

# ANNUAL REPORT

2016-17

**MegaCorp**



Mongolia	208	37	59	0
Montenegro	4 887	425		
Montserrat				
Morocco				
Mozambique				
Multilateral				

208	37	59	0
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208	37	59	0
4 887	425		

# CORPORATE INFORMATION

Mr. Kunal Lalani  
Director and Chairman

Mr. Surendra Chhalani  
Director and CFO

Mr. Hulas Mal Lalani  
Director

Mr. Sachin Mehra  
Director

Mrs. Anisha Anand  
Director

Mr. Rajendra Kumar Bengani  
Director

Mr. Navratan Baid  
Director

Ms. Swati Kapoor  
Company Secretary

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

Secretarial Auditors  
M/s Vikash Gupta & Co., Delhi  
(Company Secretaries)

Registrar and Transfer Agent  
(Electronic & Physical) M/s Link Intime India Pvt. Ltd.  
E-mail: [delhi@linkintime.co.in](mailto:delhi@linkintime.co.in)

Registered Office  
108, First Floor, Taimoor Nagar, Opp. New Friends Colony, New Delhi 110025  
CIN- L01120DL1985PLC092375

Corporate Office  
NSIC Complex, Maa Anand Mayee Marg, Okhla Industrial Estate,  
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Mega Corporation Ltd.

**DIRECTOR'S REPORT FOR THE FINANCIAL YEAR ENDED 2016-2017  
TO THE MEMBERS OF MEGA CORPORATION LIMITED**

Your Directors are pleased to present the 32<sup>nd</sup> Annual Report on the business and operations of the Company together with the Audited Financial Statement for the year ended 31<sup>st</sup> March, 2017.

**FINANCIAL PERFORMANCE**

The Summarized financial results are:

(Amount in Lakhs)

Particulars	Standalone	
	Current Year	Previous Year
	2016-17	2015-16
Income from Operations	140.73	98.73
Other Income	2.00	2.37
<b>Total Income</b>	<b>142.73</b>	<b>101.11</b>
Operating Expenses	13.88	16.48
Depreciation and Amortization	36.77	38.10
Interest	12.97	7.18
Other Expenses	51.95	31.35
<b>Profit/ (Loss) before Tax</b>	<b>27.13</b>	<b>8.00</b>
Tax Expenses		
• Previous Year	(0.66)	3.00
• Deferred Tax	(2.01)	(6.27)
<b>Net Profit/ (Loss) for the Year</b>	<b>71.31</b>	<b>14.23</b>

**STATE OF COMPANY'S AFFAIRS**

During the year 2016-17, the company earned the profit of Rs. 71.31 lakhs as compared to the revenue of the year 2015-16 which was Rs. 14.23 lakhs.

Nonetheless, your director's expect that the initiatives undertaken will result in improvement in financial results in the coming years.

Material Changes and Commitments after the date of close of Financial Year 2016 – 17

There are no material changes and commitment affecting the financial position of company after the close of financial year 2016-2017 till the date of report.

**DIVIDEND AND RESERVES**

During the year under review, your Company does not recommend any dividend in the absence of profits. And also, your company has not made any transfer to Reserves during the financial year 2016-2017.

**FRAUDS REPORTED BY AUDITORS OTHER THAN THOSE WHICH ARE REPORTABLE TO THE CENTRAL GOVERNMENT**

There are no such frauds reported by auditors, which are committed against the company by officers or employees of the company.

**HUMAN RESOURCES DEVELOPMENT**

Your Company has continuously adopted structures that help attract best external talent and promote internal talent to higher roles and responsibilities. The Company's people centric focus providing an open work environment fostering continuous improvement and development helped several employees realize their career aspirations during the year.

Company's Health and Safety Policy commits to provide a healthy and safe work environment to all employees. The Company's progressive workforce policies and benefits have addressed stress management, promoted work life balance.

## BUSINESS EXCELLENCE AND QUALITY INITIATIVES

Your Company continues to be guided by the philosophy of business excellence to achieve sustainable growth. Innovation in services and business models is a key agenda of the Management along with a customer-focused culture towards building long-term customer relationships.

## SECRETARIAL AUDIT

Pursuant to provisions of Section 204 of the Companies Act, 2013 and rules made there under, the board has appointed M/s Vikash Gupta & Associates, Company Secretary in Practice to conduct the Secretarial Audit of the Company for the financial year 2016-17. The Secretarial Audit Report for the financial year ended 31<sup>st</sup> March, 2017 is attached herewith as part of the Annual Report as Annexure A which forms an integral part of this report.

The Secretarial Audit report does not contain any qualification, reservation or adverse remark.

## DETAILS OF SUBSIDIARY COMPANIES, JOINT VENTURES AND ASSOCIATE COMPANIES, AND HIGHLIGHTS OF THEIR PERFORMANCE AND THEIR CONTRIBUTION TO THE OVERALL PERFORMANCE OF THE COMPANY

Your Company has a subsidiary namely Mega Airways Limited. There is no associate company within the meaning of Section 2(6) of the Companies Act, 2013 ("Act"). There has been no material change in the nature of business of the subsidiary. The said subsidiary is not a material subsidiary.

S.No.	Name & Address of Company	CIN	Holding/ Subsidiary/ Associate
1	Mega Airways Limited	U00072DL2005PLC136054	Subsidiary Company

Pursuant to provisions of Section 129(3) of the Act, a statement containing salient features of financial statements of the associate company informs AOC – 1 is attached as **Annexure B**.

## INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

Your Company has an effective internal control and risk mitigation system, which are constantly assessed and strengthened with new/revised standard operating procedures.

The internal audit is entrusted to M/s Vikash Gupta & Associates, a firm of Company Secretaries. The main thrust of internal audit is to test and review controls, appraisal of risks and business practices. .

The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of internal control systems and suggests improvements to strengthen the same. The Board of Directors has framed a policy which ensures the orderly and efficient conduct of its business, safeguarding of its assets, to provide greater assurance regarding prevention and detection of frauds and accuracy and completeness of the accounting records of the company.

## RISK MANAGEMENT

The risk management framework defines the risk management approach of the Company and includes periodic review of such risks and also documentation, mitigating controls and reporting mechanism of all risks.

In this regard the board has formulated a Risk Management policy, which defines the risk assessment and minimization procedures. As per view of board apart from liability which may arise for payment of statutory dues to government of India regarding increase in authorized capital, there is no other risk in operation of company, which may impact the existence of company.

## AMALGAMATION

The Board of Directors of the Company at their meeting held on 07<sup>th</sup> July, 2017 have approved the revised Scheme of Amalgamation between Mega Corporation Limited and Mega Airways Limited which provides for the amalgamation of Mega Airways Limited a wholly owned subsidiary of Mega Airways Limited ('the Company') under section 230 to 240 Companies Act, 2013 and other relevant provisions. The Appointed date of the Scheme is April 1, 2017 or such other date as NCLT, may direct.

The Scheme needs to be filed before National Company Law Tribunal (NCLT).

## CORPORATE GOVERNANCE

Your Company has implemented all the stipulations of the Corporate Governance Practices set out by the Securities and Exchange Board of India and as provided in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. A separate section on Report of Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 form part of the Annual Report.

The requisite certificate from the Company Secretary in Practice regarding compliance of conditions of Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached as **Annexure C** of the Director's Report.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement of Section 134(5) of the Act, the directors hereby confirm that:

- i. in the preparation of the annual accounts for the financial year 2016-17, the applicable accounting standards have been followed and there are no material departures;
- ii. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the financial year;
- iii. They have 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. They confirm that there are adequate systems and controls for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. they have prepared the annual accounts on a going concern basis;
- v. they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating properly; and
- vi. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **BOARD EVALUATION**

SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 mandates that the Board shall monitor and review the Board evaluation framework. The Companies Act, 2013 states that a formal annual evaluation needs to be made by the Board of its own performance and that of its committees and individual directors. Schedule IV of the Companies Act, 2013 states that the performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.

The evaluation of all the directors and the Board as a whole and that of its committee was conducted based on the criteria and framework adopted by the Board. Board has engaged Nomination and Remuneration Committee for carrying out the evaluation and their finding were shared with the board that had discussed and analyze its performance during the year. The Board approved the evaluation results as collated by the nomination and remuneration committee.

#### **MANAGEMENTS' DISCUSSION AND ANALYSIS REPORT**

Managements' Discussion and Analysis Report for the year under review, as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is presented in a separate section forming Annexure D of the Director's Report.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND RESEARCH & DEVELOPMENT AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

Particulars relating to energy conservation, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under Section 134 (3) (m) of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 are given hereunder:

##### **Conservation of Energy**

- i.) Steps taken or impact on conservation of energy: Energy conservation efforts are ongoing activities. During the year under review further efforts were made to ensure optimum utilization of electricity.
- ii) Steps taken by the company for utilizing alternate sources of energy: Nil, as your company does not carry any manufacturing activities
- iii) The Capital investment on energy conservation equipment's: Nil

##### **Technology Absorption, Adaption & Innovation and Research & Development**

No research & development or technical absorption or adaption & innovation taken place in the company during the Financial Year 2016-17, the details as per rule 8(3) of The companies (Accounts) Rules 2014 are as follows:

- i) Efforts made towards technology absorption: - Nil
- ii) Benefits derived like product improvement, cost reduction, product development or import substitution: Nil
- iii) In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year)-
  - a) Details of technology imported: Nil
  - b) Year of Import: Nil
  - c) Whether the technology been fully absorbed: Nil
  - d) Areas where absorption has not taken place and the reasons there of: Nil
- iv) Expenditure incurred on Research and Development: Nil

##### **Foreign Exchange Earnings and Outgo**

As your Company does not deal in Foreign Exchange, therefore the particulars relating to Foreign Exchange Earnings and Outgo are not applicable to your Company.

Foreign Exchange Earnings: Nil

Foreign Exchange Outgo: Nil



## FIXED DEPOSITS

Your Company has not accepted any fixed deposits covered under Chapter V of the Company Act, 2013 and as such, no amount of principal or interest was outstanding on the date of the Balance Sheet.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

### • Retirement by Rotation

In accordance with the provisions of Section 152 of The Companies Act, 2013 Mr. Kunal Lalani, Director of the Company, is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment.

### • Appointment / Re-appointment and Cessation of Directors & KMP

During the year under review, there is no change in the composition of the Board of Directors of the Company.

Further, Ms. Neelu Prajapati has resigned from the post of Company Secretary of the Company and Ms. Swati Kapoor has been appointed as the new Company Secretary of the Company with effect from 24/05/2017.

Pursuant to the provisions of Section 203 of the Act, your Company has following Key Managerial Personnel(s):

- Mr. Surendra Chhalani - Chief Financial Officer;
- Ms. Swati Kapoor - Company Secretary.

## DECLARATION BY THE INDEPENDENT DIRECTORS

All Independent Directors has given declarations to the company confirming that they meet the criteria of independence as laid down under Section 149 (6) of The Companies Act, 2013 and Regulation 16(1) (b) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015

## AUDITORS AND AUDITOR'S REPORT

M/s Sipani & Associates, Chartered Accountants have completed their term as per section 139 (2) of Companies Act, 2013. Therefore, board proposes to appoint M/s M/s Virendra Pradeep & Co., as Statutory Auditors.

M/s Virendra Pradeep & Co., Chartered Accountants, have conveyed their consent to be appointed as the Statutory Auditors of the Company along with a confirmation that, their appointment, if made by the members, would be within the limits prescribed under the Companies Act, 2013.

M/s Virendra Pradeep & Co., Chartered Accountants are appointed as Statutory Auditors of the Company for a term of five years subject to ratification at every AGM. M/s Virendra Pradeep & Co. be and is hereby appointed to hold the office from the conclusion of this AGM till the conclusion of the 37<sup>th</sup> AGM of the Company to be held in the year 2022 recommended by the audit committee and Board of Director for appointment to audit the Accounts of the Company for the Financial Year 2017-18 at remuneration as may be decided by the Board of Directors and audit committee.

The Company has received a certificate from the auditors to the effect that their appointment, if made, would be within the limits prescribed under the Companies Act, 2013, and they are not disqualified for appointment, as per the provisions of section 141 of the Companies Act, 2013.

The auditor report and notes on accounts referred to in the Auditors Report is self-explanatory and there are no adverse remarks or qualification in the Report

Pursuant to the provisions of Section 139(1) of the Act and the rules framed there under, M/s Virendra Pradeep & Co., Chartered Accountants are appointed as Statutory Auditors of the Company for a term of five years i.e. till the conclusion of the 37<sup>th</sup> Annual General Meeting (AGM), subject to ratification at every AGM. They have submitted their certificate to the Companies Act, 2013. The observation of the auditors is explained wherever necessary in appropriate notes to the accounts.

The Company has received a certificate from the auditors to the effect that their appointment, if made, would be within the limits prescribed under the Companies Act, 2013, and they are not disqualified for appointment, as per the provisions of section 141 of the Companies Act, 2013.

The auditor report and notes on accounts referred to in the Auditors Report is self-explanatory and there are no adverse remarks or qualification in the Report.

## LISTING OF SECURITIES

The Company's Equity Shares are listed on following stock exchanges:

- The Delhi Stock Exchange Limited
- The Bombay Stock Exchange Limited

**Delhi Stock Exchange has also been derecognized w.e.f. 19<sup>th</sup> November, 2014 vide SEBI order.**



## PARTICULARS OF EMPLOYEES

None of the employees of your company is drawing remuneration exceeding limits laid down under the provisions of Section 197 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Further, the information required under the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is appended as Annexure- E and forms part of this report.

## MEETINGS OF THE BOARD OF DIRECTORS

The Board duly met at regular intervals to discuss and decide on business strategies/policies and review the financial performance of the Company. The notice along with Agenda and notes on agenda of each Board Meeting was given in writing to each Director.

In the Financial Year 2016-17, the Board met Fifteen (15) times. The meetings were held on 20/05/2016, 30/05/2016, 13/06/2016, 01/08/2016, 22/08/2016, 27/08/2016, 04/11/2016, 11/11/2016, 17/11/2016, 15/12/2016, 13/01/2017, 31/01/2017, 06/02/2017, 13/02/2017 and 17/03/2017. The interval between two meetings was well within the maximum period mentioned under Section 173 of Companies Act, 2013 and Regulation 17(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## COMPOSITION OF COMMITTEES

### a) Audit Committee

The present Audit Committee of the board comprises of three members with independent directors forming a majority, namely Mrs. Anisha Anand as Chairman and Mr. Rajendra Kumar Bengani, Mr. Surendra Chhalani as members of the Committee.

All the recommendations made by the Audit Committee were accepted by the board.

Further, the Roles and Responsibility and other related matters of Audit Committee forms an integral part of Corporate Governance Report as part of annual report.

### b) Nomination And Remuneration Committee

The Nomination and Remuneration Committee comprises of Mr. Navratan Baid as chairman, Mr. Rajendra Kumar Bengani and Mrs. Anisha Anand as members, all of whom are Non- Executive Directors.

All the recommendations made by the Nomination and Remuneration committee were accepted by the board.

Further, the terms of reference and other related matters of Nomination and Remuneration committee forms an integral part of Corporate Governance Report as part of annual report.

### c) Stakeholder Relationship Committee

Stakeholders Relationship Committee comprises of Mr. Sachin Mehra as Chairman with Mr. Navratan Baid and Mr. Surendra Chhalani as members of the Committee.

The Committee is set up to monitor the process of share transfer, issue of fresh Share Certificates as well as review of redressed of investors/shareholders grievances.

Further, the role and responsibility and other related matters of Stakeholders Relationship Committee forms an integral part of Corporate Governance Report as part of annual report.

## POLICY FOR DIRECTORS' APPOINTMENT AND REMUNERATION

The policy of the Company on Directors' appointment and remuneration, including criteria for determining qualification, positive attributes, independence of Director and other matters provided under sub-section 3 of section 178 of the Companies Act, 2013, adopted by the Board is annexed to this report as Annexure F.

## RELATED PARTY TRANSACTIONS

All the related party transactions are entered on arm's length basis and are in compliance with the applicable provisions of the Act and the Listing Agreement. There are no materially significant related party transactions made by the company with Promoters, Directors or Key Managerial Personnel etc. which may have potential conflict with the interest of the company at large.

All Related Party Transactions are presented to the Audit committee. Omnibus approval is obtained for the transactions which are foreseen and repetitive in nature. A statement of related party transactions was presented before the Audit Committee on a quarterly basis, specifying the nature, value and terms and conditions of the transactions.

All the contracts/arrangements/transactions entered with related party for the year under review were on Arm's Length basis. Company has entered into material related party transactions during the year under review. Further disclosure in Form AOC-2 is as attached as **Annexure G**.

The policy on Related Party Transactions as approved by the Board of Directors has been uploaded on the website of the Company <http://www.megacorppltd.com/>.

## **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013**

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements as on 31.03.2017.

### **PAYMENT OF LISTING FEES**

Your Company has paid Listing fees for the financial year 2017-18 to the BSE.

### **EXTRACT OF ANNUAL RETURN**

Extract of Annual Return of the Company in the prescribed Form MGT-9, is appointed as **Annexure- H** to this Board's Report.

Having regard to the provisions of the first proviso to Section 136(1) of the Act, the Annual Report excluding the aforesaid information is being sent to the members of the Company. The said information is available for inspection at the registered office of the obtaining such information may write to CFO & Company Secretary and the same will be furnished on request.

The full Annual Report including the aforesaid information is available on the company's website [www.megacorppltd.com](http://www.megacorppltd.com).

### **RISK MANAGEMENT POLICY**

Enterprise Risk Management is a risk based approach to manage an enterprise, identifying events that may affect the entity and manage risks to provide reasonable assurance regarding achievement of entity's objective.

The risks identified by the Company broadly fall into the following categories viz. strategic risks, operational risks, regulatory risks, financial and accounting risks, foreign currency and other treasury related risks and information systems risks. The risk management process consists of risk identification, risk assessment, risk prioritization, risk treatment or mitigation, risk monitoring and documenting the new risks.

Your Board has laid down a risk management framework and policy to address the above risks. The objective of the policy is to identify existing & emerging challenges that may adversely affect the Company and manage risks in order to provide reasonable assurance to the various stakeholders. In the opinion of your Board, none of the risks which have been identified may threaten the existence of the Company.

### **POLICIES & DISCLOSURES**

#### **VIGIL MECHANISM**

Your Company has established 'Vigil Mechanism' for directors and employees to report concerns about unethical behavior, actual or suspected, fraud or violation of the Company's code of conduct or ethics policy and provides safeguard against victimization of employees who avail the mechanism. The policy permits all the directors and employees to report their concerns directly to the Chairman of the Audit Committee of the Company.

The Vigil Mechanism/Whistle blower Policy of the company provides that protected disclosures can be made by a whistle blower through an email to the Chairman of the audit committee. The Whistle Blower Policy can be accessed on the Company's Website at the link: <http://www.megacorppltd.com/>.

### **CORPORATE SOCIAL RESPONSIBILITY**

Pursuant to Section 135 of the Companies Act, 2013 and rules made there under, every company having net worth of Rupees five hundred crores or more, or turnover of rupees one thousand crores or more or a net profit of rupees five crores or more during any financial year shall constitute a Corporate Social Responsibility Committee of the Board.

However, it is not applicable in case of your Company. Hence there is no need to form Corporate Social Responsibility Committee and Corporate Social Responsibility Policy for the company as per the requirement of the Companies Act, 2013.

### **BOARD EVALUATION**

SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 mandates that the Board shall monitor and review the Board evaluation framework. The Companies Act, 2013 states that a formal annual evaluation needs to be made by the Board of its own performance and that of its committees and individual directors. Schedule IV of the Companies Act, 2013 states that the performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.

The evaluation of all the directors and the Board as a whole and that of its committee was conducted based on the criteria and framework adopted by the Board. Board has engaged Nomination and Remuneration Committee for carrying out the evaluation and their finding were shared with the board that had discussed and analyze its performance during the year. The Board approved the evaluation results as collated by the nomination and remuneration committee.

### **FAMILIARIZATION PROGRAMME AND TRAINING OF INDEPENDENT DIRECTORS**

The details of programmes for familiarization of Independent Directors with the company, their roles and responsibilities in the company, business model of the company and other related matter are put on the website of the Company at the link: <http://www.megacorppltd.com/>.