

# ANNUAL REPORT 2019 -20



# CORPORATE INFORMATION

**Mr. Kunal Lalani**  
Director

**Mr. Surendra Chhalani**  
Director and CFO

**Ms. Abhilasha Lalani**  
Director

**Mr. Surendra Kumar Pagaria**  
Director

**Mrs. Anisha Anand**  
Whole Time Director

**Mr. Navratan Baid**  
Director

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**Company Secretary**  
Mr. Agat Singh

**Statutory Auditors**  
Virendra Pradeep & Co.  
(Chartered Accountants)

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

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

**Registered Office**  
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Mega Corporation Ltd.

## DIRECTOR'S REPORT FOR THE FINANCIAL YEAR ENDED 2019-2020

### TO THE MEMBERS OF MEGA CORPORATION LIMITED

Your Directors are pleased to present the 35th Annual Report on the business and operations of the Company together with the Audited Financial Statement for the year ended 31st March, 2020.

### FINANCIAL PERFORMANCE

The Summarized financial results are:

(Amount in Lakhs)

Particulars	Standalone Financials	
	2019-20	2018-19
Income from Operations	270.41	219.75
Other Income	5.11	28.08
<b>Total Income</b>	<b>275.52</b>	<b>247.83</b>
Operating Expenses	26.23	48.34
Depreciation and Amortization	35.38	36.77
Interest	129.33	127.17
Other Expenses	42.89	32.57
<b>Exceptional Item</b>	<b>40.91</b>	<b>0</b>
<b>Profit/(Loss) before Tax</b>	<b>0.78</b>	<b>2.98</b>
Tax Expenses		
• Current Year	8.51	0
• Previous Year	0	0
• MAT Entitlement	8.51	0
• Deferred Tax	(7.81)	(8.58)
<b>Net Profit/ (Loss) for the Year</b>	<b>8.59</b>	<b>11.56</b>

### STATE OF COMPANY'S AFFAIRS

During the period under review the total Standalone Income of Company is Rs. 275.52 Lacs as compared to previous year income of Rs. 247.83 Lacs and the Company is not consolidating its financial statement this year as M/s Mega Airways Limited cease to be subsidiary of the company during the period under review.

The company during the period earned Standalone Profit before tax of Rs. 0.78 Lacs as compared to profit of Rs. 2.98 Lacs in the previous year and Standalone Net profit of the company during reporting period if Rs. 8.59 Lacs as compared to profit of Rs. 11.56 Lacs in the previous year.

### MATERIAL CHANGES AND COMMITMENTS AFTER THE DATE OF CLOSE OF FINANCIAL YEAR 2019-20

There are no material changes and commitment affecting the financial position of company after the close of financial year 2019-20 till the date of report.

### DIVIDEND AND RESERVES

The Directors have considered it financially prudent in the long-term interest of the Company to reinvest the profits into the business of the Company to build a strong reserve base and growth; accordingly no dividend has been recommended for the year ended March 31, 2020.

### 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

Human Resource has gained prime importance in last few years. Your Company lays emphasis on competence and commitment of its human capital recognizing its pivotal role for organization growth. During the year, the Company maintained a record of peaceful employee relations. Your Company believes that the human capital is of utmost

importance to sustain the market leadership in all product segments and also to capture new markets.

We have identified the high Performers and rewarded them appropriately, which has helped to achieve better employee engagement. Competency based training program has been devised for High - Potential employees with focus on their Individual Development Plan & helping them to become future leaders.

Your Directors wish to place on record their appreciation for the commitment shown by the employees throughout the year.

#### **DISCLOSURE AS PER SEXUAL HARRASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

In order to prevent sexual harassment of women at work place an act "The Sexual Harassment of Women at Workplace" (Prevention, Prohibition and Redressal) Act, 2013 has been notified on December, 2013. Under the said Act every company is required to set up an Internal Complaints Committee to look into complaints relating to sexual harassment at work place of any women employee.

Your Company has adopted a policy for prevention of Sexual Harassment of Women at workplace and has set up a Committee for implementation of said policy. During the year Company has not received any complaint under the said policy.

#### **BUSINESS EXCELLENCE AND QUALITY INITIATIVES**

"Business Excellence" is an integral part of Business Management and is the application of quality management theory and tools to run our business more efficiently. Business Excellence is the culture of your company, which works as an enabler to our commitment to higher customer satisfaction, increase in stakeholder value & better process management through the never-ending cycle of continuous improvement. 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 the provisions of Section 204 of the Companies Act 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed M/s Vikash Gupta & Co., Company Secretary in Practice to undertake the secretarial audit of the Company for FY 2019-20. The Secretarial Audit Report is appended as **Annexure A** to this Report. There are no adverse remarks / observations / qualifications / reservations / disclaimers in the Secretarial Audit Report.

#### **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 had a subsidiary namely M/s Mega Airways Limited and the same was merged with your company on 09th August, 2019 by the order of hon'ble National Company Law Tribunal of Delhi vide order no.1257. Further, there was no associate company within the meaning of Section 2(6) of the Companies Act, 2013 ("Act").

Pursuant to provisions of Section 129(3) of the Act, a statement containing salient features of financial statements of the subsidiary company in form AOC – 1 is not required to be attached as the subsidiary company M/s Mega Airways Limited has been merged with your company during the period under review.

#### **INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY**

The Company has adequate system of Internal Controls to help Management review the effectiveness of the Financial and Operating Controls and assurance about adherence to Company's laid down Systems and Procedures. As per the provisions of the Companies Act, 2013, internal controls and documentation are in place for all the activities. Both Internal Auditors and Statutory Auditors have verified the Internal Financial Controls (IFC) at entity level and operations level and satisfied about control effectiveness. The controls are reviewed at regular intervals to ensure that transactions are properly authorized, correctly reported and assets are safeguarded.

Assurance on the effectiveness of Internal Financial Controls is obtained through management reviews, control self-assessment, continuous monitoring by functional experts as well as testing of the Internal Financial Control systems by the internal auditors during the course of their audits. During the financial year under review, no material or serious observations have been received from the Auditors of the Company, citing inefficiency or inadequacy of such controls and business practices.

The Audit Committee periodically reviews the findings and commendations of the Auditors and takes corrective action

as deemed necessary. The Board of Directors have 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 Company is exposed to inherent uncertainties owing to the sector in which it operates. A key factor in determining a Company's capacity to create sustainable value is the ability and willingness of the Company to take risks and manage them effectively and efficiently. Many types of risks exist in the Company's operating environment and emerge on a regular basis due to many factors such as changes in regulatory framework, economic fundamentals etc.

In order to evaluate, identify and mitigate these business risks, the Company has a robust Risk Management framework. This framework seeks to create transparency, ensure effective risk mitigation process and thereby minimize adverse impact on the business objectives and enhance the Company's competitive advantage. The Business risks as identified are reviewed and a detailed action plan to mitigate the identified risks is drawn up and its implementation is monitored.

Further, it is embedded across all the major functions and revolves around the goals and objectives of the Company. The development and implementation of Risk Management Policy adopted by the Company is discussed in detail in the Management Discussion and Analysis chapter, which forms part of this Annual Report.

## **AMALGAMATION**

M/s Mega Airways Limited has been merged with your company on 09th August, 2019 by the order of National Company Law Tribunal vide order no.1257.

## **CORPORATE GOVERNANCE**

Your corporate governance practices are a reflection of our value system encompassing our culture, policies and relationships with our stakeholders. Integrity and transparency are key to our corporate governance practices to ensure that we gain and retain the trust of our stakeholders at all times. Corporate Governance is about maximizing shareholder value legally, ethically and sustainably. Effective corporate governance practices constitute the strong foundation on which successful commercial enterprises are built to last and your Company is committed to transparency in all its dealings and places high emphasis on business ethics.

A report on Corporate Governance along with a Certificate from Company Secretary in Whole Time Practice regarding compliance with the conditions of Corporate Governance as stipulated in Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, forms part of the Annual Report appended as **Annexure-B.**

## **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the provisions of Section 134(5) of the Companies Act, 2013, ("the Act") your Directors, based on the representations received from the Operating Management and after due enquiry, confirm that:

- i. in the preparation of the annual accounts for financial year ended 31st March, 2020, the applicable accounting standards have been followed and there are no material departures in adoption of these standards.
- ii. they have in consultation with the Statutory Auditors 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, 2020 and of the profit of the Company for the year ended on that date.
- iii. they have taken proper and sufficient care 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.
- iv. they have prepared the annual accounts for financial year ended 31st March, 2020 on a going concern basis.
- v. they have laid down adequate internal financial controls to be followed by the Company and that such internal financial controls were operating effectively during the financial year ended 31st March, 2020.
- vi. they have devised proper systems to ensure compliance with provisions of all applicable laws and that such systems were adequate and operating effectively during the financial year ended 31st March, 2020.



## BOARD EVALUATION

The Board of Directors has carried out an annual evaluation of its own performance, board committees and individual directors pursuant to the provisions of the Act and SEBI Listing Regulations.

The Company has formulated a Policy for performance evaluation of the Independent Directors, the Board, its Committees and other individual Directors which includes criteria for performance evaluation of the Non-Executive Directors and Executive Directors.

The evaluation framework for assessing the performance of Directors comprises of various key areas such as attendance at Board and Committee Meetings, quality of contribution to Board discussions and decisions, strategic insights or inputs regarding future growth of the Company and its performance, ability to challenge views in a constructive manner, knowledge acquired with regard to the Company's business/ activities, understanding of industry and global trends, etc.

The above criteria are based on the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India on 5th January, 2017.

The performance of the board was evaluated by the board after seeking inputs from all the directors on the basis of criteria such as the board composition and structure, effectiveness of board processes, information and functioning, etc.

The performance of the committees was evaluated by the board after seeking inputs from the committee members on the basis of criteria such as the composition of committees, effectiveness of committee meetings, etc.

Feedback was sought by way of well-defined and structured questionnaires covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, areas of responsibility, execution and performance of specific duties, obligations and governance, compliance, oversight of Company's subsidiaries, etc., and the evaluation was carried out based on responses received from the Directors.

In a separate meeting of independent directors, performance of non-independent directors, the board as a whole and the Chairman of the Company was evaluated, taking into account the views of executive directors and non-executive directors.

The Board and the Nomination and Remuneration Committee reviewed the performance of individual directors on the basis of criteria such as the contribution of the individual director to the board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc.

In the board meeting that followed the meeting of the independent directors and meeting of Nomination and Remuneration Committee, the performance of the board, its committees, and individual directors was also discussed. Performance evaluation of independent directors was done by the entire board, excluding the independent director being evaluated.

## 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 C** 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 2019-20, 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**

Following are the Directors of the Company as on 31.03.2020

1. Mr. Kunal Lalani – Executive Director
2. Mr. Surendra Chhalani – Executive Director
3. Mrs. Anisha Anand – Whole Time Director
4. Mr. Navratan Baid – Non Executive Independent Director
5. Mr. Sachin Mehra – Non Executive Independent Director
6. Mrs. Abhilasha Lalani – Non Executive Non Independent Director
7. Mr. Surendra Kumar Pagaria – Non Executive Independent Director

During the period of under review Mr. Sanjay Kumar Sharma had resigned from the position of Company Secretary and Mr. Aagat Singh has been appointed as Company Secretary of the company.

The Designation of Mrs. Anisha Anand has been changed from Non-Executive Independent Director to Whole Time Director on 23.04.2019.

- Mr. Surendra Chhalani – Chief Financial Officer;
- Mr. Aagat Singh – 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**

Under Section 139 of the Companies Act, 2013 and the rules made thereunder it is mandatory to rotate Statutory Auditors on completion of the maximum term permitted under the provisions of Companies Act, 2013. In line with the requirement of the Companies Act, 2013, M/s Virendra Pradeep & Co., Chartered Accountants, was appointed as the Statutory Auditors of the Company to hold office for a period of five consecutive years from the conclusion of 32nd

Annual General Meeting of the Company held on 22nd September, 2017 till the conclusion of the 37th Annual General Meeting (AGM). The requirement for the annual ratification of the auditors' appointment at the AGM has been omitted pursuant to companies (Amendment) Act, 2017 notified on 7th May, 2018.

During the year the Statutory Auditors have confirmed that they satisfy the independence criteria required the Companies Act, 2013, code of ethics issued by Institute of Chartered Accountants India and U.S. Securities and Exchange Commission and the Public Company accounting Oversight Board.

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:

- i. The Delhi Stock Exchange Limited
- ii. The Bombay Stock Exchange Limited\*

**\*Delhi Stock Exchange has been derecognized w.e.f. 19th 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-D and forms part of this report.

#### **MEETINGS OF THE BOARD OF DIRECTORS**

The Details of Meetings of the Board of Director Held during the Financial Year 2019-20:

As per the disclosures furnished none of the Directors are disqualified to act as directors of this Company or any other public Company under Section 164 and other applicable provisions of the Companies Act, 2013.

The requisite information as prescribed under Clause 49 of the Listing Agreement is placed before the Board from time to time and is generally provided as part of the Agenda papers of the Board Meeting and /or is placed at the table during the course of the meeting.

During the financial year ended March 31, 2020, Seven Board Meetings were held. 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.

The Board meeting was held on the following dates:-

23rd April, 2019, 30th May, 2019, 13th August, 2019, 07th September, 2019, 13th November, 2019, 08th January, 2020 and 13th February, 2020

#### **COMPOSITION OF COMMITTEES**

##### **a) Audit Committee**

At 31st March, 2020 Audit Committee of the board comprises of three members with Independent Directors forming a majority, namely Mr. Navratan Baid as Chairperson and Mr. Sachin Mehra, Mr. Surendra Chhalani as members of the Committee.

Presently Audit Committee comprises following members:

1. Mr. Navratan Baid– Non-Executive Independent Director
2. Mr. Sachin Mehra – Non-Executive Independent Director
3. Mr. Surendra Chhalani- Executive Director

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**

At 31st March, 2020, Nomination and Remuneration Committee comprises of Mr. Navratan Baid as Chairperson, Mr. Surendra Kumar Pagaria and Ms. Abhilasha Lalani as members.