

ANNUAL REPORT 2003



Taneja Aerospace and Aviation Limited 

Taneja Aerospace and Aviation Limited

BOARD OF DIRECTORS

(As on 25th June, 2003)

MR. KHUSHROO RUSTUMJI - *Chairman*
MR. SALIL TANEJA - *Vice Chairman*
MR. ARVIND K. GOEL - *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

SHAREPRO SERVICES
3, Chintamani Apartments,
824/D Bhandarkar Road, off V. G. Kale Path
Pune – 411 004
Telephone No. 5662855 - 2857

REGISTERED OFFICE

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

CORPORATE OFFICE

Block 'B', 2nd Floor,
Akshaya Commercial Complex,
26, Victoria Road,
Bangalore - 560 047.

FACTORY

Belagondapally – 635 114
Denkanikottai Taluk
Dharmapuri Dist
Tamilnadu

NOTICE OF THE FOURTEENTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Fourteenth Annual General Meeting of the Company will be held at Taj Blue Diamond, 11, Koregaon Park, Pune – 411 001 on 19th the Friday, September, 2003 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, 2003 and Profit and Loss Account for the period ended on that date and to receive and consider the Auditors' Report thereon.
2. To appoint a Director in place of Mr. K. Rustumji, 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

5. As an Ordinary Resolution.

"RESOLVED THAT Mr. Arvind K Goel who was appointed as an Additional Director with effect from 30th January 2003, 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 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. Arvind Nanda as Joint Managing Director of the Company for a period of fifteen months with effect from 1st October, 2001 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."

7. As an Ordinary Resolution

"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 K Goel as Managing Director of the Company for a period of three years with effect from 1st February, 2003 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 K Goel 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 K Goel.

"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."

8. Preferential Allotment – 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-enactments thereof for the time being in force) and subject to the provisions of the Memorandum and Articles of Association of the Company and Listing Agreements entered into by the Company with the concerned Stock Exchanges and prevailing guidelines of the relevant authorities in that behalf and subject to such approvals, consents, permissions 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

Annual Report 2001- 2003

(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 the resolution), preferential allotment of upto 8,50,000 equity shares of face value of Rs 5/ each out of unissued Authorised Equity Shares capital be made to Indian Seamless Enterprises Limited (ISEL) at the price of Rs 5/ per share or the price to be determined in accordance with the Guidelines for preferential issues under Chapter XIII of SEBI (Disclosure & Investor Protection) Guidelines, 2000, whichever is higher 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 pari-passu in all respects, with the then existing equity shares of the Company, except that; such equity shall carry the right to receive dividend which may be declared for the financial year in which the allotment of equity shares shall become effective, pro-rate 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 and things as it may in its absolute discretion deem 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 thereto expressly by the authority of this resolution".

By Order of the Board

Place : Bangalore
Date : 25th June 2003

Arvind K. Goel
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 / HERSELF 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 relation to the Special Business of the meeting is annexed hereto and forms part of this Notice.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 18th September 2003 to 19th September 2003 (both days inclusive).
4. In all correspondence with the company, members are requested to quote their account/folio number and in case their shares are held in dematerialized form they must quote their DPID and Client ID number.
5. Members are requested to note that copies of Annual Report will not be distributed at the Meeting, as a measure of economy.
6. 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.
7. 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 Annual General Meeting on all days except Saturdays and holidays.
8. In terms of clause 49 of the listing agreement with Stock Exchanges, a brief resume of directors who are proposed to be reappointed is given below:
 - a. **Mr. Khushroo Rustumji**
Born in the year 1939, Mr. Khushroo Rustumji is a B. Tech (Hons)- IIT Kharagpur. He has been associated with the Company as a Director since May 1997. With his educational background, dynamism and rich working knowledge in the fields of marketing and commercial, he has played an active role in promoting aircraft sales, charter business and formulated strategies in marketing & selling.
Mr. Khushroo Rustumji is a Director in The Indian Seamless Metal Tubes Limited and Avestha Gengraine Technologies (P) Limited.
He is also member of Audit Committee and Shareholders / Investors Grievance Committee of The Indian Seamless Metal Tubes Limited.
 - b. **Mr. Salil Taneja**
Mr. Salil Taneja is a businessman and is a Bachelor of Engineering (Ohio) and Master of Business Administration in Finance from Yale University, USA. Mr. Salil Taneja was first appointed as a whole time Director in 1994 and later in the year 1996 he was elevated as Managing Director of the Company.
Mr. Salil Taneja is a Director in The Indian Seamless Metal Tubes Limited; Advance Composites (P) Limited and TAAL Software Technologies (P) Limited.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**ITEM 5**

Mr. Arvind K Goel was appointed by the Board of Directors of your Company as an Additional Director with effect from 30st January 2003 as per Article 144 of the Company's Articles of Association. Mr. Arvind K Goel 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 K Goel as a Director on the Board. Mr. Arvind K Goel will be subject to retirement by rotation.

Mr. Arvind K Goel is a B.Tech graduate from IIT Kanpur and Post Graduate Diploma in management from IIM Calcutta. He has 21 years of rich working experience in leading large and medium scale Engineering, Automobile and Electronic systems and components industries at various capacities covering the areas of planning, production, marketing, finance & HRD. It is proposed that Mr. Arvind K Goel be appointed as a Director of the Company. His induction to the company's Board with his excellent academic background coupled with rich working experience would benefit the Company in its overall development and growth.

ITEM 6

Mr. Arvind Nanda was appointed as Joint Managing Director of the Company for a period of three years with effect from 1st October, 1998. The Board of Directors at their Meeting held on 31st October, 2001, re-appointed Mr. Arvind Nanda as the Joint Managing Director for a further period of 15 months with effect from 1st October, 2001 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 15 months from 1st October, 2001 to 31st December, 2002 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. 36,000 (Rupees Thirty Six Thousand only) per month with effect form 1st October, 2001. (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 Rs. 36000 – 2500 – 43500.

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.

(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.

Annual Report 2001- 2003**(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 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) Provision for car for use on Company's business and telephone at 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.

(c) 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 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. Arvind Nanda as the Joint Managing Director.

Mr. Arvind Nanda is concerned or interested in the resolution, since aforesaid resolution related to the terms and conditions of his remuneration.

None of the Directors other than Mr. Arvind Nanda is concerned or interested in the said resolution.

ITEM 7.

Mr. Arvind K Goel was appointed as Director of the Company with effect from 30th January 2003. Mr. Arvind K Goel, a B.Tech graduate from IIT Kanpur and post graduate Diploma in management from IIM Calcutta has 21 years of rich working experience in leading large and medium scale, Engineering, Automobile and Electronics Components industries at various capacities covering the areas of planning, production, marketing, finance & HRD. His stint as a Chief Executive of the Company in the past few months has helped in streamlining the operations, production, planning and development of marketing strategy to improve the volume of business in the Aerostructures front and also charter operations.

With the view to make further use of his knowledge and practical experience in the production, marketing and other fields, the Board of Directors of your company has considered Mr. Arvind K Goel as competent person to be appointed as Managing Director of the Company for a period of three years with effect from 1st February 2003 on the terms and conditions set out in the draft agreement to be entered into between the Company and Mr. Arvind K Goel. 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 February 2003 to 31st January 2006 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 the following remuneration:

Taneja Aerospace and Aviation Limited

Salary:

Rs. 70,500/- (Rupees Seventy Thousand Five Hundred Only) per month in the scale of Rs. 70500-3750-81750.

Perquisites:

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

- A. **a) Housing** Rent not exceeding forty percent of the salary per month.
- b) Medical Reimbursement**
Expenses incurred for 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 Managing Director and his family subject to ceiling of one month salary once in a year incurred in accordance with rules specified by the Company.
- d) 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 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)** Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.
- c)** Provision for car for use on Company's business and telephone at residence 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.

MINIMUM REMUNERATION

Notwithstanding anything herein, where in any financial year, during the currency of tenure of Managing Director, the Company has no profits or its profits are inadequate the company will pay to him remuneration by way of salary and perquisites specified above.

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 7 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 K Goel as the Managing Director.

Mr. Arvind K Goel is concerned or interested in the resolution, since aforesaid resolution related to the terms and conditions of his remuneration.

None of the Directors other than Mr. Arvind K Goel is concerned or interested in the said resolution.

ITEM 8

Approval from Members is being sought under Section 81 (1A) of the Companies Act, 1956 and as required under SEBI Guidelines on Preferential Allotment of 8,50,000/- Equity Shares of Rs. 5/ each to the Indian seamless Enterprises Limited (ISEL). The allotment is proposed to be made for strengthening capital base and improving the net worth of the Company.

Annual Report 2001- 2003

The Issue Price per share for the proposed allotment would be determined in accordance with the Securities & Exchange Board of India (Disclosure & Investor Protection) Guidelines, 2000 or Rs. 5/ whichever is higher.

The ISEL at present holds 78,87,200 Equity Shares (46.39%) in the Company. After the issue and allotment of the Equity Shares, pursuant to the proposed Preferential Allotment as aforesaid, the share holding of the ISEL will be 87,37,200 Equity Shares (48.95%).

The proposed allotment shall be completed within three months from the date of shareholders' approval.

Issue and allotment of Equity Shares aforesaid would not result in any change in the Board of Directors or in the control over the Company. There will be change in voting rights, proportion to the Equity Shares issued / allotted.

The shareholding pattern before and after the proposed allotment will be as follows:

Sr.	Particulars	Existing		Proposed	
		No. of Shares	%	No. of Shares	%
1.	Promoters & Others, its associates, Directors/friends/ relatives and persons acting in concert	1,02,02,500	60.01	1,10,52,500	61.92
2.	Resident Indians	53,69,900	31.59	53,69,900	30.08
3.	Non Resident Indians	51900	0.31	51900	0.29
4.	Bodies Corporate	9,25,700	5.44	9,25,700	5.18
5.	Mutual Funds	7,500	0.04	7,500	0.04
6.	Public Financial Institutions	4,41,600	2.60	4,41,600	2.48
7.	Banks	900	0.01	900	0.01
		1,70,00,000	100.00	1,78,50,000	100.00

The Directors of the Company are deemed to be concerned or interested in this resolution to the extent of shares held by them in ISEL.

Taneja Aerospace and Aviation Limited**DIRECTORS' REPORT TO THE MEMBERS**

The Directors are pleased to present the Fourteenth Annual Report and the audited accounts for the period ended 31st March 2003.

1. FINANCIAL RESULTS

	01.10.2001 to 31.03.2003 18 months (Rs. In Lacs)	01.04.2000 to 30.09.2001 18 Months (Rs in Lacs)
Gross Income	1,555.17	1,638.38
Profit before Interest and Depreciation	274.50	519.23
Interest	384.93	766.46
Depreciation	138.31	139.62
Previous year Income (Net)	269.37	—
Profit / (Loss)	20.63	(386.85)

2. OPERATIONS

During the period under consideration, the company could improve its revenue from air-charter/management through undertaking aerial-survey work as well as increased contract flying. As regards aero-structures, the company added further customers in this segment, to strengthen its business volumes.

Even with the improvement in economic situation and industrial performance, despite the best of our efforts, no break-through could be made in aircraft sales to the Corporate sector or other agencies, as the "feel-good" factor simply did not exist, which is essential for aircraft sales in India.

As a consequence, the Company has identified air-charter management and aero-structures as the core areas of business and strategies are being worked out to increasingly tap the potential of this market.

3. FINANCE

As part of bringing down the cost of borrowings, during the period under consideration, the company negotiated with the leasing company and foreclosed the lease deal on favourable terms, thus bringing significant savings to the company.

With a view to finding a long-term solution to the term debt, the company has been able to get a deal on favourable terms from the term lending bank reducing the annual interest cost to an affordable level.

4. DIRECTORS

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

5. AUDITORS

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.

6. STATUTORY PARTICULARS

The Particulars in respect of Conservation of Energy and Research and Development activities as required under Section 217(1)(e) of the Companies Act, 1956 are given in Annexure A to this report.

The Company has not accepted any deposits from the public.

Annual Report 2001- 2003

7. DIRECTORS RESPONSIBILITY STATEMENT

As required by Section 217(2AA) of the Companies Act, 1956, the Directors' Responsibility Statement is given in Annexure B to this report.

8. CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the stock exchanges, a Management discussion and Analysis report and a Corporate Governance Report are made as part of this Annual Report.

The company has constituted an "Audit Committee" of directors as required under Section 292-A of the Companies Act, 1956 with Mr. A.K. Jain, Mr. Rakesh Surie and Mr. K. Rustumji as members.

A certificate from the auditors of the company regarding compliance of the conditions of corporate governance as stipulated by Clause 49 of the listing agreement is attached to this report.

9. ACKNOWLEDGMENT

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

On behalf of the Board

Place : Bangalore
Date : 25th June 2003

Khushroo Rustumji
Chairman

Report  Junction.com