

# 9<sup>th</sup> ANNUAL REPORT 1996-97

MD	✓		BKC	✓
CS	✓		DPY	ND
RO	✓		DIV	NA
TRA	✓		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		✓

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**Taneja Aerospace and Aviation Limited**





## ***Taneja Aerospace and Aviation Limited***

### **BOARD OF DIRECTORS**

MR. KHUSHROO RUSTUMJI — *Chairman*  
MR. SALIL TANEJA — *Managing Director*  
AVM SURESH CHANDRA GUPTA  
MR. ASHOK KUMAR JAIN  
MR. RAKESH SURIE  
MR. JAGDISH PRASAD SUREKA  
MR. BALDEV RAJ TANEJA

### **AUDITORS**

M/s. HARESH UPENDRA & CO.  
Chartered Accountants,  
233, Patil Plaza,  
Baji Rao Road  
Pune - 411 009.

### **BANKERS**

BANK OF INDIA  
BANK OF BARODA  
CANARA BANK  
STATE BANK OF INDIA

### **SHARE TRANSFER AGENTS**

M/s. RAJ CONSULTANCY SERVICES  
No.43, 1st Floor,  
III Cross Link Road,  
Malleswaram, Bangalore - 560 003.  
Ph: 3341765

### **REGISTERED OFFICE**

6-E, Ramabai Ambedkar Road  
Pune - 411 001.

### **CORPORATE OFFICE**

1010, 10th Floor,  
Prestige Meridian - I, 29, M.G. Road  
Bangalore - 560 001.

### **FACTORY**

Belagondapally 635 114,  
Denkanikottai Taluk,  
Dharmapuri Dist.  
Tamilnadu.

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### **NOTICE OF THE NINTH ANNUAL GENERAL MEETING**

NOTICE is hereby given that the Ninth Annual General Meeting of the Company will be held at Hotel Blue Diamond, 11, Koregaon Park, Pune 411 001, on Wednesday the 17th September, 1997 at 11.00 a.m. to transact the following business:

1. To receive, consider and adopt the Directors' Report, Audited Balance Sheet as at 31st March, 1997 and Profit and Loss Account for the year ended on that date and to receive and consider the Auditors' Report thereon.
2. To appoint a Director in place of Mr. B.R. Taneja, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of AVM S.C. Gupta who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

### **SPECIAL BUSINESS**

To consider, and if thought fit, to pass, with or without modifications, the following Resolutions

5. As an Ordinary Resolution  
"RESOLVED THAT Mr.Khushroo Rustumji who was appointed as an Additional Director with effect from 30th May 1997, pursuant to Article 144 of the Articles of Association of the Company and whose term expires at this Annual General Meeting of the Company and for the appointment of whom the Company has received a notice under Section 257 of the Act from a member proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company. His period of office will be liable to determination by retirement by rotation."
6. As an Ordinary Resolution  
" RESOLVED THAT Mr.Rakesh Surie who was appointed as an Additional Director with effect from 12th July, 1997, pursuant to Article 144 of the Articles of Association of the Company and whose term expires at this Annual General Meeting of the Company and for the appointment of whom the Company has received a notice under Section 257 of the Act from a member proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company. His period of office will be liable to determination by retirement by rotation."
7. As an Ordinary Resolution  
"RESOLVED THAT Mr. J.P. Sureka who was appointed as an Additional Director with effect from 23rd July, 1997, pursuant to Article 144 of the Articles of Association of the Company and whose term expires at this Annual General Meeting of the Company and for the appointment of whom the Company has received a notice under Section 257 of the Act from a member proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company. His period of office will be liable to determination by retirement by rotation."
8. As a Special Resolution  
"RESOLVED THAT pursuant to Sec.314 and other applicable provisions, if any of the Companies Act 1956 and Article 153 of the Articles of Association and subject to approval of Central Government under section 297(1) of the Companies Act, 1956 and other approvals, if any, the consent of the Company be and is hereby accorded to Mr.Khushroo Rustumji, a Director of the Company holding an Office or place of profit as an Advisor for a period of three years, on a remuneration of Rs.50,000/- ( Rupees fifty thousand only) per quarter.
9. As a Special Resolution  
"RESOLVED THAT the Authorized Share Capital of the Company be and is hereby re-classified from Rs. 25,00,00,000/- (Rupees Twenty Five Crores only) divided into 2,50,00,000/- (Two Crores Fifty Lacs) Equity Shares of Rs. 10/- each to Rs.25,00,00,000/- (Rupees Twenty Five Crores Only) divided into 2,00,00,000/- ( Two Crores only) Equity Shares of Rs. 10/- (Rupees Ten only) each and 5,00,000 (Five Lacs only) Redeemable Cumulative Preference Shares of Rs. 100/- (Rupees Hundred only) each.

RESOLVED FURTHER THAT consequent to the Resolution aforesaid the existing Clause V of the

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Memorandum of Association of the Company be and is hereby modified and substituted by the following new Clause.

V. The Authorized Share Capital of the Company is Rs.25,00,00,000 (Rupees Twenty Five Crores only) divided into 2,00,00,000 (Two Crores) Equity Shares of Rs.10/- (Rupees ten only) each and 5,00,000 (Five Lacs) Redeemable Cumulative Preference Shares of Rs. 100/- (Rupees Hundred only) each, and such capital may be issued upon such terms and conditions appropriate subject, however, to the provisions in the Companies Act, 1956 and in the Articles of Association of the Company and with the authority and liberty to the Directors of the Company to substitute and/or cancel any part of such Share Capital, with powers to convert and or reconvert the same or any part thereof into any shares at any time, and from time to time, and to increase, reduce or modify the aforesaid capital and to divide, sub-divide, classify and reclassify all or any of the shares in the capital of the Company, for the time being, from shares of one class into shares of other class or classes and to attach thereto respectively such preferential, deferred, qualified or other special rights, privileges, conditions, or restrictions as may be determined by the Company in accordance with the Articles of Association of the Company, and to vary, modify or abrogate any such rights, privileges, conditions or restrictions in such manner and by such persons as may, for the time being, be permitted under the provisions of the Articles of Association of the Company or legislative provisions, for the time being in force in the behalf”.

10. As a Special Resolution

“RESOLVED THAT consequent to the Resolution aforesaid the existing Article 3 of the Articles of Association of the Company be and is hereby modified and substituted by the following new Article.

**Amount of Capital**

3. The Authorized Share Capital of the Company is Rs. 25,00,00,000 (Rupees Twenty Five Crores only) divided into 2,00,00,000 (Two Crores) Equity Shares of Rs.10/- (Rupees Ten) each and 5,00,000 (Five Lacs) Redeemable Cumulative Preference Shares of Rs. 100/- (Rupees Hundred only) each, (carrying such right as to dividend as may be decided by the directors) and such capital may be issued upon such terms and conditions and with such rights as the Directors of the Company may consider appropriate subject, however, to the provisions in the Companies Act, 1956 and in the Articles of Association of the Company and with the authority and liberty to the Directors of the Company to substitute, and /or cancel any part of such Share Capital, with powers to convert and or reconvert the same or any part thereof into any shares at any time, and from time to time, and to increase, reduce or modify the aforesaid capital and to divide, sub-divide, classify and reclassify all or any of the shares in the capital of the Company, for the time being, from shares of one class into shares of other class or classes and to attach thereto respectively such preferential, deferred, qualified or other special rights, privileges, conditions or restrictions as may be determined by the Company in accordance with the Articles of Association of the Company, and to vary, modify or abrogate any such rights, privileges, conditions or restrictions in such manner and by such persons as may, for the time being, be permitted under the provisions of the Articles of Association of the Company or legislative provisions, for the time being in force in that behalf.

11. As a Special Resolution

“RESOLVED THAT in accordance with the provisions of Section 81 and all other applicable provisions of the Companies Act, 1956 and enabling provisions in the Memorandum and Articles of Association of the Company and subject to the approval of all other concerned authorities and departments, if any, and to the extent necessary and such other approvals, permissions and sanctions as may be prescribed or imposed by any of them in granting such approvals, permissions and sanctions, which may be agreed to, by the Board of Directors of the Company (herein after referred to as “the Board”) and/or duly authorized committee of the Board for the time being exercising the powers conferred by the Board, the consent of the Company be and is hereby accorded to the Board to issue/offer Equity Shares/Redeemable Cumulative Preference Shares for a total amount not exceeding Rs. 13,50,00,000 ( Rupees Thirteen Crores Fifty Lacs only), inclusive of premium and at such rate of interest, if any, to the Members, Employees, Non-Resident Indians, Mutual Funds, Promoters of the Company, their Associates and Associate Companies, Financial Institutions, Overseas Corporate Bodies (OCB's) Foreign Institutional Investors (FIIs), Companies, other entities and to such other persons, through public issue, rights issue, private placement or preferential allotment or by any one or more combination of the above modes/methods or otherwise as may be decided

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by the Board and permitted by the appropriate authorities and as may be permissible under any guidelines issued or may be issued by any authority and at such time and/or such terms as the Board may in its sole discretion think fit.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution the Board/Committee be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable"

By Order of the Board of Directors

**SALIL TANEJA**  
*Managing Director.*

Place : Bangalore

Date : 23rd July, 1997.

### **NOTES**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect Special Business under items No.5 to 11 is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 12th September, 1997 to 17th September, 1997 (both days inclusive).
4. Shareholders are requested to note that copies of Annual Report will not be distributed at the Meeting, as a measure of economy.
5. Members / Proxies should bring the attendance slip duly filled in for the meeting.
6. Members are also requested to advice, indicating their Folio Number, the change of addresses, if any, to the Share Transfer Agents of the Company, M/s. Raj Consultancy Services , Unit : Taneja Aerospace And Aviation Limited, No. 43, 1st Floor, III Cross Link Road, Malleswaram, Bangalore : 560 003.
7. Members seeking any information with regard to accounts are requested to write to the Company early so as to enable the Company to furnish the information readily.
8. All documents which are referred to in the Notice and explanatory statement will be open for inspection at the Registered Office of the Company during office hours between 10.00 A.M to 4.00 P.M. upto the date of the Annual General Meeting on all days except Saturdays and holidays.

### **EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**

#### **ITEM 5**

Mr. Khushroo Rustumji was appointed by the Board of Directors of your Company as an Additional Director with effect from 30th May 1997 as per Article 144 of the Company's Articles of Association. Mr. Khushroo Rustumji retires at the AGM as per the Provisions of the Act., The Company has received a notice from a member proposing the appointment of Mr. Khushroo Rustumji as a Director on the Board. Mr. Khushroo Rustumji will be subject to retirement by rotation.

Born in the year 1939, Mr. Khushroo Rustumji is a B.Tech (Hons) - IIT Kharagpur. He started his career in the Marketing field with Standard Vacuum Oil Company; worked in Tata Iron and Steel Company as Executive Assistant to Mr. Russi Mody, Resident Director; Tata-Robins-Fraser Ltd. as All India Sales Manager; more than two decades with Towry Law Group of the U.K. and rose to the level of Managing Director and then invited to join the Main Board as Group Development Director consequent to his success with International Marketing and Development. After working with various International Companies, he has set himself up as an independent marketing consultant doing Consultancy Services for various reputed



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Indian Organizations. He is thoroughly conversant with Indian Industrial and Govt., workings. It is proposed that Mr. Khushroo Rustumji be appointed as a Director of the Company. His educational background, dynamism and rich working knowledge would be of great advantage to the Company in various market applications, working out strategies, deliberations with Chief Executives of Business Enterprises and also at the Board Meetings. Also his contacts in the financial services industry will enable us to increase the sale of our aircraft by leasing-finance, which is currently a bottleneck.

### **ITEM 6**

Mr. Rakesh Surie was appointed by the Board of Directors of your Company as an Additional Director with effect from 12th July, 1997 as per Article 144 of the Company's Articles of Association. Mr. Rakesh Surie retires at this AGM as per the Provisions of the Act. The Company has received a notice from a member proposing the appointment of Mr. Rakesh Surie as a Director on the Board. Mr. Rakesh Surie will be subject to retirement by Rotation.

Mr. Rakesh Surie is a B.Tech-IIT, Kanpur, Master in Business Administration from Harvard School of Management. He is a consultant by profession has rich experience in Aviation related businesses. It is proposed that Mr. Rakesh Surie be appointed as a Director of the Company. His induction to the Company's Board would benefit furthering the corporate mission.

### **ITEM 7**

Mr. J.P. Sureka was appointed by the Board of Directors of your Company as an Additional Director with effect from 23rd July, 1997 as per Article 144 of the Company's Articles of Association. Mr. J.P. Sureka retires at this AGM as per the Provisions of the Act. The Company has received a notice from a member proposing the appointment of Mr. J.P. Sureka as a Director on the Board. Mr. J.P. Sureka will be subject to retirement by Rotation.

Mr. J.P. Sureka a graduate in Commerce is an industrialist having business interest in financial services, chemicals, steel and tea plantations. It is proposed that Mr. J.P. Sureka be appointed as a Director of the Company. His induction to the Company's Board with his rich experience as an Industrialist would be of great benefit to the Company.

### **ITEM 8**

It is proposed to utilize the services of Mr. Khushroo Rustumji as a Marketing Advisor for a period of three years on a remuneration of Rs. 50,000/- per quarter. This amounts to Mr. Khushroo Rustumji holding an office or place of profit in the Company. This requires consent of the share holders by a special resolution. Your Directors consider that utilizing the expertise of Mr. Khushroo Rustumji will be in the best interest of the Company. Accordingly your Directors recommend the resolution No.8 of the notice for approval. Except Mr. Khushroo Rustumji none of the Directors of the Company is in any way concerned or interested in the resolution.

### **ITEM 9, 10 & 11**

In order to augment financial resources of the Company, it is proposed to raise an amount upto Rs. 5 Crores through issue of Redeemable Cumulative Preference Shares.

The Resolution is an enabling resolution conferring authority on the Board to issue Preference Shares on such terms as the Board may consider it appropriate.

Since the above issue is proposed to persons other than existing shareholders, approval of the members under Section 81 of the Companies Act, 1956, by way of Special resolution shall be required for making the above issue.

Your Directors recommend the resolution for your approval.

The Directors may be deemed to be concerned and interested in the Resolution to the extent of the allotment of preference shares to them.

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### **DIRECTORS' REPORT**

Your Directors are pleased to present their report and the Audited Accounts for the year ended 31st March, 1997.

#### **OPERATIONS**

The year under review witnessed a turnover (Gross revenue) of Rs. 437.14 Lacs. Your Company concentrated all its efforts in creating various facilities and obtaining the requisite approvals for the manufacture of aircraft from detailed parts. Apart from reduction in cost of manufacture, the facilities would improve the Company's capability to produce Aircraft parts for other categories of Multi Role Light Transport Aircraft and also components etc. for agencies connected with various Aviation related businesses. These facilities have now become fully operational and your Company is now in the position to produce aircraft independently. This will help your Company in achieving a significant breakthrough in productivity and sales in the current year.

Your Directors report that your Company has initiated necessary action against the collaborator for non fulfillment of their contractual obligations.

The first batch of students from the TAAL Flying Academy are expected to graduate shortly with a Commercial Pilots Licence. Your Company is planning to expand this activity with the addition of new students in the current year.

Last year TAAL received the 'CREATIVE PARTNER' award from the Aeronautical Development Establishment in recognition of TAAL's effort towards the production of the Remote Pilotless Vehicle (RPV). In light of the fact that the components manufactured by TAAL met the time schedule and the critical quality standards of the ADE additional orders for the RPV have been placed on us. TAAL is now expanding defence related manufacturing and support activities to meet the needs of various other defence agencies.

Your Company was a prominent participant in the Airshow held in Bangalore during December 1996 which received a very encouraging response.

Efforts to market Cessna Citation Jet aircraft did not achieve the desired results due to the slow down in the Industrial sector. However, with the economy showing some signs of revival during the current year, your company is hopeful of selling a few Cessna aircraft this year. The Net Air aircraft sharing scheme launched by the Company has been well received, the first customer has already joined the scheme.

#### **FINANCE**

Your Company had requested certain reliefs and concessions from banks to restructure the finance of the Company and wish to report that the requests have been granted.

As part of finance, your Company is planning to raise funds by private placement of Redeemable Cumulative Preference Shares aggregating to Rs. 400 Lacs.

The Directors wish to place on record their appreciation for the assistance and continued support from the Company's bankers.

#### **PROJECT**

Your Directors wish to report that your Company has been selected as the Production partner for building the prototype of the Multi Role Light Transport Aircraft, 'Saras' in association with the 'National Aerospace Laboratories and a Memorandum of understanding to this effect has been signed recently. Your Company has sought financial assistance for creation of certain facilities for this purpose as part of the programme.