FORM B
Format of covering letter of the annual audit report to be filed with the Stock Exchange

1.	Name of the Company	Taneja Aerospace and Aviation Limited
2.	Annual Financial Statements for the year	March 31, 2015
2.	ended	iviaicii 31, 2013
3.	Type of Audit qualification	Qualified Opinion and Matter of Emphasis
4.	Frequency of qualification	a) Pertaining to Standalone Financial Statements:
ĺ .		Qualified Opinion:
		Qualifications mentioned in Para 1 to 4 under Basis for Qualified
		Opinion of the Audit Report, appeared for the first time though
		matter covered in Para 4 has appeared earlier also in Emphasis
	•	of Matter.
		Matter of Emphasis:
		Matter of Emphasis mentioned in Para 1 of Emphasis of Matter
1	•	of the Audit Report, appeared for the first time.
		b) Pertaining to Consolidated Financial Statements:
		Qualified Opinion:
		Qualifications mentioned in Para 1 to 4 under Basis for Qualified
		Opinion of the Audit Report, appeared for the first time though
		matter covered in Para 4 has appeared earlier also in Emphasis of
		Matter.
		Matter of Emphasis
		Matter of Emphasis mentioned in Para 1 of Emphasis of Matter
_	Down attending to palace to the distance of th	of the Audit Report, appeared for the first time.
	Draw attention to relevant notes in the annual financial statements &	For management response refer to:
		Para 1, 2 & 4 - refer Directors Report; Para 3, refer Note No. 36 of standalone Financial Statements &
	management response to the qualification in directors report	Note No. 38 of consolidated Financial Statements.
	Additional comments from the Board/	The Audit Committee reviewed the qualifications by the
}	Audit Committee Chairman	Auditors and noted that the Inter Corporate lending had been
	Audit Committee Chamman	brought down to Rs 5.35 Crore as on 30-6-15 with an assurance
		that it would be brought down to less than Rs. 5 Crore very
		quickly. On the amounts due from LightO Technologies Pvt.
		Ltd., the Audit Committee advised to bring down the dues
		within the next three months. The Audit Committee will
		monitor this. On the qualification raised at Para 3 of the
		Auditor's report, the Audit Committee noted the financial
		implication of Clause 4.5 of the Scheme in respect of security
		and guarantee given to the subsidiary company. The Board
		discussed this and decided that it should be continued for one
		more year with a guarantee commission after which the new
		company will make alternative arrangements. In sum, the
		concerns raised by the Auditors are being effectively addressed.
	<del>_</del>	concerns raised by the fradicits are being effectively addressed.

Salil Taneja Chairman Ajay Gupta Chief Financial Officer

Pune, August 14, 2015

R Poornalingam
Audit Committee Chairman

Auditors of the Company:

For Haresh Upendra & Co. Firm Registration No. 103513W

Chartered Accountants

Maresh B Shah

Partner M. No. 32208

Pune, August 14, 2015

**Annual Report 2014-15** 

## **COMPANY INFORMATION**

#### **BOARD OF DIRECTORS**

Salil Taneja Chairman

B. R. Taneja Director (upto August 14, 2015)
Preeti Taneja Director (w.e.f. August 14, 2015)

C. S. Kameswaran Director

R. Surie Director

R. Poornalingam
N. Chandra
Director (w.e.f. November 13, 2014)
Director (w.e.f. November 13, 2014)
Director (w.e.f. August 14, 2015)
K. Rustumji
J. P. Sureka
Director (upto August 13, 2015)
Director (upto December 1, 2014)

S. M. Kapoor Managing Director (w.e.f. December 1, 2014

upto March 31, 2015)

#### **COMPANY SECRETARY**

Priya Nair (upto May 28, 2015) Chetan Nathani (w.e.f. August 14, 2015)

#### **AUDITORS**

M/s. Haresh Upendra & Co. 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 Website: www.taal.co.in

CIN: L62200TZ1988PLC014460

#### **CORPORATE OFFICE**

GGR Towers, 2<sup>nd</sup> Floor, Sy # 18/2b, Sarjapur Road Bangalore – 560 103, Karnataka

#### REGISTRAR & SHARE TRANSFER AGENT

Sharepro Services (India) Pvt. Ltd.

## **Directors' Report**

To the Members of Taneja Aerospace and Aviation Limited

Your Directors present herewith the Twenty-sixth Annual Report and the Audited Accounts for the year ended March 31, 2015.

#### FINANCIAL HIGHLIGHTS

(Rs. in Lakhs)

Particulars	2014-15	2013-14
Gross Income	3527.00	5472.05
Expenditure	3786.01	4705.98
Finance Charges	694.44	543.27
Depreciation	345.93	352.43
Profit/(Loss) Before Tax	(1299.39)	(129.63)
Provision for Taxation (including Deferred Tax)	(564.38)	-
Tax for earlier years	8.31	-
Prior Period Items	8.95	2.46
Extra-ordinary items	0.75	-
Profit/ (Loss) after Tax and Prior Period Items	(753.02)	(132.10)

#### DIVIDEND

Your Directors are unable to recommend a dividend for the year ended on March 31, 2015, in view of the loss.

#### **OPERATIONS**

The gross income was lower since Engineering design services division was hived off w.e.f. August 1, 2013.

During the year the Company commenced the business of trading activity of electrical goods.

#### SCHEME OF ARRANGEMENT

The Board of Directors of your Company at its meeting held on October 9, 2014, approved the Scheme of Arrangement between Taneja Aerospace and Aviation Ltd. & TAAL Enterprises Ltd. a wholly owned subsidiary of the Company & their respective shareholders ("Scheme") for demerger of Charter business & investment in First Airways Inc. & TAAL Tech India Pvt. Ltd. The Scheme was subsequently approved by Hon'ble High Court of Judicature at Madras vide its Order dated June 22, 2015. The Scheme will become effective upon filing the said Order with the Registrar of Companies. However, the details of Discontinuing operations as required by AS-24 form part of the Notes to Accounts.

# INDEPENDENT DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. R Poornalingam and Mr. N Chandra were appointed as Independent Directors of the Company w.e.f November 13, 2014.

Mr. Ajay Gupta was appointed as Chief Financial Officer of the Company w.e.f November 13, 2014.

Ms. Priya Nair resigned as Company Secretary and Compliance Officer of the Company w.e.f. May 29, 2015 due to personal reasons.

Mr. Chetan Nathani has been appointed as Company Secretary and Compliance Officer of the Company w.e.f. August 14, 2015.

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

The Company has devised a Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors which include criteria for performance evaluation of the Non-Executive Directors and Executive Directors like: Knowledge and Skills, Familiarity with the Company and its business, Monitoring Company's Corporate Governance Practices, Development of strategies and risk management, Participation and attendance in meetings, Professional conduct, Sharing of information etc.

The details of familiarization programme of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters are put up on its website <a href="https://www.taal.co.in">www.taal.co.in</a>

#### OTHER DIRECTORS

In accordance with the provisions of the Companies Act, 2013 ('Act') and the Articles of Association of the Company, Mr. C.S. Kameswaran retires by rotation and being eligible, offers himself, for re-appointment.

Mr. J. P Sureka resigned as Director of the Company w.e.f. December 2, 2014 due to personal reasons. The Board placed on records its appreciation and gratitude for his guidance and contribution to the Company.

Mr. S M Kapoor, Chief Executive Officer (CEO) of Aircraft Manufacturing Complex, Hosur of the Company was appointed as Whole-time Director designated as the Managing Director (MD) of the Company w.e.f December 1, 2014. Unfortunately, owing to ill health, Mr. S.M. Kapoor had to resign as MD of the Company w.e.f. April 1, 2015. The Board placed on records its appreciation and gratitude for his guidance and contribution to the Company.

The Members of the Company had approved the appointment of Mr. Salil Taneja as Whole-time Director of the Company on March 31, 2015.

Mr. C.S. Kameswaran ceased to be MD as on November 30, 2014 and has continued to be a Non-Executive Director thereafter.

Mr. K. Rustumji resigned as Director of the Company w.e.f August 14, 2015 due to personal reasons. The Board placed

## **Directors' Report (Contd.)**

on records its appreciation and gratitude for his guidance and contribution to the Company.

Mr. B. R. Taneja resigned as Director of the Company w.e.f. August 15, 2015. The Board placed on records its appreciation and gratitude for his guidance and contribution to the Company.

Mrs. Preeti Taneja & Mr. Raj K. Sureka have been appointed as an Additional Directors of the Company w.e.f. August 14, 2015 to hold office upto the ensuing Annual General Meeting.

#### AUDITORS

M/s. Haresh Upendra & Co., Chartered Accountants retire as Statutory Auditors of the Company at the conclusion of ensuing Annual General Meeting but do not offer themselves for re-appointment.

M/s. MZSK & Associates, Chartered Accountants have confirmed that their appointment as Statutory Auditors of the Company for the financial year 2015-16 will be in compliance with Section 141 of the Companies Act, 2013 and offer themselves for appointment as Statutory Auditors of the Company for the financial year 2015-16 pursuant to Section 139 of the Act.

The Directors sincerely thank M/s. Haresh Upendra & Co., Chartered Accountants for the professional services rendered by them to the Company.

As regards Auditors' remarks, amounts due from LightO Technologies Pvt. Ltd. are being regularly received subsequent to the Balance Sheet date and the entire outstanding amount is fully recoverable. Further, amounts paid to Associate Company represent expenses incurred in the ordinary course of business. Other remarks of Auditors have been suitably dealt with in the Directors Report and Notes to Accounts.

#### **COST AUDIT**

The Cost Audit Report for the year 2013-14 was due on September 30, 2014 and was filed with the Ministry of Corporate Affairs on September 26, 2014.

Cost Audit is not applicable to the Company effective from financial year 2014-15.

#### SUBSIDIARY AND ASSOCIATE COMPANIES

During the year under review, Katra Auto Engineering Private Limited became wholly-owned subsidiary of the Company and TAAL Enterprises Limited was incorporated as whollyowned subsidiary of the Company.

TAAL Aerosystems Private Limited ceased to be an Associate Company effective April 07, 2015.

As on date of this report, the Company has five direct and indirect subsidiaries. A Report in Form AOC-1 on performance & financial position of each of the subsidiaries as per the Companies Act, 2013 is provided in the 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 AND CORPORATE GOVERNANCE REPORT

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, a separate section on Management Discussion & Analysis and Corporate Governance together with Certificates is forming part of this Report.

#### DIRECTORS' RESPONSIBILITY STATEMENT

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

- that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates, that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year March 31, 2015 and of the Loss of the Company for that period;
- iii) 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 and other irregularities;
- iv) that the Directors have prepared the annual accounts on a going concern basis;
- That considering the size and nature of business the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- vi) That the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and 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 Companies Act, 2013 is forming part of this Report as Annexure B.

#### NOMINATION AND REMUNERATION POLICY

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

The criteria for performance evaluation as laid down by Nomination and Remuneration Committee has been defined in the Nomination and Remuneration Policy.

Details pertaining to remuneration of Directors and employees required under Section 197(12) of the Companies Act, 2013 read with Rules framed thereunder are forming part of this Report as Annexure C.

#### SECRETARIAL AUDIT REPORT

Pursuant to Section 204 of the Companies Act, 2013 the Board has appointed M/s. MRM Associates, a firm of Company Secretaries in Practice as Secretarial Auditors to undertake the Secretarial Audit of the Company for the financial year ended March 31, 2015. The Report of the Secretarial Auditors in Form MR-3 is forming part of this Report as Annexure D. The Company is in the process of appointing an Independent Director and a Woman Director to address the observations mentioned in the Secretarial Audit Report and upon demerger, the Company will not have any material unlisted Indian Subsidiary.

# PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Particulars of Loans, Guarantees and Investments covered under Section 186 of the Companies Act, 2013 is mentioned in notes to the Financial Statements forming part of this Report.

#### RISK MANAGEMENT

The Company is developing a risk management frame work including the policy covering material risks. The Company has already identified the key risk as delays in award of Government Orders for its core manufacturing.

#### INTERNAL FINANCIAL CONTROLS

Internal controls of the Company are being strengthened with the help of the CFO appointed during the year, taking into account the changing business requirements and the comments of the Auditor.

#### AUDIT COMMITTEE AND VIGIL MECHANISM

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

The Whistle Blower Policy/ Vigil Mechanism of the Company was established by the Board and is available on its website www.taal.co.in

# CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

During the year, the Company had not entered into any contract/ arrangement/ transaction with related parties which were either not at an arm's length or not in the ordinary course of business and further could be considered material in accordance with the policy of the Company on materiality of related party transactions.

Hence, there is no information to be provided in Form AOC-2 while the particulars of all Related Party Transactions in terms of AS-18 are forming part of the financial statements.

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website at www.taal.co.in

#### **GENERAL**

- 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
- 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 Salil Taneja August 14, 2015 Chairman

# **Management Discussion and Analysis**

#### INDUSTRY STRUCTURE AND DEVELOPMENT

The new Government has given a big thrust to domestic defence production especially in private sector as part of the 'Make in India' initiative of the Government. This of course creates a great opportunity for companies like ours which has been in defence business for past two decades.

Apart from manufacturing, the other activities of the Company viz., Airfield and Air Charter Services (presently being demerged) are linked more to overall economic activity.

#### DIVISION WISE PERFORMANCE \*

(Rs. in Lakhs)

Particulars (TOTAL REVENUE)	2014-15	2013-14
AMM	1,044.22	2,668.71
Airfield	1,053.60	724.85
Aircharter	717.16	802.58
Trading	353.27	-
Total	3,168.25	4,196.14

<sup>\*</sup> excluding performance of Engineering Design Services division which was hived off w.e.f. August 1, 2013.

This was indeed a difficult year with over a 50% drop in the core manufacturing business. This was largely due to delay in finalisation of defence orders, some of which have since been received. There were steady improvement in both Air Charter and Air Field operations.

#### OPPORTUNITIES AND THREATS

The impetus given by the Government at the centre to the defence sector as a whole, is expected to generate more business opportunities to the industries in the days to come.

#### OUTLOOK

With thrust being given to "Make in India", the Company with its expertise would be in an advantageous situation in its business operations.

#### RISKS AND CONCERNS

Aviation manufacturing with its complex nature and safety aspects involving prolonged tests and trial procedure, results in delayed implementation. This will have an impact on its operations & business deliverables.

# INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

#### FINANCIAL PERFORMANCE

The financial performance of the Company for FY 2014-15 as compared to the previous period is given below:

(Rs. in Lakhs)

Particulars	2014-15	2013-14
Gross Income	3,527.00	5,472.05
Expenditure	3,786.01	4,705.98
Profit/ Loss before Interest, Tax, Depreciation and Amortization	(259.01)	766.07
Profit/ (Loss) after Interest, Tax, Depreciation and Extraordinary Items	(753.02)	(132.10)
Earnings Per Share	(3.02)	(0.53)

The Company had to incur additional non recurring expenditure of Rs. 2.48 Crore resulting in operating losses for the 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, 2015, the Company had 483 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 8 Directors of which 4 Directors are independent as on March 31, 2015.

The composition of the Board, their attendance at the Board Meetings held during the year and at the last Annual General Meeting, the number of Directorships in other public companies and memberships in various committees across all public companies as on March 31, 2015 are as follows:

Name of the Director	Category	Financial Year 2014-15 Attendance at		No. of Directorships in other public companies companies		r public
		Board Meetings	Last AGM		Member	Chairman
Salil Taneja*	Promoter-ED	6	No	1	-	-
S. M. Kapoor**	MD	-	Yes	-	-	-
C. S. Kameswaran@	NED	7	Yes	1	-	-
B. R. Taneja	Promoter-NED	4	No	1	-	-
J. P. Sureka***	NED	5	No	NA	NA	NA
R. Surie	Independent-NED	8	Yes	-	-	-
K. Rustumji	Independent-NED	7	No	-	-	-
R. Poornalingam^^	Independent-NED	2	No	2	-	-
N. Chandra^^	Independent-NED	1	Yes	-	-	-

NED-Non-Executive Director; ED-Executive Director; MD-Managing Director;

#### NA-Not Applicable

- ^ This does not include directorships in Private Limited Companies, Foreign Companies and Companies under Section 8 of the Companies Act, 2013 (Act).
- \$ This includes only Audit and Stakeholders Relationship Committees.
- \* Was Non-Executive Director from April 01, 2014 upto November 30, 2014 and appointed as Executive Director thereafter.
- \*\* Was appointed as the Managing Director w.e.f. December 01, 2014.
- @ Was the Managing Director upto November 30, 2014 and continued as Non- Executive Director thereafter.
- \*\*\* Ceased to be a Director w.e.f. December 02, 2014.
- ^^ Appointed as a Director w.e.f. November 13, 2014.

# **Corporate Governance Report (Contd.)**

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

Sr. No.	Date of Meeting
1.	May 28, 2014
2.	July 16, 2014
3.	August 09, 2014
4.	September 26, 2014
5.	October 09, 2014
6.	November 13, 2014
7.	November 13, 2014
8.	February 13, 2015

As on March 31, 2015, the composition of the Board was in conformity with Clause 49 of the Listing Agreement.

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

#### APPOINTMENT/ RE-APPOINTMENT OF DIRECTORS

In terms of the Articles of Association of the Company and the relevant provisions of the Companies Act, 2013, Mr. C. S. Kameswaran, Director of the Company retires by rotation at the ensuing AGM and being eligible offers himself for re-appointment.

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

#### AUDIT COMMITTEE

The terms of reference of the Audit Committee are in conformity with the provisions of Section 177 of the Companies Act, 2013 and the stipulations of Clause 49 of the Listing Agreement with the Stock Exchange.

#### Composition, Meetings and Attendance during the year:

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

Name of Director	Chairman / Member	No. of Meetings Attended
R. Surie	Chairman	6
J. P. Sureka*	Member	4
K. Rustumji	Member	6
R. Poornalingam**	Member	2
N. Chandra**	Member	1

<sup>\*</sup> Director upto December 01, 2014.

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

Sr. No.	Date of Meeting
1.	May 28, 2014
2.	August 09, 2014
3.	September 26, 2014
4.	October 09, 2014
5.	November 13, 2014
6.	February 13, 2015

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

#### **MANAGERIAL REMUNERATION**

#### a) NOMINATION AND REMUNERATION COMMITTEE

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

The Nomination and Remuneration Committee is empowered to fix, review and recommend the remuneration payable to the Whole Time Director of the Company from time to time including the annual increase in his remuneration.

#### Composition, Meetings and Attendance during the year:

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

Name of Director	Chairman / Member	No. of Meetings Attended
R. Poornalingam*	Chairman	1
R. Surie	Member	2
K. Rustumji	Member	2
N. Chandra^	Member	1
J. P. Sureka**	Member	1

<sup>\*</sup> Appointed as Member and Chairman w. e. f. February 13, 2015

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

Sr. No.	Date of Meeting
1.	November 13, 2014
2.	February 13, 2015

The Company does not have any Employee Stock Option Scheme.

<sup>\*\*</sup> Appointed as member w.e.f. November 13, 2014.

<sup>^</sup> Appointed as Member w.e.f. February 13, 2015.

<sup>\*\*</sup> Director upto December 01, 2014

## **Corporate Governance Report (Contd.)**

#### b) REMUNERATION POLICY:

Based on the recommendations of Nomination and Remuneration Committee, the remuneration payable to the Whole Time Director is decided by the Board which inter-alia is based on the criteria such as industry 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. 10,000/- each for attending Board and Committee Meetings.

During the FY 2014-15, on recommendation of Nomination and Remuneration Committee the Board had approved the Nomination and Remuneration Policy.

#### c) REMUNERATION TO DIRECTORS:

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

Name of Director	Salary & Perquisites (Rs.)	Sitting fees (Rs.)
Salil Taneja@	32,05,000	50,000
R. Surie	-	160,000
B. R. Taneja	-	40,000
K. Rustumji	-	200,000
C. S. Kameswaran*	19,56,907	-
J. P. Sureka^	-	120,000
R. Poornalingam**	-	80,000
N. Chandra**	-	50,000
S. M. Kapoor^^	14,00,000	-
Total	67,61,907	7,00,000

- ^ Ceased to be Director w.e.f. December 02, 2014.
- \*\* Appointed as Director w.e.f. November 13, 2014.
- ^^ Was the Managing Director from December 01, 2014.
- \* Was the Managing Director from April 01, 2014 upto November 30, 2014 and continued as Non-Executive Director thereafter.
- @ Appointed as a Whole-time Director w.e.f. December 01, 2014.

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, 2015 are given below:

Name of Director	Number of Equity Shares
R. Surie	1,81,054
B. R. Taneja	300
K. Rustumji	200
C. S. Kameswaran	-
R. Poornalingam	-
N. Chandra	750

#### STAKEHOLDERS' RELATIONSHIP COMMITTEE

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

#### Composition, Meetings and Attendance during the year:

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

Name of Director	Chairman / Member	No. of Meetings Attended		
N. Chandra^	Chairman	1		
J. P. Sureka*	Member	2		
K. Rustumji	Member	4		
C. S. Kameswaran	Member	3		
R. Poornalingam**	Member	2		

- \* Director upto December 01, 2014.
- \*\* Appointed as member w.e.f. November 13, 2014.
- ^ Appointed as member w.e.f. November 13, 2014 and as Chairman w.e.f. February 13, 2015.

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

Sr. No.	Date of Meeting			
1. May 28, 2014				
2.	2. August 09, 2014			
3.	November 13, 2014			
4.	February 13, 2015			

#### INDEPENDENT DIRECTORS' MEETING:

During the year under review, the Independent Directors met on March 18, 2015 in conformity with the stipulations in Clause 49 of the Listing Agreement.

## **Corporate Governance Report (Contd.)**

#### **COMPLIANCE OFFICER**

Ms. Priya Nair, Company Secretary was the Compliance Officer of the Company for ensuring compliance with the requirements of the Listing Agreement with the Stock Exchange and under SEBI (Prohibition of Insider Trading) Regulations, 1992 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, 2015.

Details of investor complaints received and redressed during the financial year 2014-15:

Number of complaints pending at the beginning of the year	Nil
Number of complaints received during the year	9
Number of complaints disposed of during the year	8
Number of complaints remaining unresolved at the end of the year	1

#### CODE OF CONDUCT

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

#### CEO/CFO CERTIFICATION

In accordance with Clause 49(IX) of the Listing Agreement, the Chairman and the CFO have given their certificate to the Board.

#### GENERAL BODY MEETINGS

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

Year	Date	Location	Time	No. of Special Resolutions passed
2013-14	December 30, 2014	Registered office at Belagondapalli	2.00 PM	5
2012-13	September 30, 2013	– do –	- do -	1
2011-12	September	- do -	- do -	-

Special resolution moved at the Annual General Meeting for year 2012-13 was passed unanimously by show of hands. The special resolutions moved at the Annual General Meeting for year 2013-14 were passed with requisite majority by way of e-voting and poll.

#### POSTAL BALLOT

Pursuant to Section 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, the approval of Shareholders of the Company was sought for passing the following Special Resolutions through postal ballot process:

- Special Resolution for creating charge etc. on Company's properties under Section 180(1)(a) of the Companies Act, 2013;
- Special Resolution for grant of loan(s)/ guarantee(s)/ security(ies) and make investment under Section 186 of the Companies Act, 2013;
- 3. Special Resolution for Appointment and remuneration of Mr. Salil Taneja as a Whole-time Director of the Company with effect from December 1, 2014 to November 30, 2016.
- Special Resolution for payment of remuneration to Mr. C.S. Kameswaran, Non-Executive Director of the Company with effect from February 1, 2015 to January 31, 2016.

#### **Voting Pattern and Procedure for Postal Ballot:**

- a) The Board of Directors of the Company at its Meeting held on February 13, 2015, had appointed Mr. Milind Kasodekar, Partner, MRM Associates, Practicing Company Secretary, as Scrutinizer for conducting the postal ballot process in a fair and transparent manner. The Postal Ballot Notice dated February 13, 2015 was dispatched to the Shareholders of the Company on February 26, 2015.
- b) The last date for receipt of Postal Ballot Forms was March 28, 2015.
- c) The Shareholders holding shares as on the "cut off" date i.e. February 20, 2015 were entitled to vote through either by e-voting or by means of postal ballot on the proposed resolutions (item nos. 1 to 4) as set out in the Notice of the Postal Ballot.
- d) The e-voting period remained open from February 27, 2015 to March 28, 2015 (Both days inclusive).
- e) The Scrutinizer had carried out the scrutiny of all the postal ballot forms received from the Shareholders and votes casted through electronic means upto 5.00 P.M. on March 28, 2015 and submitted his report on March 31, 2015.
- f) Further, 51 Shareholders voted through ballot process.

# **Corporate Governance Report (Contd.)**

- g) The results of the Postal Ballot were announced on March 31, 2015 and were informed to the BSE Limited where the Company's shares are listed and also uploaded on the website of the Company at www.taal.co.in.
- h) All the Special Resolutions were passed with requisite majority.

#### 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) Mr. B. R. Taneja, Director is father of Mr. Salil Taneja, Chairman. Except as mentioned herein, none of the other Directors have any relation inter-se.

#### MEANS OF COMMUNICATION

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

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

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

#### DESIGNATED E-MAIL ID OF THE COMPANY

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

#### GENERAL SHAREHOLDERS' INFORMATION

AGM Date and Time	Wednesday, September 30, 2015 at 2.00 p.m.
Venue	Registered office at Belagondapalli
Financial Year	April 1 to March 31
Date of Book Closure	September 30, 2015
Listed on Stock Exchanges	BSE Limited (Equity) Luxembourg Stock Exchange (GDR)
Security Code (BSE)	522229
Security Code (Luxembourg)	US 8753891089
ISIN allotted to equity shares	INE692C01020
Registered Office & Works/ Plant Location & Address for Correspondence	Belagondapalli Village, Thally Road, Denkanikottai Taluk, Krishnagiri District, Belagondapalli- 635114, Tamil Nadu

The Company has paid Listing Fees for the Financial Year 2015-16 to the BSE Limited where the Equity Shares of the Company are listed.

#### STOCK MARKET DATA AND SHARE PRICE PERFORMANCE

#### **BSE LIMITED (BSE):**

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

Rs

	Marko	et price	BSE 500 INDEX		
Month	High	Low	High	Low	
April 2014	30.00	22.65	8,536.72	8,259.00	
May 2014	33.40	23.10	9,578.21	8,296.19	
June 2014	45.15	32.20	9,891.69	9,233.01	
July 2014	44.80	35.10	10,055.76	9,460.05	
August 2014	40.45	35.05	10,145.51	9,606.24	
September 2014	48.90	37.70	10,478.05	9,972.19	
October 2014	61.50	39.60	10,602.46	9,840.84	
November 2014	60.35	48.20	10,997.43	10,583.35	
December 2014	85.00	59.50	11,089.32	10,154.40	
January 2015	73.80	61.00	11,544.40	10,457.44	
February 2015	69.00	54.55	11,506.04	10,899.34	
March 2015	64.45	50.40	11,764.80	10,733.92	

Source: BSE website.

#### REGISTRAR AND SHARE TRANSFER AGENT

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

#### Sharepro Services (India) Private Limited

13, AB Samhita Warehousing Complex, 2nd Floor, Saki Naka Telephone Exchange Lane, Off. Andheri Kurla Road, Saki Naka, Andheri East, Mumbai - 400 072 Tel.: 91 - 022- 67720300/400 Fax.- 022- 28591568

#### e-mail:sharepro@shareproservices.com Sharepro Services (India) Private Limited

3, Chintamani Apartments, Lane No.13, Off V. G. Kale Path 824/D. Bhandarkar Road Pune - 411 004 Tel. +91-20-25662855

e-mail: sharepropune@vsnl.net

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

#### SHARE TRANSFER SYSTEM

The Equity Shares of the Company are traded compulsorily in demat segment on the Stock Exchange. Shares received for transfer in physical mode are processed and valid transfers are approved within prescribed time limit.

Pursuant to Clause 47(c) of the Listing Agreement with the

## **Corporate Governance Report (Contd.)**

Stock Exchange, 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).

# SHAREHOLDING DISTRIBUTION OF THE COMPANY AS ON MARCH 31, 2015:

No	Shareholding of Nominal Value of Rs.		% to Total	No. of Shares	% to Total
Upto	5,000	13,806	93.76	23,71,154	9.51
5,001	10,000	368	2.50	5,86,694	2.35
10,001	20,000	225	1.53	6,38,116	2.56
20,001	30,000	112	0.76	5,63,190	2.26
30,001	40,000	43	0.29	3,08,866	1.24
40,001	50,000	34	0.23	3,24,771	1.30
50,001	1,00,000	71	0.48	10,22,417	4.10
1,00,001	and above	66	0.45	1,91,15,528	76.68
Total		14,725	100.00	2,49,30,736	100.00

#### DEMATERIALISATION OF SHARES AND LIQUIDITY

96.06% of total Equity Share Capital is held in demat form with NSDL and CDSL as on March 31, 2015.

#### **CORPORATE FILINGS:**

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

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

The Company has not issued any ADRs/ Warrants or any convertible instruments during the year under review, however, the Company has 15,000 GDRs (equivalent to 30,000 Equity Shares) outstanding, which constituted 0.12% of the Company's total Equity Share Capital as on March 31, 2015.

#### PLANT LOCATIONS:

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

#### ADDRESS FOR CORRESPONDENCE:

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

For Taneja Aerospace and Aviation Limited

Pune August 14, 2015 Salil Taneja Chairman

# DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT, PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT

As required by Clause 49(II)(E) of the Listing Agreement, this is to confirm that the Company has adopted a Code of Conduct for all Board Members and Senior Management of the Company. The Code of Conduct is available on the Company's website.

I confirm that the Company has in respect of Financial Year ended on March 31, 2015, 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, 2015.

For Taneja Aerospace and Aviation Limited

Pune
August 14, 2015
Salil Taneja
Chairman

#### AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATCE GOVERNANCE

То

The Members of Taneja Aerospace and Aviation Limited

We have examined all relevant records of Taneja Aerospace and Aviation Limited (the"Company") for the purpose of certifying compliance of the conditions of Corporate Governance under Clause 49 of the Listing Agreement with BSE Limited (Stock Exchange) for the financial year ended March 31, 2015, We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of certification.

The compliance of conditions of Corporate Governance is the responsibility of the management.

Our examination has been limited to the procedures and implementation thereof, this certificate 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.

On the basis of our examination of the records produced, explanations and information furnished, we certify that the Company has complied with all the mandatory conditions of the said Clause 49 of the Listing Agreement, except for compliance of Clause 49 part V to the extent of appointment of Independent Director on the Board of Material non-listed Indian Subsidiary.

For MRM ASSOCIATES COMPANY SECRETARIES

CS M B KASODEKAR PARTNER Unique Code of Partnership Firm: P2001MH006700 Membership No. F 2756 C. P. No: 1681

Place: Pune Date: August 13,2015

## **Corporate Governance Report (Contd.)**

# CEO/CFO CERTIFICATION TO THE BOARD (Under Clause 49 (IX) of Listing Agreement)

To

The Board of Directors

Taneja Aerospace and Aviation Limited

We, Salil Taneja, Whole-time Director and Ajay Gupta, Chief Financial Officer of Taneja Aerospace and Aviation Limited, to the best of our knowledge and belief, certify that:

- (1) We have reviewed the financial statements and the cash flow statement for the year ended March 31, 2015 and that to the best of our knowledge and belief:
  - these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (2) 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.
- (3) We accept the responsibility for establishing and maintaining internal controls for financial reporting and

that we have evaluated the effectiveness of the internal control systems of the Company pertaining to the financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

- (4) We have indicated to the Auditors and the Audit Committee:
  - there are no significant changes in internal control over financial reporting during the financial year ended March 31, 2015;
  - (ii) all significant changes in accounting policies during the financial year ended March 31, 2015 and that the same have been disclosed in the notes to the financial statements; and
  - (iii) there are no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

	Salil Taneja	Ajay Gupta
Pune	Whole-time	Chief Financial
August 14, 2015	Director	Officer

#### Annexure 'A' to the Directors Report

#### Extract of Annual Return as on the financial year ended on March 31, 2015

[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	Sharepro Services (India) Private Limited 3, Chintamani Apartments, Lane No. 13, Off V.G. Kale Path, 824/D, Bhandarkar Road, Pune-411004. Tel.: +91-20-25662855 e-mail:sharepropune@vsnl.net

#### 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	% to total turnover of the Company	
1	AMM 30305		32.96
2	Airfield	52231	33.25
3	Aircharter	51101	22.64
4	Trading	46593	11.15

# **Annual Report 2014-15**

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

S.	Name and address of	CIN/ GLN	Holding/	%of	Applicable
No.	the Company		Subsidiary/ Associate	Shares Held*	Section
1	TAAL Tech India Pvt. Ltd. GGR Tower, 2nd Floor, Sy# 18/2b, Ambalipura Village, Sarjapur Road, Bellandur Gate, Bangalore-560103	U74900KA2012PTC067450	Subsidiary	85	2(87)
2	TAAL Enterprises Ltd. 2nd Floor, MMPDA Towers, 184, Royapettah High Road, Chennai-600014	U62200TN2014PLC096373	Subsidiary	100	2(87)
3	Katra Auto Engineering Pvt. Ltd. MMPDA Towers, 2nd Floor, Royapettah High Road, Chennai-600014	U50300TN2007PTC062038	Subsidiary	100	2(87)
4	First Airways Inc. 160, Greentree Drive, Suite 101, City of Dover, County of Kent, DE, 19904	NA	Subsidiary	100	2(87)
5	TAAL Technologies Inc., USA 160, Greentree Drive, Suite 101, City of Dover, County of Kent, DE, 19904	NA	Subsidiary	100	2(87)
6	TAAL Aerosystems Pvt. Ltd. 2nd Floor, MMPDA Towers, 184, Royapettah High Road, Chennai-600014	U62200TN2010PTC078551	Associate	30	2(6)

<sup>\*</sup> Representing Aggregate % of shares held by the Company and/ or its subsidiaries.

#### IV.

SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

Category-wise Share Holding

	Category of Shareholders		No. of Shar the beginning				No. of Sha the end o	res held at f the year		% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	the year
A.	Promoters									
(1)	Indian									
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	-	-	-	-	-	-	-	-	-
	Sub-total (A) (1):-	12732016	-	12732016	51.07	12732016	-	12732016	51.07	-
(2)	Foreign									
a)	NRIs-Individuals	-	-	-	-	-	-	-	-	-
b)	Other-Individuals	-	-	-	-	-	-	-	-	-
c)	Bodies Corporate	-	-	-	-	-	-	-	-	-
d)	Banks/ FI	-	-	-	-	-	-	-	-	-
e)	Any other	-	-	-	-	-	-	-	-	-
	Sub-total (A) (2):-	-	-	-	-	-	-	-	-	_
	Total shareholding of Promoter (A)= (A)(1)+(A)(2)	12732016	-	12732016	51.07	12732016	-	12732016	51.07	-
В.	Public Shareholding									
1.	Institutions									
a)	Mutual Funds	-	-	-	-	-	-	-	-	-
b)	Banks / FI	-	300	300	0.00	0	300	300	0.00	-
c)	Central Government	-	-	-	-	-	-	-	-	-
d)	State Government(s)	-	-	-	-	-	-	-	-	-
e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
f)	Insurance Companies	-	-	-	-	-	-	-	-	-
g)	FIIs	1405192	-	1405192	5.64	1793523	0	1793523	7.19	1.55
h)	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i)	Others (specify)	-	-	-	-	-	-	-	-	-
	Sub-total (B)(1):-	1405192	300	1405492	5.64	1793523	300	1793823	7.19	1.55

	Category of Shareholders		No. of Shar the beginning				No. of Sha the end o	res held at f the year		% Change during the year
		Demat	Physical	Total	%of Total Shares	Demat	Physical	Total	% of Total Shares	
2.	Non-Institutions									
a)	Bodies Corporate									
i)	Indian	1340948	117201	1458149	5.85	1872373	117201	1989574	7.98	2.13
ii)	Overseas	-	-	-	-	-	-	-	_	-
b)	Individuals									
i)	Individual shareholders holding nominal share capital upto Rs. 1 lakh	4533868	880656	5414524	21.72	4364383	864676	5229059	20.97	-0.75
ii)	Individual shareholders holding nominal share capital in excess of Rs 1 lakh	2809909	-	2809909	11.27	2960116	-	2960116	11.87	0.6
c)	Others (specify):-									
c)	(1) Trusts	7500	-	7500	0.03	7500	-	7500	0.03	-
c)	(2) Non-Residents	522946	200	523146	2.10	188448	200	188648	0.76	-1.34
	Sub-total (B)(2):-	10556119	1115258	11671377	40.97	11265193	982077	12364471	41.61	0.64
	Total Public Shareholding (B)= (B)(1)+ (B)(2)	11961311	1115558	13076869	46.60	11186343	982377	12168720	48.81	2.2
C.	Shares held by Custodian for GDRs & ADRs									
	Public	580000	-	580000	2.33	30000	-	30000	0.12	-2.21
	Sub-total (C)	580000	-	580000	2.33	30000	-	30000	0.12	-2.21
	Grand Total (A+B+C)	23932379	998357	24930736	100.00	23948359	982377	24930736	100.00	-

#### ii. Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year				at ear	% 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	7.20	-
2	Vishkul Leather Garments Pvt. Ltd	1689179	6.78	-	1689179	6.78	6.30	-
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	-	-
	Total	12732016	51.07	2.01	12732016	51.07	13.50	-

#### 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):

Sr. No.	Name	Shareholding		Dates	Increase / Decrease in shareholding	1	Cumulative Shareholding during the year	
		No. of Shares at the beginning (01.04.2014 / end of year 31.03.2015)	% of total shares of the company				No. of Shares	% of total shares of the company
1	Bridge India Fund	1164897 1084625	4.67 4.35	01.04.2014 28.04.2014 31.03.2015	1084625 -1164897	Purchase Sale	2249522 1084625	9.02 4.35
2	Tara Jain	247800 247800	0.99 0.99	01.04.2014 31.03.2015	NA	NA	247800 247800	0.99 0.99
3	Hindustan Candle Mfg.Co. Pvt.Ltd.	223849 160297	0.90	01.04.2014 16.06.2014 13.10.2014 01.12.2014 31.03.2015	-7552 -16000 -20000 -20000	Sale Sale Sale Sale	216297 200297 180297 160297	0.87 0.80 0.72 0.64

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Sr. No.	Name	Shareho	olding	Dates	Increase / Decrease in shareholding	Reason	Cumula Shareho during th	lding
		No. of Shares at the beginning (01.04.2014 / end of year 31.03.2015)	% of total shares of the company				No. of Shares	% of total shares of the company
4	Orange Mauritius Investments Limited	240295 708898	0.96 2.84	01.04.2014 08.12.2014 15.12.2014 31.03.2015	NA -50295 518898	NA Sale Purchase	NA 190000 708898	NA 0.76 2.84
5	Bhagwandas K Sahu	194700	0.78	01.04.2014 11.08.2014 15.09.2014	NA 10300 5787	NA Purchase Purchase	NA 205000 210787	NA 0.82 0.85
6	Prakash Chandra Modi	210787 125000 227600	0.85 0.50	31.03.2015 01.04.2014 24.11.2014 08.12.2014 31.03.2015	NA 75000 27600	NA Purchase Purchase	NA 200000 227600	NA 0.80 0.91
7	Bas Engineering Pvt Ltd	533930	2.14	01.04.2014 09.06.2014 23.06.2014 30.06.2014 08.09.2014 08.12.2014 31.03.2015	NA 25590 5000 13016 466347 23977	NA Purchase Purchase Purchase Purchase	NA 25590 30590 43606 509953 533930	NA 0.10 0.12 0.17 2.05 2.14
8	Vikrant Puri	239219	0.00	01.04.2014 03.11.2014 10.11.2014 17.11.2014 08.12.2014 15.12.2014 31.03.2015	NA 77584 38656 21342 45016 56621	NA Purchase Purchase Purchase Purchase Purchase	NA 77584 116240 137582 182598 239219	NA 0.31 0.47 0.55 0.73 0.96
9	Utkarsh Munot	104364	0.42	01.04.2014 07.04.2014 14.04.2014 05.05.2014 07.07.2014 14.07.2015 26.01.2015 31.03.2015	NA 20000 10000 1021 12711 3625 10000	NA Purchase Purchase Purchase Purchase Purchase	NA 124364 134364 135385 148096 151721 161721	NA 0.50 0.54 0.54 0.59 0.61
10	Gujarat Fluoro chemicals Ltd.	365559	1.47	01.04.2014 07.04.2014 14.04.2014 31.03.2015	-69839 -126478 -169242	Sale Sale Sale	295720 169242 0	1.19 0.68 0.00
11	Neeta Jatin Jhaveri	250000 250000	1.00 1.00	01.04.2014 31.03.2015	NA	NA	250000 250000	1.00 1.00
12	Radhe Mohan Kapur	338431	1.36	01.04.2014 21.04.2014 28.04.2014 19.05.2014 28.05.2014 01.09.2014 31.03.2015	25660 2400 18306 23800 57750 -466347	Purchase Purchase Purchase Purchase Purchase Sale	364091 366491 384797 408597 466347 0	1.46 1.47 1.54 1.64 1.87 0.00
13	Mitali Duttkakar	119774	0.48	01.04.2014 09.06.2014 08.09.2014 15.09.2014 31.03.2015	NA -1500 -3275 -1725	NA Sale Sale Sale	NA 118274 114999 113274	NA 0.47 0.46 0.45

Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP	Directors and		Shareholding		Increase / Decrease in shareholding	Reason	Cumula Shareho during th (01.04.20 31.03.2	lding e year 014 to 015)
		No. of Shares at the beginning (01.04.2014 / end of year 31.03.2015)	% of total shares of the company				No. of Shares	% of total shares of the company	
1	Mr. Salil Taneja - ED	3200 3200	0.01 0.01	01.04.2014 31.03.2015	NA	NA	3200 3200	0.01 0.01	
2	Mr. R. Surie- Independent -NED	181054 181054	0.73 0.73	01.04.2014 31.03.2015			181054 181054	0.73 0.73	
3	Mr. B.R.Taneja- NED	300 300	0.001 0.001	01.04.2014 31.03.2015			300 300	0.001 0.001	
4	Mr. K. Rustumji- Independent -NED	200 200	0.0008 0.0008	01.04.2014 31.03.2015			200 200	$0.0008 \\ 0.0008$	
5	Mr. C. S. Kameswaran-NED	0 0	0 0	01.04.2014 31.03.2015			0	0	
6	Mr. J. P. Sureka*- NED	250 250	0.001 0.001	01.04.2014 31.03.2015			250 250	0.001 0.001	
7	Mr. R. Poornalingam^- Independent–NED	0 0	0	01.04.2014 31.03.2015			0	0	
8	Mr. Nirmal Chandra^- Independent -NED	750 750	0.003 0.003	01.04.2014 31.03.2015			750 750	0.003 0.003	
9	Mr. S. M. Kapoor- Managing Director	0 0	0 0	01.04.2014 31.03.2015			0	0	
10	Ms. Priya Nair- Company Secretary	0 0	0 0	01.04.2014 31.03.2015			0	0 0	
11	Mr. Ajay Gupta - Chief Financial Officer	0 0	0	01.04.2014 31.03.2015			0	0	

<sup>\*</sup>Ceased to be Director w.e.f. December 02, 2014

#### 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
	btedness at the beginning of inancial year			-	
i)	Principal Amount	4777.93	655	848.03	6280.96
ii)	Interest due but not paid			-	
iii)	Interest accrued but not due			-	
	Total (i+ii+iii)	4777.93	655	848.03	6280.96
	nge in Indebtedness during inancial year			-	
*Ado	dition	800.00	2336		3136
Redu	action	1303.74	2991	-	4294.74
Net (	Change	(503.74)	(655)	-	(1158.74)
Inde	btedness at the end of the financial year			-	
i)	Principal Amount	4253.27		849.03	5102.31
ii)	Interest due but not paid	20.92		-	20.92
iii)	Interest accrued but not due				
	Total (i+ii+iii)	4274.19		849.03	5123.23

<sup>^</sup> Appointed as Director w.e.f. November 13, 2014

#### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Remuneration to the Managing Director(MD), Whole-time Directors(WTD) and/ or Manager:

(Rs. in Lacs)

Sr.	Particulars of Remuneration	N	ame of MD/ WTD/ M	anager	Total Amount	
no.		S.M.Kapoor- MD*	Salil Taneja- WTD^	C S Kameswaran- MD\$		
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	14.00	32.05	19.57	65.62	
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	-	-	-	-	
	(c) Profits in lieu of salary under section 17(3) of the Income- tax Act, 1961	-	-	-	-	
2	Stock Option	-	-	-	-	
3	Sweat Equity	-	-	-	-	
4	Commission- as % of profit-	-	-	-	-	
5	Others, please specify	-	-	-	-	
	Total (A)	14.00	32.05	19.57	65.62	
	Ceiling as per the Act**					

<sup>\*</sup> Appointed as the Managing Director w.e.f. December 01, 2014

#### B. Remuneration to other directors:

(Rs. in Lacs)

Sr.	Particulars of Remuneration				Nan	ne of Directors				Total Amount
110.		R. Surie	B.R. Taneja	K. Rustumji	J.P. Sureka	C.S. Kameswaran	Nirmal Chandra	R. Poornalingam	Salil Taneja	
1	Independent Directors									
	Fee for attending board/ committee meetings	1.60	-	2.00	1.20	-	0.50	0.80	-	6.10
	Commission	-	-	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-	-	-
	Total (1)	1.60	-	2.00	1.20	-	0.50	0.80	-	6.10
2	Other Non-Executive Directors									
	Fee for attending board / committee meetings	-	0.40	-	-	-	-	-	0.50	0.90
	Commission	-	-	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-	-	-
	Total (2)	-	0.40	-	-	-	-	-	0.50	0.90
	Total (B)=(1+2)	-	-	-	-	-	-	-	-	7.00
	Total Managerial Remuneration (A+B)	-	-	-	-	-	-	-	-	72.62
	Overall Ceiling as per the Act	-	-	-	-	-	-	-	-	NA

#### C. Remuneration to Key Managerial Personnel other than MD/ Manager/ WTD

(Rs. in Lacs)

	C. Remuneration to Key Managerial Personnel other than MD/ Man			(KS. III Lacs)
Sr.	Particulars of Remuneration	Key Managerial Pe	ersonnel	Total Amount
no.				
		Priya Nair-	Ajay Gupta-	
		Company Secretary	CFO	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	8.31	6.80	15.11
	(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	-	-	-
	- as % of profit	-	-	-
	others, specify	-	-	-
5	Others, please specify	-	-	-
	Total	8.31	6.80	15.11

#### VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

<sup>^</sup> Re-designated as Whole-time Director w.e.f. December 01, 2014

<sup>\$</sup> Remuneration as the Managing Director upto November 30, 2014

<sup>\*\*</sup> Limit of remuneration shall be in terms of scheudule V to the Companies Act, 2013 and excludes contribution by the Company to providend fund.

#### 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, 2015.

#### I. Conservation of energy:

 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. 9.5 lacs units of energy were consumed, costing Rs. 76.99 lacs.

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) Planning solar panel power systems for security lights in future;
  - Planning solar panel energy source as stand-by resource for nonindustrial loads;
  - c) Using 250KVA genset 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:

#### A) Launcher

The Company has successfully developed complete tooling for SR Launcher Assembly.

#### B) Litening Pod:

The Company has successfully developed complete tooling for SR Launcher Assembly.

C) The development work carried out on IL 38 A/C of Indian Navy: The Company has successfully integrated the Satcom, RLG & NT on IL 38 type of Aircraft.

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
- The expenditure incurred on Research and Development.

(Rs. in Lakhs)

Sr. No.	Particulars	2014-15	2013-14
i)	Capital Expenditure	Nil	29.32
ii)	Recurring Expenditure	17.03	19.76
	Total	17.03	49.07
	Total R&D as a percentage to turnover	0.48	0.90

#### III. Foreign exchange earnings and Outgo:

 Activities relating to exports, initiatives taken to increase export, development of new export market for products and export plans.

The Company has taken initiative to execute export program that will result in earning of foreign exchange.

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

### Annexure 'C' to the Directors 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 2014-15, Ratio of remuneration of each Director to median remuneration of employees of the Company for the financial year 2014-15 and the comparison of the remuneration of the Key Managerial Personnel (KMP) against the performance of the Company—

Sr. No.	Name of Directors/	Remuneration of	% increase in	Ratio of	Comparison of the
	KMP and Designation	Directors/ KMP	remuneration	remuneration of	remuneration of
		for financial	in FY 2014-15	Director to median	KMP against the
		year 2014-15		remuneration of	performance of
		(Rs. in Lacs)		employees	the Company
1	Salil Taneja,	32.05	N.A.*	15:1	
	Whole-time Director				
2	C S Kameswaran,	19.57	N.A.^	9:1	
	Managing Director				Income of the Company
3	S M Kapoor	14.00	N.A.^^	7:1	reduced by 35% in the
	Managing Director				financial year
4	Ajay Gupta	6.80	N.A.\$	N.A.	2014-15
	Chief Financial Officer				
5	Priya Nair,	8.31	7.06	N.A.	
	Company Secretary				

- Mr. Salil Taneja was a Non-Executive Director only for part of the financial year 2014-15 i.e. upto November 30, 2014 and was appointed as Whole-time Director of the Company w.e.f. December 01, 2014.
- ^ Mr. C S Kameswaran was the Managing Director only for part of the financial year 2014-15 i.e. upto November 30, 2014 and continued as Non-Executive Director thereafter.
- Mr. S M Kapoor was appointed as the Managing Director during the financial year 2014-15 i.e. on December 01, 2014.
- \$ Details not given as Mr. Ajay Gupta was appointed as CFO during the financial year 2014-15 i.e. on November 13, 2014.
- 2) The median remuneration of employees of the Company during the financial year was Rs. 2.13 Lacs p.a.
- 3) In the financial year under review, there was a decrease of 5.21% in the median remuneration of employees.
- 4) There were 151 permanent employees on the roll of the Company as on March 31, 2015.
  - Relationship between average increase in remuneration & company performance-Income of the Company reduced by 35% in the financial year 2014-15 whereas, the average increase in remuneration was 2.37%. The average increase in remuneration was lower on account of drop in performance of the Company.
- 6) The market capitalization of the Company as on March 31, 2015 was Rs. 14,098 Lacs (Rs. 7,566 Lacs as on March 31, 2014).
- 7) Price Earnings Ratio of the Company as on March 31, 2015 was (18.73) and as at March 31, 2014 was (57.26).
- 8) The market quotations of shares of the Company as on March 31, 2015 was Rs. 56.55 (face value Rs. 5 per share). The last public offer made by the Company in the year 1994 was at face value of Rs. 10 per share at par. Hence, there was increase in market quotations of shares by 465% as on March 31, 2015 in comparison to rate of last public offer.
- 9) Average decrease in the salaries of employees other than the managerial personal in the last financial year was 1.62% whereas the increase in the managerial

remuneration for the same financial year was 145%. The increase in managerial remuneration was on account of increase in number of managerial personnel during the financial year 2014-15.

10) Statement showing details of employee in receipt of remuneration aggregating to Rs. 5 lacs per month and above:

Name of	Designation	Age	Remuneration	Qualifications	Experience	Date of	Last
the Employee		(Yrs.)	(Rs. in Lacs)		(Years)	commencement	employment
						of employment	held
Salil Taneja	Whole-time	48	32.05	B.Sc. (Engg.),	25	December 01, 2014	ISMT Limited
	Director			MBA (Fin.),			
				Ohio, Yale, USA			

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

#### Annexure 'D' to the Directors Report

#### Secretarial Audit Report for the financial year ended March 31, 2015

[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, Tamil Nadu 635114

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by TANEJA AEROSPACE AND AVIATION LTD (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the 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, 2015, 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 31st March, 2015, according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - i) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - ii) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - iii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - iv) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - v) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - vi) The Securities & Exchange Board of India (Registrars to an Issue & Share Transfer Agents) Regulations, 1993 regarding Companies Act & dealing with client;
  - vii) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - viii) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- vi) As informed to us Aircraft Act, 1934 is specifically applicable to the company.
- We have also examined compliance with the applicable clauses of the following:

  (i) The Listing Agreement entered into by the Company with Bombay Stock Exchange;
  - During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

#### A. Companies Act, 2013:

- a) The Company has not complied with provisions of Section 149 (4) of the Companies Act, 2013. The Company do not have one third of total strength of directors as Independent Directors.
- b) The Company has not complied with provisions of Section 149 (1) of the Companies Act, 2013 with respect to appointment of Woman director.

#### B. Listing Agreement:

Clause 49 Part V to the extent of appointment of Independent Director on the Board of Material non-listed Indian Subsidiary is not complied with.

#### We further report that

Place: Pune

Date: August 13,2015

The Board of Directors of the Company is duly constituted, except for appointments as mentioned above, with proper balance of Executive Directors and Non-Executive Directors

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advanceexcept for the one Board Meeting which was held at shorter Notice and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicablelaws, rules, regulations and guidelines.

We further report that during the audit period the approval of the members of the company is accorded:

- 1. As per the provisions under Section 180 (1) (c) of the Companies Act, 2013, to borrow monies where the monies to be borrowed together with the monies already borrowed by the Company exceeds the aggregate of the paid up capital of the Company and its free reserves provided that the total amount so borrowed shall not at any time exceed Rs.150 Crore (Rupees One Hundred and Fifty Crore Only).
- 2. As per the provisions under Section 180 (1)(a) of the Companies Act, 2013, for creation of charge /mortgage/ hypothecation to secure financial liabilities to the extent of Rs.150 Crore (Rupees One Hundred and Fifty Crore Only).

For MRM ASSOCIATES COMPANY SECRETARIES

CS M B KASODEKAR
PARTNER
Unique Code of Partnership Firm: P2001MH006700
Membership No. F 2756
C. P. No: 1681

## **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 comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, 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 the 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 safe guarding 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of 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 financial statements.

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

#### Basis for Qualified Opinion

- 1) The Company has debited Rs. 34.74 Lakhs under advertisement and travelling expenses being reimbursement to a group company for which no evidence/supporting is provided. This has resulted in overstatement of loss for the year and understatement of amount receivable from the group company by Rs. 34.74 Lakhs.
- 2) The Company during the year commenced the business of trading in electrical goods (Refer Note No. 38) where in sales are only to LightO Technologies Private Limited (a related party). Further, the Company also gave Inter Corporate Deposit to the said related party which was in excess of the amount approved by the audit committee by Rs.185 Lakhs. As at March 31, 2015, the Company has to receive Rs. 256.31 Lakhs against sale of goods and Rs. 688.84 Lakhs (including interest) against Inter Corporate Deposit. We were not provided with sufficient and appropriate audit evidence about the recoverability of the above amounts. Consequently, we are unable to determine whether any adjustments to these amounts are necessary.
- We draw attention to Note No. 36 forming part of the standalone financial statements, which refers to the fact that the shareholders of the Company at their meeting (convened on the directions of the Hon'ble High Court of Madras) held on April 15, 2015 have approved the Scheme of Arrangement between the Company and TAAL Enterprises Limited, a wholly owned subsidiary of the Company w.e.f. October 1, 2014 subject to receipt of regulatory approvals. Further, the above mentioned note also refers to the proposed Reduction in Share Capital of the Company as a consequence of the said Scheme, the terms of which were approved by the shareholders of the Company by way of special resolution passed at their Extraordinary General Meeting held on April 15, 2015. Though the said Scheme was sanctioned by the Hon'ble High Court of Judicature at Madras on June 22, 2015 (the copy of which was received on July 23, 2015) i.e. before the adoption of accounts by the Board of Director's on August 14, 2015, the effect of the said Scheme is not given in the accounts. We are unable to determine its impact, if any, on the standalone financial statements.
- 4) The Company needs to strengthen its policies, procedures and overall controls in order to provide proper evidences regarding recoverability of debtors, valuation of work in progress and accounting for direct and indirect taxes including statutory compliances. We are unable to determine its impact, if any, on the standalone financial statements.

#### Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above, 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 March 31, 2015, and its loss and its cash flows for the year ended on that date.

#### **Emphasis of Matter**

The Company has outstanding MAT Credit Entitlement of Rs. 134.69 Lakhs as on March 31, 2015, 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. Considering the uncertainties around the assumptions used for projections of future taxable profits and its consequential effect on utilization of MAT Credit Entitlement, we are unable to comment on the recoverability of MAT Credit Entitlement outstanding as at March 31, 2015 and its consequential impact on the Statement of Profit and Loss for the year ended March 31, 2015 and on the Reserves of the Company as on that date (Refer Note No. 18). Our opinion is not qualified in respect of this matter.

#### Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2015
   ("the Order") issued by the Central Government of India in
   terms of sub-section (11) of section 143 of the Act, we give in
   the Annexure a statement on the matters specified in paragraphs
   3 and 4 of the Order.
- 2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained, except for the matters described in the Basis for Qualified Opinion paragraph, all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit
  - (b) Except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above, 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) Except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards, except AS-2

- "Valuation of Inventories", specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) The matters described in the Basis for Qualified Opinion paragraph above, in our opinion, 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 March 31, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of section 164 (2) of the Act.
- (g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.
- (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:
  - The Company has disclosed the impact of pending litigations on its financial position in its financial statements as referred to in Note No. 27 to the financial statements.
  - 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.

For Haresh Upendra & Co. Chartered Accountants Firm Reg. No.: 103513W

> Haresh B. Shah Partner Membership No.: 32208

Pune, August 14, 2015

# Annexure to the Independent Auditors' Report

(Referred to in paragraph 1 under 'Report on other Legal and Regulatory Requirements' Section of our report of even date)

- a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b. Part of the fixed assets have been physically verified by the management during the year in line with regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification as compared to the book records.
- (ii) a. As explained to us, inventories have been physically verified during the year by the management. In our opinion, the frequency of such verification is reasonable.
  - b. The procedures of physical verification of inventories followed by the management are generally reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c. The Company has maintained proper records of inventory except in the case of Work in Progress. No material discrepancies were noticed on verification between the physical stocks and the book records. In our opinion, the present operative modules of ERP are insufficient to ascertain the cost and arrive at proper valuation of Work in Progress as per the Accounting Policies and Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (iii) During the year under audit, the Company has granted fresh unsecured loans by way of Inter Corporate Deposit to five companies covered in the register maintained under section 189 of the Companies Act, 2013. The aggregate maximum amount outstanding during the year was Rs. 2022.25 Lakhs and the aggregate year-end balance of such loans amounted to Rs. 1978.64 Lakhs.
  - a. There are no stipulations for the repayment of principal and the interest thereon. Therefore, we are unable to comment on the regularity of receipt of the principal amount and interest thereon.
  - b. No principal or interest can be termed as overdue in the absence of time of repayment and thus we are unable to comment on the steps taken for recovery of principal and interest thereon.
- (iv) In our opinion and according to the information and explanations given to us, internal control system is inadequate considering the size of the Company and the nature of its business with regard to purchase of inventories and for the sale of goods and services. Further, there is a continuing failure to correct major weakness in internal

- control systems in the areas of debtors, valuation of work in progress and accounting for direct and indirect taxes including statutory compliances (Refer paragraph 4 of Basis for Qualified Opinion above).
- (v) As per the explanations given to us, the Company has not accepted any deposits from the public in accordance with the provisions of Sections 73 to 76 of the Act and the rules framed thereunder. Accordingly, the provisions stated in paragraph 3 (v) of the Order is not applicable to the Company.
- (vi) The cost accounts and records were not made available to us. Hence, we are unable to comment on the maintenance of cost records as specified by the Central Government under Section 148(1) of the Companies Act, 2013.
- (vii) a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company is irregular in depositing undisputed statutory dues applicable to it with the appropriate authorities during the year.
  - Tax Deducted at Source (TDS) amounting to Rs.21.94 Lakhs and Service Tax amounting to Rs.42.31 Lakhs are in arrears as at March 31, 2015 for a period of more than six months from the date they became payable.
  - b) According to the information and explanations given to us, dues that have not been deposited by the Company on account of disputes are:

Name of the Statute	Nature of Dues	Period to which it relates	Amount under dispute (Rs. in Lakhs)	paid	Forum where the dispute is pending
Customs Act, 1962	Customs Duty	F.Y. 2007-08	622.67	-	CESTAT
Finance Act, 1994	Service Tax	F.Y. 2005-06 to F.Y. 2009-10	317	10	CESTAT
Central Excise Act, 1944	Excise Duty	F.Y. 2012-2013	23.73	-	CESTAT
Central Excise Act, 1944	Excise Duty	F.Y. 2013-14 to F.Y. 2014-15	57.50	-	Adjudicating Authority
Central Excise Act, 1944	Excise Duty	F.Y. 2008-09 to F.Y. 2011-12	80.24	-	CESTAT
Finance Act, 1994	Service Tax	F.Y. 2008-09 to F.Y. 2012-13	124.37	-	CESTAT
Sales Tax	Sales Tax	F.Y. 2007-08 to F.Y. 2009-10	55.00	-	Adjudicating Authority

There are no amounts required to be transferred to the Investor Education and Protection Fund in accordance

# **Annexure to the Independent Auditors' Report (Contd.)**

- with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.
- The Company does not have any accumulated losses at (viii) the end of the financial year. The Company has incurred cash losses during the financial year. However it had not incurred any cash losses in the immediately preceding financial year.
- In our opinion and according to the information and (ix) explanations given to us, the Company has not defaulted during the year in repayment of dues to financial institutions or banks. The Company did not have any outstanding debentures during the year.
- (x) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantee given by the Company for loan taken by its subsidiary from bank is not, prima facie prejudicial to the interest of the Company. (Refer Note No. 27B on guarantee given to bank on behalf of subsidiary).
- In our opinion and according to the information and explanations given to us, the Company has raised Term Loan of Rs. 800 Lakhs during the period under audit. Also, the Term Loan availed during the year has, on an overall basis, been applied for the purposes for which the said loans were obtained.
- According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

For Haresh Upendra & Co. Chartered Accountants Firm Reg. No.: 103513W

> Haresh B. Shah Partner

Pune, August 14, 2015 Membership No.: 32208

# Balance Sheet as at March 31, 2015

(Rs. in Lakhs)

Particulars	Note No.	As at March 31, 2015	As at March 31, 2014
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	1246.54	1246.54
Reserves and Surplus	3	8815.25	9615.16
		10061.79	10861.70
Non-Current Liabilities			
Long-Term Borrowings	4	2902.05	2542.65
Deferred Tax Liabilities (Net)	5	-	564.38
Other Long-Term Liabilities	6	849.03	848.03
Long-Term Provisions	7	136.44	103.01
		3887.52	4058.06
Current Liabilities			
Short-Term Borrowings	8	880.41	2355.06
Trade Payables	9	635.47	526.42
Other Current Liabilities	10	1227.21	1015.54
Short-Term Provisions	11	179.33	141.31
		2922.42	4038.34
Total		16871.72	18958.10
ASSETS			
Non-Current Assets			
Fixed Assets	12		
Tangible Assets		11961.20	11763.87
Capital Work-In-Progress			476.18
		11961.20	12240.06
Non-Current Investments	13	572.50	563.25
Long-Term Loans and Advances	14	646.00	645.50
Current Assets			
Inventories	15	486.99	423.50
Trade Receivables	16	713.65	1256.52
Cash and Bank Balances	17	313.61	976.04
Short-Term Loans and Advances	18	2177.76	2853.24
		3692.02	5509.30
Total		16871.72	18958.10
Significant Accounting Policies	1	<del></del>	
Notes are an Integral part of the Financial Statements	2 - 45		

As per our report of even date

For and on behalf of the Board of Directors

For Haresh Upendra & Co. Salil Taneja B. R. Taneja Chartered Accountants Chairman Director Firm Reg. No.: 103513W DIN: 00328668 DIN: 00328615 Haresh B. Shah Ajay Gupta Chetan Nathani Partner Chief Financial Officer Company Secretary Membership No. 32208 Pune, August 14, 2015 Pune, August 14, 2015

# Statement of Profit and Loss for the year ended March 31, 2015

(Rs. in Lakhs)

Particulars	Note No.	Year ended March 31, 2015	Year ended March 31, 2014
INCOME			
Revenue from Operations (Net)	19	2814.98	5348.36
Revenue from Trading Activities	20	353.27	-
Other Income	21	358.75	123.69
Total Revenue		3527.00	5472.05
EXPENSES			
Cost of Materials Consumed	22	550.97	1537.53
Purchase of Trading Goods		346.34	-
Changes in Inventory of Work-In-Progress	23	(7.00)	47.51
Operational and Other Expenses	24	1814.65	1307.46
Employee Benefits Expense	25	1081.05	1813.48
Finance Costs	26	694.44	543.27
Depreciation & Amortisation Expense	12	345.93	352.43
<b>Total Expenses</b>		4826.38	5601.68
Loss before Extraordinary Items and Tax		(1299.39)	(129.63)
Less: Prior Period Items		8.95	2.46
Less: Permanent Diminution in Investment in Associate	13	0.75	-
Loss before Tax		(1309.08)	(132.10)
Tax Expense:			
Current Tax		-	-
FBT for Earlier Year		0.42	-
Short Tax Provision for Earlier Years		7.89	-
Total Tax (Benefit)/ Expense		8.31	-
Deferred Tax Liability Written Back	5	(564.38)	
Loss for the Year		(753.02)	(132.10)
Profit/(Loss) from continuing operations before tax		(963.18)	(351.22)
Tax Expense		(556.07)	-
Profit/(Loss) from continuing operations after tax		(407.11)	(351.22)
Profit/(Loss) from discontinuing operations before tax	36	(345.90)	219.13
Tax Expense	36	-	-
Profit/(Loss) from discontinuing operations after tax		(345.90)	219.13
Earnings per equity share (In Rs.) - Basic and Diluted (Face value of Rs. 5/- each)	28	(3.02)	(0.53)
Significant Accounting Policies	1		
Notes are an Integral part of the Financial Statements	2 - 45		

As per our report of even date

For and on behalf of the Board of Directors

For Haresh Upendra & Co.

Chartered Accountants

Firm Reg. No.: 103513W

Chairman

DIN: 00328668

Haresh B. Shah

Ajay Gupta

B. R. Taneja Director DIN: 00328615

Partner Membership No. 32208 Pune, August 14, 2015 **Ajay Gupta** Chief Financial Officer **Chetan Nathani** Company Secretary

Pune, August 14, 2015

# Cash Flow Statement for the year ended March 31, 2015

(Rs. in Lakhs)

	n	¥7	4 . 4		ended
	Particulars	Year of March 3			ended 31, 2014
		March	51, 2015	March .	51, 2014
A	CASH FLOW FROM OPERATING ACTIVITIES				
	Loss before extraordinary items and tax	(1299.39)		(129.63)	
	Adjustments for:				
	Depreciation & Amortisation Expense	345.93		352.43	
	Prior Period Items	(8.95)		(2.46)	
	Finance Costs	694.44		543.27	
	Interest Income	(256.11)		(101.92)	
	Operating Profit before Working Capital Changes	(524.06)		661.69	
	Adjustments for :				
	Trade and Other Receivables	742.44		(462.57) #	
	Inventories	(63.49)		153.14	
	Trade and Other Payables	(142.87)		385.08_#	
	Cash Generated from Operations	12.01		737.34	
	Direct Taxes Paid (Net of Refunds)	178.87		(59.82)	
	Net Cash Flow from Operating Activities		190.88		677.52
В	CASH FLOW FROM INVESTING ACTIVITIES				
	Purchase of Fixed Assets including Capital Work-in-Progress and Capital Advance	(114.49)		(608.76) #	
	Investment in Equity of Subsidiary Companies	(10.00)		(75.00)	
	ICD to Subsidiary Company (Net)	288.72		(690.16)	
	Interest Income on ICD given to Subsidiary Company	97.68		62.91_	
	Net Cash Flow from/ (used in) Investing Activities		261.92		(1311.01)
C	CASH FLOW FROM FINANCING ACTIVITIES				
	Additions/ (Repayments) of Loans	(1158.74)		1484.24	
	Interest Income	158.42		39.01	
	Finance Costs	(679.30)		(543.27)	
	Net Cash Flow (used in)/ from Financing Activities		(1679.62)		979.98
	Total Cash (Outflow)/ Inflow for the year		(1226.81)		346.49
	Deferred Tax Liability Written Back (Refer Note No. 5)		564.38		-
	Net Increase/ (Decrease) in Cash and Cash Equivalents		(662.43)		346.49
	Cash and Cash Equivalents at the beginning of the year		976.04		629.55
	Cash and Cash Equivalents at the end of the year		313.61		976.04
	Net Increase/ (Decrease) in Cash and Cash Equivalents		(662.43)		346.49

<sup>#</sup> These cash flows are arrived at after giving effect to the transaction of Hive Off of Engineering Design Services Division of the Company to its Subsidiary 'TAAL Tech India Private Limited' (Refer Note No. 39).

#### **Notes:**

- 1 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.
- 2 Figures in bracket indicate Cash Outflow.
- 3 Cash and Cash Equivalents are Cash and Bank Balances as mentioned in Note No. 17.

For and on behalf of the Board of Directors As per our report of even date For Haresh Upendra & Co. Salil Taneja B. R. Taneja Chartered Accountants Chairman Director Firm Reg. No.: 103513W DIN: 00328668 DIN: 00328615 Haresh B. Shah Ajay Gupta Chetan Nathani Chief Financial Officer Partner Company Secretary Membership No. 32208 Pune, August 14, 2015 Pune, August 14, 2015

## Notes to Financial Statements for the year ended March 31, 2015

#### Company Background

Taneja Aerospace and 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 Aircraft Charter, Airfield & MRO and Allied Services.

#### NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

#### 1.1 Basis of Accounting

The financial statements have been prepared in compliance with the requirements under Section 133 of the Companies Act, 2013 (to the extent notified), read with Rule 7 of the Companies (Accounts) Rules, 2014, and other generally accepted accounting principles (GAAP) in India, to the extent applicable, on the accrual basis of accounting, under the historical cost convention, except for certain fixed assets which are being carried at revalued amounts. GAAP comprises mandatory accounting standards as specified in the Companies (Accounting Standards) Rules, 2006.

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 in conformity with Generally Accepted Accounting Principles (GAAP) in India requires 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 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.

#### 1.3 Classification of Assets and Liabilities

Schedule III to the Companies Act, 2013 requires assets and liabilities to be classified as either Current or Non-current.

- a) An asset is classified as current when it satisfies any of the following criteria:
  - (i) it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
  - (ii) it is held primarily for the purpose of being traded;
  - (iii) it is expected to be realized within twelve months after the reporting date; or
  - (iv) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.
- b) All assets other than current assets are classified as non-current.
- c) A liability is classified as current when it satisfies any of the following criteria:
  - (i) it is expected to be settled in the Company's normal operating cycle;
  - (ii) it is held primarily for the purpose of being traded;
  - (iii) it is due to be settled within twelve months after the reporting date; or
  - (iv) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counter party, result in its settlement by the issue of equity instruments do not affect its classification.
- d) All liabilities other than current liabilities are classified as non-current.

#### 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 its products / services, the Company has ascertained its 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.

## Notes to Financial Statements for the year ended March 31, 2015 (Contd.)

- b) All indirect expenses incurred on project implementation including interest cost on funds deployed for the project are treated as incidental expenditure during construction and are capitalised for the period until the asset is ready for its intended use.
- Fixed assets under construction and not ready for intended use, as on the balance sheet date, are disclosed as Capital Workin-Progress.
- d) Considering the nature of business activity, Runway has been treated as Plant and Equipment and depreciation has been provided accordingly.
- e) Assets received on amalgamation are recorded at its fair value.

#### 1.6 Depreciation

Depreciation is provided on Straight Line Method for Building, Plant and Equipment and Computer-Hardware and on Written Down Value Method on all other assets, based on useful life prescribed in Part C of Schedule II of the Companies Act, 2013. 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

At each Balance Sheet date, the Company ascertains whether there is any impairment of the fixed assets based on internal / external factors. Where there is an indication that an asset is impaired, the recoverable amount if any, is estimated and the impairment loss is recognised to the extent carrying amount of an asset exceeds its recoverable amount. 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

- 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 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.

#### 1.9 Investments

- a) Investments that are readily realisable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as non-current investments.
- b) Current investments are stated at lower of cost and fair value determined on an individual investment basis.
- c) Non-current investments are stated at cost. A provision for diminution in the value of non-current investments is made only if such a decline is other than temporary in the opinion of the management. The determination for diminution is done separately for each individual investment.

#### 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 Statement of Profit and Loss.

#### 1.11 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.

## Notes to Financial Statements for the year ended March 31, 2015 (Contd.)

- 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 occurance or non-occurance of future events not wholly within the control of the Company.
- c) When there is an obligation in respect of which the likelyhood of outflow of resources is remote, no provision or disclosure is made
- d) Contingent Assets are neither recognised nor disclosed in the financial statements.

#### 1.12 Revenue Recognition

- a) 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.
- b) Rental Income from Hanger Utilisation is accounted based on agreement / contract entered into with the third party.
- Charter Income from aircraft given on charter is booked on the basis of contracts with customers and actual flying hours of the aircraft.
- d) Training Fees received, being non-refundable, is accounted in the year of receipt.
- e) Revenue from Engineering Design Services is priced on time and material basis and is recognised when the services are rendered and related costs are incurred.
- 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 and rewards of ownership to the buyer. The amounts recognised as sale is exclusive of Sales Tax / VAT and are net of returns.
- h) Interest Income is recognised on time proportion basis taking into account the amount outstanding and the interest rate applicable.

#### 1.13 Leases

Operating Lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

#### 1.14 Borrowing 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.

#### 1.15 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 foreign currency items such as investments are carried at cost.

#### 1.16 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.

b) Defined Benefit Plan

The Company'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

## Notes to Financial Statements for the year ended March 31, 2015 (Contd.)

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.

#### 1.17 Provision for Taxation

Tax expense for the period, comprising Current Tax and Deferred Tax are included in the determination of the net profit or loss for the year.

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 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 Company.

Deferred tax is recognised on timing differences, being the difference between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws that have been enacted or substantively enacted as at the 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.

#### 1.18 Segment Reporting

Segments are identified having regard to the dominant source and nature of risks and returns and internal organization and management structure. The Company has considered business segments as the primary segments for disclosure. The business segments are 'Aviation', 'Charter Business' and 'Trading of Electrical Goods'. The Company does not have any geographical segment.

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

#### 1.20 Earnings Per Share

The Basic and Diluted 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.

# Notes to Financial Statements for the year ended March 31, 2015 (Contd.)

## 2. SHARE CAPITAL (Rs. in Lakhs)

Particulars	As at March 31, 2015	As at March 31, 2014
Authorised Capital		
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
	2,500.00	2,500.00
Issued, Subscribed and Paid Up Capital		
2,49,30,736 (Previous Year 2,49,30,736) Equity Shares of Rs. 5/- each fully paid	1,246.54	1,246.54

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

Particulars	As at March 31, 2015		As at March 31, 2014	
	No. of shares	Rs. in Lakhs	No. of shares	Rs. in Lakhs
Equity Shares at the beginning of the year Equity Shares issued during the year	2,49,30,736	1246.54	2,49,30,736	1246.54
Equity Shares bought back during the year Equity Shares outstanding at the end of the year	2,49,30,736	1246.54	2,49,30,736	1246.54

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

Name of the Shareholders		As at March 31, 2015		As at March 31, 2014	
	No. of shares	% holding	No. of shares	% holding	
Indian Seamless Enterprises Limited	1,09,64,620	43.98	1,09,64,620	43.98	
Vishkul Leather Garments Private Limited	16,89,179	6.78	16,89,179	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 31st March, 2015, the Company has 15,000 Global Depository Receipts (GDR's) outstanding for conversion into Equity shares (equivalent to 30,000 Equity Shares).

## Notes to Financial Statements for the year ended March 31, 2015 (Contd.)

#### 3. RESERVES AND SURPLUS

(Rs. in Lakhs)

Particulars	As at March 31, 2015	As at March 31, 2014
Capital Reserve		
Balance as at the beginning and as at the end of the year	5.83	5.83
Securities Premium Account		
Balance as at the beginning and as at the end of the year	6,600.75	6,600.75
General Reserve		
Balance as at the beginning and as at the end of the year	1,271.86	1,271.86
Surplus in Statement of Profit and Loss		
Balance as at the beginning of the year	1,736.72	1,868.81
Less: Depreciation adjustment consequent to revision in useful lives [Refer Significant Accounting Policies Note No. 1.6 and Note No. 12]	46.89	-
Add: Net Profit/(Loss) after tax transferred from Statement of Profit and Loss	(753.02)	(132.10)
Balance as at the end of the year	936.81	1,736.72
	8,815.25	9,615.16

#### 4. LONG TERM BORROWINGS

(Rs. in Lakhs)

Particulars	As at March 31, 2015	As at March 31, 2014
Secured Loans:		
Term Loan from Banks	3,393.78	3,077.87
Less: Current Maturities (Refer Note No. 10)	491.73	535.22
	2,902.05	2,542.65

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

(Rs. in Lakhs)

Particulars	Maturity Profile			
	1-2 years	2-3 years	3-4 years	Beyond 4 years
Term Loans from Banks	575.82	689.62	384.01	1,252.60

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

The Term Loan from Bank outstanding as on 31st March, 2015 amounting to Rs. 0.15 Crore (including Current Maturities of Long Term Borrowings) is secured by a first charge on assets created out of TL – Building Rs. 4.60 Crores and Plant and Equipment Rs. 10.48 Crores of the Company and second charge on specific free hold lands to the extent of 26.87 acres and construction thereon of the Company at Belagondapalli Village, Thally Road, Denkanikottai Taluk, Krishnagiri District, Belagondapalli – 635114, Tamil Nadu.

The Term Loan from Bank outstanding as on 31st March, 2015 amounting to Rs. 18.44 Crores (including Current Maturities of Long Term Borrowings) is secured by a first charge on assignment of Hanger-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 31st March, 2015 amounting to Rs. 15.34 Crores (including Current Maturities of Long Term Borrowings) is secured by a first charge on assignment of Hanger-2 rental/receivables from lessee and specific free hold lands to the extent of 37.11 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.

# Notes to Financial Statements for the year ended March 31, 2015 (Contd.)

## 5. DEFERRED TAX LIABILITIES (NET)

(Rs. in Lakhs)

Particulars	As at March 31, 2015	As at March 31, 2014
Deferred Tax Liability: #		
Difference in net book value of fixed assets as per books and tax laws	-	564.38
Deferred Tax Asset *	-	-
Net Deferred Tax Liability		564.38

<sup>#</sup> During the year, the Company has written back the deferred tax liability amounting to Rs. 564.38 Lakhs.

#### 6. OTHER LONG TERM LIABILITIES

(Rs. in Lakhs)

Particulars	As at March 31, 2015	As at March 31, 2014
Deposit from Lessee	845.28	845.28
Deposit from Customers	3.75	2.75
	849.03	848.03

#### 7. LONG TERM PROVISIONS

(Rs. in Lakhs)

Particulars	As at March 31, 2015	As at March 31, 2014
Provision for Employee Benefits (Refer Note No. 33)		
Gratuity	90.67	68.55
Leave Encashment	45.77	34.46
	136.44	103.01

#### 8. SHORT TERM BORROWINGS

(Rs. in Lakhs)

Particulars	As at March 31, 2015	As at March 31, 2014
Secured Loans:		
Working Capital Borrowing from Banks	880.41	1700.06
	880.41	1700.06
<b>Unsecured Loans:</b>		
Loans and Advances from Related Party (Inter Corporate Deposit) (Refer Note No. 32)	-	655.00
	-	655.00
	880.41	2355.06

#### 8.1 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.

<sup>\*</sup> Deferred tax calculation results into working of deferred tax assets as at March 31, 2015. However as a matter of prudence, the Company has not recognised deferred tax asset.

# Notes to Financial Statements for the year ended March 31, 2015 (Contd.)

9. TRADE PAYABLES (Rs. in Lakhs)

Particulars	As at March 31, 2015	As at March 31, 2014
Micro, Small and Medium Enterprises *	-	-
Other Trade Payables	635.47	526.42
	635.47	526.42

As informed to us by the Management, the Company owes no dues which are outstanding as at March 31, 2015 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.

#### 10. OTHER CURRENT LIABILITIES

(Rs. in Lakhs)

Particulars	As at March 31, 2015	As at March 31, 2014
Current Maturities of Long Term Borrowings (Refer Note No. 4)	491.73	535.22
Advance from Customers	318.32	65.22
Statutory Liabilites *	118.03	106.04
Employee Related Liabilties #	131.97	71.52
Expenses Payable	158.36	49.04
Other Liabilities	8.80	188.51
	1227.21	1015.54

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

#### 11. SHORT TERM PROVISIONS

(b) Plant and Equipment

Total

(Rs. in Lakhs)

Particulars	As at	As at
	March 31, 2015	March 31, 2014
Provision For Audit Fees	8.32	6.62
Provision For Taxes *	137.25	134.69
Provision For Expenses #	33.76	
	179.33	141.31

<sup>\*</sup> Includes Provision for Income Tax Rs. 134.69 Lakhs (Previous Year Rs. 134.69 Lakhs).

12. FIXEDASSETS (Rs. in Lakhs)

	GRO	OSS BLOC	K (AT CO	ST)	DEPRECIATION /AMORTISATION			NET BLOCK			
Description	As at April 01, 2014	Additions	Deduct ions	As at March 31, 2015	As at April 01, 2014	For The Year	Deduct- ions	Adjust ments*	As at March 31, 2015	As at March 31 2015	As at March 31, 2014
Tangible Assets:											
Freehold Land \$	6274.80	-	-	6274.80	-	-	-	-	-	6274.8	6274.80
Buildings	2351.24	38.21	-	2389.45	490.51	64.39	-	-	554.90	1834.5	1860.74
Plant and Equipment	6225.44	544.29	-	6769.73	2685.72	**256.6	-	1.99	2944.31	3825.4	3539.72
Office Equipment	169.53	0.70	-	170.23	115.80	8.11	-	42.00	165.91	4.3	53.72
Furniture and Fixtures	93.70	-	-	93.70	81.46	3.55	-	-	85.01	8.7	12.25
Computer - Hardware	20.43	3.09	-	23.52	7.57	9.68	-	1.25	18.49	5.0	12.86
Vehicles	32.56	4.01	-	36.57	22.77	3.61	-	1.66	28.04	8.5	9.79
Total	15167.70	590.30	-	15758.00	3403.83	345.93	-	46.89	3796.79	11961.2	11763.87
Previous Year	14213.14	1296.67	# 342.11	15167.70	3130.23	352.43	# 78.83	-	3403.83	11763.8	7 11082.91
CAPITAL WORK-IN-PROGRESS (AT COST)							As at March 31,	<b>2015</b> Ma	As at rch 31, 2014		
(a) Building										-	337.60

<sup>\*</sup> As per Schedule II of the Companies Act, 2013 written down value of Fixed Assets whose lives have expired as at April 01, 2014 amounting to Rs. 46.89 Lakhs have been adjusted against opening balance in Statement of Profit and Loss. (Refer Note No. 3)

<sup>#</sup> Including Rs. 39.93 Lakhs due to Whole Time Director's (Previous Year Rs. 1.85 Lakhs).

<sup>#</sup> Includes Provisions related to Travelling Expenses, Purchases, etc.

# Notes to Financial Statements for the year ended March 31, 2015 (Contd.)

- # Represents deduction on account of Hive Off of Engineering Design Services Division of the Company to its Subsidiary 'TAAL Tech India Private Limited'. (Refer Note No. 39)
- \$ The Gross Block of Freehold Land includes Rs. 4738.89 Lakhs (Previous Year Rs. 4738.89 Lakhs) on account of Revaluation.
- \*\* Had the Company continued with the previously assessed useful lives in respect of Plant and Equipment, charges for depreciation for the year would have been higher by Rs. 64.54 Lakhs for assets held at April 01, 2014.

Pursuant to the enactment of the Companies Act, 2013, the Company has applied the estimated useful lives as specified in Schedule II, except in respect of certain assets as disclosed in Significant Accounting Policy on Depreciation. [Refer Note No. 1.6]

The Company has capitalised the following expenses during the year to New Project, in accordance with the accounting policy consistently followed:

(Rs. In Lakhs)

I	Particulars	Year ended March 31, 2015	Year ended March 31, 2014
a.	Personnel Expenses		
	i) Managing Director's Salary	-	17.03
	ii) Other Salary	1.85	24.03
b.	Travelling Expenses	0.69	1.73
c.	Interest	-	55.16
d.	Other Expenses	4.98	5.90
		7.53	103.86

#### 13. NON CURRENT INVESTMENTS

(Rs. in Lakhs)

	Particulars	As at March 31, 2015	As at March 31, 2014
Unquoted	d, at cost fully paid up		
Investme	nt in Equity Shares		
A. Sul	osidiary Companies		
(i)	First Airways Inc,USA # 11,50,000 Shares (Previous Year 11,50,000) of USD 1/- each	477.50	477.5
(ii)	TAAL Tech India Private Limited * 8,50,000 Shares (Previous Year 8,50,000) of Rs. 10/- each	85.00	85.0
(iii)	Katra Auto Engineering Private Limited 50,000 Shares (Previous Year Nil) of Rs. 10/- each	5.00	
(iv)	TAAL Enterprises Limited 50,000 Shares (Previous Year Nil) of Rs. 10/- each	5.00	
		572.50	562.5
B. Ass	sociate Company		
(i)	TAAL Aerosystems Private Limited ** 7,500 Shares (Previous Year 7,500) of Rs. 10/- each	0.75	0.7
	Less: Provision for Permanent Diminution	0.75	0.7
		572.50	563.2

<sup>#</sup> As perceived by Management, investment in First Airways Inc., USA does not require any provision for diminution in value of investment

#### 14. LONGTERM LOANS AND ADVANCES

Particulars	As at March 31, 2015	As at March 31, 2014
Unsecured and Considered Good		
Capital Advance to Subsidiary (Refer Note No's. 32 & 37)	646.00	645.50
	646.00	645.50

<sup>\*</sup> Consequent to private placement of shares to the Whole Time Director of TAAL Tech India Private Limited as on October 16 2014, the Company ceases to be a Wholly Owned Subsidiary of Taneja Aerospace and Aviation Limited effective same date.

<sup>\*\*</sup> TAAL Aerosystems Private Limited has applied for Dissolution on March 30, 2015. Hence, the same has been written off.

# Notes to Financial Statements for the year ended March 31, 2015 (Contd.)

#### 15. INVENTORIES (As taken, valued and certified by the Management)

(Rs. in Lakhs)

Particulars	As at	As at
	March 31, 2015	March 31, 2014
Raw Material and Components	183.24	126.75
Work-In-Progress	303.75	296.75
	486.99	423.50

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

#### 16. TRADERECEIVABLES

(Rs. in Lakhs)

Particulars	As at	As at
	March 31, 2015	March 31, 2014
Unsecured debts outstanding for a period exceeding six months		
(i) Considered good	281.51	426.07
(ii) Considered doubtful	198.09	2.98
	479.60	429.05
Less: Provision for doubtful debts	198.09	2.98
	281.51	426.07
Other unsecured debts (considered good)	432.14	830.45
	713.65	1256.52

#### 17. CASHAND BANK BALANCES

(Rs. in Lakhs)

	(IXS. III Lakiis)
As at	As at
March 31, 2015	March 31, 2014
134.25	283.46
7.07	500.86
0.05	1.94
172.25	189.78
313.61	976.04
	March 31, 2015  134.25 7.07 0.05  172.25

#### 18. SHORT TERM LOANS AND ADVANCES

Particulars	As at	As at
	March 31, 2015	March 31, 2014
Unsecured and Considered Good		
Inter Corporate Deposits	-	1103.41
MAT Credit Entitlement #	134.69	134.69
Advance Income Tax	551.63	738.81
Loans and Advances to Related Parties (Refer Note No. 32)	1332.64	724.52
Advance to Suppliers	58.43	75.81
Prepaid Expenses	33.73	36.34
Sundry Deposits	46.42	27.39
Advance to Employees	20.23	12.25
	2177.76	2853.24

In the opinion of the management, based on the projected future taxable profits, the outstanding MAT Credit Entitlement of Rs. 134.69 Lakhs as at March 31, 2015 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.

# Notes to Financial Statements for the year ended March 31, 2015 (Contd.)

#### 19. REVENUE FROM OPERATIONS

(Rs. in Lakhs)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Sales – Aviation		
Gross Domestic Sales	540.35	832.47
Less: Excise Duty	26.36	31.45
Net Domestic Sales	513.99	801.02
Export Sales	5.95	484.14
Services – Aviation		
Domestic Conversion Charges	480.83	798.18
Export Conversion Charges	7.63	534.11
Charter Income *	717.16	794.47
Rental Services	1022.83	692.45
Training & Other Services	66.60	91.77
Engineering Design Services (Refer Note Nos. 39 & 44)		
Export Services	-	1137.81
Domestic Services		14.41
	<u>2814.98</u>	5348.36

<sup>\*</sup> This does not include use of Aircraft for Testing & Training purposes and use by Management for Business Travel.

#### 20 REVENUE FROM TRADING ACTIVITIES

(Rs. in Lakhs)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Sale of Trading Goods (Refer Note No. 38)	346.34	-
Sale Commission on Trading Goods	6.93	
	353.27	

#### 21 OTHER INCOME (Rs. in Lakhs)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Interest Income		
From ICD's	190.19	75.73
From Banks	16.54	24.98
From Others *	49.37	1.21
Miscellaneous Income #	18.42	14.81
Sundry Creditors Written Back	84.22	6.96
	358.75	123.69

<sup>\*</sup> Includes Interest on Income Tax Refunds of Rs. 47.66 Lakhs (Previous Year Rs. Nil).

#### 22 COST OF MATERIALS CONSUMED

Particulars	Year ended	Year ended
	March 31, 2015	March 31, 2014
Opening Stock of Raw Material and Components	126.75	232.39
Add: Purchases during the year	607.46	1431.89
Less: Closing Stock of Raw Material and Components	183.24	126.75
Consumption of Raw Material and Components	550.97	1537.53

<sup>#</sup> Includes Agriculture Income of Rs 12.41 Lakhs (Previous Year Rs. 12.35 Lakhs).

# Notes to Financial Statements for the year ended March 31, 2015 (Contd.)

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

Particulars	Percentage (%)		Value (Rs. in Lakhs)	
	Year ended March 31, 2015	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2014
Imported *	19.04	37.14	104.92	571.11
Indigenous	80.96	62.86	446.05	966.42
	100	100	550.97	1537.53

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

22.2 CIF Value of Imports of Raw Material, Spares, etc. for the year (Rs. in Lakhs)

104.92

571.11

#### 23 CHANGES IN INVENTORIES OF WORK-IN-PROGRESS

(Rs. in Lakhs)

Particulars	Year ended	Year ended
	March 31, 2015	March 31, 2014
Closing Stock of Work-In-Progress	303.75	296.75
	303.75	296.75
Opening Stock of Work-In-Progress	296.75	344.25
	296.75	344.25
(Increase) / Decrease in Inventory	(7.00)	47.51

#### 24 OPERATIONAL AND OTHER EXPENSES

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Charter Expenses	Water 31, 2013	Water 31, 2014
Aircraft Fuel Charges	139.30	152.50
Aircraft Lease Rent ^	399.71	344.14
Aircraft Repairs and Maintenance	240.02	50.93
Rent - Flight Parking & Equipment	23.16	15.84
Other Aircraft Operating Expenses	95.13	75.85
Power & Fuel Expenses	104.90	99.49
Repairs and Maintenance Plant and Equipment	31.87	15.55
Repairs and Maintenance Building	1.49	4.01
Repairs and Maintenance Others	9.65	61.77
Selling Expenses	65.91	85.54
Rent	42.70	32.82
Educational Program Expenses	1.81	1.93
Rates & Taxes	65.64	36.11
Insurance	20.85	26.02
	142.32	174.73
Traveling & Conveyance	17.02	
Communication Expenses Provision for Doubtful Debts		22.32
	195.11	2.00
Directors' Sitting Fees	6.90	3.90
Office & Other Administrative Expenses *	59.45	100.78
Legal, Professional & Consultancy Charges	140.38	74.65
Exchange Fluctuation Loss / (Gain) [Net]	5.23	(76.96)
(Other than considered as Finance Cost)		
Auditors Remuneration #	6.11	5.54
	1,814.65	1,307.46

# Notes to Financial Statements for the year ended March 31, 2015 (Contd.)

#### ^ Aircraft Lease Rent

During the year 2007-08, Company acquired an Aircraft on operating lease from an overseas lease finance company for a period of 120 months.

The payments under lease for the future period are:

Particulars	Amount in US \$	Equivalent in Rs. In Lakhs
Less than One Year	4.85	303.55
More than 1 Year and less than 5 Years	8.92	558.22
	13.77	861.77

Note: In addition to the future fixed lease rentals mentioned above, variable component linked to LIBOR plus 2.50% p.a. is also payable on monthly basis.

on monthly basis.

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

(Rs. in Lakhs)

# Auditors Remuneration :	Year ended March 31, 2015	Year ended March 31, 2014
Audit Fees	3.25	3.00
Tax Audit Fees	1.00	1.00
Fees for Other Services	1.50	1.05
Out of Pocket Expenses/Travelling	0.36	0.23
Cost Audit Fees		0.25
	6.11	5.53

#### 25 EMPLOYEE BENEFITS EXPENSE

(Rs. in Lakhs)

Particulars	Year ended	Year ended
	March 31, 2015	March 31, 2014
Salaries and Wages	930.46	1679.80
Contribution to Provident and Other Funds (Refer Note No. 33)	75.99	49.70
Staff Welfare Expenses	74.60	83.97
	1081.05	1813.48

#### 26 FINANCE COSTS

Particulars	Year ended	Year ended
	March 31, 2015	March 31, 2014
Interest Expenses:		
Working Capital Loan	159.20	169.17
Term Loans	387.36	233.97
Inter Corporate Deposits (Refer Note No. 32)	46.38	115.21
	592.94	518.34
Less: Capitalised during the Year	-	55.16
	592.94	463.18
Other Finance Costs #	101.50	80.09
	694.44	543.27

<sup>#</sup> Includes Interest on Delayed Payment of Statutory Liabilities amounting to Rs. 34.86 Lakhs (Previous Year Rs. 1.55 Lakhs).

# Notes to Financial Statements for the year ended March 31, 2015 (Contd.)

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

(Rs. in Lakhs)

	Particulars	As at	As at
		March 31, 2015	March 31, 2014
(a)	Claims against the Company not acknowledged as debts:		
	(i) Custom Duty	622.67	622.67
	(ii) Service Tax	441.37	441.37
	(iii) Excise Duty	161.47	103.97
	(iv) Sales Tax	55.00	78.00

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) In addition, the Company is subject to other legal proceedings in respect of other matters arisen in the ordinary course of business. The Company's management is of the opinion that the ultimate liability in respect of these litigations shall not have any material adverse effect on the Company's operation and financial position.

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

(Rs. in Lakhs)

	Particulars	As at March 31, 2015	As at March 31, 2014
(a)	Capital Commitment towards the new project	-	83.00
(b)	Letters of Credit	291.61	-
(c)	Bank Guarantees	1,198.71	1,097.56
(d)	Indemnity issued to Customers	229.80	918.80
(e)	EPCG Export sales obligation to be fulfilled	681.70	660.70
(f)	Guarantee given to bank on behalf of Subsidiary	760.00	-

#### 28 Earnings Per Equity Share:

(Rs. in Lakhs)

Particulars	Year ended	Year ended
	March 31, 2015	March 31, 2014
Loss after tax available for Equity Shareholders	(753.02)	(132.10)
Weighted Average number of Equity Shares of nominal value of Rs. 5 each	2,49,30,376	2,49,30,376
Computation of EPS - Basic* (in Rs.)	(3.02)	(0.53)

<sup>\*</sup>Diluted EPS is same as Basic EPS, as there are no outstanding potential Equity Shares as on date.

#### 29 Earnings in Foreign Currency

Particulars	Year ended	Year ended
	March 31, 2015	March 31, 2014
Export of Goods	5.95	484.14
Export of Services	7.63	1,671.92
Other Receipts	2.34	<u> </u>
	15.92	2,156.06

# Notes to Financial Statements for the year ended March 31, 2015 (Contd.)

30 Expenditure in Foreign Currency

(Rs. in Lakhs)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014	
Parts and Components	117.60	615.34	
Travelling Expenses	3.31	171.11	
Aircraft Repairs and Maintenance	237.70	-	
Work Permit Fees	-	19.38	
Aircraft Lease Rent	399.71	307.98	
Onsite Expenses	-	367.05	
Subscription Fees	9.37	8.20	
Labour Charges	-	139.06	
Sales Commission	-	9.15	
Other	13.51	0.08	
	781.19	1637.35	

#### 31 Disclosure as required by Clause 32 of the Listing Agreement

 a) Amount of Investment in / Loans and Advances in the nature of loans to subsidiaries and associates for the year ended 31st March 2015 :

(Rs. in Lakhs)

	1				(RS. III Lakiis
Name of the Company	Holding	Nature of	Max. Balance	Balance	Balance
		Transaction	during the	as at	as at
			Period	March 31, 2015	March 31, 2014
<b>Subsidiary Companies</b>					
First Airways Inc	100%	Investment	477.50	477.50	477.50
TAAL Tech India Private Limited	85%	Investment	85.00	85.00	85.00
Katra Auto Engineering Private Limited	100%	Investment	5.00	5.00	-
TAAL Enterprises Limited	100%	Investment	5.00	5.00	-
TAAL Tech India Private Limited *	85%	Advance	898.26	401.44	690.16
		Receivable			
Katra Auto Engineering Private Limited * #	100%	Advance	646.00	646.00	645.50
		Receivable			
Associate Companies					
ISMT Limited *	-	Advance	497.07	242.37	-
		Receivable			
ISMT Limited *	-	Loan Payable	910.31	-	843.51
LightO Technologies Private Limited *	-	Advance	680.04	680.04	-
		Receivable			
Indian Seamless Enterprises Limited *	-	Advance	220.61	-	34.36
		Receivable			
TAAL Aerosystems Private Limited	30%	Investment	0.75	-	0.75

<sup>\*</sup> 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.

Investment held by Indian Seamless Enterprises Limited in Taneja Aerospace and Aviation Limited - 1,09,64,620 Equity Shares (Previous Year 1,09,64,620 Equity Shares).

Investment held by Lighto Technologies Private Limited in Taneja Aerospace and Aviation Limited - 45,717 Equity Shares (Previous Year 45,717 Equity Shares).

<sup>#</sup> This loan is interest free and was given to the subsidiary for purchase of land. (Refer Note No. 37)

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:

# Notes to Financial Statements for the year ended March 31, 2015 (Contd.)

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

Relationship	Name of the Related Party			
a. Subsidiary Companies	First Airways Inc			
	TAAL Tech India Private Limited *			
	Katra Auto Engineering Private Limited **			
	TAAL Enterprises Limited **			
	TAAL Technologies Inc (Subsidiary of TAAL Tech India Private Limited)			
	TAAL Tech GMBH (Subsidiary of TAAL Tech India Private Limited) #			
b. Associate Companies	ISMT Limited			
	LightO Technologies Private Limited			
	Indian Seamless Enterprises Limited			
	TAAL Aerosystems Private Limited ^			
c. Key Management Personnel	Mr. Salil Taneja (Whole Time Director) \$			
	Mr. S M Kapoor (Managing Director) %			
	Mr. C S Kameswaran (Non Executive Director) ^^			

<sup>\*</sup> Ceased to be a Wholly Owned Subsidiary during the year. As at March 31, 2015 the Company holds 85% shares in TAAL Tech India Private Limited.

#### Transactions/ Balances with Related Parties:

Particulars	Subsidiaries	Associates	Key Management
			Personnel
Investment in Equity Shares made during the year	10.00	-	-
	(75.00)	(-)	(-)
Inter-Corporate Deposit Received during the year	-	2216.81	-
	(-)	(656.42)	(-)
Inter-Corporate Deposit Given during the year	495.97	1410.15	-
	* (844.20)	(60.00)	(-)
Aircraft Hiring Charges	-	-	_
	(-)	(240.00)	(-)
Sale of Trading Goods	-	346.34	_
	(-)	(-)	(-)
Sale Commission on Trading Goods	-	6.93	-
	(-)	(-)	(-)
Sale of Goods	-	42.53	-
	(-)	(20.40)	(-)
Directors' Sitting Fees	-	-	0.40
	(-)	(-)	(0.40)
Rent Paid	3.69	-	-
	(-)	(-)	(-)
Interest Paid	-	46.38	_
	(-)	(115.21)	(-)

<sup>\*\*</sup> Became Wholly Owned Subsidiaries during the year.

<sup>#</sup> Became Wholly Owned Subsidiary of TAAL Tech India Private Limited during the year.

<sup>^</sup> Applied for Dissolution on March 30, 2015.

<sup>\$</sup> Appointed as a Whole Time Director w.e.f. December 1, 2014 for a period of two years upto November 30, 2016.

<sup>%</sup> Appointed as a Managing Director w.e.f. December 1, 2014 for a period of two years upto November 30, 2016. The said Managing Director resigned on April 1, 2015.

<sup>^^</sup> Managing Director upto November 30, 2014. Non Executive Director from December 1, 2014.

# Notes to Financial Statements for the year ended March 31, 2015 (Contd.)

Particulars	Subsidiaries	Associates	Key Management Personnel
			1 CI SUIIICI
Interest Income	97.68	22.77	-
	(62.91)	(-)	(-)
Managerial Remuneration #	_	-	65.62
	(-)	(-)	(26.76)
Remuneration to Non Executive Director #	_	-	3.00
	(-)	(-)	(-)
Guarantee given to bank on behalf of others	760.00	-	-
-	(-)	(-)	(-)
Balance Payable as at year end	_	-	39.93
	(-)	(843.51)	(-)
Balance Receivable as at year end	1047.44	1187.51	-
	(690.16)	(34.36)	(-)

(Figures in brackets relate to previous year)

- \* Includes Rs. 766.44 Lakhs which was debited as Difference between Assets and Liabilities transferred by way of Hive Off of Engineering Design Services Division of the Company to its Subsidiary 'TAAL Tech India Private Limited' (Refer Note No. 39).
- # 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: No amounts pertaining to related parties have been provided for as doubtful debts. Also, no amounts have been written off or written back during the year.

33 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	Year ended
	March 31, 2015	March 31, 2014
Employer's Contribution to Provident Fund, Family Pension Fund and Other Funds	46.36	58.73

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

I. Changes in present value of Defined Benefit Obligations:

i. Changes in present value of Bernieu Benefit Congation		()
Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Gratuity (Funded)		
Present Value of Obligations as at 1st April, 2014 (1st April, 2013)	81.81	74.69
Current Service Cost	8.93	7.45
Interest Cost	6.83	6.09
Past Service Cost	-	-
Actuarial (Gain)/Loss	12.68	-5.70
Benefits Paid	-15.22	-0.72
Present Value of Obligations as at 31st March, 2015 (31st March, 2014)	95.03	81.81
Leave Encashment (Non Funded)		
Present Value of Obligations as at 1st April, 2014 (1st April, 2013)	34.46	36.55
Current Service Cost	6.69	5.41
Interest Cost	2.93	2.64
Past Service Cost	-	-
Actuarial (Gain)/Loss	7.01	-1.50
Benefits Paid	-5.32	-8.65
Present Value of Obligations as at 31st March, 2015 (31st March, 2014)	<u>45.77</u>	34.46

# Notes to Financial Statements for the year ended March 31, 2015 (Contd.)

- II. Changes in fair value of plan assets: The Company has not made any investment in plan assets and therefore, there are no changes in fair value and returns thereon.
- III. Amounts recognized in the Balance Sheet in respect of:

(Rs. in Lakhs)

Particulars	Gratuity (Funded)		Leave End (Non F	
	As at	As at	As at	As at
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Present Value of Obligation as at 31st March, 2015 (31st March, 2014)	95.03	81.81	45.77	34.46
Less: Funded with LIC	4.36	13.27	-	-
Net Liability	90.67	68.55	45.77	34.46

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

(Rs. in Lakhs)

Particulars	Gratuity (Funded)		Leave End (Non F	
	Year ended	Year ended	Year ended	Year ended
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Current Service Cost	8.93	7.45	6.69	5.41
Interest Cost	6.83	6.09	2.93	2.64
Past Service Cost	_	-	-	-
Actuarial (Gain)/ Loss	12.68	-5.70	7.01	-1.50
Expenses recognised in the Statement of Profit and Loss	28.44	7.85	16.63	6.55

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

Particulars	Gratuity	Gratuity (Funded)		cashment unded)
	As at	As at	As at	As at
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Discount Rate	7.80%	8.20%	7.80%	8.20%
Salary Escalation Rate	5%-10%	12.46%	5%-10%	12.46%

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.

34 Segment Reporting

	Particulars	Aviation	Charter	Trading of	Engg	Total	Aviation	Engg Design	Total
			Business *	Electrical	Design	2014-15		Service #	2013-14
				Goods ^	Service #				
a.	Segment Revenue								
	Segmental Revenue from :								
	External Sales and Services	2097.82	717.16	353.27	-	3168.25	4196.14	1152.22	5348.36
	Unallocable Revenue					358.75			123.69
	Total Revenue	2097.82	717.16	353.27	-	3527.00	4196.14	1152.22	5472.05
b.	Segment Result								
	Operating Profit/(Loss)	-636.20	-334.41	6.93	-	-963.69	85.55	204.40	289.95
	Add: Unallocable Revenue					358.75			123.69
	Less: Finance Costs					694.44			543.27
	Less: Extraordinary Items					9.70			2.46
	Profit/ (Loss) before Tax					-1309.08			-132.10
	Less: Tax (Benefit)/ Expense					8.31			-
	Add: Deferred Tax Liability Written Back					564.38			-
	Loss for the Year					-753.02			-132.10

## Notes to Financial Statements for the year ended March 31, 2015 (Contd.)

	Particulars	Aviation	Charter	Trading of	Engg	Total	Aviation	Engg Design	Total
			Business *	Electrical	Design	2014-15		Service #	2013-14
				Goods ^	Service #				
c.	Other Information								
	Segment Assets	13098.80	737.03	265.11	-	14100.94	14957.77	-	14957.77
	Unallocable Assets					2770.78			4000.33
	Total Assets					16871.72			18958.10
	Segment Liabilities	1920.76	194.98	276.51	-	2392.24	1775.89	-	1775.89
	Unallocable Liabilities					4417.69			6320.51
	<b>Total Liabilities</b>					6809.93			8096.40
	Capital Employed					10061.79			10861.70
d.	Cost Incurred for Acquiring								
	Assets	589.98	0.31	-	-	590.30	1211.25	85.42	1296.67
	Segment Depreciation	341.32	4.61	-	-	345.93	342.12	10.31	352.43

- # Refer Note No. 39
- \* The Company has identified Charter Business as its business segment w.e.f. the current financial year. Hence, comparative figures for the previous period for Charter Business is not reported.
- ^ Trading of Electrical Goods represents new business started by the Company during the year (Refer Note No. 38). Hence, comparative figures for the previous period for Trading of Electrical Goods is not reported.
- As per Accounting Standard 17, the Company has three segments viz "Aviation, Charter Business 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.
- 35 The Company does not enter into any forward foreign exchange contracts.

Foreign currency exposure not hedged as at March 31, 2015 are as under:

Particulars	As at March 31, 2015 (in Lakhs)		As at March 31, 2014 (in Lakhs)	
	Foreign Currency	INR	Foreign Currency	INR
Expenses Payable				
USD	-	-	0.29	17.62
Lease Rent Payable				
USD	1.29	80.66	1.72	103.10
		80.66		120.72_
Trade Receivable				
USD	0.12	7.63	-	
		7.63		

The Board of Directors of the Company have in their meeting held on October 9, 2014, approved the Scheme of Arrangement ("Scheme") under the Companies Act, 1956/ 2013 between Taneja Aerospace and Aviation Limited ('TAAL') and its wholly owned subsidiary TAAL Enterprises Limited ('TEL'), where the Charter Business including investment in First Airways Inc, USA (Wholly Owned Subsidiary) and Engineering Design Services Business conducted through TAAL Tech India Private Limited (Subsidiary) would be demerged into TEL with appointed date as October 1, 2014. The excess of book value of assets over the book value of liabilities to be transferred will be adjusted against Securities Premium Account (amounting to Reduction in Share Capital) as approved by the shareholders at the Extra Ordinary General Meeting held on April 15, 2015.

Pursuant to the Demerger, shareholders of the Company will get 1 fully paid up Equity Share of Rs. 10 each of TEL for every 8 fully paid up Equity Shares of Rs. 5 each held in the Company.

After clearance of the draft Scheme by the shareholders and various regulatory authorities, the Company's petition was admitted by the Hon'ble Madras High Court on April 29, 2015 and order sanctioning the Scheme has been received on July 23, 2015.

Effect of the Scheme will be given upon filing the aforesaid copy of the Scheme to the concerned Registrar of Companies and the Scheme becoming effective (Effective Date).

## Notes to Financial Statements for the year ended March 31, 2015 (Contd.)

In accordance with Accounting Standard 24, "Discontinuing Operations", the financial results of the Air Charter Business and Engineering Design Services Business (discontinuing operations) are as under:

(As prepared and certified by the Management)

(As	As prepared and certified by the Management)				(Rs. in Lakhs)			
	Particulars	Year en	ded March	31, 2015	Year er	nded March 3	1, 2014	
		Air	Engg.	Total	Air	Engg.	Total	
		Charter	Design*		Charter	Design*		
a)	Statement of Profit and Loss							
	Revenue from Operations	713.26	-	713.26	802.58	1,152.22	1,954.80	
	Other Income	3.37	-	3.37	3.51	41.87	45.38	
	Total Revenue	716.64	-	716.64	806.09	1,194.09	2,000.18	
	Cost of Material Consumed	28.27	-	28.27	2.47	-	2.47	
	Employee Benefits Expense	94.00	-	94.00	82.38	746.40	828.78	
	Finance Costs	10.97	-	10.97	4.02	17.48	21.50	
	Depreciation & Amortisation	4.61	-	4.61	8.19	10.31	18.50	
	Other Expenses	924.69	-	924.69	675.82	233.98	909.80	
	<b>Total Expenses</b>	1,062.54	-	1,062.54	772.88	1,008.17	1,781.05	
	(Loss) / Profit from Discontinuing Operations before Tax	(345.90)	-	(345.90)	33.21	185.92	219.13	
	Less: - Tax Expenses		_					
	_	(245.00)		(2.45.00)	22.21	195.02	210.12	
	Net (Loss) / Profit from Discontinuing Operations after Tax	(345.90)	-	(345.90)	33.21	185.92	219.13	
b)	Carrying amount of Assets and Liabilities							
	Carrying amount of assets as at the balance sheet date relating to discontinuing business to be disposed off	1,237.91	85.00	1,322.91	1,566.96	85.00	1,651.96	
	Carrying amount of liabilities as at the balance sheet date relating to discontinuing business to be settled	194.69	-	194.69	176.06	-	176.06	
c)	Net Cash Flow Attributable to the 'Discontinuing Operations':							
	Cash flow from Operating activities	9.80	-	9.80	(57.58)	107.15	49.57	
	Cash flow from Investing activities	(0.31)	-	(0.31)	54.60	(85.42)	(30.83)	
	Cash flow from Financing activities	(10.97)	-	(10.97)	(4.02)	(17.48)	(21.50)	
	Net Cash Inflow / (Outflow)	(1.48)	-	(1.48)	(7.00)	4.25	(2.75)	

<sup>\*</sup> Refer Note Nos 39 & 44

- 37 Katra Auto Engineering Private Limted purchased land for the Company out of interest free advance of Rs. 646 Lakhs (Upto Previous Year Rs. 645.50 Lakhs) provided by the Company. As on 11th June, 2014, Katra Auto Engineering Private Limited has become 100% Subsidiary of the Company and therefore during the year, the said advance given to Katra Auto Engineering Private Limted has been transferred to Long Term Capital Advances from Capital Work-in-Progress.
- 38 In line with the objects of the Company and as approved by the Board, the Company has started during the current year trading in electrical goods.
- 39 The shareholders of the Company had by way of postal ballot passed a resolution dated 5th August, 2013 approving the transfer of Assets and Liabilities of the Company's Engineering Design Services Division to its Subsidiary 'TAAL Tech India Private Limted', with effect from 1st August, 2013. Accordingly, related Assets and Liabilities were transferred at their book values and the excess of Assets over Liabilities amounting to Rs. 766.44 Lakhs was treated as Inter Corporate Deposit to Subsidiary.

# Notes to Financial Statements for the year ended March 31, 2015 (Contd.)

- 40 The Company considers its investment in and loans to subsidiaries as strategic and long term in nature and accordingly, in the view of the management, any decline in the value of such long term investments in subsidiaries is considered as temporary in nature and hence no provision for dimunition in value is considered necessary.
- 41 The balances in Debtors and Creditors accounts are subject to confirmations and reconciliations if any.
- 42 Current Assets, Loans and Advances are of the value stated if realised in the ordinary course of business.
- 43 In the Opinion of the Board, adequate steps are taken to make sufficient provision for all liabilities.
- 44 Consequent to Hive Off of Engineering Design Services Division (Refer Note No. 39), the Statement of Profit and Loss and the Cash Flow Statement of the previous year consists of the Results and Cash Flows of Engineering Design Services Division upto 31st July, 2013. Hence the current year figures are not comparable with the previous year figures.
- 45 Previous year figures have been regrouped and reclassified wherever necessary to conform to the current year classification.

As per our report of even date

**For Haresh Upendra & Co.** Chartered Accountants Firm Reg. No.: 103513W

Haresh B. Shah Partner Membership No. 32208 Pune, August 14, 2015 For and on behalf of the Board of Directors

**Salil Taneja** Chairman DIN: 00328668

**Ajay Gupta** Chief Financial Officer Chetan Nathani Company Secretary

B. R. Taneja

DIN: 00328615

Director

Pune, August 14, 2015

# Consolidated Financial Statements

# INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

# 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 subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at March 31, 2015, 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 in accordance with the 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 are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 the 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 but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. 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 Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

#### **Basis for Qualified Opinion**

- The Holding Company has debited Rs. 34.74 Lakhs under advertisement and travelling expenses being reimbursement to a group company for which no evidence/supporting is provided. This has resulted in overstatement of loss for the year and understatement of amount receivable from the group company by Rs. 34.74 Lakhs.
- 2) The Holding Company during the year commenced the business of trading in electrical goods (Refer Note No. 40) where in sales are only to LightO Technologies Private Limited (a related party). Further, the Holding Company also gave Inter Corporate Deposit to the said related party which was in excess of the amount approved by the audit committee by Rs.185 Lakhs. As at March 31, 2015, the Holding Company has to receive Rs. 256.31 Lakhs against sale of goods and Rs. 688.84 Lakhs (including interest) against Inter Corporate Deposit. We were not provided with sufficient and appropriate audit evidence about the recoverability of the above amounts. Consequently, we are unable to determine whether any adjustments to these amounts are necessary.
- We draw attention to Note No. 38 forming part of the consolidated financial statements, which refers to the fact that the shareholders of the Holding Company at their meeting (convened on the directions of the Hon'ble High Court of Madras) held on April 15, 2015 have approved the Scheme of Arrangement between the Holding Company and TAAL Enterprises Limited, a wholly owned subsidiary of the Holding Company w.e.f. October 1, 2014 subject to receipt of regulatory approvals. Further, the above mentioned note also refers to the proposed Reduction in Share Capital of the Holding Company as a consequence of the said Scheme, the terms of which were approved by the shareholders of the Holding Company by way of special resolution passed at their Extraordinary General Meeting held on April 15, 2015. Though the said Scheme was sanctioned by the

Hon'ble High Court of Judicature at Madras on June 22, 2015 (the copy of which was received on July 23, 2015) i.e. before the adoption of consolidated accounts by the Board of Director's on August 14, 2015, the effect of the said Scheme is not given in the consolidated accounts. We are unable to determine its impact, if any, on the consolidated financial statements.

4) The Holding Company needs to strengthen its policies, procedures and overall controls in order to provide proper evidences regarding recoverability of debtors, valuation of work in progress and accounting for direct and indirect taxes including statutory compliances. We are unable to determine its impact, if any, on the consolidated financial statements.

#### Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above, 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 March 31, 2015, and their consolidated loss and their consolidated cash flows for the year ended on that date.

#### **Emphasis of Matter**

The Holding Company has outstanding MAT Credit Entitlement of Rs. 134.69 Lakhs as on March 31, 2015, 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. Considering the uncertainties around the assumptions used for projections of future taxable profits and its consequential effect on utilization of MAT Credit Entitlement, we are unable to comment on the recoverability of MAT Credit Entitlement outstanding as at March 31, 2015 and its consequential impact on the Consolidated Statement of Profit and Loss for the year ended March 31, 2015 and on the Reserves of the Group as on that date (Refer Note No. 19). Our opinion is not qualified in respect of this matter.

#### Other Matters

- a. The financial statement of a subsidiary, whose financial statement reflects total assets of Rs. 2105.90 Lakhs as at 31<sup>st</sup> March, 2015, total revenues of Rs. 5027.58 Lakhs and net cash inflows amounting to Rs.139.28 Lakhs for the year then ended, as considered in the consolidated financial statements, have been jointly audited by us with other joint auditor, MZSK & Associates, Chartered Accountants.
- b. We did not audit the financial statements of four subsidiaries, whose financial statements reflect total assets of Rs. 912.95 Lakhs as at 31<sup>st</sup> March, 2015, total revenues of Rs. 326.65 Lakhs and net cash inflows amounting to Rs. 21.09 Lakhs for the year/period then ended, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries 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 subsidiaries, is based solely on the reports of the other auditors.
- c. The consolidated financial statements also contain the unaudited financial statement in respect of a subsidiary, whose unaudited financial statement reflects total assets of Rs. 16.88 Lakhs as at March 31, 2015, and total revenues of Rs. Nil for the period ended on that date, as considered in the consolidated financial statements. This unaudited financial statement has been furnished to us by the Management and our opinion on the consolidated financial statements, 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 such unaudited financial statement. In our opinion and according to the information and explanations given to us by the Management, this financial statement is not material to the Group.
- d. 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 and the financial statement certified by the Management.

#### Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on the comments in the auditors' reports of the Holding Company and the subsidiary companies incorporated in India, to the extent reported by the statutory auditors of such companies, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- As required by Section 143 (3) of the Act, we report to the extent applicable, that:
  - (a) We have sought and obtained, except for the matters described in the Basis for Qualified Opinion paragraph above, all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the consolidated financial statements.
  - (b) Except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above, in our opinion, proper books of account as required by law relating to the preparation of 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) Except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards, except

# **Annual Report 2014-15**

- AS-2 "Valuation of Inventories", specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) The matters described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Group.
- (f) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2015, taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of the subsidiary companies incorporated in India, to the extent reported by the statutory auditors of such companies, none of the directors of the Group companies incorporated in India, is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164(2) of the Act.
- (g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.
- (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:

- The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group as referred to in Note No. 29 to the consolidated financial statements.
- The Group 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 Holding Company and its subsidiaries in India

For Haresh Upendra & Co. Chartered Accountants Firm Reg. No.: 103513W

Haresh B. Shah
Partner
Membership No.: 32208

Pune, August 14, 2015 Me

#### Annexure to the Independent Auditor's Report on the Consolidated Financial Statements

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

As stated in Para 1 of 'Report on Other Legal and Regulatory Requirements' in our Auditors' Report of even date, the following statement is based on the comments in the auditors' reports on the standalone financial statements of the Holding Company and three subsidiary companies incorporated in India, to the extent considered applicable for reporting under the Order in the case of the consolidated financial statements.

- In respect of the fixed assets of the Holding Company and its subsidiary companies incorporated in India:
  - The respective entities have maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b. Some of the fixed assets were physically verified during the year by the management of the respective entities in accordance with a program of verification which, in our opinion and the opinion of the other auditors, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us and the other auditors, no material discrepancies were noticed on such verification as compared to the book records.
- (ii) Subsidiary companies incorporated in India do not have inventory. In respect of the inventories of the Holding Company:
  - As explained to us, inventories have been physically verified during the year by the Management of the Holding Company. In our opinion, the frequency of such verification is reasonable.
  - b. The procedures of physical verification of inventories followed by the Management of the Holding Company are generally reasonable and adequate in relation to the size of the Holding Company and the nature of its business.
  - c. The Holding Company has maintained proper records of inventory except in the case of Work in Progress. No material discrepancies were noticed on verification between the physical stocks and the book records. In our opinion, the present operative modules of ERP are insufficient to ascertain the cost and arrive at proper valuation of Work in Progress as per the Accounting Policies and Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (iii) According to the information and explanations given to us and the other auditors, none of the subsidiary companies incorporated in India have granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013 by those subsidiary companies. However, during the year under audit, the Holding Company has granted fresh unsecured loans by way of Inter Corporate Deposit to five companies (including subsidiaries whose accounts are consolidated) covered in the register maintained under section 189 of the Companies Act, 2013. The aggregate maximum amount outstanding during the year was Rs. 2022.25 Lakhs and the aggregate year-end balance of such loans amounted to Rs. 1978.64 Lakhs.
  - In respect of the unsecured loans granted by the Holding Company, there are no stipulations for the repayment

- of principal and the interest thereon. Therefore, we are unable to comment on the regularity of receipt of the principal amount and interest thereon.
- b. No principal or interest can be termed as overdue in the absence of terms of repayment and thus we are unable to comment on the steps taken by the Holding Company for recovery of principal and interest thereon.
- In our opinion and according to the information and explanations given to us, the internal control system in the Holding Company is inadequate considering the size of the company and the nature of its business with regard to purchase of inventories and for the sale of goods and services. Further, there is a continuing failure to correct major weakness in internal control systems of the Holding Company in the areas of debtors, valuation of work in progress and accounting for direct and indirect taxes including statutory compliances (Refer paragraph 4 of Basis for Qualified Opinion above). However, according to the information and explanations obtained by the auditors of the subsidiary companies incorporated in India, there is an adequate internal control system in all the subsidiary companies commensurate with the respective size of each company and the nature of their business with regard to purchase of fixed assets and for rendering of services. The activities of subsidiary companies do not involve purchase of inventory and the sale of goods. During the course of audit by the statutory auditors of the subsidiary companies incorporated in India, no major weakness in the internal control system in any of these companies has been observed.
- (v) As per the explanations given to us and the other auditors, the Holding Company and its subsidiary companies incorporated in India have not acceptedany deposits from the public in accordance with the provisions of Sections 73 to 76 of the Act and the rules framed thereunder. Accordingly, the provisions stated in paragraph 3 (v) of the Order is not applicable to the Group.
- (vi) The cost accounts and records of the Holding Company were not made available to us. Hence, we are unable to comment on the maintenance of cost records as specified by the Central Government under Section 148(1) of the Companies Act, 2013. However, in case of subsidiary companies incorporated in India, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Companies Act, 2013 for the services of these companies.
- (vii) a) According to the information and explanations given to us and the other auditors and on the basis of our examination of the records of the Holding Company and subsidiary companies incorporated in India, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax/ Value Added Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and other material statutory dues have generally been regularly deposited during the year by the subsidiary companies with the appropriate authorities. However the Holding Company is irregular in depositing undisputed statutory dues applicable to it with the appropriate authorities during the year.

Further, in the case of Holding Company, Tax Deducted at Source (TDS) amounting to Rs. 21.94 Lakhs and

Service Tax amounting to Rs.42.31 Lakhs are in arrears as at March 31, 2015 for a period of more than six months from the date they became payable. In the case of subsidiary companies incorporated in India, no undisputed amounts payable were in arrears as at March 31, 2015 for a period of more than six months from the date they became payable.

b) According to the information and explanations given to us and the other auditors, there are no dues of Income Tax, Sales Tax/ Value Added Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and cess as at 31 March, 2015 which have not been deposited by the subsidiary companies incorporated in India, with the appropriate authorities on account of any dispute. However, dues that have not been deposited by the Holding Company on account of disputes are:

Name of the Statute	Nature of Dues	Period to which it relates	Amount under dispute (Rs. in Lakhs)	paid under protest	Forum where the dispute is pending
Customs Act, 1962	Custom Duty	F.Y. 2007-08	622.67	-	CESTAT
Finance Act, 1994	Service Tax	F.Y. 2005-06 to F.Y. 2009-10	317	10	CESTAT
Central Excise Act, 1944	Excise Duty	F.Y. 2012-2013	23.73	-	CESTAT
Central Excise Act, 1944	Excise Duty	F.Y. 2013-14 to F.Y. 2014-15	57.50	-	Adjudicating Authority
Central Excise Act, 1944	Excise Duty	F.Y. 2008-09 to F.Y. 2011-12	80.24	-	CESTAT
Finance Act, 1994	Service Tax	F.Y. 2008-09 to F.Y. 2012-13	124.37	-	CESTAT
Sales Tax	Sales Tax	F.Y. 2007-08 to F.Y. 2009-10	55.00	-	Adjudicating Authority

- c) There are no amounts required to be transferred by the Group to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.
- (viii) The Group does not have consolidated accumulated losses at the end of the financial year. The Group has incurred cash

losses on a consolidated basis during the financial year covered by our audit. However it had not incurred any cash losses on a consolidated basis in the immediately preceding financial year.

- (ix) In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, the Group has not defaulted during the year in repayment of dues to financial institutions or banks. The Group did not have any outstanding debentures during the year.
- (x) According to the information and explanations given to us and the other auditors, the subsidiary companies incorporated in India have not given any guarantee for loans taken by others from banks or financial institutions during the year. Further, in our opinion, the terms and conditions of the guarantee given by the Holding Company for loan taken by its subsidiary from bank is not, prima facie, prejudicial to the interest of the Holding Company. (Refer Note No. 29B on guarantee given to bank by parent on behalf of subsidiary).
- (xi) According to the information and explanations given to us and the other auditors, the subsidiary companies incorporated in India have not obtained any term loans during the year. Further, in our opinion, the Term Loan of Rs. 800 Lakhs raised by the Holding Company during the period under audit, has on an overall basis, been applied for the purposes for which the said loans were obtained.
- (xii) To the best of our knowledge and according to the information and explanations given to us and the other auditors, no material fraud on or by the Holding Company and its subsidiary companies incorporated in India has been noticed or reported during the year, except for a fraud on one of the subsidiaries amounting to Rs. 11.36 Lakhs, committed by its employees in the HR department in the form of dubious recruitment commission. The said amount has been fully recovered and the employees have been removed from employment.

For Haresh Upendra & Co. Chartered Accountants Firm Reg. No.: 103513W

Haresh B. Shah

Partner Membership No.: 32208

Pune, August 14, 2015

# Consolidated Balance Sheet as at March 31, 2015

(Rs. in Lakhs)

Particulars	Note No.	As at March 31, 2015	As at March 31, 2014
EQUITYAND LIABILITIES			
Shareholders' Funds			
Share Capital	2	1246.54	1246.54
Reserves and Surplus	3	8658.32	9438.09
		9904.85	10684.63
Minority Interest		39.75	_
Non-Current Liabilities			
Long-Term Borrowings	4	2902.05	2542.65
Deferred Tax Liabilities (Net)	5	(12.82)	581.97
Other Long-Term Liabilities	6	849.03	848.03
Long-Term Provisions	7	208.38	144.48
		3946.65	4117.13
Current Liabilities			
Short-Term Borrowings	8	1562.84	2355.06
Trade Payables	9	872.42	687.47
Other Current Liabilities	10	1589.37	1241.30
Short-Term Provisions	11	319.11	198.39
		4343.74	4482.22
Total		18234.99	19283.98
ASSETS			
Non-Current Assets			
Goodwill on Consolidation	39	0.78	-
Fixed Assets	12		
Tangible Assets		12645.21	12028.76
Intangible Assets		116.00	-
Capital Work-In-Progress		195.23	476.18
		12956.44	12504.94
Non-Current Investments	13	-	0.57
Long Term Loans and Advances	14	138.82	718.74
Other Non-Current Assets	15	116.01	167.06
Current Assets			
Inventories	16	486.99	423.50
Trade Receivables	17	1615.98	2121.54
Cash and Bank Balances	18	585.49	1038.19
Short-Term Loans and Advances	19	2265.60	2250.76
Other Current Assets	20	68.88	58.67
		5022.94	5892.66
Total		18234.99	19283.98
Significant Accounting Policies	1		
Notes are an Integral part of the Consolidated Financia	al Statements 2 - 47		

As per our report of even date

For and on behalf of the Board of Directors

For Haresh Upendra & Co. Salil Taneja B. R. Taneja Chartered Accountants Chairman Director Firm Reg. No.: 103513W DIN: 00328668 DIN: 00328615 Haresh B. Shah Ajay Gupta Chetan Nathani Chief Financial Officer Company Secretary Membership No. 32208 Pune, August 14, 2015 Pune, August 14, 2015

# Consolidated Statement of Profit and Loss for the year ended March 31, 2015 (Rs. in Lakhs)

Particulars	Note No.	Year ended 31st March 2015	Year ended 31st March 2014
INCOME			
Revenue from Operations (Net)	21	7794.25	8227.52
Revenue from Trading Activities	22	353.27	_
Other Income	23	309.38	60.78
Total Revenue		8456.90	8288.30
EXPENSES			
Cost of Materials Consumed	24	550.97	1537.53
Purchase of Trading Goods		346.34	_
Changes in Inventory of Work-In-Progress	25	(7.00)	47.51
Operational and Other Expenses	26	3164.92	2108.20
Employee Benefits Expense	27	4392.30	3653.15
Finance Costs	28	754.05	558.17
Depreciation & Amortisation Expense	12	527.86	464.28
Total Expenses		9729.44	8368.83
Loss before Extraordinary Items and Tax		(1272.54)	(80.54)
Less: Prior Period Items		16.80	2.46
Less: Permanent Diminution in Investment in Associate	13	0.60	_
Loss before Tax		(1289.94)	(83.00)
Tax Expense:			, , ,
Current Tax		61.96	22.67
FBT for Earlier Year		0.42	_
Short Tax Provision for Earlier Years		7.89	_
Deferred Tax (Benefit)/ Expense	5	(30.41)	17.59
Total Tax (Benefit)/Expense		39.86	40.26
Deferred Tax Liability Written Back	5	(564.380	_
Loss after Tax but before Share in Loss of Associate and		(765.42)	(123.25)
Minority Interest			
Less: Share in Loss of Associate		-	0.05
Less: Minority Interest		7.54	<u> </u>
Loss for the Year		(772.96)	(123.30)
Profit/(Loss) from continuing operations before tax		(1,058.70)	(414.63)
Tax Expense		(556.07)	<u> </u>
Profit/(Loss) from continuing operations after tax		(502.63)	(414.63)
Profit/(Loss) from discontinuing operations before tax	38	(231.24)	331.63
Tax Expense	38	31.55	40.26
Profit/(Loss) from discontinuing operations after tax		(262.79)	291.38
Earnings per equity share (In Rs.) - Basic and Diluted (Face value of Rs. 5/- each)	30	(3.10)	(0.49)
Significant Accounting Policies	1		
Notes are an Integral part of the Consolidated Financial Statements	2 - 47		

As per our report of even date

For and on behalf of the Board of Directors

For Haresh Upendra & Co. Salil Taneja B. R. Taneja Chartered Accountants Chairman Director Firm Reg. No.: 103513W DIN: 00328668 DIN: 00328615 Haresh B. Shah Ajay Gupta Chetan Nathani Chief Financial Officer Company Secretary Membership No. 32208 Pune, August 14, 2015 Pune, August 14, 2015

# Consolidated Cash Flow Statement for the year ended March 31, 2015 (Rs. in Lakhs)

	Particulars		ended 31, 2015		ended 31, 2014
Α	CASH FLOW FROM OPERATING ACTIVITIES				
	Loss before extraordinary items and tax	(1272.54)		(80.53)	
	Adjustments for:				
	Depreciation & Amortisation Expense	527.86		464.28	
	Prior Period Items	(16.80)		(2.46)	
	Finance Costs	754.05		558.17	
	Interest Income	(195.38)		(39.01)	
	Operating Profit before Working Capital Changes	(202.80)		900.45	
	Adjustments for:				
	Trade and Other Receivables	308.03		(1459.56)	
	Inventories	(63.49)		153.14	
	Trade and Other Payables	151.38		860.80	
	Cash Generated from Operations	193.11		454.83	
	Income Tax Paid (Net of Refunds)	154.82		(65.38)	
	Net Cash Flow from Operating Activities		347.93		389.45
В	CASH FLOW FROM INVESTING ACTIVITIES				
	Purchase of Fixed Assets including Capital WIP	(377.68)		(985.50)	
	Amount infused by Minority Stakeholder in Subsidiary	65.06		-	
	Investment in Equity Shares	-		(0.57)	
	Minority Interest	(39.75)		-	
	Foreign Currency Translation Reserve	7.21		24.47	
	Net Cash Flow used in Investing Activities		(345.16)		(961.61)
C	CASH FLOW FROM FINANCING ACTIVITIES				
	Additions/ (Repayments) of Loans	(476.31)		1484.24	
	Interest Income	195.38		39.01	
	Finance Costs	(738.91)		(558.17)	
	Net Cash Flow (used in)/ from Financing Activities		(1019.84)		965.09
	Total Cash (Outflow)/ Inflow for the year		(1017.08)		392.93
	Deferred Tax Liability Written Back (Refer Note No. 5)		564.38		
	Net Increase/ (Decrease) in Cash and Cash Equivalents		(452.71)		392.93
	Cash and Cash Equivalents at the beginning of the year		1038.19		645.26
	Cash and Cash Equivalents at the end of the year		585.49		1038.19
	Net Increase/ (Decrease) in Cash and Cash Equivalents		(452.71)		392.93

#### Notes:

- 1 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.
- 2 Figures in bracket indicate Cash Outflow.
- 3 Cash and Cash Equivalents are Cash and Bank Balances as mentioned in Note No. 18.

As per our report of even date	For and on behalf of the Board of Directors			
For Haresh Upendra & Co. Chartered Accountants Firm Reg. No.: 103513W	<b>Salil Taneja</b> Chairman DIN: 00328668	B. R. Taneja Director DIN: 00328615		
Haresh B. Shah Partner Membership No. 32208	<b>Ajay Gupta</b> Chief Financial Officer	Chetan Nathani Company Secretary		
Pune, August 14, 2015	Pune, August 14, 2015			

#### Notes to Consolidated Financial Statement for the year ended March 31, 2015

#### 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 subsidiaries. The Company and its subsidiaries together constitute the Group. The consolidated financial statements have been prepared in compliance with the requirements under section 133 of the Companies Act, 2013 (to the extent notified), read with Rule 7 of the Companies (Accounts) Rules, 2014, and other generally accepted accounting principles (GAAP) in India, to the extent applicable, on the accrual basis of accounting, under the historical cost convention, except for certain fixed assets which are being carried at revalued amounts. GAAP comprises mandatory accounting standards as specified in the Companies (Accounting Standards) Rules, 2006.

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 companies used in consolidation are drawn up to the same reporting date as that of the Parent Company i.e. year ended March 31, 2015. 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 companies 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) Minority interest in the net income of consolidated subsidiaries for the reporting period has been identified and adjusted against the income of the group in order to arrive at the net income attributable to the group. Minority interest in the net assets of the consolidated subsidiaries have been identified and presented in the consolidated balance sheet separately from liabilities and equity of parent.
- c) In case of foreign subsidiaries, being non-integral foreign operations, income and expense items are consolidated at the average exchange rate prevailing during the period. Assets and liabilities are translated at the closing exchange rate prevailing at the end of the year. All resulting exchange differences arising on consolidation are recognised in the 'Foreign Currency Translation Reserve' under 'Reserves and Surplus'.
- d) 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.
- e) The difference between the cost of investment in the associate and the share of net assets at the time of acquisition of shares in the associate is recognised in the financial statements as Goodwill or Capital Reserve as the case may be.
- f) 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.
- g) The following subsidiary companies including indirect subsidiary companies have 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, 2015	Accounting Period	Audited/ Unaudited
1	TAAL Tech India Private Limited	Direct Subsidiary	India	85%	Apr14-Mar15	Audited
2	First Airways Inc.	Direct Subsidiary	USA	100%	Apr14-Mar15	Audited
3	Katra Auto Engineering Private Limited	Direct Subsidiary	India	100%	Apr14-Mar15	Audited
4	TAAL Enterprises Limited	Direct Subsidiary	India	100%	Jul14-Mar15	Audited
5	TAAL Technologies Inc.	Indirect Subsidiary	USA	100%	Apr14-Mar15	Audited
6	TAAL Tech Innovations Gmbh	Indirect Subsidiary	Austria	100%	Nov14-Mar15	Unaudited

h) An Associate 'TAAL Aero systems Private Limited' has not been considered in the preparation of consolidated financial statements.

#### Notes to Consolidated Financial Statement for the year ended March 31, 2015 (Contd.)

#### 1.3 Use of Estimates

The preparation of consolidated financial statements in conformity with Generally Accepted Accounting Principles (GAAP) in India requires 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 Classification of Assets and Liabilities

Schedule III to the Companies Act, 2013 requires assets and liabilities to be classified as either Current or Non-current.

- a) An asset is classified as current when it satisfies any of the following criteria:
  - (i) it is expected to be realised in, or is intended for sale or consumption in, the Group's normal operating cycle;
  - (ii) it is held primarily for the purpose of being traded;
  - (iii) it is expected to be realized within twelve months after the reporting date; or
  - (iv) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.
- b) All assets other than current assets are classified as non-current.
- c) A liability is classified as current when it satisfies any of the following criteria:
  - (i) it is expected to be settled in the Group's normal operating cycle;
  - (ii) it is held primarily for the purpose of being traded;
  - (iii) it is due to be settled within twelve months after the reporting date; or
  - (iv) the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.
- d) All liabilities other than current liabilities are classified as non-current.

#### 1.5 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.

#### 1.6 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 on project implementation including interest cost on funds deployed for the project are treated as incidental expenditure during construction 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) Considering the nature of business activity, Runway has been treated as Plant and Equipment and depreciation has been provided accordingly.
- e) Assets received on amalgamation are recorded at its fair value.

#### 1.7 Depreciation

#### **Parent Company**

Depreciation is provided on Straight Line Method for Building, Plant and Equipment and Computer Hardware and on Written Down Value Method on all other assets, based on useful life prescribed in Part C of Schedule II of the Companies Act, 2013. Based

#### Notes to Consolidated Financial Statement for the year ended March 31, 2015 (Contd.)

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				

#### TAAL Tech India Private Limited (Subsidiary Company)

Depreciation on tangible assets is provided on Written Down Value Method. The rate has been calculated based on the remaining useful life as per Schedule II of the Companies Act, 2013.

Intangible assets are amortised over a period of three financial years starting with the year in which these assets are procured.

#### 1.8 Impairment of Assets

At each Balance Sheet date, an assessment is done to determine whether there is any impairment of the Group's fixed assets based on internal/ external factors. Where there is an indication that an asset is impaired, the recoverable amount if any, is estimated and the impairment loss is recognised to the extent carrying amount of an asset exceeds its recoverable amount. 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.

#### 1.9 Inventories

- 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 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.

#### 1.10 Investments

- a) Investments that are readily realisable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as non-current investments.
- b) Current investments are stated at lower of cost and fair value determined on an individual investment basis.
- c) Non-current investments are stated at cost. A provision for diminution in the value of non-current investments is made only if such a decline is other than temporary in the opinion of the management. The determination for diminution is done separately for each individual investment.

#### 1.11 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.

#### 1.12 Aircraft Purchase Option

Aircraft purchase options are recorded at cost on the date of acquisition. Aircraft purchase option is amortised over its estimated useful life of 120 months or the legal life, whichever is lower with a mid quarter convention.

#### 1.13 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 occurance or non-occurance of future events not wholly within the control of the Group.
- c) When there is an obligation in respect of which the likelyhood of outflow of resources is remote, no provision or disclosure is made.

#### Notes to Consolidated Financial Statement for the year ended March 31, 2015 (Contd.)

Contingent Assets are neither recognised nor disclosed in the consolidated financial statements.

#### 1.14 Revenue Recognition

- a) 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.
- b) Rental Income from Hanger Utilisation is accounted based on agreement/ contract entered into with the third party.
- Charter Income from aircraft given on charter is booked on the basis of contracts with customers and actual flying hours of the aircraft.
- d) Training Fees received, being non-refundable, is accounted in the year of receipt.
- e) Revenue from Engineering Design Services is priced on time and material basis and is recognised when the services are rendered and related costs are incurred.
- 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 and rewards of ownership to the buyer. The amounts recognised as sale is exclusive of Sales Tax/VAT and are net of returns.
- h) Interest Income is recognised on time proportion basis taking into account the amount outstanding and the interest rate applicable.

#### 1.15 Leases

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.

#### 1.16 Borrowing 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 Consolidated Statement of Profit and Loss in the year in which they are incurred.

#### 1.17 Foreign Currency Transactions

- 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 foreign currency items such as investments are carried at cost.

#### 1.18 Employee Benefits

a) Defined Contribution Plan

The Parent Company and one of its Indian Subsidiary (TAAL Tech India Private Limited) make 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.

#### 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.

#### Notes to Consolidated Financial Statement for the year ended March 31, 2015 (Contd.)

#### 1.19 Provision for Taxation

Tax expense for the period, comprising Current Tax and Deferred Tax are included in the determination of the net profit or loss for the year.

Current Tax is determined on the basis of taxable income and tax credits computed for each of the entities in the 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 the difference between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws that have been enacted or substantively enacted as at the 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 each Subsidiary Company, as per their applicable laws and then aggregated.

#### 1.20 Segment Reporting

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', 'Charter Business', 'Trading of Electrical Goods' and 'Engineering Design Services'. The Group does not have any geographical segment.

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

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

#### 1.22 Earnings Per Share

The Basic and Diluted 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.

## Notes to Consolidated Financial Statement for the year ended March 31, 2015 (Contd.)

#### 2. SHARE CAPITAL (Rs. in Lakhs)

Particulars	As at March 31, 2015	As at March 31, 2014
Authorised Capital		
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
	2,500.00	2,500.00
Issued, Subscribed and Paid Up Capital		
2,49,30,736 (Previous Year 2,49,30,736) Equity Shares of Rs. 5/- each fully paid up	1,246.54	1,246.54

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

Particulars		As at March 31, 2015		at 1, 2014
	No. of shares	Rs. in Lakhs	No. of shares	Rs. in Lakhs
Equity Shares at the beginning of the year	2,49,30,736	1246.54	2,49,30,736	1246.54
Equity Shares issued during the year	-	-	-	-
Equity shares bought back during the year	-	-	-	-
Equity Shares outstanding at the end of the year	2,49,30,736	1246.54	2,49,30,736	1246.54

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

Name of the Shareholders	As at March 31, 2015		As at March 31, 2014	
	No. of shares	% holding	No. of shares	% holding
Indian Seamless Enterprises Limited  Vishkul Leather Garments Private Limited	1,09,64,620 16,89,179	43.98 6.78	1,09,64,620 16,89,179	43.98 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 31st March, 2015, the Parent Company has 15,000 Global Depository Receipt's (GDR's) outstanding for conversion into Equity Shares (equivalent to 30,000 Equity Shares).

#### Notes to Consolidated Financial Statement for the year ended March 31, 2015 (Contd.)

#### 3. RESERVES AND SURPLUS

(Rs. in Lakhs)

o. Industry as in a sort and		
Particulars	As at	As at
	March 31, 2015	March 31, 2014
Capital Reserve		
Balance as at the beginning of the year	5.80	5.80
Add: Reversal of Goodwill created on Acquisition of Associate	0.03	
Balance as at the end of the year	5.83	5.80
Securities Premium Account		
Balance as at the beginning of the year	6600.75	6600.75
Add: Premium on Equity Shares issued by Subsidiary	50.06	
Balance as at the end of the year	6650.81	6600.75
General Reserve		
Balance as at the beginning and as at the end of the year	1271.86	1271.86
Foreign Currency Translation Reserve		
Balance as at the beginning of the year	128.31	103.85
Add: Currency Translation Gain during the year	7.21	24.47
Balance as at the end of the year	135.53	128.31
Surplus in Statement of Profit and Loss		
Balance as at the beginning of the year	1431.37	1554.66
Less: Depreciation adjustment consequent to revision in useful	46.89	-
lives [Refer Significant Accounting Policies Note No. 1.7		
and Note No. 12]		
Add: Net Profit/(Loss) after tax transferred from Statement of	-772.96	-123.30
Profit and Loss	17.21	
Less: Transferred to Minority Interest	17.21	1421.27
Balance as at the end of the year	594.30	1431.37
	8658.32	9438.09

#### 4. LONG TERM BORROWINGS

(Rs. in Lakhs)

Particulars	As at	As at
	March 31, 2015	March 31, 2014
Secured Loans:		
Term Loan from Banks	3393.78	3077.87
Less: Current Maturities (Refer Note No. 10)	491.73_	535.22
	2902.05	2542.65

#### 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	575.82	689.62	384.01	1252.60

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

The Term Loan from Bank outstanding as on 31st March, 2015 amounting to Rs. 0.15 Crores (including Current Maturities of Long Term Borrowings) is secured by a first charge on assets created out of Term Loan – Building Rs. 4.60 Crores and Plant and Equipment Rs. 10.48 Crores of the Company and second charge on specific free hold lands to the extent of 26.87 acres and construction thereon of the Company at Belagondapalli Village, Thally Road, Denkanikottai Taluk, Krishnagiri District, Belagondapalli – 635114, Tamil Nadu.

The Term Loan from Bank outstanding as on 31st March, 2015 amounting to Rs. 18.44 Crores (including Current Maturities of Long Term Borrowings) is secured by a first charge on assignment of Hanger-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, 2015 amounting to Rs. 15.34 Crores (including Current Maturities of Long Term Borrowings) is secured by a first charge on assignment of Hanger-2 rental/receivables from lessee and specific free hold lands to the extent of 37.11 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.

## Notes to Consolidated Financial Statement for the year ended March 31, 2015 (Contd.)

#### 5. DEFERRED TAX LIABILITIES (NET)

(Rs. in Lakhs)

Particulars	As at March 31, 2015	As at March 31, 2014
Deferred Tax Liability: #		3.500.000 0 0, 2 0 0 1
Difference in net book value of fixed assets as per books and tax laws	-	581.97
Deferred Tax Asset *	12.82	
Net Deferred Tax Liability		581.97

During the year, the Parent Company has written back their deferred tax liability amounting to Rs. 564.38 Lakhs.

Deferred tax calculation of the Parent Company results into working of deferred tax assets as at 31st March, 2015. However as a matter of prudence, the Parent Company has not recognised deferred tax asset.

#### 6 OTHER LONG TERM LIABILITIES

(Rs. in Lakhs)

Particulars	As at	As at
	March 31, 2015	March 31, 2014
Deposit from Lessee	845.28	845.28
Deposit from Customers	3.75	2.75
	<u>849.03</u>	848.03

#### 7. LONG TERM PROVISIONS

(Rs. in Lakhs)

As at	As at
March 31, 2015	March 31, 2014
136.34	92.99
72.05	51.49
208.38	144.48
	136.34 72.05

#### 8. SHORT TERM BORROWINGS

(Rs. in Lakhs)

Particulars	As at	As at
	March 31, 2015	March 31, 2014
Secured Loans:		
Working Capital Borrowing from Banks	1469.56	1700.06
LC Payable for Capex	93.28	-
	1562.84	1700.06
Unsecured Loans:		- <del></del> -
Loans and Advances from Related Party	-	655.00
(Inter Corporate Deposit) (Refer Note No. 34)		
		655.00
	1562.84	2355.06

#### 8.1 Details of Securities and other terms

Working Capital Loan obtained by Parent Company from Banks amounting to Rs. 880.41 Lakhs is secured against hypothecation of Stocks and Book Debts on pari-passu basis and second charge on Fixed Assets.

Working Capital Loan obtained by TAAL Tech India Private Limited from Bank amounting to Rs. 589.15 Lakhs alongwith LC Payable for Capex amounting to Rs. 93.28 Lakhs is secured by equitable mortgage on the Freehold Land of Parent Company and exclusive charge on the entire Fixed Assets of the Company (both Present and Future). Further, the Working Capital Loan and LC obtained by TAAL Tech India Private Limited is guaranteed by the Parent Company.

<sup>\*</sup> Pertains to Subsidiary TAAL Tech India Private Limited.

## Notes to Consolidated Financial Statement for the year ended March 31, 2015 (Contd.)

#### 9. TRADE PAYABLES

(Rs. in Lakhs)

Particulars	As at March 31, 2015	As at March 31, 2014
Micro, Small and Medium Enterprises *	-	-
Other Trade Payables	872.42	687.47
	872.42	687.47

As informed to us by the Management, the Company owes no dues which are outstanding as at 31st March, 2015 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.

#### 10. OTHER CURRENT LIABILITIES

(Rs. in Lakhs)

Particulars	As at March 31, 2015	As at March 31, 2014
Current Maturities of Long Term Borrowings (Refer Note No. 4)	491.73	535.22
Advance from Customers	318.32	65.22
Statutory Liabilites *	181.28	247.06
Employee Related Liabilties #	395.02	150.32
Expenses Payable	158.36	49.04
Other Liabilities	44.65	194.44
	1589.37	1241.30

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

#### 11. SHORT TERM PROVISIONS

Particulars	As at March 31, 2015	As at March 31, 2014
Provision For Audit Fees	14.96	8.87
Provision For Taxes *	196.74	153.61
Provision For Expenses #	104.56	35.91
Provision for Employee Benefits (Refer Note No. 35)		
Leave Encashment	2.02	-
Gratuity	0.83	-
	319.11	198.39

<sup>\*</sup> Includes Provision for Income Tax Rs. 194.19 Lakhs (Previous Year Rs. 153.61 Lakhs).

<sup>#</sup> Including Rs. 57.78 Lakhs due to Whole Time Director's (Previous Year Rs. 8.40 Lakhs).

<sup>#</sup> Includes Provisions related to Travelling Expenses, Purchases, Onsite Expenses, Rent Escalation, etc.

## Notes to Consolidated Financial Statement for the year ended March 31, 2015 (Contd.)

12. FIXED ASSETS (Rs. in Lakhs)

	GR	OSS BLOC	K (AT CO	ST)	DEF	PRECIATI	ON /AMC	RTISAT	ION	NET	BLOCK
Description	As at April 01, 2014	Additions	Deduct ions	As at March 31, 2015	As at April 01, 2014	For The Year	Deduct- ions	Adjust ments*	As at March 31, 2015	As at March 31 2015	As at March 31, 2014
Tangible Assets:											
Freehold Land \$	6274.80	# 649.35	-	6924.14	-	-	-	-	-	6924.14	6274.80
Buildings	2351.24	38.21	-	2389.45	490.51	64.39	-	-	554.90	1834.5	1860.74
Plant and Equipment	6225.44	544.29	-	6769.73	2685.72	**256.60	-	1.99	2944.31	3825.42	3539.72
Office Equipment	192.88	1.02	-	193.90	124.41	17.90	-	42.00	184.31	9.59	68.46
Furniture and Fixtures	93.80	-	-	93.80	81.55	3.55	-	-	85.10	8.70	12.25
Computer - Hardware	142.24	21.99	-	164.24	47.97	81.37	-	1.25	130.59	33.65	94.27
Vehicles	41.14	4.01	-	45.15	29.99	4.21	-	1.66	35.85	9.30	11.15
Total (A)	15321.53	1258.87	-	16580.40	3460.15	428.01	-	46.89	3935.19	12645.2	11861.38
Intangible Assets:											
Softwares	301.74	48.46	-	350.20	134.36	99.85	-	-	234.20	116.00	167.38
Total (B)	301.74	48.46	-	350.20	134.36	99.85	-	-	234.20	116.00	167.38
Total (A+B)	15623.27	1307.33		16930.60	3594.51	527.86	-	46.89	4169.39	12761.2	12028.76
Previous Year	14213.14	1410.13	-	15623.27	3130.23	464.28	-	-	3594.51	12028.76	11082.91
CAPITAL WORK-IN-PROGRESS	(AT COST)								As at March 31,		As at rch 31, 2014
(a) Building				•						-	337.60
(b) Plant and Equipment										-	138.58
(c) SEZ Unit ^									195.	.23	-
Total									195.	.23	476.18

As per Schedule II of the Companies Act, 2013 written down value of Fixed Assets whose lives have expired as at 1st April 2014 amounting to Rs. 46.89 Lakhs have been adjusted against opening balance in Consolidated Statement of Profit and Loss. (Refer Note No. 3)

Pursuant to the enactment of the Companies Act, 2013, the Group has applied the estimated useful lives as specified in Schedule II, except in respect of certain assets as disclosed in Significant Accounting Policy on Depreciation. [Refer Note No. 1.7]

#### The Company has capitalised the following expenses during the year to New Project, in accordance with the accounting policy consistently followed:

(Rs. In Lakhs)

			( )
	Particulars	Year ended	Year ended
		March 31, 2015	March 31, 2014
a.	Personnel Expenses		
	i) Managing Director's Salary	-	17.03
	ii) Other Salary	1.85	24.03
b.	Travelling Expenses	0.69	1.73
c.	Interest	-	55.16
d.	Other Expenses	49.62	5.90
		52.16	103.86

#### 13. NON CURRENT INVESTMENTS

Particulars	As at	As at
	March 31, 2015	March 31, 2014
Unquoted, at cost fully paid up		
Investment in Equity Shares		
Associate Company		
(i) TAAL Aerosystems Private Limited *	0.57	0.75
7,500 Shares (Previous Year 7,500) of Rs. 10/- each		
Add: Share of post acquisition Reserves and Surplus	-	-0.13
Add: Share of current year loss	-	-0.05
Add: Reversal of Goodwill created on Acquisition of Associate	0.03	-
Less: Provision for Permanent Diminution	0.60	-
	-	0.57

<sup>\*</sup> TAAL Aerosystems Private Limited has applied for Dissolution on March 30, 2015. Hence, the same has been written off and the Parent Company's share in its loss for the year has not been considered in the Consolidated Financial Statements.

<sup>#</sup> Represents addition pursuant to acquisition of shares of Katra Auto Engineering Private Limited. (Refer Note No. 39)

<sup>\$</sup> The Gross Block of Freehold Land includes Rs. 4738.89 Lakhs (Previous Year Rs. 4738.89 Lakhs) on account of Revaluation.

<sup>\*\*</sup> Had the Group continued with the previously assessed useful lives in respect of Plant and Equipment, charges for depreciation for the year would have been higher by Rs. 64.54 Lakhs for assets held at 1st April, 2014.

<sup>^</sup> Includes Pre-Operative Revenue Expenditure amounting to Rs. 44.63 Lakhs.

# Notes to Consolidated Financial Statement for the year ended March 31, 2015 (Contd.)

## 14. LONG TERM LOANS AND ADVANCES

(Rs. in Lakhs)

Particulars	As at	As at
	March 31, 2015	March 31, 2014
Unsecured and Considered Good		
Security Deposits	138.82	73.24
Capital Advance to Subsidiary (Refer Note No. 39)	-	645.50
	138.82	718.74

#### 15. OTHER NON CURRENT ASSETS

(Rs. in Lakhs)

Particulars	As at March 31, 2015	As at March 31, 2014
Aircraft Purchase Option (Refer Note No. 33)	116.01	167.06
	116.01	167.06

#### 16. INVENTORIES (As taken, valued and certified by the Management)

(Rs. in Lakhs)

Particulars	As at	As at
	March 31, 2015	March 31, 2014
Raw Material and Components	183.24	126.75
Work-In-Progress	303.75	296.75
	486.99	423.50

For mode of valuation of each class of inventories, Refer Note No. 1.9

#### 17 TRADE RECEIVABLES

Particulars	As at March 31, 2015	As at March 31, 2014
Unsecured debts outstanding for a period exceeding six months		
(i) Considered good	304.20	483.22
(ii) Considered doubtful	198.09	2.98
	502.28	486.19
Less: Provision for doubtful debts	198.09	2.98
	304.20	483.22
Other unsecured debts (considered good)	1311.78	1638.32
	1615.98	2121.54

# Notes to Consolidated Financial Statement for the year ended March 31, 2015 (Contd.)

#### 18. CASH AND BANK BALANCES

(Rs. in Lakhs)

Particulars	As at March 31, 2015	As at March 31, 2014
Cash and cash equivalents		
Balance with banks in current accounts	374.13	344.21
Balance with banks in deposits (Less than 3 months maturity)	7.07	500.86
Cash on hand	1.14	3.34
Other bank balances		
Margin money deposits with banks (More than 3 months maturity)	203.15	189.78
	585.49	1038.19

#### 19. SHORT TERM LOANS AND ADVANCES

(Rs. in Lakhs)

Particulars	As at March 31, 2015	As at March 31, 2014
Unsecured and Considered Good		
Inter Corporate Deposits	173.60	1103.41
MAT Credit Entitlement #	134.69	134.69
Advance Income Tax	586.52	740.63
Service Tax Input Credit	69.71	20.84
Loans and Advances to Related Parties (Refer Note No. 34)	931.20	34.36
Advance to Suppliers	87.95	75.81
Prepaid Expenses	75.07	55.54
Sundry Deposits	46.42	27.39
Advance to Employees	152.15	42.27
Other Receivables	8.29	15.82
	2265.60	2250.76

<sup>#</sup> In the opinion of the management, based on the projected future taxable profits, the outstanding MAT Credit Entitlement of Rs. 134.69 Lakhs as at March 31, 2015 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.

#### 20. OTHER CURRENT ASSETS

Particulars	As at March 31, 2015	As at March 31, 2014
Accrued Income	10.54	2.49
Aircraft Purchase Option (Refer Note No. 33)	58.01	55.69
Unamortised Preliminary Expenses	0.33	0.50
	68.88	58.67

# Notes to Consolidated Financial Statement for the year ended March 31, 2015 (Contd.)

#### 21. REVENUE FROM OPERATIONS

(Rs. in Lakhs)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Sales – Aviation		
Gross Domestic Sales	540.35	832.47
Less: Excise Duty	26.36	31.45
Net Domestic Sales	513.99	801.02
Export Sales	5.95	484.14
Services – Aviation		
Domestic Conversion Charges	480.83	798.18
Export Conversion Charges	7.63	534.11
Charter Income *	717.16	794.47
Rental Services	1022.83	692.45
Training & Other Services	66.60	91.77
<b>Engineering Design Services</b>		
Export Services	4972.24	3999.23
Domestic Services	7.02	32.15
	7794.25	8227.52

<sup>\*</sup> This does not include use of Aircraft for Testing & Training purposes and use by Management for Business Travel.

#### 22. REVENUE FROM TRADING ACTIVITIES

(Rs. in Lakhs)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Sale of Trading Goods (Refer Note No. 40)	346.34	-
Sale Commission on Trading Goods	6.93	
	353.27	-

#### 23. OTHERINCOME (Rs. in Lakhs)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Interest Income		
From ICD's	128.46	12.82
From Banks	17.54	24.98
From Others *	49.37	1.21
Miscellaneous Income #	29.79	14.81
Sundry Creditors Written Back	84.22	6.96
	309.38	60.78

<sup>\*</sup> Includes Interest on Income Tax Refunds of Rs. 47.66 Lakhs (Previous Year Rs. Nil).

#### 24. COST OF MATERIAL CONSUMED

Particulars	Year ended	Year ended
	March 31, 2015	March 31, 2014
Opening Stock of Raw Material and Components	126.75	232.39
Add: Purchases during the year	607.46	1431.89
Less: Closing Stock of Raw Material and Components	183.24	126.75
Consumption of Raw Material and Components	550.97	1537.53

<sup>#</sup> Includes Agriculture Income of Rs 12.41 Lakhs (Previous Year Rs. 12.35 Lakhs).

# Notes to Consolidated Financial Statement for the year ended March 31, 2015 (Contd.)

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

Particulars	Percentage (%)		Value (Rs. in Lakhs)	
	Year ended	Year ended	Year ended	Year ended
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Imported *	19.04	37.14	104.92	571.11
Indigenous	80.96	62.86	446.05	966.42
	100	100	550.97	1537.53

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

24.2 CIF Value of Imports of Raw Material, Spares, etc. for the year (Rs. in Lakhs)

104.92

## 25. CHANGES IN INVENTORY OF WORK-IN-PROGRESS

(Rs. in Lakhs)

571.11

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Closing Stock of Work-In-Progress	303.75 303.75	<u>296.75</u> 296.75
Opening Stock of Work-In-Progress	<u>296.75</u> 296.75	<u>344.25</u> 344.25
(Increase) / Decrease in Inventory	(7.00)	47.51

#### 26. OPERATIONAL AND OTHER EXPENSES

(Rs. in Lakhs)

Particulars	Year ended	Year ended
	March 31, 2015	March 31, 2014
Charter Expenses:		
Aircraft Fuel Charges	139.30	152.50
Aircraft Lease Rent ^	399.71	344.14
Aircraft Repairs and Maintenance	240.02	50.93
Rent - Flight Parking & Equipment	23.16	15.84
Other Aircraft Operating Expenses	95.13	75.85
Amortisation of Aircraft Purchase Option	56.64	53.05
Power & Fuel Expenses	131.23	112.64
Hardware and Software Hire & Maintenance Charges	84.00	48.09
Repairs and Maintenance Plant & Equipment	31.87	15.55
Repairs and Maintenance Building	1.49	11.86
Repairs and Maintenance Others	22.23	61.77
Selling Expenses	65.91	85.54
Rent	147.04	103.22
Educational Program Expenses	1.81	1.93
Rates & Taxes	66.20	22.00
Insurance	45.61	28.42
Traveling & Conveyance	710.11	512.63
Communication Expenses	61.18	44.98
Provision for Bad Debts	195.11	-
Directors' Sitting Fees	6.93	3.90
Office & Other Administrative Expenses *	186.82	232.67
Legal, Professional & Consultancy Charges	234.59	112.45
Bad Debts Written Off	166.78	47.33
Exchange Fluctuation Loss / (Gain) [Net]	35.51	-38.73
(Other than considered as Finance Cost)		
Preliminary Expenses Written Off	0.17	0.17
Auditors Remuneration #	16.38	9.47
	3164.92	2108.20

<sup>^</sup> Aircraft Lease Rent

During the year 2007-08, Company acquired an Aircraft on operating lease from an overseas lease finance company for a period of 120 months.

The payments under lease for the future period are:

Particulars	Amount in US \$	Equivalent in Rs. In Lakhs
Less than One Year	4.85	303.55
More than 1 Year and less than 5 Years	8.92	558.22
	13.77	861.77

Note: In addition to the future fixed lease rentals mentioned above, variable component linked to LIBOR plus 2.50% p.a. is also payable on monthly basis.

\* Includes Printing & Stationery Expenses, Security Charges, Agriculture Expenses, Visa and Work Permit Expenses & Miscellaneous Expenses.

(Rs. in Lakhs)

# Auditors Remuneration :	Year ended March 31, 2015	Year ended March 31, 2014
Audit Fees	12.52	6.19
Tax Audit Fees	2.00	1.75
Fees for Other Services	1.50	1.05
Out of Pocket Expenses/Travelling	0.36	0.23
Cost Audit Fees		0.25
	<u>16.38</u>	9.47

## 27. EMPLOYEE BENEFITS EXPENSE

(Rs. in Lakhs)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Salaries, Wages and Bonus	4104.17	3457.99
Contribution to Provident and Other Funds (Refer Note No. 35)	179.62	81.35
Staff Welfare Expenses	108.52	113.81
	4392.30	3653.15

#### 28. FINANCE COSTS

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Interest Expenses:		
Working Capital Loan	187.81	169.17
Term Loans	387.36	233.97
Inter Corporate Deposits (Refer Note No. 34)	48.90	115.21
	624.07	518.34
Less: Capitalised during the Year	-	55.16
	624.07	463.18
Other Finance Costs #	129.99	94.99
	754.05	558.17

<sup>#</sup> Includes Interest on Delayed Payment of Statutory Liabilities amounting to Rs. 43.07 Lakhs (Previous Year Rs. 10.20 Lakhs).

## Notes to Consolidated Financial Statement for the year ended March 31, 2015 (Contd.)

#### 29. A) Contingent Liabilities (to the extent not provided for):

(Rs. in Lakhs)

		Particulars	As at March 31, 2015	As at March 31, 2014
(a)	Clair	ns against the Group not acknowledged as debts:		, .
	(i)	Custom Duty	622.67	622.67
	(ii)	Service Tax	441.37	441.37
	(iii)	Excise Duty	161.47	103.97
	(iv)	Sales Tax	55.00	78.00
	(v)	Income Tax	22.74	-

Future Cash Outflows in respect of the above, if any, is determined only on receipt of judgement/decisions pending with relevant authorities. The Group does not expect the outcome of matters stated above to have a material adverse effect on the Group's financial condition, result of operations or cash flows.

(b) In addition, the Group is subject to other legal proceedings in respect of other matters arisen in the ordinary course of business. The management is of the opinion that the ultimate liability in respect of these litigations shall not have any material adverse effect on the Group's operation and financial position.

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

(Rs. in Lakhs)

Particulars		As at March 31, 2014
w project	-	83.00
	291.60	-
	1198.71	1097.56
	229.80	918.80
ulfilled	681.70	660.70
behalf of Subsidiary	760.00	-
	w project ulfilled n behalf of Subsidiary	291.60 1198.71 229.80 ulfilled 681.70

#### 30 Earnings Per Equity Share:

(Rs. in Lakhs)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Loss after tax available for Equity Shareholders	(772.96)	(123.30)
Adjusted Weighted Average number of Equity Shares of nominal value of Rs. 5 each	2,49,30,376	2,49,30,376
Computation of EPS - Basic* (in Rs.)	(3.10)	(0.49)

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

#### 31 Earnings in Foreign Currency

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Export of Goods	5.95	484.14
Export of Services	4979.87	4530.71
Other Receipts	2.34	-
	4988.17	5014.85

#### 32 Expenditure in Foreign Currency

(Rs. in Lakhs)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Parts and Components	117.60	615.34
Travelling Expenses	103.16	236.39
Aircraft Repairs and Maintenance	237.70	-
Work Permit Fees	63.07	108.16
Aircraft Lease Rent	399.71	307.98
Onsite Expenses	1681.80	1306.23
Subscription Fees	9.37	139.06
Labour Charges	-	9.15
Sales Commission	-	8.20
Other	31.39	0.08
	2643.78	2730.59

Note: Does not include expenditure incurred by foreign subsidiaries in the currency of their country of incorporation.

#### 33 Aircraft Purchase Option

In December 2007 First Airways Inc. (a wholly owned subsidiary of TAAL) purchased an "Aircraft Purchase Option" vide option agreement ("agreement") for Cessna Aircraft 525A; Serial Number 525A - 0373 from Cessna Finance Corporation (CFC). The said aircraft is leased to TAAL (the Parent Company) vide aircraft lease No 01-0043297-0010559 -01 ("Aircraft Lease") dated December 11, 2007, for a term of 120 months.

As per the agreement, First Airways Inc. has an option to purchase the Cessna Aircraft subject to aircraft lease on any monthly lease rental payment date or on the last day of the term of the lease. In the event this option is exercised, First Airways Inc. shall, on or before the date of purchase, pay CFC the Stipulated Loss Value of the aircraft plus all other sums then due under the aircraft lease or under any other agreements, which will be considered as the "Purchase Option Price".

As per the agreement, the Stipulated Loss Value at the end of 120 month lease term is US \$ 12,79,929. First Airways Inc. is estimating use of the Aircraft Purchase Option at the end of the 120 month lease term with mid-quarter convention. The Aircraft was put to use on February 20, 2008. The same has been disclosed in its balance sheet as follows:

Particulars	As at March 31, 2015		As at Marc	eh 31, 2014
	US \$ in Lakhs	US \$ in Lakhs Rs. In Lakhs		Rs. In Lakhs
Aircraft Purchase Option	9.27	580.05	9.27	556.88
Less: Accumulated Amortization	-7.41	-464.04	-6.49	-389.81
Aircraft Purchase Option - Non Current Portion	1.85	116.01	2.78	167.06
Add: Aircraft Purchase Option - Current Portion	0.93	58.01	0.93	55.69
Aircraft Purchase Option	2.78	174.01	3.71	222.75

Since, the payment for Aircraft Purchase Option is a sunk cost and non refundable irrespective of whether the option is exercised or not, in preparation of consolidated financial statements of TAAL, the entire payment of around Rs. 1,74,01,432 (US \$ 2,78,019) for Aircraft Purchase Option (Current as well as Non Current Portion) has been considered as "Deferred Revenue Expenditure" to be written off over the remaining lease period.

Further, based on the legal opinion obtained by the Parent Company, the lease transaction has been accounted by the Parent Company as an "Operating Lease". The monthly operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight line basis over the lease term. The same is grouped under the head of 'Charter Expenses'.

# Notes to Consolidated Financial Statement for the year ended March 31, 2015 (Contd.)

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

Relationship	Name of the Related Party					
a. Associate Companies	ISMT Limited					
	LightO Technologies Private Limited					
	Indian Seamless Enterprises Limited					
	TAAL Aerosystems Private Limited ^					
b. Key Management Personnel	Mr. Salil Taneja (Whole Time Director of Parent Company) \$					
	Mr. S M Kapoor (Managing Director of Parent Company) %					
	Mr. C S Kameswaran (Non Executive Director of Parent Company) ^^					
	Mr. Prakash Saralaya (Whole Time Director of TAAL Tech India Private Limited)					

<sup>^</sup> Applied for Dissolution on March 30th, 2015.

#### Transactions/ Balances with Related Parties:

(Rs. in Lakhs)

Particulars	Associates	Key Management Personnel
Investment in Equity of Subsidiary Company	-	65.06
	(-)	(-)
Inter-Corporate Deposit Received during the year	2216.81	-
	(656.42)	(-)
Inter-Corporate Deposit Given during the year	1410.15	-
	(60.00)	(-)
Aircraft Hiring Charges	-	=
	(240.00)	(-)
Sale of Trading Goods	346.34	-
	(-)	(-)
Sale Commission on Trading Goods	6.93	-
	(-)	(-)
Sale of Goods	42.53	-
	(20.40)	(-)
Directors' Sitting Fees	-	0.40
	(-)	(0.40)
Interest Paid	46.38	-
	(115.21)	(-)
Interest Income	22.77	<del>-</del>
	(-)	(-)
Loan Received during the year	<del>.</del> .	-
	(-)	(15.00)
Managerial Remuneration #	<del>.</del> .	172.43
	(-)	(85.52)
Remuneration to Non Executive Director #	<u></u>	3.00
	(-)	(-)
Balance Payable as at year end	- (242.54)	57.78
	(843.51)	(8.40)
Balance Receivable as at year end	1187.51	-
	(34.36)	(-)

(Figures in brackets relate to previous year)

<sup>\$</sup> Appointed as a Whole Time Director w.e.f. December 1st, 2014 for a period of two years upto November 30th, 2016.

<sup>%</sup> Appointed as a Managing Director w.e.f. December 1st, 2014 for a period of two years upto November 30th, 2016. The said Managing Director resigned on April 1st, 2015.

<sup>^^</sup> Managing Director upto November 30th, 2014. Non Executive Director from December 1st, 2014.

# Excludes contribution to Gratuity Fund and Provision for Leave Encashment as separate figures are not ascertainable for the Managerial Personnel.

Note: No amounts pertaining to related parties have been provided for as doubtful debts. Also, no amounts have been written off or written back during the year.

35 The Accounting Standard 15 (Revised 2005) on "Employee Benefits" has been adopted by TAAL (Parent Company) and its subsidiary 'TAAL Tech India Private Limited'.

#### a. Defined Contribution Plan:

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

(Rs. in Lakhs)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Employer's Contribution to Provident Fund, Family Pension Fund and Other Funds	111.33	90.38

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

I. Changes in present value of Defined Benefit Obligations:

(Rs. in Lakhs)

Particulars	Year ended	Year ended
	March 31, 2015	March 31, 2014
Gratuity (Funded)		
Present Value of Obligations as at 1st April, 2014 (1st April, 2013)	106.26	91.37
Current Service Cost	29.80	19.18
Interest Cost	9.01	7.46
Past Service Cost	-	-
Actuarial (Gain)/Loss	13.07	-11.03
Benefits Paid	-16.61	-0.72
Present Value of Obligations as at 31st March, 2015 (31st March, 2014)	141.53	106.26
Leave Encashment (Non Funded)		
Present Value of Obligations as at 1st April, 2014 (1st April, 2013)	51.49	46.00
Current Service Cost	19.38	14.50
Interest Cost	4.18	3.35
Past Service Cost	-	-
Actuarial (Gain)/Loss	11.24	-1.95
Benefits Paid	-12.21	-10.40
Present Value of Obligations as at 31st March, 2015 (31st March, 2014)	74.07	51.49

II. Changes in fair value of plan assets: The Group has not made any investment in plan assets and therefore, there are no changes in fair value and returns thereon.

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

Particulars	Gratuity (Funded)		Leave Encashment (Non Funded)		
	As at As at March 31, 2015 March 31, 2014		As at March 31, 2015	As at March 31, 2014	
Present Value of Obligation as at 31st March, 2015 (31st March, 2014)	141.53	106.26	74.07	51.49	
Less: Funded with LIC	4.36	13.27	-	-	
Net Liability	137.17	92.99	74.07	51.49	

# Notes to Consolidated Financial Statement for the year ended March 31, 2015 (Contd.)

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

(Rs. in Lakhs)

Particulars	Gratuity (Funded)		Leave End (Non F	
	As at As at March 31, 2015 March 31, 2014		As at March 31, 2015	As at March 31, 2014
Current Service Cost	29.80	19.18	22.25	14.50
Interest Cost	9.01	7.46	9.73	3.35
Past Service Cost	-	-	-	-
Actuarial (Gain)/Loss	13.07	-11.03	0.86	-1.95
Expenses recognised in the Statement of Profit and Loss	51.88	15.61	32.83	15.89

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

Particulars	Gratuity (Funded)		Leave End (Non F	
	As at As at		As at	As at
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Discount Rate	7.80%	8.20%	7.80% - 9.20%	8.20% - 9.20%
Salary Escalation Rate	5%-10%	8.00% - 12.46%	5%-10%	8.00% - 12.46%

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 acturial valuation, takes into account the inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

36 Segment Reporting (Rs. in Lakhs)

	Particulars	Aviation	Charter	Trading of	Engg	Total	Aviation	Engg Design	Total
			Business *	Electrical	Design	2014-15		Service	2013-14
				Goods ^	Service				
a.	Segment Revenue								
	Segmental Revenue from :								
	External Sales and Services	2097.82	717.16	353.27	4979.26	8147.51	4196.14	4031.38	8227.52
	Unallocable Revenue					309.38			60.79
	Total Revenue	2097.82	717.16	353.27	4979.26	8456.90	4196.14	4031.38	8288.31
b.	Segment Result								
	Operating Profit/(Loss)	-634.18	-392.98	6.93	192.37	-827.87	30.23	386.62	416.85
	Add: Unallocable Revenue					309.38			60.79
	Less: Finance Costs					754.05			558.17
	Less: Extraordinary Items					17.40			2.46
	Loss before Tax					-1289.94			-83.00
	Less: Tax (Benefit)/ Expense					39.86			40.26
	Add: Deferred Tax Liability					564.38			-
	Written Back								
	Loss after Tax					-765.42			-123.26
c.	Other Information								
	Segment Assets	13107.31	919.00	265.11	1907.34	16198.76	15194.41	1342.07	16536.48
	Unallocable Assets					2036.23			2747.50
	Total Assets					18234.99			19283.98
	Segment Liabilities	1920.95	194.98	276.51	790.91	3183.35	1775.89	466.44	2242.33
	Unallocable Liabilities					5146.79			6357.02
	Total Liabilities					8330.14			8599.35
	Capital Employed					9904.85			10684.62
d.	Cost Incurred for Acquiring								
	Assets	1239.33	0.31	-	67.69	1307.33	1211.25	198.89	1410.13
	Segment Depreciation	341.32	4.61	-	181.92	527.86	342.12	122.16	464.28

- \* The Group has identified Charter Business as its business segment w.e.f. the current financial year. Hence, comparative figures for the previous period for Charter Business is not reported.
- ^ Trading of Electrical Goods represents new business started by the Parent Company during the year (Refer Note No. 40). Hence, comparative figures for the previous period for Trading of Electrical Goods is not reported.

As per Accounting Standard 17, the Group has four segments viz "Aviation, Charter Business, Trading of Electrical Goods and Engineering Design Service".

- (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.
- The Group does not enter into any forward foreign exchange contracts.

  Foreign currency exposure not hedged as at March 31, 2015 are as under:

Particulars	As at March 31, 2015 (in Lakhs)		As at Marci (in La	· · · · · · · · · · · · · · · · · · ·
	Foreign Currency	INR	Foreign Currency	INR
Expenses Payable				
USD	0.64	39.79	0.56	33.37
EUR	0.40	30.46	0.60	49.88
NOK	-	-	0.01	0.10
Lease Rent Payable				
USD	1.29	80.66	1.72	103.10
		150.91		186.45
Receivable (Trade & Non-Trade)				
USD	11.03	686.60	10.22	614.03
EUR	2.13	143.96	1.36	111.97
NOK	9.61	79.38	19.19	192.83
CAD	-		0.11	5.89
		909.95		924.72

The Board of Directors of the Parent Company have in their meeting held on October 9, 2014, approved the Scheme of Arrangement ("Scheme") under the Companies Act, 1956/ 2013 between Taneja Aerospace and Aviation Limited ('TAAL') and its wholly owned subsidiary TAAL Enterprises Limited ('TEL'), where the Charter Business including investment in First Airways Inc, USA (Wholly Owned Subsidiary) and Engineering Design Services Business conducted through TAAL Tech India Private Limited (Subsidiary) would be demerged into TEL with appointed date as October 1, 2014. The excess of book value of assets over the book value of liabilities to be transferred will be adjusted against Securities Premium Account (amounting to Reduction in Share Capital) as approved by the shareholders at the Extra Ordinary General Meeting held on April 15, 2015.

Pursuant to the Demerger, shareholders of the Parent Company will get 1 fully paid up Equity Share of Rs. 10 each of TEL for every 8 fully paid up Equity Share of Rs. 5 each held in the Parent Company.

After clearance of the draft Scheme by the shareholders and various regulatory authorities, the Parent Company's petition was admitted by the Hon'ble Madras High Court on April 29, 2015 and order sanctioning the Scheme has been received on July 23, 2015.

Effect of the Scheme will be given upon filing the aforesaid copy of the Scheme to the concerned Registrar of Companies and the Scheme becoming effective (Effective Date).

## Notes to Consolidated Financial Statement for the year ended March 31, 2015 (Contd.)

In accordance with Accounting Standard 24, "Discontinuing Operations", the financial results of the Air Charter Business and Engineering Design Services Business (discontinuing operations) from consolidated results perspective are as under:

### (As prepared and certified by the Management)

(125	Particulars  Particulars	Year en	ded March	rch 31, 2015 Year ended Marc			h 31, 2014
		Air	Engg.	Total	Air	Engg.	Total
		Charter	Design		Charter	Design	
a)	Statement of Profit and Loss						
	Revenue from Operations	713.26	4,979.26	5,692.53	802.58	4,031.38	4,833.97
	Other Income	3.37	48.32	51.70	3.51	41.87	45.38
	Total Revenue	716.64	5,027.59	5,744.22	806.09	4,073.26	4,879.35
	Cost of Material Consumed	28.27	-	28.27	2.47	-	2.47
	Employee Benefits Expense	94.00	3,299.95	3,393.95	82.38	2,566.51	2,648.89
	Finance Costs	10.97	59.60	70.57	4.02	32.37	36.39
	Depreciation & Amortisation	4.61	181.92	186.54	8.19	122.16	130.36
	Other Expenses	983.26	1,305.03	2,288.29	730.68	998.93	1,729.61
	<b>Total Expenses</b>	1121.11	4,846.50	5,967.61	827.74	3,719.97	4,547.71
	(Loss) / Profit from Discontinuing Operations before Extraordinary Items and Tax	-404.48	181.09	-223.39	-21.65	353.28	331.63
	Less: - Prior Period Items	-	7.85	7.85	-	-	-
	(Loss) / Profit from Discontinuing Operations before Tax	-404.48	173.24	-231.24	-21.65	353.28	331.63
	Less: - Tax Expenses	2.60	28.95	31.55	2.43	37.82	40.26
	Net (Loss) / Profit from Discontinuing	-407.07	144.29	-262.79	-24.08	315.46	291.38
	Operations after Tax						
b)	Carrying amount of Assets and Liabilities	942.38	2129.55	3071.93	1324.30	1343.88	2668.19
	Carrying amount of assets as at the balance sheet date relating to discontinuing business to be disposed off						
	Carrying amount of liabilities as at the balance sheet date relating to discontinuing business to be settled	194.69	1,463.08	1657.78	176.06	502.95	679.01
c)	Net Cash Flow Attributable to the 'Discontinuing Operations':						
	Cash flow from Operating activities	5.27	-300.93	-295.65	-61.82	268.03	206.21
	Cash flow from Investing activities	0.08	-225.26	-225.18	55.95	-198.68	-142.73
	Cash flow from Financing activities	-10.97	704.76	693.80	-4.02	-15.20	-19.22
	Net Cash Inflow / (Outflow)	-5.61	178.57	172.96	-9.89	54.15	44.26

<sup>39</sup> Katra Auto Engineering Private Limited purchased land for the Parent Company amounting to Rs. 649.35 Lakhs, out of interest free advance of Rs. 646 Lakhs (Upto Previous Year Rs. 645.50 Lakhs) provided by the Parent Company. As on 11th June, 2014, Katra Auto Engineering Private Limited has become 100% Subsidiary of the Company and has therefore been considered in the consolidated financial statements. The pre-acquisition losses of Katra Auto Engineering Private Limited has been accounted as Goodwill on Consolidation.

<sup>40</sup> In line with the objects of the Parent Company and as approved by the Board, the Parent Company has started during the current year trading in electrical goods.

41 Disclosure of additional information, as required under schedule III to the Companies Act, 2013 pertaining to the Parent Company and Subsidiaries:

(Rs. In Lakhs)

Name of the Company	Net Assets ( minus Total		Share in Profit or Loss		
	As % of Consolidated Net Assets	Net Assets	As % of Consolidated Profit or Loss	Profit/ (Loss)	
Parent Company					
Taneja Aerospace and Aviation Limited	95.42	9489.29	98.36	-752.87	
Indian Subsidiaries					
Direct Subsidiaries					
TAAL Tech India Private Limited	2.07	205.81	-4.10	31.38	
Katra Auto Engineering Private Limited	0.04	4.14	0.11	-0.81	
TAAL Enterprises Limited	0.04	4.14	0.11	-0.86	
Foreign Subsidiaries					
Direct Subsidiaries					
First Airways Inc	1.83	181.96	7.99	-61.17	
Indirect Subsidiaries					
TAAL Technologies Inc	0.43	42.35	-2.47	18.19	
TAAL Tech GMBH	0.17	16.88	-	-	
TOTAL	100	9944.61	100	-765.42	

Note: The above figures are stated at gross values after eliminating investment in subsidiaries but without eliminating intra group transactions and intra group balances as at 31st March, 2015.

- 42 The shareholders of the Parent Company had by way of postal ballot passed a resolution dated 5th August, 2013 approving the transfer of Assets and Liabilities of the Company's Engineering Design Services Division to its Subsidiary 'TAAL Tech India Private Limted', with effect from 1st August, 2013. Accordingly, related Assets and Liabilities were transferred at their book values.
- 43 The audited/unaudited financial statements of foreign subsidiaries have been prepared in accordance with the Generally Accepted Accounting Principle of its country of incorporation or International Financial Reporting Standards. The differences in accounting policies of the Parent Company and its subsidiaries/associates are not material.
- 44 The balances in Debtors and Creditors accounts are subject to confirmations and reconciliations if any.
- 45 Current Assets, Loans and Advances are of the value stated if realised in the ordinary course of business.
- 46 In the Opinion of the Board, adequate steps are taken to make sufficient provision for all liabilities.
- 47 Previous year figures have been regrouped and reclassified wherever necessary to conform to the current year classification.

As per our report of even date For and on behalf of the Board of Directors

For Haresh Upendra & Co.Salil TanejaB. R. TanejaChartered AccountantsChairmanDirectorFirm Reg. No.: 103513WDIN: 00328668DIN: 00328615

Haresh B. Shah
Partner
Ajay Gupta
Chetan Nathani
Chief Financial Officer
Company Secretary

Pune, August 14, 2015 Pune, August 14, 2015

Membership No. 32208

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#### 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)

Sr. 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 Shareholding *
1	TAAL Tech India Pvt. Ltd.	-	100.00	144.02	2105.90	1861.88	38.22	5027.58	54.77	23.40	31.38	NIL	85%
2	TAAL Technologies Inc.	US \$^	18.88	23.47	77.25	34.91	0.00	326.65	24.47	5.56	18.91		100%
3	Katra Auto Engineering Pvt. Ltd.	-	5.00	(1.59)	649.54	646.13	0.00	0.00	(0.81)	0.00	(0.81)		100%
4	TAAL Enterprises Ltd.	-	5.00	(0.86)	4.19	0.06	0.00	0.00	(0.86)	0.00	(0.86)		100%
5	First Airways Inc.	US \$^	477.50	(295.53)	181.96	0.00	0.00	0.00	(58.57)	2.60	(61.17)		100%

<sup>\*</sup> Representing Aggregate % of shares held by the Company and/ or its subsidiaries.

#### Notes

A Name of Subsidiaries which are yet to commence operations-

Sr. No.	Name of Subsidiary Company				
1	1 TAAL Enterprises Ltd.				
2	Katra Auto Engineering Pvt. Ltd.				

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

#### Part "B": Associates and Joint Ventures Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies

Nan	ne of Associate company	TAAL Aerosystems Pvt. Ltd.				
1.	Latest audited Balance Sheet Date	31.03.2014				
2.	Shares of Associate held by the Company on the year end-					
	No.	7,500				
	Amount of Investment in Associate	0.75				
	Extend of Holding %	30%				
3.	Description of how there is significant influence	Holding more than 20% of its share capital				
4.	Reason why the associate is not consolidated	TAAL Aerosystems Pvt. Ltd. had applied for dissolution on March 30, 2015 & ceased to be an Associate Company effective April 7, 2015				
5.	Networth attributable to Shareholding as per latest audited Balance Sheet	0.58				
6.	Profit/ Loss for the year-					
	i. Considered in Consolidation	-				
	ii. Not Considered in Consolidation	TAAL Aerosystems Pvt. Ltd. had applied for dissolution on March 30, 2015 & ceased to be an Associate Company effective April 7, 2015				
	1. Names of associate which has yet to commence operations.	TAAL Aerosystems Pvt. Ltd.				
	Names of associate which have been liquidated or sold during the year.	Nil				

Exchange rate as on March 31, 2015: 1US \$ = Rs.62.5908.

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

#### **NOTICE**

**NOTICE** is hereby given that the 26<sup>th</sup> Annual General Meeting of the Members of Taneja Aerospace and Aviation Limited will be held on Wednesday, September 30, 2015 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 to transact the following business:

#### **Ordinary Business:**

- 1. To receive, consider and adopt:
  - (a) the Audited Financial Statements of the Company for the Financial Year ended March 31, 2015 including the Audited Balance Sheet as at March 31, 2015 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and the Auditors thereon; and
  - (b) the Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2015 including the Audited Consolidated Balance Sheet as at March 31, 2015 and the Consolidated Statement of Profit and Loss for the year ended on that date and the Report of the Auditors thereon.
- 2. To appoint a Director in place of Mr. C. S. Kameswaran (DIN: 00553423), who retires by rotation and being eligible, offers himself for re-appointment.
- 3. To appoint Auditors and fix their remuneration and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 139, 140 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, M/s MZSK & Associates, Chartered Accountants (Firm Registration No. 105047W) be and are hereby appointed as Statutory Auditors of the Company, in place of M/s. Haresh Upendra & Co., the retiring Statutory Auditors, to hold office for a period of 1 (One) year from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting, on such remuneration as shall be fixed by the Board of Directors, plus service tax and such other 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 THAT pursuant to Section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') and Rules made thereunder, Mrs. Preeti Taneja (DIN: 07225304) who was appointed as an Additional Director of the Company by the Board of Directors with effect from August 14, 2015 and who holds office up to the date of this Annual General Meeting in terms of Section 161(1) of the Act and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing her candidature for the office of Director, be and is hereby appointed as a Non Executive Director (Non Independent) of the Company liable to retire by rotation."
- To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to Section 149, 152 and other applicable provisions, if any of the Companies Act, 2013 ('the Act') and Rules made thereunder read with Schedule IV to the Act, (including any statutory modification(s) or re-enactment thereof for the time being in force) Mr. R. Surie (DIN: 01081973), a Director of the Company who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company, to hold office until the conclusion of 27th Annual General Meeting of the Company and that he shall not be liable to retire by rotation."

By Order of the Board of Directors

Chetan Nathani

Pune, September 1, 2015

Company Secretary

Registered Office:

Belagondapalli Village, Thally Road, Denkanikottai Taluk, Krishnagiri District, Belagondapalli – 635 114, Tamil Nadu

#### **NOTES:**

- The information required to be provided under the Listing Agreement entered with the Stock Exchange, regarding the Directors who are proposed to be appointed, re-appointed and the relative Explanatory Statement and reasons for the proposed Special Business stated pursuant to Section 102 of the Companies Act, 2013 (Act) are annexed.
- 2. A Member entitled to attend and vote at the Meeting 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 Meeting.
- Corporate Members are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Meeting.
- 4. The Register of Members and Share Transfer Book of the Company will remain closed on September 30, 2015.
- 5. The Annual Report for FY 2014-'15 and Notice of Annual General Meeting (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 by the permitted mode.
  - Members may also note that the aforesaid Notice of AGM and the Annual Report will also be available for download on the Company's website www.taal.co.in.
- 6. In compliance with the provisions of Section 108 of the Act, read with Rules made thereunder and Clause 35B of the Listing Agreement, the Company is 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) Limited (CDSL). Please note that the voting through electronic means is optional for the Members.
- 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 27, 2015 (9.00 a.m. IST) and ends on September 29, 2015 (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 23, 2015, 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
  - (ii) Click on "Shareholders" tab.
  - (iii) Now Enter your User ID
    - a. For CDSL: 16 digits beneficiary ID,
    - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
    - 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 <u>www.evotingindia.com</u> 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 (PAN)	<ul> <li>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</li> <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 (As mentioned in the 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. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
Date of Birth (DOB) OR Dividend Bank Details	<ul> <li>Enter the Dividend Bank Details or DOB (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login.</li> <li>If both the details are not recorded with the depository or Company please enter the member id/folio number in the Dividend Bank details field as mentioned in instruction (iii).</li> </ul>

- (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. 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 the Electronic Voting Sequence Number ('EVSN') of Taneja Aerospace and Aviation Limited.
- (xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/ NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that 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" your vote on the 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 <a href="https://www.evotingindia.com">www.evotingindia.com</a> 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 <a href="https://helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a>.
  - 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 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 under help section or write an

- email to <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact CDSL at 18002005533 (toll free).
- 10. The Board of Directors have appointed Mr. T. G. Janakiraman, Practicing Company Secretary, to act as Scrutinizer to scrutinize voting at the AGM & remote e-voting process in a fair & transparent manner.
- 11. The Chairman shall, at the AGM, at the end of discussions on the resolutions on which voting is to be held, allow voting with the assistance of Scrutinizer by use of "Polling Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- 12. The Scrutinizer shall after the conclusion of voting at the AGM 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 www.taal.co.in and on the website of CDSL www.evotingindia.com. The results shall also be immediately forwarded to the BSE Limited.
- 14. The documents, if any, referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9.00 am to 5.00 pm) 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" to enable investors to register their complaints, if any.

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

#### Item No. 4:

The Board of Directors, upon the recommendation of the Nomination and Remuneration Committee, at its Meeting held on August 14, 2015 had appointed Mrs. Preeti Taneja as an Additional Director of the Company in the category of Non-executive (Non-Independent Director).

Pursuant to the provisions of Section 161 of the Companies Act, 2013(Act), Mrs. Preeti Taneja holds office upto the date of ensuing Annual General Meeting.

The Company has received from Mrs. Preeti Taneja:

- Consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014;
- (ii) Intimation in Form DIR- 8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014 to the effect that she is not disqualified under Section 164(2) of the Act.

The Company has received a notice in writing pursuant to provision of Section 160 of the Act and rules made thereunder, regarding candidature of Mrs. Preeti Taneja for the office of Director.

Accordingly, the Board recommends the resolution as set out in Item No. 4 for approval of the Shareholders of the Company.

Brief resume of Mrs. Preeti Taneja as stipulated in Clause 49 of the Listing Agreement is forming part of this Notice.

Except Mrs. Preeti Taneja, Mr. Salil Taneja and his relatives, none of the Directors, Key Managerial Personnel and their relatives are, in any way, concerned or interested financially or otherwise in the said resolution.

#### Item No. 5:

Mr. R. Surie is Director of the Company for last 18 years. As required by the Companies Act, 2013 (Act) the Board has proposed to appoint Mr. R. Surie as an Independent Director of the Company.

Mr. R. Surie meets the criteria of independence as provided under Section 149(6) of the Act and the Rules made thereunder and Clause 49 of the Listing Agreement executed with the Stock Exchange. Mr. R. Surie is not disqualified from being appointed as Director in terms of Section 164 of the Act. Mr. R. Surie has given

consent to act as such Director. In the opinion of the Board, he fulfills the conditions specified in the Act for appointment as Independent Director and is independent of the Management.

Accordingly, the Board of Directors at its meeting held on August 14, 2015, appointed him as Independent Director of the Company pursuant to Section 149 read with Schedule IV of the Act to hold office until the conclusion of 27th Annual General Meeting of the Company and that he shall not be liable to retire by rotation subject to approval of shareholders at the ensuing Annual General Meeting.

A notice in writing in the prescribed manner as required by Section 160 of the Act and Rules made thereunder has been received by the Company, regarding candidature of Mr. R Surie for the office of Director.

The terms and conditions of appointment of Independent Director will be open for inspection at the Registered Office of the Company by any member during normal business hours.

Accordingly, the Board recommends the resolution as set out in Item No. 5 of the Notice for approval of the Shareholders of the Company.

Brief resume of Mr. R. Surie as stipulated in Clause 49 of the Listing Agreement is forming part of this Notice.

Mr. R. Surie is interested in the resolution set out at item no. 5 of the Notice.

Except as mentioned above, none of the Directors, Key Managerial Personnel and their relatives are, in any way, concerned or interested financially or otherwise in the said resolution.

By Order of the Board of Directors

Chetan Nathani

Pune, September 1, 2015

Company Secretary

Registered Office:

Belagondapalli Village, Thally Road, Denkanikottai Taluk, Krishnagiri District, Belagondapalli – 635 114, Tamil Nadu

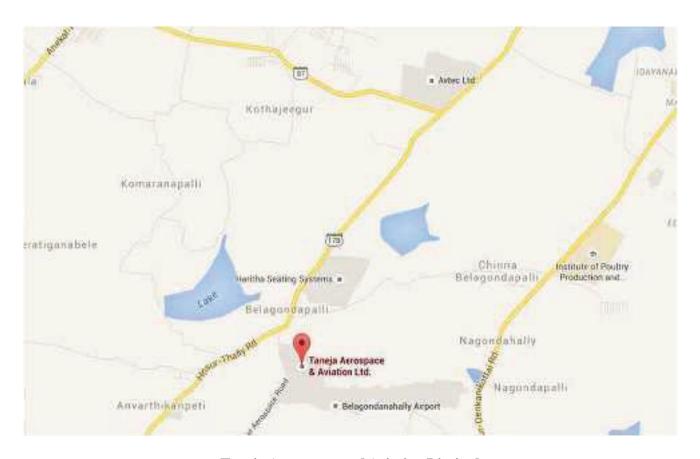
# DETAILED PROFILE OF THE DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT IS AS UNDER:

	R. Surie	C. S. Kameswaran	Preeti Taneja
Age	63 years	64 years	61 years
Qualification	B. Tech from IIT, Kanpur & Masters in Business Administration from Harvard School of Management, U.S.A	CA, Post Graduate in Business Administration	BA - Specialization in Psychology
Date of Appointment/ Re-appointment	July 12, 1997	January 28, 2004	August 14, 2015
Category	Non-Executive Director (Independent)	Non-Executive Director (Non-Independent)	Non-Executive Director (Non-Independent)
Experience & Expertise in specific functional Area	Consultancy & Aviation related business	Three decades of rich working experience in leading large and medium scale industries in various capacities covering the areas of Corporate Planning, Finance and Management.	Associated with Group CSR Activities & other social activities.
Relationship with other Directors, Key Managerial Personnels of the Company	None	None	Relative of Mr. Salil Taneja
Shareholding of Directors	1,67,094	Nil	Nil
Directorship held in other Companies	1. C.D. Aviation (India) Pvt. Ltd.	TAAL Tech India Pvt. Ltd.     TAAL Enterprises Ltd.	NA
	2. Hitech Graphics Pvt. Ltd.		
Member/ Chairman of Committees of other Companies	Nil	Nil	Nil

#### **IMPORTANT COMMUNICATION TO MEMBERS**

Pursuant to the provisions of the Companies Act, 2013, the 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 and avoid loss in postal transit. The members can also download these documents from the Company's website i.e. www.taal.co.in. To support this "Green Initiative" in full measure, members who have not registered/ updated their e-mail addresses so far, are requested to register/ update their e-mail addresses by sending e-mail to <a href="mailto:sharepro@shareproservices.com">sharepro@shareproservices.com</a> or <a href="mailto:sharepropune@vsnl.net">sharepropune@vsnl.net</a> with subject as 'E-mail for Green Initiative' mentioning their Folio No./ Client ID. Members holding shares in Demat form may register/ update their e-mail addresses with the Depository through their concerned Depository Participant(s).

#### ROUTE MAP FOR LOCATION OF VENUE OF THE AGM



#### Taneja Aerospace and Aviation Limited

Regd Office: Belagondapalli Village, Thally Road, Denkanikottai Taluk, Krishnagiri Dist. Belagondapalli – 635114, Tamil Nadu.

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

# 26th 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]

		the Con	npanies (Management and Administration) Rules, 2014	]				
Na	me of the	Member (s):						
Re	gistered ac	ldress:						
E-r	nail Id :							
Fol	lio No/ Cli	ient Id	DP ID					
T/337.	. 1 1	. Manufactura (a) 1, 111 a						
			hares of the above named Company, hereby appoint:					
(1)	_			Address				
	E-mail l	ID	Signature	or faili	ng him			
(2)	Name _		Address					
	E-mail l	D	Signature	or faili	ing him			
(3)	Name		Address					
			Signature					
of su	solution	tions as are indicated below:  Resolutions	giri District, Belagondapalli - 635114, Tamil Nadu and a		al – See Note 2)			
	No.			For	Against			
		Ordinary Business						
	1.	To receive, consider and ac						
		a) the Audited Financial St March 31, 2015 together						
			d Financial Statements of the Company for the Financial 2015 together with Report.					
	2.	Re-appointment of Mr. C. eligible, offers himself for						
	3.	Appointment of Statutory	**					
		Special Business						
	4.	Appointment of Mrs. Pree						
	5.	Appointment of Mr. R. Su	rie as an Independent Director.					
Sign	ed this	day of	2015.		Affix			
Sign	ature of S	hareholder :		Re 1/-				
Sign	ature of P	roxy holder(s) :		Revenue Stamp				

#### Note:

- 1. 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.
- 2. 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.
- 3. For the Resolutions, Explanatory Statements and Notes, please refer to the Notice of the 26th Annual General Meeting.
- 4. Please complete all details including details of Member(s) in above box before submission.

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

# 26th 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 reg	stered shareholder of th	ne Company.	
I hereby record my presence at the <b>ANNUAL</b> 2015 at the Registered Office of the Comp District, Belagondapalli - 635114, Tamil Nac	pany at Belagono			
			Member's/F	Proxy's Signature
Note: Please complete this and hand it ove	r at the entrance	of the hall.		
ELEC	TRONIC VO	ΓING PARTICULA	ARS	
Electronic Voting Sequence Numb	er (EVSN)	# DEFAULT PAN		

- # If you have not registered/ updated your PAN with the Company/ Depository Participant, please use the number mentioned in above column under PAN field to login for e-Voting.
- \* If you have already registered/ updated your PAN with the Company/ Depository Participant use the actual PAN issued by Income Tax department.

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