



A Letter to Our Shareholders

Dear shareholders,

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

A second year of the COVID-19 pandemic, the Ukrainian war, China disruptions, and the Great Resignation have posed several new challenges for our team. We, however, remain optimistic.

There is a change underway at your company, which I believe will serve us well, both in the short and longer term. But before I share with you the reasons for my optimism, I want to reflect on where we are today; the good news, and the bad.

The good news

Despite all the uncertainty, your company delivered on a lot of what we set out to do. We have progressed well against some of the key priorities outlined in my letter last year. This is our second year of double-digit sales growth—11% sales growth (2-year CAGR of 11%). On the category front, Personal Care continued to grow strongly at 17%. From a geography perspective, our India, Africa, and Latin America businesses delivered strong growth.

Accessible and innovative products are the DNA of GCPL. Our R&D pipeline continues to go from strength to strength, and I am excited about the new products that will come to market in the year ahead. In fact, one of my best moments last year was meeting a consumer who said that she had tried to buy a product prototype we had given her, at DMART.

Spending time with our teams in India and South Africa, thanking them for their service, visiting consumers, and learning about new growth opportunities



I believe the best news of this year (and hopefully for the years to come) is that Sudhir Sitapati is now the CEO of GCPL. His strategic clarity and excellent execution capabilities have already started impacting the company positively.

What has delighted me in particular though is his integrity and humility—values that are core to us at Godrej. I really enjoy working with and learning from him, and look forward to him taking GCPL to a new level of ambition and achievement.

Sudhir Sitapati and I share ideas and seek feedback from our India leadership team at our team offsite in March 2022



The bad news

Our performance in Indonesia continued to be disappointing. Getting the business onto better ground will be a key imperative for the year ahead. Rajesh Sethuraman, our new CEO for Indonesia, and the rest of the team will have our full support in doing what is necessary. In our Africa business, we recorded very poor profits in the last quarter due to a theft of inventory in South Africa. Africa is our business with the lowest profitability, so we must focus both on expanding margins and making sure we don't have similar governance issues going forward. Dharnesh Gordhon, CEO for Godrej Africa, USA, and Middle East, and Adesola Sotande-Peters, our new CFO, are a very experienced leadership team, and I look forward to their guidance in strengthening the fundamentals of the business.

While we had turned a corner in Household Insecticides in fiscal year 2021 with 15% growth globally, and Q1 of fiscal year 2022 was also very strong, overall performance this year was a big disappointment with flat growth. We have introduced several initiatives for the year ahead, including a repositioning of Goodknight. I look forward to them driving growth in the category.

The external environment continues to be very volatile due to high inflation, the Great Resignation, and climate change. Despite and perhaps even because of all these challenges, there are significant opportunities to build a more resilient and purposeful organisation.

We are strengthening our leadership capabilities required to navigate these contexts, and doing more zero-based thinking on how we operate, while continuing to be guided by our values and principles in decision-making. You will be happy to note that, as always, we do not change the total fatty matter (TFM) in our soaps, even though the cost of palm oil in fiscal year 2022 went up by 60%. We do this to maintain the quality that consumers expect from us.¹

¹ A high percentage of TFM makes soap last longer and is better on the skin.

Adesola Sotande-Peters, our new CFO for the Godrej Africa, USA, and Middle East business cluster, at our global leadership meet in Mumbai in April 2022



What do we need to do now?

Sudhir and the leadership team have crafted very clear plans for your business to achieve our ambition of double-digit volume growth over the next few years.

Our strategy is to now leverage a more global approach to product innovation and brand equity for our Household Insecticides, Hair Colour, and Air Care categories. This will enable us to leverage the best insights and innovation across the globe quickly and seamlessly. The early results are very encouraging. Categories like Soaps in India and Hair Fashion in Africa will continue to be managed locally.

We will focus on Household Insecticides and the growth of the Indonesia business, and margins and governance will be the focus in Africa. We have already made a number of strategic changes to enable this.

It is most important that we deliver business growth in a more sustainable way, while continuously working to be more diverse and inclusive, and leveraging digital to reduce our Cost to Serve.

Over the next few years, we will use digital technology and automation to reimagine and radically simplify your company. The aim is to become more agile, lean, and empowered, while also enabling greater cost efficiencies, which will, in turn, create the fuel needed for growth.

Keeping our people and communities safe has continued to be a critical priority. We have strengthened safety infrastructure and policies for our on-roll team members and partners in our channel partner networks.

The second wave of the pandemic in India, for all the devastation it caused, also showed us the power of communities. I will always remember the deep empathy of our people across the Godrej ecosystem and how they supported each other through some of our most difficult days.

After helping our team members and their families, business partners, and communities around our operations get vaccinated against COVID-19, we moved our focus to vaccination awareness drives for students and low-income and underserved communities in India. We also pivoted our on-ground CSR programmes to provide COVID-19 relief and livelihood recovery for people in our ecosystems.

Our CSR teams partnered with a non-profit organisation and local government healthcare workers to raise awareness and provide door-to-door vaccination services. The drive enabled ~1,30,000 people to get vaccinated.



Becoming more diverse and inclusive and truly representing our global consumers and communities is critical. While we have made some progress in improving the representation of diverse and under-represented groups, 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 26%, but we are not at the equal representation we aim for. This is a specific focus for us now.

We have also introduced various efforts to become inclusive for our LGBTQIA+ colleagues, but the translation from advocacy into hiring has been slow.

Sustainability is core to our strategy and we embed it across our business: our strategy and operating model, culture, and brands. The World Business Council for Sustainable Development has crafted 9 pathways for the sustainable transformation of businesses.

These pathways are aligned with the UN's Sustainable Development Goals that can help solve 'wicked' social and environmental problems. Our sustainability vision, roadmap, and action plan for 2025 are aligned with these pathways.

We started our Elimination of Mosquito Borne Endemic Diseases (EMBED) programme in 2015 in partnership with the Government of Madhya Pradesh. It was then a state with Category 3 high malaria incidence. In 2021, it was declared a Category 1 state, and is well on its way to eliminate malaria.



In the first 10 years of our sustainability journey, we focused on sustainability in production and our operations. As we look at the next 5 years, with all the changes in the global context, and developments in science, technology, and data, we realise that our approach needs to pivot to the much broader concept of sustainable consumption.

We are aligning our product, design, and sustainability teams to work closely on a sustainability framework for developing new products that are greener across the value chain. Our Sustainability Council at our Board of Directors level continues to oversee progress and provide direction.

On behalf of the GCPL Board and Management Committee, I want to take this opportunity to express our deep gratitude to all our people for their passion, leadership, and exemplary service to Godrej, our consumers, and communities.

To all our customers, business partners, shareholders, investors, and communities, we greatly value your unwavering partnership and support. It is what has enabled us to emerge stronger. We will continue to count on your support as our teams and brands unleash some 'magic' in the year ahead.



Nisaba Godrej



Our powder-to-liquid Magic handwash, a great example of a reconstituted product—and also one I am personally most excited about—is the world's most affordable handwash, and we believe it has the potential to democratise handwashing. It uses half the plastic packaging compared to a regular handwash refill, and only a quarter of the fuel to be transported.

