



Flying high

QuEST, one of the leading engineering service providers, offering end-to-end product developments and engineering solutions, lately ventured into aerospace manufacturing through a fully owned subsidiary called QuEST Machining and Manufacturing (QMM).

The new company, QMM, signed a 10-year pact with Canada-based Magellan Aerospace Corporation to supply landing gear parts and other components for Boeing's 747, 777 and 787 programmes. The current order is worth \$ 5 million.

This venture by QuEST brings together the manufacturing technology, assets, and experience necessary to provide value added manufacturing solutions in the rapidly growing Indian aerospace industry, and helps its customers meet the offsets requirements. "With this expanded offering, QuEST is pioneering the concept-to-realisation of products as well as reinforcing our commitment of a partnering approach towards our customers," said Aravind Melligeri, president and CEO of QuEST Machining and Manufacturing.

Commenting on the strategic agreement, Konard Hahnelt, vice president, strategic global sourcing, Magellan Aerospace, said, "We are pleased to select QMM as our strategic

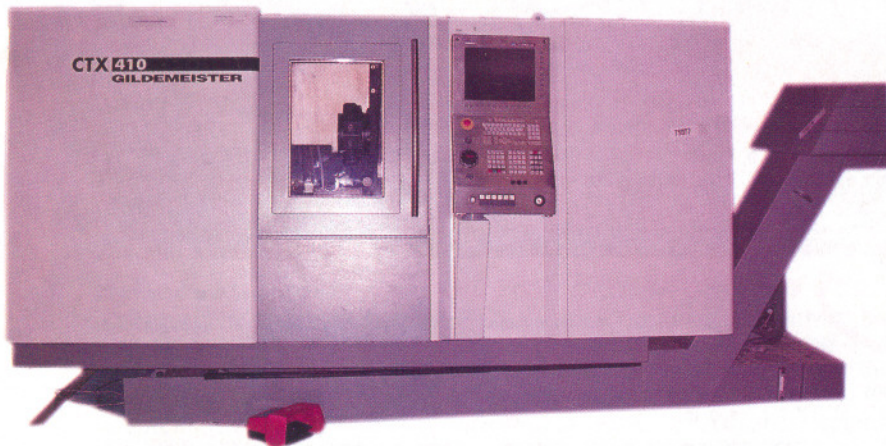
supplier in India for our manufacturing requirements. QMM is committed to invest in the technology, manufacturing capabilities, and capacities required to support aerospace market needs."

Plans are afoot to expand the facility from 20,000 to 2,00,000 ft² and invest \$ 25 million over the next three years. "The entire expansion will take place at Belgaum," revealed Melligeri. A dedicated cell would cater to Magellan, which has been sourcing engineering solutions from it. What important leverage points does the strategic relationship provide? "This will give us a close working relationship to ensure that between Quest and Magellan, we provide quality requirements," promptly replied Hahnelt, and added that they perceive India as a vibrant aerospace market.

QuEST is leaving no stone unturned to provide quality products and inducted machines namely, Deckel Maho, Gildemeister etc. Melligeri is quite confident that the products will meet stringent quality parameters required for the global aerospace market. "The strategic agreement is all about understanding and transferring knowledge to produce parts for global aerospace requirements," he pointed out. He further added, "We understand the requirements of our clients as we have been involved in design since the last ten years. This is just an extension of our relationship." Hahnelt also said that this deal could lead to further sourcing from QuEST. Throwing light on cost advantage he said, "Cost advantage in India is around 15 per cent."

Of thoughts and opinions...

"We try to automate as best as we can including the hydraulic fixture and try to minimise any kind of human intervention. Once the programme is done, we don't want people to interfere," stated Melligeri categorically. Speaking on the vital issue of training, he informed that the training



of workers is quite different in aerospace industry. The training is not general; it is very specific and held part by part because all operations are not the same.

When asked about the existence of the unorganised sector, he remained unperturbed, saying that the unorganised sector could scale up to certain levels only. Hence, there is no significant competition from the unorganised sector. He went on to add that, in order to manufacture such products, one needs healthy finance and international exposure. Requirement of a good number of certification is the biggest barrier in this direction.

Opportunity in aerospace

According to Bejoy George, vice president, marketing & business development, Quest - Quality Engineering & Software Technologies Pvt Ltd, the offset requirement of Air India and Indian Airlines alone is more than \$ 3 billion per annum.

Hahnelt is right in describing India as a vibrant market. For example, the offset policy of India has opened up a huge opportunity for domestic companies that offer design,

engineering and software services to the aerospace sector. The policy entails that any order by a defence entity or state owned civilian carrier to a foreign supplier of Rs 300 crore or more, will have to ensure an offset of at least 30 per cent of the order through procurement of components and services from India. Given that deals - those cleared and still in the pipeline - amount to \$ 20 billion, most of them for defence and civilian aircraft orders, a 30 per cent business opportunity translates to over \$ 6 billion.

Despite such opportunity what makes QuEST concentrate only in the export market? "The bigger opportunity in the aerospace market still lies in export. The buying power of western companies is higher than the Indian companies," explained George. He strongly believes that the domestic aerospace market will be much more mature from the year 2009 onwards. He concluded the meeting with some impressive numbers - last year, Indian airline industry (including private sector) placed the highest number of order for Airbus 319, 321, 320! **MMT**



- Prasenjit Chakraborty