and LGBT+ rights, and hiring for future-ready skills. Rather than narrowing the definition of inclusion, we are broadening it. Our message to the world is that we want to hire all kinds of people and enable them to bring their 'whole selves' to Godrej.

This message would not be complete without a big, big thank you to our incredible team members; for their passion and drive to build a stronger, more purposeful GCPL. To all our customers, business partners, shareholders, investors, and communities, my deep gratitude for your continued support through the years. I will continue to count on your close partnership.

Humanity is going through difficult times right now. We will be remembered for what we do at this time, whether as companies or individuals. I want Godrej to be remembered well and I want you to know that I am not just going to do my best, I am going to do whatever is necessary, to make this possible.



Nisaba Godrej

On a recent market visit with our Mumbai sales team

