

UNDERSTANDING MROs IN INDIA

Prashant Bhushan,
CEO,
Taj Air Metrojet Aviation (TAMA)

Interview by Anthony Lam



TAMA provides maintenance, repair and overhaul (MRO) services for business jets based in India. It is a joint venture between Taj Air, an executive charter service in India which is part of the publicly-listed multinational conglomerate TATA Group, and Metrojet, a business jet operator in Asia which is part of the Kadoorie group. The joint venture brings together nearly 40 years of combined business jet and aviation maintenance expertise into a single company, committed to providing unparalleled service to customers.

TAMA is a fully certified CAR 145 maintenance repair station with approvals from the DGCA in India to maintain the Falcon 2000, Falcon 2000EX, P.180 Avanti II, Gulfstream G550, G200, and Hawker (700/800/900) business jets. TAMA is an Authorized Service Center for Dassault Falcon for the Falcon 2000 and 2000EX and manages the largest fleet of Dassault Falcon business jets in India. TAMA can carry out maintenance on Falcon 2000 aircraft fitted with CFE738-1-1B engines, Falcon 2000EX EASy aircraft fitted with Pratt & Whitney 308C engines and Piaggio P180 Avanti II aircraft fitted with P&W PT6A-66B engines.

TAMA currently operates out of a state-of-the-art hangar in Mumbai and also provides line maintenance at other key locations in India such as Kolkata, Chennai and Delhi. With a team of over 30 highly experienced and skilled maintenance professionals, combined with top quality infrastructural support and an extensive spare parts inventory, TAMA is ready to provide immediate maintenance support around the clock to Asia's high flyers. TAMA manages most of the India-registered Falcon 2000 and Falcon 2000EX EASy aircraft in the country. Besides its affiliate Taj Air, its customers include top corporate business entities in India and other discerning private customers.

The scope of services offered by the company include:

- Line & Base maintenance
- Avionics line maintenance
- Interior & exterior cleaning
- Tyre change and maintenance on aircraft wheels
- Maintenance of Ni-Cd batteries installed in aircraft
- CVR and DFDR readout
- AD, SB & Modification Compliance

Prashant Bhushan is the CEO of Taj Air Metrojet Aviation, having taken over the reins in 2015. A general management professional with the TATA Group, Prashant is one of the few young professionals to have moved laterally into this sector after a decade in telecommunications with the TATA Group and with experience in several general management roles in both retail and enterprise business.



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What has been your experience of the Indian General Aviation market?

In the last 12 months, I have traveled extensively and had the opportunity to interact with most of the major OEMs. Over the last few years, it seems that most OEMs have seen India as a potential long-term market, but are fraught with caution given the need to create adequate infrastructure in order to realize the suppressed demand clearly present in the country. It is important for this perception to change for the better and the on-ground investments in airports & supporting ecosystems such as MRO will be the key to translating this promise into reality.

India has one of the youngest and fastest-growing wealthy populations in the world. A recent report states billionaires in India grew 333% in the last 10 years, compared to the global average of 68%. This suggests that India is a strong and high-potential market for business jets but the question in people's mind is about whether the infrastructure will enable some of this "suppressed demand" to manifest itself adequately or not.

What do you see as some of the unique challenges or features of the General Aviation market in India?

I see the same unique characteristic exhibited in India in General Aviation as I

experienced for a decade in my previous industry (telecommunications): an extreme attentiveness to the price-for-value equation. Indian owners (not just individuals, but also corporate clients) are extremely careful about money spent, even on an item such as a \$20-\$50M business jet. It is the DNA that is embedded in the Indian psyche, in that of its people, to not be profligate. Hence there is a compelling need to translate the promise of a brand or of great quality, into a clear and tangible value proposition for customers here. I think that also presents a great opportunity for an MRO like us, an upcoming challenger in the Indian market, to build a MRO of high

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quality & global standards, yet with a strong price-to-value offering. In our minds, high quality and efficient costs are not tradeoffs. One could lead to the other with the right attention to processes, quality standards, and

through satisfied and motivated employees.

The fleet fragmentation in India is also quite unique. In most markets, the top 10 types of jets make up 50-60% of the volume. In India, which has a total market of about 150 business jets, there are 50-60 different types of aircraft, with several aircraft types being just one or 2-3 of each type. This puts immense pressure on creating an associated ecosystem, whether it's the outfitting of the internal team to manage operations, MRO, pilots, or even the regulator (who too has to invest in managing and understanding these multitude of aircraft types with limited resources).

We also need to keep in mind that the high growth in domestic commercial passenger traffic in India is among the highest in the world. As per the DGCA, Indian airlines flew 81 million passengers in 2015, a 23% increase over 2014 (67.4 million). This growth is putting immense pressure on the available airport infrastructure in the country and it is a reality that General Aviation has to compete for this with commercial aviation. I think the airport authorities have done a great job, keeping pace with this growth so far, despite there being areas where they face criticism. Airports in Delhi, Mumbai, Bengaluru and Hyderabad are all world-class in terms of passenger amenities. What is missing perhaps is the scale to allow for creating the all-important ecosystem for MROs by way of earmarking

specific space for hangars, parking bays, MRO back shops, warehouses, etc.

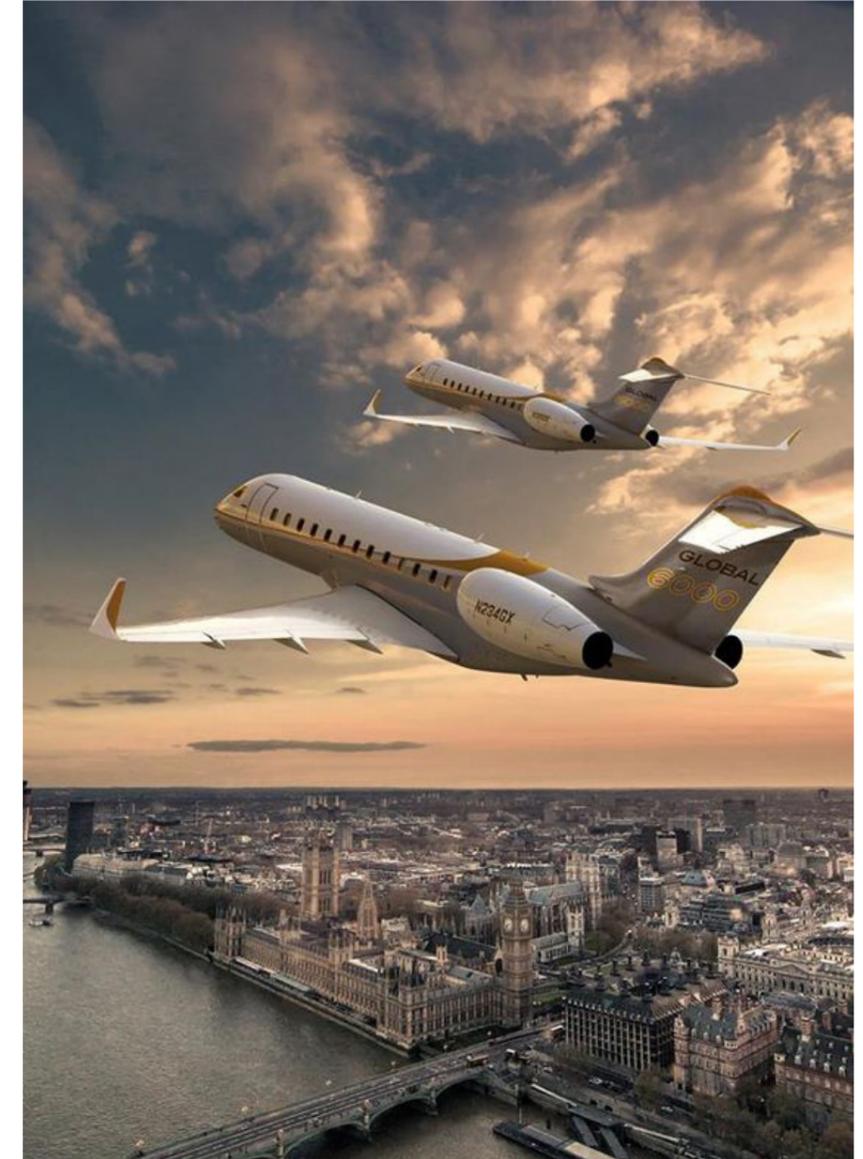
How do you think the Government is responding to manage the demand on Aviation infrastructure in India?

The Ministry of Civil Aviation (MoCA) is trying to implement clear steps to manage the growth of aviation. For the MRO industry in particular, there is a realization that most of the opportunity (estd 90%) of MRO on Indian aircraft is being lost offshore, both because of the high-quality and OEM-approved status of MROs outside India and the lack of infrastructure and high-capability MROs in the country. The issue is a dilemma because currently certain tax norms and customs duties are stacked against Indian MROs. But at the same time if no Indian MRO invests in creating significant capability, it may give the government little confidence to reduce existing taxes and duties.

The recently released draft civil aviation policy (tabled in Oct 2015) identified the need to correct long-pending issues such as the waiver of customs duty on toolkits, spares, equipment; exemption of service tax; and the reduction of royalties on MRO. Some of these have been ratified in the recently released Union Budget. Others, we hope, would follow in due course.

What is the potential for the MRO industry in India?

The total industry size is about \$800 M at the moment and is expected to increase to \$2B in 2020. Naturally 90% of this is commercial MRO, given the huge expectation for fleet growth (from currently 400 commercial aircraft to 1000). Today around 90% of this is 'exported' out of the country. The short-term opportunity for Indian MROs is to retain a significant portion of this business in the country, but that would mean investment in capability to at least match that of neighboring MROs such as in Dubai & Singapore. In the long-term I believe that India can, and should, capitalize on two significant advantages – its geographical positioning within Asia-Pacific; and perhaps more importantly, its young,



trainable workforce which can deliver quality efficiently.

What do you see as the short-term strategy for MROs such as your organization?

I would hesitate to say there is a short-term strategy that is different from the long-term, since the aviation business overall is a capital-intensive, long-cycle industry. I would say the path is the same – build stellar quality and infrastructure, while investing judiciously and in a phased manner; invest in people, systems

and processes; and keep customer service and satisfaction at the heart of it all.

Above all, I believe that the Indian MRO industry must first collaborate, then compete given the small size of the available market today. Poaching (clients, employees) from each other will only lead to a race to the bottom. We must first help to generate enough confidence in potential buyers so as to make incremental aircraft purchases, then we can compete once the pie grows!

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