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**Entering The Fortune 500: How Do Indian Companies Go Global**

It is a great pleasure for me to be back in India and we are grateful to the Hindustan Times for having invited me to speak at this event. It is clear that there are very significant opportunities in India and it is beyond doubt that the Indian market is becoming internationally known and respected and we, NASDAQ, certainly wish to play our part in its development in the future.

My focus today is on the future and I am going to take the next few moments to explore how companies can make the step to enter the global arena.

There are many characteristics that make for successful global companies:

- The promotion of research and visionary ideas.
- The focus on quality rather than quantity to move up the value added chain.
- The expansion of coverage through new products and new geographies.
- The adoption of aggressive growth strategies and use of technology, to tie together customers, employees, business partners and other stakeholders with a sense of shared purpose.

I am sure all of us would have our own ideas and would weight components differently, according to our own experiences and outlook.

Whilst we might not concur on either the content or the order of any such list, I know we would all agree that in some way these things, what ever they are, have to come together in some qualitative and integrated way.

Therefore I am going to say a few words about the way companies can come together to become successful globally.

1. A company must be what it wants to become
2. A company should have professional management in place
3. A company should have a deep knowledge of the market
4. A company should consider the capital markets

Let us look at each of these in turn.

First and foremost it is, 'be what you want to become,' if you want to be global, start acting global. Smart, innovative, growing companies should embrace the model set by global leaders, adhering to the most significant part of that model, which is to learn how to thrive in both the good times and the bad.

A global company is not a flash in the pan. It's designed to adjust, expand and compete in every market. As we all know, economies are never stable and the

rules are constantly changing, but a global company knows how to adapt and reposition itself when conditions shift. It “reinvents” itself – while remaining what it is.

Resilience then is what we are looking for. Resilience, most commentators agree is dependent on a set of core beliefs sitting at the centre of any organization. Profit counts, yes. But it’s a corporate soul that is the keystone that will help a company weather rough or uncertain times. In turn this will help to ensure a company’s long term performance.

The second crucial aspect to becoming a global company is to ensure that highly professional management is in place; Management that meets the highest standards of corporate governance, is rigorous, transparent, and forthcoming to investors.

I challenge anyone to find a strong global company that’s poorly managed. Such companies measure every process. They use metrics to benchmark their performance against their competitors. They consider every stakeholder in proportion and they are transparent.

Let’s look at Infosys Technologies Ltd. A global company which provides consulting and IT services to clients globally. It has a market cap of about US\$ 18.5 billion and over 46,000 employees. Its Co-founder and Chairman,

Narayana Murthy, highlights measurement as a huge priority at his company. To manage its risk, Infosys measures about 120 parameters weekly, looking at markets, technologies, customers and staff. It measures quality and productivity at every phase of the software development life cycle and up to 50% of an individual's salary is based on measured performance, individually, within teams and performance of the company as a whole. Murthy attributes much of Infosys' success to what he calls its "tremendous focus on system and processes." Without this focus, Infosys would not be able to successfully manage the large scale projects that it does, in locations all over the world. One must not underestimate the professionalism in management that is required for global success.

The third area to consider, is develop a deep knowledge of your market, and then leverage that knowledge. Companies such as Intel and Microsoft are not the successes that they are by accident. They have taken the time to understand the local conditions in the markets that they are present in – most corners of the globe – and they have adjusted to them accordingly. They understand both what their counterparts are looking for and what potential investors want and they find ways to deliver it. Companies like Cognizant Technologies and Syntel have done the same thing. They've succeeded not by sitting back and waiting for global investors to come to them, but by studying their potential partners' businesses, anticipating their needs, and finding ways to meet them.

And again, consider Infosys. It won the attention and ultimately the investment of Intel because it took the time to understand Intel's business. It was able to make the case that it could advance Intel's business by anchoring an e-business solutions lab onto an Intel architecture platform for enterprise customers.

And fourthly and lastly, but by no means least: to be a global company it should look to the public markets. It goes without saying that it will need this for capital. But other reasons for a company to go public are: to develop a global reputation, to establish its credibility, and increase its visibility when it is traded on a public market. A company must be clear on its strategy and what its long term ownership goals are.

There is a considerable debate in academic literature on whether a well functioning capital market is a precondition for economic development or whether the former follows the latter. At the early stages of development in most countries, it is the banking sector which plays the leading role in intermediating savings into investment. However, it is generally acknowledged that excessive reliance on the banking system is fraught with serious risks for the financial sector. Such reliance over an extended period inevitably creates a mismatch between assets and liabilities as the banking system typically mobilizes short term deposits to finance long term projects.

It is therefore an imperative that attention should be paid to the development of the capital markets as an alternative channel. The capital markets are also beneficial for the entrepreneur, not merely because it provides access to investors, including retail investors, but also because they do not incur fixed repayment obligations, as is the case with bank financing. An orderly and transparent capital market enables retail investors to participate in the growth of economic development.

The history of stock exchanges dates back more than a century. Since its natural birth after the institutionalization of large public limited companies, stock exchanges have continued to grow from over the counter markets to the current automated bourses. The changing features of stock exchanges have always aimed, in recent times as well as in the early days, to have more transparency and efficiency.

I want to say a few words now about developments in the US capital markets and how the market I represent, NASDAQ, might be responding to these developments; for access to global capital is an intrinsic aspect to becoming a global company.

Since its inception in 1971, the NASDAQ Stock Market has used technology to facilitate connectivity. As technology has improved, we have built these

improvements into our market to create enhancements that have kept our performance at the forefront of stock markets worldwide.

If we cannot create value now, we must look to create value in the future and that is exactly what NASDAQ has been doing. As a public company, listed on NASDAQ, we ourselves now have shareholders and we will continue to improve our market for the best interests of investors.

The ultimate purpose of a market is to provide businesses with capital. Yet I hear that some feel that the American capital markets are becoming less accessible, and that political concerns are frustrating access. Critics are pointing to the passage of the Sarbanes-Oxley Act and the Securities and Exchange Commission's adoption of initiatives that cut across many aspects of securities law. Some see these as harmful new burdens that companies listed on American markets will have to bear.

But in my view this is the wrong way to see what can only be a positive development for the American markets, and those active in them – both investors and those seeking investment. Yes, there is a new, more rigorous regulatory environment in America, and it does represent a fundamental change. This regulatory change has affected nothing less than a shift in the balance of power in corporate America, away from management and in favor of independent directors, audit committees and shareholders.

However, whilst some regulations can be burdensome, I firmly believe that whilst the new regulatory environment in the US has still to bed down, I believe, contrary to those fears promulgated, often by our competitors, that there is no problem for raising capital in the US under the new requirements.

Quite the opposite in fact. America's new regulatory environment – together with the standards of corporate governance that NASDAQ has set for its companies -- has created an investment climate that's better than ever before. The benefits of this oversight simply outweigh its risks. In two words: Investor trust.

Investors highly value good governance, and the new oversight will significantly check the fraud and excess, the reasons why we have them. By putting the power of law behind the ideals of good governance, American regulations are already inspiring trust. By imposing transparency, they are helping to ease investor' fears that undiscovered corporate secrets will emerge to harm them down the road. The new focus on oversight is already helping renew the corporate focus on the importance of setting an appropriate "tone at the top."

It's important to mention that it is not just the U.S. but the rest of the world that is moving toward requiring clearer standards for governance and disclosure. This is good news for markets everywhere. NASDAQ sees worldwide reform not as a

burden for companies, but as a welcome opportunity to win back the trust of all those people involved in any capital market.

And now India: The Indian economy has rebounded strikingly from the global slowdown, with, in particular, all-round growth in sectors from across industry segments. Many Indian companies are now well-positioned for domestic and international IPOs. No doubt one of you in this room today – maybe more than one – represents the next breakthrough global company to be born and based in India.

Companies from economies like India are on the investment radar of investors worldwide chasing new growth opportunities. The action is here, in the economies of Asia. Whilst the China story has been told and needs no repetition, much is happening in India. In terms of market capitalization, India's market cap now stands at around 510 billion USD and has overtaken both Korea and Taiwan.

The Indian economy is one of the fastest growing economies of the world and the stock market mirrors this fundamental fact. As long as strong GDP growth and economic growth provide the underpinnings for a buoyant stock market, things are relatively safe.

Additionally, what is attracting foreign investors into India is the fact that the Indian markets are very clearly well regulated and have adopted over the years efficient trading, clearing and settlement processes comparable with the best in the world. For the benefit of those, who may not be aware, India also has more than 125 companies which are US GAAP compliant, including a good number of state owned enterprises and public sector banks.

Markets the world over are integrated. India is no exception with larger and larger foreign investment participation, currently over 35 billion USD. Many of the leading Indian companies have their GDRs and ADRs listed abroad, with the underlying equity listed on the Indian markets.

We are excited by this opportunity and have followed the Indian market with interest for many years now. That's why in 2001 NASDAQ opened an office in India – not just to serve our existing companies better, but also to seek out and assist other companies who are ready to tap into the vast American capital markets through a listing with NASDAQ. Our company is available to help you prepare for that in every way, including connecting you to accountancy firms, legal advisors, investment banks and the other intermediaries you may need.

But it won't be hard. The mechanics of listing are not complex. NASDAQ has a fairly simple and transparent mechanism for making it happen. It's a natural fit for companies whose management has a proven track record for generating and

supporting aggressive growth strategies; for resilient companies that act globally, that are well-managed, and that have deep market knowledge. It's not hard to find a lot of you here in India, and our company hopes to have a long and mutually beneficial relationship with many of you for a long time.

Thank you.