

11th ANNUAL REPORT 1998-99



Taneja Aerospace and Aviation Limited



Taneja Aerospace and Aviation Limited

BOARD OF DIRECTORS

MR. KHUSHROO RUSTUMJI - *Chairman*
MR. SALIL TANEJA - *Managing Director*
MR. ARVIND NANDA - *Joint Managing Director*
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 Business Complex,
Parvati,
Pune - 411 009.

BANKERS

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

SHARE TRANSFER AGENTS

Indian Seamless Financial Services Ltd.
Plot No. 8, Rambaug Colony,
Paud Road,
Pune - 411 038.
Ph: 363523/ 367081/ 367160

REGISTERED OFFICE

Lunkad Towers, S. No.199,
Plot No.3, Viman Nagar, Lohegaon,
Pune - 411 014.

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 ELEVENTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Eleventh Annual General Meeting of the Company will be held at Hotel Blue Diamond, 11, Koregaon Park, Pune - 411 001, on Monday the 27th September, 1999 at 3.00 p.m. to transact the following business :

1. To receive, consider and adopt the Director's Report, Audited Balance Sheet as at 31st March, 1999 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 Mr. Khushroo Rustumji, 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 Resolution as an Ordinary Resolution.

5. "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 appointment of Mr. Arvind Nanda as Joint Managing Director of the Company for a period of three years with effect from 1st October, 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. Arvind Nanda 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. Arvind Nanda".

"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

Place : Pune
Date : 31st July, 1999

Salil Taneja
Managing Director

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE 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 item No. 5 is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 21st September, 1999 to 27th September, 1999. (both days inclusive)

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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. Indian Seamless Financial Services Ltd, Unit : Taneja Aerospace and Aviation Limited, Plot No. 8, Rambaug Colony, Paud Road, Pune - 411 038.
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 as Director of the Company with effect from 27th July, 1998. Mr. Arvind Nanda, a Graduate in Engineering has 24 years of rich working experience in Automobile and Engineering Industries at various capacities covering the areas of manufacturing, planning and human resources. His stint as a Director of the company has helped in streamlining the operations, production, rapid indigenisation and development of marketing strategy for charter operations.

With the view to make further use of his knowledge and experience in the production and marketing field, the Board of Directors of your company has considered Mr. Arvind Nanda as competent person to be appointed as Joint Managing Director of the Company for a period of three years with effect from 1st October, 1998 on the terms and conditions set out in the draft agreement to be entered into between the Company and Mr. Arvind Nanda. 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 Joint Managing Director of the Company for a period of three years from 1st October, 1998 to 30th September, 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, Joint 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.28,500/- (Rupees twenty eight thousand five hundred only) per month with effect from 1st October, 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 28500-2500-36000.
- ii) Perquisites :
In addition to the above, Joint 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 Joint 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.

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- c) Leave Travel Concession :
For the Joint 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 Joint 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) Earned leave on full pay and allowance as per the Rules of the Company, but not exceeding one month's leave for every eleven months of service. Encashment of leave at the end of tenure as per the Rules of the Company.
- c) Provision for car for use on Company's business and telephone at the residence of Joint 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 Joint Managing Director.
- d) Commission :
Remuneration by way of commission will also be allowed in addition to Salary and Perquisites of the Joint 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 Joint 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 5 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. Arvind Nanda as the Joint Managing Director.
- Mr. Arvind Nanda is concerned or interested in the resolution, since aforesaid resolution relate to the terms and conditions of his remuneration.
- No other Director of the Company is in anyway 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, 1999.

OPERATIONS

The economic situation and the general industrial performance continued to remain sluggish throughout the year under review. Despite difficult market conditions, your Company's total income during the year was Rs. 1061.21 Lacs registering a growth of 17.7% over the previous year. Though your Company earned an operating profit of Rs. 396.69 Lacs, the high incidence of interest burden resulted in a net loss of Rs. 255.15 Lacs.

During the year under consideration, your Company brought into its fold the business of manufacturing parts for Space applications and made further inroads into Airtaxi Operations.

Capitalizing on the mandatory installation of Ground Proximity Warning System (GPWS) on certain type of aircraft required by the Indian Civil Aviation Authorities, your Company developed special type certifications to install these systems on a number of aircraft during the year under review. This enabled the Company to earn significant revenue, as also the appreciation of the Civil Aviation Authorities and Indian Aircraft Operators.

The work on the development of the Light Transport Aircraft has been progressing in line with the time schedule and your Company is hopeful of stepping up the activities considerably in the current year.

The All Composite Trainer Aircraft "Hansa 3" developed by National Aerospace Laboratories (NAL) in association with your Company is ready to go into commercial production at TAAL once the programme of transfer of technology is completed.

During the year under review, your Company exported parts and spares to France, USA, South Africa, New Zealand, West Indies, Italy, Thailand and Australia amounting to Rs.22.39 Lacs.

With the objective of capitalizing on the booming global aviation market, your Company has been in discussions with organisations abroad for the manufacture of aircraft parts and assemblies of their aircraft in India. This would pave way for the Company's entry into the global aero-space structures. Promising leads have been established with major aircraft manufacturers during the Paris Airshow held in June, 1999.

Your Directors are confident that with the above business plans fructifying and the domestic market for aircraft appearing to improve, your Company should look forward to a much better performance in the current year.

FINANCE

Your Company's proposal for an Airtaxi Operation connecting certain important industrial towns of Orissa in Association with the Industrial Promotion and Investment Corporation of Orissa Ltd. (IPICOL) with a total outlay of Rs. 1000 Lacs has been approved by Industrial Development Bank of India.

Your Directors would point out that the Company was able to earn profit and maintain its performance consistently in the last four years at the operating level. But the increasing interest burden made the net situation negative. Against this background and with the objective of minimizing the interest outgo, a draft re-structuring programme has been formulated and submitted to the lead Bank recently and we are hopeful this will be accepted and implemented.

Simultaneously, your Company has focussed on containing costs in the areas of purchase of inputs by developing multiple vendors, indigenisation, rationalisation of manpower and improving control on overheads.

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. B.R. Taneja and Mr. Khushroo Rustumji retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

ACKNOWLEDGEMENT

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

On behalf of the Board

Place : Pune
Date : 31st July, 1999

Khushroo Rustumji
Chairman