

The Indian Defence Market is a \$120 billion opportunity

Defence Capex During 12th Plan Period

“The global defence industry is eyeing the big Indian defence market”

David Jarrett, General Dynamics International

❖ MNCs identify offset partners

❖ Indian Companies find sub-contractors

❖ MSMEs pinpoint buyers, new technologies, new products

2nd Edition
NSIC - FISME
DEF + CONTRACT
INDIA 2012

International MSME Sub-Contracting
& Supply Exhibition for

Defence, Aerospace and
Homeland Security

2-4 March 2012
Bangalore, India

Sponsored by



Ministry of MSMEs
Government of India

Jointly organized by



National body of
MSMEs in India

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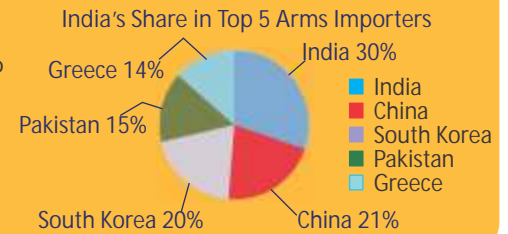
NSIC

ISO 9001 : 2008

A Government of
India Enterprise

Why an exhibition on the Indian defence sector?

With India overtaking China to become the world's largest weapons importer during the period 2006-10, accounting for 9% of the world's international arms transfers and 30% of the total spend by the top 5 arms importers, the Indian defence, aerospace and homeland security market is an opportunity that no business related to the defence sector can afford to ignore.



Indian Defence Services: A Mega Market

India is expected to spend an estimated \$200 billion over the 12 year period 2008-20 on military modernisation programmes. All three defence services have mega plans.



Indian Army to spend \$55 billion

The Indian Army will spend about \$55 billion. Some of the key acquisitions planned are:

- ❖ Air Mobile Ultra light howitzers
- ❖ Towed & wheeled 155mm guns
- ❖ Tanks
- ❖ Ammunition
- ❖ Self-propelled guns
- ❖ Mounted gun systems
- ❖ Multi-terrain vehicles
- ❖ Rocket launchers

Indian Navy to spend \$45 billion

The Indian Navy will spend about \$45 billion. Key purchases will include:

- ❖ At least 103 new warships
- ❖ Submarines: 4 nuclear & 24 diesel
- ❖ Naval helicopters
- ❖ Aircraft Carriers
- ❖ Frigates, destroyers
- ❖ Naval aircraft



Indian Air Force to spend \$100 billion

The Indian Air Force will spend about \$100 billion. Major items on shopping list:

- ❖ 180 Sukhoi Su-30MKI aircraft
- ❖ MMRCA to replace ageing MiG 21s
- ❖ 120 India-made Tejas fighters
- ❖ Additional Jet Trainer aircraft
- ❖ The Fifth Generation Fighter
- ❖ Upgradation of 60 + MiG 29s
- ❖ Jaguars and Mirage aircrafts
- ❖ Airborne Early Warning Aircraft

What is in it for you?

While detailed data about India's long term defence spending plans is not available, the total defence capital expenditure envisaged during the 12th Plan period 2012-2017 is estimated to be \$120 billion. FISME's own estimates show this translates into a huge business opportunity for global defence companies, Indian DPSUs and private sector companies and also Indian Micro, Small and Medium enterprises.

A \$84 bn Market For MNCs

India imports nearly 70% of all its weaponry. This means during 2012-17 India's defence imports could be as high as \$84 billion or Rs 4.2 lakh crore and till 2020 as much as \$140 billion or Rs 7 lakh crore. With likely defence budget cuts in home markets this is a golden opportunity that global defence firms cannot afford to ignore.

A \$61.2 bn Market For Indian cos

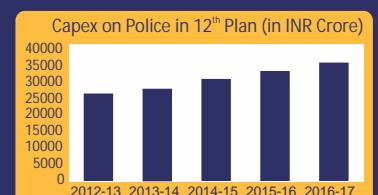
Indigenous sourcing is a \$36 billion market for Indian public and private sector firms. Moreover, India's offset policy requires foreign vendors to plough back 30% of defence deals into Indian firms via offset contracts. This means another \$25.2 billion in offset deals. Thus, total market size is \$61.2 billion for Indian public and private sector companies.

A \$19bn Market For MSMEs

At least 25% of offset contracts flow to Micro, Small and Medium enterprises. This means a \$9 billion offset market for them. Add to this another \$10 billion (FISME estimate) of purchases and sourcing from Indian defence PSUs, ordnance factories and the DRDO and the total market size for Indian MSMEs should be \$19 billion during the 12th plan period.

Homeland Security: Explosive Market Growth

Ever since the terrorist attack in Mumbai in November 2008, the Indian homeland security market has seen explosive growth of around 40% per year. According to one estimate, the total spending by both public and private sector in India on security other than defence was as high as \$570 billion in 2010. As in many other countries in the world, India too has opened up the homeland security market to private sector players. This has created another massive market for MSMEs.



DEF+CONTRACT INDIA 2012

Do not miss out on the second edition of the Def+Contract India 2012 - International MSME Sub-Contracting & Supply Exhibition for Defence, Aerospace and Homeland Security

Venue

Tripura Vasini, Palace Grounds, Mekhri Circle, Bangalore - 560032

Date

March 2-4, 2012

Who can benefit from participation?

MSMEs

Get an excellent opportunity to showcase your capabilities in defence sector production and find new buyers, strike deals for technology acquisition and get ideas for developing new products.

Global Defence Companies

Get a chance to find highly cost competitive and technologically advanced sub-contractors and suppliers from the Indian MSME sector and take a big step towards meeting your offset obligations.

DPSUs & Private Sector Firms

Network with defence sector MSMEs and strike lucrative deals for sub-contracting and supply solutions. DPSUs can find ways to meet requirement of sourcing 20% from MSMEs.

What are the advantages?

Sales, marketing & networking



Meet new clients



Conduct demonstrations



Interact with decision makers

Capture a receptive audience



Create brand awareness



Strengthen brand equity



Enhance brand image

Helpful Policies

MoD has set itself a goal of sourcing 70% of all defence equipment from Indian companies – public, private and MSMEs - by 2020. This cannot be done without MSMEs playing a significant role.



The first-ever Defence Production Policy (DPP) released in January 2011 clearly articulates MoD's agenda of supporting a domestic defence industrial base where a significant role for MSMEs has been envisaged.



According to the DPP, the MoD is setting up a separate fund to support research & development by Indian companies including MSMEs.



The recently announced new public procurement policy requires all central government ministries and public sector units to source at least 20% of their total annual purchases from MSMEs. Defence PSUs may also come under this rule, their purchases from MSMEs may shoot up.

Why look for MSMEs?

Highly competitive for producing units due to great flexibility, extensive diversity, lower cost of inputs etc.



Present global trends (knowledge, innovation, downsizing, networking, globalisation) have reduced the gap that once separated large enterprises and MSMEs



In today's world of fast changing defence technology, MSMEs are ideal sub-contracting and supply partners as they can upgrade production systems faster than larger units



Indian MSMEs have entered the high technology defence sector and are now capable of producing sub-systems and components of primary equipment

Which MSMEs should participate?

MSMEs engaged in any of the following areas will find participation beneficial:

Aerospace: sub systems and accessories, ground equipment and tooling



Naval systems, subsystems and accessories



Land systems, subsystems and accessories



Capital goods



IT hardware, software and electronics



MRO



Casting, forging and metal works



R&D



A defence sector MSME

Def+Contract India 2011 : 1st Edition Highlights



“ The Govt. of India is committed to help the growth of the MSMEs especially in the Defence and Aerospace sectors ”

- Shri M. M. Pallam Raju
Hon'ble Union Minister of State for Defence, Gol



“ Congratulate FISME & NSIC for this laudable initiativeproviding SMEs of India to exhibit their capabilities ”

- Shri Uday Kumar Varma
Secretary, Ministry of MSME, Gol



Inauguration by Chief Guest Shri Uday Kumar Varma
Secretary, Ministry of MSME, Gol



Opening Session: Shri Jagmohan Singh
Senior Director, Lockheed Martin India



Armoured Vehicles on display at the exhibition



Armoured Vehicles on display at the exhibition

7,000 visitors
❖
8 countries - Qatar, UK, USA,
Japan, Bahrain, Italy, Canada and Israel
❖
8 Defence PSUs - HAL, BEL, BEML,
MDL, GRSE, GSL, BDL &, MIDHANI
❖
118 MSMEs
❖
2,850 business enquiries
❖
17 enquiries on an average per exhibitor
❖
About Rs 5 crore (\$1 mn) business generated
at the expo and more during the year
❖
Over 80 percent of the participants wanted
to participate again



Exhibition Hall A



Exhibition Hall B

Contact Organizers



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