

**Taneja Aerospace and Aviation Limited **

# **Annual Report 2016-17**

## COMPANY INFORMATION

### BOARD OF DIRECTORS

Salil Taneja	Chairman & Whole-time Director
C S Kameswaran	Director
R Poornalingam	Director
R Surie	Director
N Chandra	Director
Preeti Taneja	Director (upto October 14, 2016)

### COMPANY SECRETARY

Chetan Nathani

### AUDITORS

M/s. MSKA & Associates  
(Formerly known as M/s. MZSK & Associates)  
Chartered Accountants

### BANKERS

Allahabad Bank  
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: L62200TZ1988PLC014460

### REGISTRAR & SHARE TRANSFER AGENT

Bigshare Services Pvt. Ltd.

# Taneja Aerospace and Aviation Limited

## Directors' Report

To the Members of Taneja Aerospace and Aviation Limited

Your Directors present herewith the Twenty-Eighth Annual Report and the Audited Financial Statements for the financial year ended March 31, 2017.

### FINANCIAL HIGHLIGHTS

(Rs. in Lakhs)

Particulars	2016-17	2015-16
Gross Income	3850.29	6256.11
Expenditure	3782.92	6682.51
Profit/ (Loss) after Tax	57.72	(430.50)

### DIVIDEND

The Directors do not recommend any dividend for the year ended March 31, 2017.

### OPERATIONS

The overall business was negatively impacted due to reduction in manufacturing growth (both domestic as well as export sales), denting the top line of the Company.

### DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mrs. Preeti Taneja ceased to be a director of the Company w.e.f. October 15, 2016.

The Independent Directors of the Company had given a declaration pursuant to Section 149(7) of the Companies Act, 2013 ('Act').

The annual performance evaluation has been done by the Board of its own performance and that of its Committees and individual Directors which the Board found to be satisfactory.

Details of familiarization programme of Independent Directors, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company & related matters are put up on its website www.taal.co.in

In accordance with the provisions of the Act and Articles of Association of the Company, Mr. C.S. Kameswaran, Director of the Company, retires by rotation.

### AUDITORS REMARKS

In respect of observations by Auditors on the Standalone & Consolidated Financial Statement, it has been explained in Notes forming part of the Financial Statements and in this report which are self-explanatory & therefore do not call for any further comments.

### SUBSIDIARY AND ASSOCIATE COMPANIES

As on date of this report, the Company has one subsidiary. A Report in Form AOC-1 on performance & financial position of

the subsidiary as per the Act is provided in financial statements forming part of this Annual Report.

The Company has framed a Policy for determining Material Subsidiaries which is available on its website www.taal.co.in

### FIXED DEPOSITS

The Company has not accepted any deposits from the public.

### MANAGEMENT DISCUSSION & ANALYSIS & CORPORATE GOVERNANCE REPORT

Pursuant to the SEBI (LODR) Regulations, 2015 ('Listing Regulations'), a separate section on Management Discussion & Analysis and Corporate Governance Report together with Certificates is forming part of this Report.

### MEETINGS OF THE BOARD

Five Board Meetings were held during the year. The Particulars of meetings held & attended by directors are given in the Corporate Governance Report forming part of this Report.

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013, your Directors make the following statement:

- that in preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- that the Directors have selected such accounting policies & applied them consistently & made judgments & estimates, that are reasonable & prudent so as to give a true and fair view of the state of affairs of the Company at end of the financial year March 31, 2017 and of the profit of the Company for that period;
- 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, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud & other irregularities;
- that the Directors have prepared the annual accounts on a going concern basis;
- That the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- That Directors have devised proper systems to ensure compliance with provisions of all applicable laws & that such systems were adequate & operating effectively.

### EXTRACT OF ANNUAL RETURN

The extract of Annual Return in Form MGT-9 is forming part of this Report as Annexure 'A'.

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

The particulars as required under Section 134(3)(m) of the

## Directors' Report (Contd.)

Companies Act, 2013 is forming part of this Report as Annexure 'B'.

### NOMINATION AND REMUNERATION POLICY

The Nomination & Remuneration Policy of the Company on director's appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director & other matters is available on its website [www.taal.co.in](http://www.taal.co.in)

Details pertaining to remuneration of Directors and employees required under Section 197(12) of the Act read with Rules framed thereunder are forming part of this Report as Annexure 'C'.

### SECRETARIAL AUDIT REPORT

The Report of Secretarial Auditors in Form MR-3 is forming part of this Report as Annexure-'D'. The Company is in process of appointing Woman Director to address the observations mentioned in the Secretarial Audit Report.

### PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Particulars of Loans, Guarantees & Investments u/S 186 of the Companies Act, 2013 has been given in Notes to Financial Statements forming part of this Annual Report.

### RISK MANAGEMENT

The Company manages monitors and reports on the principal risks and uncertainties that can impact its ability to achieve the strategic objectives. The Company has already identified the key risk as delays in award of Government orders and forex risk for its core manufacturing.

### DELISTING FROM LUXEMBOURG STOCK EXCHANGE

On March 21, 2017, the Company got delisted from Luxembourg Stock Exchange where Global Depository Receipts (GDR) as issued by the Company in year 2005 were listed since the GDR holders had converted all outstanding GDR into equity shares of the Company.

### INTERNAL FINANCIAL CONTROLS

The Company has established adequate internal financial controls which have been documented and embedded in the business process and were operating effectively. The Company also

recognizes the need to further strengthen the internal control systems on an ongoing basis and is taking required steps towards achieving this objective.

### AUDIT COMMITTEE AND VIGIL MECHANISM

The Composition of Audit Committee is mentioned in Report on Corporate Governance forming part of this Report.

The Whistle Blower Policy/ Vigil Mechanism of the Company as established by the Board is available on its website [www.taal.co.in](http://www.taal.co.in).

### CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

There is no information required to be provided in form AOC-2 since the Company has not entered into any contracts with related parties that are either material contracts or are not on an arm's length basis. The particulars of all related party transactions in terms of AS-18 are forming part of the financial statements.

### GENERAL

1. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
2. Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

### 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 30, 2017

Salil Taneja  
Chairman

# Taneja Aerospace and Aviation Limited

## MANAGEMENT DISCUSSION AND ANALYSIS

### INDUSTRY STRUCTURE AND DEVELOPMENT

The Aviation manufacturing sector in the country is primarily dependent on:

- Defence manufacturing units;
- Defence Research and Developmental Organizations;
- Indian Space Research Organisation; and
- Defence Forces

The Government policies therefore play a key role in creating demand from each of these sectors.

Further, products complexity, systems and procedures to a large extent limit the growth and consequently the performance of the Aviation manufacturing industry in the country.

### OPPORTUNITIES

As a part of the "Make in India" initiative, the Government is promoting greater indigenization of defence manufacturing.

This together with a favourable defence procurement policy should drive the growth of this sector.

### THREATS

Globally, the aviation industry has to face severe challenges with regard to technological advancement as well as obsolescence, unhealthy competition, indefinite delays in finalizing orders and dominance of international players.

### OUTLOOK

While the long term prospects for the industry remain positive, there will be challenges/ limitations in the medium and short term.

### RISKS AND CONCERNS

The public sector structure necessitates greater checks and balances and co-ordination between various departments and agencies resulting in in-ordinate and expensive delays.

Further, timely availability of working capital/ fund infusion, advanced technological support, defect free products, tight delivery schedules and significant exposure to foreign exchange may be the issues of concern in the short and medium term.

Further, huge amount of investments are required in both research and development and setting up the facilities for strategic items.

### INTERNAL CONTROL SYSTEMS

Through regular internal review systems, the Company's internal control is being strengthened periodically, meeting the needs of Manufacturing and Airfield/ Infrastructure businesses.

The Company also recognizes the need to further strengthen the control systems on an ongoing basis and is taking required steps towards achieving this objective.

### FINANCIAL PERFORMANCE

The financial performance of the Company for FY 2016-17 as compared to previous period is given below:

(Rs. in Lakhs)

Particulars	2016-17	2015-16
Gross Income	3850.29	6,256.11
Operating Expenditure	2924.02	5,745.62
Profit/ Loss before Interest, Tax, Depreciation and Amortization	926.27	510.49
Profit/ Loss after Interest, Tax, Depreciation and Extraordinary Items	57.71	(430.50)
Earnings Per Share	0.23	(1.73)

During the year, the domestic conversion charges increased almost seven fold to Rs. 972.04 Lakhs over previous year where the Company earned good margins. This helped the Company to post a positive bottom line for the current year.

### 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, 2017, the Company had 169 permanent 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.

## 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 <sup>^</sup>	Committee positions in other public companies <sup>\$</sup>	
		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 <sup>#</sup>	Promoter-NED	2	No	-	-	-

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

<sup>#</sup> Ceased to be Director w.e.f October 15, 2016

<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.

# Taneja Aerospace and Aviation Limited

## Corporate Governance Report (Contd.)

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:

## Corporate Governance Report (Contd.)

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:



# Taneja Aerospace and Aviation Limited

## Corporate Governance Report (Contd.)

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](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.

### 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](http://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.

## Corporate Governance Report (Contd.)

### 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:

<b>Bigshare Services P. Ltd.</b> 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](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 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

# Taneja Aerospace and Aviation Limited

## Corporate Governance Report (Contd.)

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

## Corporate Governance Report (Contd.)

### 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

# Taneja Aerospace and Aviation Limited

## Annexure 'A' to the Directors Report

### Form MGT-9

#### EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS:

i)	CIN	L62200TZ1988PLC014460
ii)	Registration Date	22/07/1988
iii)	Name of the Company	Taneja Aerospace and Aviation Limited
iv)	Category/ Sub-Category	Company limited by shares/ Indian Non-Government Company
v)	Address of the Registered office & contact details	Belagondapalli Village, Thally Road, Denkanikotta, Belagondapalli-635114 (Tamil Nadu) Tel.: +91 (04347) 233508 e-mail: secretarial@taal.co.in
vi)	Whether listed company	Yes
vii)	Name, Address & Contact details of Registrar & Transfer Agent, if any	Bigshare Services Private Limited  E-2 Ansa Industrial Estate, Sakivihar Road Saki Naka, Andheri (E), Mumbai - 400072 info@bigshareonline.com

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the Company:-

Sr. No.	Name and Description of main products/ services	NIC Code of the Product/ service	%to total turnover of the Company
1	AMM	30305	58.80
2	Airfield	52231	36.25

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No	Name and address of the company	CIN/ GLN	Holding/ Subsidiary/ Associate	% of Shares Held*	Applicable Section
1	Katra Auto Engineering P. Ltd. MMPDA Towers, 2nd Floor, Royapettah High Rd, Chennai-600014	U50300TN2007PTC062038	Subsidiary	100	2(87)

\* Includes shares held by Nominee of the Company.

# Annual Report 2016-17

## IV. SHARE HOLDING PATTERN

(Equity Share Capital Breakup as percentage of Total Equity)

### i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters &amp; Promoter group</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	32500	-	32500	0.13	32500	-	32500	0.13	-
b) Central Government	-	-	-	-	-	-	-	-	-
c) State Government(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	12699516	-	12699516	50.94	12699516	-	12699516	50.94	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (1):-</b>	<b>12732016</b>	<b>-</b>	<b>12732016</b>	<b>51.07</b>	<b>12732016</b>	<b>-</b>	<b>12732016</b>	<b>51.07</b>	<b>-</b>
<b>(2) Foreign</b>	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (2):-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Total shareholding of Promoter (A)=(A) (1)+(A)(2)	12732016	-	12732016	51.07	12732016	-	12732016	51.07	-
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	300	300	0.00	-	400	400	0.00	33.33
c) Central Government	-	-	-	-	-	-	-	-	-
d) State Government(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	1466650	-	1466650	5.88	1318375	-	1318375	5.29	(10.11)
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	<b>1466650</b>	<b>300</b>	<b>1466950</b>	<b>5.88</b>	<b>1318375</b>	<b>400</b>	<b>1318775</b>	<b>5.29</b>	<b>23.22</b>
<b>2. Non-Institutions</b>									
a) Bodies Corporate									
i) Indian	1327500	117201	1444701	5.79	1047217	117001	1164218	4.67	(19.41)
ii) Overseas	-	-	-	-	26290	-	26290	0.11	0.11
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	4912236	833476	5745712	23.05	5396300	828076	6224376	24.97	8.33
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	3320948	200	3321148	13.32	3278883	-	3278883	13.15	(1.27)
c) Others (specify):-									
c)(1) Trusts	7501	-	7501	0.03	1	-	1	0.00	(99.99)
c)(2) Non-Residents	186218	200	186418	0.75	185977	200	186177	0.75	(0.13)
<b>Sub-total (B)(2):-</b>	<b>9754403</b>	<b>951077</b>	<b>10705480</b>	<b>42.94</b>	<b>9934668</b>	<b>945277</b>	<b>10879945</b>	<b>43.64</b>	<b>(112.47)</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>11221053</b>	<b>951377</b>	<b>12172430</b>	<b>48.82</b>	<b>11253043</b>	<b>945677</b>	<b>12198720</b>	<b>48.93</b>	<b>(89.25)</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
<b>Public</b>	<b>26290</b>	<b>-</b>	<b>26290</b>	<b>0.11</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Sub-total (C)</b>	<b>26290</b>	<b>-</b>	<b>26290</b>	<b>0.11</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total (A+B+C)</b>	<b>23979359</b>	<b>951377</b>	<b>24930736</b>	<b>100.00</b>	<b>23985059</b>	<b>945677</b>	<b>24930736</b>	<b>100.00</b>	<b>0.00</b>

# Taneja Aerospace and Aviation Limited

## ii. Shareholding of Promoters & Promoter Group

Sl No.	Shareholder's Name	Shareholding at beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1	Indian Seamless Enterprises Ltd	10964620	43.98	2.01	10964620	43.98	4.56	-
2	Vishkul Leather Garments Pvt. Ltd	1689179	6.78	6.30	1689179	6.78	-	-
3	Lighto Technologies Pvt Ltd	45717	0.18	-	45717	0.18	-	-
4	Salil Baldev Taneja	3200	0.01	-	3200	0.01	-	-
5	Baldevraj Topanram Taneja	300	0.00	-	300	0.00	-	-
6	Alka P Mehta	29000	0.12	-	29000	0.12	-	-
	<b>Total</b>	<b>12732016</b>	<b>51.07</b>	<b>8.31</b>	<b>12732016</b>	<b>51.07</b>	<b>4.56</b>	<b>-</b>

## iii. Change in Promoters' Shareholding ( please specify, if there is no change): No change during the year

## iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Name	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares At the Beginning (01.04.2016/ end of year 31.03.2017)	% total shares of the Company				No. of shares	% of total shares of the Company
1	Bridge India Fund	717752	2.88	01/04/2016	NA		NA	
				30/09/2016	39364	Sell	678388	2.72
				07/10/2016	49937	Sell	628451	2.52
				03/02/2017	54626	Sell	573825	2.30
				10/02/2017	4348	Sell	569477	2.28
2	Orange Mauritius Investments Limited	708898	2.84	31/03/2017	NA		708898	2.84
				01/04-2016	NA	NA		
3	Mukul Mahavir Prasad Agrawal	708898	2.84	31/03/2017	NA		NA	
				01/04/2016	NA		NA	
				17/06/2016	200000	Sell	350000	1.40
				15/07/2016	125000	Sell	225000	0.90
4	Bhagwandas K Sahu	389000	1.56	22/07/2016	225000	Sell	0	0.00
				31/03/2017	0		0	
				01/04/2016	NA		NA	
5	Prakash Chandra Modi	430000	1.72	22/04/2016	11000	Purchase	400000	1.60
				31/03/2017	30000	Purchase	430000	1.72
				01/04/2016	NA	NA	260000	1.04
6	Tara Jain	260000	1.04	31/03/2017	NA		260000	1.04
				01/04/2016	NA	NA	260000	1.04
7	Bas Engineering Pvt Ltd	247800	0.99	01/04/2016	NA		247800	0.99
				31/03/2017	NA		247800	0.99
7	Bas Engineering Pvt Ltd	229979	0.92	01/04/2016	NA		NA	
				03/06/2016	35975	Sell	194004	0.78
				10/06/2016	17653	Sell	176351	0.71
				17/06/2016	49226	Sell	127125	0.51
				02/09/2016	51590	Sell	75535	0.30

**iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): (Contd)**

Sl. No.	Name	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares At the Beginning (01.04.2016/ end of year 31.03.2017)	% total shares of the Company				No. of shares	% of total shares of the Company
8	Utkarsh Munot	0	0.00	09/09/2016	25000	Sell	50535	0.20
		116785	0.47	04/11/2016	50535	Sell	0	0.00
		116785	0.47	01/04/2016	NA	NA	116785	0.47
9	K.Swapna	100000	0.40	31/03/2017				
				01/04/2016	NA		NA	
				05/08/2016	25000	Purchase	125000	0.50
10	Pushpalatha M Naik	150000	0.60	26/08/2016	25000	Purchase	150000	0.60
		40641	0.16	31/03/2017				
				01/04/2016	NA	NA		
				20/05/2016	45943	Purchase	86584	0.35
				30/06/2016	3036	Purchase	89620	0.36
				22/07/2016	1380	Purchase	91000	0.37
				25/11/2016	8950	Purchase	99950	0.40
				24/02/2017	3	Purchase	99953	0.40
11	Mitali Duttkakar	99977	0.40	31/03/2017				
		90000	0.36	01/04/2016	NA	NA	90000	0.36
		90000	0.36	31/03/2017				
12	Vashu Tahilram Parwani	88911	0.36	01/04/2016	NA	NA		
				12/08/2016	96	Sell	88815	0.36
13	Chanakya Finvest Private Limited	88815	0.36	31/03/2017				
		0	0.00	09/09/2016	114125	Purchase	114125	0.46
		114125	0.46	31/03/2017				



# Taneja Aerospace and Aviation Limited

## v. Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding		Date	Increase/Decrease in Shareholding	Reasons	Cumulative Shareholding during the year (01.04.2016 to 31.03.2017)	
		No. of shares at the beginning (01.04.2016)/ end of the year (31.03.2017)	% of total shares of the Company				No. of shares	% of total shares of the Company
1	Mr. Salil Taneja - ED	3200	0.01	01.04.2016	-	-	3200	0.01
		3200	0.01	31.03.2017			3200	0.01
2	Mr. R. Surie-Independent -NED	167094	0.66	01.04.2016	-	-	167094	0.66
		167094	0.66	31.03.2017			167094	0.66
3	Mr. C. S. Kameswaran-NED	0	0	01.04.2016	-	-	0	0
		0	0	31.03.2017			0	0
4	Mr. R. Poornalingam-Independent -NED	0	0	01.04.2016	-	-	0	0
		0	0	31.03.2017			0	0
5	Mr. Nirmal Chandra-Independent -NED	750	0.003	01.04.2016	-	-	750	0.003
		750	0.003	31.03.2017			750	0.003
6	*Mrs. Preeti Taneja - NED	0	0	01.04.2016	-	-	0	0
		0	0	31.03.2017			0	0
7	Mr. Arif Ahmad - Chief Financial Officer	5	0	01.04.2016	-	-	5	0
		5	0	31.03.2017			5	0
8	Mr. Chetan Nathani - Company Secretary	0	0	01.04.2016	-	-	0	0
		0	0	31.03.2017			0	0

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

# Annual Report 2016-17

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/ accrued but not due for payment

(Rs. In Lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	4062.11	211.11	849.53	5122.75
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
<b>Total (i+ii+iii)</b>	<b>4062.11</b>	<b>211.11</b>	<b>849.53</b>	<b>5122.75</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	0	5.42	0	5.42
Reduction	453.06	0	0	453.06
<b>Net Change</b>	<b>(453.06)</b>	<b>5.42</b>	<b>0</b>	<b>(447.64)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	3609.05	216.53	849.53	4675.11
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
<b>Total (i+ii+iii)</b>	<b>3609.05</b>	<b>216.53</b>	<b>849.53</b>	<b>4675.11</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/ or Manager:

(Rs. in Lacs)

Sl. No.	Particulars of Remuneration	Name of MD/ WTD/ Manager	Total Amount
		Salil Taneja- WTD	
1	Gross salary	89.50	89.50
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission	-	-
5	Others, please specify	-	-
	Total (A)	89.50	89.50
	Ceiling as per the Act	-	-

### B. Remuneration to other directors:

Sl. no.	Particulars of Remuneration	Name of Directors					Total Amount
		R.Surie	C.S. Kameswaran	Nirmal Chandra	Preeti Taneja	R. Poornalingam	
1	<b>Independent Directors</b>						
	Fee for attending board/ committee meetings	2.20	-	2.60	-	2.60	7.40
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	<b>Total (1)</b>	<b>2.20</b>	<b>0.00</b>	<b>2.60</b>	<b>-</b>	<b>2.60</b>	<b>7.40</b>
2	<b>Other Non-Executive Directors</b>						
	Fee for attending board / committee meetings	-	1.10	-	0.40	-	1.50
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	<b>Total (2)</b>	<b>-</b>	<b>1.10</b>	<b>-</b>	<b>0.40</b>	<b>-</b>	<b>1.50</b>
	<b>Total (B)=(1+2)</b>	<b>2.20</b>	<b>1.10</b>	<b>2.60</b>	<b>0.40</b>	<b>2.60</b>	<b>8.90</b>
	Total Managerial Remuneration	-	-	-	-	-	98.40
	Overall Ceiling as per the Act	-	-	-	-	-	-

# Taneja Aerospace and Aviation Limited

## C. Remuneration to Key Managerial Personnel other than MD/ Manager/ WTD (Rs. in Lacs )

Sl. no.	Particulars of Remuneration	Key Managerial Personnel		Total
		Chetan Nathani - Company Secretary	Arif Ahmad - CFO	
1	Gross salary	6.88	9.60	16.48
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
5	Others, please specify	-	-	-
	Total	6.88	9.60	16.48

## VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES: NONE

### Annexure 'B' to the Directors Report

Information required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 for the financial year ended on March 31, 2017

#### I. Conservation of energy:

- i. The steps taken or impact on conservation of energy:  
Harmonic filter installed at powerhouse which reduces the power loss.

The Company is basically a low energy consumer. During the year under review, approx. 6.36 lakhs units of energy were consumed, costing Rs. 103.32 Lakhs.

Minimizing environmental pollution by reducing carbon discharge to the atmosphere with reduced running of diesel or engine driven power sources.

- ii. The steps taken by the company for utilizing alternate sources of energy:  
a) Using 250 KVA genet only in case of emergency.
- iii. The capital investment on energy conservation equipment's: Nil

#### II. Technology absorption:

- i. The efforts made towards technology absorption:

Major work carried out by the Company is with Defence sector & most of these work are confidential in nature.

- ii. The benefits derived like product improvement, cost reduction, product development or import substitution:  
Better Quality, minimized rejections, improved production throughput, operator's knowledge enhancement and skill improvement, increased indigenization efforts for DPSUs, and armed services(IN & IAF).

- iii. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-

- a. The details of technology imported- Nil  
b. The year of import- Nil  
c. Whether the technology been fully absorbed- Nil  
d. If not fully absorbed, areas where absorption has not taken place, and the reasons thereof- Nil

- iv. The expenditure incurred on Research and Development.

(Rs. in Lakhs)

Sr. No.	Particulars	2016-17	2015-16
i)	Capital Expenditure	Nil	Nil
ii)	Recurring Expenditure	3.48	13.75
	Total	3.48	13.75
	Total R&D as a percentage to turnover	0.09	0.21

#### 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.

Company was involved in the export process (deemed in nature) which was not generating the direct inflow of Foreign Exchange, but into INR.

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

## Annexure 'C' to the Director Report

Details pertaining to remuneration pursuant to Section 197(12) of the Companies Act, 2013 read with Rules thereunder:

- 1) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary in the financial year 2016-17, Ratio of remuneration of each Director to median remuneration of employees of the Company for the financial year 2016-17:

Sr. No.	Name of Directors/ KMP and Designation	% increase in remuneration in FY 2016-17	Ratio of remuneration of Director to median remuneration of employees
1	Salil Taneja, Whole-time Director*	13.33	33:1
2	Chetan Nathani, Company Secretary	6.00	N.A.
3	Arif Ahmad, Chief Financial Officer	N.A.	N.A.

\* Increase in remuneration w.e.f. December 1, 2016

The median remuneration of employees of the Company during the financial year was Rs. 2.73 Lacs p.a.

- 2) During the financial year under review, the median remuneration of employees increased by 28.17%.
- 3) There were 169 permanent employees on the rolls of the Company as on March 31, 2017.
- 4) There was no increase in the salaries of employees other than the managerial personnel in the last financial year. Remuneration to Managerial personnel is decided on the basis of qualification and expertise in relevant fields.
- 5) Statement showing details of in terms of top ten employees remuneration drawn and the employees in receipt of remuneration aggregating to Rs. 8.50 lacs per month and above:

Sr. No.	Name of the Employee	Designation	Age (Yrs.)	Remuneration (Rs. in Lacs)	Qualifications	Experience (Years)	Date of commencement of employment	Last employment held
1	Salil Taneja	Whole-time Director	50	89.50	B.Sc. (Engg.), MBA (Fin.), Ohio, Yale, USA	26	December 1, 2014	ISMT Ltd.
2	Biswanath Sar	EVP	57	24.55	BE (Mech.)	31	September 15, 2014	TATA Advanced Materials Ltd.
3	Soundrarajan	Sr. GM	50	21.60	AME	25	July 28, 1992	-
4	K Jegannath	AVP ( Airport And Projects )	45	17.60	Masters in Technology in Structural Engineering	26	April 10, 2015	SYConE CPMC Ltd, Bangalore
5	Sanjeev Tiwari	Sr. AME (Avionics) and Maint. Mgr.	48	14.58	AME	26	January 19, 2008	Tata Steels Ltd
6	Taj Prakash	AVP	45	11.14	ME (Metallurgical Engg.)	30	August 1, 2016	Synergies Castings Ltd.
7	Arun Mohan	SR AME	33	10.80	AME	10	October 1, 2006	-
8	Arif Ahmad	CFO	31	9.60	B.Com, CA - Inter	6	July 13, 2015	MIS Pvt. Ltd.,
9	Vijaya Kumari	Manger – Accounts & Finance	46	7.64	M. com	21	December 7, 2000	Karvy Consultants Limited
10	Raj kumar	Chief Manager	45	7.17	Diploma in Production Technology	25	November 17, 2015	SD Engineering Pvt. Ltd.

- 6) It is hereby affirmed that the remuneration is as per the Remuneration Policy of the Company.

# Taneja Aerospace and Aviation Limited

## Annexure 'D' to the Directors Report

FORM MR-3  
**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members  
**TANEJA AEROSPACE AND AVIATION LTD**  
Belagondapalli Village, Thally Road,  
Denkanikotta Belagondapalli TN 635114

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate governance practices by M/s. Taneja Aerospace and Aviation Ltd (hereinafter called "the Company").

Secretarial Audit was conducted for the period from 1st April 2016 to 31st March 2017, in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances of the Company and expressing our opinion thereon. We have been engaged as Secretarial Auditors of the Company to conduct the Audit of the Company to examine the compliance of Companies Act and the laws specifically listed below.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2017 according to the provisions of the following list of laws and regulations with our observations on the same:

- (i) The Companies Act, 2013 (the Act) and the Rules made there under: The Company has satisfactorily complied with the provisions of the Companies Act, 2013 and the Rules made there under and there are no discrepancies observed by us during the period under review except as mentioned subsequently in this report.
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under: The Company has complied with the provisions of The Securities Contracts (Regulation) Act, 1956 ('SCRA').
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under:

The Company is a listed public company the shares are in dematerialised form and the Company has complied with the provisions of The Depositories Act, 1996 and the Regulations and Bye-laws framed there under.

- (iv) The Company has satisfactorily complied with the provisions of the Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings and there are no discrepancies observed by us during the period under review.
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - (e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

The Company is a listed Company and provisions of Regulations and Guidelines mentioned above and prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are duly complied by the Company.

I further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, the Company has complied with the following laws applicable specifically to the Company:

## a. The Aircraft Act, 1934

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India. The Company has duly complied with the Secretarial Standards for the period under review.
- (ii) The Listing Agreement entered into by the Company with BSE Limited, Mumbai in respect of Shares issued by the Company and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 except as mentioned subsequently in this report.

During the period under review the Company has complied with the applicable provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. which are mentioned above.

## We further report that:-

There are adequate systems and processes in the company commensurate with its size & operation to monitor and ensure compliance with applicable laws including general laws, labour laws, competition law and environmental laws.

The Board of Directors of the Company is duly constituted with proper balance of appointment of Independent Directors as required by Section 149 of the Companies Act, 2013 **except that there was no woman director appointed since 15th October 2016, the date on which the earlier woman director resigned from the Board.**

Adequate notice is given to all directors about the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further

information and clarifications on the agenda items before the meeting for meaningful participation at the meeting. All decisions at Board Meetings were carried out unanimously as recorded in the minutes of the meetings of the Board of Directors.

We further report that during the audit period no major decisions, specific events/ actions have occurred which has a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc except the following:

- a. An audit of Secretarial records of the Company with Sharepro Services India Private Limited was conducted as per the order of SEBI bearing number WTM/RKA/MIRSD/41/2016.
- b. Bigshare Services Private Limited were appointed as Registrar and Transfer Agents during the Financial year 2016 - 17
- c. The company conducted a postal ballot for appointment of Mr. Salil Taneja as Whole Time Director and informed the same to Registrar of Companies as well as BSE Limited as per the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- d. The Company has received a show cause notice from Registrar of Companies and the same has been satisfactorily replied to by the officers of the Company.

FOR DVD & ASSOCIATES  
COMPANY SECRETARIES

Place: Pune  
Date: May 30, 2017

Devendra Deshpande  
FCS No. 6099  
CP No. 6515

## Annexure to Secretarial Audit Report

To,  
The Members  
TANEJA AEROSPACE AND AVIATION LTD  
Belagondapalli Village, Thally Road,  
Denkanikotta Belagondapalli 635114

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion..

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Pune  
Date: May 30, 2017

FOR DVD & ASSOCIATES  
COMPANY SECRETARIES  
Devendra Deshpande  
FCS No. 6099  
CP No. 6515

# Taneja Aerospace and Aviation Limited

## AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/ associate companies

### PART "A": SUBSIDIARIES

(Rs. in Lakhs)

S r . No.	Name of Subsidiary	Reporting Currency in case of foreign subsidiaries	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit Before Taxation	Provision for Taxation	Profit After Taxation	Proposed Dividend	% of Share- holding*
1	Katra Auto Engineering Pvt. Ltd.	-	5.00	(1.87)	649.51	646.38	0.00	0.00	(0.17)	0.00	(0.17)	Nil	100%

\* Includes share held by a Nominee of the Company.

#### Notes:

A Name of Subsidiaries which are yet to commence operations -

Sr. No.	Name of Subsidiary companies
1	Katra Auto Engineering Pvt. Ltd.

B Name of Subsidiaries which have been liquidated or sold during the year - Nil

### PART "B": ASSOCIATES - None

Salil Taneja  
Chairman

Arif Ahmad  
Chief Financial Officer

For and on behalf of the Board of Directors  
Chetan Nathani  
Company Secretary

Pune, May 30, 2017

## INDEPENDENT AUDITOR'S REPORT

### To the Members of Taneja Aerospace and Aviation Limited

#### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Taneja Aerospace and Aviation Limited ("the Company"), which comprises the Balance Sheet as at 31<sup>st</sup> March, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due

to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

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

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, of the state of affairs of the Company as at 31<sup>st</sup> March, 2017, and its profit and its cash flows for the year ended on that date.

#### Emphasis of Matter

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

- a) The Company has outstanding MAT Credit Entitlement amounting to Rs. 146.38 Lakhs as on March 31, 2017 (Previous Year Rs. 146.38 Lakhs), which in the opinion of the management, based on the projected future taxable profits, will be utilized within the stipulated time period prescribed as per the provisions of Income Tax Act, 1961. However, we are unable to comment on the projections, recoverability of MAT Credit Entitlement outstanding as at March 31, 2017 and its consequential impact on the Statement of Profit and Loss for the year ended March 31, 2017 and on the Reserves of the Company as on that date - Refer Note No. 13.
- b) We draw attention to Note 32 to the standalone financial statements 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 (a related entity of the Company) until the time TAAL Enterprises Limited obtains the requisite statutory licences 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.

Our opinion is not modified in respect of these matters.



# Taneja Aerospace and Aviation Limited

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## Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes 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, the 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 aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) In our opinion, there are no matters that may have an adverse effect on the functioning of the Company.
- (f) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in

our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 26 to the standalone financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note 16.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of sub-section 11 of section 143 of the Act, we give in the 'Annexure B', a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For MZSK & Associates**

Chartered Accountants  
Firm Registration No. 105047W

**Abuali Darukhanawala**

Place: Mumbai  
Date: May 30, 2017

Partner  
Membership No. 108053

## ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF TANEJA AEROSPACE AND AVIATION LIMITED

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Taneja Aerospace and Aviation Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI) (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the Company's internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide

reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at March 31, 2017:

- a) The Company does not obtain periodical statement of accounts from customers and reconcile the same with books of account. Additionally, it does not have an appropriate internal control system for accounting of customer receipts against particular invoices which could impact the accuracy of the ageing report, periodical reconciliation of accounts receivables prepared by the Company and ascertaining outstanding trade receivable balances.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, except for the effects/possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the standalone financial statements of the Company, and the material weaknesses does not affect our opinion on the standalone financial statements of the Company.

### For MZSK & Associates

Chartered Accountants  
Firm Registration No. 105047W

### Abuali Darukhanawala

Partner

Place: Mumbai  
Date: May 30, 2017

Membership No. 108053

# Taneja Aerospace and Aviation Limited

## ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

[Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the members of Taneja Aerospace and Aviation Limited on the financial statements for the year ended 31<sup>st</sup> March, 2017]

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the fixed assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii. The inventory (excluding stocks with third parties) has been physically verified during the year by the management. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on verification between the physical stocks and the book records.
- iii. The Company has granted loans, secured or unsecured to two Companies covered in the register maintained under section 189 of the Act.
  - (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the rate of interest and other terms and conditions on which the loans have been granted to the Company listed in the register maintained under Section 189 of the Act are not, prima facie, prejudicial to the interest of the Company.
  - (b) In case of the loans granted to the Company listed in the register maintained under section 189 of the Act, schedule of repayment of principal and payment of interest have not been stipulated. In the absence of stipulation of repayment terms, we are unable to comment on the regularity of repayment of principal and payment of interest.
  - (c) There are no amounts overdue for more than ninety days in respect of the loan granted to Company listed in the register maintained under section 189 of the Act.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with

the provisions of section 185 and 186 of the Act, in respect of loans, investments, guarantees and security made.

- v. In our opinion and according to the information and explanations given to us, there are no amounts outstanding which are in the nature of deposits as on 31<sup>st</sup> March, 2017 and the Company has not accepted any deposits during the year.
- vi. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant as specified by the Central Government for the maintenance of cost records under sub-section (1) of section 148 of the Act and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues have not been regularly deposited with the appropriate authorities and there has been a delay in few cases.

According to the information and explanation given to us, no undisputed amounts are payable in respect of provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues which were applicable to the Company were in arrears, as at 31<sup>st</sup> March, 2017 for a period of more than six months from the date they became payable.

- (b) According to the information and explanation given to us and examination of records of the Company, the outstanding dues of income-tax, sales-tax, service tax, customs duty, excise duty, value added tax, cess and any other statutory dues on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount Rs. In Lakhs	Period to which the amount relates	Forum where dispute is pending
Customs Act, 1962	Customs Duty	622.67	F.Y. 2007-08	CESTAT
Finance Act, 1994	Service tax	80.24*	F.Y. 2005-06 to F. Y. 2009-10	CESTAT

## Annual Report 2016-17

Name of the statute	Nature of dues	Amount Rs. In Lakhs	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty	23.73	F.Y. 2012-2013	CESTAT
Central Excise Act, 1944	Excise Duty	53.19*	F.Y. 2013-14 to F.Y. 2014-15	CESTAT
Central Excise Act, 1944	Excise Duty	80.24	F.Y. 2008-09 to F.Y. 2011-12	CESTAT
Finance Act, 1994	Service Tax	124.37	F.Y. 2008-09 to F.Y. 2012-13	CESTAT
Central Excise Act, 1944	Excise Duty	2.56*	F.Y. 2016-17	Adjudicating Authority

\* Net of amounts paid under protest.

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to the financial institution, bank or debenture holders except for in the following cases the details of which are as follows:

Particulars	Amount of default as at 31 <sup>st</sup> March, 2017 (Rs. in Lakhs)	Period of default
i) Name of the lenders in case of:		
Bank:		
1. Allahabad Bank	60.67	1-2 Months
2. Vijaya Bank	55.75	1-2 Months

- ix. In our opinion, according to the information & explanation provided to us, money raised by way of term loans during the year have been applied for the purpose for which they were raised. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year.
- x. During the course of our audit, examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees.

- xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the provisions stated in paragraph 3(xii) of the Order are not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provisions stated in paragraph 3 (xiv) of the Order are not applicable to the Company.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, provisions stated in paragraph 3(xv) of the Order are not applicable to the Company.
- xvi. In our opinion, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions stated in paragraph clause 3 (xvi) of the Order are not applicable to the Company.

**For MZSK & Associates**

Chartered Accountants  
Firm Registration No. 105047W

**Abuali Darukhanawala**

Place: Mumbai  
Date: May 30, 2017

Partner  
Membership No. 108053

# Taneja Aerospace and Aviation Limited

## Balance Sheet as at March 31, 2017

(Rs. in Lakhs)

Particulars	Note No.	As at March 31, 2017	As at March 31, 2016
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	1246.54	1246.54
Reserves and Surplus	3	7321.36	7263.64
		<b>8567.90</b>	8510.18
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	4	1907.16	2616.67
Other Long-Term Liabilities	5	849.53	849.53
Long-Term Provisions	6	176.92	161.91
		<b>2933.61</b>	3628.11
<b>Current Liabilities</b>			
Short-Term Borrowings	7	891.18	841.22
Trade Payables	8		
Micro, Small and Medium Enterprises		-	-
Other Trade Payables		316.59	2473.92
Other Current Liabilities	9	1970.86	1490.04
Short-Term Provisions	10	48.86	68.82
		<b>3227.49</b>	4874.00
<b>Total</b>		<b>14729.00</b>	17012.29
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets	11		
Tangible Assets		11402.05	11698.25
Non-Current Investments	12	5.00	5.00
Long-Term Loans and Advances	13	990.76	792.43
		<b>12397.81</b>	12495.68
<b>Current Assets</b>			
Inventories	14	407.37	919.66
Trade Receivables	15	890.04	2131.44
Cash and Bank Balances	16	379.27	371.37
Short-Term Loans and Advances	17	654.51	1094.14
		<b>2331.19</b>	4516.61
<b>Total</b>		<b>14729.00</b>	17012.29
<b>Significant Accounting Policies</b>	1		
<b>Notes are an Integral part of the Financial Statements</b>	2 - 37		

As per our report of even date attached

**For MZSK & Associates**

Chartered Accountants  
Firm Registration No. 105047W

**Abuali Darukhanawala**

Partner  
Membership No. 108053  
Mumbai, May 30, 2017

For and on behalf of the Board of Directors of  
**Taneja Aerospace and Aviation Limited**  
CIN: L62200TZ1988PLC014460

**Salil Taneja**

Chairman  
DIN : 00328668

**Arif Ahmad**

Chief Financial Officer

**Chetan Nathani**

Company Secretary  
M. No. A32129

Pune, May 30, 2017

# Annual Report 2016-17

## Statement of Profit and Loss for the year ended March 31, 2017

(Rs. in Lakhs)

Particulars	Note No.	Year ended March 31, 2017	Year ended March 31, 2016
<b>INCOME</b>			
Revenue from Operations (Net)	18	3681.34	5871.30
Revenue from Trading Activities	19	-	163.96
Other Income	20	168.95	220.85
<b>Total Revenue</b>		<b>3850.29</b>	<b>6256.11</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	21	715.63	3650.35
Purchase of Trading Goods		-	160.74
Changes in Inventory of Work-In-Progress	22	292.19	(195.36)
Operational and Other Expenses	23	870.47	910.18
Employee Benefits Expense	24	1045.73	1219.71
Finance Costs	25	555.12	633.69
Depreciation & Amortisation Expense	11	303.78	303.20
<b>Total Expenses</b>		<b>3782.92</b>	<b>6682.51</b>
<b>Profit/(Loss) before Extraordinary Items and Tax</b>		<b>67.37</b>	<b>(426.40)</b>
Less: Prior Period Items		4.86	4.10
<b>Profit/(Loss) before Tax</b>		<b>62.51</b>	<b>(430.50)</b>
<b>Tax Expense:</b>			
Current Tax		-	-
Short Tax Provision for Earlier Years		4.79	11.69
MAT Credit Entitlement		-	(11.69)
Deferred Tax Charge/(Benefit)		-	-
Short Tax Provision for Earlier Years		-	-
<b>Total Tax (Benefit)/Expense</b>		<b>4.79</b>	<b>-</b>
<b>Profit/(Loss) for the Year</b>		<b>57.72</b>	<b>(430.50)</b>
Profit/(Loss) from continuing operations before tax		<b>62.51</b>	<b>(430.50)</b>
Tax Expense of discontinuing Operation		<b>(4.79)</b>	<b>-</b>
<b>Profit/(Loss) from continuing operations after tax</b>		<b>57.72</b>	<b>(430.50)</b>
Profit/(Loss) from discontinuing operations before tax		-	-
Tax Expense of discontinuing Operation		-	-
<b>Profit/(Loss) from discontinuing operations after tax</b>		-	-
<b>Earnings per equity share In Rs. [Nominal Value Per Share Rs.5 (Previous Year Rs.5)]</b>	27	0.23	(1.73)
<b>Significant Accounting Policies</b>	1		
<b>Notes are an Integral part of the Financial Statements</b>	2 - 37		

As per our report of even date attached

**For MZSK & Associates**

Chartered Accountants  
Firm Registration No. 105047W

**Abuali Darukhanawala**

Partner  
Membership No. 108053  
Mumbai, May 30, 2017

For and on behalf of the Board of Directors of  
**Taneja Aerospace and Aviation Limited**  
CIN: L62200TZ1988PLC014460

**Salil Taneja**

Chairman  
DIN : 00328668

**Arif Ahmad**

Chief Financial Officer

**Chetan Nathani**

Company Secretary  
M. No. A32129

Pune, May 30, 2017

# Taneja Aerospace and Aviation Limited

## Cash Flow Statement for the year ended March 31, 2017

(Rs. in Lakhs)

	Particulars	Year ended March 31, 2017	Year ended March 31, 2016
<b>A</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Loss before extraordinary items and tax	67.37	(426.40)
	Adjustments for :		
	Depreciation & Amortisation Expense	303.78	303.20
	Prior Period Items	(4.86)	(4.10)
	Extra Ordinary Item	-	-
	Finance Costs	489.66	550.94
	Provision for Doubtful Debts	162.31	93.59
	Sundry Creditors Written Back	(0.11)	(19.11)
	Interest Income	(24.29)	(81.61)
	<b>Operating Profit before Working Capital Changes</b>	<b>993.86</b>	<b>416.51</b>
	Adjustments for :		
	Trade and Other Receivables	1356.09	(1802.02)
	Inventories	512.29	(432.66)
	Trade and Other Payables	(1860.87)	1958.37
	<b>Cash Generated from/ (used in) Operations</b>	<b>1001.37</b>	<b>140.20</b>
	Direct Taxes Paid (Net of Refunds)	125.03	(129.10)
	<b>Net Cash Flow from/ (used in) Operating Activities</b>	<b>1126.40</b>	<b>11.10</b>
<b>B</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Purchase of Fixed Assets including Capital Advance	(205.92)	(46.07)
	Interest Income	24.29	81.61
	Inter Corporate Deposit Given (Net)	5.84	804.04
	Investment in Equity of Subsidiary Companies	-	-
	<b>Net Cash Flow from/ (used in) Investing Activities</b>	<b>(175.79)</b>	<b>839.58</b>
<b>C</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	Additions/ (Repayments) of Loans	(453.06)	(163.81)
	Finance Costs	(489.66)	(550.94)
	<b>Net Cash Flow from/ (used in) Financing Activities</b>	<b>(942.72)</b>	<b>(714.75)</b>
	<b>Net Increase/ (Decrease) in Cash and Cash Equivalents</b>	<b>7.90</b>	<b>135.93</b>
	Cash and Cash Equivalents at the beginning of the year	371.37	235.44
	Cash and Cash Equivalents transferred pursuant to Demerger (Refer Note No. 34.2)	-	-
	Cash and Cash Equivalents at the end of the year	379.27	371.37
	<b>Net Increase/ (Decrease) in Cash and Cash Equivalents</b>	<b>7.90</b>	<b>135.93</b>
	<b>Cash and cash equivalents comprise</b>		
	Balances with banks		
	On current accounts	282.01	258.94
	Margin money or under lien deposits	97.23	112.16
	Cash on hand	0.03	0.27
	<b>Total cash and bank balances at the end of the year</b>	<b>379.27</b>	<b>371.37</b>

### Notes:

- 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.

As per our report of even date attached

### For MZSK & Associates

Chartered Accountants  
Firm Registration No. 105047W

### Abuali Darukhanawala

Partner  
Membership No. 108053  
Mumbai, May 30, 2017

For and on behalf of the Board of Directors of  
**Taneja Aerospace and Aviation Limited**  
CIN: L62200TZ1988PLC014460

### Salil Taneja

Chairman  
DIN : 00328668

### Arif Ahmad

Chief Financial Officer

Pune, May 30, 2017

### Chetan Nathani

Company Secretary  
M. No. A32129

## Notes to Standalone Financial Statements for the year ended March 31, 2017

### Company Background

Taneja Aerospace & Aviation Limited (TAAL) is a public limited company incorporated in India under the Companies Act, 1956. TAAL is engaged in the business of manufacture and sale of various parts and components to aviation industry, providing services related to Airfield & MRO and allied services.

### NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

#### 1.1 Basis of Accounting

The financial statements have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP) on an accrual basis under the historical cost convention, except for certain fixed assets which are being carried at revalued amounts, in compliance with all material aspects of the Accounting Standards (AS) notified under section 133 of the Companies Act, 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act, to the extent applicable. The accounting policies adopted in the preparation of financial statements have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy until now (hitherto) in use with those of previous year.

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

#### 1.2 Use of Estimates

The preparation of financial statements requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities, at the end of the reporting period. Although, these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

#### 1.3 Operating Cycle

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle, and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of business and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

#### 1.4 Fixed Assets

- a) Fixed assets are stated at their original 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. The cost of fixed assets comprises of its purchase price including duties, taxes, freight and any other directly attributable cost of bringing the asset to its working condition for its intended use. However, cost excludes Excise Duty, VAT and Service Tax, wherever credit of the duty or tax is availed of.
- b) All indirect expenses incurred during acquisition/construction of fixed assets including interest cost on funds deployed for the fixed assets are treated as incidental expenditure and are capitalised for the period until the asset is ready for its intended use.
- c) Fixed assets under construction and not ready for intended use, as on the balance sheet date, are disclosed as Capital Work-in-Progress.
- d) Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in future benefits from such asset beyond its previously assessed standard of performance.
- e) Considering the nature of business activity, Runway has been treated as Plant and Equipment and depreciation has been provided accordingly.
- f) Assets received on amalgamation are recorded at its fair value.
- g) Where a significant component (in terms of cost) of an asset has an economic useful life shorter than that of its corresponding asset, component is depreciated over its shorter life.

#### 1.5 Depreciation

Depreciation is provided on Straight Line Method on Building, Plant and Equipment and Computer Hardware and on Written Down Value Method on all other assets, based on the useful lives of assets as prescribed under Part C of Schedule II of the Companies Act, 2013. Depreciation on addition to fixed assets is provided on pro-rata basis from the date the assets are ready for intended use. Depreciation on sale/deletion of fixed assets is provided for up to the date of sale, deduction or discard of fixed assets as the case may be. In case of impairment, if any, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

Based on technical evaluation which considered the nature and usage of the assets, the operating conditions of the assets, anticipated technological changes and maintenance support etc., useful life of the following asset class is estimated to be higher than that prescribed in the said Act:

Sr. No.	Asset Class	Useful life estimated by the Management
1	Plant and Equipment	15 - 48 Years



# Taneja Aerospace and Aviation Limited

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## 1.6 Impairment of Assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets' net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, depreciation/amortization is provided on the revised carrying amount of the asset over its remaining useful life.

Further, if at the Balance Sheet date there is an indication that the previously assessed impairment loss no longer exist, the recoverable amount is reassessed and the asset is reflected at recoverable amount subject to maximum of depreciable historical cost.

## 1.7 Inventories

- a) Stock of raw materials, stores, spares, bought out items and certain components are valued at cost less amounts written down.
- b) Stock of certain aero structures, components, work in progress and finished goods are valued at lower of cost and net realisable value based on technical estimate of the percentage of work completed.
- c) In determining the cost of raw materials, components, stores, spares and loose tools, the first in first out (FIFO) method is used. Cost of inventory comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition.
- d) Cost of certain aero structures, work in progress and finished goods include material cost, labour costs and appropriate factory overheads.
- e) Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale. The comparison of cost and net realizable value is made on item by item basis.
- f) Excise duty liability, wherever applicable, is included in the valuation of closing inventory of finished goods. Excise duty payable on finished goods is accounted for upon manufacture and transfer of finished goods to the stores. Payment of excise duty is deferred till the clearance of goods from the factory premises.

## 1.8 Investments

- a) **Accounting treatment**  
Investments, which are readily realizable and intended to be held for not more than one year from the date

on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

- b) Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments. The determination for diminution is done separately for each individual investment.
- c) **Classification in the financial statements**  
Investments that are realisable within the period of twelve months from the balance sheet date are classified as current investment. All other investments are classified as non-current investments.

## 1.9 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.

## 1.10 Provisions, Contingent Liabilities and Contingent Assets

- a) A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present values and are determined based on management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.
- b) Contingent liabilities are disclosed in respect of possible obligations that have arisen from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of future events not wholly within the control of the Company.
- c) When there is an obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.
- d) Contingent Assets are neither recognised nor disclosed in the financial statements.

## 1.11 Revenue Recognition

- a) Revenue is recognised to the extent, it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.
- 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 on accrual basis.
  - d) Charter Income from aircraft given on charter is booked on basis of contract with customers & on completion of actual flying hours of aircraft. The revenue is recognised net of Service Tax.
  - e) Training Fees received, being non-refundable, is accounted in the year of receipt.
  - f) Revenue from 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.
  - g) Revenue from sale of goods is recognised on transfer of all significant risks & rewards of ownership to buyer. The amounts recognised as sale is exclusive of Sales Tax/VAT & are net of returns.
  - h) Interest Income is recognised on time proportion basis taking into account the amount outstanding and interest rate applicable.

## 1.12 Leases

Lease arrangements where risks and rewards incident to ownership of an asset substantially vests with the lessor are classified as operating lease. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

## 1.13 Borrowing Cost

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest 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 its intended use. All other borrowing costs are recognised as an expense in the Statement of Profit and Loss in the year in which they are incurred.

## 1.14 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 recognised as income or expense in the Statement of Profit and Loss in the year in which they arise.
- d) Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using exchange rate at the date of the transaction; non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when such values were determined.

## 1.15 Employee Benefits

### a) Defined Contribution Plan

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

The Company has no further obligations under these plans beyond its monthly contributions.

### b) Defined Benefit Plan

The Company's liabilities under Payment of Gratuity Act & 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 gains and losses are recognised immediately in 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.

## 1.16 Provision for Taxation

Tax expense for period comprises of Current Tax, Deferred Tax & Minimum Alternate Tax Credit. 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 a year is charged to the Statement of Profit and Loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT

# Taneja Aerospace and Aviation Limited

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credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the Statement of Profit and Loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each balance sheet date and are written-down or written up to reflect the amount that is reasonably to be realised.

Current tax assets & current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts & there is an intention to settle asset & the liability on a net basis.

## 1.17 Segment Reporting

The accounting policies adopted for segment reporting are in conformity with accounting policies adopted for the Company. The Company's operating businesses are organized & managed separately according to nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Segments are identified having regard to dominant source & nature of risks & returns and internal organization and management structure. The Company has considered business segments as the primary segments for disclosure. The business segments are 'Aviation' and 'Trading of Electrical Goods'. 'Charter Business' has been demerged w.e.f. October 1, 2014 being the appointed date of Scheme of Arrangement. The Company does not have any geographical segment.

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

- a) Accounting for contingencies arising out of contractual obligation, are made only on 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 the financial statements.

## 1.19 Earnings Per Share

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

The Company does not have any dilutive potential equity shares hence Diluted EPS is same as Basic EPS.

## 1.20 Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits with banks, other short term highly liquid investments with original maturities of three months or less.

# Annual Report 2016-17

## Notes to Standalone Financial Statements for the year ended March 31, 2017 (Contd.)

### 2 SHARE CAPITAL

(Rs. in Lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
<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
	<u>2,500.00</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 up	<u>1,246.54</u>	<u>1,246.54</u>

#### 2.1 Reconciliation of the number of shares outstanding at the beginning and at the end of the year:

Particulars	As at March 31, 2017		As at March 31, 2016	
	No. of shares	Rs. In lakhs	No. of shares	Rs. In lakhs
Equity Shares at the beginning of the year	24,930,736	1,246.54	24,930,736	1,246.54
Equity Shares issued during the year	-	-	-	-
Equity Shares bought back during the year	-	-	-	-
Equity Shares outstanding at the end of the year	24,930,736	1,246.54	24,930,736	1,246.54

#### 2.2 Details of shareholders holding more than 5% Equity Shares in the Company

Name of the Shareholders	As at March 31, 2017		As at March 31, 2016	
	No. of shares	% holding	No. of shares	% holding
Indian Seamless Enterprises Limited	10,964,620	43.98	10,964,620	43.98
Vishkul Leather Garments Private Limited	1,689,179	6.78	1,689,179	6.78

#### 2.3 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.

#### 2.4 As at 31<sup>st</sup> March, 2017, the Company has Nil (Previous Year 13,145) Global Depository Receipt's (GDR's) outstanding for conversion into Equity Shares [equivalent to Nil (Previous Year 26,290) Equity Shares].

# Taneja Aerospace and Aviation Limited

## Notes to Standalone Financial Statements for the year ended March 31, 2017 (Contd.)

### 3 RESERVES AND SURPLUS

(Rs. In Lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
<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 of the year	5,203.53	5,203.53
Balance as at the end of the year	5,203.53	5,203.53
<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	782.42	1212.92
Add: Net Profit/(Loss) for the year	57.72	(430.50)
Balance as at the end of the year	<u>840.14</u>	<u>782.42</u>
	<u>7321.36</u>	<u>7263.64</u>

### 4 LONG TERM BORROWINGS

(Rs. In Lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
<b>Secured Loans:</b>		
Term Loan from Banks	2717.87	3220.89
Less: Current Maturities (Refer Note No. 9)	810.71	604.22
	<u>1907.16</u>	<u>2616.67</u>

#### 4.1 Maturity Profile of Secured Term Loans from Banks

(Rs. In Lakhs)

Particulars	Maturity Profile			
	1-2 years	2-3 years	3-4 years	Beyond 4 years
<b>Term Loans from Banks</b>	<b>460.07</b>	<b>442.98</b>	<b>502.41</b>	<b>501.70</b>

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

The Term Loan from Bank outstanding as on 31 <sup>st</sup> March, 2017 amounting to Rs. 11.66 Crores (previous year Rs.15.09 crore) (including Current Maturities of Long Term Borrowings) is secured by a first charge on assignment of Hangar-1 rental/receivables from lessee 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 31 <sup>st</sup> March, 2017 amounting to Rs. 15.52 Crores (previous year 17.12 crore) (including Current Maturities of Long Term Borrowings) is secured by a first charge on assignment of Hangar-2 rental/receivables from lessee and specific free hold lands to the extent of 41.40 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.

## Annual Report 2016-17

### Notes to Standalone Financial Statements for the year ended March 31, 2017 (Contd.)

#### 5 OTHER LONG TERM LIABILITIES

(Rs. In Lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
Deposit from Lessee	845.28	845.28
Deposit from Customers	4.25	4.25
	849.53	849.53

#### 6 LONG TERM PROVISIONS

(Rs. In Lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
<b>Provision for Employee Benefits (Refer Note No. 31)</b>		
Gratuity	119.42	118.88
Leave Encashment	57.50	43.03
	176.92	161.91

#### 7 SHORT TERM BORROWINGS

(Rs. In Lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
<b>Secured Loans:</b>		
Working Capital Borrowing from Banks	891.18	841.22
	891.18	841.22

##### 7.1 Details of Securities and other terms

Working Capital Loan from Banks is secured against hypothecation of Stocks and Book Debts on pari-passu basis and second charge on Fixed Assets including specific free hold lands to the extent of 26.87 acres (Previous Year 26.87 acres) and development thereon of the Company at Belagondapalli Village, Thally Road, Denkanikottai Taluk, Krishnagiri District, Belagondapalli – 635114, Tamil Nadu.

#### 8 TRADE PAYABLES

(Rs. In Lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
Micro, Small and Medium Enterprises *	-	-
Other Trade Payables	316.59	2473.92
	316.59	2473.92

\* As informed to us by the Management, the Company owes no dues which are outstanding as at 31<sup>st</sup> March, 2017 and 31<sup>st</sup> March 2016 to any 'Micro, Small and Medium Enterprises' as covered under "Micro, Small and Medium Enterprises Development Act 2006". 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 Standalone Financial Statements for the year ended March 31, 2017 (Contd.)

### 9 OTHER CURRENT LIABILITIES

(Rs. In Lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
Current Maturities of Long Term Borrowings (Refer Note No. 4)	810.71	604.22
Advance from Customers	558.41	224.09
Statutory Liabilities *	131.52	112.47
Employee Related Liabilities #	142.96	150.45
Leave Encashment Payable	-	5.83
Expenses Payable	124.38	179.44
Deferred Revenue	13.72	-
Other Liabilities	189.16	213.55
	<b>1970.86</b>	<b>1490.05</b>

\* Includes payable towards TDS, Excise Duty, Service Tax, VAT and Employee Related Statutory Obligations.

# Includes Rs. 72.88 Lakhs due to Whole Time Director (Previous Year Rs. 76.47 lakhs)

### 10 SHORT TERM PROVISIONS

(Rs. In Lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
<b>Provision for Employee Benefits</b>		
Gratuity - Net of LIC fund	3.67	-
Leave Encashment	7.83	-
<b>Others</b>		
Provision For Audit Fees	3.50	3.35
Provision For Taxes [Net of Advance Tax Rs 27.69 lakhs(Previous Year Rs 24.22 lakhs)]	0.08	27.04
Provision For Expenses #	33.78	38.43
	<b>48.86</b>	<b>68.82</b>

# Includes Provisions related to Bonus, Purchases, Travelling Expenses, etc.

### 11 FIXED ASSETS

(Rs. In Lakhs)

#### 11.1 Financial Year 2016-17

Description	Gross Block				Depreciation/ Amortisation				Net Block		
	As at 01-04-2016	Additions	Deductions	As at 31-03-2017	As at 01-04-2016	For the year	Deductions	Adjustments	As at 31-03-2017	As at 31-03-2017	As at 31-03-2016
<b>Tangible Assets:</b>											
Freehold Land	6274.80	-	-	6274.80	-	-	-	0.00	-	6274.80	6274.80
Buildings	2396.45	-	-	2396.45	619.92	65.27	-	0.00	685.19	1711.26	1776.53
Plant and Equipment	6791.93	5.62	-	6797.55	3174.77	229.61	-	0.00	3404.38	3393.17	3617.16
Office Equipment	171.29	0.18	-	171.47	161.25	2.97	-	0.00	164.22	7.25	10.04
Furniture and Fixtures	72.10	0.29	-	72.39	67.60	0.89	-	0.00	68.49	3.90	4.50
Computer - Hardware	29.84	1.50	-	31.34	21.29	3.73	-	0.00	25.03	6.31	8.55
Vehicles	36.57	-	-	36.57	29.90	1.31	-	0.00	31.21	5.37	6.67
<b>Total</b>	<b>15772.98</b>	<b>7.59</b>	<b>-</b>	<b>15780.57</b>	<b>4074.73</b>	<b>303.78</b>	<b>-</b>	<b>0.00</b>	<b>4378.52</b>	<b>11402.05</b>	<b>11698.25</b>

# Annual Report 2016-17

## Notes to Standalone Financial Statements for the year ended March 31, 2017 (Contd.)

### 11.2 Financial Year 2015-16

(Rs. In Lakhs)

Description	Gross Block			Depreciation/ Amortisation					Net Block		
	As at 01-04-2015	Additions	Deductions	As at March 31, 2016	As at April 01, 2015	For the year	Deductions	Adjustments	As at March 31, 2016	As at March 31, 2015	
<b>Tangible Assets:</b>											
Freehold Land	6274.80	-	-	6274.80	-	-	-	0.00	-	6274.80	6274.80
Buildings	2389.45	7.00	-	2396.45	554.90	65.02	-	0.00	619.92	1776.53	1834.55
Plant and Equipment	6769.73	22.20	-	6791.93	2944.31	230.46	-	0.00	3174.77	3617.16	3825.42
Office Equipment	164.43	6.86	-	171.29	160.52	0.73	-	0.00	161.25	10.04	3.91
Furniture and Fixtures	70.54	1.56	-	72.10	66.59	1.01	-	0.00	67.60	4.50	3.95
Computer - Hardware	21.43	8.41	-	29.84	17.17	4.12	-	0.00	21.29	8.55	4.26
Vehicles	36.57	-	-	36.57	28.04	1.86	-	0.00	29.90	6.67	8.53
<b>Total</b>	<b>15726.95</b>	<b>46.03</b>	<b>-</b>	<b>15772.98</b>	<b>3771.53</b>	<b>303.20</b>	<b>-</b>	<b>0.00</b>	<b>4074.73</b>	<b>11698.26</b>	<b>11955.42</b>

### 12 NON CURRENT INVESTMENTS

(Rs. In Lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
<b>Unquoted, at cost fully paid up Investment in Equity Shares</b>		
<b>A. Subsidiary Companies</b>		
(i) Katra Auto Engineering Private Limited 50,000 Shares (Previous Year 50,000) of Rs. 10/- each	5.00	5.00
	<u>5.00</u>	<u>5.00</u>

### 13 LONG TERM LOANS AND ADVANCES

(Rs. In Lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
<b>Unsecured and Considered Good</b>		
Capital Advance to Subsidiary (Refer Note No. 30)	646.05	646.05
Capital Advance	198.33	-
MAT Credit Entitlement #	146.38	146.38
	<u>990.76</u>	<u>792.43</u>

# In the opinion of the management, based on the projected future taxable profits, the outstanding MAT Credit Entitlement of Rs. 146.38 Lakhs as at March 31, 2017 (Previous Year 146.38 lakhs) will be utilized within the stipulated time period prescribed as per the provisions of Income Tax Act, 1961. However, in case of inadequate profit, difference will be charged to respective years Statement of Profit and Loss.

### 14 INVENTORIES

(Rs. In Lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
Raw Material and Components	200.45	420.55
Work-In-Progress	206.92	499.11
	<u>407.37</u>	<u>919.66</u>

For mode of valuation of each class of inventories, Refer Note No.1.7



# Taneja Aerospace and Aviation Limited

## Notes to Standalone Financial Statements for the year ended March 31, 2017 (Contd.)

### 15 TRADE RECEIVABLES

(Rs. In Lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
Unsecured debts outstanding for a period exceeding six months		
(i) Considered good	430.43	620.16
(ii) Considered doubtful	419.21	291.68
	<u>849.64</u>	<u>911.84</u>
Less: Provision for doubtful debts	419.21	291.68
	<u>430.43</u>	<u>620.16</u>
Other unsecured debts (considered good)	459.61	1511.28
	<u>890.04</u>	<u>2131.44</u>

### 16 CASH AND BANK BALANCES

(Rs. In Lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
<b>Cash and cash equivalents</b>		
Balance with banks in current accounts	282.01	258.94
Margin money deposits with banks. (Less than 3 months maturity)	12.20	25.18
Cash on hand	0.03	0.27
<b>Other bank balances</b>		
Margin money deposits with banks (More than 3 months maturity)	85.03	86.98
	<u>379.27</u>	<u>371.37</u>

### Details of Specified Bank Notes (SBN) held and transacted during the period 8<sup>th</sup> November 2016 to 30<sup>th</sup> December 2016:

Particulars	SBNs	Other denomination notes	Total
<b>Closing cash in hand as on 08.11.2016</b>	0.14	0.48	0.61
(+) Permitted receipts	-	-	-
(+) Withdrawal from bank	-	4.03	4.03
(+) Receipts in other denomination	-	1.00	1.00
(-) Permitted payments	-	-	-
(-) Paid in other denomination	-	4.49	4.49
(-) Amount deposited in Banks	0.14	0.59	0.73
<b>Closing cash in hand as on 30.12.2016</b>	-	<b>0.42</b>	<b>0.42</b>

### 17 SHORT TERM LOANS AND ADVANCES

(Rs. In Lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
<b>Unsecured and Considered Good</b>		
Advance Income Tax [Net of Provision Rs 99.83 lakhs (Previous Year Rs 90.69 lakhs)]	413.74	570.52
Loans and Advances to Related Parties (Refer Note No. 30)	104.32	110.15
Advance to Suppliers	38.10	323.48
Prepaid Expenses	33.46	30.42
Sundry Deposits	56.42	58.72
Advance to Employees	8.47	0.85
	<u>654.51</u>	<u>1094.14</u>

## Annual Report 2016-17

### Notes to Standalone Financial Statements for the year ended March 31, 2017 (Contd.)

#### 18 REVENUE FROM OPERATIONS

(Rs. In Lakhs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
<b>Sales – Aviation</b>		
Gross Domestic Sales	304.34	1195.67
Less: Excise Duty	6.97	59.03
Net Domestic Sales	<u>297.37</u>	<u>1136.64</u>
Export Sales	894.92	3303.88
<b>Services – Aviation</b>		
Domestic Conversion Charges	972.04	135.87
Export Conversion Charges	-	-
Charter Income	-	-
Rental Services	1420.84	1255.06
Training & Other Services	96.17	39.85
	<u><u>3681.34</u></u>	<u><u>5871.30</u></u>

#### 19 REVENUE FROM TRADING ACTIVITIES

(Rs. In Lakhs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Sale of Trading Goods	-	160.74
Sale Commission on Trading Goods	-	3.22
	<u>-</u>	<u>163.96</u>

#### 20 OTHER INCOME

(Rs. In Lakhs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Interest Income		
From ICD's	15.00	72.54
From Banks	9.29	9.07
From Others *	28.56	3.52
Miscellaneous Income #	115.99	116.61
Sundry Creditors Written Back	0.11	19.11
	<u><u>168.95</u></u>	<u><u>220.85</u></u>

\* Includes Interest on Income Tax Refunds of Rs. 25.28 Lakhs (Previous Year Rs. 3.52 Lakhs).

# Includes Agriculture Income of Rs NIL Lakhs (Previous Year Rs. 6.80 Lakhs).

#### 21 COST OF MATERIALS CONSUMED

(Rs. In Lakhs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Opening Stock of Raw Material and Components	420.55	183.24
Add: Purchases during the year	495.53	3887.66
Less: Closing Stock of Raw Material and Components	200.45	420.55
<b>Consumption of Raw Material and Components</b>	<u><u>715.63</u></u>	<u><u>3650.35</u></u>

# Taneja Aerospace and Aviation Limited

## Notes to Standalone Financial Statements for the year ended March 31, 2017 (Contd.)

### 21.1 Value of Raw Materials and Components consumed during the Year

Particulars	Percentage (%)		Value (Rs. In Lakhs)	
	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2017	Year ended March 31, 2016
Imported *	4.86	87.13	34.75	3180.60
Indigenous	95.14	12.87	680.89	469.75
	<u>100.00</u>	<u>100.00</u>	<u>715.64</u>	<u>3650.35</u>

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

### 21.2 CIF Value of Imports of Raw Material, Spares, etc. for the year Rs. 34.75 Lakhs (Previous Year Rs. 3180.60 Lakhs)

### 22 CHANGES IN INVENTORY OF WORK-IN-PROGRESS

(Rs. In Lakhs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Closing Stock of Work-In-Progress	206.92	499.11
	<u>206.92</u>	<u>499.11</u>
Opening Stock of Work-In-Progress	499.11	303.75
	<u>499.11</u>	<u>303.75</u>
(Increase) / Decrease in Inventory	<u>292.19</u>	<u>(195.36)</u>

### 23 OPERATIONAL AND OTHER EXPENSES

(Rs. In Lakhs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Power & Fuel Expenses	92.15	91.15
Repairs and Maintenance Plant and Equipment	19.00	20.43
Repairs and Maintenance Building	12.10	8.15
Repairs and Maintenance Others	48.49	22.72
Selling Expenses	32.03	123.49
Rent	12.10	10.90
Rates & Taxes	57.66	55.59
Insurance	10.52	10.25
Traveling & Conveyance	83.10	86.69
Vendor Charges	115.44	152.92
Provision for Doubtful Debts	162.31	93.59
Office & Other Administrative Expenses *	62.54	92.27
Legal, Professional & Consultancy Charges	155.85	133.00
Exchange Fluctuation Loss/ (Gain) [Net]	-	4.32
Auditors Remuneration #	7.18	4.71
	<u>870.47</u>	<u>910.18</u>

\* Includes Printing & Stationery Expenses, Security Charges, Agriculture Expenses, Communication Expenses, Sitting Fees & Miscellaneous Expenses.

## Annual Report 2016-17

### Notes to Standalone Financial Statements for the year ended March 31, 2017 (Contd.)

(Rs. In Lakhs)

# Auditors Remuneration	Year ended March 31, 2017	Year ended March 31, 2016
Statutory Audit Fees	2.00	1.50
Limited Review Fess	4.50	1.50
Tax Audit Fees	-	0.25
Fees for Other Services	-	3.00
Out of Pocket Expenses/Travelling	0.68	1.71
	<u>7.18</u>	<u>7.96</u>

#### 24 EMPLOYEE BENEFITS EXPENSE

(Rs. In Lakhs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Salaries and Wages	888.11	1035.21
Contribution to Provident and Other Funds (Refer Note No. 31)	101.37	107.55
Staff Welfare Expenses	56.25	76.95
	<u>1045.73</u>	<u>1219.71</u>

#### 25 FINANCE COSTS

(Rs. In Lakhs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
<b>Interest Expenses:</b>		
Working Capital Loan	123.76	130.19
Term Loans	365.91	420.76
Other Finance Costs #	65.45	82.74
	<u>555.12</u>	<u>633.69</u>

# Includes Interest on Delayed Payment of Statutory Liabilities amounting to Rs. 12.95 Lakhs (Previous Year Rs. 28.10 Lakhs).

# Taneja Aerospace and Aviation Limited

## Notes to Standalone Financial Statements for the year ended March 31, 2017 (Contd.)

### 26 A) Contingent Liabilities (to the extent not provided for)

(Rs. In Lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
Claims against the Company not acknowledged as debts:		
(i) Custom Duty	622.67	622.67
(ii) Service Tax	124.37	204.61
(iii) Excise Duty	165.56	161.47
(iv) Sales Tax	-	44.00
(v) City Civil Court	170.00	-

Future Cash Outflows 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 (to the extent not provided for)

(Rs. In Lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
(a) Capital Commitment towards the new project	-	-
(b) Letters of Credit	25.05	71.85
(c) Bank Guarantees	1175.48	1202.50
(d) Indemnity issued to customers	315.00	627.00
(e) EPCG Export sales obligation to be fulfilled	-	-
(f) Guarantee given to bank on behalf of others *	1087.68	1087.68

\* Given on behalf of TAAL Tech India Private Limited of Rs. 760 Lakhs (Previous Year Rs. 760 Lakhs) and First Airways Inc., USA of Rs. 327.68 Lakhs [USD 4.94 Lakhs] (Previous Year Rs. 327.68 Lakhs [USD 4.94 Lakhs] in respect of loans availed by them.

### 27 Earnings Per Equity Share

(Rs. In Lakhs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
<b>Profit / (Loss) after tax available for Equity Shareholders</b>	57.72	(430.50)
Weighted Average number of Equity Shares of nominal value of Rs. 5/- each	249.30	249.30
Computation of EPS - Basic* (in Rs.)	0.23	(1.73)

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

### 28-A Earnings in Foreign Currency (On Accrual Basis)

(Rs. In Lakhs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Parts and Components	34.75	3174.89
Travelling Expenses	-	0.84
Other	-	4.14
<b>Total</b>	<b>34.75</b>	<b>3179.87</b>

### 28-B The Company does not enter into any forward foreign exchange contracts.

Foreign currency exposure not hedged as at March 31, 2017 are as under:

Particulars	As at March 31, 2017 (In Lakhs)		As at March 31, 2016 (In Lakhs)	
	Foreign Currency	INR	Foreign Currency	INR
<b>Trade Payable</b>				
USD	-	-	28.41	1,884.56
	-	-	28.41	1,884.56
<b>Advance From Associate</b>				
USD	-	-	4.69	311.30
	-	-	4.69	311.30
<b>Trade Receivable</b>				
USD	-	-	-	-
	-	-	-	-

**Notes to Standalone Financial Statements for the year ended March 31, 2017 (Contd.)**

**29 Disclosure as required by Regulation 34(3) of the Listing Agreement**

- a) Amount of Investment in / Loans and Advances in the nature of loans to subsidiary and associates for the year ended 31st March 2017 :

(Rs. In Lakhs)					
Name of the Company	Holding	Nature of Transaction	Max. Balance during the Period	Balance as at March 31, 2017	Balance as at March 31, 2016
<b><u>Subsidiary Company</u></b>					
Katra Auto Engineering Private Limited	100%	Investment	5.00	5.00	5.00
Katra Auto Engineering Private Limited * #	100%	Advance Receivable	646.30	646.30	646.05
<b><u>Associate Companies</u></b>					
ISMT Limited *	-	Advance Receivable - ICD	100.00	100.00	100.00
ISMT Limited	-	Advance Receivable - Current A/c	11.43	3.37	10.15
TAAL Enterprises Limited	-	Amount Payable towards Current A/c	242.29	189.16	211.01
TAAL Tech India Private Limited	-	Amount Payable towards Current A/c	12.19	(0.95)	2.54

\* 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.

# This loan is interest free and was given to the subsidiary for purchase of land.

- 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 held by lighto technologies pvt. ltd. in Taneja Aerospace and aviation ltd. - 45,717 equity shares (previous year 45,717 equity shares)

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

Relationship	Name of the Related Party
<b>a. Subsidiary Company</b>	Katra Auto Engineering Private Limited
<b>b. Associate Companies</b>	ISMT Limited LightO Technologies Private Limited Indian Seamless Enterprises Limited TAAL Enterprises Limited TAAL Tech India Private Limited First Airways Inc
<b>c. Key Management Personnel</b>	Mr. Salil Taneja (Whole Time Director)

# Taneja Aerospace and Aviation Limited

## Notes to Standalone Financial Statements for the year ended March 31, 2017 (Contd.)

### Transactions/ Balances with Related Parties:

(Rs. In Lakhs)

Particulars	Subsidiary	Associates	Key Management Personnel
Inter-Corporate Deposits Received during the year	-	-	-
	(-)	(831.20)	(-)
Inter-Corporate Deposits Given during the year	<b>0.25</b>	-	-
	(0.05)	-	(-)
Sale of Trading Goods	-	-	-
	(-)	(160.74)	(-)
Sale Commission on Trading Goods	-	-	-
	(-)	(3.22)	(-)
Provision for Doubtful Debt	-	<b>40.00</b>	-
	(-)	(-)	(-)
Reimbursement of Expenditure during the year (Net).	-	<b>20.523</b>	-
	(-)	(-)	(-)
Directors' Sitting Fees	-	-	-
	(-)	(-)	(0.10)
Rent Paid	-	<b>1.23</b>	-
	(-)	(2.37)	(-)
Interest Income	-	<b>15.00</b>	-
	(-)	(72.54)	(-)
Managerial Remuneration #	-	-	89.50
	(-)	(-)	(95.40)
Guarantee given to bank on behalf of others	-	1,087.68	-
	(-)	(1,087.68)	(-)
Commission Received for Bank Guarantee	-	<b>24.04</b>	-
	(-)	(-)	(-)
Balance Payable as at the year end	-	* <b>498.28</b>	<b>72.88</b>
	(-)	* (524.85)	(76.47)
Balance Receivable as at the year end	<b>646.30</b>	<b>527.10</b>	-
	(646.05)	(596.28)	(-)

(Figures in brackets relate to Previous Year)

\* Includes Rs. 189.16 Lakhs (Previous Year Rs. 211.01 Lakhs) payable by the Company (TAAL) to its Associate Company 'TAAL Enterprises Limited' (TEL) on account of the Charter Business, which is still being carried on by TAAL on behalf of TEL, as the Aircraft License is yet to be transferred in the name of TEL (Refer Note No. 32).

# Excludes contribution to Gratuity Fund and Provision for Leave Encashment as separate figures are not ascertainable for the Managerial Personnel. Further, the Company has not paid any commission to the Managerial Personnel.

Note: Amount of Rs. 40.00 lakhs (previous year NIL) pertaining to related parties have been provided for as doubtful debts.

## Annual Report 2016-17

### Notes to Standalone Financial Statements for the year ended March 31, 2017 (Contd.)

31 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 recognised the following amount as an expense and included under the head "Personnel Cost":

(Rs. In Lakhs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Employer's Contribution to Provident Fund, Family Pension Fund and Other Funds	63.43	64.58

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

I. Changes in present value of Defined Benefit Obligations:

(Rs. In Lakhs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
<b>Gratuity (Funded)</b>		
Present Value of Obligations as at 1 <sup>st</sup> April, 2017 (1 <sup>st</sup> April, 2016)	120.52	88.93
Current Service Cost	13.13	11.67
Interest Cost	9.18	7.22
Past Service Cost	-	-
Actuarial (Gain)/Loss	(4.67)	14.87
Benefits Paid	(8.64)	(2.17)
Present Value of Obligations as at 31 <sup>st</sup> March, 2017 (31 <sup>st</sup> March, 2016)	<u>129.52</u>	<u>120.52</u>
<b>Leave Encashment (Non Funded)</b>		
Present Value of Obligations as at 1 <sup>st</sup> April, 2017 (1 <sup>st</sup> April, 2016)	48.88	42.80
Current Service Cost	10.83	12.35
Interest Cost	3.72	3.67
Past Service Cost	-	-
Actuarial (Gain)/Loss	6.12	(6.81)
Benefits Paid	(4.22)	(3.13)
Present Value of Obligations as at 31 <sup>st</sup> March, 2017 (31 <sup>st</sup> March, 2016)	<u>65.33</u>	<u>48.88</u>

II. Changes in fair value of plan assets: The Company has not made any direct investment in plan assets.

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

(Rs. In Lakhs)

Particulars	Gratuity (Funded)		Leave Encashment (Non Funded)	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Present Value of Obligation as at 31 <sup>st</sup> March, 2017 (31 <sup>st</sup> March, 2016)	129.52	120.52	65.33	48.88
Less: Funded with LIC	6.43	1.64	-	-
<b>Net Liability</b>	<u>123.09</u>	<u>118.88</u>	<u>65.33</u>	<u>48.88</u>

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

(Rs. In Lakhs)

Particulars	Gratuity (Funded)		Leave Encashment (Non Funded)	
	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2017	Year ended March 31, 2016
Current Service Cost	13.13	11.67	10.83	12.35
Interest Cost	9.18	7.22	3.72	3.67
Past Service Cost	-	-	-	-
Expected Return on Plan Assets	(0.37)	-	-	-
Actuarial (Gain)/ Loss	(4.67)	14.87	6.12	(6.81)
Expenses recognised in the Statement of Profit and Loss	<u>17.27</u>	<u>33.76</u>	<u>20.67</u>	<u>9.21</u>



# Taneja Aerospace and Aviation Limited

## Notes to Standalone Financial Statements for the year ended March 31, 2017 (Contd.)

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

Particulars	Gratuity (Funded)		Leave Encashment (Non Funded)	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Discount Rate	7.20%	7.90% - 8.10%	7.20%	7.90% - 8.10%
Expected Rate of Return on Plan Assets	8.25%	8.35%	-	-
Salary Escalation Rate	7% - 10%	7% - 10%	7% - 10%	7% - 10%

Discount Rate: The discount rate is based on the prevailing market yields of Indian Government Securities as at the Balance Sheet date for the estimated term of the obligations.

Salary Escalation Rate: The estimates of future salary increases, considered in actuarial valuation, takes into account the inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

32 As per Clause 9.2 of the Scheme of Arrangement, Taneja Aerospace and Aviation Limited (TAAL) will carry on the business and activities relating to the demerged charter business for and on account of and in trust for TAAL Enterprises Limited (TEL) until the time TEL obtains the requisite statutory licences required for carrying on the demerged charter business. The said licences are yet to be obtained and accordingly the demerged charter business has continued to be operated by TAAL in trust for and on behalf of TEL including banking transactions, statutory compliances and all other commercial activities.

### 33 Segment Reporting

(Rs. In Lakhs)

Particulars	Aviation	Trading of Electrical Goods	Total 2016-17	Aviation	Trading of Electrical Goods	Total 2015-16
<b>a. Segment Revenue</b>						
Segmental Revenue from :						
External Sales and Services	3681.34	-	3681.34	5871.30	163.96	6035.26
Unallocable Revenue	-	-	168.95	-	-	220.85
<b>Total Revenue</b>	<b>3681.34</b>	<b>-</b>	<b>3850.29</b>	<b>5871.30</b>	<b>163.96</b>	<b>6256.11</b>
<b>b. Segment Result</b>						
<b>Operating Profit/(Loss)</b>	<b>413.53</b>	<b>(40.00)</b>	<b>453.53</b>	<b>(16.78)</b>	<b>3.22</b>	<b>(13.57)</b>
Add: Unallocable Revenue	-	-	168.95	-	-	220.85
Less: Finance Costs	-	-	555.12	-	-	633.69
Less: Extraordinary Items	-	-	4.86	-	-	4.10
Profit/ (Loss) before Tax	413.53	(40.00)	62.50	(16.78)	3.22	(430.51)
Less: Tax (Benefit)/ Expense	-	-	4.79	-	-	-
<b>Profit (Loss) for the Year</b>	<b>413.53</b>	<b>(40.00)</b>	<b>57.71</b>	<b>(16.78)</b>	<b>3.22</b>	<b>(430.51)</b>
<b>c. Other Information</b>						
Segment Assets	13556.19	406.15	13962.34	15622.93	445.15	16068.08
Unallocable Assets	-	-	766.66	-	-	944.22
<b>Total Assets</b>	<b>13556.19</b>	<b>406.15</b>	<b>14729.00</b>	<b>15622.93</b>	<b>445.15</b>	<b>17012.30</b>
Segment Liabilities	2362.81	0.00	2362.81	4189.07	10.33	4199.40
Unallocable Liabilities	-	-	3798.30	-	-	4302.71
<b>Total Liabilities</b>	<b>2362.81</b>	<b>0.00</b>	<b>6161.11</b>	<b>4189.07</b>	<b>10.33</b>	<b>8502.11</b>
Capital Employed	-	-	8567.89	-	-	8510.19
<b>d. Cost Incurred for Acquiring</b>						
Assets	7.59	-	7.59	46.03	-	46.03
Segment Depreciation	303.78	-	303.78	303.20	-	303.20

## Notes to Standalone Financial Statements for the year ended March 31, 2017 (Contd.)

As per Accounting Standard 17, the Company has two segments viz "Aviation and Trading of Electrical Goods".

- (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 Assets and Segment Liabilities represent Assets and Liabilities in respective Segments. Investments, Tax Related Assets and Other Assets and Liabilities which cannot be allocated to a segment on a reasonable basis have been included under Unallocable Assets and Liabilities.
- 34 The Company considers its investment in and loan to subsidiary as strategic and long term in nature and accordingly, in the view of the management, any decline in the value of such long term investment in subsidiary is considered as temporary in nature and hence no provision for diminution in value is considered necessary.
- 35 Deferred tax calculation results into working of deferred tax assets as at 31<sup>st</sup> March, 2017 as well as as at 31<sup>st</sup> March 2016. However as a matter of prudence, the Company has not recognised deferred tax asset.
- 36 Current Assets and Loans and Advances are of the value stated if realised in the ordinary course of business.
- 37 Previous year figures have been regrouped and reclassified wherever necessary to conform to the current year classification.

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As per our report of even date attached

**For MZSK & Associates**

Chartered Accountants  
Firm Registration No. 105047W

**Abuali Darukhanawala**

Partner  
Membership No. 108053  
Mumbai, May 30, 2017

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For and on behalf of the Board of Directors of  
**Taneja Aerospace and Aviation Limited**  
CIN: L62200TZ1988PLC014460

**Salil Taneja**

Chairman  
DIN : 00328668

**Arif Ahmad**

Chief Financial Officer

Pune, May 30, 2017

**Chetan Nathani**

Company Secretary  
M. No. A32129

# Taneja Aerospace and Aviation Limited

## Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of Taneja Aerospace and Aviation Limited (hereinafter referred to as "the Holding Company"), and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at 31st March, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

### Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its associates and jointly controlled entities in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the 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 financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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, of the consolidated state of affairs of the Group as at 31st March, 2017, and their consolidated profit and their consolidated cash flows for the year ended on that date.

### Emphasis of Matters

We draw attention to the following matters in the Notes to the consolidated financial statements:

- a) The Holding Company has outstanding MAT Credit Entitlement amounting to Rs. 146.38 Lakhs as on March 31, 2017 (Previous Year Rs. 146.38 Lakhs), which in the opinion of the management, based on the projected future taxable profits, will be utilized within the stipulated time period prescribed as per the provisions of Income Tax Act, 1961. However, we are unable to comment on the projections, recoverability of MAT Credit Entitlement outstanding as at March 31, 2017 and its consequential impact on the Consolidated Statement of Profit and Loss for the year ended March 31, 2017 and on the Reserves as on that date -Refer Note No. 12.
- b) We draw attention to Note 31 to the consolidated financial statements which states that, the Holding 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 (a related entity of the Holding Company) until the time TAAL Enterprises Limited obtains the requisite statutory licences 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.

Our opinion is not modified in respect of these matters.

## Other Matter

We did not audit the financial statement of one subsidiary whose financial statement reflect total assets of Rs. 649.51 Lakhs as at 31<sup>st</sup> March, 2017 and total revenues of Rs. Nil and net cash flows amounting to Rs. 0.10 Lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by the other auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the report of other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) In our opinion, there are no matters that may have an adverse effect on the functioning of the Company.

(f) On the basis of the written representations received from the directors of the Holding Company as on 31<sup>st</sup> March, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group companies, incorporated in India is disqualified as on 31<sup>st</sup> March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

(g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group,— Refer Note 26 to the consolidated financial statements.
- ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary company incorporated in India.
- iv. The Consolidated financial statement has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation and the reports of the other auditors we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management — Refer Note 15.

## For MZSK & Associates Chartered Accountants

Firm Registration No. 105047W

Abuali Darukhanawala

Partner

Place: Mumbai

Date: May 30, 2017

Membership No.108053

# Taneja Aerospace and Aviation Limited

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## ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF TANEJA AEROSPACE AND AVAIATION LIMITED

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of Taneja Aerospace and Aviation Limited as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of Taneja Aerospace and Aviation Limited (hereinafter referred to as "the Holding Company") and its subsidiary company which is incorporated in India, as of that date.

#### Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the of the Holding company and its subsidiary company, which is incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the Company's internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at March 31, 2017 with reference to the Holding Company:

- a) The Holding Company does not obtain periodical statement of accounts from customers and reconcile the same with books of account. Additionally, it does not have an appropriate internal control system for accounting of customer receipts against particular invoices which

could impact the accuracy of the ageing report, periodical reconciliation of accounts receivables prepared by the Holding Company and ascertaining outstanding trade receivable balances

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Holding Company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, except for the effects/possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Holding Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2017, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated financial statements of the Holding Company, and the material weaknesses does not affect our opinion on the consolidated financial statements of the Holding Company.

## **Opinion**

In our opinion, the Subsidiary company which is a company incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

## **Other Matters**

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to one subsidiary company, which is a company incorporated in India, is based on the corresponding report of the auditor of such company incorporated in India.

## **For MZSK & Associates**

Chartered Accountants  
Firm Registration No. 105047W

## **Abuali Darukhanawala**

Partner  
Membership No. 108053

Place: Mumbai  
Date: May 30, 2017

# Taneja Aerospace and Aviation Limited

## Consolidated Balance Sheet as at March 31, 2017

(Rs. in Lakhs)

Particulars	Note No.	As at March 31, 2017	As at March 31, 2016
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	1246.54	1246.54
Reserves and Surplus	3	7320.28	7262.63
		<u>8566.82</u>	<u>8509.17</u>
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	4	1907.16	2616.67
Other Long-Term Liabilities	5	849.53	849.53
Long-Term Provisions	6	176.92	161.91
		<u>2933.61</u>	<u>3628.11</u>
<b>Current Liabilities</b>			
Short-Term Borrowings	7	891.18	841.22
Trade Payables	8		
Micro, Small and Medium Enterprises		-	-
Other Trade Payables		316.59	2473.92
Other Current Liabilities	9	1970.94	1490.20
Short-Term Provisions	10	48.86	68.82
		<u>3227.57</u>	<u>4874.16</u>
<b>Total</b>		<u><u>14728.00</u></u>	<u><u>17011.44</u></u>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Goodwill on Consolidation		0.78	0.78
Fixed Assets	11		
Tangible Assets		12051.41	12347.61
Long-Term Loans and Advances		344.46	146.38
	12	<u>12396.65</u>	<u>12494.77</u>
<b>Current Assets</b>			
Inventories	13	407.37	919.66
Trade Receivables	14	890.04	2131.44
Cash and Bank Balances	15	379.43	371.43
Short-Term Loans and Advances	16	654.51	1094.14
		<u>2331.35</u>	<u>4516.67</u>
<b>Total</b>		<u><u>14728.00</u></u>	<u><u>17011.44</u></u>
<b>Significant Accounting Policies</b>	1		
<b>Notes are an Integral part of the Consolidated Financial Statements</b>	2 - 37		

As per our report of even date attached

**For MZSK & Associates**

Chartered Accountants  
Firm Registration No. 105047W

**Abuali Darukhanawala**

Partner  
Membership No. 108053  
Mumbai, May 30, 2017

For and on behalf of the Board of Directors of  
**Taneja Aerospace and Aviation Limited**  
CIN: L62200TZ1988PLC014460

**Salil Taneja**

Chairman  
DIN : 00328668

**Arif Ahmad**

Chief Financial Officer

**Chetan Nathani**

Company Secretary  
M. No. A32129

Pune, May 30, 2017

## Annual Report 2016-17

### Statement of Consolidated Profit and Loss for the year ended March 31, 2017 (Rs. in Lakhs)

Particulars	Note No.	Year ended March 31, 2017	Year ended March 31, 2016
<b>INCOME</b>			
Revenue from Operations (Net)	17	3681.36	5871.30
Revenue from Trading Activities	18	-	163.96
Other Income	19	168.95	220.85
<b>Total Revenue</b>		<b>3850.31</b>	<b>6256.11</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	20	715.64	3650.35
Purchase of Trading Goods		-	160.74
Changes in Inventory of Work-In-Progress	21	292.19	(195.36)
Operational and Other Expenses	22	870.55	910.38
Employee Benefits Expense	23	1045.73	1219.71
Finance Costs	24	555.12	633.70
Depreciation & Amortisation Expense	11	303.78	303.20
<b>Total Expenses</b>		<b>3783.01</b>	<b>6682.72</b>
<b>Profit / (Loss) before Extraordinary Items and Tax</b>		<b>67.30</b>	<b>(426.61)</b>
Less: Prior Period Items		4.86	4.10
<b>Profit / (Loss) before Tax</b>		<b>62.44</b>	<b>(430.71)</b>
<b>Tax Expense:</b>			
Current Tax		-	-
Short Tax Provision for Earlier Years		4.79	11.69
MAT Credit Entitlement		-	(11.69)
Deferred Tax Charge/ (Benefit)		-	-
Short Tax Provision for Earlier Years		-	-
<b>Total Tax (Benefit)/ Expense</b>		<b>4.79</b>	-
<b>Profit / (Loss) for the Year</b>		<b>57.65</b>	<b>(430.71)</b>
Profit / (Loss) from continuing operations before tax		62.44	(430.71)
Tax Expense of continuing operation		(4.79)	-
<b>Profit / (Loss) from continuing operations after tax</b>		<b>57.65</b>	<b>(430.71)</b>
Profit / (Loss) from discontinuing operations before tax		-	-
Tax Expense of discontinuing operation		-	-
<b>Profit/(Loss) from discontinuing operations after tax</b>		-	-
<b>Earnings per equity share In Rs.</b> [Nominal Value Per Share Rs.5 (Previous Year Rs.5)]	26	<b>0.23</b>	<b>(1.73)</b>
<b>Significant Accounting Policies</b>	1		
<b>Notes are an Integral part of the Financial Statements</b>	2-37		

As per our report of even date attached

**For MZSK & Associates**

Chartered Accountants  
Firm Registration No. 105047W

**Abuali Darukhanawala**

Partner  
Membership No. 108053  
Mumbai, May 30, 2017

For and on behalf of the Board of Directors of  
**Taneja Aerospace and Aviation Limited**  
CIN: L62200TZ1988PLC014460

**Salil Taneja**

Chairman  
DIN : 00328668

**Arif Ahmad**

Chief Financial Officer

Pune, May 30, 2017

**Chetan Nathani**

Company Secretary  
M. No. A32129



# Taneja Aerospace and Aviation Limited

## Consolidated Cash Flow Statement for the year ended March 31, 2017

(Rs. in Lakhs)

Particulars		Year ended March 31, 2017	Year ended March 31, 2016
<b>A</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Loss before extraordinary items and tax	67.30	(426.61)
	Adjustments for :		
	Depreciation & Amortisation Expense	303.78	303.20
	Prior Period Items	(4.86)	(4.10)
	Extra Ordinary Item	-	-
	Finance Costs	489.66	550.94
	Provision for Doubtful Debts	162.31	93.59
	Sundry Creditors Written Back	(0.11)	(19.11)
	Interest Income	(24.29)	(81.61)
	<b>Operating Profit before Working Capital Changes</b>	<b>993.79</b>	<b>416.30</b>
	Adjustments for :		
	Trade and Other Receivables	1356.09	(1802.04)
	Inventories	512.29	(432.66)
	Trade and Other Payables	(1860.94)	1958.43
	<b>Cash Generated from/ (used in) Operations</b>	<b>1001.23</b>	<b>140.03</b>
	Direct Taxes Paid (Net of Refunds)	125.03	(129.10)
	<b>Net Cash Flow from/ (used in) Operating Activities</b>	<b>1126.26</b>	<b>10.93</b>
<b>B</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Purchase of Fixed Assets including Capital Advance	(205.67)	(46.04)
	Interest Income	24.29	81.61
	Inter Corporate Deposit Given (Net)	5.84	804.05
	Investment in Equity of Subsidiary Companies	-	-
	<b>Net Cash Flow from/ (used in) Investing Activities</b>	<b>(175.54)</b>	<b>839.62</b>
<b>C</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	Additions/ (Repayments) of Loans	(453.06)	(163.81)
	Finance Costs	(489.66)	(550.94)
	<b>Net Cash Flow from/ (used in) Financing Activities</b>	<b>(942.72)</b>	<b>(714.75)</b>
	<b>Net Increase/ (Decrease) in Cash and Cash Equivalents</b>	<b>8.00</b>	<b>135.80</b>
	Cash and Cash Equivalents at the beginning of the year	371.43	235.63
	Cash and Cash Equivalents transferred pursuant to Demerger	-	-
	Cash and Cash Equivalents at the end of the year	379.43	371.43
	Net Increase/ (Decrease) in Cash and Cash Equivalents	8.00	135.80
	<b>Cash and cash equivalents comprise</b>		
	Balances with banks		
	On current accounts	282.17	259.00
	Margin money or under lien deposits	97.23	112.16
	Cash on hand	0.03	0.27
	<b>Total cash and bank balances at the end of the year</b>	<b>379.43</b>	<b>371.43</b>

**Notes:**

- 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.

As per our report of even date attached

**For MZSK & Associates**

Chartered Accountants  
Firm Registration No. 105047W

**Abuali Darukhanawala**

Partner  
Membership No. 108053  
Mumbai, May 30, 2017

For and on behalf of the Board of Directors of

**Taneja Aerospace and Aviation Limited**

CIN: L62200TZ1988PLC014460

**Salil Taneja**

Chairman  
DIN : 00328668

**Arif Ahmad**

Chief Financial Officer

Pune, May 30, 2017

**Chetan Nathani**

Company Secretary  
M. No. A32129

## Notes to Consolidated Financial Statements for the year ended March 31, 2017

### NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

#### 1.1 Basis of Preparation of Consolidated Financial Statements

The Consolidated Financial Statements relate to Taneja Aerospace and Aviation Limited “the Company” and its subsidiary (collectively referred herein under as the ‘Group’). The consolidated financial statements have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP) on an accrual basis under the historical cost convention, except for certain fixed assets which are being carried at revalued amounts, in compliance with all material aspects of the Accounting Standards (AS) notified under section 133 of the Companies Act, 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act, to the extent applicable. The accounting policies adopted in the preparation of consolidated financial statements have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy until now (hitherto) in use with those of previous year.

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

#### 1.2 Principles of Consolidation

The financial statements of the subsidiary company used in consolidation are drawn up to the same reporting date as that of the Parent Company i.e. year ended March 31, 2017.

The consolidated financial statements have been prepared in accordance with Accounting Standard 21 “Consolidated Financial Statements“ on the following principles:

- a) The financial statements of the Parent Company and its subsidiary company 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 difference between the cost of investment in the subsidiary, over the net assets at the time of acquisition of shares in the subsidiary is recognised in the financial statements as Goodwill or Capital Reserve on consolidation as the case may be.
- c) 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 Parent Company's separate financial statements except as otherwise stated.
- d) The following subsidiary company has 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, 2017	Accounting Period	Audited / Unaudited
1	Katra Auto Engineering PLtd	Direct Subsidiary	India	100%	Apr16-Mar17	Audited

#### 1.3 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 and the disclosure of contingent liabilities on the date of financial statements and the reported amount of revenue and expenses during the reporting period. The management believes that the estimates used in preparation of the consolidated financial statements are prudent and reasonable. Actual results could defer from these estimates. Difference between the actual results and estimates are recognised in the period in which the results are known/materialised.

#### 1.4 Operating Cycle

An operating cycle is the time between the acquisition of assets or inventories for processing and their realisation in cash or cash equivalents. Based on the nature of their products/services, all the Group Companies have ascertained their operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

#### 1.5 Fixed Assets

- a) Fixed assets are stated at their original 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. The cost of fixed assets comprises of its purchase price including duties, taxes, freight and any other directly attributable cost of bringing the asset to its working condition for its intended use. However, cost excludes Excise Duty, VAT & Service Tax, wherever credit of the duty or tax is availed of.
- b) All indirect expenses incurred during acquisition/construction of fixed assets including interest cost on funds deployed for the fixed assets are treated as incidental expenditure and are capitalised for the period until the asset is ready for its intended use.
- c) Fixed assets under construction and not ready for intended use, as on the balance sheet date, are disclosed as Capital Work-in-Progress.
- d) Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

# Taneja Aerospace and Aviation Limited

## Notes to Consolidated Financial Statements for the year ended March 31, 2017 (Contd.)

- e) Considering the nature of business activity, Runway has been treated as Plant and Equipment and depreciation has been provided accordingly.
  - f) Assets received on amalgamation are recorded at its fair value.
  - g) Where a significant component (in terms of cost) of an asset has an economic useful life shorter than that of its corresponding asset, component is depreciated over its shorter life.
- b) Stock of certain aero structures, components, work in progress and finished goods are valued at lower of cost and net realisable value based on technical estimate of the percentage of work completed.
  - c) In determining the cost of raw materials, components, stores, spares and loose tools, the first in first out (FIFO) method is used. Cost of inventory comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition.
  - d) Cost of certain aero structures, work in progress and finished goods include material cost, labour costs and appropriate factory overheads.
  - e) Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale. The comparison of cost and net realizable value is made on item by item basis.
  - f) Excise duty liability, wherever applicable, is included in the valuation of closing inventory of finished goods. Excise duty payable on finished goods is accounted for upon manufacture and transfer of finished goods to the stores. Payment of excise duty is deferred till the clearance of goods from the factory premises.

### 1.6 Depreciation

Depreciation is provided on Straight Line Method on Building, Plant and Equipment and Computer Hardware and on Written Down Value Method on all other assets, based on the useful lives of assets as prescribed under Part C of Schedule II of the Companies Act, 2013. Depreciation on addition to fixed assets is provided on pro-rata basis from the date the assets are ready for intended use. Depreciation on sale/deletion of fixed assets is provided for up to the date of sale, deduction or discard of fixed assets as the case may be. In case of impairment, if any, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. Based on the technical evaluation which considered the nature and usage of the assets, the operating conditions of the assets, anticipated technological changes and maintenance support etc., useful life of the following asset class is estimated to be higher than that prescribed in the said Act:

Sr. No.	Asset Class	Useful life estimated by the Management
1.	Plant and Equipment	15 - 48 Years

### 1.7 Impairment of Assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets' net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, depreciation/amortization is provided on the revised carrying amount of the asset over its remaining useful life.

Further, if at the Balance Sheet date there is an indication that the previously assessed impairment loss no longer exist, the recoverable amount is reassessed and the asset is reflected at recoverable amount subject to maximum of depreciable historical cost.

### 1.8 Inventories

- a) Stock of raw materials, stores, spares, bought out

### 1.9 Investments

- a) **Accounting treatment**  
Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.
- b) Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments. The determination for diminution is done separately for each individual investment.
- c) **Classification in the financial statements**  
Investments that are realisable within the period of twelve months from the balance sheet date are classified as current investment. All other investments are classified as non-current investments.

### 1.10 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 Consolidated Statement of Profit and Loss.

## Notes to Consolidated Financial Statements for the year ended March 31, 2017 (Contd.)

### 1.11 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, demand deposits with banks, other short term highly liquid investments with original maturities of three months or less.

### 1.12 Provisions, Contingent Liabilities and Contingent Assets

- a) A provision is recognised when the Group has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present values and are determined based on management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.
- b) Contingent liabilities are disclosed in respect of possible obligations that have arisen from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of future events not wholly within the control of the Group.
- c) When there is an obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.
- d) Contingent Assets are neither recognised nor disclosed in the consolidated financial statements.

### 1.13 Revenue Recognition

- a) Revenue is recognised to the extent, it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.
- 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 on accrual basis.
- d) Charter Income from aircraft given on charter is booked on the basis of contract with customers & on completion of actual flying hours of aircraft. The revenue is recognised net of Service Tax.
- e) Training Fees received, being non-refundable, is accounted in the year of receipt.
- f) Revenue from 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.
- g) Revenue from sale of goods is recognised on transfer of all significant risks & rewards of ownership to

buyer. The amounts recognised as sale is exclusive of Sales Tax/VAT & are net of returns.

- h) Interest Income is recognised on time proportion basis taking into account the amount outstanding and the interest rate applicable.

### 1.14 Leases

Lease arrangements where risks & rewards incident to ownership of an asset substantially vests with the lessor are classified as operating lease. Operating lease payments are recognised as an expense in the Consolidated Statement of Profit and Loss on a straight-line basis over the lease term.

### 1.15 Borrowing Cost

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing Costs directly attributable to acquisition or construction of qualifying assets are capitalised as part of cost of assets, upto the date asset is ready for its intended use. All other borrowing costs are recognised as an expense in the Statement of Profit & Loss in year in which they are incurred.

### 1.16 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 recognised as income or expense in the Consolidated Statement of Profit and Loss in the year in which they arise.
- d) Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when such values were determined.

### 1.17 Employee Benefits

- a) Defined Contribution Plan  
The Parent Company makes defined contribution to Provident Fund and Superannuation Fund, which are recognised as an expense in the Consolidated Statement of Profit and Loss on accrual basis. The

# Taneja Aerospace and Aviation Limited

## Notes to Consolidated Financial Statements for the year ended March 31, 2017 (Contd.)

Company has no further obligations under these plans beyond its monthly contributions.

b) **Defined Benefit Plan**

The Group'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 gains 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.

### 1.18 Provision for Taxation

Tax expense for period comprises of Current Tax, Deferred Tax & Minimum Alternate Tax Credit. Current Tax is determined on basis of taxable income & tax credits computed for each of the entities in Group in accordance with the provisions of applicable taxation 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 Group.

Deferred tax is recognised on timing differences, being difference between taxable income & accounting income that originate in one period & are capable of reversal in one or more subsequent periods. Deferred tax is measured using tax rates & tax laws that have been enacted or substantively enacted as at 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 assets. Other deferred tax assets are recognised only to the extent there is a reasonable certainty that the asset will be realised in future. Deferred tax assets are reviewed as at each Balance Sheet date to reassess realisation. The

deferred tax assets (net) and deferred tax liabilities (net) are determined separately for the Parent and Subsidiary Company, as per their applicable laws and then aggregated. Current tax assets & current tax liabilities are offset when there is a legally enforceable right to set off recognised amounts & there is an intention to settle asset and the liability on a net basis.

### 1.19 Segment Reporting

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the group. The group's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Segments are identified having regard to the dominant source and nature of risks and returns and internal organization and management structure. The Group has considered business segments as the primary segments for disclosure. The business segments are 'Aviation' and 'Trading of Electrical Goods'. 'Charter Business' has been demerged w.e.f. October 1, 2014 being the appointed date of Scheme of Arrangement. The Group does not have any geographical segment.

### 1.20 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 date of Balance Sheet up to date of adoption of the accounts are considered in preparation and presentation of the consolidated financial statements.

### 1.21 Earnings Per Share

The Basic 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. The Company does not have any dilutive potential equity shares hence the Diluted EPS is the same as Basic EPS.

# Annual Report 2016-17

## Notes to Consolidated Financial Statements for the year ended March 31, 2017 (Contd.)

### 2 SHARE CAPITAL

(Rs. in Lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
<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
10,00,00,000 (Previous year 10,00,00,000) 15% Redeemable Cumulative Preference Shares of Rs. 50/- each	500.00	500.00
	<u>2,500.00</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 up	<u>1,246.54</u>	<u>1,246.54</u>

#### 2.1 Reconciliation of the number of shares outstanding at the beginning and at the end of the year:

Particulars	As at March 31, 2017		As at March 31, 2016	
	No. of shares	Rs. In lakhs	No. of shares	Rs. In lakhs
Equity Shares at the beginning of the year	24,930,736	1246.54	24,930,736	1246.54
Equity Shares issued during the year	-	-	-	-
Equity Shares bought back during the year	-	-	-	-
Equity Shares outstanding at the end of the year	<u>24,930,736</u>	<u>1246.54</u>	<u>24,930,736</u>	<u>1246.54</u>

#### 2.2 Details of shareholders holding more than 5% Equity Shares in the Company

Name of the Shareholders	As at March 31, 2017		As at March 31, 2016	
	No. of shares	% holding	No. of shares	% holding
Indian Seamless Enterprises Limited	10,964,620	43.98	10,964,620	43.98
Vishkul Leather Garments Private Limited	1,689,179	6.78	1,689,179	6.78

#### 2.3 Terms/Rights attached to Equity Shares

The Parent 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.

#### 2.4 As at 31<sup>st</sup> March, 2017, the parent Company has Nil (Previous Year 13,145) Global Depository Receipt's (GDR's) outstanding for conversion into Equity Shares [equivalent to Nil (Previous Year 26,290) Equity Shares].

# Taneja Aerospace and Aviation Limited

## Notes to Consolidated Financial Statements for the year ended March 31, 2017 (Contd.)

### 3 RESERVES AND SURPLUS

(Rs. In Lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
<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 of the year	5203.53	5203.53
Balance as at the end of the year	5203.53	5203.53
<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	781.41	1212.12
Add: Net Profit/ (Loss) for the year	57.65	(430.71)
Balance as at the end of the year	839.06	781.41
	<u>7320.28</u>	<u>7262.63</u>

### 4 LONG TERM BORROWINGS

(Rs. In Lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
<b>Secured Loans:</b>		
Term Loan from Banks	2717.87	3220.89
Less: Current Maturities (Refer Note No. 9)	810.71	604.22
	<u>1907.16</u>	<u>2616.67</u>

#### 4.1 Maturity Profile of Secured Term Loans from Banks

(Rs. In Lakhs)

Particulars	Maturity Profile			
	1-2 years	2-3 years	3-4 years	Beyond 4 years
Term Loans from Banks	460.07	442.98	502.41	501.70

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

The Term Loan from Bank outstanding as on 31<sup>st</sup> March, 2017 amounting to Rs. 11.66 Crores (Previous Year Rs.15.09 crores) (including Current Maturities of Long Term Borrowings) is secured by a first charge on assignment of Hangar-1 rental/receivables from lessee 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 31<sup>st</sup> March, 2017 amounting to Rs. 15.52 Crores (Previous Year 17.12 crores) (including Current Maturities of Long Term Borrowings) is secured by a first charge on assignment of Hangar-2 rental/receivables from lessee and specific free hold lands to the extent of 41.40 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.

## Annual Report 2016-17

### Notes to Consolidated Financial Statements for the year ended March 31, 2017 (Contd.)

#### 5 OTHER LONG TERM LIABILITIES

(Rs. In Lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
Deposit from Lessee	845.28	845.28
Deposit from Customers	4.25	4.25
	<u>849.53</u>	<u>849.53</u>

#### 6 LONG TERM PROVISIONS

(Rs. In Lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
<b>Provision for Employee Benefits</b> (Refer Note No. 30)		
Gratuity	119.42	118.88
Leave Encashment	57.50	43.03
	<u>176.92</u>	<u>161.91</u>

#### 7 SHORT TERM BORROWINGS

(Rs. In Lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
<b>Secured Loans:</b>		
Working Capital Borrowing from Banks	891.18	841.22
	<u>891.18</u>	<u>841.22</u>

##### 7.1 Details of Securities and other terms

Working Capital Loan from Banks is secured against hypothecation of Stocks and Book Debts on pari-passu basis and second charge on Fixed Assets including specific free hold lands to the extent of 26.87 acres (Previous Year 26.87 acres ) and development thereon of the Company at Belagondapalli Village, Thally Road, Denkanikottai Taluk, Krishnagiri District, Belagondapalli – 635114, Tamil Nadu.



# Taneja Aerospace and Aviation Limited

## Notes to Consolidated Financial Statements for the year ended March 31, 2017 (Contd.)

### 8 TRADE PAYABLES

(Rs. In Lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
Micro, Small and Medium Enterprises *	-	-
Other Trade Payables	316.59	2473.92
	<u>316.59</u>	<u>2473.92</u>

\* As informed to us by the Management, the Company owes no dues which are outstanding as at 31<sup>st</sup> March, 2017 and 31<sup>st</sup> March 2016 to any 'Micro, Small and Medium Enterprises' as covered under Micro, Small and Medium Enterprises Development Act 2006. 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.

### 9 OTHER CURRENT LIABILITIES

(Rs. In Lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
Current Maturities of Long Term Borrowings (Refer Note No. 4)	810.71	604.22
Advance from Customers	558.41	224.09
Statutory Liabilities *	131.52	112.47
Employee Related Liabilities #	142.96	150.45
Leave Encashment Payable	-	5.83
Expenses Payable	124.46	179.58
Deferred Revenue	13.72	-
Other Liabilities	189.16	213.55
	<u>1970.94</u>	<u>1490.20</u>

\* Includes payable towards TDS, Excise Duty, Service Tax, VAT and Employee Related Statutory Obligations.

# Includes Rs. 72.88 Lakhs due to Whole Time Director (Preious Year Rs. 76.47 lakhs)

### 10 SHORT TERM PROVISIONS

(Rs. In Lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
<b>Provision for Employee Benefits</b>		
Gratuity - Net of LIC fund	3.67	-
Leave Encashment	7.83	-
<b>Others</b>		
Provision For Audit Fees	3.50	3.35
Provision For Taxes [Net of Advance Tax Rs 27.69 lacs(Previous Year Rs 24.22 lakhs)]	0.08	27.04
Provision For Expenses #	33.78	38.43
	<u>48.86</u>	<u>68.82</u>

# Includes Provisions related to Bonus, Purchases, Travelling Expenses, etc.

# Annual Report 2016-17

## Notes to Consolidated Financial Statements for the year ended March 31, 2017 (Contd.)

### 11 FIXED ASSETS

(Rs. In Lakhs)

#### 11.1 Financial Year 2016-17

Description	Gross Block			Depreciation/ Amortisation					Net Block		
	As at 01-04-2016	Additions	Deductions	As at 31-03-2017	As at 01-04-2016	For the year	Deductions	Adjustments	As at 31-03-2017	As at 31-03-2017	As at 31-03-2016
<b>Tangible Assets:</b>											
Freehold Land	6924.14	-	-	6924.14	-	-	-	-	-	6924.14	6924.14
Buildings	2396.45	-	-	2396.45	619.92	65.27	-	-	685.19	1711.26	1776.53
Plant and Equipment	6791.93	5.62	-	6797.55	3174.76	229.61	-	-	3404.37	3393.18	3617.17
Office Equipment	171.29	0.18	-	171.47	161.25	2.97	-	-	164.22	7.25	10.04
Furniture and Fixtures	72.10	0.29	-	72.39	67.59	0.89	-	-	68.49	3.90	4.51
Computer - Hardware	29.83	1.50	-	31.33	21.29	3.73	-	-	25.02	6.31	8.54
Vehicles	36.57	-	-	36.57	29.89	1.31	-	-	31.20	5.37	6.68
<b>Total</b>	<b>16422.31</b>	<b>7.59</b>	<b>-</b>	<b>16429.90</b>	<b>4074.70</b>	<b>303.78</b>	<b>-</b>	<b>-</b>	<b>4378.49</b>	<b>12051.41</b>	<b>12347.61</b>

#### 11.2 Financial Year 2015-16

(Rs. In Lakhs)

Description	Gross Block			Depreciation/ Amortisation					Net Block		
	As at 01-04-2015	Additions	Deductions	As at 31-03-2016	As at 01-04-2015	For the year	Deductions	Adjustments	As at 31-03-2016	As at 31-03-2016	As at 31-03-2015
<b>Tangible Assets:</b>											
Freehold Land	6924.14	-	-	6924.14	-	-	-	-	-	6924.14	6924.14
Buildings	2389.45	7.00	-	2396.45	554.90	65.02	-	-	619.92	1776.53	1834.55
Plant and Equipment	6769.73	22.20	-	6791.93	2944.30	230.46	-	-	3174.76	3617.17	3825.43
Office Equipment	164.43	6.86	-	171.29	160.52	0.73	-	-	161.25	10.04	3.91
Furniture and Fixtures	70.54	1.56	-	72.10	66.58	1.01	-	-	67.59	4.51	3.96
Computer - Hardware	21.43	8.40	-	29.83	17.17	4.12	-	-	21.29	8.54	4.26
Vehicles	36.57	-	-	36.57	28.03	1.86	-	-	29.89	6.68	8.54
<b>Total</b>	<b>16376.29</b>	<b>46.02</b>	<b>-</b>	<b>16422.31</b>	<b>3771.50</b>	<b>303.20</b>	<b>-</b>	<b>-</b>	<b>4074.70</b>	<b>12347.61</b>	<b>12604.79</b>

### 12 LONG TERM LOANS AND ADVANCES

(Rs. In Lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
<b>Unsecured and Considered Good</b>		
Capital Advance to subsidiary (Refer Note No. 31)	(0.25)	-
Capital Advance	198.33	-
MAT Credit Entitlement #	146.38	146.38
	<u>344.46</u>	<u>146.38</u>

# In the opinion of the management, based on the projected future taxable profits, the outstanding MAT Credit Entitlement of Rs. 146.38 Lakhs as at March 31, 2017 (Previous Year Rs. 146.38 lakhs) will be utilized within the stipulated time period prescribed as per the provisions of Income Tax Act, 1961. However, in case of inadequate profit, difference will be charged to respective years Statement of Profit and Loss.

### 13 INVENTORIES

(Rs. In Lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
Raw Material and Components	200.45	420.55
Work-In-Progress	206.92	499.11
	<u>407.37</u>	<u>919.66</u>

For mode of valuation of each class of inventories, Refer Note No.1.8

# Taneja Aerospace and Aviation Limited

## Notes to Consolidated Financial Statements for the year ended March 31, 2017 (Contd.)

### 14 TRADE RECEIVABLES

(Rs. In Lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
Unsecured debts outstanding for a period exceeding six months		
(i) Considered good	430.43	620.16
(ii) Considered doubtful	419.21	291.68
	<u>849.64</u>	<u>911.84</u>
Less: Provision for doubtful debts	419.21	291.68
	<u>430.43</u>	<u>620.16</u>
Other unsecured debts (considered good)	459.61	1511.28
	<u>890.04</u>	<u>2131.44</u>

### 15 CASH AND BANK BALANCES

(Rs. In Lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
<b>Cash and cash equivalents</b>		
Balance with banks in current accounts	282.17	259.00
Margin money deposits with banks (Less than 3 months maturity)	12.20	25.18
Cash on hand	0.03	0.27
<b>Other bank balances</b>		
Margin money deposits with banks (More than 3 months maturity)	85.03	86.98
	<u>379.43</u>	<u>371.43</u>

### Details of Specified Bank Notes (SBN) held and transacted during the period 8<sup>th</sup> November 2016 to 30<sup>th</sup> December 2016:

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	0.14	0.48	0.62
(+) Permitted receipts	-	-	-
(+) Withdrawal from bank	-	4.03	4.03
(+) Receipts in other denomination	-	1.00	1.00
(-) Permitted payments	-	-	-
(-) Paid in other denomination	-	4.49	4.49
(-) Amount deposited in Banks	0.14	0.59	0.73
Closing cash in hand as on 30.12.2016	-	0.42	0.43

### 16 SHORT TERM LOANS AND ADVANCES

(Rs. In Lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
<b>Unsecured and Considered Good</b>		
Advance Income Tax [Net of Provision Rs 99.83 lakhs (Previous Year Rs 90.69 lakhs)]	413.74	570.52
Loans and Advances to Related Parties (Refer Note No. 29)	104.32	110.15
Advance to Suppliers	38.10	323.48
Prepaid Expenses	33.46	30.42
Sundry Deposits	56.42	58.72
Advance to Employees	8.47	0.85
	<u>654.51</u>	<u>1094.16</u>

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### Notes to Consolidated Financial Statements for the year ended March 31, 2017 (Contd.)

#### 17 REVENUE FROM OPERATIONS

(Rs. In Lakhs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
<b>Sales – Aviation</b>		
Gross Domestic Sales	304.34	1195.67
Less: Excise Duty	6.97	59.03
Net Domestic Sales	297.37	1136.64
Export Sales	894.92	3303.88
<b>Services – Aviation</b>		
Domestic Conversion Charges	972.04	135.87
Export Conversion Charges	-	-
Charter Income	-	-
Rental Services	1420.86	1255.06
Training & Other Services	96.17	39.85
	<u>3681.36</u>	<u>5871.30</u>

#### 18 REVENUE FROM TRADING ACTIVITIES

(Rs. In Lakhs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Sale of Trading Goods	-	160.74
Sale Commission on Trading Goods	-	3.22
	<u>-</u>	<u>163.96</u>

#### 19 OTHER INCOME

(Rs. In Lakhs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Interest Income		
From ICD's	15.00	72.54
From Banks	9.29	9.07
From Others *	28.56	3.52
Miscellaneous Income #	115.99	116.61
Sundry Creditors Written Back	0.11	19.11
	<u>168.95</u>	<u>220.85</u>

\* Includes Interest on Income Tax Refunds of Rs. 25.28 Lakhs (Previous Year Rs. 3.52 Lakhs).

# Includes Agriculture Income of Rs NIL (Previous Year Rs. 6.80 Lakhs).

#### 20 COST OF MATERIALS CONSUMED

(Rs. In Lakhs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Opening Stock of Raw Material and Components	420.55	183.24
Add: Purchases during the year	495.53	3887.66
Less: Closing Stock of Raw Material and Components	200.45	420.55
<b>Consumption of Raw Material and Components</b>	<u>715.64</u>	<u>3650.35</u>

# Taneja Aerospace and Aviation Limited

## Notes to Consolidated Financial Statements for the year ended March 31, 2017 (Contd.)

### 20.1 Value of Raw Materials and Components consumed during the Year

Particulars	Percentage (%)		Value (Rs. In Lakhs)	
	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2017	Year ended March 31, 2016
Imported *	4.86	87.13	34.75	3180.60
Indigenous	95.14	12.87	680.89	469.75
	<u>100.00</u>	<u>100.00</u>	<u>715.63</u>	<u>3650.35</u>

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

### 20.2 CIF Value of Imports of Raw Material, Spares, etc. for the year Rs. 34.75 Lakhs (Previous Year Rs. 3180.60 Lakhs)

### 21 CHANGES IN INVENTORY OF WORK-IN-PROGRESS

(Rs. In Lakhs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Closing Stock of Work-In-Progress	206.92	499.11
	<u>206.92</u>	<u>499.11</u>
Opening Stock of Work-In-Progress	499.11	303.75
	<u>499.11</u>	<u>303.75</u>
<b>(Increase) / Decrease in Inventory</b>	<u><b>292.19</b></u>	<u><b>(195.36)</b></u>

### 22 OPERATIONAL AND OTHER EXPENSES

(Rs. In Lakhs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Power & Fuel Expenses	92.15	91.15
Repairs and Maintenance Plant and Equipment	19.00	20.43
Repairs and Maintenance Building	12.10	8.15
Repairs and Maintenance Others	48.49	22.72
Selling Expenses	32.03	123.49
Rent	12.10	10.90
Rates & Taxes	57.66	55.59
Insurance	10.52	10.25
Traveling & Conveyance	83.10	86.69
Vendor Charges	115.44	152.92
Provision for Doubtful Debts	162.31	93.59
Office & Other Administrative Expenses *	62.54	92.38
Legal, Professional & Consultancy Charges	155.85	133.00
Exchange Fluctuation Loss/ (Gain) [Net]	-	4.32
(Other than considered as Finance Cost)	-	-
Auditors Remuneration #	7.26	4.79
Manager's Remuneration	-	-
	<u>870.55</u>	<u>910.37</u>

\* Includes Printing & Stationery Expenses, Security Charges, Agriculture Expenses, Communication Expenses, Sitting Fees & Miscellaneous Expenses.

## Annual Report 2016-17

### Notes to Consolidated Financial Statements for the year ended March 31, 2017 (Contd.)

# Auditors Remuneration :	Year ended March 31, 2017	Year ended March 31, 2016
Statutory Audit Fees	2.08	1.58
Limited Review Fess	4.50	1.50
Out of Pocket Expenses/Travelling	0.68	1.71
	<u>7.26</u>	<u>4.79</u>

#### 23 EMPLOYEE BENEFITS EXPENSE

(Rs. In Lakhs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Salaries and Wages	888.11	1035.21
Contribution to Provident and Other Funds (Refer Note No. 30)	101.37	107.55
Staff Welfare Expenses	56.25	76.95
	<u>1045.73</u>	<u>1219.71</u>

#### 24 FINANCE COSTS

(Rs. In Lakhs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
<b>Interest Expenses:</b>		
Working Capital Loan	123.76	130.19
Term Loans	365.91	420.76
Other Finance Costs #	65.45	82.75
	<u>555.12</u>	<u>633.70</u>

# Includes Interest on Delayed Payment of Statutory Liabilities amounting to Rs. 12.95 Lakhs (Previous Year Rs. 28.10 Lakhs).

#### 25 A) Contingent Liabilities (to the extent not provided for)

(Rs. In Lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
Claims against the Company not acknowledged as debts:		
(i) Custom Duty	622.67	622.67
(ii) Service Tax	124.37	204.61
(iii) Excise Duty	165.56	161.47
(iv) Sales Tax	-	44.00
(v) City Civil Court	170.00	-

Future Cash Outflows 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.

# Taneja Aerospace and Aviation Limited

## Notes to Consolidated Financial Statements for the year ended March 31, 2017 (Contd.)

### B) Capital and Other Commitments (to the extent not provided for)

(Rs. In Lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
(a) Capital Commitment towards the new project	-	-
(b) Letters of Credit	25.05	71.85
(c) Bank Guarantees	1175.48	1202.50
(d) Indemnity issued to customers	315.00	627.00
(e) EPCG Export sales obligation to be fulfilled	-	-
(f) Guarantee given to bank on behalf of others*	1087.68	1087.68

\* Given on behalf of TAAL Tech India Private Limited of Rs. 760 Lakhs (Previous Year Rs. 760 Lakhs) and First Airways Inc., USA of Rs. 327.68 Lakhs [USD 4.94 Lakhs] (Previous Year Rs. 327.68 Lakhs [USD 4.94 Lakhs] in respect of loans availed by them.

### 26 Earnings Per Equity Share

(Rs. In Lakhs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Profit / (Loss) after tax available for Equity Shareholders	57.65	(430.71)
Weighted Average number of Equity Shares of nominal value of Rs. 5/- each	249.30	249.30
Computation of EPS - Basic* (in Rs.)	0.23	(1.73)

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

### 27-A Expenditure in Foreign Currency (On Accrual Basis)

(Rs. In Lakhs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Parts and Components	25.48	3174.89
Travelling Expenses	-	0.84
Other	-	4.14
<b>Total</b>	<b>25.48</b>	<b>3179.87</b>

### 27-B The Company does not enter into any forward foreign exchange contracts.

Foreign currency exposure not hedged as at March 31, 2017 are as under:

Particulars	As at March 31, 2017 (In Lakhs)		As at March 31, 2016 (In Lakhs)	
	Foreign Currency	INR	Foreign Currency	INR
<b>Trade Payable</b>				
USD	-	-	28.41	1,884.56
	-	-	28.41	1,884.56
<b>Advance From Associate</b>				
USD	-	-	4.69	311.30
	-	-	4.69	311.30
<b>Trade Receivable</b>				
USD	-	-	-	-
	-	-	-	-

## Notes to Consolidated Financial Statements for the year ended March 31, 2017 (Contd.)

### 28 Disclosure as required by Regulation 34(3) of the Listing Agreement

a) Amount of Investment in / Loans and Advances in the nature of loans to associates for the year ended 31<sup>st</sup> March 2017 :

(Rs. In Lakhs)

Name of the Company	Holding	Nature of Transaction	Max. Balance during the Period	Balance as at March 31, 2017	Balance as at March 31, 2016
<b><u>Associate Companies</u></b>					
ISMT Limited *	-	Advance Receivable - ICD	100.00	100.00	100.00
ISMT Limited	-	Advance Receivable - Current A/c	11.43	3.37	10.15
LightO Technologies Private Limited	-	Advance Receivable - Current A/c	-	-	-
TAAL Enterprises Limited	-	Amount Payable towards Current A/c	-	189.16	211.01
TAAL Tech India Private Limited	-	Amount Payable towards Current A/c	12.19	(0.95)	2.54

\* 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.

# This loan is interest free and was given to the subsidiary for purchase of land.

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 held by LightO Technologies Private Limited in Taneja Aerospace and Aviation Limited - 45,717 equity shares (Previous Year 45,717 equity shares).

### 29 Disclosure in respect of Related Parties pursuant to Accounting Standard 18

Relationship	Name of the Related Party
<b>a. Associate Companies</b>	ISMT Limited LightO Technologies Private Limited Indian Seamless Enterprises Limited TAAL Enterprises Limited TAAL Tech India Private Limited First Airways Inc
<b>b. Key Management Personnel</b>	Mr. Salil Taneja (Whole Time Director)



# Taneja Aerospace and Aviation Limited

## Notes to Consolidated Financial Statements for the year ended March 31, 2017 (Contd.)

### Transactions/ Balances with Related Parties:

(Rs. In Lakhs)

Particulars	Associates	Key Management Personnel
Inter-Corporate Deposits Received during the year	-	-
	(831.20)	(-)
Inter-Corporate Deposits Given during the year	-	-
	(-)	(-)
Sale of Trading Goods	-	-
	(160.74)	(-)
Sale Commission on Trading Goods	-	-
	(3.22)	(-)
Provision for Doubtful Debt	<b>40.00</b>	-
	(-)	(-)
Reimbursement of Expenditure during the year (Net).	<b>20.52</b>	-
	(-)	(-)
Directors' Sitting Fees	-	-
	(-)	(0.10)
Rent Paid	<b>1.23</b>	-
	(2.37)	(-)
Interest Income	<b>15.00</b>	-
	(72.54)	(-)
Managerial Remuneration #	-	<b>101.68</b>
	(-)	(12.15)
Guarantee given to bank on behalf of others	<b>1,087.68</b>	-
	(1,087.68)	(-)
Commission Received for Bank Guarantee	<b>24.04</b>	-
	(-)	(-)
Balance Payable as at the year end	* <b>498.28</b>	<b>72.88</b>
	* (524.85)	(76.47)
Balance Receivable as at the year end	<b>527.10</b>	-
	(596.28)	(-)

(Figures in brackets relate to Previous Year)

\* Includes Rs. 189.16 Lakhs (Previous Year Rs. 211.01 Lakhs) payable by the Parent Company (TAAL) to its Associate Company 'TAAL Enterprises Limited' (TEL) on account of the Charter Business, which is still being carried on by TAAL on behalf of TEL, as the Aircraft License is yet to be transferred in the name of TEL (Refer Note No. 31).

# Excludes contribution to Gratuity Fund and Provision for Leave Encashment as separate figures are not ascertainable for the Managerial Personnel. Further, the Company has not paid any commission to the Managerial Personnel.

Note: Amount of Rs. 40.00 lakhs (Previous Year NIL) pertaining to related parties have been provided for as doubtful debts.

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

**a. Defined Contribution Plan :**

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

(Rs. In Lakhs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Employer's Contribution to Provident Fund, Family Pension Fund and Other Funds	<b>63.43</b>	64.58

## Annual Report 2016-17

### Notes to Consolidated Financial Statements for the year ended March 31, 2017 (Contd.)

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

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

(Rs. In Lakhs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
<b>Gratuity (Funded)</b>		
Present Value of Obligations as at 1 <sup>st</sup> April, 2017 (1 <sup>st</sup> April, 2016)	120.52	88.93
Current Service Cost	13.13	11.67
Interest Cost	9.18	7.22
Past Service Cost	-	-
Actuarial (Gain)/Loss	(4.67)	14.87
Benefits Paid	(8.64)	(2.17)
Present Value of Obligations as at 31 <sup>st</sup> March, 2017 (31 <sup>st</sup> March, 2016)	<u>129.52</u>	<u>120.52</u>
<b>Leave Encashment (Non Funded)</b>		
Present Value of Obligations as at 1 <sup>st</sup> April, 2017 (1 <sup>st</sup> April, 2016)	48.88	42.80
Current Service Cost	10.83	12.35
Interest Cost	3.72	3.67
Past Service Cost	-	-
Actuarial (Gain)/Loss	6.12	(6.81)
Benefits Paid	(4.22)	(3.13)
Present Value of Obligations as at 31 <sup>st</sup> March, 2017 (31 <sup>st</sup> March, 2016)	<u>65.33</u>	<u>48.88</u>

**II. Changes in fair value of plan assets: The Company has not made any direct investment in plan assets.**

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

(Rs. In Lakhs)

Particulars	Gratuity (Funded)		Leave Encashment (Non Funded)	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Present Value of Obligation as at 31 <sup>st</sup> March, 2017 (31 <sup>st</sup> March, 2016)	129.52	120.52	65.33	48.88
Less: Funded with LIC	6.43	1.64	-	-
<b>Net Liability</b>	<u>123.09</u>	<u>118.88</u>	<u>65.33</u>	<u>48.88</u>

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

(Rs. In Lakhs)

Particulars	Gratuity (Funded)		Leave Encashment (Non Funded)	
	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2017	Year ended March 31, 2016
Current Service Cost	13.13	11.67	10.83	12.35
Interest Cost	9.18	7.22	3.72	3.67
Past Service Cost	-	-	-	-
Expected Return on Plan Assets	(0.37)	-	-	-
Actuarial (Gain)/ Loss	(4.67)	14.87	6.12	(6.81)
Expenses recognised in the Statement of Profit and Loss	<u>17.27</u>	<u>33.76</u>	<u>20.67</u>	<u>9.21</u>

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

Particulars	Gratuity (Funded)		Leave Encashment (Non Funded)	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Discount Rate	7.20%	7.90% - 8.10%	7.20%	7.90% - 8.10%
Expected Rate of Return on Plan Assets	8.25%	8.35%	-	-
Salary Escalation Rate	7% - 10%	7% - 10%	7% - 10%	7% - 10%

Discount Rate: The discount rate is based on the prevailing market yields of Indian Government Securities as at the Balance Sheet date for the estimated term of the obligations.

# Taneja Aerospace and Aviation Limited

## Notes to Consolidated Financial Statements for the year ended March 31, 2017 (Contd.)

Salary Escalation Rate: The estimates of future salary increases, considered in actuarial valuation, takes into account the inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

- 31 "As per Clause 9.2 of the Scheme of Arrangement, Taneja Aerospace and Aviation Limited (TAAL) will carry on the business and activities relating to the demerged charter business for and on account of and in trust for TAAL Enterprises Limited (TEL) until the time TEL obtains the requisite statutory licences required for carrying on the demerged charter business. The said licences are yet to be obtained and accordingly the demerged charter business has continued to be operated by TAAL in trust for and on behalf of TEL including banking transactions, statutory compliances and all other commercial activities."

### 32 Segment Reporting

(Rs. In Lakhs)

Particulars	Aviation	Trading of Electrical Goods	Total 2016-17	Aviation	Trading of Electrical Goods	Total 2015-16
<b>a. Segment Revenue</b>						
Segmental Revenue from :						
External Sales and Services	3681.35	-	3681.35	5871.30	163.96	6035.26
Unallocable Revenue	-	-	168.95	-	-	220.85
<b>Total Revenue</b>	<b>3681.35</b>	<b>-</b>	<b>3850.30</b>	<b>5871.30</b>	<b>163.96</b>	<b>6256.11</b>
<b>b. Segment Result</b>						
<b>Operating Profit/(Loss)</b>	<b>413.47</b>	<b>(40.00)</b>	<b>453.47</b>	(16.99)	3.22	(13.77)
Add: Unallocable Revenue	-	-	168.95	-	-	220.85
Less: Finance Costs	-	-	555.12	-	-	633.70
Less: Extraordinary Items	-	-	4.86	-	-	4.10
Profit/ (Loss) before Tax	413.47	(40.00)	62.44	(16.99)	3.22	(430.71)
Less: Tax (Benefit)/ Expense	-	-	4.79	-	-	-
<b>Profit / (Loss) for the Year</b>	<b>413.47</b>	<b>(40.00)</b>	<b>57.65</b>	<b>(16.99)</b>	<b>3.22</b>	<b>(430.71)</b>
<b>c. Other Information</b>						
Segment Assets	13560.19	406.15	13966.34	15627.08	445.15	16072.23
Unallocable Assets	-	-	761.66	-	-	939.21
<b>Total Assets</b>	<b>13560.19</b>	<b>406.15</b>	<b>14728.00</b>	<b>15627.08</b>	<b>445.15</b>	<b>17011.44</b>
Segment Liabilities	2362.88	-	2362.88	4191.77	10.33	4202.10
Unallocable Liabilities	-	-	3798.30	-	-	4300.17
<b>Total Liabilities</b>	<b>2362.88</b>	<b>-</b>	<b>6161.18</b>	<b>4191.77</b>	<b>10.33</b>	<b>8502.27</b>
Capital Employed	-	-	8566.82	-	-	8509.17
<b>d. Cost Incurred for Acquiring</b>						
Assets	7.59	-	7.59	46.02	-	46.02
Segment Depreciation	303.78	-	303.78	303.20	-	303.20

As per Accounting Standard 17, the Company has two segments viz "Aviation and Trading of Electrical Goods". Charter Business has been demerged w.e.f. October 1, 2014 being the appointed date of the Scheme of Arrangement (Refer Note No. 31).

- (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 Assets and Segment Liabilities represent Assets and Liabilities in respective Segments. Investments, Tax Related Assets and Other Assets and Liabilities which cannot be allocated to a segment on a reasonable basis have been included under Unallocable Assets and Liabilities.

# Annual Report 2016-17

## Notes to Consolidated Financial Statements for the year ended March 31, 2017 (Contd.)

- 33 Disclosure of additional information, as required under Schedule III to the Companies Act, 2013 pertaining to the Parent Company and Subsidiary:

(Rs. In Lakhs)

Name of the Company	As at March 31, 2017		Year ended March 31, 2017		As at March 31, 2016		Year ended March 31, 2016	
	Net Assets (Total Assets – Total Liabilities)		Share in Profit or Loss		Net Assets (Total Assets – Total Liabilities)		Share in Profit or Loss	
	As % of Consolidated Net Assets	Net Assets	As % of Consolidated Profit or Loss	Profit/ (Loss)	As % of Consolidated Net Assets	Net Assets	As % of Consolidated Profit or Loss	Profit/ (Loss)
<b>Parent Company</b>								
Taneja Aerospace and Aviation Limited	92.42	7917.37	100.14	57.71	92.37	7859.90	99.95	(430.51)
<b>Indian Subsidiary</b>								
<b>Direct Subsidiary</b>								
Katra Auto Engineering Private Limited	7.58	649.43	(0.00)	(0.00)	7.63	649.27	0.05	(0.20)
<b>TOTAL</b>	<b>100.00</b>	<b>8566.80</b>	<b>100.00</b>	<b>57.63</b>	100.00	8509.17	100.00	(430.71)

Note: The above figures are stated at net values after eliminating intra group transactions, intra group balances and investment in subsidiary as at 31<sup>st</sup> March, 2017.

- 34 The Company considers its investment in and loan to subsidiary as strategic and long term in nature and accordingly, in the view of the management, any decline in the value of such long term investment in subsidiary is considered as temporary in nature and hence no provision for diminution in value is considered necessary.
- 35 Deferred tax calculation results into working of deferred tax assets as at 31<sup>st</sup> March, 2017 as well as as at 31<sup>st</sup> March 2016. However as a matter of prudence, the Company has not recognised deferred tax asset.
- 36 Current Assets and Loans and Advances are of the value stated if realised in the ordinary course of business.
- 37 Previous year figures have been regrouped and reclassified wherever necessary to conform to the current year classification.

As per our report of even date attached

**For MZSK & Associates**

Chartered Accountants  
Firm Registration No. 105047W

**Abuali Darukhanawala**

Partner  
Membership No. 108053  
Mumbai, May 30, 2017

For and on behalf of the Board of Directors of

**Taneja Aerospace and Aviation Limited**

CIN: L62200TZ1988PLC014460

**Salil Taneja**

Chairman  
DIN : 00328668

**Arif Ahmad**

Chief Financial Officer

**Chetan Nathani**

Company Secretary  
M. No. A32129

Pune, May 30, 2017

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**Taneja Aerospace and Aviation Limited**

Regd. Office: Belagondapalli Village, Thally Road, Denkanikottai Taluk, Krishnagiri District,  
Belagondapalli – 635114, Tamil Nadu  
Phone: 04347 - 233508, Fax: 04347 - 233414,  
E-mail: secretarial@taal.co.in, Web: www.taal.co.in, CIN: L62200TZ1988PLC014460

**28th 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:  
Name: \_\_\_\_\_ Address: \_\_\_\_\_  
E-mail ID: \_\_\_\_\_ Signature: \_\_\_\_\_ or failing him  
Name: \_\_\_\_\_ Address: \_\_\_\_\_  
E-mail ID: \_\_\_\_\_ Signature: \_\_\_\_\_ or failing him  
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, September 26, 2017 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 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolutions	Vote (Optional-See Note 2)	
		For	Against
<b>Ordinary Business</b>			
1.	To receive, consider and adopt: a) the Audited Financial Statement of the Company for the Financial year ended March 31, 2017 together with Reports b) the Audited Consolidated Financial Statement of the Company for the Financial year ended March 31, 2017 together with Report.		
2.	Appointment of Statutory Auditors.		
<b>Special Business</b>			
3.	Resolved not to fill the vacancy for the time being caused by retirement of Mr. C S Kameswaran, Director, who retires by rotation and does not seek re-appointment.		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2017.

Signature of shareholder: \_\_\_\_\_

Signature of Proxy holder(s): \_\_\_\_\_

Affix  
Re 1/-  
Revenue  
Stamp

Note:

- 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.**
- 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.
- For Resolutions, Explanatory Statements, please refer to the Notice of the 28th Annual General Meeting.
- Please complete all details including details of member(s) in above box before submission.









Book - Post

**Taneja Aerospace and Aviation Limited** 

*If undelivered please return to*

**Bigshare Services Pvt. Ltd.**  
Unit: Taneja Aerospace and Aviation Ltd.  
1st Floor, Bharat Tin Works Building,  
Opp. Vasant Oasis Apartments (Next to Keys Hotel),  
Marol Maroshi Road, Andheri East, Mumbai 400059  
Ph. No. : (022) 62638200

adityacreative1@gmail.com

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## Taneja Aerospace and Aviation Limited

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

Phone: 04347 - 233508, Fax: 04347 - 233414, E-mail: secretarial@taal.co.in,

Web: www.taal.co.in, CIN: L62200TZ1988PLC014460

### NOTICE

**NOTICE** is hereby given that the 28th Annual General Meeting of the Members of Taneja Aerospace and Aviation Limited will be held on Tuesday, September 26, 2017 at 2.00 p.m. at Registered Office of the Company at Belagondapalli Village, Thally Road, Denkanikottai Taluk, Krishnagiri District, Belagondapalli-635114, Tamil Nadu to transact following business:

#### Ordinary Business:

- To receive, consider and adopt:
  - the Audited Financial Statements of the Company for Financial Year ended March 31, 2017 including the Audited Balance Sheet as at March 31, 2017 and Statement of Profit and Loss for the year ended on that date and Reports of the Board of Directors and the Auditors thereon; and
  - the Audited Consolidated Financial Statements of the Company for Financial Year ended March 31, 2017 including the Audited Consolidated Balance Sheet as at March 31, 2017 and the Consolidated Statement of Profit and Loss for the year ended on that date and the Report of the Auditors thereon.
- To appoint Auditors & fix their remuneration & in this regard, to consider & if thought fit, to pass, with or without modification(s), following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to Section 139, 140 & other applicable provisions of the Companies Act, 2013 & Rules made thereunder, M/s MSKA & Associates (formerly known as M/s MZSK & Associates), Chartered Accountants (Firm Registration No. 105047W) be and are hereby appointed as Statutory Auditors of the Company, to hold office for 5 (five) years from the conclusion of this Annual General Meeting until the conclusion of 33rd Annual General Meeting, on such remuneration as shall be fixed by the Board of Directors, plus tax(es), as may be applicable and reimbursement of all out-of-pocket expenses in connection with the audit of the accounts of the Company.”

#### Special Business:

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

**“RESOLVED** not to fill, for the time being, the vacancy caused by retirement of Mr. C S Kameswaran, Director,

who retires by rotation at this AGM & does not seek re-appointment.”

By Order of the Board of Directors

**Chetan Nathani**

Company Secretary

Pune, August 16, 2017

#### NOTES:

- The relative Explanatory Statement and reasons for the proposed Special Business stated pursuant to Section 102 of the Companies Act, 2013 (‘Act’) is annexed.
- A Member entitled to attend and vote at the Annual General Meeting (‘AGM’) 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 50 and holding in the aggregate not more than 10% of the total Share Capital of the Company. A Member holding more than 10% of the total Share Capital of the Company may appoint a single person as proxy and such 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 AGM.
- Corporate Members are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the AGM.
- The Annual Report for FY 2016-‘17 and Notice of AGM of the Company inter alia indicating the process and manner of 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 aforesaid Annual Report and Notice of the AGM etc. is being sent through permitted modes.

Members may also note that the aforesaid Notice and Annual Report will also be available for download on Company’s website viz. www.taal.co.in.

- In compliance with Section 108 of the Act, read with Rules made thereunder and Listing Regulations, the Company is

# Taneja Aerospace and Aviation Limited

pleased to provide to its members facility to exercise their right to vote on resolutions proposed to be considered at the ensuing AGM by electronic means and the business may be transacted through electronic voting. The facility of casting the votes by the Members using an electronic voting system from a place other than venue of the AGM (“remote e-voting”) will be provided by Central Depository Services (India) Ltd (“CDSL”). Please note that the voting through electronic means is optional for the Members.

6. The facility for voting through ballot paper shall be made available at AGM and members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the AGM through ballot paper.
7. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
8. The remote e-voting period commences on September 23, 2017 (9.00 a.m. IST) and ends on September 25, 2017 (5.00 p.m. IST). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of September 19, 2017, may cast their vote by remote e-voting and that a person who is not a Member as on the cut-off date should treat this Notice for information purposes only. The remote e-voting module shall be disabled by CDSL for voting thereafter.

## E-Voting facility:

9. The process and manner for remote e-voting are, as under :
  - (i) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
  - (ii) Click on “Shareholders” tab.
  - (iii) 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.
  - (iv) Enter the Image Verification as displayed and Click on “Login”.
  - (v) 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.

- (vi) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
Permanent Account Number	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 (Printed on Attendance Slip of AGM) in the PAN field.</li> <li>• In case the folio 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. E.g. 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 Date of Birth 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.

# 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.

- (vii) After entering these details appropriately, click on “SUBMIT” tab.
- (viii) 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.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on Electronic Voting Sequence Number (‘EVS’) of Taneja Aerospace and Aviation Ltd.
- (xi) On voting page, you will see “RESOLUTION DESCRIPTION” & against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies you assent to the Resolution & option NO implies you dissent to the Resolution.
- (xii) Click on “RESOLUTIONS FILE LINK” if you wish to view entire Resolution details.

- (xiii) 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.
- (xiv) Once you “CONFIRM” vote on resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvi) If Demat account holder has forgotten the changed password then enter User ID & image verification code & click on Forgot Password & enter details as prompted by the system.
- (xvii)
- a. Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - b. A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - c. After receiving the login details they should create compliance user using the admin login and password. The Compliance user would be able to link the account(s)/ folio numbers on which they wish to vote.
  - 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. 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.
- (xviii) 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) or contact CDSL at 18002005533.
- (xix) Shareholders can also cast their vote using CDSL’s mobile app M-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.
10. The Board of Directors have appointed Mr. T G Janakiraman, Practicing Company Secretary, as Scrutinizer to scrutinize voting at AGM & remote e-voting process.
  11. The Chairman shall, at AGM, at end of discussions on resolutions on which voting is to be held, allow voting with assistance of Scrutinizer by use of Ballot Paper for all those members who are present at AGM but have not cast their votes by availing remote e-voting facility.
  12. The Scrutinizer shall after the conclusion of voting at the general meeting, will count the votes cast at the meeting & thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company & shall make, not later than 48 hours of the conclusion of the AGM, a consolidated scrutinizer’s report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same & declare the result of the voting forthwith.
  13. The Results declared along-with the report of the Scrutinizer shall be placed on the website of the Company at viz. [www.taal.co.in](http://www.taal.co.in) and on the website of CDSL viz. [www.evotingindia.com](http://www.evotingindia.com). The results shall also be immediately forwarded to the BSE Limited.
  14. The documents, if any, referred to in accompanying Notice & Explanatory Statement shall be open for inspection at Registered Office of the Company during normal business hours (9.00 am IST to 5.00 pm IST) on all working days except Saturdays, upto the date of the AGM.
  15. Members are further requested to :
    - Intimate changes, if any, in their registered address/ bank mandate and email address to the R&T Agent for shares held in physical form and to their respective Depository Participants for shares held in Demat 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 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 AGM.
    - Note that the Company has designated an exclusive e-mail id viz. “[secretarial@taal.co.in](mailto:secretarial@taal.co.in)” to enable investors to register their complaints, if any.

#### IMPORTANT COMMUNICATION TO MEMBERS

Pursuant to the Companies Act, 2013, Central Government has taken “Green Initiative” by allowing companies to serve notice/ documents including Annual Reports by e-mail to its members. This will also ensure prompt receipt of communication & avoid loss in postal transit. The members can download these documents from Company’s website i.e. [www.taal.co.in](http://www.taal.co.in). To support this “Green Initiative” in full measure, members who have not registered/ updated their email addresses, are requested to register/ update their e-mail addresses by sending e-mail to [investor@bigshare.com](mailto:investor@bigshare.com) with subject as ‘E-mail for Green Initiative’ mentioning Folio No./ Client ID. Members holding shares in Demat form may register/ update their e-mail addresses with Depository thru concerned Depository Participant(s).

# Taneja Aerospace and Aviation Limited

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

### Item No. 3:

Mr. Kameswaran is a Non-Executive (Non-independent) Director of the Company since January 2004.

Mr. Kameswaran retires by rotation at ensuing AGM in accordance with provisions of the Companies Act, 2013 & does not seek re-appointment owing to his other commitments.

Accordingly, Mr. Kameswaran retires at this AGM and the Board has decided not to fill, for the time being, the vacancy caused due to his retirement.

No director, key managerial personnel or their relatives except Mr. Kameswaran, is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item no. 3 for approval of the members.

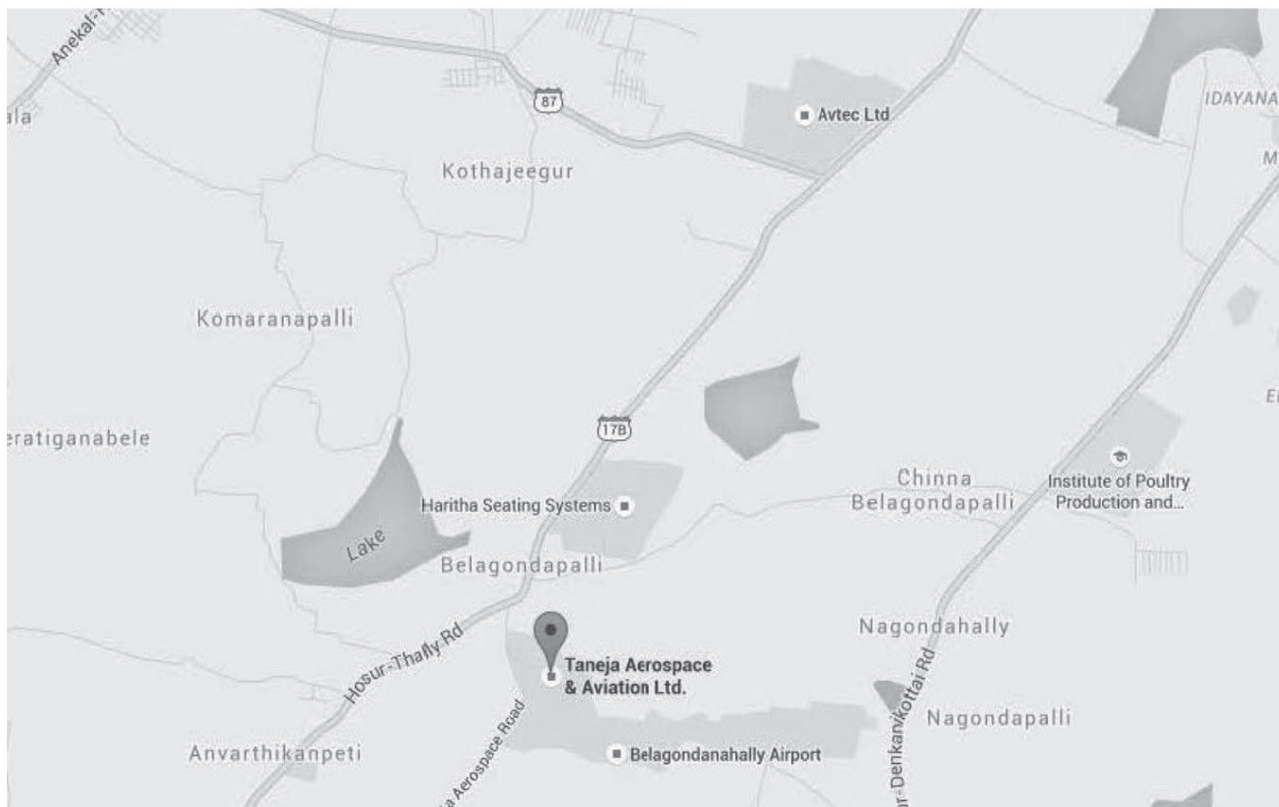
By Order of the Board of Directors

Chetan Nathani

Company Secretary

Pune, August 16, 2017

## ROUTE MAP FOR LOCATION OF VENUE OF AGM



**Taneja Aerospace and Aviation Limited**  
Regd. Office: Belagondapalli Village, Thally Road,  
Denkanikottai Taluk, Krishnagiri District,  
Belagondapalli – 635114, Tamil Nadu

**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,  
Web: www.taal.co.in, CIN: L62200TZ1988PLC014460

**28<sup>th</sup> Annual General Meeting**

**ATTENDANCE SLIP**

Name and Address of the Shareholder :

Folio No. / DP ID & Client ID :

Number of shares held :

Name of the attending Shareholder/ Proxy :  
(IN BLOCK LETTERS)

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, September 26, 2017 at Belagondapalli Village, Thally Road, Denkanikottai Taluk, Krishnagiri Dist., Belagondapalli-635114, Tamil Nadu at 2.00 p.m.

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

**Note: Please fill this attendance slip and hand it over at the entrance of the hall.**

ELECTRONIC VOTING PARTICULARS	
Electronic Voting Sequence Number (EVSN)	SEQUENCE NUMBER
170817025	

**Note: For detailed e-voting instructions, please refer "Notice" enclosed herewith under "E-Voting facility".**