



TAMIL NADU
GLOBAL INVESTORS MEET 2015
INVESTORS' PARADISE

AEROSPACE SECTOR PROFILE

AGENDA

-  Aerospace and Defense : Global Scenario
-  Aerospace and Defense : Indian Scenario
-  Aerospace and Defense : Tamil Nadu Scenario
-  Investment Opportunities

Aerospace and Defense : Global Scenario

✎ The global Aerospace & Defense market is valued at USD 1.17 trillion in 2013 and has grown at a CAGR of about 4% over the last five years.

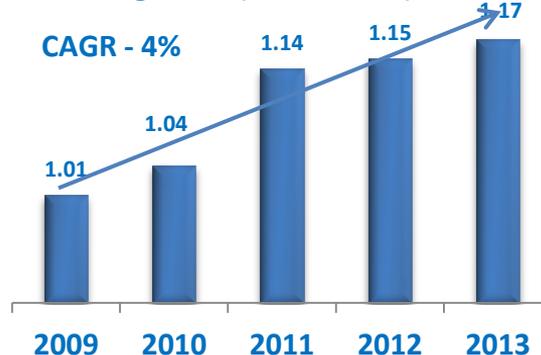
✎ Growth is primarily attributed to strong performance of commercial aerospace driven by a surge in passenger travel demand, increasing per capita income and positive global GDP outlook.

✎ Global aerospace market is dominated by North America (especially United States), accounting for over 40% of the global market.

✎ China, India, France, Japan, Russia are also among the top 10 countries in terms of defense spending.

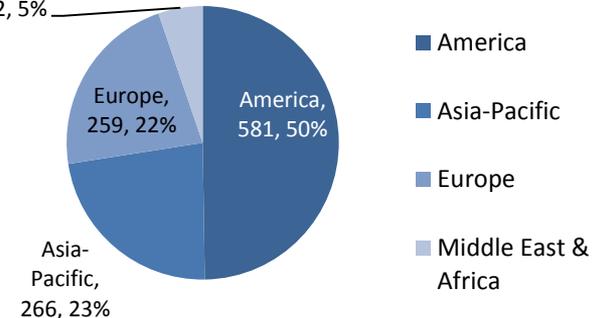
✎ Commercial air traffic to and from these countries is on the rise, prompting the growth of aerospace sector

Global Aerospace and Defence market growth (USD Trillion)



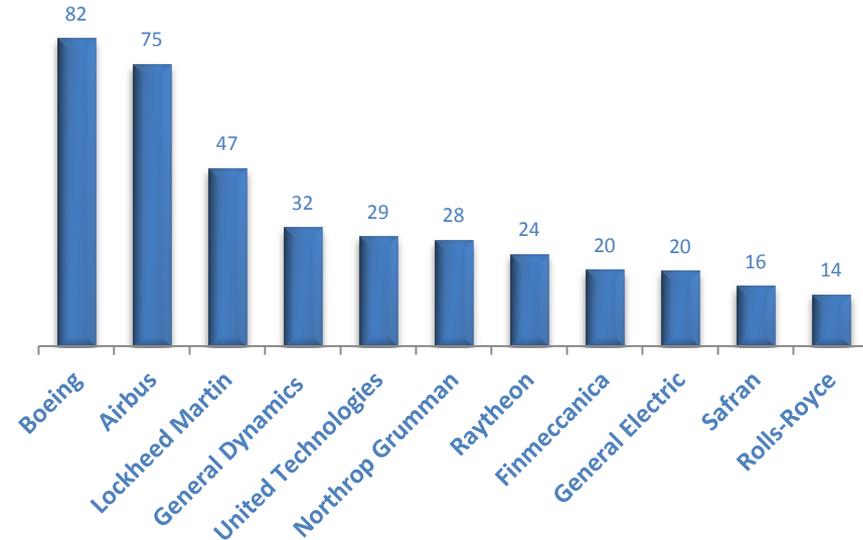
Middle East & Africa, 62, 5%

Global Aerospace market by geography 2013(USD billion)





Revenue of major aerospace companies (USD Billion)

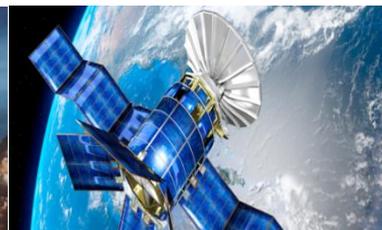
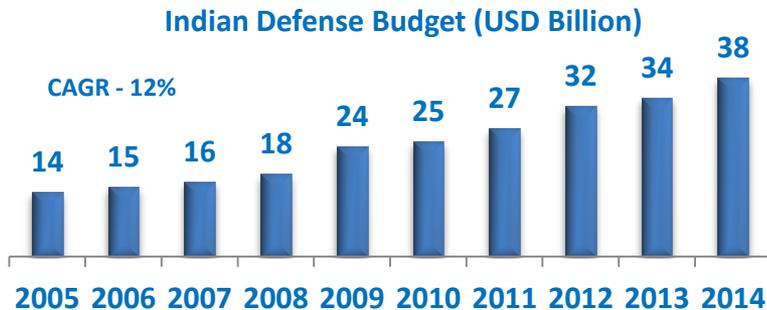
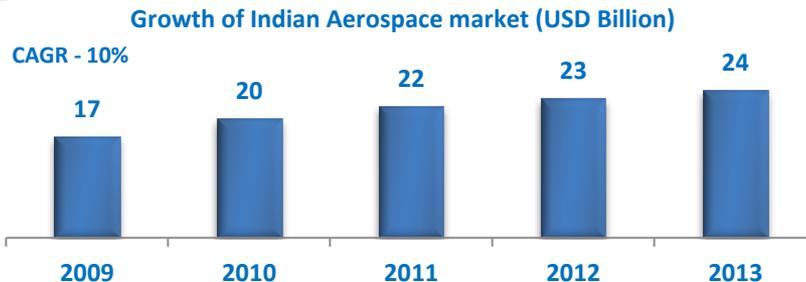
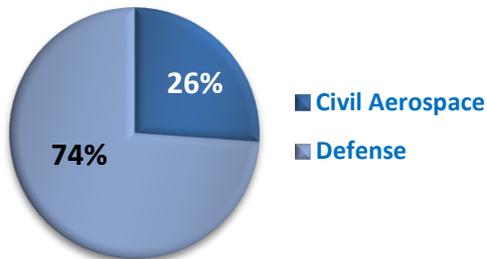


- ✎ Global aerospace industry is expected to grow at a rate of 3-4% till 2020.
- ✎ Over 10,000 additional aircrafts are scheduled for delivery between 2014-2020, indicating growth of commercial aerospace and MRO operations.
- ✎ While growth of the defense sector is negatively impacted by recent budget cuts in North America (especially in the US through the US Budget Control Act 2013), capital allocation towards defense is indicating a promising trend in Asia-Pacific.

Aerospace and Defense : Indian Scenario

- ✎ The Indian aerospace industry has registered a CAGR of about 10%, higher than the global average of about 4%.
- ✎ Indian market represents about 9% of Asia-Pacific market.
- ✎ The growth has been propelled by a strong civil aviation market and defense spending.

Indian aerospace & defense sector category segmentation % share, by value.



Propelled by strong growth drivers, Indian aerospace market is expected to reach USD40 billion by 2020

Growth Driver #1

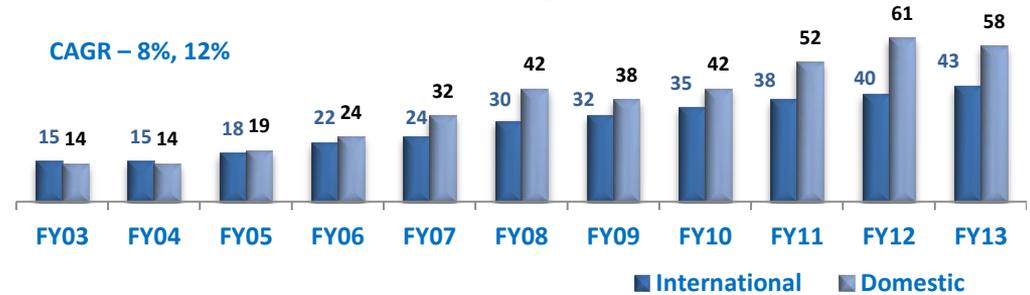
India has potential of becoming international hub for **commercial MRO** needs.

- ✦ Low cost technology at depot level for aircraft repair.
- ✦ Competitive labor costs of about USD 30 – 35 per hour, as against USD 55 – 60 in Southeast Asia and Middle East

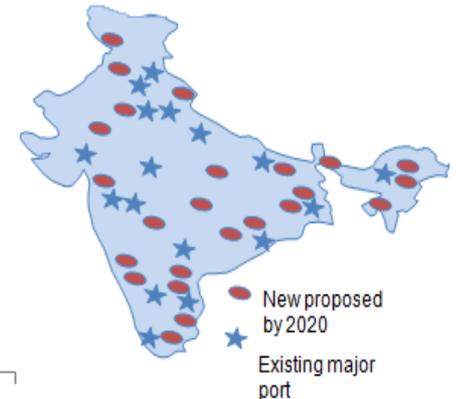
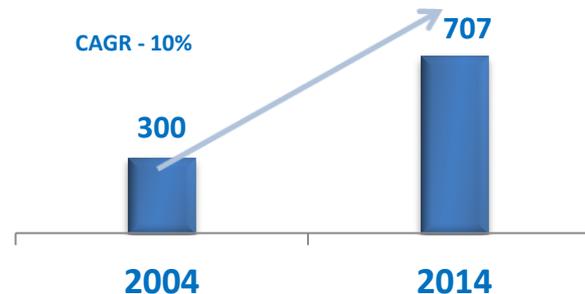
Growth Driver #2

- ✦ India is expected to be third largest **civil aviation** market by 2020.
- ✦ Correspondingly infrastructure expansion is also set to happen with 20 potential locations identified for developing airports by 2020.

International & Domestic Passenger traffic in India (Million)



Commercial MRO (USD Million)



Contd...

Propelled by strong growth drivers, Indian aerospace market is expected to reach USD 40 billion by 2020

Growth Driver #3

Government policy initiatives

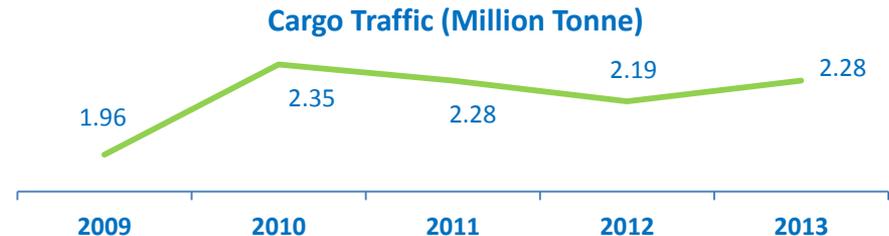
- ✦ FDI up to 49% is permitted for scheduled air transport services/domestic scheduled passenger airlines under the automatic route
- ✦ Manufacturing and R&D activity is allowed *100% FDI* on automatic route in all areas, except air traffic services.
- ✦ *100% FDI* under the automatic route is permitted in setting up of Greenfield airport projects
- ✦ Tax exemptions/*tax holidays* up to 100% for airport projects for a period of 10 years
- ✦ *Accelerated depreciation* of 40% is available for airplanes & aero-engines
- ✦ ***Defense offset policy mandates foreign aircraft OEMs to outsource a minimum of 30% of defense procurement to Indian companies providing investment opportunity for domestic investment.***

Growth Driver #4

- ✦ Government of India's allocation to ***defence budget*** has grown at a CAGR of 12%.
- ✦ This growth is an outcome of massive modernization process adopted by the Indian Armed Forces.
- ✦ This allocation also reflects a transition of the Government from committed purchases (contracts already signed) to new schemes.

Growth Driver #5

- ✦ The ***air Cargo*** market is still at a nascent stage of development.
- ✦ Air cargo volumes are expected to triple over the next 10 years from 2.28 Million Tonne in FY13 to 6.51 Million Tonne in FY23



Aerospace and Defense : Tamil Nadu Scenario

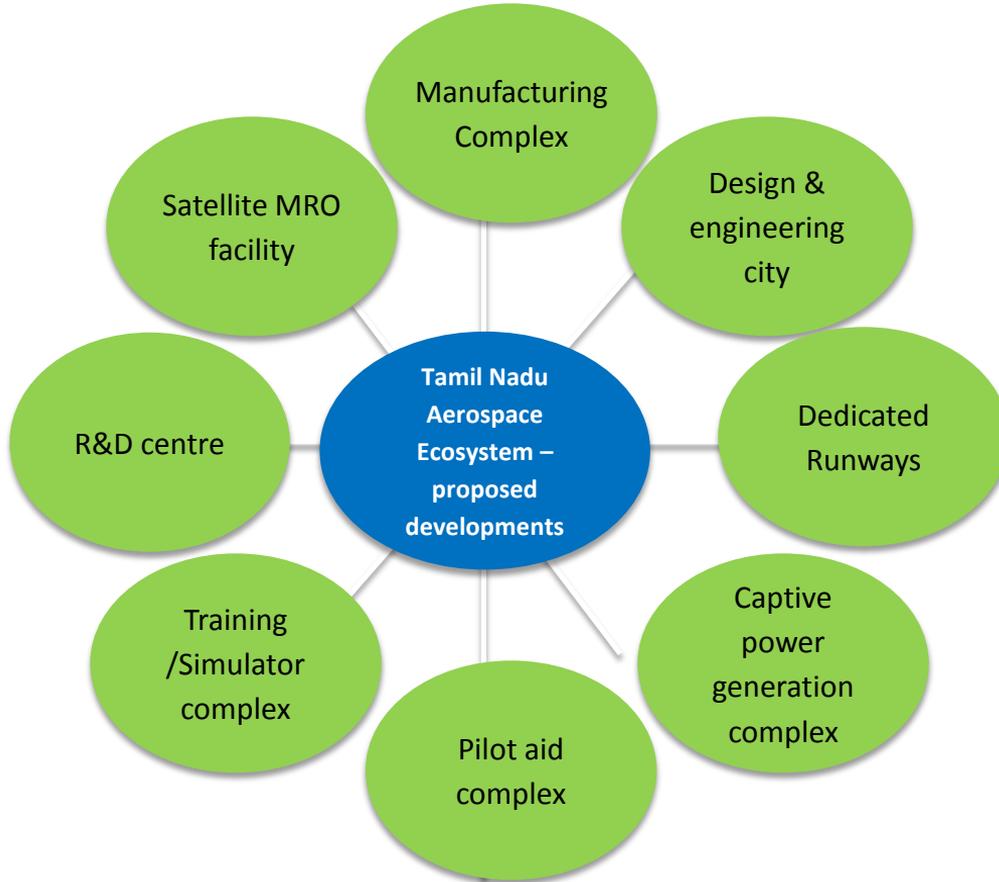
Aerospace companies in Tamil Nadu

Sr.No	Company Name	Logo
1	TAAL (Taneja Aerospace & Aviation Limited)	
2	Aerospace Engineers	
3	Indus Teqsite Pvt. Ltd.	
4	Ramco Aviation	

Tamil Nadu's Competitive Advantage

- Availability of skilled manpower with an annual turnout of about a *Million Graduates* in Engineering, Arts and Sciences, Diploma holders and ITIs
- There are **64 Colleges/Universities offering courses** in Bachelor of Engineering (Aeronautical Engineering), M-tech in Aerospace Engineering, ME in Aeronautical Engineering and Diploma in Airlines Management
- Only State in India with **4 international airports**. The International airports in the State handle more than 13.5 million passengers connecting all the major international destinations

Tamil Nadu is planning to create an integrated ecosystem which will enable all the global players to manufacture in the state



✦ The eco system will consist of the elements of aero parks developed in multiple locations.

✦ *SPARCS* (Special Purpose Aviation Resource Cluster SEZs) for the development of Aerospace sector in the State.

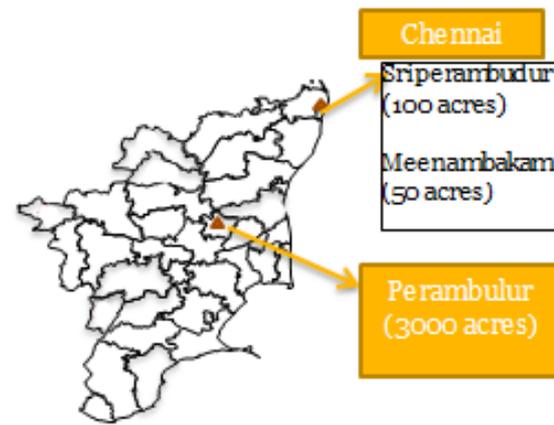
✦ The ecosystem for Aerospace industry will be developed in phases in multiple locations like

- ✦ Chennai
- ✦ Hosur
- ✦ Perambalur

✦ The Integrated aerospace ecosystem will create direct and indirect employment to the tune of 100,000 for highly skilled resources.

Tamil Nadu has comprehensive plans for aerospace projects with an investment plan of USD 3 billion

- ✎ Proposed 50 Acre land near Chennai airport to facilitate the MRO set up. Availability of low-cost skilled labor offers significant advantage for airline in Tamil Nadu.
- ✎ Proposed 300 Acre land in Sriperumbudur for aerospace components manufacturing park within a well-developed and well-connected 10000 plus acers Industrial Zone.
- ✎ **Proposed 3000 Acre land in Perambalur for setting up integrated Aerospace Park with an estimated 830 million investment.**
- ✎ **Proposed 5000 Acre land in Sriperumbudur for Greenfield airport to be built with an investment of USD 2.5 Billion. It will add 40 million passengers and 1 million ton cargo capacity.**



S. No	Upcoming Infrastructure Projects	Amount in USD million
1	CoE (Centre of Excellence) Aerospace	42
2	Greenfield airport at Sriperumbudur	2500
3	Aerospace park at Vellore	500

Aerospace and Defence : Investment Opportunities

**Greenfield airport
development
through
PPP mode**

**MRO facilities
development**

**Integrated
Aerospace Park**

**Up-gradation of
existing airports**

**Manufacturing of
aircraft parts and
assembly**

**Skill development in
aerospace sector
through PPP mode**

Source: Vision 2023



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