

COMPANY INFORMATION

BOARD OF DIRECTORS

Dr. Prahlada Ramarao	Chairman of the Board & Director
Muralidhar Chitteti Reddy	Managing Director (w.e.f October 01, 2018)
Salil Taneja	Director (w.e.f October 01, 2018)
Rahael Shobhana Joseph	Director
Arvind Nanda	Director

COMPANY SECRETARY

Sysha Kumar

AUDITORS

M/s. MSKA & 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

Board's Report

To the Members of Taneja Aerospace and Aviation Limited

Your Directors have pleasure in presenting the Thirtieth Annual Report and the Audited Financial Statements for the financial year ended March 31, 2019.

FINANCIAL HIGHLIGHTS

Particulars	2018-19	2017-18
Gross Income	3,333.13	3246.75
Expenditure	2,681.66	3220.06
Profit/ (Loss) after Tax	515.99	15.00

OPERATIONS

During the year under review the total income of the Company was Rs.3,333.13 Lakhs as compared to Rs. 3,246.75 Lakhs during the comparable previous year. The total comprehensive income for the year was Rs. 523.64 Lakhs as compared to Rs. 28.75 Lakhs during the comparable previous year.

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, 2019.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

In accordance with the provisions of the Companies Act, 2013 ('Act') and Articles of Association of the Company, Mrs. Rahael Shobhana Joseph, Director of the Company, retires by rotation and being eligible, offers herself, for re-appointment.

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

The annual performance evaluation has been done by the Board of its own performance and that of its Committees and individual directors based on the criteria for evaluation of performance of independent directors and the Board of Directors and its Committees as approved by the Nomination and Remuneration Committee which the Board found to be satisfactory.

Details of familiarization program 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. Vijay Venkataraman was appointed as Chief Financial Officer of the Company w.e.f August 14, 2018. However he resigned as Chief Financial Officer of the Company w.e.f December 22, 2018.

Mr. Mahendra Nalluri was appointed as Chief Financial Officer of the Company w.e.f May 28, 2019.

Ms. Sysha Kumar was appointed as Company Secretary and Compliance Officer with effect from August 14, 2018.

AUDITORS

M/s. MSKA & 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.

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 a separate section on Management Discussion & Analysis is forming part of this Report.

CORPORATE GOVERNANCE REPORT

Pursuant to the SEBI (LODR) Regulations, 2015 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

Six 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 Act, 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, 2019 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'.

As per Section 134(3)(a) of the Act, the Annual Return referred to in Section 92(3) has been placed on the website of the Company at www.taal.co.in

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

The particulars as required under Section 134(3)(m) of the Act 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'.

A statement showing details of employees in terms of Rule 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Report. However, in terms of Section 136 of the Act, the Annual Report excluding the aforesaid information is being sent to the members and others entitled there to. The said statement is available for inspection by the Members at the Registered Office of the Company during business hours on working days up to the date of the ensuing AGM. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard.

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'.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Particulars of Loans, Guarantees & Investments covered under Section 186 of the Act 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 pursuant to Section 135 of the Act during the year under review.

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

Pursuant to Section 177 of the Act, an Audit Committee constituted by the Board consists of at least three directors with independent directors forming a majority. 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

Taneja Aerospace and Aviation Limited

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 Ins AS 24 has been given in Notes to Financial Statements forming part of this Annual Report.

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. The Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and during the year under review, there were no cases filed under the said Act.
5. The Company has complied with applicable Secretarial standards.
6. The Company has made and maintained Cost records as specified by the Central Government under Section 148(1) of the Companies Act, 2013.

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
Chairman

Bengaluru, May 28, 2019

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENT

Over the last two decades, several areas of the economy have been deemed sunrise sectors. One of the them is Aerospace and Defence manufacturing sector. India has one of the largest defence budget's in the world.

The Company has increased its customer base with the addition of new customers in Aerospace and Defence activities.

OPPORTUNITIES

With the Government opening up and providing enormous opportunities to the private sector, many global and domestic players are collaborating and having joint ventures for manufacturing of aero components, Maintenance, Repair and Overhaul (MRO) facilities for civil and military aviation sectors. The ongoing Government initiative in the outer space missions has opened up new opportunities.

Increase in air passenger traffic with a resultant growth in airline fleet sizes is expected to increase demand for MRO facilities of civil aircraft.

THREATS

Aerospace & Defence manufacturing and MRO sector faces severe challenges in form of obsolescence due to new technology, dominance of emerging domestic and international players and delays in finalizing the orders. Economic downturn also is likely to have an adverse impact on the business.

OUTLOOK

Strong collaboration between the government and the private sector is expected to help close the gap between Indian and Western manufacturers. With more demand and competition, India has a great potential to transform itself into an aerospace manufacturing hub soon.

RISKS AND CONCERNS

Manufacturing for the aerospace sector is a complex exercise which is capital-intensive, has high technological requirements and a prolonged gestation period. While the industry has come a long way, it is still evolving to overcome the challenges of costly raw materials, skilled labour and technological requirements. Apart from above, any changes in government policies may adversely impact the business making it economically unviable.

INTERNAL CONTROL SYSTEMS

Through regular internal review systems, the Company's internal control system is being strengthened periodically meeting the needs of Manufacturing & Services Division.

DIVISION WISE PERFORMANCE

The Company has two divisions – manufacturing and Services.

The manufacturing division is associated with the manufacturing of aerospace components & structures. The majority of the

revenue of the division is derived from supplies to the defense sector and participating in their up-gradation program.

The services division generates income from aviation related infrastructure facilities including runway and hangars.

The division wise revenue of the Company for FY 2018-19 as compared to previous period is given below:

(Rs. in Lakhs)

Name of the Division	2018-19	2017-18
Manufacturing	588.89	552.31
Services	2,683.97	2,598.65
Total	3,272.86	3,150.96

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, 2019, the Company had 151 permanent employees.

KEY FINANCIAL RATIOS

In accordance with the SEBI (Listing Obligations and Disclosure Requirements 2018) (Amendment) regulations 2018, the Company is required to details of significant changes (Change of 25% or more as compared to the immediately previous financial year) in key sector specific financial ratios. The Company has identified the following ratios as key financial ratios:

Particulars	2018-19	2017-18	Change
Debtors Turnover (times)	4.45	7.41	(40%)
Inventory Turnover (times)	10.55	6.46	(63%)
Interest Coverage Ratio	2.32	1.05	120%
Current Ratio	0.88	0.92	(4%)
Debt Equity Ratio	0.34	0.41	(17%)
Operating Profit Margin (%)	44.3	26.10	70%
Net Profit Margin (%)	15.80	0.50	3212%
Return on Net Worth (%)	5.60	0.20	3164%

Debtors turnover ratio have decreased due to increase in the credit period. Inventory turnover ratio has increased as a result of significant increase in the job work income. All other ratios have improved due to increase in profits during the year.

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 5 Directors of which 2 Directors are independent as on March 31, 2019.

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, 2019 are as follows:

Name of the Director	Category	Financial Year 2018-19 Attendance at		No. of Directorships in other public companies^	Committee positions in other public companies ^s	
		Board Meetings	Last AGM		Member	Chairman
Prahlada Ramarao ¹	Independent-NED	6	Yes	-	-	-
Salil Taneja ²	Promoter-NED	5	Yes	1	-	-
Muralidhar Chitteti Reddy ³	ED	6	Yes	-	-	-
Rahael Shobhana Joseph	Promoter-NED	4	No	1	2	-
Arvind Nanda ⁴	Independent-NED	3	Yes	1	2	-

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

1. Appointed as the Chairman of the Board with effect from 01.10.2018
2. Resigned as Whole Time Director with effect from 01.10.2018;
3. Appointed as Whole Time Director designated as Managing Director w.e.f 01.10.2018;
4. Appointed as director w.e.f 14.08.2018;

^ 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.

The names of the listed entities where the person is a director and the category of directorship is as under

Name of the Director	Name of the Listed entity	Category
Prahlada Ramarao	None	None
Salil Taneja	TAAL Enterprises Limited	Promoter-ED
Muralidhar Chitteti Reddy	None	None
Rahael Shobhana Joseph	TAAL Enterprises Limited	Promoter-NED
Arvind Nanda	TAAL Enterprises Limited	Independent-NED

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

Sr. No.	Date of Meeting
1.	April 16, 2018
2.	May 29, 2018
3.	August 14, 2018
4.	September 29, 2018
5.	November 14, 2018
6.	February 09, 2019

As on March 31, 2019, the composition of the Board was in conformity with Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 & the relevant provisions of the Companies Act, 2013 Mrs. Rahael Shobhana Joseph, Director of the Company retires by rotation at ensuing Annual General Meeting (AGM) and being eligible, offers herself for re-appointment.

Brief resume of Directors proposed to be appointed/ re-appointed is given in the Notice convening the AGM.

AUDIT COMMITTEE

Audit Committee of the Board of Directors of the Company is mainly entrusted with the responsibility to supervise the Company's financial reporting process. 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 the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Audit Committee, inter alia, performs the functions of reviewing annual/ quarterly financials, approval of related party transactions, recommending appointment of Auditors and their remuneration, Review of the Management Discussions & Analysis, Internal Audit Reports.

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

Name of Director	Chairman/ Member	No. of Meetings Attended
Muralidhar Chitteti Reddy ¹	Chairman	3
Prahlada Ramarao	Member	5
Rahael Shobhana Joseph	Member	4
Arvind Nanda ²	Chairman	2

1. Appointed as Whole Time Director designated as Managing Director and ceased to be Chairman and member of the Audit Committee w.e.f 01.10.2018;
2. Appointed as director w.e.f 14.08.2018 and Chairman of the Audit Committee w.e.f 01.10.2018

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

Sr. No.	Date of Meeting
1.	April 16, 2018
2.	May 29, 2018
3.	August 14, 2018
4.	November 14, 2018
5.	February 09, 2019

Mr. Arvind Nanda, Chairman of the Audit Committee was present at the last Annual General Meeting held on September 29, 2018

MANAGERIAL REMUNERATION

a) NOMINATION AND REMUNERATION COMMITTEE

The Company has a Nomination & Remuneration Committee (NRC).

The terms of reference of NRC are in conformity with the provisions of Section 178 of the Act and the stipulations of Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The NRC, inter alia, performs the functions of recommending to the Board appointment of directors and senior management, create evaluation framework for independent directors and the Board, recommend to the Board remuneration payable to directors and senior management.

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

Name of Director	Chairman/ Member	No. of Meeting attended
Prahlada Ramarao ¹	Chairman	1
Muralidhar Chitteti Reddy ²	Member	1
Rahael Shobhana Joseph	Member	1
Arvind Nanda ³	Chairman	-

1. Ceased to be the Chairman of the NRC w.e.f 01.10.2018;
2. Appointed as Whole Time Director designated as Managing Director and ceased to be a member of the NRC w.e.f 01.10.2018;
3. Appointed as director w.e.f 14.08.2018 and Chairman of the Audit Committee w.e.f 01.10.2018

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

Sr. No.	Date of Meeting
1.	August 14, 2018

The Company does not have any Employee Stock Option Scheme.

Taneja Aerospace and Aviation Limited

b) REMUNERATION POLICY:

Based on recommendations of Nomination & Remuneration Committee, the remuneration payable to Whole Time Director, Key Managerial Personnel and Senior Management is decided by the Board which inter-alia is based on the criteria such as industry benchmarks, financial 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 the performance evaluation criteria's as recommended by the Nomination and Remuneration Committee and approved 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 ¹	77,06,667	40,000
Muralidhar Chitteti Reddy ²	21,00,000	160,000
Prahlada Ramarao	-	240,000
Rahael Shobhana Joseph	-	180,000
Arvind Nanda ³	-	100,000
Total	98,06,667	720,000

1. Ceased to be the Whole Time Director w.e.f October 01, 2018 and salary and perquisites pertain to the period April 01, 2018 to September 30, 2018.
2. Appointed as Whole Time Director designated as Managing Director w.e.f October 01, 2018. The salary and perquisites pertain to the period October 01, 2018 to March 31, 2019.
3. Appointed as director w.e.f August 14, 2018

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, 2019 are given below:

Name of Director	Number of Equity Shares
Salil Taneja ¹	3,200
Muralidhar Chitteti Reddy ²	20,200*
Prahlada Ramarao	-
Rahael Shobhana Joseph	3200*
Arvind Nanda ³	25

1. Appointed as Non-Executive Director w.e.f 01.10.2018
2. Appointed as Whole-Time Director designated as Managing Director w.e.f 01.10.2018 ;
3. Appointed as director w.e.f 14.08.2018

* includes shares held in the name of the 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
Rahael Shobhana Joseph	Chairman	1
Muralidhar Chitteti Reddy ¹	Member	1
Prahlada Ramarao	Member	1
Arvind Nanda ²	Member	-

1. Appointed as Whole Time Director designated as Managing Director w.e.f 01.10.2018 and ceased member of Stakeholders Relationship Committee w.e.f 01.10.2018;
2. Appointed as director w.e.f 14.08.2018

During the year under review, one Committee Meetings was held as under:

Sr. No.	Date of Meeting
1.	August 14, 2018

INDEPENDENT DIRECTORS' MEETING

The Independent Directors met on February 09, 2019 in conformity with the stipulations in Regulation 25 of the SEBI