

THE P&W STORY

From giving wings to aviation in India to Go First grounding

The celebrated engine maker has landed in a controversy with Go First blaming it for bankruptcy

ANEESH PHADNIS
Mumbai, 8 May

Its association with India is over 70 years old and spans both civil and military aviation. The Douglas DC-3 transport aircraft used by the air force beginning the 1940s and the iconic Boeing 747 aircraft flown by Air India, both had Pratt & Whitney (P&W) engines. The Indian Air Force's present-day, heavy-lift C-17 Globemaster III and the yet-to-be-inducted C-295 planes, too, have P&W power plants.

P&W engines have over the years shaped the fortunes and future of airlines and militaries around the world. But now the US-headquartered engine manufacturer is facing turbulence.

No-frills airline Go First has blamed P&W for its insolvency. In Europe, Swiss International Airlines has grounded a third of its Airbus A220 aircraft owing to engine issues. Carriers in Africa are collaborating to mitigate the challenges caused by engine defects.

“Pratt & Whitney has been a cornerstone of the global propulsion industry for decades and has powered a range of civilian and military aircraft. In recent years, it has focused on engines for narrow-body aircraft, specifically the A320 family,” said Greg Waldron, Asia managing editor of FlightGlobal, an aviation news portal.

“Supply chain challenges are an issue for the entire industry, but the extreme engineering and exquisite materials used in modern jet engines make them particularly vulnerable to hiccups,” he added. “In addition, there is a shortage of maintenance, repair and overhaul (MRO) capacity. While the PW1000G series engines (used on A320 aircraft) clearly face supply challenges, the underlying technology is sound and will in the long term help airlines enjoy significant fuel savings.”

In India, currently around 1,500 P&W engines and auxiliary power units are in use in 700-plus aircraft and helicopters flown by 135 operators.



PLANE FACTS

- ▶ P&W is part of aerospace and defence company Raytheon Technologies
- ▶ Its association with India is over seven decades old
- ▶ Currently, over 1,500 P&W engines and auxiliary power units are in use in around 700 planes and helicopters in India
- ▶ P&W reported \$20.5 billion in net sales and \$1.3 billion in adjusted operating profit in FY22

These include over 180 Airbus A320/A321Neo aircraft with IndiGo and Go First that have the PW1000G series geared turbofan (GTF) engines.

While the GTF engines have been celebrated for fuel efficiency (P&W sources say the engines have to date delivered more than \$1 billion in savings to Indian carriers), they have been equally controversial since their entry into service in 2016. There have been issues with their low-pressure turbine blades, seals, combustors and other parts. These led to inflight shutdowns or premature withdrawals of the engines from aircraft.

While most of the issues were fixed, problems persist.

In its insolvency application to the National Company Law Tribunal, Go First said the number of aircraft on ground due to engine failures increased from 31 per cent in 2020 to more than 50 per cent in April 2023.

P&W began losing business in India as problems continued with its GTF engines.

In 2019 and then again 2021, IndiGo opted for rival engine maker

CFM's LEAP-1A engine for its Airbus A320Neo family aircraft. The total number of aircraft covered in these two agreements by IndiGo was 590.

Royal Brunei Airlines and Qatar Airways made the engine switch earlier after initially selecting the P&W product for their Airbus A320/321Neo aircraft.

The P&W GTF engine entered service globally before CFM LEAP-1A but the latter has a higher installed base, Aviation Week magazine said last November. The magazine has, however, forecast a fairly even market share between the engines over the next decade.

The Covid-19 pandemic and the Russia-Ukraine war has impacted the engine original equipment manufacturer (OEM), too. While the pandemic impacted fresh orders and production, the war limited the supply of key metals used in the manufacture of engines and resulted in increased costs.

P&W did not respond to an email query.

“All mechanical components are susceptible to failure and thus it is

imperative for airlines to have watertight contracts with the OEMs to cover all contingencies and receive uninterrupted product support,” said an aviation expert who did not wish to be named.

Sanjeev Rotkar, aviation consultant and Air India's former executive director of engineering, recounted, “A self-owned fleet allowed the swapping of internal parts. Better availability of spares, access to non-OEM repair shops and in-house engineering facility helped in a quicker turnaround of engines for Air India in the past for its legacy fleet of Boeing 707s to Boeing 747s.”

“Things are quite different for airlines today,” Rotkar said. “The fleets are almost entirely leased, which limits the swapping of internal parts between aircraft. The new-generation engines are under some form of the ‘Power by the Hour’ arrangement wherein operators pay an agreed rate per hour/event for maintenance.”

He said that while this allows for risk-sharing with OEMs, it also means that engine off-wing repair can only be performed under their umbrella. “In India currently, there is no OEM-approved facility for off-wing repairs of GTF and LEAP engines. So, these engines have to be sent to Europe or the US even for quick-turn visits,” Rotkar said.

French multinational Safran is building an MRO in Hyderabad for the LEAP engines with an investment of \$150 million, and it is expected to be operational by 2025.

A source close to P&W said the company has grown its presence and investments in India. It has invested \$40 million in an engineering centre and a capability centre in Bengaluru. And, it plans to source production services worth \$40 million annually from India within this decade. “Our commitment to India, our customers and Indian aviation is strong and has always been,” the source said.

Bharat's foreign education dream coming at a cost

Dim job prospects at home, burden of collateral taking a toll on students from rural India

SARTHAK CHOUDHURY
New Delhi, 8 May

Naveen Kumar (*name changed on request*), a 20-year-old resident of Balasore district in Odisha, wanted to do master's in forensic science. Unable to make it to the National Forensic Sciences University, India's premiere forensic college, in Gandhinagar (Gujarat), he decided to look for opportunities overseas. Short of money, his father, a retired government officer, had to place his pension certificate as collateral for Kumar's education loan from a state-run bank.

“I would have obviously preferred to study in India but the opportunities in forensics are limited here. Even as a profession, forensic science is a nascent field,” Kumar says. So, he took admission in a college in Sweden.

Like Kumar, an increasing number of young men and women from rural and small-town India, some of them from low-income groups, are looking to study abroad, say overseas educational consultancies.

“Four years ago, 30 per cent of the students used to be from low-income groups or small towns. Now, it's 60 per cent,” says Sameer Yadav, founding director of Gujarat-based No Borders Consultancy. “For loans, many of these students place their homes or farmlands as collateral.” He adds that the students, who often have limited exposure, are also concerned about being cheated.

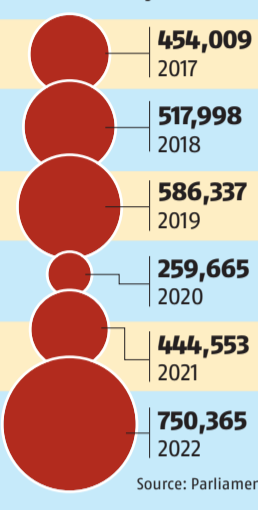
A lot of them get charged a high fee by the consultancies and the agents, whom they often pay in cash, adds Adarsh Khandelwal, CEO of education consultancy Collegify.

The number of Indian students going abroad for higher studies touched a six-year high in 2022, the education ministry told Parliament in February. The number rose from 450,000 in 2017 to 520,000 in 2018 and went up to 586,000 in 2019. Though it fell to 260,000 in 2020 due to the



CLASS ACT

Number of students going abroad to study



“Post the pandemic, the demand from big cities like Delhi, Mumbai, Hyderabad and Bengaluru has been stagnant — it's even dipping,” says Khandelwal. “But the numbers are rising from places like Sitapur (Uttar Pradesh) or Dhanbad and Jamshedpur (Jharkhand).”

Global uncertainties, though, are causing worry.

A student from Rajasthan's Dausa district, who does not wish to be named, says he drew a loan of nearly ₹20 lakh from a bank to study abroad. He and his father were planning to repay the loan but then his father lost his job during the lockdown. Since his family wasn't well off, they had put his uncle's land as collateral for the loan. He's worried how the global uncertainty will play out for him.

“I am working part-time in Canada. I have two more years to complete my degree,” he says. “Earlier, my father was paying back a bulk of the loan amount, while I contributed less. That was before he lost his job.” His father now works as a security guard in Jaipur but the salary is less than half of what it used to be. “We've had to ask our extended family for help and it's getting increasingly difficult,” he says.

However, increasing defaults in student loans are making banks more hesitant in giving out loans.

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NOTICE
Notice is hereby given that pursuant to Regulation 47 read with Regulation 29 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 a Meeting of the Board of Directors of the Company is scheduled to be held on Thursday, the 25th of May 2023, to consider and take on record the Audited Financial Results for the financial year ended 31 March 2023 and Dividend, if any.
The information will be made available on the website of the Company www.esabindia.com and the Stock Exchange website's BSE Limited www.bseindia.com and The National Stock Exchange of India Limited www.nseindia.com.
For ESAB India Limited
G. Balaji
Company Secretary

Place : Chennai
Date : 8 May, 2023

बैंक ऑफ बड़ोदा
Bank of Baroda
www.bankofbaroda.in

TENDER NOTICE
Bank of Baroda invites proposals for Supply, Implementation and Maintenance of Hardware Security Modules (HSM) at Bank of Baroda sponsored RRB's Data Centres.
Details are available on Bank's website www.bankofbaroda.in under Tenders section and on Government e-Marketplace (GeM) portal.
“Addendum”, if any, shall be published on Bank's website www.bankofbaroda.in under Tenders section. Bidder must refer the same before final submission of the proposal.
Last Date for bid submission: 06th June 2023
Place: Mumbai
Date: 09.05.2023
Chief General Manager (IT)

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Extract of Statement of Standalone Audited Financial Results for the quarter and year ended March 31, 2023

Sl. No.	Particulars	Quarter ended			Year ended	
		March 31, 2023	December 31, 2022	March 31, 2022	March 31, 2023	March 31, 2022
		Refer Note 1	(Unaudited)	Refer Note 1	(Audited)	(Audited)
1	Total income	60,391.20	58,720.45	44,206.72	2,14,967.17	1,42,511.75
2	Net Profit for the period (before tax, exceptional items)	22,323.70	23,618.30	7,752.50	71,636.65	18,835.64
3	Net Profit for the period before tax (after exceptional items)	20,785.33	23,618.30	7,752.50	70,098.28	18,835.64
4	Net Profit for the period after tax	15,390.16	17,018.00	5,744.74	52,246.26	13,973.20
5	Total Comprehensive income for the period [Comprising Profit for the period (after tax) and other Comprehensive income (after tax)]	14,953.27	17,097.35	5,647.77	51,790.57	13,876.23
6	Paid-up Equity Share Capital	3,977.00	3,977.00	3,977.00	3,977.00	3,977.00
7	Reserves (excluding Revaluation Reserve)	-	-	-	1,54,240.06	1,05,432.24
8	Earnings Per Share [(Of Rs. 10/- each) (Not annualized)] for continuing operations [Basic and Diluted] (Rs.)	38.70	42.79	14.44	131.37	35.14

Notes
1. The above financial results were reviewed and recommended by the Audit Committee and approved by the Board of Directors of the Company in their respective meetings held on May 8, 2023. The result for the year ended March 31, 2023 has been audited and for the quarter ended March 31, 2023 has been reviewed by the statutory auditors. The figures for the 3 months ended March 31, 2023 and corresponding 3 months ended March 31, 2022 are the balancing figures between the audited figures in respect of the full financial year and the year to date figures upto the third quarter of the respective financial years. The statutory auditors of the Company have issued an unmodified report thereon.
2. The Board of Directors at their meeting held on May 8, 2023 have recommended a final dividend of ₹12.50 per share (125% on face value of ₹10 per share).
3. The Company is engaged in the business of manufacture and sale of pulp, paper and paperboards, which in the context of Indian Accounting Standard (Ind AS) - 108 - Operating Segments, is considered as the single operating segment of the Company.
4. The above is an extract of the detailed format of Statement of Standalone Audited Financial Results for the quarter and year ended March 31, 2023 filed with the Stock Exchanges under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The full format of the Statement of Standalone Audited Financial Results for the quarter and year ended March 31, 2023 are available on the Company's website (www.andhrapaper.com) and on the websites of BSE Limited (www.bseindia.com) and National Stock Exchange of India Limited (www.nseindia.com).
5. For better presentation of Financial Statements and also to be in line with industry practice, 'Consumption of Chemicals' which was earlier included in 'Consumption of stores spares and chemicals' has been regrouped in 'Cost of material Consumed'. Hence, the Cost of materials consumed include consumption of chemicals aggregating to ₹23,517.29 lakhs for year ended March 31, 2023, ₹5,506.83 lakhs for the quarter ended March 31, 2022 and ₹17,857.46 lakhs for the year ended March 31, 2022.
6. On temporary closure of Andhra Pradesh Gas Power Corporation Limited (APGPCL), a provision has been created for the value of our investment of ₹1,538.37 lakhs, which was valued as on March 31, 2022 at ₹1,947.02 lakhs. An amount of ₹408.05 lakhs has been debited through Other Comprehensive Income (OCI) and the cost of investment is shown as an exceptional item in P&L account.

Place : Rajahmundry
Date : May 8, 2023

By order of the Board
For **ANDHRA PAPER LIMITED**
Mukesh Jain
Director - Commercial

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