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21st ANNUAL REPORT
2005-2006

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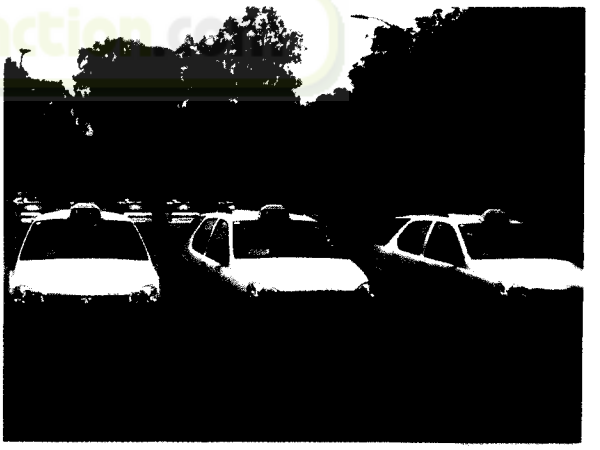

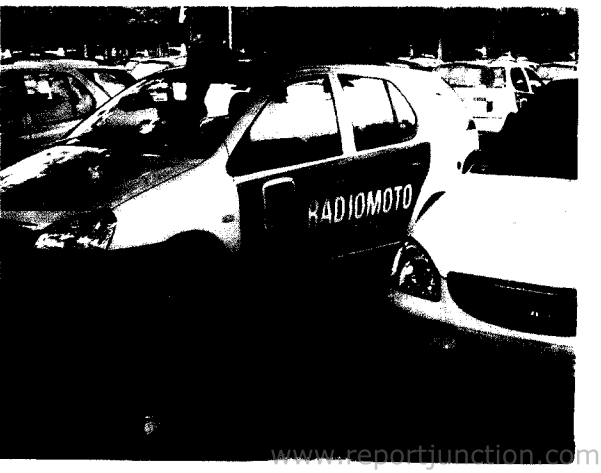

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BOARD OF [redacted]

Kunal Lalani
Chairman and Managing Director

Hemanshu R. Mehta
Vice Chairman

Hulas Mal Lalani
Director

N. K. Nayak
Director

AVM K. S. Venkataraman (Retd.)
Director

S. L. Golchha
Director

Sachin Mehra
Director

Surendra Chhalani
Whole Time Director

Basant Kumar Sahoo
Company Secretary

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Auditors:

M/s Sipani & Associates,
Chartered Accountants,
Delhi

Registrar and Transfer Agent:
(Electronic & Physical)

M/s Intime Spectrum Registry Ltd.:
A-31, 3rd Floor, Naraina Industrial
Area, Phase-I, Near PVR Naraina,
New Delhi - 110028
Ph.: 011-41410592, 93, 94
Fax: 011-41410591
E-mail: delhi@intimespectrum.com

Principal Bankers:

ICICI Bank Ltd.,
CITI Bank N.A,
UTI Bank Ltd.,
Bank of India

Registered Office:

B-23, Greater Kailash- I, New Delhi - 110048,
Ph.: 011-41516171 Fax: 011-29244333
E-mail: info@megacorpltd.com

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MEGA CAB
24 HR METERED RADIO TAXI SERVICE
1929
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DIRECTORS' REPORT

To
The Members,
Mega Corporation Limited

Your Director's have pleasure in presenting the Twenty-first Annual Report with Audited Statement of Accounts of the Company for the financial year ended 31st March, 2006.

FINANCIAL RESULTS (Rs. in lacs)

	Year Ended 31.03.2006	Year Ended 31.03.2005
Income from Operations	1326.97	1402.00
Other Income	1.38	03.83
Total Income	**1328.35**	**1405.83**
Profit before Interest & Depreciation	1045.25	1122.80
Less: Interest	6.12	2.37
Depreciation	60.38	73.22
Profit before Taxation	**978.75**	**1047.21**
Less: Provision for taxation	75.65	129.49
Deferred Tax	(12.47)	(6.51)
Profit/(Loss) after Taxation	915.57	924.23
Less: Exceptional Items	6.74	-
Net Profit for the Year	**908.83**	**924.23**
Add: Amount brought forward from previous year	1113.66	189.43
Balance carried forward to Balance Sheet	**2022.49**	**1113.66**

DIVIDEND

In order to strengthen the financial position of the Company, your directors are of the opinion that profits be ploughed back into the working of the Company. Therefore, no dividend is proposed.

PUBLIC DEPOSITS

Your Company has not accepted any deposits with in the meaning of Section 58A of the Companies Act, 1956, and the rules made thereunder.

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

The company achieved the turn over of Rs. 1326.85 lakhs (previous year Rs.1402.00 lakhs) Income from Radio Taxi Services increased by 9% to Rs. 358.92 lakhs (previous year Rs. 329.08 lakhs) The company also earned profit of Rs. 918.68 lakhs from sale of investments.

Profit before interest, Depreciation and Exceptional items is Rs.1045.25 Lakhs asagainst Rs.1122.69 in the previous year.

The productivity of Radio Taxi Services is increasing continuously and has recorded a growth of 9% with turnover of Rs. 358.92 lakhs (previous year Rs. 329.08 lakhs). The company is expected to increase its fleet size in next year. The improved market conditions and efficient operations of radio taxi services resulted in better performance.

This year also the company has earned a profit of Rs. 967.93 lakhs (including interest etc.) by grabbing the good and booming share market, compare to Rs.1072.92 lakhs in the previous year.

"Mega Cab" The brand name is now well known to the premium travelers in NCR of Delhi. Mega Cab, the pioneer in Radio Taxi service in Delhi has now launched its state-of-art service in Chandigarh which was officially flagged off by the Advisor to the Administrator, State Transport Authority of Chandigarh, Mr. Lalit Sharma on May 11, 2006. 25 cabs have already started plying. The service promises to be a world class experience in traveling and will change the way people commute in the tricity that is Chandigarh,

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Panchkula & Mohali. Taxi is available to a passenger at his doorsteps by dialing 4141414. Mega Cab offers quick response, safety and transparency. This comfortable, affordable and air-conditioned service use Indigo Marina Cars which are monitored through latest GPS & GPRS technology.

The Company ensures that every driver is well trained and groomed with through knowledge of the area in order to be good assistance to the travelers and tourists coming to the city. The service is very pocket- friendly. The company is in the process of taking the permission from the Govt. of Maharashtra for starting the Premium Radio Taxi Services.

The success of Mega Cab can be gauged by the fact that it is not only operating in Delhi but also NCR of Delhi, and at both terminals of the Airport at Delhi, the names like Taj Palace, Marriott Welcome Hotel, Trident-Hilton, Convergys, Ranbaxy, HLL, Glaxo, Smithkline and more features on its client-list, some of them even having exclusive arrangements. With these achievements, your company is riding high on success and is on its way to performing even better in the coming years.

The Company has received permission to operate Non-Scheduled Air Transport (Charter) Services from Ministry of Civil Aviation. The company is in the process to start its operations.

SUBSIDIARIES

The Company has three subsidiary companies,viz, Mega Airways Ltd, Mega Holidays Ltd and Mega Cabs Ltd. During the financial year 2005-06 Mega Holidays Ltd and Mega Cabs Ltd, the subsidiary companies have incurred losses for Rs.25.88 Lacs and Rs.7.04 Lacs respectively. The subsidiaries are expected to make profits in the coming year. One of the subsidiaries, Mega Airways Ltd is yet to start operations. Accordingly, Statement of Accounts of the subsidiary companies as per provisions of Section 212 is attached with the Balance Sheet of the Company.

CORPORATE GOVERNANCE

As per Clause 49 of the Listing Agreement with Stock Exchange, Management Discussion and Analysis Report and Corporate Governance Report are annexed as Annedure-I & II and form part of the Directors Report.

DIRECTORS

In accordance with the provisions of the Companies act,1956 and the Articles of Association of the Company, Mr. Sachin Mehra and Mr. S.L.Golchha, Directors of the company retire by rotation and being eligible, offer themselves for reappointment. Your directors recommended their reappointment.

AUDIT COMMITTEE

The audit committee has met and reviewed the financial statements for the financial year ended 31.03.2006 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, 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.

AUDITORS' REPORT

The auditors have given certain observations in their report. Clarifications to auditors' observations are as under:

Para 9(a) of annexure to Auditors' Report: Few payments of statutory dues were delayed but company has deposited the same within permissible time with interest. Para 9(b) of annexure to Auditors' Report: The sum stated has since been paid / adjusted. Para 14 of annexure to Auditors' Report: Some of the investments which had been disposed off during the year were not held in the company's name as the principal business of the Company consists of the buying and selling of Shares & Securities, *therefore the Company is exempted from holding investments in its own name under the provisions of* Section 49(4) of the Companies Act, 1956. Para 21 of annexure to Auditors' Report: An interim order was passed by Stock Exchange Board of India (SEBI) directing the company not to alter its equity capital structure. The matter is still pending with SEBI. The company has responded to all the required information in this regard.

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

Foreign exchange earning during the year was Rs.59, 633/- (Previous Year Rs.18024/-) and outflow during the year was Rs.50, 31,152/- (Previous year Rs.Nil). Since your company does not own any manufacturing facility, the particulars pursuant to the Companies (Disclosure of particulars in the Report of the Board of Directors') Rules, 1988 are not required.

LISTING

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

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

However, the Company has made an application to Delhi Stock Exchange for de-listing of its Equity shares.

PARTICULARS OF EMPLOYEES

A statement showing details of employees covered within the purview of section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees Rules) 1975 is given in ***Appendix-II*** *of this report.*

DIRECTORS' RESPONSIBILITY STATEMENT

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

i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departure.

ii) 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.

iii) that the directors had 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

iv) that the directors had prepared the annual accounts on going concern basis.

EMPLOYEES 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 bankers and shareholders.

Place: New Delhi
Date : June 30, 2006

For and on behalf of the Board of Directors

(KUNAL LALANI)
Chairman and Managing Director

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APPENDIX II TO THE DIRECTORS' REPORT

Statement of particulars of employees pursuant to provisions of section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 2006.

Name & Age	Designation	Qualification & Experience	Remuneration (Rupees) Gross/Net
Kunal Lalani (46 years)	MD	B. Com having more than 25 years of experience	Rs. 19, 50,000/- (from 01.04.05 to 30.06.05) Rs.2, 00,000 p.m w.e.f. 01.07.2005

Date of Commencement of Employment	Last Employment held, Name of Employer, Post held and Period(Years)
30.06.2000	Nil

Notes: 1. Mr. Kunal Lalani was re-appointed as Managing Director w.e.f 1.07.2005 for three years.

ANNEXURE-I

MANAGEMENT'S DISCUSSION & ANALYSIS

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

1. Industry Structure and Developments:

Internationally, the taxi system being used in developed cities like Singapore, London, Frankfurt, Amsterdam, Dubai, Hong Kong is very advanced. Latest technology is being used for providing the customer the best possible service to enhance customer satisfaction. Regular up gradation and a continuous zeal for improvement of the services have resulted in high levels of customer loyalty. The technology being used is Global Positioning System (GPS). Auxiliary services are used to the core product to further satisfy customer needs like newspapers, no short-changing, telephones faxes etc

World class luxury cars fitted with sophisticated communication equipment are used for taxi service in all the developed cities of the world. A customer simple has to give a call to the control room (CR) and give the details of his travel. CR then locates the nearest available taxi (vehicle tracking through GPS) and dispatches it to the customer. And all this happens within minutes.

The style of operation of running a cab service differs from country to country and region to region. It is largely dependent on ground realities and various socio-economic, and technological factors. Keeping in mind, the Indian scenario, the company has decided to expand its fleet size to 1,000 luxury cars and would be on the road practically 24 hours a day, 365 days in year.

The financial sector is in a process of rapid transformation. Reforms are continuing as part of the overall structural reforms aimed at improving the productivity and efficiency of the economy. The role of an integrated financial infrastructure is to stimulate and sustain economic growth

The US$ 28 billion Indian financial sector has grown at around 15 per cent and has displayed stability for the last several years, even when other markets in the Asian region were facing a crisis. This stability was ensured through the resilience that has been built into the system over time. The financial sector has kept pace with the growing needs of corporate and other borrowers. Banks, capital market participants and insurers have developed a wide range of products and services to suit varied customer requirements. The Reserve Bank of India (RBI) has successfully introduced a regime where interest rates are more in line with market forces.

Financial institutions have combated the reduction in interest rates and pressure on their margins by constantly innovating and targeting attractive consumer segments. Banks and trade financiers have also played an important role in promoting foreign trade of the country.

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It providing total solution of Travel Management like Radio Taxi, Air chartering, Forex and International travel Management.

2. Opportunities and Threats

2.1 Opportunities

The concept of Radio Taxi Service has now established it feet and now expanding to major cities of the Country with more & more people looking for good services coupled with luxury, there is ample growth potential in Radio Taxi activities.

Delhi's per capita income has doubled in last 4 years, likelihood of dynamic increase and proportionate propensity to spend by large number of upwardly mobile status conscious middle class consumers. Increasing road congestion will make it easier to take a cab, rather than own car and struggle for parking space etc.

Large numbers of multinational corporations are being headquartered in Delhi and Metros. Consequent frequent executive travel to Delhi will increase. Also corporations are bulk buyers and can assure Mega Cab of committed number of cabs for their captive use.

Financial Sector is an ever green market. Increase 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. Continued de-regulation and increased competition is expected to result in the Indian financial services reach US$ 51 billion by 2007

Air Taxi Services has a lot of potential in India which has not so far been tapped. There are very few organization which offers special Charter Service to Explore India for a family of five or a group up to 7-8 persons to travel as per their schedule. There is always a shortage of Charters and secondly they are very expensive. This has never been marketed by any one in India till date. (Niche Marketing)

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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 players in the market, which may emerge due to the lucrative market in future. The threat is from shortage of educated and skilled staff including drivers.

3. Segment-wise performance

During the year 2005-06 Company's activity remained confined to two segment i.e. Taxi Hire Service and Finance/Investment.

	Year ended 31.03.2006	Year ended 31.03.2005
a) Radio Taxi	358.92	329.08
b) Finance / Investments	967.93	1072.92
	1326.85	1402.00

4. Outlook

Your company is expected to receive Letter of Intent from Delhi Transport Department for 200 additional taxies to be inducted in Delhi NCR. Your directors are pleased to inform that the company has also received permission to start Taxi Operations from State Transport Authority, U.T.Chandigarh in U.T. Chandigarh. Mega Corporation Ltd has already inducted 25 taxies in Chandigarh and operating successfully. Company plans to increase this fleet size to additional 25 and a total of 50 very soon at Chandigarh. There has been an overwhelming response by the people of Chandigarh

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The company plans to launch its world class radio taxi service in Mumbai for which principal approval is awaited from the Bombay Transport Department shortly. Company is planning to launch a similar kind of taxi service in Goa, Banglore, Chennai and is hopeful of getting permissions from the transport authorities in these metros soon.

Mega Corporation is entering into Air Taxi/Charter operations to add economic value to its wealth. The Company has carefully evaluated the demand and supply gap of charter operations in the Indian aviation industry and found it viable. The company envisages becoming first of its kind integrated Tour and Travel Company for inbound and outbound tourists. Your company has received NOC to operate non-scheduled air transport (charter) services from Ministry of Civil Aviation, Govt. of India.

The Company is confident of doing much better than last year with backing from experienced and qualified professionals. This is the first organized sector in this field having better services. The Company is focusing to broad base its clienteles with best of its services as drivers and supporting staff is well trained and well behaved. All cars are on Radio Trunking System with GPS based tracking & data technology. Tamper proof metering & fares as fixed by the State Transport Authority of Delhi, nil overcharging. Better services with competitive fares make the concept more lucrative and open vast areas of business in future. Trained & educated drivers make communication with clients clear & easy.

5. Risks and concerns

- Changes in government policy may affect the Company significantly.
- Any crises in Gulf countries may pose a major problem for fuel.
- Though being in an organized sector, it still faces stiff competition from other service providers.
- Business of Radio Taxi Services is substantially dependent on foreign tourist inflow India.

6. Internal Control systems and their adequacy

The company has proper and adequate system of internal control to provide reasonable assurance that all assets are protected against loss from unauthorized use or disposition and all transactions are recorded and reported in conformity with generally accepted accounting practices.

The Internal Audit is focused on independently evaluating the adequacy of all internal controls, for ensuring adherence to operating guidelines, regulatory and legal requirements. The internal control system is designed to provide reasonable assurance that accounting records are properly maintained, operating efficiencies are enhanced and management policies are adhered to.

The Company has effective internal audit system, which reviews internal controls periodically to ensure their adequacy and effectiveness

7. Financial Outlook

With a fleet of 81 cabs, MCL has achieved a turnover in Radio Taxi Division of Rs.358.92 lakhs as compare to Rs.329.08 lakh in the previous year. With the induction of brand new taxies in Chandigarh and Delhi, your company is hopeful to achieve good turnover in the coming year. Your company has grabbed the opportunity of booming share market and earned a profit of Rs.918.67 lakhs (previous year 1008.56 lakhs) from Sale of investments. Your company has earned a net profit of Rs.908.83 lakhs after tax (previous year Rs.924.23 lakhs).

With these achievements, your company is riding high on success and is on its way to performing even better in the coming years.

8. Human Resources

We believe that the workers are the backbone of the Company. It is providing an opportunity to all the employees to utilize their full potential and grow in the organization. As a result, there has been no strike or labour unrest during the last financial year and as at 31.03.2006. There were 44 employees during the period under review.

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