

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 5 Directors of which 3 Directors are independent as on March 31, 2017.

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, 2017 are as follows:

Name of the Director	Category	Financial Year 2016-17 Attendance at		No. of Directorships in other public companies [^]	Committee positions in other public companies ^{\$}	
		Board Meetings	Last AGM		Member	Chairman
Salil Taneja	Promoter-ED	5	No	-	-	-
C. S. Kameswaran	NED	4	Yes	1	1	-
R. Surie	Independent-NED	5	Yes	-	-	-
R. Poornalingam	Independent-NED	5	No	2	-	1
N. Chandra	Independent-NED	5	No	1	-	1
Preeti Taneja [#]	Promoter-NED	2	No	-	-	-

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

[#] Ceased to be Director w.e.f October 15, 2016

[^] This does not include directorships in Private Limited Companies, Foreign Companies and Companies under Section 8 of the Companies Act, 2013 (Act).

^{\$} This includes only Audit and Stakeholders Relationship Committees.

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

Sr. No.	Date of Meeting
1.	May 30, 2016
2.	August 10, 2016
3.	November 12, 2016
4.	January 20, 2017
5.	February 13, 2017

As on March 31, 2017, the composition of the Board was in conformity with Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) except non appointment of a Woman director on the Board.

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. C S Kameswaran, 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	Chairman	4
N. Chandra	Member	4
R. Surie	Member	4

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

Sr. No.	Date of Meeting
1.	May 30, 2016
2.	August 10, 2016
3.	November 12, 2016
4.	February 13, 2017

Instead of Mr. R. Poornalingam, Chairman of Audit Committee, Mr. R Surie, member of Audit Committee was present at the last AGM.

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	Chairman	3
R. Surie	Member	3
N. Chandra	Member	3

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

Sr. No.	Date of Meeting
1.	May 30, 2016
2.	August 10, 2016
3.	November 12, 2016

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 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:

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Name of Director(s)	Salary & Perquisites (Rs.)	Sitting fees (Rs.)
Salil Taneja	89,50,000	-
C. S. Kameswaran	-	1,10,000
R. Surie	-	2,20,000
R. Poornalingam	-	2,60,000
N. Chandra	-	2,60,000
Preeti Taneja*	-	40,000
Total	89,50,000	8,90,000

* Ceased to be Director w.e.f. October 15, 2016

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, 2017 are given below:

Name of Director	Number of Equity Shares
R. Surie	1,67,094
C. S. Kameswaran	-
R. Poornalingam	-
N. Chandra	750
Preeti Taneja#	-

Ceased to be Director w.e.f. October 15, 2016

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	Chairman	4
C. S. Kameswaran	Member	3
R. Poornalingam	Member	4

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

Sr. No.	Date of Meeting
1.	May 30, 2016
2.	August 10, 2016
3.	November 12, 2016
4.	February 13, 2017

INDEPENDENT DIRECTORS' MEETING:

The Independent Directors met on May 18, 2017 in conformity with the stipulations in Regulation 25 of the Listing Regulations.

COMPLIANCE OFFICER

Mr. Chetan Nathani, Company Secretary is 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.

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, 2017.

Details of investor complaints received and redressed during the financial year 2016-17:

Number of complaints pending at the beginning of the year	0
Number of complaints received during the year	8
Number of complaints disposed of during the year	8
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:

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Year	Date	Location	Time	No. of Special Resolutions passed
2015-16	September 28, 2016	Registered office at Belagondapalli	2.00 p.m.	3
2014-15	September 30, 2015	- do -	- do -	-
2013-14	December 30, 2014	- do -	- do -	5

The special resolutions moved at the Annual General Meeting for year 2013-14 & 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.
- (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:
 - 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.

POSTAL BALLOT

The Shareholders' approval was sought for following Resolution through postal ballot:

1. Special Resolution for Re-appointment & remuneration to Mr. Salil Taneja as Whole-time Director with effect from December 1, 2016 to November 30, 2018.

Voting Pattern & Postal Ballot Procedure:

- a) The Postal Ballot Notice was dispatched to Shareholders on February 18, 2017.
- b) M/s Navin Maheshwari & Co., Company Secretaries were appointed as Scrutinizers.
- c) The last date for receipt of Postal Ballot Forms was March 20, 2017.
- d) The Shareholders holding shares on "cut off" date i.e. February 10, 2017 were entitled to vote.
- e) The e-voting remained open from February 19, 2017 to March 20, 2017.
- f) The results were announced on March 23, 2017.
- g) Voting Pattern-
 - Votes in favour- 12768956 (99.979%)
 - Votes against- 1548 (0.013%)
 - Invalid votes- 1030 (0.008%)

MEANS OF COMMUNICATION

The quarterly results are published in one English daily newspaper & one vernacular (Tamil) daily newspaper & are also displayed on Company's website viz. www.taal.co.in

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

GENERAL SHAREHOLDERS' INFORMATION

AGM Date and Time	Tuesday, September 26, 2017 at 2.00 p.m.
Venue	Registered office at Belagondapalli
Financial Year	April 1 to March 31
Listed on Stock Exchanges	BSE Limited (Equity)
Security Code (BSE)	522229
ISIN allotted to equity shares	INE692C01020
Registered Office & Works/ Plant Location & Address for Correspondence	Thally Road, Denkanikottai Taluk, Krishnagiri District, Belagondapalli- 635114

The Company has paid Listing Fees for FY 2016-17 to BSE where its Shares are listed.

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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 & valid transfers are approved within prescribed time limit.

Pursuant to R. 40(9) of Listing Regulations, 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).

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 2016	64.00	53.05	10578.96	9980.36
May 2016	63.00	46.00	10816.18	10206.43
June 2016	65.40	49.50	11045.33	10479.26
July 2016	59.80	53.00	11633.37	11052.72
August 2016	55.90	42.00	11880.02	11404.92
September 2016	62.25	42.00	12083.11	11552.51
October 2016	52.75	44.70	12032.26	11668.62
November 2016	56.00	39.50	11926.95	10675.77
December 2016	47.50	41.05	11249.6	10617.28
January 2017	54.45	43.10	11825.55	11005.66
February 2017	50.00	44.00	12270.7	11643.62
March 2017	51.80	44.00	12650.57	12101.74

Source: BSE website

REGISTRAR AND SHARE TRANSFER AGENT

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

Bigshare Services P. Ltd. E/3, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri East, Mumbai-400 072 Tel.: 022-40430200 Fax.: 022- 28475207 e-mail: investor@bigshareonline.com
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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, 2017:

Shareholding of nominal value of Rs	No. of Share Holder(s)	% to Total	No. of Shares	% to Total
Upto 5,000	14887	92.40	13935930	11.18
5,001 10,000	533	3.31	4258215	3.42
10,001 20,000	309	1.92	4495260	3.61
20,001 30,000	131	0.81	3266870	2.62
30,001 40,000	56	0.35	2022440	1.62
40,001 50,000	52	0.32	2454290	1.97
50,001 1,00,000	64	0.40	4477660	3.59
1,00,001 and above	79	0.49	89743015	71.99
Total	16,111	100	124653680	100

DEMATERIALISATION OF SHARES AND LIQUIDITY

96.21% of Equity Share Capital is held in demat with NSDL & CDSL as on March 31, 2017.

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. The existing outstanding GDRs were converted into equity shares of the Company and the

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Company got delisted from Luxembourg Stock Exchange w.e.f. March 21, 2017.

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.

Place: Pune For and on behalf of the Board of Directors
Date: May 30, 2017 Salil Taneja
Chairman

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, 2017, 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, 2017.

Place: Pune For Taneja Aerospace and Aviation Limited
Date: May 30, 2017 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 Ltd ("Company") for the year ended March 31, 2017, 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 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 Listing Regulations. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion & to the best of our information & according to the explanations given to us & representations made by the Directors

& the Management, we certify that the Company has complied, in all material respect, with conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations except that the Company had not appointed woman director in case of intermittent vacancy arising due to resignation of former woman director.

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 Navin Maheshwari & Company

Company Secretaries

Navin Murli Maheshwari
Membership No.: F8897
C. P. No: 8434

Place: Pune
Date: May 11, 2017

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

To
The Board of Directors
Taneja Aerospace and Aviation Limited

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, 2017 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, 2017;
- 2) All significant changes in accounting policies during the financial year ended March 31, 2017 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.

Place: Pune

Salil Taneja

Arif Ahmad

Date: May 30, 2017

Whole-time Director

Chief Financial Officer