

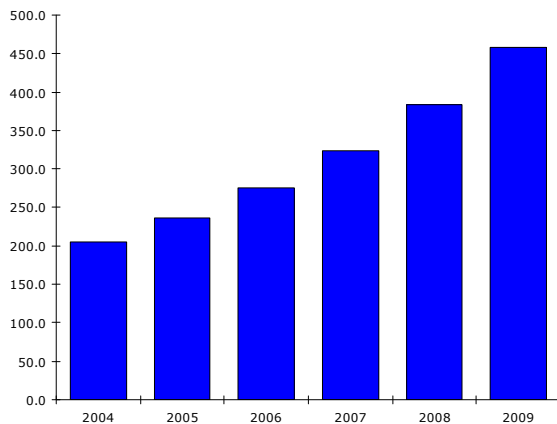
Distributed Control Systems Market in India to Exceed \$450 Million by 2009

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Dedham, Massachusetts; November 9, 2005: The DCS market in India is forecasted to grow at an extremely robust 17.4 percent Compounded Annual Growth Rate (CAGR) over the next five years. The DCS market, which was \$205 million in 2004, will exceed \$450 million in 2009, according to the new ARC Advisory Group study.

In 2004, the Indian economy grew at a healthy 6.9 percent, with the manufacturing sector galloping at 9 percent. India has consistently maintained this growth trend over the past five years. Resulting from this sustained growth, close to 250 million of India's population of one billion are earning, saving, and spending more money, and their share is increasing steadily. The propensity of this affluent section to spend is creating huge demand for a broad range of manufactured goods, thus spurring the manufacturing industry's growth in India.

Resulting from most manufacturing companies in India operating close to full capacity coupled with rising consumer demand, capital spending by the manufacturing industry is on the increase. In almost all industry verticals, including chemical and petrochemical, electric power, oil and gas, and



DCS Market Forecast for India
 (\$Millions) CAGR = 17.4 percent
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metals, many greenfield projects are coming online that will continue to spur DCS market growth for the next several years. "The DCS market has witnessed a dramatic upturn in 2004 resulting in an upward rescaling of our five year growth estimates, and we believe that the market will continue to grow rapidly through 2009", according to ARC Research Director, Process Industries Larry O'Brien (LarryO@arcweb.com) and Senior Analyst S.R.Venkatapathy (venkat@arcweb.com), the authors of ARC's **Distributed Control System India Outlook Study** (<http://www.arcweb.com/res/dcs-india.asp>).

They further added that "Some of the global suppliers, such as Honeywell and Yokogawa, attracted by the Indian DCS market growth prospects have converted their joint ventures in the country into wholly owned subsidiaries".



Electric Power Industry Continues to Drive DCS Market Growth

The electric power industry will continue to remain a large user of DCS. As the Indian economy expands, the demand for electric power will continue to increase. According to industry sources, demand for electric power outstrips supply by about 7 to 8 percent. Coal-based generating plants constitute close to 65 percent of existing established generating capacity and the share of coal-based generating capacity is expected to remain in that range in the next five years. During this period, generating capacity will increase by about 40,000 MW. With coal fired electric power generating plants using DCS extensively, DCS market growth is assured. The Electricity Act 2003, recently adopted by the Indian government, will positively influence private participation in the growth of the electric power industry.

Nuclear power generation capacity in the country is set to increase by 4000 MW in the next three years and by another 5000 MW by 2012. In India's scheme of things, nuclear power emerges as a serious alternative energy source. With nuclear power plants using DCS extensively, rising investments in this sector bode well for the DCS market. The challenge for DCS suppliers will be to establish that they have the necessary engineering wherewithal to meet these requirements.

Address Customer Needs

According to the authors of the study, "While India offers excellent growth prospects for DCS suppliers, only those supplier companies, which understand the nuances of the market and address its requirements will succeed in the long-term". Typically, manufacturers in India tend to be cautious and therefore, they rely upon buying field proven systems and demand total solutions, including application support, from suppliers. Additionally, while manufacturers and project engineering consultants in India are not averse to adopting new systems and technologies, they expect suppliers to create the necessary awareness and convincingly demonstrate the benefits of emerging standards and control system architecture. Automation suppliers must be responsive to manufacturers' demands and address their requirements.

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For more information on this study, go to:
<http://www.arcweb.com/res/dcs-india.asp>

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