

***Taneja Aerospace and Aviation Limited*** 

**Annual Report 2010-11**

**BOARD OF DIRECTORS**

Salil Taneja	Chairman
C S Kameswaran	Managing Director
B R Taneja	Director
J P Sureka	Director
A K Jain	Director
R Surie	Director
S K Newlay	Director

**AUDITORS**

M/S HARESH UPENDRA & CO.  
Chartered Accountants

**BANKERS**

Bank of Baroda	Bank of India
Canara Bank	State Bank of India

**REGISTRAR & SHARE TRANSFER AGENT**

Sharepro Services (India) Pvt. Ltd.

**REGISTERED OFFICE & WORKS**

Bellagondapalli Village, Thally Road,  
Denakanikotta Taluk, Krishnagiri Dist.,  
PIN - 635114, Tamil Nadu

**CORPORATE OFFICE**

2nd Floor, Panchashila No 42, Dickenson Road  
Bangalore – 560 042.

Annual General Meeting at Bellagondapalli Village, Thally Road,  
Denakanikotta Taluk, Krishnagiri Dist., 635114,  
Tamil Nadu on Thursday, September 29, 2011 at 2.00 PM

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## DIRECTORS' REPORT

To the Members of Taneja Aerospace and Aviation Limited

Your Directors present herewith the Twenty-second Annual Report and the Audited Accounts for the year ended March 31, 2011.

### FINANCIAL HIGHLIGHTS

	(₹ in Lacs)	
	<b>2010-11 (12 Months)</b>	2009-10 (9 Months)
Gross Income	<b>4232.62</b>	2584.63
Expenditure	<b>3040.94</b>	2124.92
Finance Charges	<b>427.67</b>	245.26
Depreciation	<b>328.39</b>	222.64
Profit-(Loss) before Tax	<b>435.62</b>	(8.19)
Provision for Taxation (including Deferred Tax)	<b>1.25</b>	169.79
Prior Period Items	<b>7.94</b>	78.84
Profit/(Loss) after Tax and Prior Period Items	<b>426.43</b>	(256.82)

### DIVIDEND

In line with Company's earlier practice, internal generation have been ploughed back into the business to meet the growing needs of Aviation. Your Directors do not recommend a dividend for the year under review ended on March 31, 2011.

### OPERATIONS

The Company has registered a significant growth in revenue during the year. This was made possible by an improvement in business environment and consequential performance from all the business activities. The Company's manufacturing growth was steady as envisaged. Also, there was a significant improvement in Charter Operations and Design Engineering Services.

### DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr J P Sureka and Mr S K Newlay retire by rotation and being eligible, offer themselves, for re-appointment.

## AUDITORS

M/s. Haresh Upendra & Co., Chartered Accountants retire as Statutory Auditors of the Company at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

### SUBSIDIARY COMPANY

As on the date of this report, the Company has one subsidiary company i.e. First Airways Inc (USA). The Central Government has granted general exemption to the Companies from attaching the Annual Accounts of the subsidiary company. The Annual Accounts of the subsidiary company and other relevant information shall be made available for inspection at the Company's Registered Office.

In accordance with the Accounting Standard (AS 21), the audited consolidated financial statement of the Company forming part of this report is attached hereto.

### FIXED DEPOSITS

The Company has not accepted any deposits from the public during the year.

## CORPORATE GOVERNANCE REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, a separate Section on Corporate Governance and Management Discussion and Analysis together with a certificate from the Auditors of the Company on compliance, forming part of the Directors' Report is attached to this report.

### DISCLOSURE PARTICULARS

The Particulars in respect of Research and Development, Energy Conservation, Technology Absorption and Foreign Exchange Earning, Outgo etc. as required under Section 217 (1) (e) of the Companies Act, 1956 is given in Annexure I to this report.

### PARTICULARS OF EMPLOYEES

There is no employee whose particulars are required to be given under Section 217(2A) (a) of the Companies Act 1956 read with notification dated March 31, 2011 by Ministry of Corporate Affairs (MCA)

**DIRECTOR'S RESPONSIBILITY STATEMENT**

As required by Section 217 (2AA) of the Companies Act, 1956 the Directors' Responsibility Statement is given hereunder:

- i. That in the preparation of the annual accounts, the applicable accounting standards have been followed.
- ii. That the Directors have selected accounting policies and applied them consistently and made judgments and estimates, that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year, and 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, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

- iv. That the Directors have prepared the Annual Accounts on a going concern basis

**ACKNOWLEDGMENT**

The Directors express their appreciation for the continued support and encouragement received from our Customers, Bankers, Shareholders, Suppliers, Business Partners, Defense Research and Developmental Organizations, Aviation Authorities, Indian Services and Central and State Governments. The Directors 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

Pune, June 29, 2011

Salil Taneja  
Chairman

## MANAGEMENT DISCUSSION AND ANALYSIS

### Industry Structure and Development

Taneja Aerospace and Aviation Ltd. (TAAL) has four distinct businesses with the aviation space, namely, manufacturing of aerostructures, aircraft modifications and upgrades; General Aviation aircraft sales and service; airfield development; and design engineering.

The manufacturing and modification arm of the business caters to the aerospace community in the country including organizations such as ISRO, Hindustan Aeronautics Ltd. (HAL), Aeronautical Defence Establishment (ADE), National Aerospace Laboratory (NAL), the Indian Navy, and the Indian Air Force. We design, and manufacture components for these organizations and also participate in aircraft modification programs for the defence forces.

The General Aviation aircraft sales and service division represents the Cessna Aircraft Company of the USA for the sales and service of their Citation range of Business Jets, and the 14 seat, Cessna Caravan utility aircraft in India. This is an agency type of business where your company receives a commission for the sale of aircraft to a customer in India. This division also provides maintenance support to Cessna aircraft for which it is separately compensated. In this business we compete with companies such as Hawker, Bombardier, and Embraer that also sell their Business Jets in India. Cessna has an extremely strong global position in the light and mid-sized Business Jet segment. The Caravan is similarly a near monopoly product in its class. These factors stand us in good stead while selling aircraft in India.

The airfield business refers to income generated from the 235 acre airfield that TAAL owns at Hosur in Tamil Nadu. We have currently leased a large hangar (that can accommodate a 737 or A320 type of aircraft) to Airworks and we earn a rental income from this hangar. In addition, we also earn landing fees from customers who use our airfield to access the local area.

TAAL Technologies is the design engineering wing of TAAL. This division provides off-shore and on-shore design support to companies outside India. In this segment we compete with the likes of TCS, Mahindra Satyam, CADES, and Quest.

### Opportunities and Threats

Each area of our business faces a different set of opportunities and threats.

The manufacturing side of the business is seeing a large opportunity as a result of the "Offset Policy" introduced by the government of India whereby any foreign manufacturer of aviation hardware that sells to the government owned Indian aviation industry is required to source upto 30% of the sales value from India. As a result of this clause, many foreign manufacturers are looking to source components and services from India. We have signed a number of MoUs and Agreements with such companies and we expect this opportunity to start translating into real business over the next two to three years. The other large opportunity relates to the upgrade of Indian military aviation hardware. TAAL has unique capabilities and infrastructure to offer for such work. We have already started participating in these programs and are also party to many tenders that have yet to open. In addition to this there is a general increase in sourcing from our existing client base, that is, HAL, ISRO, ADE etc., and we expect the business from these organizations to grow steadily. Currently, we are one of the only private players in these businesses in India. However, a number of new entrants such as Tatas, Mahindras, and L&T have entered the business. Our view is that there is ample opportunity for all players at this time and that in the long run the entry of new players will actually grow the size of the market.

The fortunes of the aircraft sales and service business are tied to the general condition of the economy with aircraft sales rising when there is a general sense of optimism within the country. Over the last three years business jet sales have risen significantly. In addition, we are now beginning to see an increase in the sales of Cessna Caravan aircraft, a turbo-prop utility aircraft that is particularly well suited to the regional air-taxi market. A number of new regional air-taxis have are set to launch in the country over the coming year. Some of these companies have already ordered Cessna Caravans and others are in the process of doing so. The biggest potential threat in this business is an economic down-cycle. However, given the growth in Indian aviation we believe that the chances of a drastic downturn in this business segment are limited.

On the Airfield side we currently earn income from one hangar that we have leased to Airworks Ltd. We also earn landing fees from companies that use our airfield. We are currently looking to develop the airfield into an Aviation Park and encourage other companies with complementary activities to set up their facilities within our airfield. We are currently negotiating with a few parties in this regard.

As previously mentioned, TAAL Technologies is the design engineering wing of TAAL. This division provides off-shore and on-shore design support to companies outside India. In this segment we compete with the likes of TCS, Mahindra Satyam, CADES, and Quest. The Offset opportunity discussed earlier on is also an impetus for growth in this sector. We are currently seeing a very significant increase in demand for our services in this sector and are gearing ourselves for fast growth. We have an advantage over many of our competitors in that we can provide design as well as manufacturing support. The real challenge in this sector is the availability of high quality trained manpower. We are therefore focusing on various strategies to mitigate this challenge and seize the growth opportunity.

### Activity wise Performance

	(₹ in Lacs)	
	<b>2010-11 (12 Months)</b>	2009-10 (9 Months)
Manufacturing	<b>2449.06</b>	1575.14
General Aviation & Air Management	<b>885.73</b>	495.84
Airport Infrastructure	<b>476.52</b>	322.61
Design Engineering	<b>309.48</b>	65.92
<b>Total</b>	<b>4120.79</b>	2459.51

### Outlook

As discussed above, with the combination of an increase in Defence spending, the introduction of an "Offset Policy", the general growth in Civil Aviation in India, and the growth in demand for Design services, we foresee a consistent growth in our business over the coming years.

### Risks and Concerns

Any slowdown in the implementation of Government projects, shortfalls in defence expenditure, impediments in outsourcing policies, and general delays in decision making could have a direct impact on the activities of the Company and consequently on its revenues. Similarly, any slowdown in the nation's industrial and economic growth could have an adverse impact on the aircraft sales businesses. In addition to the above direct business risks, factors such as natural disasters, economic/geopolitical problems, could impact some of the Company's business activities.

### Internal Control Systems and Adequacy

We believe that TAAL has adequate internal control systems in place. An Internal Audit system is in place to conduct a regular check and review accounting methodologies with a view to improving the control systems.

### Financial Performance

The Financial performance for the year ended on March 31, 2011 as compared to the previous period is given below:

	(₹ in lacs)	
	<b>2010-11 (12 months)</b>	2009-10 (9 months)
Gross Income	<b>4232.62</b>	2584.63
Profit after Interest but before Depreciation	<b>764.01</b>	214.46
Less:- Depreciation	<b>328.39</b>	222.64
Profit(Loss) before Tax	<b>435.62</b>	(8.19)
Provision for Taxation (including Deferred and Fringe Benefit Tax)	<b>1.25</b>	169.79
Less:- Prior Period Items	<b>7.94</b>	78.84
Profit/(Loss) after Tax and Prior Period Items	<b>426.43</b>	(256.82)

### 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.

### 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.

## 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 our 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 names and categories composition of the Board of Directors, their attendance at Board Meetings held during the period and at the last Annual General Meeting and the number of directorships in other public companies and memberships in various committees across all Public companies as on March 31, 2011 are as follows:

Name of the Director	Category	Attendance at		As on Date		
		Board Meetings	Last AGM	No. of Directorships in other public companies*	Committee positions in other public companies	
					Member	Chairman
Mr. Salil Taneja	NED	5	No	2	-	-
Mr. A K Jain	Independent-NED	5	Yes	1	-	1
Mr. S K Newlay	Independent-NED	6	Yes	1	-	-
Mr. J P Sureka	Independent-NED	6	Yes	3	1	-
Mr. R Surie	Independent-NED	4	Yes	-	-	-
Mr. B R Taneja	NED	4	No	1	-	-
Mr. C S Kameswaran	MD	6	Yes	-	-	-

NED – Non Executive Director

MD – Managing Director

\* This does not include Directorships in Private Limited Companies, Foreign Companies and Companies under Section 25 of the Companies Act, 1956.

## Taneja Aerospace and Aviation Limited

During the period under review six Board Meetings were held on:

Sr. No.	Date of Meeting
1	May 15, 2010
2	August 30, 2010
3	September 29, 2010
4	October 22, 2010
5	November 15, 2010
6	February 11, 2011

The composition of the Board is in conformity with the stipulations in Clause 49 of the Listing Agreement.

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

### APPOINTMENT/RE-APPOINTMENT OF DIRECTORS

In terms of the Articles of Association of the Company and the relevant provisions of the Companies Act, 1956, Mr J P Sureka and Mr S K Newlay will retire by rotation and being eligible, offer themselves for re-appointment in the ensuing Annual General Meeting.

Brief resume of the Directors proposed to be appointed/ re-appointed is given in the notice of convening the Annual General Meeting.

### AUDIT COMMITTEE

The composition of Audit Committee and the details of meetings attended by its members are given below :-

Name of Director	Chairman / Member	No. of Meetings Attended
Mr. S.K. Newlay	Chairman	5
Mr. J.P. Sureka	Member	5
Mr. A.K. Jain	Member	4

All members of the Committee are Independent Directors. Mr S K Newlay is the Chairman of the Committee.

During the year under review Five Audit Committee Meetings were held as detailed below under:

Sr. No.	Date of Meeting
1	May 15, 2010
2	August 30, 2010
3	October 22, 2010
4	November 15, 2010
5	February 11, 2011

Mr. S K Newlay, the Chairman of the Audit Committee was present at the last Annual General Meeting.

The Audit Committee invites Managing Director and such of the Executives, as it considers appropriate to be present at its meetings.

The terms of reference of the Audit Committee are in conformity with the provisions of Section 292A of the Companies Act, 1956 and the stipulations of Clause 49 of the Listing Agreement with the Stock Exchanges.

### REMUNERATION COMMITTEE

#### a) Remuneration Committee:

The composition of Remuneration Committee, details of meeting attended by its members are given below:

Name of Director	Chairman / Member	No. of Meetings Attended
Mr. J.P. Sureka	Chairman	1
Mr. S.K. Newlay	Member	1
Mr. A.K. Jain	Member	1

#### b) Remuneration Policy:

Based on the recommendations of the Remuneration Committee, the remuneration payable to the Whole Time Director is decided by the Board of Directors which inter-alia is based on the criteria such as industry bench-marks, 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 is paid by way of commission to any Non- Executive Director.

No remuneration is paid to any Non-Executive Director other than sitting fee of Rs. 10,000/- each for attending Board and Committee Meetings by Non-Executive Directors.

There has been no change in the Remuneration Policy of the Company

#### c) Remuneration to Directors:

A statement on the remuneration paid to the Whole Time Director and sitting fees paid to Non Executive Directors and shareholding of Directors during the year under review are given

Name of Director	Salary & Perquisites p.a (Rs)	Sitting fees (Rs)	Shareholding of Director
Salil Taneja	-	50000	3200
AK Jain	-	130000	192100
S K Newlay	-	160000	-
J P Sureka	-	160000	250
B R Taneja	-	40000	300
R Surie -	-	40000	22800
C S Kameswaran	2564000	-	-
<b>Total</b>	<b>2564000</b>	<b>580000</b>	<b>-</b>



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

### SHAREHOLDERS'/ INVESTORS' GRIEVANCE COMMITTEE

This composition of Shareholders Grievance Committee and attendance of each member is indicated alongside their names:-

Name Of Director	Chairman / Member	No. of Meetings Attended
Mr. AK Jain	Chairman	3
Mr. J P Sureka	Member	4
Mr. S K Newlay	Member	4

During the year under review Four Shareholders Grievance Committee Meetings were held as detailed below:

Sr. No.	Date of Meeting
1	May 15, 2010
2	October 22, 2010
3	November 15, 2010
4	February 11, 2011

During the period under review all the complaints/ grievances that were received from the shareholders/ investors, were attended to and satisfactorily resolved. No valid transfer/ transmission of shares were pending as on March 31, 2011.

Details of Investor complaints received and redressed are as follows :

Nature of Complaints	No. of Complaints received during the period under review	No. of Complaints redressed during the period under review
Non receipt of shares after transfer	Nil	Nil
Non receipt of demat credit	Nil	Nil

The Company has paid Listing Fees for the financial year 2011-12 to the Bombay Stock Exchange Limited where the Equity Shares of the Company are Listed.

### COMPLIANCE OFFICER:

Mr C S Kameswaran, Managing Director of the Company is the Compliance Officer of the Company to ensure compliance requirements of Listing Agreement with the Stock Exchange and under SEBI (Prohibition of Insider Trading), Regulations 1992 as amended from time to time.

### CODE OF CONDUCT

The Board has laid down a code of conduct to all Board Members and Senior Management Personnel of the

Company. The code of conduct is posted on the website of the Company. ([www.taal.co.in](http://www.taal.co.in))

### CORPORATE SOCIAL RESPONSIBILITY

As part of Corporate Social Welfare, in a modest way, the company has taken up the responsibility of providing regular Health check ups; and Conducive Education Environment Distribution of Uniforms and other study materials, to the Government School Children at Belagondapalli Village. Your Company also participates in Village Developmental Programs in association with Government of Tamilnadu. Number of Education and Training programs have been designed and implemented mainly for Aeronautical Engineering stream in conjunction with academic studies. As part of Socio Economic Fabric, Villages are encouraged in both employment and self employment programs.

### OTHER DISCLOSURES

- Details of related party transaction are furnished in Note No.10 of Schedule 15 under Notes on Accounts.
- There were no instances of material non-compliances and no strictures or penalties imposed on the Company either by SEBI, Stock Exchanges or any other statutory authorities on any matter related to capital markets during the last three years.

### CEO/CFO CERTIFICATION:

In accordance with Clause 49(V) of the Listing Agreements, the Chairman and MD have given their certificate to the Board and forms part of this Report.

### MEANS OF COMMUNICATION

The Quarterly results are published in one English Daily News Paper and one Vernacular (Tamil) Daily News Paper. The Quarterly Results are also displayed on the website of the Company ([www.taal.co.in](http://www.taal.co.in)) and on BSE website ([bseindia.com](http://bseindia.com) – Scrip code 522229).

No presentations were made to Institutional Investors or to the Analysts during the year under review.

### DESIGNATED EXCLUSIVE EMAIL ID OF THE COMPANY

The Company has designated the following E-mail ID exclusively for investor servicing:  
"secretarial@taal.co.in"

## GENERAL BODY MEETINGS

Location and time of General Meetings held in last 3 years:

Year	Type	Date	Venue	Time	No. of Special Resolutions passed
2009-10	AGM	29/09/10	Regs. Off.- Belagondapalli Village, Thally Road, Denakanikotta Taluk, Krishnagiri District, Belagondapalli- 635114 Tamil Nadu	11:00AM	1
2008-09	AGM	31/12/09	Regs. Off.- Belagondapalli Village, Thally Road, Denakanikotta Taluk, Krishnagiri District, Belagondapalli- 635114 Tamil Nadu	11:00AM	-
2007-08	AGM	30/9/08	Regs. Off.- Belagondapalli Village, Thally Road, Denakanikotta Taluk, Krishnagiri District, Belagondapalli- 635114 Tamil Nadu	11:00AM	1

All Special Resolutions moved at the Annual General Meeting (AGM) were passed unanimously by show of hands.

Pursuant to the provisions of Section 192A of the Companies Act, 1956, No Postal Ballot was conducted during the year under review.

## GENERAL SHAREHOLDERS INFORMATION

<b>AGM Date and Time</b>	<b>September 29, 2011 - 02-00 PM</b>
<b>Venue</b>	Belagondapalli Village, Thally Road, Denkanikotta Taluk, Krishnagiri District, Belagondapalli- 635114 Tamil Nadu
<b>Financial Period</b>	April 01, 2010 to March 31, 2011
<b>Date of Book Closure</b>	September 26, 2011 to September 29, 2011 (both days inclusive)
<b>Equity Share Listed on</b>	Bombay Stock Exchange Limited
<b>GDR Listed on</b>	Luxembourg Stock Exchange
<b>Security Code (BSE)</b>	522229
<b>ISIN No Allotted to Equity Shares</b>	INE 692C01020
<b>Luxembourg Stock Exchange Security Code</b>	US 8753891089
<b>Registered Office &amp; Plant Location</b>	Belagondapalli Village, Thally Road, Denkanikotta Taluk, Krishnagiri District, Belagondapalli- 635114, Tamil Nadu
<b>Address for Correspondence</b>	2nd Floor, Panchashila No. 42, Dickenson Road, Bangalore - 560 042

## STOCK MARKET DATA AND SHARE PRICE PERFORMANCE AT BOMBAY STOCK EXCHANGE LIMITED

The performance of the Company's scrip on the BSE as compared to the BSE 500 Index is as under:

Month	Share Price		BSE 500 Index	
	High Rs.	Low Rs.	High	Low
April 2010	47.30	39.00	7,140.21	6,863.81
May 2010	41.70	34.70	7,028.13	6,396.74
June 2010	42.65	29.85	7,119.58	6,634.30
July 2010	44.25	37.25	7,321.41	7,009.83
August 2010	46.80	38.15	7,514.63	7,227.39
September 2010	49.65	39.60	8,064.87	7,322.52
October 2010	53.25	43.00	8,344.12	7,950.12
November 2010	56.70	38.50	8,434.05	7,411.68
December 2010	47.95	40.40	7,975.22	7,421.12
January 2011	49.90	40.05	8,038.74	6,999.44
February 2011	43.90	35.15	7,222.02	6,647.92
March 2011	40.50	31.50	7,471.35	6,888.55

Source: BSE Website

## Dematerialization of Shares

Nearly 94.70 % of Equity Shares are held in demat form with NSDL and CDSL as on March 31, 2011.

## Share Transfer System

The Equity Shares of the Company are traded compulsorily in Demat segment on the Stock Exchange. Shares received for transfer in physical mode are processed and valid transfers are approved within prescribed time limit. Duly transferred share certificates are generally dispatched within 30 days from the date of receipt.

Pursuant to Clause 47 (c) of the Listing Agreement with the Stock Exchange, certificate on half yearly basis were filed with the Stock Exchanges for due compliance of share transfer formalities by the Company. In terms of guidelines issued by SEBI, the Secretarial Audit Report for all the quarters were filed with the Stock Exchanges, which inter-alia gives details about the reconciliation of Share Capital (both physical and demat).

## Distribution of Shareholding of the Company as on March 31, 2011:

Share holding of nominal value of Rs.	No. of Share Holder(s)	% to Total	No. of Shares	% to Total
Up to 5,000	16549	94.023	2926651	11.739
5,001 10,000	438	2.489	687524	2.758
10,001 20,000	275	1.562	782753	3.140
20,001 30,000	124	0.705	615283	2.468
30,001 40,000	43	0.244	303327	1.217
40,001 50,000	38	0.216	361300	1.449
50,001 1,00,000	66	0.375	958375	3.844
1,00,001 and above	68	0.386	18295523	73.385
<b>Total</b>	<b>17601</b>	<b>100.00</b>	<b>24930736</b>	<b>100.00</b>

**REGISTRAR AND SHARETRANSFER AGENT**

Shareholders may contact Share Transfer Agent, on the following address:

**Sharepro Services (India) Pvt Ltd**

13, AB Samhita Wear Housing Complex  
2nd Floor, Saki Naka Telephone Exchange Lane,  
Off. Andheri Kurla Road, Saki Naka, Andheri East,  
Mumbai - 400 072  
Tel.: - 91 - 022 - 67720300 / 400  
Fax. - 022 - 28591568  
e-mail: sharepro@shareproservices.com

**Sharepro Services (India) Pvt Ltd**

3, Chintamani Apartments,  
Lane No 13, Off V G Kale Path  
824/D, Bhandarkar Road  
Pune - 411 004  
Tel. +91-20-25662855  
e-mail: sharepropune@vsnl.net

As regards shareholding in electronic form, shareholders are requested to write to their respective Depository Participant and provide Bank Mandate details, ECS particulars, email ID etc so as to facilitate expeditious payment of Corporate Action, if any.

**CORPORATE FILING AND DISSEMINATION SYSTEM:**

The CDFS portal owned, managed and maintained by BSE is a single source to view information filed by listed companies. All the disclosures and communications to BSE are filed electronically through the CDFS portal. Hard copies of the said disclosures and correspondence are also filed with the Exchanges.

**Outstanding GDRs/ ADRs / Warrants or any convertible instruments, conversion date and likely impact on equity:**

The Company has no outstanding GDRs and nor the

Company has issued any ADRs / Warrants or any Convertible instruments during the year under review.

For and on behalf of the Board of Directors

Pune, June 29, 2011

Salil Taneja  
Chairman

**DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT, PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT**

As required by Clause 49 (D) (ii) of the Listing Agreement, this is to confirm that the Company has adopted a Code of Conduct for all Board Members and Senior Management of the Company. The Code of conduct is available on the Company's web site.

I confirm that the Company has in respect of financial year ended on March 31, 2011, received from the senior management team of the Company and the Members of the Board, a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Team comprises of employees in the Vice President and above Cadre as on March 31, 2011.

For and on behalf of the Board of Directors

Pune, June 29, 2011

Salil Taneja  
Chairman

## **Taneja Aerospace and Aviation Limited**

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### **CEO/CFO CERTIFICATION TO THE BOARD**

(Under Clause 49 (V) of Listing Agreement)

To  
The Board of Directors  
Taneja Aerospace and Aviation Limited

We, Salil Taneja, Chairman and C S Kameswaran, Managing Director of Taneja Aerospace and Aviation Limited, to the best of our knowledge and belief, certify that:

- (1) We have reviewed the financial statements and the cash flow statement for the year ended March 31, 2011 and that to the best of our knowledge and belief:
  - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (2) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (3) We accept the responsibility for establishing and maintaining internal controls for financial reporting and

that we have evaluated the effectiveness of the internal control systems of the Company pertaining to the financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

- (4) We have indicated to the auditors and the Audit Committee:
  - (i) There are no significant changes in internal control over financial reporting during the financial year ended March 31, 2011;
  - (ii) All significant changes in accounting policies during the financial year ended March 31, 2011 and that the same have been disclosed in the notes to the financial statements; and
  - (iii) There are no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Salil Taneja  
Chairman

C S Kameswaran  
Managing Director

Pune, June 29, 2011

### **CERTIFICATE FROM AUDITORS REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE**

To  
The Shareholders of  
Taneja Aerospace and Aviation Limited

1. We have examined the compliance of conditions of Corporate Governance by Taneja Aerospace and Aviation Limited for the year ended on March 31, 2011, as stipulated in Clause 49 of the Listing Agreement of the said company with the Stock Exchange.
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. The objective of our examination is to give our opinion on whether the Company has complied with the conditions of Corporate Governance as stipulated in the provisions of Clause 49 of the Listing Agreement

entered into by the company with the Stock Exchange.

4. We have conducted our examination on the basis of the relevant records and documents maintained by the company and furnished to us for examination and the information and explanations given to us by the Company and based on that we report that the Company has complied with most of the important conditions of the Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.
5. We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the Management has conducted the affairs of the company.

For **Haresh Upendra & Co,**  
Chartered Accountants,  
Firm Reg. No.: 103513W

**Haresh B. Shah**  
Partner  
Pune: June 29, 2011

**Haresh B. Shah**  
Partner  
Membership No. : 32208

## AUDITORS' REPORT

To,

The Members of Taneja Aerospace and Aviation Limited

1. We have audited the attached Balance Sheet of TANEJA AEROSPACE AND AVIATION LIMITED ("the Company") as at 31<sup>st</sup> March 2011, and the related Profit and Loss Account and Cash Flow Statement of the Company for the financial year ended as on that date, annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable.

4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:

a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

e) On the basis of written representations received from the Directors, as on 31<sup>st</sup> March 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the schedules thereto and the notes thereon, give the information required by the Companies Act, 1956, in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India:

i. In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2011;

ii. In the case of Profit and Loss Account, of the Profit for the year ended as on that date; and

iii. In the case of Cash Flow Statement, of the cash flows for the year ended as on that date.

For **Haresh Upendra & Co,**  
Chartered Accountants,  
Firm Reg. No.: 103513W

**Haresh B. Shah**  
Partner

Pune June 29,2011

Membership No. : 32208

**ANNEXURE TO THE AUDITORS' REPORT**

(Referred to in paragraph 3 of our report of even date)

- (i) a. The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. According to the information and explanations given to us, the physical verification of the fixed assets was undertaken by the management and the discrepancies noticed, as informed to us were dealt with in the accounts by making additional provision for impairment out of the Reserve for Business Restructuring and this is sufficient to cover such discrepancies.
- c. According to the information and explanations given to us, the company has not disposed off substantial part of fixed assets during the period under audit, which would affect the going concern of the company.
- (ii) a. The Company has arrived at closing stock based on physical verification undertaken by the management under supervision of an independent Chartered Accountants firm.
- b. The procedures of physical verification of inventories followed by the management are generally reasonable and adequate in relation to the size of the Company and nature of its business.
- c. The Company is maintaining records of inventory by way of manual bin cards which needs to be integrated with financial accounts. No material discrepancies were noticed on physical verification as compared to quantity in such bin cards.
- (iii) a. During the year under audit, the Company has not granted any fresh loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Out of advances granted in earlier years by way of Inter Corporate Deposit, the maximum amount outstanding during the year was Rs. 494 lakhs and the balance of such loan as at 31<sup>st</sup> March, 2011 is ₹ 494 lacs (Previous Year ₹ 449 lacs).
- b. In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions on which the Inter Corporate Deposit indicated in paragraph (iii) (a) above was granted is not, prima facie, prejudicial to the interest of the company.
- c. There are no stipulations for the repayment of principal and the interest thereon. Upto 31<sup>st</sup> March, 2011, neither the original principal amount nor the accumulated interest thereon has been received.
- d. No loan or interest can be termed as overdue in the absence of time of repayment and thus the question of taking reasonable steps for recovery of principal amount and interest there on does not arise.
- e. During the year, the Company has taken unsecured loans aggregating to ₹ 1344 lacs from one of the companies covered in the register maintained under section 301 of the Companies Act, 1956 (Previous year ₹ 1149 lakhs). At the year end, the aggregate amount outstanding was ₹ 1125 lakhs (Previous year ₹ 705 lakhs). The maximum balance outstanding during the year was ₹ 1692 lakhs (Previous year ₹ 1490 lakhs).
- f. As explained to us, the loan (indicated in paragraph (iii) (e) above) is repayable on demand. In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of advance taken by the company, are prima facie, not prejudicial to the interest of the company.
- g. As the advance is repayable on demand, we are unable to comment on the regularity of repayment of principal amount and the interest thereon.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business, for purchase of fixed assets and for the sale of goods and services. However, the internal control procedure with regard to (a) review and reconciliation of book balances of customers / vendors, and (b) procedure for purchase of raw material, stores & components and consumables, needs to be strengthened considering the increasing volume of business and transactions.
- (v) a) According to the information and explanations given to us and to the best of our knowledge and belief, we are of the opinion that, the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- b) In our opinion and according to explanations given to us, transactions (other than secured/unsecured loans given/taken dealt with in paragraph (iii) above) made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rupees Five Lakhs have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) As per explanations given to us, the Company has not accepted any deposits from public to which the provisions of section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 would apply. Therefore, the provisions of clause 4 (vi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (vii) The company has appointed firms of Chartered Accountants as their internal auditors. In our opinion, the extent and areas of internal audit needs to be further strengthened to bring it in line with the size and structure of the organization and complexities of its operations.
- (viii) The Central Government has not prescribed the maintenance of cost records u/s 209(1) (d) of the Companies Act, 1956 and hence the provisions of clause 4 (viii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

- (ix) a) According to the information and explanations given to us, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income-Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess and any other material statutory dues with the appropriate authorities during the year.
- b) According to the information and explanations given to us, no disputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Custom Duty, Excise Duty, cess and other material statutory dues, were in arrears, as at 31 March 2011, for a period of more than six months from the date they became payable, except:

Name of Statute	Nature of Dues	Amount (₹ In lacs)	Period to which it relates	Forum where the dispute is pending
Central Excise Laws	Excise Duty	4.95	F.Y. 2010-11	Office of Superintendent of Central Excise, Hosur Division
Customs Act, 1962	Custom Duty	622.67	F.Y. 2007-08	CESTAT

- (x) The Company does not have any accumulated losses. The company has not incurred any cash losses during the period covered by our audit and in the immediately preceding financial year.
- (xi) According to the records of the company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank.
- (xii) According to the explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/ mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) In our opinion and according to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not given

any guarantee for loans taken by others from bank or financial institutions. Hence, the provisions of clause 4 (xv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

- (xvi) As per the information and explanations given to us, the Company has not taken any Term Loan during the period under audit. Also, Term Loan taken during earlier years have been, on an overall basis, applied for the purpose for which the said loans were obtained.
- (xvii) According to information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that no funds (except inter corporate deposit from an associate company) raised on short-term basis has been used for long-term investment.
- (xviii) According to information and explanations given to us, during the period covered by our audit report, the company has not made preferential allotment of equity shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
- (xix) In our opinion and according to the information and explanations given to us, the Company has not issued any secured debentures during the period of our audit. Therefore, clause 4 (xix) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.
- (xx) The company has not raised any funds by way of preferential/ public issue during the year.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **Haresh Upendra & Co,**  
Chartered Accountants,  
Firm Reg.No.: 103513W

**Haresh B. Shah**  
Partner

Pune, June 29, 2011

Membership No. : 32208

**Taneja Aerospace and Aviation Limited**

**BALANCE SHEET AS AT MARCH 31, 2011**

	Schedule	As at March 31, 2011 (12 Months) ₹	As at March 31, 2010 (9 Months) ₹
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	1	124,653,680	124,653,680
Reserves & Surplus	2	930,400,984	907,538,501
<b>LOAN FUNDS</b>			
a) Secured Loans	3	175,640,817	209,119,516
b) Unsecured Loans	4	172,818,334	76,649,112
<b>Deferred Tax Liability ( Refer Note No.4)</b>		<b>56,437,979</b>	<b>56,437,979</b>
	<b>Total</b>	<b>1,459,951,794</b>	<b>1,374,398,788</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	5	1,341,852,583	1,150,954,936
Less : Depreciation & Impairment		244,153,473	193,707,161
Net Block		1,097,699,110	957,247,775
<b>CAPITAL WORK IN PROGRESS</b>		<b>99,216,845</b>	<b>233,732,227</b>
<b>INVESTMENTS</b>	6	<b>47,770,595</b>	<b>47,770,595</b>
<b>CURRENT ASSETS , LOANS &amp; ADVANCES</b>			
a) Inventory	7	54,147,827	56,440,398
b) Sundry Debtors	8	74,775,430	14,850,999
c) Cash & Bank Balances	9	78,011,742	63,476,493
d) Loans & Advances	10	158,742,760	145,866,900
		365,677,759	280,634,790
<b>Less : CURRENT LIABILITIES &amp; PROVISIONS</b>	11	<b>150,412,515</b>	<b>144,986,599</b>
<b>NET CURRENT ASSETS</b>		<b>215,265,244</b>	<b>135,648,191</b>
	<b>Total</b>	<b>1,459,951,794</b>	<b>1,374,398,788</b>
<b>ACCOUNTING POLICIES &amp; NOTES ON ACCOUNTS</b>	15		

The Schedules referred to herein form an integral part of the accounts.

As per our report of even date

For and on behalf of the Board of Directors

For **Haresh Upendra & Co**  
Chartered Accountants  
Firm Reg. No.: 103513W

**Haresh B. Shah**  
Partner  
Membership No.: 32208

**Salil Taneja**  
Chairman

**C S Kameswaran**  
Managing Director

Pune, June 29, 2011

Pune, June 29, 2011



**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011**

	Schedule	March 31, 2011 (12 Months) ₹	March 31, 2010 (9 Months) ₹
<b>INCOME</b>			
Sales and Other Income	12	423,261,808	258,463,068
<b>EXPENDITURE</b>			
Manufacturing and Other Expenses	13	304,093,740	212,492,019
<b>Operating Profit before Interest and Depreciation</b>		<b>119,168,068</b>	45,971,049
Finance Cost	14	42,766,778	24,525,535
Depreciation	5	32,839,372	22,264,210
<b>Profit/ ( Loss) before Tax and Prior Period Items</b>		<b>43,561,918</b>	(818,696)
Provision for Taxation			
Current Tax - Minimum Alternate Tax		4,655,225	-
MAT Credit Entitlement		(4,655,225)	-
Deferred Tax Liability		-	16,979,134
Short Provision for I.T. AY 2007-08		125,671	-
<b>Profit/ (Loss) after Tax but before Prior Period Items</b>		<b>43,436,247</b>	(17,797,830)
Less : Prior Period Items ( Refer Note No. 8 [vi] )		793,645	7,883,876
<b>Profit/ (Loss) after Tax and Prior Period Items</b>		<b>42,642,602</b>	(25,681,706)
Less : Write Offs ( Refer Note No.16)		19,780,120	129,708,425
Add : Transfer from Reserve for Business Restructuring ( Refer Note No.16)		19,780,120	129,708,425
<b>Profit / (Loss)</b>		<b>42,642,602</b>	(25,681,706)
Balance brought forward		102,699,916	128,381,621
Balance carried to Balance Sheet		<b>145,342,518</b>	102,699,916
Earning Per Share ( Refer Note No.5 )		1.71	(1.03)
Accounting Policies and Notes on Accounts	15		

The Schedules referred to herein form an integral part of the accounts.

As per our report of even date

For and on behalf of the Board of Directors

For **Haresh Upendra & Co**  
Chartered Accountants  
Firm Reg. No.: 103513W

**Haresh B. Shah**  
Partner  
Membership No.: 32208

**Salil Taneja**  
Chairman

**C S Kameswaran**  
Managing Director

Pune, June 29, 2011

Pune, June 29, 2011

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011**

	March 31, 2011 (12 months) ₹	March 31, 2010 (9 months) ₹
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/(Loss)before tax & Prior Period Items	43,561,918	(818,696)
Adjustment for :		
i) Depreciation	32,839,372	22,264,210
ii) Prior Period Items	(793,645)	(7,883,876)
iii) Rates & Taxes	-	(16,456,711)
iv) Profit on Sale of Investments	-	(120,000)
v) Interest Paid	42,766,778	24,525,535
vi) Interest Received	(9,222,136)	(7,791,335)
<b>Operating Profit before Working Capital Changes</b>	<b>109,152,287</b>	<b>13,719,127</b>
Adjustments for :		
i) Trade and Other Receivables	(72,925,962)	3,055,986
ii) Inventories	171,213	10,062,516
iii) Trade and Other Payables	5,374,095	(22,407,850)
iv) Decrease(Increase) in Deferred Revenue	-	778,789
Expenditure	-	778,789
<b>Cash Generated from Operations</b>	<b>41,771,633</b>	<b>5,208,568</b>
Direct Taxes Paid	-	-
<b>Net Cash Flow from Operating Activities</b>	<b>41,771,633</b>	<b>5,208,568</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
i)Purchase of Fixed Assets/ Capital WIP	(56,382,265)	(39,780,661)
ii)Investment in Equity (Net)	-	200,000
<b>Net Cash used in Investing Activities</b>	<b>(56,382,265)</b>	<b>(39,580,661)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
i) Interest Received	9,222,136	7,791,335
ii) Additions/ (Repayment of Loans)	62,690,523	26,211,744
iii)Payment of Interest	(42,766,778)	(24,525,535)
<b>Net Cash flow from Financing Activities</b>	<b>29,145,881</b>	<b>9,477,544</b>
Net increase /( decrease) in Cash and Cash Equivalents	<b>14,535,249</b>	<b>(24,894,549)</b>
Cash and Cash Equivalents as at 31-03-2010 ( 30-06-2009)	<b>63,476,493</b>	<b>88,296,692</b>
Cash and Cash Equivalents on Merger	-	74,349
	<b>63,476,493</b>	<b>88,371,041</b>
Cash and Cash Equivalents as at 31-03-2011 ( 31-03-2010)	<b>78,011,742</b>	<b>63,476,493</b>
Net Increase /( Decrease) in Cash and Cash Equivalents)	<b>14,535,249</b>	<b>(24,894,548)</b>

As per our report of even date

For and on behalf of the Board of Directors

For **Haresh Upendra & Co**  
Chartered Accountants  
Firm Reg. No.: 103513W

**Haresh B. Shah**  
Partner  
Membership No.: 32208

**Salil Taneja**                      **C S Kameswaran**  
Chairman                              Managing Director

Pune, June 29, 2011

Pune, June 29, 2011

## SCHEDULES TO THE BALANCE SHEET

	As at March 31, 2011 ₹	As at March 31, 2010 ₹
<b>SCHEDULE - 1 : SHARE CAPITAL</b>		
Authorised Capital		
4,00,00,000 ( Previous Period 4,00,00,000)		
Equity Shares of Rs.5/- each	200,000,000	200,000,000
10,00,000( Previous Period 10,00,000) - 15% Redeemable Cumulative Preference Shares of Rs.50 each	<u>50,000,000</u>	<u>50,000,000</u>
	<u>250,000,000</u>	<u>250,000,000</u>
Issued, Subscribed and Paid up Capital		
2,49,30,736 ( Previous Period 2,49,30,736) Equity Shares of Rs.5/- each	<u>124,653,680</u>	<u>124,653,680</u>
	<u>124,653,680</u>	<u>124,653,680</u>
<b>SCHEDULE – 2 : RESERVES &amp; SURPLUS</b>		
Capital Reserve	583,000	583,000
Security Premium Account	660,075,466	660,075,465
Reserve for Business Restructuring	20,291,575	-
Add: Transfer from Revaluation Reserve ( as per the Scheme)	-	150,000,000
Less: Transfer to Profit & Loss A/c as per the Scheme	19,780,120	129,708,425
Less: Transfer to General Reserve ( as per the Scheme)	511,455	- 20,291,575
General Reserve	123,888,545	-
Add: Transfer from Revaluation Reserve ( as per the Scheme)	-	123,888,545
Add: Transfer from Reserve for Business Restructuring ( as per the Scheme)	511,455	- 123,888,545
Balance in Profit & Loss Account	<u>145,342,518</u>	<u>102,699,916</u>
	<u>930,400,984</u>	<u>907,538,501</u>
<b>SCHEDULE - 3 : SECURED LOANS</b>		
(Refer Note No. 2)		
i) Term Loan from Banks	90,741,860	129,098,626
ii) Working Capital Borrowings from Banks	84,898,957	80,020,890
	<u>175,640,817</u>	<u>209,119,516</u>
<b>SCHEDULE - 4 : UNSECURED LOANS</b>		
i) Inter- Corporate Deposits	112,500,000	70,500,000
ii) Interest Free Sales Tax Loan	4,034,759	6,149,112
iii) Others	56,283,575	-
	<u>172,818,334</u>	<u>76,649,112</u>

**SCHEDULES TO THE BALANCE SHEET (continued)**

**SCHEDULE - 5 Fixed Assets**

(Amount in ₹)

Particulars	Gross Block				Depreciation				Net Block		
	As on 31-Mar-10	Additions due to Merger	Additions During the year	Sales/ Adjustments	As on 31-Mar-11	Upto 31-Mar-10	For the year	Sales/ Adjustments	Upto 31-Mar-11	As on 31-Mar-11	As on 31-Mar-10
Free Hold Land	586,505,024	-	121,760	-	586,626,784	-	-	-	-	586,626,784	586,505,024
Building	106,192,840	-	19,627,987	-	125,820,827	31,818,620	3,705,542	-	35,524,162	90,296,665	74,374,220
Plant and Machinery	422,170,817	-	169,443,206	-	591,614,023	137,180,405	26,015,957	-	163,196,362	428,417,661	287,976,988
Office Equipments	21,288,898	-	607,612	-	21,896,510	8,195,472	1,869,100	-	10,064,572	11,831,938	13,093,426
Furniture and Fixtures	9,129,267	-	144,263	-	9,273,530	6,720,182	456,955	-	7,177,135	2,096,395	2,409,087
Hardware	1,522,012	-	356,912	-	1,878,924	169,265	278,682	-	447,947	1,430,977	1,352,747
Vehicles	4,146,078	-	595,907	-	4,741,985	2,609,795	513,136	-	3,122,931	1,619,054	1,536,283
Total	1,150,954,936	-	190,897,647	-	1,341,852,583	186,693,739	32,839,372	-	219,533,109	1,122,319,474	967,247,775
Add: Provision for Impairment *						10,000,000	14,620,364	-	24,620,364	(24,620,364)	(10,000,000)
<b>Total</b>	<b>1,150,954,936</b>	<b>-</b>	<b>190,897,647</b>	<b>-</b>	<b>1,341,852,583</b>	<b>196,693,739</b>			<b>244,153,473</b>	<b>1,097,699,110</b>	<b>957,247,775</b>
Previous Year	1,088,946,311	6,390,944	55,617,681	-	1,150,954,936	174,429,529	22,264,210	-	196,693,739	957,247,775	

\*Refer Note No.16

**SCHEDULES TO THE BALANCE SHEET (continued)**

	As at March 31, 2011 ₹	As at March 31, 2010 ₹
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**SCHEDULE – 6 : INVESTMENTS (At Cost)****A. Long Term  
(Quoted & Trade)**

115 Equity Shares ( Previous Period 115) of ABG Shipyard Ltd ( Market Value as on 31st March 2011 was Rs. 41,624/-) ( Previous Period Rs.28750/-)	21,275	21,275
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**B. In Subsidiary Companies ( Fully Paid up)**

a) 11,50,000 Shares ( Previous Period 11,50,000) of First Airways Inc., USA of USD 1/- each	47,749,320	47,749,320
	<u>47,770,595</u>	<u>47,770,595</u>

**SCHEDULE – 7 : INVENTORIES**

( As Certified by the Management)

i) Parts & Components	20,164,285	16,020,776
ii) Work - in - Progress	28,983,542	33,298,264
iii) Finished Goods	5,000,000	7,121,358
	<u>54,147,827</u>	<u>56,440,398</u>

**SCHEDULE – 8 : SUNDRY DEBTORS**

( Unsecured and Considered Good)

i) Over Six Months	14,529,307	2,696,156
ii) Other Debts	60,246,123	12,154,843
	<u>74,775,430</u>	<u>14,850,999</u>

**SCHEDULE – 9 : CASH AND BANK BALANCES**

Cash Balance	37,018	151,331
Bank Balance with Scheduled Banks:-		
Current Account	21,501,699	10,213,115
Deposit Account	56,473,025	53,112,047
	<u>78,011,742</u>	<u>63,476,493</u>

**SCHEDULE – 10 : LOANS AND ADVANCES**

(Unsecured and Considered Good)

i) Advances Recoverable in cash or kind for the value to be received	45,411,480	22,885,626
ii) Intercompany Deposits	49,374,804	44,929,704
iii) Advance Tax ( including TDS)	51,006,894	59,288,204
iv) Deposits	12,949,582	18,763,366
	<u>158,742,760</u>	<u>145,866,900</u>

## Taneja Aerospace and Aviation Limited

### SCHEDULES TO THE BALANCE SHEET (continued)

	As at March 31, 2011 ₹	As at March 31, 2010 ₹
<b>SCHEDULE – 11 : CURRENT LIABILITIES &amp; PROVISIONS</b>		
A. Current Liabilities		
i) Sundry Creditors	29,537,464	36,849,736
ii) Advances from Customers	9,822,371	438,996
iii) Deposits from Customers	56,174,902	68,000,000
iv) Other Liabilities	38,665,121	28,164,731
	<u>134,199,858</u>	<u>133,453,463</u>
B. Provisions		
i) Provision for Income Tax and Fringe Benefit Tax	4,710,903	1,504,963
ii) Provision for Retirement Benefits	11,204,215	10,028,173
iii) Reserve for Doubtful Debts	297,539	-
	<u>16,212,657</u>	<u>11,533,136</u>
	<u>150,412,515</u>	<u>144,986,599</u>

### SCHEDULES TO PROFIT & LOSS ACCOUNT

	March 31, 2011 (12 months) ₹	March 31, 2010 (9 months) ₹
<b>SCHEDULE – 12 : INCOME</b>		
Sales	241,354,280	163,676,242
Services :		
Charter Income	64,701,789	15,647,631
Aircraft Upkeep & Hanger Charges	45,871,245	55,052,017
Other Services	60,151,573	11,576,003
	<u>170,724,607</u>	82,275,651
Other Income ( Refer Note No.8 [iv] )	11,182,921	12,511,175
	<u>423,261,808</u>	<u>258,463,068</u>
<b>SCHEDULE – 13 : EXPENDITURE</b>		
1. Parts and Components Consumed ( Refer Note No. 18 [d] )		
Opening Stock	16,020,776	39,262,118
Add : Purchases	77,305,045	38,548,743
Less : Closing Stock	20,164,284	28,476,202*
	<u>73,161,537</u>	49,334,659
2. ( Increase ) / Decrease in Stocks		
Closing Stock:-		
Work -in- Progress	28,983,542	33,298,264
Finished Goods	5,000,000	14,242,716*
	<u>33,983,542</u>	<u>47,540,980</u>
Less : Opening Stock:-		
Work -in- Progress	33,298,264	30,090,581
Finished Goods	7,121,358	16,727,000
	<u>40,419,622</u>	<u>46,817,581</u>
	<u>6,436,080</u>	(723,399)

(\* Amounts before write off)

**SCHEDULES TO PROFIT & LOSS ACCOUNT (continued)**

	March 31, 2011 (12 months) ₹	March 31, 2010 (9 months) ₹
<b>SCHEDULE - 13 : EXPENDITURE [continued]</b>		
<b>3. Personnel</b>		
Salaries , Wages & Bonus	105,329,522	67,475,437
Contribution to Provident Fund , Gratuity & Other Funds	4,204,105	2,653,576
Welfare Expenses	8,550,271	4,866,169
	<u>118,083,898</u>	<u>74,995,182</u>
<b>4. Rent, Rates, Taxes and Insurance</b> (Refer Note No. 8 (ii))	<b>8,788,719</b>	<b>19,744,082</b>
<b>5. Operational Expenses</b>		
Power & Fuel	8,805,039	5,504,120
Repairs & Maintenance - Plant & machinery	1,044,556	1,741,960
Repairs & Maintenance - Building	361,148	462,827
Other Direct Expenses:-		
Charter Expenses	39,432,846	25,540,169
Other Expenditure on Aircraft	1,604,749	355,415
Other Expenses ( Refer Note No. 8 [iii] )	4,155,718	873,014
	<u>55,404,056</u>	<u>34,477,505</u>
<b>6. Administrative Expenses</b>		
Travelling And Conveyance	16,958,672	10,675,056
Communication Expenses	2,251,935	1,385,363
Auditors' Remuneration ( Refer Note No. 8 [i] )	625,627	483,253
Selling Expenses	4,757,144	3,127,782
Office Expenses	3,249,525	3,469,050
Other Expenses	8,562,762	4,010,897
Legal , Professional & Consultancy Charges	4,765,404	8,357,980
Sitting Fees	580,000	230,000
Foreign Exchange Variation Loss	468,381	2,145,823
Deferred Revenue Expenditure Written Off	-	778,789
	<u>42,219,450</u>	<u>34,663,990</u>
	<u><u>304,093,740</u></u>	<u><u>212,492,019</u></u>
<b>SCHEDULE - 14 : FINANCE COST</b>		
Interest on : Fixed Loans - Working Capital Loan	12,840,968	6,335,960
Term Loans	14,175,562	11,744,223
Other Interest/ Interest on ICD	13,604,740	8,099,265
Bank and Other Charges	3,422,963	4,140,571
Interest Capitalised	(1,277,455)	(5,794,484)
	<u>42,766,778</u>	<u>24,525,535</u>

## **SCHEDULE 15**

### **SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

#### **A. SIGNIFICANT ACCOUNTING POLICIES**

##### **1. Basis for preparation of financial statements**

- i) The financial statements have been prepared to comply in all material aspects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.
- ii) The financial statements have been prepared under the historical cost convention on an accrual basis, except land which was revalued in accordance with the generally accepted accounting principles in India.

##### **2. Use of estimates**

The preparation of financial statements are in conformity with generally accepted accounting policies in India which requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of financial statements and the reported income and expenses during the reported period. Example of such estimates includes provision for doubtful debts, employee benefits, provision for income tax, proportionate completion in case of fixed price long term labour estimates, useful lives of fixed assets, etc. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates. Difference between the actual results and estimates are recognized in the period in which the results are known/ materialized.

##### **3. Fixed Assets**

- i) Fixed assets are stated at cost and amounts added on revaluation, less accumulated depreciation and impairment loss, if any. Cost comprises the purchase price including taxes, duties, freight and other incidental expenses related to acquisitions & installation of the concerned assets but excluding CENVAT benefit. Considering the nature of business activity the Runway has been treated as Plant and depreciation has been provided accordingly.
- ii) All indirect expenses incurred on project implementation including interest cost on funds deployed for the project (net of income earned) are treated as incidental expenditure during construction and subsequently capitalized.
- iii) Assets received on amalgamation are recorded at its fair value.

##### **4. Depreciation**

Depreciation on all assets is provided on pro-rata basis from the date of addition / deduction on straight line method for Building, Plant Machinery and Hardware and on written down value method on all other assets at rates prescribed under Schedule XIV of the Companies Act, 1956.

##### **5. Leases**

Operating lease payments are recognized as an expense in the profit and loss account on a straight-line basis over the lease term.

##### **6. Impairment Of Assets**

Where there is an indication that an asset is impaired, the recoverable amount if any, is estimated and the impairment loss is recognized to the extent carrying amount exceeds recoverable amount.

##### **7. Foreign Currency Transactions**

- i) Initial Recognition: Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction.
- ii) Conversion: At the year end, monetary items denominated in foreign currencies other than those covered by forward contracts are converted into rupee equivalents at the year-end exchange rates.
- iii) Forward Exchange Contracts: In respect of transactions covered by forward exchange contracts, the difference between the forward rate and the exchange rate at the date of the transaction is recognized as income or expense over the life of the contract.
- iv) Exchange Differences: All exchange differences arising on settlement/conversion on foreign currency transactions are included in the Profit and Loss Account.
- v) Foreign entities: Assets and liabilities of foreign entities are translated into rupee equivalents using year-end spot foreign exchange rates. Revenues and expenses are translated monthly at average exchange rates. Exchange difference arising on the consolidation of non-integral foreign operations is credited/ debited to "Foreign Currency Translation Reserve Account".

##### **8. Provision for employee benefits**

###### **(i) Defined Contribution Plan**

The Company makes defined contribution to Provident Fund and Superannuation Schemes, which are recognised in the Profit and Loss Account on accrual basis.

###### **(ii) Defined Benefit Plan**

The Company's liabilities under Payment of Gratuity Act, long term compensated absences are determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method except for short term compensated absences, which are provided on actual basis. Actuarial gain and losses are recognised immediately in the statement of the Profit and Loss Account as income or expenses. Obligations are measured at the present



value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the Balance Sheet date on Government bonds where the currency and terms of the Government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

**9. Investments**

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments.

- i) Current investments are carried at lower of cost and fair value determined on an individual investment basis.
- ii) Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

**10. Revenue Recognition**

- i) Commission from agency business of sale of aircraft is accounted on proportionate basis considering completion of major service and time period of delivery.
- ii) Revenue from long-term fixed price contracts to manufacture aero structures, spares, etc. is recognised under proportionate completion method and the stage of completion for this purpose is determined based on technical estimate of actual work completed.
- iii) Income from Hanger Utilisation is accounted based on agreement/ contract entered into with the third party.
- iv) Income from aircraft given on charter is booked on the basis of contracts with customers and actual flying hours of the aircraft.
- v) Training fees received, being non-refundable, is accounted in the year of receipt.
- vi) Engineering design service fees are accounted based on terms of contract with the customers.
- vii) Revenue on long term fixed price contracts for supply of certain sets of components and assemblies is recognized on the basis of proportionate completion method and billed in terms of agreement with and certification by the customer. Cost of processing incurred on sets of components which are not billable is included in work in process.

**11. Inventories**

Stock of raw materials, bought out items and certain components and finished goods are valued at cost. Stock of certain aero structures, components and work in progress are valued at lower of the cost and net realizable value based on technical estimate even though in traditional basis of valuation, it may be considered as slow moving and/or obsolete. Stores and Spares are stated at cost. In determining the cost of raw materials, components, stores, spares and loose tools, the first in first out (FIFO) method is used. Cost of work in progress and manufactured finished products include material cost, labour and factory overheads on estimated basis.

**12. Taxation**

The deferred tax resulting from timing difference between book and taxable profit is accounted for using tax rates and tax laws that have been enacted or substantively enacted as at the Balance Sheet date. The deferred tax asset is recognized and carried forward only to the extent there is a reasonable certainty that the asset will be realized in the future.

**13. Segment Reporting**

The Company is primarily engaged in manufacturing, selling of products and services connected with aviation and also in Engineering Design Services.

**14. Contingencies and events occurring after the date of Balance Sheet**

- i) Accounting for contingencies arising out of contractual obligation, are made only on the basis of mutual acceptances.
- ii) Material events occurring after the date of Balance Sheet up to the date of adoption of the accounts are considered in preparation and presentation of financial statements.

**15. Provisions and Contingencies**

Provisions are recognized when the company has a legal and constrictive obligation as a result of past event, for which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation. Contingent Liabilities are not recognized but disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

**B. NOTES ON ACCOUNTS****1. Provisions and Contingencies**

- a. Bank Guarantees ₹ 1637.20 Lakhs (₹ 1034.69 Lakhs),
- b. Indemnity issued to customers ₹ 1026.50 Lakhs (₹ 1375.97 Lakhs)
- c. EPCG export sales obligation to be fulfilled ₹ 731.92 Lakhs (₹ 398.00 Lakhs)
- d. Capital commitment towards the new project is ₹ 1266.06 lakhs (₹ 258.48 lakhs)
- e. Forfeiture of advance from a customer Nil (₹ 100.00 Lakhs)
- f. Case filed by the company against its debtor Nil (₹ 108.11 Lakhs)

2. a. Term Loans from Banks are secured by a first mortgage and charge on all the immovable properties, present and future, of the Company and first charge by way of hypothecation of all present and future movables excluding book debts subject to prior charges created/ to be created in favour of bankers on stock of raw materials, semi finished and finished goods, consumables stores and such other movables as may be agreed for securing the borrowings for Working Capital Requirements and further guaranteed by counter guarantee of promoter Company.

## Taneja Aerospace and Aviation Limited

- b. Working Capital Loan from the Banks is secured against hypothecation of Stocks & Book Debts on pari-passu and second charge on Immovable properties and further guaranteed by counter guarantee of Promoter Company.
- c. Secured loan includes ₹ 408.93 Lacs secured by deposit kept with the bank by a third party.
3. The Company has capitalized the following expenses to New Project, in accordance with the accounting policy consistently followed:

Particulars	2010-11 (12 months)	Amount in ₹ 2009-10 (9 months)
1 Personnel Expenses (Including Part Salary of Managing Director)	1,031,233	1,437,608
2 Traveling Expenses	295,109	45,577
3 Interest	1,277,455	5,794,484
<b>Total</b>	<b>2,603,797</b>	<b>7,277,669</b>

4. The Deferred Tax Liability arising on account of timing differences as at the year end and provided by the Company is as follows:

Particulars	2010-11 (12 months)	(Amount in ₹) 2009-10 (9 months)
1. Minimum Alternate Tax *	-	-
2. a) Deferred Tax Asset (Business Loss and Unabsorbed Tax Depreciation)	-	-
b) Deferred Tax Liability	56,437,979	56,437,979
c) Net Deferred Tax Liability (b-a) **	5,643,979	56,437,979

\* Since the Company is covered by the provisions of Section 115 JB of the Income Tax Act, 1961 and credit entitlement would be available in the subsequent years no provision has been made for tax expenses.

\*\* Deferred tax liability has not been provided as the deferred tax asset exceeds liability and deferred tax asset is not recognised in this account.

5. Computation of Earning Per Share

Particulars	2010-11 (12 months)	(Amount in ₹) 2009-10 (9 months)
Profit/(Loss) after tax available for equity shareholders*	42,642,602	(25,681,706)
Adjusted Weighted Average number of Equity Shares of Nominal value of ₹ 5 each.	24,930,376	24,930,376
Computation of EPS – Basic** (in ₹)	1.71	(1.03)

\*Net profit/ (loss) before prior period item on standalone basis is ₹ 435.62 Lakhs

(₹ 177.98 Lakhs) and withdrawal from reserve for business restructuring and write offs there from.

\*\*Diluted EPS same as Basic as there are no outstanding potential equity shares as on date.

6. During the year 2007-08, Company acquired an Aircraft on lease from an overseas lease finance company for the period of 120 months. Based on the legal opinion obtained by the company, the lease has been accounted in books as Operating Lease that is grouped under the head Charter Expenses.

The payments under lease for the future period are:

Particulars	Amount in US \$	Equivalent in ₹
Less than One Year	361,481	16,371,484
More than 1 year and Less than 5 year	1,744,338	79,001,049
More than 5 years	891,852	40,391,973
<b>Total</b>	<b>2,997,671</b>	<b>135,764,506</b>

There are no transactions in the nature of sublease.

7. The Term Loans repayable within one year is ₹ 441.71 Lakhs (₹ 390.06 Lakhs).

8. i. Auditors Remuneration includes

Particulars	2010-11 (12 months)	(Amount in ₹) 2009-10 (9 months)
Audit Fees	300,000	256,670
Tax Audit Fees	85,000	85,000
Fees for Taxation	150,000	100,000
Fees for Other Services	60,000	-
Out of Pocket Expenses/Travelling	30,627	41,583
<b>Total</b>	<b>625,627</b>	<b>483,253</b>

ii. Rent, Rates, Taxes and Insurance Includes

<b>Particulars</b>	<b>2010-11 (12 months)</b>	(Amount in ₹) 2009-10 (9 months)
Rent	2,252,064	10,479,743
Rates and Taxes	2,687,129	4,080,962
Insurance	3,701,087	4,840,229

iii. Other Operating Expenses Includes

Inspection & Approval Charges	603,095	-
Calibration Expenses	704,393	274,081
Lease Rent	442,494	92,105
Pilot Hiring Charges	237,776	177,998
Airfield Maintenance & Other Expenses	938,153	296,635
Software & Hardware Hire and Maintenance Services	1,069,975	334,144

iv. Other Income Includes

Agriculture Income	468,131	241,862
Interest	9,222,136	7,791,335
Lease Rentals	-	86,000
Profit on Sale of Investments	-	120,000
Foreign Exchange Variance	208,540	6,959
Misc Income	419,278	3,782,606
Sundry Creditors Written Back	716,577	-

v. Details of Managerial Remuneration (including the part amount capitalised)

Remuneration (Basic + HRA)	1,920,000	1,224,000
LTA + Medical	199,992	127,494
Provident Fund	144,000	91,800
Superannuation	180,000	114,750
Perquisites	120,000	85,000
Total	2,563,992	1,643,044

The above figures do not include contribution to gratuity fund and provision for leave encashment as separate figures are not ascertainable for the Whole-time Director.

Computation of Net Profit in accordance with Section 198 read with Section 349 and 350 of the Companies Act, 1956 and calculation of commission payable to Whole-time Director.

	<b>2010-11 (12 months)</b>	(Amount in ₹) 2009-10 (9 months)
Profit Before Taxation as per Profit and Loss Account	43,561,918	(818,696)
Add: Depreciation Provided in accounts	32,839,372	22,264,210
Remuneration Paid to Managing Director	2,563,992	1,643,044
Less: Profit(net) on Investments sold as per Profit and Loss account	-	120,000
	<b>78,965,282</b>	22,968,558
Less: Depreciation computed in accordance with the provisions of Section 350 of the Companies Act, 1956	115,697,382	64,883,096
Less: Amount Charged to reserve as per Profit and loss account.	-	129,708,425
Profit as per Section 349 of Companies Act, 1956	<b>(36,732,100)</b>	(171,622,963)
Maximum Permissible remuneration to the whole time Director under section 198 of the Companies Act, 1956 @5% of the profit computed above.	-	-

Due to inadequacy of profits for the period under consideration, remuneration provided/ paid is in compliance with the requirements of Schedule XIII of the Companies Act, 1956.

Vi . Details of Prior period items

<b>Particulars</b>	<b>2010-11 (12 months)</b>	(Amount in ₹) 2009-10 (9 months)
Prior Period Expenses	2,006,548	10,131,036
Prior Period Income	1,212,903	(2,247,160)
Net Prior Period Items	793,645	7,883,876

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### 9. Disclosure required by Clause 32 of the Listing Agreement.

- i. Amount of Loans and Advances in nature of loans outstanding from subsidiaries and associates for the year ended 31st March, 2011;

Name of the Company	Nature of Relation	Nature of Transaction	Maximum Balance during the period	(Amount in ₹)	
				As at March 31, 2011	As at March 31, 2010
First Airways Inc	Subsidiary	Investment	47,749,320	47,749,320	47,749,320
ISMT Limited	Associate	Loan (Cr)	164,574,576	119,515,090	73,559,541
Indian Seamless Enterprises Limited	Associate	Loan (Dr)	9,950,766	9,950,766	9,950,766
Vishkul Leather Garments (P) Limited	Associate	Advances (Dr)	493,74,804	493,74,804	44,929,704

- ii. Loans and advances in the nature of loan where there is,  
a. Non repayment schedule

Name of the Company	Balance as on		Maximum Balance Outstanding	
	31.3.2011	31.3.2010	31.3.2011	31.3.2010
Indian Seamless Enterprises Limited *	9,950,766	9,950,766	9,950,766	9,950,766
Vishkul Leather Garments (P) Limited	493,74,804	44,929,704	493,74,804	44,929,704

\* No interest charged on this loan.

### 10. Disclosure in respect of related parties pursuant to Accounting Standard 18.

#### Related Parties

- i) Subsidiary Company  
ii) Associate Companies

- iii) Key Management Personnel

#### Name of the Party

First Airways Inc  
ISMT Ltd  
Indian Seamless Enterprises Ltd  
Vishkul Leather Garments Pvt. Ltd  
Mr. C S Kameswaran (Managing Director)  
Mr. Salil Taneja (Chairman)

Transactions with the Related Parties:

Particulars	Subsidiaries	Associates	Key Management Personnel
Investment in Equity	-	-	-
Inter-corporate Deposit Received during the year	(100,050,000)	134,420,000	-
Aircraft Hiring Charges	-	(114,889,500)	(-)
Sitting Fees	-	24,000,000	-
Interest paid	(-)	(18,950,000)	(-)
Interest Received	-	-	50,000
Managerial Remuneration	(-)	(-)	(20,000)
Balance payable	-	13,551,844	-
Balance receivable	(-)	(8,054,258)	(-)
	-	49,39,000	-
	(-)	(2,887,500)	(-)
	-	-	2,563,992
	(-)	(-)	(1,643,044)
	-	119,515,090	-
	(-)	(82,500,000)	(-)
	-	593,25,570	-
	(-)	(63,820,930)	(-)

(Figures in brackets relate to previous period)

11. The balances in debtors and creditors accounts are subject to confirmations.  
12. As informed to us by management, company owes no dues, which are outstanding for more than 45 days as at 31.03.2011 to any "Micro, Small and Medium Enterprises" as required under "Micro, Small and Medium Enterprise Development Act 2006"  
13. In the opinion of the Board, adequate steps are taken to make sufficient provision for all liabilities.  
14. Current Assets, Loans and Advances are of the value stated if realised in the ordinary course of business.  
15. The Accounting Standard 15 (Revised 2005) on "Employee Benefits" has been adopted by the Company effective from April 1, 2007.

#### i) Defined Contribution Plan :

The Company has recognised the following amounts as an expense and included under the head " Personnel Cost" contribution to Provident and other Fund :

	(Amount in ₹)	
	2010 - 11	2009 - 10
Employer's Contribution to Provident Fund, Family Pension Fund and Other Funds	3,013,279	2,927,486

In respect of Provident Fund trust set up by the Company, there is no deficit of interest Shortfall as on the date of Balance Sheet. With

regards to future obligation arising due to interest shortfall (i.e. government interest to be paid on the Provident Fund Scheme exceeding rate of interest earned on investment), pending issuance of the Guidance Note from Actuarial Society of India, the actuarial liability against the same cannot be reliably measured and quantified.

ii) **Defined Benefit Plan:**

		(Amount in ₹)	
a) Changes in present value of Defined Benefit obligations:		2010-11	2009-10
<b>Gratuity (Funded)</b>			
Present Value of Obligations as at 1st April, 2010 (1st July, 2009)		5,701,058	4,845,582
Current Service Cost		921,894	657,076
Interest Cost		476,624	264,162
Past Service Cost		55,725	655,187
Actuarial (gain)/ loss		(599,580)	(350,344)
Benefits Paid		-	(371,205)
Present Value of Obligations as at 31st March, 2011 (31st March,2010)		6,555,721	5,701,058
<b>Leave Encashment (Non Funded)</b>			
Present Value of Obligations as at 1st April, 2010 (1st July, 2009)		4,327,115	4,413,559
Current Service Cost		962,766	654,553
Interest Cost		325,002	226,760
Past Service Cost		-	-
Actuarial (gain)/ loss		(95,852)	(490,447)
Benefits Paid		(870,537)	(477,310)
Present Value of Obligations as at 31st March, 2011 (31st March, 2010)		4,648,494	4,327,115

b) Changes in fair value of plan Assets: The Company has not made any investment in plan assets and therefore, there are no changes in fair value and returns thereon.

c) Amounts recognised in the Balance Sheet in respect of:

	Gratuity (Funded)		Leave Encashment (Non Funded)	
	2010-11	2009-10	2010-11	2009-10
Present Value of Obligation as at 31st March, 2011 (31st March, 2010)	6,555,721	5,701,058	4,648,494	4,327,115
Net Liability	6,555,721	5,701,058	4,648,494	4,327,115

d) Expenses recognised in the Profit & Loss Account (under the head "Personnel Cost")

	Gratuity (Funded)		Leave Encashment (Non Funded)	
	2010-11	2009-10	2010-11	2009-10
Current Service Cost	921,894	657,076	962,766	826,797
Interest Cost	476,624	264,162	325,002	226,760
Expected Return on Plan Assets	-	-	-	-
Past Service Cost	55,725	655,787	-	-
Actuarial (gain)/ loss	(599,580)	(350,344)	(95,852)	(490,447)
Expenses recognized in Profit and Loss Account	854,663	1,226,681	1,191,916	563,110

e. Principal Actuarial Assumptions used as at the Balance Sheet date :

	Gratuity (Funded)		Leave Encashment (Non Funded)	
	2010-11	2009-10	2010-11	2009-10
Discount rate	8.40%	8.40%	8.40%	8.40%
Expected rate of return on Plan Assets	8.00%	8.00%	8.00%	8.40%
Salary Escalation rate	13.49%	12.92%	13.49%	12.92%

16. As permitted in the scheme of arrangement sanctioned by The Hon'ble High Court, Madras, The Company has transferred Rs. 19,780,120 to Profit & Loss Account out of the Reserve for Business Restructuring to write off Current Asset Rs.8,435,966, Fixed Assets – impairment Rs. 14,620,364 and write back Current Liabilities Rs. 3,276,210 relating to earlier years. Balance of Rs. 511,455 in the Reserve for Business Restructuring has been transferred to General Reserve.

17 Segment Reporting

Sl.no	Particulars	Engg Design Service			Engg Design Service		
		Aviation	Total	2010-11	Aviation	Total	2009-10
1)	Segment Revenue						
	Segmental Revenue from Sales & Services	381,131,306	30,947,581	412,078,887	239,360,067	6,591,826	245,951,893
	Unallocable Revenue			11,182,921			12,511,175
	<b>Total Revenue</b>	381,131,306	30,947,581	423,261,808	251,871,242	6,591,826	258,463,068
2)	Segment Result before Interest and Taxation	89,688,674	(3,359,978)	86,328,696	53,972,149	(30,265,310)	23,706,839
	Less: Finance Charges	42,636,982	129,796	42,766,778	24,396,992	128,543	24,525,535
	Profit/Loss before Taxation	47,051,692	(3,489,774)	43,561,918	29,575,157	(30,393,853)	(818,696)
	Less: Taxation	-	-	125,671	-	-	16,979,134
	Profit/Loss after Taxation	47,051,692	(3,489,774)	43,436,247	29,575,157	(30,393,853)	(17,797,830)

# Taneja Aerospace and Aviation Limited

## 17. Segment Reporting (continued)

Sl.no	Particulars	2010-11		2009-10	
		Aviation	Engg Design Service	Aviation	Engg Design Service
3)	Other Information				
	Total Segment Assets	1,589,221,531	16,624,021	1,605,845,552	1,508,611,303
	Unallocable Assets			-	-
	Total Assets			1,605,845,552	1,519,385,387
	Total Segment Liabilities	231,839,790	4,670,160	236,509,950	484,524,297
	Unallocable Liability			314,155,268	342,206,607
	Total Liability			550,665,218	829,399,813
	Total Capital Employed	1,357,381,741	11,953,861	1,055,180,334	1,024,087,006
4)	Cost Incurred for Acquiring				
	Assets	190,473,966	423,686	190,897,652	36,621,499
	Segment Depreciation	31,969,381	869,991	32,839,372	21,568,508
					695,702
					22,264,210

18. Additional information pursuant to the provisions of paragraphs 3,4c and 4d of Part-II of schedule VI of the Companies Act, 1956.

### a) Licensed and Installed Capacity and Actual Production

Description	Capacity		Production	
	Licensed	Installed	2011	2010
Light Transport Aircraft	NA	24	24	NIL
				NIL

\* At present Aircraft manufacturing is not in Production line.

### b) Particulars in Respect of Sales / Income

	Quantity (Nos)		Value (₹)	
	2010-11	2009-10	2010-11	2009-10
Light Transport Aircraft	NIL	NIL	NIL	NIL
General Aviation And Air Management	-	-	88,572,594	49,584,830
Airport Infrastructure	-	-	47,652,200	32,261,218
Manufacturing and Others	-	-	244,906,512	157,514,019
Engineering Design Services	-	-	30,947,581	6,591,826
<b>Total</b>			<b>412,078,887</b>	<b>245,951,893</b>

### c) Details of Finished Goods in nos. (Light Transport Aircraft)

	Quantity (Nos.)		Value (₹)	
	2011	2010	2010-11	2009-10
Opening Stock	0.5	0.5	7,121,358	16,727,000
Closing Stock	0.5	0.5	5,000,000	7,121,358

\* The value as reflected as on 31-03-2011 reflects current realizable value.

### d) Value of Raw Materials and Components consumed during the period

	Percentage (%)		Value (₹)	
	2010-11	2009-10	2010-11	2009-10
Imported *	22%	14%	15,892,236	6,969,182
Indigenous	78%	86%	57,269,301	42,365,477
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>73,161,537</b>	<b>49,334,659</b>

\* The imported raw material and components are presumed to be consumed during the year itself.

### e) Earnings in Foreign Currency

	2010-11 (12 months)	2009-10 (9 months)
Export of Goods/Services	26,736,741	6,591,826
Commission	10,613,126	2,814,375
Charter Income	2,009,076	-
<b>Total</b>	<b>39,358,943</b>	<b>9,406,201</b>

### f) Expenditure in Foreign Currency

	2010-11 (12 months)	2009-10 (9 months)
Parts and Components	15,443,516	-
Travelling Expenses	6,304,087	1,128,257
Professional Fee	134,707	291,800
Lease Rent	21,347,106	18,700,332
Onsite Expenses	5,335,422	-
Subscription Fee	559,984	-
Insurance	1,042,893	-
<b>Total</b>	<b>50,167,715</b>	<b>20,120,389</b>

### g) CIF Value of Imports of Raw materials, Spares, etc. for the year

	2010-11 (12 months)	2009-10 (9 months)
	15,892,236	4,344,460.

19. Previous year figures have been regrouped/ recast, wherever necessary.

As per our report of even date  
For **Haresh Upendra & Co**  
Chartered Accountants  
Firm Reg. No.: 103513W

**Haresh.B.Shah**  
Partner

Membership No.: 32208  
Pune, June 29, 2011

For and on behalf of the Board of Directors

**Salil Taneja**  
Chairman

**C S Kameswaran**  
Managing  
Director

Pune, June 29, 2011

**BALANCE SHEET ABSTRACT AND COMPANY GENERAL BUSINESS PROFILE****I Registration Details**

Registration No.        State Code

Balance Sheet Date          
Date Month Year

**II Capital Raised during the year (Amount in Rs. Thousands)**

Public Issue        Rights Issue

Bonus Issue        Private Placement

**III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)**

Total Liabilities        Total Assets

Sources of Funds  
Paid-up Capital        Reserves & Surplus

Secured Loans        Unsecured Loans

Deferred Tax Liability

*Application of Funds*

Net Fixed Assets        Investments

Deferred Tax Asset

Net Current Assets        Misc. Expenditure

**IV Performance of Company (Amount in Rs. Thousands)**

Turnover (Gross Revenue)        Total Expenditure

Profit Before Tax        Profit After Tax

Earnings Per Share in Rs. 1.71 Dividend Rate % Nil

**V Generic Name of Three Principal Products/Services of Company (as per monetary terms)**

Item Code No.(ITC Code) 88023000  
Product Description Light Transport Aircraft

Item Code No.(ITC Code) 88033000  
Product Description Parts of Aircraft

Item Code No.(ITC Code) 85238020  
Product Description Engineering Design Services

As per our report of even date  
For **Haresh Upendra & Co**  
Chartered Accountants  
Haresh B. Shah  
Partner  
Membership No.: 32208  
Pune, June 29, 2011

For and on behalf of the Board of Directors

**Salil Taneja**  
Chairman

**C S Kameswaran**  
Managing Director

Pune, June 29, 2011

**Disclosure of information relating to subsidiary companies under Section 212 (3) of the Companies Act, 1956.**

<b>Sr. No.</b>	<b>Particulars</b>	<b>First Airways Inc.</b>
1	Financial Year Ended	March 31, 2011
2	Holding Company's Interest	100%
3	Shares held by the Holding Company in the Subsidiary	11, 50,000 Equity Shares of \$ 1 each
4	The net aggregate of profit or losses of the subsidiary for the current period so far as it concerns the members of the holding company	Loss of ₹ 63,74,046/-
a)	Dealt with or provided for in the accounts of the Holding Company	Loss of ₹ 63,74,046/-
b)	Not dealt with or provided for in the accounts of the Holding Company	NA
5	The Net aggregate of profits or losses for the previous financial years of the subsidiary so far as it concerns the members of the Holding Company	Loss of ₹ 1,22,46,349/-
a)	Dealt with or provided for in the accounts of the Holding Company	Loss of ₹ 1,22,46,349/-
b)	Not dealt with or provided for in the accounts of the Holding Company	NA



## AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To,

The Members of Taneja Aerospace and Aviation Limited

1. We have audited the attached Consolidated Balance Sheet of Taneja Aerospace and Aviation Limited (“the Company”) and its subsidiary (collectively referred to as “the Group”) as at March 31<sup>st</sup> 2011 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the subsidiary, whose financial statements reflect total assets (net) of ₹ 334.23 lakhs as at March 31<sup>st</sup> 2011, total revenue of Rs. Nil and net cash outflows amounting to ₹ 2.26 lakhs for the year ended on that date. These financial statements and other financial information have been audited by other auditors, whose reports have been furnished to us and our opinion is based solely on the reports of other auditors and information provided by the management.
4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21, “Consolidated Financial Statements”, notified by the Companies (Accounting Standards) Rules, 2006.
5. Based on our audit and on consideration of report of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements together with the notes thereon and attached thereto give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) In the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31<sup>st</sup> 2011;
  - (b) In the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
  - (c) In the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **Haresh Upendra & Co,**  
Chartered Accountants,  
Firm Reg. No.: 103513W

**Haresh B. Shah**  
Partner  
Membership No. : 32208  
Pune, June 29 , 2011

**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011**

	Schedule	As at March 31, 2011 (12 Months) ₹	As at March 31, 2010 (9 Months) ₹
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	1	124,653,680	124,653,680
Reserves & Surplus	2	916,074,242	900,016,775
<b>LOAN FUNDS</b>			
a) Secured Loans	3	175,640,817	209,119,516
b) Unsecured Loans	4	172,818,333	76,649,112
<b>DEFERRED TAX LIABILITY</b>			
		56,437,979	56,437,979
	Total	<u>1,445,625,051</u>	<u>1,366,877,062</u>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
	5		
Gross Block		1,341,852,583	1,150,954,936
Less : Depreciation & Impairment		244,153,473	193,707,161
Net Block		<u>1,097,699,110</u>	<u>957,247,775</u>
<b>CAPITAL WORK IN PROGRESS</b>			
		99,216,845	233,732,227
<b>INVESTMENTS</b>			
	6	21,275	21,275
<b>CURRENT ASSETS , LOANS &amp; ADVANCES</b>			
a) Inventory	7	54,147,827	56,440,398
b) Sundry Debtors	8	74,775,430	14,850,999
c) Cash & Bank Balances	9	78,151,898	63,843,707
d) Loans & Advances	10	171,021,508	159,709,442
		<u>378,096,663</u>	<u>294,844,546</u>
<b>Less : CURRENT LIABILITIES &amp; PROVISIONS</b>	11	<u>158,373,967</u>	<u>152,435,060</u>
<b>NET CURRENT ASSETS</b>			
		219,722,696	142,409,486
<b>MISCELLANEOUS EXPENDITURE</b>			
(To the extent not written off)		28,965,125	33,466,299
	Total	<u>1,445,625,051</u>	<u>1,366,877,062</u>
<b>ACCOUNTING POLICIES &amp; NOTES ON ACCOUNTS</b>			
	15		

The Schedules referred to herein form an integral part of the accounts.

As per our report of even date

For **Haresh Upendra & Co**

Chartered Accountants

Firm Reg. No.: 103513W

**Haresh B. Shah**

Partner

Membership No.: 32208

Pune, June 29 , 2011

For and on behalf of the Board of Directors

**Salil Taneja**

Chairman

**C S Kameswaran**

Managing Director

Pune, June 29 , 2011

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011**

	Schedule	March 31, 2011 (12 Months) ₹	March 31, 2010 (9 Months) ₹
<b>INCOME</b>			
Sales and Other Income	12	423,261,808	258,463,068
<b>EXPENDITURE</b>			
Manufacturing and Other Expenses	13	309,493,544	218,656,577
<b>Operating Profit before Interest and Depreciation</b>		<b>113,768,264</b>	39,806,491
Finance Cost	14	43,361,155	25,833,560
Depreciation	5	32,839,372	22,264,210
<b>Profit/ ( Loss) before Tax and Prior Period Items</b>		<b>37,567,737</b>	(8,291,279)
Provision for Taxation			
Current Tax - Minimum Alternate Tax		4,655,225	-
MAT Credit Entitlement		(4,655,225)	-
Deferred Tax Liability		-	16,979,134
Short Provision for I.T. AY 2007-08/ Income Tax		505,536	-
<b>Profit/ (Loss) after Tax but before Prior Period Items</b>		<b>37,062,201</b>	(25,270,413)
Less : Prior Period Items		793,645	7,883,876
<b>Profit/ (Loss) after Tax and Prior Period Items</b>		<b>36,268,556</b>	(33,154,289)
Less : Write Offs		(19,780,120)	129,708,425
Add : Transfer from Reserve for Business Restructuring		19,780,120	129,708,425
<b>Profit / (Loss)</b>		<b>36,268,556</b>	(33,154,289)
Balance brought forward		90,453,566	123,607,855
<b>Balance carried to Balance Sheet</b>		<b>126,722,122</b>	90,453,566
Earning Per Share		1.45	(1.33)

**Accounting Policies and Notes on Accounts** 15

The Schedules referred to herein form an integral part of the accounts.

As per our report of even date

For **Haresh Upendra & Co**

Chartered Accountants

Firm Reg. No.: 103513W

**Haresh B. Shah**

Partner

Membership No.: 32208

Pune, June 29, 2011

For and on behalf of the Board of Directors

**Salil Taneja**

Chairman

**C S Kameswaran**

Managing Director

Pune, June 29, 2011

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31 , 2011**

	March 31 , 2011 (12 months) ₹	March 31, 2010 (9 months) ₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit/(Loss)before tax &amp; Prior Period Items</b>	<b>37,567,737</b>	<b>(8,291,279)</b>
Adjustment for :		
i) Depreciation	<b>32,839,372</b>	22,264,210
ii) Prior Period Items	<b>(793,645)</b>	(7,883,876)
iii) Rates & Taxes	-	(16,456,711)
iv) Profit on Sale of Investments	-	(120,000)
v) Interest Paid	<b>43,361,155</b>	25,833,560
vi) Interest Received	<b>(9,222,136)</b>	<b>(7,791,335)</b>
<b>Operating Profit before Working Capital Changes</b>	<b>103,752,483</b>	<b>7,554,569</b>
Adjustments for :		
i) Trade and Other Receivables	<b>(71,362,168)</b>	3,055,986
ii) Inventories	<b>171,213</b>	10,062,516
iii) Trade and other Payables	<b>5,887,084</b>	(14,959,389)
iv) Decrease-(Increase) in Deferred Revenue Expenditure	<b>4,501,174</b>	<b>778,789</b>
<b>Cash Generated from Operations</b>	<b>42,949,787</b>	<b>6,492,471</b>
Direct Taxes Paid	<b>379,865</b>	
<b>Net Cash Flow from Operating Activities</b>	<b>42,569,922</b>	<b>6,492,471</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
i) Purchase of Fixed Assets/ Capital WIP	<b>(56,382,265)</b>	(39,780,661)
ii) Foreign Currence Translation Reserve	<b>(430,969)</b>	(213,932)
iii) Investment in Equity	-	200,000
Net Cash used in Investing Activities	<b>(56,813,234)</b>	<b>(39,794,593)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
i) Interest Received	<b>9,222,136</b>	7,791,335
ii) Additions/ (Repayment of Loans)	<b>62,690,522</b>	26,211,744
iii) Payment of Interest	<b>(43,361,155)</b>	<b>(25,833,560)</b>
Net Cash flow from Financing Activities	<b>28,551,503</b>	8,169,519
Net increase /( decrease) in Cash and Cash Equivalents	<b>14,308,191</b>	<b>(25,132,603)</b>
Cash and Cash Equivalents as at 31-03-2010 ( 30-06-2009)	<b>63,843,707</b>	88,901,961
Cash and Cash Equivalents on Merger	-	74,349
Cash and Cash Equivalents as at 31-03-2011 ( 31-03-2010)	<b>78,151,898</b>	63,843,707
<b>Net Increase /( Decrease) in Cash and Cash Equivalents</b>	<b>14,308,191</b>	<b>(25,132,603)</b>

As per our report of even date

For and on behalf of the Board of Directors

For **Haresh Upendra & Co**  
Chartered Accountants  
Firm Reg. No.: 103513W

**Haresh B. Shah**  
Partner  
Membership No.: 32208

**Salil Taneja**  
Chairman

**C S Kameswaran**  
Managing Director

Pune, June 29 , 2011

Pune, June 29 , 2011

## SCHEDULES TO CONSOLIDATED BALANCE SHEET

	As at March 31, 2011 ₹	As at March 31, 2010 ₹
<b>SCHEDULE - 1 : SHARE CAPITAL</b>		
Authorised Capital 4,00,00,000 ( Previous Period 4,00,00,000) Equity Shares of Rs.5/- each	<b>200,000,000</b>	200,000,000
10,00,000( Previous Period 10,00,000) - 15% Redeemable Cumulative Preference Shares of Rs.50 each	<b>50,000,000</b>	50,000,000
	<b>250,000,000</b>	250,000,000
Issued, Subscribed and Paid up Capital 2,49,30,736 ( Previous Period 2,49,30,736) Equity Shares of Rs.5/- each	<b>124,653,680</b>	124,653,680
	<b>124,653,680</b>	124,653,680
<b>SCHEDULE – 2 : RESERVES &amp; SURPLUS</b>		
Capital Reserve	<b>583,000</b>	583,000
Security Premium Account	<b>660,075,466</b>	660,075,465
Reserve for Business Restructuring	<b>20,291,575</b>	-
Add: Transfer from Revaluation Reserve ( as per the Scheme)	-	150,000,000
Less: Transfer to Profit & Loss A/c as per the Scheme	<b>19,780,120</b>	129,708,425
Less: Transfer to General Reserve ( as per the Scheme)	<b>511,455</b>	-
General Reserve	<b>123,888,545</b>	-
Add: Transfer from Revaluation Reserve ( as per the Scheme)	-	123,888,545
Add: Transfer from Reserve for Business Restructuring ( as per the Scheme)	<b>511,455</b>	-
Foreign Currency Translation Reserve	<b>4,293,654</b>	4,724,623
Balance in Profit & Loss Account	<b>126,722,122</b>	90,453,567
Total	<b>916,074,242</b>	900,016,775
<b>SCHEDULE - 3 : SECURED LOANS</b>		
i) Term Loan from Banks	<b>90,741,860</b>	129,098,626
ii) Working Capital Borrowings from Banks	<b>84,898,957</b>	80,020,890
	<b>175,640,817</b>	209,119,516
<b>SCHEDULE - 4 : UNSECURED LOANS</b>		
i) Inter- Corporate Deposits	<b>112,500,000</b>	70,500,000
ii) Interest Free Sales Tax Loan	<b>4,034,758</b>	6,149,112
iii) Others	<b>56,283,575</b>	-
	<b>172,818,333</b>	76,649,112

**SCHEDULES TO CONSOLIDATED BALANCE SHEET (continued)**

**SCHEDULE - 5 Fixed Assets**

(Amount in ₹)

Particulars	Gross Block				Depreciation				Net Block		
	As on 31-Mar-10	Additions due to Merger	Additions During the year	Sales/ Adjustments	As on 31-Mar-11	Upto 31-Mar-10	For the year	Sales/ Adjustments	Upto 31-Mar-11	As on 31-Mar-11	As on 31-Mar-10
Free Hold Land	586,505,024	-	121,760	-	586,626,784	-	-	-	-	586,626,784	586,505,024
Building	106,192,840	-	19,627,987	-	125,820,827	31,818,620	3,705,542	-	35,524,162	90,296,665	74,374,220
Plant and Machinery	422,170,817	-	169,443,206	-	591,614,023	137,180,405	26,015,957	-	163,196,362	428,417,661	287,976,988
Office Equipments	21,288,898	-	607,612	-	21,896,510	8,195,472	1,869,100	-	10,064,572	11,831,938	13,093,426
Furniture and Fixtures	9,129,267	-	144,263	-	9,273,530	6,720,182	456,955	-	7,177,135	2,096,395	2,409,087
Hardware	1,522,012	-	356,912	-	1,878,924	169,265	278,682	-	447,947	1,430,977	1,352,747
Vehicles	4,146,078	-	595,907	-	4,741,985	2,609,795	513,136	-	3,122,931	1,619,054	1,536,283
Total	1,150,954,936	-	190,897,647	-	1,341,852,583	186,693,739	32,839,372	-	219,533,109	1,122,319,474	967,247,775
Add: Provision for Impairment *						10,000,000	14,620,364	-	24,620,364	(24,620,364)	(10,000,000)
<b>Total</b>	<b>1,150,954,936</b>	<b>-</b>	<b>190,897,647</b>	<b>-</b>	<b>1,341,852,583</b>	<b>196,693,739</b>			<b>244,153,473</b>	<b>1,097,699,110</b>	<b>957,247,775</b>
Previous Year	1,088,946,311	6,390,944	55,617,681	-	1,150,954,936	174,429,529	22,264,210	-	196,693,739	957,247,775	

\*Refer Note No.16

**SCHEDULES TO CONSOLIDATED BALANCE SHEET (continued)**

	As at March 31, 2011 ₹	As at March 31, 2010 ₹.
<b>SCHEDULE – 6 : INVESTMENTS (At Cost)</b>		
115 Equity Shares ( Previous Period 115) of ABG Shipyard Ltd ( Market Value as on 31st March 2011 was Rs. 41,624/-) ( Previous Period Rs.28750/-)	21,275	21,275
	<u>21,275</u>	<u>21,275</u>
<b>SCHEDULE – 7 : INVENTORIES</b> (As Certified by the Management)		
i) Parts & Components	20,164,285	16,020,776
ii) Work - in - Progress	28,983,542	33,298,264
iii) Finished Goods	5,000,000	7,121,358
	<u>54,147,827</u>	<u>56,440,398</u>
<b>SCHEDULE – 8 : SUNDRY DEBTORS</b> (Unsecured and Considered Good)		
i) Over Six Months	14,529,307	2,696,156
ii) Other Debts	60,246,123	12,154,843
	<u>74,775,430</u>	<u>14,850,999</u>
<b>SCHEDULE – 9 : CASH AND BANK BALANCES</b>		
Cash Balance	37,018	151,331
Bank Balance with Scheduled Banks:-		
Current Account	21,641,855	10,580,329
Deposit Account	56,473,025	53,112,047
	<u>78,151,898</u>	<u>63,843,707</u>
<b>SCHEDULE – 10 : LOANS AND ADVANCES</b> (Unsecured and Considered Good)		
i) Advances Recoverable in cash or kind for the value to be received	45,411,478	22,885,626
ii) Intercompany Deposits	49,374,804	44,929,704
iii) Advance Tax ( including TDS)	51,006,894	59,288,204
iv) Deposits	25,228,332	32,605,908
	<u>171,021,508</u>	<u>159,709,442</u>
<b>SCHEDULE – 11 : CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>A Current Liabilities</b>		
i) Sundry Creditors	29,537,464	36,849,736
ii) Advances from Customers	9,822,371	438,996
iii) Deposits from Customers	56,174,902	68,000,000
iv) Other Liabilities	46,626,573	35,613,192
	<u>142,161,310</u>	<u>140,901,924</u>
<b>B Provisions</b>		
i) Provision for Income Tax and Fringe Benefit Tax	4,710,903	1,504,963
ii) Provision for Retirement Benefits	11,204,215	10,028,173
iii) Reserve for Doubtful Debts	297,539	-
	<u>16,212,657</u>	<u>11,533,136</u>
	<u>158,373,967</u>	<u>152,435,060</u>

**SCHEDULES TO CONSOLIDATED PROFIT & LOSS ACCOUNT**

	March 31, 2011 (12 Months) ₹	March 31, 2010 (9 Months) ₹
<b>SCHEDULE – 12 : INCOME</b>		
<b>Sales</b>	<b>241,354,280</b>	163,676,242
<b>Services :</b>		
Charter Income	64,701,789	15,647,631
Aircraft Upkeep & Hanger Charges	45,871,245	55,052,017
Other Services	60,151,573	11,576,003
	<u>170,724,607</u>	<u>82,275,651</u>
<b>Other Income</b>	<b>11,182,921</b>	12,511,175
	<u><b>423,261,808</b></u>	<u>258,463,068</u>
<b>SCHEDULE – 13 : EXPENDITURE</b>		
<b>1. Parts and Components Consumed</b>		
Opening Stock	16,020,776	39,262,118
Add : Purchases	77,305,045	38,548,743
Less : Closing Stock	20,164,284	28,476,202*
	<u>73,161,537</u>	<u>49,334,659</u>
<b>2. (Increase ) / Decrease in Stocks</b>		
Closing Stock*		
Work -in- Progress	28,983,542	33,298,264
Finished Goods	5,000,000	14,242,716*
	<u>33,983,542</u>	<u>47,540,980</u>
Less : Opening Stock:-		
Work -in- Progress	33,298,264	30,090,581
Finished Goods	7,121,358	16,727,000
	<u>40,419,622</u>	<u>46,817,581</u>
	<b>6,436,080</b>	(723,399)
* Amounts before write off		
<b>3. Personnel</b>		
Salaries , Wages & Bonus	105,329,522	67,475,437
Contribution to Provident Fund , Gratuity & Other Funds	4,204,105	2,653,576
Welfare Expenses	8,550,271	4,866,169
	<u>118,083,898</u>	<u>74,995,182</u>
<b>4. Rent Rates, Taxes and Insurance</b>	<b>8,788,719</b>	19,744,082
<b>5. Operational Expenses</b>		
Power & Fuel	8,805,039	5,504,120
Repairs & Maintenance - Plant & machinery	1,044,556	1,741,960
Repairs & Maintenance - Building	361,148	462,827
Other Direct Expenses:-		
Charter Expenses	39,432,846	25,540,169
Other Expenditure on Aircraft	1,604,749	355,415
Other Expenses	4,155,718	873,014
	<u>55,404,056</u>	<u>34,477,505</u>



**SCHEDULES TO CONSOLIDATED PROFIT & LOSS ACCOUNT (continued)**

	March 31, 2011 (12 Months) ₹	March 31, 2010 (9 Months) ₹
<b>6. Administrative Expenses</b>		
Travelling And Conveyance	16,958,672	10,675,056
Communication Expenses	2,251,935	1,385,363
Auditors' Remuneration	625,627	699,888
Selling Expenses	4,757,144	3,127,782
Office Expenses	3,249,525	3,469,050
Other Expenses	9,824,671	5,506,298
Legal , Professional & Consultancy Charges	4,765,404	8,357,980
Sitting Fees	580,000	230,000
Foreign Exchange Variation Loss	468,381	2,145,823
Deferred Revenue Expenditure Written Off	4,137,894	5,231,311
	47,619,254	40,828,548
	309,493,544	218,656,577
<b>SCHEDULE - 14 : FINANCE COST</b>		
Interest on :		
Fixed Loans Working Capital Loan	12,840,968	6,335,960
Term Loans	14,175,562	11,744,223
Other Interest/ Interest on ICD	14,199,117	9,407,290
Bank and Other Charges	3,422,963	4,140,571
Interest Capitalised	(1,277,455)	(5,794,484)
	43,361,155	25,833,560

**SCHEDULE 15****NOTES TO THE CONSOLIDATED ACCOUNTS****A. Significant Accounting Policies:****1 Principles of Consolidation**

- a) The consolidated financial statements of Taneja Aerospace And Aviation Limited and its subsidiaries are prepared under the historical cost convention on accrual basis in accordance with the requirements of Accounting Standard 21 "Consolidated Financial Statements", Accounting Standard 23 "Accounting for Investments in Associates in Consolidated Financial Statements" and other applicable Accounting Standards as notified by the Companies (Accounting Standards) Rules, 2006.
- b) Consolidation is done on line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra-group transactions resulting in unrealised profit and losses.
- c) In case of foreign subsidiaries, being non-integral foreign operations, revenue operations are translated at the average rates prevailing during the period. Assets, liabilities and equity are translated at the closing rate. Any exchange difference arising on translation is recognised in the "Foreign Currency Translation Reserve"

**2 Significant accounting policies other than those adopted by the parent company for the consolidated financial statements****Aircraft purchase option**

Aircraft purchase options are recorded at cost on the date of acquisition.

Aircraft purchase option is amortized over the following estimated useful lives or the legal life, whichever is lower with a mid quarter convention:

Assets	Estimated useful life
Aircraft purchase option	120 months

**3 Other Significant Accounting Policies**

They are as set out in the notes to accounts of the parent company - Taneja Aerospace and Aviation Ltd.

## Taneja Aerospace and Aviation Limited

### 4 Companies included in consolidation

Name of the company	Country of Incorporation	Proportion of ownership interest of TAAL	Reporting date
First Airways Inc. *	USA	100%	31-03-2011

### B. OTHER NOTES

#### 1. Aircraft Purchase Option

In December 2007 the First Airways Inc. (a wholly owned subsidiary of TAAL) purchased an "Aircraft Purchase Option" vide option agreement for Cessna aircraft 525A; Serial Number 525A -0373 from Cessna Finance Corporation (CFC). The said aircraft is leased to TAAL (the parent company) vide aircraft lease No 01 -0043297 -0010559 -01 ("aircraft lease") dated December 11, 2007, for a term of 120 months.

As per the agreement, the Company has an option to purchase the Cessna aircraft subject to aircraft lease on any monthly lease rental payment date or on last day of the term of the lease. In the event this option is exercised, the Company shall on or before the date of purchase, pay CFC the Stipulated Loss Value of the aircraft plus all other sums then due under the aircraft lease or under any other agreements, which will be considered as the "Purchase Option Price".

As per the agreement, the Stipulated Loss Value at the end of 120 month lease term is US \$ 12,79,929. The Company is estimating use of the Aircraft purchase option at the end of the 120 month lease term with mid-quarter convention. The same has been disclosed in balance sheet of foreign subsidiary books as follows:

Particulars	March 31, 2011 (12 months)		March 31, 2010 (9 months)	
	(Amount in ₹)	US\$	(Amount in ₹)	US\$
Aircraft Purchase Option – Non Current Portion	3,72,40,913	8,34,063	3,76,49,604	8,34,063
Less : Accumulated Amortization	(1,24,13,682)	(2,78,022)	(83,66,609)	(1,85,348)
	2,48,27,231	5,56,041	2,92,82,995	6,48,715
Add : Aircraft Purchase Option – Current Portion	41,37,894	92,674	41,83,304	92,674
Aircraft Purchase Option	2,89,65,125	6,48,715	3,34,66,299	7,41,389

Since, the payment for Aircraft Purchase Option is a sunk cost and non refundable irrespective of whether the option is exercised or not, in preparation of consolidated financial statements of TAAL, the entire payment of around ₹ 2,89,65,125 ( US \$ 6,48,715) for Aircraft Purchase Option (Current as well as Noncurrent portion) has been considered as "Deferred Revenue Expenditure" to be written off over lease period of 120 months.

Further, based on the legal opinion obtained by the Company, the lease transaction has been accounted by the Company as an "Operating Lease". The monthly operating lease payments are recognized as an expense in the profit and loss account on a straight line basis over the lease term. The same is grouped under the head of Charter Expenses.

#### 2. Earnings Per Share

Computation of Earnings per Share

Particulars	March 31,-2011 (12 Months) (Amount in ₹)	March 31, 2010 (9 Months) (Amount in ₹)
Profit ( Loss ) after tax available for equity shareholders	3,70,62,201	(3,31,54,289)
Adjusted Weighted Average number of Equity Shares of Nominal Value of Rs.5 each	2,49,30,736	2,49,30,736
Computation of EPS – Basic *( in ₹)	1.45	(1.33)

\* Diluted EPS is same as Basic as there are no outstanding potential equity shares as on date.

3. Previous years figures have been regrouped/recast, wherever necessary.

As per our report of even date

For **Haresh Upendra & Co**  
Chartered Accountants  
Firm Reg. No.: 103513W

For and on behalf of the Board of Directors

**Haresh B. Shah**  
Partner  
Membership No.: 32208

**Salil Taneja**  
Chairman

**C S Kameswaran**  
Managing Director

Pune, June 29 , 2011

Pune, June 29 , 2011



***Taneja Aerospace and Aviation Limited* TAAL**

Belagondapalli Village, Thally Road, Denkanikotta Taluk, Krishnagiri Dist., Belagondapalli - 635114, Tamil Nadu

**NOTICE**

NOTICE is hereby given that the Twenty-second Annual General Meeting of the Members of Taneja Aerospace and Aviation Limited will be held on Thursday, September 29, 2011 at 2.00 PM at the Registered Office of the Company at Belagondapalli Village, Thally Road, Denkanikotta Taluk, Krishnagiri District, Belagondapalli - 635114, Tamil Nadu to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet for the year ended March 31, 2011, the Profit & Loss Account for the year ended on that date and the Reports of the Directors and the Auditor's thereon.
2. To appoint a Director in place of Mr J P Sureka who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr S K Newlay who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT, M/s Haresh Upendra & Co., Chartered Accountants, be and is hereby appointed as Statutory Auditor of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, on such remuneration as shall be fixed by the Board of Directors."

By Order of the Board of Directors

Pune, September 02, 2011 **C S Kameswaran**  
Managing Director

**NOTES :**

1. The information required to be provided under the Listing Agreement entered with the Stock Exchanges, regarding the Directors who are proposed to be appointed / re-appointed is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. Corporate Members are requested to send a duly

certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.

4. The Register of Members and Share Transfer Book of the Company will remain closed from Monday, September 26, 2011 to Thursday, September 29, 2011 (both days inclusive).
5. **In terms of the Circular No 17/2011 issued by the Central Government, Ministry of Corporate Affairs now the companies are allowed to serve the Notice / Documents to the Members by electronic mode. Members are requested to register / change their e-mail address with the respective DP Agent if shares are held in Demat form or with the R & T Agent of the Company if the shares are held in physical form which will help the Company to serve Members the Notices / Documents by e-mail.**
6. The Members can avail facility of nomination in terms of the legal provisions in this regard. On request, the necessary forms can be obtained from the Transfer Agent.
7. Members are further requested to;
  - i Intimate changes, if any, in their registered addresses / bank mandate to the Transfer Agents for shares held in physical form and to their respective Depository Participants for shares held in electronic form.
  - ii Quote Ledger folio number / DP ID / Client ID in all the correspondence.
  - iii Intimate about consolidation of folios, if shareholdings are under multiple folios to the Transfer Agents.
  - iv Members may kindly note that as per the SEBI / Stock Exchanges guidelines, the Company's shares are traded in compulsory Demat form. As per the recent guideline issued by SEBI there are no Demat Account opening charges. In view of this Members are requested to convert their existing physical Share Certificate in Demat form.
  - v Direct all correspondence to the Company at an early date seeking any information with regard to accounts so as to enable the management to keep the information ready, and
  - vi Bring their copies of the Annual Report and the Attendance Slips with them at the Annual General Meeting.

By Order of the Board of Directors

Pune, September 02, 2011 **C S Kameswaran**  
Managing Director

## **Taneja Aerospace and Aviation Limited**

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### **DETAILED PROFILE OF DIRECTORS SEEKING RE-APPOINTMENT GIVEN AS UNDER:**

	<b>Mr. J P Sureka</b>	<b>Mr. S K Newlay</b>
Age	70	71
Qualification	B Com	M Sc, CAIIB
Date of Appointment	22/07/1988	21/01/2006
Category	Non Executive- Independent Director	Non Executive- Independent Director
Experience and Expertise in specific functional Area	He is an industrialist with business interests in Steel, Chemicals, Financial Services and Tea Plantations.	He was associated with the Reserve Bank of India and served as Chief General Manager of RBI College of Agricultural Banking, Pune. He has been faculty member of RBI Staff College, Chennai. He has wide experience in financial analysis.
Relationship with other Directors of the Company	No	No
Shareholding of Directors	250	Nil
Directorship held in other Public Limited Companies	ISMT Limited. Shentracon Chemicals Limited Prismo (India) Limited	Nil
Memberships / Chairmanship of Committees of Indian Public Limited Companies	Member Audit Committee of ISMT Limited.	Nil

**Taneja Aerospace and Aviation Limited**  
Belagondapalli Village, Thally Road, Denkanikotta Taluk, Krishnagiri District,  
Belagondapalli-635114 ,Tamil Nadu

PROXY

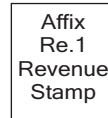
I/We..... of..... in the State of ..... being a Member/Members of Taneja Aerospace and Aviation Limited, hereby appoint ..... of ..... or failing him/ her ..... of ..... as my/ our proxy to attend and vote for me/us and on my/ our behalf, at the 22<sup>nd</sup> Annual General Meeting of the Company to be held on Thursday, September 29, 2011 at 2.00 PM at Belagondapalli Village, Thally Road, Denkanikotta Taluk, Krishnagiri District, Belagondapalli-635114,Tamil Nadu and at any adjournment thereof.

In witness thereof I/We put my/our hand/ hands this ..... day of .....2011.

L.F. No./DP ID/ Client ID/ .....

No. of Shares held .....

Date .....



Note: The proxy must be deposited with the Registered Office of the Company not less than 48 hours before the time fixed for holding the meeting. A proxy need not be a Member. The Proxy Form should be signed across the Revenue Stamp as per specimen signature(s) registered with the Company.

-----Tear Here-----

**Taneja Aerospace and Aviation Limited**

Belagondapalli Village, Thally Road, Denkanikotta Taluk, Krishnagiri District,  
Belagondapalli-635114 ,Tamil Nadu

ATTENDANCE SLIP

22<sup>nd</sup> Annual General Meeting

L.F. No./DP ID/ Client ID/ .....

Mr./Mrs./Miss.....

I/We certify that I/ We am a registered Shareholder/ Proxy for the registered Shareholder of the Company.

I hereby record my/our presence at the 22<sup>nd</sup> Annual General Meeting of the Company held on Thursday, September 29, 2011 at 2.00 PM at Belagondapalli Village, Thally Road, Denkanikotta Taluk, Krishnagiri District, Belagondapalli-635114, Tamil Nadu.

Member's/ Proxy's Signature

## **Taneja Aerospace and Aviation Limited**

Belagondapalli Village, Thally Road, Denkanikotta Taluk, Krishnagiri District,  
Belagondapalli-635114 ,Tamil Nadu.

September 02, 2011

Dear Shareholder

The Ministry of Corporate Affairs, Government of India has taken a "Green Initiative" by allowing paperless compliances by Companies through electronic mode and has issued recent Circular nos. 17/2011 dated 21.04.2011 and 18/2011 dated 29.04.2011 for the same. Companies can now send various notices and other documents, including Annual Report, to its shareholders through electronic mode to the registered e-mail ID of shareholders.

Your Company supports this initiative and accordingly, it is proposed to send documents including Annual Report to the shareholders in electronic form to the e-mail ID registered with the Company.

For supporting this initiative

1. **If you hold shares in electronic form**, please intimate / update your email ID to your Depository Participant (DP). The same will be deemed to be your registered email ID for serving notices / documents, including those covered under Section 219 of the Companies Act, 1956.
2. **If you hold the share in physical form**, please intimate your email ID in the following format to the Company's Registrar & Share Transfer Agent (RTA) at the Sharepro Services (India) Pvt Ltd. 3 Chintamani Apartments, Lane No. 13, Off V G Kale Path, 824/D Bhandarkar Road, Pune - 411 004, Tel No. 020-25662855 / 65002887.

Folio no (in case of physical shares)	
Name of the first shareholder	
No of shares held	
Email ID of first holder	
Address if changed	
Signature of first holder	

The request letter should be signed by the first / sole holder as per the specimen signature recorded with RTA and should mention your correct folio number. Alternatively, you may send a scanned copy of your above request letter on [taal@shareproservices.com](mailto:taal@shareproservices.com) or [secretarial@taal.co.in](mailto:secretarial@taal.co.in)

If you do not register your email ID, a physical copy of the Annual Report and other documents will be sent to you free of cost, as per current practice.

The Annual Report and other communications sent electronically would also be made available on the Company's website: [www.taal.co.in](http://www.taal.co.in).

We urge you to support this 'Green Initiative' and opt for electronic mode of communication by advising your email ID to your DP / Sharepro Services (India) Pvt. Ltd.

We look forward to your support.

Thanking you

Yours faithfully

For Taneja Aerospace and Aviation Limited

**C S Kameswaran**  
Managing Director



**ANNEXURE I TO DIRECTORS' REPORT:**

Information as per Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors Report for the year ended on March 31, 2011.

**Conservation of Energy:**

The Company is basically is low energy consumer. During the period 14.09 lac units of energy consumed, costing Rs 88.05 lacs. However, the Company is continuing with its efforts to conserve and utilize energy more efficiently.

**Technology Absorption:** Efforts made in technology absorption as per Form B given below:

**Form B****Research and Development (R & D)****i) Specific areas in which R & D is carried out by the Company and Future plan of action:**

- 1) Design and development of antenna housing Time Domain Electro Magnetic (TDEM) system for exploration of minerals for Indira Gandhi Atomic Research (IGCAR) and Bhaba Atomic Research Centre (BARC). Both were flown successfully in June 2011 and accepted.
- 2) Modification of Mig-21 cockpit to convert into a simulator for pilots training.
- 3) Development of complete structure cockpit and cabin of passenger aircraft of 8' diameter with actual cockpit control movements of aileron, rudder and elevator controls.
- 4) Development of weather radar radome for Navy soakings. The radar was tested at LRDE for complete airworthiness approval.
- 5) Satcom radome is developed with stringent tolerance limits for contour and making surfaces. This radar was inspected by ANAC of Brazil and received their approval.
- 6) One is to one mockup was developed by TAAL for LUH of HAL in very short time for display in Aero India show 2011.
- 7) Under development:
  - a) Armoured Jacket using Dyneema material
  - b) Special size Hi-lite pins for oversize holes
  - c) Composite control rod for aircraft controls
  - d) Vibration isolator strut for helicopter rotor
  - e) Development of LRDE racks for Dornier aircraft

- 8) Development of Technologies processes:
  - a) Hot forming of titanium
  - b) Forming of extruded section using hydraulic press
  - c) Modifying the stretching machine to make it more versatile
  - d) Bearing swaging on titanium filling

**ii) Expenditure on R & D**

(₹ in lacs)

Sl No.	Particulars	2010-11	2009-10
i)	Capital Expenditure	29.00	187.00
ii)	Recurring Expenditure	36.63	5.00
iii)	Total	65.63	192.00
iv)	Total R & D as a percentage to turnover	1.56%	12%

**III) Technology Absorption, Adaptation and Innovation: Nil****IV) Imported Technology**

In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) following information may be furnished.

- a) Technology imported: NA
- b) Year of Import: NA
- c) Has technology been fully absorbed? N.A
- d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of actions N.A.

**Foreign Exchange Earnings and Outgo:**

- a) Activities relating to exports, initiatives taken to increase export, development of new export market for products and export plans. Existing manufacturing facilities are being augmented to cater to demand for aero structure products in global market.
- b) The information on foreign exchange earnings and outgo is contained in Note. 18 (e), (f) & (g) of notes on Accounts.

For and on behalf of the Board of Directors

Salil Taneja  
Chairman

Pune, June 29, 2011