

10th ANNUAL REPORT 1997-98

MD	✓		BKC	✓
CS	NH		DPY	MA
RO	✓		DIV	MA
TRA	✓		AC	✓
AGM	✓	✓	SHI	✓
VE	✓	✓		

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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*
MR. ASHOK KUMAR JAIN
MR. RAKESH SURIE
MR. JAGDISH PRASAD SUREKA
MR. BALDEV RAJ TANEJA
MR. A. NANDA

AUDITORS

M/s HARESH UPENDRA & CO.
Chartered Accountants,
223, Patil Plaza Business Complex,
Parvati,
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 TENTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Tenth Annual General Meeting of the Company will be held at Hotel Blue Diamond, 11, Koregaon Park, Pune 411 001, on Monday the 28th September, 1998 at 3.30 p.m. to transact the following business:

1. To receive, consider and adopt the Directors' Report, Audited Balance Sheet as at 31st March, 1998 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. A.K. Jain, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Salil Taneja 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 as an Ordinary Resolution.

5. "RESOLVED THAT Mr. Arvind Nanda who was appointed as an Additional Director with effect from 27th July, 1998, 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. "RESOLVED THAT pursuant to the Provisions of Sections 198, 269, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to all other necessary approvals, the approval of Members be and is hereby accorded to the re-appointment of Mr. Salil Taneja as Managing Director of the Company for a period of three years with effect from 1st April, 1998 upon the terms and conditions including remuneration and perquisites set out in the draft Agreement to be entered into by the Company with Mr. Salil Taneja and that the said draft Agreement be and is hereby specifically sanctioned and approved with liberty to the Directors to alter and vary the terms and conditions of the appointment and/or the agreement in such manner as may from time to time be stipulated by the Central Government or to be in consonance with any revised terms and conditions as may be prescribed by the Central Government in the aforesaid Schedule XIII or any modification thereto, as may be agreed between the Directors and Mr. Salil Taneja".

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take such steps as may be necessary or desirable to give effect to this resolution."

By Order of the Board

Salil Taneja
Managing Director

Place : Pune

Date : 27th July, 1998

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 of Special Business under items No.5 and 6 is annexed hereto.

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3. The Register of Members and the Share Transfer Books of the Company will remain closed from 22nd September, 1998 to 28th September, 1998 (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 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. Arvind Nanda was appointed by the Board of Directors of your Company as an Additional Director with effect from 27th July, 1998 as per Article 144 of the Company's Articles of Association. Mr. Arvind Nanda 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. Arvind Nanda as a Director on the Board. Mr. Arvind Nanda will be subject to retirement by rotation.

Mr. Arvind Nanda a graduate in Engg., has 23 years of working experience in Automobile and Engg. Industries at various capacities covering the areas of manufacturing and human resources development. It is proposed that Mr. Arvind Nanda be appointed as a Director of the Company. His induction to the Company's Board with his working experience would benefit the Company in manufacturing, planning and human resources areas.

ITEM 6

Mr. Salil Taneja was appointed as Managing Director of the Company for a period of three years with effect from 1st January, 1996. The Board of Directors of your Company has considered Mr. Salil Taneja as a competent person to be re-appointed as Managing Director of the Company. Accordingly, at the Meeting held on 27th July, 1998, the Board of Directors re-appointed Mr. Salil Tanjea as the Managing Director for a further period of three years with effect from 1st April, 1998 on the terms and conditions set out in the draft agreement to be entered into between the Company and Mr. Salil Taneja. The appointment is in conformity with the conditions and the ceilings on remuneration as laid down in schedule XIII of the Companies Act, 1956.

In accordance with the provisions of the Schedule XIII as in force as of the date of this notice, the particulars of the remuneration to be paid and perquisites to be provided to him as the Managing Director of the Company for a period of three years from 1st April, 1998 to 31st March, 2001 are as under:

REMUNERATION

Pursuant to the provisions of Section 198, 309 & Schedule XIII of the Companies Act, 1956 and subject to the approval of Central Government as may be required, Managing Director shall be paid remuneration in the event of having adequate profits by way of salary, dearness allowance, perquisites, commission and other allowances which shall not exceed five percent of its net profits and in the event of losses or inadequate profits as below:

i) Salary:

Rs.25,000/- (Rupees twenty five thousand only) per month with effect from 1st April, 1998 (Dearness and all other allowances, if any, payable under the Company's rules existing or future shall be treated as part of the Salary) in the grade of 25000-2500-32500.

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ii) Perquisites:

In addition to the above, Managing Director shall be entitled to the following perquisites:

A. (a) Housing:

Rent not exceeding sixty percent of the salary per month.

(b) Medical Reimbursement :

Expenses incurred for the Managing Director and his family , subject to ceiling of one month's salary in a year or three month's salary over a period of three years.

c) Leave Travel Concession:

For the Managing Director and his family once in a year incurred in accordance with any rules specified by the Company.

d) Club Fees:

Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fee.

e) Personal Accident Insurance:

Premium not to exceed Rs. 5000/- per annum.

Explanation: For the purpose of category 'A', 'family' means the spouse, the dependent children and dependent parents of the Managing Director.

B a) Contribution to provident fund, superannuation fund or annuity fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961. Gratuity payable will not exceed half a month's salary for each completed year of service.

b) Provision for car for use on Company's business and telephone at residence of Managing Director will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Managing Director.

c) Commission

Remuneration by way of commission will also be allowed in addition to Salary and Perquisites of the Managing Director. The amount of commission, based on the net profits of the Company in a particular year, shall be subject to the overall ceiling laid down in section 198 and section 309, and shall be further subject to a ceiling of one percent of the net profits or of fifty per cent of the salary of the Managing Director, whichever is less.

The above mentioned terms and conditions are embodied in the draft agreement referred to. The said draft Agreement is open for inspection by the members at the Registered Office of the Company on all working days during business hours.

The resolution is proposed for obtaining approval of the members of the Company in accordance with provisions of Section 269 read with section 309 and Schedule XIII to the Companies Act, 1956.

As required by Section 302 of the Companies Act, 1956, Item 6 of this notice read with the relevant explanatory statement may be deemed to be an abstract of the terms of contract between the Company and Mr. Salil Taneja as the Managing Director.

Mr. Salil Taneja is concerned or interested in the resolution, since aforesaid resolution relate to the terms and conditions of his remuneration.

Mr. B.R. Taneja being related to Mr. Salil Taneja, is concerned or interested in the resolution.

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DIRECTORS' REPORT

Your Directors are pleased to present their report and the Audited Accounts for the year ended 31st March, 1998.

OPERATIONS

During the year 1997- 98, the turnover (Gross Revenue) of the company grew by 206% to Rs.901.66 Lacs. The company earned a profit of Rs. 42.32 Lacs and incurred a net loss of Rs. 47.52 Lacs before and after depreciation respectively. The marked improvement in performance was particularly significant in the light of the continuing recession in the country and the inherent susceptibility of the aircraft industry to the macro-economic conditions.

During the year under consideration your company made progress on a number of fronts. The facilities created for the manufacture of aircraft from detailed parts upwards became fully operational and your company delivered two fully indigenous aircraft. Work relating to various aeronautical research and development agencies grew significantly during the year and facilities are being augmented to sustain the growth in this area.

The Flying Academy continued to receive a good response with a number of new entrants joining the course. Simultaneously, a number of students completed their course successfully and were awarded a Commercial Pilot's Licence by the Civil Aviation Authorities.

Charter services launched by the company catering to the needs of the corporate sector, looking for an efficient, safe and economical means of travel, proved highly successful and greater emphasis is being given to further develop this line of activity during the current year.

Response to other aviation related activities such as third-party aircraft maintenance and aircraft refurbishing was also encouraging.

During the year under consideration your company, as an Authorized Sales Representative, sold a Cessna Caravan Aircraft to the Tata Iron and Steel Company Ltd.

EXPORTS

Your company made an inroad into the export market for aircraft spares achieving an export turnover of Rs. 32.01 Lakhs and plans to step up the exports significantly in the current year.

PROJECT

Work on building the prototype of the 14 seater Saras Aircraft in association with National Aerospace Laboratories (NAL) commenced with the development and manufacturing of tools and parts in the company's works at Hosur. This work, expected to last till the end of 1999 will increase significantly in the current year. Similarly, your company expects to commence commercial production of the Hansa, a two seater all composite Trainer Aircraft, developed jointly with NAL in the latter part of the current year.

STATUTORY PARTICULARS

The Company has not accepted any deposits from the public. Particulars in respect of energy conservation and technology absorption etc. as required under Sec.217(1) (e) of the Companies Act 1956 are annexed.

Information required under Sec.217 (2A) of The Companies Act 1956 with the Companies (Particulars of Employees) amended rules 1988 is set out in the annexure to this report.

AUDITORS

M/s. Haresh Upendra & Co., Chartered Accountants retire as Auditors of the Company at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

DIRECTORS

In accordance with Articles of Association of the Company, Mr. A.K. Jain and Mr. Salil Taneja retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for the re-appointment.

ACKNOWLEDGEMENT

The Board gratefully acknowledges the valuable support given by Bankers, Share Holders, Developmental Organizations, Executives, Staff and Employees of the Company and looks forward to their continued support in future.

On behalf of the Board

Place : Pune
Date : 27th July, 1998

Khushroo Rustumji
Chairman