



## INTERVIEW: PUNEET KAURA

EXECUTIVE DIRECTOR, SAMTEL AVIONICS LTD

# '12% of our turnover is spent on R&D'

**I**N THE next decade, virtually all the multifunctional displays (MFDs) in India's defence aircraft—from helicopter gunships to combat aircraft—will be supplied by Samtel Avionics. The company, which is aiming at a turnover of ₹500 crore by 2015, has set its sights higher up the value chain through technological tie-ups and partnerships. Puneet Kaura, executive director, Samtel Avionics Ltd, tells FE's Huma Siddiqui about the company's operations and the opportunities for SMEs in the defence space. Excerpts:

### Samtel is a rising SME in the defence and avionics space. Can you elaborate on your offerings?

Today, Samtel Avionics is one of the fastest growing companies in the MSME space in the defence and avionics industry. In less than a decade, we have made a mark in India as the only complete avionics firm in the private space. We have a proven displays division. Our indigenously made displays are used on platforms such as Su-30 MKIs in India and Honeywell's general aviation aircraft in the US. We also have a very strong division in opto-electronics, where there is a lot of traction via our joint venture with Thales. We are also developing competency in Ruggedised Military Electronics. This, along with BTP (built-to-print) activities will drive our business into the future. We have also developed and supplied automated test equipment (ATEs) to the IAF, and as there is a huge demand in this domain, we are building further capabilities in this as well.

### What kind of opportunities are there for SMEs in the defence space?

According to a recent CII report, about 6,000 SMEs operate in the Indian defence sector. They comprise 20-25% of the supply chain to the defence PSUs, Defence Research and Development Organisation, Ordnance factories and armed forces, supplying mainly components and sub-assemblies. As India's spending on defence procurement increases, SMEs can look forward to integrate themselves into the supply chains of Indian and international defence majors. The government has also recently amended its defence procurement and offset policies, which provide larger opportunities and greater benefits to SMEs. Opportunities exist for MSMEs in the fields of avionics, military electronics, radar of avionics, military warfare, missile electronics and other similar segments. As long as Indian SMEs have the skills, capability and dynamism required

to rapidly respond to changing customer expectations, they will be able to make a mark in the defence sector—both nationally and internationally.

### How easy or difficult it is for an SME to get into this field, and what are the prerequisites?

The market is highly volatile and specialised for any new player to enter this field. It is very important, therefore, for SMEs to possess a long-term strategy to be successful in this domain. They need to have core competencies to enter this field, be open to adopt innovative cutting-edge technologies, provide quick response to customer requirements, and deliver products which sustain global standards over long periods of time. As the gestation periods are very long in this

**“ As India's spending on defence procurement increases, SMEs can look forward to integrate themselves into the supply chains of Indian and international defence majors**

industry and usually culminate in large production values to be delivered over strict time lines, the SMEs need to have the sustainability, patience and flexibility to respond to changing needs.

They also must have a vision focused towards growing their R&D capabilities, along with the basic infrastructure and committed funds for continuous research and development work. They must adhere to international quality management systems and follow a process-based approach. They also need to have a talented and highly motivated workforce, as the sustenance of knowledge, skill and experience in this field holds much importance.

### How much weightage does your company give to R&D?

Being in the high technology equipment industry, we leverage on a strong R&D culture to provide customised solutions to our customers. As much as 12% of our turnover is spent on R&D activities, which is more than the industry average. Going forward, as we expand our capabilities and our product range gets more complex, our focus on R&D will be even more intense.

### How has your joint venture with Hindustan Aeronautics performed?

The mandate of the Samtel HAL JV was to address the avionics requirements, in-

cluding Test Benches and Systems for all HAL star platforms—both fixed and rotary wing. When it was formed in 2006, this JV was India's first public-private partnership in the defence space. With technology development under the aegis of DARE, and support from CEMILAC, IAF and HAL, we have been able to grow this JV to indigenously design, qualify and serial produce multifunction displays for induction on fighter aircraft. While about 95 sets of MFDs have been delivered by Samtel-HAL JV for induction on Su-30 MKIs, we have constantly been working to develop products for other HAL Star programmes.

### How do you plan to grow your international footprint? What is the significance of your recent tie-up with General Dynamics Canada?

We have signed an agreement with General Dynamics Canada for co-production of products for ground displays for military/non-military markets. This includes displays for armoured vehicles, fleet vehicles and commercial vehicles. While this partnership will help General Dynamics Canada to expand its access to the Indian market, it will enable Samtel to become a strategic supply chain partner for GDC's global market. It will be a major game-changer for Samtel and will put us actively in a segment very different from the aerospace business where we have gained expertise until now. Besides this, we are also a part of the global supply chain for Curtiss-Wright Controls Defense Solutions (CWCDs), where we are collaborating with them for a new generation of intelligent, rugged displays for the defence and aerospace markets.

### Can you give details about your relationship with Honeywell?

Samtel and Honeywell came together in 2007 to manufacture equipment for their general aviation range in the US. Since then the relationship has grown into a close partnership, and Samtel has become an approved supplier and the sole source for Honeywell worldwide for this equipment. Avionics Equipment for Honeywell, meant for aircraft in the US, have been designed and developed by Samtel Avionics, and these displays have been in serial production for many years with the supplies going regularly to Honeywell Penang for integration. We have signed a long-term contract for the supply of this component to Honeywell. Last year, we received a repeat order valued at \$5.1 million for this equipment.