

The last rajah ratan tata case study

Education



Among Asia's business titans, Ratan N. Tata stands out for his modesty. The chairman of the Tata Group — India's biggest conglomerate, with businesses ranging from software, cars, and steel to phone service, tea bags, and wristwatches — usually drives himself to the office in his \$12,500 Tata Indigo Marina wagon. He prefers to spend weekends in solitude with his two dogs at a beachfront home he designed himself. And disdainful of pretense, he travels alone even on long business trips, eschewing the retinues of aides who typically coddle corporate chieftains.

But the 69-year-old Tata also has a daredevil streak. An avid aviator, he often flies a corporate Falcon 2000 jet around India. And in February he caused a sensation at the Aero India 2007 airshow by co-piloting Lockheed (LMT) F-16 and Boeing (BA) F-18 fighter jets. Tata's business dealings reflect the bolder side of his personality. In the past four years he has embarked on an investment binge that is building his group from a once-stodgy regional player into a global heavyweight. Since 2003, Tata has bought the truck unit of South Korea's Daewoo Motors, a stake in one of Indonesia's biggest coal mines, and steel mills in Singapore, Thailand, and Vietnam.

It has taken over a slew of tony hotels including New York's Pierre, the Ritz-Carlton in Boston, and San Francisco's Camden Place. The 2004 purchase of Tyco International's (TYC) undersea telecom cables for \$130 million, a price that in hindsight looks like a steal, turned Tata into the world's biggest carrier of international phone calls. With its \$91 million buyout of British engineering firm Incat International, Tata Technologies now is a major supplier of outsourced industrial design for American auto and aerospace companies, with 3,300 engineers in India, the U. S., and Europe.

The crowning deal to date has been Tata Steel's \$13 billion takeover in April of Dutch-British steel giant Corus Group, a target that would have been unthinkable just a few years ago. In one swoop, the move greatly expands Tata Steel's range of finished products, secures access to automakers across the U. S. and Europe, and boosts its capacity five fold, with mills added in Pennsylvania and Ohio. Now, a new gambit may catapult Tata into the big leagues of global auto manufacturing: The company is said to be weighing a bid for Jaguar Cars and Land Rover, which Ford Motor Co. (F)wants to sell. On top of all this, the group plans \$28 billion in capital investments at home over the next five years in steel, autos, telecom, power, chemicals, and more.

" We rescaled our thinking in terms of growth," Tata says over tea at Bombay House, the group's headquarters since 1926, a tranquil oasis with well-worn marble floors, a vast collection of modern Indian art, and staffers who circulate with bowls of vanilla ice cream every day at 3 p. m. " We just forced and cajoled our businesses to make this happen. The forcing and cajoling has worked brilliantly. The market value of the 18 listed Tata companies has swelled to \$62 billion, from \$12 billion, since 2003. Group sales and profits have doubled, to \$29 billion and \$2. 8 billion, respectively.