



# "India is on the threshold..."

While Hawker Beechcraft may be the global market leader for business and private jets in the world they are not getting complacent in India

On the back of an economy that is expected to grow at a whopping 8.5% and a market for business aviation that is expected to grow at a compounded annual growth rate (CAGR) of around 25% over the next ten years, InterGlobe General Aviation is positioned to be part of the demand for aircraft in the country.

The company, which launched one year ago, is the latest addition to the Gurgaon based InterGlobe Enterprises and is responsible for the sales and service of Hawker Beechcraft products within SAARC.

"India will experience GDP growth of 8.5% in the financial year 2008-09, furthermore India's aviation industry is likely to grow at the rate of 25% over the next 10 years. The Indian sub-continent, located as it is between the Middle and Far-East trade route, has strategic significance, from the point of view of trade and business. India is on the threshold of globalization of its economy, with the aviation industry poised to play a significant role, as an engine of growth," Nigel Harwood, CEO, InterGlobe General Aviation said.



NIGEL HARWOOD

"With India's annual economic growth crossing 8% and India being placed 4th in the number of Forbes' list of world's billionaires, the country demonstrates higher growth potential than the US and China. The Centre for Asia Pacific Aviation estimates that there are over 180 aircraft registered for private, corporate and charter purposes. That includes business jets, turboprop aircraft and helicopters. While India's commercial airports

are extremely overcrowded, business jets can take advantage of a strong network of airports or defence airstrips that date back to the British colonial era," he added.

## HAWKER BEECHCRAFT INDIA MARKET POSITIONING:

Currently with 60% market share Hawker Beechcraft has been the market leader in business aviation across the globe for many years. Recently the firm has taken a large order from a charter company, the Briley group promoted Bjets, but Harwood does not believe that it's

just the charter companies that are fuelling the market growth. "It's a mix of both, however charter companies share and demand is growing and as a result they are planning to buy in large numbers. Historically charter companies have increased the opportunities for aircraft manufacturers and have helped us to sell to private companies," Harwood said.

And what's the next step for Hawker in India - to capitalise on the potential of the Indian market and then bring in the SAARC countries into our radar of operation, Harwood replies, "Raising input costs are a concern for the masses but not classes. Business aviation is a completely different market. Input costs can have a direct impact on the commercial airlines and their endeavour to recover these costs to break-even by partially absorbing these costs and partially passing it on to the end user. On the contrary, the business owner would have embedded this fluctuation already in his balance sheet."

The company is probably the oldest manufacturer in the country and has sold three of its premier aircraft for the Prime Minister

## Wouldn't you like to fly what the Prime Minister is flying

The business jet division of Boeing, one of the largest aircraft manufacturers in the world, is also one of the major business jet manufacturers and sellers in the country. Boeing Business Jets (BBJs) is a joint venture between Boeing and General Electric.

Boeing Business Jets are considered so top of the line that the Indian government itself has ordered three for the transportation of the Prime Minister and other VVIPs and special dignitaries.

The company has already delivered two of these and the third is expected by the end of this year, said Steven J Hill, who heads the Boeing's business jet division.

"We have a fifty year old branding in India and the fact that India's commercial aviation sector depends heavily on our aircraft helps us get in roads into the country's private and business jet market like no other company can," Hill said.

"Our aircraft are top of the line in luxury and usability. People essentially move up from smaller aircraft after they gain a certain level of affluence," he added.

The company already boasts an impressive order book with around 100 aircraft in operation and another 40 in backlog till May 2008.

"One major advantage that people have with a BBJ is that range is not an issue," Hill said, "and you can land the upcoming Boeing 787 anywhere you can land a smaller Boeing 737," he added.

On the aircraft that BBJ has delivered to the Indian government for the VVIPs, Hill said that the first of the two aircraft have already been delivered and are almost complete with their refurbishment in the US.

The updated 737-700 aircraft for the Prime Minister is India's first VIP 737 is the 100th aircraft built by BBJ.

The "green" (unfurnished) aircraft, which was handed over by BBJ in Seattle in December 2006, was then fitted out with a stateroom, a conference room, a communications centre, a living-cum-sleeping space for the VIP and seating for 48 lesser personages. A company called PATS



Aircraft did this in Delaware. Such luxury jets are available to anyone who can pay the equivalent of Rs 300 crores.

What money cannot buy is the military equipment needed to safeguard VVIPs from missiles fired from the ground and from other aircraft. The Indian VIP jets will be fitted with American equipment - believed to be an advanced version of the AN/AAQ-24 LAIRCM (Large Aircraft Infra-Red Counter Measures) - which quickly detects a missile fired towards the aircraft.

It then electronically paints a ghost image of the aircraft some distance away, which diverts the missile towards the ghost image, saving the actual aircraft. If the specifications and frequencies used by this equipment are made available to an enemy, it can be countered or jammed.

The VIP aircraft is also fitted with communications equipment, which will allow the PM to communicate with New Delhi through satellite channels. When contacted, Boeing India declined to comment on the sale.



The sheer convenience of private aircraft has led to the charter companies booming in India

## FORGET HASSLES AND FLY CHARTERS

With more than a 100,000 Indians who can afford to own a business jet and more than a 1,000 Indians coming up every month day asking questions on what a business jet can do for them, private air charter companies are making a killing.

For most aircraft manufacturers globally, air charter companies are the first introduction that most potential clients have to owning their own business jet. So for obvious reasons, a charter company is always at the top of any aircraft manufacturers list of people to hard sell their wares.

At present there are around a handful of charter companies in India, each one following a separate business model of their own.

Manav Singh promoted Club One Air is just one of these. The company follows an interesting fractional ownership model for corporate & high net worth individuals.

The huge potential for business and private jets has led to a surge in charter operators as well. At last count there were around 30 operators including Club One Air and Ran Air. And the international majors are also coming - be it Briley group promoted Bjets or Warren Buffet promoted Netjets. Even Europe based Execujets and Vistajets are all set to offer their services on the subcontinent.

Netjets has tied up with Ashish Chordia promoted Shreyans that deals in super luxury goods like Porsche and Fendi in the country.

Bjets is expected to launch its services within the third quarter of 2008 and will have 15 aircraft within the first 12 months of operations. The company recently announced that it had ordered 10 Hawker 4000 business jets with options for an additional five for an estimated \$330 million.

At the Singapore airshow in February 2008, Bjets announced that it would launch services in India after announcing a record deal worth around \$600 million for a fleet of 40 brand new private jets including 20 Cessna Citation CJ2+ jets, 9 Hawker 850XP and 11 Hawker 900XP jets. The Briley Group is the majority shareholder in the privately-owned BJETS. The other significant shareholder is the Tata Group promoted Indian Hotels Company.

Bjets is expected to launch its services within the next one month and will have 15 aircraft within the first 12 months of operations.

"A soft launch of our services should start in a couple of weeks. It will be a kind of test launch as we will mainly be carrying friends and family in order to be able to finalise the pricing, operational costs among other things. The pricing will be comparable to Netjets," Mark Baier, CEO of Bjets said.

"We should have 14 to 15 aircraft by the end of 12 months of operations," he added.

Private charter company, Ran Air Services, is in talks to acquire a Delhi-based privately-held maintenance, repair and overhaul (MRO) company, Shaurya Aeronautics.

Apart from these there are many other international and domestic air charter firms looking to garner greater market share of the burgeoning Indian private and business aviation sector.