



MANAGEMENT DISCUSSION AND ANALYSIS
GCPL ANNUAL REPORT FY 2007-08



Management Discussion and Analysis

GCPL Annual Report FY 2007-08

The Indian economy continues to grow healthily. Projected economic growth for 2007-08 is 8.7% as per the Economic Survey 2007-08. The investment climate though relatively muted in the last quarter of the year under review remains optimistic and the macro economic fundamentals continue to inspire confidence.

India's rising disposable incomes, higher consumer spending and low penetration levels are key growth drivers for the FMCG sector. The FMCG sector continues to be the fourth largest sector in the economy. Several initiatives like innovative product launches along with improved distribution and stronger and wider product portfolios have enabled companies to sustain volume growth. Growth in rural demand has been aided by higher industrialization and improved infrastructure leading to creation of semi-urban markets, and a shift towards value-added products. Some companies in the sector have also used the inorganic route to grow at a faster pace. Many have, due to higher input costs, been forced to resort to price hikes leading to higher revenue based on value growth.

The announcements in the Budget 2008-09 will have an overall positive impact on all FMCG companies and benefit them in three ways:

- The debt relief scheme waiving off overdue agricultural loans will lead to an increase in disposable incomes in rural areas. Consumer companies with exposure to rural India will benefit.
- The increase in exemption limits of personal income tax can be expected to bolster consumption in a large section of the populace.
- The reduction in the CENVAT rate will be a competitive stimulus for domestic manufacturing activity.

Increases announced by the recent Pay Commission will also boost the spending power of Government employees.

With rising income levels in the rural and urban sectors and existing low per capita consumption, demand for goods will increase consequently benefiting all FMCG companies.



GCPL continues to be one of the fastest growing companies in the FMCG sector. Your Company in line with the changing times is focusing on a profile makeover. The Godrej group recently unveiled its new corporate logo with new colours that are more relevant to today's young India. Your Company relaunched its flagship brand 'Cinthol' across the soap, talc and deo segments in trendy new packaging. GCPL also relaunched its Powder hair Dye as 'Godrej Expert Powder Hair Dye'. During the year, the Company acquired Godrej Global Mideast FZE, a 100% subsidiary of Godrej International, which

will enable GCPL consolidate its presence in the GCC countries and the Middle East. Further, GCPL also acquired the 'Kinky' hair business, South Africa's leading hair brand. This will enable the Company to enter into a new line of business and diversify its hair product portfolio. Keyline Brands and Rapidol continue to be accretive for the Company. GCPL's joint venture company Godrej SCA Hygiene Ltd. undertook various initiatives during the year including the launch of 'Libero' baby diapers, 'Tena' adult incontinence diapers and the relaunch of the Snuggly brand as 'Snuggly Dry'.

GCPL's sales mix:

Turnover (Rs. crore)

Turnover	FY 2007-08	FY 2006-07	Growth (%)
Toilet soaps	566.6	475.1	19.3 %
Hair Colour	204.7	181.9	12.5 %
Liquid detergents	38.5	38.8	(0.8) %
Toiletries	57.5	47.4	21.3 %
By products	20.3	15.3	32.7 %
Total	887.6	758.5	17.0%

Soap

Toilet soaps



GCPL continues to be the second largest toilet soap player in India with a market share of 9.7% compared to 9.1% in the previous year. GCPL increased the prices of its toilet soaps during July'07 and December'07 due to a rise in prices of inedible vegetable oil prices. This price increase was well received by the consumers and did not affect GCPL's volumes in this segment.

This category presently comprises 63.8% of your Company's sales.

GCPL unleashed '24-hour confidence' with the relaunch of its flagship brand 'Cinthol' in a new range of soaps, talcs and deo sprays. Cinthol Regular and Fresh soaps was also relaunched in an attractive new packaging. Cinthol Deo soap provides confidence and protection for energetic lifestyles. Its active deo formula controls body odour and its ultra scent technology provides long lasting fragrance. The Cinthol Deo soap is available in Cologne, Classic and Sport variants. Cinthol Regular has a deodorant formula with TCC, a special ingredient and has been recommended by specialists for fresh looking skin. On the back of extensive research and our vast experience of over 56 years in this category we believe that this new range will do exceptionally well. This relaunch was carried out through a 360-degree campaign including outdoor visibility, modern retail activation and internet marketing initiatives along with television, print and cinema promotions. The brand has a new ambassador, Hrithik Roshan, the popular Bollywood star, whose profile as a youth icon is in sync

with the brand. Cinthol is available across the country in all types of outlets.

Godrej No. 1 continues to be the largest selling Grade 1 soap in the country. During the year, GCPL introduced the Godrej No. 1 Papaya and Lotus variant. Papaya is widely recognized as an elixir for the skin. It deep cleanses the skin and removes dead skin cells. Lotus has an aura of divinity around it. Papaya and Lotus gives the consumer new looking skin with a divine fragrance. Godrej No. 1 is now available in seven variants namely Rose, Natural, Jasmine, Ayurvedic, Sandal, Lavender and Papaya and Lotus. All the variants are available in 75 gm, 100 gm and 125 gm packs and continue to do well. During the year, Godrej No. 1 continued to maintain its leadership position in Uttaranchal, Punjab, Himachal Pradesh and Chandigarh.

Godrej FairGlow soap contains 'Natural Oxy-G' that makes one fairer by reducing the dark melanin without changing the skin's natural balance. FairGlow soap was India's first fairness soap and is the largest selling fairness soap. It is a quality Grade 1 product and has a pleasant fragrance.

During the year, we introduced a 100 gm variant in certain soap brands.

In the future, we plan to expand our product offerings and introduce new and exciting products for the consumer.

Personal Care

Hair Colours

In this segment, GCPL provides consumers a variety of offerings across the popular, sub popular and premium categories to cater to a large range of consumers. GCPL's market share was 35.2% for FY 2007-08.

One of the highlights during the year was the relaunch of our Powder Hair Dye as 'Godrej Expert Powder Hair Dye'. Godrej Expert Powder Hair Dye is the world's largest selling powder hair dye and provides the consumer five expert benefits:

- Colour lock formulation – ensures uniform colour absorption in each strand of hair and gives the consumer long lasting 100% grey coverage.
- Shampoo based dye – helps in convenient and easy application of colour
- No ammonia – assures gentle and safe dyeing of hair.
- Nourishing conditioner – makes hair luxuriously soft, silky and shiny.
- Perfume – leaves hair with a pleasant and lingering fragrance.

Godrej Expert Powder Hair Dye is available in 3 gm sachets for men at Rs. 9 and 6 gm sachets for women at Rs. 17.

GCPL's Renew cream hair colour is a unique cream hair colour and contains aloe and protein conditioners that protect the hair and revitalizes it. Renew cream hair colour is available in 50 ml packs in Burgundy, Cinnamon Red, Light Golden Brown, Light Brown,

Natural Black and Natural Brown colours. We also introduced a 20 ml pack of Renew cream hair colour last year in Natural Black, Natural Brown, Burgundy and Cinnamon Red colours for men and women who need a touch up. This product has done well and we will continue to add more colours in Renew.

Under the Renew brand, we also offer Renew Highlights, which is a home use kit for permanent highlights. It is available in blonde and red colours. Renew highlights are suitable for consumers of all ages, are non-drip products and work on coloured as well as uncoloured hair.



Personal Care Hair Colours

During the year, we introduced 'Godrej Renew Powder Hair Colour'. It is a first of its kind in the hair colour segment. Godrej Renew Powder Hair Colour is an aqua based, conditioning powder hair colour enriched with the herbal nourishment of henna and hibiscus. Henna protects the hair and hibiscus provides nourishment. The powder hair colour is ammonia free and hence is safe to use. This product is available in Burgundy, Auburn Red, Natural Dark Brown and Natural Black colours at a price of Rs. 20 per sachet in a carton pack containing three sachets of powder colour. This product was introduced in four states across India.

GCPL's other offerings in this category 'Godrej Permanent Liquid Hair Dye', 'Godrej ColourSoft Hair Colour', 'Godrej Kesh Kala Oil', 'Godrej Nupur Mehendi', 'Godrej Kali Mehendi' and 'Anoop' showed encouraging performance.

At GCPL, we have spent years researching hair colour solutions. With such experience, as well as understanding of the hair colouring needs of men and women we strive to develop products and solutions, which are safe and easy to use. Our brands are associated with trust and are used by millions of consumers on a daily basis. With the upper end of the hair colour market growing at a faster rate than the general hair colour market we feel that the

repositioning of Renew will give us a strong growth potential in the premium colour segment. Going forward, with the introduction of aggressive marketing strategies for our new products, we will continue to introduce products and expand our existing product portfolio.



Toiletries

GCPL offers shaving cream, talcum powder and deo spray under this category.

Shaving creams

GCPL's Deluxe range in shaving cream continues to do well in this category. The 7 gm travel pack tube, available for Rs. 5 is the key driver of growth.

Talcum powder

Cinhol Deo Talc was relaunched during the year in attractive new packaging. It is available in four variants namely Sport, Classic, Smooth and Fresh and Cologne. The talc's deo formula controls body odour and its ultra scent technology provides long lasting fragrance.

Godrej No.1 talc is available in two variants, Jasmine and Lavender. The talcs are available in 100 gm and 300 gm packs, priced at Rs. 19 and Rs. 39 respectively.

Deo spray

We launched the new Cinhol Deo Spray in four variants namely Sport, Cologne, Musk and Classic. The spray is available in an attractive packaging with a powerful combination of fragrance and protection against body odour.



Liquid detergents

During the year, Ezee was accorded a distinctive status, that of a 'Superbrand' by the Superbrands Council, UK. Ezee is the only premium fabric care brand to be awarded Super Brand status. Ezee liquid detergent has been designed specifically for special clothes and delicate garments like woollens, silks, baby clothes, premium cottons, etc. It has pH neutral formulation which prevents shrinkage and colour fading. Ezee does not contain any harsh chemicals like soda and hence washes clothes gently.

Distribution and supply chain

We have established a strong and effective distribution and supply chain over the year.

During the year, GCPL undertook several new initiatives to increase its distribution and supply chain. These include:

- The Godrej Sales Representative model, which is today operational in North Gujarat, Andhra and the Tirupati belt, West Bengal and Western U.P. All the representatives cover the market on a weekly basis, supervise the availability of products, replenish the same, oversee promotional schemes

being implemented, etc. The representatives interact with the Company, which helps the Company get first hand information. Due to travel convenience and knowledge of the region, GCPL plans to have additional local people in this model in future.





Human Resources

Our people are our greatest asset and our belief in the same was reinforced by the fact that we were ranked 6th in Hewitt's Best Employers' Survey, ranked 14th in the "Best Companies to Work For in India" Survey conducted by Business Today and Mercer TNS and ranked 9th in the "Great Places to Work" Survey. GCPL was also one of the three companies in India to be given the Platinum Award by the Great Places to Work Institute for consistent ranking in the top 25 for 4 years in a row.

Various initiatives were undertaken to strengthen the functional and behavioural skills of our employees. Apart from several team-building activities through various methods such as outbound workshops, focused group discussions, etc., we also conducted the Advanced Management Program for Managers, who have 5-10 years of professional experience. The program involved a quick 'brush-up' of the basics in respect of each functional area, followed by a comprehensive curriculum, covering advanced management knowledge. The high intensity learning provided during the Program will enhance the performance potential of participating Managers and enable them to take on more aggressive business goals. Every employee at an average went through more than 5 days of training this financial year.

It has been the endeavour of our Company to supplement the efforts of the Government and to ameliorate society by providing better opportunities to uplift the living conditions of the socially and economically underprivileged persons belonging to Scheduled Castes and Scheduled Tribes and create an inclusive culture by giving opportunities to physically challenged persons. The Company affirms the recognition that diversity, to reflect socially disadvantaged sections of the society in the workplace has a positive impact on business. Considering the above objectives, the factories have continued to create four Scheduled Caste/Scheduled Tribe entrepreneurs in the year 07-08 to build business partnerships in operations. Our Malanpur Unit has adopted a school at nearby village 'Singwari' and has continued to grant financial help by way of six scholarships to the best performing children belonging to Schedule Caste/Scheduled Tribe from 5th to 8th Standard this year. Two of them are orphans. Presently factories have more than 10% of regular employees in the SC/ST category. The factories have given direct employment to 30 SC/ST candidates in the year 07-08. The indirect employment to SC/ST employee is around 45%. This year 6 physically handicapped people have been recruited.



Human Resources

In Thana village near our Baddi Factory, an awareness program on ill effects of tobacco, smoking and drinking for youth was organized. Dental check camps and health check-up camps were also organized. Singwari village near our Malanpur factory continues to be supported on improving education, health and living conditions. Our Company is committed to scale up above efforts in future also.

The Malanpur factory has executed its 5th long-term settlement with workmen representatives in a win-win manner. This agreement has resulted in improving noodles/soap production and productivity, rationalizing labour, leveraging multi-skilling, job rotation and flexibility, and sustaining key performance indicators with respect to TQM/TPM initiatives. There were no man days lost during the negotiation.

We have extended our HR practices to our overseas subsidiaries Keyline (UK), Rapidol (SA) and Godrej Global Middle East, Dubai. We have also been able to deploy human resources to these subsidiaries from GCPL, India thereby strengthening key functions and providing global exposure to our Indian employees.





Information Technology

We have successfully implemented the SAP ERP package at all our locations. SAP provides total software solution packages for running large businesses. Large businesses have various divisions and therefore have different computer software needs. SAP fulfills that need for GCPL.

SAP will enable us move towards a real time enterprise and will allow us capitalize on the value of accurate and relevant corporate data to generate better insights into business operations, maximize profitability, optimize operational efficiency and improve quality of decision making.

Research & Development

Research and Development plays an important role in developing new products and reducing cost. Research and Development operates in unison with the Company's long-term strategy and demands of the market-place. GCPL has a strong Research and Development team, which constantly works towards improving GCPL's products and operations through technology absorption, adaptation and innovation. Thanks to the consistent effort

of the Research and Development team, the Company derived, among others, the following benefits:

- Relaunch of Cinthol soap and talc
- Relaunch of new Cinthol deo spray
- New and attractive packaging and relaunch of Powder Hair Dye as 'Godrej Expert Hair Dye'
- New packaging for Inecto Powder Hair Colour and Inecto Henna

Going forward, we will continue to focus on entering new categories, product innovation and concentrate on customer satisfaction. Further, we will explore new technologies to enable product improvement and development and facilitate cost efficiencies.



International Operations

During the year, we commenced exporting GCPL products to three new countries namely Curacao, Liberia & Libya and with that, we now export to 36 countries. Export income for FY2008 was Rs. 15.5 crore.

The Export revenues and income were impacted by the Rupee strengthening against the US \$ during the entire period of 07-08.

One of the key developments during the year was the shipment of GCPL products to Keyline Brands Ltd. and Rapidol Pty. Ltd. as follows:

- Powder Hair Dye in bottles to Keyline Brands Ltd.
- FairGlow soap introduced in the U.K. markets
- Godrej No. 1 soap and Renew hair colour shipped to Rapidol Pty. Ltd.

Keyline Brands Ltd.

Keyline brands continue to receive an encouraging response from the consumers. Cuticura's hand hygiene range is a market leader in UK. We increased our ad spend for the Cuticura brand and launched our first television campaign during the year. Further, we relaunched the Cuticura skin range and the Nulon range of Keyline brands. A

key highlight during the year was the acquisition of two hair care brands 'Touch of Silver' and 'Henara' by Keyline. 'Touch of Silver' provides a selection of specially formulated products, which care for grey, white and blonde hair. It counteracts any tendency towards yellowing, fading or dullness in grey or white hair. The range consists of shampoo, conditioner and shine spray, conditioning styling mousse and a firm hold hairspray. Henara is a comprehensive hair care range with formulations that are henna based to naturally care for coloured hair. The range consists of shampoos, conditioners, treatment wax and shine enhancers. The shampoos and conditioners are available in red, golden and dark variants. The acquisition of Touch of Silver and Henara brands will enable Keyline to enhance its product portfolio and gain access to an already established consumer base of these products.



Rapidol (Pty.) Ltd.

Rapidol's Inecto brand continues to do well. Inecto has over the years built-up a proud heritage and huge reputation as being the tried and trusted formulation, providing safe and affordable hair colorants to consumers in South Africa and the African continent. Inecto is available across seven brands namely Famous Originals, Colour Range, Plus, Plus Highlights, Henna, Powder Hair Colour and Colour Care. Inecto was relaunched in an attractive new packing during the year. Inecto Plus introduced by Rapidol during the last quarter of the previous year continues to witness an encouraging performance. During the year, Inecto Plus which is available in seven variants received listing in several supermarket chains, a reflection of its superior quality and customer acceptance. Inecto Plus Highlights was introduced during the year in two colours namely Blonde/Brown and Red. Inecto Highlights is a specially formulated non-drip colour crème. Inecto Henna continues to do well. Inecto Henna is an ammonia free powder hair colour with Henna and Hibiscus available in four colours namely Burgundy, Auburn Red, Natural Black and Dark Brown.



Rapidol began sourcing Inecto Powder Hair Colour and Henna from GCPL India. Expanding its reach in the East and West African continent, Rapidol introduced its products in Kenya and Ghana.

Godrej Global Mideast FZE

During October 2007, we acquired Godrej Global Mideast FZE (GGME), which was a 100% subsidiary of Godrej International Ltd. GGME was established in Sharjah in November 1997, with the objective of distributing Godrej Consumer Products Ltd. soaps, hair colours and toiletries in UAE and other GCC (Gulf Co-operation Council) countries. Through this acquisition, we will continue to enjoy the following benefits:

- Access to GGME's strong distribution network
- Obtain better insights into consumer needs and preferences
- Leverage GGME's distribution network to introduce Keyline products.

We introduced products of Keyline brands, Cinthol Deo and Cinthol Hand Wash in an attractive new packaging in the GCC countries and Middle East. Cinthol Deo is available in two variants namely Icebreaker and Firewalker and Cinthol Hand Wash is available in three types - Breezy Spray, Sparkling Cool and Tangy Bubbles.



Kinky Group (Pty.) Ltd.

During April 2008, GCPL completed the acquisition of 100% stake in the Kinky Group (Proprietary) Ltd., South Africa (Kinky). Kinky is a leader in the South African hair business and offers a variety of products, which include hair, hair braids, hair pieces, wigs and wefted pieces. Kinky also offers hair accessories like styling gels, hair sprays and oil free shampoo. All Kinky products are manufactured at plants located in South Africa at Johannesburg and Durban and final products are sold through Cash n Carry outlets and Kinky owned stores. This acquisition was our second in Africa after Rapidol and will enable us expand our presence further in the African continent. Further, Kinky products add to the portfolio of hair products offered to consumers and are also used by the hairdressers and salons which helps the Rapidol business in hair care as a cross SBU synergy by gaining insights in consumer trends. Kinky products offer good potential for roll out into the rest of Africa as presently they are sold only in South Africa.



Joint Venture Company Godrej SCA Hygiene Limited

Godrej SCA Hygiene Ltd. our equal partnership joint venture Company launched several new products in India.

During October 2007, the Snuggly brand was relaunched as 'Snuggly Dry' in the states of Kerala and Tamil Nadu. Snuggly Dry has a unique absorption formula and a cloth like feel. The new product is sourced from one of the most modern plant's of SCA in Malaysia.

In December 2007, Godrej SCA Hygiene Ltd. launched 'Libero' baby diapers in Europe. Libero is a strong international brand in baby diapers. Libero was launched in top 50 cities across India in small, medium and large variants for pack of 2s, 5s and 10s each.



In January 2008, Godrej SCA Hygiene Ltd. launched 'Tena', an adult incontinence product. Tena is the world's leading provider of absorbent incontinence products holding a global market share of 26%. The Tena product has fast absorbent properties along with odour control to provide comfort to the consumer. Tena is available through retail channels and its distribution is handled by GCPL in India.

Godrej SCA Hygiene Ltd. purchased in April 2008 10 acres of land at MIDC Sinnar for establishing its factory. On commencement of this factory, Godrej SCA Hygiene Ltd. will start manufacturing all its products in India.

Social and Environmental Initiatives

During the year, the Company supported and encouraged various social and environmental responsibilities. Towards this, the Company has created 4 SC/ST entrepreneurs during the year to build business partnership in operations. Our Malanpur plant has adopted a school at a nearby village 'Singwari' and granted financial help by way of scholarships to the best performing child belonging to the SC/ST from the fifth to the eighth standard. Presently the Company has more than 10% employees under SC/ST category from its total employee strength.

Financials (Consolidated)

	FY 2007-08	FY 2006-07
Sales	1102.6	951.5
Other income	4.0	2.7
Total income	1106.6	954.2
Material costs	518.0	462.2
Staff costs	72.5	54.4
Advertising & Publicity	91.5	77.1
Other expenditures	206.1	178.2
Total expenditure	888.1	771.9
PBDIT	218.5	182.3
Depreciation	18.2	14.2
PBIT	200.3	168.1
Interest and financial services (net)	12.8	9.6
PBT	187.5	158.5
Provision for taxation	28.3	24.3
PAT	159.2	134.2
Extra Ordinary Item	–	5.1
Tax adjustment of previous year	–	4.8
Net Profit	159.2	144.1

GCPL's net sales in FY 2007-08 were Rs. 1102.6 crore, demonstrating a growth of 15.9% over FY 2006-07.

Profit before Interest, depreciation and tax (PBIDT) increased by a healthy 19.9% to Rs. 218.5 crore.

Your Company generated a Profit before tax (PBT) of Rs. 187.5 crore and a Net Profit after tax (PAT) of Rs. 159.2 crore, displaying a 18.3% and 10.5% growth respectively over the Company's FY 2006-07 performance.



Profitability perspective

	FY 2007-08	FY 2006-07
PBDIT/Sales	19.8%	19.2%
PBT/Sales	17.0%	16.7%
PAT/Sales	14.4%	15.1%
RoCE	61%	61%
RoNW	98%	119%
EPS (Rs.)	7.1	6.2
EVA (Rs crore)	134.8	113.2

Internal control systems and their adequacy

Your Company has a proper and adequate system of Internal Controls, to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that transactions are authorized, recorded and reported correctly.

Your Company's Corporate Audit & Assurance Dept which is ISO 9001: 2000 certified, issues well documented operating procedures and authorities with adequate built-in controls at the beginning of any activity and any time there is any major change.

The internal control is supplemented by an extensive programme of internal, external audits and periodic review by the management.

The system is designed to adequately ensure that financial and other records are reliable for preparing financial information and other data and for maintaining accountability of assets.

During the year the Corporate Audit & Assurance Dept was involved in facilitating the SAP implementation so as to ensure that the existing processes are adequately captured with in-built control mechanisms.

Recognitions

Our people are our greatest asset. Our belief in the same was reinforced by the fact that we were ranked 6th in Hewitt's Best Employers' Survey, ranked 14th in the Best Companies to Work For in India Survey conducted by Business Today and Mercer TNS and ranked 9th in the Great Place to Work Survey, 2008. GCPL was also one of the three companies in India to be given the Platinum Award by the Great Places to Work Institute for consistent ranking in the top 25 for 4 years in a row.

The Malanpur factory received a commendation certificate for Strong Commitment to Excel in the CII-EXIM Bank Award for Business Excellence.

Apart from that, our Malanpur factory won the Platinum Award in the India Manufacturing Excellence Awards (IMEA) by Frost & Sullivan, in the Chemicals Category.

Risks and Concerns

The following describe major risk areas and may have significant impact with regard to GCPL's financial position, operating results, cash flows, etc. GCPL is aware of the possibility that these problems may occur and is exercising extreme care to act quickly to any problem to minimize its effect. The risks that are mentioned below represent risks that the Company believes are significant in the light of its risk management activities.

- Fluctuation of foreign exchange rates
- Extreme inflation and labour shortage
- Political unrest in countries
- Competition from other players
- Cost of raw material and other inputs
- Change in supplier and distributor relationships
- Change in government and tax laws
- Seasonality and weather conditions

The Company has a Risk Committee, which periodically monitors and reviews risks and we have appropriate plans in place to combat the same.





Outlook for FY 2008-09

We will continue to expand and derive synergies from our international acquisitions.

GCPL has entered several new categories during the year and we believe that these will add significant value for us going forward.

The outlook going forward remains strong. With rising disposable incomes, higher consumer spend and low penetration levels we believe that there is a large opportunity for growth. We have a strong portfolio of products and continue to innovate and improve our existing product offerings along with introducing new products in the domestic as well as international arena.

Cautionary statement

Some of the statements in this Management Discussion and Analysis, describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ substantially from those expressed or implied. Important developments that could affect the Company's operations include a downtrend in the domestic industry, significant changes in political and economic environment in India, tax laws, import duties, litigation and labour relations.