

Taneja Aerospace and Aviation Limited

Regd. Office: Belagondapalli Village, Thally Road, Denkanikottai Taluk,
Krishnagiri District, Belagondapalli - 635114, Tamil Nadu

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CIN: L62200TZ1988PLC014460

MEETING OF THE EQUITY SHAREHOLDERS OF TANEJA AEROSPACE AND AVIATION LIMITED

Day :	Wednesday
Date :	April 15, 2015
Venue :	Taneja Aerospace and Aviation Limited, Belagondapalli Village, Thally Road, Denkanikottai Taluk, Krishnagiri District, Belagondapalli - 635114, Tamil Nadu

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IN THE HIGH COURT OF JUDICATURE AT MADRAS
(ORIGINAL JURISDICTION)

COMPANY APPLICATION No. 246 of 2015

IN THE MATTER OF COMPANIES ACT, 1956

AND

IN THE MATTER OF SECTIONS 391 TO 394 READ
WITH SECTIONS 100 TO 103 OF THE COMPANIES
ACT, 1956

AND

IN THE MATTER OF SCHEME OF
ARRANGEMENT

BETWEEN

TANEJA AEROSPACE AND AVIATION LIMITED

('TAAL' / the Demerged Company)

AND

TAAL ENTERPRISES LIMITED

('TEL' / the Resulting Company)

AND

THEIR RESPECTIVE SHAREHOLDERS

TANEJA AEROSPACE AND AVIATION LIMITED,

a company incorporated under the Companies Act, 1956
and having its registered office at Belagondapalli Village,
Thally Road, Denkanikottai Taluk, Krishnagiri District,
Belagondapalli 635 114, Tamil Nadu, Represented by
its Authorised Representative, Mr. C.S. Kameswaran

...APPLICANT / DEMERGED COMPANY

**NOTICE CONVENING THE MEETING OF EQUITY SHAREHOLDERS OF
TANEJA AEROSPACE AND AVIATION LIMITED, THE APPLICANT COMPANY**

To,

The Equity Shareholders of Taneja Aerospace and Aviation Limited ('TAAL' / 'the Applicant Company')

TAKE NOTICE that by an Order made on 12th March, 2015, the Hon'ble High Court of Judicature at Madras has directed that the separate meeting of the Equity Shareholders of the Applicant Company / Demerged Company be held at the Registered office of Taneja Aerospace and Aviation Limited situated at Belagondapalli Village, Thally Road, Denkanikottai Taluk, Krishnagiri District, Belagondapalli 635 114, Tamil Nadu, on 15.04.2015 on Wednesday at 02.00 P.M., for the purpose of considering, and, if thought fit, for approving with or without modifications, the Scheme of Arrangement to be made between Taneja Aerospace and Aviation Limited, the Applicant Company and TAAL Enterprises Limited, the Resulting Company.

TAKE FURTHER NOTICE that in pursuance of the said Order, a meeting of the Equity Shareholders of Taneja Aerospace and Aviation Limited, will be convened and held at the registered office of the Applicant Company at Belagondapalli Village, Thally Road, Denkanikottai Taluk, Krishnagiri District, Belagondapalli 635 114, Tamil Nadu, on Wednesday, the 15th day of April 2015 at 2.00 p.m. which you are requested to attend.

TAKE FURTHER NOTICE that you may attend and vote at the said meeting in person or by proxy, provided that proxy in the prescribed form, duly signed by you is deposited at the Registered Office of the Applicant Company at Belagondapalli Village, Thally Road, Denkanikottai Taluk, Krishnagiri District, Belagondapalli 635 114, Tamil Nadu not later than 48 hours before the said meeting.

The Hon'ble High Court of Judicature at Madras has appointed Mr. M. Muthusamy, Senior Advocate as Chairman of the above said meeting.

A copy of the Scheme of Arrangement, the Statement under Section 393 of the Companies Act, 1956 and a Form of Proxy is enclosed.

Dated this the 18th day of March, 2015

Mr. M. Muthusamy,
Senior advocate,
Chairman appointed for the meeting of
Equity Shareholders of the Applicant Company

(All alterations made in the form of proxy should be initialed)

IN THE HIGH COURT OF JUDICATURE AT MADRAS
(ORIGINAL JURISDICTION)

COMPANY APPLICATION No. 246 of 2015

IN THE MATTER OF COMPANIES ACT, 1956
AND
IN THE MATTER OF SECTIONS 391 TO 394 READ
WITH SECTIONS 100 TO 103 OF THE COMPANIES
ACT, 1956
AND
IN THE MATTER OF SCHEME OF
ARRANGEMENT
BETWEEN
TANEJA AEROSPACE AND AVIATION LIMITED
(‘TAAL’/ the Demerged Company)
AND
TAAL ENTERPRISES LIMITED
(‘TEL’ / the Resulting Company)
AND
THEIR RESPECTIVE SHAREHOLDERS

TANEJA AEROSPACE AND AVIATION LIMITED,
a company incorporated under the Companies Act, 1956
and having its registered office at Belagondapalli Village,
Thally Road, Denkanikottai Taluk, Krishnagiri District,
Belagondapalli 635 114, Tamil Nadu, Represented by
its Authorised Representative, Mr. C.S. Kameswaran

...APPLICANT / DEMERGED COMPANY

EXPLANATORY STATEMENT PURSUANT TO SECTION 393 OF THE COMPANIES ACT, 1956
READ WITH SECTION 102 OF THE COMPANIES ACT, 2013

1. Pursuant to an Order dated March 12, 2015 passed by the Hon’ble High Court of Judicature at Madras in the Company Application referred to hereinabove, a meeting of the Equity Shareholders of the Applicant Company is being convened and held on Wednesday, April 15, 2015 at 2.00 p.m. at its Registered Office for the purpose of considering and if thought fit, approving with or without modification(s), the arrangement embodied in the Scheme of Arrangement between Taneja Aerospace and Aviation Limited and TAAL Enterprises Limited and their respective Shareholders (‘the Scheme’ or ‘this Scheme’).
2. A copy of the Scheme setting out in detail the terms and conditions of the arrangement, inter alia, providing for the demerger of charter business carried out by Taneja Aerospace and Aviation Limited and investments in First Airways Inc. and TAAL Tech India Private Limited, on a going concern basis, in TAAL Enterprises Limited which has been approved by the Board of Directors of the Applicant Company at its meeting held on October 9, 2014, is attached and forms part of this Explanatory Statement.
3. In this Explanatory Statement, **TANEJA AEROSPACE AND AVIATION LIMITED** is hereinafter referred to as ‘TAAL’ or ‘the Demerged Company’ or ‘the Applicant Company’ or ‘the Company’ and **TAAL ENTERPRISES LIMITED** is hereinafter referred to as “TEL” or “the Resulting Company”. The other definitions contained in the Scheme shall apply to this Explanatory Statement also.
4. The background of TAAL is as under:
 - a. The Applicant Company was incorporated on July 22, 1988 under the Companies Act, 1956 under the name and style of “Taneja Aerospace and Aviation Limited” with the Registrar of Companies, Coimbatore, Tamil Nadu. The Corporate Identity Number of the Applicant Company is L62200TZ1988PLC014460.

- b. The main objects of the Applicant Company to be pursued by it on its incorporation are:
1. *“To design, develop, manufacture, construct, build, assemble, test, repair, overhaul, reconstruct or renovate or otherwise deal in aeroplanes, airships, aircrafts hovercrafts, seaplanes, helicopters, space vehicles, communication or other satellites navigational control or guidance system, aeroengines and all machines, instruments, apparatus, stores, spares, parts, aides, appliances, kits, tools and accessories capable of being used for or in connection with aerial transit, conveyance or communication.*
 2. *To provide establish, keep, maintain, run, operate or make available facilities for or otherwise engage in designing development invention, testing, assembling, repairing, maintaining, overhauling, aeroplanes, airships, seaplanes, aircrafts, helicopters, hovercrafts, space vehicles, communication satellites, propellers and all other machines or apparatus.”*
- c. The Registered Office of the Applicant Company is situated at Belagondapalli Village, Thally Road, Denkanikottai Taluk, Krishnagiri District, Belagondapalli 635 114, Tamil Nadu.
- d. The authorised, issued, subscribed and paid-up share capital of the Applicant Company as on March 31, 2014 is as under:

Share Capital	Rs. in Lakhs
Authorized Share Capital	
4,00,00,000 Equity Shares of Rs. 5/- each	2,000.00
10,00,000 15% Redeemable Cumulative Preference Shares of Rs. 50/- each	500.00
TOTAL	2,500.00
Issued, Subscribed and Paid-up Share Capital	
2,49,30,736 Equity Shares of Rs. 5/- each fully paid	1,246.54
TOTAL	1,246.54

Subsequent to the above date, there has been no change in the authorized, issued, subscribed and paid up share capital of TAAL.

5. The Applicant Company is engaged in Aircraft Manufacturing and Maintenance, Airfield services, Engineering Design services (through its subsidiary TAAL Tech India Private Limited) and Air Charter services.
6. The shares of TAAL are listed on BSE Limited.
7. The background of TEL is as under:
 - a. TEL was incorporated on July 1, 2014 under the Companies Act, 2013, under the name and style of “TAAL Enterprises Limited”. The Corporate Identity Number of TEL is U62200TN2014PLC096373.
 - b. The main objects of TEL to be pursued by it on its incorporation are:
 1. *“To establish, maintain, operate and manage air transport operations including air services, airlines and lines of aerial conveyances for the carriage of passengers, baggage, mail, freight or merchandise of every kind and description, on short-haul and long-haul flights on scheduled, nonscheduled and chartered domestic (including areas not otherwise accessible and difficult terrains) as well as international routes, as may be approved by the Government of India or such other competent authority, by any kinds of aircrafts, air planes and/or helicopters for commercial*

or other purposes, whether as principals, agents or otherwise, and to set up flying services, both as public and private carriers on national and international routes.

2. *To purchase, take on lease and/or hire or otherwise acquire, employ, maintain, work, manage and/or control and let on hire, charter, lease and/or demise every form of aerial conveyance for the purpose of transporting or carrying passengers, baggage, mail, freight and merchandise of every kind and description, whether as principals, agents or otherwise on national and international routes.*
3. *To carry on the business as mechanical, electrical, petroleum, aviation, communication and general engineers in connection with aerial transport, aviation, air crafts maintenance and operation or facilities for any of the above whether in India or elsewhere. (shifted from incidental objects)*
4. *To carry on all or any of the trades, business or transactions or aeronautical, electrical, electronic, microelectronic electrical, electronic, micro processing, mechanical, metallurgical, chemical, petroleum, and other engineers in all branches and to deal in the supply and servicing on all apparatus, things, instructions, appliances, and articles capable of being used in connection therewith.”*

- c. The Registered Office of TEL is situated at 2nd Floor, MMPDA Towers, 184, Royapettah High Road, Chennai – 600 014, Tamil Nadu.
- d. The authorised, issued, subscribed and paid-up share capital of TEL as on December 31, 2014 is as under:

Share Capital	Amount in Rs.
Authorized Share Capital	
50,000 Equity Shares of Rs. 10/- each	5,00,000
TOTAL	5,00,000
Issued, Subscribed and Paid-up Share Capital	
50,000 Equity Shares of Rs. 10/- each fully paid	5,00,000
TOTAL	5,00,000

Subsequent to the above date, there has been no change in the authorized, issued, subscribed and paid-up share capital of TEL. The entire share capital of TEL is held by TAAL.

8. TEL presently does not carry on any operations.
9. Rationale for the Scheme of Arrangement:-

TAAL is engaged in the business of Aircraft Manufacturing and Maintenance, Airfield services, Air Charter and Engineering Design services (through its subsidiary TAAL Tech India Private Limited). In order to enable greater focus on each of these segments, this Scheme provides for retaining the capital intensive businesses of Aircraft manufacturing and Airfield services in TAAL while hiving off the Air charter and the Engineering Services businesses to TEL.

This hive off is expected to lead to –

- Stronger business focus on individual businesses as the business risks and growth strategies related to these businesses are significantly different;
- Enable unlocking of value of the businesses; and
- Facilitate investment and strategic partnership for individual businesses.

The Board of Directors of both the companies are of the opinion that the re-organization would be in the interest of the shareholders, employees and other stakeholders of the companies.

10. The salient features of the Scheme are as follows:

- (a) The Scheme envisages the demerger of charter business carried out by TAAL and investments in First Airways Inc. and TAAL Tech India Private Limited, on a going concern basis and vesting in TEL pursuant to Sections 391 to 394 read with Sections 100 to 103 and other applicable provisions of the Companies Act, 1956 and Section 52 and other applicable provisions of the Companies Act, 2013.
- (b) Appointed date is October 1, 2014.
- (c) Upon coming into effect of the Scheme and in consideration for the transfer and vesting of charter business carried out by TAAL and investments in First Airways Inc. and TAAL Tech India Private Limited, on a going concern basis, in TEL, TEL shall, without any further application or deed, issue and allot equity shares, credited as fully paid up, to the extent indicated below, to the members of TAAL, holding fully paid up equity shares in TAAL and whose names appear in the Register of Members of TAAL as on the Record Date or to such of their respective heirs, executors, administrators or other legal representatives or other successors-in-title, as may be recognized by the Board of Directors of TEL in the following manner:

Consideration payable to Equity Shareholders:

“1 (One) fully paid up Equity Share of Rs. 10 (Rupees Ten) each of TAAL Enterprises Limited shall be issued and allotted for every 8 (Eight) fully paid up equity shares of Rs. 5 (Rupees Five) each held in Taneja Aerospace and Aviation Limited”

TEL shall also issue and allot to the Depository representing the holders of GDRs (Global Depository Receipts) of TAAL outstanding on the Record Date, shares of TEL in the aforementioned ratio.

- (d) All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) arising out of or incurred in carrying out and implementing this Scheme and matters incidental thereto, shall be borne as mutually agreed by the Board of Directors of TAAL and TEL.
- (e) On the Effective Date, unless the Board of TAAL agrees, the subsisting security and corporate guarantee provided by TAAL for any loans borrowed by TAAL Tech India Private Limited shall not continue.
- (f) On the Scheme becoming effective, TAAL shall account for the demerger in its books as under:
 - TAAL shall reduce the book value of assets and liabilities pertaining to the Demerged Business transferred to TEL as on the appointed date from its books of account.
 - All existing shares held by TAAL in TEL, i.e. 50,000 equity shares of Rs. 10/- each aggregating to Rs.5,00,000/-, shall stand cancelled, without any further act or deed as an integral part of this Scheme.

- The difference, being the excess of book value of assets over the book value of liabilities transferred to TEL and reduction in investments in TEL, shall be adjusted against the balance lying in Securities Premium Account of TAAL.
- (g) The utilization of the Securities Premium Account of TAAL shall be effected as an integral part of the Scheme and the same does not involve either diminution of liability in respect of unpaid share capital or payment to any shareholder of any paid up share capital.
- (h) The Scheme is and shall be conditional upon and subject to:
- The Scheme being approved by the requisite majorities in number and value of such classes of persons including the members and/ or creditors of TAAL and the members and/ or creditors of TEL as may be directed by the Hon'ble High Court of Judicature at Madras or any other competent authority, as may be applicable;
 - The Scheme being sanctioned by the Hon'ble High Court of Judicature at Madras or any other authority under Sections 391 to 394 read with Sections 100 to 103 and other applicable provisions of the Companies Act, 1956 and Section 52 and other applicable provisions of the Companies Act, 2013;
 - Certified or authenticated copies of the Order of the Hon'ble High Court of Judicature at Madras sanctioning the Scheme being filed with the Registrar of Companies, Coimbatore, Tamil Nadu and Registrar of Companies, Chennai, Tamil Nadu by TAAL and TEL respectively; and
 - Sanctions and approvals including but not limited to in principle approvals, sanctions of any person or any governmental authority or any stock exchanges as may be required by law or under contract in respect of this Scheme being obtained.

The features set out above being only the salient features of the Scheme of Arrangement; the Equity Shareholders are requested to read the entire text of the Scheme of Arrangement annexed hereto to get fully acquainted with the provisions thereof.

11. The proposed Scheme was placed before the Board of Directors of the Applicant Company and TEL on October 9, 2014 and October 11, 2014 respectively, wherein the Share Entitlement Ratio Report of M/s. MZSK & Associates, Chartered Accountants, an Independent valuer and Fairness Opinion on the said Share Entitlement Ratio Report issued by M/s. Keynote Corporate Services Limited, a Category I Merchant Banker, were also placed before the respective Boards.
12. Pursuant to the Scheme, there would be no change in the promoter and public shareholding of the Applicant Company. The promoters and the public shareholders would continue to hold the same percentage of shares in the Applicant Company, as well as the Resulting Company, post the demerger of charter business carried out by TAAL and investments in First Airways Inc. and TAAL Tech India Private Limited, on a going concern basis and vesting in TEL.
13. All shareholders in the Applicant Company on the record date would become shareholders in the Resulting Company and would be issued equity shares of the Resulting Company in the ratio 8:1 i.e. 1 equity share of TEL will be issued for every 8 equity shares in TAAL. The resulting shareholding pattern of TEL after the Scheme shall be the same as that of TAAL before the Scheme.
14. Pursuant to Clause 24(h) of the Listing Agreement with BSE Limited, and based on the shareholding pattern as on December 31, 2014, the pre and post Scheme (expected) shareholding pattern of the Applicant Company i.e. TAAL is given herein below:

Sr.No.	Description	Pre-Demerger Shareholding		Post-Demerger Shareholding	
		Equity Shares	%	Equity Shares	%
A	Promoter and Promoter Group				
1	Indian				
a	Individuals/ HUF	32,500	0.13	32,500	0.13
b	Central Government/State Government(s)	—	—	—	—
c	Bodies Corporate	12,699,516	51.00	12,699,516	51.00
d	Financial Institutions / Banks	—	—	—	—
e	Any Other (specify)	—	—	—	—
2	Foreign				
a	Individuals (Non-Resident Individuals/ Foreign Individuals)	—	—	—	—
b	Bodies Corporate	—	—	—	—
c	Institutions	—	—	—	—
d	Qualified Foreign Investors	—	—	—	—
e	Any Other (specify)	—	—	—	—
	Sub-Total (A)	12,732,016	51.13	12,732,016	51.13
B	Public shareholding				
1	Mutual Funds/UTI	—	—	—	—
2	Financial Institutions / Banks	300	0.00	300	0.00
3	Central Government/State Government(s)	—	—	—	—
4	Venture Capital Funds	—	—	—	—
5	Insurance Companies	—	—	—	—
6	Foreign Institutional Investors	1,873,795	7.53	1,873,795	7.53
7	Foreign Venture Capital Investors	—	—	—	—
8	Qualified Foreign Investors	—	—	—	—
9	Any Other (specify)	—	—	—	—
	Sub-Total (B)	1,874,095	7.53	1,874,095	7.53
C	Non-institutions				
1	Bodies Corporate	1,981,188	7.96	1,981,188	7.96
2	Individual shareholders holding nominal share capital up to Rs. 1 Lakh	5,153,132	20.69	5,153,132	20.69
3	Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	2,964,629	11.91	2,964,629	11.91
4	Qualified Foreign Investors	—	—	—	—

Sr.No.	Description	Pre-Demerger Shareholding		Post-Demerger Shareholding	
		Equity Shares	%	Equity Shares	%
5	Trusts	7,500	0.03	7,500	0.03
6	Non-Residents	188,176	0.76	188,176	0.76
	Sub-Total (C)	10,294,625	41.34	10,294,625	41.34
	Total (A+B+C)	24,900,736	100.00	24,900,736	100.00
D	Shares held by Custodians and against which Depository Receipts have been issued				
1	Promoter and Promoter Group	—	—	—	—
2	Public	30,000	—	30,000	—
	Sub-Total (D)	30,000		30,000	
	Grand Total (A+B+C+D)	24,930,736		24,930,736	

15. The pre and post Scheme (expected) shareholding pattern of TEL based on shareholding pattern as on December 31, 2014 is as under:

Sr.No.	Description	Pre-Demerger Shareholding		Post-Demerger Shareholding	
		Equity Shares	%	Equity Shares	%
A	Promoter and Promoter Group				
1	Indian				
a	Individuals/ HUF	—	—	4,062	0.13
b	Central Government/State Government(s)	—	—	—	—
c	Bodies Corporate	50,000	100.00	1,587,439	50.94
d	Financial Institutions / Banks	—	—	—	—
e	Any Other (specify)	—	—	—	—
2	Foreign				
a	Individuals (Non-Resident Individuals/ Foreign Individuals)	—	—	—	—
b	Bodies Corporate	—	—	—	—
c	Institutions	—	—	—	—
d	Qualified Foreign Investors	—	—	—	—
e	Any Other (specify)	—	—	—	—
	Sub-Total (A)	50,000	100.00	1,591,501	51.07
B	Public shareholding				
1	Mutual Funds/UTI	—	—	—	—

Sr.No.	Description	Pre-Demerger Shareholding		Post-Demerger Shareholding	
		Equity Shares	%	Equity Shares	%
2	Financial Institutions / Banks	—	—	38	0.00
3	Central Government/State Government(s)	—	—	—	—
4	Venture Capital Funds	—	—	—	—
5	Insurance Companies	—	—	—	—
6	Foreign Institutional Investors	—	—	234,224	7.52
7	Foreign Venture Capital Investors	—	—	—	—
8	Qualified Foreign Investors	—	—	—	—
9	Any Other (specify)	—	—	—	—
	Sub-Total (B)	0	0.00	234,262	7.52
C	Non-institutions				
1	Bodies Corporate	—	—	247,649	7.95
2	Individual shareholders holding nominal share capital up to Rs. 1 Lakh	—	—	644,142	20.67
3	Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	—	—	370,579	11.89
4	Qualified Foreign Investors	—	—	—	—
5	Trusts	—	—	937	0.03
6	Non – Residents	—	—	23,522	0.75
	Sub-Total (C)	0	0.00	1,286,829	41.29
D	Shares held by Custodians and against which Depository Receipts have been issued				
1	Promoter and Promoter Group	—	—	—	—
2	Public	—	—	3,750	0.12
	Sub-Total (D)	0	0.00	3,750	0.12
	Grand Total (A+B+C+D)	50,000	100.00	3,116,342	100.00

*Fractional changes cannot be anticipated and no treatment has been given for such fractional shares arising upon demerger.

16. The pre Scheme capital structure of TAAL as on December 31, 2014 is as under:

Particulars	Rs. in Lakhs
<u>Authorised Share Capital</u>	
4,00,00,000 Equity Shares of Rs. 5/- each	2,000.00
10,00,000 15% Redeemable Cumulative Preference Shares of Rs. 50/- each	500.00
TOTAL	2,500.00
<u>Issued, Subscribed and Paid Up Share Capital</u>	
2,49,30,736 Equity Shares of Rs. 5/- each fully paid	1,246.54
TOTAL	1,246.54

The Post Scheme (expected) capital structure of TAAL shall remain same as above.

17. The capital structure of TEL before the demerger, as on December 31, 2014 is as under:

Particulars	Rs.
<u>Authorised Share Capital</u>	
50,000 Equity Shares of Rs. 10/- each	5,00,000
TOTAL	5,00,000
<u>Issued, Subscribed and Paid Up Share Capital</u>	
50,000 Equity Shares of Rs. 10/- each	5,00,000
TOTAL	5,00,000

Post the Scheme, the issued, subscribed and paid up share capital of TEL is expected to be as under:

Particulars	Rs.
<u>Issued, Subscribed and Paid Up Share Capital</u>	
31,16,342 Equity Shares of Rs. 10/- each, fully paid up	3,11,63,420
TOTAL	3,11,63,420

The post demerger capital structure of TEL is based on the Applicant Company's capital structure as on December 31, 2014. There may be some variation in the post demerger capital structure of TEL due to fractional shares arising on demerger. TEL shall take requisite steps to increase the Authorized Share Capital for issuance of shares pursuant to the demerger.

18. The Directors of the Applicant Company and TEL may be deemed to be concerned and / or interested in the Scheme only to the extent of their shareholding in the respective companies, or to the extent the said Directors are common Directors in the companies, or to the extent the said Directors are partners, directors, members of the companies, firms, association of persons, bodies corporate and / or beneficiary of trust that hold shares in any of the companies. Save as aforesaid, none of the Directors and Key Managerial Personnel of the Companies

and their relatives have any material interest in the proposed Scheme.

19. (a) The extent of the shareholding of the Directors of TAAL in TAAL and TEL either singly or jointly or as nominee as on December 31, 2014 is as under:

Sr. No	Name of the Director	Designation	Equity shares in TAAL	Equity shares in TEL
1	Mr. Salil Taneja	Chairman	3,200	—
2	Mr. S. M. Kapoor	Managing Director	—	—
3	Mr. B. R. Taneja	Director	300	—
4	Mr. R. Surie	Director	181,054	—
5	Mr. K. Rustumji	Director	200	—
6	Mr. C. S. Kameswaran	Director	—	—
7	Mr. Nirmal Chandra	Director	750	—
8	Mr. R. Poornalingam	Director	—	—

- (b) The extent of the shareholding of the Directors of TEL in TEL and TAAL either singly or jointly or as nominee as on December 31, 2014 is as under:

Sr. No	Name of the Director	Designation	Equity shares in TEL	Equity shares in TAAL
1	Mr. Salil Taneja	Director	—	3,200
2	Mr. C. S. Kameswaran	Director	—	—
3	Mr. P. Saralaya	Director	—	—

20. In accordance with the Circular no. CIR/CFD/DIL/5/2013 issued by Securities and Exchange Board of India (“SEBI”) on February 4, 2013, the Audit Committee of the Board of Directors (“Audit Committee”) at its meeting held on October 9, 2014, recommended to the Board of Directors of the Applicant Company, the proposed Scheme inter-alia taking into account:
- The Share Entitlement Ratio Report issued by M/s. MZSK & Associates, Chartered Accountant for issue of shares pursuant to the Scheme;
 - The Fairness Opinion issued by M/s. Keynote Corporate Services Limited on the fairness of the Share Entitlement Ratio Report.

In view of the above, a report by the Audit Committee dated October 9, 2014 recommending the proposed Scheme was furnished to BSE Limited on October 17, 2014.

21. The Applicant Company has received the Observation Letter in terms of Clause 24(f) of the Listing Agreement from BSE Limited vide its letter dated February 26, 2015 conveying ‘No-Objection’ for filing the Scheme with the Hon’ble High Court.
22. The financial position of the Applicant Company will not be adversely affected by the Scheme. Further, the rights and interests of the creditors of the Applicant Company will not be prejudicially affected by the Scheme as the Applicant Company, post the Scheme will be able to meet its liabilities as they arise in the ordinary course of business. Further, the rights and interests of the shareholders of the Applicant Company will not be prejudicially affected by the Scheme as no sacrifice or waiver is, at all, called from them nor are their rights sought to be modified in any manner.

23. No investigation proceedings are pending or are likely to be pending under Sections 235 to 251 of the Companies Act, 1956 or under the corresponding Sections of the Companies Act, 2013 in respect of the Applicant Company.
24. In the event of any of the said sanctions and approvals referred to in the Scheme not being obtained and/ or the Scheme not being sanctioned by the Hon'ble High Court of Judicature at Madras or such other competent authority and/ or the order or orders not being passed as aforesaid before September 30, 2015 or such other date as may be agreed by the respective Board of Directors of TAAL and TEL, the Scheme shall become null and void and each party shall bear and pay their respective costs, charges and expenses in connection with the Scheme.
25. **Exemption from Postal Ballot/ E-voting Procedure:** Approval of the shareholders was not sought by postal ballot and e-voting (as required under Clause 5.16(a) of the SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013 read with SEBI Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013, jointly referred to as SEBI Circular) since the proposed Scheme of Arrangement is not covered under any of the cases listed under the aforesaid Clause 5.16(a). As per Clause 5.16(b), the necessary undertaking/ approval/ certification has been obtained from the statutory auditor of the Applicant Company.
26. Inspection of the following documents may be made by the Shareholders of the Applicant Company at its Registered Office up to one day prior to the date of the meeting, between 11:00 am and 1:00 pm, on all working days (except Saturdays):
 - (a) Copy of the Order dated March 12, 2015 of the Hon'ble High Court of Judicature at Madras passed in Company Application No. 246 of 2015 directing the convening of the meeting of the Equity Shareholders of the Applicant Company.
 - (b) Scheme of Arrangement between TAAL and TEL and their respective Shareholders.
 - (c) Memorandum and Articles of Association of the Applicant Company and TEL.
 - (d) The Audited Financial Statements of the Applicant Company for last three financial years ended 31st March 2014, 31st March 2013 and 31st March 2012.
 - (e) The provisional financial statements of TEL as on December 31, 2014.
 - (f) Copy of the Observation Letter received from BSE Limited vide its letter dated February 26, 2015.
 - (g) Share Entitlement Ratio Report issued by M/s. MZSK & Associates, an Independent valuer.
 - (h) Fairness Opinion issued by M/s. Keynote Corporate Services Limited, a Category I Merchant Banker.

This statement may also be treated as an Explanatory Statement under Section 393 as also under Section 173 of the Companies Act, 1956 (Section 102 of the Companies Act, 2013). A copy of the Scheme, Explanatory Statement and Form of Proxy may be obtained from the Registered Office of the Applicant Company and/ or at the office of the Advocates Mr. K. Ramasamy, S2, Singapore Plaza, 2nd Floor, New No. 337/ Old No. 164, Linghi Chetty Street, Chennai - 600 001.

Dated this the 18th day of March, 2015

Mr. M. Muthusamy,
Senior advocate,
Chairman appointed for the meeting of
Equity Shareholders of the Applicant Company

**SCHEME OF ARRANGEMENT
BETWEEN
TANEJA AEROSPACE AND AVIATION LIMITED
AND
TAAL ENTERPRISES LIMITED
AND
THEIR RESPECTIVE SHAREHOLDERS**

Preamble

1. This Scheme of Arrangement ('Scheme') is presented under Sections 391 to 394 read with Sections 100 to 103 and other applicable provisions of the Companies Act, 1956, and Section 52 and other applicable provisions of Companies Act, 2013, for demerger of Charter Business carried out by Taneja Aerospace and Aviation Limited and investments in First Airways Inc and TAAL Tech India Private Limited, on a going concern basis and vesting in TAAL Enterprises Limited.
2. This Scheme also provides for various other matters consequential or otherwise integrally connected herewith.

Rationale

Taneja Aerospace and Aviation Limited ('TAAL') is engaged in the business of Aircraft Manufacturing and Maintenance, Airfield services, Air Charter and Engineering Design services (through its subsidiary TAAL Tech India Private Limited). In order to enable greater focus on these segments, this scheme provides for retaining the businesses of Aircraft Manufacturing and Airfield services in TAAL while hiving off the Air Charter and the Engineering Services businesses to TAAL Enterprises Limited.

This hive off of the Air Charter and the Engineering Services businesses is expected to lead to –

- Stronger business focus on individual businesses as the business risks and growth strategies related to these businesses are significantly different.
- Enable unlocking of value of these businesses
- Facilitate investment and strategic partnership for individual businesses.

Parts of the Scheme

The Scheme is divided into following parts:

1. **Part A** deals with the Definitions, Interpretation and Share Capital;
2. **Part B** deals with transfer and vesting of charter business carried out by Taneja Aerospace and Aviation Limited and investments in First Airways Inc and TAAL Tech India Private Limited, on a going concern basis, in TAAL Enterprises Limited; and
3. **Part C** deals with the General/Residuary Terms and Conditions.

PART A

DEFINITIONS, INTERPRETATION AND SHARE CAPITAL

1 DEFINITIONS

In this Scheme (as defined hereunder), unless inconsistent with the subject or context, the following expression shall have the meanings respectively assigned against them:

- 1.1 **“Act” or “the Act”** means the Companies Act, 1956 as may be applicable and shall include any statutory modifications, re-enactment or amendments thereof for the time being in force;
- 1.2 **“Appointed Date”** means **October 1, 2014** or such other date as the High Court of Judicature at Madras may direct / fix;
- 1.3 **“BSE”** means the BSE Limited;
- 1.4 **“Board”** means the Board of Directors or any committee thereof of the Taneja Aerospace and Aviation Limited or TAAL Enterprises Limited as the context may require;
- 1.5 **“Book Value(s)”** means the value(s) of the assets and liabilities as appearing in the books of Taneja Aerospace and Aviation Limited at the close of business on the day immediately preceding the Appointed Date;
- 1.6 **“Court” or “High Court”** means the High Court of Judicature at Madras and shall include the National Company Law Tribunal, if applicable;
- 1.7 **“Demerged Business”** means the charter business carried out by Taneja Aerospace and Aviation Limited, and investments in First Airways Inc and TAAL Tech India Private Limited, along with all related assets, liabilities, employees including specifically the following:
 - 1.7.1 All assets, wherever situated, whether movable or immovable, leasehold or freehold, tangible or intangible, including all capital work-in-progress, plant & machinery, equipment including specialized equipments for broadcasting, technical software, trademarks, trade names, brands, investments and other Intellectual Property rights, vehicles, furniture, fixtures, office equipment, computer installations, electrical appliances, accessories pertaining to the Demerged Business;
 - 1.7.2 All liabilities, present and future (including contingent liabilities pertaining to or relatable to the Demerged Business), as may be determined by the Board of the Taneja Aerospace and Aviation Limited;
 - 1.7.3 All rights and all assignments and grants thereof, all permits, registrations, rights (including rights under any agreement, contracts, applications, letters of intent etc), benefits of all licenses including but not restricted to the license to operate the charter business viz. Air Operator Permit (Non Scheduled) No. AOP: 05/1997 initially issued by the Director General of Civil Aviation on November 7, 1997 and renewed thereafter, contracts/ agreement, memorandum of understanding (including but not limited to contracts/ agreement with vendors, customer, government etc), approvals, regulatory approvals, entitlements, goodwill, investments, cash balances, bank balances, bank accounts, receivables, loans and advances, privileges, all other claims, rights and benefits, powers and facilities of every kind, nature and description whatsoever, inventory, rights to use and avail of telephones, telexes, facsimile connections and installations, utilities, electricity, water and other services, provisions, funds, benefits of all agreements, contracts and arrangements and all other interests in connection with or relating to the Demerged Business;

- 1.7.4 All deposits and balances with Government, Semi-Government, local and other authorities and bodies, customers and other persons, earnest moneys and/ or security deposits paid or received by Taneja Aerospace and Aviation Limited, directly or indirectly in connection with or in relation to the Demerged Business;
- 1.7.5 All books, records, files, papers, directly or indirectly relating to the Demerged Business;
- 1.7.6 Any other asset / liability which is deemed to be pertaining to the Demerged Business by the Board of Taneja Aerospace and Aviation Limited but excluding any of the foregoing relating to the remaining business of Taneja Aerospace and Aviation Limited; and
- 1.7.7 All permanent employees employed by Taneja Aerospace and Aviation Limited pertaining to the Demerged Business, as identified by the Board of Directors of Taneja Aerospace and Aviation Limited, as on the Effective Date.

Any question that may arise as to whether a specific asset or liability pertains or does not pertain to the Demerged Business or whether it arises out of the activities or operations of the Demerged Business shall be decided by mutual agreement between the Board of Directors of Taneja Aerospace and Aviation Limited and TAAL Enterprises Limited;

- 1.8 **“Effective Date”** means the date on which the authenticated copies or certified copies of the Orders of High Court of Judicature at Madras under Sections 391 to 394 read with Sections 100 to 103 of the Act and Section 52 of Companies Act, 2013 sanctioning the Scheme are filed with the Registrar of Companies, Coimbatore, Tamil Nadu, and Registrar of Companies, Chennai, Tamil Nadu;
- 1.9 **“Record Date”** means the date to be fixed jointly by the Board of Directors of Taneja Aerospace and Aviation Limited and TAAL Enterprises Limited for the purposes of determining the shareholders of Taneja Aerospace and Aviation Limited to whom shares would be issued in accordance with Clause 5 of this Scheme (as defined hereinafter);
- 1.10 **“Scheme”** or **“the Scheme”** or **“this Scheme”** means this Scheme of Arrangement in its present form as submitted to the Hon’ble High Court or this Scheme with such modification(s), if any made, as per Clause 16 of the Scheme.
- 1.11 **“TEL”** or the **“the Resulting Company”** means TAAL Enterprises Limited (CIN U62200TN2014PLC096373), a company incorporated under the Companies Act, 2013 and having its registered office at 2nd Floor, MMPDA Towers, 184, Royapettah High Road, Chennai – 600 014, Tamil Nadu;
- 1.12 **“TAAL”** or the **“the Demerged Company”** means Taneja Aerospace and Aviation Limited (CIN: L62200TZ1988PLC014460), a Company incorporated under the Act and having its registered office at Belagondapalli Village, Thally Road, Denkanikottai Taluk, Krishnagiri District, Belagondapalli 635 114, Tamil Nadu;
- 1.13 All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act and other applicable laws, rules, regulations, bye-laws, as the case may be or any statutory modification or re-enactment thereof from time to time.

2 DATE OF TAKING EFFECT AND OPERATIVE DATE

The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the High Court or made as per Clause 16 of the Scheme, shall be effective from the Appointed Date but shall be operative from the Effective Date.

3 SHARE CAPITAL

3.1 The share capital of TAAL as at March 31, 2014 is as under:

Share Capital	Rs. in Lakhs
<u>Authorized Share Capital</u>	
4,00,00,000 Equity Shares of Rs. 5/- each	2,000.00
10,00,000 15% Redeemable Cumulative Preference Shares of Rs. 50/- each	500.00
TOTAL	2,500.00
<u>Issued, subscribed and paid-up Share Capital</u>	
2,49,30,736 Equity Shares of Rs. 5/- each fully paid	1,246.54
TOTAL	1,246.54

Subsequent to the above date, there has been no change in the capital structure of TAAL. The shares of TAAL are listed on the BSE.

3.2 The share capital of TAAL Enterprises Limited as on 1st July, 2014 is as under:

Share Capital	Rs. in Lakhs
<u>Authorized Share Capital</u>	
50,000 equity shares of Rs. 10 each	5.00
TOTAL	5.00
<u>Issued, subscribed and paid-up Share Capital</u>	
50,000 equity shares of Rs. 10 each, fully paid up	5.00
TOTAL	5.00

As on the date of approval of this Scheme, the entire issued, subscribed and paid up share capital of TEL is held by TAAL.

PART B

TRANSFER AND VESTING OF DEMERGED BUSINESS OF TAAL INTO TEL

4 TRANSFER AND VESTING OF DEMERGED BUSINESS

With effect from the Appointed Date and upon the Scheme becoming effective, the whole of the undertaking and assets and properties of the Demerged Business, shall, under the provisions of Sections 391 to 394, read with Section 100 to 103 and all other applicable provisions, if any, of the Act, and Section 52 and other applicable provisions, if any, of Companies Act, 2013, without any further act, instrument, deed, matter or thing stand vested in and/or deemed to be vested in TEL, so as to vest in TEL all the rights, title and interest pertaining to the Demerged Business. In so far as the immovable properties, if any, of the Demerged Business are concerned, TEL shall register the true copy of the Order of the High Court approving the Scheme with the relevant authorities. The Demerged Business of TAAL, as defined in clause 1.7, shall stand vested in or deemed to be transferred to and vested in TEL, as a going concern, in compliance with Section 2(19AA) of the Income Tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said Section of the Income-tax Act, 1961, at a later date including resulting from an

amendment of law or for any other reason whatsoever, the provisions of the said Section of the Income-tax Act, 1961, shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(19AA) of the Income-tax Act, 1961. The vesting of Demerged Business of TAAL in TEL shall happen in the following manner:

- 4.1 Without prejudice to the generality of Clause 4.1, in respect of such of the assets of Demerged Business as are moveable in nature or are otherwise capable of transfer and vesting by manual delivery or by endorsement and/or delivery or by physical possession including plant, machinery and equipment, the same may be transferred to and vested into TEL, as follows:
- (i) All the moveable assets capable of being transferred and vested by delivery, including plant and machinery, shall be handed over by physical delivery (together with duly executed transfer forms or other documents as may be required) to TEL along with such other documents as may be necessary towards the end and intent that the property therein passes to TEL on such delivery without requiring any deed or instrument of conveyance for the same and shall become the property of TEL accordingly. The investments held in dematerialized form, if any, will be transferred to TEL by issuing appropriate delivery instructions to the depository participant with whom TAAL has an account. Such delivery and transfer shall be made on a date mutually agreed upon between the respective Boards of Directors of TAAL and TEL, being a date after the sanction of the Scheme by the High Court.
 - (ii) The moveable assets, other than those specified in Clause 4.1 (i) above, including intangible assets, actionable claims, sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits including deposits paid in relation to outstanding litigations, if any, with Government, semi-Government, local and other authorities and bodies, customers and other persons, shall, without any further act, instrument or deed, be transferred to and vested into as the property of TEL. TEL may, if required, give notice in such form as it may deem fit and proper to each person or debtor that, pursuant to the Scheme, the said person or debtor should pay the debt, loan or advance or make good the same or hold the same to its account and that the right of TEL to recover or realise the same is in substitution of the right of TAAL and that appropriate entry should be passed in their respective books to record the aforesaid charges.
- 4.2 With effect from the Appointed Date, all debts, liabilities, contingent liabilities, duties and obligations of every kind, nature and description of TAAL relating to the Demerged Business shall, without any further act or deed be and stand transferred to TEL so as to become as from the Appointed Date, the debts, liabilities, contingent liabilities, duties and obligations of TEL and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, contingent liabilities, duties and obligations have arisen, in order to give effect to the provisions of this sub-clause. After the Effective Date, TEL undertakes to meet, discharge and satisfy the said liabilities to the exclusion of TAAL and to keep TAAL indemnified at all times from and against all such liabilities and from and against all actions, demands and proceedings in respect thereto.
- 4.3 With effect from the Appointed Date and upon the Scheme becoming effective, any statutory licenses, permissions or approvals or consents held by TAAL required to carry on operations in the Demerged Business, including but not restricted to the license to operate the charter business viz. Air Operator Permit (Non-Scheduled) No. AOP: 05/1997, initially issued by Director General of Civil Aviation on November 7, 1997 and renewed thereafter, shall stand vested in TEL without any further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in favour of TEL, and that the order of the High Court shall be binding upon the Director General of Civil Aviation and all other authorities / bodies / other establishments. The benefit of all statutory and regulatory permissions, environmental approvals and consents, registration or other licenses, and consents shall vest in and become available to TEL pursuant to the Scheme. In so far as various incentives, subsidies, rehabilitation

Schemes, special status and other benefits or privileges enjoyed, granted by any Government body, local authority or by any other person, or availed of by TAAL relating to the Demerged Business, are concerned, the same shall vest with and be available to TEL on the same terms and conditions.

- 4.4 The transfer and vesting of Demerged Business as aforesaid shall be subject to the existing securities, charges, mortgages and other encumbrances if any, subsisting over or in respect of the property and assets or any part thereof relating to Demerged Business to the extent such securities, charges, mortgages, encumbrances are created to secure the liabilities forming part of the Demerged Business.
- 4.5 On the Effective Date, unless the Board of TAAL agrees, the subsisting security and corporate guarantee provided by TAAL for any loans borrowed by TAAL Tech India Private Limited shall not continue.

5 ISSUE OF SHARES

- 5.1 Upon this Scheme becoming effective and upon vesting of the Demerged Business of TAAL in TEL in terms of this Scheme, TEL shall, without any further application or deed, issue and allot equity shares, credited as fully paid-up, to the extent indicated below, to the members of TAAL, holding fully paid up equity shares in TAAL and whose names appear in the Register of Members of TAAL on the Record Date or to such of their respective heirs, executors, administrators or other legal representative or other successors in title as may be recognized by the Board of Directors of TEL in the following manner:

Consideration payable to Equity Shareholders:

*“1 (One) fully paid up Equity Share of Rs. 10 (Rupees Ten) each of
TAAL Enterprises Limited shall be issued and allotted for every
8 (Eight) fully paid up equity shares of Rs. 5 (Rupees Five) each held in
Taneja Aerospace and Aviation Limited”*

TEL shall also issue and allot to the Depository representing the holders of GDRs (Global Depository Receipts) of TAAL outstanding on the Record Date, shares of TEL in the aforementioned ratio.

- 5.2 The consideration in the form of equity shares shall be issued and allotted by TEL in dematerialized form to all the shareholders of TAAL holding such shares in dematerialized form and in physical form to all those shareholders of TAAL, holding such shares in physical form as per Clause 5.6
- 5.3 The equity shares to be issued and allotted by TEL to the equity shareholders of TAAL shall be subject to the Scheme and the Memorandum and Articles of Association of TEL.
- 5.4 No shares shall be allotted in respect of fractional entitlements, by TEL to which the members of TAAL may be entitled on allotment of shares as per Clause 5.1. The Board of Directors of TEL shall, instead consolidate all such fractional entitlements and thereupon allot equity shares in lieu thereof to a person authorized by the Board of Directors of TEL in this behalf who shall hold the shares in trust on behalf of the members of TAAL entitled to fractional entitlements with the express understanding that person shall sell the same in the market at such time or times and at such price or prices in the market and to such person, as he deems fit, and pay to TEL, the net sale proceeds thereof, whereupon TEL shall distribute such net sale proceeds, subject to tax deductions as applicable, to the members of TAAL in proportion to their respective fractional entitlements.
- 5.5 In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of TAAL, the Board of Directors of TAAL shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer as if such changes in the registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transferor or transferee of equity shares in TAAL, after the effectiveness of this Scheme.

- 5.6 The equity shares shall be issued in dematerialized form to those shareholders who hold shares of TAAL in dematerialized form, in to the account in which TAAL shares are held or such other account as is intimated by the shareholders to TAAL and / or its Registrar before the Record Date. All those shareholders who hold shares of TAAL in physical form shall also have the option to receive the equity shares, as the case may be, in dematerialized form provided the details of their account with the Depository Participant are intimated in writing to TAAL and / or its Registrar before the Record Date. The shareholders who fail to provide such details shall be issued equity shares in physical form.
- 5.7 The equity shares to be issued by TEL to the members of TAAL pursuant to clause 5.1 of this Scheme will be listed and/or admitted to trading in terms of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 on all the Stock Exchanges on which shares of TAAL are listed on the Effective Date. TEL shall enter into such arrangements and give such confirmations and/or undertakings as may be necessary in accordance with the applicable laws or regulations for TEL with the formalities of the said Stock Exchanges. The equity shares of TEL allotted pursuant to the Scheme shall remain frozen in the depositories system till listing and trading permission is given by the designated Stock Exchange(s). There shall be no change in the shareholding pattern or control in TEL between the Record Date and the listing which may affect the status of approvals received from the Stock Exchange(s).
- 5.8 TEL shall and to the extent required, increase its Authorized Share Capital to facilitate issue of equity shares under this Scheme.
- 5.9 The approval of this Scheme by the shareholders of TAAL and TEL under Sections 391 to 394 of the Act shall be deemed to have the approval of under Sections 13, 14 and other applicable provisions of Companies Act, 2013 and any other consents and approvals required in this regard.

6 REDUCTION OF SHARE CAPITAL HELD BY TAAL IN TEL

Post allotment of equity shares by TEL in terms of Clause 5 of this Scheme, the existing shareholding of TAAL, in TEL shall be cancelled in accordance with provisions of Sections 100 to 103 of the Act. The reduction of share capital of TEL shall be effected as an integral part of this Scheme without having to follow the process under Sections 100 to 103 if the Act separately and the order of the High Court sanctioning the Scheme shall be deemed to be also the order under Section 102 of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital, if any or payment of paid-up share capital, and the provisions of Section 101 of the Act will not be applicable. Notwithstanding the reduction in the equity share capital of TEL, TEL shall not be required to add "And Reduced" as suffix to its name and the TEL shall carry on its old name.

7 ACCOUNTING TREATMENT

In the books of TEL

- 7.1 TEL shall, upon the Scheme becoming effective, record the assets and liabilities of the Demerged Business of TAAL vested in it pursuant to this Scheme, at respective book values, as appearing in the books of TAAL at the close of business on the day immediately preceding the Appointed Date.
- 7.2 TEL shall credit to the share capital account, the aggregate face value of Equity Shares issued and allotted by it pursuant to Clause 5.1 of the Scheme.
- 7.3 The inter company balances, if any, appearing in the books of accounts of TEL and the Demerged Business being transferred, will stand cancelled;
- 7.4 The difference being the excess of the net assets value of Demerged Business transferred to TEL, over the face value of equity shares allotted as per clauses 5.1 and after considering the adjustment mentioned

in clause 6 and clause 7.3 above would be recorded as Capital Reserve. Shortfall, if any, shall be recorded as Goodwill.

In the books of TAAL

- 7.5 Upon the Scheme becoming effective, TAAL shall reduce the book value of assets and liabilities pertaining to the Demerged Business transferred to TEL.
- 7.6 The excess of the book value of assets transferred over the book value of liabilities transferred, and after considering the reduction of shareholding of TAAL in TEL as per Clause 6 of this Scheme, shall be adjusted against the balance lying in Securities Premium Account. Such adjustment shall be as per the provisions of Section 52 of Companies Act, 2013 read with Sections 100 to 104 of the Act. The reduction of capital (Securities Premium Account) in the books of TAAL shall be effected as an integral part of this Scheme without having to follow the process under Section 100 to 103 of the Act separately and the Order of the High Court sanctioning the Scheme shall be deemed to be also the Order under Section 102 of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital, if any, or payment of paid-up share capital and the provisions of Section 101 of the Act will not be applicable. TAAL shall not be required to add the words “and reduced” as a suffix to its name consequent upon such reduction.

8 PROFITS, DIVIDEND, BONUS/RIGHT SHARES

TAAL shall not utilize profits or income, if any, pertaining to the Demerged Business for any purpose including declaring or paying any dividend in respect of the period falling on and after the Appointed Date. TAAL shall also not utilize profits, adjust or claim adjustment of the profits/loss as the case may be earned/incurred or suffered in respect of the Demerged Business after the Appointed Date.

9 CONDUCT OF DEMERGED BUSINESS OF TAAL TILL THE EFFECTIVE DATE

With effect from the Appointed Date and up to and including the Effective Date:

- 9.1 TAAL shall be deemed to have been carrying on and shall carry on its business and activities relating to the Demerged Business and shall be deemed to have held and stood possessed of and shall hold and stand possessed of all its properties and assets pertaining to the Demerged Business for and on account of and in trust for TEL. TAAL hereby undertakes to hold its said assets with utmost prudence until the Effective Date.
- 9.2 As regards the charter business forming a part of the Demerged Business (excluding investments in First Airways Inc and Taal Tech India Private Limited), TAAL shall be deemed to have been carrying on and shall carry on its business and activities relating to the charter business forming a part of the Demerged Business and shall be deemed to have held and stood possessed of and shall hold and stand possessed of all its properties and assets pertaining to the charter business forming a part of the Demerged Business for and on account of and in trust for TEL until the time TEL obtains the requisite statutory licenses required for carrying on the charter business. However, the Board of Directors of TAAL and TEL may mutually agree an earlier date (not earlier than the Effective Date) where the charter business forming a part of the Demerged Business may be transferred by TAAL to TEL whether or not TEL has obtained the requisite statutory license for carrying on the charter business.
- 9.3 TAAL shall carry on its business and activities relating to the Demerged Business with reasonable diligence, business prudence and shall not, except in the ordinary course of business or without prior written consent of TEL, alienate charge, mortgage, encumber or otherwise deal with or dispose of Demerged Business or part thereof.
- 9.4 All the profits or income accruing or arising to TAAL or expenditure or losses arising or incurred or

suffered by TAAL pertaining to the Demerged Business shall for all purposes be treated and be deemed to be accrued as the income or profits or losses or expenditure as the case may be of TEL.

- 9.5 TEL shall be entitled, pending the sanction of the Scheme, to apply to the Central/State Government and all other agencies, departments and authorities concerned as are necessary under any law or rules, for such consents, approvals and sanctions, which TEL may require pursuant to this Scheme.

10 EMPLOYEES

- 10.1 On the Scheme becoming operative, all staff and employees of TAAL pertaining to Demerged Business in service on the Effective Date shall be deemed to have become staff and employees of TEL without any break in their service and on the basis of continuity of service, and the terms and conditions of their employment with TEL shall not be less favourable than those applicable to them with reference to their employment in TAAL.
- 10.2 It is expressly provided that, on the Scheme becoming effective, the Provident Fund, Gratuity Fund, Superannuation Fund or any other Special Fund or Trusts, if any, created or existing for the benefit of the staff and employees of TAAL pertaining to Demerged Business or all purposes whatsoever in relation to the administration or operation of such Fund or Funds or in relation to the obligation to make contributions to the said Fund or Funds in accordance with the provisions thereof as per the terms provided in the respective Trust Deeds, if any, to the end and intent that all rights, duties, powers and obligations of TAAL in relation to Demerged Business in relation to such Fund or Funds shall become those of TEL. It is clarified that the services of the staff and employees of TAAL pertaining to Demerged Business will be treated as having been continuous for the purpose of the said Fund or Funds.
- 10.3 TEL shall not vary the terms and conditions of employment of any of the employees of TAAL pertaining to the Demerged Business except in the ordinary course of business.

11 LEGAL PROCEEDINGS

- 11.1 If any suit, appeal or other proceeding of whatever nature by or against TAAL in relation to Demerged Business is pending, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of or by anything contained in this Scheme, but the said suit, appeal or other legal proceedings may be continued, prosecuted and enforced by or against TEL, as the case may be, in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against TAAL in relation to Demerged Business as if this Scheme had not been made.
- 11.2 In case of any litigation, suits, recovery proceedings which are to be initiated or may be initiated against TAAL in relation to Demerged Business, TEL shall be made party thereto and any payment and expenses made thereto shall be the liability of TEL.

12 CONTRACTS, DEEDS, ETC.

- 12.1 Subject to the other provisions of this Scheme, all contracts, deeds, bonds, insurance, Letters of Intent, undertakings, arrangements, policies, agreements and other instruments, if any, of whatsoever nature pertaining to Demerged Business to which TAAL is a party and which is subsisting or having effect on the Effective Date, shall be in full force and effect against or in favour of TEL and may be enforced by or against TEL as fully and effectually as if, instead of TAAL, TEL had been a party thereto.
- 12.2 TEL shall enter into and/or issue and/or execute deeds, writings or confirmations or enter into any tripartite arrangements, confirmations or novations, to which TAAL will, if necessary, also be party in order to give formal effect to the provisions of this Scheme. TEL shall be deemed to be authorised to execute any such deeds, writings or confirmations on behalf of TAAL for the Demerged Business and to implement or carry out all formalities required to give effect to the provisions of this Scheme.

13 SAVING OF CONCLUDED TRANSACTIONS

The transfer of the Demerged Business of TAAL into TEL under Clause 4 above and the continuance of proceedings by or against TEL under Clause 11 above shall not affect any transaction or proceedings already concluded by TAAL for the Demerged Business on or after the Appointed Date till the Effective Date, to the end and intent that TEL accept and adopts all acts, deeds and things done and executed by TAAL for the Demerged Business in respect thereto as done and executed on behalf of TEL.

PART C

GENERAL TERMS AND CONDITIONS

14 REMAINING BUSINESS OF TAAL

- 14.1 The remaining business of TAAL (aircraft manufacturing and maintenance and airfield services) and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by TAAL.
- 14.2 All legal and other proceedings by or against TAAL under any statute, whether pending on the Appointed Date or which may be instituted in future, whether or not in respect of any matter arising before the Effective Date and relating to the remaining business of TAAL (including those relating to any property, right, power, liability, obligation or duty of TAAL in respect of the remaining business of TAAL) shall be continued and enforced by or against TAAL.
- 14.3 With effect from the Appointed Date and including the Effective Date –
- (a) TAAL shall be deemed to have been carrying on and to be carrying on all business and activities relating to the remaining business of TAAL for and on its own behalf;
 - (b) all profit accruing to TAAL thereon or losses arising or incurred by it relating to the remaining business of TAAL shall, for all purposes, be treated as the profit, or losses, as the case may be, of TAAL.

15 APPLICATION TO HIGH COURT OF JUDICATURE AT MADRAS

TAAL and TEL shall with all reasonable dispatch make all necessary applications to the High Court for necessary orders or directions for holding or dispensing with the meetings of the members (and creditors, if necessary) of TAAL and TEL respectively and for sanctioning this Scheme under Section 391 to 394 of the Act (or such applicable provisions of the Companies Act, 2013, as the case may be) and orders under Section 394 of the Act (or such applicable provisions of the Companies Act, 2013, as the case may be), for carrying this Scheme into effect.

16 MODIFICATION OR AMENDMENTS TO THE SCHEME

TAAL and TEL by their respective Board of Directors ('the Board', which term shall include Committee thereof), may assent to/make and/or consent to any modifications/amendments to the Scheme or to any conditions or limitations that the Court and/or any other Authority under law may deem fit to direct or impose, or which may otherwise be considered necessary, desirable or appropriate as a result of subsequent events or otherwise by them (i.e. the Board). TAAL and TEL by their respective Board are authorised to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whatsoever for carrying the Scheme, whether by reason of any directive or Orders of any other authorities or otherwise

howsoever, arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith.

17 CONDITIONALITY OF THE SCHEME

This Scheme is and shall be conditional upon and subject to:

17.1 The requisite consent, approval or permission of the Central Government or any other statutory or regulatory authority, which by law may be necessary for the implementation of this Scheme.

17.2 The Scheme being approved by the requisite majorities in number and value of such classes of persons including the respective members and/or creditors of TAAL and TEL as may be directed by the High Court.

17.3 The sanction of the High Court under Sections 391 to 394 of the Act in favour of TAAL and TEL under the said provisions and to the necessary Order under Section 394 of the Companies Act, 1956 being obtained;

17.4 Certified or authenticated copy of the Order of the High Court sanctioning the Scheme being filed with the Registrar of Companies, Coimbatore, Tamil Nadu and Registrar of Companies, Chennai, Tamil Nadu by TAAL and TEL respectively.

17.5 All statutory and other approvals necessary for the Scheme to be given effect to being received.

18 EFFECT OF NON-RECEIPT OF APPROVALS

In the event of any of the said sanctions and approvals referred to in the preceding clause not being obtained and/ or the Scheme not being sanctioned by the High Court or such other competent authority and / or the Order not being passed as aforesaid before September 30, 2015 or within such further period or periods as may be agreed upon between TAAL and TEL by their Board of Directors (and which the Board of Directors of TAAL and TEL are hereby empowered and authorised to agree to and extend the Scheme from time to time without any limitation), this Scheme shall stand revoked, cancelled and be of no effect.

19 REPEALS AND SAVINGS

Any matter filed with Registrar, Regional Director or the Central Government under the Companies Act, 1956, before the notification of the corresponding provisions under The Companies Act, 2013 and not fully addressed at that time shall be concluded by the Registrar, Regional Director or the Central Government, as the case may be, in terms of the Act. Any direction or order given by the Hon'ble High Court under the provisions of the Act and any act done by TEL and TAAL based on such directions or order shall be deemed to be in accordance with and consistent with the provisions of The Companies Act, 2013. Accordingly, the provisions of The Companies Act, 2013, shall not apply to acts done by TEL and TAAL as per direction or order of the Hon'ble High Court sanctioning the Scheme.

20 COSTS, CHARGES & EXPENSES

All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) arising out of, or incurred in carrying out and implementing this Scheme and matters incidental thereto, shall be borne as mutually agreed by the Board of Directors of TAAL and TEL.

DCS/AMAL/FR/24(fy)309/2014-15

February 26, 2015

The Company Secretary
Taneja Aerospace & Aviation Limited
Belagondapally Village, Thally Road,
Denkanikottai Taluk, Krishnagiri,
Tamil Nadu 635 114.

Dear Sir / Madam,

Sub: Observation letter regarding the Scheme of Arrangement for Demerger between Taneja Aerospace & Aviation Limited and TAAL Enterprises Limited.

We refer to your draft Scheme of Arrangement for Demerger between Taneja Aerospace & Aviation Limited and TAAL Enterprises Limited.

As required under SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013 & SEBI Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013; SEBI has vide its letter dated February 26, 2015 given the following comment(s) on the draft scheme of arrangement:

- *Company to ensure that "fairness opinion" submitted by the company to the exchange which was received by SEBI on November 14, 2014, is displayed from the date of receipt of the letter from SEBI on the website of the company along with various documents submitted pursuant to the circular.*
- *The company shall duly comply with various provisions of the Circulars.*

Accordingly, based on aforesaid comments offered by SEBI, the company is hereby advised:

- To provide additional information (as stated above) along with various documents to the Exchange for further dissemination on Exchange website.
- To ensure that additional information (as stated aforesaid) along with various documents are disseminated on their (company) website.
- To duly comply with various provisions of the circulars.

In light of the above, we hereby advise that we have no adverse observations with limited reference to those matters having a bearing on listing/de-listing/continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the scheme with Hon'ble High Court.

However, the listing of equity shares of TAAL Enterprises Limited on the BSE Limited, shall be subject to SEBI granting relaxation under Rule 19(2)(b) of the Securities Contract (Regulation) Rules, 1957 and compliance with the requirements of SEBI circular. No. CIR/CFD/DIL/5/2013 dated February 4, 2013 & SEBI Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013. Further, TAAL Enterprises Limited shall comply with SEBI Act, Rules, Regulations, directions of the SEBI and any other statutory authority and Rules, Byelaws, and Regulations of the Exchange.

The Company shall fulfill the Exchange's criteria for listing the securities of such company and also comply with other applicable statutory requirements. However, the listing of shares of TAAL Enterprises Limited is at the discretion of the Exchange. In addition to the above, the listing of TAAL Enterprises Limited pursuant to the Scheme of Arrangement shall be subject to SEBI approval and the Company satisfying the following conditions:

...2/-

1. To submit the Information Memorandum containing all the information about TAAL Enterprises Limited and its group companies in line with the disclosure requirements applicable for public issues with BSE, for making the same available to the public through the website of the Exchange. Further, the company is also advised to make the same available to the public through its website.
2. To publish an advertisement in the newspapers containing all the information about TAAL Enterprises Limited in line with the details required as per the aforesaid SEBI circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013 & SEBI Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013. The advertisement should draw a specific reference to the aforesaid Information Memorandum available on the website of the company as well as BSE.
3. To disclose all the material information about TAAL Enterprises Limited to BSE on a continuous basis so as to make the same public, in addition to the requirements if any, specified in Listing Agreement for disclosures about the subsidiaries.
4. The following provisions shall be incorporated in the scheme:
 - i) The shares allotted pursuant to the Scheme shall remain frozen in the depository system till listing/trading permission is given by the designated stock exchange."
 - ii) "There shall be no change in the shareholding pattern in TAAL Enterprises Limited between the record date and the listing which may affect the status of this approval."

Further you are also advised to bring the contents of this letter to the notice of your shareholders, all relevant authorities as deemed fit, and also in your application for approval of the scheme of arrangement.

Further pursuant to the above SEBI circulars upon sanction of the Scheme by the Hon'ble High Court, the listed company shall submit to the stock exchange the following:


- a. Copy of the High Court approved Scheme;
- b. Result of voting by shareholders for approving the Scheme;
- c. Statement explaining changes, if any, and reasons for such changes carried out in the Approved Scheme vis-à-vis the Draft Scheme;
- d. Copy of the observation letter issued by all the Stock Exchanges where Company is listed.
- e. Status of compliance with the Observation Letter/s of the stock exchanges;
- f. The application seeking exemption from Rule 19(2)(b) of SCRR, 1957, wherever applicable; and
- g. Complaints Report as per Annexure II of this Circular.
- h. Any other document/disclosure as informed by the exchange.

The Exchange reserves its right to withdraw its 'No adverse observation' at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

Please note that the aforesaid observations does not preclude the company from complying with any other requirements.

Yours faithfully,


Nitin Pujari
Manager


Pooja Sanghvi
Asst. Manager



Taneja Aerospace and Aviation Limited

GGR Towers, 2nd Floor, Sy # 18/2b, Sarjapur Road,
Bangalore - 560 103, Karnataka, INDIA
Phone : +91 80 67606107, Fax : +91 80 67606125
GIN : L62200T21988PLC014460

TAAL/SEC/58/14-15

December 13, 2014

To
Listing Department
Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Fort,
Mumbai 400 001
BSE Scrip Code: 522229

O/c

Dear Sirs,

Sub: Submission of Complaint Report

Ref: Scheme of Arrangement between Taneja Aerospace And Aviation Limited ('Demerged Company' or 'TAAL' or 'the Company') and TAAL Enterprises Limited ('TEL') and their respective shareholders ('Scheme' or 'the Scheme').

This is with reference to our application filed by the Company with Bombay Stock Exchange on October 17, 2014 under Clause 24(f) of the listing agreement with respect to the proposed Scheme of Arrangement between Taneja Aerospace And Aviation Limited and TAAL Enterprises Limited and their respective shareholders.

We are enclosing herewith the Complaint Report as on the date of this letter as per Annexure III of the SEBI Circular bearing no. CIR/CFD/DIL/5/2013 dated February 4, 2013 read with SEBI Circular number CIR/CFD/DIL/8/2013 dated May 21, 2013.

The soft copy of the signed Complaint Report has already been sent to you by email dated December 13, 2014.

We request to take the above on record and oblige.

We request you to provide necessary "No Objection" at the earliest so as to enable us to file the Scheme with the Hon'ble High Court.

Thanking you,

Yours faithfully,
For **TANEJA AEROSPACE AND AVIATION LIMITED**


Priya Nair
Company Secretary



Encl.: As above

Registered Office & Service Facility : Thally Road, Belagondapally-635 114, Denkanikottai Taluk,
Krishnagiri Dist., Tamilnadu, INDIA Tel : +91 (04347) 233608, 233678 Website : www.taal.co.in

Complaint Report from November 17, 2014 to December 7, 2014

Part A

Sr. No.	Particulars	Number
1.	Number of complaints received directly	2
2.	Number of complaints forwarded by Stock Exchanges	2
3.	Total Number of complaints/comments received (1+2)	4
4.	Number of complaints resolved	4
5.	Number of complaints pending	0

Part B

Sr. No.	Name of the Complainant	Date of Complaint	Status (Resolved/pending)
1.	B. Shyamala	November 17, 2014	Resolved
2.	B. Shyamala	December 2, 2014	Resolved
3.	B. Shyamala	December 5, 2014	Resolved
4.	B. Shyamala	December 6, 2014	Resolved

For TANEJA AEROSPACE & AVIATION LIMITED



Priya Nair
Company Secretary



To

The Board of Directors,
Taneja Aerospace and Aviation Limited,
Belagondapalli Village, Thally Road,
Denkanikotta, Belagondapalli,
Tamil Nadu - 635114

The Board of Directors,
TAAL Enterprises Limited,
2nd Floor, MMPDA Towers,
184, Royapettah High Road,
Chennai - 600014

Dear Sirs,

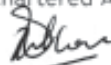
Ref: Recommendation of the swap ratio of equity shares for the purpose of proposed demerger of Air Charter Business carried out by Taneja Aerospace and Aviation Limited and Investments in First Airways Inc. and TAAL Tech India Private Limited, into TAAL Enterprises Limited

M/s MZSK & Associates ('MZSK' or 'We' or 'Us'), has been requested by the management of the companies to recommend the ratio for issue of equity shares for the purpose set out in para 1.3 below.

Our recommendation is based on the independent review, specific facts of the case and the information furnished to us, as set out in the enclosed Report and is subject to the scope and limitations contained herein.

Should you require any further clarification, we shall be pleased to furnish the same on hearing from you.

Yours faithfully,
For MZSK & Associates
Chartered Accountants


Rajesh Thakkar
Partner
Mumbai
October 8, 2014



1. Background & Objective

1.1. Taneja Aerospace and Aviation Limited ('TAAL')

Taneja Aerospace and Aviation Limited ('TAAL') is engaged in the business of aircraft manufacturing and maintenance, airfield services, engineering design services (through its subsidiary TAAL Tech India Private Limited) and air charter services. The Company is listed on BSE Limited. The registered office of the Company is in Tamil Nadu, India.

The Authorised, Issued, Subscribed and Paid-up Share Capital of TAAL as on October 1, 2014 is as under:

Particulars	INR in Lakhs
Authorised Capital	
4,00,00,000 Equity Shares of Rs.5/- each	2,000.00
10,00,000, 15% Redeemable Cumulative Preference Shares of Rs.50/- each	500.00
Total	2,500.00
Issued, Subscribed and Paid Up Capital	
2,49,30,736 Equity Shares of Rs.5/- each fully paid up	1,246.54
Total	1,246.54

Subsequent to the abovementioned date, there has been no change in the Issued, Subscribed and Paid-up Share Capital of TAAL.

1.2. TAAL Enterprises Limited ('TEL')

TEL is a newly incorporated public limited Company having its registered office in Tamil Nadu, India. TEL is a wholly owned subsidiary of TAAL. TEL was incorporated on July 1, 2014. TEL is in process of obtaining the Certificate of Commencement of Business from the concerned Registrar of Companies. Its main object would be to provide Air Charter services by operating Charter Plane for the purpose of transporting or carrying passengers.

The Authorised, Issued, Subscribed and Paid-up Share Capital of TEL as on October 1, 2014 is as under:



Particulars	INR in Lakhs
Authorised Capital	
50,000 Equity Shares of Rs.10/- each	5.00
Total	5.00
Issued, Subscribed and Paid Up Capital	
50,000 Equity Shares of Rs.10/- each fully paid up	5.00
Total	5.00

1.3. Valuation Objective

We understand that the management of TAAL is contemplating to demerge its Air Charter Business carried out by TAAL and Investments in First Airways Inc. and TAAL Tech India Private Limited ('Demerged Business') vide a Scheme of Arrangement proposed between TAAL and TEL under sections 391 to 394 read with sections 100 to 103 and other applicable provision of the Companies Act, 1956, and Section 52 and other applicable provisions of the Companies Act, 2013 (hereinafter referred to as 'Draft Scheme').

In this context, we have determined the Share Exchange ratio that may be considered for the 'proposed demerger'.

For the purpose of our study, we have relied on the information and explanations provided to us by the management of TAAL and TEL. We have not carried out any independent tests to establish the accuracy of such statements and information.

As per the Draft Scheme provided to us, the Appointed Date for the demerger is October 1, 2014.

2. Sources of Information

For the purpose of this valuation exercise, we have relied upon the following information / documents made available to us by the management of both the companies and information available in the public domain:

- 2.1. Draft Scheme of Arrangement between TAAL and TEL and their respective shareholders to be adopted at the Board meeting;

- 2.2. Shareholding pattern of TAAL and TEL; and
- 2.3. Our discussions from time to time and representations provided by the Management of the companies.

3. Share Swap Ratio - Basis and Determination

3.1. Considering the following aspects:

- i. TEL is the wholly owned subsidiary ('WOS') of TAAL;
- ii. Upon the Draft Scheme becoming effective, existing shareholding of TAAL in TEL shall stand cancelled without any payment; and
- iii. Upon the Draft Scheme becoming effective, the shareholders of TAAL would be entitled to the same proportion of shares of TEL which they currently own directly in TAAL.

the swap ratio would not have any impact on the ultimate value of the shareholders of TAAL and the proposed demerger of Demerged Business of TAAL into TEL will be value-neutral to TAAL's shareholders.

Hence, the determination of swap ratio of the companies is at best an internal arrangement between the Companies and its shareholders and a detailed valuation of the company to determine the swap ratio would not be relevant in the present case.

- 3.2. The swap ratio and the number of shares to be allotted pursuant to demerger is of no relevance since there will be no loss of economic interest in the hands of shareholders of TAAL. Accordingly, for the purpose of recommending a swap ratio we are not attempting to arrive at the absolute values of shares of each company. Our exercise is to work out relative values of shares of both the Companies.
- 3.3. Thus, in determining the share swap ratio, we have chosen the methodology, which would fairly state the "relative values" of the shares of the Companies rather than the absolute value of the Companies.
- 3.4. We have been informed by the management of TEL that upon the effective date (as defined in the Draft Scheme), the Authorized Equity Share Capital of the Company would be increased to INR 320 lakhs.

3.5. We have been informed by the management of TAAL that the turnover of Aviation business for the year ended 31st March 2014 was about INR 33.94 crore whereas the turnover from the Charter business was INR 8.02 crore. Based on the above and considering the need for higher capital to fund growth of the Demerged Business, the share swap ratio in the event of demerger of Demerged Business of TAAL into TEL as suggested by the management of both the companies as under is fair:

"1 (One) fully paid equity shares of Face Value INR 10 (Rupees Ten) each of TEL for every 8 (Eight) fully paid equity shares of INR 5 (Rupees Five) each held in TAAL."

4. Scope Limitations

4.1. We have relied on the information provided and representations made to us by the management and in light of our remark in para 3.1 above that the demerger does not impact the shareholders, we have not carried out any due diligence, investigation or test on the data provided by the Company. This Report is to be read in totality and not in parts, in conjunction with the relevant documents referred to therein.

4.2. This report has been prepared exclusively for the use of TAAL and TEL and solely for the purpose of recommending a share swap ratio for the proposed demerger. Hence, this report should not be used for any purpose, whether in whole or in part without the prior written consent of MZSK, to any other person and for any other purpose other than mentioned earlier in this report. However, we understand that you may share this report with your advisors supporting the proposed transaction as well as statutory authorities. Please note that we do not owe any duty of care or accept no responsibility to your advisors or any third party with regard to this report. We have no obligation to update or revise this report because of events or transactions occurring subsequent to the date of this report.

Thank You.
Yours faithfully,

For MZSK & Associates
Chartered Accountants



Rajesh Thakkar
M. No. 103085
Mumbai

Date: October 8, 2014



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KEYNOTE

October 08, 2014

To,
The Board of Directors
Taneja Aerospace & Aviation Limited
Belagondapalli Village, Thally Road,
Denkanikotta, Krishnagiri,
Tamil Nadu, 635114

&

The Board of Directors
TAAL Enterprises Limited,
2nd Floor, MMPDA Towers,
184, Royapettah High Road,
Chennai - 600014

Dear Sirs,

Reg: Fairness Opinion on the swap ratio of equity shares for the purpose of proposed demerger of Air Charter Business carried out by Taneja Aerospace and Aviation Limited ("TAAL") and Investments in First Airways Inc. and TAAL Tech India Private Limited into TAAL Enterprises Limited ("TEL").

Keynote Corporate Services Limited ("Keynote" or "we" or "us") is Category I Merchant Banker registered with Securities Exchange Board of India ("SEBI"). We have been requested by the management of the companies to issue a report on fairness on the swap ratio of equity shares for the purpose of proposed demerger of Air Charter Business carried out by TAAL and Investments in First Airways Inc. and TAAL Tech India Private Limited into TEL. We have perused the documents/ information provided by you in respect of the proposed demerger. We have perused the Valuation Report as issued by M/s MZSK & Associates dated October 08, 2014 and state as follows:

Company Profile:

Taneja Aerospace and Aviation Limited is primarily engaged in the business of aircraft manufacturing and maintenance, airfield services, Engineering Design Services (through its subsidiary TAAL Tech India Private Limited) and air-charter business. The Company is listed on BSE Limited. The registered office of the Company is in Tamil Nadu, India.

The Issued, Subscribed and Paid-up Share Capital of TAAL as on October 1, 2014 is as under:

Particulars	Amount (in Rs. million)
Issued, Subscribed and Paid Up Capital	
24,930,736 Equity Shares of Rs. 5/- each fully paid up	124.65

TAAL Enterprises Limited is a newly incorporated public limited Company having its registered office in Tamil Nadu, India. TEL is a wholly owned subsidiary of TAAL. TEL was incorporated on July 1, 2014. TEL is in process of obtaining the Certificate of Commencement of Business from the concerned Registrar of

Page 1 of 4

Keynote Corporate Services Limited

The Ruby, 9th Floor, Senapati Bapat Marg, Dadar (West), Mumbai - 400028
Tel.: 91 22 3026 6000 • Fax: 91 22 3026 6088 • Email: info@keynoteindia.net • Website: www.keynoteindia.net
CIN-L67120MH1993PLC072407

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KEYNOTE

Companies. Its main object would be to provide Air Charter services by operating Charter Plane for the purpose of transporting or carrying passengers.

The Issued, Subscribed and Paid-up Share Capital of TEL as on October 1, 2014 is as under:

Particulars	Amount (in Rs. million)
Issued, Subscribed and Paid Up Capital	
50,000 Equity Shares of Rs. 10/- each fully paid up	0.5

Purpose of the Report:

We are made to understand that the management of TAAL is proposing to demerge its Air Charter Business and Investments in First Airways Inc. and TAAL Tech India Private Limited to TEL. TEL would discharge the consideration by issuing shares to shareholders of TAAL. In this regard, we have been requested to suggest Fairness on the proposed transaction.

Sources of Information:

For arriving at the fairness opinion set forth below, we have relied upon the following sources of information:

- Valuation Certificate by M/s MZSK & Associates dated October 08, 2014
- Standalone and Consolidated Financial Statements of TAAL for 2013-14
- Shareholding pattern of TAAL and TEL
- Draft Scheme Of Arrangement between TAAL And TEL and their respective shareholders

In addition to the above, we have also obtained such other information and explanations, which were considered relevant for the purpose of our Analysis.

Our Recommendation:

As stated in the Valuation Report, M/s MZSK & Associates has recommended the following:

"1 (One) fully paid equity shares of Face Value Rs. 10 (Rupees Ten) each of TEL for every 8 (Eight) fully paid equity shares of Rs. 5 (Rupees Five) each held in TAAL."

The aforesaid Arrangement shall be pursuant to the Draft Scheme of Arrangement and shall be subject to receipt of approval from the Jurisdictional High Court of Madras and other statutory approvals as may be required. The detailed terms and conditions of the transaction are more fully set forth in the Draft Scheme of Arrangement. Keynote has issued the fairness opinion with the understanding that Draft Scheme of Arrangement shall not be materially altered and the parties hereto agree that the Fairness Opinion would not stand good in case the final Scheme of Arrangement alters the transaction.

Page 2 of 4

Keynote Corporate Services Limited

The Ruby, 9th Floor, Senapati Bapat Marg, Dadar (West), Mumbai - 400028
Tel.: 91 22 3026 6000 • Fax: 91 22 3026 6088 • Email: info@keynoteindia.net • Website: www.keynoteindia.net
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Based on the information, data made available to us, including the Valuation Report, to the best of our knowledge and belief, the basis to arrive at share swap ratio suggested by M/s MZSK & Associates proposed under the Draft Scheme of Arrangement is fair in our opinion.

Exclusions and Limitations:

We have assumed and relied upon, without independent verification, the accuracy and completeness of all information that was publicly available or provided or otherwise made available to us by TAAL & TEL for the purpose of this opinion. We express no opinion and accordingly accept no responsibility with respect to the analysis or the assumptions on which they were based. Our work does not constitute an audit or certification or due diligence of the working results, financial statements, financial estimates or estimates of value to be realized for the assets of TAAL & TEL. We have solely relied upon the information provided to us by TAAL & TEL. We have not reviewed any books or records of TAAL & TEL (other than those provided or made available to us). We have not assumed any obligation to conduct, nor have we conducted any physical inspection or title verification of the properties or facilities of TAAL & TEL and neither express any opinion with respect thereto nor accept any responsibility therefore. We have not made any independent valuation or appraisal of the assets or liabilities of TAAL & TEL. We have not reviewed any internal management information statements or any non-public reports, and, instead, with your consent we have relied upon information which was publicly available or provided or otherwise made available to us by TAAL & TEL for the purpose of this opinion. We are not experts in the evaluation of litigation or other actual or threaten claims and hence have not commented on the effect of such litigation or claims on the valuation. We are not legal, tax, regulatory or actuarial advisors. We are financial advisors only and have relied upon, without independent verification, the assessment of TAAL & TEL with respect to these matters.

We understand that the managements of TAAL & TEL during our discussion with them would have drawn our attention to all such information and matters which may have an impact on our analysis and opinion. Our opinion is necessarily based on financial, economic, market and other conditions as they currently exist and on the information made available to us as of the date hereof. It should be understood that although subsequent developments may affect this opinion, we do not have any obligation to update, revise or reaffirm this opinion.

We have acted as a financial advisor to TAAL & TEL for providing a fairness view on the share swap ratio and will receive a fee for our services. In the past, Keynote has not provided any valuation service to TAAL or TEL.

In the ordinary course of business, Keynote is engaged in securities trading, securities brokerage and investment activities, as well as providing investment banking and investment advisory services. In the ordinary course of its trading, brokerage and financing activities, any member of Keynote may at any time hold long or short positions, and may trade or otherwise effect transactions, for its own account or the accounts of customers, in debt or equity securities or senior loans of any company that may be involved in the transaction.

It is understood that this letter is solely for the benefit of and confidential use by the Board of Directors of TAAL & TEL for the purpose of this transaction and may not be relied upon by any other person and may not be used or disclosed for any other purpose without our prior written consent. The opinion is not meant for meeting any other regulatory or disclosure requirements, save and except as specified above,



Page 3 of 4

Keynote Corporate Services Limited

The Ruby, 9th Floor, Senapati Bapat Marg, Dadar (West), Mumbai - 400028
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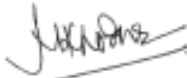
KEYNOTE

under any Indian or foreign law, Statute, Act, guideline or similar instruction. Management of TAAL & TEL should not make this report available to any party, including any regulatory or compliance authority/agency except as mentioned above. The letter is only intended for the aforementioned specific purpose and if it is used for any other purpose; we will not be liable for any consequences thereof.

We express no opinion whatever and make no recommendation at all as to TAAL's & TEL's underlying decision to effect to the proposed transaction or as to how the holders of equity shares or preference shares or secured or unsecured creditors, if any, of TAAL & TEL should vote at their respective meetings held in connection with the transaction. We do not express and should not be deemed to have expressed any views on any other terms of transaction. We also express no opinion and accordingly accept no responsibility for or as to the prices at which the equity shares of TAAL & TEL will trade following the announcement of the transaction or as to the financial performance of TAAL & TEL following the consummation of the transaction.

In no circumstances however, will Keynote Corporate Services Limited or its associates, directors or employees accept any responsibility or liability to any third party and in the unforeseen event of any such responsibility or liability being imposed on Keynote Corporate Services Limited or its associates, directors or employees by any third party, TAAL & TEL and their affiliates shall indemnify them.

For KEYNOTE CORPORATE SERVICES LTD



Nipun Lodha
Executive Vice President and Head- Corporate Finance
SEBI Registration No. INM000003606
(Merchant Banker)

Page 4 of 4

Keynote Corporate Services Limited

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CIN-L67120MH1993PLC072407

IN THE HIGH COURT OF JUDICATURE AT MADRAS
(ORIGINAL JURISDICTION)
COMPANY APPLICATION No. 246 of 2015

IN THE MATTER OF COMPANIES ACT, 1956
AND
IN THE MATTER OF SECTIONS 391 TO 394 READ WITH
SECTIONS 100 TO 103 OF THE COMPANIES ACT, 1956
AND
IN THE MATTER OF SCHEME OF ARRANGEMENT
BETWEEN
TANEJA AEROSPACE AND AVIATION LIMITED
(‘TAAL’ / the Demerged Company)
AND
TAAL ENTERPRISES LIMITED
(‘TEL’ / the Resulting Company)
AND
THEIR RESPECTIVE SHAREHOLDERS

TANEJA AEROSPACE AND AVIATION LIMITED,

a company incorporated under the Companies Act, 1956
and having its registered office at Belagondapalli Village,
Thally Road, Denkanikottai Taluk, Krishnagiri District,
Belagondapalli 635 114, Tamil Nadu, Represented by

its Authorised Representative, Mr. C.S. Kameswaran ...APPLICANT / DEMERGED COMPANY

FORM OF PROXY

I/ We, the undersigned, being the Equity Shareholder(s) of Taneja Aerospace and Aviation Limited, the Applicant Company do hereby appoint Mr./ Ms.* _____ of _____ and failing him/ her* _____ of _____ as my / our* proxy, to act for me/ us* at the Court Convened Meeting of the Equity Shareholders of Taneja Aerospace and Aviation Limited to be held at the Registered Office of the Company at Belagondapalli Village, Thally Road, Denkanikottai Taluk, Krishnagiri District, Belagondapalli 635 114, Tamil Nadu on Wednesday, April 15, 2015 at 2.00 p.m. for the purpose of considering and, if thought fit, approving, with or without modification(s), the arrangement embodied in the proposed Scheme of Arrangement between Taneja Aerospace and Aviation Limited and TAAL Enterprises Limited and their respective Shareholders and at such meeting, and at any adjournment/ adjournments thereof, to vote, for me/ us* and in my/ our* name(s) _____ (here, if ‘for’ insert ‘FOR’, if ‘against’ insert ‘AGAINST’ and in the latter case strike out the words “either with or without modifications” after the word “Arrangement” below) the said arrangement embodied in the Scheme of Arrangement, either with or without modifications as my/ our proxy may approve.

*Strike out what is not necessary

Dated this _____ day of _____, 2015

Name _____

Address _____

Signature across the stamp

Reg. Folio No. _____ Client ID No. _____

DP ID No. _____ No. of shares : _____

Signatures of Shareholder(s) Sole / First Holder : _____

Second Holder : _____

Third Holder : _____

Signature of Proxy Proxy : _____

Affix
Re. 1/-
Revenue
Stamp

Notes:

- (1) The proxy need not be a member of Taneja Aerospace and Aviation Limited
- (2) All alterations made in the form of Proxy should be initialed.
- (3) The Proxy must be deposited at the Registered Office of the Company at least 48 hours before the meeting.
- (4) In case of multiple proxies, the proxy later in time shall be accepted.



Taneja Aerospace and Aviation Limited

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

ATTENDANCE SLIP

COURT CONVENED MEETING OF EQUITY SHAREHOLDERS ON WEDNESDAY, APRIL 15, 2015

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

I/ We hereby record my/ our presence at the meeting of the Equity Shareholders of the Company, convened pursuant to the Order dated March 12, 2015 of the Hon'ble High Court of Judicature at Madras on Wednesday, April 15, 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.

Name and Address of Member (IN BLOCK LETTERS):	
Reg. Folio No. / Client ID*	
DP ID*	
No. of Equity Shares held	
Name of the Proxy holders / Authorised Representative	
Signature of Equity Shareholder / Proxy	

** Applicable for shareholders holding shares in dematerialized form.*

NOTES:

- Equity Shareholders attending the meeting in person or by proxy or through authorized representative are requested to complete and bring the attendance slip and hand it over at the entrance of the meeting hall.
- Joint shareholders may obtain additional attendance slip at the venue of the meeting.



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CIN: L62200TZ1988PLC014460

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of the equity shareholders of Taneja Aerospace and Aviation Limited (‘the Company’) will be held at the Registered Office of the Company at Belagondapalli Village, Thally Road, Denkanikottai Taluk, Krishnagiri District, Belagondapalli 635 114, Tamil Nadu on Wednesday, April 15, 2015 at 3:00 p.m. for the purpose of transacting the following Special Business:

Item No. 1

To consider and, if thought fit, to pass with or without modifications, the following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Sections 100 to 103 and other applicable provisions, if any, of the Companies Act, 1956 and Section 52 and other applicable provisions, if any, of the Companies Act, 2013 and Article 8 of the Articles of Association of the Company and upon sanction of the Scheme of Arrangement between Taneja Aerospace and Aviation Limited (“TAAL”) and TAAL Enterprises Limited (“TEL”) and their respective Shareholders (“the Scheme”) by the Hon’ble High Court of Judicature at Madras under Sections 391 to 394 read with Sections 100 to 103 and other applicable provisions, if any, of the Companies Act, 1956 and Section 52 and other applicable provisions of the Companies Act, 2013 and subject to such other approvals, permissions and sanctions of regulatory and other authorities, as may be necessary and upon such conditions and modifications as may be prescribed or imposed by the Hon’ble High Court of Judicature at Madras or by any of the regulatory or other authorities, consent of the Company be and is hereby accorded for utilizing the Securities Premium Account of the Company for adjusting the difference, being the excess of book value of assets over the book value of liabilities of air charter business carried out by TAAL along with the investments in First Airways Inc. and TAAL Tech India Private Limited, transferred pursuant to the Scheme to TEL and after considering the reduction of shareholding of TAAL in TEL as per Clause 6 of the Scheme, against the balance lying in the Securities Premium Account of TAAL.

RESOLVED FURTHER THAT for the purpose of giving effect to the above Resolution and for removal of any difficulties or doubts, the Board of Directors of the Company (hereinafter referred to as “the Board”, which term shall be deemed to include any Committee or person, which the Board may constitute/ nominate to exercise its powers conferred under this Resolution) be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient, usual or proper.”

By order of the Board of Directors
For **Taneja Aerospace and Aviation Limited**

Date: March 18, 2015
Place: Pune

Priya Nair
Company Secretary

NOTES:

- (a) The relative Explanatory Statement pursuant to Section 102 of the Companies Act 2013, in respect of the business to be transacted at the Extraordinary General Meeting ('EGM') is annexed hereto.
- (b) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE EGM IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/ HERSELF AND THE PROXY NEED NOT BE A MEMBER. A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS UPTO AND NOT EXCEEDING FIFTY (50) AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT (10%) OF THE TOTAL SHARE CAPITAL OF THE COMPANY. FURTHER, A MEMBER HOLDING MORE THAN 10% OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS PROXY FOR ANY OTHER PERSON OR MEMBER. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE EGM.
- (c) Members/ Proxies should bring the dully filled Attendance Slip (enclosed herewith as loose leaf) to attend the EGM.
- (d) Corporate Members are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the EGM.
- (e) Notice of EGM inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members through permitted mode.
- (f) In compliance with Clause 35B of the Listing Agreement and Section 108 of the Companies Act 2013 and Rules framed thereunder, the Company is offering e-voting facility to all its Members to enable them to cast their votes electronically instead of casting their vote at a Meeting. Please note that e-voting is optional. Central Depository Services Limited (CDSL) will be facilitating e-voting to enable the members to cast their votes electronically.
- (g) The Company has appointed Mr. S. P. Nagarajan, a Practicing Company Secretary, Bangalore to act as the Scrutinizer for conducting the electronic voting process in a fair and transparent manner.
- (h) The voting period begins on Friday, April 10, 2015 (09:00 am) and ends on Sunday, April 12, 2015 (05:00 pm). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date March 13, 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.**
- (i) You are advised to cast your vote only through one mode (E-voting or through Poll at the EGM). In case you cast your votes through both the modes, votes cast through E-voting shall only be considered and votes cast at the meeting through Poll would be rejected.
- (j) All documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company on all working days between 11.00 a.m. and 1.00 p.m. excluding Saturdays upto one day prior to the date of the EGM.

E-voting facility:

The Instruction for members opting to vote electronically is 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,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

- iv. Enter the Image Verification Code as displayed and Click on “Login”.
- v. If you are holding shares in Demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- vi. If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
Permanent Account Number (PAN)	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> ● 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 8 digits of the sequence number (Printed on Attendance Slip of EGM) in the PAN field. ● In case the sequence 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.
Date of Birth (DOB)#	Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/ mm/ yyyy format.
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio.

Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or Company please enter the member id/ folio number in the Dividend Bank details field.

- vii. After entering these details appropriately, click on “SUBMIT” tab.
- viii. Members holding shares in physical form will then reach directly the Company selection screen. However, Members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. 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 the “RESOLUTIONS FILE LINK” if you wish to view the 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 same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xvii. (a) Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to www.evotingindia.com and register themselves as Corporates and Custodians respectively.
- (b) A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- (c) After receiving the login details they should create compliance user using the admin login and password. The Compliance user would be able to link the depository 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, should be uploaded 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 helpdesk.evoting@cdslindia.com

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

ITEM NO. 1

1. Taneja Aerospace and Aviation Limited ('TAAL') along with its nominee holds 100% of the equity share capital of TAAL Enterprises Limited ('TEL').
2. The Board of Directors of TAAL at its meeting held on October 9, 2014 had approved the Scheme of Arrangement between TAAL and TEL and their respective Shareholders ('the Scheme' or 'this Scheme') a copy whereof is attached to the Explanatory Statement under Section 393 of the Companies Act, 1956 and annexed to the Notice of Court convened meeting of the Equity Shareholders of the Company simultaneously sent to you along with this Notice.
3. The proposed Scheme provides for the demerger of charter business carried out by TAAL and investments in First Airways Inc. and TAAL Tech India Private Limited, on a going concern basis and vesting in TEL and cancellation of TAAL's investment in TEL. The Appointed date for the Scheme is fixed as October 1, 2014.
4. In terms of Clause 7.6 of the Scheme, the difference between the excess of book value of assets transferred over the book value of liabilities transferred pursuant to the Scheme and after considering the reduction of shareholding of TAAL in TEL as per Clause 6 of the Scheme, shall be adjusted against the balance lying in the Securities Premium Account.
5. Since the Scheme would result in utilization of Securities Premium Account of the Company, the approval of the Equity Shareholders by a Special Resolution would be required in terms of Section 52 and other applicable provisions, if any, of the Companies Act, 2013, read with Sections 100 to 103 of the Companies Act, 1956.
6. the utilization of the Securities Premium Account as mentioned above shall be effected as an integral part of the Scheme without having to follow the process under Sections 100 to 103 of the Companies Act, 1956 separately and the Order of the Hon'ble High Court of Judicature at Madras sanctioning the Scheme shall be deemed to be also the Order under Section 102 of the Companies Act, 1956 for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital, if any or payment of paid-up share capital and hence the provisions of Section 101 of the Companies Act,

- 1956 will not be applicable. TAAL shall not be required to add the words “and reduced” as a suffix to its name consequent upon such reduction.
7. The proposed restructuring will not cause any prejudice to the creditors of the Company, since it does not involve any financial outlay/ outgo on the part of the Company. Further, the proposed restructuring would not in any way adversely affect the ordinary operations of the Company or the ability of the Company to honor its commitments or to pay its debts in the ordinary course of business.
 8. The above restructuring will have no impact on the shareholding pattern and the capital structure of the Company.
 9. The members are requested to read the entire text of the Scheme to get better acquainted with the provisions thereof.
 10. TAAL has received the ‘No Objection’ in terms of Clause 24(f) of the Listing Agreement from BSE Limited vide its Observation Letter dated February 26, 2015. The same has also been displayed on the website of the Company.
 11. The Resolution is subject to the confirmation of the Hon’ble High Court of Judicature at Madras and / or appropriate authority as may be applicable. After obtaining approval of the Shareholders, the Company would approach the Hon’ble High Court of Judicature at Madras for its confirmation.
 12. The Special Resolution as set out in the Notice will be placed before the meeting for the approval of the Shareholders.
 13. The Board of Directors recommends the Special Resolution for the approval of the Shareholders of the Company.
 14. None of the Promoters, Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise in the resolution.

By order of the Board of Directors
For **Taneja Aerospace and Aviation Limited**

Date: March 18, 2015
Place: Pune

Priya Nair
Company Secretary

Registered Office:
Belagondapalli Village, Thally Road,
Denkanikottai Taluk, Krishnagiri District,
Belagondapalli 635 114, Tamil Nadu

Taneja Aerospace and Aviation Limited

Phone: 04347 - 233508, Fax: 04347 – 233414

E-mail: secretarial@taal.co.in Website: www.taal.co.in

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN	:	L62200TZ1988PLC014460	
Name of the Company	:	Taneja Aerospace and Aviation Limited	
Registered Office	:	Belagondapalli Village, Thally Road, Denkanikottai Taluk, Krishnagiri District, Belagondapalli – 635 114 Tamil Nadu	
Name of the member (s)	:		
Registered address	:		
E-mail Id	:		
Folio No / Client Id	:		DP ID

I/We, being the member (s) holding shares of the above named company, hereby appoint

- Name _____ Address _____
E-mail Id _____ Signature _____ or failing him
- Name _____ Address _____
E-mail Id _____ Signature _____ or failing him
- Name _____ Address _____
E-mail Id _____ Signature _____

as my/ our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the EXTRAORDINARY GENERAL MEETING of the Company, to be held on Wednesday, April 15, 2015 at 3.00 P.M. at the Registered Office of the Company at Belagondapalli Village, Thally Road, Denkanikottai Taluk, Krishnagiri District, Belagondapalli – 635 114 Tamil Nadu, and at any adjournment thereof in respect of such resolution as indicated below:

Special Business

- Reduction in Share Capital of the Company.

Signed this day of 2015.

Signature of Shareholder: _____

Signature of Proxy holder(s): _____

Note:

This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the EGM.

Affix
Re. 1/-
Revenue
Stamp

Taneja Aerospace and Aviation Limited

Regd. Office: Belagondapalli Village, Thally Road, Denkanikottai Taluk, Krishnagiri District,
Belagondapalli - 635114, Tamil Nadu

Phone: 04347 - 233508, Fax: 04347 - 233414 E-mail: secretarial@taal.co.in Website: www.taal.co.in
CIN: L62200TZ1988PLC014460

ATTENDANCE SLIP

EXTRAORDINARY GENERAL MEETING – WEDNESDAY, APRIL 15, 2015 AT 3.00 P.M.

1. Name(s) of Shareholder(s)
(Including joint holders if any)
2. Registered Address of the
Sole / First Named Shareholders
3. Registered Folio Numbers /
DP ID No. / Client ID No.
4. Number of Equity Share(s) held

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company.

I hereby record my presence at the EXTRAORDINARY GENERAL MEETING of the Company to be held on Wednesday, April 15, 2015 at Belagondapalli Village, Thally Road, Denkanikottai Taluk, Krishnagiri District, Belagondapalli – 635 114 Tamil Nadu at 3.00 P.M.

Member's / Proxy's Signature

Note: Please complete this and hand it over at the entrance of the hall.

ELECTRONIC VOTING PARTICULARS

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 IT department.

Note: For detailed e-voting instructions, please refer “Notice of Extraordinary General Meeting” enclosed herewith under “E-Voting facility”.