



INDIA

A Growth Partner In the

US ECONOMY



Confederation of Indian Industry
Since 1895

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FOREWORD

India is a country undergoing multiple transformations. Steady economic growth in the last decade has created a large middle-class whose consumption has become an engine for economic growth. A mostly rural society is becoming increasingly urban, and the process of urbanization is creating its own set of demand for goods and services that is required to support an urban lifestyle.

India has made a huge commitment to developing its infrastructure. The government estimates that the country would require an investment of USD 1 trillion in the next five years in the infrastructure sector. CII studies estimate that sustaining a 9% GDP growth rate would require an overall investment of USD 2.7 trillion into the economy in the next five years.

This appetite for consumption, investment, and technology is making India an increasingly outward looking economy. The last five years has seen the country negotiate free trade agreements with major economic blocs across the world. India's free trade agreements with Korea and ASEAN are already in force and negotiations for such agreements with Japan and the EU are expected to be completed by early 2011.

Indian demand and Indian investment are already fuelling jobs in many countries overseas, and as such India's economic transformation represents a huge opportunity for trade and investment. This short report provides an overview of the contributions that Indian firms are already making to employment generation and social interventions in the US economy. However, the survey findings and case studies presented

here to showcase Indian industries contribution to the US economy are only illustrative examples of a much more comprehensive economic relationship that is only just beginning to take-off.

CII estimates that Indian procurement of US military hardware, civilian aircraft, and nuclear energy related hardware alone will potentially support 270,000 US jobs over the next ten years.

Europe has been central to the US in terms of trade, investment, intellectual cooperation, and security in the 20th Century. Europe and the US remain each other's largest trading partners accounting for a bulk of goods and services that flow from their borders. A vast majority of US FDI goes to Europe and vice-versa. US affiliates in the EU employ over 4 million European citizens. Likewise, European affiliates in the US employ over 3.4 million Americans. Sales of US affiliates in the EU and EU affiliates in the US combined would be more than US\$ 700 billion, greater than the GDP of some major emerging economies.

But the centre of gravity of the global economy is shifting towards Asia. India, as an open, democratic society, and a free market economy can provide the United States with a market and with cross-border economic linkages that supplements the contribution of Europe to the US economy in the current context. The survey results and case studies in this report should be read in that context, as the harbinger of the transformative economic partnership between the world's two largest free market democracies.

Chandrajit Banerjee
Director General, CII



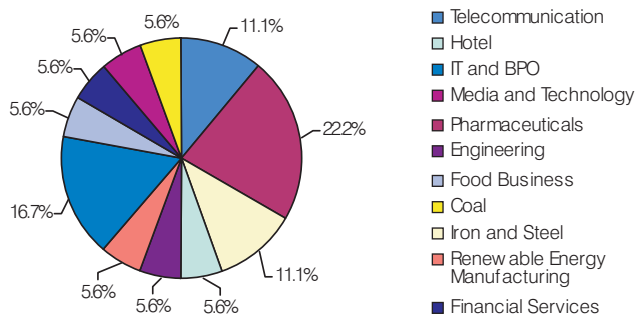
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FINDINGS OF CII SURVEY

Role of Indian Firms in the US: Employment Generation and Social Contributions

A survey of major CII members with US operations emphasizes the positive and transformative role being played by Indian firms as employers, innovators, and social contributors to the communities they inhabit in the US. It is important to note the diverse sectoral composition of firms in the survey pointing towards the fact that the Indian engagement in the US economy is just not about IT and IT enabled services. As Chart 1 shows, the Indian firms surveyed operate in the steel, pharmaceuticals, telecom, media, hospitality, coal, ,engineering, etc.

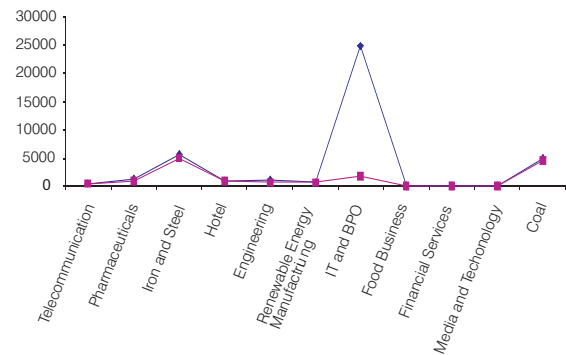
Chart 1: Survey's Sectoral Coverage



The popular perception is that Indian firms typically hire Indian workers for their US operations and do not create employment opportunities for US workers. Chart 2 clearly shows that the reality is very different. An overwhelming majority of workers employed in the

US operations of CII member companies are US citizens.

Chart 2: Indian companies hiring pattern

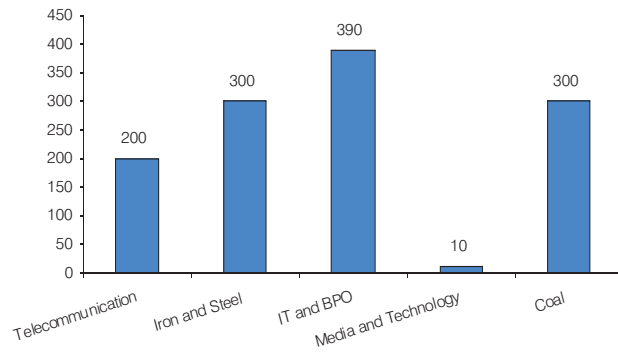


◆ No. of people employed in US operations ■ No. of locally hired US employees

While IT and ITES sector might employ a higher proportion of Indian workers in their US operations, Indian investment in the US related to IT and ITES has contributed to the competitiveness of US industry in general . Indian investment in Telecommunication, Iron, Coal and Steel has also created significant number of US jobs. Chart 3 presents the number of jobs saved by survey respondents classified by sector.

Survey results also point toward the fact that there has been an increase in the number of US nationals employed in Indian companies' over a period of time. All the respondents have unanimously agreed on the prevalence of such a trend in all the sectors.

Chart 3: Number of Job saved by acquisition of US companies



On a positive note, survey findings reveal that some of the Indian companies in the US have channelized their resources towards various causes. The following examples illustrate success stories of Indian companies adopting socially responsible practices which are indicative of the contributions being made by Indian firms in US society:

- One of India's leading telecom companies is actively associated in CSR and charitable programs tied to its major offices in Virginia and New Jersey. These include such programs as the Loudoun County abused women's shelter, toys for tots, Adopt a Soldier, children's brain cancer research center and several other programs.
- Another such example is of a leading Indian pharmaceutical company which is making immense contributions in New Jersey Library Building Fund, Direct Relief International and Samaritan's Purse International.

- A major Indian IT company has adopted a university recruitment program strategy to hire, groom and grow future leaders to build a vibrant, diverse workforce in the US. As of July 2010, the company has hired more than 200 graduates from 27 leading US colleges and universities from Georgia, South Carolina, Tennessee, Texas, California, Illinois, Florida, North Carolina, Massachusetts, New York, Michigan, Indiana and Ohio. More than 50 of these recruits are MBAs, approximately 140 are undergraduates and approximately 20 have associate degrees. These graduates perform valuable highly skilled, professional roles as business analysts, technological consultants, business consultants and project engineers. Additionally, the same corporate provides jobs to a pool of veterans through its veteran Recruitment program.





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CASE STUDIES

JUBILANT BHARTIA GROUP

Jubilant Bhartia, a \$3 billion Indian Group, has its presence through investments in India, EU, USA and Canada. In the US, this group has made investments in manufacturing, operation and innovation

The total capital invested in the USA (as of March'10) stands at \$264 mn, with the following sectors being of strategic importance to the group's US operations:

- I. Pharmaceutical, Life Sciences, Specialty Pharmaceuticals & Healthcare
- II. Fast Food – Retail (Hypermarkets and Supermarkets)
- III. Oil and Gas Exploration and Production
- IV. Representation Services: Oil & Gas, Aviation, Automobiles

Life Sciences

The total market capitalization of the group's pharmaceutical operations presently stands at \$1,190 mn, with a growth of 70x in the last 10 years. The Groups operations in this sector has a global footprint of customers in over 65 countries.

Jubilant has its physical presence in this sector in five key cities, i.e., Washington State, Maryland, New Jersey, North Carolina, and Connecticut.

The company employees 901 professionals in its US operations. 99% of whom are American citizens.



The total investment made in the US in the area of manufacturing and innovation is \$264 mn, out of which about \$10 mn is for innovation for Drug Development partnership with an US Biotech company. This is the largest investment by an Indian pharmaceutical company in the US..

The Group has close ties with major US Universities, It has develop a collaborative partnership with Duke University and University of Alabama.

Investments in innovation in the US totaling about \$50 mn in Collaborative Drug Development Program is the key strategic initiative by Jubilant Life Sciences.



Fast Food – Retail

(Hypermarkets and Supermarkets)

The company also has its presence in the Fast Food Sector of the US, with its franchisee in Dominos Pizza. Jubilant, through Dominos, has established itself as an undisputed leader in Pizza Market in India and is expanding its operations by adding 60 – 70 new stores every year. The Dominos brand sells more than 2 million pizza every month and is ranked No. 1 in Operational Excellence across Domino's Pizza worldwide.

Marketing of Products & Services in India

Jubilant Enpro, a subsidiary of Jubilant Bhartia Group, has made investments in capital and human resources for marketing products and services in India for the US

companies. It has covered the area of Offshore Drilling Services, Offshore Supply Vessel services and Aviation.

The company has been instrumental in establishing the largest market share (In India) with Transocean Inc. for its Offshore Drilling services to Indian oil and gas exploration and production companies.

The group company is also engaged in providing Offshore Supply Vessel Services for Tidewater Inc., world's largest offshore vessels company, for the past several years for oil and gas drilling operations.

The company is the sole representative of the marketing and customer support for Bell Helicopter in India, one of the leading US aerospace companies. This relationship has ensured that Bell Helicopter is the No. 1 commercial helicopter in India with 42% market share and has received several awards and recognitions in the past years.

MAHINDRA & MAHINDRA



The Mahindra Group is a US \$7.1 billion multinational employing over 100,000 people around the globe. The company, founded in 1945 with an initial focus on utility vehicles for the Indian market, has since expanded to enjoy a leadership position in utility vehicles, tractors and Information Technology. It also enjoys a significant presence in financial services, leisure, infrastructure development and logistics. Over the last 16 years and thanks to almost \$90 million dollars of investment, the group has built a strong presence in the US with 3,600 American employees and over \$200 million in revenue. Mahindra exports to the US sum to almost one billion

dollars annually, and it imports over \$41 million dollars of American goods and services.

Technology

Mahindra has a long history of successful joint ventures and technological collaborations with American firms, starting with the Willys Jeep in 1945. Since then, the company has only increased its collaborative efforts, incorporating the benefits into almost all of its businesses. Mahindra has built strong relationships with companies like GE, Microsoft, Honeywell and Lycoming, and provides engineering & IT consulting to



American firms ranging from GM to Exxon Mobil.

Though the group operates in over 15 different industries, it is grounded in automotives and farm equipment. These segments requires heavy investment in research and development, and Mahindra regularly relies on American research institutions like MB Tech, MGA research Corp MI for the development of its most important products.

Thanks to a recent joint venture with Navistar Inc. and an ongoing engagement with the Virginia based NuGen, the Automotive sector is building the capability to not only meet future fuel emission requirements globally, but also to build successful hybrid and electric vehicles. The Mahindra Reva, Mahindra's first commercial electrical car, was developed thanks to an extensive partnership

with the University of Michigan, as well as close work with Curtis Instruments. The Reva is currently engaged in the search for battery partners within the US.

Automotive and Farm

Mahindra's farm business, now in its 16th year in the US, focuses on selling tractors across America. With over 250 dealers across the country and assembly plants in Texas, California and Tennessee, Mahindra tractors have become a common sight on farms across the Midwest.

Mahindra's Automotive business also aims to enter the US market, with the establishment of an extensive network of dealers.

Community

Mahindra's extensive presence on the ground in the US has led to the group developing an intimate relationship with many American communities. In the aftermath of Katrina, over \$100,000 worth of tractors and equipment were given to FEMA to aid in cleanup efforts and reconstruction. The company also matched employee donations to the Red Cross for additional relief funding. On a more regular basis, the company sponsors several agricultural sponsorships for women and gives back to local communities through the American Red Cross and Children's Miracle network amongst others.

The Group also has a major interest American culture. Mahindra is a sponsor in NASCAR and Championship Bull Riding while in New York, the Mahindra Indo – American Arts Council Film Festival is the most sought after ethnic festival in the city. The Group also has plans to bring more aspects of American culture to India, with an ongoing partnership with the NBA in India, and a planned Blues Festival in Mumbai 2011.



AVANTHA

The US \$4 bn Avantha Group is one of India's leading business conglomerates. Its successful entities include BILT, CG (Crompton Greaves), the Global Green Company, Avantha Power & Infrastructure, Solaris ChemTech Industries, Biltech Building Elements, Salient Business Solutions, and Avantha Technologies.

The company operates in over ten countries, employing over 20,000 people worldwide and has business interests in diverse areas including power transmission and distribution equipment and services, paper and pulp, energy and infrastructure, food processing, farm forestry, chemicals, IT and ITES.

The entity demonstrates strong leadership globally and emerges as a focused corporate, leveraging its knowledge, leadership and operations, adding lasting value for its stakeholders and investors.

Albany, New York

Crompton Greaves Limited (CG), a part of the Avantha Group, headquartered in India, has an impressive global footprint in the design, manufacture and marketing of technologically advanced electrical products and services related to power generation, transmission and distribution.

CG, a global leader in power transmission and distribution is in partnership with the College of Nanoscale Science and Engineering (CNSE) of the



University at Albany for establishing a world-class center at CNSE's Albany NanoTech Complex that will enable nanotechnology innovations for smart grid solutions, also creating over 100 high-tech jobs in upstate New York and fueling development and use of clean and renewable energy technologies.

The \$20 million CG Center for Intelligent Power (CIP) will spur new opportunities for advanced research and development, prototyping, and education and workforce training to facilitate clean energy and smart grid technologies. More than 50 scientists, researchers and engineers will be located at CNSE's Albany NanoTech Complex. Further, CG anticipates adding another 50 high-paying consulting, engineering and design jobs and is expected to generate more than \$50 million in revenue and investments statewide over the next five years.

The last fifteen years has seen tremendous growth in terms of employment generation and expansion of the company in American sub continent. It employs over 150 professional staff in ten offices across North America. Its team of dedicated professionals offers a level of commitment that is unmatched in the industry. CGPS has the capability to perform all work in-house (engineering, procurement, project management, construction management and commissioning/testing).

It is the leading electrical system/interconnection engineering firm in the US wind industry. The company has completed over 8700 MW of wind project electrical systems in the US (approximately 23% of all US wind power). CGPS's involvement in solar power market is a natural extension of its proven success in the wind power market.

Washington, Missouri

Crompton Greaves Ltd. (CG) has successfully completed its new, state of the art, transformer manufacturing facility in Washington, Missouri through its subsidiary CG Power Systems USA Inc. Set up with an initial investment of US\$ 20 mn, this high tech facility is expected to generate close to 150 additional jobs over the next three years.

The development of a strong and flexible marketing network has enabled the company to capture a strong and steady position in a highly competitive market. The company has grown into a team of highly skilled staff of 200 people in the distribution transformer manufacturing plant producing a total output of 5,500 MVA and 150 dedicated employees in the power transformer manufacturing plant.



CG's full scope includes an extensive range of distribution transformers as well as reliable, high-performance and cost-effective small power and medium power transformers which includes pad-mounted, primary unit substation, secondary unit substation and generator step-up transformers.

CG is active in the wind energy market, offering economic, high performance, state-of-the-art transformer solutions for onshore and offshore installations in the nacelle, the base of the tower, or outside, next to the tower.

Clearwater, Florida

Avantha Group acquired 100% shareholding interest in a Florida based Healthcare Revenue Cycle Management Company, Pyramid Healthcare Solutions (PHS) in May 2010. The enterprise value of PHS is approximately US \$20million. The company has more than 300 employees with more than 100 AHIMA credentialed professionals.

With an ultimate goal to provide extraordinary services



that improve the healthcare clients' financial performance, data integrity and cash flow, further helping them to fulfill their stewardship responsibility of providing quality healthcare for their communities.

Pyramid Healthcare Solutions provides extraordinary contracted services to the healthcare industry, enabling the clients to focus on providing the best care for their communities, generating revenue and managing the outcomes.

In tune with America's planned health care reforms, Pyramid plans to increase focus on improving certain efficiencies in the health care system.

Avantha Group has an established presence in the IT & ITeS space in the US. This strategic acquisition strengthens the Group's global presence in the niche healthcare solutions sector, which further will also help offer customers cost-effective end-to-end Revenue Cycle Management (RCM) services enabling hospitals to streamline patient billing and collection processes.

The Pyramid acquisition enables an increased service portfolio offering to customers.

Post acquisition, Avantha Group has focused on augmenting the people, process and technology infrastructure at PHS, which has resulted in almost 8-10% increase in staffing as well as investments in upgrading technology tools and solutions for improving hospital revenue cycle management processes.

The Avantha Group is also looking at building an owned facility in Tampa, Florida to service expansion in PHS locally.

The Group is aiming to expand both organically and inorganically within the US healthcare space and is engaged in strategic as well as financial partnership discussions with a number of local US technology and consulting service provide.



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The Confederation of Indian Industry (CII) works to create and sustain an environment conducive to the growth of industry in India, partnering industry and government alike through advisory and consultative processes.

CII is a non-government, not-for-profit, industry led and industry managed organisation, playing a proactive role in India's development process. Founded over 115 years ago, it is India's premier business association, with a direct membership of over 8100 organisations from the private as well as public sectors, including SMEs and MNCs, and an indirect membership of over 90,000 companies from around 400 national and regional sectoral associations.

CII catalyses change by working closely with government on policy issues, enhancing efficiency, competitiveness and expanding business opportunities for industry through a range of specialised services and global linkages. It also provides a platform for sectoral consensus building and networking. Major emphasis is laid on projecting a positive image of business, assisting industry to identify and execute corporate citizenship programmes. Partnerships with over 120 NGOs across the country carry forward our initiatives in integrated and inclusive development, which include health, education, livelihood, diversity management, skill development and environment, to name a few.

CII has taken up the agenda of "Business for Livelihood" for the year 2010-11. Businesses are part of civil society and creating livelihoods is the best act of corporate social responsibility. Looking ahead, the focus for 2010-11 would be on the four key Enablers for Sustainable Enterprises: Education, Employability, Innovation and Entrepreneurship. While Education and Employability help create a qualified and skilled workforce, Innovation and Entrepreneurship would drive growth and employment generation.

With 64 offices and 7 Centres of Excellence in India, and 8 overseas in Australia, China, France, Germany, Singapore, South Africa, UK, and USA, and institutional partnerships with 223 counterpart organisations in 90 countries, CII serves as a reference point for Indian industry and the international business community.

Confederation of Indian Industry

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