

# Indian Aerospace Exports

## Finally delivering on promise

Thought Leadership Series

February, 2011

**aviotech**

# Indian Aerospace Exports : Finally delivering on promise

## Aviotech Defense Advisory & Investments

Rahul Gangal +91 (0) 770 233 1818  
Director  
rahul@aviotech.com

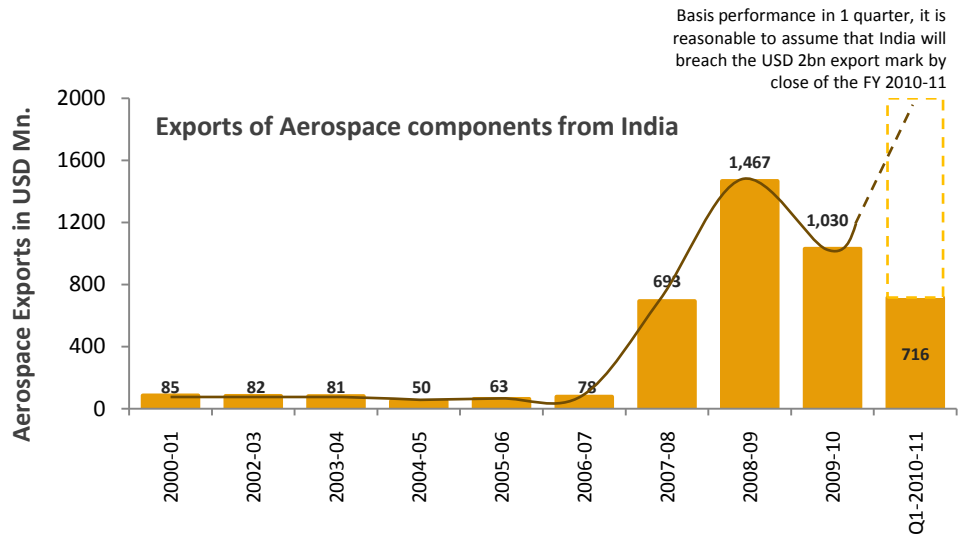
Kalyani Unkule +91 (0) 880 077 9740  
Research Associate  
kalyani.unkule@aviotech.com

### Summary

- Picking up from a stagnant start to the decade, Indian aerospace exports have grown significantly since 2006 and are tipped to exceed USD 2 Bn in value by the end of 2010-11.
- The data released for the first quarter of 2010-11 recorded USD 713Mn in exports.
- This demonstrates the viability of the Indian aerospace industry for OEMs seeking to make offset procurements from Indian manufacturers.

### Explanation

- Indian Aerospace Exports over the last ten years can be very neatly summarised into two phases– A first phase until 2006-07 and a second phase of the subsequent period.
- The first phase of 2001 until 2006 which saw stagnant, lacklustre performance with exports virtually stagnant and ranging between USD 49.76 Mn in FY2004-05 and USD 85.29 Mn in FY2001- 02.
- The Aerospace Exports were also not displaying any significant growth indicating a less than healthy state of the industry. The export performance witnessed in this period was largely driven by export actions of DPSUs namely Hindustan Aeronautics Limited (HAL) and Bharat Electronics Limited (BEL)
- The period from 2007 onwards sees a rapid expansion in this activity indicating a strong focused industrial expansion of the sector. The levels of exports rose significantly from USD 77.54 Mn in FY 2006-07 to USD 693.28 Mn in FY2007-08 indicating a jump of 692% on a YoY basis further to USD 1467.02 Mn in FY2008-09 indicating a jump of 141% on a YoY basis.
- The Aerospace exports out of India saw a mild contraction over the year2009-10withthe total exports leveling-off to USD 1030.34 Mn. This can be attributed to the global slowdown impacting off-take from India.
- Of the total Aerospace exports (platforms, parts and components), Parts & components have historically contributed to over 90% of the total exports. This trend sustains even until 2011.



Source: Indian Ministry of Commerce

- In just the first quarter of 2010-11, exports of this category have crossed the USD 700 Mn mark.
- Based on this trend, an end-of-the-year export turn-over of USD 2 bn may be estimated
- The total number of export destinations in 2009-10 was 68. A bulk of these exports were concentrated with the top 10 destinations. These were USA, Germany, France, Singapore, UK, Russia, New Zealand, Netherland, Israel and Malaysia, contributing to approximately 90% of total exports.
- Export figures recorded are a combination of civil and military aerospace exports.
- Military exports (historically driven by defense PSUs) have only started to register meaningful participation from private Indian companies like Tata Group, Mahindra & Mahindra, Bharat Forge, Ashok Leyland and others on account of increasing translation of OEM offset obligations into work-orders on Indian companies.
- A further factor for enhanced private sector participation is the increasing number of global OEMs establishing dedicated centres for manufacture and supply in India. Examples include Goodrich for landing gear & Thales and Rolls Royce for engine components

---

## DISCLAIMER

---

DISCLAIMER: This note has been prepared by Aviotech Defense Advisory Investments on the basis of publicly available information, information provided by various sources, neither which have been independently verified by Aviotech. Aviotech or its employees shall in no circumstances whatsoever be liable or responsible for any inaccuracies, omissions, mistakes or errors in this paper and for any economic or any other loss or damage, incurred or suffered by the reader/ user or any other person, arising (whether directly or indirectly) out of or in connection with such information. This note has been prepared without prejudice. Any and all information contained herein is based on good faith assumptions and is provided for general information purposes only. This information does not constitute an offer, promise, warranty, or guarantee of performance. This document should not be used or relied upon for any purpose other than as intended by Aviotech. Opinions expressed herein are subject to change without notice. Aviotech undertakes no obligation to provide the recipient with access to any further information or to correct any inaccuracies or omissions which may become apparent.

Aviotech Defense Advisory Investments does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision

## **Aviotech Defense Advisory and Investments**

### **India**

202-206 Sewa Corporate Tower, Sector 25, MG Road, Gurgaon 122002

### **UK**

31A, St. James Square, London SW1 YJR

[www.aviotech.com](http://www.aviotech.com)

