

M+V Newsletter on business trends
and corporate strategies

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“We intend to make our highways world class”

Exclusive Interview with Kamal Nath, Minister for Road Transport and Highways, on recent developments, upcoming projects and FDI in India’s infrastructure sector

M+V: Why should foreign companies invest in infrastructure projects in India?

Kamal Nath (KN): India today is a leading destination for infrastructure spends and, underscored by the aspirations laid out in the Eleventh Five Year Plan, this sector offers tremendous growth potential. Highways have a large shelf of projects which are on offer. Given our historical under-investment in highway infrastructure and the role this sector can play in stimulating economic growth, we believe it is imperative that adequate investment flows are attracted to this segment. The world economic revival hinges on higher consumption/spending/investment and Asia and in particular countries like India can afford such spending. Hence naturally India is an attractive investment destination.

M+V: In the recent World Economic Summit 2009 in New Delhi you noted that, while your last job was largely about talking, „in this job, talking is not progress – building roads is”, and hence you want to “fast track” projects. One tool for this is a larger amount of money. What are other changes that your administration wants to make in order to “fast track” infrastructure projects?

KN: Resources are a must for any development project or process. Resources in terms of money, adequate manpower, appropriate technology etc and a responsive administrative system which will enable the road sector to rightly use these resources are essential to add momentum to the Indian Highways sector. The processes and procedures are being geared to remove the impediments which were hampering the process of award of road projects.

Within the last three months, we have identified the primary areas of concern through discussions with the various stakeholders. The government has recently approved recommendations that largely address stakeholder concerns. The biggest challenge is to bring about an attitudinal change of the people involved in the process. For one, we must believe that we can do 20 km’s a day.



Kamal Nath, India’s Minister for Road Transport and Highways, during the interview with Klaus Maier, Managing Director of M+V.

M+V: Road projects have faced major delays in the last 2-3 years and have not progressed according to plan. What do you see as the major barriers and bottlenecks in implementation, and what specific plans do you have to overcome these?

KN: We have had a combination of factors adversely affecting road sector awards in the past few years. Financial sector meltdown, FII withdrawing funds from Indian market, liquidity issues, perceived non-viability of road sector projects, bid documentation issues, institutional and structural inadequacies etc., issues of delays in land acquisition and award/execution procedural issues. The market related issues are getting resolved with the market showing a slow but steady revival. Structural, procedural and institutional issues are being addressed and solutions are being worked out. The results are positive and we are hopeful that the process initiated by us would yield good results.

M+V: Last year you said the model for PPP projects would need to change to be viable (as some potential private investors had been critical of the potential return on investment). Can you tell us about the model you are proposing now?

KN: The model remains the same. However, we have changed many of the provisions that were to be seen to be enhancing the execution and financial risk and hence viewed as unfriendly by the market. This has created a positive sentiment and the response to bids has scaled up.

The full interview is available on our Website at
www.mv-group.com



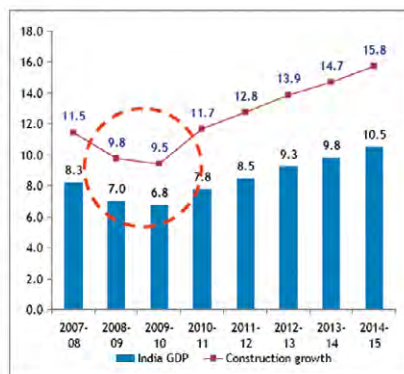
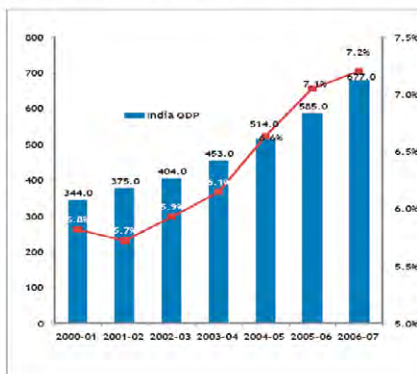
India's Booming Infrastructure

by Manoj Nambiar | Senior Manager
Gurgaon/New Delhi

India's infrastructure has been expanding at a rapid pace to support the economic growth rate which is over 8 per cent. The core infrastructure segments are power,

Construction Equipment and Building Material Machinery

Outlook of the Indian Construction Industry Steady increase outperforming overall GDP growth



in billion EUR | Source: VDMA 2009

telecommunications, roads, railways, sea and airports. Continuous investment and growth is vital to make sure that the overall Indian economy grows at rate above 8 %.

According to the consultation paper circulated by the planning commission, a massive € 329.33 billion of investment is proposed for the eleventh plan period (2007-12), which would increase the share of infrastructure investment to 9 per cent of GDP from 5 per cent in 2006-07. This translates roughly into € 26.7 billion annual additional investment.

The projected sector-wise shares are: 30.4 per cent in electricity, 15.4 per cent in roads and bridges, 13.7 per cent

in telecommunications and 12.4 per cent in railways among others. Significantly, 30 per cent of the total investment is expected to come from the private sector (including public-private partnership). For this, the government has already enacted many proactive measures like opening up a number of infrastructure sectors to private players, permitting FDI into various sectors, introducing model concession agreements, taking up new projects under private public partnership for new national highways, National Maritime Development Programme (NMDP) among others.

Some of the major projects planned for the next five years include:

- Additional power generation capacity of about 70,000 MW
- Constructing Dedicated Freight Corridors between Mumbai-Delhi and Ludhiana-Kolkata
- Capacity addition of 485 MT in major ports, 345 MT in minor ports
- Modernisation and redevelopment of 21 railway stations
- Developing 16 million hectares through major, medium and minor irrigation works
- Modernisation and redevelopment of 4 metro and 35 non-metro airports
- Six-laning 6,500 km of Golden Quadrilateral and selected National Highways
- Constructing 165,244 km of new rural roads, and renewing and upgrading existing 192,464 km covering 78,304 rural habitations

The planned investments in the infrastructure sector offer great opportunities for international companies to participate and grow in one of the fastest growing economies in the world. The partnership opportunities can be in the any of the areas including project financing, turnkey project management, supply of various building materials/equipments, technology tie up for construction etc.

Celebrating Holi

by Nirali Varma | Senior Executive
Gurgaon/New Delhi

Holi is an annual festival celebrated on the day after the full moon in the Hindu month of Phalguna (early March). It celebrates spring, commemorates various events in Hindu mythology and is time of disregarding social norms and indulging in general merrymaking.

Celebrated all over India since ancient times, Holi's precise form and purpose display great variety. Originally, Holi was an agricultural festival celebrating the arrival of spring.

This aspect still plays a significant part in the festival in the form of the colored powders: Holi is a time when man and nature alike throw off the gloom of winter and rejoice in the colors and liveliness of spring.

The central ritual of Holi is the throwing and applying of colored water and powders on friends and family, which gives the holi day its common name „Festival of Colors.“ This ritual

is said to be based on story of Krishna and Radha as well as on Krishna's playful splashing of the maids with water, but most of all it celebrates the coming of spring with all its beautiful colors and vibrant life.

India's Construction Equipment Industry

Industry Report

The report captures the trend in infrastructure development and its impact on the overall growth of the equipment sector in the upcoming years

The latest M+V-Report covers:

- Trends in infrastructure development
- Major range of products (Excavators, cranes, compactors, pavers, etc.)
- Major competitors

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Partner Country India at bauma 2010

by Klaus Dittrich, Chairman and CEO of Messe München GmbH

Messe München, bauma's organizer, and the VDMA (German Engineering Federation), its conceptual sponsor, are very pleased to introduce India – one of the most important marketplaces for the international building-machine industry – as the official partner country for bauma 2010. The objective of the partner-country initiative is to attract larger number of customers in rapidly growing markets to Munich and to promote the international bauma network in the process.



Given our extensive program of related events, we are inviting all experts and decision-makers in the sector for construction machinery, building-materials machines, mining machines and construction vehicles to meet representatives

on the exhibitor and visitor sides of the Indian market at bauma 2010 and/or to intensify existing business ties with them. The fact that bauma, a leading international exhibition for this industry, is not the only attractive platform for intense networking in an international atmosphere, can be seen in a list of all exhibitions held at the trade-fair center in Munich: in 2007, India was ranked 15th among exhibitors, with a total of 177 companies, and it was ranked 11th among visitors, with a total of more than 11,500 visitors. There were 17 exhibitors and 2,505 visitors from India at bauma in 2007 alone.

Messe München International (MMI) has been active in India for several years. Our subsidiary IMAG – International Exhibition and Fair Service Ltd. – has been active in India since 1955. During that period, it has organized German and Bavarian joint exhibits at international trade fairs and exhibitions in India on a regular basis. One of the highlights was the German industrial exhibition TECHNOGERMA in New Delhi in 1988.

The most recent milestone in the past for Messe München was in 2007, when it founded its subsidiary MMI India in Mumbai, which organizes electronica India and productronica India in Bangalore.

In the near future we have concrete plans for a new show in Mumbai: bC India – A bauma Conexpo Show. This new trade fair will be held in February 2011 for the first time. We intend to establish a joint venture with AEM, the American Association of Equipment Manufacturers, to run this show. And we are sure that our cooperation with AEM will bring a combined international expertise to the Indian marketplace, for the benefit of bC India participants and the involved industry.

During the upcoming bauma in Munich, we would like once again to cordially invite exhibitors and visitors likewise to get to know our partner country India from all sides and to make optimum use of the chance to exchange information with industry professionals.

Cricket Explained | Part 4

by Shavikesh Goel | Senior Manager Gurgaon/New Delhi

After having explained about Test Cricket in the previous issue, I will explain about the faster and shorter format of the game – the One Day International Cricket (ODI). In an ODI, 50 “overs” (a set of six consecutive balls bowled in succession) are played per side between two national cricket teams.

The basic rules of cricket are followed. The Captain of the side winning the “toss” chooses to either “bat” or “bowl” (field) first. The team batting first sets the target score in 50 overs. The innings lasts until the batting side is „all out“ (i.e., 10 of the 11 batting players are „out“) or all of the first side's allotted overs are used up. The team batting second tries to score more than the target score in order to win the match. Similarly, the side bowling second tries to bowl out the second team for less than the target score in order to win. The game is declared as a ‘tie’ (regardless of the number of wickets lost by either team) if the number of runs scored by both teams are equal when the second team loses all of its “wickets” (batsmen getting out) or exhausts all its overs.



ODIs were introduced in the 1970s and gained popularity because the game gets over within about 8 hours and is always action packed unlike a Test Match which can get boring at times. It is also played as a “day – night” game with one innings being played during the day and the other stretching into the night and played in flood lights.

... to be continued

Tube/Metallurgy India 2010 10th - 12th February 2010 | Mumbai

by Messe Düsseldorf

The first Tube/Metallurgy India took place in 1995. Since then, Metallurgy/Tube has managed to establish itself successfully in the country. Main focal points of the trade fair include Raw materials, tubes and accessories, Machines for manufacturing tubes, Second hand machinery, Tools for process engineering and auxiliary materials, Measuring as well as controlling and regulating technology, Pipeline and OTCG technology.

One of the reasons why India was chosen as trade fair location is the fact that the country belongs to the most important producers of steel in the world. After production stagnated in the last financial year due to the financial crisis, analysts are expecting an increase of 6.5% for 2009/2010. Driven on by the rising hunger for steel from the emerging markets, it is expected that the next few years will see higher levels of expansion. According to government plans the capacities will be increased by 2019/2020 from 40 million tonnes to 110 million tonnes. This opens up enormous sales opportunities for manufacturers of sector relevant technology.

For the domestic market the research and analysis institute Care Research expects to see an average yearly growth of 8% between 2009 and 2011. In particular, the demand will come from the construction industry.

Thus it is important to note that the trade fair will be supported by the most important industry associations locally and internationally and ranks as a core part of the Metallurgy/Tube product family of the Messe Düsseldorf. Congresses and seminars will be organised by the International Tube Association (ITA), the Minerals & Metals Review and the German Welding Society (DVS). Further cooperation partners include

The Ministry of Commerce and Industry, The Ministry of Science and Technology and The Ministry of Mines.

Through extensive visitor advertising and the planned conferences and congresses Messe Düsseldorf expects that there will be approx. 6,000 registered trade visitors. Past years have shown that at this pure industry based trade fair one can expect 100% industry trade visitors. In addition, we also expect a number of synergies - especially in relation to visitors - with the Schweissen & Schneiden® (Welding & Cutting) trade fair in Essen which runs parallel to the event in India.

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