CORPORATE GOVERNANCE REPORT

Company's Philosophy on Code of Governance

The Company has a strong value system comprising of honesty, integrity, secularism and equal opportunity for all. The Company strives to provide it's stakeholders with maximum information relating to the affairs of the Company with an attempt to bring about total transparency in it's 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, 2020.

The composition of the Board, their attendance at the Board Meetings held during the year and at last Annual General Meeting, number of directorships in other public companies and memberships in various committees across all public companies as on March 31, 2020 are as follows:

Name of the Director	Category	Financial Year 2019-20 Attendance at		No. of Directorships	Committee positions in other public companies ^s	
		Board Meetings	Last AGM	in other public companies^	Member	Chairman
Dr. Prahlada Ramarao	Independent-NED	4	Yes	-	-	-
Salil Taneja	Promoter-NED	4	No	1	-	-
Muralidhar Chitteti Reddy ¹	ED	4	Yes	-	-	-
Rahael Shobhana Joseph	Promoter-NED	4	No	1	2	1
Arvind Nanda	Independent-NED	4	Yes	1	3	-

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

1. Resigned as Whole-time Director designated as Managing Director with effect from April 01, 2020;

- ^ 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. Number of Memberships in Committee(s) of Mr. Arvind Nanda includes the membership in Audit committee of unlisted public company

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
Dr. Prahlada Ramarao	-	-
Salil Taneja	TAAL Enterprises Limited	Promoter-ED
Muralidhar Chitteti Reddy	-	-
Rahael Shobhana Joseph	TAAL Enterprises Limited	Promoter-NED
Arvind Nanda	TAAL Enterprises Limited	Independent-NED

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

Sr. No.	Date of Meeting
1.	May 28, 2019
2.	August 13, 2019
3.	November 07, 2019
4.	February 13, 2020

As on March 31, 2020, 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 and the relevant provisions of the Companies Act, 2013 Mr. Muralidhar Chitteti Reddy, Director of the Company retires by rotation at ensuing Annual General Meeting (AGM) and being eligible, offers himself for re-appointment.

Dr. Prahlada Ramarao and Mr. Arvind Nanda, Independent Directors of the Company holds office upto the conclusion of the ensuing AGM.

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 financial statements, approval of related party transactions, recommending appointment of Auditors and their remuneration, review of the Management Discussions & Analysis Report, and internal audit reports.

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

Name of Director	Chairman/ Member	No. of Meetings Attended
Arvind Nanda	Chairman	4
Dr. Prahlada Ramarao	Member	4
Rahael Shobhana Joseph	Member	4

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

Sr. No.	Date of Meeting
1.	May 28, 2019
2.	August 13, 2019
3.	November 07, 2019
4.	February 13, 2020

Mr. Arvind Nanda, Chairman of the Audit Committee was present at the last Annual General Meeting held on September 28, 2019.

Managerial Remuneration

a) Nomination and Remuneration Committee

The Company has a Nomination and 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 and Remuneration Committee and attendance of each Member is as follows:

Name of Director	Chairman/ Member	No. of Meeting attended
Arvind Nanda	Chairman	2
Dr. Prahlada Ramarao	Member	2
Rahael Shobhana Joseph	Member	2

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

Sr. No.	Date of Meeting
1.	May 28, 2019
2.	February 13, 2020

The Company does not have any Employee Stock Option Scheme.

b) Remuneration Policy:

Based on recommendations of Nomination and 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 it's Whole-time Director. No remuneration was paid by way of commission to any Non-Executive Director.

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

Performance evaluation of the Independent Directors is done by the Board of Directors on the performance evaluation criteria 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 (₹)	Sitting fees (₹)
Muralidhar Chitteti Reddy	47,33,000	-
Salil Taneja	-	90,000
Dr. Prahlada Ramarao	-	190,000
Rahael Shobhana Joseph	-	190,000
Arvind Nanda	-	200,000
Total	47,33,000	670,000

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 it's Non-Executive Directors as on March 31, 2020 are given below:

Name of Director	Number of Equity Shares
Salil Taneja	3,200
Muralidhar Chitteti Reddy	20,200*
Dr. Prahlada Ramarao	-
Rahael Shobhana Joseph	3200*
Arvind Nanda	25

* 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, nonreceipt 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
Dr. Prahlada Ramarao	Member	1
Arvind Nanda	Member	1

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

Sr. No.	Date of Meeting
1.	February 13, 2020

Compliance Officer

Ms. Sysha Kumar, Company Secretary is the Compliance Officer of the Company for ensuring compliance with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and under SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time.

During the year under review all the complaints / grievances that were received from the complainants / investors, were attended to and satisfactorily resolved. No valid transfer / transmission of shares were pending as on March 31, 2020.

Details of investor complaints received and redressed during the financial year 2019-20:

Number of complaints pending at the beginning of the year	
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	0
year	

Independent Directors' Meeting

The Independent Directors of the Company met on March 14, 2020 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.

Code of Conduct

The Board has laid down a Code of Conduct for all Board Members and Senior Management Personnel oxf 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 Chief Financial Officer have given his 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
2018-19	September 28, 2019	Registered office at Belagondapalli	2.00 p.m.	-
2017-18	September 29, 2018	- do -	- do _	1
2016-17	September 26, 2017	- do -	- do -	-

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

Means of Communication

The quarterly, half-yearly and annual financial results of the Company are published in leading newspapers in India which include Financial Express, Malai Malar / Makkal Kural. The results are also displayed on the Company's website www.taal.co.in. Statutory notices are published in Financial Express, Malai Malar /Makkal Kural. After the declaration of the quarterly, half-yearly and annual results are submitted to BSE Limited (BSE) the same is uploaded on the Company's website.

General Shareholder Information

AGM Date and Time	September 29, 2020, at 2:00 p.m		
will be held electronically	Belagondapalli Village, Thally Road, Denkanikottai Taluk, Krishnagiri District, Belagondapalli - 635114, Tamil Nadu.		
Financial Year	April 01, 2019 to March 31, 2020		
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 2020-21 to the Stock Exchange where the shares of the Company are listed.

Designated Exclusive Email ID of the Company

The Company has the following Email-ID exclusively for investor servicing: 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	
WIGHTH	High	Low	High	Low
April 2019	37.80	30.15	15570.55	15170.57
May 2019	33.90	25.15	15657.45	14424.10
June 2019	31.95	25.00	15742.11	15008.73
July 2019	32.80	19.00	15527.12	14144.39
August 2019	25.30	18.50	14424.42	13678.41
September 2019	25.45	20.25	15151.94	13860.19
October 2019	23.25	21.00	15456.77	14291.12
November 2019	33.00	21.50	15676.36	15228.68
December 2019	27.40	21.05	15786.44	15193.17
January 2020	32.40	22.00	16158.41	15399.68
February 2020	35.45	24.05	15977.95	14597.05
March 2020	26.00	11.70	14947.11	9758.33

Source: BSE website

Registrar And Share Transfer Agent

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

Bigshare Services Private Limited
Bharat Tin Works Building, 1st Floor, Opp. Vasant Oas

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 Exchange. Shares of the company are being transferred only in dematerialized form w.e.f. April 01, 2019 except in case of request received for transmission or transposition of shares.

Members holding shares in physical form are requested to convert their holdings to dematerialized form as transfer of physical shares are no longer permitted as per SEBI Regulations.

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 Exchange, which inter alia gives details about the reconciliation of Share Capital (both physical and demat).

Shareholding Distribution of the Company as on March 31, 2020:

Shareholding of Nominal Value		Number of Shareholders	% of Total No. of Shareholders	No. of Shares held	% to Total
1	5000	14881	92.17	2806380	11.26
5001	10000	534	3.31	853503	3.42
10001	20000	310	1.92	897969	3.60
20001	30000	150	0.93	754266	3.03
30001	40000	58	0.36	406825	1.63
40001	50000	62	0.39	588343	2.36
50001	10000	75	0.46	1055902	4.24
10001	and above	75	0.46	17567548	70.47
		16,151	100	24,930,736	100

Dematerialisation of Shares and Liquidity:

96.45% of Equity Share Capital is held in demat with NSDL & CDSL as on March 31, 2020.

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 <u>www.bseindia.com</u>.

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 it's 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.

Credit Ratings:

The following Credit ratings are obtained by the Company:

Facilities	Amount (₹In Crs.)	Rating
Long Term Fund Facilities	9.70	IVR BB minus / stable outlook
Long Term Debt - Term Loan	23.11	IVR BB minus / stable outlook
Short Term Non Fund based Facilities	12.19	IVR A4

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 FY 2018-19. Order dated 21.02.2019 imposing penalty on the Company and two of it's directors was passed. The said penalty has been paid by the Company and the said 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.

Following documents / policies are placed on website of the Company at www.taal.co.in:

- a. Whistle blower policy
- b. The policy for determining material subsidiaries;
- c. The policy on dealing with related party transaction;
- d. Familiarization programme for Independent Directors;
- e. Terms and conditions of appointment of Independent Directors;
- f. Composition of committees of the Board of Directors; and
- g. Code of Conduct for Board of Directors and senior management Personnel.
- vi) Total fees for all services paid by the Company and it's 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 ₹10.98 Lakhs.
- vii) The below table discloses the list of core skills / expertise / competencies identified by the Board of Directors as required in the context of it's business(es) and sector(s) for it to function effectively and those actually available with the Board:

	Directors who have the identified skills / expertise / competencies		
Business Management	Mr. Salil Taneja, Dr. Prahlada Ramarao, Mr. Muralidhar Chitteti Reddy, Mr. Arvind Nanda, Mrs. Rahael Shobhana Joseph		
Business Development	Mr. Salil Taneja, Mr. Muralidhar Chitteti Reddy, Mr. Arvind Nanda,		

Core skills / expertise / competencies are identified	Directors who have the identified skills / expertise / competencies
Operations, Planning and Strategy	Mr. Salil Taneja, Dr. Prahlada Ramarao, Mr. Muralidhar Chitteti Reddy, Mr. Arvind Nanda, Mrs. Rahael Shobhana Joseph
Finance and Accounts	Mr. Salil Taneja, Mr. Muralidhar Chitteti Reddy, Mr. Arvind Nanda,
Research and Development	Mr. Salil Taneja, Dr. Prahlada Ramarao, Mr. Muralidhar Chitteti Reddy, Mr. Arvind Nanda, Mrs. Rahael Shobhana Joseph
Marketing	Mr. Salil Taneja, Mr. Muralidhar Chitteti Reddy, Mr. Arvind Nanda,
Administration	Mr. Salil Taneja, Dr. Prahlada Ramarao, Mr. Muralidhar Chitteti Reddy, Mr. Arvind Nanda, Mrs. Rahael Shobhana Joseph

viii) 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.

Declaration Regarding Compliance With Company's Code of Conduct

As required by Regulation 17(5)(a) of the Listing Regulations, this is to confirm that the Company has adopted a Code of Conduct for all Board Members and Senior Management. The Code of Conduct is available on the Company's website.

I confirm that the Company has in respect of financial year ended on March 31, 2020, 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.

Certificate on Corporate Governance

To.

The Members of Taneja Aerospace and Aviation Limited

We have examined the compliance of conditions of Corporate Governance by Taneja Aerospace and Aviation Limited ("Company") for the year ended March 31, 2020, as stipulated in Regulations 17 to 27 of the SEBI (LODR) Regulations, 2015 ("Listing Regulations").

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance with conditions of Corporate Governance as stipulated in the said Regulations. It is neither an audit nor an expression of opinion on the financial statements of the Company.

- ix) 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.
- x) 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.
- xi) 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.
- 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.

For and on behalf of the Board of Directors

Bengaluru	Dr. Prahlada Ramarao
June 24, 2020	Chairman

For the purpose of this declaration, Senior Management Team comprises of employees in the Vice President and above Cadre as on March 31, 2020.

For and on behalf of the Board of Directors

Chairman

Dr. Prahlada Ramarao Bengaluru June 24, 2020

In our opinion and to the best of our information and according to the explanations given to us and representations made by the Directors and the Management, we certify that the Company has complied, in material respect, with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations.

We state that such compliance is neither an assurance as to future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

> For Giriraj A. Mohta & Company **Company Secretaries**

> > Giriraj A. Mohta Membership No.: 50038 C. P. No: 18967 UDIN: A050038B000351801

Pune June 18, 2020

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

To,

The Board of Directors

Taneja Aerospace and Aviation Ltd

I, Mahendra Nalluri, Chief Financial Officer of Taneja Aerospace and Aviation Ltd, to the best of my knowledge and belief, certify that:

- A. I have reviewed the financial statements and the cash flow statement for the year ended March 31, 2020 and that to the best of my 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 & fair view of Company's affairs & are in compliance with existing accounting standards, applicable laws & regulations.
- B. There are, to the best of my 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.

Certificate of Non-Disqualification of Directors

Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations")

То

The Members

Taneja Aerospace And Aviation Limited

Belagondapalli Village, Thally Road, Denkanikotta

Belagondapalli 635114

We have examined the relevant books, papers, minutes books, forms and returns filed, Notices received from the Directors during the last financial year, and other records maintained by the Company and also the information provided by the Company, it's officers, agents and authorised representatives of Taneja Aerospace And Aviation Limited, CIN: L62200TZ1988PLC014460 having it's Registered office at Belagondapalli Village, Thally Road, Denkanikotta Belagondapalli 635114, for the purpose of issue of a Certificate, in accordance with Regulation 34 (3) read with Schedule V Para-C Sub clause 10 (i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) 2015 (LODR), as amended vide notification no SEBI/LAD/NRO/GN/2018/10 dated May 9, 2018 issued by SEBI.

In our opinion and to the best of our knowledge and based on such examination as well as information and explanations furnished to us, which to the best of our knowledge and belief were necessary for the purpose of issue of this certificate and based on such verification as considered necessary, we hereby certify that None of the Directors as stated below who are on the Board of the Company as on 31st March 2020 have been debarred or disqualified from being

- C. I accept responsibility for establishing & maintaining internal controls for financial reporting and that I have evaluated effectiveness of internal control systems of the Company pertaining to financial reporting.
- D. I have indicated to Auditors and the Audit Committee:
 - There are no significant changes in internal control over financial reporting during the financial year ended March 31, 2020;
 - ii. All significant changes in accounting policies during the financial year ended March 31, 2020 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.

Bengaluru	Mahendra Nalluri
June 24, 2020	Chief Financial Officer

appointed or continuing as Directors of the Companies by SEBI / Ministry of Corporate Affairs or any such other statutory authority.

S. No.	DIN	Name of the Director	Designation	Date of Appointment in the Company
1	07548289	Dr. Prahlada Ramarao	Director	02.12.2017
2	00328668	Mr. Salil Taneja Baldev	Director	01.01.1994
3	01621083	Mr. Muralidhar Chitteti Reddy	Director	02.12.2017
4	01846107	Mr. Arvind Nanda	Director	14.08.2018
5	02427554	Mrs. Rahael Shobhana Joseph	Director	14.12.2017

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

> For DVD & Associates Company Secretaries

Devendra Deshpande Proprietor FCS 6099 CP 6515

Place: Pune Date: 24 June 2020 UDIN: F006099B000374610