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By Elyse Moody



*Air Works was founded 60 years ago by the family of Ravi Menon, who started as an engineer and now serves as director and group head for business development. Vivek Gour joined Air Works as managing director in 2010. Menon and Gour talked with O&M Associate Editor Elyse Moody about their growth plan. Edited for style and clarity.*

### **Tell me about Air Works' transformation that began in 2006.**

Menon: We commenced the process to invite private equity, diluting our holdings to raise the capital required to fund our plans for the future. Global Technology Investment Group in New York acquired a 33% stake in Air Works, and then we got a second investor called Punj Lloyd Group, which is one of the largest infrastructure groups in the country with business interests spread across the Middle East, Europe and the Far East. We each hold a 33.3% share. We have only ourselves to blame if we don't grow at 30%.

We have been talking to various airlines of India. We undertook C checks on Boeing 737s and on a couple of ATR 42s and 72s, essentially to secure the confidence and comfort levels of the operators. We met their turnaround times. We met all that was required at a competitive price. Since then, we've done about 45 C checks.

The business aviation side continues to grow very, very strongly with OEM certifications--Bombardier, Gulfstream, Hawker Beechcraft, Embraer, Honeywell, Rockwell Collins. We also cover Bell and Agusta helicopters. All of this has been our plan to position ourselves as a one-stop shop.

### **How many aircraft can you accommodate simultaneously at Hosur?**

Menon: The hangar that we have is good for one narrowbody aircraft, and we could put in two turboprops the size of an ATR.

### **How much work do you do annually in each area of your business?**

Gour: After the Air Livery acquisition, approximately 40% of our revenues come from aircraft painting and finishing. That could be on any type of aircraft, although it's largely commercial aircraft out of Europe and the Middle East. Another roughly 40% is from business and general aviation. Roughly 10% of our revenue is from MRO activities on airliners, and that's the baby of the group. That's the business we have just started after we finished the hangar at Hosur.

The aviation sector in India is growing at 20-24% per annum. Simply to be able to address that market--and it is a market which is untapped and not fully provided for within the country--is our aim. We want to grow at 25-30% per annum organically in MRO within India. We will have our hands full for several years just addressing that growth.

### **That's a big target.**

Gour: It's a big target, yet, for example, India has 167 aircraft, according to the government, that are on order for the next three years--and this is only in business and general aviation. We have another 280 aircraft on order in commercial aviation. This is a market that is beginning to grow to meaningful sizes and numbers and has an international context, and we're the largest independent MRO in the country. Our next competitor, with no disrespect, is less than one quarter of our size. We have only ourselves to blame if we don't grow at 30%.

### **Could you talk a bit more about the Air Livery integration?**

Gour: Let's step back as to why we acquired Air Livery [in February 2010]. To get an airline to give their aircraft to you for maintenance is a huge credibility barrier that you have to cross, and airlines don't want to give their aircraft to you when they don't know who you are, simply because you built a hangar next door. However, airlines are willing to give their aircraft to you for painting. It is a very good entry point for building relationships with the engineering departments of large airlines, and it can then translate in stages to start doing MRO work for them. That's why Air Livery fits into our strategy.

**So the Air Works and Air Livery will continue to operate under their existing brands?**

Gour: Yes. Air Livery is a good brand name, and we will build our painting and finishing business under the brand name of Air Livery. There is no need to change that. We are setting up a widebody hangar at Hosur dedicated to painting, and we are fitting it out with the latest pollution control equipment that meets European standards. That hangar will operate under the aegis of Air Livery India, a subsidiary of Air Livery U.K. All our paint business--whether in India or the U.K., as we're looking at destinations in East Europe--all will operate under the brand name Air Livery.

**When will painting begin in India?**

Gour: It should start up this winter. We have begun booking customers for that time, and we're also looking to commission a paint hangar this winter in Eastern Europe, because there is a large demand for painting regional aircraft in Eastern Europe, Turkey, and the old Russian states that broke away from the Soviet Union. There's untapped demand lying there.

**What other capabilities would you like to gain through acquisitions?**

Gour: We set up India's first EASA Part 145 approved avionics workshop in Gurgaon with the help of Scandinavian Avionics, and we call it Scandinavian Avionics Air Works--Scan Av Air Works.

Where acquisitions are concerned, yes, we definitely want to acquire one medium-sized business this year. We have recently raised \$27 million of equity through private equity funds. The money is in the bank, and soon my shareholders are going to start asking me, 'What are you doing about this?'

**Where are you looking?**

Gour: Our areas of priority are a business and general aviation MRO, or a medium-sized airline MRO, and the regions of priority for us are Middle East, India, Southeast Asia, Europe. That's our belt--Singapore to Frankfurt. So we wouldn't acquire something in, say, Taiwan or Philippines, but if we were to find a terrific acquisition, I'm just making this up, in Dubai or Turkey or even, I don't know, Belgium, we'd go look at it very, very seriously.

The idea is not to transfer that work to India. Scarcely. The idea is to use that A) to get a footprint in a different geographical area, and B) to use some of the talent and expertise of that MRO to upgrade our capabilities in India.

**Do you want to say in the same family of service offerings, focused on narrowbodies and ATRs?**

Gour: We'll probably look at widebody MRO in the medium-term future, the reason being that 80% of the aircraft in India, the Middle East, and Southeast Asia are narrowbodies. ATRs and now the Bombardier Q400s are entering service. We're going to be building up capability on the Bombardier Dash 8 to do that. With four types, I can cover 85% of the market, and I'll focus on that. We're also talking to Embraer.

Menon: Some of the manufacturers like Embraer and Superjet International already are here. We've established letters of interest that will convert into an authorized service facility [certification] to promote sales and offer aftersales support in India for the E-Jet and for Superjet International. If Superjet has aircraft in India, then we are the preferred partner. They haven't yet made a breakthrough, but they're very optimistic about it. But the environment is competitive because Embraer is a big challenger. Whoever comes, we would support any and every one of the narrowbody aircraft that come in.