MoD okays largest 'Make in India' order for 83 Tejas Mark 1As

AJAI SHUKLA
New Delhi, 18 March

The ministry of defence (MoD) cleared an order on Wednesday for 83 Tejas fighters in an enhanced, more capable configuration, called the Tejas Mark 1A. The order, which will be executed by Hindustan Aeronautics (HAL), is worth about ₹26,000 crore.

The Indian Air Force (IAF) has ordered 40 Tejas Mark 1 fighters, of which HAL has already built and delivered 16. Now, with the Defence Acquisition Council (DAC) clearing the acquisition of 83 more fighters, HAL's Tejas production line will be fully loaded for another five years.

"While orders of 40 Tejas aircraft had been placed with HAL in initial configurations, DAC paved the way for procurement of 83 of the more advanced Mark 1A version of the aircraft from HAL by finalising the contractual and other issues. The proposal will now be placed for consideration of the Cabinet Committee on Security (CCS)," stated the MoD on Wednesday.

"This procurement will be a major boost to 'Make in India' as the aircraft is indigenously designed, developed and manufactured with participation of several local vendors apart from HAL," stated the MoD.

As *Business Standard* reported earlier, the IAF and HAL have fixed the price of the Tejas Mark 1A at ₹310 crore per fighter.

According to the agreed production schedule, HAL will begin delivering the Tejas Mark 1A fighters 36 months after the contract date. If the CCS clears the contract by mid-2020, the IAF will receive its first Tejas Mark 1A in 2023. With HAL's Tejas production lines gearing up for delivering 16 fighters each year, all the 83 Tejas Mark 1A fighters would be delivered by 2028. At that stage, the IAF would be flying two squadrons (40 fighters) of Tejas Mark 1 and four squadrons (83 fighters) of Tejas Mark 1A.

The next stage in the Tejas programme would be to start manufacturing and inducting the Tejas Mark 2. Girish Deodhare, chief of the Aeronautical Development Agency (ADA) — the Defence R&D Organisation agency responsible for the Tejas programme — described the Tejas Mark 1A as a bridge between the Mark 1 and the Mark 2, which will be bigger, more powerful and more sophisticated than the Mark 1 and Mark 1A.

The Mark 1 and 1A fighters are both light fighters, powered by the General Electric (GE) F-404 engine. The Mark 2 will be a larger, medium fighter which will incorporate the more powerful GE F-414 engine.

Deodhare told *Business Standard* that the "all up weight" (maximum takeoff weight, with fuel and weapons) of the Tejas Mark 1 and Mark 1A is about 13.5 tonnes. However, the Mark 2 will take off with 17.5 tonnes, enabling it to carry more fuel and an 85 per cent higher weapons load.

While ADA is in charge of the Tejas programme, HAL is developing and building the Mark 1A. ADA will pitch in, too, by contributing its expertise in avionics, flight controls, aerodynamics and structural analysis.

HAL has been directed to build five new operational capabilities into the Mark 1A, including "active electronic scanned array" (AESA) radar, with multi-tasking capability that would give it a clear combat edge over other fighters in the region.

While the initial Tejas Mark 1A batches will field imported Elta AESA radar, later batches would incorporate the indigenous Uttam AESA radar, which DRDO is developing. The Uttam radar has already completed 11 successful test flights on a Tejas prototype and ADA says about two more years of flight-testing is needed before it is certified and ready for production.

In addition, the Tejas Mark IA is being upgraded with an Israeli Elta "self-protection jammer" (SPJ), which confuses incoming missiles. Each Mark 1A fighter will carry an SPJ on a pod under its wing, enhancing its survivability. The new Mark 1A will also incorporate a digital flight control computer with significantly higher processing power.

ITC to offer 85% of profit as dividend in medium term

Final dividend may include special dividend as recommended by the board

AVISHEK RAKSHIT
Kolkata, 18 March

ITC has decided to offer 80-85 per cent of its profit after tax (PAT) as dividend to its shareholders, which will be effective from the current financial year. This would be applicable in the medium term.

According to a company notice on updated dividend distribution policy available on its website, the board may declare interim dividend at its discretion. The final dividend may include special dividend as recommended by the board.

The new policy can be amended and reviewed as and when required by the board.

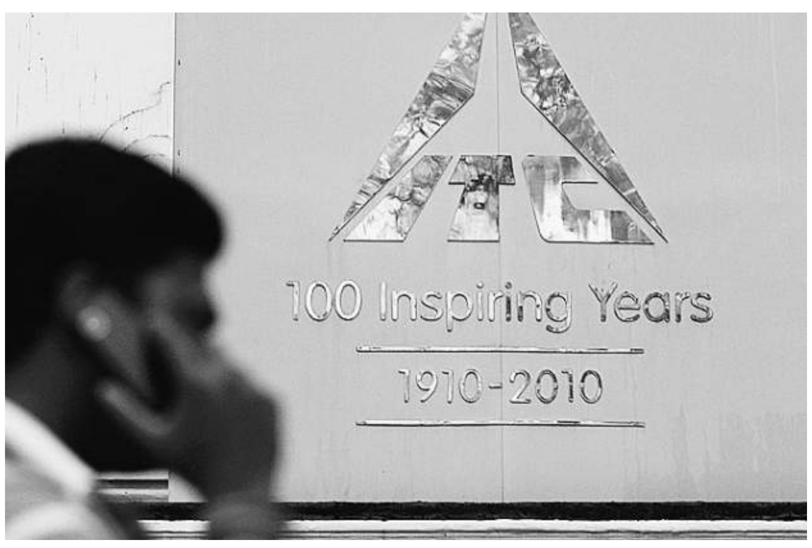
However, over the past 10 years, ITC usually hasn't been paying interim dividend but only final ones and paid special dividend only on two occasions — in June 2011 and May 2016.

The note stated that the company's financial performance, cash flow and the liquidity position were being considered for payment of dividend. It will also take into account the need to retain earnings, meet foreseeable funding requirements, including organic and inorganic growth plans, and market conditions.

The company's financial capacity to address any contingencies is also a consideration while declaring surplus cash as dividend.

"Dividend distribution will also cognize on foreseeable opportunities and threats in the globalised competitive context," said the company in the note.

Sources said the call has been taken as most of the capital expenses have been undertaken and are underway in its hotels and food processing segments.



As a result, the company now need not undertake heavy capex. So, the profit can be largely distributed among shareholders.

Over the years, ITC expanded its footprint in the hotels industry through more than 100 properties in over 70 destinations in the country. Of these, 14 are part of ITC Hotels Luxury Collection, and 16 are WelcomHotel properties. These are a mix of owned and managed properties.

Earlier, company executive director Nakul Anand had stated that ITC is looking at expanding the WelcomHotel brand, and will soon add about 15 more properties under this umbrella.

Apart from this, the company also invested heavily in setting up 20 Integrated Consumer Goods Manufacturing and Logistics (ICML) facilities that will aid the company with economies of scale, freshness and close-to-market distribution.

In the last financial year, the manufacturing capability of ICML Trichy was augmented with the commissioning of the state-of-the-art lines for finger snacks, atta and biscuits while the capacity utilisation levels in Kapurthala, Panchla, Uluberia, Mysuru and Guwahati were being progressively ramped up.

Sources said another 8-9 such ICMLs, where investments are being made, is expected to be commissioned in the near term. At the end of the day's trade, the ITC scrip gained by 0.97 per cent at ₹150.65 per share while the BSE Sensex was down by 5.59 per cent at 28,869.51 points.

Flaws in Today Homes' IBC process: UVARC

SURAJEET DAS GUPTA
New Delhi, 18 March

First it shot into the limelight for making a ₹16,000-crore bid — the highest — for Reliance Communications and Reliance Telecom, and before that for Aircel under the IBC process. Now, UV Asset Reconstruction Company (UVARC) is fighting a fresh battle after writing to the resolution professional or RP for Noida-based real estate company Today Homes, demanding that its offer for the latter's stressed assets should be reconsidered. UVARC was one of two bidders for the assets. It has also demanded a re-vote by the committee of creditors (CoC), alleging that the IBC provisions had not been complied with. If UVARC's grievances are not redressed, it has indicated to the RP that it might have no option but to go to the National Company Law Tribunal (NCLT) or the Insolvency and Bankruptcy Board of India (IBC).

The CoC in this case comprise over 1,757 residential flat owners spread across 18 towers and 21 commercial units in Noida. No banks are creditors.

The Today Homes Noida project started in 2011 but last year the NCLT admitted a plea to start corporate insolvency resolution process once it became clear that Today Homes Noida was unable to complete the project.

The RP received two offers, one from UVARC and the other from real estate developers One Group. After several rounds of discussions, the two proposals were put to the vote. One Group's offer was endorsed. An email sent by *Business Standard* to RP Rabindra Kumar Mintri and the CEO of the Noida Authority did not get a reply. UVARC has stated three main grounds for its discontent in its communication to the RP. One is that, under Section 30(2) (b) of the IBC, the payment to an operational creditor cannot be less than the liquidation value of the asset. In this case, the only secured operational creditor is the Noida Authority as it has the first charge on the assets of Today Homes Noida.

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