

Annual Report 2010-2011



**CORPORATE OFFICE:** NSIC Complex, Maa Anandmayee Marg, Okhla Industrial Estate, Phase-III, New Delhi-110 020 Ph: +91 11 41516171 Fax: +91 11 26382728 e-mail: info@megacorppltd.com

**REGD. OFFICE:** Plot No. 550, Nayak Mohalla, Behind Golok Dham Mandir, Bijwasan, New Delhi- 110061 Ph: +91 11 28061588



**Mr. Hemanshu R Mehta**  
Chairman

**Mr. Surendra Chhalani**  
Whole Time Director

**Mr. Hulas Mal Lalani**  
Director

**AVM K S Venkataraman (Retd.)**  
Director

**Mr. Sachin Mehra**  
Director

**Mr. Manish Dhariwal**  
Director

**Mr. Ajay Chopra**  
Director

**Mr. Ramanath Sahoo**  
Company Secretary

**Auditors**

**M/s Sipani & Associates, Delhi**  
(Chartered Accountants)

**Registrar and Transfer Agent**  
(Electronic & Physical)

**M/s Link Intime India Pvt. Limited**  
A-40, 2nd Floor,  
Naraina Industrial Area, Phase-II,  
Near Batra Banquet Hall,  
New Delhi-110 028  
Ph.: 011- 41410592, 93, 94  
Fax: 011 - 41410591  
E-mail: delhi@linkintime.co.in

**Registered Office**

Plot No-550, Nayak Mohalla, Behind Golak Dham Mandir,  
Bijwasan, New Delhi-110061  
Ph.: 011-41516171  
Fax: 011-26382728  
**Email:** info@megacorppltd.com

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To  
The Members,  
Mega Corporation Limited

The Director's have pleasure in presenting the Twenty-Sixth Annual Report with Audited Statement of Accounts of the Company for the financial year ended 31st March, 2011.

**FINANCIAL RESULTS****(Rs. In lacs)**

Particulars	Year Ended 31.03.2011	Year Ended 31.03.2010
<b>Income from Operation</b>	<b>359.70</b>	<b>955.93</b>
Other Income	6.17	4.94
<b>Total Income</b>	<b>365.87</b>	<b>960.87</b>
Profit before Interest & Depreciation	<b>66.69</b>	<b>340.03</b>
Less: Interest	66.86	104.93
Depreciation	114.74	272.57
Profit before Taxation	<b>(114.91)</b>	<b>(37.47)</b>
Less: Provision for Taxation	-	1.70
Deferred Tax	24.27	(16.07)
Profit after Tax	<b>(139.18)</b>	<b>(23.10)</b>
<b>Add: Extra Ordinary items:-</b>		
Loss on sale of Radio Taxi Business	-	(248.41)
Add: Amount brought forward From previous year	2056.48	2327.99
Balance carried forward to balance sheet	<b>1917.29</b>	<b>2056.48</b>

**DIVIDEND**

Due to loss, no dividend is proposed by your Directors.

**PUBLIC DEPOSITS**

Your Company has not accepted any deposits within the meaning of Section 58A of the Companies Act, 1956, and the rules made there under.

**MATERIAL CHANGES**

There is no material change between the date of the Balance Sheet and the date of this report affecting the affairs of the Company.

**OPERATIONS AND FUTURE PROSPECTS**

During the year 2010-2011 the Company earned the revenue of Rs 365.87 Lacs as compared to Revenue of Rs. 960.87 Lacs in Financial Year 2009-10. Profit before Interest, Depreciation, tax and Exceptional items is Rs. 66.69 Lacs as against Rs. 340.03 Lacs in the previous Financial year.

**Mega Corporation Limited** is engaged in the business of operating Nation wide Air Chartered Services (Non-Schedule Air Craft). Mega Air Chartered provides Safe, secure, comfortable and confidential Journey, with services similar to those available on a commercial flight, but with better flight services. The exclusive air charter service is available 24 hours a day and 7 days a week ready to fly anywhere across the whole nation. With an appealing combination of convenience and cost-efficiency, Mega Air Chartered provides the highest quality of customer service which is personalised and ensures complete safety. It offers the perfect air traveling experience with efficient business and private air charter services in and out of India.

**SUBSIDIARIES**

The Audited statement of Accounts along with Directors' Report for the year ended 31<sup>st</sup> March 2011 of M/s Mega Airways Ltd, as well as the extent of holding therein are annexed to this Account pursuant to Section 212 of the Companies Act, 1956. M/s Mega Holidays Limited is ceased to be a subsidiary of the Company with effect from 20.03.2011.

## CORPORATE GOVERNANCE

As per Clause 49 of the Listing Agreement with Stock Exchange, Management Discussion and Analysis Report and Corporate Governance Report together with Auditors Certificate regarding Compliance of the SEBI Code of Corporate Governance is annexed herewith.

## DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Sachin Mehra and AVM K. S. Venkatraman, Directors of the company retire by rotation and being eligible, offer themselves for re-appointment. Your directors recommend their re-appointment. Brief resumes of the Directors offering themselves for re-appointment are furnished herewith.

## AUDIT COMMITTEE

The audit committee has met and reviewed the financial statements for the financial year ended 31.03.2011 and has not given any adverse observations. It has also recommended the re-appointment of M/s Sipani & Associates, Chartered Accountants, as statutory auditors of the Company.

## AUDITORS

M/s Sipani & Associates, Chartered Accountants, Statutory Auditors of the Company who retire at the forthcoming Annual General Meeting are eligible for re-appointment and have expressed their willingness to accept office, if re-appointed. They have given a certificate to the effect that the re-appointment, if made, would be within the limits prescribed under Section 224(1-B) of the Companies Act, 1956. The Board recommends their re-appointment.

## AUDITORS' REPORT

The auditors have not given any observation in their report.

## PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND EXPENDITURES:

Your Directors are of the opinion that particulars with respect to conservation of Energy and technology Absorption as per Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 are not relevant in view of the nature of business activities of the company and hence are not required to be given.

The Foreign exchange earning during the year was Nil (Previous Year Rs. 2,57,376/-) and outflow during the year was Rs. 1,05,52,941/- (Previous year Rs. 88,55,124/-).

## LISTING

**Presently the Company's equity shares are listed on the following Stock Exchanges:**

Delhi Stock Exchange Ltd. and  
Bombay Stock Exchange Ltd. (BSE)

Listing fee has been paid to Bombay Stock Exchange Ltd. (BSE)

## PARTICULARS OF EMPLOYEES

None of the employees of your company is drawing remuneration exceeding limits laid down under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

## DIRECTORS' RESPONSIBILITY STATEMENT:

As required under section 217(2AA) pursuant to the Companies (Amendment) Act, 2000, the Board of Directors confirms that:

- That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departure.
- That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company at the end of the Financial year and of the Profit of the Company for that period.
- That the directors had taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records, in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- That the directors had prepared the annual accounts on a going concern basis.

## EMPLOYEE RELATIONS

The industrial relations continued to be cordial and harmonious. Your directors wish to place on record the appreciation for the devoted services rendered by the workers, staff and executives of the Company at all levels and other employees who have contributed to the efficient and successful management of the Company

## ACKNOWLEDGEMENTS

Your directors place on record their thanks for the dedicated services rendered by all the employees in its offices and also acknowledge the co-operation, assistance and support extended by the company's banker, financial institutions, customers, suppliers, regulatory & government authorities.

Your directors value your involvement as shareholders and look forward to your continuing support.

For and on behalf of Board of Directors

Place: New Delhi  
Date: 30-05-2011

(HEMANSHU R MEHTA)  
Chairman

## 1. INDUSTRY

This chapter on Management Discussion and Analysis forms a part of the compliance report on Corporate Governance.

### Forward - Looking Statements:

This report contains forward looking statements, which may be identified by use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the Company's strategy for growth, product, development, market position, expenditures and financial results are forward looking statements. Forward – looking statements are based on certain assumptions and expectations are accurate or will be realized. The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward looking statements. The Company assumes no responsibility to public amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

### We Endeavour to Fly Higher

Safe, secure, comfortable and confidential, Air Mega is the answer to all Air Charter needs. We provide services similar to all those available on a commercial flight, but have better flight services.

Our exclusive nationwide air charter services are available 24 hours a day & 7 days a week. We have aircraft that is equipped to fly any place on the globe and serve our customers anytime that they need us. Our goals are personalised service and complete safety, and we have been committed to fulfilling these goals ever since our entry in the aviation industry.

### Ever-growing Financial Sector

The financial sector in India is in a process of rapid transformation. The country's financial and monetary policies have sustained a stable growth rate. And financial reforms over the last few years have influenced the Indian economy to the core. This sector has in fact, exhibited stability over the last few years although several other markets were going through turmoil. With the opening up of the financial market, a variety of products and services have been introduced to suit the needs of the customer. Banks, capital market participants and insurers have developed a wide range of products and services as well to suit varied customer requirements.

## 2. Opportunities and Threats

### 2.1 Opportunities

Financial Sector is an ever green market. Increasing in incomes with potentially high penetration of both banking and Share Market products to increase the market size, will be the powerful drivers of growth in the sector.

Air Taxi Services Sector is not a much explored area for business in India. It has a lot of potential in India, which has not so far been tapped by big corporate, big hospitals and tourism. There are very few organization which offers special Charter Service to explore India for a group up to 5-6 persons to travel as per their schedule. There is always a shortage of Charters. This has never been marketed by any one in India till date. The increasing growth in world-class medical facilities provided by leading hospitals, there has emerged a great opportunity in this sector and with only a few players in the field, it further presents big potential for growth.

### 2.2 Threats

Regulatory decisions and changes: On the regulatory front, changes in policies by the regulatory authority may impact on the profitability of the Company. The Company may face competitive pressure from other palyers in the market, which may emerge due to the lucrative market in future.

Since the Air Charter industry is new in India, most people are unaware of its services and benefits. People might be uncertain of using this service due to high costs, and the very affluent are naturally of a limited number. Frequent changes in policies by regulatory authorities come as a hurdle for the Air Chartered Industry. Since a large number of Airways companies have come into the business, your company may face competitive pressures from existing and new players in the market.

So the Government must promote Air Chartered Services and thus help in the growth of this convenient and reliable mode of transportation. Government support is necessary if the Airways industry is to grow at an incredible rate. Rising fuel prices is another threat to the air charter industry. This along with a limited number of passengers will cause companies to increase their fare and service charges, thus negatively impacting the industry. So, government participation is important to take Indian air charter industry to a world-class level.

However, In spite of all the challenges the Air Chartered industry is facing, the future still looks very bright.

## 3. Segment-wise performance

During the Year 2010-11 Your Company operated in Air Chartered Services and Finance & Investments Segments:

Particulars	(Rs. In Lacs)	
	Year ended 31.03.2011	Year Ended 31.03.2010
(a) Finance / Investments	120.52	113.58
(b) Air Chartered Services	239.18	329.59
(c) Radio Taxi	-	512.76
	<b>359.70</b>	<b>955.93</b>

**Note:** Company sold its Radio Taxi Division by way of Slump sale during the Financial Year 2009-10.

## 4. Outlook

The sector of finance is passing through a rapid phase of alteration. The sustenance of the growth of economy is the primary factor for the development of the India's financial sector. Taking into consideration of it your Company also expects a moderate growth. The Air Charter Business is also moving with pace simultaneously and we plan to expand our business in coming years.

## 5. Risks and Concerns

For a company to grow, necessary risks are always involved. Risks indicate progress, but they are never fixed. They may vary from the industry type to planning strategies and various other factors. Some of the threats concerning this company are:

- Changes in Government policies may affect the company significantly
- Any crises in Gulf countries may pose a major problem for fuel
- Natural Calamities
- Business of Air Chartered service is substantially dependent on foreign tourist
- Though it is an organized sector, it still faces stiff competition from other service providers

## 6. Internal Control systems and their adequacy

Effective governance consists of competent management; implementation of standard policies and processes; maintenance of an appropriate audit programme and internal control environment and effective risk monitoring and management information systems.

Mega Corporation Limited (MCL) has both external and internal audit systems in place. Auditors have access to all records and information of the company. The Board and the management periodically review the findings and recommendations of the Auditors and take necessary corrective actions wherever necessary. The Board recognizes the work of Auditors as an independent check on the information received from the management on the operations and performance of the Company.

The company maintains a system of internal controls designed to provide reasonable assurance regarding the achievement of objectives in following categories:

- Effectiveness and efficiency of operations;
- Adequacy of safeguarding of assets;
- Reliability of financial controls and
- Compliance with applicable laws and regulations.

The internal control system provides for well documented policies/guidelines, authorizations and approval procedures. The Company has effective internal audit system, which reviews internal controls periodically to ensure their adequacy and effectiveness.

## 7. Financial Outlook

Complete financial performance of the company has been reviewed and it is found in good financial health. With the expansion plan in place the coming year is expected to be even better.

**8. Human Resources**

*The Backbone of your Company*

Human resource department is the main force behind the success and growth of any company. People who give hundred percent at work take the company to greater heights and are considered the most valuable resource. The dedication and passion that our employees display at work is commendable. As for the staff at operations centres, finding well trained and well educated employees is not a problem anymore. We have some of the most experienced and the best work force in the air charter industry. Various training programmes and workshops are arranged for employees regularly to keep them updated and improve their skills. This also helps staff in improving their performance levels and keeps them motivated at work. Air Cabs are not mass transportation vehicles. It costs much more to the commuter and is also more personal. Therefore, offering quality services becomes a top priority. Since the Staff is the face of the company, it is crucial to select the best.

**9. Risks Management**

The Risks Management policies of the Company ensure that all the moveable and immovable assets of the Company are adequately covered. Strategic plans for the company's businesses take into account likely risks in the industrial environment from competition, changing customer needs, obsolescence and technological changes. The annual plans that are drawn up consider the risks that are likely to impact the company's objectives in that year, and the counter – measures put in place. To manage operational risks, MCL has well documented policies and procedures, which are followed in its day-to-day working. Besides the Company is prone to usual risks of the business like change in demand, any change in export policy of the Government, International agreements on trade and tariffs etc.

**Company's philosophy on code of Corporate Governance**

**Mega Corporation Ltd. (MCL)** defines Corporate Governance as a systematic process by which companies are directed and controlled keeping in mind the long-term interest of shareholders. The company emphasizes on transparency, independence, accountability, fairness and social responsibility. It focuses on equitable treatment of all shareholders and reinforces that it is "Your Company" and it belongs to you, the shareholders. The Chairman and the Board of Directors are your trustees pushing the business forward in maximizing long-term value for its shareholders.

MCL's Corporate Governance is based on two core principles:

- I. Management must have the executive freedom to drive the enterprise forward without undue restraints; and
- II. This freedom of management should be exercised within a framework of effective accountability.

MCL believes that any meaningful policy on Corporate Governance must empower the Executive Management of the company. At the same time Governance must create a mechanism of checks and balances to ensure that the decision-making powers vested in the Executive Management are used with care and responsibility to meet the shareholders aspirations and societal expectations.

The above belief and core principles of Corporate Governance adopted by MCL leads the company's governance philosophy, trusteeship, transparency, accountability and responsibility which in turn is the basis of public confidence in the corporate system.

**Board of Directors**

**Composition and size of the Board**

The strength of Board of Directors as at March 31, 2011 was Eight. The Board of directors of the company comprise of Executive Directors and Non Executive Directors including Independent Directors. The Board is headed by an Executive Chairman. There are Five Non-Executive Directors and all are Independent Directors as on 31<sup>st</sup> March 2011.

The following table gives the details of designation, category of directors, number of board meetings attended, attendance at last Annual General Meeting (AGM) and the number of other directorships as at March 31, 2011 held by them in domestic companies.

Name	Category	Designation	No. of Meetings Held during The last fin. Year	No. of Meetings Attended	No. of Membership In Boards of other Companies	Attendance of each Director At last AGM
Mr. Hemanshu R. Mehta	Executive Director	Whole Time Director	10	6	3	No
Mr. Surendra Chhalani	Executive Director	Whole Time Director	10	9	3	Yes
Mr. Manish Dhariwal	Executive Director	Director	10	9	5	Yes
Mr. Sachin Mehra	Non-Executive & Independent	Director	10	7	5	No
AVM K.S. Venkataraman (Retd.)	Non-Executive & Independent	Director	10	4	1	Yes
Mr. Hulas Mal Lalani	Non-Executive & Independent	Director	10	5	7	No
Mr. Ajay Chopra	Non-Executive & Independent	Director	10	6	1	No
Mr. Anil Kumar Soni	Non-Executive & Independent	Director	10	7	2	No

**Board Meetings**

During the financial year 2010-11, 10 meetings of Board of Directors were held on 29.05.2010, 15.06.2010, 30.06.2010, 12.08.2010, 04.09.2010, 15.10.2010, 12.11.2010, 10.01.2011, 25.01.2011, 10.03.2011.

**Board's Procedures**

It has always been the Company's policy and practice that apart from matters requiring Board's approval by statute, all major decisions including quarterly results of the Company, financial restructuring, capital expenditure proposals, collaborations, material investment proposals in joint venture/promoted companies, sale and acquisition of material nature of assets, mortgages, guarantees, donations, etc. are regularly placed before the Board. This is in addition to information with regard to actual operations; major litigation feed back reports, information on senior level appointments just below the Board level and minutes of all Committee Meetings.

**Committees of the Board**

**(a) Audit Committee**

The Audit committee of the company meets before the finalisation of accounts each year and also meets every quarter before the results of that quarter is published in the newspaper and is also informed to the stock exchanges as required under Clause 41 of the listing Agreement. The Audit committee may also meet from time to time if called by the chairman.

The details of members and their attendance record at the Audit Committee meeting held during the year under review are as follows:

S.No.	Name of Directors	Status	Category of Membership
1.	Mr. Sachin Mehra	Chairman	Non Executive Independent Director
2.	AVM K.S. Venketaraman (Retd)	Member	Non Executive Independent Director
3.	Mr. Surendra Chhalani	Member	Executive Director

During the year 2010-11, the Audit Committee met 5 times as per details given below;

Sr. No.	Date of Meeting	No of Members Present
1.	29.05.2010	3
2.	12.08.2010	3
3.	04.09.2010	3
4.	12.11.2010	3
5.	25.01.2011	3

The Audit Committee has been vested with the following powers:

- a) to investigate any activity within its terms of reference;
- b) to seek information from any employee;
- c) to obtain outside legal or other professional advice;
- d) to secure attendance of outsiders with relevant expertise, if it considers necessary.

**Term of reference**

The Audit Committee reviews the Report of the internal Auditor with the Statutory Auditors' periodically and discusses their findings. The role of the Audit Committee is as follows:

- A) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- B) Recommending to the Board the appointment, re-appointment and if required the replacement or removal of the statutory auditor and the fixation of audit fees.
- C) Approval of payments to statutory auditors for any other services rendered by the statutory auditors.
- D) Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:

- Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
- Changes, if any, in accounting policies and practices and reasons for the same major accounting entries involving estimates based on the exercise of judgment by management
- Significant adjustments made in the financial statements arising out of audit findings
- Compliance with listing and other legal requirements relating to financial statements
- Disclosure of any related party transactions
- Qualifications in the draft audit report.

- E) Reviewing with the management, the quarterly financial statements before submission to the Board for approval
- F) Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- G) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit departments, staffing and seniority of the official heading department, reporting structure coverage and frequency of internal audit.
- H) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- I) To look into the reasons for substantial defaults in the payment to depositors, debenture holders, share holders and creditors
- J) To review the functioning of Whistle blower mechanism, in case the same is existing.
- K) Carrying out any other function as is mentioned in the terms of reference of the Audit committee.

The audit committee also reviews the following:-

- Management discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the Audit Committee) submitted by management;
- Management letters / Letters of internal control weakness issued by the Statutory Auditors;
- Internal audit reports relating to internal control weaknesses.

**(b) Remuneration Committee**

Remuneration Committee was constituted to consider and fix from time to time the remuneration payable to the Managing / Whole time Directors. The Committee comprises of three Directors, all of whom are Non-Executive Independent Directors. The committee comprises of Mr. Sachin Mehra, AVM K.S. Venkataraman (Retd.) and Mr. Hulas Mal Lalani. Presently the company does not pay any remuneration to any Non-Executive Directors except the payment of sitting fees. During the year, one meeting of the Committee was held on **15th June, 2010** to consider the appointment of Mr. Hemanshu R Mehta as Whole Time Director.

Details of remuneration paid to the executive director(s) for the period 01.04.2010 to 31.03.2011 are as under:

(Amount in Rs.)

Name of Director	Salary (p.a.)	Perquisites & Allowances (p.a.)	Terms of appointment
1. Mr. Surendra Chhalani	492,000/-	108,000/-	27.03.2009 to 26.03.2012
2. Mr. Hemanshu R. Mehta	NIL	NIL	15.06.2010 to 14.06.2013

The Company does not have a stock option scheme.

**Remuneration Policy**

Remuneration Policy of Mega Corporation Limited is based on the following objectives.

- To determine and recommend to the Board of Directors the remuneration package of the Managerial Personnel;
- To approve in the event of loss or inadequate profits in any year the minimum remuneration payable to the Managerial Personnel considering the limits and subject to the parameters as prescribed under the provisions of the Companies Act, 1956;
- To create a performance oriented culture in the company which is beneficial to its employees and the business as well;
- To ensure that reward, benefit and increment system is performance based and motivational to employees;
- To encourage and support learning and development by identifying the scope and need of the same;
- Such other functions as required or recommended by Board of Directors or under the provisions of the Listing Agreement.

**(c) Share Transfer and Shareholders /Investor Grievance Committee:**

In compliance with the requirement of Corporate Governance under the Listing agreement with the stock exchanges, the company has constituted a "Transfer and Shareholders"/Investors" Grievance committee to look into the redressal of Investors' complaints. The committee approves requests for transfer and/or transmission of shares, splitting and consolidation of shares, issue of duplicate share certificates.

**Constitution of the Committee**

Name of the Members	Composition of the Committee
Mr. Sachin Mehra	Chairman
Mr. Surendra Chhalani	Member
Mr. Ajay Chopra	Member

**General Body Meetings (Details about last 3 years Annual General Meetings are as under)**

Sr. No.	Date	Place	Time	Special Resolution
1.	30.09.2008	Royal Park Hall, Masjid Moth, Greater Kailash, Part- II, New Delhi-110048	11.30 A.M	No Special resolution was passed.
2.	30.09.2009	Royal Park Hall, Masjid Moth, Greater Kailash, Part- II, New Delhi-110048	11.30 A.M	No Special resolution was passed.
3.	30.09.2010	Royal Park Hall, Masjid Moth, Greater Kailash, Part- II, New Delhi-110048	11.30 A.M	To appoint Mr. Hemanshu R Mehta as Whole Time Director

The above Special resolution was passed by vote of show of hands

No Extra-Ordinary General Meeting held during the financial year under review.

**POSTAL BALLOT**

**No resolutions passed through Postal ballot as recommended under Companies (Passing of resolution by Postal ballot), Rules, 2001 during the financial year.**

**Disclosures**

1. The details of transactions with related parties are disclosed in note No.21 under the head Notes to accounts in the Balance Sheet. The relevant details were placed before the audit committee from time to time.
2. Presently, the Company does not have a Whistle Blower Policy. However, no Personnel of the Company has been denied access to the Audit Committee.
3. The Company has complied with all the mandatory requirements of Clause 49. As regard the non-mandatory requirements, Company tries to implement them to the extent possible.

**Code of conduct:****ANNUAL DECLARATION BY CEO PURSUANT TO CLAUSE 49(I) (D) (ii) OF STOCK EXCHANGE LISTING AGREEMENT**

As the Executive Director (Chief Executive Officer) of Mega Corporation Limited and as required by clause 49(I)(D)(ii) of the Stock Exchange Listing agreement, I hereby declare that all the Board members and senior management personnel of the company have affirmed compliance with the company's Code of business conduct and ethics for the Financial Year ending March 31, 2011.

Place: New Delhi  
Date: 30-05-2011

**(SURENDRA CHHALANI)**  
Whole Time Director



**Means of Communication**

The Quarterly Financial Results of the Company are published in Financial Express (English, Edition) and Jansatta (Hindi Edition). Management discussions and analysis forms a part of this report.

**Shareholder Information****Annual General Meeting**

Date: 30th September, 2011

Time: 11.30 A.M.

Venue: ROYAL PARK HALL, Masjid Moth, Greater Kailash Part-II, New Delhi - 110048

**Financial year**

The financial year covers the period from 1st April to 31st March.

**Dividend Payment**

No dividend is declared for the Financial Year 2010-11

**Dates of Book Closure**

29th September, 2011 and 30th September 2011 (both days inclusive)

**Financial Calendar**

Tentative calendar of events for the financial year 2011-12 (April to March) is as under:

**Adoption of Quarterly Financial Results for:**

First Quarter	By 14th August, 2011	Third Quarter	By 14th February, 2012
Second Quarter -	By 14th November, 2011	Fourth Quarter	By 15th May, 2012

**Listing at Stock Exchanges**

Stock Exchange	Stock Code
Bombay Stock Exchange Ltd.	531417
Delhi Stock Exchange Ltd.	22131

Listing Fee for the year 2010-11 has been paid to the Bombay Stock Exchange within the stipulated time.

Month	Bombay Stock Exchange		
	Low	High	Volume (No. of Shares)
April, 2010	1.05	1.35	777861
May, 2010	1.00	1.33	366439
June, 2010	1.05	2.03	1622349
July, 2010	1.26	2.00	978338
August, 2010	1.21	1.73	328207
September, 2010	1.10	1.69	601797
October, 2010	1.10	1.40	426253
November, 2010	1.00	1.28	248805
December, 2010	0.83	1.20	543756
January, 2011	0.76	1.03	221321
February, 2011	0.70	0.95	111682
March, 2011	0.57	0.88	284707

Source: www.bseindia.com

**Shareholders Complaints**

Company has not received any complaint during the financial year 2010-11. There is no complaint pending.

**Distribution of Shareholding**

Distribution of Shareholding as at 31.03.2011 is as under:

Shareholding	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Upto 2500	3680	77.18 %	2626341	2.63 %
2501- 5000	511	1.71 %	2028660	2.02 %
5001- 10000	269	5.64 %	2147683	2.15 %
10001- 20000	119	2.50 %	1723715	1.72 %
20001- 30000	54	1.13 %	1346640	1.35 %
30001- 40000	22	0.47 %	774792	0.77 %
40001- 50000	12	0.25 %	566357	0.57 %
50001-100000	31	0.65 %	2271360	2.27 %
100001 and above	70	1.47 %	86514452	86.52 %
	4768	100 %	100000000	100 %

Shareholding Pattern as at 31.03.2011 is as under:

Category	No. of Shares Held	% of Shareholding
Indian Promoters	52846059	52.85 %
Private Bodies Corporate	13538019	13.54 %
NRI/OCBs	288753	0.29 %
Indian Public	33327169	33.32 %
Total	100000000	100 %

**Registrar & Transfer Agent/Investor Correspondence**

Pursuant to the SEBI directive, the Company has appointed M/s Linkintime India Pvt. Ltd. as Share Transfer Agent for maintaining all the work related to share registry in terms of both physical and electronic form. Shareholders can communicate with them for lodgment of transfer deeds and their queries at the following address:

**M/s Link Intime India Pvt. Ltd.**

A-40, 2nd Floor, Naraina Industrial Area,

Phase-II, New Delhi- 110 028

Ph. No.: 011-41410592, 93 & 94, Fax: 011-41410591

Email: delhi@linkintime.co.in

**Dematerialisation of Shares**

Pursuant to the SEBI directive, to enable the shareholders to hold their shares in electronic form, the Company has enlisted its shares with National Securities Depository Limited (NSDL) & Central Depository Services (India) Ltd. (CDSL). Company has been allotted ISIN No. INE804B01023. As at 31.03.2011, 52402208 number of Equity Shares (52.40 %) have been dematerialized.

**Compliance Officer**

Mr. Surendra Chhalani

Whole Time Director

NSIC Complex, Maa Anandmayee Marg,

Okhla Industrial Estate, Phase-III,

New Delhi-110020

Ph. No.: 011-41516171

Fax No: 011-26382728

Email: surendra.chhalani@groupmega.in

**Address for Correspondence**

Mega Corporation Limited  
NSIC Complex, Maa Anandmayee Marg,  
Okhla Industrial Estate, Phase-III,  
New Delhi-110020  
**Email:** info@megacorppltd.com  
**Ph. No.:** 011-41516171  
Fax No: 011-26382728

**Registered Address of the company**

Mega Corporation Limited  
Plot No-550, Nayak Mohalla,  
Behind Golak Dham Mandir,  
Bijwasan, New Delhi-110061  
**Ph. No.** 011-28061588

**Plant Location:**

The Company is not into any manufacturing activities. However, it mainly operates from its Corporate Office the address of which is given above.

**Brief Resume of the Person to be appointed / re-appointed as director**

Particulars	Name of Director
	<b>Mr. Sachin Mehra</b>
Age	39
Qualification	Bachelor Degree-Computer Science from Boston University, USA
Directorship in other Company	1) Mega Cabs Limited 2) Nu Tek India Limited 3) Mega Infotel Private Limited 4) Inventum Technologies Private Limited 5) Crayons Interactive Media Private Limited
Shareholdings in the Company as on 31.03.2011	3000
Experience	He has more than 12 years of experience of Information Technology Industry

Particulars	Name of Director
	<b>AVM K S Venkatraman</b>
Age	73
Qualification	Fellow Member of Institute of Engineers
Directorship in other Company	1) Mega Airways Limited
Shareholdings in the Company as on 31.03.2011	2000
Experience	He has more than 37 years of experience of Commissioned Service.

**CHAIRMAN CERTIFICATION OF THE COMPANY**

I, Hemanshu R. Mehta, Chairman of Mega Corporation Limited, to the best of my knowledge and belief hereby certify that:

- a) I have reviewed financial statements and the cash flow statement for the year and that to the best of my knowledge and belief:
- these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or volatile of the company's code of conduct.
- c) I accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and I have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) I have disclosed based on my most recent evaluation, wherever applicable, to the company's auditors and the audit committee of the company's board of directors (and persons performing the equivalent functions)
- all deficiencies in the design or operation of internal controls, which could adversely affect the company's ability to record, process, summarize and report financial data, and have identified for the company's auditors, any material weaknesses in internal controls over financial reporting including any corrective actions with regard to deficiencies;
  - Significant change in internal controls during the year covered by this report;
  - all significant changes in accounting policies during the year if any that the same have been disclosed in the notes to the financial Statements.
  - Instances of significant fraud of which we are aware, that involves management or other employees who have a significant role in the company's internal controls system;

Place: New Delhi  
Date: 30-05-2011

**(Hemanshu R Mehta)**  
Chairman

**CERTIFICATE OF COMPLIANCE FROM AUDITORS AS STIPULATED UNDER CLAUSE 49 OF THE LISTING AGREEMENT OF THE STOCK EXCHANGES IN INDIA**

**CERTIFICATE**

To The Shareholders,

We have examined the compliance of conditions of corporate governance by **MEGA CORPORATION LIMITED**, for the year ended on 31st March, 2011 as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied in all material respects with the conditions of corporate governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders Grievance Committee.

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

Place: Delhi  
Dated: 30-05-2011

**For SIPANI & ASSOCIATES**  
Chartered Accountants

**(Vijay Sipani)**  
Proprietor  
Membership No-83850

## Sipani & Associates

Chartered Accountants

162, Wadhwa Complex, D-288/89, Street No. 10, Laxmi Nagar, Delhi-110092  
Phone: 22424942, 42418942 Cell: 9811017629 E-mail: vksipani@yahoo.com

### TO THE MEMBERS OF MEGA CORPORATION LIMITED

We have audited the attached Balance Sheet of **Mega Corporation Limited**, as at 31st March, 2011 and also the Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

Further to our comments in the Annexure referred to above, we report that:

- i. We have obtained all the information and explanations, which, to the best of our knowledge and belief, were necessary for the purposes of our audit.
- ii. In our opinion, the company has kept proper books of account as required by law so far as appears from our examination of those books.
- iii. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- v. On the basis of written representations received from the directors as on 31st March, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- vi. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a) In the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March, 2011
  - b) In the case of the Profit and Loss Account, of the Loss for the year ended on that date; and
  - c) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For **SIPANI & ASSOCIATES**  
Chartered Accountants

(VIJAY SIPANI)  
Prop.  
M. No. 83850  
Firm No. 007712N

Place: Delhi  
Date: 30-05-2011

## Sipani & Associates

Chartered Accountants

162, Wadhwa Complex, D-288/89, Street No. 10, Laxmi Nagar, Delhi-110092  
Phone: 22424942, 42418942 Cell: 9811017629 E-mail: vksipani@yahoo.com

### ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF MEGA CORPORATION LIMITED ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH 2011.

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
(b) All the fixed assets have been physically verified by the management at reasonable intervals, which in our opinion is reasonable having regard to size of the Company and the nature of fixed assets. As informed, no material discrepancies were noticed on such verification.  
(c) The Company has not disposed off any substantial part of its fixed assets during the year.
2. The Company had no Inventory and as such clause (ii) of paragraph 4 of the Companies (Auditor Report) Order, 2003 is not applicable.
3. (a) The Company has not granted any unsecured loans to the parties listed in the register maintained under Section 301 of the Companies Act, 1956.  
(b) The Company has taken loan from one party listed in the register maintained under Section 301 of the Companies Act, 1956. The total amount of loan taken during the year from such party was Rs. 650.00 Lacs and the Maximum amount outstanding during the year was Rs. 650.00 Lacs. Year-end balance of loan taken from such party was Rs. 650.00 Lacs.  
(c) According to the information and explanations given to us, we are of the opinion that the rate of interest and other terms and conditions of unsecured loans taken by the Company were not prima facie prejudicial to the interest of the Company.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control.
5. In respect of transactions entered in the register maintained in pursuance of section 301 of the Companies Act, 1956.
  - (a) Based on audit procedures applied by us, to the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the transactions that needed to be entered into the register maintained under Section 301 have been so entered.
  - (b) According to the information and explanations given to us, the transactions with parties with whom transactions exceeding the value of Rs. 5,00,000 have been entered into during the financial year, are at prices, which are reasonable, having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public within the meaning of section 58A & 58AA of the Companies Act, 1956 and the rules framed there under.
7. In our opinion and according to the information and explanations given to us, the Company has an internal audit system commensurate with the size of the company and the nature of its business.
8. As informed to us by the company, the maintenance of cost records has not been prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956.
9. (a) According to the information and explanations given to us and on the basis of examination of the records of the Company, amounts deducted/accrued in the books of accounts in respect of undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Customs Duty, Service Tax and other material statutory dues have been generally regularly deposited during the year by the company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Investor Education & Protection Fund, Excise Duty, Sales Tax and Wealth Tax.  
(b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees State Insurance, Income Tax, Customs Duty, Service Tax, Cess and other material statutory dues were outstanding at the year end for a period of more than six months from the date they became payable.  
(c) According to the information and explanations given to us and records of the Company, the company has not deposited disputed Income tax demand of Rs. 386.57 Lacs relating to A.Y. 2006-07 which has been created on account of assessment made u/s 143(3) of the Income Tax Act. The company has filed an appeal with Commissioner of Income Tax which is pending for adjudication.

10. The Company does not have accumulated losses at the end of the year and the company has not incurred cash losses during current and the immediately preceding financial year.
11. Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the Company has not defaulted in the repayment of dues to financial institutions, banks and debentures & other securities.
12. In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other similar securities during the year.
13. In our opinion, the Company is not a Chit Fund, Nidhi or Mutual Benefit Society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
14. During the period covered by our report the Company was not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) order, 2003 are not applicable to the Company.
15. According to the information and explanations given to us, the Company has given guarantee for loans taken by M/s Mega Cabs Ltd., an associate concern, for loans taken by it from Banks/Financial Institutions/ NBFCs, which in our opinion is not prejudicial to the interest of the Company.
16. The term loans taken by the Company has been applied for the purpose for which they were obtained.
17. According to the information and explanations given to us and overall examination of the Balance Sheet of the Company, we report that the no funds raised on short-term basis have been used for long-term investments.
18. The company has not issued any fresh share capital hence the question of neither the preferential allotment nor the end use thereof arises.
19. The company has not issued any debentures and hence requirements of reporting regarding creation of securities in respect of debentures issued does not arise.
20. The company has not raised any money by public issue during the year.
21. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

For SIPANI & ASSOCIATES  
Chartered Accountants

(VIJAY SIPANI)  
Prop.  
M. No. 83850  
Firm No. 007712N

Place: Delhi  
Date: 30-05-2011

## BALANCE SHEET AS AT 31ST MARCH, 2011

(Amount in Rs.)

PARTICULARS	SCHEDULE	FIG. AS AT 31.03.2011	FIG. AS AT 31.03.2010
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS FUNDS</b>			
Share Capital	1	100,000,000.00	100,000,000.00
Reserves & Surplus	2	191,729,721.86	205,647,754.13
		<b>291,729,721.86</b>	<b>305,647,754.13</b>
<b>LOAN FUNDS</b>			
Secured Loans	3	5,328,611.80	47,453,496.80
Unsecured Loans	4	65,000,000.00	0.00
Deferred Tax Liability (Net)		10,206,170.00	7,778,886.00
	<b>TOTAL</b>	<b>372,264,503.66</b>	<b>360,880,136.93</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS:</b>			
Gross Block	5	149,718,789.09	131,785,388.39
Less : Depreciation		32,872,361.00	21,398,738.00
	<b>NET BLOCK</b>	<b>116,846,428.09</b>	<b>110,386,650.39</b>
<b>INVESTMENTS</b>			
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
a) Sundry Debtors	7	995,014.00	3,915,758.87
b) Cash & Bank Balances	8	8,441,652.11	8,990,155.69
c) Loans & Advances	9	180,554,164.97	167,594,734.29
		189,990,831.08	180,500,648.85
<b>LESS: CURRENT LIABILITIES &amp; PROVISIONS</b>			
a) Current Liabilities	10	4,179,159.70	2,248,799.50
b) Provisions	11	543,911.00	901,678.00
		4,723,070.70	3,150,477.50
	<b>NET CURRENT ASSETS</b>	<b>185,267,760.38</b>	<b>177,350,171.35</b>
	<b>TOTAL</b>	<b>372,264,503.66</b>	<b>360,880,136.93</b>
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS</b>			
	18		

The Schedules referred to above and the notes thereon form an integral part of accounts

As per our Report of even date annexed

For and on behalf of the Board

For Sipani & Associates  
Chartered Accountants

(VIJAY SIPANI)  
Prop.  
M. No. 83850  
Firm No. 007712N

Place : Delhi  
Dated : 30-05-2011

HEMANSHU R MEHTA  
Chairman

SURENDRA CHHALANI  
Whole time Director

MANISH DHARIWAL  
Director

RAMA NATH SAHOO  
Company Secretary

## PROFIT &amp; LOSS ACCOUNT FOR THE PERIOD ENDED 31st MARCH, 2011

(Amount in Rs.)

PARTICULARS	SCHEDULE	FIG. AS AT 31.03.2011	FIG. AS AT 31.03.2010
<b>INCOME</b>			
Radio Taxi Services		0.00	51,275,581.32
Aircraft Charter Services		23,918,190.00	32,958,909.00
Other Income	12	12,669,265.69	11,835,145.06
Profit on Sale of Assets		0.00	17,851.00
<b>TOTAL</b>		<b>36,587,455.69</b>	<b>96,087,486.38</b>
<b>EXPENDITURE</b>			
Radio Taxi Operation Expenses	13	0.00	13,360,302.38
Aircraft Charter Operation Expenses	14	20,393,749.96	18,043,121.25
Administrative Expenses	15	6,411,977.71	29,029,341.24
Selling & Distribution Expenses	16	194,305.00	1,392,066.30
Interest & Finance Charges	17	6,686,373.29	10,493,257.13
Depreciation		11,473,623.00	27,256,576.00
Loss on Sale of Investments		2,918,175.00	0.00
Share Issue Exp. Written off		0.00	260,100.00
<b>TOTAL</b>		<b>48,078,203.96</b>	<b>99,834,764.30</b>
<b>Profit Before Tax and Extra Ordinary Items</b>		<b>(11,490,748.27)</b>	<b>(3,747,277.92)</b>
Less: Provision For Taxation			
- Previous Year		0.00	170,348.00
- Deferred Tax		2,427,284.00	(1,606,957.00)
<b>Net Profit/(Loss) for the year after Taxation</b>		<b>(13,918,032.27)</b>	<b>(2,310,668.92)</b>
Less: <b>Non-Recurring Items</b>			
Loss on Sale of Radio Taxi Business		0.00	24,841,069.57
<b>Profit after Non-Recurring Items &amp; Taxation</b>		<b>(13,918,032.27)</b>	<b>(27,151,738.49)</b>
Add: Surplus B/F from Previous Year		205,647,754.13	232,799,492.62
<b>Balance Carried To Balance Sheet</b>		<b>191,729,721.86</b>	<b>205,647,754.13</b>
Earning Per Share- Basic and Diluted (Refer to Note 18 of Schedule 18)		<b>(0.14)</b>	<b>(0.27)</b>

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

18

The Schedules referred to above and the notes thereon form an integral part of the accounts

As per our Report of even date annexed

For and on behalf of the Board

For Sipani & Associates  
Chartered Accountants(VIJAY SIPANI)  
Prop.  
M. No. 83850  
Firm No. 007712NPlace : Delhi  
Dated : 30-05-2011HEMANSHU R MEHTA  
ChairmanSURENDRA CHHALANI  
Whole time DirectorMANISH DHARIWAL  
DirectorRAMA NATH SAHOO  
Company Secretary

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2011

(Amount in Rs.)

PARTICULARS	FIG. AS AT 31.03.2011	FIG. AS AT 31.03.2010
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net Profit/(Loss) Before Tax</b>	<b>(11,490,748.27)</b>	<b>(3,747,277.92)</b>
Adjustment for :-		
- Depreciation	11,473,623.00	27,256,576.00
- Loss/(Profit) on Sale of Investment (Net)	0.00	(17,851.00)
- Loss/(Profit) on sale of cab division business	0.00	24,841,069.57
- Loss/(Profit) on Fixed Assets Sold/Discarded	2,918,175.00	0.00
- Interest Income	(12,051,417.69)	(11,358,964.06)
- Interest and Finance charges	6,651,514.74	10,276,969.08
- Amortisation of Misc. Expenses	0.00	260,100.00
- Liability Written Back	(357,767.00)	0.00
<b>Operating Profit Before Working Capital Change</b>	<b>(2,856,620.22)</b>	<b>47,510,621.67</b>
Adjustment for changes in working capital :-		
- Inventories	0.00	348,326.00
- Trade & Other Receivables	(10,038,685.81)	9,665,421.56
- Trade Payables & Other Provisions	1,930,360.20	(4,947,557.00)
- Other Liabilities	0.00	(998,430.04)
	(8,108,325.61)	4,067,760.52
<b>Cash Generated From Operations</b>	<b>(10,964,945.83)</b>	<b>51,578,382.19</b>
Adjustment for :-		
- Interest paid	(6,651,514.74)	(10,276,969.08)
- Taxation	0.00	(277,536.00)
<b>Net Cash Flow From Operating activities (A)</b>	<b>(17,616,460.57)</b>	<b>41,023,877.11</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
- Interest Income	12,051,417.69	11,358,964.06
- Purchase of Fixed Assets	(17,933,400.70)	(23,728,543.75)
- Proceeds from sale of Fixed Assets	0.00	2,178,233.56
- Proceeds from sale of Investments	74,825.00	0.00
- Purchase of Investments	0.00	(9,100.00)
- Proceeds from sale of Cab Div business	0.00	37,500,000.00
- Refund/(Payment) of Share Application Money	0.00	2,000,000.00
- Loan and Advances Given/(received back)	0.00	(19,260,216.00)
<b>- Net Cash used in Investing activities (B)</b>	<b>(5,807,158.01)</b>	<b>10,039,337.87</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
- Repayment of Long Term Borrowings	(42,124,885.00)	(55,913,348.78)
- Proceeds from Long Term Borrowings	65,000,000.00	0.00
<b>Net Cash From Financing Activities (C)</b>	<b>22,875,115.00</b>	<b>(55,913,348.78)</b>
<b>Net (Decrease) / Increase in Cash &amp; Cash Equivalents D= (A+B+C)</b>	<b>(548,503.58)</b>	<b>(4,850,133.80)</b>
<b>Cash &amp; Cash Equivalents as at beginning of the year (E)</b>	<b>8,990,155.69</b>	<b>13,840,289.49</b>
<b>Cash &amp; Cash Equivalents as at the end of the year (D+E)</b>	<b>8,441,652.11</b>	<b>8,990,155.69</b>

## Notes:

- The Cash Flow Statement has been prepared under the indirect method as set out in accounting standard - 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.
- Negative figures have been shown in brackets.
- Previous years figures have been regrouped/re-arranged, where ever required, to conform to the current year's classification.

As per our Report of even date annexed

For and on behalf of the Board

For Sipani & Associates  
Chartered Accountants(VIJAY SIPANI)  
Prop.  
M. No. 83850Place : Delhi  
Dated : 30-05-2011HEMANSHU R MEHTA  
ChairmanMANISH DHARIWAL  
DirectorSURENDRA CHHALANI  
Whole time DirectorRAMA NATH SAHOO  
Company Secretary

**SCHEDULES FORMING PART OF THE ACCOUNTS**

PARTICULARS	(Amount in Rs.)	
	FIG. AS AT 31.03.2011	FIG. AS AT 31.03.2010
<b>SCHEDULE - 1</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
30,00,00,000 (30,00,00,000) Equity Shares of Rs.1/- each	300,000,000.00	300,000,000.00
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>		
10,00,00,000 (10,00,00,000) Equity Shares of Rs.1/- each fully paid up	100,000,000.00	100,000,000.00
<b>SCHEDULE - 2</b>		
<b>RESERVES &amp; SURPLUS</b>		
Profit & Loss Account A/C	191,729,721.86	205,647,754.13
<b>TOTAL</b>	<b>191,729,721.86</b>	<b>205,647,754.13</b>
<b>SCHEDULE - 3</b>		
<b>SECURED LOANS (Note No. 4 of Schedule 18)</b>		
(a) Vehicle Finance from Banks	4,994,250.70	379,065.80
(b) Vehicle Finance from NBFCs & Others	334,361.10	429,245.00
(c) Term Loan from State Bank of India	0.00	46,645,186.00
<b>TOTAL</b>	<b>5,328,611.80</b>	<b>47,453,496.80</b>
<b>SCHEDULE - 4</b>		
<b>UNSECURED LOANS</b>		
Mega Cabs Limited	65,000,000.00	0.00
<b>TOTAL</b>	<b>65,000,000.00</b>	<b>0.00</b>
<b>SCHEDULE - 5</b>		
<b>FIXED ASSETS</b>		

Description of Assets	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As on 01.04.2010	Addition during the Year	Deduction & Adjustment	As on 31.03.2011	Opening Balance 01.04.10	Deduction & Adjustment	For the Year	As on 31.03.2011	As on 31.03.2011	As on 31.03.2010
Office Equipments	108,570.23	9,039.00	0.00	117,609.23	19,825.00	0.00	13,019.00	32,844.00	84,765.23	88,745.23
Computer System	120,997.00	46,670.00	0.00	167,667.00	71,692.00	0.00	31,509.00	103,201.00	64,466.00	49,305.00
Furniture and Fixtures	314,600.00	0.00	0.00	314,600.00	51,861.00	0.00	47,556.00	99,417.00	215,183.00	262,739.00
Air Craft - Commercial	121,864,077.16	8,709,133.00	0.00	130,573,210.16	20,532,594.00	0.00	11,087,913.00	31,620,507.00	98,952,703.16	101,331,483.16
Cars - Non Commercial	1,856,896.00	0.00	0.00	1,856,896.00	722,766.00	0.00	293,626.00	1,016,392.00	840,504.00	1,134,130.00
Assets Under Capitalisation	7,520,248.00	9,168,558.70	0.00	16,688,806.70	0.00	0.00	0.00	0.00	16,688,806.70	7,520,248.00
<b>Total</b>	<b>131,785,388.39</b>	<b>17,933,400.70</b>	<b>0.00</b>	<b>149,718,789.09</b>	<b>21,398,738.00</b>	<b>0.00</b>	<b>11,473,623.00</b>	<b>32,872,361.00</b>	<b>116,846,428.09</b>	<b>110,386,650.39</b>
Previous Year	269,977,713.34	23,728,543.75	161,920,868.70	131,785,388.39	66,720,509.00	72,578,347.00	27,256,576.00	21,398,738.00	110,386,650.39	203,257,204.34

Note: No depreciation has been claimed on Traveller Motor Home Mini Buses as the same were not Ready to use upto 31-03-2011.

**SCHEDULE - 6**

**INVESTMENTS**

**Long Term - (Trade, Quoted At Cost)**

**(a) Investment in Equity Shares**

6,000 (6,000) Equity Shares of Rs. 10/- each fully paid up of Intense Technology Ltd.	292,490.19	292,490.19
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PARTICULARS	(Amount in Rs.)	
	FIG. AS AT 31.03.2011	FIG. AS AT 31.03.2010
100 (100) Equity Shares of Rs. 2/- each fully paid up of Ambuja Cement Ltd.	9,100.00	9,100.00
<b>Aggregate Book Value of Quoted Investments (A)</b>	<b>301,590.19</b>	<b>301,590.19</b>
<b>Long Term - (Non Trade, Unquoted At Cost)</b>		
<b>(a) Investment in Equity Shares of Subsidiary Companies</b>		
59,99,300 (59,99,300) Equity Shares of Rs. 10/- each fully paid up of Mega Airways Ltd.	59,993,000.00	59,993,000.00
2,99,300 (2,99,300) Equity Shares of Rs. 10/- each fully paid up of Mega Holidays Ltd.	0.00	2,993,000.00
<b>(b) Investment in Equity Shares of other Companies</b>		
4,55,200 (4,55,200) Equity Shares of Rs. 10/- each fully paid up of Mega Cabs Ltd.	4,562,200.00	4,562,200.00
1,50,000 (1,50,000) Equity Shares of Rs. 10/- each fully paid up of Anand Power Ltd.	1,500,000.00	1,500,000.00
37,500 (37,500) Equity Shares of Rs. 10/- each fully paid up of Plasopan Engineers (I) Pvt. Ltd.	375,000.00	375,000.00
62,000 (62,000) Equity Shares of Rs. 10/- each fully paid up of Mediaware Infotech P. Ltd.	3,418,525.00	3,418,525.00
<b>Aggregate Book Value of Unquoted Investments (B)</b>	<b>69,848,725.00</b>	<b>72,841,725.00</b>
<b>Aggregate Book Value of Total Investments TOTAL</b>	<b>70,150,315.19</b>	<b>73,143,315.19</b>
<b>Market value of Quoted Investments</b>	<b>57,305.00</b>	<b>59,665.00</b>

**SCHEDULE - 7**

**SUNDRY DEBTORS**

(Unsecured & Considered Good)

Debts outstanding for a period exceeding 6 months	0.00	0.00
Other Debts	995,014.00	3,915,758.87
<b>TOTAL</b>	<b>995,014.00</b>	<b>3,915,758.87</b>

**SCHEDULE - 8**

**CASH & BANK BALANCES**

Cash on hand (As Certified by the Management)	177,382.00	2,038,904.00
Foreign Currency in Hand (As Certified by the Management)	69,792.85	79,816.85
Balances with the Scheduled Banks in Current Accounts	8,194,477.26	6,871,434.84
<b>TOTAL</b>	<b>8,441,652.11</b>	<b>8,990,155.69</b>

**SCHEDULE - 9**

**LOANS & ADVANCES**

(Unsecured & Considered Good)

Advances recoverable in Cash or in kind or for value to be received		
(a) Prepaid Expenses	972,281.02	1,505,865.00
(b) T.D.S Recoverable from Financiers	1,443.00	2,886.00
(c) Other Advances	234,483.12	172,344.00
Securities and Deposits	24,450,083.00	24,750,083.00
Fixed Deposits	2,502,743.17	50,000.00
Income Tax Refundable	6,170,681.70	4,164,247.61
MAT Credit Carried Forward	1,558,200.00	1,558,200.00

PARTICULARS	(Amount in Rs.)	
	FIG. AS AT 31.03.2011	FIG. AS AT 31.03.2010
Advance Income Tax/TDS	1,691,767.66	2,002,316.68
Service Tax CENVAT Credit	679,600.30	0.00
Income Tax Deposit under Protest	1,000,000.00	0.00
<b>Loans &amp; Advances given to:-</b>		
(a) Body Corporates	75,429,199.00	120,483,812.00
(b) Others	65,863,683.00	12,904,980.00
<b>TOTAL</b>	<b>180,554,164.97</b>	<b>167,594,734.29</b>
<b>SCHEDULE - 10</b>		
<b>CURRENT LIABILITIES</b>		
<b>Sundry Creditors:</b>		
- For Goods/Services	1,428,356.70	1,630,783.50
- For Salaries and Employee Benefits	293,054.00	306,531.00
<b>Other Current Liabilities:</b>		
- Insurance claim Refundable	153,180.00	153,180.00
- TDS payable	262,391.00	73,194.00
- PF & ESI payable	0.00	5,111.00
- Service Tax payable	1,962,178.00	0.00
- Others (Delhi Stock Exchange)	80,000.00	80,000.00
<b>TOTAL</b>	<b>4,179,159.70</b>	<b>2,248,799.50</b>
<b>SCHEDULE - 11</b>		
<b>PROVISIONS</b>		
Provision for Gratuity	479,885.00	790,799.00
Provision for Leave Encashment	64,026.00	110,879.00
<b>TOTAL</b>	<b>543,911.00</b>	<b>901,678.00</b>
<b>SCHEDULE - 12</b>		
<b>OTHER INCOME</b>		
Interest Receipts		
(Gross, TDS Rs. 1,153,924 /-, Previous Year TDS Rs. 982,549/-)	12,051,417.69	11,358,964.06
Liability Written Back	357,767.00	0.00
Miscellaneous Income	260,081.00	476,181.00
<b>TOTAL</b>	<b>12,669,265.69</b>	<b>11,835,145.06</b>
<b>SCHEDULE - 13</b>		
<b>RADIO TAXI OPERATION EXPENSES</b>		
Fuel, Parking Charges and Toll Tax	0.00	7,825,112.43
Insurance and Taxes	0.00	348,507.00
Repair and Maintenance	0.00	4,955,134.95
Uniform Expenses	0.00	231,548.00
<b>TOTAL</b>	<b>0.00</b>	<b>13,360,302.38</b>
<b>SCHEDULE - 14</b>		
<b>CHARTERED AIRCRAFT OPERATION EXPENSES</b>		
Fuel Consumed	5,481,822.00	5,481,019.25
Air Craft Repair and Maintenance Exp.	9,844,039.73	6,580,648.00
Salary and Pilots Remuneration	2,387,187.00	3,285,336.00
Landing and Parking Exp.	1,313,391.23	1,782,335.25

PARTICULARS	(Amount in Rs.)	
	FIG. AS AT 31.03.2011	FIG. AS AT 31.03.2010
Catering Exp.	352,628.00	508,945.75
Insurance of Aircraft	289,717.00	404,837.00
Flight Hiring Charges	655,000.00	0.00
Licence Fees	69,965.00	0.00
<b>TOTAL</b>	<b>20,393,749.96</b>	<b>18,043,121.25</b>
<b>SCHEDULE - 15</b>		
<b>ADMINISTRATIVE EXPENSES</b>		
Salaries and Allowances	2,385,584.00	12,005,992.00
Employers Contribution to PF, ESI and Administrative Charges	30,793.00	455,049.00
Directors Remuneration	592,000.00	3,283,250.00
Auditors Remuneration	77,210.00	172,060.00
Staff Welfare	183,636.00	402,654.00
Conveyance	607,352.00	782,719.00
Rent	944,745.74	4,467,765.10
Repair and Maintenance .	369,395.00	557,156.17
Legal and Professional Charges	605,876.00	3,916,075.00
Fees and Subscription	91,743.00	121,650.50
Telephone and Mobile Expenses	201,398.52	1,469,012.74
Meeting (AGM) Expenses	63,000.00	68,533.00
Directors Sitting Fee	15,000.00	15,000.00
Debit Balance W/off	0.00	210,877.12
Electricity and Water	38,519.50	309,754.00
Provision for Gratuity	0.00	37,633.00
Filing Fees	12,375.00	17,250.00
Insurance	33,356.00	16,823.00
Books and Periodicals	8,421.00	13,605.00
Misc Expenses	4,265.50	11,328.61
Postage and Telegram	73,700.00	202,272.26
Printing and Stationery	71,006.45	387,967.74
Security Guard Exp	0.00	64,683.00
Drivers Recruitment Exp	0.00	40,231.00
Donation	2,601.00	0.00
<b>TOTAL</b>	<b>6,411,977.71</b>	<b>29,029,341.24</b>
<b>SCHEDULE - 16</b>		
<b>SELLING AND DISTRIBUTION EXPENSES</b>		
Advertisement Expenses	95,284.00	209,583.50
Business Promotion Exp.	21,195.00	502,507.00
General Expenses	52,205.00	316,242.80
Travelling (including Rs. NIL for Directors, Previous Year Rs. 35,859/-)	25,621.00	363,733.00
<b>TOTAL</b>	<b>194,305.00</b>	<b>1,392,066.30</b>
<b>SCHEDULE - 17</b>		
<b>INTEREST AND FINANCE CHARGES</b>		
Bank Charges	34,858.55	216,288.05
Interest on Loans	6,651,514.74	10,276,969.08
<b>TOTAL</b>	<b>6,686,373.29</b>	<b>10,493,257.13</b>

**SCHEDULE : 18 NOTES TO FINANCIAL STATEMENTS****1. SIGNIFICANT ACCOUNTING POLICIES:****A. METHOD OF ACCOUNTING:**

The financial statements have been prepared under the historical cost convention and materially comply with the mandatory Accounting Standard issued by "The Institute of Chartered Accountants of India". The Company follows Mercantile System of accounting and recognised Income and Expenditures on accrual basis.

**B. USE OF ESTIMATES:**

The presentation of financial statements, in conformity with the generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognised in the period in which the results are known / materialised.

**C. FIXED ASSETS:**

Expenditure, which are of capital nature, are capitalised at acquisition cost, which comprises net purchases price (net of rebates and discounts), levies and any directly attributable cost of bringing the assets to its working condition for the intended use.

**D. DEPRECIATION:**

Depreciation on Fixed Assets has been provided on Written Down Value Method as per the classification and on the basis of rates prescribed in Schedule XIV to the Companies Act, 1956 except that Commercial Aircraft are depreciated on the basis of Straight Line Method at the rates calculated on the basis of expected useful life of the said assets.

The depreciation charged for the assets which have been impaired are adjusted to allocate the assets revised carrying amount less its residual value, if any, over its remaining useful life.

Depreciation on fixed assets added/disposed off during the year is provided on pro-rata basis. Fixed assets costing below Rs.5000/- fully depreciated in the year of acquisition.

**E. MISCELLANEOUS EXPENDITURE:**

Preliminary and Share issue expenses are written off over a period of Five years from the year of commencement of business.

Deferred Revenue Expenditure is written off over a period of Three to Five years depending upon the nature and benefit of such expenditure in future.

**F. REVENUE RECOGNITION:**

a) The revenue and expenditure related to Air Charter Services and Financing Services are accounted on going concern basis.

b) Interest income/expense is recognised using the time proportion method based on the rates implicit in the transaction.

c) Other receipts/incomes are recognised when the right to receive the same is established, i.e. accrual basis.

**G. INVESTMENTS:**

Investments are either classified as current or long term based on the management's intention at the time of purchase. Long Term and Unquoted Current Investments are stated at cost and Quoted Current Investments at lower of cost or market value. Provision for diminution in the value of Long Term Investment is made only if such a decline is other than temporary in the opinion of management.

Unquoted Investments in subsidiary companies being long term in nature are valued at cost and no loss is recognized in the fall in their net worth, if any, unless there is permanent fall in their value.

**H. FOREIGN CURRENCY TRANSACTIONS:**

All income and expenditure items are accounted for on the basis of exchange rate prevailing on the date of transaction. The net exchange difference arising from realization of foreign currency and transaction amount has been dealt with in the profit and loss account and capitalized where it relates to fixed assets. Current Assets and Current Liabilities in foreign currency are accounted for at the rate prevailing as on the date of Balance Sheet.

**I. EMPLOYEES BENEFITS:**

The liability for Gratuity is provided on the basis of Valuation carried out at the end of each financial year internally by the Company.

Retirement benefits in the form of Provident Fund are charged to the Profit and Loss Account for the year when the contributions to the respective funds are due.

Leave encashment benefit is accounted for on basis of valuation made at the end of each financial year by the company.

**J. BORROWING COSTS:**

Borrowing costs that are allocated to the acquisition or construction of qualifying assets are capitalised as part of cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other

borrowing costs are charged to revenue

**K. PROVISIONS :**

A provision is recognized when there is a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

**L. INTANGIBLE ASSETS :**

Costs relating to computer software which is acquired are capitalized and amortized/ depreciated on a written down value basis on the basis of rates provided in schedule XIV to the Companies Act.

**M. IMPAIRMENT :**

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

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

**N. TAXATION:**

Provision for current Tax is made and retained in accounts on the basis of estimated tax liability as per the applicable provisions of the Income Tax Act, 1961 including provisions regarding minimum alternate tax and considering Assessment orders and decisions of the appellate authorities in company's case.

Deferred tax for timing differences between tax profits and book profits is accounted for using the tax rates and laws that have been enacted or substantially enacted as of the Balance Sheet date. Deferred Tax assets are recognized to the extent there is reasonable certainty that these assets can be realised in future.

**O. CONTINGENT LIABILITY :**

Liabilities, though contingent, are provided for is there are reasonable prospects of such liabilities maturing. Other contingent liabilities, barring frivolous claims not acknowledged as debt, are disclosed by way of note.

**P. EARNING PER SHARE (BASIC AND DILUTED) :**

Basic and diluted earnings (loss) per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity share outstanding during the year

**2. Contingent liabilities not provided for:****(Amount in Rs.)**

Particulars	As at 31-03-2011	As at 31-03-2010
a) Income Tax Matters*	396.57 Lacs	396.57 Lacs
b) Custom Duty on Import of Commercial Aircraft (Amount paid under protest Rs. 236.82 Lacs**)	236.82 Lacs	236.82 Lacs
c) Un-Expired Bank Guarantees	14.00 Lacs	NIL

\* The Company has disputed Income Tax demand of Rs. 396.57 Lacs for the A.Y. 2006-07 made by the Income Tax Department. The company has filed an appeal against above referred demand with appellate authority which is pending for disposal. The management of the company has been advised that the order of the assessing officer shall not be tenable before income tax appellate authorities hence there will be no liability towards income tax.

\*\*The company has deposited a sum of Rs. 236.82 Lacs as additional Custom Duty on Import of Aircraft in F. Y. 2007-08. Though the company had disputed the said demand but had deposited the said amount in F. Y. 2008-09 under protest to safeguard its business interest. The matter is still pending for disposal before the Customs Authorities. The company has been advised that the contention of the Customs Authorities is not tenable hence there shall be no liability for payment of additional customs duty.

**3. Capital Commitments:**

Estimated amount of contracts remaining to be executed on Capital Account ( Net of Advances ) and not provided for amounts to Rs. NIL ( Previous Year: NIL )



**4. Secured Loans:**

Loans from banks amounting to Rs. 49,94,251/- (Previous Year Rs. 3,79,066/-) are secured by way of hypothecation of Motorhomes and from NBFCs /Others amounting to Rs. 3,34,361/- (Previous Year Rs. 4,29,245/-) are secured by way of hypothecation of non-commercial vehicles acquired out of loan proceeds received by the Company.

5. In the opinion of Board of Directors the "Current Assets, Loans and Advances" have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet.
6. Balances of Debtors, Creditors, Loans and Advances and Unsecured Loans are subject to confirmation and reconciliation adjustment, if any.
7. The Board has certified that all the income accrued to the company has been taken into consideration and belong entirely and exclusively to the business of the Company.
8. During the year the Company has transferred its Investment in Shares of Mega Holidays Limited at loss of Rs. 29,18,175/-
9. Mega Holidays Limited ceased to be subsidiary of Mega Corporation Limited during the year.
10. In the absence of receipt of information regarding small scale industrial status from the parties, the details of names of small scale industrial undertaking to which the company owe any sum together with interest outstanding for more than 30 days could not be ascertained.
11. Sundry Debtors of the Company includes a sum of Rs. 9,94,932 /- (Previous Year Rs. 39,15,778/-) due from Companies in which Directors of the Company/their relatives are interested as Directors. Maximum amount due during the year was Rs. 70,74,817/- (Previous Year Rs. 39,15,778/-)
12. Advertising Expenses includes a sum of Rs. 32,595/- (Previous Year Rs. 1,17,013/-) paid to a company in which directors of the Company are interested as Directors.
13. The Company's main business activity during the year was operation of Air Charter Services and Financing Services. Owing to the nature of operations of the Company it is not possible to give the quantitative details of sales and services and certain other information which is required under paragraph 3, 4C and 4D of part II of Schedule VI to the Companies Act, 1956.
14. **Employee Benefits:**
  - a) **Provident Fund** – Contributions made by the company are periodically deposited with appropriate authorities and charged to Profit and Loss Account
  - b) **Gratuity** -Gratuity Liability is provided on the basis of in house calculation made in accordance with the provisions of Payment of Gratuity Act, 1972 at end of each financial year.
  - c) **Leave Encashment** – Provision for Leave Encashment payable to the employees is provided on the basis of in house calculation made by the Company and charged to Profit and Loss Account.

**15. Auditors Remuneration Paid/Payable for the year: (Amount in Rs.)**

Particulars	Current Year	Previous Year
Statutory Audit Fees*	40,000	100,000
Tax Audit*	20,000	50,000
Other Services*	10,000	21,000
Fee paid to Internal Auditors	NIL	20,000

\*Service Tax/Cess Excluded

**16. Payments to whole time and other directors: (Amount in Rs.)**

Particulars	Current Year (Rs.)	Previous Year (Rs.)
<b>Managing and whole time directors:</b>		
Salary	484,000	2,701,000
Bonus	NIL	51,700
HRA and Other allowances	108,000	530,550
<b>Total</b>	<b>592,000</b>	<b>3,283,250</b>
<b>Note:</b> The Managerial Remuneration as computed above does not include the liability in respect of leave and gratuity accrued by the Company		
<b>Non Executive Directors:</b>		
Board Sitting Fee	15,000	15,000

**17. Foreign exchange earned and used during the year: (Amount in Rs.)**

Particulars	Current Year	Previous Year
Foreign Exchange earned	NIL	257,376
Foreign Exchange used	10,552,941	8,855,124

**18. Earning Per Share has been calculated as under : (Amount in Rs.)**

Particulars	Current Year	Previous Year
Net profit after Tax as per Profit and Loss Account	(13,918,032)	(2,310,669)
Less: Non Recurring and Extra Ordinary Items	NIL	24,841,070
Net profit after tax available for Equity Shareholders (In Rupees)	(13,918,032)	(27,151,738)
Number of Shares outstanding at the beginning and end of the year (Face value Rs.1/- each)	100,000,000	100,000,000
Weighted average number of Shares outstanding during the Year (Face value Rs. 1/- each)	100,000,000	100,000,000
<b>Basic &amp; Diluted Earning per share (in Rupees)</b>	<b>(0.14)</b>	<b>(0.27)</b>

**19. SEGMENT REPORTING POLICIES:-**

**(a) Identification of Segments**

**(i) Primary Segments**

Business Segment: The Company's operating businesses are organised and managed separately according to the nature of operations with each segment representing a strategic business unit that carries out different operations. The Company has two identified segments comprising of Air Chartered services and Finance & Investments.

**(ii) Secondary Segment**

Geographical Segment: The Company does not have any identified segment on the basis of geographical locations as Company's operations are mainly confined to single location.

**(b) Unallocable Items**

Corporate Income, Expenses, Capital & Reserves are considered as part of unallocable items which are not identifiable to any business segment.

**A. PRIMARY BUSINESS SEGMENTS**

**Segment Revenues, Results and other information (Amount in Rs.)**

Particulars	Finance/ Investment	Air Chartered Services	Total
Revenue	11,883,167	23,918,190	35,801,357
Identified Operating Exp.	2,500,160	31,635,213	34,135,373
<b>Profit/(Loss) before interest &amp; tax from each segment</b>	<b>9,383,007</b>	<b>(7,717,023)</b>	<b>1,665,984</b>
Less : Interest and Finance Charges			4,418,373
Less : Other unallocable Expenses net of Income			8,738,359
Net profit before tax			(11,490,748)
Income tax & other taxes			2,427,284
<b>Net profit after tax</b>			<b>(13,918,032)</b>
<b>Segment Assets</b>	<b>250,027,738</b>	<b>126,959,836</b>	<b>376,987,574</b>
<b>Segment Liabilities</b>	<b>80,593,195</b>	<b>4,664,658</b>	<b>85,257,853</b>
<b>Capital Employed</b>	<b>169,434,543</b>	<b>122,295,178</b>	<b>291,729,722</b>
(Assets - Liabilities)			
<b>Depreciation</b>	<b>232,160</b>	<b>11,241,463</b>	<b>11,473,623</b>

**B. SECONDARY SEGMENTS ( Geographical Segments )**

The sales/services of the company are mainly in India, there are no reportable Geographical segments.

**20. Deferred Tax Liability (Net) :-**

As per Accounting Standard (AS-22) on Accounting for Taxes on Income issued by the Institute of Chartered Accountants of India, the deferred tax liability as on 31st March, 2011 comprise of the following:

(Amount in Rs.)

Particulars	Tax Liability/ (Assets) as at 01.04.2010	Current Year Charge/ (Credit)	Tax Liability/ (Assets) as at 31.03.2011
<b>Deferred Tax Liabilities :</b>			
Difference between Book & - Tax Depreciation	17,041,012	2,439,404	19,480,416
	<u>17,041,012</u>	<u>2,439,404</u>	<u>19,480,416</u>
<b>Deferred Tax Assets :</b>			
Provision For Employees Benefits	(244,357)	76,289	(168,068)
Unabsorbed Depreciation	(9,017,769)	(88,409)	(9,106,178)
	<u>(9,262,126)</u>	<u>(12,120)</u>	<u>(9,274,246)</u>
<b>Deferred Tax Liability (Net)</b>	<u>7,778,886</u>	<u>2,427,284</u>	<u>10,206,170</u>

The Deferred tax liability up to 31st March, 2011 was measured at the tax rates applicable under the Income Tax Act, 1961. The same has been revised to Rs. 1,02,06,170/- and the difference of Rs. 24,27,284/- has been debited to the Profit & Loss Appropriation Account.

**21. Disclosures in respect of Related Parties as defined in Accounting Standard (AS) 18, with whom transactions were carried out in the ordinary course of business during the year as given below:****A. Subsidiary Companies (Direct Holding)**

Mega Airways Ltd. and Mega Holidays Ltd\*.

\*(Mega Holidays Limited ceased to be subsidiary company of Mega Corporation Limited during the year)

**B. Other Associate Concern where common control exists and with whom the Company had transaction during the year**

Crayons Advertising Ltd. and Mega Cabs Ltd.

**C. Directors, Key Management Personnel and their relatives**

Mr. Surendra Chhalani

Whole time Director

AVM K S Venkataraman (Retd) ...

Director

(Amount in Rs.)

Detail of transactions	Subsidiaries		Associates		Key Management Personnel & Their Relatives		Total	
	C.Y.	P.Y.	C.Y.	P.Y.	C.Y.	P.Y.	C.Y.	P.Y.
<b>Receiving of Services</b>								
Crayons Advertising Ltd.	0	0	32,595	117,013	0	0	32,595	117,013
<b>Rendering Of Services</b>								
Crayons Advertising Ltd.	0	0	1,333,829	95,587	0	0	1,333,829	95,587
<b>Interest Paid</b>								
Mega Cabs Ltd	0	0	2,268,000	0	0	0	2,268,000	0
<b>Rent Paid</b>								
Crayons Advertising Ltd.	0	0	500,000	3,025,000	0	0	500,000	3,025,000
<b>Share Application Money Paid</b>								
Mega Airways Ltd.	5,000,000	5,000,000	0	0	0	0	5,000,000	5,000,000
<b>Share Application Money Received Back</b>								
Mega Airways Ltd.	5,000,000	5,000,000	0	0	0	0	5,000,000	5,000,000
<b>Loans Taken</b>								
Mega Cabs Ltd	0	0	65,000,000	0	0	0	65,000,000	0
<b>Loans &amp; Deposits Received back</b>								
Crayons Advertising Ltd.	0	0	300,000	0	0	0	300,000	0
<b>Outstanding Balance at year end</b>								
Investments in subsidiaries	59,993,000	62,986,000	0	0	0	0	59,993,000	62,986,000
<b>Remuneration and Sitting Fees</b>								
Mr. Surendra Chhalani	0	0	0	0	592,000	492,000	607,000	507,000
AVM K .S. Venkataraman (Retd)	0	0	0	0	15,000	15,000	15,000	15,000

22. Previous Year Figures have been regrouped, reworked and reclassified wherever necessary.

Information pursuant to the provision of part IV of schedule VI to the Companies Act, 1956.  
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE:

<b>I REGISTRATION DETAILS</b>	
Registration No.	LO1120DL1985PLC092375
State Code	55
Balance Sheet Date	31.03.2011
<b>II CAPITAL RAISED DURING THE YEAR</b>	
Public Issue	NIL
Right Issue	NIL
Bonus Issue	NIL
Private Placement	NIL
<b>III POSITION OF MOBILISATION &amp; DEPLOYMENT OF FUNDS</b> (Amt. In Rs. In '000)	
Total Liabilities	372,265
Total Assets	372,265
<b>Sources of Fund</b>	
Paid up Capital	100,000
Reserve & Surplus	191,730
Unsecured Loans	65,000
Secured Loans	5,329
Deferred Tax Liability	10,206
<b>Application of Fund</b>	
Net Fixed Assets	116,846
Investments	70,150
Net Current Assets	185,268
Misc. Expenditure	0.00
<b>IV PERFORMANCE OF THE COMPANY</b>	
Turnover (including other income)	36,587
Total Expenditure	48,078
Profit/Loss before Tax	(11,491)
Profit/Loss after Tax	(13,918)
Dividend	NIL
Earning per Share (On shares of Rs. 1/- each )	(0.14)
<b>V GENERIC NAME OF THREE PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY</b> (As per monetary terms)	
Item Code	Not Applicable
Product Description	1. Aircraft Charter Services 2. Finance & Investment

As per our Report of even date annexed

For **Sipani & Associates**  
Chartered Accountants

(VIJAY SIPANI)  
Proprietor  
M. No. 83850

Place : Delhi  
Dated : 30-05-2011

For and on behalf of the Board

HEMANSHU R MEHTA  
Chairman

SURENDRA CHHALANI  
Whole Time Director

MANISH DHARIWAL  
Director

RAMA NATH SAHOO  
Company Secretary

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956  
RELATING TO SUBSIDIARY COMPANIES

MEGA CORPORATION LIMITED

1. Name of the Company	Mega Airways Ltd.
2. Financial year of the subsidiary company ended on	31-03-2011
3. Extent of interest in subsidiary company	100%
4. Net aggregate amount of the profits of the Subsidiary company as far as it concerns the members of the Company	
(a) Dealt with in the Company's Accounts:	
i) for the financial year of the subsidiary	NIL
ii) for the previous financial years of the subsidiary since it become the subsidiary of the Company	NIL
(b) Not dealt with in the Company's Accounts:	
i) for the financial year of the subsidiary	NIL
ii) for the previous financial years of the subsidiary since it become the subsidiary of the Company	NIL

For and on behalf of the Board

HEMANSHU R MEHTA  
Chairman

SURENDRA CHHALANI  
Whole Time Director

Place : New Delhi  
Dated : 30-05-2011

MANISH DHARIWAL  
Director

RAMA NATH SAHOO  
Company Secretary

To  
The Members,  
Mega Airways Limited

**DIRECTOR REPORT:**

Your Directors have pleasure in presenting the 6th Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2011.

**FINANCIAL RESULTS:**

During the year under review, the Company could not commence any activity. Your Directors are hopeful that the Company would start its main activity in very near future and for this purpose various options are being considered.

**DIVIDEND:**

In view of funds needs for expansion of Company's business activities your Directors are not recommending any dividend.

**DIRECTORS:**

Mr. Kunal Lalani retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. The Board recommends his re-appointment.

**AUDITORS:**

M/s Sipani & Associates, Chartered Accountants, Auditor's of the Company, retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

**AUDITORS' REPORT:**

The Auditors' Report together with the significant accounting policies and notes thereon is self-explanatory and therefore does not call for any further comments.

**REPORT ABOUT CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO:**

Information required by section 217 (1) (e) of the Companies Act, 1956, read with the Companies Disclosure of Particulars in the report of Board of Directors, Rules 1988 :-

- (a) Provisions regarding disclosure of Particulars with respect to conservation of Energy and Technology Absorption are not applicable to the company.
- (b) Foreign Exchange Earned & used:
- |        |         |
|--------|---------|
| Earned | Rs. NIL |
| Used   | Rs. NIL |

**PARTICULARS OF EMPLOYEES:**

During the financial year, the Company had no employee in receipt of or entitled to receive emoluments attracting the provisions of Section 217(2A) of the Companies Act, 1956.

**FIXED DEPOSITS:**

The Company did not accept/renew any fixed deposit during the year under review. There were no outstanding deposits as on 31st March, 2011.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

Your Directors confirm;

- That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanations relating to material departures;
- That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2011 and the Profit and Loss Account for the year ended on 31st March, 2011;
- That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- That the Directors had prepared the annual accounts on a going concern basis.

**APPRECIATION:**

Your Directors wish to place on record sincere appreciation for the devoted and dedicated services rendered by the employees at all levels towards your Company's success during the year under review. The Directors also thank the Company's Clients, Vendors and Bankers for their continued support.

For and on behalf of Board

Place: New Delhi  
Date: 19-05-2011

(KUNAL LALANI)  
Director

(SURENDRA CHHALANI)  
Director

## Sipani & Associates

Chartered Accountants

162, Wadhwa Complex, D-288/89, Street No. 10, Laxmi Nagar, Delhi-110092  
Phone: 22424942, 42418942 Cell: 9811017629 E-mail: vksipani@yahoo.com

**TO THE MEMBERS OF MEGA AIRWAYS LIMITED**

We have audited the attached Balance Sheet and Cash Flow Statement of **Mega Airways Limited**, as at 31<sup>st</sup> March, 2011. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

Further to our comments in the Annexure referred to above, we report that:

- We have obtained all the information and explanations, which, to the best of our knowledge and belief, were necessary for the purposes of our audit.
- In our opinion, the company has kept proper books of account as required by law so far as appears from our examination of those books.
- The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- On the basis of written representations received from the directors as on 31<sup>st</sup> March, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and Cash Flow Statement, read together with the notes thereon and attached thereto give, in the prescribed manner the information required by the Companies Act, 1956, and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - In the case of the Balance Sheet, of the State of Affairs of the Company as at 31<sup>st</sup> March, 2011, and.
  - In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For Sipani & Associates  
Chartered Accountants

(VIJAY SIPANI)  
Proprietor  
M. No. 83850  
Firm No. 007712N

Place : Delhi  
Dated : 19-05-2011

## Sipani & Associates

Chartered Accountants

162, Wadhwa Complex, D-288/89, Street No. 10, Laxmi Nagar, Delhi-110092  
Phone: 22424942, 42418942 Cell: 9811017629 E-mail: vksipani@yahoo.com

### ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF MEGA AIRWAYS LIMITED ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH 2011.

1. The Company had no fixed assets and as such clause (i) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 is not applicable.
2. The Company had no Inventory and as such clause (ii) of paragraph 4 of the Companies (Auditor Report) Order, 2003 is not applicable.
3. We are informed that the Company has not taken/granted any loans, secured or unsecured, from/to the companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control.
5. In respect of transactions entered in the register maintained in pursuance of section 301 of the Companies Act, 1956.
  - (a) Based on audit procedures applied by us, to the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the transactions that needed to be entered into the register maintained under Section 301 have been so entered.
  - (b) According to the information and explanations given to us, the transactions with parties with whom transactions exceeding the value of Rs. 5,00,000 have been entered into during the financial year, are at prices, which are reasonable, having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public within the meaning of section 58A & 58AA of the Companies Act, 1956 and the rules framed there under.
7. In our opinion and according to the information and explanations given to us, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
8. We are informed that the nature of the business of the Company is such that clause (viii) of paragraph 4 of the Companies (Auditor Report) Order, 2003 is not applicable to the Company.
9.
  - (a) According to the information and explanations given to us and on the basis of examination of the records of the Company, amounts deducted/accrued in the books of accounts in respect of undisputed statutory dues have been regularly deposited during the year by the company with the appropriate authorities. As explained to us, the Company did not have any dues on accounts of Employees State Insurance, Provident Fund, Investors Education & Protection Fund, Excise Duty, Service Tax, Wealth Tax, Sales Tax, Customs Duty and Cess.
  - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Cess, other material statutory dues were outstanding at the year end for a period of more than six months from the date they became payable.
  - (c) According to the information and explanations given to us, there are no dues of Income Tax, Provident fund, Cess other material statutory dues which have not been deposited on account of any dispute.
10. The Company does not have accumulated losses at the end of the year and the company has not incurred cash losses during current and the immediately preceding financial year.
11. According to the information and explanations given to us and based on the documents and records produced to us, the company did not have any borrowing from a financial institution or bank or debenture holders and hence clause 4(xi) of the Order is not applicable to the Company.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other similar securities during the year.
13. The Provisions of any special statute applicable to Chit Fund, Nidhi or Mutual Benefit Society are not applicable to the Company.
14. According to the information and explanations given to us the Company is not dealing or trading in shares, securities, debentures and other investments. However, the Company has invested a part of its spare funds in equity shares and share application for which it has kept adequate records. The equity shares are held in the name of the Company.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
16. The Company has not taken any term loans hence requirement of reporting regarding application of term loans does not arise.
17. According to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company We report that no funds raised on short-term basis have been used for long-term investment.
18. We are informed that the company has not made any preferential allotment of shares to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
19. The company has not issued any debentures and hence requirements of reporting regarding creation of securities in respect of debentures issued do not arise.
20. The company has not raised any money by public issue.
21. According to the information and explanations given to us, a fraud on or by the company has not been noticed or reported during the year.

For Sipani & Associates  
Chartered Accountants

(VIJAY SIPANI)  
Proprietor  
M. No. 83850  
Firm No. 007712N

Place : Delhi  
Dated : 19-05-2011

## BALANCE SHEET AS AT 31ST MARCH, 2011

PARTICULARS	SCHEDULE	(Amount in Rs.)	
		FIG. AS AT 31.03.2011	FIG. AS AT 31.03.2010
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS FUNDS:</b>			
Share Capital	1	60,000,000.00	60,000,000.00
Share Application Money		10,000,000.00	0.00
<b>TOTAL</b>		<b>70,000,000.00</b>	<b>60,000,000.00</b>
<b>APPLICATION OF FUNDS</b>			
<b>INVESTMENTS</b>			
	2	18,200,000.00	22,756,100.00
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
Cash & Bank Balances	3	29,771.15	166,537.55
Loans & Advances	4	51,800,000.00	35,150,000.00
		51,829,771.15	35,316,537.55
<b>LESS: CURRENT LIABILITIES &amp; PROVISIONS</b>			
Current Liabilities	5	1,998,074.55	12,000.00
<b>NET CURRENT ASSETS</b>		<b>49,831,696.60</b>	<b>35,304,537.55</b>
<b>MISCELLANEOUS EXPENDITURE</b>			
(To the extent not written off or adjusted)	6	1,968,303.40	1,939,362.45
<b>TOTAL</b>		<b>70,000,000.00</b>	<b>60,000,000.00</b>
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS</b>			
	7		

The Schedules referred to above and the notes thereon form an integral part of accounts

As per our Report of even date annexed

For Sipani & Associates  
Chartered Accountants

(VIJAY SIPANI)  
Proprietor  
M. No. 83850  
Firm No. 007712N

Place : Delhi  
Dated : 19-05-2011

(KUNAL LALANI)  
Director

(SURENDRA CHHALANI)  
Director

For and on behalf of the Board

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2011

PARTICULARS	(Amount in Rs.)	
	FIG. AS AT 31.03.2011	FIG. AS AT 31.03.2010
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net Profit/(Loss) Before Tax and Extra-ordinary Items</b>	0.00	0.00
Adjustment for :-		
- Depreciation	0.00	0.00
<b>Operating Profit Before Working Capital Change</b>	<b>0.00</b>	<b>0.00</b>
Adjustment for :-		
- Other Liabilities	1,236.00	0.00
	1,236.00	0.00
<b>Cash Generated From Operations</b>	<b>1,236.00</b>	<b>0.00</b>
Adjustment for :-		
- Pre Operative Expenses	(28,940.95)	(80,952.80)
<b>Net Cash Flow From Operating activities</b>	<b>(27,704.95)</b>	<b>(80,952.80)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
- Proceeds from Investments	4,556,100.00	0.00
- Share Application Money paid/received back	(16,650,000.00)	(50,000.00)
<b>Net Cash used in Investing activities</b>	<b>(12,093,900.00)</b>	<b>(50,000.00)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
- Proceeds/Refund of Share Application Money	10,000,000.00	0.00
- Proceeds from Deposits Given	0.00	250,000.00
- Repayment Of Short Term Borrowings (Net)	0.00	0.00
<b>Net Cash From Financing Activities</b>	<b>10,000,000.00</b>	<b>250,000.00</b>
<b>Net (Decrease)/Increase in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>(2,121,604.95)</b>	<b>119,047.20</b>
Cash & Cash Equivalents as at beginning of the year	166,537.55	47,490.35
Cash & Cash Equivalents as at the end of the year	(1,955,067.40)	166,537.55

**Notes:**

- The Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard - 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.
- Negative figures have been shown in brackets.

As per our Report of even date annexed

For Sipani & Associates  
Chartered Accountants

(VIJAY SIPANI)  
Proprietor  
M. No. 83850  
Firm No. 007712N

Place : Delhi  
Dated : 19-05-2011

For and on behalf of the Board

(KUNAL LALANI)  
Director

(SURENDRA CHHALANI)  
Director

## SCHEDULES FORMING PART OF THE ACCOUNTS

PARTICULARS	(Amount in Rs.)	
	FIG. AS AT 31.03.2011	FIG. AS AT 31.03.2010
<b>SCHEDULE - 1 : SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
10,000,000 (10,000,000) Equity Shares of Rs.10/- each	100,000,000.00	100,000,000.00
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>		
6,000,000 (6,000,000) Equity Shares of Rs.10/- each fully paid up (All the shares are held by the Holding Company Mega Corporation Ltd. & its nominees)	60,000,000.00	60,000,000.00
<b>Total</b>	<b>60,000,000.00</b>	<b>60,000,000.00</b>
<b>SCHEDULE - 2 : INVESTMENTS (LONG TERM)</b>		
<b>Non Trade - At Cost:</b>		
<b>Equity Shares - (Unquoted, Fully Paid up)</b>		
3,40,000 ( 3,40,000) Equity Shares of Rs. 10/- each at a premium of Rs. 20/- per share of Sahyog Properties Pvt. Ltd.	10,200,000.00	10,200,000.00
Nil (3,02,000) Equity Shares of Rs. 10/- each of Tabasko Hospitality Pvt. Ltd.	0.00	4,556,100.00
2,00,000 (2,00,000) Equity Shares of Rs. 10/- each at a premium of Rs. 30/- per share of Jam India Pvt. Ltd.	8,000,000.00	8,000,000.00
<b>Total</b>	<b>18,200,000.00</b>	<b>22,756,100.00</b>
<b>SCHEDULE - 3 : CASH &amp; BANK BALANCES</b>		
Cash on hand (As Certified By the Management)	14,193.00	59,193.00
Balances in Current Accounts with Banks:-		
- Citi Bank N. A.	15,578.15	77,089.15
- HDFC Bank Limited	0.00	30,255.40
<b>Total</b>	<b>29,771.15</b>	<b>166,537.55</b>
<b>SCHEDULE - 4 : LOANS &amp; ADVANCES</b>		
(Unsecured & Considered Good)		
Advances recoverable in Cash or in kind or for value to be received		
Share Application Money	51,800,000.00	35,150,000.00
<b>Total</b>	<b>51,800,000.00</b>	<b>35,150,000.00</b>
<b>SCHEDULE - 5 : CURRENT LIABILITIES</b>		
Temporary Overdraft in Currents Account (HDFC Bank Ltd.)	1,984,838.55	0.00
Audit Fee Payable	13,236.00	12,000.00
<b>Total</b>	<b>1,998,074.55</b>	<b>12,000.00</b>
<b>SCHEDULE - 6 : MISCELLANEOUS EXPENDITURE</b>		
(To the extent not written off or adjusted)		
<b>A. Pre - Operative Expenses (Pending Capitalisation):</b>		
Balance Brought Forward from previous year	1,151,442.45	1,070,489.65
<b>Add: Expenses Incurred during the year:</b>		
- Auditors Remuneration	13,236.00	12,000.00
- Fees & Subscription	0.00	51,000.00
- Filing Fee	1,000.00	2,000.00

- Professional Charges	3,050.00	3,900.00
- Misc. Expenses	2,676.00	1,881.50
- Bank Charges	11,143.95	11,530.30
	1,182,548.40	1,152,801.45
<b>Less : Bank Interest</b>	2,165.00	1,359.00
	1,180,383.40	1,151,442.45
<b>B. Preliminary Expenses</b>	187,420.00	187,420.00
<b>C. Share Issue Expenses</b>	600,500.00	600,500.00
<b>Total</b>	<b>1,968,303.40</b>	<b>1,939,362.45</b>

## SCHEDULE : 7 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

## SIGNIFICANT ACCOUNTING POLICIES

## A. Method of Accounting:

The financial statements have been prepared under the historical cost convention and materially comply with the mandatory Accounting Standard issued by "The Institute of Chartered Accountants of India". The Company follows Mercantile System of accounting and recognised Income and Expenditures on Accrual basis.

## B. Use of Estimates:

The presentation of financial statements, in conformity with the generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognised in the period in which the results are known/ materialised.

## C. Miscellaneous Expenditure:

- Preliminary and Share issue expenses are written off over a period of Ten years from the year of commencement of business.
- Deferred Revenue Expenditure is written off over a period of Three to Five years depending upon the nature and benefit of such expenditure in future.

## D. Investments:

Investments are either classified as current or long term based on the management's intention at the time of purchase. Long Term & Unquoted Current Investments are stated at cost and Quoted Current Investments at lower of cost or market value. Provision for diminution in the value of Long Term Investment is made only if such a decline is other than temporary in the opinion of management.

## E. Employees Benefits:

During the period under review the Company had no employee at the end of the year. However the Company has decided to provide Gratuity liabilities & other retirement benefits payable to employees on accrual basis wherever required.

## F. Foreign Currency Transactions:

All income & expenditure items are accounted for on the basis of exchange rate prevailing on the date of transaction. The net exchange difference arising from realization of foreign currency & transaction amount has been dealt with in the profit & loss account and capitalized where it relates to fixed assets. Current Assets & Current Liabilities in foreign currency are accounted for at the rate prevailing as on the date of Balance Sheet.

## G. Borrowing Costs:

Borrowing costs that are allocated to the acquisition or construction of qualifying assets are capitalised as part of cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

## H. Provisions:

A provision is recognized when there is a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

**NOTES ON ACCOUNTS:** (Annexed to and forming part of the Balance Sheet for the year ended 31<sup>st</sup> March, 2011)

- i. No Profit and Loss Account has been prepared for the year as the Company could not commence any business activity upto the close of the year 2010-11.
- ii. There was no contingent liability.
- iii. Estimated amount of contracts remaining to be executed on Capital Account ( net of advances) and not provided for Rs. NIL (Previous Year - NIL).
- iv. Balances of Creditors, Loans & Advances and Unsecured Loans are subject to confirmation and reconciliation adjustment, if any. In the opinion of Board of Directors the "Current Assets, Loans and Advances" have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet.
- v. The Subscribed & Paid up Capital of the Company includes 59,99,300 (Previous Year 59,99,300) Equity Shares of Rs. 10/- each fully paid up allotted to its holding company M/S Mega Corporation Ltd.
- vi. Loans and Advances includes a sum of Rs. 518.00 Lacs (Previous Year 351.50 Lacs) being Share Application Money given by the Company which was pending for allotment of equity shares as on 31-03-2011. Amount of Share Application Money pending for allotment as on 31-03-2011 is subject to confirmation by respective entities.
- vii. Based on the information available with the Company there are no overdues to Small Scale Undertakings outstanding for more than 30 days ( Previous Year – NIL ).
- viii. As the Company has not commenced any business activity during the year 2010-11 no quantitative details of sales & services and certain other information which is required under paragraph 3, 4C & 4D of part II of Schedule VI to the Companies Act, 1956 are being given.
- ix. **Segment Reporting**  
As the Company has not commenced any business activity, the segment information as per AS 17 is not required to be disclosed.
- x. **Auditors Remuneration Paid/Payable for the year:**  
Audit Fee -- Rs. 12,000/-\* ( Prev. Year Rs. 12,000/-)  
\*Service Tax/Cess Excluded
- xi. **Foreign exchange earned and used during the year:**  
**Foreign Exchange** earned / Used during the year : NIL
- xii. Earning Per Share is not being given as no Profit & Loss Account has been prepared for the year as there was no business activity during the year under review.
- xiii. **Disclosures in respect of Related Parties as defined in Accounting Standard (AS) 18, with whom transactions were carried out in the ordinary course of business during the year as given below:**
  - A. Related parties & their Relationship**
    - i. **Holding Company**  
M/s Mega Corporation Ltd.
    - ii. **Directors, Key Management Persons & their relative**  
Mr. Kunal Lalani, Mr. Surendra Chhalani &AVM K.S. Venkataraman (Retired) - Directors
    - iii. **Other related parties where common control exists and with whom the company had transactions during the year**  
M/s Mega Cabs Ltd.  
M/s Jam India Pvt. Ltd.  
M/s Maxim Radio Cabs Ltd.  
M/s Mega Infotel Pvt. Ltd.  
M/s Indication Instruments Ltd.

**B. Transactions with Related Parties**

Detail of transactions	Holding Company		Associates Company		Key Management Personnel & their Relatives		Amount in Rs./Lacs	
	C.Y.	P.Y.	C.Y.	P.Y.	C.Y.	P.Y.	Total	
							C.Y.	P.Y.
<b>Share Application Money Given/refunded</b>								
Mega Corporation Ltd.	50.00	0.00	0.00	0.00	0.00	0.00	50.00	0.00
Indication Instruments Ltd.	0.00	0.00	35.00	0.00	0.00	0.00	35.00	0.00
Jam India Pvt. Ltd.	0.00	0.00	182.50	50.50	0.00	0.00	182.50	50.50
Mega Infotel Pvt Ltd.	0.00	0.00	2.50	0.00	0.00	0.00	2.50	0.00
Mega Cabs Ltd.	0.00	0.00	0.00	12.00	0.00	0.00	0.00	12.00
<b>Share Application Money Received Back</b>								
Mega Corporation Ltd.	50.00	0.00	0.00	0.00	0.00	0.00	50.00	0.00
Indication Instruments Ltd.	0.00	0.00	35.00	0.00	0.00	0.00	35.00	0.00
Mega Cabs Ltd.	0.00	0.00	0.00	61.00	0.00	0.00	0.00	61.00
Maxim Radio Cabs Ltd.	0.00	0.00	0.50	0.50	0.00	0.00	0.50	0.50
Mega Infotel Pvt Ltd.	0.00	0.00	18.00	0.50	0.00	0.00	18.00	0.50

xiv. Previous Year Figures have been regrouped, reworked and reclassified wherever necessary.



Information pursuant to the provision of part IV of schedule VI to the Companies Act, 1956.  
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE:

<b>I REGISTRATION DETAILS</b>		
Registration No.		<b>U62100DL2005PLC136054</b>
State Code		55
Balance Sheet Date		31.03.2011
<b>II CAPITAL RAISED DURING THE YEAR</b>		<b>( Amt. In Rs. In `000)</b>
Public Issue		NIL
Right Issue		NIL
Bonus Issue		NIL
Private Placement		NIL
<b>III POSITION OF MOBILISATION &amp; DEPLOYMENT OF FUNDS</b>		
Total Liabilities		70,000
Total Assets		70,000
<b>Sources of Fund</b>		
Paid up Capital		60,000
Reserve & Surplus		NIL
Unsecured Loans		NIL
Secured Loans		NIL
Share Application Money		10,000
<b>Application of Fund</b>		
Net Fixed Assets		NIL
Investments		18,200
Net Current Assets*		49,832
Misc. Expenditure		1,968
<b>IV PERFORMANCE OF THE COMPANY</b>		
Turnover (including other income)		NIL
Total Expenditure		NIL
Profit/Loss before Tax		NIL
Profit/Loss after Tax		NIL
Dividend		NIL
Earning per Share (On shares of Rs. 10/- each )		NIL
<b>V GENERIC NAME OF THREE PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY</b>		
		(As per monetary terms)
Item Code		Not Applicable
Product Description		N. A. (Business not yet commenced)

As per our Report of even date annexed

**For Sipani & Associates**  
Chartered Accountants

**For and on behalf of the Board**

**(VIJAY SIPANI)**  
Proprietor  
M. No. 83850

Place : Delhi  
Dated : 19-05-2011

**(KUNAL LALANI)**  
Director

**(SURENDRA CHHALANI)**  
Director

## Sipani & Associates

Chartered Accountants

162, Wadhwa Complex, D-288/89, Street No. 10, Laxmi Nagar, Delhi-110092  
Phone: 22424942, 42418942 Cell: 9811017629 E-mail: vksipani@yahoo.com

### MEGA CORPORATION LIMITED AND MEGA AIRWAYS LIMITED

#### AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF MEGA CORPORATION LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF MEGA CORPORATION LIMITED AND ITS SUBSIDIARY

We have audited the attached Consolidated Balance Sheet of **Mega Corporation Limited and its subsidiary**, as at 31st March, 2011 and also the Consolidated Profit and Loss Account and Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that the consolidated financial statements have been prepared by Mega Corporation Limited's management in accordance with the requirements of Accounting Standard (AS) 21 Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.

Based on our Audit of subsidiary company and to the best of our information and according to the explanations given to us, the said consolidated financial statements together with the notes thereon and attached thereto, give a true and fair view in conformity with the accounting principles generally accepted in India:

- In the case of the Consolidated Balance Sheet, of the State of Affairs of **Mega Corporation Limited and its subsidiary** as at 31st March, 2011.
- In the case of the Consolidated Profit and Loss Account, of the Loss for the year ended on that date; and.
- In the case of the Consolidated Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

**For Sipani & Associates**  
Chartered Accountants

**(VIJAY SIPANI)**  
Proprietor  
M. No. 83850  
Firm No. 007712N

Place : Delhi  
Dated : 30-05-2011

## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

PARTICULARS	SCHEDULE	(Amount in Rs.)	
		FIG. AS AT 31.03.2011	FIG. AS AT 31.03.2010
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS FUNDS:</b>			
Share Capital	1	100,000,000.00	100,000,000.00
Share Application Money (Pending Allotment)		10,000,000.00	0.00
Reserves and Surplus	2	191,736,721.86	202,675,027.32
		<b>301,736,721.86</b>	<b>302,675,027.32</b>
<b>LOAN FUNDS:</b>			
Secured Loans	3	5,328,611.80	47,453,496.80
Unsecured Loans	4	65,000,000.00	0.00
Deferred Tax Liability (Net)		10,206,170.00	7,778,886.00
<b>TOTAL</b>		<b>382,271,503.66</b>	<b>357,907,410.12</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS:</b>			
Gross Block	5	149,718,789.09	131,785,388.39
Less : Depreciation		32,872,361.00	21,398,738.00
<b>NET BLOCK</b>		<b>116,846,428.09</b>	<b>110,386,650.39</b>
<b>INVESTMENTS</b>	6	28,357,315.19	32,913,415.19
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
a) Sundry Debtors	7	995,014.00	3,915,758.87
b) Cash and Bank Balances	8	8,471,423.26	9,194,506.43
c) Loans and Advances	9	232,354,164.97	202,760,525.29
		<b>241,820,602.23</b>	<b>215,870,790.59</b>
<b>LESS: CURRENT LIABILITIES AND PROVISIONS</b>			
a) Current Liabilities	10	6,177,234.25	2,301,130.50
b) Provisions	11	543,911.00	901,678.00
		<b>6,721,145.25</b>	<b>3,202,808.50</b>
<b>NET CURRENT ASSETS</b>		<b>235,099,456.98</b>	<b>212,667,982.09</b>
<b>MISCELLANEOUS EXPENDITURE</b>	12	1,968,303.40	1,939,362.45
(To the extent not written off or adjusted)			
<b>TOTAL</b>		<b>382,271,503.66</b>	<b>357,907,410.12</b>
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS</b>			
	19		

The Schedules referred to above and the notes thereon form an integral part of accounts

As per our Report of even date annexed

For Sipani & Associates  
Chartered Accountants(VIJAY SIPANI)  
Proprietor  
M. No. 83850  
Firm No. 007712NPlace : Delhi  
Dated : 30-05-2011

For and on behalf of the Board

HEMANSHU R MEHTA  
ChairmanSURENDRA CHHALANI  
Whole Time DirectorMANISH DHARIWAL  
DirectorRAMA NATH SAHOO  
Company Secretary

## CONSOLIDATED PROFIT &amp; LOSS ACCOUNT FOR THE PERIOD ENDED 31st MARCH, 2011

PARTICULARS	SCHEDULE	(Amount in Rs.)	
		FIG. AS AT 31.03.2011	FIG. AS AT 31.03.2010
<b>INCOME</b>			
Radio Taxi Services		0.00	51,275,581.32
Aircraft Charter Services		23,918,190.00	32,958,909.00
Other Income	13	12,669,265.69	11,835,145.06
Profit on Sale of Assets		0.00	17,851.00
<b>TOTAL</b>		<b>36,587,455.69</b>	<b>96,087,486.38</b>
<b>EXPENDITURE</b>			
Radio Taxi Operation Expenses	14	0.00	13,360,302.38
Aircraft Charter Operation Expenses	15	20,393,749.96	18,043,121.25
Administrative Expenses	16	6,411,977.71	29,039,958.74
Selling and Distribution Expenses	17	194,305.00	1,392,066.30
Interest and Finance Charges	18	6,686,373.29	10,493,257.13
Depreciation		11,473,623.00	27,256,576.00
Loss on Sale of Investments		2,918,175.00	0.00
Preliminary Expenses Written Off		0.00	37,584.00
Share Issue Exp. Written Off		0.00	260,100.00
<b>TOTAL</b>		<b>48,078,203.96</b>	<b>99,882,965.80</b>
<b>Profit Before Tax and Extra Ordinary Items</b>		<b>(11,490,748.27)</b>	<b>(3,795,479.42)</b>
Less: <u>Provision For Taxation</u>			
-- Previous Year		0.00	170,348.00
-- Deferred Tax		2,427,284.00	(1,606,957.00)
<b>Net Profit/(Loss) for the year after Taxation</b>		<b>(13,918,032.27)</b>	<b>(2,358,870.42)</b>
Less: <b>Non-Recurring Items</b>			
Loss on Sale of Radio Taxi Business		0.00	24,841,069.57
<b>Profit after Non-Recurring Items &amp; Taxation</b>		<b>(13,918,032.27)</b>	<b>(27,199,939.99)</b>
Add: Surplus B/F from Previous Year		202,661,027.32	229,860,967.31
Less: Surplus B/F from Previous Year of Ceased Subsidiary Company		(2,986,726.81)	0.00
<b>Balance Carried To Balance Sheet</b>		<b>191,729,721.86</b>	<b>202,661,027.32</b>
Earning Per Share- Basic & Diluted (Refer to Note 16 of Schedule 19)		<b>(0.14)</b>	<b>(0.27)</b>
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS</b>			
	19		

The Schedules referred to above and the notes thereon form an integral part of the accounts

As per our Report of even date annexed

For Sipani & Associates  
Chartered Accountants(VIJAY SIPANI)  
Proprietor  
M. No. 83850  
Firm No. 007712NPlace : Delhi  
Dated : 30-05-2011

For and on behalf of the Board

HEMANSHU R MEHTA  
ChairmanSURENDRA CHHALANI  
Whole Time DirectorMANISH DHARIWAL  
DirectorRAMA NATH SAHOO  
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2011

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET

PARTICULARS	(Amount in Rs.)	
	FIG. AS AT 31.03.2011	FIG. AS AT 31.03.2010
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit/(Loss) Before Tax	(11,490,748.27)	(3,795,479.42)
Adjustment for :-		
- Depreciation	11,473,623.00	27,256,576.00
- Loss/(Profit) on Sale of Investment (Net)	0.00	(17,851.00)
- Loss/(Profit) on sale of cab division business	0.00	24,841,069.57
- Loss/(Profit) on Fixed Assets Sold/Discarded	2,918,175.00	0.00
- Interest Income	(12,051,417.69)	(11,358,964.06)
- Interest and Finance charges	6,651,514.74	10,625,476.08
- Amortisation of Misc. Expenses	0.00	297,684.00
- Liability Written Back	(357,767.00)	0.00
<b>Operating Profit Before Working Capital Change</b>	<b>(2,856,620.22)</b>	<b>47,848,511.17</b>
Adjustment for changes in working capital :-		
- Inventories	0.00	348,326.00
- Trade & Other Receivables	(10,038,685.81)	9,915,421.56
- Trade Payables & Other Provisions	1,930,360.20	(4,947,557.00)
- Other Liabilities	1,236.00	(998,430.04)
	<b>(8,107,089.61)</b>	<b>4,317,760.52</b>
<b>Cash Generated From Operations</b>	<b>(10,963,709.83)</b>	<b>52,166,271.69</b>
Adjustment for :-		
- Interest paid	(6,651,514.74)	(10,625,476.08)
- Taxation	0.00	(277,536.00)
<b>Net Cash Flow From Operating activities (A)</b>	<b>(17,615,224.57)</b>	<b>41,263,259.61</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
- Interest income	12,051,417.69	11,358,964.06
- Purchase of Fixed assets	(17,933,400.70)	(23,728,543.75)
- Proceeds from sale of Fixed Assets	0.00	2,178,233.56
- Proceeds from sale of Investments	4,630,925.00	0.00
- Purchase of Investments	0.00	(9,100.00)
- Proceeds from sale of Cab Div business	0.00	37,500,000.00
- Misc. Expenditure	(28,940.95)	(80,952.80)
- Refund/(Payment) of Share Application Money	(16,650,000.00)	1,950,000.00
- Loan & Advances Given/(received back)	0.00	(19,260,216.00)
<b>Net Cash used in Investing activities (B)</b>	<b>(17,929,998.96)</b>	<b>9,908,385.07</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
- Proceeds/Refund of Share Application Money	10,000,000.00	0.00
- Repayment of Long Term Borrowings	(42,124,885.00)	(55,913,348.78)
- Proceeds from Long Term Borrowings	65,000,000.00	0.00
<b>Net Cash From Financing Activities (C)</b>	<b>32,875,115.00</b>	<b>(55,913,348.78)</b>
<b>Net (Decrease) / Increase in Cash &amp; Cash Equivalents D= (A+B+C)</b>	<b>(2,670,108.53)</b>	<b>(4,741,704.10)</b>
<b>Cash &amp; Cash Equivalents as at beginning of the year (E)</b>	<b>9,194,506.43</b>	<b>13,936,210.53</b>
Less: Cash Equivalents at beginning of Ceased Subsidiary Co.	37,813.19	0.00
<b>Cash &amp; Cash Equivalents as at the end of the year (D + E)</b>	<b>6,486,584.71</b>	<b>9,194,506.43</b>

Notes:  
 1 The Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard - 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.  
 2 Negative figures have been shown in brackets.  
 3 Previous years figures have been regrouped/re-arranged, where ever required, to conform to the current year's classification.

As per our Report of even date annexed

For Sipani & Associates  
Chartered Accountants

(VIJAY SIPANI)  
Proprietor  
M. No. 83850  
Firm No. 007712N

Place : Delhi  
Dated : 30-05-2011

For and on behalf of the Board

HEMANSHU R MEHTA  
Chairman

SURENDRA CHHALANI  
Whole Time Director

MANISH DHARIWAL  
Director

RAMA NATH SAHOO  
Company Secretary

PARTICULARS	(Amount in Rs.)	
	FIG. AS AT 31.03.2011	FIG. AS AT 31.03.2010
<b>SCHEDULE - 1 : SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
30,00,00,000 (30,00,00,000) Equity Shares of Rs.1/- each	300,000,000.00	300,000,000.00
<b>ISSUED, SUBSCRIBED AND PAID UP</b>		
10,00,00,000 (10,00,00,000) Equity Shares of Rs.1/- each fully paid up	100,000,000.00	100,000,000.00
<b>SCHEDULE - 2 : RESERVES AND SURPLUS</b>		
Profit and Loss Account	191,729,721.86	202,661,027.32
Add: Minority Interest in Subsidiary Company	7,000.00	14,000.00
<b>TOTAL</b>	<b>191,736,721.86</b>	<b>202,675,027.32</b>
<b>SCHEDULE - 3 : SECURED LOANS</b>		
(a) Vehicle Finance from Banks	4,994,250.70	379,065.80
(b) Vehicle Finance from NBFCs and Others	334,361.10	429,245.00
(c) Term Loan from State Bank of India	0.00	46,645,186.00
<b>TOTAL</b>	<b>5,328,611.80</b>	<b>47,453,496.80</b>
<b>SCHEDULE - 4 : UNSECURED LOANS</b>		
Mega Cabs Limited	65,000,000.00	0.00
<b>TOTAL</b>	<b>65,000,000.00</b>	<b>0.00</b>
<b>SCHEDULE - 5 : FIXED ASSETS</b>		

Description of Assets	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As on 01.04.2010	Addition during the Year	Deduction & Adjustment	As on 31.03.2011	Opening Balance 01.04.2010	Deduction & Adjustment	For the Year	As on 31.03.2011	As on 31.03.2011	As on 31.03.2010
Office Equipments	108,570.23	9,039.00	0.00	117,609.23	19,825.00	0.00	13,019.00	32,844.00	84,765.23	88,745.23
Computer System	120,997.00	46,670.00	0.00	167,667.00	71,692.00	0.00	31,509.00	103,201.00	64,466.00	49,305.00
Furniture and Fixtures	314,600.00	0.00	0.00	314,600.00	51,861.00	0.00	47,556.00	99,417.00	215,183.00	262,739.00
Air Craft - Commercial	121,864,077.16	8,709,133.00	0.00	130,573,210.16	20,532,594.00	0.00	11,087,913.00	31,620,507.00	98,952,703.16	101,331,483.16
Cars - Non Commercial	1,856,896.00	0.00	0.00	1,856,896.00	722,766.00	0.00	293,626.00	1,016,392.00	840,504.00	1,134,130.00
Assets Under Capitalisation	7,520,248.00	9,168,558.70	0.00	16,688,806.70	0.00	0.00	0.00	0.00	16,688,806.70	7,520,248.00
<b>Total</b>	<b>131,785,388.39</b>	<b>17,933,400.70</b>	<b>0.00</b>	<b>149,718,789.09</b>	<b>21,398,738.00</b>	<b>0.00</b>	<b>11,473,623.00</b>	<b>32,872,361.00</b>	<b>116,846,428.09</b>	<b>110,386,650.39</b>
Previous Year	269,977,713.34	23,728,543.75	161,920,868.70	131,785,388.39	66,720,509.00	72,578,347.00	27,256,576.00	21,398,738.00	110,386,650.39	203,257,204.34

Note: No depreciation has been claimed on Traveller Motor Home Mini Buses as the same were not put to use upto 31-03-2011.

**SCHEDULE - 6 : INVESTMENTS**

**Long Term - (Trade, Quoted At Cost)**

**(a) Investment in Equity Shares**

6,000 (6,000) Equity Shares of Rs. 10/- each fully paid up of Intense Technology Ltd.	292,490.19	292,490.19
100 (100) Equity Shares of Rs. 2/- each fully paid up of Ambuja Cement Ltd.	9,100.00	9,100.00
<b>Aggregate Book Value of Quoted Investments (A)</b>	<b>301,590.19</b>	<b>301,590.19</b>

**Long Term - (Non Trade, Unquoted At Cost)**

455,200 (455,200) Equity Shares of Rs. 10/- each fully paid up of Mega Cabs Ltd.	4,562,200.00	4,562,200.00
--	--------------	--------------

PARTICULARS	(Amount in Rs.)	
	FIG. AS AT 31.03.2011	FIG. AS AT 31.03.2010
1,50,000 (1,50,000) Equity Shares of Rs. 10/- each fully paid up of Anand Power Ltd.	1,500,000.00	1,500,000.00
37,500 (37,500) Equity Shares of Rs. 10/- each fully paid up of Plasopan Engineers (I) Pvt. Ltd.	375,000.00	375,000.00
62,000 (62,000) Equity Shares of Rs. 10/- each fully paid up of Mediaware Infotech P. Ltd	3,418,525.00	3,418,525.00
3,40,000 (3,40,000) Equity Shares of Rs. 10/- each fully paid up at a premium of Rs. 20/- Per Share of Sahyog Properties Pvt. Ltd	10,200,000.00	10,200,000.00
NIL (3,02,000) Equity Shares of Rs. 10/- each fully paid of Tabasko Hospitality Pvt. Ltd.	0.00	4,556,100.00
2,00,000 (2,00,000) Equity Shares of Rs. 10/- each at a premium of Rs. 30/- per share of Jam India Pvt. Ltd.	8,000,000.00	8,000,000.00
<b>Aggregate Book Value of Unquoted Investments (B)</b>	<b>28,055,725.00</b>	<b>32,611,825.00</b>
<b>Aggregate Book Value of Total Investments</b>	<b>28,357,315.19</b>	<b>32,913,415.19</b>
<b>Market value of Quoted Investments</b>	<b>57,305.00</b>	<b>59,665.00</b>
<b>SCHEDULE - 7 : SUNDRY DEBTORS</b> (Unsecured and Considered Good)		
Debts outstanding for a period exceeding 6 months	0.00	0.00
Other Debts	995,014.00	3,915,758.87
<b>TOTAL</b>	<b>995,014.00</b>	<b>3,915,758.87</b>
<b>SCHEDULE - 8 : CASH AND BANK BALANCES</b>		
Cash on hand (As Certified by the Management)	191,575.00	2,120,243.00
Foreign Currency in Hand (As Certified by the Management)	69,792.85	79,816.85
Balances with the Scheduled Banks in Current Accounts	8,210,055.41	6,994,446.58
<b>TOTAL</b>	<b>8,471,423.26</b>	<b>9,194,506.43</b>
<b>SCHEDULE - 9 : LOANS AND ADVANCES</b> (Unsecured and Considered Good)		
Advances recoverable in Cash or in kind or for value to be received		
(a.) Prepaid Expenses	972,281.02	1,505,865.00
(b.) T.D.S Recoverable from Financiers	1,443.00	2,886.00
(c.) Other Advances	234,483.12	172,344.00
Securities and Deposits	24,450,083.00	24,750,083.00
Fixed Deposits	2,502,743.17	50,000.00
Income Tax Refundable	6,170,681.70	4,180,038.61
MAT Credit Carried Forward	1,558,200.00	1,558,200.00
Advance Income Tax/TDS	1,691,767.66	2,002,316.68
Service Tax Cenvat	679,600.30	0.00
Income Tax Deposit under Protest	1,000,000.00	0.00
Share Application Money	51,800,000.00	35,150,000.00
<b>Loans and Advances given to: -</b>		
(a.) Body Corporates	75,429,199.00	120,483,812.00
(b.) Others	65,863,683.00	12,904,980.00
<b>TOTAL</b>	<b>232,354,164.97</b>	<b>202,760,525.29</b>
<b>SCHEDULE - 10 : CURRENT LIABILITIES</b>		
<b>Sundry Creditors:</b>		
- For Goods/Services	1,441,592.70	1,683,114.50
- For Salaries and Employee Benefits	293,054.00	306,531.00
<b>Other Current Liabilities:</b>		
- Temporary Overdraft in Currents Account (HDFC Bank Ltd.)	1,984,838.55	0.00
- Insurance claim Refundable	153,180.00	153,180.00

PARTICULARS	(Amount in Rs.)	
	FIG. AS AT 31.03.2011	FIG. AS AT 31.03.2010
- TDS payable	262,391.00	73,194.00
- PF and ESI payable	0.00	5,111.00
- Service Tax payable	1,962,178.00	0.00
- Others (Delhi Stock Exchange)	80,000.00	80,000.00
<b>TOTAL</b>	<b>6,177,234.25</b>	<b>2,301,130.50</b>
<b>SCHEDULE - 11 : PROVISIONS</b>		
Provision for Gratuity	479,885.00	790,799.00
Provision For Leave Encashment	64,026.00	110,879.00
<b>TOTAL</b>	<b>543,911.00</b>	<b>901,678.00</b>
<b>SCHEDULE - 12 : MISCELLANEOUS EXPENDITURE</b> (To the extent not written off or adjusted)		
<b>Preliminary Expenses</b>		
As per last year	187,420.00	225,004.00
Less : Written off during the year	0.00	37,584.00
<b>Total A</b>	<b>187,420.00</b>	<b>187,420.00</b>
<b>Share Issue Expenses</b>		
As per last year	600,500.00	860,600.00
Add: Incurred during the year	0.00	0.00
Less : Written off during the year	0.00	260,100.00
<b>Total B</b>	<b>600,500.00</b>	<b>600,500.00</b>
<b>Pre- Operative Expenses (Pending Allocation)</b>		
As per last year	1,151,442.45	1,070,489.65
Add: Incurred during the year	28,940.95	80,952.80
Less : Capitalised during the year	0.00	0.00
<b>Total C</b>	<b>1,180,383.40</b>	<b>1,151,442.45</b>
<b>TOTAL A + B + C</b>	<b>1,968,303.40</b>	<b>1,939,362.45</b>
<b>SCHEDULE - 13 : OTHER INCOME</b>		
Interest Receipts		
(Gross, TDS Rs. 11,53,924 /-, Previous Year TDS Rs. 9,82,549/-)	12,051,417.69	11,358,964.06
Liability Written Back	357,767.00	0.00
Miscellaneous Income	260,081.00	476,181.00
<b>TOTAL</b>	<b>12,669,265.69</b>	<b>11,835,145.06</b>
<b>SCHEDULE - 14 : RADIO TAXI OPERATION EXPENSES</b>		
Fuel, Parking Charges and Toll Tax	0.00	7,825,112.43
Insurance and Taxes	0.00	348,507.00
Repair and Maintenance	0.00	4,955,134.95
Uniform Expenses	0.00	231,548.00
<b>TOTAL</b>	<b>0.00</b>	<b>13,360,302.38</b>
<b>SCHEDULE - 15 : CHARTERED AIRCRAFT OPERATION EXPENSES</b>		
Fuel Consumed	5,481,822.00	5,481,019.25
Air Craft Repair and Maintenance Exp.	9,844,039.73	6,580,648.00
Salary and Pilots Remuneration	2,387,187.00	3,285,336.00
Landing and Parking Exp.	1,313,391.23	1,782,335.25
Catering Exp.	352,628.00	508,945.75
Insurance of Aircraft	289,717.00	404,837.00
Flight Hiring Charges	655,000.00	0.00
Licence Fees	69,965.00	0.00
<b>TOTAL</b>	<b>20,393,749.96</b>	<b>18,043,121.25</b>

PARTICULARS	(Amount in Rs.)	
	FIG. AS AT 31.03.2011	FIG. AS AT 31.03.2010
<b>SCHEDULE - 16 : ADMINISTRATIVE EXPENSES</b>		
Salaries and Allowances	2,385,584.00	12,005,992.00
Employers Contribution to PF, ESI and Administrative Charges	30,793.00	455,049.00
Directors Remuneration	592,000.00	3,283,250.00
Auditors Remuneration	77,210.00	176,472.00
Staff Welfare	183,636.00	402,654.00
Conveyance	607,352.00	782,719.00
Rent	944,745.74	4,467,765.10
Repair and Maintenance	369,395.00	557,156.17
Legal and Professional Charges	605,876.00	3,920,125.00
Fees and Subscription	91,743.00	123,150.50
Telephone and Mobile Expenses	201,398.52	1,469,012.74
Meeting (AGM) Expenses	63,000.00	68,533.00
Directors Sitting Fee	15,000.00	15,000.00
Debit Balance W/off	0.00	210,877.12
Electricity and Water	38,519.50	309,754.00
Provision for Gratuity	0.00	37,633.00
Filing Fees	12,375.00	17,250.00
Insurance	33,356.00	16,823.00
Books and Periodicals	8,421.00	13,605.00
Misc Expenses	4,265.50	11,984.11
Postage and Telegram	73,700.00	202,272.26
Printing and Stationery	71,006.45	387,967.74
Security Guard Exp	0.00	64,683.00
Drivers Recruitment Exp	0.00	40,231.00
Donation	2,601.00	0.00
<b>TOTAL</b>	<b>6,411,977.71</b>	<b>29,039,958.74</b>
<b>SCHEDULE - 17 : SELLING AND DISTRIBUTION EXPENSES</b>		
Advertisement Expenses	95,284.00	209,583.50
Business Promotion Exp.	21,195.00	502,507.00
General Expenses	52,205.00	316,242.80
Travelling (including Rs. NIL for Directors, Previous Year Rs. 35,859/-)	25,621.00	363,733.00
<b>TOTAL</b>	<b>194,305.00</b>	<b>1,392,066.30</b>
<b>SCHEDULE - 18 : INTEREST AND FINANCE CHARGES</b>		
Bank Charges	34,858.55	216,288.05
Interest on Loans	6,651,514.74	10,276,969.08
<b>TOTAL</b>	<b>6,686,373.29</b>	<b>10,493,257.13</b>

**SCHEDULE: 19 - NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****1. SIGNIFICANT ACCOUNTING POLICIES****a) BASIS OF PREPARATION**

The consolidated Financial Statements relate to Mega Corporation Limited (Parent Company) and its Subsidiary Company (hereinafter referred to as the "Group").

The Group prepares its accounts on accrual basis in accordance with generally accepted accounting principles and under Historical Cost Convention (modified by revaluation / impairment of fixed assets).

**b) PRINCIPLES OF CONSOLIDATION**

The consolidated Financial Statements have been prepared on the following basis:

- The financial statements of the Parent of Company and its Subsidiary Company have been combined on a line by line by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra group balances and intra group transactions resulting in unrealized profits or losses, if any, as per Accounting Standard- 21, Consolidated financial statements, issued by the institute of Chartered Accountants of India.
- The financial Statements of the Subsidiary Companies used in the consolidation are drawn for the same period as that of the Parent Company i.e. year ended March 31, 2011.

## iii. Name of Subsidiary considered for Consolidation:

Name of the Company	Nature of relationship	Country of Incorporation	Extent of Holding/ Voting power as on 31-03-2011
Mega Airways Ltd.	Subsidiary	India	100

iv. As far as possible, the Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Parent Company's separate financial statements. Differences in the accounting policies have been disclosed separately.

**c) INVESTMENTS:**

Investments are either classified as current or long term based on the management's intention at the time of purchase. Long Term Quoted Investments are stated at cost unless there is a permanent fall in their value as at the date of Balance Sheet. Quoted Current Investments are stated at lower of cost or market value. Provision for diminution in the value of Long Term Investments is made only if such a decline is other than temporary in the opinion of management.

Unquoted investments in subsidiary being of long term nature are valued at cost and no loss is recognised in the fall in their net worth, if any, unless there is permanent fall in their value.

**d) FIXED ASSETS:**

Expenditure, which are of capital nature, are capitalised at acquisition cost, which comprises purchase price (net of rebates and discounts), levies and any directly attributable cost of bringing the assets to its working condition for the intended use.

The carrying amount is reviewed at each Balance Sheet date when required to assess whether they are recorded in excess of their recoverable amounts and where carrying value exceeds this estimated recoverable amount, assets are written down to their recoverable amount.

**e) DEPRECIATION:**

Depreciation on Fixed Assets has been provided on Written Down Value Method as per the classification and on the basis of rates prescribed in Schedule XIV to the Companies Act, 1956 except that Commercial Air Craft are depreciated on the basis of Straight Line Method at the rates calculated on the basis of expected useful life of the said assets.

The depreciation charges for the assets which have been impaired are adjusted to allocate the assets revised carrying amount less its residual value, if any, over its remaining useful life.

Depreciation on fixed assets added/disposed off during the year is provided on pro-rata basis. Fixed assets costing below Rs.5000/- fully depreciated in the year of acquisition.

**f) MISCELLANEOUS EXPENDITURE:**

Preliminary and Share issue expenses are written off over a period of five years from the year of commencement of business.

Deferred Revenue Expenditure is written off over a period of Three to Five years depending upon the nature and benefit of such expenditure in future.

**g) REVENUE RECOGNITION:**

The revenue & expenditure related to Air Charter Services and Financing Services are accounted on going concern basis.

Profit on sale of investments is recorded on transfer of title from the Company and is determined as the difference between the sale price and the then carrying value of the investment.

Interest income/expense is recognised using the time proportion method based on the rates implicit in the transaction.

Dividend income is recognised when the right to receive dividend is established.

**h) FOREIGN CURRENCY TRANSACTIONS:**

All income & expenditure items are accounted for on the basis of exchange rate prevailing on the date of transaction. The net exchange difference arising from realization of foreign currency & transaction amount has been dealt with in the profit & loss account and capitalized where it relates to fixed assets. Current Assets & Current Liabilities in foreign currency are accounted for at the rate prevailing as on the date of Balance Sheet.

**i) EMPLOYEES BENEFITS:**

The liability for Gratuity is provided on the basis of valuation carried out at the end of each financial year internally by the Company.

Retirement benefits in the form of Provident Fund are charged to the Profit and Loss Account for the year when the contributions to the respective funds are due.

Leave encashment benefit is accounted for on basis of valuation made at the end of each financial year by the company.

**j) BORROWING COSTS:**

Borrowing costs that are allocated to the acquisition or construction of qualifying assets are capitalised as part of cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

**k) PROVISIONS**

A provision is recognized when there is a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

**l) INTANGIBLE ASSETS**

Costs relating to computer software which is acquired are capitalized and amortized/ depreciated on a written down value basis on the basis of rates provided in schedule XIV to the Companies Act.

**m) IMPAIRMENT**

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

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

**n) TAXATION:**

Provision for current Tax is made and retained in accounts on the basis of estimated tax liability as per the applicable provisions of the Income Tax Act, 1961 and considering assessment orders and decisions of the appellate authorities in company's case.

Deferred tax for timing differences between tax profits and book profits is accounted for using the tax rates and laws that have been enacted or substantially enacted as of the Balance Sheet date. Deferred Tax Assets are recognized to the extent there is reasonable certainty that these assets can be realised in future.

**o) EARNING PER SHARE (BASIC & DILUTED)**

Basic & diluted earnings (loss) per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity share outstanding during the year.

**p) CONTINGENT LIABILITY**

Liabilities, though contingent, are provided for is there are reasonable prospects of such liabilities maturing. Other contingent liabilities, barring frivolous claims not acknowledged as debt, are disclosed by way of note.

**2. Contingent liabilities not provided for:**

(Amount in Rs.)

Particulars	As at 31-03-2011	As at 31-03-2010
a) Income Tax Matters*	396.57 Lacs	396.57 Lacs
b) Custom Duty on Import of Commercial Aircraft (Amount paid under protest Rs. 236.82 Lacs**)	236.82 Lacs	236.82 Lacs
c) Un-Expired Bank Guarantees and Letters of Credit	14.00 Lacs	NIL

\*The parent Company has disputed Income Tax demand of Rs. 396.57 Lacs for the A.Y. 2006-07 made by the Income Tax Department. The company has filed an appeal against above referred demand with appellate authority which is pending for disposal. The management of the company has been advised that the order of the assessing officer shall not tenable before income tax appellate authorities hence there will be no liability towards income tax.

\*\*The parent company has deposited a sum of Rs. 236.82 Lacs as additional Custom Duty on Import of Aircraft in F. Y. 2007-08. Though the company had disputed the said demand but had deposited the said amount in F. Y. 2008-09 under protest to safeguard its business interest. The matter is still pending for disposal before the Customs Authorities. The company has been advised that the contention of the Customs Authorities is not tenable hence there shall be no liability for payment of additional customs duty.

**3. Capital Commitments**

Estimated amount of contracts remaining to be executed on Capital Account ( Net of Advances ) and not provided for amounts to Rs. NIL (Previous Year: NIL).

**4. Secured Loans:**

Loans from banks amounting to Rs. 49,94,251/- (Previous Year Rs. 3,79,066/-) are secured by way of hypothecation of Motorhomes and from NBFCs /Others amounting to Rs. 3,34,361/- (Previous Year Rs. 4,29,245/-) are secured by way of hypothecation of non-commercial vehicles acquired out of loan proceeds received by the Company.

5. Sundry Debtors of the Company includes a sum of Rs. 9,94,932 /- (Previous Year Rs. 39,15,778/-) due from Companies in which Directors of the Company/their relatives are interested as Directors. Maximum amount due during the year was Rs. 70,74,817/- (Previous Year Rs. 39,15,778/-)

6. Advertising Expenses includes a sum of Rs. 32,595/- (Previous Year Rs. 1,17,013/-) paid to a company in which Directors of the Company are interested as Directors.

7. In the opinion of Board of Directors the "Current Assets, Loans and Advances" have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet.

8. The Board has certified that all the income accrued to the company has been taken into consideration and belong entirely & exclusively to the business of the Company.

9. Balances of Debtors, Creditors, Loans & Advances and Unsecured Loans are subject to confirmation and reconciliation adjustment, if any.

10. Mega Holidays Limited ceased to be subsidiary of Mega Corporation Limited during the year.

11. The group's main business activity is operation of Aircraft Charter Services and providing Tour & Travel related services. Owing to the nature of operations of the Company it is not possible to give the quantitative details of sales & services and certain other information which is required under paragraph 3, 4C & 4D of part II of Schedule VI to the Companies Act, 1956.

**12. Employee Benefits:**

a) **Provident Fund** – Contributions made by the company are periodically deposited with appropriate authorities and charged to Profit and Loss Account

b) **Gratuity** – Gratuity Liability is provided on the basis of in house calculation made in accordance with the provisions of Payment of Gratuity Act, 1972 at end of each financial year.

c) **Leave Encashment** – Provision for Leave Encashment payable to the employees is provided on the basis of in house calculation made by the Company and charged to Profit and Loss Account.

**13. Foreign exchange earned and used during the year:**

(Amount in Rs.)

Particulars	Current Year	Previous Year
Foreign Exchange earned	NIL	257,376
Foreign Exchange used	10,552,941	8,855,124

**14. Auditors Remuneration Paid/Payable for the year:**

(Amount in Rs.)

Particulars	Current Year	Previous Year
Statutory Audit Fees*	52,000	116,000
Tax Audit*	20,000	50,000
Other Services*	10,000	21,000
Fee paid to Internal Auditors	NIL	20,000

\*Service Tax/Cess excluded

## 15. Payments to whole time &amp; other directors:

(Amount in Rs.)

Particulars	Current Year	Previous Year
<b>Managing and whole time directors:</b>		
Salary	484,000	2,701,000
Bonus	NIL	51,700
HRA and Other allowances	108,000	530,550
<b>Total</b>	<b>592,000</b>	<b>3,283,250</b>
<b>Note:</b> The Managerial Remuneration as computed above does not include the liability in respect of leave and gratuity accrued by the Company		
<b>Non Executive Directors:</b>		
Board Sitting Fee	15,000	15,000

## 16. Earning Per Share has been calculated as under :

(Amount in Rs.)

Particulars	Current Year	Previous Year
Net profit after Tax as per Profit & Loss Account	(13,918,032)	(2,358,870)
Less: Non Recurring & Extra Ordinary Items	NIL	24,841,070
Net profit after tax available for Equity Shareholders (In Rupees)	(13,918,032)	(27,199,940)
Number of Shares outstanding at the beginning and end of the year (Face value Rs. 1/- each)	100,000,000	100,000,000
Weighted average number of Shares outstanding during the Year (Face value Rs. 1/- each)	100,000,000	100,000,000
<b>Basic &amp; Diluted Earning per share (in Rupees)</b>	<b>(0.14)</b>	<b>(0.27)</b>

## 17. SEGMENT REPORTING POLICIES:-

## (a) Identification of Segments

**Primary Segments**

Business Segment: The Group's operating businesses are organised and managed separately according to the nature of operations with each segment representing a strategic business unit that carries out different operations. The Group has two identified segments comprising of Air Chartered services and Finance & Investments

**Secondary Segment**

Geographical Segment: The Group does not have any identified segment on the basis of geographical locations as group's operations are mainly confined to single location.

## (b) Unallocable Items

Corporate Income, Expenses, Capital & Reserves are considered as part of unallocable items which are not identifiable to any business segment.

## A. PRIMARY BUSINESS SEGMENTS

## Segment Revenues, Results and other information

(Amount in Rs.)

Particulars	Finance/Investment	Air Chartered Services	Total
Revenue	11,883,167	23,918,190	35,801,357
Identified Operating Exp.	2,500,160	31,635,213	34,135,373
<b>Profit/(Loss) before interest &amp; tax from each segment</b>	<b>9,383,007</b>	<b>(7,717,023)</b>	<b>1,665,984</b>
Less : Interest and Finance Charges			4,418,373
Less : Other unallocable Expenses net of Income			8,738,359
Net profit before tax			(11,490,748)
Income tax & other taxes			2,427,284
<b>Net profit after tax</b>			<b>(13,918,032)</b>
<b>Segment Assets</b>	250,034,738	126,959,836	376,994,574
<b>Segment Liabilities</b>	82,561,498	4,664,658	87,226,156
<b>Capital Employed</b>	<b>167,473,240</b>	<b>122,295,178</b>	<b>289,768,418</b>
(Assets - Liabilities)			
<b>Depreciation</b>	232,160	11,241,463	11,473,623

## B. SECONDARY SEGMENTS (Geographical Segments)

The sales/services of the company are mainly in India, there are no reportable Geographical segments.

## 18. Deferred Tax Liability (Net) :-

As per Accounting Standard (AS-22) on Accounting for Taxes on Income issued by the Institute of Chartered Accountants of India, the deferred tax liability as on 31st March, 2011 comprise of the following:

(Amount in Rs.)

Particulars	Tax Liability/ (Assets) as at 01.04.2010	Current Year Charge/ (Credit)	Tax Liability/ (Assets) as at 31.03.2011
<b>Deferred Tax Liabilities :</b>			
Difference between Book & -Tax Depreciation	17,041,012	2,439,404	19,480,416
	17,041,012	2,439,404	19,480,416
<b>Deferred Tax Assets :</b>			
Provision For Employees Benefits	(244,357)	76,289	(168,068)
Unabsorbed Depreciation	(9,017,769)	(88,409)	(9,106,178)
	(9,262,126)	(12,120)	(9,274,246)
<b>Deferred Tax Liability (Net)</b>	<b>7,778,886</b>	<b>2,427,284</b>	<b>10,206,170</b>

The Deferred tax liability up to 31st March, 2011 was measured at the tax rates applicable under the Income Tax Act, 1961. The same has been revised to Rs. 1,02,06,170/- and the difference of Rs. 24,27,284/- has been debited to the Profit & Loss Appropriation Account.

## 19. Disclosures in respect of Related Parties as defined in Accounting Standard (AS) 18, with whom transactions were carried out in the ordinary course of business during the year as given below:

## A. Directors, Key Management Personnel and their relatives

Mr. Surendra Chhalani	Whole Time Director
AVM K S Venkataraman (Retd.)	Director

# Consolidated Financial Statements

## B. Other Associate Concerns where common control exists and with whom the Company had transaction during the year

Crayons Advertising Ltd., Mega Cabs Ltd., Indication Instruments Ltd., Jam India Pvt. Ltd. Mega Infotel Pvt. Ltd. and Maxim Radio Cabs Ltd.

Detail of transactions	Associates		Key Management Personnel & Their Relatives	
	2010-2011	2009-2010	2010-2011	2009-2010
Receiving of Services	32,595	117,013	0	0
Rendering of Services	1,333,829	535,228	0	0
Rent Paid	500,000	3,025,000	0	0
Remuneration & Sitting Fees	0	0	607,000	3,277,707
Share Application Money Paid	220,000,000	19,450,000	0	0
Share Application Money Received back	5,350,000	19,400,000	0	0
Loans Taken	65,000,000	5,000,000	0	0
Loans Refunded	2,041,200	5,000,000	0	0
Interest Paid	2,268,000	0	0	0
Loans & Deposits Received back	3,00,000	3,000,000	0	10,000,000
Equity Share Transferred	2,993,000	0	0	0
<u>Balances outstanding as at the year end</u>				
Loans, Advances & other receivables	0	3,915,778	0	0

20. Previous Year Figures have been regrouped, reworked and reclassified wherever necessary.

As per our Report of even date annexed

**For Sipani & Associates**  
Chartered Accountants

**(VIJAY SIPANI)**  
Proprietor  
M. No. 83850  
Firm No. 007712N

Place : Delhi  
Dated : 30-05-2011

**For and on behalf of the Board**

**HEMANSHU R MEHTA**  
Chairman

**SURENDRA CHHALANI**  
Whole Time Director

**MANISH DHARIWAL**  
Director

**RAMA NATH SAHOO**  
Company Secretary