

TANEJA AEROSPACE AND AVIATION LIMITED

TRANSCRIPT OF THE 31ST ANNUAL GENERAL MEETING OF TANEJA AEROSPACE AND AVIATION LIMITED HELD AT 02:00 PM IST ON TUESDAY SEPTEMBER 29, 2020 THROUGH VIDEO CONFERENCING

Mrs. Sysha Kumar, Company Secretary

Good Afternoon ladies and gentleman. I request Dr. Prahlada Ramarao, Chairman of the Board, to take Chair as Chairman of this 31st Annual General Meeting

Dr. Prahlada Ramarao, Chairman

Dear Shareholders,

A Very Good Afternoon to you all!!

I, Dr. Prahlada Ramarao, Chairman of the Board, On behalf of the Board of Directors, welcome you all to the 31st Annual General Meeting of Taneja Aerospace and Aviation Limited.

I would like to introduce to you my colleagues on the VC. I would request each member to acknowledge when I introduce him/ her.

Mr. Salil Taneja - Non executive Director. He has been part of the Company since its inception and is the promoter director. He was also the Whole Time Director of the Company from December 2014 to September 2018.

Mr. Salil Taneja, Non Executive Director

A very good afternoon to you all

Dr. Prahlada Ramarao, Chairman

Mr. Muralidhar Reddy - Non Executive Director. He was the Managing Director of the Company till March 31, 2020 and continues on the Board as Non Executive Director of the Company.

Mr. Reddy has not been able to join the video conference due to technical issues.

We will go to the next to member.

Mr. Arvind Nanda. - Independent Non Executive Director and he is the the Chair of the Audit and Nomination and Remuneration Committee. He was also the Joint Managing Director of the Company from 1998 to 2003.

Mr. Arvind Nanda, Independent Director

Hello and a very good afternoon to you all.

Dr. Prahlada Ramarao, Chairman

Mr. Ramesh Jaiswara - subject to the approval of the members he is appointed as Director with effect from September 02, 2020 and Whole-time Director with effect from October 01, 2020.

Mr. Ramesh Jaiswara, Director

Hello and a very afternoon to you all

Dr. Prahlada Ramarao, Chairman

Mrs. Rahael Shobhana Joseph, Non Executive Director and Chair of the Stakeholder Relationship Committee of the Company, she has expressed her inability to attend the meeting.

We have Mr. Mahendra Nalluri, Chief Financial Officer of the Company.

We also have with us Mr. Deepak Rao and his associate Mr. Pankaj Bhauwala from M/s. MSKA & Associates, Statutory Auditors of the Company and Mr. Devendra Deshpande of DVD and Associates, the secretarial auditor of the Company

Further Mr. Giriraj Mohta, Scrutinizer is also present at the meeting.

I now request the Company Secretary to brief the members.

Mrs. Sysha Kumar, Company Secretary

Thank you Chairman.

Due to COVID-19 pandemic the Ministry of Corporate affairs and the Securities and Exchange Board of India vide their respective circulars, have allowed companies to hold the AGM through video conferencing or other audio-visual means during calendar year 2020.

Further the said circulars gave relaxation to the companies by dispensing with the requirement of printing and despatch of physical copies of annual report for the financial year 2019-20 to the shareholders.

Accordingly, the Annual Reports of the Company for FY 2019-20 have been sent by electronic means to all those shareholders whose email id's were registered with the Company or Depositories.

Now, few instructions about the e-meeting:

- All members have been kept on mute.
- Shareholders who have registered as Speakers will be unmuted once their name is called.
- We had requested all of you to send your queries in advance, on the business, proposals in the AGM Notice and other matters in the Annual Report. We will respond to the queries received in due course of the meeting.
- Speed and working of audio video mode for joining the meeting by members depends on your internet connectivity / capacity.

For any queries relating to attendance or e-voting at the meeting member can call on helpline toll free no. 022-23058542/43.

I now request the Chairperson to kindly start with the proceedings.

Dr. Prahlada Ramarao, Chairman

Now I am starting with the formal proceedings of the meeting.

I have been informed, based on registrations received from shareholders for e-meeting, that the requisite quorum for the meeting is present. I therefore call this meeting to order.

Since the meeting is through Electronic means, no proxies are allowed to attend the meeting.

The Company has received representations under Section 113 of the Companies Act, 2013 and the details are available with the scrutinizer.

I would like to inform that the statutory registers as required under the Companies Act, 2013, are made available for electronic inspection to the members.

Mrs. Sysha Kumar, Company Secretary

I now request the Chairman to please address the members

Dr. Prahlada Ramarao, Chairman

Dear Shareholders,

Good Afternoon Ladies and Gentleman.

Welcome to the 31st Annual General Meeting of your Company. It is a pleasure to connect with you virtually. I hope you and your family members are safe and healthy.

I will now take the opportunity to apprise Members & Investor family of TAAL on performance & prospects of the Company.

During the year 2019-20, Total Income of the Company was Rs. 3252.23 Lakhs as against Rs. 3333.13 Lakhs in 2018-19. Profit After Tax stood at Rs. 584.07 Lakhs as against Rs. 523.64 Lakhs.

Covid 19 pandemic has had a huge impact on the business of the Company as our plant remained idle for a long time, supply chain disturbed and production and sales have been impacted. The pandemic has had a huge impact on the aerospace and defence manufacturing industry. The well being and health of our employees has been given top priority through this period. We are trying to adapt to the changed circumstances slowly and effectively.

The current year is witnessing a slowdown on account of COVID-19 outbreak. The slowdown has substantially impacted the 1st quarter of 2020.

Total Income stood at Rs. 595 Lakhs in the quarter ended 30 June, 2020 as against Rs. 778 Lakhs in same quarter previous year while Profit After Tax stood at Rs. 90 Lakhs as against Rs. 186 Lakhs in same quarter previous year.

We are hopeful that the performance will improve in the 2nd half of FY20-21.

On behalf of Board of Directors of your Company, I express my gratitude to our shareholders for their continued Support & Co-operation.

I take this opportunity to express my sincere thanks to Investors, Bankers, Domestic & Global Customers, Suppliers, Business Partners, DRDO, Aviation Authorities, Indian Defense Services, Government of India, Government of Tamil Nadu, various State Governments, Village President, Local Villagers, Farmers & Agriculturalists for their continued support & co-operation.

Finally, I would like to specially acknowledge the entire TAAL family for their contribution, hard work & commitment in the progress of your company. Let us continue our efforts to meet the challenges ahead & move forward in our endeavors.

On behalf of the Board of Directors of TAAL I want to thank you for your continued trust confidence and support.

Mrs. Sysha Kumar, Company Secretary

Thank you Chairman

Dr. Prahlada Ramarao, Chairman

The Annual Report and the Notice convening the 31st Annual General Meeting were dispatched through electronic means. With your permission, I take the Notice as read.

I note that there are no qualifications in the Audit report except emphasis of the matter.

I, now request the Company Secretary to read the observations and comments in Auditors' Report .

Mrs. Sysha Kumar, Company Secretary

Dear Members,

Pursuant to provisions of Companies Act, 2013, I hereby read out the observation and comments of Auditors in Audit Report & Secretarial Audit Report for FY 2019-20.

Auditors' Report:

Members may refer to Pg. 25 of Annual Report for comments of Statutory Auditors in its Report as follows:

Emphasis of Matters

We draw attention to the following matter in the Notes to the standalone financial statements:

- a. *Note 47 which states that the Company had carried on the demerged charter business and activities including banking transactions, statutory compliances and all other commercial activities relating to the demerged charter business for and on account of and in trust for TAAL Enterprises Limited until the time TAAL Enterprises Limited obtains the requisite statutory licenses for carrying on the demerged charter business. However, the accounting entries pertaining to the demerged charter business are accounted in the books of account of TAAL Enterprises Limited. The said matter is being reported as an Emphasis of Matter in our Statutory Audit Reports for the year ended March 31, 2017 onwards.*
- b. *We draw attention to Note 52 to the financial statements which states that the management has performed an assessment of the impact of COVID-19 on the Company's operations, financial performance and position as at and for the year ended March 31, 2020 and has concluded that there is no material impact which is required to be recognized in the financial statements. Accordingly, no adjustments have been made to the financial statements.*

Our opinion is not modified in respect of this matter.

Secretarial Audit report

Members may please refer to page no. 21 of the Annual Report for comments of Secretarial Auditor in their Report as follows:

"The Company is in the process of filing form BEN 2 under Section 90 of the Act with the Registrar of Companies,"

Dr. Prahlada Ramarao, Chairman

I now commence to transact the business contained in the Notice dated September 02, 2020 and request the Company Secretary to read out the proceedings.

Mrs. Sysha Kumar, Company Secretary

As per the provisions of the Companies Act, 2013 and SEBI LODR, the Company had provided two modes to the shareholders for casting their vote on the resolutions set-out in the Notice convening the AGM : Remote e-voting and electronic voting facility at the Annual General Meeting i.e. E-voting.

The Remote e-voting facility was made available to all Members from September 26, 2020 (09.00 A.M.) to September 28, 2020 (05.00 P.M.) through e-voting portal of CDSL and the same has been closed.

The E-voting at the AGM is being made available to enable members, who have not cast their votes through remote e-voting to exercise their voting rights. The Members may please go to the e-voting website of CDSL and cast their vote .

Since the AGM is being held through video conferencing and other Audio visual means and the resolutions mentioned in the Notice convening this AGM have already been put to vote through remote e-voting there will be no proposing and seconding of resolutions.

The members who have already voted through remote e-voting shall not be eligible to vote electronically during the meeting. However, they can participate in the AGM.

Upon Completion of e-voting, the voting results will be declared within 48 hours based on scrutinizer's report and the same would be published on the Company's website and uploaded on BSE website.

Now I request the Chairman to continue with the proceedings.

Dr. Prahlada Ramarao, Chairman

Now I invite the shareholders those who have registered as Speakers, to ask the questions.

The answer to all the questions will be provided once all speakers complete asking their questions.

Mrs. Sysha Kumar, Company Secretary

CDSL Moderator request you to please unmute Mr. Kapil Chopra who has registered as a speaker.

Moderator :

Mr. Kapil Chopra has not joined the meeting

Mrs. Sysha Kumar, Company Secretary

Mr. Chairman as the speaker has not logged in, request you to please continue with the proceedings.

Dr. Prahlada Ramarao, Chairman

Okay, I request Mr. Salil Taneja and/ or Mr. Ramesh Jaiswara to please reply to the shareholder queries.

Mr. Salil Taneja

I will go through the questions that we have received. First I will go through Mr. Amit Doshi's questions. He asked,

Q1. What is the opportunity for our company in manufacturing post opening up defense sector and in light of proposed DPP

We do not foresee any major upside in short and medium term due to budgetary constraints, procedural roadblocks etc.

Q2. What are the prospects of MRO division as there are lots of benefits extended to this sector.

MRO business is presently badly affected by Covid and recovery will take considerable time. The Company's role in this business is, however, limited to lease of hangar space for MRO business

Q3. Tamil Nadu government was planning to develop Hosur airport, is the plan on track and if so how long it will take to be operational and what could be the business prospects of the same

The Company's proposal for the same is presently pending with the Ministry

Q4. For many years our revenues and profits have remained in a range of Rs. 30- Rs. 35 Crore with EBIDTA of Rs. 10- Rs. 13 Crore what is the future outlook for growth.

While there are external constraints as above in growing manufacturing business, the Company does expect growth from non MRO airfield activities.

Q5. What steps company is taking to grow the business.

While there are external constraints as above in growing manufacturing business, the Company does expect growth from non MRO airfield activities.

I will now move to Mr. Kapil Chopra's questions. I believe Mr. Chopra is not present, but he has sent in his questions. So I will answer them.

Q1. What is REAL impact of COVID 19 ? In % terms how your supply chain has affected ?

Covid 19 has been the game changer for all business and aviation sector is among the worst affected. Our manufacturing business is affected more on the market side than on supply side. Top line and bottom line for first quarter were already lower by 25% and 50% respectively as compared to previous year.

Q2. Where you see the light in the end of the tunnel ? What will be the growth triggers in first half and second half ?

Covid 19 has been the game changer for all business and aviation sector is among the worst affected. Our manufacturing business is affected more on the market side than on supply side. Top line and bottom line for first quarter were already lower by 25% and 50% respectively as compared to previous year.

Q3. Please give the production capacity utilization figures in % for the month April, May and June 2020 ? What is the trend in this quarter so far despite several government restrictions? What was capacity utilization of last year? and Last 5 years on moving average basis?

It is difficult to give a single figure for capacity utilization which depends on the utilization of various equipment as per the product mix from time to time.

Q4. Corona & subsequent lockdown have left virtually no industry untouched. After the covid:

- a) **How many employees we have sacked, hired and salary cut in % if any ?**
- b) **What are new innovations and new product launches we did after April 1 and what's the response so far ?**
- c) **What's the cost cutting initiatives and production enhancement activity done by the management ?**
- d) **How much salary cut was taken by the management ?**
- e) **What is the view of the management going forward? Is sustainability of the profit earning growth will remain the challenge in coming quarters ?**
- f) **What are the management efforts to improve Working Capital to Sales ratio, RoCE, Net debt to EBITDA multiple, OPM, Debtor days and Interest coverage ratio?**

A fairly lengthy question I'll try to answer it as best as I can.

While rationalization of manpower is an ongoing process, the Company has deliberately refrained from any outright reduction in salaries. On the other hand the Company is implementing other cost cutting measures both fixed and variable. I think I did not answer many of the questions because other questions actually had answered as we went along. Many of the questions were the same.

Q5. What are the management efforts to improve the company image thru investor relation exercise like concall, quarterly presentations and meeting global investors ?How will the management ensure this ?

Given the size and market capitalization of the Company, we are open to cost effective suggestions from the Members.

Q6. Please give details of deals or parties in Other Current and Non current Liabilities: contingent liabilities: Please let me know the details of our contingent liabilities and if the CS can arrange a video call with your legal head to learn the perspective in detail.

Our Company Secretary will arrange a call for the same.

Q7. What are the management efforts to reduce Other expenses & Legal Professional charges and audit fees ?

Professional fees are also being addressed as part of cost cutting measures.

Q8. What are credential the new & existing directors are bringing on the table to take the company to next phase of growth or to guide the new generation ? Is the appointment being done after checking all the new amendments under clause 49. Please send the KMP details to us

Details of the Directors are already available in the Notice of the meeting.

Q9. What is the policy related to dividends in our company as most of the senior citizens only depend on that ?

The Company will look into it once the Covid volatility settles down.

Q10. Please send top 1000 shareholder list along with their name, numbers and email id

Our Company Secretary will look into the same.

Q11. Please send contact details of Key Managerial person

Our Company Secretary will look into the same.

Q12. Please send list of documents available for inspection & what time we can visit to inspect

Our Company Secretary will look into the same.

So, these are the questions I have received so far I will now turn the meeting back to the Chairman.

Dr. Prahlada Ramarao, Chairman

Thank you Salil. Thank you very much.

I also understand that there are other queries raised by the shareholders during the meeting in chat section. Some of the queries may have been covered in the replies and those not covered, Company Secretary will revert separately.

The members who have not yet voted may now cast their vote.

I request the scrutinizer to submit his report to Mrs. Sysha Kumar, Company Secretary of the Company being authorized to declare the results of the voting within 48 hours of conclusion of the AGM to the Stock Exchange and display the same on the Company Website.

The e-voting will end 15 minutes from the end of this meeting.

This concludes the business of the meeting & I thank all Members present, for attending the Meeting & casting their votes.

I now declare the meeting as concluded and thank you all for the active participation.

Mr. Salil Taneja, Director

Thank you

Mr. Arvind Nanda, Independent Director

Thank you

Mr. Ramesh Jaiswara, Director

Thank you

Mrs. Sysha Kumar, Company Secretary

Thank you all for joining. Thank you so much.