

Taneja Aerospace and Aviation Limited 

Annual Report 2012-13

COMPANY INFORMATION

BOARD OF DIRECTORS

Salil Taneja	Chairman
C. S. Kameswaran	Managing Director
B. R. Taneja	Director
J. P. Sureka	Director
A. K. Jain	Director (up to April 12, 2013)
R. Surie	Director
K. Rustumji	Director (w.e.f. May 15, 2012)

COMPANY SECRETARY

Nilesh Jain (up to May 27, 2012)
Priya Nair (w.e.f. July 24, 2012)

AUDITORS

M/s. Haresh Upendra & Co.
Chartered Accountants

BANKERS

Canara Bank
Vijaya Bank

REGISTERED OFFICE & WORKS

Belagondapalli Village, Thally Road, Denkanikottai Taluk, Krishnagiri District,
Belagondapalli – 635114, Tamil Nadu

Website : www.taal.co.in

CORPORATE OFFICE

GGR Towers, 2nd Floor, Sy # 18/2b, Sarjapur Road
Bangalore – 560 103, Karnataka

REGISTRAR & SHARE TRANSFER AGENT

Sharepro Services (India) Pvt. Ltd.

Directors' Report

To the Members of Taneja Aerospace and Aviation Limited

Your Directors present herewith the Twenty-fourth Annual Report and the Audited Accounts for the year ended March 31, 2013.

FINANCIAL HIGHLIGHTS

(Rs. in Lakhs)

Particulars	2012-13	2011-12
Gross Income	5,422.45	5,225.51
Expenditure	4,575.54	4,004.10
Finance Charges	455.95	494.35
Depreciation	361.40	342.54
Profit/(Loss) before Tax	29.56	384.52
Provision for Taxation (including Deferred Tax)	-	-
Prior Period Items	(0.57)	1.87
Profit/(Loss) after Tax and Prior Period Items	28.99	386.39

DIVIDEND

With a view to conserve resources, your Directors do not recommend dividend for the year ended on March 31, 2013.

OPERATIONS

During the year, while general economic slowdown impacted operations in the aviation segment of the Company, the revenues from the engineering design services segment accelerated, thereby ensuring that the overall revenue growth of the Company for the year remained positive.

DIRECTORS

Mr. A. K. Jain, Director of the Company, expired on April 12, 2013. The Board of Directors express grief on his sad demise and places on record its sincere appreciation for valuable services rendered by him during his long association with the Company.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. R. Surie and Mr. B. R. Taneja retire by rotation and being eligible, offers themselves, for re-appointment.

Mr. C. S. Kameswaran is being re-appointed as a Whole Time Director designated as Managing Director for a period of one year from December 01, 2012 to November 30, 2013.

The approval of Members for the re-appointment of the aforementioned Directors is being sought in the forthcoming Annual General Meeting.

AUDITORS

Haresh Upendra & Co., Chartered Accountants retire as Statutory Auditors of the Company at the conclusion of the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment.

SUBSIDIARY COMPANIES

During the year under review, TAAL Tech India Private Limited was incorporated as a Wholly Owned Subsidiary of the Company. As on date of this report, the Company has three direct subsidiaries i.e. First Airways Inc., TAAL Aerosystems Private Limited and TAAL Tech India Private Limited.

The Central Government has granted general exemption to the holding Companies from attaching the Annual Accounts of their subsidiary companies. The Annual Accounts of these subsidiary companies 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.

TRANSFER OF ENGINEERING DESIGN SERVICES SEGMENT OF THE COMPANY TO ITS WHOLLY OWNED SUBSIDIARY – TAAL TECH INDIA PRIVATE LIMITED

In order to facilitate independent growth and diversification of its Business, the Engineering Design Services Segment of the Company was transferred to a Wholly Owned Subsidiary Company, TAAL Tech India Private Limited w.e.f. August 1, 2013.

Pursuant to the provisions of Section 293(1)(a) and Section 192A of the Companies Act, 1956 read with the Companies (passing of the resolution by postal ballot) Rules, 2011, the aforesaid transfer was approved by the shareholders vide an Ordinary Resolution passed through the Postal Ballot process, results of which were declared on August 5, 2013.

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 & Analysis together with a Certificate from the Auditors of the Company on compliance, forming part of the Directors' Report is attached hereto.

Taneja Aerospace and Aviation Limited

Directors' Report (Contd.)

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

The particulars in respect of conservation of energy, technology absorption, foreign exchange earnings and outgo, 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) of the Companies Act 1956 read with notification dated March 31, 2011 by Ministry of Corporate Affairs (MCA).

DIRECTORS' RESPONSIBILITY STATEMENT

As required by Section 217 (2AA) of the Companies Act, 1956 the Directors confirm:

- i. that in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- ii. that the Directors have selected Accounting Policies and applied them consistently and made judgements 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 March 31, 2013 and of the profit of the Company for that period;

- iii. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 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.

ACKNOWLEDGEMENTS

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

For and on behalf of the Board of Directors

Pune
August 05, 2013

Salil Taneja
Chairman

Management Discussion and Analysis

INDUSTRY STRUCTURE AND DEVELOPMENT

During the Financial Year 2012-13, the Company had two distinct business Segments:

- 1) "Aviation", which consisted of :
 - Aircraft Manufacturing and Maintenance (AMM)
 - Airfield Services (Airfield)
 - Air Charter Services (Aircharter) and
- 2) "Engineering Design Services" under the banner of "TAAL Technologies".

The AMM division is associated with major Indian Aviation and Aerospace organizations, the Indian Navy and the Indian Air Force. The division's capability covers concept development, design and manufacture of components specific to these customers. Added to this, the division plays a vital role in the upgradation program of Indian Defence Forces Helicopters and Aircraft. In the recent times the division has added a few global customers.

The Airfield activities mainly represent revenue generation from aviation related infrastructure facilities like runway, hangar etc. The revenue is in the form of landing, parking charges and hangar lease rentals.

The Aircharter services take care of revenue stream from charter operations.

The Engineering Design Services which comprises of TAAL Technologies provides off- shore and on-shore design support to many corporates outside India covering industrial, automotive, aerospace, information technology, oil and gas sectors.

OPPORTUNITIES AND THREATS

The Company is always looking out for opportunities in aviation sector. Given the Company's competence and facilities, it is uniquely positioned to cater to existing and emerging requirements of Indian Aviation and Aerospace Organizations. 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.

On the Airfield front, the second hangar tied up with Airworks for maintenance and repair activity is under construction and is expected to be operational during the current year.

The Engineering Design Services Segment has opened up promising growth opportunities both in India and abroad. The Company does not perceive any immediate threat to its operations.

SEGMENT WISE PERFORMANCE

(Rs. in Lakhs)

Particulars	2012-13	2011-12
AMM	2,058.19	2,795.33
Aircharter	662.46	894.42
Airfield	650.26	518.62
Aviation Segment – Total (A)	3,370.91	4,208.37
TAAL Technologies	1,995.73	836.52
Engineering Design Services Segment – Total (B)	1,995.73	836.52
Grand Total (A+B)	5,366.64	5,044.89

OUTLOOK

The overall outlook for the Company remains positive but depends largely on the general economic climate in the country and the Company's ability to secure a larger share of the growing opportunities for civil aviation in India.

RISKS AND CONCERNS

General economic slowdown coupled with delays in implementation of Government projects and shortfalls in defence expenditure can have an impact on the operations and revenues of the Company. Another area of concern is technological obsolescence since technological advancements play an important role in aviation industry. Apart from these, other risks relate to natural disasters, economic and geopolitical problems.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

We believe that given the size and nature of the Company's operations, there are adequate control systems in place to ensure that cash flows are fully accounted for, the monies are spent as per management instructions and that sufficient and timely cost information is available to assist in decision making process. The Company also recognizes the need to strengthen the control systems on a continuous basis and takes necessary steps towards this objective.

Taneja Aerospace and Aviation Limited

Management Discussion and Analysis (Contd.)

FINANCIAL PERFORMANCE

The financial performance of the Company for FY2012-13 as compared to the previous year is given below :

(Rs. in Lakhs)

Particulars	2012-13	2011-12
Gross Income	5,422.45	5,225.51
Expenditure	4,575.54	4,004.10
Profit/ Loss before Interest, Tax, Depreciation and Amortization	846.91	1,221.41
Profit/ (Loss) after Interest, Tax, Depreciation and Extraordinary Items	28.99	386.39
Earnings Per Share	0.12	1.55

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/ INDUSTRIAL RELATIONS

The Company maintained good industrial relations with its employees and staff. Human Resources remained a key focus area for your Company during the year under review. As on March 31, 2013, the Company had 555 employees.

CAUTIONARY STATEMENT

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

Corporate Governance Report

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

BOARD OF DIRECTORS

The composition of the Board of Directors, their attendance at the Board Meetings held during the year and at the last Annual General Meeting, as also the number of Directorships in other public companies and memberships in various committees across all public companies as on March 31, 2013 are as follows :

Name of the Director	Category	Financial Year 2012-13 Attendance at		No. of Directorships in other public companies*	Committee positions in other public companies**	
		Board Meetings	Last AGM		Member	Chairman
Salil Taneja	NED	6	No	2	1	1
A. K. Jain***	Independent - NED	1	No	1	-	1
J. P. Sureka	Independent - NED	5	No	3	4	-
R. Surie	Independent - NED	5	Yes	-	-	-
B. R. Taneja	NED	4	No	1	-	-
K. Rustumji	Independent - NED	1	No	-	-	-
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.

** This includes only Audit and Shareholders' / Investors' Grievance Committees.

*** Expired on April 12, 2013.

Taneja Aerospace and Aviation Limited

Corporate Governance Report (Contd.)

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

Sr. No.	Date of Meeting
1	May 15, 2012 (Two Meetings)
2	July 24, 2012
3	November 08, 2012
4	January 25, 2013
5	February 14, 2013

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

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

RE-APPOINTMENT OF DIRECTORS

In terms of the Articles of Association of the Company and the relevant provisions of the Companies Act, 1956, Mr. Rakesh Surie and Mr. B. R. Taneja will retire by rotation in the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

Mr. C. S. Kameswaran is being re-appointed as a Whole Time Director designated as Managing Director for a period of one year from December 01, 2012 to November 30, 2013.

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

AUDIT COMMITTEE

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 Exchange.

Composition, Meetings and Attendance during the year :

The composition of Audit Committee and attendance of each member is indicated alongside their names :

Name of Director	Chairman / Member	No. of Meetings Attended
R. Surie @	Chairman (Independent)	4
J. P. Sureka	Member (Independent)	4
A. K. Jain *	Member (Independent)	1
K. Rustumji \$	Member (Independent)	1

@ Member w.e.f. May 15, 2012

* Expired on April 12, 2013

\$ Member w.e.f. May 15, 2012

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

Sr. No.	Date of Meeting
1	May 15, 2012
2	July 24, 2012
3	November 08, 2012
4	February 14, 2013

Mr. R. Surie, 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.

REMUNERATION COMMITTEE

The Company has a Remuneration Committee of Directors.

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

Composition, Meetings and Attendance during the year :

The composition of Remuneration Committee and attendance of each member is indicated alongside their names :

Name of Director	Chairman / Member	No. of Meeting attended
J.P. Sureka	Chairman	1
R. Surie @	Member	1
A.K. Jain*	Member	1
K. Rustumji \$	Member	-

@ Member w.e.f. May 15, 2012

* Expired on April 12, 2013

\$ Member w.e.f. May 15, 2012

During the year under review, One Remuneration Committee Meeting was held on November 8, 2012.

The Company does not have any Employee Stock Option Scheme.

REMUNERATION POLICY :

Based on the recommendations of 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.

Corporate Governance Report (Contd.)

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.

Non-Executive Director is paid sitting fee of Rs. 10,000/- each for attending Board and Committee Meetings.

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

REMUNERATION TO DIRECTORS :

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

Name of Director	Salary & Perquisites (Rs.)	Sitting fees (Rs.)
Salil Taneja	-	70,000
A. K. Jain	-	40,000
J. P. Sureka	-	1,30,000
R. Surie	-	1,00,000
B. R. Taneja	-	40,000
K. Rustumji	-	30,000
C. S. Kameswaran	25,63,992	-
Total	25,63,992	4,10,000

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

Service of the Whole Time Director may be terminated by either party giving the other party six months' notice or the Company paying six months' salary in lieu thereof. There is no separate provision for payment of severance fees.

Details of shares of the Company held by its Non-Executive Directors as on March 31, 2013 are given below :

Name of Director	Number of Equity Shares
Salil Taneja	3,200
A. K. Jain	1,57,800
J. P. Sureka	250
R. Surie	1,54,562
B. R. Taneja	300
K. Rustumji	200

SHAREHOLDERS'/ INVESTORS' GRIEVANCE COMMITTEE

The Company has a Shareholders'/ Investors' Grievance Committee of Directors to look into the redressal of shareholders' and investors' complaints like transfer or credit of shares, non-receipt of Annual Reports/ dividends etc.

Composition, Meetings and Attendance during the year :

The composition of Shareholders'/Investors' Grievance Committee and attendance of each member is indicated alongside their names :

Name of Director	Chairman / Member	No. of Meetings Attended
A. K. Jain*	Chairman	1
J. P. Sureka	Member	3
K. Rustumji [§]	Member	1
Salil Taneja**	Member	1

* Expired on April 12, 2013

§ Member w.e.f. May 15, 2012

** Member only for meeting held on February 14, 2013

During the year under review, Three Investors' Grievance Committee Meetings were held as under :

Sr. No.	Date of Meeting
1	July 24, 2012
2	November 08, 2012
3	February 14, 2013

During the year 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, 2013.

COMPLIANCE OFFICER

Mr. Nilesh Jain, Company Secretary was the Compliance Officer of the Company up to May 27, 2012. Ms. Priya Nair, Company Secretary is the Compliance Officer of the Company with effect from July 24, 2012 for ensuring compliance with the requirements of the Listing Agreement with the Stock Exchanges and under SEBI (Prohibition of Insider Trading) Regulations, 1992 as amended from time to time.

Details of Investor Complaints received and redressed during the Financial Year 2012-13 are as follows :

There were no investor complaints pending at the beginning and at the close of the year. During the year, 1 (One) investor complaint was received and redressed.

CODE OF CONDUCT

The Board has laid down a Code of Conduct for all Board Members and Senior Management Personnel of the Company. The Code of Conduct is posted on the website of the Company.

CEO/CFO CERTIFICATION

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

Taneja Aerospace and Aviation Limited

Corporate Governance Report (Contd.)

GENERAL BODY MEETINGS

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

Year	Type	Date	Location	Time	Number of Special Resolution passed
2011-12	AGM	September 28, 2012	Registered office and Works at Belagondapalli	2.00 PM	-
2010-11	AGM	September 29, 2011	Registered office and Works at Belagondapalli	2.00 PM	-
2009-10	AGM	September 29, 2010	Registered office and Works at Belagondapalli	11.00 AM	1

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

POSTAL BALLOT

No postal ballot was conducted during the Financial Year 2012-13.

DISCLOSURES

Details of related party transaction are furnished under Notes to Financial Statement.

There were no instances of material non-compliances and no strictures or penalties imposed on the Company either by SEBI, Stock Exchanges or any statutory authorities on any matter related to capital markets during the last three years.

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.

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

DESIGNATED EXCLUSIVE E-MAIL ID OF THE COMPANY

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

GENERAL SHAREHOLDERS' INFORMATION

AGM Date and Time	Monday, September 30, 2013 at 2.00 P.M.
Venue	Registered office and Works at Belagondapalli
Financial Year	April 1 to March 31
Date of Book Closure	Thursday, September 26, 2013 to Monday, September 30, 2013 (both days inclusive)
Listed on Stock Exchange	Bombay Stock Exchange Limited (Equity), Luxembourg Stock Exchange (GDR)
Security Code (BSE)	522229
Security Code (Luxembourg)	US 8753891089
ISIN Number allotted to equity shares	INE692C01020
Registered Office & Works / Plant Location	Belagondapalli Village, Thally Road, Denkanikottai Taluk, Krishnagiri District, Belagondapalli- 635114, Tamil Nadu
Address for Correspondence	Belagondapalli Village, Thally Road, Denkanikottai Taluk, Krishnagiri District, Belagondapalli- 635114, Tamil Nadu

The Company has paid Listing Fees for the Financial Year 2013-14 to the Bombay Stock Exchange Limited where the Equity Shares of the Company are listed.

STOCK MARKET DATA AND SHARE PRICE PERFORMANCE

BOMBAY STOCK EXCHANGE LIMITED (BSE) :

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

(Rs.)

Month	Market price		BSE 500 INDEX	
	High	Low	High	Low
April 2012	49.85	38.80	6887.06	6585.99
May 2012	41.95	28.00	6741.87	6129.37
June 2012	33.85	28.00	6686.19	6088.62
July 2012	34.75	25.35	6797.05	6407.78
August 2012	29.35	23.10	6848.80	6560.62
September 2012	32.00	21.10	7243.40	6582.88
October 2012	31.50	23.15	7364.54	7070.76
November 2012	27.40	23.00	7478.35	7057.34
December 2012	30.45	23.55	7627.07	7460.59
January 2013	25.75	19.50	7792.70	7600.10
February 2013	23.70	17.00	7697.72	7138.74
March 2013	19.50	15.75	7478.62	6976.75

Source : BSE website.

REGISTRAR AND SHARE TRANSFER AGENT

Shareholders may contact Registrar and Share Transfer Agent at the following addresses :

<p>Sharepro Services (India) Private Limited 13, AB Samhita Warehousing 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</p>
<p>Sharepro Services (India) Private Limited 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</p>

As regard to the shareholding in electronic form shareholders are requested to write to their respective Depository Participant and provide Bank Mandate details, N-ECS particulars, email

Corporate Governance Report (Contd.)

ID etc. so as to facilitate expeditious payment of Corporate Action, if any.

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 the prescribed time.

Pursuant to Clause 47 (c) of the Listing Agreement with the Stock Exchange, certificate on half yearly basis were filed with BSE in due compliance of share transfer formalities by the Company. In terms of guidelines issued by SEBI, the Reconciliation of Share Capital Audit Report for all the quarters were filed with BSE, 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, 2013 :

Shareholding of Nominal Value of Rs.	No. of Share Holder(s)	% to Total	No. of Shares	% to Total
Upto 5,000	15,071	93.62	26,40,456	10.59
5,001 10,000	428	2.66	6,73,961	2.70
10,001 20,000	261	1.62	7,45,475	2.99
20,001 30,000	124	0.77	6,16,630	2.47
30,001 40,000	36	0.22	2,58,862	1.04
40,001 50,000	50	0.31	4,76,562	1.91
50,001 1,00,000	67	0.42	9,89,485	3.97
1,00,001 and above	62	0.38	1,85,29,305	74.33
Total	16,099	100.00	2,49,30,736	100.00

DEMATERIALISATION OF SHARES AND LIQUIDITY

95.95% of total Equity Capital is held in demat form with NSDL and CDSL as on March 31, 2013.

CORPORATE FILING AND DISSEMINATION SYSTEM:

The financial and other information filed by the Company with BSE, from time to time is also available on the Corporate Filing and Dissemination System maintained by BSE and NSE and can be accessed on www.corpfiling.co.in.

OUTSTANDING GDRS/ ADRS / WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY :

The Company has not issued any ADRs/ Warrants or any convertible instruments during the year under review, however, the Company has 2,90,000 GDRs (equivalent to 5,80,000 Equity Shares) outstanding, which constituted 2.33% of the Company's total equity capital as on March 31, 2013.

For and on behalf of the Board of Directors

Pune
August 05, 2013

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 website.

I confirm that the Company has in respect of Financial Year ended on March 31, 2013, 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, 2013.

For Taneja Aerospace and Aviation Limited

Pune
August 05, 2013

Salil Taneja
Chairman

Taneja Aerospace and Aviation Limited

Corporate Governance Report (Contd.)

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, 2013 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, 2013;
 - (ii) all significant changes in accounting policies during the financial year ended March 31, 2013 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.

Pune	Salil Taneja	C. S. Kameswaran
August 05, 2013	Chairman	Managing Director

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, 2013, 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, August 05, 2013

Membership No.: 32208

Independent Auditor's Report

To the Members of
Taneja Aerospace and Aviation Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Taneja Aerospace and Aviation Limited ("the company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and

give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit of the company for the year ended on that date, and
- (c) in the case of the Cash Flow Statement, of the cash flows of the company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, 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 it appears from our examination of those books.
 - (c) The Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act.
 - (e) On the basis of the written representations received from the directors as on March 31, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

Pune, August 05, 2013

Haresh B. Shah
Partner
Membership No.: 32208

Taneja Aerospace and Aviation Limited

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 during the year and no material discrepancies were noticed on such verification as compared to the book records.
- c. According to the information and explanations given to us, the company has not disposed off substantial part of fixed assets during the year, which would affect the going concern of the company.
- (ii) a. As explained to us, inventories have been physically verified during the year by the Management. In our opinion, the frequency of verification is reasonable.
- 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 proper records of inventory by way of manual bin cards, except in the case of work in progress. No material discrepancies were noticed on physical verification as compared to quantity as per manual records. The company is in the process of integrating its inventory with financial accounts.
- (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 the advance granted in earlier years by way of Inter Corporate Deposit, the maximum amount outstanding during the year was Rs. 29 lakhs and the balance of such loan as at March 31, 2013 is Rs. nil (Previous Year Rs. 29 lakhs).
- 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. During the year, the company has taken unsecured loans aggregating to Rs. 1,645 lakhs from one of the companies covered in the register maintained under Section 301 of the Companies Act, 1956 (Previous year Rs. 1,674 lakhs). At the year end, the aggregate amount outstanding was Rs. 1,050 lakhs (Previous Year Rs. 1,340 lakhs). The maximum balance outstanding during the year was Rs. 2,250 lakhs (Previous Year Rs. 2,300 lakhs).
- d. As explained to us, the loan (indicated in paragraph (iii) (c) above) is repayable on demand any time on or after April 01, 2013. In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of loan taken by the company, are prima facie, not prejudicial to the interest of the company.
- e. As the loan 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 inventory control and reconciliation of Trade Receivables' balances need to be strengthened considering the increasing sales 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) Internal audit is conducted by a Group Internal Audit Department headed by senior chartered accountant. In our opinion, the company has an internal audit system commensurate with the size and nature of its business. However in our opinion, the scope and coverage of internal audit needs to be strengthened especially as mentioned in clause (iv) above.
- (viii) As per MCA order dated November 6, 2012, the company cost records are liable for cost audit from

Annexure to the Auditors' Report (Contd.)

April 01, 2013.

- (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, Education Cess, Higher Education 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, Education Cess, Higher Education Cess and other material statutory dues, were in arrears, as at March 31, 2013, except :

Name of Statute	Nature of Dues	Amount (Rs. in Lakhs)	Period to which it relates	Forum where the dispute is pending
Customs Act, 1962	Custom Duty	622.67	F.Y. 2007-08	CESTAT
Service Tax	Service Tax	317.70	F.Y. 2005-06 to F.Y. 2009-10	CESTAT

- (x) The company has no accumulated losses as at March 31, 2013. 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 raised the Term Loan of Rs. 1,500 Lakhs during the period under audit. Also, Term Loan taken during year has been, on an overall basis, applied for the purpose for which the said loans were obtained.
- (xvii) According to the information and explanations given to us, and on an overall examination of the Balance Sheet and the Cash Flow of the company, we report that no funds raised on short-term basis has been used for long-term investment.
- (xviii) According to the 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 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, August 05, 2013

Membership No.: 32208

Taneja Aerospace and Aviation Limited

Balance Sheet as at March 31, 2013

(Rs. in Lakhs)

Particulars	Note No.	As at March 31, 2013	As at March 31, 2012
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	1	1,246.54	1,246.54
Reserves and Surplus	2	9,747.25	9,718.26
		<u>10,993.79</u>	<u>10,964.80</u>
Non-Current Liabilities			
Long-Term Borrowings	3	1,405.16	254.86
Deferred Tax Liabilities (Net)	4	564.38	564.38
Other Long-Term Liabilities	5	565.22	564.64
Long-Term Provisions	6	125.11	122.98
		<u>2,659.87</u>	<u>1,506.86</u>
Current Liabilities			
Short-Term Borrowings	7	2,194.33	3,138.06
Trade Payables	8	527.26	428.17
Other Current Liabilities	9	704.00	571.20
Short-Term Provisions	10	141.61	149.78
		<u>3,567.20</u>	<u>4,287.21</u>
Total		<u><u>17,220.86</u></u>	<u><u>16,758.87</u></u>
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	11	11,082.91	11,349.65
Capital Work-in-Progress		1,546.31	1,124.99
		<u>12,629.22</u>	<u>12,474.64</u>
Non-Current Investments	12	488.25	478.46
Current Assets			
Inventories	13	576.64	472.36
Trade Receivables	14	1,642.76	1,348.23
Cash and Bank Balances	15	629.55	589.91
Short-Term Loans and Advances	16	1,254.44	1,395.27
		<u>4103.39</u>	<u>3,805.77</u>
Total		<u><u>17,220.86</u></u>	<u><u>16,758.87</u></u>
Significant Accounting Policies	25		
Notes are an Integral part of the Financial Statements	26-45		

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

Pune, August 05, 2013

Priya Nair

Company Secretary

Salil Taneja

Chairman

C. S. Kameswaran

Managing Director

Pune, August 05, 2013

Statement of Profit and Loss for the year ended March 31, 2013

(Rs. in Lakhs)

Particulars	Note No.	2012-13	2011-12
INCOME			
Revenue from Operations	17	5,366.64	5,044.89
Other Income	18	55.81	180.62
Total Revenue		5,422.45	5,225.51
EXPENSES			
Cost of Materials Consumed	19	738.59	859.79
Changes in Inventories of Work-in-Progress and Stock-in-Trade	20	(161.52)	157.11
Operational and Other Expenses	21	1,681.41	1,411.54
Employee Benefits Expense	22	2,317.06	1,575.66
Total Expenses		4,575.54	4,004.10
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)		846.91	1,221.41
Finance Costs	23	455.95	494.35
Depreciation & Amortisation Expenses	24	361.40	342.54
Profit/(Loss) Before Extraordinary Items and Tax		29.56	384.52
Less: Prior Period Items	34	0.57	(1.87)
Less: Transfer to General Reserve		-	27.86
Add: Provision for Rent, Rates & Taxes Written Back		-	27.86
Profit/(Loss) Before Tax		28.99	386.39
Tax Expenses			
Current Tax	28	5.80	82.34
Less: MAT Credit Entitlement		5.80	82.34
Total Tax Expenses		-	-
Profit/(Loss) After Tax		28.99	386.39
Earnings per Share (Rs.) Basic and Diluted (Face Value of Rs. 5/- each)	29	0.12	1.55
Significant Accounting Policies	25		
Notes are an Integral part of the Financial Statements	26-45		

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
Pune, August 05, 2013

Priya Nair
Company Secretary

Salil Taneja
Chairman

C. S. Kameswaran
Managing Director

Pune, August 05, 2013

Taneja Aerospace and Aviation Limited

Cash Flow Statement for the year ended March 31, 2013

(Rs. in Lakhs)

Particulars	2012-13	2011-12
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax & Prior Period Items	29.56	384.53
Adjustments for :		
Depreciation	361.40	342.54
Prior Period Items	(0.57)	1.87
Extra Ordinary Item	-	27.86
Profit on Sale of Fixed Assets	(0.42)	(0.77)
Profit on Sale of Investment	(0.20)	-
Interest Paid	455.95	494.35
Interest Received	(38.53)	(73.18)
Operating Profit before Working Capital Changes	807.19	1,177.19
Adjustments for :		
Trade and Other Receivables	(153.73)	(411.27)
Inventories	(104.28)	69.12
Trade and Other Payables	(2.75)	175.26
Cash Generated from Operations	546.43	1,010.30
Direct Tax Paid	-	-
Net Cash Flow from Operating Activities	546.43	1,010.30
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets/ Capital WIP	(517.13)	(848.47)
Proceeds from Sale of Fixed Assets	1.57	1.20
Proceeds from Sale of Investment	0.42	-
Investment in Equity (Net)	(10.00)	(0.75)
Net Cash Flow used in Investing Activities	(525.14)	(848.02)
C CASH FLOW FROM FINANCING ACTIVITIES		
Additions/ (Repayment of Loans)	435.77	68.68
Interest Received	38.53	73.18
Interest Paid	(455.95)	(494.35)
Net Cash Flow from/ (used in) Financing Activities	18.35	(352.49)
Net Increase/(Decrease) in Cash and Cash Equivalents	39.64	(190.21)
Cash and Cash Equivalents at the beginning of the year	589.91	780.12
Cash and Cash Equivalents at the end of the year	629.55	589.91
Net Increase/ (Decrease) in Cash and Cash Equivalents	39.64	(190.21)

Notes to Cash Flow Statement

- The above Cash Flow Statement has been prepared under the "Indirect Method" set out in Accounting Standard (AS) - 3 on Cash Flow Statement issued by the ICAI.
- Figures in bracket indicate cash outflow.
- Cash and Cash equivalents are Cash and Bank balances as mentioned in Note No. 15.

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
Pune, August 05, 2013

Priya Nair
Company Secretary

Salil Taneja
Chairman

C. S. Kameswaran
Managing Director

Pune, August 05, 2013

Notes to Financial Statement for the year ended March 31, 2013

1. SHARE CAPITAL

(Rs. in Lakhs)

Particulars	As at March 31, 2013	As at March 31, 2012
Authorised Capital		
4,00,00,000 (Previous Year 4,00,00,000) Equity Shares of Rs.5/- each	2,000.00	2,000.00
10,00,000 (Previous Year 10,00,000) 15% Redeemable Cumulative Preference Shares of Rs. 50/- each	500.00	500.00
	2,500.00	2,500.00
Issued, Subscribed and Paid Up Capital		
2,49,30,736 (Previous Year 2,49,30,736) Equity Shares of Rs.5/- each fully paid	1,246.54	1,246.54

1.1 Reconciliation of the number of shares outstanding at the beginning and at the end of the year :

Particulars	As at March 31, 2013		As at March 31, 2012	
	No. of shares	Rs. in Lakhs	No. of shares	Rs. in Lakhs
Equity Shares at the beginning of the year	2,49,30,736	1246.54	2,49,30,736	1246.54
Equity Shares issued during the year	-	-	-	-
Equity shares bought back during the year	-	-	-	-
Equity Shares outstanding at the end of the year	2,49,30,736	1246.54	2,49,30,736	1246.54

1.2 Details of shareholders holding more than 5% Equity Shares in the Company

Name of the Shareholders	As at March 31, 2013		As at March 31, 2012	
	No. of shares	% holding	No. of shares	% holding
Indian Seamless Enterprises Limited	1,04,79,620	42.03	1,04,79,620	42.03
Vishkul Leather Garments Private Limited	16,89,179	6.78	16,89,179	6.78

1.3 Terms/rights attached to Equity Shares

The Company has only one class of issued share having par value of Rs.5/- each. Holder of Equity Share is entitled to one vote per share.

Taneja Aerospace and Aviation Limited

Notes to Financial Statement for the year ended March 31, 2013 (Contd.)

2. RESERVES AND SURPLUS

(Rs. in Lakhs)

Particulars	As at March 31, 2013	As at March 31, 2012
Capital Reserve	5.83	5.83
Securities Premium Account	6,600.75	6,600.75
General Reserve		
Balance as per the last Balance Sheet	1,271.86	1,244.00
Add: Transfer from Statement of Profit and Loss	-	27.86
	1,271.86	1,271.86
Surplus		
Balance as per the last Balance Sheet	1,839.82	1,453.43
Add: Net Profit after tax transferred from Statement of Profit and Loss	28.99	386.39
Surplus	1,868.81	1,839.82
Total	9,747.25	9,718.26

3. LONG TERM BORROWINGS

(Rs. in Lakhs)

Particulars	As at March 31, 2013	As at March 31, 2012
Secured Loans:		
Term Loan from Bank	1,405.16	254.86
Total	1,405.16	254.86

3.1 Maturity Profile of Secured Term loans from bank

(Rs. in Lakhs)

Particulars	Maturity Profile			
	1-2 years	2-3 years	3-4 years	Beyond 4 years
Term Loans	394.40	294.81	334.77	381.18

3.2 Details of Securities and other terms :

The Term Loan from Bank is secured by a first charge on Assets created out of TL – Building Rs. 4.60 Crore and Plant and Machinery Rs. 10.48 Crore of the Company and second charge on specific free hold lands to the extent of 26.87 acres and construction thereon of the Company at Belagondapalli Village, Thalli Road, Denkanikottai Taluk, Krishnagiri District, Belagondapalli – 635114, Tamil Nadu.

The Term Loan from Bank is secured by a first charge on assignment of rental/receivables from M/s. Airworks India (Engineering) Private Limited and specific free hold lands to the extent of 36.93 acres of land and development there on of the Company at Belagondapalli Village, Thalli Road, Denkanikottai Taluk, Krishnagiri District, Belagondapalli – 635114, Tamil Nadu. Second Pari-Passu Charge on other fixed assets (both movable and immovable) of the Company along with other consortium banks as collateral security.

Notes to Financial Statement for the year ended March 31, 2013 (Contd.)

4. DEFERRED TAX LIABILITIES (NET)

(Rs. in Lakhs)

Particulars	As at March 31, 2013	As at March 31, 2012
Deferred Tax Liabilities :		
Difference in net book value of fixed assets as per books and tax laws	564.38	564.38
Net Deferred Tax Liability *	<u>564.38</u>	<u>564.38</u>

* Deferred tax calculation results in to working of deferred tax assets as at March 31, 2013. However as a matter of prudence, the Company has not recognised deferred tax asset and continues to carryover deferred tax liability.

5. OTHER LONG TERM LIABILITIES

(Rs. in Lakhs)

Particulars	Non- Current	
	As at March 31, 2013	As at March 31, 2012
Deposit from Customers	565.22	564.64
Total	<u>565.22</u>	<u>564.64</u>

6. LONG TERM PROVISIONS

(Rs. in Lakhs)

Particulars	As at March 31, 2013	As at March 31, 2012
Provision for Employee Benefits (Refer Note No. 41)		
Gratuity	78.47	74.48
Leave Encashment	46.64	48.50
Total	<u>125.11</u>	<u>122.98</u>

7. SHORT TERM BORROWINGS

(Rs. in Lakhs)

Particulars	As at March 31, 2013	As at March 31, 2012
Secured Loans :		
Working Capital Borrowing from Banks	1,144.33	939.05
	<u>1,144.33</u>	<u>939.05</u>
Unsecured Loans :		
Loans and Advances from related party (Inter Corporate Deposit) (Refer Note No. 36)	1,050.00	1,340.00
From Bank	-	87.22
From Other	-	771.79
	<u>1,050.00</u>	<u>2,199.01</u>
Total	<u>2,194.33</u>	<u>3,138.06</u>

7.1 Details of Securities and other terms

Working Capital Loan from the banks is secured against hypothecation of Stocks and Book Debts on pari-passu basis and second charge on Fixed Assets.

8. TRADE PAYABLES

(Rs. in Lakhs)

Particulars	As at March 31, 2013	As at March 31, 2012
Micro, Small and Medium Enterprises (Refer Note. No. 38)	-	-
Other Trade Payables	527.26	428.17
TOTAL	<u>527.26</u>	<u>428.17</u>

Taneja Aerospace and Aviation Limited

Notes to Financial Statement for the year ended March 31, 2013 (Contd.)

9. OTHER CURRENT LIABILITIES

(Rs. in Lakhs)

Particulars	As at March 31, 2013	As at March 31, 2012
Current Maturities of Long Term Borrowings (Refer Note No. 3)	349.19	120.00
Advance from Customers	12.08	13.97
Other Current Liability	342.73	437.23
TOTAL	704.00	571.20

10. SHORT TERM PROVISIONS

(Rs. in Lakhs)

Particulars	As at March 31, 2013	As at March 31, 2012
Provision for Employee Benefits		
Provision For Bonus	-	13.97
Others		
Provision For Audit Fees	6.92	6.92
Provision For Taxes	134.69	128.89
TOTAL	141.61	149.78

11. FIXED ASSETS

(Rs. in Lakhs)

Nature of Assets	GROSS BLOCK (AT COST)				DEPRECIATION /AMORTISATION				NET BLOCK	
	As at April 01, 2012	Additions	Deductions/ Adjustments	As at March 31, 2013	As at April 01, 2012	For The Year	Deductions/ Adjustments	As at March 31, 2013	As at March 31, 2013	As at March 31, 2012
Free Hold Land	6,274.67	0.11	-	6,274.78	-	-	-	-	6,274.78	6,274.67
Building	1,259.61	-	-	1,259.61	397.30	42.17	-	439.47	820.14	862.31
Plant And Machinery	6,066.90	41.00	-	6,107.90	2,142.23	270.57	-	2,412.79	3,695.11	3,924.67
Office Equipment	351.14	33.21	-	384.35	123.73	33.04	-	156.77	227.58	227.41
Furniture And Fixture	93.50	0.30	-	93.80	75.57	3.27	-	78.84	14.96	17.93
Computer – Hardware	39.50	12.05	-	51.55	8.85	7.54	-	16.39	35.16	30.65
Vehicles	40.82	9.49	9.17	41.14	28.81	4.81	7.66	25.96	15.18	12.01
Total	14,126.14	96.16	9.17	14,213.13	2,776.49	361.40	7.66	3,130.23	11,082.91	11,349.65
Previous Year	13,418.51	714.53	6.90	14,126.14	2,441.53	342.54	7.58	2,776.49	11,349.65	10,976.98

12. NON CURRENT INVESTMENTS

(Rs. in Lakhs)

Particulars	As at March 31, 2013	As at March 31, 2012
Unquoted		
Investment in Equity Shares		
Subsidiary Companies		
11,50,000 Shares (Previous Year 11,50,000) of First Airways Inc., USA of USD 1/- Each	477.50	477.50
7,500 Shares (Previous Year 7,500) of TAAL Aerosystems Private Limited of Rs. 10/- Each	0.75	0.75
1,00,000 Shares (Previous Year Nil) of TAAL Tech India Private Limited of Rs. 10/- Each	10.00	-
Quoted		
Investment in Equity Shares		
Nil Shares (Previous Year 115) of ABG Shipyard Limited (Market value Previous Year Rs. 43,827)	-	0.21
Total	488.25	478.46

As perceived by Management, investment in First Airways Inc., USA does not require any provision for diminution in value of investment.

Notes to Financial Statement for the year ended March 31, 2013 (Contd.)

13. INVENTORIES

(Rs. in Lakhs)

Particulars	As at March 31, 2013	As at March 31, 2012
Raw Materials	232.39	289.63
Work in Progress	344.25	182.73
Total	<u>576.64</u>	<u>472.36</u>

14. TRADE RECEIVABLES

(Rs. in Lakhs)

Particulars	As at March 31, 2013	As at March 31, 2012
Outstanding for a period exceeding six months, Considered Good	226.27	534.63
Other Considered Good	1,424.56	821.67
	<u>1,650.83</u>	<u>1,356.30</u>
Less: Provision for bad and doubtful debts	8.07	8.07
Total	<u>1,642.76</u>	<u>1,348.23</u>

15. CASH AND BANK BALANCES

(Rs. in Lakhs)

Particulars	As at March 31, 2013	As at March 31, 2012
Balances with Bank		
Current Accounts	405.40	96.15
Margin Money Deposits	218.41	492.51
Cash on Hand	5.74	1.25
Total	<u>629.55</u>	<u>589.91</u>

16. SHORT TERM LOANS AND ADVANCES

(Rs. in Lakhs)

Particulars	As at March 31, 2013	As at March 31, 2012
Unsecured and Considered Good		
Advances to Suppliers	271.29	291.62
Advances for Expenses	68.12	79.10
Loans and Advances from Related Parties (Refer Note No. 36)	-	28.84
Advance Tax	679.00	604.72
Others	236.03	390.99
Total	<u>1,254.44</u>	<u>1,395.27</u>

Taneja Aerospace and Aviation Limited

Notes to Financial Statement for the year ended March 31, 2013 (Contd.)

17. REVENUE FROM OPERATIONS

(Rs. in Lakhs)

Particulars	2012-13	2011-12
Sales – Aviation		
Gross Sales	919.72	1,401.43
Less: Excise Duty	25.67	23.95
Net Sales	894.05	1,377.48
Services – Aviation		
Charter Income	659.14	449.51
Hanger Charges	612.84	553.38
Sales Commission	0.12	342.42
Conversion Charges	1,117.76	1,417.85
Training & Other Services	87.00	67.74
Engineering Design Services	1,995.73	836.51
Total	5,366.64	5,044.89

18. OTHER INCOME

(Rs. in Lakhs)

Particulars	2012-13	2011-12
Interest Income	38.53	73.18
Miscellaneous Income (Refer Note No. 31)	17.28	107.44
Total	55.81	180.62

19. COST OF MATERIAL CONSUMED (Refer Note No. 43 (b))

(Rs. in Lakhs)

Particulars	2012-13	2011-12
Stock at Commencement	289.63	201.64
Add: Purchases	681.35	947.78
Less: Stock at Close	232.39	289.63
Total	738.59	859.79

20. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN PROGRESS AND STOCK-IN-TRADE

(Rs. in Lakhs)

Particulars	2012-13	2011-12
Stock at close		
Work in Progress	344.25	182.73
Finished Goods	-	-
Total	344.25	182.73
Stock at commencement		
Work in Progress	182.73	289.84
Finished Goods	-	50.00
Total	182.73	339.84
(Increase)/ Decrease in Inventory	(161.52)	157.11

Notes to Financial Statement for the year ended March 31, 2013 (Contd.)

21. OPERATIONAL AND OTHER EXPENSES

(Rs. in Lakhs)

Particulars	2012-13	2011-12
Charter Expenses	455.31	384.79
Power & Fuel Expenses	131.34	113.97
Software & Hardware Hire and Maintenance Charges	68.36	62.61
Other Operational Expenses	76.31	47.76
Repairs and Maintenance Plant & Machinery	27.91	54.19
Repairs and Maintenance Building	12.41	3.02
Selling Expenses	99.12	56.12
Rent	107.63	74.53
Rates & Taxes	48.28	21.33
Insurance	16.83	10.05
Traveling & Conveyance	368.88	291.52
Communication Expenses	36.65	34.17
Miscellaneous Expenses (Refer Note No. 32)	232.38	257.48
Total	1,681.41	1,411.54

22. EMPLOYEE BENEFITS EXPENSE

(Rs. in Lakhs)

Particulars	2012-13	2011-12
Salaries and Wages	2,122.24	1,343.94
Contribution to Provident and Other Funds	87.13	57.26
Staff Welfare Expenses	107.69	174.46
Total	2,317.06	1,575.66

23. FINANCE COSTS

(Rs. in Lakhs)

Particulars	2012-13	2011-12
Interest Expenses :		
Working Capital Loan	140.46	171.28
Term Loans	46.29	67.79
Interest on Inter Corporate Deposits	254.58	267.45
	<u>441.33</u>	<u>506.52</u>
Less: Capitalised during the Year	66.72	55.62
	<u>374.61</u>	<u>450.90</u>
Other Finance Costs	81.34	43.45
Total	455.95	494.35

24. DEPRECIATION AND AMORTISATION EXPENSES

(Rs. in Lakhs)

Particulars	2012-13	2011-12
Depreciation	361.40	342.54
Total	361.40	342.54

NOTE 25 : SIGNIFICANT ACCOUNTING POLICIES

25.1 Basis of Preparation of Financial Statements

The Financial Statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on an accrual basis, except for certain fixed assets which are being carried at revalued amounts. These financial statements have been prepared to comply in all material aspects with the accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 and with the relevant provisions of the Companies Act, 1956.

Taneja Aerospace and Aviation Limited

Notes to Financial Statement for the year ended March 31, 2013 (Contd.)

25.2 Use of Estimates

The preparation of Financial Statements in conformity with generally accepted accounting principles (GAAP) in India requires the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities (including contingent liabilities) as on the date of Financial Statements and the reported amounts of income and expenses during the period. Examples of such estimates include provision for doubtful debts, employee benefits, provision for income tax, proportionate completion in case of fixed price long term labour contracts, 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.

25.3 Fixed Assets

- (a) Fixed Assets are stated at cost of acquisition or construction except in case of certain assets which have been revalued, at its revalued amount, 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 Machinery and depreciation has been provided accordingly.
- (b) All indirect expenses incurred on project implementation including interest cost on funds deployed for the project are treated as incidental expenditure during construction and subsequently capitalized.
- (c) Assets received on amalgamation are recorded at its fair value.

25.4 Depreciation

Depreciation is provided on Straight Line Method for Building, Plant Machinery and Hardware and on Written Down Value Method on all other assets at the rates prescribed under Schedule XIV of the Companies Act, 1956. Depreciation on assets added/disposed off during the year has been provided on prorata basis with reference to the month of addition/disposal.

25.5 Leases

Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

25.6 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 recognised to the extent carrying amount exceeds recoverable amount.

25.7 Foreign Currency Transactions

- (a) Initial Recognition: Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction.
- (b) Conversion: At the year end, monetary items denominated in foreign currencies are converted into rupee equivalents at the year-end exchange rates.
- (c) Exchange Differences: All exchange differences arising on settlement/conversion of foreign currency transactions are charged to the Statement of Profit and Loss.

25.8 Provision for Employee Benefits

- (a) Defined Contribution Plan
The Company makes defined contribution to Provident Fund and Superannuation Schemes, which are recognised in the Statement of Profit and Loss on accrual basis.
- (b) Defined Benefit Plan
The Company's liabilities under Payment of Gratuity Act and 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 Profit and Loss as income or expense. 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.

25.9 Investments

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

- (a) Current investments are carried at lower of cost and fair value determined on an individual investment basis.
- (b) Non-current investments are carried at cost. Provision for diminution in the value of non-current investments is made only if such a decline is other than temporary in the opinion of the management.

25.10 Revenue Recognition

- (a) Commission from agency business of sale of aircraft is accounted on proportionate basis considering completion of major service and time period of delivery.

Notes to Financial Statement for the year ended March 31, 2013 (Contd.)

- (b) 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.
- (c) Income from Hanger Utilisation is accounted based on agreement/ contract entered into with the third party.
- (d) Income from aircraft given on charter is booked on the basis of contracts with customers and actual flying hours of the aircraft.
- (e) Training fees received, being non-refundable, is accounted in the year of receipt.
- (f) Engineering Design Service fees are accounted based on terms of contract with the customers.
- (g) 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.
- (h) Revenue from sale of goods is recognised on transfer of all significant risks and rewards of ownership to the buyer. The amounts recognised as sale is exclusive of Sales Tax / VAT and are net of returns.
- (i) Interest income is recognised on time proportion basis taking into account the amount outstanding and the rate applicable.

25.11 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 technical estimate of percentage completed.

25.12 Provision for Taxation

Tax expense for the period, comprising Current Tax and Deferred Tax are included in the determination of the net profit or loss for the year.

Current Tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in India.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

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.

25.13 Segment Reporting

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

25.14 Contingencies and Events Occurring after the Date of Balance Sheet

- (a) Accounting for contingencies arising out of contractual obligation, are made only on the basis of mutual acceptances.
- (b) 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.

25.15 Provisions, Contingent Liabilities and Contingent Assets

- (a) Provisions are recognised 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.
- (b) A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources.
- (c) Contingent Assets are neither recognised nor disclosed in the Financial Statements.

25.16 Trade Receivables

Trade receivables are stated after writing off debts considered as bad. Adequate provision is made for debts considered doubtful. Bad Debts previously written off and recovered during the year is credited to the Statement of Profit and Loss.

25.17 Borrowing Cost

Borrowing Costs directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of the assets, upto the date the asset is ready for their intended use. All other borrowing costs are recognised in Statement of Profit and Loss in the year in which they are incurred.

25.18 Earnings Per Share

The Basic and Diluted Earnings Per Share ("EPS") is computed by dividing the net profit after tax for the year by weighted average number of Equity Shares outstanding during the year.

Taneja Aerospace and Aviation Limited

Notes to Financial Statement for the year ended March 31, 2013 (Contd.)

NOTES TO FINANCIAL STATEMENTS

26. Provisions and Contingencies

- a. Bank Guarantees Rs. 1664.03 lakhs (Previous Year Rs. 1567.81 lakhs)
- b. Indemnity issued to customers Rs. 1045.46 lakhs (Previous Year Rs. 1477.78 lakhs)
- c. EPCG Export sales obligation to be fulfilled Rs. 991.10 lakhs (Previous Year Rs. 1189.52 lakhs)
- d. Capital commitment towards the new project is Rs. 531.57 lakhs (Previous Year Rs. 1573.29 lakhs)

27. The Company has capitalised the following expenses to New Project, in accordance with the accounting policy consistently followed :

(Rs. in Lakhs)

Particulars	2012-13	2011-12
a. Personnel Expenses		
i) Managing Directors Salary	16.80	-
ii) Other Salary	14.80	12.33
b. Traveling Expenses	4.12	0.40
c. Interest	66.72	55.62
d. Other Expenses	9.58	-
Total	112.02	68.35

28. Minimum Alternate Tax

(Rs. in Lakhs)

Particulars	2012-13	2011-12
Minimum Alternate Tax *	5.80	82.34

* Since the Company is covered by the provisions of Sec. 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.

29. Computation of Earning Per Share

(Rs. in Lakhs)

Particulars	2012-13	2011-12
Profit/(Loss) after tax available for equity shareholders	28.99	386.39
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 Rs.)	0.12	1.55

* Diluted EPS is same as Basic as there are no outstanding potential Equity Shares as on date.

30. During the year 2007-08, Company acquired an Aircraft on operating lease from an overseas lease finance company for the period of 120 months. Based on the legal opinion obtained by the Company, the lease rental has been grouped under the head Charter Expenses. The payments under lease for the future period are :

(Rs. in Lakhs)

Particulars	Amount in US \$	Equivalent in Rs.
Less than One Year	4.19	227.73
More than 1 Year and Less than 5 Year	18.27	993.94
More than 5 Years	-	-
Total	22.46	1,221.67

Notes to Financial Statement for the year ended March 31, 2013 (Contd.)

NOTES TO FINANCIAL STATEMENTS

31. Miscellaneous Income Includes :

(Rs. in Lakhs)

Particulars	2012-13	2011-12
a. Profit on Sale of Assets	0.42	0.77
b. Profit on Sale of Investment	0.20	-
c. Miscellaneous Income	1.37	21.68
d. Bad Debts Recovered	-	81.62
e. Agriculture Income	13.87	3.37
f. Sundry Creditors Written Back	1.42	-
Total	<u>17.28</u>	<u>107.44</u>

32. Miscellaneous Expenses Includes :

(Rs. in Lakhs)

Particulars	2012-13	2011-12
a. Sitting Fees	4.10	5.00
b. Bad Debts Written Off	-	5.96
c. Office & Other Administrative Expenses	121.92	104.04
d. Legal, Professional & Consultancy Charges	93.31	135.88
e. Exchange Fluctuation Loss/(Gain)	7.19	(0.39)
f. Auditors Remuneration		
Audit Fees	3.50	3.00
Tax Audit Fees	1.00	1.00
Fees for Taxation	-	1.50
Fees for Other Services	1.05	1.00
Out of Pocket Expenses/Travelling	0.31	0.49
Total	<u>232.38</u>	<u>257.48</u>

33. Details of Managerial Remuneration

(Rs. in Lakhs)

Particulars	2012-13	2011-12
Remuneration (Basic + HRA)	* 19.20	* 19.20
LTA + Medical	2.00	2.00
Provident Fund	1.44	1.44
Superannuation	1.80	1.80
Perquisites	1.20	1.20
Total	<u>25.64</u>	<u>25.64</u>

* Including the part amount capitalised

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

Taneja Aerospace and Aviation Limited

Notes to Financial Statement for the year ended March 31, 2013 (Contd.)

NOTES TO FINANCIAL STATEMENTS

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

(Rs. in Lakhs)

Particulars	2012-13	2011-12
Profit Before Taxation as per Statement of Profit and Loss	28.99	386.39
Add: Depreciation Provided in Accounts	361.40	342.54
Add: Remuneration paid to Managing Director	25.64	25.64
Less: Profit(net) on Sale of Asset as per Statement of Profit and Loss	0.42	0.77
	<u>415.61</u>	<u>753.80</u>
Less: Depreciation computed in accordance with provision of Section 350 of the Companies Act,1956	488.29	529.53
Less: Amount Charged to reserve as per Statement of Profit and Loss	-	-
Less: Loss of earlier year computed in accordance with Section 349	143.05	367.32
Profit as per Section 349 of Companies Act, 1956	<u>(215.73)</u>	<u>(143.05)</u>
Maximum Permissible remuneration to the whole time Director under Section 198 of the Companies Act, 1956 @5% of the profit computed above.	-	-

The Managing Director has been reappointed from December 1, 2012 and remuneration provided/paid from December 1, 2012 to March 2013 is subject to the approval of members in general meeting to comply the provision of Schedule XIII of Companies Act, 1956.

34. Details of Prior Period items

(Rs. in Lakhs)

Particulars	2012-13	2011-12
Prior Period Expenses	0.57	4.09
Prior Period Income	-	(5.95)
Net Prior Period items	<u>0.57</u>	<u>(1.87)</u>

35. Disclosure required by Clause 32 of the Listing Agreement

Amount of Loans and Advances in nature of loans outstanding from subsidiaries and associates for the year ended March 31, 2013

(Rs. in Lakhs)

Name of the Company	Nature of Relation	Nature of Transaction	Max. Balance during the Period	March 31, 2013	March 31, 2012
First Airways Inc.	Subsidiary	Investment	477.49	477.49	477.49
TAAL Aerosystem Private Limited	Subsidiary	Investment	0.75	0.75	0.75
TAAL Tech India Private Limited	Subsidiary	Investment	10.00	10.00	-
ISMT Limited *	Associate	Loan (Cr)	2,273.23	1,101.41	1,420.48
Indian Seamless Enterprises Ltd. * #	Associate	Loan	25.00	-	-
Vishkul Leather Garments Pvt. Ltd. *	Associate	Advances (Dr)	28.84	-	28.84

* No repayment schedule

No interest Charged on this loan

Notes to Financial Statement for the year ended March 31, 2013 (Contd.)

NOTES TO FINANCIAL STATEMENTS

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

Related Parties	Name of the Party
i) Subsidiary Companies	First Airways Inc. TAAL Aerosystems Private Limited TAAL Tech India Private Limited
ii) Associate Companies	ISMT Limited Indian Seamless Enterprises Limited Vishkul Leather Garments Private Limited
iii) Key Management Personnel	Salil Taneja (Chairman) C. S. Kameswaran (Managing Director)

Transactions with the Related Parties :

(Rs. in Lakhs)

Particulars	Subsidiaries	Associates	Key Management Personnel
Investment in Equity	10.00 (0.75)	- (-)	- (-)
Inter-corporate Deposit Received during the year	- (-)	1,645.00 (1,674.00)	- (-)
Aircraft Hiring Charges	- (-)	240.00 (240.00)	- (-)
Sale of Material	- (-)	69.00 (13.16)	- (-)
Sitting Fees	- (-)	- (-)	0.70 (0.50)
Interest paid	- (-)	202.11 (226.38)	- (-)
Interest Received	- (-)	- (28.84)	- (-)
Managerial Remuneration	- (-)	- (-)	25.64 (25.64)
Balance payable	- (-)	1,101.41 (1,420.48)	- (-)
Balance receivable	- (-)	- (28.84)	- (-)

(Figures in brackets relate to Previous Year)

- 37.** The balances in debtors and creditors accounts are subject to confirmations.
- 38.** As informed to us by the Management, the Company owes no dues, which are outstanding for more than 45 days as at March 31, 2013 to any "Micro, Small And Medium Enterprises " as required under "Micro, Small And Medium Enterprises Development Act 2006".
- 39.** In the Opinion of the Board, adequate steps are taken to make sufficient provision for all liabilities.
- 40.** Current Assets, Loans and Advances are of the value stated if realised in the ordinary course of business.

Taneja Aerospace and Aviation Limited

Notes to Financial Statement for the year ended March 31, 2013 (Contd.)

NOTES TO FINANCIAL STATEMENTS

41 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 recognized the following amounts as an expense and included under the head "Personnel Cost".

(Rs. in Lakhs)

Particulars	2012-13	2011-12
Employer's Contribution to Provident Fund, Family Pension Fund and Other Funds	56.67	42.71

ii) Defined Benefit Plan :

a. Changes in present value of Defined Benefit Obligations :

(Rs. in Lakhs)

Particulars	2012-13	2011-12
Gratuity (Funded)		
Present Value of Obligations as at April 01, 2012 (April 01, 2011)	84.91	65.56
Current Service Cost	15.56	12.43
Interest Cost	6.80	5.46
Past Service Cost	0.00	0.00
Actuarial (Gain)/ Loss	(6.16)	1.46
Benefits Paid	(9.75)	0.00
Present Value of Obligations as at March 31, 2013 (March 31, 2012)	91.37	84.91
Leave Encashment (Non Funded)		
Present Value of Obligations as at April 01, 2012 (April 01, 2011)	48.49	46.48
Current Service Cost	12.07	8.61
Interest Cost	3.40	3.56
Past Service Cost -	0.00	0.00
Actuarial (Gain)/ Loss	(0.28)	(2.54)
Benefits Paid	(17.05)	(7.61)
Present Value of Obligations as at March 31, 2013 (March 31, 2012)	46.64	48.50

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 :

(Rs. in Lakhs)

Particulars	Gratuity Funded		Leave Encashment (Non Funded)	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Present Value of Obligation as at March 31, 2013 (March 31, 2012)	91.37	84.91	46.64	48.50
Less: Funded with LIC	12.90	10.43	-	-
Net Liability	78.47	74.48	46.64	48.50

Notes to Financial Statement for the year ended March 31, 2013 (Contd.)

NOTES TO FINANCIAL STATEMENTS

d. Expenses recognized in the Statement of Profit & Loss (under the head "Personnel Cost")

(Rs. in Lakhs)

Particulars	Gratuity Funded		Leave Encashment (Non Funded)	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Current Service Cost	15.56	12.43	10.59	8.61
Interest Cost	6.80	5.46	3.40	3.56
Past Service Cost	-	-	-	-
Actuarial (Gain)/ Loss	(6.16)	1.46	(0.28)	(2.54)
Expenses recognised in the Statement of Profit and Loss	16.20	19.35	13.71	9.62

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

(Rs. in Lakhs)

Particulars	Gratuity Funded		Leave Encashment (Non Funded)	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Discount Rate	8.20%	8.50%	8.20%	8.50%
Expected rate of return on Plan Assets	6.54%	7.40%	6.54%	7.40%
Salary Escalation Rate	13.54%	13.62%	13.54%	13.62%

42. Segment Reporting

(Rs. in Lakhs)

Particulars	Aviation	Engg Design Service	Total 2012-13	Aviation	Engg Design Service	Total 2011-12
1. Segment Revenue						
Segmental Revenue from Sales and Services	3,370.91	1,995.73	5,366.64	4,208.38	836.51	5,044.89
Unallocable Revenue			55.81			180.62
Total Revenue	3,370.91	1,995.73	5,422.45	4,208.38	836.51	5,225.51
2. Segment Result before Interest and Taxation	526.18	(41.24)	484.94	912.26	(31.51)	880.75
Less: Finance Charges	430.79	25.15	455.95	491.97	2.38	494.35
Profit/ Loss before Taxation	95.38	(66.39)	28.99	420.29	(33.89)	386.40
Less: Taxation	-	-	0.00	-	-	-
Profit/ Loss after Taxation	95.38	(66.39)	28.99	420.29	(33.89)	386.40
3. Other Information						
Total Segment Assets	15,716.09	696.88	16,412.97	15,526.02	499.24	16,025.26
Unallocable assets			807.89			733.61
Total Assets		17,220.86			16,758.87	
Total Segment Liabilities	3,006.53	266.72	3,273.24	1,832.20	217.74	2,049.95
Unallocable Liability			2,953.82			3,744.12
Total Liability			6,227.06			5,794.07
Total Capital Employed	12,709.57	430.16	10,993.80	13,693.82	281.49	10,964.81
4. Cost Incurred for Acquiring						
Assets	59.56	36.60	96.16	571.63	142.90	714.53
Segment Depreciation	332.91	28.49	361.40	327.75	14.79	342.54

Taneja Aerospace and Aviation Limited

Notes to Financial Statement for the year ended March 31, 2013 (Contd.)

NOTES TO FINANCIAL STATEMENTS

43. Statement of Additional Information :

a. Details of Finished Goods in No. (Light Transport Aircraft)

(Rs. in Lakhs)

Particulars	Quantity (No.)		Value	
	2012-13	2011-12	2012-13	2011-12
Opening Stock	-	0.50	-	50.00
Closing Stock	-	-	-	-

b. Value of Raw Materials and Components consumed during the Year

(Rs. in Lakhs)

Particulars	Percentage (%)		Value	
	2012-13	2011-12	2012-13	2011-12
Imported*	11%	14%	82.72	123.23
Indigenous	89%	86%	655.87	736.56
	<u>100%</u>	<u>100%</u>	<u>738.59</u>	<u>859.79</u>

* The imported Raw Material and Components are presumed to be consumed during the year itself

c. Earnings in Foreign Currency

(Rs. in Lakhs)

Particulars	2012-13	2011-12
Export of Goods/Services	2,368.61	830.93
Commission	-	342.42
Total	<u>2,368.61</u>	<u>1,173.35</u>

d. Expenditure in Foreign Currency

(Rs. in Lakhs)

Particulars	2012-13	2011-12
Parts and Components	76.47	100.55
Travelling Expenses	89.58	154.42
Work Permit Fees	34.78	-
Lease Rent	275.12	258.15
Onsite Expenses	621.69	172.46
Subscription Fees	1.81	1.63
Other	2.39	2.41
Total	<u>1,101.84</u>	<u>689.62</u>

e. CIF Value of Imports of Raw Material, Spares, etc. for the year

82.72

123.23

Notes to Financial Statement for the year ended March 31, 2013 (Contd.)

NOTES TO FINANCIAL STATEMENTS

44. The Company has not hedged its Foreign Currency Exposure outstanding as on March 31, 2013 as per the policy consistently followed.

Foreign Currency Exposure not hedged as at March 31, 2013

(Rs. in Lakhs)

Particulars	Foreign Currency	Exchange Rate	Amount
Receivable			
Debtors Receivable			
USD	6.08	54.39	330.51
Euro	2.51	69.54	174.32
NOK	7.92	9.29	73.53
CAD	0.31	53.36	16.69
GBP	0.02	83.32	1.84
Total			596.89
Payable			
Expenses Payable			
USD	0.16	54.39	8.95
Euro	0.34	69.54	23.77
Lease Rent Payable			
USD	0.41	54.39	22.55
Total			55.27

45. Previous year figure have been regrouped and reclassified wherever necessary to confirm to the current year classification.

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
Pune, August 05, 2013

Priya Nair

Company Secretary

Salil Taneja

Chairman

C. S. Kameswaran

Managing Director

Pune, August 05, 2013

Taneja Aerospace and Aviation Limited

Disclosure of information relating to subsidiary companies under section 212(8) of the Companies Act, 1956

(Rs. in Lakhs)

Particulars	First Airways Inc.	TAAL Aerosystem Private Limited	TAAL Tech India Private Limited
Capital	477.50	1.00	10.00
Reserve	(210.50)	(0.22)	(0.19)
Total Liabilities	-	0.02	0.01
Total Assets	267.00	0.80	9.82
Investment other than in Subsidiaries Company	-	-	-
Turnover & Other Income	-	-	-
Profit/(Loss) Before Taxation	(50.56)	(0.12)	(0.19)
Provision for Taxation	2.24	-	-
Profit/(Loss) After Taxation	(52.81)	(0.12)	(0.19)
Proposed Dividend	-	-	-

Notes :

1. The accounts of subsidiaries have been re-stated in line with Indian GAAP and as required by Accounting Standard 21 issued by the Institute of Chartered Accountants of India, wherever applicable.
2. The Financial Statement of the subsidiaries whose reporting currency are other than INR are covered into Indian Rupees on the basis of following exchange rates.

Particulars	For Assets and Liabilities at Closing Exchange Rate	For Profit and Loss items at Average Rate
US Dollar to INR	Rs. 54.39/US Dollar	Rs. 52.77/US Dollar

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

TO

THE BOARD OF DIRECTORS OF Taneja Aerospace and Aviation Limited

We have audited the accompanying consolidated financial statements of **Taneja Aerospace and Aviation Limited** (The "company") and its subsidiaries (the company and its subsidiaries constitute the "Group"), which comprise the Consolidated Balance Sheet as at March 31, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the

appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on the financial statements / financial information of the subsidiaries referred to below in the Other Matter paragraph, the aforesaid consolidated financial statements 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, 2013;
- (b) In the case of the Consolidated Statement of Profit and Loss, of the Loss 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.

Other Matter

We did not audit the financial statements of all the subsidiaries, whose financial statements reflect total assets of Rs. 277.62 lakhs as at March 31, 2013, total revenues of Rs. Nil and net cash Inflow amounting to Rs. 14.61 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 considered by us in preparing our report and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries are based solely on the reports of other auditors and information provided by the Management.

Our opinion is not qualified in respect of this matter.

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

Haresh B. Shah
Partner

Pune, August 05, 2013

Membership No.: 32208

Taneja Aerospace and Aviation Limited

Consolidated Balance Sheet as at March 31, 2013

(Rs. in Lakhs)

Particulars	Note No.	As at March 31, 2013	As at March 31, 2012
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	1	1,246.54	1,246.54
Reserves and Surplus	2	9,536.91	9,543.00
		<u>10,783.45</u>	<u>10,789.54</u>
Minority Interest		0.20	0.22
Non-Current Liabilities			
Long-Term Borrowings	3	1,405.16	254.86
Deferred Tax Liabilities (Net)	4	564.38	564.38
Other Long-Term Liabilities	5	565.22	564.64
Long-Term Provisions	6	125.11	122.98
		<u>2,659.87</u>	<u>1,506.86</u>
Current Liabilities			
Short-Term Borrowings	7	2,194.33	3138.06
Trade Payables	8	527.26	428.17
Other Current Liabilities	9	695.02	573.81
Short-Term Provisions	10	141.11	149.78
		<u>3,557.72</u>	<u>4,289.82</u>
Total		<u><u>17,001.24</u></u>	<u><u>16,586.44</u></u>
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	11	11,082.91	11,349.65
Capital Work-In-Progress		1,546.31	1,124.99
		<u>12,629.22</u>	<u>12,474.64</u>
Non-Current Investments	12	-	0.21
Other Non-Current Investments	13	201.62	237.04
		<u>201.62</u>	<u>237.25</u>
Current Assets			
Inventories	14	576.64	472.36
Trade Receivables	15	1,642.76	1,348.23
Cash and Bank Balances	16	645.26	591.00
Short-Term Loans and Advances	17	1,255.33	1,415.54
Other Current Assets	18	50.41	47.42
		<u>4,170.40</u>	<u>3,874.55</u>
Total		<u><u>17,001.24</u></u>	<u><u>16,586.44</u></u>
Significant Accounting Policies	27		
Notes are an Integral Part of the Financial Statements	28-32		

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

Pune, August 05, 2013

Priya Nair

Company Secretary

Salil Taneja

Chairman

C. S. Kameswaran

Managing Director

Pune, August 05, 2013

Annual Report 2012-13

Consolidated Statement of Profit and Loss for the year ended March 31, 2013 (Rs. in Lakhs)

Particulars	Note No.	2012-13	2011-12
INCOME			
Revenue from Operations	19	5,366.64	5,044.89
Other Income	20	55.81	180.62
Total Revenue		<u>5,422.45</u>	<u>5,225.51</u>
EXPENSES			
Cost of Materials Consumed	21	738.59	859.79
Changes in inventories of Work-In-Progress and Stock-In-Trade	22	(161.52)	157.11
Operational and Other Expenses	23	1,731.78	1,481.34
Employee Benefits Expense	24	2,317.06	1,575.66
Total Expenses		<u>4,625.90</u>	<u>4,070.90</u>
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)		796.55	1,151.62
Finance Costs	25	455.95	497.95
Depreciation & Amortisation Expenses	26	361.40	342.54
Profit/(Loss) Before Extraordinary Items and Tax		(20.80)	311.13
Less: Prior Period Items		0.57	(1.87)
Less: Transfer to General Reserve		-	27.86
Add: Provision for Rent, Rates & Taxes Written Back		-	27.86
Profit/(Loss) Before Tax		(21.37)	313.00
Tax Expenses			
Current Tax		5.80	82.34
Less: MAT Credit Entitlement		5.80	(82.34)
Add: Income Tax		2.24	2.03
Total Tax Expenses		<u>2.24</u>	<u>2.03</u>
Profit For the Year Before Minority Interest		(23.62)	310.96
Less: Minority Interest		(0.03)	(0.03)
Profit/(Loss) After Tax		<u>(23.59)</u>	<u>310.99</u>
Earnings per Share (Rs.) Basic and Diluted (Face Value of Rs. 5/- each)	29	(0.09)	1.55
Significant Accounting Policies	27		
Notes are an Integral Part of the Financial Statements	28-32		

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
Pune, August 05, 2013

Priya Nair
Company Secretary

Salil Taneja
Chairman

C. S. Kameswaran
Managing Director

Pune, August 05, 2013

Taneja Aerospace and Aviation Limited

Consolidated Cash Flow Statement for the year ended March 31, 2013 (Rs. in Lakhs)

Particulars	2012-13	2011-12
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss)before tax & Prior Period Items	(20.86)	311.13
Adjustments for :		
Depreciation	361.40	342.54
Prior Period Items	(0.57)	1.87
Extra Ordinary Item	-	27.86
Loss of Minority Intereset Holder	0.03	0.03
Profit on Sale of Fixed Assets	(0.42)	(0.77)
Profit on Sale of Investment	(0.20)	-
Interest Paid	455.95	497.95
Interest Received	(38.53)	(73.19)
Operating Profit before Working Capital Changes	756.86	1,107.41
Adjustments for :		
Trade and Other Receivables	(101.93)	(303.56)
Inventories	(104.28)	69.12
Trade and Other Payables	(14.84)	98.49
Cash Generated from Operations	535.80	971.45
Direct Tax Paid	(2.24)	(2.03)
Net Cash Flow from Operating Activities	533.56	969.43
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets/ Capital WIP	(517.13)	(848.47)
Proceeds from Sale of Fixed Assets	1.57	1.20
Proceeds from Sale of Investment	0.42	-
Foreign Currency Translation Reserve	17.49	43.41
Net Cash Flow used in Investing Activities	(497.65)	(803.86)
C CASH FLOW FROM FINANCING ACTIVITIES		
Additions/ (Repayment of Loans)	435.77	68.68
Interest Received	38.53	73.18
Interest Paid	(455.95)	(497.95)
Net Cash Flow from/ (used in) Financing Activities	18.35	(356.09)
Net Increase/(Decrease) in Cash and Cash Equivalents	54.26	(190.52)
Cash and Cash Equivalents at the beginning of the year	591.00	781.52
Cash and Cash Equivalents at the end of the year	645.26	591.00
Net Increase/ (Decrease) in Cash and Cash Equivalents	54.26	(190.52)

Notes to Cash Flow Statement

- The above Cash Flow Statement has been prepared under the "Indirect Method" set out in Accounting Standard (AS) - 3 on Cash Flow Statement issued by the ICAI.
- Figures in bracket indicate cash outflow.
- Cash and Cash equivalents are Cash and Bank balances as mentioned in Note No. 16.

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

Pune, August 05, 2013

Priya Nair

Company Secretary

Salil Taneja

Chairman

C. S. Kameswaran

Managing Director

Pune, August 05, 2013

Notes to Consolidated Financial Statement for the year ended March 31, 2013

1. SHARE CAPITAL

(Rs. in Lakhs)

Particulars	As at March 31, 2013	As at March 31, 2012
Authorised Capital		
4,00,00,000 (Previous Year 4,00,00,000) Equity Shares of Rs. 5/- each	2,000.00	2,000.00
10,00,000 (Previous Year 10,00,000) 15% Redeemable cumulative preference shares of Rs. 50/- each	500.00	500.00
	2,500.00	2,500.00
Issued, Subscribed and Paid Up Capital		
2,49,30,736 (Previous Year 2,49,30,736) Equity Shares of Rs. 5/- each fully paid	1,246.54	1,246.54

1.1 Reconciliation of the number of shares outstanding at the beginning and at the end of the year :

Particulars	As at March 31, 2013		As at March 31, 2012	
	No. of shares	Rs. in Lakhs	No. of shares	Rs. in Lakhs
Equity Shares at the beginning of the year	2,49,30,736	1246.54	2,49,30,736	1246.54
Equity Shares issued during the year	-	-	-	-
Equity shares bought back during the year	-	-	-	-
Equity Shares outstanding at the end of the year	2,49,30,736	1246.54	2,49,30,736	1246.54

1.2 Details of shareholders holding more than 5% Equity Shares in the Company

Name of the Shareholders	As at March 31, 2013		As at March 31, 2012	
	No. of shares	% holding	No. of shares	% holding
Indian Seamless Enterprises Limited	1,04,79,620	42.03	1,04,79,620	42.03
Vishkul Leather Garments Private Limited	16,89,179	6.78	16,89,179	6.78

1.3 Terms/rights attached to Equity Shares

The Company has only one class of issued share having par value of Rs.5/- each. Holder of Equity Share is entitled to one vote per share.

Taneja Aerospace and Aviation Limited

Notes to Consolidated Financial Statement for the year ended March 31, 2013 (Contd.)

2. RESERVES AND SURPLUS

(Rs. in Lakhs)

Particulars	As at March 31, 2013	As at March 31, 2012
Capital Reserve		
Opening Balance	5.80	5.83
Add: On Consolidation of Subsidiaries	-	(0.03)
	5.80	5.80
Securities Premium Account	6,600.75	6,600.75
Foreign Currency Translation Reserve	103.85	86.35
General Reserve		
Balance as per the last Balance Sheet	1,271.86	1244.00
Add: Transfer from Statement of Profit and Loss	-	27.86
	1,271.86	1,271.86
Surplus		
Balance as per the last Balance Sheet	1,578.24	1,267.22
Add: Net Profit after tax transferred from Statement of Profit and Loss	(23.59)	310.99
Amount Available For Appropriation	1,554.66	1,578.24
Less: Loss on Consolidation Trasferred to Capital Reserve	-	(0.03)
Surplus	1,554.66	1,578.24
Total	9,536.91	9,543.00

3. LONG TERM BORROWINGS

(Rs. in Lakhs)

Particulars	As at March 31, 2013	As at March 31, 2012
Secured Loans:		
Term Loan from Bank	1,405.16	254.86
Total	1,405.16	254.86

3.1 Maturity Profile of Secured Term loans from bank

(Rs. in Lakhs)

Particulars	Maturity Profile			
	1-2 years	2-3 years	3-4 years	Beyond 4 years
Term Loans	394.40	294.81	334.77	381.18

3.2 Details of Securities and other terms :

The Term Loan from Bank is secured by a first charge on Assets created out of TL – Building Rs. 4.60 Crore and Plant and Machinery Rs. 10.48 Crore of the Company and second charge on specific free hold lands to the extent of 26.87 acres and construction thereon of the Company at Belagondapalli Village, Thalli Road, Denkanikottai Taluk, Krishnagiri District, Belagondapalli – 635114, Tamil Nadu.

The Term Loan from Bank is secured by a first charge on assignment of rental/receivables from M/s. Airworks India (Engineering) Private Limited and specific free hold lands to the extent of 36.93 acres of land and development there on of the Company at Belagondapalli Village, Thalli Road, Denkanikottai Taluk, Krishnagiri District, Belagondapalli – 635114, Tamil Nadu. Second Pari Passu Charge on other fixed assets (both movable and immovable) of the Company along with other consortium banks as collateral security.

Notes to Consolidated Financial Statement for the year ended March 31, 2013 (Contd.)

4. DEFERRED TAX LIABILITIES (NET)

(Rs. in Lakhs)

Particulars	As at March 31, 2013	As at March 31, 2012
Deferred Tax Liabilities :		
Difference in net book value of fixed assets as per books and tax laws	564.38	564.38
Net Deferred Tax Liability *	<u>564.38</u>	<u>564.38</u>

* Deferred tax calculation results in to working of deferred tax assets as at March 31, 2013. However as a matter of prudence, the Company has not recognised deferred tax asset and continues to carryover deferred tax liability.

5. OTHER LONG TERM LIABILITIES

(Rs. In Lakhs)

Particulars	Non- Current	
	As at March 31, 2013	As at March 31, 2012
Deposit from Customers	565.22	564.64
Total	<u>565.22</u>	<u>564.64</u>

6. LONG TERM PROVISIONS

(Rs. in Lakhs)

Particulars	As at March 31, 2013	As at March 31, 2012
Provision for Employee Benefits (Refer Note No. 40)		
Gratuity	78.47	74.48
Leave Encashment	46.64	48.50
Total	<u>125.11</u>	<u>122.98</u>

7. SHORT TERM BORROWINGS

(Rs. in Lakhs)

Particulars	As at March 31, 2013	As at March 31, 2012
Secured Loans :		
Working Capital Borrowing from Banks	1,144.33	939.05
	<u>1,144.33</u>	<u>939.05</u>
Unsecured Loans :		
Loans and Advances from related party (Inter Corporate Deposit)	1,050.00	1,340.00
From Bank	-	87.22
From Other	-	771.79
	<u>1,050.00</u>	<u>2,199.01</u>
Total	<u>2,194.33</u>	<u>3,138.06</u>

7.1 Details of Securities and other terms

Working Capital Loan from the banks is secured against hypothecation of Stocks and Book Debts on pari-passu basis and second charge on Fixed Assets.

Taneja Aerospace and Aviation Limited

Notes to Consolidated Financial Statement for the year ended March 31, 2013 (Contd.)

8. TRADE PAYABLES

(Rs. in Lakhs)

Particulars	As at March 31, 2013	As at March 31, 2012
Micro, Small and Medium Enterprises	-	-
Other Trade Payables	527.26	428.17
TOTAL	527.26	428.17

9. OTHER CURRENT LIABILITIES

(Rs. in Lakhs)

Particulars	As at March 31, 2013	As at March 31, 2012
Current Maturities of Long Term Borrowings	349.19	120.00
Advance from Customers	12.08	13.97
Other Current Liability	333.75	439.84
TOTAL	695.02	573.81

10. SHORT TERM PROVISIONS

(Rs. in Lakhs)

Particulars	As at March 31, 2013	As at March 31, 2012
Provision for Employee Benefits		
Provision For Bonus	-	13.97
Others		
Provision For Audit Fees	6.42	6.92
Provision For Taxes	134.69	128.89
TOTAL	141.11	149.78

11. FIXED ASSETS

(Rs. in Lakhs)

Nature of Assets	GROSS BLOCK (AT COST)				DEPRECIATION /AMORTISATION				NET BLOCK	
	As at April 1, 2012	Additions	Deductions/ Adjustments	As at March 31, 2013	As at April 1, 2012	For The Year	Deductions/ Adjustments	As at March 31, 2013	As at March 31, 2013	As at March 31, 2012
Free Hold Land	6,274.67	0.11	-	6,274.78	-	-	-	-	6,274.78	6,274.67
Building	1,259.61	-	-	1,259.61	397.30	42.17	-	439.47	820.14	862.31
Plant And Machinery	6,066.90	41.00	-	6,107.90	2,142.23	270.57	-	2,412.79	3,695.11	3,924.67
Office Equipment	351.14	33.21	-	384.35	123.73	33.04	-	156.77	227.58	227.41
Furniture And Fixture	93.50	0.30	-	93.80	75.57	3.27	-	78.84	14.96	17.93
Computer – Hardware	39.50	12.05	-	51.55	8.85	7.54	-	16.39	35.16	30.65
Vehicles	40.82	9.49	9.17	41.14	28.81	4.81	7.66	25.96	15.18	12.01
Total	14,126.14	96.16	9.17	14,213.13	2,776.49	361.40	7.66	3,130.23	11,082.91	11,349.65
Previous Year	13,418.51	714.53	6.90	14,126.14	2,441.53	342.54	7.58	2,776.49	11,349.65	10,976.98

12. NON CURRENT INVESTMENTS

(Rs. in Lakhs)

Particulars	As at March 31, 2013	As at March 31, 2012
Quoted		
Other Investment		
Investment in Equity Shares		
Nil Shares (Previous Year 115) of ABG Shipyard Limited (Market Value Previous Year Rs. 43,827)	-	0.21
Total	-	0.21

Notes to Consolidated Financial Statement for the year ended March 31, 2013 (Contd.)

13. OTHER NON CURRENT INVESTMENTS

(Rs. in Lakhs)

Particulars	As at March 31, 2013	As at March 31, 2012
Air Craft Purchase Option	201.62	237.04
Total	<u>201.62</u>	<u>237.04</u>

14. INVENTORIES

(Rs. in Lakhs)

Particulars	As at March 31, 2013	As at March 31, 2012
Raw Materials	232.39	289.63
Work in Progress	344.25	182.73
Total	<u>576.64</u>	<u>472.36</u>

15. TRADE RECEIVABLES

(Rs. in Lakhs)

Particulars	As at March 31, 2013	As at March 31, 2012
Outstanding for a period exceeding six months, Considered Good	226.27	534.63
Other Considered Good	1,424.56	821.67
	<u>1,650.83</u>	<u>1,356.30</u>
Less: Provision for bad and doubtful debts	8.07	8.07
Total	<u>1,642.76</u>	<u>1,348.23</u>

16. CASH AND BANK BALANCES

(Rs. in Lakhs)

Particulars	As at March 31, 2013	As at March 31, 2012
Balances with Bank		
Current Accounts	405.40	96.15
Margin Money Deposits	218.41	492.50
Cash on Hand	21.45	2.35
Total	<u>645.26</u>	<u>591.00</u>

17. SHORT TERM LOANS AND ADVANCES

(Rs. in Lakhs)

Particulars	As at March 31, 2013	As at March 31, 2012
Unsecured and Considered Good		
Advances to Creditors	271.29	291.62
Loans and Advances from Related Parties	-	28.84
Advance Tax	679.00	604.72
Others	305.04	490.36
Total	<u>1,255.33</u>	<u>1,415.54</u>

18. OTHER CURRENT ASSETS

(Rs. in Lakhs)

Particulars	As at March 31, 2013	As at March 31, 2012
Aircraft Purchase Option	50.41	47.42
Total	<u>50.41</u>	<u>47.42</u>

Taneja Aerospace and Aviation Limited

Notes to Consolidated Financial Statement for the year ended March 31, 2013 (Contd.)

19. REVENUE FROM OPERATIONS

(Rs. in Lakhs)

Particulars	2012-13	2011-12
Sales – Aviation		
Gross Sales	919.72	1,401.43
Less: Excise Duty	25.67	23.95
Net Sales	894.05	1,377.48
Services – Aviation		
Charter Income	659.14	449.51
Aircraft Upkeep, Hire & Hanger Charges	612.84	553.38
Sales Commission	0.12	342.42
Labour Charges	1,117.76	1,417.85
Training & Other Services	87.00	67.74
Engineering Design Services	1,995.73	836.51
Total	5,366.64	5,044.89

20. OTHER INCOME

(Rs. in Lakhs)

Particulars	2012-13	2011-12
Interest Income	38.53	73.18
Miscellaneous Income (Refer Note No. 30)	17.28	107.44
Total	55.81	180.62

21. COST OF MATERIAL CONSUMED

(Rs. in Lakhs)

Particulars	2012-13	2011-12
Stock at Commencement	289.63	201.64
Add: Purchases	681.35	947.78
Less: Stock at Close	232.39	289.63
Total	738.59	859.79

22. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN PROGRESS AND STOCK-IN-TRADE

(Rs. in Lakhs)

Particulars	2012-13	2011-12
Stock at close		
Work in Progress	344.25	182.73
Finished Goods	-	-
Total	344.25	182.73
Stock at commencement		
Work in Progress	182.73	289.84
Finished Goods	-	50.00
Total	182.73	339.84
(Increase)/ Decrease in Inventory	(161.52)	157.11

Notes to Consolidated Financial Statement for the year ended March 31, 2013 (Contd.)

23. OPERATIONAL AND OTHER EXPENSES

(Rs. in Lakhs)

Particulars	2012-13	2011-12
Charter Expenses	455.31	384.79
Power & Fuel Expenses	131.34	113.97
Software & Hardware Hire and Maintenance Charges	68.36	62.61
Other Operational Expenses	76.31	47.76
Repairs and Maintenance Plant & Machinery	27.91	54.19
Repairs and Maintenance Building	12.41	3.02
Selling Expenses	99.12	56.12
Rent	107.63	74.53
Rates & Taxes	48.28	21.33
Insurance	16.83	10.06
Traveling & Conveyance	368.88	291.52
Communication Expenses	36.65	34.17
Miscellaneous Expenses (Refer Note No. 31)	282.75	327.27
Total	1,731.78	1,481.34

24. EMPLOYEE BENEFITS EXPENSE

(Rs. in Lakhs)

Particulars	2012-13	2011-12
Salaries and Wages	2,122.24	1,343.94
Contribution to Provident and Other Funds	87.13	57.26
Staff Welfare Expenses	107.69	174.46
Total	2,317.06	1,575.66

25. FINANCE COSTS

(Rs. in Lakhs)

Particulars	2012-13	2011-12
Interest Expenses :		
Working Capital Loan	140.46	171.28
Term Loans	46.29	67.79
Interest on Inter Corporate Deposits	254.58	271.05
	<u>441.33</u>	<u>510.12</u>
Less: Capitalised during the Year	66.72	55.62
	<u>374.61</u>	<u>454.50</u>
Other Finance Costs	81.34	43.45
Total	455.95	497.95

26. DEPRECIATION AND AMORTISATION EXPENSES

(Rs. in Lakhs)

Particulars	2012-13	2011-12
Depreciation	361.40	342.54
Total	361.40	342.54

Taneja Aerospace and Aviation Limited

Notes to Consolidated Financial Statement for the year ended March 31, 2013 (Contd.)

27. SIGNIFICANT ACCOUNTING POLICIES :

27.1 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 unrealized profit and losses. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the parent company and its share in the post acquisition increase in the relevant reserves of the subsidiary.
- (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 recognized in the “Foreign Currency Translation Reserve”.
- (d) The difference between the cost of investment in the subsidiary, over the net assets at the time of acquisition of shares in the subsidiary is recognized in the financial statements as goodwill or capital reserve as the case may be.
- (e) Minority interest in the net income and net assets of the consolidated financial statements are computed and shown separately.
- (f) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company’s separate financial statements.

27.2 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

27.3 Other Significant Accounting Policies

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

27.4 The Subsidiary Companies considered in the consolidated financial statements are :

Name of the Subsidiaries	Accounting Period	Country of Incorporation	Proportion of Ownership Interest of TAAL	Reporting Date
First Airways Inc.	April 2012 to March 2013	USA	100%	March 31, 2013
TAAL Tech India Private Limited	December 2012 to March 2013	India	100%	March 31, 2013
TAAL Aerosystems Private Limited	March 2012 to March 2013	India	75%	March 31, 2013

28. 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).

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 :

Notes to Consolidated Financial Statement for the year ended March 31, 2013 (Contd.)

Particulars	As at March 31, 2013		As at March 31, 2012	
	US \$ in Lakhs	Rs. in Lakhs	US \$ in Lakhs	Rs. in Lakhs
Aircraft purchase option – non current portion	9.27	504.05	9.27	474.09
Less: Accumulated amortization	(5.56)	(302.43)	(4.63)	(237.04)
	<u>3.71</u>	<u>201.62</u>	<u>4.63</u>	<u>237.04</u>
Add: Aircraft purchase option - current portion	0.93	50.41	0.93	47.41
Aircraft Purchase option	<u><u>4.63</u></u>	<u><u>252.02</u></u>	<u><u>5.56</u></u>	<u><u>284.45</u></u>

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 Rs. 2,52,02,438.46 (US \$ 4,63,367) for Aircraft Purchase Option (Current as well as Non Current 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 recognised as an expense in the Statement of Profit and Loss on a straight line basis over the lease term. The same is grouped under the head of Charter Expenses.

29. Earnings Per Share

Computation of Earning Per Share

(Rs. in Lakhs)

Particulars	As at March 31, 2013	As at March 31, 2012
Profit/(Loss) after tax available for equity shareholders	(23.59)	310.99
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 Rs.)	(0.09)	1.25

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

30. Miscellaneous Income Includes

(Rs. in Lakhs)

Particulars	March 31, 2013	March 31, 2012
Profit on Sale of Assets	0.42	0.77
Profit on Sale of Investment	0.20	-
Miscellaneous Income	1.37	21.68
Bad Debts Recovered	-	81.62
Agriculture Income	13.87	3.37
Sundry Creditors Written Back	1.42	-
Total	<u><u>17.28</u></u>	<u><u>107.44</u></u>

Taneja Aerospace and Aviation Limited

Notes to Consolidated Financial Statement for the year ended March 31, 2013 (Contd.)

31. Miscellaneous Expenses Includes

(Rs. in Lakhs)

Particulars	March 31, 2013	March 31, 2012
a) Sitting Fees	4.10	5.00
b) Bad Debts Written Off	-	5.96
c) Office & Other Administrative Expenses	172.29	173.74
d) Legal, Professional & Consultancy Charges	93.31	135.97
e) Exchange Fluctuation Loss/(Gain)	7.19	(0.39)
f) Auditors Remuneration :		
Audit Fees	3.50	3.00
Tax Audit Fees	1.00	1.00
Fees for Taxation	-	1.50
Fees for Other Services	1.05	1.00
Out of Pocket Expenses/Travelling	0.31	0.49
Total	282.75	327.27

32. Previous year figure have been regrouped and reclassified wherever necessary to confirm to the current year classification

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
Pune, August 05, 2013

Priya Nair

Company Secretary

Salil Taneja

Chairman

C. S. Kameswaran

Managing Director

Pune, August 05, 2013

Taneja Aerospace and Aviation Limited

Belagondapalli Village, Thally Road, Denkanikottai 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 24th Annual General Meeting of the Company to be held on Monday, September 30, 2013 at 2.00 PM at Belagondapalli Village, Thally Road, Denkanikottai Taluk, Krishnagiri District, Belagondapalli-635114, Tamil Nadu and at any adjournment thereof.

In witness thereof I/We put my/our hand/ hands this day of2013.

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

No. of Shares held

Date

Please
Affix
Re.1
Revenue
Stamp

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, Denkanikottai Taluk, Krishnagiri District,
Belagondapalli-635114 ,Tamil Nadu

ATTENDANCE SLIP

24th Annual General Meeting

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

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

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

I hereby record my/our presence at the 24th Annual General Meeting of the Company held on Monday, September 30, 2013 at 2.00 PM at Belagondapalli Village, Thally Road, Denkanikottai Taluk, Krishnagiri District, Belagondapalli-635114, Tamil Nadu.

.....
Member's/ Proxy's Signature

***Taneja Aerospace and Aviation Limited* **

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

Taneja Aerospace and Aviation Limited

NOTICE

NOTICE is hereby given that the Twenty-fourth Annual General Meeting of the Members of Taneja Aerospace and Aviation Limited will be held on Monday, September 30, 2013 at 2.00 PM at the Registered Office of the Company at Belagondapalli Village, Thally Road, Denkanikottai Taluk, Krishnagiri District, Belagondapalli - 635114, Tamil Nadu to transact the following business:

Ordinary Business :

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2013, the Statement of Profit & Loss for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. R. Surie, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. B. R. Taneja, 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 Haresh Upendra & Co., Chartered Accountants (Firm Registration No. 103513W) be and are hereby appointed as Statutory Auditors 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.”

Special Business :

5. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a **Special Resolution** :
“RESOLVED THAT in accordance with the provisions of Sections 198, 269 and 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 and pursuant to the

Articles of Association of the Company and such other approvals, permissions and sanctions as may be required, approval of the Company be and is hereby accorded to the re-appointment of Mr. C. S. Kameswaran as a Whole Time Director of the Company designated as the Managing Director, for a period of 1 (One) year with effect from December 01, 2012 upto November 30, 2013 on the terms and conditions including remuneration and perquisites as set out in the Explanatory Statement annexed to the Notice convening this meeting with the liberty to the Board of Directors (hereinafter referred to as 'the Board', which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to alter and vary the terms and conditions and / or remunerations, subject to the same not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 including any statutory modification(s) or re-enactment thereof.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary and desirable to give effect to this Resolution.”

By Order of the Board of Directors

Priya Nair

Company Secretary

Pune, August 5, 2013

Registered Office:

Belagondapalli Village, Thally Road

Denkanikottai Taluk, Krishnagiri District

Belagondapalli – 635 114

Tamil Nadu

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 re-appointed and the relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business under Item No. 5 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 HIM/HER AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY, 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 Thursday, September 26, 2013 to Monday, September 30, 2013 (both days inclusive).
5. **The Ministry of Corporate Affairs has taken a “Green initiative in the Corporate Governance” vide Circular No. 17/2011 dated April 21, 2011 and Circular No. 18/2011 dated April 29, 2011 by allowing Companies to serve the Notice / Documents to the Members by electronic mode. Members are requested to register their e-mail address and changes therein from time to time with the respective Depository Participants (DP) if shares are held in Demat form or with the Registrar & Share Transfer Agent (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. For registration of e-mail address by Member holding share(s) in physical form, the necessary Form can be downloaded from the Company’s website.**

6. The Annual Report of the Company circulated to the Members of the Company, will be also made available on the Company’s website at www.taal.co.in.

7. Members are further requested to :

- Intimate changes, if any, in their registered address / bank mandate and e-mail address to the R&T Agent for shares held in physical form and to their respective DP for shares held in electronic form.
- Quote Ledger folio number / DP ID / Client ID in all the correspondence with the Company or its R&T Agent.
- Intimate about consolidation of folios to the R&T Agent, if your shareholding is under multiple folios.
- **Note that as per the SEBI / Stock Exchange Guidelines the shares of the Company are traded compulsorily in Demat form. As per the Guidelines issued by SEBI there are no Demat Account opening charges. In view of this, Members are requested to convert their physical share certificate into Demat form.**
- Bring their copies of the Annual Report and the Attendance Slip at the Annual General Meeting.
- Note that the Company has designated an exclusive e-mail id viz. “secretarial@taal.co.in” to enable investors to register their complaints, if any.

By Order of the Board of Directors

Priya Nair

Company Secretary

Pune, August 5, 2013

Registered Office:

Belagondapalli Village, Thally Road

Denkanikottai Taluk, Krishnagiri District

Belagondapalli – 635 114

Tamil Nadu

Annual Report 2012-13

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 5:

The Board of Directors of the Company at its meeting held on November 8, 2012 had resolved to re-appoint Mr. C. S. Kameswaran as the Whole Time Director of the Company designated as the Managing Director.

The principal terms and conditions of the re-appointment of the Managing Director are as under:

1. Period of re-appointment :

Mr. C. S. Kameswaran shall hold office as the Managing Director of the Company for a period of one year from December 1, 2012 to November 30, 2013.

2. Remuneration :

In terms of Schedule XIII to the Companies Act, 1956 read together with Section 198, 269 and 309 of the Companies Act, 1956, the Managing Director shall be paid the following remuneration:

i) Salary :

The basic monthly salary of the Managing Director w. e. f. December 1, 2012 shall be Rs.1,00,000/- (in the scale of Rs.75,000/- to Rs.1,25,000/-p.m.).

ii) Perquisites :

In addition to the above, the Managing Director shall be entitled to the following perquisites which shall be restricted to a limit of 125 per cent of his Annual Salary with an option to the Managing Director to receive the perquisites in any lawful combination as mutually agreed between him and the Board :

A. Housing :

The expenditure by the Company on hiring accommodation (furnished or otherwise) shall be subject to a ceiling of sixty per cent of the salary, over and above ten per cent payable by the Managing Director,

or

In case the Company owns the accommodation, the Company shall deduct ten per cent of the salary,

or

In case the Company provides no accommodation, the Managing Director shall be entitled to house rent allowance subject to the ceiling specified above.

B. The expenditure incurred by the Company on gas, electricity, water, furnishings etc. shall be valued as per the Income Tax Rules, 1962. This shall, however, be subject to a ceiling of ten per cent of his salary.

C. Reimbursement of Medical Expenses incurred for the Managing Director and his family subject to a ceiling of one month's salary.

D. Leave Travel Assistance for self and his family once in a year incurred in accordance with the rules specified by the Company.

E. Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fee.

F. Personal accident insurance, group health insurance, group saving linked insurance and life insurance coverage for self/family as may be fixed by the Board from time to time.

G. Earned Leave on full pay and allowance as per the Rules of the Company but not exceeding one month's leave for every eleven months of service.

H. Provision of Company's car for official use and business purposes and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Managing Director.

"Family" means the Spouse, the dependent children and dependent parents of the Managing Director.

The Managing Director shall also be entitled to the following perquisites which shall not be included in the computation of the ceiling on remuneration specified herein above :

a) Contribution to Provident Fund and Superannuation Fund or

Annuity Fund, to the extent these either singly or put together are not taxable under the Income Tax Act, 1961;

b) Gratuity at the rate of 15 days' salary for each completed year of service;

c) Encashment of leave during and at the end of the tenure as per the Rules of the Company.

Remuneration in the event of loss or inadequacy of profits etc.

Notwithstanding anything contained herein, in the event of any loss, absence or inadequacy of profits in any financial year, during the term of office of the Managing Director, the aforesaid remuneration payable to him shall not, without the approval of the Central Government (if required) exceed the limits prescribed under the Act and Rules made there under or any amendment, modification, variation or re-enactment thereof.

The aforesaid terms and conditions are subject to approval of the Members at the forthcoming Annual General Meeting and such other approvals as may be required.

The Agreement entered into by the Company with the Managing Director, will remain open for inspection by the Members at the Registered Office of the Company during 11.00 A.M. to 1.00 P.M. on all working days except Saturday till the date of the forthcoming Annual General Meeting.

In terms of Article 172 of the Articles of Association of the Company, Mr. C. S. Kameswaran, the Managing Director will not be liable to retire by rotation during his term of office as Whole Time Director.

The Company has sent abstracts of the terms of appointment as required under Section 302 of the Companies Act, 1956 to all the Members of the Company.

The Board recommends the above resolution.

No Director other than Mr. C. S. Kameswaran is concerned or interested in the proposed resolution.

Additional information in terms of Sub-clause (iv) of the proviso to Sub-paragraph (B) Section II of Part II of Schedule XIII of the Companies Act, 1956.

I. GENERAL INFORMATION :

1. Nature of the Industry :

The Company is in the business of Aviation.

2. Date or expected date of commencement of commercial production: June 8, 1994

3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not Applicable.

4. Financial performance based on given indicators as per published audited financial results for the year ended March 31, 2013 :

Particulars	Rs. in Lakhs
Turnover (Net Sales)	5366.64
Net Profit after tax	28.99
Total Expenditure	4575.54

5. Export performance and net foreign exchange collaborations:

Particulars	Rs.in Lakhs
Exports	2368.61
Foreign Exchange Outgo	1101.84

6. Foreign investments or collaborators, if any – NIL

II. INFORMATION ABOUT THE APPOINTEE

	C. S. Kameswaran
Background details	Mr. C. S. Kameswaran, aged 62 years, is a Chartered Accountant by profession and a Post Graduate in Business Administration. He has three decades of rich working experience in leading large and medium scale industries in various capacities covering the areas of Corporate Planning, Finance and Management.

Taneja Aerospace and Aviation Limited

Past remuneration : Salary, Perquisites & Allowances etc.	2009-10 16,43,044	2010-11 25,64,000	2011-12 25,63,992
Recognition or awards	The Company has no information about it.		
Job Profile and his suitability	As the Managing Director, Mr. C. S. Kameswaran is responsible for all the operations and affairs of the Company. Taking into consideration his qualification and expertise in relevant fields, the Board is of the opinion that he is suited for the responsibilities assigned to him.		
Remuneration proposed	The details of Remuneration to be paid are contained in Explanatory Statement annexed to the Notice.		
Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t the country of his origin)	The Company has no information to offer but having regard to the versatile experience, performance and responsibility of the position held by him, the Board of Directors is of the opinion that the proposed remuneration is reasonable.		
Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any.	NIL		

III. OTHER INFORMATION

1. Reasons of loss or inadequate profits.

Looking at general economic conditions, there is likely to be an impact on the operations of the Company in the immediate future, bringing down margins to some extent, till the economy recovers. As such, out of abundant precautions, the remuneration to the

Managing Director is sought to be fixed under Schedule XIII to the Companies Act, 1956.

2. Steps taken or proposed to be taken for improvement.
Cost reduction initiatives and organizational restructuring have been undertaken at all levels to improve the performance of the Company. Further, with general growth in Civil Aviation, it is expected that Company's profitability will improve in coming years.
3. Expected increase in productivity and profits in measurable terms.
While the Company's performance is expected to improve in future years, it is not possible to accurately predict the future profitability.

IV. DISCLOSURES

1. The Remuneration package of Mr. C. S. Kameswaran, the Managing Director is contained in the Explanatory Statement annexed to the Notice.
2. The following information, to the extent applicable, has been disclosed in the Board of Directors' Report under the heading "Corporate Governance", attached to the Annual Report for the year 2012-13 :
 - (i) All elements of remuneration package such as salary, benefits, bonuses, stock options, pension etc., of all the Directors;
 - (ii) Details of fixed component and performance linked incentives along with the performance criteria;
 - (iii) Service contracts, notice period, severance fees;
 - (iv) Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable.

By Order of the Board of Directors

Priya Nair

Company Secretary

Pune, August 5, 2013

Registered Office:
Belagondapalli Village, Thally Road
Denkanikottai Taluk, Krishnagiri District
Belagondapalli – 635 114
Tamil Nadu

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

	R. Surie	B. R. Taneja
Age	61 years	77 years
Qualification	B. Tech from IIT, Kanpur and Masters in Business Administration from Harvard School of Management, U.S.A	BE (Mech), PGDBM
Date of Appointment	July 12, 1997	July 22, 1988
Category	Non-Executive (Independent Director)	Non-Executive Director
Experience and Expertise in specific functional Area	Consultancy and Aviation related business	He is a well-known technocrat in the field of seamless tube manufacturing with more than 5 decades of experience.
Relationship with other Directors of the Company	None	Father of Mr. Salil Taneja
Shareholding of Directors	1,54,562	300
Directorship held in other Public Limited Companies	Nil	ISMT Limited
Memberships/Chairmanship of Committees of Indian Public Limited Companies	Nil	Nil

Annual Report 2012-13

ANNEXURE I TO DIRECTORS' REPORT :

Information required under 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, 2013.

I. Conservation of Energy :

The Company is basically a low energy consumer. During the year under review, 5.61 Lakhs units of energy were consumed, costing Rs. 43.57 Lakhs.

II. Technology Absorption :

Efforts made in technology absorption, as per Form B, are given below:

A) Research and Development (R &D) :

1) Specific areas in which R&D was carried out by the Company and Benefits therefrom:

a) Development of Turkey Feather for Aeronautical Development Agency (ADA)

Taneja Aerospace and Aviation Limited (TAAL) was given the task of technology development for Turkey Feathers used in engine exhaust area of Light Combat Aircraft by ADA. Technology using hot forming was developed by TAAL and approved by ADA. Items were successfully developed and supplied to ADA for Light Combat Aircraft.

b) Truncated UAV Model for Defence Electronics Research Laboratory (DERL), Hyderabad

DERL has projected a requirement for manufacture of truncated UAV along with antenna installation platforms. The work involves development of drawing for installation of 12 antennas, re-designing of Truncated UAV and fabrication of the same. This has been developed successfully and accepted by DERL, Hyderabad.

c) HTT-40 Mockup for Hindustan Aeronautics Limited (HAL)

HAL has developed new Turbo Prop Trainer aircraft for Indian Air Force. HAL projected requirement of developing a full scale mockup for demonstration to the customer and the other decision makers in the MOD. The total concept of fabrication was developed by TAAL and aircraft parts and assemblies were made at TAAL facility.

d) Skid Tubes for the Light Utility Aircraft for HAL

TAAL was assigned responsibility of fabrication of skid and technology related to Light Utility Helicopter for HAL. The process involves forming 90mm dia 4m thick aluminum tube to the very close tolerance as per the drawing.

e) Floor Boards for Light Utility Helicopter for HAL

Floor boards of Helicopter are made from composite and metallic materials. Technology to join metallic and composite components was developed in-house and tested for the peel strength etc. This has been successfully manufactured for the prototype which was accepted by CRI.

2) Future Plan of Action

- Development of expertise in Finite element analysis of Aero structures by using MS NASTRAN / ANSYS packages.
- Vibro, hot & cold facility for tests on actuator assemblies and other structural components and assemblies during development activities.
- Technology development for Bullet proof jackets, FRP structural assemblies, UAV electronics.
- Introduction to embedded systems (micro process based).

3) Expenditure on R & D :

(Rs. in Lakhs)

Sr. No.	Particulars	2012-13	2011-12
i)	Capital Expenditure	11.19	13.85
ii)	Recurring Expenditure	23.30	14.14
	Total	34.49	27.99
	Total R&D as a percentage to turnover	0.64%	0.55%

B) Technology Absorption, Adaptation and Innovation: Nil

C) Imported Technology : Nil

III) Foreign Exchange Earnings and Outgo :

- Activities relating to exports, initiatives taken to increase export, development of new export market for products and export plans: By our continuous efforts in the international market the Company has received the export order from Israel.
- The information on foreign exchange earnings and outgo are contained in Note. 43 (c) & (d) of Notes to Accounts.

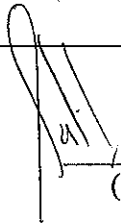
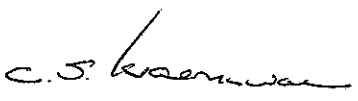
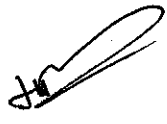
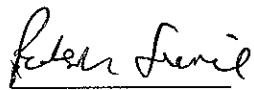
For and on behalf of the Board of Directors

Pune, August 05, 2013

Salil Taneja
Chairman

FORM A

Covering letter of the Annual Audit Report to be filed with the Stock Exchanges

1.	Name of the Company	Taneja Aerospace and Aviation Limited
2.	Annual Financial Statements for the year ended	March 31, 2013
3.	Type of Audit Observation (Unqualified/Matter of Emphasis)	Un-qualified
4.	Frequency of observation (Whether appeared first time...../ repetitive...../ since how long period)	Not applicable
5.	To be signed by -	
	Chairman	 (Salil Taneja)
	Managing Director	 (C.S.Kameswaran)
	Auditor of the Company 1. HareshUpendra& Co., Chartered Accountants	 (Haresh B. Shah, Partner)
	Audit Committee Chairman	 (Rakesh Surie)