

17th Annual Report 2001-2002

MEGA★STAR
S T U D I O S
Digital Film & Video Post Production

MEGA-CAB
INDIA'S FIRST 24-HOUR RADIO TAXI SERVICE
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Mega Corporation Ltd.

Regd. Office: N-18 (Mkt.), Greater Kailash-I,
New Delhi - 110 048

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Board of Directors

Kunal Lalani
Chairman cum Managing Director

Hemanshu Mehta
Vice Chairman

H.M. Lalani
Director

N.K. Nayak
Director

AVM K.S. Venkataraman
Director

S.L. Golchha
Director

Kirti Azad
Director

Sachin Mehra
Director

Surendra Chhalani
Whole Time Director

Neeru Bhatta
Company Secretary

Auditors
Sipani & Associates, Delhi

Principal Bankers
ABN Amro Bank, New Delhi
ICICI Bank Ltd., New Delhi
Citi Bank N.A. New Delhi

Registered Office
N-18 (Mkt.), Greater Kailash- I,
New Delhi - 110048

Corporate Office
B-23, Greater Kailash-I,
New Delhi - 110 048

Registrar (Demat only)
In-house Share Registry
(A unit of A.O.K.
In-house Securities Ltd.)
3, Community Centre,
Naraina, Industrial Area,
Phase-I, Near Payal Cinema,
New Delhi - 110 028
Ph: 5792013, 5792014
email: inhosue@bol.net.in



NOTICE

Notice is hereby given that the Seventeenth Annual General Meeting of MEGA CORPORATION LIMITED will be held at DDA Picnic Hut, Royal Dakshin Restaurant, Mehrauli, New Delhi-110030 on Saturday, the 24th August, 2002 at 12.00 p.m. to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2002 and the Profit and Loss Account for the year ended on that date and the Report of Directors and Auditors there on.
2. To appoint a Director in place of Shri Surendra Chhalani, who retires by rotation, and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri N.K. Nayak, who retires by rotation, and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri Kirti Azad, who retires by rotation, and being eligible, offers himself for reappointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

6. APPOINTMENT OF DIRECTOR :

To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution: **"RESOLVED THAT** Shri Hulas Mal Lalani, who was appointed as an Additional Director of the Company w.e.f. 17.10.2001 and holds office upto the date of this Annual General Meeting in terms of section 260 of the Companies Act, 1956 and Article 93 of the Articles of Association of the Company and in respect of whom the Company has received notice in writing pursuant to section 257 of the Companies Act, 1956 proposing his candidature to the office of Director, be and is hereby appointed as Director of the Company, liable to retire by rotation."

7. SUB-DIVISION OF SHARES :

To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :

"RESOLVED THAT in terms of Article 55(b) of the Articles of Association of the company and provisions of section 94 of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956, approval be and is hereby accorded to the sub-division of equity share of the company from Rs.10/- to Re.1/-."

8. ALTERATION IN MEMORANDUM OF ASSOCIATION :

To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT in terms of the provisions of sec. 16 of the Companies Act, 1956 and other applicable provisions of the Companies Act, 1956, the existing Clause V of the Memorandum of Association of the company be and is hereby substituted by the following Clause :

V. The Share Capital of the company is Rs.10,00,00,000/- (Rupees Ten crore) divide into 10,00,00,000 (Ten crore) Equity Shares of Re.1/- each. The Company shall have power to increase or reduce the share capital from time to time as it may think proper, and the shares forming the capital original increased or reduced may be divided, into such classes and in such denomination(s)/face value(s) as the shareholders may approve by ordinary resolution in General Meeting and may be issued with any preferential, deferred, qualified or special rights, privileges, and conditions, or with such qualifications as regards preference, dividend, return of capital, voting or other special incidents and be held on such terms as may be attached thereto or as may be provided by the Company's Articles of Association for the time being but so that where shares are issued with any preferential or special rights attached thereto such rights shall not be alterable otherwise than pursuant to the provisions of the Company's Articles of Association for the time being."

9. ALTERATION IN ARTICLES OF ASSOCIATION :

To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution : **"RESOLVED THAT** pursuant to section 31 and other applicable provisions of the Companies Act, 1956, the existing Article 4 of the Articles of Association of the Company be and is hereby substituted by the following Article : 4. The Capital of the Company is Rs.10,00,00,000/- (Rupees Ten crore) divided into 10,00,00,000 (Ten Crore) Equity Share of Re 1/- (Rupee One) each."

Place : New Delhi

Date : 29th June 2002

By order of the Board of Directors

(KUNAL LALANI)

Director

**NOTES :**

- (1) **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIM/HER SELF AND THE PROXY NEED NOT TO BE A MEMBER.**
- (2) All the members/proxies should bring the attendance slip sent herewith duly filed for attending the meeting.
- (3) The instrument of appointing proxy should, however, be deposited at the Registered office of the Company not less than 48 hours before the commencement of the meeting.
- (4) The Register of Members and Share Transfer Books of the Company will remain closed from 20th August 2002 to 24th August 2002 (both days inclusive).
- (5) Members are requested to bring to the meeting their copy of the Annual Report with them as the same will not supplied again as a measure of economy.
- (6) The explanatory statement pursuant to sec. 173(2) of the Companies Act, 1956 in respect of item numbers 6, 7, 8 & 9 is annexed here to and forms part of the Notice.
- (7) All the documents referred to in the accompanying notice and explanatory statement are open for inspection by the members at the Registered Office of the Company during the working hours between 10.00 A.M. to 1.00 P.M. on all working days for a period of 21 days before the meeting.
- (8) Members may please note that as a matter of policy no gifts shall be distributed at the meeting.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT,
1956 (FORMING PART OF THIS NOTICE)**

ITEM NO. 6

Shri Hulas Mal Lalani was appointed as an Additional Director of the Company w.e.f. 17.10.2001, by the Board of Directors in accordance with section 260 of the Companies Act, 1956, and Article no. 93 of the Articles of Association of the Company. He holds office upto the date of forthcoming Annual General Meeting of the Company.

The Company has received a notice from a member of the Company alongwith requisite fees under section 257 of the Companies Act, 1956, signifying his intention to propose the appointment of Shri Hulas Mal Lalani as a regular Director of the Company.

To provide for increased executive participation at the Board level the Board recommends his appointment.

Shri Hulas Mal Lalani is a self made business man having 35 years of experience in business varied from trading & manufacturing sector.

None of the Directors of the Company except Shri. Hulas Mal Lalani is concerned or interested in the resolution.

ITEM NO. 7, 8 & 9

At present your company's equity share are in the denomination (face value) of Rs.10/- each. Your company's equity shares has been put under dematerialisation, SEBI has allowed the companies whose shares are dematted to have a face value of Re.1/- and dispensed with the requirement of marketable lot, in order to provide maximum liquidity to the share. Keeping in view the above, your management has thought it prudent to change the face value of the shares from Rs.10/- to Re.1/-. This would provide higher liquidity to the share and will be in the interest of shareholders at large. In terms of the provisions of Article 55(b), shareholders approval by way of an ordinary resolution is required.

Further, upon sub-division of the shares face value consequent changes are required to be made in the Capital Clause of the Memorandum and Articles of Association of the Company. Hence the resolution at item no. 8 is placed for shareholders approval by way of an ordinary resolution and item no. 9 is placed for shareholders approval by way of special resolution.

Further, the share certificates shall be amended accordingly. All the shareholders who have physical possession of the shares may surrender the certificates for carrying necessary changes/issuing fresh certificates as the management may decide upon passing of the resolution, the above amendment shall come into force immediately. However the old share certificates shall hold good and will be acceptable to the company for transfer etc., subject to the requirements of stock exchanges at which the shares are listed.

Your directors recommend the passing of the Resolution.

All directors of the company may be deemed to be interested in the resolution to the extent of equity shares held by them and to the extent of equity shares, which they may bought in future.

MEGA CORPORATION LIMITED

Regd.. office : N-18 (Mkt.), Greater Kailash-I,
New Delhi 110 048

PROXY FORM

DP ID _____ Client ID _____ Folio No _____

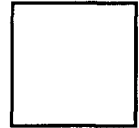
I/We _____ of _____

being a Member/Members of **MEGA CORPORATION LIMITED** hereby appoint
Mr./Ms. _____

of _____

as my/our proxy to attend and to vote for me/us and on my/our behalf at the Seventeenth Annual General Meeting of the Company to be held on Saturday, the 24th day of August, 2002 at 12.00 p.m. at DDA Picnic Hut, Royal Dakshin Restaurant, Mehrauli, New Delhi-110030 and at any adjournment thereof.

Signed this _____ day of _____ 2002.



N.B.

(1) The proxy need not be a member.

(2) The proxy form duly signed across revenue stamp of one rupee should reach the Company's Regd. Office at least 48 hours before the time of the meeting

Signature

(TEAR HERE)

MEGA CORPORATION LIMITED
ATTENDANCE SLIP

(THIS ATTENDANCE SLIP DULY FILLED IN, TO BE HANDED OVER AT THE MEETING)

Name & Address of the Member (in Block Letters) _____

DP ID _____ Client ID _____ Folio No. _____

Name of Proxy(s) (in Block Letters) _____

No. of shares held _____

I hereby record my presence at the Seventeenth Annual General Meeting of the Company held at DDA Picnic Hut, Royal Dakshin Restaurant, Mehrauli, New Delhi-110030 on Saturday, the 24th day of August, 2002 at 12.00 p.m.

Members/Proxy Signature

(To be signed at the time of handing over this slip)



DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting the 17th Annual Report, together with the Balance Sheet and Profit and Loss Account for the year ended 31st March, 2002.

FINANCIAL RESULTS :

	Year Ended 31.03.2002 (Rs. in lacs)	Year Ended 31.03.2001 (Rs. in lacs)
Sales & Services	553.00	1141.42
Other Income	185.67	70.08
Total Income	738.67	1211.50
Profit before Interest & Depreciation	126.28	201.22
Less: Interest	1.26	0.82
Depreciation	122.39	22.12
Profit before Taxation	2.63	178.28
Less : Provision for taxation	2.61	13.22
Deferred Tax	6.69	-
Profit/(Loss) after Taxation	(6.67)	165.06
Add : Amount brought forward from previous year	248.05	130.51
Balance carried forward	241.38	295.57

DIVIDEND :

In order to conserve resources for ongoing projects and due to losses, the Directors do not recommend payment of dividend.

OPERATIONS :

Megastar Studios (earlier Megastar Entertainment Division)

Performance in this division in terms of turnover was lower than previous year. We are confident that we will do better business in current fiscal year as we have entered into a management contract with M/s STV Enterprises Ltd. for running their Studio in Mumbai for High End Post Production work dedicated to Feature Films, T.V.Serials, Ad. Films, Music Albums, etc. For this, the Studio has High-Tech Systems like Quantel's Domino, Quantel Henry Infinity, SGI Octane based Maya Unlimited etc., which are unique in entire market of Asia and due to which all post-production facilities will be available under one roof. Some of the Film projects successfully completed are : Oh Calcutta (Hindi version-Mitti), Pagalpan, Albela, Tum Se Achaa Kaun Hai, Tum Ko Na Bhool Payenga. One of the Film Project in progress is Hum Panchi Ek Dal Ke.

Megacab Radio Taxi Division

The division has performed well. Along with Taj Palace Hotel your company had tied up with Jet Airways India Private Limited for their crew pick up & drop. With a fleet of 46 cabs your company has achieved a turnover of Rs.117.39 lacs in the fiscal year 2001-2002. We expect this trend to continue during the current year. Your company expects to increase its fleet of Cabs to 150 in the current fiscal year.

DIRECTORS :

Mr Hulas Mal Lalani has been appointed as an additional director by the Board, till the conclusion of this Annual General Meeting. The Board recommends his appointment. Your approval is sought for his appointment vide resolution set out in item no-6 of the accompanying Notice.

AUDITORS :

M/s Sipani & Associates, Chartered Accountants, 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. Your directors recommend their re-appointment.

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

Foreign exchange earning and outflow during the year was Nil. Since your company does not own any manufacturing facility, the particulars pursuant to Companies (Disclosure of particulars in the Report of the Board of Directors') Rules, 1988 are not required.

DIRECTORS' RESPONSIBILITY STATEMENT :

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

- that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- that the Directors have selected such accounting policies and applied them consistently and made judgements 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 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 and
- that the Directors have prepared the annual accounts on going concern basis.

FIXED DEPOSITS :

The company did not accept/renew any fixed deposit during the year under review. The deposits outstanding as on 31st March, 2002 was Nil.

EMPLOYEES :

Relations with the employees continued to be cordial throughout the year. Your Directors place on record the appreciation of the effort and dedication of the employees in producing consistent results during the year under review.

Place : New Delhi
 Date : 29th June 2002

By order of the Board of Directors

(KUNAL LALANI)
 Director

REPORT ON CORPORATE GOVERNANCE**(a) Company's Philosophy**

The Company firmly believes in and continues to practice good Corporate Governance. The Company aims at conducting its business efficiently, by following professionally acknowledged good governance policies, thus meeting its obligations to all stakeholders in a balanced manner.

(b) Board of Directors

The Board of Directors comprises nine members. The Board has a mix of executive and non-executive directors. A majority of the directors on the Board are non-executive directors.

Particulars of Directors and other Directorships:

Name of the Director	Category of Directorship	No. of Directorship in other Boards	
		Public	Private
Kunal Lalani	CMD	1	9
Hemanshu Mehta	ED	1	Nil
Surendra Chhalani	ED	Nil	Nil
Kirti Azad	NED	2	Nil
Sachin Mehra	NED	1	Nil
AVM K.S. Venkataraman	NED	Nil	Nil
S.L. Golchha	NED	Nil	Nil
H.M. Lalani	NED	2	4
N.K. Nayak	NED	Nil	Nil

1. Board Meetings :

The meetings of the Board of Directors are scheduled well in advance and generally held at the company's registered office. The Board meets at least once a quarter to review the quarterly performance and the financial results. The Board papers of the company are circulated in advance.

The board meetings during the year were held on 2nd June 2001, 14th June 2001, 30th June 2001 (Adjourned), 12th July 2001 (Reconstituted), 31st July 2001, 27th August 2001, 27th September 2001, 31st October 2001, 25th January 2002, 31st January 2002. Particulars of meetings attended are as under: