

***Taneja Aerospace and Aviation Limited*** 

**Annual Report 2011-12**

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## **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
R Surie	Director
S K Newlay	Director upto - March 04, 2012
K Rustumji	Director w.e.f. - May 15, 2012

### **AUDITORS**

M/s. Haresh Upendra & Co.  
Chartered Accountants

### **BANKERS**

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

### **REGISTERED OFFICE & WORKS**

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

### **REGISTRAR & SHARE TRANSFER AGENT**

Sharepro Services (India) Pvt. Ltd.

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# Taneja Aerospace and Aviation Limited

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## Directors' Report

To the Members of Taneja Aerospace and Aviation Limited

Your Directors present herewith the Twenty-Third Annual Report and the Audited Accounts for the year ended March 31, 2012.

### FINANCIAL HIGHLIGHTS

(Rs. in Lakhs)

Particulars	2011-12	2010-11
Gross Income	5,227.73	4,232.62
Expenditure	4,006.32	3,040.94
Finance Charges	494.35	427.67
Depreciation	342.54	328.39
Profit/(Loss) before Tax	384.52	435.62
Provision for Taxation (including Deferred Tax)	-	1.25
Prior Period Items	1.87	(7.94)
Profit/(Loss) after Tax and Prior Period Items	386.39	426.43

### DIVIDEND

Your Directors do not recommend a dividend for the year ended on March 31, 2012, with a view to conserve resources.

### OPERATIONS

The Company has continued to register significant growth in revenue during the year. Revenues in all divisions increased during the year.

### DIRECTORS

Mr. S. K. Newlay, Director of the Company, expired on March 5, 2012. The Board of Directors express grief on the sad demise of Mr. S. K. Newlay and place on record their appreciation for valuable services rendered by him to the Company.

Mr. Khushroo Rustumji was appointed as an Additional Director of the Company on May 15, 2012. He holds office upto the date of the ensuing Annual General Meeting (AGM) of the Company and is eligible for appointment. Members' approval has been sought in the Notice convening AGM for his appointment as a Director of the Company liable to retire by rotation.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr.

Salil Taneja retires by rotation and being eligible, offers himself, for re-appointment.

### AUDITORS

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

### SUBSIDIARY COMPANIES

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

### 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 to this report.

### 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' Report (contd.)**

**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 such accounting policies and applied them consistently and made judgments and estimates, that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year, March 31, 2012 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 encouragement received from our Customers, Bankers, Shareholders, Suppliers, Business Partners, Defence Research and Developmental Organizations, Aviation Authorities, Indian Services and Central and State Governments. The Directors express their gratitude and sincere appreciation to all the employees of the Company for their contribution, hard work and commitment.

For and on behalf of the Board of Directors

Pune  
July 24, 2012

**Salil Taneja**  
Chairman

# Taneja Aerospace and Aviation Limited

## Management Discussion And Analysis

### INDUSTRY STRUCTURE AND DEVELOPMENT

Taneja Aerospace and Aviation Ltd. (TAAL) has two distinct business Segments, Aviation and Engineering Design Services.

Aviation consists of:

- Aircraft Manufacturing Complex (AMC);
- Aircraft Sales & Services (ASSR) and
- Airfield Services (Airfield)

Engineering Design Services consists of: TAAL Technologies.

The AMC division caters to the aerospace community in the country including organizations such as ISRO, Hindustan Aeronautics Ltd. (HAL), Aeronautical Defence Establishment (ADE), National Aerospace Laboratory (NAL), the Indian Navy and the Indian Air Force. We design and manufacture components for these organizations and also participate in aircraft modification programs for the defence forces. We have recently added a few export customers as well.

The ASSR division focuses on providing consultancy services for the sale of aircraft, on providing maintenance and operations services for General Aviation aircraft and also carries on Charter operations.

The Airfield business refers to income generated from the airfield spreading over 240 acres that TAAL owns at Hosur in Tamil Nadu. We have currently leased a large hangar that can accommodate a 737 or A320 type of aircraft to Airworks for maintenance and repair activity and we earn a rental income from this hangar.

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

### OPPORTUNITIES AND THREATS

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

The manufacturing side of the business continues to attract interest as a result of the "Offset Policy" introduced by the Government of India whereby any foreign manufacturer of aviation hardware that sells to the government owned Indian

aviation industry is required to source upto 30% of the sales value from India. As a result of this clause, many foreign manufacturers are looking to source components and services from India. With the announcement of the MMRCA contract by the country this process is now gaining momentum. We expect to see some real business fructifying shortly as a result of this.

The other large opportunity relates to the upgrade of Indian military aviation hardware. TAAL has unique capabilities and infrastructure to offer for such work. We have already started participating in these programs and are also party to many tenders that have yet to open. In addition to this there is a general increase in sourcing from our existing client base, that is, HAL, ISRO, ADE etc., and we expect the business from these organizations to grow steadily. Currently, we are one of the only private players in these businesses in India. However, a number of new entrants such as Tatas, Mahindras and L&T have entered the business. Our view is that there is ample opportunity for all players at this time and that in the long run the entry of new players will actually grow the size of the market.

The General Aviation division of TAAL earlier represented the Cessna aircraft company for the sales of their aircraft in India. Effective January 2012 we no longer represent Cessna for their aircraft sales. This division is now refocused on General Aviation aircraft maintenance and Charter services. As a result of this change we expect that there will be a drop in sales commission revenues. It will take some time for the other business in this division to grow and fill the gap created by the loss of these revenues.

On the Airfield side we are currently in the midst of negotiating for a second hangar to be given out on lease.

TAAL Technologies has added a number of new customers during the year and there are more in the pipeline.

### ACTIVITYWISE PERFORMANCE

(Rs. in Lakhs)

Division	2011-12	2010-11
AMC	2,795.33	2,449.06
ASSR	894.42	885.73
Airfield	518.62	476.52
TAAL Technologies	836.52	309.48
<b>Total</b>	<b>5,044.89</b>	4,120.79

## **Management Discussion And Analysis (Contd.)**

### **OUTLOOK**

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

### **RISKS AND CONCERNS**

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

### **INTERNAL CONTROL SYSTEMS AND ADEQUACY**

We believe that TAAL has adequate internal control systems in place. An Internal Audit system is in place to conduct a

regular check and review accounting methodologies with a view to improving the control systems.

### **MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS**

The Company maintained good industrial relations with its employees and staff. Human Resources remained a key focus area for your Company during the year under review.

### **CAUTIONARY STATEMENT**

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

# Taneja Aerospace and Aviation Limited

## Corporate Governance Report

### COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

### BOARD OF DIRECTORS

The composition of the Board of Directors, their attendance at Board Meetings held during the year and at the last Annual General Meeting and the number of Directorships in other public companies and memberships in various committees across all public companies as on March 31, 2012 are as follows:

Name of the Director	Category	Financial Year 2011-12 Attendance at		No. of Directorships in other public companies*	Committee positions in other public companies**	
		Board Meetings	Last AGM		Member	Chairman
Mr. Salil Taneja	NED	5	No	3	2	-
Mr. A K Jain	Independent-NED	3	No	1	-	1
Mr. S K Newlay***	Independent-NED	5	Yes	-	-	-
Mr. J P Sureka	Independent-NED	5	No	3	5	-
Mr. R Surie	Independent-NED	5	Yes	-	-	-
Mr. B R Taneja	NED	4	No	1	-	-
Mr. C S Kameswaran	MD	4	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.

\*\*\* Ceased to be a Director w.e.f March 5, 2012.



## Corporate Governance Report (Contd.)

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

Sr.No.	Date of Meeting
1	May 10, 2011
2	June 29, 2011
3	September 02, 2011
4	November 08, 2011
5	February 04, 2012

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.

### APPOINTMENT/RE-APPOINTMENT OF DIRECTORS

The Board of Directors in their Meeting held on May 15, 2012 had appointed Mr. Khushroo Rustumji as an Additional Director effective May 15, 2012. Mr. Khushroo Rustumji holds office upto the date of the forthcoming Annual General Meeting and is eligible for appointment.

In terms of the Articles of Association of the Company and the relevant provisions of the Companies Act, 1956, Mr. Salil Taneja will retire by rotation in the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

Brief resume of the Directors proposed to be appointed/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
Mr. S.K. Newlay	Chairman (Independent)	5
Mr. J.P. Sureka	Member (Independent)	5
Mr. A.K. Jain	Member (Independent)	3

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

Sr. No.	Date of Meeting
1	May 10, 2011
2	June 29, 2011
3	September 02, 2011
4	November 08, 2011
5	February 04, 2012

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

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

### 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 Directors of the Company from time to time including the annual increase in their remuneration.

#### Composition, Meetings and Attendance during the year:

The composition of Remuneration Committee is as follows. During the year under review, no Remuneration Committee Meeting was held.

Name of Director	Chairman/Member
Mr. J.P. Sureka	Chairman
Mr. S.K. Newlay	Member
Mr. A.K. Jain	Member

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.

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.

# Taneja Aerospace and Aviation Limited

## Corporate Governance Report (Contd.)

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

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

### 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	Sitting fees (Rs.)
Salil Taneja	-	50000
A K Jain	-	80000
S K Newlay	-	140000
J P Sureka	-	140000
B R Taneja	-	40000
R Surie	-	50000
C S Kameswaran	25,63,992	-
<b>Total</b>	<b>25,63,992</b>	<b>500000</b>

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

Details of shares of the Company held by its Non-Executive Directors as on March 31, 2012 are given below:

Name of Director	Number of Equity Shares
Salil Taneja	3200
A K Jain	157800
S K Newlay	-
J P Sureka	250
B R Taneja	300
R Surie	22800

### SHAREHOLDERS'/ INVESTORS' GRIEVANCE COMMITTEE

The Company has a Shareholders'/ Investors' Grievance Committee of Directors to look into the redressal of shareholder 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
Mr. A K Jain	Chairman	2
Mr. J P Sureka	Member	4
Mr. S K Newlay	Member	4

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

Sr. No.	Date of Meeting
1	May 10, 2011
2	September 02, 2011
3	November 08, 2011
4	February 04, 2012

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, 2012.

### COMPLIANCE OFFICER

Mr. C.S.Kameswaran, Managing Director, was the Compliance Officer of the Company during the period from April 1, 2011 to November 1, 2011 and Mr. Nilesh Jain, Company Secretary was the Compliance Officer of the Company for the remaining part of FY 2011-2012 for ensuring compliance with the requirements of the Listing Agreement with the Stock Exchange and under SEBI (Prohibition of Insider Trading) Regulations, 1992 as amended from time to time.

### DETAILS OF INVESTOR COMPLAINTS RECEIVED AND REDRESSED DURING THE FY 2011-12 ARE AS FOLLOWS:

There were no investor complaints pending at the beginning & at the close of the year. During the year, 3 investor complaints were 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 ([www.taal.co.in](http://www.taal.co.in)).

### CEO/CFO CERTIFICATION

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

## Corporate Governance Report (Contd.)

### GENERAL BODY MEETINGS

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

Year	Type	Date	Venue	Time	No. of Special Resolutions passed
2010-11	AGM	September 29, 2011	Regd. Off.- Belagondapalli Village, Thally Road, Denkanikottai; Taluk, Krishnagiri District, Belagondapalli- 635114 Tamil Nadu	2.00 PM	-
2009-10	AGM	September 29, 2010	Regd. Off.- Belagondapalli Village, Thally Road, Denkanikottai; Taluk, Krishnagiri District, Belagondapalli- 635114 Tamil Nadu	11.00 AM	1
2008-09	AGM	December 31, 2009	Regd. Off.- Belagondapalli Village, Thally Road, Denkanikottai; Taluk, Krishnagiri District, Belagondapalli- 635114 Tamil Nadu	11.00 AM	-

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

### POSTAL BALLOT

At present, no special resolution is proposed to be passed through postal ballot. No postal ballot was conducted during the FY 2011-12.

### DISCLOSURES

Details of related party transaction are furnished under Notes to Accounts.

There were no instances of material non-compliances and no strictures or penalties imposed on the Company either by SEBI, Stock Exchanges or any 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 ([www.taal.co.in](http://www.taal.co.in)) and on website of Bombay Stock Exchange Limited ([www.bseindia.com](http://www.bseindia.com) – Scrip code 522229).

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

### DESIGNATED EXCLUSIVE EMAIL ID OF THE COMPANY

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

### GENERAL SHAREHOLDERS' INFORMATION

AGM Date and Time	September 28, 2012 at 2.00.P.M
Venue	Belagondapalli Village, Thally Road, Denkanikottai Taluk, Krishnagiri District, Belagondapalli- 635114 Tamil Nadu
Financial Year	April 1 to March 31
Date of Book Closure	September 24, 2012 to September 28, 2012 (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 & 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 2012-13 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

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

Month	Share Price		BSE 500 Index	
	High (Rs.)	Low (Rs.)	High	Low
April 2011	40.00	33.00	7651.27	7381.56
May 2011	41.50	32.00	7463.28	6932.82
June 2011	36.50	31.00	7291.32	6789.01
July 2011	36.00	32.50	7417.00	7103.90
August 2011	42.05	29.60	7197.91	6165.06
September 2011	77.50	33.55	6711.06	6208.73
October 2011	67.90	47.00	6796.79	6135.65
November 2011	71.20	47.35	6787.42	5899.25
December 2011	57.00	40.80	6416.65	5683.02
January 2012	59.50	42.00	6562.69	5734.21
February 2012	64.50	48.70	7166.28	6522.13
March 2012	53.50	38.50	7001.32	6556.03

Source: BSE website.

# Taneja Aerospace and Aviation Limited

## Corporate Governance Report (Contd.)

### REGISTRAR AND SHARE TRANSFER AGENT

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

**Sharepro Services (India) Pvt. 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 - 22- 67720300/400  
Fax.- 022- 28591568  
e-mail:sharepro@shareproservices.com

**Sharepro Services (India) Pvt. 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](mailto:sharepropune@vsnl.net)

As regards 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 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 30 days from the date of receipt.

Pursuant to Clause 47 (c) of the Listing Agreement with the Stock Exchange, certificate on half yearly basis were filed with the Bombay Stock Exchange Limited 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 the Bombay Stock Exchange Limited, 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, 2012:

Shareholding of nominal value of Rs	No. of Share Holder(s)	% to Total	No. of Shares	% to Total
Up to 5,000	15382	94.36	2635025	10.57
5,001 10,000	364	2.23	580291	2.33
10,001 20,000	249	1.53	713631	2.87
20,001 30,000	98	0.60	491074	1.97
30,001 40,000	32	0.20	228829	0.92
40,001 50,000	43	0.26	404965	1.62
50,001 1,00,000	72	0.44	1028285	4.13
1,00,001 and above	62	0.38	18848636	75.60
<b>Total</b>	<b>16302</b>	<b>100.00</b>	<b>24930736</b>	<b>100.00</b>

### DEMATERIALISATION OF SHARES AND LIQUIDITY

95.88% of total Equity Share Capital is held in demat form with NSDL and CDSL as on March 31, 2012.

### CORPORATE FILING AND DISSEMINATION SYSTEM

The financial and other information filed by the Company with Bombay Stock Exchange Limited, 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](http://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, 2012.

For and on behalf of the Board of Directors

Pune  
July 24, 2012

**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, 2012, 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, 2012.

For Taneja Aerospace and Aviation Limited

Pune  
July 24, 2012

**Salil Taneja**  
Chairman

**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, 2012 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, 2012;
  - (ii) all significant changes in accounting policies during the financial year ended March 31, 2012 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 July 24, 2012	<b>Salil Taneja</b> Chairman	<b>C S Kameswaran</b> Managing Director
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**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, 2012, 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

Pune, July 24, 2012	<b>Haresh B. Shah</b> Partner Membership No.: 32208
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# Taneja Aerospace and Aviation Limited

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## Auditors' Report

To the Members of

**Taneja Aerospace and Aviation Limited**

1. We have audited the attached Balance Sheet of **TANEJA AEROSPACE AND AVIATION LIMITED** ("the Company") as at **March 31, 2012**, and the related Profit and Loss Account and Cash Flow Statement of the Company for the financial year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
  2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
  3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable.
  4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
    - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
    - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - (e) On the basis of written representations received from the Directors, as on March 31, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the schedules thereto and the notes thereon, give the information required by the Companies Act, 1956, in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - i. In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
    - ii. In the case of Profit and Loss Account, of the Profit for the year ended on that date; and
    - iii. In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

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

**Haresh B. Shah**  
**Partner**

Pune, July 24, 2012

Membership No.: 32208

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## 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. 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 advances granted in earlier years by way of Inter Corporate Deposit, the maximum amount outstanding during the year was Rs. 508 lakhs and the balance of such loan as at March 31, 2012 is Rs. 29 lakhs (Previous Year Rs.494 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. The above referred Inter Corporate Deposit along with interest thereon upto March 31, 2011 has been completely recovered during the year. The amount outstanding as on March 31, 2012 represents the interest component for the year due on March 31, 2012 and has been subsequently received in full.
- d. During the year, the Company has taken unsecured loans aggregating to Rs. 1,674 lakhs from one of the companies covered in the register maintained under section 301 of the Companies Act, 1956 (Previous Year Rs.1,344 lakhs). At the year end, the aggregate amount outstanding was Rs.1,340 lakhs (Previous Year Rs.1,125 lakhs). The maximum balance outstanding during the year was Rs.2,300 lakhs (Previous Year Rs.1,692 lakhs).
- e. As explained to us, the loan (indicated in paragraph (iii) (d) above) is repayable on demand any time on or after April 01, 2012. 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.
- f. The Company is regular in paying the interest and principal is repayable on demand any time on or after April 01, 2012.
- (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

# Taneja Aerospace and Aviation Limited

## Annexure to the Auditors' Report (Contd.)

control procedure with regard to inventory control and reconciliation of vendors balances need to be strengthened considering the increasing sales volume of business and transaction.

(v) a) According to the information and explanations given to us and to the best of our knowledge and belief, we are of the opinion that, the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.

b) In our opinion and according to explanations given to us, transactions (other than secured/unsecured loans given/taken dealt with in paragraph (iii) above) made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rupees Five Lakhs have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

(vi) As per explanations given to us, the Company has not accepted any deposits from public to which the provisions of section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 would apply. Therefore, the provisions of clause 4 (vi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

(vii) The company has appointed firms of Chartered Accountants as their internal auditors. In our opinion, the scope and coverage of internal audit needs to be strengthened especially as mentioned in clause (iv) above.

(viii) The Central Government has not prescribed the maintenance of cost records u/s 209(1) (d) of the Companies Act, 1956 and hence the provisions of clause 4 (viii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

(ix) a) According to the information and explanations given to us, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income-Tax, Sales Tax, Wealth

Tax, Service Tax, Custom Duty, Excise Duty, 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, Educational cess, Educational cess and other material statutory dues, were in arrears, as at March 31, 2012, except:

Name of Statute	Nature of Dues	Amount (Rs. in Lakhs)	Period Which it relates	Forum Where the disputes is pending
Central Excise Act, 1944	Excise Duty	4.95	F.Y. 2010 -11	Office of Superintendent of Central Excise, Hosur Division
Customs Act, 1962	Custom Duty	622.67	F.Y. 2007-08	CESTAT
Finance Act, 1994	Service Tax	317.70	F.Y. 2005-06 to 2009-10	CESTAT

(x) The Company has no accumulated losses as at March 31, 2012. 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



**Annexure to the Auditors' Report (Contd.)**

- chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) In our opinion and according to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions. Hence, the provisions of clause 4 (xv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xvi) As per the information and explanations given to us, the Company has not taken any Term Loan during the period under audit. Also, Term Loan taken during earlier years have been, on an overall basis, applied for the purpose for which the said loans were obtained.
- (xvii) According to information and explanations given to us, and on an overall examination of the Balance Sheet and the Cash Flow of the Company, we report that no funds (except inter corporate deposit from an associate company) raised on short-term basis has been used for long-term investment.
- (xviii) According to information and explanations given to us, during the period covered by our audit report, the company has not made preferential allotment of equity shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
- (xix) In our opinion and according to the information and explanations given to us, the Company has not issued any secured debentures during the period of our audit. Therefore, clause 4 (xix) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.
- (xx) The company has not raised any funds by way of 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, July 24, 2012

Membership No.: 32208

# Taneja Aerospace and Aviation Limited

## Balance Sheet as at March 31, 2012

(Rs. in Lakhs)

Particulars	Note No.	As at March 31, 2012	As at March 31, 2011
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	1,246.54	1,246.54
Reserves and Surplus	2	9,718.26	9,304.01
		<u>10,964.80</u>	<u>10,550.55</u>
<b>Share application money pending allotment</b>			
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	3	2,366.65	2,062.69
Deferred Tax Liabilities (net)	4	564.38	564.38
Other Long-Term Liabilities	5	564.64	561.75
Long-Term Provisions	6	122.98	112.04
		<u>3,618.65</u>	<u>3,300.86</u>
<b>Current Liabilities</b>			
Short-Term Borrowings	7	1,026.27	1,257.92
Trade Payables	8	428.17	295.37
Other Current Liabilities	9	571.20	631.89
Short-Term Provisions	10	149.78	64.08
		<u>2,175.42</u>	<u>2,249.26</u>
<b>Total</b>		<u><u>16,758.87</u></u>	<u><u>16,100.67</u></u>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets			
Tangible Assets	11	11,349.66	10,976.98
Capital Work-in-Progress		1,124.99	992.17
		<u>12,474.65</u>	<u>11,969.15</u>
Non-Current Investments	12	478.46	477.71
<b>Current Assets</b>			
Inventories	13	472.36	541.48
Trade Receivables	14	1,348.23	744.78
Cash and Cash Equivalents	15	589.91	780.12
Short-Term Loans and Advances	16	1,395.26	1,587.43
		<u>3,805.76</u>	<u>3,653.81</u>
<b>Total</b>		<u><u>16,758.87</u></u>	<u><u>16,100.67</u></u>
<b>Significant Accounting Policies</b>	25		
<b>Note are an integral part of the financial statements</b>	26-45		

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

For and on behalf of the Board of Directors

**Haresh B. Shah**  
Partner  
Membership No.: 32208  
Pune, July 24, 2012

**Priya Nair**  
Company Secretary

**Salil Taneja**  
Chairman

**C S Kameswaran**  
Managing Director

Pune, July 24, 2012

**Statement of Profit & Loss for the year ended March 31, 2012**

**(Rs. in Lakhs)**

<b>Particulars</b>	<b>Note No.</b>	<b>2011-12</b>	<b>2010-11</b>
<b>INCOME</b>			
Revenue From Operations	17	5,044.89	4,120.79
Other Income	18	182.84	111.83
<b>Total Revenue</b>		<u>5,227.73</u>	<u>4,232.62</u>
<b>EXPENSES</b>			
Cost of Materials Consumed	19	859.79	731.62
Changes in Inventory of Finished Goods & Work-in-Progress & Stock-in-Trade	20	157.11	64.36
Operational and Other Expenses	21	1,413.76	1,064.12
Employee Benefit Expenses	22	1,575.66	1,180.84
<b>Total Expenses</b>		<u>4,006.32</u>	<u>3,040.94</u>
<b>Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)</b>		1,221.41	1,191.68
Depreciation & Amortisation Expenses	23	342.54	328.39
Finance Costs	24	494.35	427.67
<b>Profit/(Loss) before Extraordinary Items &amp; Tax</b>		384.52	435.62
<b>Extra Ordinary Items</b>			
Less: Prior Period Items	33	(1.87)	7.94
Less : Transfer to General Reserve	44	27.86	-
Add: Provision for Rent, Rates & Taxes written back		27.86	-
Less: Write Offs		-	197.80
Add: Transfer from Reserve for Business Restructuring		-	197.80
<b>PROFIT/(LOSS) BEFORE TAX</b>		386.39	427.68
<b>Tax Expenses</b>			
Current Tax (Minimum Alternate Tax)	28	82.34	46.55
MAT Credit Entitlement		(82.34)	(46.55)
Deferred Tax Liability		-	-
Short Provision for I.T AY 2007-08		-	1.25
<b>Total Expenses</b>		-	1.25
<b>PROFIT/(LOSS) AFTER TAX</b>		<u>386.39</u>	<u>426.43</u>
Earnings per Share (Rs.) Basic and Diluted (Face Value of Rs. 5/- Each)	29	1.55	1.71
<b>Significant Accounting Policies</b>	25		
<b>Note are an integral part of the financial statements</b>	26-45		

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

For and on behalf of the Board of Directors

**Haresh B. Shah**  
Partner  
Membership No.: 32208  
Pune, July 24, 2012

**Priya Nair**  
Company Secretary

**Salil Taneja**  
Chairman

**C S Kameswaran**  
Managing Director

Pune, July 24, 2012

# Taneja Aerospace and Aviation Limited

## Cash Flow Statement for the year ended March 31, 2012

(Rs. in Lakhs)

Particulars	2011-12	2010-11
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before tax & Prior Period Items	384.52	435.62
Adjustment for :		
Depreciation	342.54	328.39
Prior Period Items	1.87	(7.94)
Extra Ordinary Item	27.86	-
Profit on sale of Fixed Assets	(0.77)	-
Interest Paid	494.35	427.67
Interest Received	(73.18)	(92.22)
<b>Operating Profit before Working Capital Changes</b>	<b>1,177.19</b>	<b>1,091.52</b>
Adjustments for :		
Trade and Other Receivables	(411.27)	(729.26)
Inventories	69.12	1.71
Trade and Other Payables	175.26	53.74
<b>Cash Generated from Operations</b>	<b>1,010.30</b>	<b>417.71</b>
Direct Tax Paid	-	-
<b>Net Cash Flow from / (used in) Operating Activities</b>	<b>1,010.30</b>	<b>417.71</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets/ Capital WIP	(848.47)	(563.82)
Proceeds from Sale of Fixed Assets	1.20	-
Investment in Equity (Net)	(0.75)	-
<b>Net Cash Flow from / (used in) Investing Activities</b>	<b>(848.02)</b>	<b>(563.82)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Additions/ (Repayment of Loans)	68.68	626.91
Interest Received	73.18	92.22
Payment of Interest	(494.35)	(427.67)
<b>Net Cash flow from / (used in) Financing Activities</b>	<b>(352.49)</b>	<b>291.46</b>
<b>Net increase/(decrease) in Cash and Cash Equivalents</b>	<b>(190.21)</b>	<b>145.35</b>
Cash and Cash Equivalents as at March 31, 2011(March 31, 2010)	<b>780.12</b>	<b>634.76</b>
Cash and Cash Equivalents as at March 31, 2012(March 31, 2011)	<b>589.91</b>	<b>780.11</b>
<b>Net Increase/ (Decrease) in Cash and Cash Equivalents</b>	<b>(190.21)</b>	<b>145.35</b>

### 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 16.

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

For and on behalf of the Board of Directors

**Haresh B. Shah**  
Partner  
Membership No.: 32208  
Pune, July 24, 2012

**Priya Nair**  
Company Secretary

**Salil Taneja**  
Chairman

**C S Kameswaran**  
Managing Director

Pune, July 24, 2012

**Notes to Financial Statement for the year ended March 31, 2012**

**1. Share Capital**

(Rs. in Lakhs)

Particulars	As at	
	March 31, 2012	March 31, 2011
<b>Authorised Share Capital</b>		
4,00,00,000 (Previous Year 4,00,00,000) Equity Share of Rs.5/- each	<b>2,000.00</b>	2,000.00
10,00,000 (Previous Year 10,00,000) 15% Redeemable Cumulative Preference Shares Rs. 50/- each	<b>500.00</b>	500.00
<b>Issued, Subscribed and Paid Up</b>		
2,49,30,736 (Previous Year 2,49,30,736) Equity Shares of Rs.5/- each fully paid	<b>1,246.54</b>	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		As at	
	No. of shares	Rs. in Lakhs	No. of shares	Rs. in Lakhs
Equity Shares at the beginning of the year	<b>2,49,30,736</b>	<b>1,246.54</b>	2,49,30,736	1,246.54
Add: Shares issued during the year	-	-	-	-
Equity Shares outstanding at the end of the year	<b><u>2,49,30,736</u></b>	<b><u>1,246.54</u></b>	<b><u>2,49,30,736</u></b>	<b><u>1,246.54</u></b>

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

Name of the Shareholder	As at		As at	
	No. of Shares	% Holding	No. of Shares	% Holding
Equity Shares of Rs. 5/- each				
Indian Seamless Enterprises Ltd.	<b>1,04,79,620</b>	<b>42.03</b>	1,04,79,620	42.03
Vishkul Leather Garments Private Limited	<b>16,89,179</b>	<b>6.78</b>	16,32,500	6.55

**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 Shares is entitled to one vote per share.

# Taneja Aerospace and Aviation Limited

## Notes to Financial Statement for the year ended March 31, 2012 (Contd.)

### 2. Reserves and Surplus

(Rs. in Lakhs)

Particulars	As at	As at
	March 31, 2012	March 31, 2011
<b>Capital Reserve</b>		
Opening Balance	5.83	5.83
<b>Securities Premium</b>	6,600.75	6,600.75
<b>Reserve for Business Restructuring</b>		
Balance as per the last Balance Sheet	-	202.92
Less: Transfer to P&L A/c. as per the scheme	-	197.80
Less: Transfer to General Reserve as per the scheme	-	5.11
	-	-
<b>General Reserve</b>		
Balance as per the last Balance Sheet	1,244.00	1,238.89
Add: Transfer from P&L A/c,	27.86	-
Add: Transferred from Reserve for Business Restructuring	-	5.11
	1,271.86	1,244.00
<b>Surplus in Statement of Profit and Loss Account</b>		
Balance as per the last Balance Sheet	1,453.43	1,027.00
Add: Net Profit after tax transferred from Statement of Profit and Loss Account	386.39	426.43
Amount available for Appropriation	1,839.82	1,453.43
Less: Appropriations	-	-
Surplus After Appropriation	1,839.82	1,453.43
<b>Total</b>	<b>9,718.26</b>	<b>9,304.01</b>

### 3. Long Term Borrowings

(Rs. in Lakhs)

Particulars	Non-Current		Current	
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
<b>Secured</b>				
Term Loan from Bank	254.86	374.85	120.00	123.63
<b>Unsecured</b>				
Loans and Advances from related party				
Inter Corporate Deposit (Refer note 35)	1,340.00	1,125.00	-	-
Other Borrowings (from entities other than bank)	771.79	562.84	-	-
	2,366.65	2,062.69	120.00	123.63
Less: Amount included under the head "Other Current Liabilities" (Refer note.9)	-	-	120.00	123.63
<b>Total</b>	<b>2,366.65</b>	<b>2,062.69</b>	<b>-</b>	<b>-</b>

**Notes to Financial Statement for the year ended March 31, 2012 (Contd.)**

**3.1 Maturity Profile of Secured Term Loan from Bank**

Particulars	Maturity Profile			
	1-2 years	2-3 years	3-4 years	Beyond 4 years
Term Loan from Bank Bank of India	120.00	134.86	-	-

**3.2 Details of Securities and other terms:**

Term Loan from Bank is secured by a first charge on specific free hold lands to the extent of 26.87 acres along with all movable properties of the Company situated on the said lands both present and future at Belagondapalli village, Thalli Road Denkanikottai Taluk, Krishnagiri District, Belagondapalli - 635114, Tamilnadu and second charge by way of hypothecation on current assets of the Company and further counter guarantee of ISMT Ltd. and Indian Seamless Enterprises Ltd.

The Loan is repayable in 60 monthly installment of Rs. 10 lakhs commencing from April 01, 2010 & ending on March 31, 2015.

Inter Corporate Deposit from related parties does not have any security or repayment term.

There are no stipulations for repayment of other borrowings.

**4. Deferred Tax Liabilities (net)**

**(Rs. in Lakhs)**

Particulars	As at March 31, 2012	As at March 31, 2011
<b>Deferred Tax Liabilities :</b>		
Difference in net book value of fixed assets as per books tax laws	<b>564.38</b>	564.38
<b>Deferred Tax Assets :</b>		-
Business loss, Unabsorbed tax depreciation and Capital losses carried forward under Income Tax Act, 1961	-	-
<b>Net Deferred Tax Liability*</b>	<u><b>564.38</b></u>	<u>564.38</u>

\* As a matter of prudence, the Company does not recognise deferred tax assets. As total deferred tax assets is substantially higher than opening outstanding deferred tax liability, hence no further provision for deferred tax liability has been made in the current year

**5. Other Long Term Liabilities**

**(Rs. in Lakhs)**

Particulars	Non-Current	
	As at March 31, 2012	As at March 31, 2011
Deposit from Customers	<b>564.64</b>	561.75
<b>Total</b>	<u><b>564.64</b></u>	<u>561.75</u>

# Taneja Aerospace and Aviation Limited

## Notes to Financial Statement for the year ended March 31, 2012 (Contd.)

### 6. Long Term Provisions

(Rs. in Lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
<b>Provision for Employee Benefits (Refer Note. 40)</b>		
Provision for Gratuity	74.48	65.56
Provision for Leave Encasement	48.49	46.48
<b>Total</b>	<u>122.98</u>	<u>112.04</u>

### 7. Short Term Borrowings

(Rs. in Lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
<b>Secured</b>		
Working Capital Borrowing from Banks	939.05	848.99
<b>Unsecured</b>		
Term Loan	87.22	408.93
<b>Total</b>	<u>1,026.27</u>	<u>1,257.92</u>

7.1 Working Capital Loan from the banks is secured against hypothecation of stocks and Book Debts on pari-passu and second charge on Immovable properties/Fixed Assets and further guaranteed by counter guarantee of Promoter Company.

### 8. Trade Payables

(Rs. in Lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
Micro, small and medium enterprises (Refer note.37)	-	-
Other Trade Payables	428.17	295.37
<b>Total</b>	<u>428.17</u>	<u>295.37</u>

### 9. Other Current Liabilities

(Rs. in Lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
Current maturities of Long term Borrowings (Refer note. 3)	120.00	123.63
Interest free Sales Tax Loan	-	40.35
Advance from customers	13.97	98.22
Other current Liabilities	437.23	369.69
<b>Total</b>	<u>571.20</u>	<u>631.89</u>

### 10. Short Term Provisions

(Rs. in Lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
<b>Provision for Employee Benefits</b>		
Provision for Bonus	13.97	9.00
<b>Others</b>		
Provision For Audit fees	6.92	7.97
Provision For Taxes	128.89	47.11
<b>Total</b>	<u>149.78</u>	<u>64.08</u>



Notes to Financial Statement for the year ended March 31, 2012 (Contd.)

11. Fixed Assets

(Rs. in Lakhs)

Nature of Assets	GROSS BLOCK (AT COST)				DEPRECIATION /AMORTISATION				NET BLOCK	
	As at April 01, 2011	Additions	Deductions/ Adjustments	As at March 31, 2012	As at April 01, 2011	For The Year	Deductions/ Adjustments	As at March 31, 2012	As at March 31, 2012	As at March 31, 2011
<b>Tangible Assets:</b>										
Free Hold Land	5,866.25	408.42	-	6,274.67	-	-	-	-	6,274.67	5,866.25
Building	1,258.20	1.41	-	1,259.61	355.24	42.06	-	397.30	862.31	902.96
Plant and Machinery	5,916.14	150.76	-	6,066.90	1,631.96	265.06	1.00	1,896.02	4,170.88	4,284.18
Office Equipment	218.97	132.17	-	351.14	100.65	23.08	-	123.73	227.41	118.32
Furniture and Fixture	92.74	0.76	-	93.50	71.77	3.92	0.12	75.57	17.93	20.97
Hardware	18.79	20.71	-	39.50	4.48	4.37	-	8.85	30.65	14.31
Vehicles	47.42	0.30	6.90	40.82	31.23	4.05	6.47	28.81	12.01	16.19
<b>Total</b>	13,418.51	714.53	6.90	14,126.14	2,195.33	342.54	7.59	2,530.28	11,595.86	11,223.18
Add: Provision for Impairment	-	-	-	-	246.20	-	-	246.20	(246.20)	(246.20)
<b>Total</b>	13,418.51	714.53	6.90	14,126.14	2,441.53	342.54	7.59	2,776.48	11,349.66	10,976.98
Previous Year	11,509.55	1,908.96	-	13,418.51	1,966.93	474.60	-	2,441.53	10,976.98	9,572.48

12. Non Current Investments

(Rs. in Lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
<b>I. Unquoted</b>		
<b>Other Investments</b>		
<b>i) Investment in Equity Shares</b>		
<b>a) Subsidiary Companies</b>		
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 nil) of TAAL Aerosystems Pvt Ltd of Rs.10/- each	0.75	-
<b>II. Quoted</b>		
<b>Other Investments</b>		
<b>i) Investment in Equity Shares</b>		
115 Shares (Previous Year 115 ) of ABG Shipyard Ltd. (Market value as on March 31, 2012 Rs. 43,827) (Previous Year Rs. 41,624)	0.21	0.21
<b>Total</b>	<u>478.46</u>	<u>477.71</u>

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

# Taneja Aerospace and Aviation Limited

## Notes to Financial Statement for the year ended March 31, 2012 (Contd.)

### 13. Inventories

(Rs. in Lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
Raw Materials	289.63	201.64
Work in Progress	182.73	289.84
Finished Goods	-	50.00
<b>Total</b>	<b>472.36</b>	<b>541.48</b>

### 14. Trade Receivables

(Rs. in Lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
Outstanding for more than 6 months Unsecured and Considered Good	534.63	145.30
Outstanding for less than 6 months Unsecured and Considered Good	821.67	602.46
	<b>1,356.30</b>	<b>747.76</b>
Less: Provision for bad and doubtful debts	8.07	2.98
<b>Total</b>	<b>1,348.23</b>	<b>744.78</b>

### 15. Cash and Bank Balances

(Rs. in Lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
Balances with Bank		
Current Accounts	96.15	215.02
Margin Money Deposits	492.51	564.73
Cash on Hand	1.25	0.37
<b>Total</b>	<b>589.91</b>	<b>780.12</b>

### 16. Short Term Loans and Advances

(Rs. in Lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
<b>Unsecured and Considered Good</b>		
Advances to Creditors	291.62	74.73
Advances for Expenses	79.10	25.27
Loans and Advances to Related Parties (Refer Note. 35)	28.84	493.75
Advance Tax	604.72	510.07
Others	390.98	483.61
<b>Total</b>	<b>1,395.26</b>	<b>1,587.43</b>

Notes to Financial Statement for the year ended March 31, 2012 (Contd.)

17. Revenue From Operations

(Rs. in Lakhs)

Particulars	2011-12	2010-11
<b>Sales</b>		
<b>Aviation:</b>		
Gross Sales	1,401.43	1,028.86
Less: Excise Duty	23.95	19.88
Net Sales	1,377.48	1,008.98
<b>Services</b>		
<b>Aviation:</b>		
Charter Income	449.51	647.02
Aircraft Upkeep, Hire & Hanger Charges	553.38	529.60
Sales Commission	342.42	106.24
Training Income	51.41	63.85
Labour Charges	1,417.85	1,436.05
Other Services	16.33	19.57
<b>Engineering Design Services:</b>		
Engineering Design Services	836.51	309.48
<b>Total</b>	<b>5,044.89</b>	<b>4,120.79</b>

18. Other Income

(Rs. in Lakhs)

Particulars	2011-12	2010-11
Interest Income	73.18	92.22
Profit on sale of Asset	0.77	-
Other non Operating Income:		
Agriculture Income	3.37	4.68
Foreign Exchange Variance	2.22	2.08
Miscellaneous Income	21.68	5.68
Bad Debts Recovered	81.62	-
Sundry Creditors Written Back	-	7.17
<b>Total</b>	<b>182.84</b>	<b>111.83</b>

19. Cost of Material Consumed (refer Note 42 [b])

(Rs. in Lakhs)

Particulars	2011-12	2010-11
Stock at commencement	201.64	160.21
Add: Purchases	947.78	773.05
Stock at close	289.63	201.64
<b>Total</b>	<b>859.79</b>	<b>731.62</b>

20. Changes in Inventories of Finished Goods Work-in Progress and Stock-in-Trade

(Rs. in Lakhs)

Particulars	2011-12	2010-11
<b>Stock at close</b>		
Work in Progress	182.73	289.84
Finished Goods	-	50.00
<b>Total</b>	<b>182.73</b>	<b>339.84</b>
<b>Stock at commencement</b>		
Work in Progress	289.84	332.99
Finished Goods	50.00	71.21
<b>Total</b>	<b>339.84</b>	<b>404.20</b>
<b>(Increase)/ Decrease in Inventory</b>	<b>157.11</b>	<b>64.36</b>

# Taneja Aerospace and Aviation Limited

## Notes to Financial Statement for the year ended March 31, 2012 (Contd.)

### 21. Operational and Other Expenses

(Rs. in Lakhs)

Particulars	2011-12	2010-11
Charter Expenses	384.79	410.37
Power & Fuel Expenses	113.97	88.05
Software & Hardware Hire and Maintenance Charges	62.61	10.70
Other Operational Expenses	53.76	30.86
Repairs and Maintenance Plant & Machinery	30.46	10.45
Repairs and Maintenance Building	3.02	3.61
Selling Expenses	56.12	47.57
Rent, Rates, taxes and Insurance	90.54	96.19
Travelling & Conveyance	293.93	169.59
Communication Expenses	34.17	22.52
Auditor Remuneration (Refer note 31)	6.99	6.26
Office Expenses	63.84	32.50
Other Administrative Expenses	64.96	67.43
Legal, Professional & Consultancy Charges	141.81	47.65
Sitting Fees	5.00	5.80
Foreign Exchange Variation Loss	1.83	4.68
Bad Debts Written Off	5.96	9.89
<b>Total</b>	<b>1,413.76</b>	<b>1,064.12</b>

### 22. Employee Benefits

(Rs. in Lakhs)

Particulars	2011-12	2010-11
Salaries and Wages	1,343.94	1,053.30
Contribution to Provident and other Funds	57.26	42.04
Staff Welfare Expenses	174.46	85.50
<b>Total</b>	<b>1,575.66</b>	<b>1,180.84</b>

### 23. Depreciation and Amortisation Expenses

(Rs. in Lakhs)

Particulars	2011-12	2010-11
Depreciation	342.54	328.39
<b>Total</b>	<b>342.54</b>	<b>328.39</b>

### 24. Finance Cost

(Rs. in Lakhs)

Particulars	2011-12	2010-11
<b>Interest Expenses</b>		
Working Capital Loan	171.28	128.41
Term Loans	67.79	141.76
Interest on ICD / Other Interest	267.45	136.05
	<u>506.52</u>	<u>406.22</u>
Less: Capitalised During the Year	55.62	12.77
	<u>450.90</u>	<u>393.45</u>
<b>Other Borrowing Costs</b>		
Bank & Other Charges	43.45	34.22
<b>Total</b>	<b>494.35</b>	<b>427.67</b>

Notes to Financial Statement for the year ended March 31, 2012 (Contd.)

**NOTE 25: SIGNIFICANT ACCOUNTING POLICIES**

**25.1 Basis of Preparation of Financial Statements**

- (a) 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.
- (b) For the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act, 1956, is applicable to the Company, for presentation and disclosures in financial statements. The Company has reclassified the previous year's figures in accordance with the revised Schedule VI as applicable in the current year.

**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 recognized as an expense in the profit and loss account 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 recognized 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 Profit and Loss Account.

**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 Profit and Loss Account 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 realizable 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.

# Taneja Aerospace and Aviation Limited

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## Notes to Financial Statement for the year ended March 31, 2012 (Contd.)

### Significant Accounting Policies

#### 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.
- (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 estimated basis.

#### 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 recognized when the company has a legal and constrictive obligation as a result of past event, for which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.
- (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 recognized 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 Profit and Loss Account.

#### 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.

**Notes to Financial Statement for the year ended March 31, 2012 (Contd.)**

**NOTES TO ACCOUNTS**

**26. Provisions and Contingencies**

- a. Bank Guarantees Rs.1,567.81 Lakhs (Previous Year Rs. 1,637.20 lakhs).
- b. Indemnity issued to customers Rs.1,477.78 Lakhs (Previous Year Rs.1,026.50 Lakhs).
- c. EPCG Export sales obligation to be fulfilled Rs.1,189.52 Lakhs (Previous Year Rs. 1,189.52 Lakhs).
- d. Capital commitment towards the new project is Rs.1,573.29 Lakhs (Previous Year Rs.1,266.06 Lakhs).
- e. Employees Provident Fund Rs.11.78 Lakhs (Previous Year NIL).

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

**(Rs. in Lakhs)**

Particulars	As at March 31, 2012	As at March 31, 2011
1. Personnel Expenses		
a. Managing Directors Salary	-	2.54
b. Other Salary	12.33	7.77
2. Travelling Expenses	0.40	2.95
3. Interest	55.62	12.77
<b>Total</b>	<u>68.35</u>	<u>26.04</u>

**28. Minimum Alternate Tax**

**(Rs. in Lakhs)**

Particulars	As at March 31, 2012	As at March 31, 2011
1. Minimum Alternate Tax *	82.34	46.55

\* 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.

**29. Computation of Earning Per Share**

**(Rs. in Lakhs)**

Particulars	As at March 31, 2012	As at March 31, 2011
Profit/(Loss) after tax available for equity shareholders	386.39	426.43
Adjusted Weighted Average number of Equity Shares of Nominal value of Rs. 5/- each	249.30	249.30
Computation of EPS- Basic* (in Rs.)	1.55	1.71

\*\* Diluted EPS 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:

Particulars	Amount in US \$	Equivalent Rs. in Lakhs
Less than One Year	3.89	199.02
More than 1 year and Less than 5 year	18.76	959.83
More than 5 years	3.70	189.23
<b>Total</b>	<u>26.35</u>	<u>1,348.08</u>

# Taneja Aerospace and Aviation Limited

## Notes to Financial Statement for the year ended March 31, 2012 (Contd.)

### NOTES TO ACCOUNTS

#### 31. Auditors Remuneration Includes

(Rs. in Lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
Audit Fees	3.00	3.00
Tax Audit Fees	1.00	0.85
Fees for Taxation	1.50	1.50
Fees for Other Services	1.00	0.60
Out of Pocket Expenses/Travelling	0.49	0.31
<b>Total</b>	<b>6.99</b>	<b>6.26</b>

#### 32. Details of Managerial Remuneration

(Rs. in Lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
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
<b>Total</b>	<b>25.64</b>	<b>25.64</b>

\* 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

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	As at March 31, 2012	As at March 31, 2011
Profit Before Taxation as per Profit and Loss Account	386.39	435.62
Add: Depreciation Provided in accounts	342.54	328.39
Remuneration paid to Managing Director	25.64	25.64
Less: Profit(net) on Sale of Asset as per Profit and Loss Account	0.77	-
	753.80	789.65
Less: Depreciation computed in accordance with provision of Section 350 of the Companies Act, 1956	529.53	1,156.97
Less: Amount Charged to reserve as per Profit and Loss Account	-	-
Profit as per Section 349 of Companies Act, 1956	224.27	(367.32)
Maximum Permissible remuneration to the whole time Director under Section 198 of the Companies Act, 1956 @5% of the profit computed above.	11.21	-

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

#### 33. Details of Prior Period items

(Rs. in Lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
Prior Period Expenses	4.09	20.07
Prior Period Income	5.95	12.13
Net Prior Period items	(1.87)	7.94



**Notes to Financial Statement for the year ended March 31, 2012 (Contd.)**

**NOTES TO ACCOUNTS**

**34. 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, 2012

(Rs. in Lakhs)

Name of the Company	Nature of Relation	Nature of Transaction	Maximum Balance during the Period	As at March 31, 2012	As at March 31, 2011
First Airways Inc	Subsidiary	Investment	477.49	<b>477.49</b>	477.49
ISMT Ltd *	Associate	Loan(Cr)	2,336.39	<b>1,420.48</b>	1,195.15
Indian Seamless Enterprises Ltd*#	Associate	Loan(Dr)	99.51	-	99.51
Vishkul Leather Garments (P) Ltd*	Associate	Advances(Dr)	507.87	<b>28.84</b>	493.75

\* Non repayment schedule

# No interest charged on this loan

**35. 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
ii) Associate Companies	ISMT Limited Indian Seamless Enterprises Ltd Vishkul Leather Garments Pvt. Ltd
iii) Key Management Personnel	Mr. Salil Taneja (Chairman) Mr. C S Kameswaran (Managing Director)

**Transactions with the Related Parties:**

(Rs. in Lakhs)

Particulars	Subsidiaries	Associates	Key Management Personnel
Investment in Equity	-	-	-
	(-)	(-)	(-)
Inter-Corporate Deposit Received during the year	-	1,674.00	-
	(-)	(1,344.20)	(-)
Aircraft Hiring Charges	-	240.00	-
	(-)	(240.00)	(-)
Sitting Fees	-	-	0.50
	(-)	(-)	(0.50)
Interest paid	-	226.38	-
	(-)	(135.52)	(-)
Interest Received	-	28.84	-
	(-)	(49.39)	(-)
Managerial Remuneration	-	-	25.64
	(-)	(-)	(25.64)
Balance payable	-	1,420.48	-
	(-)	(1,195.15)	(-)
Balance receivable	-	28.84	-
	(-)	(593.26)	(-)

(Figures in brackets relate to Previous Year)

# Taneja Aerospace and Aviation Limited

## Notes to Financial Statement for the year ended March 31, 2012 (Contd.)

### NOTES TO ACCOUNTS

- 36 The balances in Debtors and creditors accounts are subject to confirmations.
- 37 As informed to us by management, the Company owes no dues, which are outstanding for more than 45 days as at March 31, 2012 to any "Micro, Small And Medium Enterprises " as required under "Micro, Small And Medium Enterprises Development Act 2006"
- 38 In the Opinion of the board , adequate steps are taken to make sufficient provision for all liabilities.
- 39 Current Assets , Loans and Advances are of the value stated if realised in the ordinary course of business.
- 40 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	As at March 31, 2012	As at March 31, 2011
Employer's Contribution to Provident Fund, Family Pension Fund and Other Funds	42.71	30.13

#### ii) Defined Benefit Plan:

a) Changes in present value of Defined Benefit obligations:

(Rs. in Lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
<b>Gratuity (Funded)</b>		
Present Value of Obligations as at April 01, 2011 (April 01, 2010)	65.56	57.01
Current Service Cost	12.43	9.22
Interest Cost	5.46	4.77
Past Service Cost	-	0.56
Actuarial (gain)/ loss	1.46	(6.00)
Benefits Paid	-	-
Present Value of Obligations as at March 31, 2012 (March 31, 2011)	<u>84.91</u>	<u>65.56</u>
<b>Leave Encashment (Non Funded)</b>		
Present Value of Obligations as at April 01, 2011 (April 01, 2010)	46.48	43.27
Current Service Cost	8.61	9.63
Interest Cost	3.56	3.25
Past Service Cost -	-	-
Actuarial (gain)/ loss	(2.54)	(0.96)
Benefits Paid	(7.61)	(8.71)
Present Value of Obligations as at March 31, 2012 (March 31, 2011)	<u>48.49</u>	<u>46.48</u>

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 recognized in the Balance Sheet in respect of:

(Rs. in Lakhs)

Particulars	Gratuity Funded		Leave Encashment (Non Funded)	
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
Present Value of Obligation as at March 31, 2012 (March 31, 2011)	84.91	65.56	48.49	46.48
Funded with LIC	10.43	-	-	-
<b>Net Liability</b>	<u>74.48</u>	<u>65.56</u>	<u>48.49</u>	<u>46.48</u>

**Notes to Financial Statement for the year ended March 31, 2012 (Contd.)**

**NOTES TO ACCOUNTS**

d. Expenses recognised in the Profit & Loss Account (under the head “Personnel Cost”) (Rs. in Lakhs)

Particulars	Gratuity Funded Leave		Encashment (Non Funded)	
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
Current Service Cost	12.43	9.22	8.61	9.63
Interest Cost	5.46	4.77	3.56	3.25
Past Service Cost	-	0.56	-	-
Actuarial (gain)/ loss	1.46	(6.00)	(2.54)	(0.96)
Expenses recognized in Profit and Loss Account	19.35	8.55	9.62	11.92

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

Particulars	Gratuity Funded Leave		Encashment (Non Funded)	
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
Discount rate	8.50%	8.40%	8.50%	8.40%
Expected rate of return on Plan Assets	7.40%	8.00%	7.40%	8.00%
Salary Escalation rate	13.62%	12.92%	13.62%	13.49%

**41 Segment Reporting**

(Rs. in Lakhs)

Particulars	Aviation	Engg Design Service	Total 2011-12	Aviation	Engg Design Service	Total 2010-11
<b>1. Segment Revenue</b>						
Segmental Revenue from Sales and Services	4,208.38	836.51	5,044.89	3,811.31	309.48	4,120.79
Un allocable Revenue			182.84			111.83
<b>Total Revenue</b>	<b>4,208.38</b>	<b>836.51</b>	<b>5,227.73</b>	<b>3,811.31</b>	<b>309.48</b>	<b>4,232.62</b>
<b>2. Segment Result before Interest and Taxation</b>	<b>912.25</b>	<b>(31.51)</b>	<b>880.74</b>	<b>896.89</b>	<b>(33.60)</b>	<b>(863.29)</b>
Less: Finance Charges	491.97	2.38	494.35	426.37	1.30	427.67
Profit/ Loss before Taxation	420.28	(33.89)	386.39	470.52	(34.90)	435.62
Less: Taxation	-	-	-	-	-	1.26
Profit/ Loss after Taxation	420.28	(33.89)	386.39	470.52	(34.90)	434.36
<b>3. Other Information</b>						
Total Segment Assets	15,526.02	499.24	16,025.26	15,382.23	161.82	15,544.05
Un Allocable Assets			733.61			556.62
Total Assets			16,758.87			16,100.67
Total Segment Liabilities	1,832.21	217.74	2,049.96	2,314.86	46.59	2,361.46
Un Allocable Liability			3,744.12			3,188.66
Total Liability			5,794.07			5,550.12
Total Capital Employed	13,693.81	281.49	10,964.80	13,573.82	119.54	10,550.55
<b>4. Cost Incurred for Acquiring</b>						
Assets	571.62	142.90	714.53	1,904.74	4.24	1,908.98
Segment Depreciation	327.75	14.79	342.54	319.69	8.70	328.39

# Taneja Aerospace and Aviation Limited

## Notes to Financial Statement for the year ended March 31, 2012 (Contd.)

### NOTES TO ACCOUNTS

#### 42. Statement of Additional Information:

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

(Rs. in Lakhs)

Particulars	Quantity (Nos.)		Value	
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
Opening Stock	0.50	0.50	50.00	71.21
Closing Stock	-	0.50	-	50.00

##### b. Value of Raw materials and Components consumed during the Year

(Rs. in Lakhs)

Particulars	Percentage (%)		Value	
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
Imported*	14.33%	21.72%	123.23	158.92
Indigenous	85.67%	78.28%	736.56	572.69
	<u>100.00%</u>	<u>100.00%</u>	<u>859.79</u>	<u>731.62</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	As at March 31, 2012	As at March 31, 2011
Export of Goods/Services	830.93	267.37
Commission	342.42	106.13
Charter Income	-	20.09
<b>Total</b>	<u>1,173.35</u>	<u>393.59</u>

##### d. Expenditure in Foreign Currency

(Rs. in Lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
Parts and Components	100.55	154.44
Traveling Expenses	154.42	63.04
Professional Fees	-	1.35
Lease Rent	258.15	213.47
Onsite Expenses	172.46	53.35
Subscription Fees	1.63	5.60
Insurance	2.41	10.43
<b>Total</b>	<u>689.62</u>	<u>501.68</u>

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

123.23

158.92

43. The Company has not hedged its foreign currency exposure outstanding as on March 31, 2012 as per the policy consistently followed Foreign Currency Exposure not hedged as at March 31, 2012.

Particulars	Foreign Currency	Rs. in Lakhs
<b>Receivable</b>		
Debtors Receivable		
USD	1.74	88.99
Euro	0.81	55.67
Deposit Receivable from Cessna		
USD	1.86	94.90
<b>Total</b>		<u>239.56</u>
<b>Payable</b>		
Expenses Payable		
USD	0.16	8.27
Euro	0.00*	0.17
Lease Rent Payable		
USD	0.45	23.27
<b>Total</b>		<u>31.71</u>

(\* Figure in Euro 243)

**Notes to Financial Statement for the year ended March 31, 2012 (Contd.)**

**NOTES TO ACCOUNTS**

44. As per the clause of accounting policy mentioned in the scheme of arrangement sanctioned by The Hon'ble High Court, Madras on January 08, 2010 (Effective Date February 24, 2010), The Company has transferred Rs. 27.86 Lakhs to the General Reserve from the Profit and Loss Account on account of write back of excess provision for Rent, Rates and Taxes made in the years prior to the sanction of the Scheme.
45. The financial statements for the year ended March 31, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended March 31, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

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

For and on behalf of the Board of Directors

**Haresh B. Shah**  
Partner  
Membership No.: 32208  
Pune, July 24, 2012

**Priya Nair**  
Company Secretary

**Salil Taneja**  
Chairman

**C S Kameswaran**  
Managing Director

Pune, July 24, 2012

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# 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 Aerosystems Private Limited
Capital	477.49	1.00
Reserves	(261.54)	(0.10)
Total Assets	304.58	1.00
Total Liabilities	2.27	0.35
Investments other than in Subsidiaries Company	-	-
Turnover & Other Income	-	-
Profit/(Loss) before Taxation	(73.30)	(0.10)
Provision for Taxation	2.03	-
Profit/(Loss) after Taxation	(75.33)	(0.10)
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 converted 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. 51.16/US Dollar	Rs. 47.80/US Dollar

## Auditors' Report on Consolidated Financial Statements

To,

The Members of Taneja Aerospace and Aviation Limited

1. We have audited the attached Consolidated Balance Sheet of Taneja Aerospace and Aviation Limited (“the Company”) and its subsidiary (collectively referred to as “the Group”) as at March 31, 2012 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the subsidiary, whose financial statements reflect total assets (net) of Rs. 305.85 lakhs as at March 31, 2012 total revenue of Rs. Nil and net cash outflows amounting to Rs. 0.51 lakhs for the year ended on that date. These financial statements and other financial information have been audited by other auditors, whose reports have been furnished to us and our opinion is based solely on the reports of other auditors and information provided by the management.

4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21, “Consolidated Financial Statements”, notified by the Companies (Accounting Standards) Rules, 2006.
5. Based on our audit and on consideration of report of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements together with the notes thereon and attached thereto give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) In the case of the Consolidated Balance Sheet, of the state of affairs of th Group as at March 31, 2012;
  - (b) In the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
  - (c) In the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

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

**Haresh B. Shah**  
Partner  
Membership No. : 32208  
Pune, July 24, 2012

# Taneja Aerospace and Aviation Limited

## Consolidated Balance Sheet As at March 31, 2012

(Rs. in Lakhs)

Particulars	Note No.	As at March 31, 2012	As at March 31, 2011
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	1,246.54	1,246.54
Reserves and Surplus	2	9,543.00	9,160.74
		<u>10,789.54</u>	<u>10,407.28</u>
<b>Minority Interest</b>		0.22	-
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	3	2,366.65	2,062.69
Deferred Tax Liabilities (Net)	4	564.38	564.38
Other Long-Term Liabilities	5	564.64	561.75
Long-Term Provisions	6	122.98	112.04
		<u>3,618.65</u>	<u>3,300.86</u>
<b>Current Liabilities</b>			
Short-Term Borrowings	7	1,026.27	1,257.92
Trade Payables	8	428.17	295.37
Other Current Liabilities	9	573.81	711.49
Short-Term Provisions	10	149.78	64.08
		<u>2,178.03</u>	<u>2,328.86</u>
<b>Total</b>		<u><u>16,586.44</u></u>	<u><u>16,037.00</u></u>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets			
Tangible Assets	11	11,349.66	10,976.98
Capital Work-in-Progress		1,124.98	992.17
		<u>12,474.64</u>	<u>11,969.15</u>
Non-Current Investments	12	0.21	0.21
Other Non-Current Assets	13	237.04	248.27
		<u>237.25</u>	<u>248.48</u>
<b>Current Assets</b>			
Inventories	14	472.36	541.48
Trade Receivables	15	1,348.23	744.78
Cash and Bank Balances	16	591.00	781.52
Short-Term Loans and Advances	17	1,415.54	1,710.22
Other Current Assets	18	47.42	41.37
		<u>3,874.55</u>	<u>3,819.37</u>
<b>Total</b>		<u><u>16,586.44</u></u>	<u><u>16,037.00</u></u>
<b>Significant Accounting Policies</b>	27		
<b>Notes are an integral part of the financial statements.</b>	28-30		

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

For and on behalf of the Board of Directors

**Haresh B. Shah**  
Partner  
Membership No.: 32208  
Pune, July 24, 2012

**Priya Nair**  
Company Secretary

**Salil Taneja**  
Chairman

**C S Kameswaran**  
Managing Director

Pune, July 24, 2012



## Consolidated Statement of Profit &amp; Loss for the year ended March 31, 2012

(Rs. in Lakhs)

Particulars	Note No.	2011-12	2010-11
<b>INCOME</b>			
Revenue from Operations	19	5,044.89	4,120.79
Other Income	20	182.84	111.83
<b>Total Revenue</b>		<b>5,227.73</b>	<b>4,232.62</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	21	859.79	731.62
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	22	157.11	64.36
Operational & Other Expenses	23	1,483.56	1,118.12
Employee Benefit Expenses	24	1,575.66	1,180.84
<b>Total Expenses</b>		<b>4,076.12</b>	<b>3,094.94</b>
<b>Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)</b>		<b>1,151.61</b>	<b>1,137.68</b>
Depreciation & Amortisation Expenses	25	342.54	328.39
Finance Cost	26	497.95	433.61
<b>Profit/(Loss) Before Extraordinary Items and Tax</b>		<b>311.12</b>	<b>375.68</b>
<b>Extra Ordinary Items</b>			
Less: Prior Period Items		(1.87)	7.94
Less: Transfer to General Reserve		27.86	-
Add: Provision for Rent, Rates & Taxes Written Back		27.86	-
Less: Write Offs		-	197.80
Add: Transfer from Reserve for Business Restructuring		-	197.80
<b>PROFIT/(LOSS) BEFORE TAX</b>		<b>312.99</b>	<b>367.74</b>
<b>Tax Expenses</b>			
Current Tax (Minimum Alternate Tax)		82.34	46.55
MAT Credit Entitlement		(82.34)	(46.55)
Deferred Tax Liability		-	-
Income Tax / Short Provision for I.T AY 2007-08		2.03	5.06
<b>Total Tax Expenses</b>		<b>2.03</b>	<b>5.06</b>
<b>Profit for the year before Minority Interest</b>		<b>310.96</b>	<b>362.68</b>
Less: Minority Interest		(0.03)	-
<b>PROFIT/(LOSS) AFTER TAX</b>		<b>310.99</b>	<b>362.68</b>
Earnings Per Share (Rs.) Basic and Diluted (Face value of Rs. 5/- each)	29	1.25	1.45
<b>Significant Accounting Policies</b>	27		
<b>Notes are an integral part of the financial statements.</b>	28-30		

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

For and on behalf of the Board of Directors

**Haresh B. Shah**  
Partner  
Membership No.: 32208  
Pune, July 24, 2012

**Priya Nair**  
Company Secretary

**Salil Taneja**  
Chairman

**C S Kameswaran**  
Managing Director

Pune, July 24, 2012

# Taneja Aerospace and Aviation Limited

## Consolidated Cash Flow Statement for the year ended March 31, 2012

(Rs. in Lakhs)

Particulars	2011-12	2010-11
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/(Loss)before tax & Prior Period Items	311.12	375.68
Adjustments for :		
Depreciation	342.54	328.39
Prior Period Items	1.87	(7.94)
Extra Ordinary Item	27.86	-
Loss of Minority Interest holder	0.03	-
Profit on Sale of Fixed Assets	(0.77)	-
Interest Paid	497.95	433.61
Interest Received	(73.19)	(92.22)
<b>Operating Profit before Working Capital Changes</b>	<b>1,107.41</b>	<b>1,037.52</b>
Adjustments for :		
Trade and Other Receivables	(303.56)	(668.61)
Inventories	69.12	1.71
Trade and Other Payables	98.49	58.87
<b>Cash Generated from Operations</b>	<b>971.46</b>	<b>429.49</b>
Direct Tax Paid	2.03	3.80
<b>Net Cash Flow from/ (used in) Operating Activities</b>	<b>969.43</b>	<b>425.69</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets/ Capital WIP	(848.47)	(563.82)
Proceeds from Sale of Fixed Assets	1.20	-
Foreign Currency translation reserve	43.41	(4.31)
<b>Net Cash Flow from/ (used in) Investing Activities</b>	<b>(803.86)</b>	<b>(568.13)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Additions/ (Repayment of Loans)	68.68	626.91
Interest Received	73.18	92.22
Payment of Interest	(497.95)	(433.61)
<b>Net Cash Flow from/ (used in) Financing Activities</b>	<b>(356.09)</b>	<b>285.52</b>
<b>Net increase/(decrease) in Cash and Cash Equivalents</b>	<b>(190.52)</b>	<b>143.08</b>
Cash and Cash Equivalents as at March 31, 2011(March 31, 2010)	781.52	638.44
Cash and Cash Equivalents as at March 31, 2012(March 31, 2011)	591.00	781.52
<b>Net Increase/ (Decrease) in Cash and Cash Equivalents</b>	<b>(190.52)</b>	<b>143.08</b>

### Notes to Cash Flow Statement

1. 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.
2. Figures in bracket indicate cash outflow.
3. Cash and Cash equivalents are Cash and Bank balances as mentioned in Note 16.

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

For and on behalf of the Board of Directors

**Haresh B. Shah**  
Partner  
Membership No.: 32208  
Pune, July 24, 2012

**Priya Nair**  
Company Secretary

**Salil Taneja**  
Chairman

**C S Kameswaran**  
Managing Director

Pune, July 24, 2012

**Notes to Consolidated Financial Statement for the year ended March 31, 2012**

**1. Share Capital**

(Rs. in Lakhs)

Particulars	As at March 31, 2012	As at March 31, 2012
<b>Authorised Capital</b>		
4,00,00,000 (Previous Year 4,00,00,000) Equity Shares of Rs.5/- each	<b>2,000.00</b>	2,000.00
10,00,000 ( Previous Year 10,00,000) 15% Redeemable Cumulative Preference Shares of Rs. 50/- each	<b>500.00</b>	500.00
<b>Issued, Subscribed and Paid Up Capital</b>		
2,49,30,736 (Previous year 2,49,30,736) Equity Shares of Rs.5/- each fully paid	<b>1,246.54</b>	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, 2012		As at March 31, 2011	
	No. of shares	Rs. in Lakhs	No. of shares	Rs. in Lakhs
Equity Shares at the beginning of the year	<b>2,49,30,736</b>	<b>1,246.54</b>	2,49,30,736	1,246.54
Add: Shares issued during the year	-	-	-	-
Equity Shares outstanding at the end of the year	<u><b>2,49,30,736</b></u>	<u><b>1,246.54</b></u>	<u>2,49,30,736</u>	<u>1,246.54</u>

**1.2 Details of Shareholders holding more than 5% Equity Shares in the Company:**

Name of the Shareholders	As at March 31, 2012		As at March 31, 2011	
	No. of shares	% Holding	No. of shares	% Holding
Equity Shares of Rs.5/- each				
Indian Seamless Enterprises Ltd.	<b>1,04,79,620</b>	<b>42.03</b>	1,04,79,620	42.03
Vishkul Leather Garments Private Limited	<b>16,89,179</b>	<b>6.78</b>	16,32,500	6.55

**1.3 Terms/rights attached to Equity Shares**

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

# Taneja Aerospace and Aviation Limited

## Notes to Consolidated Financial Statement for the year ended March 31, 2012 (Contd.)

### 2. Reserves and Surplus

(Rs. in Lakhs)

Particulars	As at	
	March 31, 2012	March 31, 2011
<b>Capital Reserve</b>		
Opening Balance	5.83	5.83
Add: on Consolidation of Subsidiaries	(0.03)	
	<u>5.80</u>	<u>5.83</u>
<b>Securities Premium Account</b>	<b>6,600.75</b>	6,600.75
<b>Reserve for Business Restructuring</b>		
Balance as per the last Balance Sheet	-	202.92
Less: Transfer to P&L A/c as per the Scheme	-	197.81
Less: Transfer to General Reserve as per the Scheme	-	5.11
	<u>-</u>	<u>-</u>
Foreign Currency Translation Reserve	<b>86.35</b>	42.94
<b>General Reserve</b>		
Balance as per the last Balance Sheet	<b>1,244.00</b>	1,238.89
Add: Transfer from Profit and Loss Account	<b>27.86</b>	-
Add: Transfer from Reserve for Business Restructuring	-	5.11
	<u>1,271.86</u>	<u>1,244.00</u>
<b>Surplus in Statement of Profit and Loss</b>		
Balance as per the last Balance Sheet	<b>1,267.22</b>	904.54
Add: Net Profit after tax transferred from Statement of Profit and Loss	<b>310.99</b>	362.68
	<u>1,578.21</u>	<u>1,267.22</u>
<b>Amount available for Appropriation</b>	<b>1,578.21</b>	1,267.22
Less: Loss on consolidation transferred to Capital Reserve	(0.03)	-
<b>Surplus after Appropriation</b>	<b>1,578.24</b>	1,267.22
<b>Total</b>	<b><u>9,543.00</u></b>	<u>9,160.74</u>

### 3. Long Term Borrowings

(Rs. in Lakhs)

Particulars	Non-Current		Current	
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
<b>Secured</b>				
Term Loan from Bank	<b>254.86</b>	374.85	<b>120.00</b>	123.63
<b>Unsecured</b>				
Loans and advances from related party (Inter Corporate Deposit)	<b>1,340.00</b>	1,125.00	-	-
Other Borrowings (from entities other than Bank)	<b>771.79</b>	562.84	-	-
	<u>2,366.65</u>	<u>2,062.69</u>	<u>120.00</u>	<u>123.63</u>
Less: Amount included under the head "Other Current Liabilities" (Refer note.9)	-	-	<b>120.00</b>	123.63
<b>Total</b>	<b><u>2,366.65</u></b>	<u>2,062.69</u>	<u>-</u>	<u>-</u>

**Notes to Consolidated Financial Statement for the year ended March 31, 2012 (Contd.)**

**3.1 Maturity Profile of Secured Term Loan from Bank**

(Rs. in Lakhs)

Particulars	Maturity Profile			
	1-2 years	2-3 years	3-4 years	Beyond 4 years
Term Loan - from Bank Bank of India	120.00	134.85	-	-

**3.2 Details of Securities and other terms:-**

Term Loan from Bank is secured by a first charge on specific free hold lands to the extent of 26.87 acres along with all movable properties of the Company situated on the said lands both present and future at Belagondapalli village, Thalli Road Denkanikottai Taluk, Krishnagiri District, Belagondapalli - 635114, Tamilnadu and second charge by way of hypothecation on current assets of the Company and further counter guarantee of ISMT Ltd. and Indian Seamless Enterprises Ltd.

The Loan is repayable in 60 monthly installment of Rs. 10 lakhs commencing from April 01, 2010 & ending on March 31, 2015.

Inter Corporate Deposit from related parties does not have any security or repayment term.

There are no stipulations for repayment of other borrowings.

**4. Deferred Tax Liabilities (Net)**

(Rs. in Lakhs)

Particulars	As at March 31, 2012	As at March 31, 2012
<b>Deferred Tax Liabilities:</b>		
Difference in net book value of fixed assets as per books and tax laws	<b>564.38</b>	564.38
<b>Deferred Tax Assets:</b>		
Capital losses carried forward under Income Tax Act, 1961	-	-
<b>Net Deferred Tax Liability</b>	<b><u>564.38</u></b>	<u>564.38</u>

\* As a matter of prudence, the Company does not recognise deferred tax assets. As total deferred tax assets is substantially higher than opening outstanding deferred tax liability, hence no further provision for deferred tax liability has been made in the current year.

**5. Other Long Term Liabilities**

(Rs. in Lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
Deposit from Customers	<b>564.64</b>	561.75
<b>Total</b>	<b><u>564.64</u></b>	<u>561.75</u>

# Taneja Aerospace and Aviation Limited

## Notes to Consolidated Financial Statement for the year ended March 31, 2012 (Contd.)

### 6. Long Term Provisions

(Rs. in Lakhs)

Particulars	As at March 31, 2012	As at 31st March ,2011
<b>Provision for Employee Benefits</b>		
Provision for Gratuity	74.49	65.56
Provision for Leave Encashment	48.49	46.48
<b>Total</b>	<u>122.98</u>	<u>112.04</u>

### 7. Short Term Borrowings

(Rs. in Lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
<b>Secured</b>		
Working Capital Borrowing from Banks	939.05	848.99
<b>Unsecured</b>		
Term Loan	87.22	408.93
<b>Total</b>	<u>1,026.27</u>	<u>1,257.92</u>

7.1 Working Capital Loan from the banks is secured against hypothecation of stocks and book debts on pari-passu and second charge on Immovable properties/Fixed Assets and further guaranteed by counter guarantee of Promoter Company.

### 8. Trade Payables

(Rs. in Lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
Micro, small and medium enterprises	-	-
Other Trade Payables	428.17	295.37
<b>Total</b>	<u>428.17</u>	<u>295.37</u>

### 9. Other Current Liabilities

(Rs. in Lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
Current Maturities of Long Term Borrowings	120.00	123.63
Interest Free Sales Tax Loan	-	40.35
Advance from Customers	13.96	98.22
Other Current Liability	439.85	449.29
<b>Total</b>	<u>573.81</u>	<u>711.49</u>

Notes to Consolidated Financial Statement for the year ended March 31, 2012 (Contd.)

10. Short Term Provisions

(Rs. in Lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
<b>Provision for employee benefits</b>		
Provision for Bonus	13.97	9.00
<b>Others</b>		
Provision For Audit Fees	6.92	7.97
Provision For Taxes	128.89	47.11
<b>Total</b>	<u>149.78</u>	<u>64.08</u>

11. Fixed Assets

(Rs. in Lakhs)

Nature of Assets	GROSS BLOCK (AT COST)				DEPRECIATION /AMORTISATION				NET BLOCK	
	As at April 01, 2011	Additions	Deductions/ Adjustments	As at March 31, 2012	As at April 01, 2011	For The Year	Deductions/ Adjustments	As at March 01, 2012	As at March 31, 2012	As at March 31, 2011
<b>Tangible Assets:</b>										
Free Hold Land	5,866.25	408.42	-	6,274.67	-	-	-	-	6,274.67	5,866.25
Building	1,258.20	1.41	-	1,259.61	355.24	42.06	-	397.30	862.31	902.96
Plant and Machinery	5,916.14	150.76	-	6,066.90	1,631.96	265.06	1.00	1,896.02	4,170.88	4,284.18
Office Equipment	218.97	132.17	-	351.14	100.65	23.08	-	123.73	227.41	118.32
Furniture and Fixture	92.74	0.76	-	93.50	71.77	3.92	0.12	75.57	17.93	20.97
Hardware	18.79	20.71	-	39.50	4.48	4.37	-	8.85	30.65	14.31
Vehicles	47.42	0.30	6.90	40.82	31.23	4.05	6.47	28.81	12.01	16.19
Total	13,418.51	714.53	6.90	14,126.14	2,195.33	342.54	7.59	2,530.28	11,595.86	11,223.18
Add: Provision for Impairment	-	-	-	-	246.20	-	-	246.20	(246.20)	(246.20)
<b>Total</b>	13,418.51	714.53	6.90	14,126.14	2,441.53	342.54	7.59	2,776.48	11,349.66	10,976.98
Previous Year	11,509.55	1,908.98	-	13,418.51	1,966.93	474.60	-	2,441.53	10,976.98	9,572.48

12. Non Current Investments

(Rs. in Lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
<b>I. Quoted</b>		
<b>Other Investments</b>		
<b>Investment in Equity Shares</b>		
115 Shares (Previous Year 115 ) of ABG Shipyard Ltd. (Market value on March 31, 2012 was Rs.43,827) (Previous Year Rs.41,624)	0.21	0.21
<b>Total</b>	<u>0.21</u>	<u>0.21</u>

# Taneja Aerospace and Aviation Limited

## Notes to Consolidated Financial Statement for the year ended March 31, 2012 (Contd.)

### 13. Other Non-Current Assets

(Rs. in Lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
Aircraft purchase option	237.04	248.27
<b>Total</b>	<b>237.04</b>	<b>248.27</b>

### 14. Inventories

(Rs. in Lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
Raw Materials	289.63	201.64
Work in Progress	182.73	289.84
Finished Goods	-	50.00
<b>Total</b>	<b>472.36</b>	<b>541.48</b>

### 15. Trade Receivables

(Rs. in Lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
Outstanding for more than 6 months Unsecured and Considered Good	534.63	145.30
Outstanding for less than 6 months Unsecured and Considered Good	821.67	602.46
	<u>1,356.30</u>	<u>747.76</u>
Less: Provision for bad and doubtful debts	8.07	2.98
<b>Total</b>	<b>1,348.23</b>	<b>744.78</b>

### 16. Cash And Bank Balances

(Rs. in Lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
Balances with Bank		
Current Accounts	96.15	215.02
Margin Money Deposits	492.50	564.73
Cash on Hand	2.35	1.77
<b>Total</b>	<b>591.00</b>	<b>781.52</b>

### 17. Short Term Loans and Advances

(Rs. in Lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
<b>Unsecured and Considered Good</b>		
Advances to Creditors	291.62	74.73
Advances for Expenses	79.10	25.27
Loans and advances to Related Parties	28.84	493.75
Advance Tax	604.72	510.07
Others	411.26	606.40
<b>Total</b>	<b>1,415.54</b>	<b>1,710.22</b>

### 18. Other Current Assets

(Rs. in Lakhs)

Particulars	As at March 31, 2012	As at March 31, 2011
Aircraft purchase option	47.42	41.37
<b>Total</b>	<b>47.42</b>	<b>41.37</b>



**Notes to Consolidated Financial Statement for the year ended March 31, 2012 (Contd.)**

**19. Revenue From Operations**

(Rs. in Lakhs)

Particulars	2011-12	2010-11
<b>Sales</b>		
<b>Aviation:</b>		
Gross Sales	1,401.43	1,028.86
Less: Excise Duty	23.95	19.88
Net Sales	<u>1,377.48</u>	<u>1,008.98</u>
<b>Services</b>		
<b>Aviation:</b>		
Charter Income	449.51	647.02
Aircraft Upkeep, Hire & Hanger Charges	553.38	529.60
Sales Commission	342.42	106.24
Training Income	51.41	63.85
Labour Charges	1,417.85	1,436.05
Other Services	16.33	19.57
<b>Engineering Design Services:</b>		
Engineering Design Services	836.51	309.48
<b>Total</b>	<u><u>5,044.89</u></u>	<u><u>4,120.79</u></u>

**20. Other Income**

(Rs. in Lakhs)

Particulars	2011-12	2010-11
Interest Income	73.18	92.22
Profit on sale of Asset	0.77	-
Other non operating income:		
Agriculture Income	3.37	4.68
Exchange fluctuation gain	2.22	2.08
Miscellaneous Income	21.68	5.68
Bad Debts Recovered	81.62	-
Sundry creditors written back	-	7.17
<b>Total</b>	<u><u>182.84</u></u>	<u><u>111.83</u></u>

**21. Cost of Material Consumed**

(Rs. in Lakhs)

Particulars	2011-12	2010-11
Stock at Commencement	201.64	160.21
Add: Purchases	947.78	773.05
Stock at Close	289.63	201.64
<b>Total</b>	<u><u>859.79</u></u>	<u><u>731.62</u></u>

**22. Changes in Inventories of Finished Goods, Work-in Progress and Stock-in-Trade**

(Rs. in Lakhs)

Particulars	2011-12	2010-11
<b>Stock at close</b>		
Work in Progress	182.73	289.84
Finished Goods	-	50.00
<b>Total</b>	<u>182.73</u>	<u>339.84</u>
<b>Stock at commencement</b>		
Work in Progress	289.84	332.99
Finished Goods	50.00	71.21
<b>Total</b>	<u>339.84</u>	<u>404.20</u>
Increase/ (Decrease) in Inventory	<u><u>157.11</u></u>	<u><u>64.36</u></u>

# Taneja Aerospace and Aviation Limited

## Notes to Consolidated Financial Statement for the year ended March 31, 2012 (Contd.)

### 23. Operational & Other Expenses

(Rs. in Lakhs)

Particulars	2011-12	2010-11
Charter Expenses	384.79	410.38
Power & Fuel Expenses	113.97	88.05
Software and hardware hire and Maintenance charges	62.61	10.70
Other Operational Expenses	53.75	30.86
Repairs And Maintenance P&M	30.46	10.45
Repairs And Maintenance Building	3.02	3.61
Selling Expenses	56.12	47.57
Rent, Rates, Taxes and Insurance	90.54	96.19
Travelling & Conveyance	293.93	169.58
Communication Expenses	34.17	22.52
Auditor Remuneration	6.99	6.26
Office Expenses	63.84	32.50
Other Administrative Expenses	134.66	121.42
Legal, Professional & Consultancy Charges	141.92	47.65
Sitting Fees	5.00	5.80
Foreign Exchange Variation Loss	1.83	4.68
Bad Debts Written Off	5.96	9.90
<b>Total</b>	<b><u>1,483.56</u></b>	<b><u>1,118.12</u></b>

### 24. Employee Benefits Expenses

(Rs. in Lakhs)

Particulars	2011-12	2010-11
Salaries and Wages	1,343.94	1,053.30
Contribution to Provident and other Funds	57.26	42.04
Expenses on Employee Stock Option Scheme	-	-
Staff Welfare Expenses	174.46	85.50
<b>Total</b>	<b><u>1,575.66</u></b>	<b><u>1,180.84</u></b>

### 25. Depreciation and Amortisation Expenses

(Rs. in Lakhs)

Particulars	2011-12	2010-11
Depreciation	342.54	328.39
<b>Total</b>	<b><u>342.54</u></b>	<b><u>328.39</u></b>

### 26. Finance Cost

(Rs. in Lakhs)

Particulars	2011-12	2010-11
<b>Interest Expenses</b>		
Working Capital Loan	171.29	128.41
Term Loans	67.78	141.75
Interest on ICD / Other Interest	271.05	141.99
	<u>510.12</u>	<u>412.15</u>
Less: Capitalised during the Year	55.62	12.77
	<u>454.50</u>	<u>399.38</u>
<b>Other Borrowing Cost</b>		
Bank & Other Charges	43.45	34.23
<b>Total</b>	<b><u>497.95</u></b>	<b><u>433.61</u></b>

**Notes to Consolidated Financial Statement for the year ended March 31, 2012 (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 Limited.

**27.4 Companies Included in Consolidation**

Name of the Company	Accounting Period	Country of Incorporation	Proportion of Ownership Interest of TAAL	Reporting Date
First Airways Inc.	April 2011 to March 2012	USA	100%	March 31, 2012
TAAL Aerosystems Pvt Ltd*	December 2010 to February 2012	India	75%	February 29, 2012

\*There are no material transactions from March 01, 2012 to March 31, 2012 in respect of TAAL Aerosystems Pvt. Ltd. Having period ended February 29, 2012.

**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). The said aircraft is leased to TAAL (the parent company) vide aircraft lease No 01 -0043297 -0010559 -01 (“aircraft lease”) dated December 11, 2007, for a term of 120 months.

# Taneja Aerospace and Aviation Limited

## Notes to Consolidated Financial Statement for the year ended March 31, 2012 (Contd.)

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

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

Particulars	As at March 31, 2012		As at March 31, 2011	
	US \$ in Lakhs	Rs. in Lakhs	US \$ in Lakhs	Rs. in Lakhs
Aircraft purchase option – non current portion	8.34	426.68	8.34	372.41
Less: Accumulated amortization	(3.71)	(189.64)	(2.78)	(124.14)
	4.63	237.04	5.56	248.27
Add: Aircraft purchase option - current portion	0.93	47.41	0.93	41.38
<b>Aircraft Purchase option</b>	<b>5.56</b>	<b>284.45</b>	<b>6.49</b>	<b>289.65</b>

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. 284.45 Lakhs. (US \$ 5,56,041) for Aircraft Purchase Option (Current as well as Noncurrent portion) has been considered as "Deferred Revenue Expenditure" to be written off over lease period of 120 months.

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

### 29 Earnings Per Share

#### Computation of Earning Per Share

(Rs. in Lakhs.)

Particulars	As at March 31, 2012	As at March 31, 2011
Profit/(Loss) after tax available for equity shareholders*	310.98	362.68
Adjusted Weighted Average number of Equity Shares of Nominal value of Rs. 5/- each	249.31	249.31
Computation of EPS- Basic* (in Rs.)	1.25	1.45

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

30 The financial statements for the year ended March 31, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended March 31, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

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

For and on behalf of the Board of Directors

**Haresh B. Shah**  
 Partner  
 Membership No.: 32208  
 Pune, July 24, 2012

**Priya Nair**  
 Company Secretary

**Salil Taneja**  
 Chairman

**C S Kameswaran**  
 Managing Director

Pune, July 24, 2012

# **Taneja Aerospace and Aviation Limited *TAAAL***

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 23<sup>rd</sup> Annual General Meeting of the Company to be held on Friday, September 28, 2012 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 of .....2012.

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 *TAAAL***

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

## **ATTENDANCE SLIP**

### **23<sup>rd</sup> 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 23<sup>rd</sup> Annual General Meeting of the Company held on Friday, September 28, 2012 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