

# Taneja Aerospace and Aviation Limited

## Corporate Governance Report

### COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

### BOARD OF DIRECTORS

The Board consists of 4 Directors of which 2 Directors are independent as on March 31, 2018.

The composition of the Board, their attendance at the Board Meetings held during the year & at last Annual General Meeting, number of Directorships in other public companies & memberships in various committees across all public companies as on March 31, 2018 are as follows:

Name of the Director	Category	Financial Year 2017-18 Attendance at		No. of Directorships in other public companies <sup>^</sup>	Committee positions in other public companies <sup>\$</sup>	
		Board Meetings	Last AGM		Member	Chairman
Salil Taneja	Promoter-ED	7	No	-	-	-
C. S. Kameswaran <sup>1</sup>	NED	4	Yes	-	-	-
R. Surie <sup>2</sup>	Independent-NED	5	Yes	-	-	-
R. Poornalingam <sup>2</sup>	Independent-NED	4	Yes	-	-	-
N. Chandra <sup>2</sup>	Independent-NED	4	Yes	-	-	-
Muralidhar Chitteti Reddy <sup>3</sup>	Independent-NED	2	No	-	-	-
Prahlada Ramarao <sup>3</sup>	Independent-NED	2	No	-	-	-
Rahael Shobhana Joseph <sup>4</sup>	NED	2	No	1	2	-

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

- 1 ceased to be a director w.e.f 27.09.2017 and was reappointed as Additional Director wef 27.09.2017 and again ceased to be director w.e.f 07.02.2018 because of death
2. Ceased to be a director w.e.f 27.09.2017
3. Appointed as director w.e.f 02.12.2017
4. Appointed as director w.e.f 14.12.2017

<sup>^</sup> This does not include directorships in Private Limited Companies, Foreign Companies and Companies under Section 8 of the Companies Act, 2013 (Act).

<sup>\$</sup> This includes only Audit and Stakeholders Relationship Committees.

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

Sr. No.	Date of Meeting
1.	May 18, 2017
2.	May 30, 2017
3.	August 16, 2017
4.	September 14, 2017
5.	September 26, 2017
6.	October 13, 2017
7.	December 14, 2017
8.	February 14, 2018

As on March 31, 2018, the composition of the Board was in conformity with Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

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

### APPOINTMENT/ RE-APPOINTMENT OF DIRECTORS

In terms of Articles of Association of the Company & provisions of the Act, Mr. Salil Taneja, Director of the Company retires by rotation at ensuing AGM.

### AUDIT COMMITTEE

The terms of reference of Audit Committee are in conformity with the provisions of Section 177 of the Act and the stipulations of Regulation 18 of Listing Regulations.

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

Name of Director	Chairman/ Member	No. of Meetings Attended
R. Poornalingam <sup>#</sup>	Chairman	3
N. Chandra <sup>@</sup>	Member	3
R. Surie <sup>@</sup>	Member	4
Muralidhar Chitteti Reddy <sup>1</sup>	Chairman	2
Prahlada Ramarao <sup>1</sup>	Member	2
Rahael Shobhana Joseph <sup>2</sup>	Member	1

<sup>#</sup> Ceased to be a director wef 27.09.2017;

<sup>@</sup> Ceased to be a director wef 27.09.2017;

1. Appointed as director wef 02.12.2017;

2. Appointed as director wef 14.12.2017

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

Sr. No.	Date of Meeting
1.	May 18, 2017
2.	May 30, 2017
3.	August 16, 2017
4.	September 14, 2017
5.	December 14, 2017
6.	February 14, 2018

### MANAGERIAL REMUNERATION

#### a) NOMINATION AND REMUNERATION COMMITTEE

The Company has a Nomination & Remuneration Committee.

The said 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.

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

Name of Director	Chairman/ Member	No. of Meeting attended
R. Poornalingam <sup>#</sup>	Chairman	1
R. Surie <sup>#</sup>	Member	1
N. Chandra <sup>#</sup>	Member	1
Prahlada Ramarao <sup>1</sup>	Chairman	
Muralidhar Chitteti Reddy <sup>1</sup>	Member	
Rahael Shobhana Joseph <sup>2</sup>	Member	

<sup>#</sup> Ceased to be a director w.e.f 27.09.2017; 1. Appointed as director w.e.f 02.12.2017; 2. appointed as director Appointed as director w.e.f 14.12.2017

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

Sr. No.	Date of Meeting
1.	September 26, 2017

The Company does not have any Employee Stock Option Scheme.

#### b) REMUNERATION POLICY:

Based on recommendations of Nomination & Remuneration Committee, the remuneration payable to Whole-time Director is decided by the Board which inter-alia is based on the criteria such as industry benchmarks, financial

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## Corporate Governance Report (Contd.)

performance of the Company, performance of the Whole-time Director etc.

The Company pays remuneration by way of salary, perquisites and allowance to its Whole-time Director. No remuneration was paid by way of commission to any Non-Executive Director.

Non-Executive Directors were paid sitting fees of Rs. 20,000/- each for attending Board and Audit Committee Meetings.

Performance evaluation of the Independent Directors shall be done by the Board of Directors on such criteria's as deemed appropriate by the Board of Directors.

The Company has framed a remuneration policy upon the recommendation of Nomination and Remuneration Committee and as approved by the Board.

### c) REMUNERATION TO DIRECTORS:

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

Name of Director(s)	Salary & Perquisites (Rs.)	Sitting fees (Rs.)
Salil Taneja	10,200,000	-
R. Poornalingam <sup>#</sup>	-	190,000
R. Surie <sup>#</sup>	-	210,000
N. Chandra <sup>#</sup>	-	170,000
C S Kameswaran <sup>##</sup>	-	100,000
Muralidhar Chitteti Reddy <sup>1</sup>	-	80,000
Prahlada Ramarao <sup>1</sup>	-	80,000
Rahael Shobhana Joseph <sup>2</sup>	-	60,000
<b>Total</b>	<b>10,200,000</b>	<b>890,000</b>

<sup>#</sup> Ceased to be a director w.e.f 27.09.2017; <sup>##</sup> ceased to be a director w.e.f 27.09.2017 and was reappointed as Additional Director w.e.f 27.09.2017 and again ceased to be director w.e.f 07.02.2018 because of death; 1. Appointed as director w.e.f 02.12.2017; 2. Appointed as director w.e.f 14.12.2017

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

Service of the Whole-time Directors may be terminated by either party giving the other party notice as per the notice period mentioned in their Agreement or the Company paying salary for said notice period in lieu thereof. There is no separate provision for payment of severance fees.

Details of shares of the Company held by its Non-Executive Directors as on March 31, 2018 are given below:

Name of Director	Number of Equity Shares
R. Surie <sup>5</sup>	166894
C. S. Kameswaran <sup>##</sup>	-
R. Poornalingam <sup>5</sup>	-
N. Chandra <sup>5</sup>	750
Muralidhar Chitteti Reddy <sup>1</sup>	200
Prahlada Ramarao <sup>3</sup>	-
Rahael Shobhana Joseph <sup>2</sup>	3200

<sup>5</sup> Ceased to be a director w.e.f 27.09.2017; <sup>##</sup> ceased to be a director w.e.f 27.09.2017 and was reappointed as Additional Director w.e.f 27.09.2017 and again ceased to be director w.e.f 07.02.2018 because of death; 1. Appointed as director w.e.f 02.12.2017; 2. Appointed as director w.e.f 14.12.2017. The shares are held in the name of spouse

### STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Company has a Stakeholders Relationship Committee of the Board of Directors to look into the redressal of shareholders' and investors' complaints relating to transfer or credit of shares, non-receipt of Annual Reports/ dividends etc.

The composition of Stakeholders Relationship Committee and attendance of members is indicated alongside their names:

Name of Director	Chairman/ Member	No. of Meetings Attended
N. Chandra <sup>@</sup>	Chairman	1
C. S. Kameswaran <sup>@</sup>	Member	2
R. Poornalingam <sup>@</sup>	Member	2
Rahael Shobhana Joseph <sup>1</sup>	Chairman	-
Muralidhar Chitteti Reddy <sup>2</sup>	Member	-
Prahlada Ramarao <sup>2</sup>	Member	-

<sup>@</sup> Ceased to be a director w.e.f 27.09.2017; 1. Appointed as director w.e.f 14.12.2017; 2. Appointed as director w.e.f 02.12.2017

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

Sr. No.	Date of Meeting
1.	May 18, 2017
2.	September 14, 2017

### INDEPENDENT DIRECTORS' MEETING

The Independent Directors met on May 18, 2017, August 16 2017 and 14 February 2018 in conformity with the stipulations in Regulation 25 of the Listing Regulations.

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### COMPLIANCE OFFICER

Mr. Chetan Nathani, Company Secretary was the Compliance Officer of the Company for ensuring compliance with the requirements of the Listing Regulations and under SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time till April 03, 2018.

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, 2018.

Details of investor complaints received and redressed during the financial year 2017-18:

Number of complaints pending at the beginning of the year	0
Number of complaints received during the year	2
Number of complaints disposed of during the year	2
Number of complaints remaining unresolved at the end of the year	0

### CODE OF CONDUCT

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

### CEO/ CFO CERTIFICATION

In accordance with Regulation 17(8) of the Listing Regulations, the Chairman and the CFO have given their certificate to the Board.

### GENERAL BODY MEETINGS

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

Year	Date	Location	Time	No. of Special Resolutions passed
2016-17	September 26, 2017	Registered office at Belagondapalli	2.00 p.m.	-
2015-16	September 28, 2016	- do -	- do -	3
2014-15	September 30, 2015	- do -	- do -	-

The special resolutions moved at the Annual General Meeting for year 2015-16 were passed with requisite majority by way of e-voting and poll.

### OTHER DISCLOSURES

- (i) Details of related party transactions 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 Exchange or any statutory authorities on any matter related to capital markets during the last three years.

- (iii) None of the Directors have any relation inter-se except Mr. Salil Taneja and Mrs. Rahael Shobhana Joseph.
- (iv) The Quarterly internal auditors report is placed before the Audit Committee.
- (v) The Company has established vigil mechanism and whistle blower policy. It is hereby affirmed that no personnel has been denied to the audit committee.
- (vi) Following documents/policies are placed on website of the Company at [www.taal.co.in](http://www.taal.co.in):
  - a. Whistle blower policy
  - b. The policy for determining material subsidiaries;
  - c. The policy on dealing with related party transaction;
  - d. Familiarization Programme for Independent Directors;
  - e. Terms & conditions of appointment of Independent Directors;
  - f. Composition of committees of the Board of Directors; and
  - g. Code of Conduct for Board of Directors & senior management Personnel.

### STOCK MARKET DATA & SHARE PRICE PERFORMANCE

#### BSE LIMITED (BSE):

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

Month	Market Price		BSE 500 INDEX	
	High	Low	High	Low
April 2017	68.95	46.55	13,053.04	12,616.53
May 2017	61.00	50.00	13,288.81	12,781.06
June 2017	58.90	46.60	13,431.53	13,052.34
July 2017	67.40	52.40	13,947.56	13,211.19
August 2017	71.65	50.15	13,968.92	13,245.92
September 2017	76.40	60.00	14,216.92	13,427.95
October 2017	68.45	57.50	14,522.24	13,684.23
November 2017	68.65	51.70	14,741.48	14,164.90
December 2017	67.25	56.85	15,015.22	14,207.77
January 2018	76.70	56.90	15,660.94	14,837.22
February 2018	64.20	53.00	15,450.21	14,209.33
March 2018	56.00	46.00	14,727.78	13,856.31

Source: BSE website

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### REGISTRAR AND SHARE TRANSFER AGENT

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

**Bigshare Services P. Ltd.**

Bharat Tin Works Building, 1st Floor, Opp. Vasant Oasis,  
Makwana Road, Marol, Andheri – East, Mumbai – 400059  
Tel.: 022- 62638200 Fax.: 022- 62638299  
e-mail: investor@bigshareonline.com

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

### SHAREHOLDING DISTRIBUTION OF THE COMPANY AS ON MARCH 31, 2018:

Shareholding of nominal value of Rs	No. of Share Holder(s)	% to Total	Share Amount Rs.	% to Total
Upto 5,000	15,405	92.27	14,813,225	11.88
5,001 10,000	549	3.29	4,407,210	3.54
10,001 20,000	317	1.90	4,574,955	3.67
20,001 30,000	160	0.96	4,012,210	3.22
30,001 40,000	57	0.34	2,023,815	1.62
40,001 50,000	55	0.33	2,624,910	2.11
50,001 1,00,000	77	0.46	5,495,280	4.41
1,00,001 and above	76	0.46	86,702,075	69.55
<b>Total</b>	<b>16,696</b>		<b>124,653,680</b>	<b>100.00</b>

### DEMATERIALISATION OF SHARES AND LIQUIDITY

96.31% of Equity Share Capital is held in demat with NSDL & CDSL as on March 31, 2018.

### CORPORATE FILINGS:

The financial and other information filed by the Company with BSE (through BSE Listing Centre), from time to time is available on the website of BSE Limited at www.bseindia.com.

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

The Company has not issued any GDRs/ADRs or any convertible instruments during the year under review.

### PLANT LOCATION:

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

### ADDRESS FOR CORRESPONDENCE:

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

For and on behalf of the Board of Directors

Dr. Prahlada Ramarao  
Director

C M Reddy  
Director

Bengaluru,  
May 29, 2018

## Corporate Governance Report (Contd.)

### DECLARATION REGARDING COMPLIANCE WITH COMPANY'S CODE OF CONDUCT

As required by Regulation 17(5)(a) of the Listing Regulations, this is to confirm that the Company has adopted a Code of Conduct for all Board Members & Senior Management. 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, 2018, 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, 2018.

For Taneja Aerospace and Aviation Ltd

Bengaluru  
May 28, 2018

Salil Taneja  
Chairman

### CERTIFICATE ON 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 ("Company") for the year ended March 31, 2018, as stipulated in Regulations 17 to 27 of the SEBI (LODR) Regulations, 2015 ("Listing Regulations").

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance with conditions of Corporate Governance as stipulated in the said Regulations. 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 material respect, with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations except the following:

There was no woman director appointed till 13.12.2017 and the Board of Directors of the Company had only two Directors during the period from 27.09.2017 to 01.12.2017

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 GIRIRAJ A. MOHTA & COMPANY  
COMPANY SECRETARIES

GIRIRAJ A. MOHTA  
Membership No.: 50038  
C. P. No: 18967

Place: Pune  
Date: 29.05.2018

### CEO/ CFO CERTIFICATION TO THE BOARD (U/ R 17(8) of Listing Regulations)

To,

The Board of Directors

Taneja Aerospace and Aviation Ltd

We, Salil Taneja, Whole-time Director & Arif Ahmad, Chief Financial Officer of Taneja Aerospace and Aviation Ltd, to the best of our knowledge and belief, certify that:

(A) We have reviewed the financial statements and the cash flow statement for the year ended March 31, 2018 and that to the best of our knowledge and belief:

- (1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- (2) These statements together present a true & fair view of Company's affairs & are in compliance with existing accounting standards, applicable laws & regulations.

(B) 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.

(C) We accept responsibility for establishing & maintaining internal controls for financial reporting and that we have evaluated effectiveness of internal control systems of the Company pertaining to financial reporting.

(D) We have indicated to Auditors and the Audit Committee:

- 1) There are no significant changes in internal control over financial reporting during the financial year ended March 31, 2018;
- 2) All significant changes in accounting policies during the financial year ended March 31, 2018 and that the same have been disclosed in the notes to the financial statements; and
- 3) There are no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Salil Taneja  
Whole-time Director

Arif Ahmad  
Chief Financial Officer

Place: Bengaluru  
Date: May 28, 2018