

Annual Report

2004

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Taneja Aerospace and Aviation Limited 

Taneja Aerospace and Aviation Limited

BOARD OF DIRECTORS (As on 30th July, 2004)	:	MR. KHUSHROO RUSTUMJI MR. SALIL TANEJA MR. VIJAY SIMHA Mr. C.S. KAMESWARAN MR. ASHOK KUMAR JAIN MR. RAKESH SURIE MR. JAGDISH PRASAD SUREKA MR. BALDEV RAJ TANEJA	- <i>Chairman</i> - <i>Vice Chairman</i> - <i>Managing Director</i> - <i>Director Finance</i>
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, Pune - 411 004. Telephone No. 25662855 / 2856.	
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	:	Belagondāpally - 635 114 Denkanikottai Taluk Dharmapuri Dist. Tamilnadu.	

Taneja Aerospace and Aviation Limited**NOTICE OF THE FIFTEENTH ANNUAL GENERAL MEETING**

NOTICE is hereby given that the Fifteenth Annual General Meeting of the Company will be held at Taj Blue Diamond, 11, Koregaon Park, Pune - 411 001 on 27th the Monday, September 2004 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, 2004 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. 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 an Ordinary Resolution

"RESOLVED THAT Mr. C S Kameswaran who was appointed as an Additional Director with effect from 28th January 2004, 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 Companies Act, 1956 from a member proposing his candidature for the office of a Director, be and is hereby elected and 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. Vijay Simha Ajarananda who was appointed as an Additional Director with effect from 8th March 2004, 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 Companies Act, 1956 from a member proposing his candidature for the office of a Director, be and is hereby elected and 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 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. C S Kameswaran as Director - Finance of the Company for a period of three years with effect from 1st January 2004 upon the terms and conditions including remuneration and perquisites set out in the draft Agreement to be entered into by the Company with Mr. C S Kameswaran 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. C S Kameswaran.

"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. 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. Vijay Simha Ajarananda as Managing Director of the Company for a period of three years with effect from 8th March, 2004 upon the terms and conditions including remuneration and perquisites set out in the draft Agreement to be entered into by the Company with Mr. Vijay Simha Ajarananda 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. Vijay Simha Ajarananda.

"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."

Annual Report 2003 - 2004**9. As a Special Resolution**

"RESOLVED THAT pursuant to the Provisions contained in the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 as notified and circulated by SEBI and subject to such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions, sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this resolution), the consent of the Company be and is hereby accorded to the Board to apply for delisting of the Company's Equity Shares from the Bangalore Stock Exchange Limited, Bangalore at such time the Board may in its absolute discretion consider appropriate and proper with or without giving any exit option to the shareholders of the region where the aforesaid Stock Exchange is situated.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take all necessary steps in this regard in order to comply with the legal and/or procedural formalities, including authorizing any Committee of Directors or any of the Directors/Officers/Executives of the Company to do all such acts, deeds or thing to give effect to the above."

10. 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 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, 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 three years from December 2003 on a professional fee of Rs. 90,000/- (Rupees Ninety Thousand Only) per quarter.

11. 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 (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 8,92,500 equity shares of Rs. 5 each at the rate of Rs 10/- (including a premium of Rs. 5 per share) each out of unissued Authorised Equity Shares capital be made to Knox Investments Private Limited (Knox) at the price of Rs 10/- 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, on 30th day prior to the date of Annual General Meeting, 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

Mr. Vijay Simha
Managing Director

Place : Pune
Date : 30th July, 2004

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 24th September 2004 to 27th September 2004 (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. B.R.Taneja**
Born in the year 1936, Mr. B.R.Taneja is a BE in Mechanical and Post Graduate Diploma in Business Management from XLRI Institute, Jamshedpur. Mr. B.R.Taneja promoted ISMT in 1977 primarily for making seamless tubes which were not being made in India. He introduced the Assel Mill Technology for the first time in India. Mr. B. R. Taneja also promoted Indian Seamless Steels & Alloys Ltd. and Taneja Aerospace and Aviation Limited. TAAL is the first and only private sector in India to manufacture civil aircraft. Mr. B.R.Taneja is also a Director in Indian Seamless Meal Tubes Limited, Knox Investments Pvt. Ltd., Klapa Investments Pvt. Ltd. and Advance Composites Pvt. Ltd.
 - b. **Mr. Rakesh Surie.**
Mr. Rakesh Surie is a B.Tech from IIT, Kanpur and Masters in Business Administration from Harvard School of Management. He is a consultant by profession with rich experience in Aviation related businesses. He has been associated with the company since 1997.

Annual Report 2003 - 2004**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.****ITEM 5**

Mr. C S Kameswaran was appointed by the Board of Directors of your Company as an Additional Director with effect from 28th January 2004 as per the Article 144 of the Company's Articles of Association. Mr. C. S. Kameswaran 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. C. S. Kameswaran as a Director on the Board. Mr. C. S. Kameswaran will be subject to retirement by rotation.

Mr. C S Kameswaran is a Chartered Accountant by Professional Qualification and a Post Graduate in Business Administration. He has three decades of rich working experience in leading large and medium scale industries at various capacities covering the areas of Corporate Planning, Projects, Marketing, Finance and Accounts and Personnel. It is proposed that Mr. C S Kameswaran be appointed as Director - Finance of the Company. Further he is associated with the Company in his capacity as General Manager since September 1995. His induction to the Company's Board with his Academic Background, rich working experience in various industries and with the company in the last nine years would benefit the Company in its overall development and growth.

ITEM 6

Mr. Vijay Simha Ajarananda was appointed by the Board of Directors of your Company as an Additional Director with effect from 8th March 2004 as per the Article 144 of the Company's Articles of Association. Mr. Vijay Simha 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. Vijay Simha as a Director on the Board. Mr. Vijay Simha will be subject to retirement by rotation.

Mr. Vijay Simha Ajarananda is a M.Sc – Tech. and a Post Graduate in Master of Management Science from BITS Pilani. He is also a diploma holder in VLSI Fab. from Rochester Institute of Technology. He has 21 years of rich working experience in leading Indian as well as Multinational large and medium scale industries both in India and Abroad. He has worked at various capacities covering the areas of Planning, Production, Business Development, Marketing, Finance and HRD. His induction to the Company's Board with his Academic Background, rich working experience in various industries would benefit the Company in its overall development and growth.

ITEM 7

Mr. C S Kameswaran is a Chartered Accountant by Professional Qualification and a Post Graduate in Business Administration. He has three decades of rich working experience in leading large and medium scale industries at various capacities covering the areas of Corporate Planning, Marketing, Finance and Accounts and Personnel. His stint as General Manager in the last nine years has helped the Company in all areas of operations.

With the view to make further use of his knowledge and practical experience in the field of management, the Board of Directors of your company has considered Mr. C S Kameswaran as competent person to be appointed as Director - Finance of the Company for a period of three years with effect from 1st January 2004 on the terms and conditions set out in the draft agreement to be entered into between the Company and Mr. C S Kameswaran. 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 Director - Finance of the Company for a period of three years from 1st January 2004 to 31st December 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, Director – Finance shall be paid the following remuneration:

i) Salary :

Rs. 27500/- (Rupees Twenty Seven Thousand Five Hundred Only) per month with effect from 1st January 2004 in the grade of 27500-1500-42000.

Taneja Aerospace and Aviation Limited**ii) Perquisites :**

In addition to the above, the Director – Finance 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 Director - Finance 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 Director - Finance and this family subject to ceiling of one month's salary once in year incurred in accordance with rules specified by the Company.
- (d) Personal Accident Insurance.**
Premium not to exceed Rs. 5000/- per annum.
- 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 end of the term 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 Director – Finance.
- C.** The Director – Finance shall be paid a special pay of Rs. 10650/- per month.

MINIMUM REMUNERATION

Notwithstanding anything herein, where in any financial year, during the currency of tenure of Director – Finance, 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 of 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. C S Kameswaran as the Director – Finance.

Mr. C S Kameswaran 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. C S Kameswaran is concerned or interested in the said resolution.

ITEM 8

Mr. Vijay Simha Ajarananda is a M.Sc – Tech. and a Post Graduate in Management Science from BITS Pilani. He is also a diploma holder in VLSI Fab. from Rochester Institute of Technology. He has 21 years of rich working experience in leading Indian as well as Multinational Large and Medium scale industries both in India and Abroad. He has worked at various capacities covering the areas of Planning, Production, Business Development, Marketing, Finance and HRD.

With the view to make further use of his knowledge and practical experience in the field of management, the Board of Directors of your company has considered Mr. Vijay Simha Ajarananda as competent person to be appointed as Managing Director of the Company for a period of three years with effect from 1st March 2004 on the terms and conditions set out in the draft agreement to be entered into between the Company and Mr. Vijay Simha Ajarananda. The appointment is in conformity with the conditions and the ceilings on remuneration as laid down in schedule XIII of the Companies Act, 1956.

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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 March 2004 to 28th February 2007 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, the Managing Director shall be paid the following remuneration:

i) Salary :

Rs. 61500/- (Rupees Sixty One Thousand Five hundred only) per month with effect from 1st March 2004 in the grade of 61500-3500-72000.

ii) Perquisites :

In addition to the above, the 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 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 subject to ceiling of one month's 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.
- 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 end of the term 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 of the 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) **Guaranteed Bonus** : The Managing Director shall be paid a guaranteed bonus of Rs. 3 Lacs per annum on completion of every twelve months of service with the Company.
- (D) The Managing Director shall be paid a Performance Bonus @ (PBDIT – Rs.2.5 crores) x 3% on the mutually agreed businesses.

MINIMUM REMUNERATION

Notwithstanding anything herein, where in any financial year, during the currency of tenure of the 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 of the Companies Act, 1956.

As required by Section 302 of the Companies Act, 1956, Item 8 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.Vijay Simha Ajarananda as the Managing Director.

Mr.Vijay Simha Ajarananda 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.Vijay Simha Ajarananda is concerned or interested in the said resolution.

Taneja Aerospace and Aviation Limited

ITEM 9

Pursuant to the mandatory rules of Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 it is proposed to seek the approval of Members for delisting of the Company's Equity Shares from the Bangalore Stock Exchange Ltd. The trading volume of the Company's script at the Bangalore Stock Exchange Ltd. is NIL for the past few years and the proposed delisting would contribute to the cost reduction measures initiated by the Company.

The Board of Directors at its meeting held on 28th January 2004 has approved delisting of the equity shares from Bangalore Stock Exchange Ltd. and recommends the said resolution for approval by the Members.

None of the Directors of the Company is concerned or interested in the resolution.

ITEM 10

Mr. Khushroo Rustumji has been associated with the Company since last seven years. As a Marketing and Commercial Advisor in the last seven 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 interest of the Company. 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 Company's interests, it is proposed to extend the services of Mr. Khushroo Rustumji for a further period 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. 10 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 said resolution.

ITEM 11

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 8,92,500 Equity Shares of Rs. 5 each at the rate of Rs. 10/ per share /- (including a premium of Rs. 5/- per share) to Knox Investments Private Limited (Knox). The allotment is proposed to be made for strengthening capital base and improving the net worth of the Company.

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. 10/ whichever is higher.

Knox at present holds 11,02,500 Equity Shares (6.18%) in the Company. After the issue and allotment of the Equity Shares, pursuant to the proposed Preferential Allotment as aforesaid the share holding of Knox will be 19,95,000 Equity Shares (10.64%).

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.	Promoter Companies, Directors and Relatives.	1,10,29,300	61.79	1,19,21,800	63.61
2.	Resident Indians	56,90,999	31.88	56,90,999	30.36
3.	Non Resident Indians	51,900	0.29	51,900	0.28
4.	Bodies Corporate	6,27,801	3.51	6,27,801	3.34
5.	Mutual Funds & Public Financial Institutions	4,49,100	2.52	4,49,100	2.40
6.	Banks	900	0.01	900	0.01
		1,78,50,000	100.00	1,87,42,500	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 Knox.

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The Directors are pleased to present the Fifteenth Annual Report and the audited accounts for the year ended 31st March, 2004.

1. TURNOVER AND PERFORMANCE

	01/04/03 to 31/03/04 (12 months) Rs. Lacs	01.10.2001 to 31.03.2003 (18 months) Rs. Lacs
Gross Income	1091.32	1555.17
Profit before Interest and Depreciation	490.52	274.50
Interest	325.38	384.93
Depreciation	92.59	138.31
Previous year Income (Net)	—	269.37
Profit / (Loss)	72.55	20.63

Your Directors wish to report that the year 2003/2004 ended with a total income of Rs.1091.32 lacs registering a growth of more than 11% over the previous corresponding period of 12 months revenue. In consistent with the earlier years, your company continued to earn profit at operating level and also net profit of Rs. 72.55 lacs as compared to Rs.20.63 lacs in the previous period.

2. OPERATIONS AND BUSINESSES

During the year under consideration, the company could improve its revenue from Air Management in a substantial manner and efforts are on to further improve the revenue in the current year.

In the area of Aerostructures, there has been improvement in the volume of business from HAL. Your Company has been able to secure orders for space structures from VSSC and regular orders from HAL thus helping the company to consolidate its order position.

With the buoyancy in the general economic environment, there have been trade enquiries for Aircraft which your Directors feel would help the company to improve its revenue through this channel in the current year.

3. FINANCE

With a view to bring down the cost of funds further, your company has sought certain reliefs and concessions on the working capital borrowings. The proposal has been received favorably by the Consortium member banks. Your Company expects, on implementation, there would be further reduction in the cost of funds.

4. DIRECTORS

In accordance with Articles of Association of the Company, Mr. B. R. Taneja and Mr. Rakesh Surie 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.