

12th ANNUAL REPORT 1999-2000



Taneja Aerospace and Aviation Limited 

Tamil Airports 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

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

NOTICE OF THE TWELFTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Twelfth Annual General Meeting of the Company will be held at Hotel Blue Diamond, 11, Koregaon Park, Pune 411 001, on Monday the 25th September, 2000 at 9.00 a.m. to transact the following business :

1. To receive, consider and adopt the Directors' Report, Audited Balance Sheet as at 31st March, 2000 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. J. P. Sureka, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Rakesh Surie, 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 a Special Resolution

"RESOLVED THAT pursuant to Article 314 and other applicable provisions, if any, of the Companies Act, 1956, and Article 153 of Articles of the Association and subject to approval of Central Government under Section 297(1) of the Companies Act, 1956, and other approvals, if any, 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 Marketing and Commercial Advisor for a period of 3 years on a professional fee of Rs.90,000/- (Rupees ninety thousand only) per quarter".

6 As a Special Resolution

"RESOLVED THAT in accordance with the provisions of Section 81(1A) and all other applicable provisions, if any of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force) and the provisions in the Memorandum and Articles of Association of the Company and the listing agreements entered into by the Company with the Stock Exchanges where the securities of the Company are listed and the prevailing guidelines of the relevant authorities in that behalf and subject to such approvals, consents, permission and / or sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authorities while granting such approvals, consents, permissions and/ or sanctions and which may be agreed to by the Board of Directors' (hereinafter referred to as "The Board". which term shall include any committee which the Board may constitute to exercise its powers including the powers conferred by this resolution), preferential allotment of 50,00,000 equity shares of the face value of Rs. 10/-each, out of the un-issued Authorised Equity Share Capital be made at the price of Rs. 11/- per share to Indian Seamless Enterprises Limited. (The "ISEL") and / or its associates that may be specified by the ISEL (hereinafter referred to as "its associates" whether or not they are the members of the company) in such combination and upon such other terms and conditions as may be deemed appropriate by the Board;"

"RESOLVED FURTHER THAT the said equity shares so issued or allotted shall, subject to the provisions of the Companies Act, 1956, and the Memorandum and Articles of Association of the Company, rank in all respect pari passu with the existing equity shares of the company except that the said equity shares shall carry the right to receive dividend which may be declared for the financial year in which

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the allotment of equity shares shall become effective, pro-rata from the date of allotment, proportionate to the amount paid-up on such equity shares;"

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised on behalf of the Company to do and perform all such acts, deeds, matters as it may in its absolute discretion deemed necessary, proper or desirable or as may be incidental or ancillary and to settle all questions, difficulties or doubts that may arise in regard to such issue or allotment as it may in its absolute discretion deem fit in order to give effect to this resolution without being required to obtain any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution"

By Order of the Board

Place : Bangalore
Date : 27th June, 2000

Salil Taneja
Managing Director

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 and 6 is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 18th September, 2000 to 25th September, 2000 (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. Indian Seamless Financial Service 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 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, Chairman, has been associated with the Company since last 3 years. As a Marketing and Commercial Advisor in the last 3 years, he has played a very active role in promoting aircraft sales and charter businesses and formulated strategies and synergies in marketing and selling as well in furthering the interests of the Company in various other commercial activities. This has enabled the Company to bring into its business fold, a number of customers for aircraft sales and regular usage of aircraft under Company's Charter Scheme plus other activities. In view of his greater involvement in the affairs of the Company and to utilize his expertise in further promoting the Companies interests, it is proposed to extend the services of Mr. Khushroo Rustumji for a further period of three years on a professional fee of Rs. 90,000/- per quarter. This amounts to Mr. Khushroo Rustumji, holding an office or place of profit in the Company. This requires consent of the Shareholders by a special resolution. Accordingly your Directors recommend the resolution No. 5 of the Notice for approval.

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Except Mr. Khushroo Rustumji, none of the Directors of the Company is in any way concerned or interested in the resolution.

ITEM 6

The Company has prepared a financial restructuring plan and submitted to its bankers for their consideration. As a part of this plan the promoters Indian Seamless Enterprises Limited (ISEL) and its associates may require to bring in Rs. 5 Crores by way equity participation in the company. Accordingly the members approval is being sought to issue 50,00,000 equity shares of Rs. 11/- each per share to ISEL and or its associates on preferential basis.

During last 6 months the average of weekly high & low of the closing prices of the shares of the Company listed on the Mumbai Stock Exchange was Rs. 10.55.

The issue price of Rs. 10/- is in the line with the applicable guidelines, rules and regulations issued by the concerned statutory authorities.

ISEL & its associates presently hold 47,29,600 equity shares out of total issued, subscribed & paid up equity share capital of the company.

After the issue and allotment of the Equity shares pursuant to the proposed preferential allotment as aforesaid, the shareholding of ISEL and its associates would be 97,29,600 equity shares. Under the proposed preferential allotment, none of the proposed allottees except ISEL is to be allotted the shares as would increase its holding in the Company to 5% or more of the post preferential issued capital of the company.

The issue and allotment of aforesaid equity shares would not result in any change in the Board of Directors or in the control over the Company. There will be change in the voting rights in proportion to the equity shares issued / allotted.

The shareholding pattern before and after proposed preferential issue and allotment would as follows :

| Sl. No. | Particulars | Existing | | Proposed | |
|---------|------------------------------------------------------------------------------------------------|-------------|------------|-------------|------------|
| | | Nos. | % of Total | Nos. | % of Total |
| 1 | Promoters & Others : ISEL, its Associates; Directors, Friends, Relatives & Associates | 47,29,600 | 41.13 | 97,29,600 | 58.96 |
| 2 | Indian Financial Institutions | 4,42,600 | 3.85 | 4,42,600 | 2.68 |
| 3 | Banks | 900 | 0.01 | 900 | 0.01 |
| 4 | Mutual Funds | 6,500 | 0.05 | 6,500 | 0.04 |
| 5 | Foreign Financial Institutions, NRIs & OCBs | 52,200 | 0.45 | 52,200 | 0.32 |
| 6 | Public | 57,67,800 | 50.16 | 57,67,800 | 34.96 |
| 7 | Corporate Bodies | 5,00,400 | 4.35 | 5,00,400 | 3.03 |
| | TOTAL | 1,15,00,000 | 100% | 1,65,00,000 | 100% |

Since the part of the above issue is proposed to be made to other than the shareholders of the Company or some shareholders on preferential basis approval of the members pursuant to section 81(1A) of the Companies Act by way of Special Resolution shall be required for making the above issue.

None of the Directors of the Company is concerned or deemed to be concerned or interested or deemed to be interested in this resolution except to the extent of that may be offered to business entities in which they are shareholder, member, director, partner, trustee or beneficiary.

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DIRECTORS' REPORT**To The Members,**

Your Directors are pleased to present the Twelfth Annual Report on Company's business and operations and the audited accounts for the year ended 31st March, 2000.

1. TURNOVER AND PERFORMANCE

Your Directors wish to report that the year 1999-2000 ended with a total income of Rs. 1103.81 Lacs registering a modest growth over the previous year inspite of the continued depressed market situation during the major part of the year. At operating level, your Company continued to earn profit consistent with earlier years. However, due to high incidence of interest burden, the net performance resulted in a loss of Rs. 123.27 Lacs as compared to Rs. 255.15 Lacs in the previous year.

2. OPERATIONS AND BUSINESSES

During the year under consideration, with the objective of popularizing the concept of owning an aircraft amongst the Corporates in India, your Company introduced a fractional-ownership scheme called Corporate Aircraft Program (CAP). This scheme has been received very favourably by Indian Corporates and has brought into the Company's fold, 3 more new clients during the year under review.

The leading business organisation in the country, the CII are so enthused with the concept of fractional-ownership that they have agreed to jointly sponsor a series of Seminars with your Company to popularise the concept, throughout India.

With the buoyancy in the general economic environment in the recent past, there have been a marked increase in trade enquiries for aircraft which your Directors feel would help the Company in improving the volume of aircraft sales significantly in the current year and the years to come.

Your Company's Air-charter business maintained its level of operations in the year under consideration and was instrumental in conversion of some of the charter users into aircraft owners. In addition to the Southern, Western and Northern India Air-charter bases, your Company has established a base in Eastern India in Calcutta recently, to meet the requirements of North-Eastern sectors. With the establishment of these bases, your Company has been able to establish the largest all India charter net work with a modern fleet of aircraft manufactured indigenously.

Your Company has recently entered into an Memorandum of Understanding with the Karnataka State Tourism Development Corporation for the use of our aircraft, on a commercial basis, in exchange for wide publicity to be given to TAAL's Air-charter business at all the Airports in Karnataka, without charge.

The All Composite Trainer Aircraft "Hansa-3" developed for the first time totally in India by National Aerospace Laboratories (NAL) in association with your Company was cleared for Airworthiness by Civil Aviation Authorities paving the way for Commercial Production of the said Aircraft. Your Company has entered into a Memorandum of Understanding for manufacturing the first batch of 5 aircraft with NAL mainly for flight training in the current year. In addition, there have been a few Global enquiries, the feasibility and prospects of which are under review.

Your Company could accomplish a significant volume of work for manufacture of tools, parts and prototype assembly for the Multi Role Light Transport Aircraft. Your Directors wish to report that the work on this front is progressing as per the time schedule and your company would be able to contribute substantially in this developmental work of National importance.

The high technology Transducer Housing assembly developed indigenously by your Company for the first time for a leading National Technological Developmental Laboratory was well received and the contributions of your Company and it's commitment to work was placed on record by the Developmental Organization. Your Company's associations with other National aircraft development and manufacturing organisations, established over the years were strengthened further with your Company providing multi-faceted manufacturing and developmental support to them.