

Taneja Aerospace and Aviation Limited 

Annual Report 2017-18

COMPANY INFORMATION

BOARD OF DIRECTORS

Salil Taneja	Chairman & Whole-time Director
C S Kameswaran	Director (upto February 06, 2018)
R Poornalingam	Director (upto September 26, 2017)
R Surie	Director (upto September 26, 2017)
N Chandra	Director (upto September 26, 2017)
Muralidhar Chitteti Reddy	Director (w.e.f December 02, 2017)
Prahlada Ramarao	Director (w.e.f December 02, 2017)
Rahael Shobhana Joseph	Director (w.e.f December 14, 2017)
Arvind Nanda	Director (w.e.f August 14, 2018)

COMPANY SECRETARY

Chetan Nathani (upto April 03, 2018)
Sysha Kumar (w.e.f August 14, 2018)

AUDITORS

M/s. MSKA & Associates
(Formerly known as M/s. MZSK & Associates)
Chartered Accountants

BANKERS

Allahabad Bank
Canara Bank
Vijaya Bank

REGISTERED OFFICE & WORKS

Belagondapalli Village, Thally Road, Denkanikottai Taluk, Krishnagiri District,

Belagondapalli-635114, Tamil Nadu

Phone: 04347-233508, Fax: 04347-233414

E-mail: secretarial@taal.co.in, Website: www.taal.co.in

CIN: L62200TZ1988PLC014460

REGISTRAR & SHARE TRANSFER AGENT

Bigshare Services P. Ltd.

Taneja Aerospace and Aviation Limited

Directors' Report

To the Members of Taneja Aerospace and Aviation Limited

Your Directors have pleasure in presenting the Twenty-Ninth Annual Report and the Audited Financial Statements for the financial year ended March 31, 2018.

FINANCIAL HIGHLIGHTS

(Rs. in Lakhs)

Particulars	2017-18	2016-17
Gross Income	3246.75	3896.29
Expenditure	3220.06	3820.34
Profit/ (Loss) after Tax	28.75	75.81

INDIAN ACCOUNTING STANDARDS (IND AS)

The Company had adopted Ind AS with effect from April 01, 2017 pursuant to the Ministry of Corporate Affairs notification dated February 16, 2015 notifying the Companies (Indian Accounting Standard) Rules, 2015. Accordingly, the Financial Statements for the year ended March 31, 2018 of the Company was prepared with comparative data, in compliance with Ind AS.

RESERVES

There is no amount proposed to be transferred to reserves.

DIVIDEND

Your Directors do not recommend any dividend for the year ended March 31, 2018.

OPERATIONS

During the year under review the total income of the Company was Rs. 3,246.75 Lakhs as compared to 3,896.29 during the comparable previous year. The total comprehensive income for the year was Rs. 28.75 Lakhs as compared to Rs. 75.51 Lakhs during the comparable previous year.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

In accordance with the provisions of the Act and Articles of Association of the Company, Mr. Salil Taneja, a Director of the Company, retires by rotation and being eligible, offers himself, for re-appointment.

During the financial year 2017-18 Mr. R Surie, Mr. R Poornalingam, Mr. N Chandra ceased to be the independent directors ceased to be the director of the company w.e.f 27.09.2017 on the expiry of their term.

Mr. C S Kameswaran ceased to be the director of the company w.e.f 27.09.2017 on the expiry of their term. Further Mr. C S Kameswaran was appointed as additional director w.e.f 27.09.2017. However, due to his sad demise, he ceased to be the director w.e.f 07.02.2018.

Mrs. Rahael Shobhana Joseph, was appointed as additional director (non-independent category) and holds office upto the conclusion of the ensuing Annual General Meeting. Member's approval shall be sought in the ensuing AGM for her appointment

as director liable to retire by rotation.

Dr. Prahlada Ramarao was appointed as additional director (Independent category) during the financial year 2017-18 and holds office upto the conclusion of the ensuing Annual General Meeting. Member's approval shall be sought in the ensuing AGM for his appointment as Director, not liable to retire by rotation (Independent category) for a period of two years.

Mr. Muralidhar Chitteti Reddy was appointed as additional director (Independent category) during the financial year 2017-18 and holds office upto the conclusion of the ensuing annual general meeting. Member's approval shall be sought in the ensuing AGM for his appointment as director liable to retire by rotation.

The Independent Directors of the Company had given a declaration pursuant to Section 149(7) of the Companies Act, 2013 ('Act').

The annual performance evaluation has been done by the Board of its own performance and that of its Committees and individual Directors which the Board found to be satisfactory.

Details of familiarization programme of Independent Directors, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company & related matters are put up on its website www.taal.co.in

Mr. Arif Ahmed resigned as Chief Financial Officer w.e.f. June 14, 2018.

Mr. Chetan Nathani, Company Secretary resigned as Company Secretary and Compliance Officer with effect from April 04, 2018.

AUDITORS

M/s. MSKA & Associates (formerly known as M/s MZSK & Associates), Chartered Accountants (Firm Registration No. 105047W) was appointed as the Statutory Auditors of the Company in the AGM held on September 26, 2017 for a period of five years i.e. till the conclusion of the 33rd Annual General Meeting of the Company.

In respect of Emphasis of Matter by Auditors on the Standalone & Consolidated Financial Statement, it has been explained in Notes forming part of the Financial Statements which are self-explanatory & therefore do not call for any further comments.

SUBSIDIARIES, ASSOCIATE AND JOINT VENTURE COMPANIES

As on date of this report, the Company has one subsidiary. A statement containing salient features of the financial statement of the subsidiary company in Form AOC-1 is provided in financial statements forming part of this Annual Report.

A report on the performance and financial position is of the subsidiary company is provided in the Financial Statements forming part of this Annual Report.

Directors' Report (Contd.)

The Company has framed a Policy for determining Material Subsidiaries which is available on its website www.taal.co.in

FIXED DEPOSITS

The Company has not accepted any deposits from the public.

MANAGEMENT DISCUSSION & ANALYSIS

Pursuant to the SEBI (LODR) Regulations, 2015 ('Listing Regulations'), a separate section on Management Discussion & Analysis is forming part of this Report.

CORPORATE GOVERNANCE REPORT

Pursuant to the SEBI (LODR) Regulations, 2015 ('Listing Regulations'), a separate section on Corporate Governance Report together with Certificates is forming part of this Report.

The Whole Time Director and CFO have certified to the Board with regard to the financial statements and other matters as required under regulation 17(8) of the aforesaid Regulations.

Certificate from practicing Company Secretary regarding compliance of conditions of Corporate Governance is annexed to this Report.

MEETINGS OF THE BOARD AND INDEPENDENT DIRECTORS MEETING

Eight Board Meetings were held during the year. The Particulars of meetings held & attended by directors are given in the Corporate Governance Report forming part of this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013, your Directors make the following statement:

- i) that in preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) that the Directors have selected such accounting policies & applied them consistently & made judgments & estimates, that are reasonable & prudent so as to give a true and fair view of the state of affairs of the Company at end of the financial year March 31, 2018 and of the profit of the Company for that period;
- iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud & other irregularities;
- iv) that the Directors have prepared the annual accounts on a going concern basis;
- v) that the directors have laid down Internal Financial Controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

- vi) that Directors have devised proper systems to ensure compliance with provisions of all applicable laws & that such systems were adequate & operating effectively.

EXTRACT OF ANNUAL RETURN

The extract of Annual Return in Form MGT-9 is forming part of this Report as Annexure 'A'.

CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION & FOREIGN EXCHANGE EARNINGS & OUTGO

The particulars as required under Section 134(3)(m) of the Companies Act, 2013 is forming part of this Report as Annexure 'B'.

POLICY ON NOMINATION & REMUNERATION OF DIRECTORS

The Nomination & Remuneration Policy of the Company on director's appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director & other matters is available on its website www.taal.co.in

Details pertaining to remuneration of Directors and employees required under Section 197(12) of the Act read with Rules framed thereunder are forming part of this Report as Annexure 'C'.

SECRETARIAL AUDIT REPORT

Pursuant to Section 204 of the Act and the Rules made thereunder the Board has appointed M/s DVD & Associates, Company Secretaries in practice as Secretarial Auditor to undertake the secretarial audit of the Company. The Report of Secretarial Auditors in Form MR-3 is forming part of this Report as Annexure-'D'.

The approval of the statutory authority was pending / under process for the appointment of Woman Director / third director on the Board of Directors of the Company.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Particulars of Loans, Guarantees & Investments covered under Section 186 of the Companies Act, 2013 has been given in Notes to Financial Statements forming part of this Annual Report.

RISK MANAGEMENT

The Company manages, monitors and reports on the principal risks and uncertainties that can impact its ability to achieve its strategic objectives. The Company has already identified the key risk as delays in award of Government orders for its core business..

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The company was not required to constitute a Corporate Social Responsibility Committee during the year under review.

Taneja Aerospace and Aviation Limited

Directors' Report (Contd.)

INTERNAL FINANCIAL CONTROLS

Internal controls of the Company are being strengthened by putting in place appropriate systems and processes taking into account the changing business environment and the scale of operations and the comments of the Auditor.

AUDIT COMMITTEE AND VIGIL MECHANISM

The Composition of Audit Committee is mentioned in Report on Corporate Governance forming part of this Report.

The Whistle Blower Policy/ Vigil Mechanism of the Company as established by the Board is available on its website www.taal.co.in

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

During the year the company has not entered into any contracts with related parties which were not on arm's length basis or not in the ordinary course of business and further would be considered material in accordance with the policy of the company on Materiality of Related Party Transactions.

Hence, there is no information required to be provided in form AOC-2 while the particulars of all related party transactions in terms of Ind AS 24 are forming part of the financial statements.

Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions as approved by the Board may be accessed on the Company's website www.taal.co.in

GENERAL

1. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
2. There is no change in the nature of business of the Company.

3. There have been no material changes and commitment, if any affecting the financial position of the company which have occurred between the end of the financial year of the Company to which the financial report relates and the date of the report.
4. Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
5. The Company has complied with applicable Secretarial standards.

ACKNOWLEDGEMENTS

The Directors express their appreciation for the continued support and co-operation received by the Company from its Customers, Bankers, Shareholders, Suppliers, Business Partners, Defence Research and Developmental Organizations, Aviation Authorities and other Indian Services and the Central and State Governments. The Directors also express their gratitude and sincere appreciation to all the employees of the Company for their contribution, hard work and commitment.

For and on behalf of the Board of Directors

Dr. Prahlada Ramarao
Director

C M Reddy
Director

Bengaluru,
May 29, 2018

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENT

The Indian Aviation and Aerospace Industry is witnessing an unprecedented growth. India is regarded as the third largest domestic civil aviation market in the world.

The Company has developed new customers in Aerospace and Defence activities. Additionally the Company has also developed an overseas customer for supply of components for commercial aircrafts. The activity of Manufacturing & Services Division is linked more to overall economic growth.

OPPORTUNITIES

The impetus given by the Government at the centre to the defence sector as a whole, is expected to generate more business opportunities to the industries in the days to come.

Considering the growth in civil aviation sector, there is enormous potential and huge opportunities for collaboration and creation of joint ventures in the aerospace sector in India for establishing Maintenance Repair Overhaul (MRO) facilities for civil and military aircraft.

THREATS

Administrative policy delays by various Government agencies lead to cost escalation, unhealthy competition and business becomes economically unviable with either zero or negative return. Relaxation in FDI norms in aviation sector is also expected to create fierce competition in that sector.

OUTLOOK

While the above will create huge opportunities in the long term, there are lots of implementation issues in the short term. Thus the industry will spend initial years in streamlining and creating foundation for future growth.

RISKS AND CONCERNS

Aviation manufacturing with its complex nature and safety aspects involving prolonged tests and trial procedure, results in delayed implementation. This will have an impact on its operations & business deliverables.

INTERNAL CONTROL SYSTEMS

The Company continuously reviews its internal control systems in order to realign the same to meet the needs of entity consisting of Manufacturing & Services Division.

DIVISION WISE PERFORMANCE

The division wise revenue of the Company for FY 2017-18 as compared to previous period is given below:

(Rs. in Lakhs)

Name of the Division	2017-18	2016-17
Manufacturing	552.31	1,199.26
Services	2,598.65	2,524.80
Total	3,150.96	3,724.06

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/ INDUSTRIAL RELATIONS

The Company maintained good industrial relations with its employees and staff. Human Resources remained a key focus area for your Company during the year under review. As on March 31, 2018, the Company had 162 permanent employees.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's expectations or predictions are 'forward-looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include demand-supply conditions, raw material prices, changes in Government regulations, tax regime, economic developments within the country and other factors such as litigation and labour negotiations.

Taneja Aerospace and Aviation Limited

Corporate Governance Report

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company has a strong value system comprising of honesty, integrity, secularity and equal opportunity for all. The Company strives to provide its stakeholders with maximum information relating to the affairs of the Company with an attempt to bring about total transparency in its working. We believe that good governance is the corner stone of any successful organization and we continuously endeavor to improve our standards of governance.

BOARD OF DIRECTORS

The Board consists of 4 Directors of which 2 Directors are independent as on March 31, 2018.

The composition of the Board, their attendance at the Board Meetings held during the year & at last Annual General Meeting, number of Directorships in other public companies & memberships in various committees across all public companies as on March 31, 2018 are as follows:

Name of the Director	Category	Financial Year 2017-18 Attendance at		No. of Directorships in other public companies^	Committee positions in other public companies\$	
		Board Meetings	Last AGM		Member	Chairman
Salil Taneja	Promoter-ED	7	No	-	-	-
C. S. Kameswaran ¹	NED	4	Yes	-	-	-
R. Surie ²	Independent-NED	5	Yes	-	-	-
R. Poornalingam ²	Independent-NED	4	Yes	-	-	-
N. Chandra ²	Independent-NED	4	Yes	-	-	-
Muralidhar Chitteti Reddy ³	Independent-NED	2	No	-	-	-
Prahlada Ramarao ³	Independent-NED	2	No	-	-	-
Rahael Shobhana Joseph ⁴	NED	2	No	1	2	-

NED-Non-Executive Director; ED-Executive Director;

1 ceased to be a director w.e.f 27.09.2017 and was reappointed as Additional Director wef 27.09.2017 and again ceased to be director w.e.f 07.02.2018 because of death

2. Ceased to be a director w.e.f 27.09.2017

3. Appointed as director w.e.f 02.12.2017

4. Appointed as director w.e.f 14.12.2017

^ This does not include directorships in Private Limited Companies, Foreign Companies and Companies under Section 8 of the Companies Act, 2013 (Act).

\$ This includes only Audit and Stakeholders Relationship Committees.

Corporate Governance Report (Contd.)

During the year under review, Eight Board Meetings were held as under:

Sr. No.	Date of Meeting
1.	May 18, 2017
2.	May 30, 2017
3.	August 16, 2017
4.	September 14, 2017
5.	September 26, 2017
6.	October 13, 2017
7.	December 14, 2017
8.	February 14, 2018

As on March 31, 2018, the composition of the Board was in conformity with Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

The Board has complete access to all the relevant information available within the Company.

APPOINTMENT/ RE-APPOINTMENT OF DIRECTORS

In terms of Articles of Association of the Company & provisions of the Act, Mr. Salil Taneja, Director of the Company retires by rotation at ensuing AGM.

AUDIT COMMITTEE

The terms of reference of Audit Committee are in conformity with the provisions of Section 177 of the Act and the stipulations of Regulation 18 of Listing Regulations.

The composition of the Audit Committee & attendance of member is as follows:

Name of Director	Chairman/ Member	No. of Meetings Attended
R. Poornalingam [#]	Chairman	3
N. Chandra [@]	Member	3
R. Surie [@]	Member	4
Muralidhar Chitteti Reddy ¹	Chairman	2
Prahlada Ramarao ¹	Member	2
Rahael Shobhana Joseph ²	Member	1

[#] Ceased to be a director wef 27.09.2017;

[@] Ceased to be a director wef 27.09.2017;

1. Appointed as director wef 02.12.2017;

2.Appointed as director wef 14.12.2017

During the year under review, Six Audit Committee Meetings were held as under:

Sr. No.	Date of Meeting
1.	May 18, 2017
2.	May 30, 2017
3.	August 16, 2017
4.	September 14, 2017
5.	December 14, 2017
6.	February 14, 2018

MANAGERIAL REMUNERATION

a) NOMINATION AND REMUNERATION COMMITTEE

The Company has a Nomination & Remuneration Committee.

The said Committee is empowered to fix, review and recommend the remuneration payable to the Whole Time Director of the Company from time to time including the annual increase in his remuneration.

The composition of Nomination & Remuneration Committee and attendance of each Member is as follows:

Name of Director	Chairman/ Member	No. of Meeting attended
R. Poornalingam [#]	Chairman	1
R. Surie [#]	Member	1
N. Chandra [#]	Member	1
Prahlada Ramarao ¹	Chairman	
Muralidhar Chitteti Reddy ¹	Member	
Rahael Shobhana Joseph ²	Member	

[#] Ceased to be a director w.e.f 27.09.2017; 1. Appointed as director w.e.f 02.12.2017; 2. appointed as director Appointed as director w.e.f 14.12.2017

During the year under review, one Nomination and Remuneration Committee Meeting were held as under:

Sr. No.	Date of Meeting
1.	September 26, 2017

The Company does not have any Employee Stock Option Scheme.

b) REMUNERATION POLICY:

Based on recommendations of Nomination & Remuneration Committee, the remuneration payable to Whole-time Director is decided by the Board which inter-alia is based on the criteria such as industry benchmarks, financial

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Corporate Governance Report (Contd.)

performance of the Company, performance of the Whole-time Director etc.

The Company pays remuneration by way of salary, perquisites and allowance to its Whole-time Director. No remuneration was paid by way of commission to any Non-Executive Director.

Non-Executive Directors were paid sitting fees of Rs. 20,000/- each for attending Board and Audit Committee Meetings.

Performance evaluation of the Independent Directors shall be done by the Board of Directors on such criteria's as deemed appropriate by the Board of Directors.

The Company has framed a remuneration policy upon the recommendation of Nomination and Remuneration Committee and as approved by the Board.

c) REMUNERATION TO DIRECTORS:

A statement on the remuneration paid/ payable to the Whole-time Director and sitting fees paid to Non-Executive Directors during the year under review is given below:

Name of Director(s)	Salary & Perquisites (Rs.)	Sitting fees (Rs.)
Salil Taneja	10,200,000	-
R. Poornalingam [#]	-	190,000
R. Surie [#]	-	210,000
N. Chandra [#]	-	170,000
C S Kameswaran ^{##}	-	100,000
Muralidhar Chitteti Reddy ¹	-	80,000
Prahlada Ramarao ¹	-	80,000
Rahael Shobhana Joseph ²	-	60,000
Total	10,200,000	890,000

[#] Ceased to be a director w.e.f 27.09.2017; ^{##} ceased to be a director w.e.f 27.09.2017 and was reappointed as Additional Director w.e.f 27.09.2017 and again ceased to be director w.e.f 07.02.2018 because of death; 1. Appointed as director w.e.f 02.12.2017; 2. Appointed as director w.e.f 14.12.2017

Note: Salary and perquisites includes contribution to Provident Fund and Superannuation, Leave Travel Allowance, Medical Reimbursement.

Service of the Whole-time Directors may be terminated by either party giving the other party notice as per the notice period mentioned in their Agreement or the Company paying salary for said notice period in lieu thereof. There is no separate provision for payment of severance fees.

Details of shares of the Company held by its Non-Executive Directors as on March 31, 2018 are given below:

Name of Director	Number of Equity Shares
R. Surie ^S	166894
C. S. Kameswaran ^{##}	-
R. Poornalingam ^S	-
N. Chandra ^S	750
Muralidhar Chitteti Reddy ¹	200
Prahlada Ramarao ³	-
Rahael Shobhana Joseph ²	3200

^S Ceased to be a director w.e.f 27.09.2017; ^{##} ceased to be a director w.e.f 27.09.2017 and was reappointed as Additional Director w.e.f 27.09.2017 and again ceased to be director w.e.f 07.02.2018 because of death; 1. Appointed as director w.e.f 02.12.2017; 2. Appointed as director w.e.f 14.12.2017. The shares are held in the name of spouse

STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Company has a Stakeholders Relationship Committee of the Board of Directors to look into the redressal of shareholders' and investors' complaints relating to transfer or credit of shares, non-receipt of Annual Reports/ dividends etc.

The composition of Stakeholders Relationship Committee and attendance of members is indicated alongside their names:

Name of Director	Chairman/ Member	No. of Meetings Attended
N. Chandra [@]	Chairman	1
C. S. Kameswaran [@]	Member	2
R. Poornalingam [@]	Member	2
Rahael Shobhana Joseph ¹	Chairman	-
Muralidhar Chitteti Reddy ²	Member	-
Prahlada Ramarao ²	Member	-

[@] Ceased to be a director w.e.f 27.09.2017; 1. Appointed as director w.e.f 14.12.2017; 2. Appointed as director w.e.f 02.12.2017

During the year under review, Two Committee Meetings were held as under:

Sr. No.	Date of Meeting
1.	May 18, 2017
2.	September 14, 2017

INDEPENDENT DIRECTORS' MEETING

The Independent Directors met on May 18, 2017, August 16 2017 and 14 February 2018 in conformity with the stipulations in Regulation 25 of the Listing Regulations.