A Letter to Our Shareholders

Dear Shareholders,

I hope this note finds you well. Thank you for taking the time to read it.

The leadership team has been speaking about speedboats and the power of compounding. How parts of our portfolio are driving disproportionate growth, which will lead to a compounding of valuation. So I wanted to share with you my perspective on the compounding of values. Because for us, values (the how) and valuation (the what) go together.

In April this year, with our group leadership, and more broadly with the world, we shared the Godrej Industries Group's growth aspirations, reaffirmed our purpose and values, and introduced our new design system. At its heart was a simple idea: that we want to remain deeply rooted in our values, while being adventurous about the future.

For me, the most meaningful part of all of this was the work we did to reiterate The Godrej Way and our values: Inspire Trust, Create Delight, and Be Bold.

These are not new ideas for us. These are the values that have shaped Godrej for generations. The Godrej Way is our founder Ardeshir Godrej's way. Holding values and valuation together. We are trustees of his way.

He started the Godrej we know today, 129 years ago in a small factory in Lalbaug. He believed deeply in both values and enterprise, in integrity and in innovation. His first business venture was surgical tools. Hospitals loved them but asked him to falsely label them "made in England". He refused, choosing honesty over profit. It cost him his first business, but defined the principles that built all the ones that followed. Inspire Trust has been how Godrej has crafted tomorrow for over a century. It shows up in Vikhroli as an industrial estate built to give workers a dignified life in the 1940s; the preservation of the mangroves we sit across or the fact that 15% of the group is owned by an independent philanthropic trust.

Ardeshir was a poet and an engineer. He was imaginative, inventive and creative, but also fully committed to scale and efficiency. He was bold. At a time when locks were imported from England, and made by hand, he figured out standardization, manufacturing at scale and invented the leverless lock that he patented. The lock, because it did not have levers, did not rust, and get jammed in India's humid climate and won against the British imported products hands down.

And he was always creating delight.

The GCPL we know today exists because Ardeshir decided to build a soap for India. At a time when soaps were largely made from tallow or animal fat, he spent years researching and developing a soap made from vegetable oils. He understood that Indian consumers, with their cultural and religious sensitivities, would deeply value a soap made from seeds instead of animals. He launched soaps during the Spanish Flu in 1919. And with characteristic humility, he called one of his earliest brands Godrej No. 2, because he believed he could still do better. Eventually, of course, came the Godrej No. 1 we all know today.

Connecting with teams across our offices and factories


NORTH AMERICA


Welcome to the
Annual Shakti Summit 2025

Crafting tomorrow since 1897

We were born from a simple belief:
that business, at its best, is a force for good.

Since 1897, this has guided us:
to act with integrity,
to dream bravely,
and to build what endures.

We're crafting tomorrow
with purpose and prosperity,
poetry and engineering,
and people and planet
at the heart of all we do.

Rooted in values.
Adventurous about the future.
For now, next, and forever.

This is the Godrej Way.

Our Values

Inspire Trust

Create Delight

Be Bold

When Sudhir came in five years ago, it reflected my belief that GCPL had far greater potential than we were unlocking at the time. And to be fair, FMCG has not had the easiest past five years. I think we've done a credible job navigating that environment and have put in place a number of building blocks for the future, but I don't think we've fully unleashed what this company is capable of yet.

As we begin our next five-year journey, my belief and excitement come not just from the products and categories that are compounding, but also from the values this team holds.

The team is inspiring trust by keeping people and planet at the heart of what we do. We were ranked number 1 on the Dow Jones Best-in-Class Sustainability Indices in FMCG this year. Our representation number and engagement have also shifted meaningfully this year. 51% of our global workforce across all employment types comprises women, persons with disabilities, and LGBTQIA+ individuals. White-collar diverse representation stands at 31%, up nearly two percentage points year-on-year. On shop floors too, 48% of machine operators come from these communities.

Focused efforts to improve engagement through stronger leadership connect, a redesigned recognition framework, and growth opportunities for top talent translated into shifts, including a 29-basis-point increase in leadership engagement scores.

In our annual plans and five-year long-range plans this year, I saw the opposite of recency bias and buffering. I saw real boldness and even a willingness to share 'internal stretch numbers' with me. There was less conversation about the West Asia war and more focus on the possibility of what we can do.

Aasif, our CFO, introduced a framework around what he calls the "unsolved problem." It shifts the conversation from "Did we meet the plan?" to a more demanding question "If we put our hands on our hearts, does this really meet our own high expectations?"

When we announced the RNF molecule in February 2024, the market responded positively and we saw roughly a 10% bump in the stock. Incense, in particular, has turned out to be a blockbuster success for both topline and bottomline. We are already the number one player and continue to gain market share rapidly. To put the bottomline in perspective, if GCPL's average net contribution is around 100 rupees, incense delivers roughly 80–85 and is accretive to revenue and profit growth. And as we speak, we are taking it into Africa.

At the same time, while Liquid Vapouriser shares and penetration have improved with RNF, they have not moved as much as we aspire to. So even though RNF overall is delivering strongly, the Liquid Vapouriser opportunity is still tagged internally by us as an "unsolved problem" because the opportunity is immense.

I've seen that same boldness about Africa from Aasif and the team; not just in their ambition to turn around Africa, but to build it into a real FMCG powerhouse for GCPL. In fact, after completing their 2030 plans last year, he spent time with his team just last week discussing their vision for 2040.

I've also seen an immense intensity around creating delight, particularly in our sharp focus on building winning products and scaling them quickly. Our innovation pipeline today is stronger than it has ever been. We have some very exciting launches coming up, including in hair and household insecticides, areas where, much like Ardeshir did with soap, we have invested nearly a decade in research and development.

So, if I'm being candid, as an FMCG company we are probably operating at the 80th or 90th percentile when it comes to the classic playbook: big SKUs, general trade distribution and television-led media. But we are probably closer to the 50th percentile when it comes to e-commerce, digital marketing and understanding the disruption AI is going to create.

But what gives me confidence is the learning agility I'm seeing from the team to go where the consumer is. We are adapting quickly. The Muustaach acquisition is doing very well and is helping us build capabilities and models that we can now extend to other brands. We are having great success globally with TikTok, air care and hair care. We've also built an AI team and are already deploying AI across multiple parts of the business. I'm very confident we will get this newer model right as well.

I also see people hungry to grow themselves.

Recently, a senior leader put years of 360 feedback and engagement scores into Claude. What came out was probably one of the most brutally honest, but also clearest and most useful feedback reports I've ever seen. What struck me even more was that he not only shared it openly, but said that sharing it was his way of committing to doing the work to get stronger.

Individuals growing. A team flourishing. Not because everything is solved. But because of a willingness to call a spade a spade. No defensiveness. More learning velocity. As Rudyard Kipling wrote, "Don't look too good, nor talk too wise." To me, that is the real boldness: a team that is confident enough to be honest with itself, and committed to getting better every single day.

So, I want to take this opportunity to say a big thank you to all our team members for their deep commitment to crafting goodness at GCPL. To our shareholders, partners, and communities, our appreciation for your continued trust and partnership.

When people look back five years from now, I hope they will see this period as a time when GCPL truly found its stride: with values and valuation compounding together to make us wildly successful.

Nisaba Godrej