

## GLOBAL PLANS

# HCL gets licence to make defence systems

BY P.R. SANJAI  
 pr.sanjai@livemint.com  
 MUM, BAI

India's fifth largest IT vendor by revenue, **HCL Technologies Ltd**, has secured a licence to locally manufacture defence systems and is targeting offset orders from foreign vendors such as **Boeing Co.** and **Lockheed Martin Corp.** for arms deals they strike with the Indian military.

India's defence offset policy mandates that foreign contractors source components and systems from local vendors for at least 30% of the value of orders of more than Rs300 crore being sold to the armed forces.

Indian companies are expected to get offset orders from global military equipment makers of nearly Rs40,000 crore up to 2011, according to the ministry of defence.

The biggest of such orders will come from local sourcing in a purchase of 126 fighter aircraft, estimated to cost Rs42,000 crore. India is also the third largest arms importer in the world.



MIKE FUENTES/BLOOMBERG

**Customers abroad:** Lockheed Martin Corp.'s F-35 jet. Indian firms are expected to get offset orders from global military equipment makers of nearly Rs40,000 crore up to 2011.

"HCL has plans for defence production, especially for offsets. It is currently engaged in discussions with customers on the products," said Ramesh Pillai, HCL's US practice head for aerospace, in an email interview.

HCL joins larger rival **Wipro Ltd** and firms such as **Larsen and Toubro Ltd**, the Tata group, **Mahindra and Mahindra Ltd**, **Max Aerospace and**

**Aviation Ltd** and **Ramoss India**, to secure defence licences since India opened arms manufacturing to private firms.

**Airbus SAS** and **Boeing**, both customers of HCL, are in talks for offset orders for the 111 passenger planes they together sold to **National Aviation Co. of India Ltd** or **Nacil**, that runs Air India.

HCL declined to comment about customers.

The firm plans to focus on aero structures, hydraulic and landing gear systems in manufacturing, and has expertise in avionics and flight control systems.

In October, HCL had announced a strategic partnership with **Circor Aerospace Inc.**, that is into design, development and manufacture of fluid controls, landing gear and actuation systems for aerospace and defence applications.

HCL will provide product research and development, information technology and engineering services to **Circor** worldwide as well as through a team based out of HCL's delivery centre in North Carolina.

Last month, the European Aeronautic Defence and Space Co., the parent of **Airbus**, said it plans to source at least €4 billion (about Rs24,600 crore) worth of aerospace components and systems as well as software from India in the next 10 years. This would be partly driven by potential offset contracts on planes and fighter jets sold to India's Armed Forces.

"We have six state-of-the-art manufacturing facilities in India... Our infrastructure offers scope for after-sales repair and maintenance service," Pillai said. "HCL is partnering major defence companies in fulfilling their offset obligations. HCL has tied up with the major defence suppliers for discharging offsets."