

Engg services exports jump 25.6% in FY08

TURNING HIGH PROFILE

Top 15 engineering services exporters (Excluding IT/Telecom)

Company	Revenue (Rs cr)		Growth (%)
	FY07	FY08	
TCS	725	832	14.7
HCL	580	762	31.4
Satyam	451	610	35.4
Tata Technologies	595	596	0.2
Infotech Enterprises*	330	410	24.2
Geometric Software	252	339	34.5
Rolta	195	317	62.7
Infosys*	223	240	7.8
Patni*	216	234	8.2
Quest	153	207	35
Wipro*	142	202	42.3
KPIT Cummins	106	199	87.7
L&T Infotech	113	141	25.1
Mahindra Engineering Services*	70	120	71.4
Neilsoft	65	78	19.4
Others	304	400	38.5
Total	4,520	5,688	25.6

*estimates for exports revenues

Source: Dataquest

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Driven by the offset requirements of India's defence purchases and the country's enhanced profile as an engineering base after the launch of the Nano, engineering services outsourcing to India will accelerate, indicates a new Dataquest study.

The engineering services exports (excluding software product engineering, semiconductor design, and other high tech/telecom engineering) from India grew 25.6 per cent in 2007-08 to reach Rs 10,110 crore. The Indian third-party service providers accounted for 56 per cent of the revenue, while captives had a share of 41 per cent. The non-Indian third-party service providers accounted for the rest, reveals the study.

Aerospace and automotive industries led the engineering design and services outsourcing to India. A few recent developments in these industries have significantly impacted the engineering services outsourcing.

Some of these include high oil prices leading to design of newer fuel-efficient cars, India's plans to buy 100-plus fighter aircrafts with significant offset requirements (which stipulates that 30 per cent of the total contract value to any supplier will have to be spent locally), and the launch of Tata Motor's Nano, which has raised the profile of India as an au-

tomotive engineering base.

"All these developments have significantly enhanced the action in the engineering services outsourcing area. They have paved the way for the revenues to start flowing in beginning this year when we can expect the growth to accelerate sharply," said Shyamanuja Das, editor, Dataquest.

The study also outlines that India's own market as a major automotive market has drawn many of the automotive manufacturers and their tier-I OEM suppliers to India.

Most of them have also used the opportunity to tap India's engineering talent. Car manufacturers such as Ford, GM, Chrysler Honda, and Volkswagen and their suppliers such as Delphi, Eaton, and Visteon have all set up engineering design centres in India.

The top 15 firms account for 93 per cent of the total engineering services exported by the India-based engineering services firms. India's top IT services firm, TCS, leads the list, followed by HCL and Satyam.

The list itself is a mix of three types of players — the broad-based IT services firms such as TCS, HCL, Satyam, Infosys, and Wipro; the specialised players such as Infotech Enterprise, Quest, Geometric and Neilsoft; and the design arms of Indian engineering companies such as Tata Technologies, Mahindra Engineering Services and L&T Infotech.