

# Taneja Aerospace and Aviation Limited

## CORPORATE GOVERNANCE REPORT

### COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company has a strong value system comprising of honesty, integrity, secularity and equal opportunity for all. The Company strives to provide its stakeholders with maximum information relating to the affairs of the Company with an attempt to bring about total transparency in its working. We believe that good governance is the corner stone of any successful organization and we continuously endeavor to improve our standards of governance.

### BOARD OF DIRECTORS

The Board consists of 5 Directors of which 2 Directors are independent as on March 31, 2019.

The composition of the Board, their attendance at the Board Meetings held during the year & at last Annual General Meeting, number of Directorships in other public companies & memberships in various committees across all public companies as on March 31, 2019 are as follows:

Name of the Director	Category	Financial Year 2018-19 Attendance at		No. of Directorships in other public companies <sup>^</sup>	Committee positions in other public companies <sup>\$</sup>	
		Board Meetings	Last AGM		Member	Chairman
Prahlada Ramarao <sup>1</sup>	Independent-NED	6	Yes	-	-	-
Salil Taneja <sup>2</sup>	Promoter-NED	5	Yes	1	-	-
Muralidhar Chitteti Reddy <sup>3</sup>	ED	6	Yes	-	-	-
Rahael Shobhana Joseph	Promoter-NED	4	No	1	2	-
Arvind Nanda <sup>4</sup>	Independent-NED	3	Yes	1	2	-

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

1. Appointed as the Chairman of the Board with effect from 01.10.2018
2. Resigned as Whole Time Director with effect from 01.10.2018;
3. Appointed as Whole Time Director designated as Managing Director w.e.f 01.10.2018;
4. Appointed as director w.e.f 14.08.2018;

<sup>^</sup> This does not include directorships in Private Limited Companies, Foreign Companies and Companies under Section 8 of the Companies Act, 2013 (Act).

<sup>\$</sup> This includes only Audit and Stakeholders Relationship Committees.

The names of the listed entities where the person is a director and the category of directorship is as under

Name of the Director	Name of the Listed entity	Category
Prahlada Ramarao	None	None
Salil Taneja	TAAL Enterprises Limited	Promoter-ED
Muralidhar Chitteti Reddy	None	None
Rahael Shobhana Joseph	TAAL Enterprises Limited	Promoter-NED
Arvind Nanda	TAAL Enterprises Limited	Independent-NED

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

Sr. No.	Date of Meeting
1.	April 16, 2018
2.	May 29, 2018
3.	August 14, 2018
4.	September 29, 2018
5.	November 14, 2018
6	February 09, 2019

As on March 31, 2019, the composition of the Board was in conformity with Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

#### APPOINTMENT/ RE-APPOINTMENT OF DIRECTORS

In terms of Articles of Association of the Company & the relevant provisions of the Companies Act, 2013 Mrs. Rahael Shobhana Joseph, Director of the Company retires by rotation at ensuing Annual General Meeting (AGM) and being eligible, offers herself for re-appointment.

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

#### AUDIT COMMITTEE

Audit Committee of the Board of Directors of the Company is mainly entrusted with the responsibility to supervise the Company's financial reporting process. The terms of reference of Audit Committee are in conformity with the provisions of Section 177 of the Act and the stipulations of Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Audit Committee, inter alia, performs the functions of reviewing annual/ quarterly financials, approval of related party transactions, recommending appointment of Auditors and their remuneration, Review of the Management Discussions & Analysis, Internal Audit Reports.

The composition of the Audit Committee & attendance of member is as follows:

Name of Director	Chairman/ Member	No. of Meetings Attended
Muralidhar Chitteti Reddy <sup>1</sup>	Chairman	3
Prahlada Ramarao	Member	5
Rahael Shobhana Joseph	Member	4
Arvind Nanda <sup>2</sup>	Chairman	2

1. Appointed as Whole Time Director designated as Managing Director and ceased to be Chairman and member of the Audit Committee w.e.f 01.10.2018;
2. Appointed as director w.e.f 14.08.2018 and Chairman of the Audit Committee w.e.f 01.10.2018

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

Sr. No.	Date of Meeting
1.	April 16, 2018
2.	May 29, 2018
3.	August 14, 2018
4.	November 14, 2018
5.	February 09, 2019

Mr. Arvind Nanda, Chairman of the Audit Committee was present at the last Annual General Meeting held on September 29, 2018

#### MANAGERIAL REMUNERATION

##### a) NOMINATION AND REMUNERATION COMMITTEE

The Company has a Nomination & Remuneration Committee (NRC).

The terms of reference of NRC are in conformity with the provisions of Section 178 of the Act and the stipulations of Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The NRC, inter alia, performs the functions of recommending to the Board appointment of directors and senior management, create evaluation framework for independent directors and the Board, recommend to the Board remuneration payable to directors and senior management.

The composition of Nomination & Remuneration Committee and attendance of each Member is as follows:

Name of Director	Chairman/ Member	No. of Meeting attended
Prahlada Ramarao <sup>1</sup>	Chairman	1
Muralidhar Chitteti Reddy <sup>2</sup>	Member	1
Rahael Shobhana Joseph	Member	1
Arvind Nanda <sup>3</sup>	Chairman	-

1. Ceased to be the Chairman of the NRC w.e.f 01.10.2018;
2. Appointed as Whole Time Director designated as Managing Director and ceased to be a member of the NRC w.e.f 01.10.2018;
3. Appointed as director w.e.f 14.08.2018 and Chairman of the Audit Committee w.e.f 01.10.2018

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

Sr. No.	Date of Meeting
1.	August 14, 2018

The Company does not have any Employee Stock Option Scheme.

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## b) REMUNERATION POLICY:

Based on recommendations of Nomination & Remuneration Committee, the remuneration payable to Whole Time Director, Key Managerial Personnel and Senior Management is decided by the Board which inter-alia is based on the criteria such as industry benchmarks, financial performance of the Company, performance of the Whole Time Director etc.

The Company pays remuneration by way of salary, perquisites and allowance to its Whole Time Director. No remuneration was paid by way of commission to any Non-Executive Director.

Non-Executive Directors were paid sitting fees of Rs. 20,000/- each for attending Board and Audit Committee Meetings.

Performance evaluation of the Independent Directors shall be done by the Board of Directors on the performance evaluation criteria's as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.

The Company has framed a Remuneration Policy upon the recommendation of Nomination and Remuneration Committee and as approved by the Board.

## c) REMUNERATION TO DIRECTORS:

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

Name of Director(s)	Salary & Perquisites (Rs.)	Sitting fees (Rs.)
Salil Taneja <sup>1</sup>	77,06,667	40,000
Muralidhar Chitteti Reddy <sup>2</sup>	21,00,000	160,000
Prahlada Ramarao	-	240,000
Rahael Shobhana Joseph	-	180,000
Arvind Nanda <sup>3</sup>	-	100,000
<b>Total</b>	<b>98,06,667</b>	<b>720,000</b>

1. Ceased to be the Whole Time Director w.e.f October 01, 2018 and salary and perquisites pertain to the period April 01, 2018 to September 30, 2018.
2. Appointed as Whole Time Director designated as Managing Director w.e.f October 01, 2018. The salary and perquisites pertain to the period October 01, 2018 to March 31, 2019.
3. Appointed as director w.e.f August 14, 2018

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, 2019 are given below:

Name of Director	Number of Equity Shares
Salil Taneja <sup>1</sup>	3,200
Muralidhar Chitteti Reddy <sup>2</sup>	20,200*
Prahlada Ramarao	-
Rahael Shobhana Joseph	3200*
Arvind Nanda <sup>3</sup>	25

1. Appointed as Non-Executive Director w.e.f 01.10.2018
2. Appointed as Whole-Time Director designated as Managing Director w.e.f 01.10.2018 ;
3. Appointed as director w.e.f 14.08.2018

\* includes shares held in the name of the spouse

## STAKEHOLDERS' RELATIONSHIP COMMITTEE

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

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

Name of Director	Chairman/ Member	No. of Meetings Attended
Rahael Shobhana Joseph	Chairman	1
Muralidhar Chitteti Reddy <sup>1</sup>	Member	1
Prahlada Ramarao	Member	1
Arvind Nanda <sup>2</sup>	Member	-

1. Appointed as Whole Time Director designated as Managing Director w.e.f 01.10.2018 and ceased member of Stakeholders Relationship Committee w.e.f 01.10.2018;
2. Appointed as director w.e.f 14.08.2018

During the year under review, one Committee Meetings was held as under:

Sr. No.	Date of Meeting
1.	August 14, 2018

## INDEPENDENT DIRECTORS' MEETING

The Independent Directors met on February 09, 2019 in conformity with the stipulations in Regulation 25 of the SEBI

(Listing Obligations and Disclosure Requirements) Regulations, 2015 to discuss:

- The performance of Non-Independent Directors and the Board as a whole.
- The performance of Executive Directors.
- The quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

All the Independent Directors were present at the Meeting.

## COMPLIANCE OFFICER

Ms. Sysha Kumar, Company Secretary is the Compliance Officer of the Company for ensuring compliance with the requirements of the Listing Regulations and under SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time w.e.f August 14, 2018 .

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, 2019.

Details of investor complaints received and redressed during the financial year 2018-19:

Number of complaints pending at the beginning of the year	0
Number of complaints received during the year	0
Number of complaints disposed of during the year	0
Number of complaints remaining unresolved at the end of the year	0

## CODE OF CONDUCT

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

## CEO/ CFO CERTIFICATION

In accordance with Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Managing Director and the Chief Financial Officer 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
2017-18	September 29, 2018	Registered office at Belagondapalli	2.00 p.m.	1
2016-17	September 26, 2017	- do -	- do -	-
2015-16	September 28, 2016	- do -	- do -	3

The special resolutions moved at the Annual General Meeting for year 2017-18 and 2015-16 were passed with requisite majority by way of e-voting and poll.

The following Credit ratings are obtained by the Company

Facilities	Amount (Rs. In Crs.)	Rating	
Long Term Bank Facilities	36.10	CARE C; Stable	Revised from CARE D
Short Term Bank Facilities	12.19	CARE A 4	Revised from CARE D

## 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 except a Show Cause Notice from SEBI alleging inadequate disclosures under Regulation 36 of the erstwhile Listing Agreement was received during the period under consideration. Order dated 21.02.2019 imposing penalty on the Company and two of its directors was passed. The said penalty has been paid by the Company & directors.
- (iii) None of the Directors have any relation inter-se except Mr. Salil Taneja and Mrs. Rahael Shobhana Joseph.
- (iv) The quarterly internal auditors report is placed before the Audit Committee.
- (v) The Company has established vigil mechanism and whistle blower policy. It is hereby affirmed that no personnel has been denied access to the Audit Committee.

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Following documents/policies are placed on website of the Company at [www.taal.co.in](http://www.taal.co.in):

- a. Whistle Blower Policy
  - b. The Policy for Determining Material Subsidiaries;
  - c. The policy on dealing with related party transaction;
  - d. Familiarization Programme for Independent Directors;
  - e. Terms & conditions of appointment of Independent Directors;
  - f. Composition of committees of the Board of Directors; and
  - g. Code of Conduct for Board of Directors & senior management Personnel.
- (vi) In the opinion of the Board, the independent directors fulfill the conditions specified in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are independent of the management.
- (vii) 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.
- (viii) The Company has duly complied with the requirements specified in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) of the Listing Regulations.
- (ix) A certificate from company secretary in practice is enclosed herewith confirming that that none of the directors on the Board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority is annexed to this report.
- (x) Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part is Rs. 972,902
- (xi) The following list of core skills/expertise/competencies are identified by the Board of Directors as required in the context of its business(es) and sector(s) for it to function effectively and those actually available with the board:
- Business Management;
  - Business Development
  - Operations, Planning & Strategy;
  - Finance & Accounts;
  - Research and Development
  - Marketing
  - Administration
- (xii) There has been no instance where the Board had not accepted any recommendation of any committee of the Board which is mandatorily required, in the relevant financial year.

## GENERAL SHAREHOLDER INFORMATION

AGM Date and Time	September 28, 2019, at 2:00 p.m
Venue	Belagondapalli Village, Thally Road, Denkanikottai Taluk, Krishnagiri District, Belagondapalli - 635114, Tamil Nadu.
Financial Year	April 01, 2018 to March 31, 2019
Dividend Payment date	Not Applicable
Listed on Stock Exchange	BSE Ltd, PJ Towers, Dalal Street, Fort, Mumbai - 400 001
Security Code (BSE)	522229
ISIN Number allotted to equity shares	INE692C01020
Registered Office	Thally Road, Denkanikottai Taluk, Krishnagiri District, Belagondapalli - 635114, Tamil Nadu.

The Company has paid annual listing fees for the Financial Year 2019-20 to the Stock Exchange where the shares of the Company are listed.

## DESIGNATED EXCLUSIVE EMAIL ID OF THE COMPANY

The Company has the following E-mail Id exclusively for investor servicing: [secretarial@taal.co.in](mailto:secretarial@taal.co.in)

## STOCK MARKET DATA & SHARE PRICE PERFORMANCE

### BSE LIMITED (BSE):

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

Month	Market Price		BSE 500 INDEX	
	High	Low	High	Low
April 201	60.30	49.00	15,064.12	14,159.26
May 2018	51.00	40.00	15,109.38	14,351.64
June 2018	49.20	39.70	14,936.98	14,314.91
July 2018	45.90	31.80	15,327.53	14,379.24
August 2018	49.80	33.50	15,906.13	15,205.80
September 2018	39.70	31.90	15,937.92	14,337.77
October 2018	36.00	29.10	14,564.81	13,287.30
November 2018	33.85	28.40	14,481.82	13,874.76
December 2018	33.30	29.25	14,681.14	13,735.91
January 2019	33.65	28.25	14,595.97	14,001.25
February 2019	31.00	27.00	14,553.39	13,839.50
March 2019	39.40	27.25	15,316.93	14,246.80

Source: BSE website

## REGISTRAR AND SHARE TRANSFER AGENT

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

**Bigshare Services P. Ltd.**

Bharat Tin Works Building, 1st Floor, Opp. Vasant Oasis,  
Makwana Road, Marol, Andheri – East, Mumbai – 400059  
Tel.: 022- 62638200 Fax.: 022- 62638299;  
e-mail: investor@bigshareonline.com

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

## SHARE TRANSFER SYSTEM

The Company's shares are traded compulsorily in Demat segment on the Stock Exchanges. Shares received for transfer in physical mode are processed & valid transfers are approved within prescribed time limit.

Pursuant to Regulation 40(9) of the Listing Regulations, certificate on half yearly basis have been filed with the Stock Exchange for 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 have been filed with the Stock Exchanges, which inter-alia gives details about the reconciliation of Share Capital (both physical and demat).

## SHAREHOLDING DISTRIBUTION OF THE COMPANY AS ON MARCH 31, 2019:

SHAREHOLDING OF NOMINAL	NUMBER OF SHAREHOLDERS	% TO TOTAL	SHARES	% TO TOTAL	
1	500	13,834	85.65	1,952,035	7.83
501	1000	1,038	6.43	880,220	3.53
1001	2000	539	3.34	851,323	3.41
2001	3000	221	1.37	565,336	2.27
3001	4000	94	0.58	336,583	1.35
4001	5000	104	0.64	496,067	1.99
5001	10000	167	1.03	1,247,721	5.00
10001	and above	154	0.95	18,601,451	74.61
		<b>16,151</b>	<b>100</b>	<b>24,930,736</b>	<b>100</b>

## DEMATERIALIZATION OF SHARES AND LIQUIDITY

96.38% of Equity Share Capital is held in demat with NSDL & CDSL as on March 31, 2019.

## 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 no outstanding GDRs/ ADRs and the Company has not issued any GDRs/ADRs or any convertible instruments during the year under review.

## PLANT LOCATION:

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

## ADDRESS FOR CORRESPONDENCE:

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

For and on behalf of the Board of Directors

Bengaluru  
May 28, 2019

Dr. Prahlada Ramarao  
Chairman