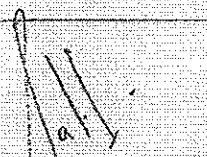
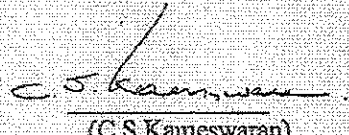

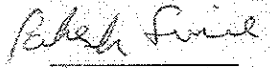


**FORM A**

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

1.	Name of the Company	Taneja Aerospace and Aviation Limited
2.	Annual Financial Statements for the year ended	March 31, 2014
3.	Type of Audit Observation (Unqualified/Matter of Emphasis)	There are Three Matters of Emphasis given in the Independent Auditor's Report
4.	Frequency of observation  (Whether appeared first time...../ repetitive...../ since how long period.....)	Appearing for the first time as Matter of Emphasis, though matter covered in Para 3 of Emphasis of Matter has appeared earlier also in CARO, 2003 annexed to the main audit report.
5.	To be signed by -	
	Chairman	 (Sahil Taneja)
	Managing Director	 (C S Kameswaran)
	Auditor of the Company  Haresh Upendra & Co.,  Chartered Accountants	 (Haresh B. Shah, Partner)
	Audit Committee Chairman	 (Rakesh Surie)

2

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

**Annual Report 2013-14**



## COMPANY INFORMATION

### BOARD OF DIRECTORS

Salil Taneja	Chairman
C. S. Kameswaran	Managing Director
B. R. Taneja	Director
J. P. Sureka	Director
R. Surie	Director
K. Rustumji	Director

### COMPANY SECRETARY

Priya Nair

### AUDITORS

M/s. Hareesh Upendra & Co.  
Chartered Accountants

### BANKERS

Canara Bank  
Vijaya Bank

### REGISTERED OFFICE & WORKS

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

Phone : 04347 - 233508, Fax : 04347 - 233414

E-mail : [secretarial@taal.co.in](mailto:secretarial@taal.co.in) Website : [www.taal.co.in](http://www.taal.co.in)

CIN : L62200T21988PLC014460

### CORPORATE OFFICE

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

### REGISTRAR & SHARE TRANSFER AGENT

Sharepro Services (India) Pvt. Ltd.

# Taneja Aerospace and Aviation Limited

## Directors' Report

To the Members of Taneja Aerospace and Aviation Limited

Your Directors present herewith the Twenty-fifth Annual Report and the Audited Accounts for the year ended March 31, 2014.

### FINANCIAL HIGHLIGHTS

(Rs. in Lakhs)

Particulars	2013-14	2012-13
Gross Income	5472.05	5422.45
Expenditure	4705.98	4575.54
Finance Charges	543.27	455.95
Depreciation	352.43	361.40
Profit/(Loss) before Tax	(129.63)	29.56
Provision for Taxation (including Deferred Tax)	-	-
Prior Period Items	2.46	(0.57)
Profit/(Loss) after Tax and Prior Period Items	(132.10)	28.99

### DIVIDEND

With a view to conserve resources, your Directors do not recommend dividend for the year ended on March 31, 2014.

### OPERATIONS

The overall business was negatively impacted by depressed economic conditions, denting the top line and bottom line of the Company.

### AUDITORS

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

Pursuant to the provisions of Section 139 of the Act and the Rules framed thereunder, it is proposed to appoint Haresh Upendra & Co., Chartered Accountants as Statutory Auditor of the Company for a period of one year from the conclusion of the forthcoming AGM until the conclusion of 26<sup>th</sup> AGM of the Company.

### COST AUDIT

The Central Government had approved the appointment of J. H. & Associates, Cost Accountants, as Cost Auditor of the Company for the Financial Year 2013-14.

As per Companies (Cost Accounting Records) Rules, 2011,

the Cost Compliance Report for the Financial Year 2012-13 was due on September 28, 2013 and was filed with the Ministry of Corporate Affairs on September 26, 2013.

### SUBSIDIARY COMPANIES

During the year under review, TAAL Aerosystems Private Limited, ceased to be a subsidiary of the Company.

As on date of this report, the Company has three subsidiaries.

The Central Government has granted general exemption to the holding companies from attaching the annual accounts of their subsidiary companies. The annual accounts of these subsidiary companies and other relevant information shall be made available for inspection at the Company's Registered Office.

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

### FIXED DEPOSITS

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

### CORPORATE GOVERNANCE REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS

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

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

The particulars in respect of conservation of energy, technology absorption, foreign exchange earnings and outgo, as required under Section 217(1)(e) of the Companies Act, 1956 is given in Annexure I to this report.

### PARTICULARS OF EMPLOYEES

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

### DIRECTORS' RESPONSIBILITY STATEMENT

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

- that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

## Directors' Report (Contd.)

- ii. that the Directors have selected accounting policies and applied them consistently and made judgements and estimates, that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year March 31, 2014 and of the loss of the Company for that period;
- iii. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. that the Directors have prepared the Annual Accounts on a going concern basis.

## ACKNOWLEDGEMENTS

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

For and on behalf of the Board of Directors

Pune, May 28, 2014

**Salil Taneja**  
Chairman

# Taneja Aerospace and Aviation Limited

## Management Discussion and Analysis

### INDUSTRY STRUCTURE AND DEVELOPMENT

During the last decade, the Aviation industry in India has grown rapidly in a new wave of expansion driven by liberalisation in Foreign Direct Investments, low cost carriers, modern airports, a growing emphasis on No-Frills Airports and regional connectivity. Further boost is expected in the domestic aerospace manufacturing, research and development and MRO. It is expected that private sector would play a greater role in defence procurement. A significant initiative of the government has been the introduction of defense offset policy with effect from 2008, which mandates foreign aircraft original equipment manufacturer (OEMs) to outsource a minimum of 30% of defence procurement to Indian companies, in the areas of infrastructure, technology sharing, components or services, followed by liberalisation in investment norms.

India has potential of becoming the third largest aviation market by 2020 and the largest by 2030, thereby creating tremendous growth opportunities in the aviation and associated industry.

During the Financial Year 2013-14, consequent upon transfer of Engineering Design Business, with effect from August 1, 2013, the Company's businesses were focused on the following activities:

1. Aircraft Manufacturing and Maintenance (AMM)
2. Airfield Services (Airfield)
3. Air Charter Services (Aircharter)

The AMM division is associated with the manufacturing of aerospace components & structures. From the concept development to design and manufacturing of tailor made components, the division derives major revenue from supplies to Indian and international defense forces, & participating in their up-gradation programme.

The airfield services, which originally was set up to complement the aircraft manufacturing operations of the company has now evolved as an independent revenue generating arm. It derives income from aviation related infrastructure facilities including runway and hangars.

The Air Charter Services division is an independent activity which derives its revenue by providing customized and cost-effective service of hiring the aircraft. The general economic growth post liberalization has created an active market for Air Charter Services for use by Corporates.

### DIVISION WISE PERFORMANCE

(Rs. in Lakhs)

Particulars (TOTAL REVENUE)	2013-14	2012-13
AMM	2,668.71	2,058.19
Airfield	724.85	650.26
Aircharter	802.58	662.46
<b>Total</b>	<b>4,196.14</b>	3,370.91

### OPPORTUNITIES AND THREATS

With the economy showing signs of recovery and the Government likely to give impetus to the aviation sector in the days to come, the Company with its knowledge and expertise, is in a good position to capitalize on this opportunity.

### OUTLOOK

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

### RISKS AND CONCERNS

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

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

### FINANCIAL PERFORMANCE

The financial performance of the Company for FY2013-14 as compared to the previous period is given below :

(Rs.in lakhs)

Particulars	2013-14	2012-13
Gross Income	5,472.05	5,422.45
Expenditure	4,705.98	4,575.54
Profit/ Loss before Interest, Tax, Depreciation and Amortization	766.07	846.91
Profit/ (Loss) after Interest, Tax, Depreciation and Extraordinary Items	(132.10)	28.99
Earnings Per Share	(0.53)	0.12

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

The Company maintained good industrial relations with its employees and staff. Human Resources remained a key focus area for your Company during the year under review. As on March 31, 2014, the Company had 410 employees.

## **CAUTIONARY STATEMENT**

Statements in the Management Discussion and Analysis describing the Company's expectations or predictions are

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



# Taneja Aerospace and Aviation Limited

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## Corporate Governance Report

### COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

### BOARD OF DIRECTORS

The Board consists of 6 Directors of which 3 Directors are independent as on March 31, 2014.

The composition of the Board of Directors, their attendance at the Board Meetings held during the year and at the last Annual General Meeting, as also the number of Directorships in other public companies and memberships in various committees across all public companies as on March 31, 2014 are as follows :

Name of the Director	Category	Financial Year 2013-14 Attendance at		No. of Directorships in other public companies*	Committee positions in other public companies**	
		Board Meetings	Last AGM		Member	Chairman
Salil Taneja	NED	4	No	1	-	-
J. P. Sureka	Independent –NED	3	No	3	6	-
R. Surie	Independent -NED	4	Yes	-	-	-
B. R. Taneja	NED	4	No	1	-	-
K. Rustumji	Independent -NED	4	No	-	-	-
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.

## Corporate Governance Report (Contd.)

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

Sr. No.	Date of Meeting
1	May 28, 2013
2	August 05, 2013
3	November 13, 2013
4	February 14, 2014

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

Mr. C. S. Kameswaran was re-appointed as a Whole Time Director designated as Managing Director for a period of one year from December 01, 2013 to November 30, 2014.

### AUDIT COMMITTEE

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

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

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

Name of Director	Chairman / Member	No. of Meetings Attended
R. Surie	Chairman (Independent)	4
J. P. Sureka	Member (Independent)	3
K. Rustumji	Member (Independent)	4

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

Sr. No.	Date of Meeting
1	May 28, 2013
2	August 05, 2013
3	November 13, 2013
4	February 11, 2014

Mr. R. Surie, the Chairman of the Audit Committee was present at the last Annual General Meeting.

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

### MANAGERIAL REMUNERATION

#### (a) REMUNERATION COMMITTEE

The Company has a Remuneration Committee of Directors.

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

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

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

Name of Director	Chairman / Member	No. of Meeting attended
J.P. Sureka	Chairman	1
R. Surie	Member	1
K. Rustumji	Member	1

During the year under review, One Remuneration Committee Meeting was held on November 13, 2013.

The Company does not have any Employee Stock Option Scheme.

#### (b) 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.

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

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

#### REMUNERATION TO DIRECTORS :

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

Name of Director	Salary & Perquisites (Rs.)	Sitting fees (Rs.)
Salil Taneja	-	40,000
J. P. Sureka	-	1,00,000
R. Surie	-	90,000
B. R. Taneja	-	40,000
K. Rustumji	-	1,20,000
C. S. Kameswaran	26,75,733	-
<b>Total</b>	<b>26,75,733</b>	<b>3,90,000</b>

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

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

Details of shares of the Company held by its Non-Executive Directors as on March 31, 2014 are given below :

# Taneja Aerospace and Aviation Limited

## Corporate Governance Report (Contd.)

Name of Director	Number of Equity Shares
Salil Taneja	3,200
J. P. Sureka	250
R. Surie	1,81,054
B. R. Taneja	300
K. Rustumji	200

### SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

The Company has a Shareholders' / Investors' Grievance Committee of Directors to look into the redressal of shareholders' and investors' complaints relating to 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
J. P. Sureka	Member	3
K. Rustumji	Member	3
C. S. Kameswaran	Member	2

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

Sr. No.	Date of Meeting
1	May 28, 2013
2	August 05, 2013
3	November 13, 2013

### COMPLIANCE OFFICER

Ms. Priya Nair, Company Secretary is the Compliance Officer of the Company for ensuring compliance with the requirements of the Listing Agreement with the Stock Exchanges and under SEBI (Prohibition of Insider Trading) Regulations, 1992 as amended from time to time.

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, 2014.

#### Details of investor complaints received and redressed during the financial year 2013-14 are as follows:

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

### CODE OF CONDUCT

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

### CEO/CFO CERTIFICATION

In accordance with Clause 49(V) of the Listing Agreement, the Chairman and the Managing Director have given their

certificate to the Board and it forms part of this Report

### GENERAL BODY MEETINGS

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

Year	Type	Date	Location	Time	Number of Special Resolution passed
2012-13	AGM	September 30, 2013	Registered office and Works at Belagondapalli	2.00 PM	1
2011-12	AGM	September 28, 2012	Registered office and Works at Belagondapalli	2.00 PM	-
2010-11	AGM	September 29, 2011	Registered office and Works at Belagondapalli	2.00 PM	-

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

### POSTAL BALLOT

In May 2013, the Company had sought to obtain the approval of its Members vide Section 192A of the Companies Act, 1956 by an Ordinary Resolution under Section 293(1)(a) of the Companies Act, 1956 for the transfer of the Engineering Design Services Segment of the Company to its Wholly Owned Subsidiary, TAAL Tech India Private Limited.

#### Voting Pattern and Procedure for Postal Ballot:

1. The Board of Directors of the Company had, at its Meeting held on May 28, 2013, appointed Mr. Milind B. Kasodekar, Practicing Company Secretary, Pune as the Scrutinizer for conducting the Postal Ballot voting process.
2. The Postal Ballot process was carried out in a fair and transparent manner. The procedure followed for the Postal Ballot process was in accordance with the provisions of Section 192A of the Companies Act, 1956 read with the Companies (passing of the resolution by postal ballot) Rules, 2011.
3. All Postal Ballot Forms received up to the close of working hours on July 31, 2013, the last date and time fixed by the Company for the receipt of the forms, had been considered.
4. The results of the Postal Ballot were announced on August 5, 2013 at Lunkad Towers, Viman Nagar, Pune 411 014 and was informed to Bombay Stock Exchange Limited, where the equity shares of the Company are listed.
5. The Ordinary Resolution was passed by requisite majority viz. 99.68% votes.

### OTHER DISCLOSURES

- (i) Details of related party transaction are furnished under Notes to Financial Statement.
- (ii) 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.
- (iii) Mr. B.R. Taneja, Director is father of Mr. Salil Taneja, Chairman. Except as mentioned herein, none of the other Directors have any relation inter-se.
- (iv) The Company has complied with all the mandatory requirements and adopted part of the non-mandatory requirements.

## Corporate Governance Report (Contd.)

### MEANS OF COMMUNICATION

The quarterly results are published in one English daily newspaper and one Vernacular (Tamil) daily newspaper. The quarterly results are also displayed on the website of the Company.

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

### DESIGNATED EXCLUSIVE E-MAIL ID OF THE COMPANY

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

### GENERAL SHAREHOLDERS' INFORMATION

AGM Date and Time	Tuesday, December 30, 2014 at 2.00 P.M.
Venue	Registered office at Belagondapalli
Financial Year	April 1 to March 31
Date of Book Closure	Friday, December 26, 2014 to Tuesday, December 30, 2014 (both days inclusive)
Listed on Stock Exchange	Bombay Stock Exchange Limited (Equity) Luxembourg Stock Exchange (GDR)
Security Code (BSE)	522229
Security Code (Luxembourg)	US 8753891089
ISIN Number allotted to equity shares	INE692C01020
Registered Office & Works / Plant Location	Belagondapalli Village, Thally Road, Denkani Kottai Taluk, Krishnagiri District, Belagondapalli- 635114, Tamil Nadu
Address for Correspondence	Belagondapalli Village, Thally Road, Denkani Kottai Taluk, Krishnagiri District, Belagondapalli- 635114, Tamil Nadu

The Company has paid Listing Fees for the Financial Year 2014-15 to the Bombay Stock Exchange Limited where the Equity Shares of the Company are listed.

### STOCK MARKET DATA AND SHARE PRICE PERFORMANCE

#### BOMBAY STOCK EXCHANGE LIMITED (BSE) :

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

(Rs.)

Month	Market price		BSE 500 INDEX	
	High	Low	High	Low
April 2013	25.00	17.00	7413.56	6872.16
May 2013	23.50	19.05	7748.63	7374.61
June 2013	22.65	16.55	7465.12	6868.43
July 2013	18.10	14.00	7444.46	6888.21
August 2013	20.00	12.50	7060.53	6301.27
September 2013	22.40	17.50	7413.62	6539.15
October 2013	24.45	18.30	7667.42	6978.73
November 2013	24.00	19.00	7737.66	7348.20
December 2013	27.75	16.65	7862.72	7558.21
January 2014	26.25	19.00	7902.67	7401.20
February 2014	30.80	17.95	7714.56	7320.93
March 2014	32.30	25.45	8315.58	7648.69

Source: BSE website.

### REGISTRAR AND SHARE TRANSFER AGENT

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

<p><b>Sharepro Services (India) Private Limited</b> 13, AB Samhita Warehousing Complex, 2nd Floor, Saki Naka Telephone Exchange Lane, Off. Andheri Kurla Road, Saki Naka, Andheri East, Mumbai - 400 072 Tel.: 91 - 022- 67720300/400 Fax.- 022- 28591568 e-mail:sharepro@shareproservices.com</p>
<p><b>Sharepro Services (India) Private Limited</b> 3, Chintamani Apartments, Lane No.13, Off V. G. Kale Path 824/D, Bhandarkar Road Pune - 411 004 Tel. +91-20-25662855 e-mail: sharepropune@vsnl.net</p>

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

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

### DISTRIBUTION OF SHAREHOLDING OF THE COMPANY AS ON MARCH 31, 2014 :

Shareholding of Nominal Value of Rs.	No. of Share Holder(s)	% to Total	No. of Shares	% to Total
Upto 5,000	14539	93.80	2526287	10.13
5,001 10,000	387	2.50	608407	2.44
10,001 20,000	244	1.58	686793	2.76
20,001 30,000	109	0.70	543158	2.18
30,001 40,000	41	0.26	295491	1.18
40,001 50,000	45	0.29	430737	1.73
50,001 1,00,000	65	0.42	957699	3.84
1,00,001 and above	70	0.45	18882164	75.74
<b>Total</b>	<b>15500</b>	<b>100.00</b>	<b>24930736</b>	<b>100.00</b>

# Taneja Aerospace and Aviation Limited

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## Corporate Governance Report (Contd.)

### DEMATERIALISATION OF SHARES AND LIQUIDITY

96.00% of total Equity Capital is held in demat form with NSDL and CDSL as on March 31, 2014.

### CORPORATE FILINGS :

The financial and other information filed by the Company with BSE, from time to time is available on the website of BSE Limited - [www.bseindia.com](http://www.bseindia.com).

### 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, 2014.

### PLANT LOCATIONS :

The Company has aircraft manufacturing and maintenance facilities at the Factory at Belagondapalli Village, Thally Road, Denkanikottai Taluk, Krishnagiri District, Belagondapalli - 635114, Tamil Nadu.

### ADDRESS FOR CORRESPONDENCE :

Registered Office at Belagondapalli Village, Thally Road, Denkanikottai Taluk, Krishnagiri District, Belagondapalli - 635114, Tamil Nadu.

For and on behalf of the Board of Directors

Pune, May 28, 2014

**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, 2014, 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, 2014.

For and on behalf of the Board of Directors

Pune, May 28, 2014

**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, 2014 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, 2014;
  - (ii) all significant changes in accounting policies during the financial year ended March 31, 2014 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, May 28, 2014      **Salil Taneja**      **C. S. Kameswaran**  
Chairman      Managing Director

AUDITORS' CERTIFICATE ON COMPLIANCE OF  
CONDITIONS OF CORPORATE GOVERNANCE

To  
The Members of Taneja Aerospace and Aviation Limited

We have examined the compliance of conditions of Corporate Governance by Taneja Aerospace and Aviation Limited (the "Company") for the year ended March 31, 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and representations made by the Directors and the Management, we certify that the Company

has complied, in all material respect, with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to future viability of the Company nor of 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, May 28, 2014      **Haresh B. Shah**  
Partner      Membership No.: 32208

# Taneja Aerospace and Aviation Limited

## Independent Auditor's Report

To the Members of  
Taneja Aerospace and Aviation Limited  
Report on the Financial Statements

We have audited the accompanying financial statements of **TANEJA AEROSPACE AND AVIATION LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### AUDITORS' RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

### OPINION

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (b) in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date, and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

### EMPHASIS OF MATTER

Attention is invited to Note No. 40 to the financial statements which, refers to Hive Off of Engineering Services Division of Taneja Aerospace and Aviation Limited to its wholly owned subsidiary TAAL Tech India Private Limited w.e.f. 01st August, 2013. The terms of this Hive Off has been approved by the shareholders of Taneja Aerospace and Aviation Limited through Postal Ballot. Our opinion is not qualified in respect of this matter.

We draw attention to Note No. 41 Interest Free Advances amounting to Rs. 645.50 Lakhs to a Company for Purchase of Land. The Board of Director's has passed a resolution in its meeting dated 28th May, 2014 to make the Company as its wholly owned subsidiary. Our opinion is not qualified in respect of this matter.

Further, we draw attention to the fact that the Company needs to strengthen its policies & procedures in order to provide proper evidence along with complete accounting records regarding recoverability of debtors, valuation of work in progress and consumption of materials including booking of purchases. Our opinion is not qualified in respect of this matter.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards, *except AS-2 "Valuation of Inventories"*, notified under the Act (which continue to be applicable in respect of section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs).
  - (e) On the basis of the written representations received from the directors as on 31st March, 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

Haresh B. Shah  
Partner

Pune, May 28, 2014

Membership No.: 32208

## Annexure to the Independent Auditors' Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) a. The Company has maintained 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 Hived Off with effect from 1st August, 2013, 'Engineering Services Division' to its wholly owned subsidiary on a 'Going Concern Basis'. Other than that, the Company has not disposed off substantial part of fixed assets during the year, which would affect the going concern of other business activities 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 has maintained 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. Financial Accounts are yet to be integrated with Inventory Records (ERP). ERP is insufficient to ascertain the cost and arrive at Valuation as per Accounting Policies and Accounting Standards referred to in subsection (3C) of section 211 of the Act.
- (iii) a. During the year under audit, the Company has granted fresh unsecured loans by way of Inter Corporate Deposit aggregating to Rs. 904.20 Lakhs (including Rs. 766.44 Lakhs which was debited as Difference between Assets and Liabilities transferred by way of Hive Off of Engineering Services Division of the Company) to two bodies corporate covered in the register maintained under section 301 of the Companies Act, 1956. In respect of the advance granted to one of the companies, the maximum amount outstanding during the year was Rs. 35 Lakhs and the balance of such loan as at 31st March, 2014 is Rs. 34.36 Lakhs. In respect of the advance granted to the other company, the maximum amount outstanding during the year was Rs. 757.87 Lakhs and the year end balance of such loan amounted to Rs. 690.16 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 Deposits indicated in paragraph (iii) (a) above were granted are not, prima facie, prejudicial to the interest of the Company.
- c. There are no stipulations for the repayment of principal and the interest thereon. Therefore, we are unable to comment on the regularity of receipt of the principal amount and interest thereon.
- d. No principal or interest can be termed as overdue in the absence of time of repayment and thus the question of taking reasonable steps for recovery of principal amount and interest thereon does not arise.
- e. During the year, the Company has taken unsecured loans aggregating to Rs. 656.42 Lakhs from one of the Companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding during the year was Rs. 1,101.41 Lakhs and the year end balance of such loan amounted to Rs. 843.51 Lakhs.
- f. As explained to us, the loan (indicated in paragraph (iii) (e) above) is repayable on demand any time on or after April 01, 2014. 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.
- g. As the loan is repayable on demand and interest is credited to the account of the lender, we are unable to comment on the regularity of repayment of principal amount and the interest thereon.
- (iv) In our opinion and according to the information and explanations given to us, internal control system is inadequate considering the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and the sale of goods and services and the same needs to be strengthened.
- (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 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 (vi) of para 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (vii) Internal Audit is conducted by Group Internal Audit Department. In our opinion, the overall scope and coverage



# Taneja Aerospace and Aviation Limited

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

of internal audit needs to be strengthened considering the size of the Company and the nature of its business.

- (viii) As per the order of the Ministry of Corporate Affairs dated 6th November, 2012, the cost records of the Company are liable for Cost Audit from 1<sup>st</sup> April 2013. As explained by the Company, it has maintained cost records and the compliance certificate for the Financial Year 2013-14 is being obtained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (ix) a) According to the information and explanations given to us, the Company is irregular in depositing undisputed statutory dues applicable to it with the appropriate authorities during the year. Tax Deducted at Source (TDS) amounting to Rs. 6.42 Lakhs and Central Sales Tax amounting to Rs. 0.11 Lakhs are in arrears as at 31<sup>st</sup> March, 2014 for a period of more than six months from the date they became payable.
- 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, Service Tax, Cess and other material statutory dues, were in arrears, as at 31<sup>st</sup> March 2014, except :

Name of Statute	Nature of Dues	Amount (Rs. in Lakhs)	Period to which it relates	Forum where the dispute is pending
Customs Act, 1962	Custom Duty	622.67	F.Y. 2007-08	CESTAT
Finance Act, 1994	Service Tax	317.00	F.Y. 2005-06 to F.Y. 2009-10	CESTAT
Central Excise Act, 1944	Excise Duty	23.73	FY 2012-13	CESTAT

- (x) The Company does not have any accumulated losses as at 31<sup>st</sup> March, 2014. 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 the repayment of dues to financial institutions or banks.
- (xii) According to the explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/ mutual benefit fund/society. Therefore, the provisions of clause (xiii) of para 4 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 (xiv) of para 4 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 (xv) of para 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xvi) As per the information and explanations given to us, the Company has raised Term Loan of Rs. 1,654 Lakhs during the period under audit. Also, the Term Loan availed during the year has, on an overall basis, been applied for the purposes 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 Statement of the Company, we report that no funds 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 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 (xix) of para 4 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. Therefore, the requirement of disclosure by the Management on the end use of money raised by the public issue and verification of the same is not applicable.
- (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, May 28, 2014

Membership No.: 32208

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# Taneja Aerospace and Aviation Limited

## Balance Sheet as at March 31, 2014

(Rs. in Lakhs)

Particulars	Note No.	As at March 31, 2014	As at March 31, 2013
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	1246.54	1246.54
Reserves and Surplus	2	9615.16	9747.25
		<b>10861.70</b>	10993.79
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	3	2542.65	1405.16
Deferred Tax Liabilities (Net)	4	564.38	564.38
Other Long-Term Liabilities	5	848.03	565.22
Long-Term Provisions	6	103.01	125.11
		<b>4058.06</b>	2659.87
<b>Current Liabilities</b>			
Short-Term Borrowings	7	2355.06	2194.33
Trade Payables	8	526.42	527.26
Other Current Liabilities	9	1015.54	704.00
Short-Term Provisions	10	141.31	141.61
		<b>4038.34</b>	3567.20
<b>Total</b>		<b>18958.10</b>	17220.86
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets			
Tangible Assets	11	11763.87	11082.91
Capital Work-In-Progress		1121.68	1546.31
		<b>12885.56</b>	12629.22
Non-Current Investments	12	563.25	488.25
<b>Current assets</b>			
Inventories	13	423.50	576.64
Trade Receivables	14	1256.52	1642.76
Cash and Bank Balances	15	976.04	629.55
Short-Term Loans and Advances	16	2853.24	1254.44
		<b>5509.30</b>	4103.39
<b>Total</b>		<b>18958.10</b>	17220.86
<b>Significant Accounting Policies</b>	24		
<b>Notes are an Integral part of the Financial Statements</b>	25-47		

As per our report of even date

For and on behalf of the Board of Directors

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

**C. S. Kameswaran**  
Managing Director

**Salil Taneja**  
Chairman

**B. R. Taneja**  
Director

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

**Priya Nair**  
Company Secretary

Pune, May 28, 2014

Pune, May 28, 2014

Statement of Profit and Loss for the year ended March 31, 2014

(Rs. in Lakhs)

Particulars	Note No.	Year ended March 31, 2014	Year ended March 31, 2013
<b>INCOME</b>			
Revenue from Operations	17	5348.36	5366.64
Other Income	18	123.69	55.81
<b>Total Revenue</b>		<b>5472.05</b>	<b>5422.45</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	19	1537.53	738.59
Changes in Inventories of Work-In-Progress	20	47.51	(161.52)
Operational and Other expenses	21	1307.46	1681.41
Employee Benefit Expenses	22	1813.48	2317.06
Finance Costs	23	543.27	455.95
Depreciation & Amortisation Expenses	11	352.43	361.40
<b>Total Expenses</b>		<b>5601.68</b>	<b>5392.88</b>
<b>Profit/(loss) Before Extraordinary items and Tax</b>		<b>(129.63)</b>	<b>29.56</b>
Less: Prior Period Items	33	2.46	0.57
<b>Profit/(loss) before tax</b>		<b>(132.10)</b>	<b>28.99</b>
<b>Tax Expenses</b>			
Current Tax	27	-	5.80
Less: MAT Credit Entitlement		-	5.80
Net Current Tax (benefit)/expense		-	-
<b>Profit/(Loss) for the Year</b>		<b>(132.10)</b>	<b>28.99</b>
Earnings per equity share (In Rs.) basic and diluted (Face value of Rs. 5/- each)	28	(0.53)	0.12
<b>Significant Accounting Policies</b>	24		
<b>Notes are an Integral part of the Financial Statements</b>	26-47		

As per our report of even date

For and on behalf of the Board of Directors

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

**C. S. Kameswaran**  
Managing Director

**Salil Taneja**  
Chairman

**B. R. Taneja**  
Director

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

**Priya Nair**  
Company Secretary

Pune, May 28, 2014

Pune, May 28, 2014

# Taneja Aerospace and Aviation Limited

## Cash Flow Statement for the year ended March 31, 2014

(Rs. in Lakhs)

Particulars	March 31, 2014	March 31, 2013
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before extraordinary items and tax	(129.63)	29.56
Adjustments for :		
Depreciation	352.43	361.40
Prior Period Items	(2.46)	(0.57)
Profit on Sale of Fixed Assets	-	(0.42)
Profit on Sale of Investment	-	(0.20)
Interest Paid	543.27	455.95
Interest Received	(101.92)	(38.53)
<b>Operating Profit before Working Capital Changes</b>	<b>661.69</b>	<b>807.18</b>
Adjustments for :		
Trade and Other Receivables #	(522.39)	(153.72)
Inventories	153.14	(104.28)
Trade and Other Payables #	385.08	(2.75)
<b>Cash Generated from Operations</b>	<b>677.52</b>	<b>546.42</b>
Direct Tax Paid	-	-
<b>Net Cash Flow from Operating Activities</b>	<b>677.52</b>	<b>546.42</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets including Capital WIP #	(608.76)	(517.13)
Proceeds from Sale of Fixed Assets	-	1.57
Proceeds from Sale of Investment	-	0.42
Investment in Equity of a Subsidiary Company	(75.00)	(10.00)
ICD to subsidiary company	(690.16)	-
Interest Received on ICD given to subsidiary company	62.91	-
<b>Net Cash Flow used in Investing Activities</b>	<b>(1311.01)</b>	<b>(525.15)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Additions/ (Repayments) of Loans	1484.24	435.77
Interest Received	39.01	38.53
Interest Paid	(543.27)	(455.95)
<b>Net Cash Flow from Financing Activities</b>	<b>979.98</b>	<b>18.35</b>
<b>Net increase/(decrease) in Cash and Cash Equivalents</b>	<b>346.49</b>	<b>39.64</b>
Cash and Cash Equivalents at the beginning of the year	629.55	589.91
Cash and Cash Equivalents at the end of the year	976.04	629.55
<b>Net Increase/ (Decrease) in Cash and Cash Equivalents</b>	<b>346.49</b>	<b>39.64</b>

# These cash flows are arrived at after giving effect to the transaction of Hive off of Engineering Services Division of the Company to it's wholly owned subsidiary 'Taal Tech India Private Limited' (Refer Note No. 40).

### 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 15.

As per our report of even date

For and on behalf of the Board of Directors

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

**C. S. Kameswaran**  
Managing Director

**Salil Taneja**  
Chairman

**B. R. Taneja**  
Director

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

**Priya Nair**  
Company Secretary

Pune, May 28, 2014

Pune, May 28, 2014

**Notes to Financial Statement for the year ended March 31, 2014**

**1. SHARE CAPITAL**

(Rs. in Lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
<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
	<u><b>2,500.00</b></u>	<u>2,500.00</u>
<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	<u><b>1,246.54</b></u>	<u>1,246.54</u>

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

Particulars	As at March 31, 2014		As at March 31, 2013	
	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>1246.54</b>	2,49,30,736	1246.54
Equity Shares issued during the year	-	-	-	-
Equity shares bought back during the year	-	-	-	-
Equity Shares outstanding at the end of the year	<b>2,49,30,736</b>	<b>1246.54</b>	2,49,30,736	1246.54

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

Name of the Shareholders	As at March 31, 2014		As at March 31, 2013	
	No. of shares	% holding	No. of shares	% holding
Indian Seamless Enterprises Limited	<b>1,09,64,620</b>	<b>43.98</b>	1,04,79,620	42.03
Vishkul Leather Garments Private Limited	<b>16,89,179</b>	<b>6.78</b>	16,89,179	6.78

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

The company has only one class of equity share having par value of Rs.5/- each. Each shareholder is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts, in proportion to their shareholding.

# Taneja Aerospace and Aviation Limited

## Notes to Financial Statement for the year ended March 31, 2014 (Contd.)

### 2. RESERVES AND SURPLUS

(Rs. in Lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
<b>Capital Reserve</b>		
Balance as at the beginning and as at the end of the year	5.83	5.83
<b>Securities Premium Account</b>		
Balance as at the beginning and as at the end of the year	6,600.75	6,600.75
<b>General Reserve</b>		
Balance as at the beginning and as at the end of the year	1,271.86	1,271.86
<b>Surplus in Statement of Profit and Loss</b>		
Balance as at the beginning of the year	1,868.81	1,839.82
Add: Net Profit after tax transferred from Statement of Profit and Loss	(132.10)	28.99
Balance as at end of the year	1,736.72	1,868.81
	<u>9,615.16</u>	<u>9,747.25</u>

### 3. LONG TERM BORROWINGS

(Rs. in Lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
<b>Secured Loans:</b>		
Term Loan from Bank	3077.87	1754.35
Less: Current Maturities (Refer Note No. 9)	535.22	349.19
<b>Total</b>	<u>2542.65</u>	<u>1405.16</u>

#### 3.1 Maturity Profile of Secured Term loans from bank

(Rs. in Lakhs)

Particulars	Maturity Profile			
	1-2 years	2-3 years	3-4 years	Beyond 4 years
Term Loans	441.63	501.12	568.32	1,031.57

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

The Term Loan from Bank outstanding as on 31st March, 2014 amounting to Rs. 1.46 Crores (including Current Maturities of Long Term Borrowings) is secured by a first charge on assets created out of TL – Building Rs. 4.60 Crores and Plant and Machinery Rs. 10.48 Crores of the Company and second charge on specific free hold lands to the extent of 26.87 acres and construction thereon of the Company at Belagondapalli Village, Thally Road, Denkanikottai Taluk, Krishnagiri District, Belagondapalli – 635114, Tamil Nadu.

The Term Loan from Bank outstanding as on 31st March, 2014 amounting to Rs. 12.95 Crores (including Current Maturities of Long Term Borrowings) is secured by a first charge on assignment of Hangar-1 rental/receivables from M/s. Airworks India (Engineering) Private Limited and specific free hold lands to the extent of 36.93 acres of land and development thereon of the Company at Belagondapalli Village, Thally Road, Denkanikottai Taluk, Krishnagiri District, Belagondapalli – 635114, Tamil Nadu. Second Pari Passu Charge is created on other fixed assets (both movable and immovable) of the Company along with other consortium banks as collateral security.

The Term Loan from Bank outstanding as on 31st March, 2014 amounting to Rs. 16.37 Crores (including Current Maturities of Long Term Borrowings) is secured by a first charge on assignment of Hangar-2 rental/receivables from M/s. Airworks India (Engineering) Private Limited and specific free hold lands to the extent of 37.11 acres of land and development thereon of the Company at Belagondapalli Village, Thally Road, Denkanikottai Taluk, Krishnagiri District, Belagondapalli – 635114, Tamil Nadu as collateral security.

**Notes to Financial Statement for the year ended March 31, 2014 (Contd.)**

**4. DEFERRED TAX LIABILITIES (NET)**

(Rs. in Lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
<b>Deferred Tax Liability :</b>		
Difference in net book value of fixed assets as per books and tax laws	564.38	564.38
<b>Deferred Tax Asset *</b>	-	-
<b>Net Deferred Tax Liability</b>	<u>564.38</u>	<u>564.38</u>

\* Deferred tax calculation results in to working of deferred tax assets as at March 31, 2014. However as a matter of prudence, the Company has not recognised deferred tax asset and continues to carryover deferred tax liability.

**5. OTHER LONG TERM LIABILITIES**

(Rs. in Lakhs)

Particulars	Non- Current	
	As at March 31, 2014	As at March 31, 2013
Deposit from Customers	848.03	565.22
	<u>848.03</u>	<u>565.22</u>

**6. LONG TERM PROVISIONS**

(Rs. in Lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
<b>Provision for Employee Benefits (Refer Note No. 36)</b>		
Gratuity	68.55	78.47
Leave Encashment	34.46	46.64
	<u>103.01</u>	<u>125.11</u>

**7. SHORT TERM BORROWINGS**

(Rs. in Lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
<b>Secured Loans :</b>		
Working Capital Borrowing from Banks	1,700.06	1,144.33
	<u>1,700.06</u>	<u>1,144.33</u>
<b>Unsecured Loans :</b>		
Loans and Advances from related party (Inter Corporate Deposit) (Refer Note No. 35)	655.00	1,050.00
	<u>655.00</u>	<u>1,050.00</u>
	<u>2,355.06</u>	<u>2,194.33</u>

**7.1 Details of Securities and other terms**

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

**8. TRADE PAYABLES**

(Rs. in Lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
Micro, Small and Medium Enterprises (Refer Note No. 43)	-	-
Other Trade Payables	526.42	527.26
	<u>526.42</u>	<u>527.26</u>

Dues to Micro, Small and Medium Enterprises have been determined to the extent such parties have been identified on the basis of intimation received from the "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006.



# Taneja Aerospace and Aviation Limited

## Notes to Financial Statement for the year ended March 31, 2014 (Contd.)

### 9. OTHER CURRENT LIABILITIES

(Rs. in Lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
Current Maturities of Long Term Borrowings (Refer Note No. 3)	535.22	349.19
Advance from Customers	65.22	12.08
Statutory Liabilities	106.04	124.05
Employee Related Liabilities	71.52	102.52
Expenses Payable	49.04	55.75
Other Liabilities	188.51	60.41
	<u>1015.54</u>	<u>704.00</u>

### 10. SHORT TERM PROVISIONS

(Rs. in Lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
Provision For Audit Fees	6.62	6.92
Provision For Taxes	134.69	134.69
	<u>141.31</u>	<u>141.61</u>

### 11. FIXED ASSETS

(Rs. in Lakhs)

Description	GROSS BLOCK (AT COST)				DEPRECIATION /AMORTISATION					NET BLOCK		
	As at April 01, 2013	Additions	Deduct ions	Adjust ments*	As at March 31, 2014	As at April 01, 2013	For The Year	Deduct- ions	Adjust ments*	As at March 31, 2014	As at March 31, 2014	As at March 31, 2013
<b>TANGIBLE ASSETS :</b>												
Freehold Land	6274.80	-	-	-	6274.80	-	-	-	-	-	6274.80	6274.80
Building	1259.61	1091.63	-	-	2351.24	439.47	51.03	-	-	490.51	1860.74	820.14
Plant & Machinery	6107.90	117.54	-	-	6225.44	2412.80	272.92	-	-	2685.72	3539.72	3695.10
Office Equipment	384.35	51.69	-	266.51	169.53	156.77	16.92	-	57.89	115.80	53.72	227.58
Furniture & Fixture	93.80	-	-	0.09	93.70	78.84	2.71	-	0.09	81.46	12.25	14.95
Computer - Hardware	51.55	35.81	-	66.93	20.43	16.38	5.10	-	13.91	7.57	12.86	35.16
Vehicles	41.14	-	-	8.58	32.56	25.96	3.75	-	6.94	22.77	9.79	15.18
<b>Total</b>	<b>14213.13</b>	<b>1296.67</b>	<b>-</b>	<b>342.11</b>	<b>15167.70</b>	<b>3130.23</b>	<b>352.43</b>	<b>-</b>	<b>78.83</b>	<b>3403.83</b>	<b>11763.87</b>	<b>11082.91</b>
Previous Year	14126.14	96.16	9.17	-	14213.13	2776.49	361.4	7.66	-	3130.23	11082.91	11349.65

Note

\* Represents adjustment on account of Hive Off of Engineering Services Division of the Company to its Wholly Owned Subsidiary 'Taal Tech India Private Limited'. (Refer Note No. 40)

CAPITAL WORK-IN-PROGRESS (AT COST)	As at March 31, 2014	As at March 31, 2013
(a) Building	337.60	684.52
(b) Plant and Machinery	138.58	216.80
(c) Advance for Land (Refer Note No. 41)	645.50	645.00
<b>Total</b>	<b>1121.68</b>	<b>1546.31</b>

**Notes to Financial Statement for the year ended March 31, 2014 (Contd.)**

**12. NON CURRENT INVESTMENTS**

(Rs. in Lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
<b>Unquoted, at cost fully paid up</b>		
<b>Investment in Equity Shares</b>		
<b>A. Subsidiary Companies</b>		
(i) First Airways Inc., USA # 11,50,000 Shares (Previous Year 11,50,000) of USD 1/- each	477.50	477.50
(ii) TAAL Tech India Private Limited 8,50,000 Shares (Previous Year 1,00,000) of Rs. 10/- each	85.00	10.00
<b>B. Associate Company</b>		
(i) TAAL Aerosystems Private Limited * 7,500 Shares (Previous Year 7,500) of Rs. 10/- each	0.75	0.75
	<u>563.25</u>	<u>488.25</u>

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

\* Consequent to additional allotment of shares to the new share holders as on July 4, 2013, the Company ceases to be a subsidiary of Taneja Aerospace and Aviation Limited effective same date.

**13. INVENTORIES (As taken, valued and certified by the Management)**

(Rs. in Lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
Raw Material and Components	126.75	232.39
Work-In-Progress	296.75	344.25
	<u>423.50</u>	<u>576.64</u>

For mode of valuation of each class of inventories, Refer Note No. 24.3

**14. TRADE RECEIVABLES**

(Rs. in Lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
Unsecured debts outstanding for a period exceeding six months		
(i) Considered good	426.07	218.20
(ii) Considered doubtful	2.98	8.07
	<u>429.05</u>	<u>226.27</u>
Less: Provision for doubtful debts	2.98	8.07
	<u>426.07</u>	<u>218.20</u>
Other unsecured debts (considered good)	830.45	1424.56
	<u>1256.52</u>	<u>1642.76</u>

# Taneja Aerospace and Aviation Limited

## Notes to Financial Statement for the year ended March 31, 2014 (Contd.)

### 15. CASH AND BANK BALANCES

(Rs. in Lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
<b>Cash and cash equivalents</b>		
Balance with banks in current accounts	283.46	405.40
Balance with bank in deposit (Less than 3 months maturity)	500.86	-
Cash in hand	1.94	5.74
<b>Other bank balances</b>		
Margin money deposits with banks (More than 3 months maturity)	189.78	218.41
	<u>976.04</u>	<u>629.55</u>

### 16. SHORT TERM LOANS AND ADVANCES

(Rs. in Lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
<b>Unsecured and Considered Good</b>		
Inter Corporate Deposits	1103.41	-
Balance with Revenue Authorities	873.51	813.69
Loans and Advances to Related Parties (Refer Note No. 35)	724.52	-
Advance to Suppliers	75.81	271.02
Prepaid Expenses	36.34	68.39
Sundry Deposits	27.39	89.89
Advance to Employees	12.25	11.45
	<u>2853.24</u>	<u>1254.44</u>

**Notes to Financial Statement for the year ended March 31, 2014 (Contd.)**

**17. REVENUE FROM OPERATIONS**

(Rs. in Lakhs)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
<b>Sales – Aviation</b>		
Gross Sales	1316.61	919.72
Less: Excise Duty	31.45	25.67
Net Sales	<u>1285.16</u>	<u>894.05</u>
<b>Services – Aviation</b>		
Conversion Charges	1332.28	1117.76
Charter Income	811.68	659.14
Rental Services	678.46	612.84
Sales Commission	-	0.12
Training & Other Services	88.55	87.00
<b>Engineering Design Services</b>	1152.22	1995.73
	<u>5348.36</u>	<u>5366.64</u>

**18 OTHER INCOME**

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Interest Income	101.92	38.53
Miscellaneous Income (Refer Note No. 30)	21.77	17.28
	<u>123.69</u>	<u>55.81</u>

**19 COST OF MATERIAL CONSUMED (Refer Note No. 38 [a])**

(Rs. in Lakhs)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Opening Stock of Raw Material and Components	232.39	289.63
Add: Purchases during the year	1431.89	681.35
Less: Closing Stock of Raw Material and Components	126.75	232.39
<b>Consumption of Raw Material and Components</b>	<u>1537.53</u>	<u>738.59</u>

**20 CHANGES IN INVENTORIES OF WORK-IN-PROGRESS**

(Rs. in Lakhs)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Closing Stock of Work-In-Progress	296.75	344.25
	<u>296.75</u>	<u>344.25</u>
Opening Stock of Work-In-Progress	344.25	182.73
	<u>344.25</u>	<u>182.73</u>
<b>(Increase) / Decrease in Inventory</b>	<u>47.51</u>	<u>(161.52)</u>

# Taneja Aerospace and Aviation Limited

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

### 21 OPERATIONAL AND OTHER EXPENSES

(Rs. in Lakhs)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Charter Expenses		
Aircraft Fuel Charges	152.50	136.09
Aircraft Lease Rent (Refer Note No. 29)	344.14	303.07
Rent - Flight Parking & Equipment	15.84	14.03
Other Aircraft Operating Expenses	128.71	78.43
Power & Fuel Expenses	99.49	131.34
Repairs and Maintenance Plant & Machinery	39.10	27.91
Repairs and Maintenance Building	4.01	12.41
Repairs and Maintenance Others	38.22	68.36
Selling Expenses	85.54	99.12
Rent	32.82	107.63
Rates & Taxes	22.00	48.28
Insurance	26.02	16.83
Travelling & Conveyance	174.73	368.88
Communication Expenses	22.32	36.65
Miscellaneous Expenses (Refer Note No. 31)	122.02	232.38
	<u>1307.46</u>	<u>1681.41</u>

### 22 EMPLOYEE BENEFITS EXPENSE

(Rs. in Lakhs)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Salaries and Wages	1679.80	2122.24
Contribution to Provident and Other Funds	49.70	87.13
Staff Welfare Expenses	83.97	107.69
	<u>1813.48</u>	<u>2317.06</u>

### 23 FINANCE COSTS

(Rs. in Lakhs)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
<b>Interest Expenses:</b>		
Working Capital Loan	169.17	140.46
Term Loans	233.97	46.29
Interest on Inter Corporate Deposits	115.21	254.58
	<u>518.34</u>	<u>441.33</u>
Less: Capitalised during the Year	55.16	66.72
	<u>463.18</u>	<u>374.61</u>
Other Finance Costs	80.09	81.34
	<u>543.27</u>	<u>455.95</u>

#### NOTE 24 : SIGNIFICANT ACCOUNTING POLICIES

##### 24.1 Basis of Preparation of Financial Statements

The financial statements have been prepared on a going concern basis 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 / Companies Act, 2013.

Accounting policies not stated explicitly otherwise are consistent with generally accepted accounting principles in India.

##### 24.2 Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) in India requires

**Notes to Financial Statement for the year ended March 31, 2014 (Contd.)**

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.

**24.3 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 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 costs and factory overheads on technical estimate of percentage completed.

**24.4 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 in Schedule XIV of the Companies Act, 1956. Depreciation on assets added/ disposed off during the year has been provided on pro rata basis with reference to the month of addition/disposal.

**24.5 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) Rental Income from Hanger Utilisation is accounted based on agreement/ contract entered into with the third party.
- (d) Charter 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) Revenue from Engineering Design Services is priced on time and material basis and is recognised when the services are rendered and related costs are incurred.
- (g) Revenue on long term fixed price contracts for supply of certain sets of components and assemblies is recognised 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 progress.
- (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 interest rate applicable.

**24.6 Leases**

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

**24.7 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 the Statement of Profit and Loss in the year in which they are incurred.

**24.8 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 recognized as income or expense in the year in which they arise.
- (d) Non monetary foreign currency items such as investments are carried at cost.

**24.9 Provision for Employee Benefits**

- (a) Defined Contribution Plan

The Company makes defined contribution to Provident Fund and Superannuation Schemes, which are recognised as an expense in the Statement of Profit and Loss on accrual basis.

- (b) Defined Benefit Plan

The Company's liabilities under Payment of Gratuity Act and Long Term Compensated Absences are determined on the basis of actuarial valuation made at the end of each financial year using the Projected Unit Credit Method, except for short term compensated absences, which are provided on actual basis. Actuarial gain and losses are recognised immediately in

# Taneja Aerospace and Aviation Limited

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

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.

### 24.10 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 the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

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 is recognised on timing differences, being the difference between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws that have been enacted or substantively enacted as at the Balance Sheet date. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised if there is virtual certainty that there will be sufficient future taxable income available to realise such losses. Other deferred tax assets are recognised only to the extent there is a reasonable certainty that the asset will be realised in future.

### 24.11 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 acquisition & installation of the concerned assets. However, cost excludes Excise Duty, VAT & Service Tax, wherever credit of the duty or tax is availed of.

Considering the nature of business activity, 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.

### 24.12 Impairment Of Assets

At each Balance Sheet date, the Company ascertains whether there is any impairment of the fixed assets based on internal/external factors. 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.

### 24.13 Investments

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

(a) Current investments are carried at lower of cost and fair value determined on an individual investment basis.

(b) Non-current investments are carried at cost. Provision for diminution in the value of non-current investments is made only if such a decline is other than temporary in the opinion of the management.

### 24.14 Trade Receivables

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

### 24.15 Segment Reporting

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

### 24.16 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.

### 24.17 Provisions, Contingent Liabilities and Contingent Assets

(a) Provisions are recognized when the Company has a legal and constructive 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) Contingent Liabilities are not provided but are disclosed in Notes to Accounts. 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.

### 24.18 Earnings Per Share

The Basic and Diluted Earnings Per Share ("EPS") is computed by dividing the net profit or loss after tax for the year attributable to equity shareholders by weighted average number of equity shares outstanding during the year.

**Notes to Financial Statement for the year ended March 31, 2014 (Contd.)**

**NOTES TO FINANCIAL STATEMENTS**

**25 A) Contingent Liabilities (Rs. in Lakhs)**

Particulars	31st March, 2014	31st March, 2013
(a) Claim against the Company not acknowledged as debts :		
(i) Custom Duty	622.67	622.67
(ii) Service Tax	441.37	317.00
(iii) Excise Duty	103.97	-
(iv) Sales Tax	78.00	-

(b) Future Cash Flows in respect of the above, if any, is determined only on receipt of judgement/decisions pending with relevant authorities. The Company does not expect the outcome of matters stated above to have a material adverse effect on the Company's financial condition, result of operations or cash flows.

**B) Capital and Other Commitments : (Rs. in Lakhs)**

Particulars	31st March, 2014	31st March, 2013
(a) Capital Commitment towards the new project	83.00	531.57
(b) Bank Guarantees	1097.56	1664.03
(c) Indemnity issued to customers	918.80	1045.46
(d) EPCG Export sales obligation to be fulfilled	660.70	991.10

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

**(Rs. in Lakhs)**

Particulars	31st March, 2014	31st March, 2013
a. Personnel Expenses		
i) Managing Director's Salary	17.03	16.80
ii) Other Salary	24.03	14.80
b. Travelling Expenses	1.73	4.12
c. Interest	55.16	66.72
d. Other Expenses	5.90	9.58
	<u>103.86</u>	<u>112.02</u>

**27 Minimum Alternate Tax (Rs. in Lakhs)**

Particulars	31st March, 2014	31st March, 2013
Minimum Alternate Tax *	-	5.80

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

**28 Computation of Earnings Per Share (Rs. in Lakhs)**

Particulars	31st March, 2014	31st March, 2013
Profit/(Loss) after tax available for Equity Shareholders	(132.10)	28.99
Adjusted Weighted Average number of Equity Shares of Nominal value of Rs. 5 each	2,49,30,376	2,49,30,376
Computation of EPS - Basic* (in Rs.)	(0.53)	0.12

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



# Taneja Aerospace and Aviation Limited

## Notes to Financial Statement for the year ended March 31, 2014 (Contd.)

### NOTES TO FINANCIAL STATEMENTS

29 During the year 2007-08, Company acquired an Aircraft on operating lease from an overseas lease finance company for the period of 120 months.

The payments under lease for the future period are :

(Rs. in Lakhs)

Particulars	Amount in US \$	Equivalent in Rs.
Less than One Year	4.51	270.82
More than 1 Year and less than 5 Year	13.77	827.47
	<u>18.27</u>	<u>1098.30</u>

### 30 Miscellaneous Income Includes :

(Rs. in Lakhs)

Particulars	31st March, 2014	31st March, 2013
a. Profit on Sale of Assets	-	0.42
b. Profit on Sale of Investment	-	0.20
c. Miscellaneous Income	2.46	1.37
d. Agriculture Income	12.35	13.87
e. Sundry Creditors Written Back	6.96	1.42
	<u>21.77</u>	<u>17.28</u>

### 31 Miscellaneous Expenses Includes :

(Rs. in Lakhs)

Particulars	31st March, 2014	31st March, 2013
a. Sitting Fees	3.90	4.10
b. Office & Other Administrative Expenses	114.89	121.92
c. Legal, Professional & Consultancy Charges	74.65	93.31
d. Exchange Fluctuation Loss / (Gain) [Net]	(76.96)	7.19
e. Auditors Remuneration :		
Audit Fees	3.00	3.50
Tax Audit Fees	1.00	1.00
Fees for Other Services	1.05	1.05
Out of Pocket Expenses/Travelling	0.23	0.31
Cost Audit Fees	0.25	0.00
	<u>122.02</u>	<u>232.38</u>

### 32 Details of Managerial Remuneration:

(Rs. in Lakhs)

Particulars	31st March, 2014	31st March, 2013
Remuneration (Basic+HRA)	* 20.00	* 19.20
Perquisites & Allowances	3.38	3.20
Provident Fund	1.50	1.44
Superannuation	1.88	1.80
	<u>26.76</u>	<u>25.64</u>

\* Including the part amount capitalised

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

The Company has not paid any commission to the Managerial Personnel. Hence, the calculation under section 198/349 read with section 309 of the Companies Act, 1956 is not applicable.

The Board of Directors at its meeting dated November 30, 2013 had re-appointed Mr. C S Kameswaran as Whole Time Director designated as Managing Director of the Company with effect from December 1, 2013 up to November 30, 2014. The said appointment is subject to the approval of the shareholders of the Company at the forthcoming Annual General Meeting. The remuneration paid to him is within the limits specified under section 198 read together with Schedule XIII of the Companies Act, 1956.

Notes to Financial Statement for the year ended March 31, 2014 (Contd.)

NOTES TO FINANCIAL STATEMENTS

33 Details of Prior Period items :

(Rs. in Lakhs)

Particulars	31st March, 2014	31st March, 2013
Prior Period Expenses	2.46	0.57

34 Disclosure required by Clause 32 of the Listing Agreement

- a) Amount of Investment in / Loans and Advances in the nature of loans to subsidiaries and associates for the year ended 31st March 2014

(Rs. in Lakhs)

Name of the Company	Nature of Transaction	Max. Balance during the Period	Balance as at 31st March, 2014	Balance as at 31st March, 2013
<b>Subsidiary</b>				
First Airways Inc	Investment	477.49	477.49	477.49
TAAL Tech India Private Limited	Investment	85.00	85.00	10.00
TAAL Tech India Private Limited *	Advance Receivable	757.87	690.16	(9.00)
<b>Associate</b>				
ISMT Ltd *	Loan Payable	1101.41	843.51	1101.41
Indian Seamless Enterprises Ltd *	Advance Receivable	35.00	34.36	-
TAAL Aerosystems Private Limited	Investment	0.75	0.75	0.75

\* These loans and advances fall under the category of loans and advances in the nature of loans where there is no repayment schedule and are repayable on demand.

- b) Investment by the loanee in the shares of the parent company and subsidiary company, when the Company has made a loan or advance in the nature of loan :

Investment made by Indian Seamless Enterprises Ltd in Taneja Aerospace and Aviation Ltd - 1,04,79,620 equity shares.

35 Disclosure in respect of Related Parties pursuant to Accounting Standard 18

Related Parties	Name of the Party
<b>a. Subsidiary Companies</b>	First Airways Inc TAAL Tech India Private Limited TAAL Technologies, Inc (Subsidiary of TAAL Tech India Private Limited)
<b>b. Associate Companies</b>	ISMT Limited Indian Seamless Enterprises Limited TAAL Aerosystems Private Limited
<b>c. Key Management Personnel</b>	Mr. Salil Taneja (Chairman) Mr. C S Kameswaran (Managing Director)

Transactions/ Balances with Related Parties :

(Rs. in Lakhs)

Particulars	Subsidiaries	Associates	Key Management Personnel
Investment in Equity made during the year	75.00 (10.00)	- (-)	- (-)
Inter-Corporate Deposit Received during the year	- (-)	656.42 (1,645.00)	- (-)
Inter-Corporate Deposit Given during the year	* 844.20 (-)	60.00 (25.00)	- (-)
Aircraft Hiring Charges	- (-)	240.00 (240.00)	- (-)
Sale of Material	- (-)	20.40 (69.00)	- (-)
Sitting Fees	- (-)	- (-)	0.40 (0.70)

# Taneja Aerospace and Aviation Limited

## Notes to Financial Statement for the year ended March 31, 2014 (Contd.)

### NOTES TO FINANCIAL STATEMENTS

#### Transactions/ Balances with Related Parties : (Contd.)

(Rs. in Lakhs)

Particulars	Subsidiaries	Associates	Key Management Personnel
Interest Paid	- (-)	<b>115.21</b> (254.58)	- (-)
Interest Received	<b>62.91</b> (-)	- (-)	- (-)
Managerial Remuneration	- (-)	- (-)	<b>26.76</b> (25.64)
Balance Payable as at year end	- (9)	<b>843.51</b> (1,101.41)	- (-)
Balance Receivable as at year end	<b>690.16</b> (-)	<b>34.36</b> (-)	- (-)

(Figures in brackets relate to previous year)

\* Includes Rs. 766.44 Lakhs which was debited as Difference between Assets and Liabilities transferred by way of Hive Off of Engineering Services Division of the Company to its Wholly Owned Subsidiary 'TAAL Tech India Private Limited' (Refer Note No. 40).

**36** The Accounting Standard 15 (Revised 2005) on "Employee Benefits" has been adopted by the Company effective from April 1, 2007.

#### a. Defined Contribution Plan :

The Company has recognized the following amounts as an expense and included under the head " Personnel Cost".

(Rs. in Lakhs)

Particulars	31st March, 2014	31st March, 2013
Employer's Contribution to Provident Fund, Family Pension Fund and Other Funds	<b>46.40</b>	56.67

#### b. Defined Benefit Plan as per Actuarial Valuation :

##### I. Changes in present value of Defined Benefit Obligations :

(Rs. in Lakhs)

Gratuity (Funded)	31st March, 2014	31st March, 2013
Present Value of Obligations as at 1st April, 2013 (1st April, 2012)	<b>74.69</b>	84.91
Current Service Cost	<b>7.45</b>	15.56
Interest Cost	<b>6.09</b>	6.80
Past Service Cost	-	-
Actuarial (gain)/loss	<b>(5.70)</b>	(6.16)
Benefits Paid	<b>(0.72)</b>	(9.75)
Present Value of Obligations as at 31 <sup>st</sup> March, 2014 (31 <sup>st</sup> March, 2013)	<b>81.81</b>	91.37
<b>Leave Encashment (Non Funded)</b>		
Present Value of Obligations as at 1st April, 2013 (1st April, 2012)	<b>36.55</b>	48.49
Current Service Cost	<b>5.41</b>	12.07
Interest Cost	<b>2.64</b>	3.40
Past Service Cost -	-	-
Actuarial (gain)/loss	<b>(1.50)</b>	(0.28)
Benefits Paid	<b>(8.65)</b>	(17.05)
Present Value of Obligations as at 31 <sup>st</sup> March, 2014 (31 <sup>st</sup> March, 2013)	<b>34.46</b>	46.64

Note : In case of Gratuity and Leave Encashment, the present value of obligation as at 31st March, 2013 and 1st April, 2013 is not same, as during the year 'Engineering Services Division' of the Company has been Hived Off to it's wholly owned subsidiary (Refer Note No. 40).

II. 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

Notes to Financial Statement for the year ended March 31, 2014 (Contd.)

NOTES TO FINANCIAL STATEMENTS

III. Amounts recognized in the Balance Sheet in respect of :

(Rs. in Lakhs)

Particulars	Gratuity Funded		Leave Encashment (Non Funded)	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Present Value of Obligation as at 31st March, 2014 (31st March, 2013)	81.81	91.37	34.46	46.64
Less: Funded with LIC	13.27	12.90	-	-
<b>Net Liability</b>	<b>68.55</b>	<b>78.47</b>	<b>34.46</b>	<b>46.64</b>

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

(Rs. in Lakhs)

Particulars	Gratuity Funded		Leave Encashment (Non Funded)	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Current Service Cost	7.45	15.56	5.41	12.07
Interest Cost	6.09	6.80	2.64	3.40
Past Service Cost	-	-	-	-
Actuarial (gain)/ loss	(5.70)	(6.16)	(1.50)	(0.28)
Expenses recognized in the Statement of Profit and Loss	7.85	16.20	6.55	15.19

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

(Rs. in Lakhs)

Particulars	Gratuity Funded		Leave Encashment (Non Funded)	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Discount rate	8.20%	8.20%	8.20%	8.20%
Expected rate of return on Plan Assets	5.29%	6.54%	5.29%	6.54%
Salary Escalation rate	12.46%	13.54%	12.46%	13.54%

37 Segment Reporting

(Rs. in Lakhs)

Particulars	Aviation	Engg Design Service #	Total 2013-14	Aviation	Engg Design Service	Total 2012-13
<b>a. Segment Revenue</b>						
Segmental Revenue from External Sales and Services	4196.14	1152.22	5348.36	3370.91	1995.73	5366.64
Unallocable Revenue			123.69			55.81
<b>Total Revenue</b>	<b>4196.14</b>	<b>1152.22</b>	<b>5472.05</b>	<b>3370.91</b>	<b>1995.73</b>	<b>5422.45</b>
<b>b. Segment Result</b>						
<b>Profit/(Loss) before Finance Cost, Extraordinary Items and Taxation</b>	<b>208.25</b>	<b>205.39</b>	<b>413.64</b>	<b>526.18</b>	<b>(40.67)</b>	<b>485.51</b>
Less: Finance Charges			543.27			455.95
Less: Extraordinary Items			2.46			0.57
Profit/ (Loss) before Taxation			(132.10)			28.99
Less: Tax Expenses			-			-
<b>Profit/ (Loss) after Taxation</b>			<b>(132.10)</b>			<b>28.99</b>
<b>c. Other Information</b>						
Segment Assets	14957.77	-	14957.77	14734.84	690.67	15425.50
Unallocable Assets			4000.33			1795.35
<b>Total Assets</b>			<b>18958.10</b>			<b>17220.86</b>

# Taneja Aerospace and Aviation Limited

## Notes to Financial Statement for the year ended March 31, 2014 (Contd.)

### NOTES TO FINANCIAL STATEMENTS

Particulars	Aviation	Engg Design Service #	Total 2013-14	Aviation	Engg Design Service	Total 2012-13
Segment Liabilities	1775.89	-	1775.89	1252.18	266.72	1518.90
Unallocable Liabilities			6320.51			4708.17
<b>Total Liabilities</b>			<b>8096.40</b>			6227.07
Capital Employed			10861.70			10993.79
<b>d. Cost Incurred for Acquiring</b>						
Assets	1211.25	85.42	1296.67	59.56	36.60	96.16
Segment Depreciation	342.12	10.31	352.43	332.91	28.49	361.40

# Refer Note No. 40

As per Accounting Standard 17, the Company has two segments viz "Aviation and Engg Design Service"

- (i) Revenue and Expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and Expenses which relate to Enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as unallocable
- (ii) Segment Asset and Segment liability represents Assets and Liabilities in respective Segments. Investment, Tax related Assets, Other Assets and Liabilities which cannot be allocated to a segment on a reasonable basis have been included under Unallocable Assets and Liabilities

### 38 Statement of Additional Information :

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

Particulars	Percentage (%)		Value (Rs. in Lakhs)	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Imported*	37%	11%	571.11	82.72
Indigenous	63%	89%	966.42	655.87
	100%	100%	1537.53	738.59

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

b. Earnings in Foreign Currency

(Rs. in Lakhs)

Particulars	31st March, 2014	31st March, 2013
Export of Goods	484.14	60.00
Export of Services	1669.29	2308.61
	2153.43	2368.61

c. Expenditure in Foreign Currency

(Rs. in Lakhs)

Particulars	31st March, 2014	31st March, 2013
Parts and Components	615.34	76.47
Travelling Expenses	171.11	89.58
Work Permit Fees	19.38	34.78
Aircraft Lease Rent	307.98	275.12
Onsite Expenses	367.05	621.69
Subscription Fees	8.20	1.81
Labour Charges	139.06	-
Sales Commission	9.15	-
Other	0.08	2.39
	1637.35	1101.85

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

(Rs. in Lakhs)

571.11

82.72

**Notes to Financial Statement for the year ended March 31, 2014 (Contd.)**

**NOTES TO FINANCIAL STATEMENTS**

39 The Company has not hedged its Foreign Currency Exposure outstanding as on 31st March, 2014 as per the policy consistently followed.

Foreign Currency Exposure not hedged as at 31st March, 2014

(Rs. in Lakhs)

Particulars	Foreign Currency	Exchange Rate	Amount
<b>PAYABLE</b>			
<b>Expenses Payable</b>			
USD	0.29	60.09	17.62
<b>Lease Rent Payable</b>			
USD	1.72	60.09	103.10
			<u>120.71</u>

40 The shareholders of the Company by way of postal ballot passed a resolution dated 5th August, 2013 approving the transfer of Assets and Liabilities of the Company's Engineering Services Division to its 100% subsidiary 'TAAL Tech India Pvt Ltd', with effect from 1st August, 2013. Accordingly, related Assets and Liabilities transferred at their book values are as follows :

Particulars	(Rs. In Lakhs)	(Rs. In Lakhs)
<b>(a) Total Amount of Assets Transferred</b>		<b>1,138.79</b>
Non Current Assets	263.28	
Current Assets	875.51	
<b>(b) Total Amount of Liabilities Transferred</b>		<b>372.35</b>
Non Current Liabilities	34.10	
Current Liabilities	338.25	
<b>(c) Amount converted into Inter Corporate Deposit to Subsidiary (a-b)</b>		<b>766.44</b>

41 Katra Auto Engineering Pvt Ltd (Katra) purchased land for the Company out of interest free advance of Rs. 645.50 Lakhs provided by the Company. The Board of Directors of the Company at its meeting held on 28th May, 2014 approved in principle, to make Katra a 100% Subsidiary of the Company. The above advance given continues to be shown as capital work in progress.

42 The balances in Debtors and Creditors accounts are subject to confirmations.

43 As informed to us by the Management, the Company owes no dues, which are outstanding as at 31st March, 2014 to any "Micro, Small And Medium Enterprises " as required under "Micro, Small And Medium Enterprises Development Act 2006".

44 In the Opinion of the Board, adequate steps are taken to make sufficient provision for all liabilities.

45 Current Assets, Loans and Advances are of the value stated if realised in the ordinary course of business.

46 Consequent to Hive Off of Engineering Design Services Division (Refer Note No. 40), the current year figures are not comparable with the previous year figures.

47 Previous year figures have been regrouped and reclassified wherever necessary to conform to the current year classification.

As per our report of even date

For and on behalf of the Board of Directors

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

**C. S. Kameswaran**  
Managing Director

**Salil Taneja**  
Chairman

**B. R. Taneja**  
Director

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

**Priya Nair**  
Company Secretary

Pune, May 28, 2014

Pune, May 28, 2014

# 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 Tech India Private Limited (Consolidated)
Capital	477.49	85.00
Reserve	(242.66)	65.77
Total Liabilities	-	1,193.11
Total Assets	234.84	1,343.88
Investment other than in subsidiaries Company	-	-
Turnover & Other Income	-	2,879.16
Profit/(Loss) Before Taxation	(54.86)	104.45
Provision for Taxation	2.43	37.82
Profit/(Loss) After Taxation	(57.29)	66.62
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. 60.09/US Dollar	Rs. 57.24/US Dollar

## INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

### TO THE BOARD OF DIRECTORS OF TANEJA AEROSPACE AND AVIATION LIMITED

We have audited the accompanying consolidated financial statements of **TANEJA AEROSPACE AND AVIATION LIMITED** ("the Company"), its subsidiaries and associate (the Company, its subsidiaries and associate constitute "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

### AUDITORS' RESPONSIBILITY

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

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

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

### OPINION

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on the financial statements/ financial information of the subsidiaries and associate referred to below in the Other Matters paragraph, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014;
- (b) In the case of the Consolidated Statement of Profit and Loss, of the loss of the Group for the year ended on that date; and

- (c) In the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

### EMPHASIS OF MATTER

Attention is invited to Note No. 42 to the consolidated financial statements which, refers to Hive Off of Engineering Services Division of Taneja Aerospace and Aviation Limited to its wholly owned subsidiary TAAL Tech India Private Limited w.e.f. 1st August, 2013. The terms of this Hive Off has been approved by the shareholders of Taneja Aerospace and Aviation Limited through Postal Ballot. Our opinion is not qualified in respect of this matter.

We draw attention to Note No. 43 to the consolidated financial statements relating to Interest Free Advances amounting to Rs. 645.50 Lakhs to a Company for Purchase of Land. The Board of Director's of Taneja Aerospace and Aviation Limited has passed a resolution in its meeting dated 28th May, 2014 to make the Company as its wholly owned subsidiary. Our opinion is not qualified in respect of this matter.

Further, we draw attention to the fact that the Parent Company needs to strengthen its policies & procedures in order to provide proper evidence along with complete accounting records regarding recoverability of debtors, valuation of work in progress and consumption of materials including booking of purchases. Our opinion is not qualified in respect of this matter.

We draw attention to Note No. 35 to the consolidated financial statements regarding remuneration paid to the Whole Time Director of Taal Tech India Private Limited (Wholly Owned Subsidiary) for the year amounting to Rs. 58.76 Lakhs, is subject to approval of the Central Government.

### OTHER MATTERS

- a) We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets (net) of Rs. 256.89 Lakhs as at March 31, 2014, total revenues of Rs. 59.92 Lakhs and net cash outflows amounting to Rs. 0.07 Lakhs for the year ended on that date.
- b) The consolidated financial statements also include, in respect of TAAL Aerosystems Private Limited, an associate company, the Group's share of net loss of Rs. 0.05 Lakhs for the period from July 04, 2013 to March 31, 2014 for the period that the entity was an associate, as considered in the consolidated financial statements. The financial statements / financial information of the associate have not been audited by us.

These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate, is based solely on the reports of other auditors.

Our opinion is not qualified in respect of these matters.

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

**Haresh B. Shah**  
Partner

Pune, May 28, 2014

Membership No.: 32208



# Taneja Aerospace and Aviation Limited

## Consolidated Balance Sheet as at March 31, 2014

(Rs. in Lakhs)

Particulars	Note No.	As at March 31, 2014	As at March 31, 2013
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	1246.54	1246.54
Reserves and Surplus	2	9438.09	9536.91
		<u>10684.63</u>	<u>10783.45</u>
<b>Minority Interest</b>		-	0.20
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	3	2542.65	1405.16
Deferred Tax Liabilities (Net)	4	581.97	564.38
Other Long-Term Liabilities	5	848.03	565.22
Long-Term Provisions	6	144.48	125.11
		<u>4117.13</u>	<u>2659.87</u>
<b>Current Liabilities</b>			
Short-Term Borrowings	7	2355.06	2194.33
Trade Payables	8	687.47	527.26
Other Current Liabilities	9	1241.30	695.02
Short-Term Provisions	10	198.39	141.11
		<u>4482.22</u>	<u>3557.72</u>
<b>Total</b>		<u><u>19283.98</u></u>	<u><u>17001.24</u></u>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets	11		
Tangible Assets		12028.76	11082.91
Capital Work-In-Progress		1121.68	1546.31
		<u>13150.44</u>	<u>12629.22</u>
Non-Current Investments	12	0.57	-
Long Term Loans and Advances	13	73.24	-
Other Non Current Assets	14	167.06	201.62
		<u>13391.31</u>	<u>12830.84</u>
<b>Current Assets</b>			
Inventories	15	423.50	576.64
Trade Receivables	16	2121.54	1642.76
Cash and Bank Balances	17	1038.19	645.26
Short-Term Loans and Advances	18	2250.76	1255.33
Other Current Assets	19	58.67	50.41
		<u>5892.66</u>	<u>4170.39</u>
<b>Total</b>		<u><u>19283.98</u></u>	<u><u>17001.24</u></u>
<b>Significant Accounting Policies</b>	27		
<b>Notes are an Integral part of the Financial Statements</b>	28-49		

As per our report of even date

For and on behalf of the Board of Directors

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

**C. S. Kameswaran**  
Managing Director

**Salil Taneja**  
Chairman

**B. R. Taneja**  
Director

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

**Priya Nair**  
Company Secretary

Pune, May 28, 2014

Pune, May 28, 2014

## Consolidated Statement of Profit and Loss for the year ended March 31, 2014 (Rs. in Lakhs)

Particulars	Note No.	Year ended 31st March 2014	Year ended 31st March 2013
<b>INCOME</b>			
Revenue from Operations	20	8227.52	5366.64
Other Income	21	60.78	55.81
<b>Total Revenue</b>		<u>8288.30</u>	<u>5422.45</u>
<b>EXPENSES</b>			
Cost of Materials Consumed	22	1537.53	738.59
Changes in Inventory of Work-In-Progress	23	47.51	(161.52)
Operational and Other Expenses	24	2108.23	1731.78
Employee Benefits Expense	25	3653.15	2317.06
Finance Costs	26	558.13	455.95
Depreciation & Amortisation Expenses	11	464.28	361.40
<b>Total Expenses</b>		<u>8368.83</u>	<u>5443.25</u>
<b>Profit/(Loss) before Extraordinary Items and Tax</b>		<u>(80.53)</u>	<u>(20.80)</u>
Less: Prior Period Items	36	2.46	0.57
<b>Profit/(Loss) before tax</b>		<u>(82.99)</u>	<u>(21.37)</u>
<b>Tax Expense:</b>			
Current Tax		22.67	8.04
Less: MAT Credit Entitlement		-	5.80
<b>Net Current Tax Expense</b>		<u>22.67</u>	<u>2.24</u>
Deferred Tax for the year		17.59	-
<b>Net Tax Expense</b>		<u>40.26</u>	<u>2.24</u>
<b>Profit/(Loss) after tax for the year before Share in Loss of Associate and Minority Interest</b>		<u>(123.25)</u>	<u>(23.62)</u>
Less: Share in Loss of Associate		0.05	-
Less: Minority Interest		-	(0.03)
<b>Loss for the Year</b>		<u>(123.30)</u>	<u>(23.59)</u>
Earnings per equity share (In Rs.) - Basic and Diluted (Face value of Rs. 5/- each)	30	(0.49)	(0.09)
<b>Significant Accounting Policies</b>	27		
<b>Notes are an Integral part of the Financial Statements</b>	28-49		

As per our report of even date

For and on behalf of the Board of Directors

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

**C. S. Kameswaran**  
Managing Director

**Salil Taneja**  
Chairman

**B. R. Taneja**  
Director

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

**Priya Nair**  
Company Secretary

Pune, May 28, 2014

Pune, May 28, 2014

# Taneja Aerospace and Aviation Limited

## Consolidated Cash Flow Statement for the year ended March 31, 2014 (Rs. in Lakhs)

Particulars	March 31, 2014	March 31, 2013
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before extraordinary items and tax	(80.53)	(20.80)
Adjustments for :		
Depreciation	464.28	361.40
Prior Period Items	(2.46)	(0.57)
Loss of Minority Interest Holder	-	0.03
Profit on Sale of Fixed Assets	-	(0.42)
Profit on Sale of Investment	-	(0.20)
Interest Paid	558.13	455.95
Interest Received	(39.01)	(38.53)
<b>Operating Profit before Working Capital Changes</b>	<b>900.42</b>	<b>756.86</b>
Adjustments for :		
Trade and Other Receivables	(1521.19)	(101.93)
Inventories	153.14	(104.28)
Trade and Other Payables	860.80	(14.84)
<b>Cash Generated from Operations</b>	<b>393.17</b>	<b>535.80</b>
Direct Tax Paid	(3.75)	(2.24)
<b>Net Cash Flow from Operating Activities</b>	<b>389.42</b>	<b>533.56</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets including Capital WIP	(985.50)	(517.13)
Proceeds from Sale of Fixed Assets	-	1.57
Proceeds from Sale of Investment	-	0.42
Investment in Equity Shares	(0.57)	-
Foreign Currency Translation Reserve	24.47	17.49
<b>Net Cash Flow used in Investing Activities</b>	<b>(961.61)</b>	<b>(497.65)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Additions/ (Repayments) of Loans	1484.24	435.77
Interest Received	39.01	38.53
Interest Paid	(558.13)	(455.95)
<b>Net Cash Flow from Financing Activities</b>	<b>965.12</b>	<b>18.35</b>
<b>Net Increase/ (Decrease) in Cash and Cash Equivalents</b>	<b>392.93</b>	<b>54.26</b>
Cash and Cash Equivalents at the beginning of the year	645.26	591.00
Cash and Cash Equivalents at the end of the year	1038.19	645.26
<b>Net Increase/ (Decrease) in Cash and Cash Equivalents</b>	<b>392.93</b>	<b>54.26</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 No. 17.

As per our report of even date

For and on behalf of the Board of Directors

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

**C. S. Kameswaran**  
Managing Director

**Salil Taneja**  
Chairman

**B. R. Taneja**  
Director

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

**Priya Nair**  
Company Secretary

Pune, May 28, 2014

Pune, May 28, 2014

**Notes to Consolidated Financial Statement for the year ended March 31, 2014**

**1. SHARE CAPITAL**

(Rs. in Lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
<b>Authorised Capital</b>		
4,00,00,000 (Previous Year 4,00,00,000) Equity Shares of Rs. 5/- each	2,000.00	2,000.00
10,00,000 (Previous Year 10,00,000) 15% Redeemable cumulative preference shares of Rs. 50/- each	500.00	500.00
	2,500.00	2,500.00
<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	1,246.54	1,246.54

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

Particulars	As at March 31, 2014		As at March 31, 2013	
	No. of shares	Rs. in Lakhs	No. of shares	Rs. in Lakhs
Equity Shares at the beginning of the year	2,49,30,736	1246.54	2,49,30,736	1246.54
Equity Shares issued during the year	-	-	-	-
Equity shares bought back during the year	-	-	-	-
Equity Shares outstanding at the end of the year	2,49,30,736	1246.54	2,49,30,736	1246.54

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

Name of the Shareholders	As at March 31, 2014		As at March 31, 2013	
	No. of shares	% holding	No. of shares	% holding
Indian Seamless Enterprises Limited	1,09,64,620	43.98	1,04,79,620	42.03
Vishkul Leather Garments Private Limited	16,89,179	6.78	16,89,179	6.78

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

The Company has only one class of issued share having par value of Rs.5/- each. Holder of Equity Share is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts, in proportion to their shareholding.

# Taneja Aerospace and Aviation Limited

## Notes to Consolidated Financial Statement for the year ended March 31, 2014 (Contd.)

### 2. RESERVES AND SURPLUS

(Rs. in Lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
<b>Capital Reserve</b>		
Balance as at the beginning and as at the end of the year	5.80	5.80
<b>Securities Premium Account</b>		
Balance as at the beginning and as at the end of the year	6600.75	6600.75
<b>Foreign Currency Translation Reserve</b>		
Balance as at the beginning of the year	103.85	86.36
Add: Effect of foreign exchange rate variations during the year	24.47	17.49
Balance as at the end of the year	128.31	103.85
<b>General Reserve</b>		
Balance as at the beginning and as at the end of the year	1271.86	1271.86
<b>Surplus in Statement of Profit and Loss</b>		
Balance as at the beginning of the year	1554.66	1578.25
Add: Net Profit after tax transferred from Statement of Profit and Loss	(123.30)	(23.59)
Balance as at the end of the year	1431.37	1554.66
	<b>9438.09</b>	<b>9536.91</b>

### 3. LONG TERM BORROWINGS

(Rs. in Lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
<b>Secured Loans:</b>		
Term Loan from Bank	3077.87	1754.35
Less: Current Maturities (Refer Note No. 9)	535.22	349.19
	<b>2542.65</b>	<b>1405.16</b>

#### 3.1 Maturity Profile of Secured Term loans from bank

(Rs. in Lakhs)

Particulars	Maturity Profile			
	1-2 years	2-3 years	3-4 years	Beyond 4 years
Term Loans	441.63	501.12	568.32	1031.57

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

The Term Loan from Bank outstanding as on 31st March, 2014 amounting to Rs. 1.46 Crores (including Current Maturities of Long Term Borrowings) is secured by a first charge on assets created out of TL – Building Rs. 4.60 Crores and Plant and Machinery Rs. 10.48 Crores of the Company and second charge on specific free hold lands to the extent of 26.87 acres and construction thereon of the Company at Belagondapalli Village, Thally Road, Denkanikottai Taluk, Krishnagiri District, Belagondapalli – 635114, Tamil Nadu.

The Term Loan from Bank outstanding as on 31st March, 2014 amounting to Rs. 12.95 Crores (including Current Maturities of Long Term Borrowings) is secured by a first charge on assignment of Hangar-1 rental/receivables from M/s. Airworks India (Engineering) Private Limited and specific free hold lands to the extent of 36.93 acres of land and development thereon of the Company at Belagondapalli Village, Thally Road, Denkanikottai Taluk, Krishnagiri District, Belagondapalli – 635114, Tamil Nadu. Second Pari Passu Charge is created on other fixed assets (both movable and immovable) of the Company along with other consortium banks as collateral security.

The Term Loan from Bank outstanding as on 31st March, 2014 amounting to Rs. 16.37 Crores (including Current Maturities of Long Term Borrowings) is secured by a first charge on assignment of Hangar-2 rental/receivables from M/s. Airworks India (Engineering) Private Limited and specific free hold lands to the extent of 37.11 acres of land and development thereon of the Company at Belagondapalli Village, Thally Road, Denkanikottai Taluk, Krishnagiri District, Belagondapalli – 635114, Tamil Nadu.

**Notes to Consolidated Financial Statement for the year ended March 31, 2014 (Contd.)**

**4. DEFERRED TAX LIABILITIES (NET) (Rs. in Lakhs)**

Particulars	As at March 31, 2014	As at March 31, 2013
<b>Deferred Tax Liabilities :</b>		
Difference in net book value of fixed assets as per books and tax laws	581.97	564.38
Deferred Tax Asset *	-	-
<b>Net Deferred Tax Liability *</b>	<u>581.97</u>	<u>564.38</u>

\* Deferred tax calculation results in to working of deferred tax assets as at March 31, 2014. However as a matter of prudence, the Company has not recognised deferred tax asset and continues to carryover deferred tax liability.

**5. OTHER LONG TERM LIABILITIES (Rs. in Lakhs)**

Particulars	Non- Current	
	As at March 31, 2014	As at March 31, 2013
Deposit from Customers	848.03	565.22
	<u>848.03</u>	<u>565.22</u>

**6. LONG TERM PROVISIONS (Rs. in Lakhs)**

Particulars	As at March 31, 2014	As at March 31, 2013
<b>Provision for Employee Benefits (Refer Note No. 38)</b>		
Gratuity	92.99	78.47
Leave Encashment	51.49	46.64
	<u>144.48</u>	<u>125.11</u>

**7. SHORT TERM BORROWINGS (Rs. in Lakhs)**

Particulars	As at March 31, 2014	As at March 31, 2013
<b>Secured Loans :</b>		
Working Capital Borrowing from Banks	1700.06	1144.33
	<u>1700.06</u>	<u>1144.33</u>
<b>Unsecured Loans:</b>		
Loans and Advances from Related Party (Inter Corporate Deposit) (Refer Note No. 37)	655.00	1050.00
	<u>655.00</u>	<u>1050.00</u>
	<u>2355.06</u>	<u>2194.33</u>

**7.1 Details of Securities and other terms**

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

**8. TRADE PAYABLES (Rs. in Lakhs)**

Particulars	As at March 31, 2014	As at March 31, 2013
Micro, Small and Medium Enterprises (Refer Note No. 46)	-	-
Other Trade Payables	687.47	527.26
	<u>687.47</u>	<u>527.26</u>

Dues to Micro, Small and Medium Enterprises have been determined to the extent such parties have been identified on the basis of intimation received from the "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006.

# Taneja Aerospace and Aviation Limited

## Notes to Consolidated Financial Statement for the year ended March 31, 2014 (Contd.)

### 9. OTHER CURRENT LIABILITIES

(Rs. in Lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
Current Maturities of Long Term Borrowings (Refer Note No. 3)	535.22	349.19
Advance from Customers	65.22	12.08
Statutory Liabilities	247.06	124.05
Employee Related Liabilities	150.32	102.52
Expenses Payable	49.04	55.75
Other Liabilities	194.44	51.43
	<u>1241.30</u>	<u>695.02</u>

### 10. SHORT TERM PROVISIONS

(Rs. in Lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
Provision For Audit Fees	8.87	6.42
Provision For Taxes	153.61	134.69
Provision for Other Expenses*	35.91	-
	<u>198.39</u>	<u>141.11</u>

\* Provision for Other Expenses include provisions related to travelling expenses, onsite expenses, rent escalation, etc.

### 11. FIXED ASSETS

(Rs. in Lakhs)

Nature of Assets	GROSS BLOCK (AT COST)				DEPRECIATION /AMORTISATION				NET BLOCK	
	As at April 1, 2013	Additions	Deductions/ Adjustments	As at March 31, 2014	As at April 1, 2013	For The Year	Deductions/ Adjustments	As at March 31, 2014	As at March 31, 2014	As at March 31, 2013
<b>TANGIBLE ASSETS:</b>										
Freehold Land	6274.80	-	-	6274.80	-	-	-	-	6274.80	6274.80
Building	1259.61	1091.63	-	2351.24	439.47	51.03	-	490.51	1860.74	820.14
Plant & Machinery	6107.90	117.54	-	6225.44	2412.80	272.92	-	2685.72	3539.72	3695.10
Office Equipment	384.35	110.27	-	494.62	156.77	102.00	-	258.77	235.84	227.58
Furniture & Fixture	93.80	-	-	93.80	78.84	2.71	-	81.55	12.25	14.95
Computer - Hardware	51.55	90.70	-	142.24	16.38	31.59	-	47.97	94.27	35.16
Vehicles	41.14	-	-	41.14	25.96	4.03	-	29.99	11.15	15.18
<b>Total</b>	<b>14213.13</b>	<b>1410.13</b>	<b>-</b>	<b>15623.27</b>	<b>3130.23</b>	<b>464.28</b>	<b>-</b>	<b>3594.51</b>	<b>12028.76</b>	<b>11082.91</b>
Previous Year	14126.14	96.16	9.17	14213.13	2776.49	361.4	7.66	3130.23	11082.91	11349.65
<b>CAPITAL WORK-IN-PROGRESS (AT COST)</b>									<b>As at March 31, 2014</b>	<b>As at March 31, 2013</b>
(a) Building									337.60	684.52
(b) Plant and Machinery									138.58	216.80
(c) Advance for Land (Refer Note No. 43)									645.50	645.00
<b>Total</b>									<b>1121.68</b>	<b>1546.31</b>

### 12. NON CURRENT INVESTMENTS

(Rs. in Lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
<b>Unquoted, at cost fully paid up Investment in Equity Shares</b>		
<b>A. Associate Company</b>		
(i) TAAL Aerosystems Private Limited *	0.75	-
7,500 Shares (Previous Year 7,500) of Rs. 10/- each		
Share of post acquisition Reserves and Surplus	(0.13)	-
Share of current year loss	(0.05)	-
	<u>0.57</u>	<u>-</u>

\*Earlier the company was a subsidiary (75% Holding) of TAAL (the Parent Company). Consequent to additional allotment of shares to new shareholders as on July 4th, 2013, the company ceases to be a subsidiary of TAAL effective same date. Currently it is an Associate (30% Holding) of TAAL.

**Notes to Consolidated Financial Statement for the year ended March 31, 2014 (Contd.)**

**13. LONG TERM LOANS AND ADVANCES**

(Rs. in Lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
<b>Unsecured and Considered Good</b>		
Security Deposits	73.24	-
	<u>73.24</u>	<u>-</u>

**14. OTHER NON CURRENT ASSETS**

(Rs. in Lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
Aircraft Purchase Option (Refer Note No. 32)	167.06	201.62
	<u>167.06</u>	<u>201.62</u>

**15. INVENTORIES (As taken, valued and certified by the Management)**

(Rs. in Lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
Raw Material and Components	126.75	232.39
Work-In-Progress	296.75	344.25
	<u>423.50</u>	<u>576.64</u>

For mode of valuation of each class of inventories, Refer Note No. 27.4

**16. TRADE RECEIVABLES**

(Rs. in Lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
Unsecured debts outstanding for a period exceeding six months		
(i) Considered good	483.22	218.20
(ii) Considered doubtful	2.98	8.07
	<u>486.19</u>	<u>226.27</u>
Less: Provision for doubtful debts	2.98	8.07
	<u>483.22</u>	<u>218.20</u>
Other unsecured debts (considered good)	1638.32	1424.56
	<u>2121.54</u>	<u>1642.76</u>



# Taneja Aerospace and Aviation Limited

## Notes to Consolidated Financial Statement for the year ended March 31, 2014 (Contd.)

### 17. CASH AND BANK BALANCES

(Rs. in Lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
<b>Cash and cash equivalents</b>		
Balance with banks in current accounts	344.21	420.37
Balance with bank in deposit (Less than 3 months maturity)	500.86	-
Cash in hand	3.34	6.48
<b>Other bank balances</b>		
Margin money deposits with banks (More than 3 months maturity)	189.78	218.41
	<u>1038.19</u>	<u>645.26</u>

### 18. SHORT TERM LOANS AND ADVANCES

(Rs. in Lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
<b>Unsecured and Considered Good</b>		
Inter Corporate Deposits	1103.41	-
Balance with Revenue Authorities	875.32	813.69
Loans and Advances to Related Parties (Refer Note No. 37)	34.36	-
Advance to Suppliers	75.81	271.02
Prepaid Expenses	55.54	68.39
Sundry Deposits	27.39	89.96
Advance to Employees	42.27	12.27
Service Tax Input Credit	20.84	-
Other Receivables	15.82	-
	<u>2250.76</u>	<u>1255.33</u>

### 19. OTHER CURRENT ASSETS

(Rs. in Lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
Accrued Income	2.49	-
Unamortised Preliminary Expenses	0.50	0.66
Aircraft Purchase Option (Refer Note No. 32)	55.69	50.41
	<u>58.67</u>	<u>50.41</u>

**Notes to Consolidated Financial Statement for the year ended March 31, 2014 (Contd.)**

**20. REVENUE FROM OPERATIONS**

(Rs. in Lakhs)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
<b>Sales – Aviation</b>		
Gross Sales	1316.61	919.72
Less: Excise Duty	<u>31.45</u>	<u>25.67</u>
Net Sales	1285.16	894.05
<b>Services – Aviation</b>		
Conversion Charges	1332.28	1117.76
Charter Income	811.68	659.14
Rental Services	678.46	612.84
Sales Commission	-	0.12
Training & Other Services	88.55	87.00
<b>Engineering Design Services</b>	<u>4031.38</u>	<u>1995.73</u>
	<u><u>8227.52</u></u>	<u><u>5366.64</u></u>

**21. OTHER INCOME**

(Rs. in Lakhs)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Interest Income	39.01	38.53
Miscellaneous Income (Refer Note No. 33)	<u>21.77</u>	<u>17.28</u>
	<u><u>60.78</u></u>	<u><u>55.81</u></u>

**22. COST OF MATERIAL CONSUMED (Refer Note No. 40 [a])**

(Rs. in Lakhs)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Opening Stock of Raw Material and Components	232.39	289.63
Add: Purchases during the year	1431.89	681.35
Less: Closing Stock of Raw Material and Components	<u>126.75</u>	<u>232.39</u>
<b>Consumption of Raw Material and Components</b>	<u><u>1537.53</u></u>	<u><u>738.59</u></u>

**23. CHANGES IN INVENTORY OF WORK-IN-PROGRESS**

(Rs. in Lakhs)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Closing Stock of Work-In-Progress	<u>296.75</u>	<u>344.25</u>
	296.75	344.25
Opening Stock of Work-In-Progress	<u>344.25</u>	<u>182.73</u>
	344.25	182.73
<b>(Increase) / Decrease in Inventory</b>	<u><u>47.51</u></u>	<u><u>(161.52)</u></u>

# Taneja Aerospace and Aviation Limited

## Notes to Consolidated Financial Statement for the year ended March 31, 2014 (Contd.)

### 24. OPERATIONAL AND OTHER EXPENSES

(Rs. in Lakhs)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Charter Expenses :		
Aircraft Fuel Charges	152.50	136.09
Aircraft Lease Rent (Refer Note No. 31)	344.14	303.07
Rent - Flight Parking & Equipment	15.84	14.03
Other Aircraft Operating Expenses	128.71	78.43
Power & Fuel Expenses	112.64	131.34
Repairs and Maintenance Plant & Machinery	39.10	27.91
Repairs and Maintenance Building	11.86	12.41
Repairs and Maintenance Others	86.31	68.36
Selling Expenses	85.54	99.12
Rent	100.93	107.63
Rates & Taxes	22.00	48.28
Insurance	27.88	16.83
Travelling & Conveyance	512.63	368.88
Communication Expenses	44.98	36.65
Miscellaneous Expenses (Refer Note No. 34)	423.16	282.74
	<u>2108.23</u>	<u>1731.78</u>

### 25. EMPLOYEE BENEFITS EXPENSE

(Rs. in Lakhs)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Salaries and Wages	3457.99	2122.24
Contribution to Provident and Other Funds	81.35	87.13
Staff Welfare Expenses	113.81	107.69
	<u>3653.15</u>	<u>2317.06</u>

### 26. FINANCE COSTS

(Rs. in Lakhs)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
<b>Interest Expenses:</b>		
Working Capital Loan	169.17	140.46
Term Loans	233.97	46.29
Interest on Inter Corporate Deposits	115.21	254.58
	<u>518.34</u>	<u>441.33</u>
Less: Capitalised during the Year	55.16	66.72
	<u>463.18</u>	<u>374.61</u>
Other Finance Costs	94.96	81.34
	<u>558.13</u>	<u>455.95</u>

**Notes to Consolidated Financial Statement for the year ended March 31, 2014 (Contd.)**

**BASIS OF CONSOLIDATION**

The Consolidated Financial Statements relate to Taneja Aerospace and Aviation Limited “the Company”, its subsidiaries and its associate. The Company, its subsidiaries and the associate constitute the Group.

**NOTE 27: SIGNIFICANT ACCOUNTING POLICIES**

**27.1 Basis of Preparation of Consolidated Financial Statements**

The consolidated financial statements have been prepared on a going concern basis 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/ Companies Act, 2013.

Accounting policies not stated explicitly otherwise are consistent with generally accepted accounting principles in India.

**27.2 Principles of Consolidation**

The financial statements of the subsidiary companies and associate company used in consolidation are drawn up to the same reporting date as of the Company i.e. year ended March 31, 2014.

The consolidated financial statements have been prepared in accordance with Accounting Standard 21 “Consolidated Financial Statements” and Accounting Standard 23 “Accounting for Investments in Associates in Consolidated Financial Statements” on the following principles:

- (a) The financial statements of the Company and its subsidiary companies have been combined on a line by line basis by adding together the book value of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profit or losses.
- (b) The consolidated financial statements include the share of profit / loss of the associate company, which is accounted under the ‘Equity Method’ as per which the share of profit / loss of the associate company has been adjusted to the cost of investment. An associate is an enterprise in which the investor has significant influence and which is neither a subsidiary nor a joint venture.
- (c) Minority interest in the net income of consolidated subsidiaries for the reporting period has been identified and adjusted against the income of the group in order to arrive at the net income attributable to the group. Minority interest in the net assets of the consolidated subsidiaries have been identified and presented in the consolidated balance sheet separately from liabilities and equity of parent.
- (d) In case of foreign subsidiaries, being non-integral foreign operations, revenue items are consolidated at the average exchange rate prevailing during the period. Assets and liabilities are translated at the closing exchange rate prevailing at the end of the year. All resulting exchange differences arising on consolidation are recognized in the “Foreign Currency Translation Reserve”.
- (e) 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 on consolidation as the case may be.
- (f) The difference between the cost of investment in the associate and the share of net assets at the time of acquisition of shares in the associate is recognized in the financial statements as Goodwill or Capital Reserve as the case may be.
- (g) 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 except otherwise stated elsewhere in this schedule.
- (h) The following subsidiary companies including indirect subsidiary companies and associate company have been considered in the preparation of consolidated financial statements :

Sr No	Name of the Company	Relationship	Country of Incorporation	% ownership interest held by the parent as at March 31, 2014
1	Taal Tech India Private Limited	Subsidiary	India	100
2	First Airways Inc.	Subsidiary	USA	100
3	Taal Technologies Inc,	Subsidiary	USA	100
4	Taal Aerosystems Private Limited*	Associate	India	30

\*Earlier the company was a subsidiary (75% Holding) of TAAL (the Parent Company). Consequent to additional allotment of shares to new shareholders as on July 4th, 2013, the company ceases to be a subsidiary of TAAL effective same date. Currently it is an Associate (30% Holding) of TAAL.

**27.3 Use of Estimates**

The preparation of consolidated 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

# Taneja Aerospace and Aviation Limited

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## Notes to Consolidated Financial Statement for the year ended March 31, 2014 (Contd.)

(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 consolidated 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.

### 27.4 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 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 costs and factory overheads on technical estimate of percentage completed.

### 27.5 Depreciation

#### Parent Company

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 in Schedule XIV of the Companies Act, 1956. Depreciation on assets added/ disposed of during the year has been provided on pro rata basis with reference to the month of addition/disposal.

#### Taal Tech India Private Limited (Subsidiary)

Depreciation on tangible fixed assets is provided on Written Down Value Method at the rates prescribed in Schedule XIV of the Companies Act, 1956. Depreciation on assets added/disposed of during the year has been provided on pro rata basis with reference to the month of addition/disposal. Intangible assets are amortised over a period of three financial years starting with the year in which these assets are procured.

### 27.6 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) Rental Income from Hangar Utilisation is accounted based on agreement/ contract entered into with the third party.
- (d) Charter 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) Revenue from Engineering Design Services is priced on time and material basis and is recognised when the services are rendered and related costs are incurred.
- (g) Revenue on long term fixed price contracts for supply of certain sets of components and assemblies is recognised 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 progress.
- (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 interest rate applicable.

### 27.7 Leases

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

### 27.8 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 the Consolidated Statement of Profit and Loss in the year in which they are incurred.

### 27.9 Foreign Currency Transactions

- (a) Initial Recognition: Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction.

## Notes to Consolidated Financial Statement for the year ended March 31, 2014 (Contd.)

- (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 recognized as income or expense in the year in which they arise.
- (d) Non monetary foreign currency items such as investments are carried at cost.

### 27.10 Provision for Employee Benefits

- (a) Defined Contribution Plan

The Company makes defined contribution to Provident Fund and Superannuation Schemes, which are recognised as an expense in the Consolidated Statement of Profit and Loss on accrual basis.

- (b) Defined Benefit Plan

The Company's liabilities under Payment of Gratuity Act and Long Term Compensated Absences are determined on the basis of actuarial valuation made at the end of each financial year using the Projected Unit Credit Method, except for short term compensated absences, which are provided on actual basis. Actuarial gain and losses are recognised immediately in the Consolidated 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.

### 27.11 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 determined on the basis of taxable income and tax credits computed for each of the entities in the Group in accordance with the provisions of applicable tax laws of the respective jurisdiction where the entities are located.

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 is recognised on timing differences, being the difference between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws that have been enacted or substantively enacted as at the Balance Sheet date. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised if there is virtual certainty that there will be sufficient future taxable income available to realise such losses. Other deferred tax assets are recognised only to the extent there is a reasonable certainty that the asset will be realised in future.

### 27.12 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 acquisition & installation of the concerned assets. However, cost excludes Excise Duty, VAT & Service Tax, wherever credit of the duty or tax is availed of. Considering the nature of business activity, 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.

### 27.13 Impairment Of Assets

At each Balance Sheet date, the Group ascertains whether there is any impairment of the fixed assets based on internal/ external factors. 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.

### 27.14 Investments

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

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

### 27.15 Trade Receivables

Trade receivables are stated after writing off debts considered as bad. Adequate provision is made for debts considered doubtful.

# Taneja Aerospace and Aviation Limited

## Notes to Consolidated Financial Statement for the year ended March 31, 2014 (Contd.)

Bad Debts previously written off and recovered during the year is credited to the Consolidated Statement of Profit and Loss.

### 27.16 Aircraft Purchase Option

Aircraft purchase options are recorded at cost on the date of acquisition. Aircraft purchase option is amortised over its estimated useful life of 120 months or the legal life, whichever is lower with a mid quarter convention.

### 27.17 Segment Reporting

The Group is primarily engaged in manufacturing and selling of products and services connected with Aviation and also provides Engineering Design Services.

### 27.18 Contingencies and Events Occurring after the Date of Balance Sheet

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

### 27.19 Provisions, Contingent Liabilities and Contingent Assets

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

### 27.20 Earnings Per Share

The Basic and Diluted Earnings Per Share ("EPS") is computed by dividing the net profit or loss after tax for the year attributable to equity shareholders by weighted average number of equity shares outstanding during the year.

## 28. A) Contingent Liabilities

(Rs. in Lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
(a) Claims against the Company not acknowledged as debts:		
(i) Custom Duty	622.67	622.67
(ii) Service Tax	441.37	317.00
(iii) Excise Duty	103.97	-
(iv) Sales Tax	78.00	-

- Future Cash Flows in respect of the above, if any, is determined only on receipt of judgement/decisions pending with relevant authorities. The Group does not expect the outcome of matters stated above to have a material adverse effect on the Group's financial condition, result of operations or cash flows.

## B) Capital and Other Commitments:

(Rs. in Lakhs)

Particulars	As at March 31, 2014	As at March 31, 2013
(a) Capital Commitment towards the new project	83.00	531.57
(b) Bank Guarantees	1097.56	1664.03
(c) Indemnity issued to customers	918.8	1045.46
(d) EPCG Export sales obligation to be fulfilled	660.7	991.1

## Notes to Consolidated Financial Statement for the year ended March 31, 2014 (Contd.)

- 29** The Parent Company has capitalised the following expenses to New Project, in accordance with the accounting policy consistently followed

(Rs. in Lakhs)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
a. Personnel Expenses		
i) Managing Director's Salary	17.03	16.80
ii) Other Salary	24.03	14.80
b. Travelling Expenses	1.73	4.12
c. Interest	55.16	66.72
d. Other Expenses	5.90	9.58
	<u>103.86</u>	<u>112.02</u>

- 30** Computation of Earnings Per Share

(Rs. in Lakhs)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Profit/(Loss) after tax available for Equity Shareholders	(123.30)	(23.59)
Adjusted Weighted Average number of Equity Shares of nominal value of Rs. 5 each	2,49,30,376	2,49,30,376
Computation of EPS - Basic* (in Rs.)	(0.49)	(0.09)
*Diluted EPS is same as Basic EPS, as there are no outstanding potential equity shares as on date.		

- 31** During the year 2007-08, the Parent Company acquired an Aircraft on operating lease from an overseas lease finance company for the period of 120 months. The payments under lease for the future period are:

(Rs. in Lakhs)

Particulars	Amount in US \$	Equivalent in Rs.
Less than One Year	4.51	270.82
More than 1 Year and less than 5 Year	13.77	827.47
	<u>18.27</u>	<u>1098.30</u>

- 32** Aircraft Purchase Option

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

As per the agreement, First Airways Inc. has an option to purchase the Cessna Aircraft subject to aircraft lease on any monthly lease rental payment date or on the last day of the term of the lease. In the event this option is exercised, First Airways Inc. 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. First Airways Inc. 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 its balance sheet as follows :

Particulars	As at March 31, 2014		As at March 31, 2013	
	US \$ in Lakhs	Rs. in Lakhs	US \$ in Lakhs	Rs. in Lakhs
Aircraft Purchase Option - Non Current Portion	9.27	556.88	9.27	504.05
Less: Accumulated amortization	(6.49)	(389.81)	(5.56)	(302.43)
	<u>2.78</u>	<u>167.06</u>	3.71	201.62
Add: Aircraft Purchase Option - Current Portion	0.93	55.69	0.93	50.41
<b>Aircraft Purchase Option</b>	<u>3.71</u>	<u>222.75</u>	<u>4.63</u>	<u>252.02</u>



# Taneja Aerospace and Aviation Limited

## Notes to Consolidated Financial Statement for the year ended March 31, 2014 (Contd.)

Since, the payment for Aircraft Purchase Option is a sunk cost and non refundable irrespective of whether the option is exercised or not, in preparation of consolidated financial statements of TAAL, the entire payment of around Rs. 2,22,74,942 ( US \$ 3,70,693) for Aircraft Purchase Option (Current as well as Non Current Portion) has been considered as “Deferred Revenue Expenditure” to be written off over the lease period of 120 months.

Further, based on the legal opinion obtained by the Parent Company, the lease transaction has been accounted by the Parent Company as an “Operating Lease”. The monthly operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight line basis over the lease term. The same is grouped under the head of ‘Charter Expenses’.

### 33 Miscellaneous Income Includes: (Rs. in Lakhs)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
a. Profit on Sale of Assets	-	0.42
b. Profit on Sale of Investment	-	0.20
c. Miscellaneous Income	2.46	1.37
d. Agriculture Income	12.35	13.87
e. Sundry Creditors Written Back	6.96	1.42
	<u>21.77</u>	<u>17.28</u>

### 34 Miscellaneous Expenses Includes: (Rs. in Lakhs)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
a. Sitting Fees	3.90	4.10
b. Office & Other Administrative Expenses	291.36	172.29
c. Legal, Professional & Consultancy Charges	111.35	93.31
d. Bad Debts	47.33	-
e. Exchange Fluctuation Loss / (Gain) [Net]	(38.73)	7.19
f. Preliminary Expenses Written Off	0.17	0.00
g. Auditors Remuneration :		
Audit Fees	4.50	3.50
Tax Audit Fees	1.75	1.00
Fees for Other Services	1.05	1.05
Out of Pocket Expenses/Travelling	0.23	0.31
Cost Audit Fees	0.25	-
	<u>423.16</u>	<u>282.74</u>

### 35 Details of Managerial Remuneration : (Rs. in Lakhs)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Remuneration (Salary + Professional Allowance)	* 64.67	* 19.20
Perquisites & Allowances	6.68	3.20
Provident Fund	3.36	1.44
Superannuation	1.88	1.80
Incentives	8.93	-
	<u>85.51</u>	<u>25.64</u>

\* Including the part amount capitalised

The above figures do not include contribution to gratuity fund and provision for leave encashment as separate figures are not ascertainable for the Managerial Personnel.

a) The Board of Directors of ‘Taneja Aerospace and Aviation Ltd’ at its meeting dated November 30, 2013 had re-appointed Mr. C S Kameswaran as Whole Time Director designated as Managing Director of the Company with effect from December 1,

**Notes to Consolidated Financial Statement for the year ended March 31, 2014 (Contd.)**

2013 up to November 30, 2014. The said appointment is subject to the approval of the shareholders of the Company at the forthcoming Annual General Meeting. The remuneration paid to him is within the limits specified under section 198/349 read together with Schedule XIII of the Companies Act, 1956.

- b) The Members of 'Taal Tech India Private Limited' at its Annual General Meeting dated December 31, 2013 had appointed Mr. Prakash Saralaya as a Whole Time Director designated as Chief Executive Officer with effect from August 1, 2013 up to July 31, 2016. The remuneration paid to him is in excess of the limits specified under section 198/349 read together with Schedule XIII of the Companies Act, 1956 and is subject to approval of the Central Government. The Company has applied to the Central Government vide letter dated March 24, 2014 and the approval is awaited.

**36 Details of Prior Period items :**

**(Rs. in Lakhs)**

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Prior Period Expenses	2.46	0.57

**37 Disclosure in respect of Related Parties pursuant to Accounting Standard 18**

Relationship	Name of the Related Party
<b>a. Associate Companies</b>	ISMT Ltd Indian Seamless Enterprises Ltd TAAL Aerosystems Private Ltd
<b>b. Key Management Personnel</b>	Mr. Salil Taneja (Chairman of Taneja Aerospace and Aviation Ltd) Mr. C S Kameswaran (Managing Director of Taneja Aerospace and Aviation Ltd) Mr. Prakash Saralaya (Whole Time Director of Taal Tech India Pvt Ltd)

**Transactions/ Balances with Related Parties:**

**(Rs. in Lakhs)**

Particulars	Associates	Key Management Personnel
Inter-Corporate Deposit Received during the year	<b>656.42</b> (1,645.00)	- (-)
Inter-Corporate Deposit Given during the year	<b>60.00</b> (25.00)	- (-)
Loan Received during the Year	- (-)	<b>15.00</b> (-)
Aircraft Hiring Charges	<b>240.00</b> (240.00)	- (-)
Sale of Material	<b>20.40</b> (69.00)	- (-)
Sitting Fees	- (-)	<b>0.40</b> (0.70)
Interest Paid	<b>115.21</b> (254.58)	- (-)
Managerial Remuneration	- (-)	<b>85.51</b> (25.64)
Balance Payable as at year end	<b>843.51</b> (1,101.41)	- (-)
Balance Receivable as at year end	<b>34.36</b> (-)	- (-)

(Figures in brackets relate to previous year)

# Taneja Aerospace and Aviation Limited

## Notes to Consolidated Financial Statement for the year ended March 31, 2014 (Contd.)

38 The Accounting Standard 15 (Revised 2005) on "Employee Benefits" has been adopted by TAAL (Parent Company) and its wholly owned subsidiary 'Taal Tech India Private Limited'.

**a. Defined Contribution Plan :**

The Company has recognised the following amount as an expense and included under the head "Personnel Cost".

(Rs. in Lakhs)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Employer's Contribution to Provident Fund, Family Pension Fund and Other Funds	78.05	56.67

**b. Defined Benefit Plan as per Actuarial Valuation :**

I. Changes in present value of Defined Benefit Obligations :

(Rs. in Lakhs)

Gratuity (Funded)	Year ended March 31, 2014	Year ended March 31, 2013
Present Value of Obligations as at 1st April, 2013 (1st April, 2012)	91.37	84.91
Current Service Cost	19.18	15.56
Interest Cost	7.46	6.80
Past Service Cost	-	-
Actuarial (gain)/loss	(11.03)	(6.16)
Benefits Paid	(0.72)	(9.75)
Present Value of Obligations as at 31st March, 2014 (31st March, 2013)	<u>106.26</u>	<u>91.37</u>
<b>Leave Encashment (Non Funded)</b>		
Present Value of Obligations as at 1st April, 2013 (1st April, 2012)	46.00	48.49
Current Service Cost	14.50	12.07
Interest Cost	3.35	3.40
Past Service Cost	-	-
Actuarial (gain)/loss	(1.95)	(0.28)
Benefits Paid	(10.40)	(17.05)
Present Value of Obligations as at 31 <sup>st</sup> March, 2014 (31 <sup>st</sup> March, 2013)	<u>51.49</u>	<u>46.64</u>

II. 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.

III. Amounts recognized in the Balance Sheet in respect of:

(Rs. in Lakhs)

Particulars	Gratuity Funded		Leave Encashment (Non Funded)	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Present Value of Obligation as at 31st March, 2014 (31st March, 2013)	106.26	91.37	51.49	46.64
Less: Funded with LIC	13.27	12.90	-	-
<b>Net Liability</b>	<u>92.99</u>	<u>78.47</u>	<u>51.49</u>	<u>46.64</u>

Notes to Consolidated Financial Statement for the year ended March 31, 2014 (Contd.)

IV. Expenses recognised in the Statement of Profit & Loss (under the head "Personnel Cost") (Rs. in Lakhs)

Particulars	Gratuity Funded		Leave Encashment (Non Funded)	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Current Service Cost	19.18	15.56	14.50	12.07
Interest Cost	7.46	6.80	3.35	3.40
Past Service Cost	-	-	-	-
Actuarial (gain)/ loss	(11.03)	(6.16)	(1.95)	(0.28)
Expenses recognised in the Statement of Profit and Loss	<b>15.61</b>	16.20	<b>15.89</b>	15.19

V. Principal Actuarial Assumptions used as at the Balance Sheet date : (Rs. in Lakhs)

Particulars	Gratuity Funded		Leave Encashment (Non Funded)	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Discount rate	8.20% - 9.20%	8.20%	8.20% - 9.20%	8.20%
Expected rate of return on Plan Assets	5.29% - 6.54%	6.54%	5.29% - 6.54%	6.54%
Salary Escalation rate	12.46% - 13.54%	13.54%	12.46% - 13.54%	13.54%

39 Segment Reporting

(Rs. in Lakhs)

Particulars	Aviation	Engg Design Service	Total 2013-14	Aviation	Engg Design Service	Total 2012-13
<b>a. Segment Revenue</b>						
Segmental Revenue from External Sales and Services	4196.14	4031.38	8227.52	3370.91	1995.73	5366.64
Unallocable Revenue			60.78			55.81
<b>Total Revenue</b>	<b>4196.14</b>	<b>4031.38</b>	<b>8288.30</b>	3370.91	1995.73	5422.45
<b>b. Segment Result</b>						
<b>Profit/(Loss) before Finance Cost, Extraordinary Items and Taxation</b>	<b>89.99</b>	<b>387.61</b>	<b>477.61</b>	475.62	(40.47)	435.15
Less: Finance Charges			558.13			455.95
Less: Extraordinary Items			2.46			0.57
Profit/ (Loss) before Taxation			(82.99)			(21.37)
Less: Tax Expenses			40.26			2.24
<b>Profit/ (Loss) after Taxation</b>			<b>(123.25)</b>			<b>(23.62)</b>
<b>c. Other Information</b>						
Segment Assets	15194.41	1342.07	16536.48	15003.47	690.67	15694.14
Unallocable Assets			2747.50			1307.10
<b>Total Assets</b>			<b>19283.98</b>			<b>17001.24</b>
Segment Liabilities	1775.89	466.44	2242.33	1251.91	266.72	1518.62
Unallocable Liabilities			6357.02			4699.17
<b>Total Liabilites</b>			<b>8599.35</b>			<b>6217.79</b>
Capital Employed			10684.62			10783.45
<b>d. Cost Incurred for Acquiring</b>						
Assets	1211.25	198.89	1410.13	59.56	36.60	96.16
Segment Depreciation	342.12	122.16	464.28	332.91	28.49	361.40



**Notes to Consolidated Financial Statement for the year ended March 31, 2014 (Contd.)**

41 The Group has not hedged its Foreign Currency Exposure outstanding as on 31st March, 2014 as per the policy consistently followed.

Foreign Currency Exposure not hedged as at March 31, 2014:

(Rs. in Lakhs)

Particulars	Foreign Currency	Exchange Rate	Amount
<b>PAYABLE</b>			
<b>Expenses Payable</b>			
USD	0.56	60.09	<b>33.37</b>
EUR	0.60	82.58	<b>49.88</b>
NOK	0.01	10.05	<b>0.10</b>
<b>Lease Rent Payable</b>			
USD	1.72	60.09	<b>103.10</b>
			<b>186.45</b>
<b>RECEIVABLE</b>			
<b>Debtors Receivable</b>			
USD	9.94	60.09	<b>597.56</b>
EUR	1.36	82.58	<b>111.97</b>
NOK	19.19	10.05	<b>192.83</b>
CAD	0.11	54.35	<b>5.89</b>
<b>Bank Balances</b>			
USD	0.27	60.09	<b>16.47</b>
			<b>924.72</b>

42 The shareholders of TAAL (the Parent Company) by way of postal ballot passed a resolution dated 5th August, 2013 approving the transfer of Assets and Liabilities of TAAL's Engineering Services Division to its 100% subsidiary 'TAAL Tech India Pvt Ltd', with effect from 1st August, 2013. Accordingly, related Assets and Liabilities have been transferred at their book values.

43 Katra Auto Engineering Pvt Ltd (Katra) purchased land for TAAL (Parent Company) out of interest free advance of Rs. 645.50 Lakhs provided by TAAL. The Board of Directors of TAAL in its meeting held on 28th May, 2014 approved in principle, to make Katra a 100% Subsidiary of TAAL. The above advance given continues to be shown as capital work in progress.

44 The audited/unaudited financial statements of foreign subsidiaries have been prepared in accordance with the Generally Accepted Accounting Principle of its country of incorporation or International Financial Reporting Standards. The differences in accounting policies of the Parent Company and its subsidiaries/associates are not material.

45 The balances in Debtors and Creditors accounts are subject to confirmations.

46 As informed to us by the Management, the Group owes no dues, which are outstanding as at 31st March, 2014 to any 'Micro, Small And Medium Enterprises' as required under "Micro, Small And Medium Enterprises Development Act 2006".

47 In the Opinion of the Board, adequate steps are taken to make sufficient provision for all liabilities.

48 Current Assets, Loans and Advances are of the value stated if realised in the ordinary course of business.

49 Previous year figures have been regrouped and reclassified wherever necessary to conform to the current year classification.

As per our report of even date

For and on behalf of the Board of Directors

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

**C. S. Kameswaran**  
Managing Director

**Salil Taneja**  
Chairman

**B. R. Taneja**  
Director

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

**Priya Nair**  
Company Secretary

Pune, May 28, 2014

Pune, May 28, 2014







**Book - Post**

***Taneja Aerospace and Aviation Limited*** 

adityacreative1@gmail.com

*If undelivered please return to :*

**Sharepro Services (India) Pvt. Ltd.**

Unit : Taneja Aerospace And Aviation Limited  
3, Chintamani Apartments, Lane No. 13, Off V. G. Kale Path,  
824/D, Bhandarkar Road, Pune 411 004.  
Ph. No. : (020) 25662855

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# Taneja Aerospace and Aviation Limited

Regd Office: Belagondapalli Village, Thally Road, Denkanikottai Taluk, Krishnagiri Dist.  
Belagondapalli – 635114, Tamil Nadu. Phone: 04347- 233508, Fax : 04347-233414,  
E-mail: secretarial@taal.co.in, Website : www.taal.co.in

CIN: L62200TZ1988PLC014460

## NOTICE

NOTICE is hereby given that the Twenty-fifth Annual General Meeting of the Members of Taneja Aerospace and Aviation Limited will be held on Tuesday, December 30, 2014 at 2.00 P.M. at the Registered Office of the Company at Belagondapalli Village, Thally Road, Denkanikottai Taluk, Krishnagiri District, Belagondapalli - 635114, Tamil Nadu to transact the following business:

### Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2014, the Statement of Profit & Loss for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Salil Taneja (DIN: 00328668), who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

“**RESOLVED THAT** pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, Hareesh Upendra & Co., Chartered Accountants (Firm Registration No.103513W) be and are hereby appointed as Statutory Auditors of the Company, to hold office for a period of 1 (one) year from the conclusion of this Annual General Meeting until the conclusion of 26<sup>th</sup> Annual General Meeting of the Company, on such remuneration as shall be fixed by the Board of Directors.”

### Special Business:

4. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an **Ordinary Resolution:**

“**RESOLVED THAT** pursuant to Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (‘the Act’) and the Rules made thereunder read with Schedule IV of the Act, Mr. R. Poornalingam (DIN : 00955742) who was appointed as an Additional Director of the Company by the Board of Directors with effect from November 13, 2014 and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment and holds office up to the date of this Annual General Meeting in terms of Section 161 (1) of the Act and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, to hold office for a period of 2 (two) consecutive years from this Annual General Meeting until the conclusion of the 27<sup>th</sup> Annual General Meeting of the Company or December 29, 2016, whichever is earlier and that he shall not be liable to retire by rotation.”

5. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an **Ordinary Resolution:**

“**RESOLVED THAT** pursuant to Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (‘the Act’) and the Rules made thereunder read with Schedule IV of the Act, Mr. Nirmal Chandra (DIN : 00352214) who was appointed as an Additional Director of the Company by the Board of Directors with effect from November 13, 2014 and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment and holds office up to the date of this Annual General Meeting in terms of Section 161 (1) of the Act and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, to hold office for a period of 2 (two) consecutive years from this Annual General Meeting until the conclusion of the 27<sup>th</sup> Annual General Meeting of the Company or December 29, 2016, whichever is earlier and that he shall not be liable to retire by rotation.”

6. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a **Special Resolution:**

“**RESOLVED THAT** pursuant to Section 196 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (‘the Act’) and Rules made thereunder (including any statutory modifications or re-enactment(s) thereof, for time being in force) and pursuant to the Articles of Association of the Company, approval of the Central Government, if required, and such other approvals, permissions and sanctions as may be required, consent of the Company, be and is hereby accorded to the re-appointment of Mr. C. S. Kameswaran (DIN : 00553423) as a Whole Time Director of the Company designated as the Managing Director, for a period of 1 (One) year with effect from December 01, 2013 upto November 30, 2014 on the terms and conditions including remuneration and perquisites as set out in the Explanatory Statement pursuant to Section 102 (1) of the Act annexed to the Notice convening this meeting with the liberty to the Board of Directors (hereinafter referred to as ‘the Board’, which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to alter and vary the terms and conditions of the re-appointment and / or remuneration, subject to the same not exceeding the limits specified in Section 197 read with Schedule V of the Act including any statutory modification(s) or re-enactment thereof, for the time being in force.

**RESOLVED FURTHER THAT** when re-elected as director on account of retirement by rotation, such re-election of Mr. C. S. Kameswaran as a Director, shall not be deemed to

## AGM Notice 2013-14

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constitute a break in his appointment as a Whole Time Director and upon re-election shall continue to hold office of Whole Time Director as hitherto.

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

7. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (‘the Act’) and the Rules made thereunder read with Schedule IV of the Act, Mr. S.M.Kapoor (DIN : 05266290) who was appointed as an Additional Director of the Company by the Board of Directors with effect from December 1, 2014 and who is eligible for appointment and holds office up to the date of this Annual General Meeting in terms of Section 161 (1) of the Act and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

8. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a **Special Resolution**:

“**RESOLVED THAT** in accordance with the provisions of Section 196 read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 (‘the Act’) and Rules made thereunder (including any statutory modifications or re-enactment(s) thereof, for time being in force) and pursuant to the Articles of Association of the Company, approval of the Central Government, if required, and such other approvals, permissions and sanctions as may be required, consent of the Company, be and is hereby accorded to the appointment of Mr. S.M. Kapoor (DIN : 05266290) as a Whole Time Director of the Company designated as Managing Director, for a period of 2 (Two) years with effect from December 01, 2014 upto November 30, 2016 on the terms and conditions including remuneration and perquisites as set out in the Explanatory Statement pursuant to Section 102(1) of the Act annexed to the Notice convening this meeting with the liberty to the Board of Directors (hereinafter referred to as ‘the Board’, which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to alter and vary the terms and conditions of appointment and / or remuneration, subject to the same not exceeding the limits specified in Section 197 read with Schedule V of the Act including any statutory modification(s) or re-enactment thereof, for the time being in force.

**RESOLVED FURTHER THAT** when re-elected as director on account of retirement by rotation, such re-election of Mr. S.M. Kapoor as a Director, shall not be deemed to constitute a break in his appointment as a Whole Time Director and upon re-election shall continue to hold office of Whole Time Director as hitherto.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds, matters and things as

may be considered necessary and desirable to give effect to this Resolution.”

9. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the Board of Directors of the Company (‘the Board’, which term shall include any committee which the Board may constitute to exercise its powers including the powers conferred under this resolution) to borrow sum(s) of monies, from time to time, where the monies to be borrowed, together with the monies already borrowed by the Company, (apart from temporary loans obtained from the Company’s Bankers in the ordinary course of business) may exceed, at any time upto the aggregate of the paid up capital of the Company and its free reserves (that is to say, reserves not set apart for any specific purpose) provided that the total amount so borrowed shall not at any time exceed Rs. 150 Crore (Rupees One Hundred and Fifty Crore Only) and that the Board be and is hereby empowered and authorised to arrange or fix the terms and conditions of all such moneys borrowed/ to be borrowed, from time to time, as to interest, repayment, security or otherwise howsoever as it may deem fit, as also to execute all such deeds and documents as may be necessary, usual or expedient for this purpose.

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

10. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the Members be and is hereby accorded to the Board of Directors of the Company (‘the Board’, which term shall include any committee which the Board may constitute to exercise its powers including the powers conferred under this resolution) to create from time to time, such mortgage, hypothecation, charges, liens, pledge, assignment, transfer and/or other securities in addition to the mortgages, hypothecation, charges, liens, pledge, assignment, transfer and/or other securities already created by the Company, on terms and conditions as the Board in its sole discretion may deem fit, on Company’s assets and properties, both present and future, whether immovable, movable, current assets or stock-in-trade including whole or substantially the whole of the Company’s undertaking(s) in favor of Financial Institution(s)/ Bank(s)/ Body Corporate(s)/ other Agencies/ Trustees for the holders of the Debentures/Bonds, other instruments/ and/ or person or persons (hereinafter called “Lenders”) as may be agreed to by the Board for the purpose of securing any financial facilities / the repayment of any loans / financial assistance/ other borrowings, subject to

# Taneja Aerospace and Aviation Limited

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maximum of Rs. 150 Crore (Rupees One Hundred and Fifty Crore) together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, commitment charges, premia on pre-payment or on redemption, costs, charges, expenses and all other monies payable by the Company to the aforesaid parties or any of them under the agreements/arrangements entered into / to be entered in to by the Company in respect of the said Loans, Debentures, Bonds or other instruments as the case may be.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to finalize the terms and conditions, agreements, deeds and documents for creating such mortgage, hypothecation, charges, liens, pledge, assignment, transfer and/or other securities and accept or make any alterations, changes, variations to or in terms and conditions and to do all such acts, things and deeds as may be required to give effect to this resolution.”

11. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 186 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification (s) or re-enactment thereof for the time being in force), the Board of Directors of the Company (“the Board”, which term shall include any committee which the Board may constitute to exercise its powers including the powers conferred under this resolution) be and is hereby authorized to agree at its discretion to make loan(s) and/or give guarantee(s)/provide any security (ies) in connection with loan(s) made to and to make investments in shares, debentures and/or any other securities of other body corporates, whether Indian or overseas and/or in various schemes of Mutual Funds or such other funds, in their absolute discretion deem beneficial and in the interest of the Company in excess of 60% of the paid up Share Capital and Free Reserves and Securities Premium of the Company or 100% of Free Reserves

and Securities Premium of the Company, whichever is more, as prescribed under Section 186 of the Companies Act, 2013 from time to time, in one or more tranches, up to a maximum amount of Rs.150 Crore (Rupees One Hundred and Fifty Crore Only) notwithstanding that investments along with Company’s existing loans or guarantee/security or investments shall be in excess of the limits prescribed under Section 186 aforesaid or upto the limits so prescribed under Section 186, whichever is higher and that the Board is authorized to do all such acts, deeds, matters and things as may be necessary to give effect to this resolution and to settle any question or doubt that may arise in this regard.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to take from time to time all decisions and steps in respect of the above loans, guarantees and investment including the timing, amount and other terms and conditions of such loans, guarantees and investment and varying the same through transfer, sale, disinvestment or otherwise either in part or in full as it may deem appropriate and to do and perform all such acts, deeds, matters and things, as may be necessary or expedient in this regard and to exercise all the rights and powers which would vest in the Company in pursuance of such loans, guarantees and investment.”

By Order of the Board of Directors

**Priya Nair**  
Company Secretary

Pune, December 02, 2014  
Registered Office:  
Belagondapalli Village, Thally Road  
Denkanikottai Taluk, Krishnagiri District  
Belagondapalli – 635 114  
Tamil Nadu

# AGM Notice 2013-14

## NOTES :

1. The information required to be provided under the Listing Agreement entered with the Stock Exchange, regarding the Directors who are proposed to be re-appointed/appointed and the relative Explanatory Statement and reasons for the proposed special business stated pursuant to Section 102 of the Companies Act, 2013 are annexed below.
2. A Member entitled to attend and vote at the meeting may appoint a proxy to attend and vote on a poll on his behalf. A proxy need not be a Member of the Company. A person can act as proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than 10% of the total Equity Share Capital of the Company. A Member holding more than 10% of the total Equity Share Capital of the Company may appoint a single person as proxy and in such a case, the said person shall not act as proxy for any other person or Member. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
3. Corporate Members are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
4. The Register of Members and Share Transfer Book of the Company will remain closed from Friday, December 26, 2014 to Tuesday, December 30, 2014 (both days inclusive).
5. **To support Green Initiative, the Members are requested to register their e-mail address and changes therein from time to time with respective DP Agent if shares are held in Demat form or with the Registrar & Share Transfer Agent (R&T Agent) of the Company if the shares are held in physical form which will help the Company to serve the Notices/Documents by e-mail to the Members.**
6. Electronic copy of the Annual Report for FY2013-2014 is being sent to all the Members whose email IDs are registered with the Company/ Depository Participants(s) for communication purposes unless any Member has requested for a hard copy of the same. For Members who have not registered their email address, physical copies of the Annual Report for FY2013-14 is being sent in the permitted mode
7. Electronic copy of the Notice of Annual General Meeting of the Company *inter alia* indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the Members whose email IDs are registered with the Company/ Depository Participants(s) for communication purposes unless any Member has requested for a hard copy of the same. For Members who have not registered their email address, physical copies of the Notice of the Annual General Meeting of the Company *inter alia* indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
8. Even after registering for e-communication, Members are entitled to receive such communication in physical form by post, free of cost, upon making a request for the same. For any communication, the shareholders may also send requests to email id designated for investor servicing i.e. [secretarial@taal.co.in](mailto:secretarial@taal.co.in).  
Members may also note that the Notice of the Annual General Meeting and the Annual Report for FY2013-2014 will also be available on the Company's website [www.taal.co.in](http://www.taal.co.in) for their download.
9. In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide the facility of voting through electronic means, as an alternate, to all its Members to enable them to cast their votes electronically instead of casting their vote at a Meeting. Please note that the voting through electronic means is optional for the Members. The business may be transacted through E-Voting Services provided by Central Depository Services Limited (CDSL).
10. The Company has appointed Mr. S.P. Nagarajan, Practicing Company

Secretary, to act as the Scrutinizer for conducting the electronic voting process in a fair and transparent manner.

11. The procedure and instructions for voting through electronic means are, as follows:

**(A) In case of Members receiving Notice of Annual General Meeting (AGM) through e-mail:**

- (i) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (ii) Click on "Shareholders" tab.
- (iii) Now, select the "COMPANY NAME" from the drop down menu and click on "SUBMIT"
- (iv) Now enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

	<b>For Members holding shares in Demat Form and Physical Form</b>
Permanent Account Number (PAN)	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>● Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the sequence number in the PAN field.</li> <li>● In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
Date of Birth (DOB)	Enter the DOB as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"> <li>● Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field.</li> </ul>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, Members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained

# Taneja Aerospace and Aviation Limited

in this Notice.

- (xi) Click on the Electronic Voting Sequence Number ('EVSN') of Taneja Aerospace and Aviation Limited.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
  - (a) Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves as Corporates.
  - (b) They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - (c) After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
  - (d) The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - (e) They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

**(B) In case of Members receiving the physical copy of Notice of AGM:**

Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.

**(C) The voting period begins on Monday, December 22, 2014 (10.00 a.m.) and ends on Wednesday, December 24, 2014 (6.00 p.m.). During this period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. November**

**28, 2014 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.**

- (D)** In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

**(E) General Instructions:**

You are advised to cast your vote only through one mode (E-voting or through Show of Hands/Poll at the AGM). In case you cast your votes through both the modes, votes cast through E-Voting shall only be considered and votes cast at the Meeting through Show of Hands/Poll would be rejected.

12. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9.00 am to 5.00 pm) on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company.

13. Members are further requested to :

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

By Order of the Board of Directors

Pune, December 02, 2014

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

**Priya Nair**  
Company Secretary

# AGM Notice 2013-14

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

### **Item Nos. 4 and 5**

The Board of Directors, upon the recommendation of the Nomination and Remuneration Committee, at its Meeting held on November 13, 2014, had appointed Mr. R. Poornalingam and Mr. Nirmal Chandra, as Additional Director(s) of the Company in the category of Independent Director(s).

Pursuant to Section 161 (1) of the Companies Act, 2013 ('the Act'), Mr. R. Poornalingam and Mr. Nirmal Chandra hold their respective offices till the date of this Annual General Meeting.

Appropriate notice has been received by the Company from a Member proposing the appointment of Mr. R. Poornalingam and Mr. Nirmal Chandra as Director(s) of the Company pursuant to Section 160 of the Act and Rules made thereunder and requisite consent has been received from Mr. R. Poornalingam and Mr. Nirmal Chandra pursuant to Section 152 of the Act.

The aforesaid Directors also meet the criteria of independence as provided under Section 149(6) of the Act and the rules made thereunder and Clause 49 of the Listing Agreement executed with the Stock Exchanges ("Listing Agreement").

None of the above Independent Directors are disqualified from being appointed as director in terms of Section 164 of the Act.

In the opinion of the Board, they fulfill the conditions specified in the Act for appointment as Independent Directors.

The Board considers that their association would be of immense benefit to the Company and it is desirable to avail their services as Independent Directors.

Accordingly, the Board recommends the resolution set out in Item Nos. 4 and 5 of the Notice for the approval of the shareholders of the Company.

Brief resume of each of the above Independent Directors as stipulated in Clause 49 of the Listing Agreement are forming part of this Notice. This statement may also be regarded as disclosure under Clause 49 of the Listing Agreement.

Mr. R. Poornalingam and Mr. Nirmal Chandra are interested in the resolution set out respectively at Item no. 4 and 5 of the Notice.

Except as mentioned above, none of the Directors, Key Managerial Personnel and their relatives are, in any way, concerned or interested financially or otherwise in the said resolutions.

### **Item No. 6 :**

The Board of Directors of the Company, on November 30, 2013, had re-appointed Mr. C. S. Kameswaran as the Whole Time Director of the Company designated as the Managing Director, pursuant to the provisions of erstwhile Companies Act, 1956, subject to the approval of the shareholders of the Company and approval of Central Government, if required.

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

#### **1 Period of re-appointment:**

Mr. C.S. Kameswaran shall hold office as the Managing Director of the Company for a period of one year from December 1, 2013 to November 30, 2014.

#### **2 Remuneration:**

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

##### **I) Salary:**

The basic monthly salary of the Managing Director w.e.f December 1, 2013 shall be **Rs.1,12,500/-**.

##### **II) Perquisites:**

In addition to the above, the Managing Director shall be entitled to the following perquisites which have been classified into three categories 'A', 'B' and 'C'

##### **CATEGORY 'A'**

Comprising of following perquisites subject to a limit of **100 per cent** of his Annual Salary with an option to the Managing Director to receive the perquisites with interchangeable sub-limits in any lawful combination as mutually agreed between him and the Board :

##### **i) Housing :**

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

or

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

- ii) The expenditure incurred by the Company on gas, electricity, water, furnishings etc. shall be valued as per the Income Tax Rules, 1962.
- iii) Reimbursement of Medical Expenses incurred for the Managing Director and his family.
- iv) Leave Travel Assistance for self and his family once in a year incurred in accordance with the rules specified by the Company.
- v) Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fee.
- vi) Personal accident insurance, group health insurance, group saving linked insurance and life insurance coverage for self/family as may be fixed by the Board from time to time.
- vii) Other perquisites, allowance and benefits, if any, as per the rules of the Company.

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

##### **CATEGORY 'B'**

- 1) Contribution to Provident Fund and Superannuation

# Taneja Aerospace and Aviation Limited

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

- 2) Gratuity at the rate of 15 days' salary for each completed year of service;
- 3) Encashment of leave during and at the end of the tenure as per the rules of the Company

## **CATEGORY 'C'**

- (a) Earned Leave on full pay and allowance, as per the rules of the Company, but not exceeding one month's leave for every eleven months of service.
- (b) Provision of a Company maintained car and telephone at residence, both for use for Company's business. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Managing Director.

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

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

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

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

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

The Board recommends the above resolution.

Mr.C.S.Kameswaran is interested in the resolution set out at Item no. 6 of the Notice.

Except as mentioned above, none of the Directors, Key Managerial Personnel and their relatives are, in any way, concerned or interested financially or otherwise in the said resolution.

Additional information in terms of Sub-clause (iv) of the proviso to Sub-paragraph (B) Section II of Part II of Schedule V of the Companies Act, 2013 has been provided separately.

## **Item Nos. 7 & 8**

The Board of Directors, upon the recommendation of the Nomination and Remuneration Committee, at its Meeting held on November 13, 2014, had appointed Mr.S.M.Kapoor, as Additional Director with effect from December 1, 2014 and as Whole-time Director designated as Managing Director for a period of two years with effect from December 1, 2014 to November 30, 2016.

Pursuant to Section 161 (1) of the Companies Act, 2013 ('the Act'), Mr. S.M.Kapoor holds his office as Director till the date of this

Annual General Meeting.

Appropriate notice has been received by the Company from a Member proposing the appointment of Mr.S.M.Kapoor as Director of the Company pursuant to Section 160 of the Act and Rules made thereunder and requisite consent has been received from Mr.S.M.Kapoor pursuant to Section 152 of the Act.

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

### **1. Period of appointment:**

Mr.S.M.Kapoor shall hold office as the Managing Director of the Company for a period of two years from December 1, 2014 to November 30, 2016.

### **2. Remuneration:**

In terms of Schedule V to the Companies Act, 2013 read together with Section 196 and Section 197 of the Companies Act, 2013, Managing Director shall be paid the following remuneration:

#### **I) Salary:**

The basic monthly salary of the Managing Director w.e.f December 1, 2014 shall be Rs. 3,50,000/-

#### **II) Perquisites:**

In addition to the above, the Managing Director shall be entitled to provision of Company car with driver, reimbursement of Mobile expenses for official use and business purposes.

#### **III) The Managing Director shall also be entitled to leave for 15 days per year.**

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

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

In the opinion of the Board, Mr.S.M.Kapoor fulfills the conditions specified in the Act and Rules prescribed thereunder for his appointment as Director and Managing Director.

Accordingly, the Board recommends the resolutions set out in Item Nos. 7 & 8 of the Notice.

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

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

Brief resume of Mr.S.M.Kapoor as stipulated in Clause 49 of the Listing Agreement forms part of this Notice. This statement may also be regarded as disclosure under Clause 49 of the Listing Agreement.



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Mr.S.M.Kapoor is interested in the resolutions set out at Item no. 7 & 8 of the Notice.

Except as mentioned above, none of the Directors, Key Managerial Personnel and their relatives are, in any way, concerned or interested financially or otherwise in the said resolution.

Additional information in terms of Sub-clause (iv) of the proviso to Sub-paragraph (B) Section II of Part II of Schedule V of the Companies Act, 2013 has been provided separately.

## **Item Nos. 9 & 10**

The Members of the Company had, at the Extra-Ordinary General Meeting held on November 15, 2006, vide Ordinary Resolution(s) authorized the Board of Directors of the Company ('the Board') to create charge / mortgage /hypothecation of the properties of the Company for securing funds raised by the Company under Section 293(1)(a) of the Companies Act, 1956 and to borrow in excess of the aggregate of its paid up capital and free reserves under Section 293(1)(d) of the Companies Act, 1956.

It is proposed to seek the approval of the Members of the Company for the said matters, pursuant to the provisions of the Companies Act, 2013.

The Board recommends the resolutions set out in Item Nos. 9 & 10 of the Notice for the approval of the Members of the Company, vide Special Resolutions.

None of the Directors or Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the said resolutions.

## **Item No.11**

The Members of the Company, at the Annual General Meeting held on September 29, 2006, had authorized the Board of Directors for making investments upto an aggregate amount of Rs.150 Crore under Section 372A of the erstwhile Companies Act, 1956.

It is proposed to seek the approval of the Members of the Company for the said matters, pursuant to the provisions of the Companies Act, 2013 and Rules prescribed thereunder.

The Board recommends the resolution set out in Item No. 11 of the Notice for the approval of the Shareholders of the Company, vide Special Resolution.

None of the Directors or Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the said resolution.

By Order of the Board of Directors

Pune, December 02, 2014  
Registered Office:  
Belagondapalli Village, Thally Road  
Denkanikottai Taluk, Krishnagiri District  
Belagondapalli – 635 114  
Tamil Nadu

**Priya Nair**  
Company Secretary

# Taneja Aerospace and Aviation Limited

## ADDITIONAL INFORMATION IN TERMS OF SUB-CLAUSE (iv) OF THE PROVISO TO SUB-PARAGRAPH (B) OF SECTION II OF PART II OF SCHEDULE V OF THE COMPANIES ACT, 2013

### I. GENERAL INFORMATION :

1. Nature of the Industry: The Company is in the business of Aviation.
2. Date or expected date of commencement of commercial production: June 8, 1994
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not Applicable.
4. Financial performance based on given indicators as per published audited financial results for the year ended March 31, 2014:

Particulars	Rs. in Lakhs
Turnover (Net Sales)	5348.36
Net Profit/(Loss) after tax	(132.10)
Total Expenditure	4705.98

5. Export performance and net foreign exchange collaborations:

Particulars	Rs.in Lakhs
Exports	2153.43
Foreign Exchange Outgo	1637.35

6. Foreign investments or collaborators, if any – **NIL**

### II. INFORMATION ABOUT THE APPOINTEE

Particulars	Mr.C.S.Kameswaran				Mr. S.M.Kapoor			
Background details	Mr. C. S. Kameswaran, aged around 64 years, is a Chartered Accountant by profession and a Post Graduate in Business Administration. He has three decades of rich working experience in leading large and medium scale industries in various capacities covering the areas of Corporate Planning, Finance and Management.				Mr.S.M.Kapoor, aged around 66 years is a B.Tech in Aeronautical Engineering from IIT, Kanpur and has a Masters Degree in Business Administration from IGNOU. He has nearly four decades of experience covering areas relating to project management, setting up of air-craft production facility, aircraft manufacturing and assembly, composite component manufacturing, planning and execution of outsourcing strategies.			
Past remuneration :	2010-11	2011-12	2012-13	2013-14	2010-11	2011-12	2012-13	2013-14
Salary, Perquisites & Allowances etc.	25,64,000	25,63,992	25,63,992	26,75,733	29,10,935	40,42,968	40,42,968	40,42,968
Recognition or awards	The Company has no information about it.				The Company has no information about it.			
Job Profile and his suitability	As the Managing Director, Mr. C.S.Kameswaran is responsible for all the operations and affairs of the Company. Taking into consideration his qualification and expertise in relevant fields, the Board is of the opinion that he is suited for the responsibilities assigned to him.				As the Managing Director, Mr. S.M.Kapoor is responsible for all the operations and affairs of the Company. Taking into consideration his qualification and expertise in relevant fields, the Board is of the opinion that he is suited for the responsibilities assigned to him.			
Remuneration proposed	The details of Remuneration to be paid are contained in Explanatory Statement annexed to the Notice.				The details of Remuneration to be paid are contained in Explanatory Statement annexed to the Notice.			

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Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t the country of his origin)	The Company has no information to offer but having regard to the versatile experience, performance and responsibility of the position held by him, the Board of Directors is of the opinion that the proposed remuneration is reasonable.	The Company has no information to offer but having regard to the versatile experience, performance and responsibility of the position held by him, the Board of Directors is of the opinion that the proposed remuneration is reasonable.
Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any.	1) Remuneration details of Mr. C.S. Kameswaran has been provided in Explanatory Statement annexed to notice. 2) Mr. C.S. Kameswaran has no relationship with managerial personnel.	1) Remuneration details of Mr. S. M. Kapoor has been provided in Explanatory Statement annexed to notice. 2) Mr. S. M. Kapoor has no relationship with managerial personnel.

### III. OTHER INFORMATION

1. Reasons of loss or inadequate profits.

The general economic conditions during the year and depressed business conditions in the aviation industry in particular, has impacted the overall business, denting the top line and bottom line of the Company

As such, out of abundant precautions, the remuneration to Mr.C.S.Kameswaran, Managing Director (December 1, 2013 to November 30, 2014) and Mr.S.M.Kapoor, Managing Director (December 1, 2014 to November 30, 2016) is sought to be fixed under Schedule V to the Companies Act, 2013.

2. Steps taken or proposed to be taken for improvement.

Cost reduction initiatives have been undertaken to improve the performance of the Company. Further, with general growth in Civil Aviation, it is expected that Company's profitability will improve in coming years.

3. Expected increase in productivity and profits in measurable terms.

While the Company's performance is expected to improve in future years, the future profitability cannot be predicted accurately.

### IV. DISCLOSURES

1. The Remuneration package of Mr.C.S.Kameswaran, Managing Director (December 1, 2013 to November 30, 2014) and Mr.S.M.Kapoor, Managing Director (December 1, 2014 to November 30, 2016) is contained in the Explanatory Statement annexed to the Notice.

2. The following information, to the extent applicable, has been disclosed in the Board of Directors' Report under the heading "Corporate Governance", attached to the Annual Report for the year 2013-14:

- (i) All elements of remuneration package such as salary, benefits, bonuses, stock options, pension etc., of all the Directors;
- (ii) Details of fixed component and performance linked incentives along with the performance criteria;
- (iii) Service contracts, notice period, severance fees;
- (iv) Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable

# Taneja Aerospace and Aviation Limited

## DETAILED PROFILE OF THE DIRECTORS SEEKING RE-APPOINTMENT/APPOINTMENT IS AS UNDER :

	<b>Salil Taneja</b>	<b>R.Poornalingam</b>	<b>Nirmal Chandra</b>	<b>S.M.Kapoor</b>
Age	47 years	69 years	65 years	66 years
Qualification	B.Sc in Mechanical Engg. from Case Western Reserve University, Ohio, USA and Masters in Business Management specialised in finance and marketing from Yale University, USA	Graduate (Honours) in Electrical Engineering, M.A. Economics, Degree in Law, Certificate in Public Administration from the Pennsylvania State University as a Hubert Humphrey Fellow.	Graduate in Mechanical Engineering	B. Tech. (IIT, Kanpur) in Aeronautical Engineering and Masters Degree in Business Administration (IGNOU)
Date of Appointment	January 1, 1994	November 13, 2014	November 13, 2014	December 1, 2014
Category	Non-Executive Director	Non-Executive Independent Director	Non-Executive Independent Director	Managing Director
Experience and Expertise in specific functional Area	Mr. Salil Taneja has been associated with the Company since its inception and has been instrumental in growing the aviation business of the Company.	Mr.R.Poornalingam has around 36 years of administrative experience in many important positions in both the Government of Tamil Nadu and the Government of India	Mr. Nirmal Chandra has around 4 decades of experience in Steel / Tube industry in various functional areas such as Marketing, Purchase, Administration, Production and Planning	Mr.S.M.Kapoor has nearly four decades of experience covering areas relating to project management, setting up of aircraft production facility, aircraft manufacturing and assembly, composite component manufacturing, planning and execution of outsourcing strategies.
Relationship with other Directors of the Company	Son of Mr. B R Taneja	NIL	NIL	NIL
Shareholding of Directors	3,200	NIL	750	NIL
Directorship held in other Public Limited Companies	ISMT Limited, TAAL Enterprises Limited	Loyal Textile Mills Limited	NIL	NIL
Memberships/ Chairmanship of Committees of Indian Public Limited Companies	NIL	NIL	NIL	NIL

# AGM Notice 2013-14

## ANNEXURE I TO DIRECTORS' REPORT :

Information required under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended on March 31, 2014.

### I. Conservation of Energy :

The Company is basically a low energy consumer. During the year under review, 8.67 lacs units of energy were consumed, costing Rs. 68.25 lacs.

### II. Technology Absorption :

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

#### A) Research and Development (R & D) :

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

##### a) Design and Development of Composite Container for Akash Missile Container for DRDL Hyderabad

This project involves design of container for storage and transportation of Akash Missile developed by DRDL.

##### b) Design and Development of Aileron, Flap and Wing Assembly Jigs of HTT40 Trainer Aircraft being developed by HAL

This Project involves study of HTT40 drawings and design and manufacture of appropriate jigs for assembly of LH and RH Ailerons, LH and RH Flaps and LH and RH Wings.

##### c) Development of Light Weight Mini UAV for Radiant Coral Digital Technologies (Bangalore)

This project involves the selection of materials, keeping in view the various loads acting on the UAV.

##### d) Development of Nose Cone Radomes for IL-38 Aircraft of Indian Navy

The Company has designed and developed the radomes to meet the requirements of signal strength and radio transparency successfully.

##### e) Development of Technology for LCA Composite Tools for ensuring interchangeability of critical removable panels from maintenance point angle

The objective was to provide a family of tools comprising of 5 distinct units for drilling icy holes in the aircraft structure and covering panels for LCA (Tejas) Aircraft.

##### f) Technology for development of Titanium Parts for ALH

Development of technology for very critical close tolerance titanium components part no.201C-713H-4100-

201-1 Engine Drive shaft cover for advance light helicopter (Dhruv).

##### g) Rustom

Fully composite UAV with wing span of 20.2 MTRS and length of 10.4 MTRS was fabricated from development stage using the production technique for achieving the optimum range.

The Company contributed significantly by advising number of weight reduction improvements to ADE.

##### 2) Expenditure on R & D :

(Rs. in Lakhs)

Sr. No.	Particulars	2013-14	2012-13
i)	Capital Expenditure	29.32	11.19
ii)	Recurring Expenditure	19.76	23.30
	Total	49.07	34.49
	Total R&D as a percentage to turnover	0.90%	0.64%

##### B) Technology Absorption, Adaptation and Innovation: Manufacture of Canister for Missiles.

##### C) Imported Technology : Nil

### III. Foreign Exchange Earnings and Outgo :

##### a) Activities relating to exports, initiatives taken to increase export, development of new export market for products and export plans.

We have been accredited by Thales for finishing processes and 1st orders has been executed. Accreditation from Thales will pave the way for approval by other major aerospace companies.

##### b) The information on foreign exchange earnings and outgo are contained in Notes to Accounts.

For and on behalf of the Board of Directors

Pune, May 28, 2014

Salil Taneja  
Chairman

## Taneja Aerospace and Aviation Limited

Regd Office: Belagondapalli Village, Thally Road, Denkanikottai Taluk, Krishnagiri Dist.  
Belagondapalli – 635114, Tamil Nadu. Phone: 04347- 233508, Fax : 04347-233414,  
E-mail: secretarial@taal.co.in, Website : www.taal.co.in

CIN: L62200TZ1988PLC014460

### 25<sup>th</sup> Annual General Meeting

### **PROXY FORM**

*[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of  
the Companies (Management and Administration) Rules, 2014]*

Name of the Member (s) :			
Registered address :			
E-mail Id :			
Folio No/ Client Id		DP ID	

I/We, being the Member (s), holding ..... shares of the above named Company, hereby appoint :

- (1) Name \_\_\_\_\_ Address \_\_\_\_\_  
E-mail ID \_\_\_\_\_ Signature \_\_\_\_\_ or failing him
- (2) Name \_\_\_\_\_ Address \_\_\_\_\_  
E-mail ID \_\_\_\_\_ Signature \_\_\_\_\_

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **ANNUAL GENERAL MEETING** of the Company, to be held on Tuesday, December 30, 2014 at 2.P.M. at the Registered Office of the Company at Belagondapalli Village, Thally Road, Denkanikottai Taluk, Krishnagiri District, Belagondapalli - 635114, Tamil Nadu and at any adjournment thereof in respect of such resolutions as are indicated below :

Resolution No.	Resolutions	Vote (Optional – See Note 3)	
		For	Against
	<b>Ordinary Business</b>		
1.	Adoption of Financial Statements for the year ended March 31, 2014.		
2.	Re-appointment of Mr. Salil Taneja who retires by rotation and being eligible, offers himself for re-appointment		
3.	Appointment of Statutory Auditor		
	<b>Special Business</b>		
4.	Appointment of Mr. R.Poornalingam as an Independent Director		
5.	Appointment of Mr. Nirmal Chandra as an Independent Director		
6.	Re-appointment of Mr.C.S.Kameswaran as a Whole Time Director of the Company designated as the Managing Director with effect from December 1, 2013 to November 30, 2014		
7.	Appointment of Mr. S.M.Kapoor as Director		
8.	Appointment of Mr.S.M.Kapoor as Whole-Time Director designated Managing Director of the Company with effect from December 1, 2014 to November 30, 2016.		
9.	Borrowing limits under section 180(1)(c) of the Companies Act, 2013		
10.	Creating charge etc. on company's properties under section 180(1)(a) of the Companies Act, 2013		
11.	Power to provide loan(s) / guarantee(s) / security(ies) and make investment under section 186 of the Companies Act, 2013		

Signed this ..... day of ..... 2014.

Signature of Shareholder :

Signature of Proxy holder(s) :

Affix  
Re 1/-  
Revenue  
Stamp

## AGM Notice 2013-14

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**Note:**

1. **This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.**
2. For the Resolutions, Explanatory Statement and Notes, please refer to the notice of the 25<sup>th</sup> Annual General Meeting.
3. It is optional to put '✓' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
4. Please complete all details including details of member(s) in above box before submission.

## **Taneja Aerospace and Aviation Limited**

Regd Office: Belagondapalli Village, Thally Road, Denkanikottai Taluk, Krishnagiri Dist.  
Belagondapalli – 635114, Tamil Nadu. Phone: 04347- 233508, Fax : 04347-233414,  
E-mail: secretarial@taal.co.in, Website : www.taal.co.in

CIN: L62200TZ1988PLC014460

### **25<sup>th</sup> Annual General Meeting**

## **ATTENDANCE SLIP**

DP Id.		Name & Address of the Registered Shareholder
Client Id /		
Regd. Folio No.		
No. of Shares held		

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company.

I hereby record my presence at the **ANNUAL GENERAL MEETING** of the Company being held on Tuesday, December 30, 2014 at the Registered Office of the Company at Belagondapalli Village, Thally Road, Denkanikottai Taluk, Krishnagiri District, Belagondapalli - 635114, Tamil Nadu, at 2.00 P.M.

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

Note: Please complete this and hand it over at the entrance of the hall.



