

BOOK POST



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ANNUAL REPORT 2011 - 2012



Mr. Surendra Chhalani
Whole Time Director

Mr. Hulas Mal Lalani
Director

Mr. Sachin Mehra
Director

Mr. Manish Dhariwal
Director

Mr. Ajay Chopra
Director

Ms. Riyanka Jain
Company Secretary

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

Registrar and Transfer Agent
(Electronic & Physical)

M/s Link Intime India Pvt. Ltd.
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To
The Members,
Mega Corporation Limited

The Directors have pleasure in presenting the Twenty-Seventh Annual Report with Audited Statement of Accounts of the Company for the financial year ended 31st March, 2012.

FINANCIAL RESULTS		(Rs. in lacs)
Particulars	Year Ended 31.03.2012	Year Ended 31.03.2011
Income from Operation	183.03	358.01
Other Income	23.47	(21.32)
Total Income	206.50	336.69
Profit before Interest & Depreciation	28.00	66.34
Less: Interest	(64.63)	(66.52)
Depreciation	(159.63)	(114.74)
Profit before Taxation	(196.26)	(114.49)
Less: Provision for Taxation	-	-
Deferred Tax	50.56	(24.27)
Profit after Tax	(145.70)	(139.18)
Add: Extra Ordinary items:-	-	-
Add: Amount brought forward	1917.30	2056.48
Balance carried forward to balance sheet	1771.60	1917.30

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 2011-2012 the Company earned the revenue of Rs 206.50 Lacs as compared to Revenue of Rs. 336.69 Lacs in Financial Year 2010-11. Profit before Interest, Depreciation, tax and Exceptional items is Rs. 28.00 Lacs as against Rs. 66.34 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 31st March 2012 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.

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

The Board of Directors at its meeting held on 27th March, 2012, appointed Mr. Surendra Chhalani as a Whole Time Director of the Company for a period of 3 years w.e.f. 27th March, 2012, subject to the approval of the Shareholders at the ensuing Annual General Meeting.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Manish Dhariwal and Mr. Surendra Chhalani, Directors of the company retire by rotation and being eligible, offer themselves for reappointment. Your directors recommend their reappointment. Brief resumes of the Directors offering themselves for re-appointment are furnished herewith.

Mr. Parag Vinodbhai Vora, AVM K S Venkataraman & Mr. Hemanshu R. Mehta, Directors of the Company resigned from the post of Directorships on 13.10.2011, 13.10.2011 & 10.02.2012 respectively. The Board placed on record its deep appreciation of the services rendered by them during their tenure of office.

AUDIT COMMITTEE

The audit committee has met and reviewed the financial statements for the financial year ended 31.03.2012 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 Nil) and outflow during the year was Rs. 27,35,242/- (Previous year Rs. 1,05,52,941/-).

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:

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

- b) 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.
- c) 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.
- d) 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: May 30, 2012

(Surendra Chhalani)
Chairman

1. INDUSTRY

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

As per the Economic Survey 2011-12, India's financial services sector will enjoy generally strong growth during coming years, driven by rising personal incomes, corporate restructuring, financial sector liberalization and the growth of a more consumer-oriented, credit-oriented culture. This should lead to increasing demand for financial products, including consumer loans (especially for cars and homes), as well as for insurance and pension products.

We Endeavour to Fly Higher
“Kites rise highest against the wind, not with it.” — Winston Churchill

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 personalized service and complete safety, and we have been committed to fulfilling these goals ever since our entry in the aviation industry.

2. Opportunities and Threats

2.1 Opportunities

Financial Services Sector:
Financial Sector is an ever green market. The following are the growth drivers for the sector which shows the brighter prospects for the segment:

GROWTH DRIVERS

- Financial Inclusion
- Increasing in incomes with potentially high penetration of both banking and Share Market products to increase the market size
- Regulatory Reforms

Air Chartered Services:
Air charter services in India have seen a fast track growth in the last few years though it is not a much explored area for business in India but It has a lot of potential in India, which has not so far been tapped by big corporate, big hospitals and tourism. The following are the growth drivers for the sector which presents big potential for growth of the business:

GROWTH DRIVERS

- Government
- VIP movements
- Tourism
- Medical Insurance Companies
- Corporate Travel
- Pilgrimage

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.

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 2011-12, Your Company operated in Finance & Investments and Air Chartered Segment:

	(Rs. In Lacs)	
	Year ended 31.03.2012	Year Ended 31.03.2011
(a) Finance / Investments	138.70	118.83
(b) Air Chartered Services	44.33	239.18
	183.03	358.01

4. Outlook

The contours of the financial markets are expanding with the advent of new technology, innovations in products and fast changing customer expectations. The Indian financial services sector comprises a good blend of domestic and foreign participants. Opening up of the financial markets has resulted in competition and greater efficiency; however, foreign participation could also bring in the baggage of increased risk and exposure as recent events have shown. Stability is therefore a critical need for financial markets for which safeguarding mechanisms need to be established, to prevent systemic risks and absorb shocks. Taking into consideration of it your Company also expects a moderate growth. The key drivers for the growth of air charter services in India are primarily government, VIP movements, tourism, medical insurance companies, corporate travel, pilgrimage, and others. Taking into account this factor, 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. With the expansion plan in place the coming year is expected to be 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 immoveable 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 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, 2012 was Five. 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 Three Non-Executive Directors and all are Independent Directors as on 31st March 2012.

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, 2012 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. Surendra Chhalani	Executive Director	Whole Time Director	11	11	3	Yes
Mr.Manish Dhariwal	Executive Director	Director	11	11	4	Yes
Mr. Sachin Mehra	Non-Executive & Independent	Director	11	10	6	Yes
Mr. Hulas Mal Lalani	Non-Executive & Independent	Director	11	8	7	No
Mr. Ajay Chopra	Non-Executive & Independent	Director	11	7	2	No

Board Meetings

During the financial year 2011-12, 11 meetings of Board of Directors were held on 30.05.2011, 10.08.2011, 05.09.2011, 13.10.2011, 01.11.2011, 14.11.2011, 16.12.2011, 10.01.2012, 11.02.2012, 14.02.2012 & 27.03.2012.

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 feedback 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 finalization 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.	Mr. Ajay Chopra	Member	Non Executive Independent Director
3.	Mr. Surendra Chhalani	Member	Executive Director

During the year 2011-12, the Audit Committee met 6 times as per details given below;

Sr. No.	Date of Meeting	No of Members Present
1.	02.04.2011	3
2.	30.05.2011	3
3.	10.08.2011	3
4.	14.11.2011	3
5.	14.02.2012	3
6.	27.03.2012	3

The Audit Committee has been vested with the following powers:

- to investigate any activity within its terms of reference;
- to seek information from any employee;
- to obtain outside legal or other professional advice;
- 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:

- 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.
- 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.
- Approval of payments to statutory auditors for any other services rendered by the statutory auditors.
- 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.

- Reviewing with the management, the quarterly financial statements before submission to the Board for approval
- Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- 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.
- 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.
- To look into the reasons for substantial defaults in the payment to depositors, debenture holders, share holders and creditors
- To review the functioning of Whistle blower mechanism, in case the same is existing.
- 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, Mr. Ajay Chopra 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 **27th March, 2012** to consider the re-appointment of Mr. Surendra Chhalani as Whole Time Director.

Details of remuneration paid to the executive director(s) for the period 01.04.2011 to 31.03.2012 are as under:

(Amount in Rs.)

Name of Director	Salary (p.a.)	Perquisites & Allowances (p.a.)	Terms of appointment
1. Mr. Surendra Chhalani	5,31,000/-	1,26,000/-	Re-appointed for a period of 3 years w.e.f. 27.03.2012

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 reconstituted the “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. Further, Company has registered itself for SEBI Complaints Redress System (SCORES) as per the requirement of SEBI Circular No. CIR/OIAE/2/2011 dated 3rd June, 2011.

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.	30.09.2009	Royal Park Hall, Masjid Moth, Greater Kailash, Part- II, New Delhi-110048	11.30 A.M	No Special resolution was passed.
2.	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
3.	30.09.2011	Royal Park Hall, Masjid Moth, Greater Kailash, Part- II, New Delhi-110048	11.30 A.M	No Special resolution was passed.

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.

Disclosures

1. The details of transactions with related parties are disclosed in note No.35 under the head Notes forming part of Financial Statements 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:**CERTIFICATE OF COMPLIANCE WITH THE CODE OF CONDUCT POLICY****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 31,2012.

Place: New Delhi
Date: May 30, 2012

(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**

Day : Saturday
Date : 29th September, 2012
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 2011-12

Dates of Book Closure

28th September, 2012 and 29th September 2012 (both days inclusive)

Financial Calendar

Tentative calendar of events for the financial year 2012-13 (April to March) is as under:

Adoption of Quarterly Financial Results for:

First Quarter - by July/August, 2012 Third Quarter - by January/February, 2013
Second Quarter - by October/November, 2012 Fourth Quarter - by April/May, 2013

Listing at Stock Exchanges

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

Listing Fee for the year 2011-12 has been paid to the Bombay Stock Exchange within the stipulated time.

Stock Market Price			
Month	Bombay Stock Exchange		
	Low	High	Volume (No. of Shares)
April, 2011	0.76	1.27	456851
May, 2011	0.73	1.10	97653
June, 2011	0.65	0.92	204499
July, 2011	0.65	0.82	166705
August, 2011	0.58	0.93	150693
September, 2011	0.52	0.89	187890
October, 2011	0.45	0.78	84294
November, 2011	0.42	0.64	133209
December, 2011	0.37	0.63	231821
January, 2012	0.44	0.63	158589
February, 2012	0.47	0.60	193226
March, 2012	0.36	0.55	162221

Source: www.bseindia.com

Shareholders Complaints

Company has not received any complaint during the financial year 2011-12. There is no complaint pending.

Distribution of Shareholding

Distribution of Shareholding as at 31.03.2012 is as under:

Shareholding	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1- 500	2106	44.40 %	487064	0.49%
501- 1000	870	18.34 %	818822	0.82%
1001- 2000	569	12.00 %	988424	0.99%
2001- 3000	284	5.99 %	772782	0.77%
3001- 4000	122	2.57 %	451999	0.45%
4001-5000	217	4.58 %	1063971	1.06%
5001-10000	272	5.73 %	2174776	2.18%
10001 and above	303	6.39 %	93242162	93.24%
	4743	100 %	100000000	100 %

Shareholding Pattern as at 31.03.2012 is as under:

Category	No. of Shares Held	% of Shareholding
Indian Promoters	52866746	52.87 %
Private Bodies Corporate	14787293	14.79 %
NRI/OCBs	332049	0.33 %
Indian Public	32013912	32.01 %
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 31.03.2012, 97495508 number of Equity Shares (97.50 %) 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: cs@megacorppltd.com

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 Office 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 registered office the address of which is given above.

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

Particulars	Name of Director
Name	Mr. Surendra Chhalani
Age	53
Qualification	B.Com
Directorship in other Company	1) Mega Airways Limited 2) Maxim Radio Cabs Limited 3) Chandra Mukhi Goods Private Limited
Shareholdings in the Company as on 31.03.2012	2000
Experience	He is an expert in Finance and Accounts, having about 25 years vast experience in Limited and Private Limited companies. He started his career in 1980 and worked nine years in Automotive Components Manufacturing company, four years in Non-banking Finance Company and have wide knowledge of dealing in Stock and Shares.

Particulars	Name of Director
Name	Mr. Manish Dhariwal
Age	42
Qualification	Chartered Accountant
Directorship in other Company	1) Crayons Advertising Limited 2) Ecotec Developers Private Limited 3) Kismet Associates Private Limited 4) Fiducia Capital Advisors Private Limited
Shareholdings in the Company as on 31.03.2012	100
Experience	Mr. Manish Dhariwal is a Chartered Accountants and has more than 17 years of experience in Corporate Finance.

CHAIRMAN CERTIFICATION OF THE COMPANY

I, Surendra Chhalani, 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 :
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. 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 their knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative 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 I was aware and the steps I 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):
 - i. significant changes in internal control over financial reporting during the year;
 - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Place: Delhi

Date: 30th May, 2012

(Surendra Chhalani)

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, 2012 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: 30th May, 2012

For SIPANI & ASSOCIATES

Chartered Accountants

(Vijay Sipani)

Proprietor

Membership No-083850

TO THE MEMBERS OF MEGA CORPORATION LIMITED

We have audited the attached Balance Sheet of **Mega Corporation Limited**, as at 31st March, 2012 and also Statement of Profit and Loss, the 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, Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
- iv. In our opinion the Balance Sheet, Statement of Profit and Loss and the 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, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 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, 2012; and
 - (b) in the case of Statement of Profit and Loss, of the loss for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **SIPANI & ASSOCIATES**
Chartered Accountants

(**VIJAY SIPANI**)
Prop.
M. No. 083850
Firm No. 007712N

Place: Delhi
Date: 30-05-2012

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 2012.

- 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 granted unsecured loan to one party listed in the register maintained under Section 301 of the Companies Act, 1956. The amount of loan granted to such party was Rs. 30 Lacs (Prev. Year NIL). The Maximum amount outstanding during the year was Rs. 30 Lacs and year-end balance of loan granted to such party was Rs. NIL (Prev. Year NIL).
 - (b) Above loans were repayable on demand. In our opinion, the rate of interest and other terms and conditions of such loans were not prima facie prejudicial to the interest of the Company.
 - (c) The principal amount have been received back in full during the year as per stipulations and there is no overdue amount.
 - (d) In our opinion and according to the information and explanations given to us the Company has not taken any unsecured loan during the year from parties listed in the register maintained under Section 301 of the Companies Act, 1956. (In previous year the Company has taken unsecured loans of Rs. 650 Lacs and year-end balance of loan taken from such party was Rs. 650 Lacs)
- 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. 150.37 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's appeal with ITAT, Delhi is pending for adjudication.

10. The Company does not have accumulated losses at the end of the year. The company has incurred cash losses of Rs. 36,63,013/- during the current year. The company has not incurred any cash losses in 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 an associate company, from Banks/Financial Institution/NBFCs, which in our opinion is not prejudicial to the interest of the Company.
16. The Company has not taken any term loan during the year hence requirement of reporting regarding application of term loans does not arise.
17. According to the information and explanations given to us and overall examination of the Balance Sheet of the Company, we report that the funds raised on short-term basis have not 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. 083850
Firm No. 007712N

Place: Delhi
Date: 30-05-2012

BALANCE SHEET AS AT 31ST MARCH, 2012

(Amount in Rs.)

Particulars	Note No.	As at 31.03.2012	As at 31.03.2011
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	100,000,000	100,000,000
Reserves and Surplus	4	177,159,617	191,729,722
		277,159,617	291,729,722
Non-Current Liabilities			
Deferred Tax Liabilities (Net)	5	5,148,719	10,206,170
Long-Term Provisions	6	614,910	543,911
		5,763,629	10,750,081
Current Liabilities			
Short-Term Borrowings	7	18,910,622	70,328,612
Trade Payables	8	1,293,837	1,428,357
Other Current Liabilities	9	4,895,425	2,750,803
		25,099,883	74,507,772
TOTAL		308,023,129	376,987,574
ASSETS			
Non-Current Assets			
Fixed Assets			
(i) Tangible Assets	10	102,403,270	100,157,621
(ii) Capital Work-in-Progress		0	16,688,807
		102,403,270	116,846,428
Non-Current Investments	11	65,607,851	70,150,315
Long-Term Loans and Advances	12	1,558,200	1,558,200
Other Non-Current Assets	13	1,086,184	2,502,743
		68,252,235	74,211,258
Current Assets			
Trade Receivables	14	5,755	995,014
Cash and Cash Equivalents	15	4,503,779	8,441,652
Short-Term Loans and Advances	16	132,858,089	176,493,222
		137,367,624	185,929,888
TOTAL		308,023,129	376,987,574

The accompanying notes are an integral part of the Financial Statements

As per our Report of even date annexed

For Sipani & Associates
Chartered Accountants

(VIJAY SIPANI)
Prop.
M. No. 083850
Firm No. 007712N

Place : Delhi
Dated : 30-05-2012

For and on behalf of the Board

SURENDRA CHHALANI
Whole time Director

MANISH DHARIWAL
Director

RIYANKA JAIN
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2012

(Amount in Rs.)

Particulars	Note No.	For the year ended 31.03.2012	For the year ended 31.03.2011
INCOME			
Revenue from Operations	17	18,302,847	35,801,357
Other Income	18	2,346,967	(2,132,076)
Total Revenue		20,649,814	33,669,281
EXPENSES:			
Cost of Aircraft Charter Operations	19	11,507,895	20,393,750
Employee Benefits Expense	20	3,262,276	3,192,013
Interest and Finance Costs	21	6,490,255	6,686,373
Depreciation and Amortization		15,963,543	11,473,623
Other Expenses	22	3,052,401	3,414,270
Total Expenses		40,276,370	45,160,029
Profit Before Tax		(19,626,556)	(11,490,748)
Tax Expenses:			
- Previous Year	1,000		0
- Deferred Tax Charge / (Credit)	(5,057,451)	(5,056,451)	2,427,284
Net Profit/(Loss) for the Year		(14,570,105)	(13,918,032)
Earning Per Equity Share:			
Basic and Diluted Earning per share of Rs. 1/- each		(0.15)	(0.14)

The accompanying notes are an integral part of the Financial Statements

As per our Report of even date annexed

For Sipani & Associates
Chartered Accountants

(VIJAY SIPANI)

Prop.
M. No. 083850
Firm No. 007712NPlace : Delhi
Dated : 30-05-2012

For and on behalf of the Board

SURENDRA CHHALANI
Whole time DirectorMANISH DHARIWAL
DirectorRIYANKA JAIN
Company SecretaryCASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

(Amount in Rs.)

Particulars	As at 31.03.2012	As at 31.03.2011
A. Cash Flow from Operating Activities		
Net Profit / (Loss) Before Tax	(19,626,556)	(11,490,748)
Adjustment for :		
Depreciation	15,963,543	11,473,623
Loss/(Profit) on Sale of Fixed Assets	(448,362)	2,918,175
Interest Income	(13,869,897)	(11,883,167)
Interest and Finance charges	6,462,591	6,651,515
Operating Profit before change in Working Capital	(11,518,682)	(2,330,603)
Adjustment for changes in working capital :		
Trade Receivables	989,259	(10,038,686)
Trade Payables	(134,520)	1,930,360
Short-Term Borrowings	(51,417,990)	0
Other Current Liabilities	2,144,622	0
Short-Term Loans and Advances	43,635,133	0
	(4,783,496)	(8,108,326)
Cash Generated From Operations	(16,302,178)	(10,438,928)
Adjustment for :-		
Income Tax Deposit	(1,000)	0
Interest Paid	(6,462,591)	(6,651,515)
Net Cash Flow From Operating activities (A)	(22,765,769)	(17,090,443)
B. Cash Flow from Investing Activities		
Interest Income	13,869,897	11,883,167
Purchase of Tangible Assets	(1,842,023)	(17,933,401)
Purchase of Non Current Investments	(19,736)	0
Proceeds from Sale of Tangible Assets	325,000	0
Proceeds from Sale of Non Current Investments	5,007,200	74,825
Proceeds from Other Non-Current Assets	1,416,559	0
Net Cash Flow from Investing Activities (B)	18,756,897	(5,975,409)
C. Cash Flow from Financing Activities		
Repayment of Long-Term Loans and Advances	0	0
Repayment of Long-Term Provisions	70,999	(357,767)
Repayment of Long-Term Borrowings	0	(42,124,885)
Proceeds from Long-Term Borrowings	0	65,000,000
Net Cash Flow from Financing Activities (C)	70,999	22,517,348
Net (Decrease) / Increase in Cash and Cash Equivalents D= (A+B+C)	(3,937,873)	(548,504)
Cash and Cash Equivalents as at beginning of the year (E)	8,441,652	8,990,156
Cash and Cash Equivalents as at the end of the year (D + E)	4,503,779	8,441,652

As per our Report of even date annexed

For Sipani & Associates
Chartered Accountants

(VIJAY SIPANI)

Prop.
M. No. 083850
Firm No. 007712NPlace : Delhi
Dated : 30-05-2012

For and on behalf of the Board

SURENDRA CHHALANI
Whole time DirectorMANISH DHARIWAL
DirectorRIYANKA JAIN
Company Secretary

Notes forming part of Financial Statements for the year ended March 31, 2012**1. Corporate Information:**

Mega Corporation Limited (the company) is a public company domiciled in India and was incorporated under the provisions of the Indian Companies Act, 1956. Its Equity Shares are listed on two Stock Exchanges in India. The Company is a RBI registered NBFC and has been engaged in Finance and Investments Business. It is also providing Air Charter Services and presently owns one small passenger aircraft.

2. Significant Accounting Policies:**a) Basis of Accounting:**

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

All assets and liabilities have been classified as current or non-current as per company's normal operating cycle and other criteria set out in the revised Scheduled VI to the Companies Act, 1956.

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) Tangible 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 on Tangible Fixed Assets:

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

e) Intangible Assets:

Intangible Assets are stated at cost of acquisition less accumulated amortization. Amortization is done on straight line basis. Software is amortized on straight line basis over the useful life of the asset or 5 years whichever is earlier.

f) Impairment of Assets:

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.

g) Provision, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the Financial Statements. Contingent Assets are neither recognised nor disclosed in the Financial Statements.

h) Investments:

Investments, which are readily realizable and intended to be held not more than one year from the date on which such was made, are classified as current investments. All other investments are classified as non-current investments. Non trade and unquoted non-current investments are stated at cost and quoted non-current investments at lower of cost or market value. Provision for diminution in the value of quoted non-current investment is made only if such a decline is other than temporary in the opinion of management.

Unquoted investments in subsidiaries / associates companies are non-current and valued at cost. No loss is recognized in the fall in their net worth, if any, unless there are permanent fall in their value.

i) 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.

j) 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 statement of profit and loss 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.

k) 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.

l) 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.

m) Earnings per Share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders, by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

n) Revenue Recognition:

The revenue and expenditure related to Air Charter Services and Financing Services are accounted ongoing concern basis.

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

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

(Amount in Rs.)		
Particulars	As at 31.03.2012	As at 31.03.2011
3. Share Capital		
Authorised		
30,00,00,000 (30,00,00,000) Equity Shares of Rs. 1/- each	<u>300,000,000</u>	<u>300,000,000</u>
Issued, Subscribed and Paid Up		
10,00,00,000 (10,00,00,000) Equity Shares of Rs. 1/- each fully paid up	<u>100,000,000</u>	<u>100,000,000</u>
a) Reconciliation of shares outstanding at beginning and at end of the year		
During the current year and in the previous year, there have been no movements in the number of equity shares outstanding.		
b) Terms / Rights attached to Equity Shares		
The company has only one class of share having a par value of Rs. 1/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting.		
During the year ended March 31, 2012, the company has not declared any dividend.		
In the event of liquidation of the company, the holder of equity shares will be entitled to receive remaining assets of the company, after distribution of preferential amounts. The distribution will be in proportion of the number of fully paid equity shares held by shareholders.		
c) Details of shareholders holding more than 5% shares in the company		
	As at March 31, 2012	
Names	No. of Shares	% Shares Held
Vimi Investments & Finance Private Limited	24,043,000	24.04%
Crayons Global Finance Private Limited	22,530,000	22.53%
4. Reserves and Surplus		
Surplus /(Deficit) in the Statement of Profit and Loss		
Balance as per last Financial Statements	191,729,722	205,647,754
Profit / (Loss) for the year	(14,570,105)	(13,918,032)
Net surplus in the Statement of Profit and Loss	<u>177,159,617</u>	<u>191,729,722</u>
5. Deferred Tax Liabilities (Net)		
Deferred Tax Liabilities		
Fixed Assets:		
Impact of difference between book and tax depreciation	19,806,200	19,480,416
	<u>19,806,200</u>	<u>19,480,416</u>
Deferred Tax Assets :		
Impact of expenses charges to the Statement of Profit and Loss in the current financial year but allowed for tax purpose on payment basis		
Provision for Gratuity	(169,641)	(148,284)
Provision for Leave Encashment	(20,366)	(19,784)
Others		
Unabsorbed Depreciation	(14,467,474)	(9,106,178)
	<u>(14,657,481)</u>	<u>(9,274,246)</u>
	<u>5,148,719</u>	<u>10,206,170</u>
6. Long-Term Provisions		
Provision for Employee Benefits (Refer Note 25)		
- Gratuity	549,000	479,885
- Leave Encashment	65,910	64,026
	<u>614,910</u>	<u>543,911</u>

(Amount in Rs.)		
Particulars	As at 31.03.2012	As at 31.03.2011
7. Short-Term Borrowings		
Loans Repayable on Demand		
- From Banks	634,672	4,994,251
- From other Parties	18,275,950	334,361
Loans and Advances from Related Parties		
- From Associates	0	65,000,000
	<u>18,910,622</u>	<u>70,328,612</u>
a) The above amount includes :		
Secured Loans	634,672	5,328,612
Unsecured Loans	18,275,950	65,000,000
	<u>18,910,622</u>	<u>70,328,612</u>
b) Nature of Security, Term of repayment :		
Secured Loans from banks amounting to Rs. 6,34,672/- (previous year Rs. 49,94,251/-) are secured by way of hypothecation of Motorhomes. These Loans carries interest @11% p.a. and is repayable in equal monthly installments.		
Secured Loans from NBFCs / Others amounting to Rs. Nil (Previous Year Rs.3,34,361/-) were secured by way of hypothecation of non commercial vehicles acquired out of loan proceeds received by the company. These Loans carried interest @ 13% to 14% p.a. and were repayable in equal monthly installments.		
Unsecured Loans from Corporate Bodies amounting to Rs. 1,82,75,950/- (Previous Year - Nil) carries interest @ 12% to 16.2% p.a. and repayable on demand.		
Unsecured loans from Mega Cabs Limited, an Associate Company, amounting to Rs. Nil (Previous Year Rs.6,50,00,000/-) carried interest @ 14% p.a. and was repayable on demand. The company has repaid full amount of above referred loan alongwith due interest in the current financial year.		
8. Trade Payable		
Trade Payable (Refer note 32)	1,293,837	1,428,357
	<u>1,293,837</u>	<u>1,428,357</u>
9. Other Current Liabilities		
Advance received against sale of assets	4,500,000	0
Salaries and other employee benefits	265,711	293,054
Expenses Payable	81,147	80,000
TDS Payable	48,567	262,391
Service Tax Payable	0	1,962,178
Insurance Claim Payable	0	153,180
	<u>4,895,425</u>	<u>2,750,803</u>
10. Tangible Assets		

Description of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2011	Addition during the Year	Deduction & Adjustment	As at 31.03.2012	As at 01.04.2011	Deduction & Adjustment	For the Year	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011
Air Craft - Commercial	130,573,210	0	0	130,573,210	31,620,507	0	12,238,176	43,858,683	86,714,527	98,952,703
Computer System	167,667	30,700	0	198,367	103,201	0	27,799	131,000	67,367	64,466
Furniture and Fixtures	314,600	706,555	0	1,021,155	99,417	0	92,651	192,068	829,087	215,183
Vehicles	1,856,896	17,793,575	926,928	18,723,543	1,016,392	605,290	3,593,126	4,004,228	14,719,315	840,504
Office Equipments	117,609	0	0	117,609	32,844	0	11,791	44,635	72,974	84,765
Total	133,029,982	18,530,830	926,928	150,633,884	32,872,361	605,290	15,963,543	48,230,614	102,403,270	100,157,621
Previous Year	124,265,140	8,764,842	0	133,029,982	21,398,738	0	11,473,623	32,872,361	100,157,621	102,866,402

Particulars	(Amount in Rs.)	
	As at 31.03.2012	As at 31.03.2011
11. Non-Current Investments		
Trade Investments (valued at cost unless stated otherwise)		
Unquoted Equity Instruments		
Investment in Subsidiaries		
59,99,300 (59,99,300) Equity Shares of Rs. 10/- each fully paid up of Mega Airways Ltd.	59,993,000	59,993,000
Investment in Associates		
Nil (4,55,200) Equity Shares of Rs. 10/- each fully paid up of Mega Cabs Ltd.	0	4,562,200
1,50,000 (1,50,000) Equity Shares of Rs. 10/- each fully paid up of Anand Power Ltd.	1,500,000	1,500,000
37,500 (37,500) Equity Shares of Rs. 10/- each fully paid up of Plasopan Engineers (I) Pvt. Ltd.	375,000	375,000
62,000 (62,000) Equity Shares of Rs. 10/- each fully paid up of Mediaware Infotech Pvt. Ltd.	3,418,525	3,418,525
	65,286,525	69,848,725
Other Investment (valued at cost unless stated otherwise)		
Quoted Equity Instruments		
6,000 (6,000) Equity Shares of Rs.10/- each fully paid up of Intense Technology Ltd.	292,490	292,490
100 (100) Equity Shares of Rs.2/- each fully paid up of Ambuja Cement Ltd.	9,100	9,100
100 (Nil) Equity Shares of Rs.2/- each fully paid up of Tata Motors Ltd.	19,736	0
	321,326	301,590
	65,607,851	70,150,315
Aggregate amount of Quoted Investments	321,326	301,590
Aggregate Market value of Quoted Investments	85,495	57,305
Aggregate amount of Unquoted Investments	65,286,525	69,848,725
Aggregate Provision for Diminution in the value of Investments	0	0
12. Long-Term Loans and Advances		
MAT Credit Carried Forward	1,558,200	1,558,200
	1,558,200	1,558,200
13. Other Non-Current Assets		
Fixed Deposits with original maturity more than twelve month	1,086,184	2,502,743
	1,086,184	2,502,743
14. Trade Receivables		
(Unsecured, Considered Good Unless Stated Otherwise)		
Outstanding for a period exceeding 6 months	0	0
Other Receivables	5,755	995,014
	5,755	995,014

Particulars	(Amount in Rs.)	
	As at 31.03.2012	As at 31.03.2011
15. Cash and Cash Equivalents		
Balances with Scheduled Banks in Current Accounts	4,119,054	8,194,477
Foreign Currency in Hand	1,333	69,793
Cash on Hand (as certified by management)	383,393	177,382
	4,503,779	8,441,652
16. Short-Term Loans and Advances		
Security Deposits		
Unsecured, considered good	991,900	767,780
Loans and Advances to Related Parties		
Share Application Money Pending Allotment	8,400,000	0
Other Loans and Advances		
(Unsecured, considered good)		
Inter Corporate Loans	39,697,801	75,429,199
Loans Others	30,308,828	65,863,683
Income Tax Deposit under Protest	24,440,629	1,000,000
Custom Duty Deposit under Protest	23,682,303	23,682,303
Advance Income Tax/TDS	1,551,614	1,691,768
Income Tax Refundable	2,775,657	6,170,682
Prepaid Expenses	634,872	972,281
Service Tax Cenvat Credit	346,485	679,600
Advance to Customers	28,000	59,651
Other Advances	0	176,275
	132,858,089	176,493,222
17. Revenue from Operations		
Interest Receipts	13,869,897	11,883,167
Aircraft charter services	4,432,950	23,918,190
	18,302,847	35,801,357
18. Other Income		
Liability No Longer Required	329,430	357,767
Interest Receipts	588,056	168,251
Rental Income	634,634	0
Consultancy Income	336,181	0
Profit /(Loss) on Sale of Non Current Investments	445,000	(2,918,175)
Profit on Sale of Tangible Assets	3,362	0
Miscellaneous Income	10,303	260,081
	2,346,967	(2,132,076)
19. Aircraft Charter Operation Expenses		
Air Craft Repair and Maintenance Exp.	5,810,481	9,844,040
Fuel Consumed	1,421,059	5,481,822
Salary and Pilots Remuneration	1,201,744	2,387,187
Training Expense	1,213,691	0
Landing and Parking Exp.	936,583	1,313,391
Insurance of Aircraft	860,369	289,717
Catering Exp.	53,967	352,628
Flight Hiring Charges	0	655,000
Licence Fees	10,000	69,965
	11,507,895	20,393,750

(Amount in Rs.)

Particulars	As at 31.03.2012	As at 31.03.2011
20. Employee Benefits Expenses		
Salaries and Allowances	2,484,236	2,385,584
Directors Remuneration	657,000	592,000
Staff Welfare	102,653	183,636
Contribution to PF and ESI	18,387	30,793
	3,262,276	3,192,013
21. Interest and Finance Costs		
Interest	6,462,591	6,651,515
Bank Charges	27,664	34,859
	6,490,255	6,686,373
22. Other Expenses		
Auditors Remuneration	77,210	77,210
Conveyance	394,460	607,352
Rent	373,392	944,746
Repair and Maintenance	131,003	369,395
Legal and Professional Charges	1,011,301	605,876
Fees and Subscription	184,933	91,743
Travelling	129,490	25,621
Bad Debts	173,765	0
Postage and Telegram	79,924	73,700
Printing and Stationery	64,838	71,006
Advertisement Expenses	90,549	95,284
Telephone and Mobile Expenses	76,815	201,399
Meeting (AGM) Expenses	81,626	63,000
Directors Sitting Fee	45,000	15,000
Electricity and Water	68,440	38,520
Office Expenses	28,322	0
General Expenses	14,402	56,471
Insurance	12,489	33,356
Filing Fees	9,000	12,375
Books and Periodicals	5,442	8,421
Business Promotion Exp.	0	21,195
Donation	0	2,601
	3,052,401	3,414,270

23. Contingent Liabilities not provided for:

(Amount in Rs. Lacs)

Particulars	As at 31-03-2012	As at 31-03-2011
Income Tax Matters*	396.57	396.57
Custom Duty on Import of Commercial Aircraft (Amount paid under protest Rs.236.82 Lacs**)	236.82	236.82
Un-Expired Bank Guarantees	14.00	14.00

*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 before ITAT, Delhi. 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

24. Earnings 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 as follows:

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Net profit after Tax as per Statement of Profit and Loss	(1,45,70,105)	(1,39,18,032)
Number of Shares outstanding at the beginning and end of the year (Face value Rs. 1/- each)	10,00,00,000	10,00,00,000
Weighted average number of Shares outstanding during the year (Face value Rs. 1/- each)	10,00,00,000	10,00,00,000
Basic and Diluted Earnings per share	(0.15)	(0.14)

25. Employees Benefits:

The liability for Gratuity is provided on the basis of in house calculation made in accordance with the provisions of Payment of Gratuity Act, 1972 at the end of each financial year and charged to the Statement of Profit and Loss.

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

Leave encashment benefit is accounted for on the basis of valuation made at the end of each financial year by the Company and charged to the Statement of Profit and Loss.

26. 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).

27. Payments to Whole Time and other Directors:

Particulars	Current Year Rs.	Previous Year Rs.
Whole Time Directors:		
Salary	5,31,000	4,84,000
HRA and Other allowances	1,26,000	1,08,000
Total	6,57,000	5,92,000
The Managerial Remuneration as computed above does not include the liability in respect of leave salary and gratuity accrued.		
Non Executive Directors:		
Board Sitting Fee	45,000	15,000

28. Auditors Remuneration (excluding Service Tax / Cess) paid / payable for the year:

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Statutory Audit Fees	40,000	40,000
Tax Audit	20,000	20,000
Other Services	10,000	10,000

29. Foreign Exchange earned and used during the year:

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Foreign Exchange earned	NIL	NIL
Foreign Exchange used	27,35,242	1,05,52,941

30. 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.

31. In the opinion of Board of Directors the "Current/Non-Current Assets" 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.
32. Balances of Debtors, Creditors, Loans and Advances and Unsecured Loans are subject to confirmation and reconciliation adjustment, if any.
33. 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.

34. Segment Reporting:

Identification of Segments

Primary Segment:

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 Aircraft Charter Services and Finance & Investments.

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.

Unallocable Items

Corporate income, expenses, capital and reserves are considered as part of unallocable items which are not identifiable to any business segment.

Primary Business Segments

Segment Revenues, Results and other information

(Amount in Rs.)

Particulars	Finance/ Investment	Chartered Aircraft Services	Total
Revenue	1,38,69,897	44,32,950	1,83,02,847
Identified Operating Exp.	97,59,864	2,39,03,315	3,36,63,179
Profit/(Loss) before interest & tax from each segment	41,10,033	(1,94,70,365)	(1,53,60,332)
Less : Interest and Finance Charges (unallocable)			2,98,514
Less : Other Expenses net of Income (unallocable)			39,67,711
Net profit before tax			(1,96,26,556)
Income tax & other taxes			(50,56,451)
Net profit after tax			(1,45,70,105)
Segment Assets	19,43,80,509	11,36,42,620	30,80,23,129
Segment Liabilities	3,41,60,358	(32,96,845)	3,08,63,512
Capital Employed	16,02,20,151	11,69,39,465	27,71,59,617
(Assets - Liabilities)			
Depreciation	35,68,123	1,23,95,420	1,59,63,543

35. Related Parties Disclosures:

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:

Related Parties and their Relationship: Mega Airways Ltd. (Subsidiary Company).

Directors, Key Management Persons and their Relative: Mr. Surendra Chhalani, Mr. Sachin Mehra, Mr. Manish Dhariwal and AVM K. S. Venkataraman (Retired).

Other Related Parties where common control exists and with whom the company had transactions during the year: M/s Mega Cabs Ltd., Ecotec Developer Pvt. Ltd., Chandramukhi Goods Pvt. Ltd. and Omni Media Communications Pvt. Ltd.

Transactions with Related parties

(Amount in Rs. Lacs)

Nature 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.
Receiving of Services	0.00	0.00	0.89	0.00	0.00	0.00	0.89	0.00
Interest Paid	0.00	0.00	43.46	22.68	0.00	0.00	43.46	22.68
Share Application Money Paid	129.00	50.00	0.00	0.00	0.00	0.00	129.00	50.00
Share Application Money Received Back	45.00	50.00	0.00	0.00	0.00	0.00	45.00	50.00
Loans Repaid	0.00	0.00	650.00	0.00	0.00	0.00	650.00	0.00
Loans and Advances Given	0.00	0.00	35.00	0.00	0.00	0.00	35.00	0.00
Loans & Advances Received Back	0.00	0.00	35.00	0.00	0.00	0.00	35.00	0.00
Sale of Investments	0.00	0.00	50.07	0.00	0.00	0.00	50.07	0.00
Remuneration to Directors	0.00	0.00	0.00	0.00	6.57	5.92	6.57	5.92
Directors' Sitting Fees	0.00	0.00	0.00	0.00	0.45	0.15	0.45	0.15
Balance of Investment at year end	599.93	599.93	0.00	0.00	0.00	0.00	599.93	599.93

36. Till the year ended at March 31, 2011 the company was using pre-revised Schedule VI to the Companies Act, 1956, for preparation and presentation of its Financial Statements. During the year ended March 31, 2012 the revised Schedule VI notified under the companies Act, 1956 became applicable to the company, for preparation and presentation of its Financial Statements. The company has taken twelve months as its operating cycle. Accordingly, the Company has reclassified / regrouped previous figures to confirm to this 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. 083850
Firm No. 007712N

Place : Delhi
Dated : 30-05-2012

SURENDRA CHHALANI
Whole time Director

MANISH DHARIWAL
Director

RIYANKA JAIN
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	31-03-2012
3. Extent of interest in subsidiary company	99.99%
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
Note: Figures in brackets denotes losses	

For and on behalf of the Board Directors

SURENDRA CHHALANI
Whole Time Director

MANISH DHARIWAL
Director

RIYANKA JAIN
Company Secretary

Place : New Delhi
Dated : 30-05-2012

To
The Members
Mega Airways Limited

DIRECTORS REPORT:

Your Directors have pleasure in presenting the 7th Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2012.

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:

AVM K S Venkataraman 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, 2012.

DIRECTORS' RESPONSIBILITY STATEMENT:

Your Directors confirm;

- i) That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanations relating to material departures;
- 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 affairs of the Company as at 31st March, 2012 and the Profit and Loss Account for the year ended on 31st March, 2012;
- iii) 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;
- iv) 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 the Board Directors

Place : New Delhi
Dated : 25-05-2012

KUNAL LALANI
Director

SURENDRA CHHALANI
Director

TO THE MEMBERS OF MEGA AIRWAYS LIMITED

We have audited the attached Balance Sheet and Cash Flow Statement of **Mega Airways Limited**, as at 31st March, 2012. 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 and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- iv. In our opinion, the Balance Sheet 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, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 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 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:
 - a) In the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March, 2012, and
 - b) 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. 083850
Firm No. 007712N

Place : Delhi
Dated : 25-05-2012

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 2012.

- 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. 083850
Firm No. 007712N

Place : Delhi
Dated : 25-05-2012

BALANCE SHEET AS AT 31ST MARCH, 2012

(Amount in Rs.)

Particulars	Note No.	As at 31.03.2012	As at 31.03.2011
<u>EQUITY AND LIABILITIES</u>			
<u>Shareholders' Funds</u>			
Share Capital	3	60,000,000	60,000,000
Share Application Money Pending Allotment	4	18,400,000	10,000,000
<u>Current Liabilities</u>			
Other Current Liabilities	5	22,472	1,998,075
TOTAL		78,422,472	71,998,075
<u>ASSETS</u>			
<u>Non-Current Assets</u>			
Non-Current Investments	6	18,200,000	18,200,000
<u>Current Assets</u>			
Cash and Cash Equivalents	7	141,464	29,771
Short-Term Loans and Advances	8	58,050,000	51,800,000
Other Current Assets	9	2,031,008	1,968,303
TOTAL		78,422,472	71,998,075

The accompanying notes are an integral part of the Financial Statements

As per our Report of even date

For Sipani & Associates
Chartered Accountants

For and on behalf of the Board

(VIJAY SIPANI)
Prop.
M. No. 083850
Firm No. 007712N

KUNAL LALANI
Director

SURENDRA CHHALANI
Director

Place : Delhi
Dated : 25-05-2012

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

PARTICULARS	(Amount in Rs.)	
	As at 31.03.2012	As at 31.03.2011
A. Cash Flow from Operating Activities		
Net Profit/(Loss) Before Tax	0	0
Adjustment for :-		
Operating Profit before change in Working Capital	0	0
Adjustment for :-		
- Other Current Liabilities	9,236	1,236
	9,236	1,236
Cash Generated from Operations	9,236	1,236
Adjustment for :-		
- Pre Operative Expenses	(62,705)	(28,941)
Net Cash Flow from Operating activities	(53,469)	(27,705)
B. Cash Flow from Investing Activities		
- Proceeds from Investments	0	4,556,100
- Share Application Money Given	(6,250,000)	(16,650,000)
Net Cash Flow from Investing Activities	(6,250,000)	(12,093,900)
C. Cash Flow from Financing Activities		
- Share Application Money Received	8,400,000	10,000,000
Net Cash From Financing Activities	8,400,000	10,000,000
Net (Decrease)/Increase in Cash & Cash Equivalents (A+B+C)	2,096,532	(2,121,605)
Cash and Cash Equivalents as at beginning of the year	(1,955,067)	166,538
Cash and Cash Equivalents as at the end of the year	141,464	(1,955,067)

As per our Report of even date annexed

For Sipani & Associates
Chartered Accountants

For and on behalf of the Board

(VIJAY SIPANI)
Prop.
M. No. 083850
Firm No. 007712NKUNAL LALANI
DirectorSURENDRA CHHALANI
DirectorPlace : Delhi
Dated : 25-05-2012**Notes forming part of Financial Statements for the year ended March 31st, 2012****1. Corporate Information:**

Mega Airways Limited (the company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The company was incorporated at 10th April, 2005. The share capital of the company is not listed on any stock exchanges. The company was incorporated with the object of providing Air Charter Services. The company has not started its business till Balance Sheet date.

2. 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, which are readily realizable and intended to be held not more than one year from the date on which such was made, are classified as current investments. All other investments are classified as non-current investments. Non trade and unquoted non-current investments are stated at cost and quoted non-current investments at lower of cost or market value. Provision for diminution in the value of quoted non-current investment is made only if such a decline is other than temporary in the opinion of management.

(e) Provisions, Contingent Liabilities and Contingent Assets:

Provisions are recognised only when there is present obligation as a result of past events and when a reliable estimate of the obligation can be made.

Possible obligations which will be confirm only by future events not wholly within control of the company or

Present obligations arising from past events where it is not possible that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation can't be made. Contingent Assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised.

(f) 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.

		(Amount in Rs.)		
Particulars	As at 31.03.2012	As at 31.03.2011		
3. Share Capital				
Authorised				
1,00,00,000 (1,00,00,000) Equity Shares of Rs.10/- each	100,000,000	100,000,000		
Issued, Subscribed and Paid Up				
60,00,000 (60,00,000) Equity Shares of Rs.10/- each	60,000,000	60,000,000		
fully paid up	60,000,000	60,000,000		
a) Reconciliation of Shares outstanding at beginning and at end of the year				
During the current year and in the previous year, there have been no movements in the number of equity shares outstanding.				
b) Term / Right attached to Equity Shares				
The company has only one class of shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting.				
During the year ended March 31st, 2012, the company has not declared any dividend.				
In the event of liquidation of the company, the holder of equity shares will be entitled to receive remaining assets of the company, after distribution of preferential amounts. The distribution will be in proportion of the number of fully paid equity shares held by shareholders.				
c) Details of shareholders holding more than 5% shares in the company				
	As at March 31, 2012		As at March 31, 2011	
Names	No. of Shares	% Shares Held	No. of Shares	% Shares Held
Mega Corporation Ltd.	5,999,300	99.99%	5,999,300	99.99%
d) All the shares are held by the holding company, Mega Corporation Limited and its nominees.				
4. Share Application Money Pending Allotment	18,400,000		10,000,000	
Note:				
a) Sufficient Authorised Capital is available with the Company.				
b) Shares are proposed to be issued at par				
c) Share Application Money has been received during the current financial year except a sum of Rs. 50/- Lacs which was received during the preceding financial year				
5. Other Current Liabilities				
Temporary Overdraft in Currents Account (HDFC Bank Ltd.)	0		1,984,839	
Audit Fee Payable	22,472		13,236	
	22,472		1,998,075	
6. Non-Current Investments				
Non-Trade Investment (valued at cost unless stated otherwise)				
Unquoted equity instruments				
Investment in Associate Companies				
3,40,000 (3,40,000) Equity Shares of Rs.10/- each of Sahyog Properties Pvt. Ltd.	10,200,000		10,200,000	
2,00,000 (2,00,000) Equity Shares of Rs.10/- each of Jam India Pvt. Ltd.	8,000,000		8,000,000	
	18,200,000		18,200,000	

(Amount in Rs.)		
Particulars	As at 31.03.2012	As at 31.03.2011
Aggregate amount of unquoted investments	18,200,000	18,200,000
Aggregate provision for diminution in the value of investments	NIL	NIL
7. Cash and Cash Equivalents		
Cash on hand (As Certified By the Management)	39,110	14,193
Balances in Current Accounts with Banks:-		
- Citi Bank N. A.	61,460	15,578
- HDFC Bank Limited	40,894	0
	141,464	29,771
8. Short Term Loans and Advances		
Share Application Money Pending Allotment	58,050,000	51,800,000
(Unsecured & Considered Good)		
9. Other Current Assets		
Misc Expenses (To the extent not written off or adjusted)		
A. Pre - Operative Expenses (Pending Capitalisation):		
Balance Brought Forward from previous year	1,180,383	1,151,442
Add: Expenses Incurred during the year:		
- Auditors Remuneration	22,472	13,236
- Fees and Subscription	25,000	0
- Filing Fee	1,000	1,000
- Professional Charges	6,517	3,050
- Printing and Stationery	1,800	0
- General Expenses	552	2,676
- Bank Charges	6,113	11,144
	1,243,837	1,182,548
Less : Bank Interest	749	2,165
	1,243,088	1,180,383
B. Preliminary Expenses	187,420	187,420
C. Share Issue Expenses	600,500	600,500
	2,031,008	1,968,303
10. Related party disclosures:		
i. Related parties and their Relationship: M/s Mega Corporation Ltd. (Holding Company).		
ii. Directors, Key Management Persons & their relative: Mr. Kunal Lalani, Mr. Surendra Chhalani and AVM K.S. Venkataraman (Retired).		
iii. Other related parties where common control exists and with whom the company had transactions during the year: M/s Jam India Pvt. Ltd., M/s Mega Infotel Pvt. Ltd. and M/s Crayons Advertising Ltd.		

Details of Related Party Transactions

(Amount in Rs./Lacs)								
Details of transactions	Holding Company		Associates Company		Key Management Personnel & their Relatives		Total	
	C.Y.	P.Y.	C.Y.	P.Y.	C.Y.	P.Y.	C.Y.	P.Y.
Share Application Money Received:	127.00	0.00	50.00	0.00	0.00	0.00	177.00	0.00
Share Application Money Refunded:	43.00	0.00	0.00	0.00	0.00	0.00	43.00	0.00
Share Application Money Given:	0.00	0.00	124.50	185.00	0.00	0.00	124.50	185.00
Share Application Money Received Back:	0.00	0.00	62.00	18.00	0.00	0.00	62.00	18.00

11. **Auditors Remuneration (Excluding Service Tax and Cess) Paid / Payable for the year:**
Audit Fee -- Rs. 20,000/- (Prev. Year Rs. 12,000/-)
12. There was no contingent liability as at 31st March, 2012 (Previous Year - NIL).
13. As the Company has not commenced any business activity, the segment information as per AS 17 is not required to be disclosed.
14. Foreign exchange earned and used during the year - NIL (Previous Year - NIL).
15. Estimated amount of contracts remaining to be executed on Capital Account (Net of advances) and not provided for Rs. NIL (Previous Year - NIL).
16. Based on the information available with the Company there are no over dues to Small Scale Undertakings outstanding for more than 30 days (Previous Year – NIL).
17. Till the year ended at March 31st, 2011 the company was using pre - revised Schedule VI to the companies Act, 1956, for preparation and presentation of its financial statement. During the year ended March 31st, 2012 the revised Schedule VI notified under the companies Act, 1956 has been applicable to the company. The company has taken twelve months as its operating cycle, accordingly. The Company has reclassified previous figures to confirm to this year’s classification.

As per our report attached to the Balance Sheet

For Sipani & Associates
Chartered Accountants

For and on behalf of the Board

(VIJAY SIPANI)
Prop.
M. No. 083850
Firm No. 007712N

KUNAL LALANI
Director

SURENDRA CHHALANI
Director

Place : Delhi
Dated : 25-05-2012

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 (“Company”) and its subsidiary**, as at 31st March, 2012 and also the Consolidated Statement of Profit and Loss 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 the Company’s management in accordance with the requirements of Accounting Standard (AS) 21, “Consolidated Financial Statements” and Accounting Standard (AS) 23, “Accounting for Investments in Associates in Consolidated Financial Statements” issued by the Institute of Chartered Accountants of India.

Based on our Audit as aforesaid, We report that on the basis of the information and according to the explanations given to us, the said consolidated financial statements, read together with significant accounting policies and notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Consolidated Balance Sheet, of the State of Affairs of Mega Corporation Limited and its subsidiary as at 31st March, 2012.
- b) In the case of the Consolidated Statement of Profit and Loss, of the Loss for the year ended on that date; and.
- c) 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. 083850
Firm No. 007712N

Place : Delhi
Dated : 30-05-2012

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012

(Amount in Rs.)

Particulars	Note No.	As at 31.03.2012	As at 31.03.2011
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	100,000,000	100,000,000
Reserves and Surplus	3	177,166,617	191,736,722
		277,166,617	291,736,722
Share Application Money Pending Allotment	4	10,000,000	10,000,000
Non-Current Liabilities			
Deferred Tax Liabilities (Net)	5	5,148,719	10,206,170
Long-Term Provisions	6	614,910	543,911
		5,763,629	10,750,081
Current Liabilities			
Short-Term Borrowings	7	18,910,622	70,328,612
Trade Payables	8	1,316,309	1,441,593
Other Current Liabilities	9	4,895,425	4,735,642
		25,122,355	76,505,846
TOTAL		318,052,601	388,992,649
ASSETS			
Non-Current Assets			
Fixed Assets			
(i) Tangible Assets	10	102,403,270	100,157,621
(ii) Capital Work-in-Progress		0	16,688,807
		102,403,270	116,846,428
Non-Current Investments	11	23,814,851	28,357,315
Long-Term Loans and Advances	12	1,558,200	1,558,200
Other Non-Current Assets	13	1,086,184	2,502,743
		26,459,235	32,418,258
Current Assets			
Trade Receivables	14	5,755	995,014
Cash and Cash Equivalents	15	4,645,244	8,471,423
Short-Term Loans and Advances	16	182,508,089	228,293,222
Other Current Assets	17	2,031,008	1,968,303
		189,190,096	239,727,962
TOTAL		318,052,601	388,992,649

The accompanying notes are an integral part of the Consolidated Financial Statements

As per our Report of even date annexed

For Sipani & Associates
Chartered Accountants

(VIJAY SIPANI)
Prop.
M. No. 083850
Firm No. 007712N
Place : Delhi
Dated : 30-05-2012

For and on behalf of the Board

SURENDRA CHHALANI
Whole time Director

MANISH DHARIWAL
Director

RIYANKA JAIN
Company Secretary
STATEMENT OF CONSOLIDATED PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2012

(Amount in Rs.)

Particulars	Note No.	For the year ended 31.03.2012	For the year ended 31.03.2011
INCOME			
Revenue from Operations	18	18,302,847	35,801,357
Other Income	19	2,346,967	(2,132,076)
Total Revenue		20,649,814	33,669,281
EXPENSES:			
Cost of Aircraft Charter Operations	20	11,507,895	20,393,750
Employee Benefits Expense	21	3,262,276	3,192,013
Interest and Finance Costs	22	6,490,255	6,686,373
Depreciation and Amortization		15,963,543	11,473,623
Other Expenses	23	3,052,401	3,414,270
Total Expenses		40,276,370	45,160,029
Profit Before Tax		(19,626,556)	(11,490,748)
Tax Expenses:			
- Previous Year		1,000	0
- Deferred Tax		(5,057,451)	2,427,284
Net Profit/(Loss) for the Year		(14,570,105)	(13,918,032)
Earning Per Equity Share:			
Basic and Diluted Earnings per share of Rs. 1/- each		(0.15)	(0.14)

The accompanying notes are an integral part of the Consolidated Financial Statements

As per our Report of even date

For Sipani & Associates
Chartered Accountants

(VIJAY SIPANI)
Prop.
M. No. 083850
Firm No. 007712N

Place : Delhi
Dated : 30-05-2012

For and on behalf of the Board

SURENDRA CHHALANI
Whole time Director

MANISH DHARIWAL
Director

RIYANKA JAIN
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

Particulars	(Amount in Rs.)	
	As at 31.03.2012	As at 31.03.2011
A. Cash Flow from Operating Activities		
Net Profit / (Loss) Before Tax	(19,626,556)	(11,490,748)
Adjustment for :		
Depreciation	15,963,543	11,473,623
Loss/(Profit) on Sale of Fixed Assets	(448,362)	2,918,175
Interest Income	(13,869,897)	(11,883,167)
Interest and Finance charges	6,462,591	6,651,515
Operating Profit before change in Working Capital	(11,518,682)	(2,330,603)
Adjustment for changes in working capital :		
Trade Receivables	989,259	(10,038,686)
Trade Payables	(125,284)	1,931,596
Short-Term Borrowings	(51,417,990)	0
Other Current Liabilities	2,144,622	0
Other Current Assets	(62,705)	(28,941)
Short-Term Loans and Advances	37,385,133	0
	(11,086,965)	(8,136,031)
Cash Generated From Operations	(22,605,647)	(10,466,633)
Adjustment for :		
Income Tax Deposit	(1,000)	0
Interest paid	(6,462,591)	(6,651,515)
Net Cash Flow From Operating activities (A)	(29,069,237)	(17,118,148)
B. Cash Flow from Investing Activities		
Interest Income	13,869,897	11,883,167
Share Application Money Given	(6,250,000)	(16,650,000)
Purchase of Tangible Assets	(1,842,023)	(17,933,401)
Purchase of Non Current Investments	(19,736)	0
Proceeds from Sale of Tangible Assets	325,000	0
Proceeds from Sale of Non Current Investments	5,007,200	4,630,925
Proceeds from Other Non-Current Assets	1,416,559	0
Net Cash Flow from Investing Activities (B)	12,506,897	(18,069,309)
C. Cash Flow from Financing Activities		
Share Application Money Received	8,400,000	10,000,000
Repayment of Long-Term Loans and Advances	6,250,000	0
Repayment of Long-Term Provisions	70,999	(357,767)
Repayment of Long-Term Borrowings	0	(42,124,885)
Proceeds from Long-Term Borrowings	0	65,000,000
Net Cash Flow from Financing Activities (C)	14,720,999	32,517,348
Net (Decrease) / Increase in Cash and Cash Equivalents D= (A+B+C)	(1,841,341)	(2,670,109)
Cash and Cash Equivalents as at beginning of the year (E)	6,486,585	9,156,693
Cash and Cash Equivalents as at the end of the year (D+E)	4,645,244	6,486,585

As per our Report of even date annexed

For Sipani & Associates
Chartered Accountants

(VIJAY SIPANI)
Prop.
M. No. 083850
Firm No. 007712N

Place : Delhi
Dated : 30-05-2012

For and on behalf of the Board

SURENDRA CHHALANI
Whole time Director

MANISH DHARIWAL
Director

RIYANKA JAIN
Company Secretary

Notes forming part of Consolidated Financial Statements for the year ended March 31st, 2012

1. **Significant Accounting Policies:****A. Basis of Preparation of Financial Statements:**

The accompanying consolidated Financial Statements have been prepared on historical basis and conform in all material aspects to the generally accepted accounting principles. The company prepares its accounts on accrual basis. The preparation of Financial Statements require the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of Financial Statements and the reported income and expenses during the reporting period. The management believes that the estimates used in preparation of the Financial Statements are prudent and reasonable.

B. Principles of Consolidation of Financial Statements:

- ▶ The financial statements of the Company and its Subsidiary are combined on a line-by-line basis 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" as notified by the Companies (Accounting Standards) Rules, 2006 (as amended).
- ▶ The Financial Statements of the Subsidiary Company used in the consolidation is drawn for the same period as that of the Parent Company i.e. year ended March 31, 2012.
- ▶ Name of Subsidiary considered for Consolidation:

Name of the Company	Nature of relationship	Country of Incorporation	Extent of Holding/ Voting Power as at March 31, 2012
Mega Airways Ltd.	Subsidiary	India	99.99%

- ▶ 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. 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.

D. Tangible 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.

E. Depreciation on Tangible Fixed Assets:

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

F. Intangible Assets:

Intangible Assets are stated at cost of acquisition less accumulated amortization. Amortization is done on straight line basis. Software is amortized on straight line basis over the useful life of the asset or 5 years whichever is earlier.

G. Impairment of Assets:

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.

H. Provision, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the Financial Statements. Contingent Assets are neither recognised nor disclosed in the Financial Statements.

I. Investments:

Investments, which are readily realizable and intended to be held not more than one year from the date on which such was made, are classified as current investments. All other investments are classified as non-current investments. Non trade and unquoted non-current investments are stated at cost and quoted non-current investments at lower of cost or market value. Provision for diminution in the value of quoted non-current investment is made only if such a decline is other than temporary in the opinion of management.

Unquoted investments in subsidiaries / associates companies are non-current and valued at cost. No loss is recognized in the fall in their net worth, if any, unless there are permanent fall in their value.

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. 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 statement of profit and loss 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.

L. 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.

M. 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.

N. Earnings per Share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders, by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

O. Revenue Recognition:

The revenue and expenditure related to Air Charter Services and Financing Services are accounted ongoing concern basis.

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

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

(Amount in Rs.)

Particulars	As at 31.03.2012	As at 31.03.2011
2. Share Capital		
Authorised		
30,00,00,000 (30,00,00,000) Equity Shares of Rs. 1/- each	<u>300,000,000</u>	<u>300,000,000</u>
Issued, Subscribed and Paid Up		
10,00,00,000 (10,00,00,000) Equity Shares of Rs. 1/- each fully paid up	<u>100,000,000</u>	<u>100,000,000</u>

a) Reconciliation of Shares outstanding at beginning and at end of the year

During the current year and in the previous year, there have been no movements in the number of equity shares outstanding.

b) Term / Right attached to Equity Shares

The company has only one class of share having a par value of Rs. 1/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and paid dividends in Indian rupees. The dividend proposed by Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2012, the company has not declared any dividend.

In the event of liquidation of the company, the holder of equity shares will be entitled to receive remaining assets of the company, after distribution of preferential amounts. The distribution will be in proportion of the number of fully paid equity shares held by shareholders.

c) Details of shareholders holding more than 5% shares in the Company

Names	As at March 31, 2012		As at March 31, 2011	
	No. of Shares	% Shares Held	No. of Shares	% Shares Held
Vimi Investments & Finance Private Limited	24,043,000	24.04%	6,013,449	6.01%
Crayons Global Finance Private Limited	22,530,000	22.53%	22,530,000	22.53%

3. Reserves and Surplus**Surplus /(Deficit) in the Statement of Profit and Loss**

Balance as per last Financial Statements	191,729,722	205,647,754
Profit / (Loss) for the year	(14,570,105)	(13,918,032)
Net surplus in the Statement of Profit and Loss	177,159,617	191,729,722
Add: Minority Interest in Subsidiary Company	7,000	7,000
	<u>177,166,617</u>	<u>191,736,722</u>

4. Share Application Money Pending Allotment

From Related Parties	5,000,000	0
From Others	5,000,000	10,000,000
	<u>10,000,000</u>	<u>10,000,000</u>

Note:

a) Sufficient Authorised Capital is available with the Company.

b) Shares are proposed to be issued at par.

5. Deferred Tax Liabilities (Net)**Deferred Tax Liabilities :**

Fixed Assets: Impact of difference between book and tax depreciation	19,806,200	19,480,416
	<u>19,806,200</u>	<u>19,480,416</u>

(Amount in Rs.)		
Particulars	As at 31.03.2012	As at 31.03.2011
Deferred Tax Assets :		
Impact of expenses charges to the Statement of Profit and Loss in the current financial year but allowed for tax purpose on payment basis:		
- Provision for Gratuity	(169,641)	(148,284)
- Provision for Leave Encashment	(20,366)	(19,784)
Others:		
- Unabsorbed Depreciation	(14,467,474)	(9,106,178)
	(14,657,481)	(9,274,246)
	5,148,719	10,206,170
6. Long-Term Provisions		
Provision for Employees Benefits:		
- Provision for Gratuity	549,000	479,885
- Provision for Leave Encashment	65,910	64,026
	614,910	543,911
7. Short-Term Borrowings		
Loans Repayable on Demand		
- From Banks	634,672	4,994,251
- From other Parties	18,275,950	334,361
Loans and Advances from Related Parties		
- From associates	0	65,000,000
	18,910,622	70,328,612
a) The above amount includes :		
- Secured Loans	634,672	5,328,612
- Unsecured Loans	18,275,950	65,000,000
	18,910,622	70,328,612
b) Nature of Security, Term of repayment :		
Secured loans from banks amounting to Rs. 6,34,672/- (previous year Rs. 49,94,251/-) are secured by way of hypothecation of Motorhomes. The loans carries interest @11% p.a. and is repayable in equal monthly installments.		
Secured loans from NBFCs / Others amounting to Rs. Nil (previous year Rs. 3,34,361/-) were secured by way of hypothecation of non commercial vehicles acquired out of loan proceeds received by the company. These loans carried interest @ 13% to 14% p.a. and were repayable in equal monthly installments.		
Unsecured loans from corporate bodies amounting to Rs. 1,82,75,950/- (previous year Nil) carries interest @ 12% to 16.2% p.a. and are repayable on demand.		
Unsecured loans from Mega Cabs Limited, an associate company, amounting to Rs. Nil (previous year Rs. 6,50,00,000/-) are carries interest 14% p.a. and was repayable on demand. The company has repaid full amount of loans with interest in the current financial year.		
8. Trade Payable		
Trade payable (Refer Note 34)	1,316,309	1,441,593
	1,316,309	1,441,593
9. Other Current Liabilities		
Temporary Overdraft in Currents Account (HDFC Bank Ltd.)	0	1,984,839
Advance received against sale of assets	4,500,000	0
Salaries and other employee benefits	265,711	293,054
Expenses Payable	81,147	80,000
TDS Payable	48,567	262,391
Service Tax Payable	0	1,962,178
Insurance Claim Refundable	0	153,180
	4,895,425	4,735,642

10. Tangible Assets

(Amount in Rs.)										
Description of Assets	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As at 01.04.2011	Addition during the Year	Deduction & Adjustment	As at 31.03.2012	As at 01.04.2011	Deduction & Adjustment	For the Year	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011
Air Craft - Commercial	130,573,210	0	0	130,573,210	31,620,507	0	12,238,176	43,858,683	86,714,527	98,952,703
Computer System	167,667	30,700	0	198,367	103,201	0	27,799	131,000	67,367	64,466
Furniture and Fixtures	314,600	706,555	0	1,021,155	99,417	0	92,651	192,068	829,087	215,183
Vehicles	1,856,896	17,793,575	926,928	18,723,543	1,016,392	605,290	3,593,126	4,004,228	14,719,315	840,504
Office Equipments	117,609	0	0	117,609	32,844	0	11,791	44,635	72,974	84,765
Total	133,029,982	18,530,830	926,928	150,633,884	32,872,361	605,290	15,963,543	48,230,614	102,403,270	100,157,621
Previous Year	124,265,140	8,764,842	0	133,029,982	21,398,738	0	11,473,623	32,872,361	100,157,621	102,866,402

11. Non-Current Investments**Trade Investment (valued at cost unless stated otherwise)****Unquoted Equity Instruments****Investment in Associates**

Nil (4,55,200) Equity Shares of Rs. 10/- each fully paid up of Mega Cabs Ltd.

0 4,562,200

1,50,000 (1,50,000) Equity Shares of Rs. 10/- each fully paid up of Anand Power Ltd.

1,500,000 1,500,000

37,500 (37,500) Equity Shares of Rs. 10/- each fully paid up of Plasopan Engineers (I) Pvt. Ltd.

375,000 375,000

62,000 (62,000) Equity Shares of Rs. 10/- each fully paid up of Mediaware Infotech Pvt. Ltd.

3,418,525 3,418,525

3,40,000 (3,40,000) Equity Shares of Rs. 10/- each of Sahyog Properties Pvt. Ltd.

10,200,000 10,200,000

2,00,000 (2,00,000) Equity Shares of Rs. 10/- each of Jam India Pvt. Ltd.

8,000,000 8,000,000

23,493,525 28,055,725

Other Investments (valued at cost unless stated otherwise)**Quoted Equity Instruments**

6,000 (6,000) Equity Shares of Rs. 10/- each fully paid up of Intense Technology Ltd.

292,490 292,490

100 (100) Equity Shares of Rs. 2/- each fully paid up of Ambuja Cement Ltd.

9,100 9,100

100 (Nil) Equity Shares of Rs. 2/- each fully paid up of Tata Motors Ltd.

19,736 0

321,326 301,590

23,814,851 28,357,315

Aggregate amount of Quoted Investments

321,326 301,590

Aggregate Market Value of Quoted Investments

85,495 57,305

Aggregate amount of Unquoted Investments

23,493,525 28,055,725

Aggregate Provision for Diminution in the value of Investments

Nil Nil

Particulars	(Amount in Rs.)	
	As at 31.03.2012	As at 31.03.2011
12. Long-Term Loans and Advances		
MAT Credit carried forward	1,558,200	1,558,200
	1,558,200	1,558,200
13. Other Non-Current Assets		
Fixed Deposits with original maturity more than twelve months	1,086,184	2,502,743
	1,086,184	2,502,743
14. Trade Receivables		
(Unsecured, considered good unless stated otherwise)		
Outstanding for a period exceeding 6 months	0	0
Other Receivables	5,755	995,014
	5,755	995,014
15. Cash and Cash Equivalents		
Cash on Hand (as certified by the Management)	422,503	191,575
Foreign Currency in Hand	1,333	69,793
Balances with Scheduled Banks in Current Accounts	4,221,408	8,210,055
	4,645,244	8,471,423
16. Short-Term Loans and Advances		
Security Deposits		
Unsecured, considered good	991,900	767,780
Other Loans and Advances		
(Unsecured & considered good)		
Inter-Corporate Loans	39,697,801	75,429,199
Loans & Advances - Others	30,308,828	65,863,683
Income Tax Deposit under protest	24,440,629	1,000,000
Custom Duty Deposit under protest	23,682,303	23,682,303
Advance Income Tax/TDS	1,551,614	1,691,768
Income Tax Refundable	2,775,657	6,170,682
Prepaid Expenses	634,872	972,281
Service Tax (Cenvat) Credit	346,485	679,600
Advance to Customers	28,000	59,651
Other Advances	0	176,275
Share Application Money Pending Allotment:		
(Unsecured & Considered Good)	58,050,000	51,800,000
	182,508,089	228,293,222

Particulars	(Amount in Rs.)	
	As at 31.03.2012	As at 31.03.2011
17. Other Current Assets		
Misc. Expenses (To the extent not Written Off or adjusted)		
Preliminary Expenses		
As per last year	187,420	187,420
Less : Written off during the year	0	0
Total `A'	187,420	187,420
Share Issue Expenses		
As per last year	600,500	600,500
Add: Incurred during the year	0	0
Less : Written off during the year	0	0
Total `B'	600,500	600,500
Pre- Operative Expenses (Pending Allocation)		
As per last year	1,180,383	1,151,442
Add: Incurred during the year	62,705	28,941
Less : Capitalised during the year	0	0
Total `C'	1,243,088	1,180,383
TOTAL (A + B + C)	2,031,008	1,968,303
18. Revenue from Operations		
Interest Receipts	13,869,897	11,883,167
Aircraft Charter Services	4,432,950	23,918,190
	18,302,847	35,801,357
19. Other Income		
Liabilities Written Back	329,430	357,767
Interest Receipts	588,056	168,251
Rental Income	634,634	0
Consultancy Income	336,181	0
Profit /(Loss) on Sale of Non Current Investments	445,000	(2,918,175)
Profit on Sale of Tangible Assets	3,362	0
Miscellaneous Income	10,303	260,081
	2,346,967	(2,132,076)
20. Cost of Aircraft Charter Operations		
Air Craft Repair and Maintenance Exp.	5,810,481	9,844,040
Fuel Consumed	1,421,059	5,481,822
Salary and Pilots Remuneration	1,201,744	2,387,187
Training Expense	1,213,691	0
Landing and Parking Charges	936,583	1,313,391
Insurance of Aircraft	860,369	289,717
Catering Expenses	53,967	352,628
Flight Hiring Charges	0	655,000
Licence Fees	10,000	69,965
	11,507,895	20,393,750

(Amount in Rs.)		
Particulars	As at 31.03.2012	As at 31.03.2011
21. Employee Benefits Expenses		
Salaries and Allowances	2,484,236	2,385,584
Directors Remuneration	657,000	592,000
Staff Welfare	102,653	183,636
Contribution to PF and ESI	18,387	30,793
	3,262,276	3,192,013
22. Interest and Finance Costs		
Interest	6,462,591	6,651,515
Bank Charges	27,664	34,859
	6,490,255	6,686,373
23. Other Expenses		
Auditors Remuneration	77,210	77,210
Conveyance	394,460	607,352
Rent	373,392	944,746
Repair and Maintenance	131,003	369,395
Legal and Professional Charges	1,011,301	605,876
Fees and Subscription	184,933	91,743
Travelling	129,490	25,621
Bad Debts	173,765	0
Postage and Telegram	79,924	73,700
Printing and Stationery	64,838	71,006
Advertisement Expenses	90,549	95,284
Telephone and Mobile Expenses	76,815	201,399
Meeting (AGM) Expenses	81,626	63,000
Directors Sitting Fee	45,000	15,000
Electricity and Water	68,440	38,520
Office Expenses	28,322	0
Insurance	12,489	33,356
Filing Fees	9,000	12,375
Books and Periodicals	5,442	8,421
General Expenses	14,402	56,471
Business Promotion Exp.	0	21,195
Donation	0	2,601
	3,052,401	3,414,270

24. Contingent Liabilities not provided for:

(Amount in Rs. Lacs)		
Particulars	As at 31-03-2012	As at 31-03-2011
Income Tax Matters*	396.57	396.57
Custom Duty on Import of Commercial Aircraft (Amount paid under protest Rs. 236.82 Lacs**)	236.82	236.82
Un-Expired Bank Guarantees	14.00	14.00

*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 with ITAT, Delhi. 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

25. 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)

26. Payments to Whole Time and other Directors :

(Amount in Rs.)		
Particulars	Current Year	Previous Year
Whole Time Directors:		
Salary	5,31,000	4,84,000
HRA and Other allowances	1,26,000	1,08,000
Total	<u>6,57,000</u>	<u>5,92,000</u>
The Managerial Remuneration as computed above does not include the liability in respect of leave and gratuity accrued.		
Non Executive Directors:		
Board Sitting Fee	45,000	15,000

27. Auditors Remuneration (Excluding Service Tax / Cess) Paid / Payable for the year:

(Amount in Rs.)		
Particulars	Current Year	Previous Year
Statutory Audit	60,000	52,000
Tax Audit	20,000	20,000
Other Services	10,000	10,000

28. Segment Reporting:**Identification of segments****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 Aircraft Charter Services and Finance & Investments.

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.

Unallocable Items

Corporate income, expenses, capital and reserves are considered as part of unallocable items which are not identifiable to any business segment.

Primary Business Segments

Segment Revenues, Results and other information

(Amount in Rs.)

Particulars	Finance / Investment	Air Chartered Services	Total
Revenue	1,38,69,897	44,32,950	1,83,02,847
Identified Operating Exp.	97,59,864	2,39,03,315	3,36,63,179
Profit/(Loss) before interest and tax from each segment	41,10,033	(1,94,70,365)	(1,53,60,332)
Less : Interest and Finance Charges (unallocable)			2,98,514
Less : Other Expenses net of Income (unallocable)			39,67,711
Net profit before tax			(1,96,26,556)
Income tax and other taxes			(50,56,451)
Net profit after tax			(1,45,70,105)
Segment Assets	19,43,80,509	11,36,42,620	30,80,23,129
Segment Liabilities	3,41,60,358	(32,96,845)	3,08,63,512
Capital Employed (Assets - Liabilities)	16,02,20,151	11,69,39,465	27,71,59,617
Depreciation	35,68,123	1,23,95,420	1,59,63,543

29. Related Parties Disclosures:

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:

Directors, Key Management Persons and their relative: Mr. Surendra Chhalani, Mr. Sachin Mehra, Mr. Manish Dhariwal and AVM K. S. Venkataraman (Retired).

Other related parties where common control exists and with whom the company had transactions during the year: M/s Mega Cabs Ltd., Ecotec Developer Pvt. Ltd., Mega Infotel Pvt. Ltd., Chandramukhi Goods Pvt. Ltd., Crayons Advertising Ltd. and Omni Media Communications Pvt. Ltd.

Transactions with Related parties

(Amount in Rs. Lacs)

Detail of transactions	Associates		Key Management Personnel & Their Relatives		Total	
	C.Y.	P.Y.	C.Y.	P.Y.	C.Y.	P.Y.
Receiving of Services	0.89	0.00	0.00	0.00	0.89	0.00
Payment of Interest	43.46	22.68	0.00	0.00	43.46	22.68
Repayments of Loans	650.00	0.00	0.00	0.00	650.00	0.00
Share Application Money Received	50.00	0.00	0.00	0.00	50.00	0.00
Share Application Money Given	124.50	185.00	0.00	0.00	124.50	185.00
Share Application Money Received Back	62.00	18.00	0.00	0.00	62.00	18.00
Loans and Advances Given	35.00	0.00	0.00	0.00	35.00	0.00
Loans & Advances Received Back	35.00	0.00	0.00	0.00	35.00	0.00
Sale of Investments	50.07	0.00	0.00	0.00	50.07	0.00
Payments of Directors' Remuneration	0.00	0.00	6.57	5.92	6.57	5.92
Directors' Sitting Fees	0.00	0.00	0.45	0.15	0.45	0.15

30. Foreign Exchange earned and used during the year:

(Amount in Rs.)

Particulars	Current Year	Previous Year
Foreign Exchange earned	NIL	NIL
Foreign Exchange used	27,35,242	1,05,52,941

31. Earnings 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 as follows:

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Net Profit after Tax as per Statement of Profit and Loss	(1,45,70,105)	(1,39,18,032)
Number of Shares outstanding at the beginning and end of the year (Face value Rs. 1/- each)	10,00,00,000	10,00,00,000
Weighted Average Number of Shares outstanding during the year (Face value Rs. 1/- each)	10,00,00,000	10,00,00,000
Basic and Diluted Earnings per share	(0.15)	(0.14)

32. 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.

33. In the opinion of Board of Directors the "Current/Non-Current Assets" 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.

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

35. In the absence of receipt of information regarding Small Scale Industrial Status from the parties, the details of names of Small Scale Industrial Undertakings to which the company owe any sum together with interest outstanding for more than 30 days could not be ascertained.

36. Till the year ended at March 31, 2011 the company was using pre - revised Schedule VI to the Companies Act, 1956, for preparation and presentation of its Financial Statement. During the year ended March 31, 2012 the revised Schedule VI notified under the Companies Act, 1956 has been applicable to the Company. The Company has taken twelve months as its operating cycle. Accordingly the Company has reclassified previous figures, wherever required, to conform to this year's classification.

As per our Report of even date

For Sipani & Associates
Chartered Accountants

(VIJAY SIPANI)
Prop.
M. No. 083850
Firm No. 007712N

Place : Delhi
Dated : 30-05-2012

For and on behalf of the Board

SURENDRA CHHALANI
Whole time Director

MANISH DHARIWAL
Director

RIYANKA JAIN
Company Secretary

NOTE