

NEWS MAKERS

- **SAP AG bets big on India, to invest \$1 billion over next 5 years**
- **General Motors announces \$300 million new manufacturing facility in India**
- **India-born Indira Nooyi named next CEO of PepsiCo**
- **Infosys turns 25, becomes third company to ring remote opening bell of NASDAQ**
- **Indo-American Chamber projects \$1 billion US foreign direct investment in India**

India to become global R&D hub for SAP

It is probably difficult to ignore a market that offers the best of the three key locational advantages—skilled workforce, lower costs and growing domestic market? No wonder, Walldorf-headquartered largest European software-maker SAP AG has followed suit after the \$6 billion investment announcement by International Business Machines Corp. (IBM), the world's largest information technology services company.

SAP AG, which has been in India for more than a decade and has till date invested \$500 million in this country, will invest \$1 billion over the next 5 years, Chief Executive Officer (CEO) Henning Kagermann announced. The German software company will spend about €30 million (\$38.4 million) on research and development (R&D) facilities and double its India headcount during this 5 year period. According to SAP, the wages of software programmers in India were a fifth of what it pays in Germany.

SAP CEO projected that India will make up 20% of the global research and product development (R&D) by the end of this year. The company, which has two operational centres in India – SAP Labs and SAP India, plans to increase its India headcount from the current 2,750 to 4,000 by the end of this year and double the number by 2011.

Apart from developing its R&D base, SAP is also aiming at winning more clients in India, the fastest growing market in the Asia Pacific region.

Kagermann counted India as one of SAP's top eight strategic markets and a strategic hub in the region. India accounted for 25% of 800 customers SAP won in Asia in 2006, and continues to grow as an important market for the company. SAP, which makes software for payroll, client orders and other business processes, is the third-largest software company in the world in terms of market capitalization after Microsoft Corp. and Oracle Corp. and the largest business application and Enterprise Resource Planning (ERP) solution provider in terms of revenue. IBM, Microsoft Corp., world's largest software company, Intel Corp., the world's largest chip maker, Advanced Micro Devices, global supplier of integrated circuits for personal and networked computing and communications and Cisco Systems Inc., leading supplier of networking equipment, have made billion dollar plus investment announcements prior to SAP among the global information technology companies.

General Motors to set up new manufacturing facility in India for rolling out a mini-car

General Motors Corp., (GM) the largest automaker of the world, has announced signing an agreement with India's western state of Maharashtra for setting up a vehicle-manufacturing unit. GM's investment in the new facility in the city of Talegaon will exceed \$300 million. It will have an initial annual production capacity of 140,000 vehicles per year, with the capability of significant expansion as the market demands. The plant will employ more than 1,000 people at the outset. The new manufacturing facility at Talegaon will more than double GM's annual manufacturing capacity in India to in excess of 220,000 vehicles.

The company expects to complete the construction of the 120-hectare (300-acre) facility within 20 months, with start of production scheduled for the third quarter of 2008. GM will initially manufacture a mini-car in Talegaon for the domestic market. GM's existing production facility in the city of western Indian state of Gujarat, Vadodara assembles the Chevrolet Tavera, Optra, the Optra Hatchback and the Aveo models for sale in India. In addition, the GM India Technical Center in Bangalore is carrying out engineering, research and development activities for GM on a domestic, regional and global basis.

Nooyi's Mantra: aim high and put your heart into it

Chennai-born 50-year-old American citizen Indra Nooyi, described as one of the '50 Most Powerful Women in America' by Fortune Magazine in 2005, has been named the next CEO of U.S. multinational PepsiCo, the world's second largest soft-drink maker. An alumna of the Indian Institute of Management, Calcutta (IIM-C), India's leading institute for management studies Indra Nooyi, who will succeed Steve Reinemund, is the fifth CEO in PepsiCo's 41-year-old history and will take charge on October 01. She has a master's degree in Public and



Private Management from Yale University. Nooyi joined \$33 billion PepsiCo in 1994 as senior vice-president of corporate strategy and development. She is credited with shaping the company's current focus on the convenient foods and beverages business, and playing a major role in the \$3.3-billion acquisition of Tropicana, a Bradenton, Florida, U.S., based fruit juice company, in 1998, among other achievements. In addition, she also played a major role in starting PepsiCo's fast food chains in 1997. She started her career with the Boston Consulting Group in 1980. Nooyi has also held senior management positions in Motorola, provider of integrated communications and embedded electronic solutions, and Asea Brown Boveri Ltd, manufacturer of automation and process control systems. With her promotion, PepsiCo will become the second-largest U.S. company to be headed by a woman, after grain processor Archer Daniels Midland Co., which named Patricia Woertz its chief executive in April. Touching upon her success *mantras*, Nooyi lays emphasis upon one principle, "Aim high and put your heart into it." Highly religious and proud of her Indian origin, Nooyi has high regards for India's rich heritage. She attends PepsiCo events in a saree, as she believes being oneself is appreciable thing and is one of her principles of success. She lives in Greenwich, Connecticut, with her husband, Raj, and their two daughters.

Infosys gets a rare honour at NASDAQ

A history of sorts was made when at sharp 7 p.m. Indian Standard Time (IST) on July 31, 2006, Infosys chief mentor Narayana Murthy pressed the electronic button at the Infosys campus in Mysore, a city in southern India southwest of Bangalore in the state of Karnataka, signaling the commencement of trading session at NASDAQ's MarketSite Tower in Times Square in New York. This was only the third time in the 35-year history of NASDAQ that trading on the NASDAQ stock market was done in this manner and it was broadcast worldwide live from the Mysore campus of Infosys. With this, second largest Indian IT services exporter Infosys Technologies became the first Indian company, and also the first company in Asia, to be bestowed the honour of ringing the remote opening bell and Mysore become the third city in the world, after London and Davos, to get such an opportunity. The honour was conferred on Infosys on the occasion of its silver jubilee.

It was a dream come true for Infosys chief mentor N.R. Narayana Murthy who on this occasion recollected the day when he brainstormed on his dream – Infosys – sitting for four hours in an apartment in Mumbai in 1981. Infosys, whose current market cap is worth \$22 billion, was the first Indian company to be listed on the NASDAQ in March 1999. Later other India-based firms Satyam Infoway, first Indian Internet firm to trade on the premier U.S. stock market and rediff.com, India's leading news, information, entertainment, and shopping portal, were listed on Nasdaq in October 1999 and June 2000 respectively. Besides Infosys, Satyam and rediff.com, other Indian companies that are traded on Nasdaq as U.S.-based entities are Covansys Corp., a global consulting and technology services company (March 1997), Syntel Inc, provider of IT consulting and applications management services (August 1997), Cognizant Technology Solutions Corporation, provider of custom IT consulting and technology services (June 1998) and Kanbay International Inc, provider of management consulting, technology integration and development, and outsourcing solutions (July 2004).

FDI from U.S. to peak at \$1 billion by 2010: IACC

With the Indo-U.S. nuclear deal getting through, the Indo-American Chamber of Commerce (IACC) is expecting the foreign direct investment (FDI) inflow from the U.S. to India for the civil use of nuclear energy. It projects that the annual FDI inflow from the U.S. to India will increase to \$1 billion by 2010. The Indo-U.S. chamber estimates that since liberalisation in 1991, the total inflow of FDI till date has peaked up to more than \$5 billion. The chamber foresees infrastructure and information technology (IT) also to be high on priority of U.S. companies for investment in India. Apart from that, IACC finds the sectors such as civil aviation, real estate, manufacturing particularly outsourcing of design, knowledge based manufacturing and engineering services having the potential to attract FDI from the U.S.

India has attracted \$10.3 billion FDI from all over the world, including money raised from American Depository Receipts (ADRs) and Global Depository Receipts (GDRs) during the financial year 2005-06. The total capital flow in to the country was \$27.7 billion, according to the government figures.