Interview

CMA S. P. Patnaik

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Shri S.P. Patnaik is a seasoned finance professional and a distinguished member of the Institute of Cost Accountants of India and also Masters degree in Commerce, a Post Graduate Diploma in Personnel Management (PGDPM) and a degree in Law.

With over three decades of rich and diverse experience, Mr. Patnaik has held various pivotal role across renowned private and public sector enterprises like THDC India Ltd, and NLC India Ltd, a Navratna enterprise.

At THDC he was also instrumental in the implementation of ERP systems, leading critical modules such as Assets and Banking. Mr. Patnaik has extensive expertise in contracts management, encompassing both domestic and international contracts, as well as in treasury management, corporate accounting, project evaluation & business development, and strategic financial planning.

His strategic thinking were recognized at NLC India Ltd, where he was awarded the prestigious Excel Award for revolutionizing the treasury operations by introducing market-linked debt instruments, effectively replacing the conventional cash credit working capital facility thus significantly saving finance cost and improving liquidity management. He also contributed developing financial models, financial closure of large-scale projects.

Beyond his professional achievements, Mr. Patnaik is an individual of diverse interests, with a deep passion for music, geo-political affairs, and the global economy.

Q1. Please share us about Gliders India Ltd and its core products and how does GIL align its financial strategy and capital allocation to support India's 'Atmanirbhar Bharat' initiative, particularly in funding R&D for indigenisation and developing resilient indigenous supply chains?

Reply. Gliders India Limited (GIL) began its journey in 1941 as a small parachute repairing unit. Over the decades, it has evolved into a comprehensive manufacturing center, catering to the specialized needs of the defence and other services in the field of parachute systems and associated equipment.

Today, GIL manufactures a wide range of parachutes, including:

- Man-carrying parachutes
- Heavy drop systems
- Brake parachutes
- Pilot parachutes

In addition to parachutes, GIL is also engaged in the production of:

- Inflatable rubber boats, and
- NBC (Nuclear, Biological, Chemical) protective suits, designed to safeguard personnel from hazardous environments, including nuclear radiation.

GIL is committed to becoming a global leader in the manufacturing of parachutes and other floating and gliding equipment. The company's mission is to expand its global footprint by increasing its customer base and establishing a strong international presence.

Aligned with the Atmanirbhar Bharat (Self-Reliant India) initiative, GIL emphasizes the use of indigenous sources for the design and production of its equipment. This includes:

- Strengthening its domestic supply chain by on boarding more Indian suppliers, including MSMEs
- Investing in in-house R&D and collaborating with premier institutions such as IIT Kanpur for continuous innovation and product development
- Importantly, GIL's collaboration with startups is aimed at nurturing innovation without compromising core business objectives—a balanced approach to growth and technological advancement including AI.

This strategic approach not only supports national initiatives but also enhances the company's capabilities to deliver high-quality, reliable, and cost-effective solutions to its customers.

Q2. What key cost-saving initiatives and cost management principles is Gliders India implementing to enhance operational efficiency and competitiveness, especially as the defence sector opens to private players and emphasises local manufacturing?

Reply. At Gliders India Limited (GIL), the primary cost drivers for our products are raw materials and labour, which together constitute a significant portion of the total production cost. In response, the company has adopted a focused approach to optimize capacity utilization, inventory management, forecasting and enhance operational efficiency.

To reduce fixed costs and make product pricing more viable, our strategy is to maximize factory utilization. By operating at or near full capacity, we effectively distribute fixed costs across a larger volume of output, thereby improving cost efficiency.

Recognizing the importance of automation, speed, and accuracy in today's manufacturing landscape, GIL has proactively invested in Industry 4.0 technologies under its long-term Capital Expenditure (Capex) Plan. These advanced machines and systems are boosting our capabilities, improving precision, and ensuring consistent product quality.

To manage the cost of materials, we have significantly expanded our domestic vendor base, allowing us to secure a seamless supply of inputs at competitive prices. This also aligns with our commitment to supporting local industries.

For better control over both direct and indirect costs, GIL has implemented robust standard costing, budgeting, and variance analysis systems. These tools help us identify deviations, close performance gaps, and continuously refine our processes for better cost optimization and efficiency.

In a landscape with increasing competition from private players, GIL is well-positioned to meet future challenges. GIL is also exploring new products including ports parachutes with a highly skilled workforce. Decades of experience in delivering quality products on time, and continuous investment in R&D and modern equipment and training, we remain confident in our ability to sustain our leadership in this niche sector.

Q3. How do you apply cost-benefit analysis, capital budgeting techniques, and financial evaluation models to assess the viability of R&D projects and investments in advanced technologies, considering both quantifiable returns and strategic benefits?

Reply. Cost-Benefit Analysis (CBA) and Capital Budgeting are essential quantitative tools used to evaluate project proposals and investment opportunities. Their primary goal is to equip decision-makers with a structured, objective framework to assess the long-term viability and returns of potential projects.

Key financial parameters such as:

- Net Present Value (NPV)
- Internal Rate of Return (IRR)
- Payback Period

are calculated to evaluate the feasibility, profitability, and risk profile of each proposal.

At Gliders India Limited (GIL), any new product or innovation taken up through R&D undergoes a systematic evaluation process, jointly conducted by the Technical and Costing Departments. This assessment includes not only the financial feasibility but also the time and resources required for development.

During the initial stages of evaluation, having the right assumptions and input parameters are critical. These form the foundation for developing accurate financial models, which are then compared against benchmarks such as expected Return on Equity (RoE) or other strategic goals.

The Cost & Management Accountant plays a vital role in this entire process. CMAs bring in:

- In-depth knowledge of cost structures and drivers
- Skills to model alternate scenarios and assumptions
- The ability to present objective, data-driven insights to management

By offering financial alternatives, identifying risk factors, and aligning project proposals with the company's strategic and financial goals, CMAs help management make well-informed and balanced decisions.

Q4. How is Gliders India leveraging technologies like AI, data analytics, and automation within the finance function to improve cost efficiency, forecasting accuracy, and decision-making, while also supporting sustainability initiatives like green manufacturing?

Reply. Gliders India Limited (GIL) has developed a robust data management system that tracks every stage of the production cycle—from initial estimates to the final sale of the product. This comprehensive system provides the management with valuable insights for cost control, efficiency improvements, and strategic decision-making.

As the parachute industry is inherently labour-intensive, GIL places significant emphasis on optimizing workforce utilization. By ensuring that the available manpower is effectively deployed, the company aims to keep employee costs aligned with productivity, enhancing overall operational efficiency. Continuous training to upskill employees and implementing motivational measures are essential for maintaining a healthy workplace environment.

The system generated cost sheets serve as a key tool for monitoring and controlling product-level costs, helping the management make informed decisions and maintain pricing competitiveness in a dynamic market.

In a move towards supporting India's Net Zero Mission, GIL has successfully installed solar power plant within its factory premises. This step marks a small but meaningful leap toward reducing the company's carbon footprint and enhancing sustainable manufacturing practices.

Q5. What role does the Cost and finance team play in strategic planning, talent development, and upskilling to position itself as a business partner, including priorities for hiring skills in cost accounting and ethical governance in a PSU environment?

Reply. The Cost and Finance team forms the backbone of any manufacturing organization. Within this team, the Strategic Finance function plays a vital role, comprising professionals who possess a deep understanding of cross-functional operations and are positioned in key performance areas.

These professionals not only grasp the company's business model in its entirety—including opportunities, challenges, and market dynamics—but also provide timely, accurate, and actionable insights to management. This enables informed decision-making and drives organizational growth.

Their contributions foster a well-connected internal ecosystem, where different departments gain a better appreciation of each other's roles and responsibilities, leading to improved collaboration and overall efficiency.

Cost accountants, in particular, hold critical positions within the strategic finance team. With increasing market competition and evolving industry demands, their importance has grown significantly. Their expertise in cost control, profitability analysis, and resource optimization makes them indispensable in today's competitive manufacturing landscape.

Q6. Reflecting on your leadership in finance at a defence PSU, what key challenges, lessons, and advice would you share for aspiring cost accountants on managing finances amid national goals and evolving industry dynamics?

Reply. First of all, I consider it my privilege to work with a defence PSU, because in doing so I contribute—albeit indirectly— serving the nation. Before joining Gliders India Ltd as a Board Member, I had the opportunity of working with different organizations in various capacities for more than three decades. This allowed me to engage with a wide spectrum of stakeholders including bankers, investors, rating agencies, government departments, ministries, auditors, etc.

These experiences have shaped my strong belief in the growing relevance and bright future of Cost and Management Accountants (CMAs). At the end of the day, every stakeholder is ultimately focused on the bottom line—and this can only be achieved through efficient cost control, sound financial planning, and a clear understanding of the company's strategic goals.

In today's fast-paced world—driven by gadgets, automation, and real-time decision-making—speed and accuracy are not just valued, they are expected. For young CMAs stepping into the profession, I encourage you to develop a deep understanding of the systems and business environments you will operate in. It is this understanding that will set you apart.

It is also important for students to conduct selfanalysis to understand their core strengths, which helps them improve more quickly and aim for excellence in a shorter span of time.

The CMA curriculum, which is regularly updated to align with industry requirements, is a powerful foundation. It provides the tools needed not just to function, but to lead in today's complex business environment.

And finally, a word of advice to all students: Study to gain knowledge—not just to pass exams. True competence and confidence come from understanding the "why" behind the numbers, and this will always be your greatest strength. MA

All the best.

Jai Hind.