

QuEST Global, Saab in JV to Set up Aero Assembly Unit



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and security company Saab to set up an aero-structure assembly venture, reports

Peerzada Abrar from **Bangalore**. Both partners will together invest Rs 55 crore to set up the new entity, Aero Assemblies India. QuEST will hold a majority stake of 74% in the new company to be based in Belgaum. The unit, which will start operations in mid-2013, will manufacture specific parts and assemble sections of aircraft like Boeing 787 Dreamliner and Airbus A320 and A380. ▶▶ 3

Sweden's Saab Inks JV with QuEST Global

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BANGALORE

QuEST Global, an engineering services firm based in Bangalore, has set up a joint venture with Swedish defence and security company Saab to set up an aero-structure assembly venture. Both partners will together invest Rs 55 crore to set up the new entity, Aero Assemblies India, a first of its kind venture for Saab in India. QuEST will hold a majority stake of 74% in the new company to be based in Belgaum in northern Karnataka.

The unit, which will commence operations in mid-2013, will manufacture specific parts and assemble substantial sections of commercial aircraft such as the Boeing 787 Dreamliner and Airbus A320 and A380.

"Earlier we were only providing components," said Aravind Melligeri, chairman of QuEST, who cofounded the company with his collegemate Ajit Prabhu in 1997.

This year, the company which provides engineering services for large corporations such as General Electric, Rolls Royce and Airbus, expects to clock revenues of around \$250 million (Rs 1,400 crore). Saab, which will



hold a 26% stake in the new venture, is aiming to strengthen its presence in India as it seeks to derive more business from emerging markets in Asia, Middle East and Africa.

"India is a very important emerging market and to bring value to customers, it is important to be here," said Kjell Johnsson, head of the aero structures unit.

The new venture plans to employ 500 engineers and earn revenues of

Moolah Route

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around Rs 265 crore in the next five years. Industry experts say such joint venture in the aerospace domain point to a growing competence in an area where India has traditionally lagged behind.

"It shows foreign original equipment manufacturers are confident about making India a part of their global supply chain for sub-assemblies and assemblies," said Rajiv Chib, associate director for the aero-

space and defence practice at consulting firm PricewaterhouseCoopers.

Similar joint ventures in the sector include the tie-up between Larsen & Toubro and Cassidian, an EADS defence unit, and Samtel's collaboration with Thales, Europe's biggest military-electronics maker.

Small and medium companies too are entering the fray. This year, US-based Kaman Aerospace Group formed a joint venture with a Goan firm Kineco to make advanced composite structures for aerospace, medical and other industries.

Hyderabad-based Raghu Vamsi Machine Tools joined hands with Spain's Industria de Tuberias Aeronauticas and UK's Reginson Engineering to make engine components. "This trend is encouraging and has the potential to bloom with simplified procedures and fast tracking of decisions," said Chib of PricewaterhouseCoopers. In 2010, global private equity fund, Warburg Pincus, invested \$75 million in QuEST Global Services. A year later, the Indian company acquired Madrid-based engineering firm Interface. It also acquired the engineering services division of UK-based GKN Aerospace for an undisclosed sum.

