

Corporate Governance Report

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company has a strong value system comprising of honesty, integrity, secularity & 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 & 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, 2016.

The composition of the Board, their attendance at the Board Meetings held during the year and at the last Annual General Meeting, the number of Directorships in other public companies and memberships in various committees across all public companies as on March 31, 2016 are as follows:

Name of the Director	Category	Financial Year 2015-16 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	1	-	-
C. S. Kameswaran	NED	6	Yes	1	-	-
B. R. Taneja**	Promoter-NED	4	No	NA	NA	NA
R. Surie	Independent-NED	6	No	-	-	-
K. Rustumji***	NED	2	No	NA	NA	NA
R. Poornalingam	Independent-NED	6	Yes	2	-	-
N. Chandra	Independent-NED	6	Yes	-	-	-
Raj Sureka@	NED	-	No	NA	NA	NA
Preeti Taneja##	Promoter-NED	2	No	-	-	-

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

NA-Not Applicable

**Ceased to be Director w.e.f. August 15, 2015

@ Appointed as a Director w.e.f August 14, 2015 & Ceased to be a Director w.e.f. October 01, 2015

***Ceased to be Director w.e.f. August 14, 2015

##Appointed as a Director w.e.f August 14, 2015

^ 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.

Taneja Aerospace and Aviation Limited

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

Sr. No.	Date of Meeting
1.	May 26, 2015
2.	May 26, 2015
3.	May 30, 2015
4.	August 14, 2015
5.	November 13, 2015
6.	February 11, 2016

As on March 31, 2016, the composition of the Board was in conformity with Regulation 17 of the SEBI (Listing Obligations & 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 the Articles of Association of the Company and the relevant provisions of the Act, Mr. Salil Taneja, Director of the Company retires by rotation at the ensuing AGM and being eligible offers himself for re-appointment.

In compliance with the relevant provisions of the Act, the re-appointment of Mr. R. Surie, Mr. N. Chandra and Mr. R. Poornalingam, as Independent Director(s) is being placed before the Members at the ensuing AGM for their approval.

Brief resume of the Directors proposed to be appointed/ re-appointed is given in the Notice convening the AGM.

AUDIT COMMITTEE

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

Composition, Meetings and Attendance during the year:

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

Name of Director	Chairman/ Member	No. of Meetings Attended
R. Poornalingam [^]	Chairman	5
N. Chandra	Member	5
R. Surie ^{**}	Member	5
K. Rustumji [*]	Member	-

[^]Nominated as Chairman of Audit Committee w.e.f. May 26, 2015

^{**} Ceased to be Chairman of Audit Committee w.e.f April 1, 2015

^{*} Ceased to be Member of Audit Committee w.e.f. May 26, 2015

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

Sr. No.	Date of Meeting
1.	May 26, 2015
2.	May 30, 2015
3.	August 14, 2015
4.	November 13, 2015
5.	February 11, 2016

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

MANAGERIAL REMUNERATION

a) NOMINATION AND REMUNERATION COMMITTEE

The Company has a Nomination and Remuneration Committee of the Board of Directors.

The Nomination and 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 Nomination and Remuneration Committee and attendance of each Member is indicated alongside their names:

Name of Director	Chairman/ Member	No. of Meeting attended
R. Poornalingam	Chairman	2
R. Surie	Member	2
N. Chandra	Member	2
K. Rustumji [*]	Member	0

^{*}Director upto August 13, 2015

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

Sr. No.	Date of Meeting
1.	August 14, 2015
2.	February 11, 2016

The Company does not have any Employee Stock Option Scheme.

b) REMUNERATION POLICY:

Based on the recommendations of Nomination and Remuneration Committee, the remuneration payable to the Whole Time Director is decided by the Board 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.

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The Company pays remuneration by way of salary, perquisites & allowance to 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. 10,000/- each for attending Board and Committee Meetings. With effect from May 27, 2015, sitting fees for attending each Board and Audit Committee Meetings was increased to Rs. 20,000/-.

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	95,40,000	-
C. S. Kameswaran	-	1,40,000
B. R. Taneja*	-	60,000
R. Surie	-	2,10,000
K. Rustumji^	-	30,000
R. Poornalingam	-	2,50,000
N. Chandra	-	2,50,000
Raj Sureka^^	-	-
Preeti Taneja	-	40,000
Total	95,40,000	9,80,000

* Ceased to be Director w.e.f. August 15, 2015

^ Ceased to be Director w.e.f. August 14, 2015

^^ Ceased to be Director w.e.f. October 1, 2015

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

Service of Whole-time Director may be terminated by either party giving 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, 2016 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	-

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.

Composition, Meetings and Attendance during the year:

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
K. Rustumji*	Member	1
C. S. Kameswaran	Member	4
R. Poornalingam	Member	4

* Director upto August 13, 2015

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

Sr. No.	Date of Meeting
1.	May 26, 2015
2.	August 14, 2015
3.	November 13, 2015
4.	February 11, 2016

INDEPENDENT DIRECTORS' MEETING:

The Independent Directors met on May 30, 2016 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, 2016.

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Details of investor complaints received and redressed during the financial year 2015-16:

Number of complaints pending at the beginning of the year	1
Number of complaints received during the year	6
Number of complaints disposed of during the year	7
Number of complaints remaining unresolved at the end of the year	Nil

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 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
2014-15	September 30, 2015	Registered office at Belagondapalli	2.00 p.m.	-
2013-14	December 30, 2014	- do -	- do -	5
2012-13	September 30, 2013	- do -	- do -	1

Special resolution moved at the Annual General Meeting for year 2012-13 was passed unanimously by show of hands. The special resolutions moved at the Annual General Meeting for year 2013-14 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) Mrs. Preeti Taneja, Director is relative of Mr. Salil Taneja, Chairman. Except as mentioned herein, none of the other 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 access 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 transactions;
- d. Familiarisation Programme for Independent Directors;
- e. Terms and conditions of appointment of Independent Directors;
- f. Composition of Committees of the Board of Directors; and
- g. Code of Conduct for Board of Directors and Senior Management Personnel.

MEANS OF COMMUNICATION

The quarterly results are published in one English daily newspaper & one vernacular (Tamil) daily newspaper.

The quarterly results and other details are also displayed on website of the Company at www.taal.co.in.

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

DESIGNATED E-MAIL ID OF THE COMPANY

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

GENERAL SHAREHOLDERS' INFORMATION

AGM Date and Time	Wednesday, September 28, 2016 at 2.00 p.m.
Venue	Registered office at Belagondapalli
Financial Year	April 1 to March 31
Listed on Stock Exchanges	BSE Limited (Equity) Luxembourg Stock Exchange (GDR)
Security Code (BSE)	522229
Security Code (Luxembourg)	US 8753891089
ISIN allotted to equity shares	INE692C01020
Registered Office & Works/ Plant Location & Address for Correspondence	Belagondapalli Village, Thally Rd, Denkanikottai, Krishnagiri Dist., Belagondapalli-635114, Tamil Nadu

The Company has paid Listing Fees for the Financial Year 2016-17 to BSE Limited where the Equity Shares of the Company are listed.

Corporate Governance Report (Contd.)

STOCK MARKET DATA & SHARE PRICE PERFORMANCE BSE LIMITED (BSE):

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

Month	Market Price		BSE 500 INDEX	
	High	Low	High	Low
April 2015	93.80	57.75	11567.60	10613.36
May 2015	88.35	75.30	11072.84	10411.97
June 2015	90.85	68.75	11054.86	10354.81
July 2015	136.65	85.00	11340.45	10912.86
August 2015	123.50	71.00	11438.18	10031.72
September 2015	102.30	65.20	10577.34	9931.88
October 2015	83.10	55.00	10994.76	10495.71
November 2015	72.00	50.15	10747.69	10264.44
December 2015	84.00	55.10	10646.36	10110.55
January 2016	79.75	50.65	10691.89	9567.77
February 2016	62.95	48.50	10077.14	9011.98
March 2016	59.40	49.00	10211.26	9239.71

Source: BSE website

REGISTRAR AND SHARE TRANSFER AGENT

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

<p>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</p>
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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 Regulation 40(9) of the Listing Regulations, certificate on half yearly basis were filed with BSE in due compliance of share transfer formalities by the Company. In terms of guidelines issued by SEBI, the Reconciliation of Share Capital Audit Report for all the quarters were filed with BSE, which inter-alia gives details about the reconciliation of Share Capital (both physical and demat).

SHAREHOLDING DISTRIBUTION OF THE COMPANY AS ON MARCH 31, 2016:

Shareholding of nominal value of Rs	No. of Share Holder(s)	% to Total	No. of Shares	% to Total
Upto 5,000	14317	93.11	2539910	10.19
5,001 10,000	437	2.84	694807	2.79
10,001 20,000	281	1.83	803061	3.22
20,001 30,000	118	0.77	589173	2.36
30,001 40,000	43	0.28	310975	1.25
40,001 50,000	38	0.25	362603	1.45
50,001 1,00,000	62	0.40	883836	3.55
1,00,001 and above	80	0.52	18746371	75.19
Total	15376	100	24930736	100

DEMATERIALISATION OF SHARES AND LIQUIDITY

96.18% of total Equity Share Capital is held in demat form with NSDL and CDSL as on March 31, 2016.

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 ADRs/ Warrants or convertible instruments during the year under review. However, the Company has 13,145 GDRs (equivalent to 26,290 Equity Shares) outstanding, which constituted 0.11% of Company's total Equity Share Capital as on March 31, 2016.

PLANT LOCATION:

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

Place: Pune

Salil Taneja

Date: August 10, 2016

Chairman

Taneja Aerospace and Aviation Limited

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DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT, PURSUANT TO REGULATION 17 OF THE LISTING REGULATIONS

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 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, 2016, 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, 2016.

For Taneja Aerospace and Aviation Limited

Place: Pune

Salil Taneja

Date: August 10, 2016

Chairman

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, 2016, 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 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 the above mentioned Listing Regulations.

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.: 23569
C. P. No: 8434

Place: Pune

Date: August 10, 2016

CEO/ CFO CERTIFICATION TO THE BOARD (Under Regulation 17 (8) of Listing Regulations)

To

The Board of Directors

Taneja Aerospace and Aviation Limited

We, Salil Taneja, Whole-time Director and Arif Ahmad, Chief Financial Officer of Taneja Aerospace and Aviation Limited, 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, 2016 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 and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and 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 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. Post demerger, Internal financial controls system of the Company are undergoing changes, which are in the process of being documented and evaluated.

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

- (1) There are no significant changes in internal control over financial reporting during the financial year ended March 31, 2016;
- (2) All significant changes in accounting policies during the financial year ended March 31, 2016 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, 2016

Whole-time Director

Chief Financial Officer