



New Survey Finds Rapid Growth of Global Investments by Indian Multinational Enterprises

ISB and VCC release the first-ever ranking of Indian multinationals investing abroad

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Hyderabad and New York, April 9, 2009 — Indian multinational enterprises (MNEs) have become significant investors in global business markets, according to the first ever survey of Indian MNEs investing outside India. With foreign assets growing by more than 100% p.a. in recent years and affiliates in over 70 countries, India is rapidly staking a claim to being a true global business power.

Today's survey release by the Indian School of Business (ISB) and the Vale Columbia Center on Sustainable International Investment (VCC) at Columbia University in New York is part of a long-term study of the rapid global expansion of MNEs from emerging markets, in particular from the so-called BRIC countries: Brazil, Russia, India and China. The survey establishes a baseline against which subsequent developments can be measured.

The report identifies 24 large multinationals and ranks them on the basis of their foreign assets. These 24 companies are among the largest outward investors from India and, in 2006, they jointly accounted for:

- USD 15.3 billion in foreign assets
- 60,000 in employees abroad
- USD 12.7 billion in foreign sales
- 441 foreign affiliates (branches, subsidiaries, etc.) in 75 countries

The leading company on the list of 24 was the state-controlled **Oil and Natural Gas Corporation** (ONGC), which accounted for 31% of the foreign assets on the list. It was followed by the conglomerate **Tata Group**, accounting for a further 27%. The Tata Group – which includes Tata Steel, Tata Chemicals, Tata Consultancy Services (IT), Tata Motors and Tata Communications (telecoms), among other companies – had the largest number of employees abroad, just under 25,000.

Although the ranking by foreign assets draws on 2006 data, the report goes beyond it to provide information about large Indian investments in 2007 as well. The largest brownfield investment (i.e., investment through a merger or acquisition targeting an existing company) in 2007 was the Tata Steel acquisition of Corus Group (UK) for about USD 12.7 billion, while the largest greenfield investment was by GAIL, formerly the Gas Authority of India Limited, which invested USD 4.2 billion in petrochemicals

in Saudi Arabia. The foreign assets of India's top MNEs could have doubled in 2007, given the large increases in outward investment in that year. Outward M&A deals alone surged to nearly USD 25 billion in 2007.

The Report offers further details about Indian investment patterns:

- Indian firms (like their Chinese counterparts) are seeking natural resources abroad, as well as leveraging India's special edge in information technology and pharmaceuticals. Eight of the 24 companies surveyed have foreign investments in IT, followed by pharmaceuticals (5 out of 24). Since IT is not a capital-intensive sector, however, the concentration of Indian investment, judged by assets, continues to be in energy and metals.
- Indian multinationals have been focusing on Europe as an investment location, which accounts for more than a third of all their foreign affiliates, with Asia a somewhat distant second with just over a fifth. There may, however, be a trend towards greater expansion in Africa, the Middle East, Australia and Latin America.

Future surveys will reveal whether the surge in outward investment by Indian multinationals is continuing at the same pace or is being moderated by the impact of the financial crisis in 2008. The results of the next survey will be published later in the year.

“The emergence of multinational enterprises from developing countries is an inevitable byproduct of globalization,” says Ajit Rangnekar, Dean, ISB. “The long-term impact of such investments cannot be measured by taking snap shots of share prices during growth or recessionary times. We are delighted to collaborate with Columbia University on this study as the true story of growth unfolds only when progress is studied over a long period and is compared to MNEs in other countries.”

Adds Karl P. Sauvant, Executive Director of VCC: “Indian multinationals are new players in the world foreign direct investment market; together with their other BRIC counterparts, they are bound to transform it rapidly.”

The survey was conducted in the framework of the Emerging Market Global Players Project, a collaborative effort led by the Vale Columbia Center on Sustainable International Investment. It brings together researchers on foreign direct investment from leading institutions in emerging markets to generate annual ranking lists of emerging market MNEs. Ranking lists for Brazil, Russia, Slovenia, Israel and China have already been released. Visit www.vcc.columbia.edu for further information, or contact vcc@law.columbia.edu.

The report is available at <http://vcc.columbia.edu/projects/documents/IndianMNEReport-Final.pdf>, **the contents of which must not be quoted or summarized in the print, broadcast or electronic media before until April 9, 2009, 7:00 PM EST; April 10, 4:00 AM India; April 10, 1:00 AM Europe.**

For further details about the survey as well as about the Indian School of Business (ISB) and the Vale Columbia Center on Sustainable International Investment (VCC), visit <http://vcc.columbia.edu/projects/#Emerging> or www.isb.edu.