

Sikorsky inks deals for Brazil and India work

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Updated:

Last week was a good one for Stratford-based Sikorsky Aircraft as it landed a \$60 million Defense Department contract and finally got its foot in the door to the Indian aerospace market.

The U.S. Defense Department announced Thursday it awarded Sikorsky a \$460.4 million contract for the procurement of four UH-60L aircraft uniquely configured for the Brazilian Air Force.

That work is to be performed in Stratford, with an estimated completion date of Nov. 30, 2012.

On Friday, the Stratford-based helicopter maker signed a deal with Tata Advanced Systems Limited, a part of Indian industrial giant Tata Group. Tata will build a new factory in India with plans to start producing cabins for Sikorsky's S-92 helicopter beginning in 2010.

TASL is a direct subsidiary of Tata Sons, the controlling interest in Tata Group, which has global revenues of \$62.5 billion.

"We're excited and proud to have the highly admired Tata Group join our global supply chain," Sikorsky President Jeffrey P. Pino, said in a press release. "India's aerospace market is poised for significant growth, and we are thrilled to have the opportunities to support that growth and to tap into the capabilities of India's highly skilled aerospace workforce."

This is not outsourcing work done in the United States, officials said.

"The cabins are currently being made by Mitsubishi Heavy Industries in Japan," said Marianne Heffernan, a Sikorsky spokesperson.

"We are shifting the work from there to India so there will be no impact to the Sikorsky workforce."

The S-92 is assembled at Sikorsky's Coatesville, Pa., facility.

Shares of Sikorsky parent United Technologies Corp. closed up 29 cents to \$55.84 on the New York Stock Exchange Friday.

Ray Jaworowski, senior aerospace analyst with Newtown-based Forecast International, said this is about diversifying the supply chain and opening up opportunities for Sikorsky.

In 2002, when Sikorsky unveiled the S-92, it touted its international supply chain, with portions of the helicopter being made in Japan, China, Brazil and Spain and then assembled in Connecticut.

Since that time, military orders have risen and come to dominate the work at Sikorsky's Connecticut factories and the company has acquired Pennsylvania copter companies, where more of the civilian work is taking place.

Jaworowski said if there's one thing Sikorsky has to be careful of, it's becoming over-reliant on suppliers.

"Boeing did that and had to bring some work back in house," he said.

Gaining a position in India is a good move, he said.

"[India's] economy was booming, until, like everyone else it slowed.," Jaworoski said, referring to the global recession.

"But the potential is there. Just look at the size."

It is the world's second most populous country with a growing technology and industrial sector. Sikorsky's partnership follows inroads made by its UTC sister companies.

Combined, UTC's Hamilton Sundstrand aerospace systems, Pratt & Whitney aircraft engines, Otis Elevator, Carrier air conditioning and UTC Fire & Security units occupy more than 100 offices and factories in nearly 50 cities, and employ approximately 4,000 people in India, Sikorsky Aircraft said in its release.

"India represents a strategic growth opportunity for UTC due to its favorable demographics and accelerating modernization," said Jothi Purushotaman, President, UTC India, who attended the agreement signing ceremony on Friday.

"We are pleased to enter into a long-term supply relationship with Sikorsky and believe that the manufacture of the S-92 cabin in India is a significant first step in the growth of India as a global hub for aerospace manufacturing," said Ratan N. Tata, chairman Tata Sons, in a press release.

"The Tata Group greatly values its association with the UTC Group of companies and looks forward to further strengthening the same in the future." Like UTC, Tata is a diverse company operating across many industries, including steel, autos and chemicals.

Although the S-92 is a civilian helicopter, there is a decidedly military focus at TASL, which could help Sikorsky secure what have been elusive Indian defense contracts.

In August of 2008, Sikorsky competed for a \$300 million Indian Air Force contract, but lost it to Italian rival AgustaWestland and analysts noted the Europeans have a long-standing relationship with the Indians as a hurdle to competing in the market.

According to Tata's Website; "Tata Advanced Systems (TASL) was set up in 2007 as a vehicle to extend the Tata group's business operations to the national security and defence sector."

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