

# As aerospace cos get choosy, QuEST predicts rapid growth

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AEROSPACE engineering services provider QuEST Global said it expects to accelerate its pace of growth to 65-75% during the fiscal to March 2009, benefiting from larger orders as clients such as EADS and Boeing trim their lists of suppliers. QuEST, which grew its topline by 50% for the fiscal to March 2008, is eyeing sales of \$85-90 million for 2008-09, chief marketing officer Bejoy George said. The company is forecasting revenues of \$100 million by 2010.

EADS, the parent of aircraft manufacturer Airbus, has reduced the number of its engineering services suppliers from more than 2,000 to just 28. QuEST, Cades, HCL and Satyam are the Indian

entities which have been retained.

Likewise, aircraft engine manufacturer Rolls-Royce, which had about 250 suppliers for its Trent 500 engine, has brought the number down to 140 for the Trent 900 and 75 for the Trent 1000. It is estimated that there will be only 25-35 suppliers for the engine being developed for next-generation single-aisle, narrow body aircraft. QuEST also hopes to benefit from the national offset policy which requires foreign aircraft makers to source at least 30% of the value of large orders from local suppliers. Mr George said expects spin-off deals worth around \$3 billion for Indian companies over the next 5-7 years.

"The dynamics of supply chain management have changed. Now there are fewer suppliers who have to work with

greater responsibility. Moreover, money is no longer in abundant supply and suppliers have to bear non-recurring engineering costs. Earlier, Boeing and Airbus would have gone ahead and funded the product development of the supplier firms," he explained.

With companies consolidating their vendors and looking for greater value addition from them, QuEST plans to offer services that span the spectrum from design to building of the product.

QuEST already has set up an SEZ on 300 acres at Belgaum in Karnataka and forayed into manufacturing of aero structures, aero engine parts and sub-assemblies. For the SEZ and the manufacturing unit, the firm has recently received a term loan of \$25 million from a leading bank.