"INDIA CAN BECOME A HUB FOR DEFENCE MANUFACTURING"

Samtel Avionics is one of India's leading players in high-technology avionics and rugged electronic systems for military applications. In an exclusive interaction with The Dollar Business, Puneet Kaura, MD & CEO, Samtel Avionics Ltd., talks about opportunities available to Indian companies in the defence sector and how Samtel is tapping them to become a powerhouse in avionics and technology solutions.

INTERVIEW BY AHMAD SHARI Khan

TDB: How has Samtel Avionics evolved over time?
Puneet Kaura (PK): Samtel Avionics is a part of the four-decade old Samtel Group, India's renowned integrated manufacturer, with a well-established history of manufacturing a wide range of displays for avionics, military, industrial and professional applications. Thanks to the rapid strides made by us using indigenous manufacturing and technology, we are today, one of India's fastest growing private defence companies that deal in the entire range of high-technology rugged military systems and products. In fact, we straddle the entire value chain - from design, development, manufacturing, testing, qualification, repair and maintenance to obsolescence management of avionics products and equipment.

TDB: In recent times, defence budgets around the world have witnessed a dip because of the sluggish global economy. Has this impacted you?
PK: It is true that the global economy isn't at its best. Defence budgets worldwide are being slashed and the global aerospace and defence players are now reviewing their strategies. However, we see an opportunity here. To accommodate our shrinking budgets, global companies and a number of governments are now increasingly looking for much more cost-competitive supply partners, and this is where we come into the picture. The eye of the entire world is now on upcoming manufacturing hotspots such as India. Also, with big ticket defence purchases by India on the cards, global firms are looking at competent players like Samtel Avionics to fulfill their huge offset obligations.

TDB: Despite MSMEs being the backbone of Indian economy, the segment has a mere 9% share in the defence sector. What do you think needs to be done to help MSMEs integrate into the global defence supply chain?
PK: Yes, that's the hurtful truth. While India's spending on defence (as a percentage of the GDP) is the fifth highest in the world, nearly 60% of our defence need is currently being met through imports. So, I would say that over-dependency on imports in this segment have hurt the growth of indigenous players. Therefore, to reverse the trend and give a boost to the 'Make in India' initiative through MSMEs and to integrate the sector with the global supply chain, we have to be obvious panacea for the Indian defence sector. As a sequel to 100% FDI in defence production sector, we have already several foreign majors in India. Boeing, Lockheed Martin, Saab, Bell Helicopter, Rolls Royce, Northrop Grumman, Roha, BAe Systems, Dassault, Honeywell, Thales and Finmeccanica are some of the key players currently operating in India. However, it's heartening to note that the anomalies in Excise duty and customs duty have been removed. Now, Indian industries (public and private) are subject to the same kind of Excise and Customs duty levies. The defence products list for the purpose of issuing Industrial Licences (IL) under IDR Act has also been revised and most of the components, parts, sub-systems, testing equipment and production equipment have been removed from the list.

In addition, it's heartening to note that the anomalies in Excise duty and Customs duty have been removed. Now, Indian industries (public and private) are subject to the same kind of Excise and Customs duty levies. The defence products list for the purpose of issuing Industrial Licences (IL) under IDR Act has also been revised and most of the components, parts, sub-systems, testing equipment and production equipment have been removed from the list.

Further, the initial validity of the IL has been increased from 7 to 15 years with a provision to further extend it by three years. Also, the Standard Operating Procedure (SOP) for the issue of no-objection certificate (NOC) for export of military
OUR JV WITH HAL IS A PRIME EXAMPLE OF HOW DPSUS CAN PARTNER WITH THE PRIVATE SECTOR

Our joint venture with HAL is a prime example of how DPSUs can partner with the private sector to achieve a quantum leap in production and innovation.

**TDB: What are your thoughts on the Union Budget 2017?**

**PK: In my view, the one major highlight for our sector in this Budget is the increase in allocation towards capital expenditure in defence—which I regard as a welcome move. This shows the government’s commitment towards indigenisation. The increased spending by the government on the defence sector will lead to a trickle-down effect and more work for SMEs. It will further help in defence and fleet modernisation and in turn will aid the ‘Make in India’ campaign.**

**TDB: Is there any action plan to push the Make in India agenda for the sector where MSMEs contribution has so far remained significantly low?**

**PK: We are currently focusing on MSMEs and have already initiated several initiatives under the ‘Make in India’ campaign to promote MSMEs.**

**TDB: What are your future plans to develop new products and technology?**

**PK: We are focusing on developing new products and technology, especially in areas such as avionics, propulsion, and electronics.**

**TDB: How do you see the road ahead for the industry?**

**PK: I see the industry facing several challenges, including competition from foreign players, the need for innovation and technology, and the need for increased funding. However, I believe that with the right strategies and partnerships, the industry can overcome these challenges.**

**TDB: What are your plans for the future?**

**PK: Our focus will be on innovation, technology, and partnerships to ensure sustainable growth.**

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**SANTEL AVIONICS IN PARTNERSHIP WITH FRENCH DEFENCE AND AEROSPACE MAJOR THALES GROUP, IS DEVELOPING AND PRODUCING IN-LINTERIOR DISPLAY SYSTEMS FOR THE AVIONICS SECTOR.**

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**Santel Avionics in partnership with French defence and aerospace major Thales Group is developing and producing interior display systems for the avionics sector.**

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**What are the potential challenges facing the Indian avionics sector in the near future?**

**PK: The Indian avionics sector faces several challenges, including the need for increased funding, the need for innovation and technology, and the need to increase production capacity.**

**TDB: What are the potential benefits of partnering with Thales Group?**

**PK: Partnering with Thales Group will provide us with access to the latest technology and expertise, which will help us to develop and produce high-quality avionics systems.**

**TDB: What are the potential benefits of this partnership for Thales Group?**

**PK: This partnership will help Thales Group to enter the Indian market and to develop a strong presence in the avionics sector.**

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**Santel Avionics, a key player in the Indian avionics industry, is partnering with French defence and aerospace major Thales Group to develop and produce interior display systems for the avionics sector.**

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**What are the potential benefits of this partnership for Santel Avionics?**

**PK: This partnership will help Santel Avionics to increase its production capacity, to develop new products, and to enter new markets.**

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**Santel Avionics, in partnership with French defence and aerospace major Thales Group, is developing and producing interior display systems for the avionics sector.**

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