

# MERCURY

30<sup>th</sup> Annual Report 2010-2011



**MERCURY LABORATORIES LIMITED**



**MERCURY**

***WHERE YOUR WELL - BEING MATTERS***

*An ISO 9002 Company*



**BOARD OF DIRECTORS** : Rajendra R. Shah Chairman & Managing Director  
 Dilip R. Shah Executive Director  
 Dr. Dinesh Shah Independent Director  
 Dr. Tushar Shah Independent Director  
 CMA Suryakant B. Parikh Independent Director

**BANKERS** : State Bank of India.

**AUDITORS** : Naresh & Company,  
 Chartered Accountants  
 Vadodara.

**REGISTERED OFFICE** : 18, Shreeji Bhuvan,  
 51, Mangaldas Road,  
 Princess Street,  
 Mumbai - 400 002  
 Telephone : 22197268  
 Tel. Fax : 22015441  
 E-mail : mllbom@hathway.com

**HEAD OFFICE & UNITS** : **UNIT NO. 1**  
 2/13-14, Gorwa Industrial Estate,  
 Gorwa Road, Vadodara - 390 016  
 Telephone : 2280180, 2280181  
 Fax : 2280027  
 P. Box No. : 3001  
 Telegram : ERGACAP  
 E-mail : mllbrd@mercurylabs.com

**UNIT No. 2**  
 Village : Jarod, Halol - Baroda Road,  
 Ta. Waghodia,  
 Dist : VADODARA

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**NOTICE**

Notice is hereby given that the 30<sup>th</sup> Annual General Meeting of **Mercury Laboratories Limited** will be held on Saturday, the 24<sup>th</sup> September, 2011 at 3.30 p.m. at its Registered Office at First Floor, 18, Shreeji Bhuvan, 51, Mangaldas Road, Princess Street, Mumbai, to transact the following business.

**Ordinary business :**

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31<sup>st</sup> March 2011 and Balance Sheet as of that date together with the reports of the Directors and the Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Dr. Dinesh Shah who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors and fix their remuneration.

**Special Business :**

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

“RESOLVED THAT consent of the Company be and is hereby given for appointment of Mr. Jayesh Vyas of M/s. Jayesh Vyas & Associates, the Practicing Company Secretary, Baroda, to issue compliance certificate, pursuant to Companies (Compliance Certificate) Rules, 2001 framed under Section 383A of the Companies Act, 1956, to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting on the fees as may be decided by the Chairman & Managing Director in consultation with him plus out of pocket expenses.”

For and on behalf of the Board,

Date : 2.08.2011  
Place: Vadodara

Rajendra R. Shah  
Chairman & Managing Director

**Notes:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT TO BE A MEMBER.
2. The Proxy Form duly completed and signed should be lodged with the Company 48 hours before the commencement of the meeting, in order to be effective.
3. Explanatory Statement, pursuant to Section 173 of the Companies Act, 1956 in respect of Special Business enumerated at Item No. 5, is annexed.
4. The Register of members and share transfer books of the Company will remain closed from Thursday, the 22<sup>nd</sup> September, 2011 to Saturday, the 24<sup>th</sup> September, 2011 (both days inclusive).
5. MEMBER DESIROUS OF OBTAINING INFORMATION WITH RESPECT OF THE ACCOUNTS OF THE COMPANY ARE REQUESTED TO SEND QUERIES IN WRITING TO THE COMPANY AT IT'S REGISTERED OFFICE SO AS TO REACH AT LEAST SEVEN DAYS BEFORE THE DATE OF THE MEETING.



## ANNEXURE TO NOTICE

**Explanatory Statement pursuant to Section 173(2) of the Companies Act,1956.**

**Item No. 5:**

Mr. Jayesh Vyas, the Practicing Company Secretary, who is M.Com, M.S.W, LL.B.(Sp), F.C.S holding Certificate of Practice from the Institute of Company Secretaries of India, New Delhi, has been assigned the work of issue of Compliance Certificate as required by the Companies (Compliance Certificate) Rules, 2001 framed under Section 383A(1) of the Companies Act,1956 and holds office until the conclusion of the ensuing Annual General Meeting. He being eligible, offers himself for reappointment. Members are requested to consider his reappointment.

None of the Directors is concerned or interested in the said Resolution.

The Directors recommend the resolution for adoption.

For and on behalf of the Board,

Date : 2.08.2011

Place: Vadodara

Rajendra R. Shah

Chairman & Managing Director

## ANNEXURE TO THE NOTICE OF ANNUAL GENERAL MEETING.

**Information pursuant to Clause 49 of the Listing Agreement regarding reappointment of Director.**

Sr.No.	Name of the Director	Dr. Dinesh Shah
i.	Date of Birth	01-07-1959
ii	Date of Appointment	31-01-2003
iii	Specialised Expertise	M.D.,M.R.COg. (U.K.)
iv.	Qualifications	Gynaecology
v	Directorships in others Companies as on 31 <sup>st</sup> March, 2011	Nil
vi.	Chairman / Member of Committees of Companies	Chairman of Shareholders' Grievance Committee, Member of Audit Committee and Remuneration Committee of Mercury Laboratories Limited.

### IMPORTANT COMMUNICATION TO MEMBERS

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/ documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants.

Members who hold shares in physical form are requested to fill the appropriate column in **Email Address Registration Form (refer page 41 of the Annual Report) and registered the same with** our Registrar and Share Transfer Agent, M/s. Link Intime India Private Limited, Unit : Mercury Laboratories Ltd., at B- 102 & 103, Shangrila Complex, First Floor, Near Radhakrishna Char Rasta, Akota, Vadodara 390 020 by mailing your E-mail ID to vadodara@linkintime.co.in with a scan copy of Email Address Registration Form duly signed by you. The signature mentioned in your letter should be matched as per specimen signature recorded with the Company.



## DIRECTORS' REPORT

To,  
The Members,  
**Mercury Laboratories Limited**

Your Directors have pleasure in presenting the 30th Annual Report together with Audited Statements of Accounts for the Year ended 31st March, 2011.

The following figures summarise the financial performance of the Company during the year under review.

### 1. FINANCIAL RESULTS :

	(Rs. in Lacs)	
	2010-11	2009-10
<b>Gross Income</b>	<b>2827.73</b>	2659.18
<b>Gross Profit before Dep. Int. &amp; Tax</b>	<b>361.25</b>	337.26
Less: Interest	<b>26.45</b>	22.88
Less: Depreciation	<b>27.92</b>	26.07
Add : Prior period Adjustment (Net)	<b>1.70</b>	(26.81)
Less: Provision for Tax	<b>103.19</b>	93.86
<b>Net Profit</b>	<b>205.39</b>	167.64
Balance as per last P&L A/c.	<b>0.97</b>	0.38
<b>Profit available for appropriation</b>	<b>206.36</b>	168.02
This profit has been appropriated as under		
(i) Proposed Dividend	<b>18.00</b>	18.00
(ii) Income Tax on proposed dividend.	<b>2.92</b>	3.06
(iii) Transfer to General Reserve	<b>185.00</b>	146.00
(iv) Balance carried to next Year	<b>0.44</b>	0.96
<b>TOTAL</b>	<b>206.36</b>	168.02

### 2. Dividend :

Your Directors are pleased to recommend payment of dividend @ 15% (Rs. 1.50 per Share) on the Equity Share Capital of Rs. 1,20,00,000 for the year 2010-2011 absorbing Rs.20.92 lacs including Tax on Dividend, which will be, if approved, paid to the Shareholders holding shares as on 22<sup>nd</sup> September, 2011, after business hours.

### 3. Operations In Retrospect:

During the year under review, the Company yielded Gross Income of Rs. **2827.73 Lacs** and earned Gross Profit before depreciation, interest and tax of Rs. **361.25 Lacs** with Net Profit of Rs. **205.39 Lacs** as against Gross Income of Rs. 2659.18 lacs, Gross Profit before depreciation and Interest and tax of Rs. 337.26 lacs with Net Profit of Rs. 167.64 Lacs of previous year, registering modest growth of 6.33 % Gross income and 22.51% in Net Profit as well, compared to previous year.

The Company has been pursuing its thrust on its well devised action plan of focusing on deriving maximum mileage on domestic market, more particularly on ethical business, effectively and aggressively penetrating the market, exercising regular and strong follow up over Marketing distribution net work and channels, focusing on new institutional business of supplying products to government / semi-government institutions in the Country, so as to achieving of targeted growth. In a drive to expand business, more than six new products have been introduced in Ergacap division and systematic efforts are being made to promote them.

On export front, the Company has been putting its thrust on development of newer market in different countries and increase clientele in existing exporting countries. During the year the Company added 12 new customers in exporting countries. The Company is vigilant on cost control and hence putting



its best possible efforts continuously, to avoid wasteful expenses and minimise operational expenses to the extent possible. With these, the Board is confident that this would result into substantial growth in the business revenue.

The Company has expansion plan on anvil and in process of establishing new manufacturing facilities at Jarod which will help the Company to enter in to regulated market and bring better result. The Company hopes to pose better and improved results, in coming period, barring unforeseen circumstances.

#### 4. Management Discussion & Analysis :

##### a. Industry Structure and Developments:

The Company was like other Indian pharmaceutical Companies, had reasonably good year, in terms of the profit and growth for the year ended 31<sup>st</sup> March, 2011. Sincere efforts are continued to introduce necessary changes in the various areas of operations, on continual basis, so as to optimize the operating results.

##### b. Opportunities and Threats :

Your Company operates in an area where a large market exists and offers ample opportunities for growth. Your Company's products are well-received in the market. However ,the Company faces tremendous competitions from the organized and also unorganized sectors.

##### c. Outlook :

In view of inflationary trend and keen competitions prevailing in the market, your Directors feel the performance of the Company has been reasonably good. Your Directors are also aware of the fact that Indian Pharmaceutical industry is highly potential to growth but competitive and fragmented.

The management is conscious about the changing scenario in pharmaceutical industry and review take place regularly.

##### d. Risks and concerns :

The external factors such as inflationary trend prevailing in the market, natural calamities, and competition are common to all the industrial sectors. It is therefore necessary to address sincerely and systematically, to the effect of those risks on the business of the Company. Risks which are internal on which the directors and management would have control, are being taken care of . Diversified portfolio of products, focus on financial disbursement, introduction of new products, achieving optimum usage of available infrastructure and deriving maximum possible returns, cost reduction in its operations etc. are some of the inbuilt strategies which are implemented by the Company to manage business risk.

##### e. Internal Control System and their adequacy :

The internal control systems are continuously being fine tuned in line with the changing requirements in the industry. The management regularly reviews the internal control systems in the areas of finance procurement, sales and distribution and marketing and new product launches. Thus emphasis on internal control system is spread over across all major functions and processes.

##### f. Financial Performance :

Financial performance of the Company has been indicated hereinabove.

##### g. Human Resources/Industrial Relations :

Yours Directors believe that employees are the most valued assets of the organization. Thus, all the human resources practices are directed towards enhancing the value of these assets. The focus of the management is on the organizational development and to imbibe new organization values-entrepreneurship, team work achievement and commitment.

#### 5. Directors' Responsibility Statement.:

In terms of Section 217(2AA) of the Companies Act,1956, the Directors would like to state that:-

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed.
- ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give true and fair view of



the state of affairs of the Company at the end of the financial year and of the Profit of the Company for the year under review.

- iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) the Directors have prepared the Annual Accounts on a going concern basis.

**6. Directorate :**

Dr. Dinesh Shah who retires by rotation and being eligible, offers himself for reappointment. Members are requested to consider his re-appointment.

**7. Statutory Disclosures :**

- I. Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosures of particulars in the Report of Board of Directors) Rules, 1988 are given as **Annexure 'A'** to this report.
- II. As required under the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 information is not furnished as no employee is covered there under.
- III. In compliance of Section 383A(1) of the Companies Act, 1956 Compliance Certificate as issued by Mr. Jayesh Vyas of M/s. Jayesh Vyas and Associates, the Practicing Company Secretary, is annexed as **Annexure "B"** to this report.

**8. Corporate Governance :**

Pursuant to Clause 49 of the Listing Agreement with the Over the Counter Exchange of India (OTCEI), Corporate Governance Report and Auditors' Certificate regarding compliance of conditions of Corporate Governance are made a part of the Annual Report as **Annexure "C"**, whereas the Management Discussion and Analysis is given hereinabove.

**9. Dematerialisation of Shares :**

Shares of the Company bears ISIN No. INE947GO1011 as allotted by the National Securities Depository Ltd. (NSDL) & Central Depository Services Ltd. (CDSL), for dematerialization and as of the date, 9,65,800 Equity shares ( 80.48%) have been dematerialized. **Shareholders are recommended to demat their Shares for their better custody and convenience.**

**10. Auditors :**

M/s. Naresh & Co., Chartered Accountants, Vadodara, the Auditors of the Company retire at the ensuing Annual General Meeting, being eligible, offer themselves for reappointment. Members are requested to consider their re-appointment for the current year and fix their remuneration.

**11. Deposits :**

The Company has no unpaid and / or unclaimed deposit. The Company has complied with all requisite applicable provisions of the Companies Act relating to acceptance of deposit from public.

**12. Insurance :**

All the properties and insurable interests of the Company including buildings, plants & machineries and stocks, have been adequately insured.

**13. Appreciation :**

Your Directors have pleasure to place on record their appreciation of the service rendered by the Workmen and Staff of the Company and thank State Bank of India, Government of Gujarat and Central Government for their valuable cooperation in furthering interest of the Company.

**For and on behalf of the Board,**

**Date : 2.08.2011**

**Place: Vadodara**

**Rajendra R. Shah  
Chairman & Managing Director**



### Annexure : A

Information in accordance with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31<sup>st</sup> March, 2011.

#### A Conservation Energy :

##### (a) Energy Conservation measure taken :

Optimum batch size, Elimination idle running time and Inventor planning control.

##### (b) Additional Investment proposal being implemented for reduction consumption energy:

The Company has ongoing study and survey of actual energy consumption. Less efficient equipments are being replaced with efficient equipments.

##### (c) Impact the measures (a) and (b) above for reduction of energy consumption and consequent impact the cost production goods :

The measure take have resulted in saving the cost of production.

##### (d) Detail Energy Consumption for production

a Power and fuel Consumption :		Current Year	Previous Year
1	Electricity		
	(a) Purchased Unit Nos.	5,21,117	4,83,877
	Total Amount Rs.	30,67,488	32,39,691
	Rate/Unit Rs	5.88	6.69
	(b) Own Generation		
	(i) Through diesel Generator.		
	Units (Kwh.	—	—
	Units per liter diesel oil	—	—
	Cost / Units	—	—
	(ii) Through Steam turbine /Generator	N. A	N.A.
2	Coal (Specify quality whereas used )	N.A	N.A.
3	Furnance Oil ,Qty(K. Liters)	19,915	16,090
	Total Amount Rs	8,79,572	5,81,594
	Average Rate Rs	44.17	36.15
	(Per Lit) (Per Lit)		
4	Other internal Generation	N.A.	N.A
b	Consumption per unit production :		

There are number products with different sizes, shape and other parameters being manufactured by the Company, hence, it is not feasible to give information of fuel consumption per unit of production.

#### B. TECHNOLOGY ABSORPTION :

Research Development an Technology Absorption :

Considering the size the units and nature products the avenue for are very limited an therefore no applicable.

#### C. FOREIGN EXCHANGE EARNING AND OUT GO :

		Current Year	Previous Year
Total Foreign Exchange used and earned :		Rs.	Rs.
i)	Foreign Exchange earned	7,92,74,011	8,91,72,510
ii)	Foreign Exchange used	60,39,644	2,28,71,091



**Annexure : B****Company Identification No. : U74239MH1982PTC026341**

Authorised Capital : Rs.200 Lacs

Date of AGM : 24<sup>th</sup> September,2011**COMPLIANCE CERTIFICATE**

To,

The Members

**MERCURY LABORATORIES LIMITED**

18, Shreeji Bhuvan, 51, Mangaldas Road,

Princess Street, Mumbai.

I have examined the registers, records, books and papers of MERCURY LABORATORIES LIMITED as required under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended 31<sup>st</sup> March, 2011. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year.

1. The Company has kept and maintained all registers as stated in Annexure "A" to this certificate as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure "B" to this certificate, with the Registrar of Companies, within the time prescribed under the Act and the rules made there under.
3. The Company being Public limited Company has the minimum pre-scribed paid-up capital and its maximum number of members during the said financial year were 801 (Eight Hundred one only).
  - (i) has not invited public to subscribe for its shares or debentures; and
  - (ii) has not accepted deposits from persons other than its members, Directors or their relatives, however, complied with relevant rules.
4. The Board of Directors duly met 5 (Five) times on 30.04.2010, 31.07.2010, 30.10.2010, 7.01.2011 and 15.3.2011 in respect of which meetings proper notices were given and the proceedings including Circular Resolutions passed by the Directors, were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company closed its Register of Members from 28<sup>th</sup> August, 2010 to 6<sup>th</sup> September, 2010 (both days inclusive), during the financial year.
6. The Annual General Meeting for the financial year ended on 31.03.2010 was held on 6.09.2010 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the period under review.
8. The Company has not advanced loan to its Directors and / or persons or firms or Companies referred to under Section 295 of the Act except to a firm listed in the Register maintained under Section 301 of the Act, during the year under review.
9. In respect of transactions entered with related entities by the Company till 31<sup>st</sup> December, 2010, to which Section 297(1) of the Companies Act, 1956 were attracted, the Company has submitted its SUO MOTTO application to the Registrar of Companies, Maharashtra, for compounding of offence by the Regional Director, under Section 621A of the Companies Act, 1956, which are pending for disposal at the end of the year.



Whereas in respect of future contracts to be entered in to with related entities such as M/s Mercury Antibiotics Private Limited, Mercury Marketing and Consultancy Services (MMCS) and BIO MED India, the Company has already availed prior approval to the Central Government through the Regional Director, Western Region, Mumbai vide its approval letter no. RD/297/372/2374/12/2010/10066 dated 28<sup>th</sup> February, 2011.

10. The Company has made necessary entries in the Register maintained under Section 301 of the Act.
11. There were no instances falling within the purview of Section 314 of the Act.
12. The Company has not issued any duplicate share certificates during the financial year.
13. (i) During year under review, the Company has not allotted any Share but registered transfer of shares as per requests re-ceived with duly executed valid documents, from the Investors.  
(ii) The Company has deposited amount of Dividend @ 15% in separate Bank Account and paid dividend as declared, during the year.  
(iii) The Company has posted warrants to all its members of the Company.  
(iv) The Company transferred amount in unclaimed dividend account, which remained unclaimed or unpaid for the period of Seven years, to Investor Education and Protection Fund.  
(v) The Company has duly complied with the requirement of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and there was no change in the Directors during the year under review.
15. The Company, being a Public Limited Company and provision of the Act with regard to reappointment of Managing Director and Executive Director and payment of remuneration to both of them, as are applicable, have been complied with.
16. The Company has not made appointment of any sole-selling agent during the year under review.
17. The Company obtained approval of the Central Government through Regional Director for transactions to be made with Private limited Company and Partnership Firm in which Directors were interested for period of three years from 1<sup>st</sup> January, 2011, under the Act.
18. The Directors have disclosed their interest in other firms/Companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has not issued any Shares, Debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There were no redemption of preference shares or debentures during the financial year.
22. There were no transactions necessitating the Company to keep in abeyance rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has accepted deposit from public including unsecured loans falling with in the purview of Section 58A during the financial year and complied with the provisions of the Act and relevant rules.
24. The Company, being a Public Company, the borrowing made during the year, do attract provision of Section 293(1)(d) of the Act and the Company has already complied with requirements of relevant provisions of the Act.
25. In respect of loan and guarantee provided and loan availed by the Company, necessary compliance has since been made by the Company as required in terms of Section 372A of the Act.
26. The Company has not altered the provisions of the Memorandum with respect to situation Clause of the Company's Registered Office from one State to another State during the year under scrutiny.



27. The Company has not altered the provisions of Memorandum with respect to the Object Clause of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to Name Clause of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to Share Capital Clause of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association of the Company during the year under scrutiny.
31. There was no prosecution initiated against or show cause notices received by the Company during the financial year, for offences under the Act.
32. The Company has not received any money as security from the employees during the financial year.
33. The Company has deducted and deposited contribution towards Provident Fund with appropriate authorities pursuant to Section 418 of the Act.

Place : Vadodara

Date : 2.08.2011

Signature : Sd/-

Name of Company Secretary : Jayesh Vyas

F.C.S. : 5072

C.P. : 1790

#### **Annexure "A"**

Registers as maintained by the Company

1. Register of Charges u/s.143.
2. Register of Members u/s.150.
3. Minutes Book of Board Meetings u/s.193.
4. Minutes Book of General Meetings u/s.193.
5. Register of Disclosures of interest by Directors u/s.301.
6. Register of Contract u/s.301.
7. Register of Directors u/s.303.
8. Register of Directors Shareholdings u/s.307.
9. Register of Investment, Loans & Guarantee u/s 372A.

#### **Annexure "B"**

Forms and Returns as filed by the Company with the Registrar of Companies during the financial year ending on 31<sup>st</sup> March, 2011.

1. Form 20B with Annual Return filed u/s.159.
2. Form 23AC & 23ACA with Balance Sheet & Profit & Loss Account filed u/s.220.
3. Form 62 with Statement in Lieu of Advertisement u/s.58A & Fixed Deposit Rules.
4. Form 62 with Return of Deposit u/s.58A.
5. Form 66 with Compliance Certificate u/s. 383A.
6. Form 24A u/s. 297(1).
7. Forms 24A and 61 u/s 621A.



## Annexure : C

### COMPLIANCE REPORT ON CORPORATE GOVERNANCE :

In compliance with Clause 49 of the Listing Agreement entered into with Over the Counter Exchange of India (OTCEI), the Company submits its report on the matters mentioned in the said Clause and lists its practices followed as under.

#### 1. Company's Philosophy on Code of Corporate Governance :

Mercury Laboratories Limited' philosophy on Corporate Governance envisages working towards high levels of transparency, accountability, consistent value systems, delegation, across all facets of its operations. The Company's Corporate Governance philosophy has been further strengthened through its Code of Conduct, Code of Conduct for prevention of Insider Trading as also the Code of Corporate Disclosure practices leading to sharply focused and operationally efficient growth. The business operations are conducted to benefit its all stakeholders, including shareholders, employees, customers, suppliers and statutory authorities.

#### 2. Board of Directors :

The Board of Directors is consisting of Five directors with a Chairman and Managing Director, Executive Director and three Independent Non Executive Directors as on 31<sup>st</sup> March, 2011. The composition of the Board is in conformity with Clause 49 of the Listing Agreement entered into with the Over the Counter Exchange of India (OTCEI). None of the Directors on the Board is a Member of more than 10 Committees or Chairman of more than 5 Committees as specified in Clause 49, across all the Companies in which he is a Director. Necessary disclosure regarding Committee position in other Public Companies as at 31<sup>st</sup> March, 2011 have been made by the Directors.

A brief resume of the director being re-appointed at the Annual General Meeting, the nature of their expertise in specific functional areas and names of companies in which he holds directorship and membership of the committees of the Board, is annexed to the Notice. Whereas the names and categories of the Directors, their attendance at Board Meetings, Annual General Meetings attended are given below.

Name of Director	Category of Director	No. of Board Meetings during 2010-11	Whether attended last AGM
Rajendra R. Shah	Promoter, Executive Chairman & Managing Director	5	Yes
Dilip R. Shah	Promoter, Executive Director	4	Yes
Dr. Dinesh Shah	Independent Non executive	5	No
Dr. Tushar Shah	Independent Non executive	5	No
Suryakant B Parikh	Independent Non executive	5	No

None of the directors is director or member or chairman of any other domestic public limited Company.

#### Board Meetings :

During the year 2010-11, the Board met Five times on 30.04.2010, 31.07.2010, 30.10.2010, 7.01.2011 and 15.3.2011. The longest gap between any two Board Meetings did not exceed four months.

None of the Directors on the Board holds the office of Director in more than 15 Companies nor are they members in Committees of the Board in more than 10 Committees or Chairman of more than 5 Committees.

None of the Non Executive Directors have any material pecuniary relationship or transactions with the Company. Necessary information as mentioned in Annexure 1A to the Clause 49 of the Listing Agreement has been placed before the Board for their consideration.

#### Shareholding of Directors :

Names of Directors	No. of Shares held
Shri Rajendra R. Shah	2,93,900 (24.49 %)
Shri Dilip R. Shah	2,88,950 (24.08 %)

#### 3. Audit Committee:

The Board of Directors had constituted an Audit Committee, comprising Three Independent, Non-Executive Directors viz Mr. Suryakant Parikh, Dr. Dinesh Shah and Dr. Tushar Shah. The Chairman of the Committee is Mr. Suryakant Parikh.



The primary objective of the Audit Committee is to monitor and effectively supervise the Company's financial reporting process with a view to provide accurate, timely and proper disclosures and the integrity and quality of the financial reporting.

The constitution of Audit Committee also meets with the requirements under Section 292A of the Companies Act, 1956 and Clause 49II(D) of the Listing Agreement and the terms of reference stipulated by the Board for the Audit Committee, covers the matters specified, which are as under.

**A. The Audit Committee shall have the following powers:**

1. To investigate any activity within its terms of reference.
2. To seek information from any employees.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

**B. The Role of the Audit Committee shall include the followings:**

1. Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of Statutory Auditors and fixation of audit fees.
3. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
4. 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 Directors' Responsibility Statement to be included in the Directors' Report in terms of sub-section (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 adjustment made in the financial statements arising out of audit findings.
  - Compliance with listing and other legal requirements relating to financial statements.
  - Disclosure of related party transactions.
  - Qualification in draft Audit Report.
5. Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
6. Reviewing with the management, the performance of Statutory and Internal Auditors, adequacy of internal control system.
7. Reviewing the adequacy of Internal Audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of Internal Audit.
8. Discussion with Internal Auditors, any significant findings and follow up thereon.
9. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
10. 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.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, Shareholder (in case of non payment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower Mechanism.
13. Carrying out such other function as may be specifically referred to the Committee by the Board of Directors and/or other Committees of Directors of the Company.
14. To review the following information
  - The management discussion and analysis of financial condition and results of operations;
  - Statement significant related party transactions (as defined by the Audit Committee), submitted by management;
  - Management letter/letters of internal control weakness issued by the Statutory Auditors; Internal Audit Reports relating to internal control weakness; and
  - The appointment, removal and terms of remuneration of Internal Auditors.



15. Reviewing the financial statements and in particular the investments made by the unlisted subsidiaries of the Company.

During the year 2010-2011, Four Audit Committee meetings were held on 30.04.2010, 31.07.2010, 30.10.2010 and 7.01.2011, details of attendance of Members at the Meetings of the Audit Committees held during 2010-2011 are as under.

Name of Directors	No. of Meeting held	Meeting Attended
Mr. Suryakant Parikh	4	4
Dr. Dinesh Shah	4	4
Dr. Tushar Shah	4	4

The Manager (Accounts and Finance) being the Chief Financial Officer attend the meetings regularly.

#### 4. Remuneration Committee :

The Board of Directors has formed a Remuneration Committee to review and recommend the remuneration package of the whole time directors, based on performance and defined criteria, which consist of Mr. Suryakant Parikh, Dr. Dinesh Shah and Dr. Tushar Shah. The Chairman of the Committee is Mr. Suryakant Parikh,.

The Remuneration Committee has been constituted to recommend /review remuneration of the Executive Directors based on their performance and defined assessment criteria.

Remuneration Policy of the Company is directed towards rewarding performance, based on the review of achievements. The Remuneration policy is in consonance with the existing Industry practice.

During the year, the Remuneration Committee has met once on 30<sup>th</sup> April, 2010, during the Financial Year 2010-11.

The aggregate value of salary and perquisites for the year ended 31<sup>st</sup> March, 2011 paid to Mr. Rajendra R. Shah, the Managing Director and Mr. Dilip R. Shah, the Executive Director, are as follows.

	(Rs. in Lacs)	
	Managing Director	Executive Director
Salary	8.40	7.70
Perquisites	0.30	0.30
<b>Total</b>	<b>8.70</b>	<b>8.00</b>

With the approval of the Shareholders, Mr. Rajendra Shah and Mr. Dilip Shah, have been appointed as the Managing Director and Executive Director for a tenure of five years with effect from 1.4. 2007 and 1.5.2010, respectively, under the Agreements which can be terminated by either party giving three months' notice in writing.

Non Executive Directors do not draw any remuneration. However, they were paid per meeting, sitting fees @ Rs.3,000/- for Board Meeting and @ Rs. 1,000/- for Committee Meeting, during the year under review,.

Details of sitting fees paid to Non Executive Directors during the year 2010-2011.

Name of Directors	Sitting Fees paid (in Rs.)
Dr. Dinesh Shah	21,000
Dr. Tushar Sha	21,000
Mr. Suryakant Parikh	21,000

As of now, the Company does not have any employee stock option plan.

There were no other pecuniary relationship or transactions of the Non Executive Director vis-à-vis the Company. The Company has not granted any stock option to any of its Directors.

#### 5. Shareholders'/Investors' Grievance Committee.:

Shareholders' Grievance Committee, of the Company is comprised of three Independent Non-Executive Directors viz. Dr. Dinesh Shah, Dr. Tushar Shah and Mr. Suryakant Parikh. The Chairman of the Committee is Dr. Dinesh Shah.

The Committee, inter alia, oversees and reviews all matters connected with the securities and looks into shareholders complaints like transfer of shares, non receipt of balance sheet, non receipt of declared dividend etc. The Committee



oversees the performance and the working of M/s. Link Intime India Pvt. Ltd., the Registrar & Transfer Agent and of the Secretarial Department and recommends measures for overall improvement in the quality of investor services.

During the year 2010-11, the Shareholders'/Investors' Grievance Committee met on 30.04.2010, 31.07.2010, 30.10.2010 and 7.01.2011. Details of Attendance of Members at the Meetings of the Shareholders'/Investors' Grievance Committees held during 2010-11 are as under.

Name of Directors	No. of Meeting held	Meeting Attended
Dr. Dinesh Shah	4	4
Shri Suryakant Parikh	4	4
Dr. Tushar Shah	4	4

The Company has designated Mr. Prakash Patel as Compliance Officer.

Four complaints were received and resolved to the satisfaction of shareholders during the year under review. No complaints are outstanding and no request for transfer was pending for approval as on 31<sup>st</sup> March, 2011.

#### 6. General Body Meetings:

Particulars of the last 3 Annual General Meetings held are as under.

Date	Time	Place	Details of Special Resolution passed
06-09-2010	3.00 p.m.	At the Registered Office	Reappointment of. Shri Dilip Shah as an Executive Director subject to the approval of the Central Government
31-08-2009	3.30 p.m.	At the Registered Office	—
09-08-2008	4.00 p.m.	At the Registered Office	—

No postal ballots were used for voting at these meetings as the same was not required.

Presently the Company does not have any proposal that requires a postal ballot.

#### 7. Disclosures:

- I) Related Party transactions, comprising of contracts or arrangements with the Promoters or other Companies/entities in which the Directors are interested, are entered in the Register of Contracts and placed before Board Meeting as per Section 301 of the Companies Act, 1956. None of the transactions with any of the related parties were in conflict with the interest of the Company.
- II) There were no instances of non-compliance and no strictures and penalties have been imposed on the Company by the Stock Exchange or SEBI or any statutory authorities, on any matters related to capital markets, during the last three years.

#### 8.1 Compliance of Mandatory Requirements:

The Company has complied with the mandatory requirements as stipulated in Clause 49 of the listing agreements with the OTC Exchange of India.

#### 8.2 Compliance of Non Mandatory Requirements :

The Company has adopted the non-mandatory requirements as regards the provisions relating to the Remuneration Committee. The Quarterly Financial Results are published in newspapers, uploaded on the Company's website and also sent to the shareholders on request. The Company affirms that no employee has been denied access to the Audit Committee. As regards the other non mandatory requirements the Board has taken cognizance of the same and shall consider adopting the same as and when necessary.

#### 9. Means of communication:

The annual and quarterly results are regularly published by the Company in Nav Shakti (Marathi) and Free Press Journal (English), the News Papers as per the Stock Exchange requirements. In addition, these are also submitted to the Stock Exchange in accordance with the Listing Agreement. Financial Results are supplied through E-Mail & posts to the Shareholders on demand.

The Management Discussion and Analysis (MD&A) is a part of the Annual Report.



## 10. General Shareholder information:

### 10.1 Annual General Meeting:

- Date and time : 24<sup>th</sup> day September, 2011 at 3.30 p.m.
- Venue : At the Registered Office at 18, 1st Floor, Shreeji Bhuvan, 51, Mangaldas Road, Princess Street, Mumbai.

### 10.2 Financial Calendar :

<b>Board Meeting to approve</b>	:	<b>Period</b>
<b>Unaudited Financial results for</b>		
Quarter ending September 30 <sup>th</sup> , 2011	:	On or before 14 <sup>th</sup> November, 2011
Quarter ending December 31 <sup>st</sup> , 2011	:	On or before 14 <sup>th</sup> February, 2012
Quarter ending March 31 <sup>st</sup> , 2012	:	On or before 14 <sup>th</sup> May, 2012
Quarter ending June 30 <sup>th</sup> , 2012	:	On or before 14 <sup>th</sup> August, 2012
Audited Results for year 2012-13	:	By end of August, 2012.

10.3 Dividend Payment Date : On or after 24<sup>th</sup> September, 2011

### 10.4 Details of Book Closure Dates for the purpose of dividend and AGM :

To determine the entitlement of shareholders to receive the Dividend, for the year ended 31<sup>st</sup> March, 2011 as well as for the purpose of AGM, the Register of Members and Share Transfer Books of the Company will remain closed from Thursday, the 22<sup>nd</sup> September, 2011 to Saturday, the 24<sup>th</sup> September, 2011 (Both days inclusive).

### 10.5 Dividend Remittance:

Dividend on Equity Shares as recommended by the Directors for the year ended 31<sup>st</sup> March, 2011 when declared at the AGM, will be paid:

- (i) to those members whose names appear on the Register of Members of the Company, after giving effect to all valid share transfers in physical form lodged with the Company on or before Thursday, the 22<sup>nd</sup> September, 2011.
- (ii) In respect of shares held in electronic form to those "deemed members" whose names appear in the statements of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as at the end of business hours on Thursday, the 22<sup>nd</sup> September, 2011.

### 10.6 Listing of Equity Shares: At Over the Counter Exchange of India (OTCEI)

10.7 Stock Code : Not Applicable  
 Trading Symbol OTCEI : Not Applicable  
 Demat ISIN Number : INE947GO1011

### 10.8 Stock Market Data :

No Shares of the Company were traded at OTC Exchange during the period under review. Hence the Stock Market Data are not given.

### 10.9 Registrar and Share Transfer Agent :

#### Link Intime India Pvt Ltd.

B-102 & 103, Shangrila Complex, 1st Floor, Opp. HDFC Bank,  
 Nr. Radha Krishna Char Rasta, Akota, Vadodara – 390020.  
 Phone: +91 265 2356573-2356794

### 10.10 Share Transfer System :

Presently, the share transfers which are received in physical form are processed by the Registrar and Transfer Agent and the share certificates are returned within a period of 30 days from the date of receipt, subject to the documents being valid and complete in all respects.



10.11 Distribution of Shareholding as on 31<sup>st</sup> March, 2011.

Shareholding (in Rs.)	No. of Shareholders	% of Total	Share Amount	% of Total
1 - 5000	715	89.26	13,23,000	11.03
5001 - 10000	34	4.24	3,10,000	2.58
10001 - 20000	19	2.37	3,00,500	2.50
20001 - 30000	5	0.63	1,35,000	1.13
30001 - 40000	5	0.63	1,94,000	1.62
40001 - 50000	4	0.50	1,95,000	1.62
50001 - 100000	4	0.50	2,78,500	2.32
100001 & above	15	1.87	92,64,000	77.20
<b>Total</b>	<b>801</b>	<b>100.00</b>	<b>120,00,000</b>	<b>100.00</b>

The Company has not issued any GDRs / ADRs/ Warrants or any convertible instrument.

## 10.12 Dematerialisation of Shares :

The Shares of the Company has already been allotted ISIN INE947GO1011 by NSDL & CDSL

10.13 **Plant locations** : at 2/13-14 BIDC, Gorwa Industrial Estate, Baroda

: at Jarod, Dist. Vadodara.

10.14 Address for Correspondence for : Link Intime India Pvt Ltd.  
settlement of Shares related : at their office addresses  
Grievances. mentioned at 10.9, above

## Auditors' Certificate

To,

The Members of **Mercury Laboratories Limited**.

We have examined the compliance of conditions of Corporate Governance by **Mercury Laboratories Limited** for the year ended on 31<sup>st</sup> March, 2011 as stipulated in clause 49 of the Listing Agreement of the said Company with OTC Stock Exchange of India.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to producers and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the 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 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/Investors 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.

**For, Naresh & Co.**  
**Chartered Accountant**

**Place : Vadodara**  
**Date : 2/08/2011**

**Anil L. Shah**  
**Partner**  
**Membership No. : 35309**



## Declaration

### Declaration regarding Compliance by Board Members and Senior Management Personnel with the Company's Code of Conduct :

This is to confirm that the Company has adopted a Code of Conduct for its employees , Non executive Directors and Executive Directors, which is also available on the Company's web site.

I confirm that the Company has, in respect of the financial year ended 31<sup>st</sup> March, 2011 received from the Senior Management Team of the Company and the Members of the Board, a declaration of Compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Team means the Chief Accountant and other employees in the Executive cadre as on 31<sup>st</sup> March, 2011.

Place: Vadodara

Date: 2/08/2011

Rajendra R. Shah  
CEO & Managing Director

## Certificate

To,  
The Board of Directors,  
**Mercury Laboratories Limited.**  
**Mumbai**

This is to certify that;

We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:

These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading,

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,

There are, to the best of our 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.

We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

We have indicated to the Auditors and the Audit Committee,

- significant changes in Internal Control during the year;
- significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
- 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 rolls in the Company's internal control system.

**For Mercury Laboratories Limited.**

Place : Vadodara

Date : 2/08/2011

Rajendra R. Shah  
CEO & Managing Director

**AUDITORS' REPORT****To the Members**

We have audited the attached Balance Sheet of **MERCURY LABORATORIES LIMITED** as at **31<sup>st</sup> MARCH 2011** and also the Profit & Loss Account of the Company, for the year ended on that date, annexed thereto and the Cash Flow Statement for the year ended on that date. 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.

1. As required by the Companies (Auditors Report) Order, 2003 and companies (Auditors Report) order (Amendment) 2004 issued by the Central Government in terms of section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraph 4 & 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above :
  - a. We have obtained all the information and explanations, which, to the best of our knowledge and belief, were necessary for the purpose of our Audit.
  - b. In our opinion, proper books of accounts as required by the law have been kept by the Company, so far as appears from our examination of the said books.
  - c. The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts of the Company.
  - d. In our opinion, the Balance Sheet & the Profit & Loss Account annexed thereto and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section 3(C) of Section 211 of the Companies Act, 1956.
  - e. On the basis of written representations received from the directors, as on 31<sup>st</sup> March, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2011 from being appointed as a director of the Company under clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - f. In our opinion and to the best of our information and in accordance with the explanations given to us, the said Balance Sheet and the Profit & Loss Account annexed thereto and the Cash Flow Statement, read together with the Significant Accounting policies and Notes on Accounts ( Schedule – O ), **subject to Note No. B3 for non provisions of bad debts of Rs.29.23 lacs** give the information as 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 :-
    - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2011,
    - (ii) in the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date, AND
    - (iii) in the case of the Cash Flow Statement, of the Cash Flows of the Company for the year ended on that date

**FOR NARESH & CO.**  
**CHARTERED ACCOUNTANT**  
**FRN No. 106928W**

**PLACE : VADODARA**  
**DATE : 2/08/2011**

**CA ANIL L. SHAH**  
**PARTNER**  
**MEMBERSHIP NO. : 35309**

**ANNEXURE TO AUDITORS' REPORT**

**(Referred to in paragraph 1 or our report of even date on the accounts for the year ended 31<sup>st</sup> March 2011 of Mercury Laboratories Limited )**

- (i) (a) The Company has maintained proper records showing full particulars including Quantitative Details and situation of the Fixed Assets for the last Ten years. As informed to us, the Company is in the process of updating its old records.
- (b) All the assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. As informed to us, no material discrepancies were noticed on such verification.
- (c) During the year, the company has not disposed off any of its fixed assets.
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been adequately dealt within the books of accounts.
- (iii) (a) The Company has not granted unsecured loan to a Firm listed in the Register maintained under Section 301 of the Companies Act, 1956. Therefore requirement of clause (iii-b), (iii-c) and (iii-d) of CARO are not applicable.
- (b) The Company has not taken any secured or unsecured loan from Companies, Firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. consequently, no comments are necessary on Para (iii) (e),(f) and (g) of CARO 2004 as amended by CARO (Amendment) 2004.
- (iv) 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 with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal controls.
- (v) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to Section 301 of the Act have been entered into the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the registers maintained under Section 301 and exceeding the value of five lakh rupees in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of Sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
- (vii) In our opinion, the company has an internal audit system commensurate with the size of the company and nature of its business.
- (viii) We have broadly reviewed the books of account relating to materials, labor and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that *prima facie* the prescribed accounts and records have been maintained.
- (ix) (a) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection



Fund, Income Tax, Sales Tax, Custom Duty, Excise Duty, Service Tax, Cess and material other statutory dues applicable to it.

According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty, Excise Duty, Service Tax, Cess and other applicable material statutory liabilities were outstanding, as at 31<sup>st</sup> March, 2011 for a period of more than six months from the date they became payable.

- (b) According to the records of the company, there are no dues of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Excise Duty, Cess or other applicable statutory liabilities which have not been deposited on account of any dispute except following :

Statute	Nature of Dues	Amount (Rs.)	Period	Forum
Sales tax	GST on Assessment	16832.00	1978-79	Tribunal Appeals
Sales Tax	GST on Assessment	102385.00	1979.80	Tribunal Appeals
Sales Tax	GST on Assessment	89391.00	1991-92	Tribunal Appeals

- x. The Company has no accumulated losses. The company has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xi. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to financial institutions or banks. The Company has not issued any debentures.
- xii. As per information given to us, during the year under report, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, considering the nature of activities carried on by the Company during the year, the Company is not a Chit fund or a Nidhi / mutual benefit fund / society. Therefore, the provisions of Clause 4 (xiii) of CARO, 2003 are not applicable.
- xiv. In our opinion, the Company is not dealing or trading in shares, securities, debentures or other investments. Accordingly, the Therefore, the provisions of Clause 4 (xiv) of CARO, 2003 are not applicable
- xv. According to the records of the company and based on information & explanation given to us, the company has not given any Guarantee for Loans taken by other from Banks or Financial Institute.
- xvi. Term loans received during year have been utilized for purpose for which they were taken.
- xvii. On the basis of review of Utilization of fund which is based on overall examination of Balance Sheet of the Company, related information as made available to us and as represented to us by management, we report that fund raised on short term basis have not been used for long term investment . Long term application of funds during the year for Investment in Fixed Assets of the company has been financed either out of long term funds generated from Bank Loan and out of the reserve/internal accruals of the company.
- xviii. The company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix. During the period covered by our audit report, the company has not issued any debentures.
- xx. The Company has not raised any money through public issues during the year under report.
- xxi. Based upon the audit procedures performed and 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 NARESH & CO.**  
**CHARTERED ACCOUNTANT**  
**FRN No. 106928W**

**CA ANIL L. SHAH**  
**PARTNER**  
**MEMBERSHIP NO. : 35309**

**PLACE : VADODARA**  
**DATE : 2/08/2011**

BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2011

RUPEES IN THOUSAND

DESCRIPTION	Sch. No.	31/03/2011	31/03/2010
<b>Sources of Funds</b>			
<b>Shareholders Fund</b>			
Share Capital	A	12,000.00	12,000.00
Reserves & Surplus	B	67,650.30	49,203.02
		<b>79,650.30</b>	61,203.02
<b>Loan Funds</b>			
Secured Loans	C	22,826.02	11,668.05
Unsecured Loans	D	12,680.55	14,119.99
		<b>35,506.57</b>	25,788.04
<b>Deffered Tax Liability</b>			
Deffered Tax Liability		6,476.31	6,407.70
		<b>6,476.31</b>	6,407.70
<b>Total Rs.</b>		<b>121,633.18</b>	93,398.76
<b>Application of Funds</b>			
<b>Fixed Assets (At Cost)</b>			
Gross Block	E	69,177.59	66,683.39
Less : Depreciation		26,688.68	23,896.71
<b>Net Block</b>		<b>42,488.91</b>	42,786.68
<b>Investments (At Cost)</b>	F	<b>63.00</b>	63.00
<b>Current Asstes, Loans &amp; Advances</b>			
Inventories	G	37,105.29	27,071.18
Sundry Debtors		63,537.50	58,911.52
Cash & Bank Balance		15,717.37	17,136.84
Loan, Advances & Deposit		29,789.79	21,129.82
		<b>146,149.95</b>	124,249.36
<b>Less : Current Liabilities &amp; Provisions</b>			
Liabilities	H	45,318.06	56,731.28
Provisions		21,750.62	16,969.00
		<b>67,068.68</b>	73,700.28
<b>Net Current Assets</b>		<b>79,081.27</b>	50,549.08
<b>Total Rs.</b>		<b>121,633.18</b>	93,398.76
<b>Notes on Accounts</b>	O		

Notes forming part of the Accounts

As per our report of even date

For Naresh &amp; Co.,

Chartered Accountants

CA Anil L. Shah

Partner

Membership No. : 35309

Vadodara

Date : 2/08/2011

For and on behalf of the Board,

R. R. Shah

Managing Director

Vadodara

Date : 2/08/2011

D. R. Shah

Executive Director



**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31<sup>ST</sup> MARCH 2011**

RUPEES IN THOUSAND

DESCRIPTION	Sch.No.	31/03/2011	31/03/2010
<b>Income</b>			
Turnover	I	<b>290,906.23</b>	269,657.85
Less : Excise Duty		<b>4,857.64</b>	4,921.85
		<b>286,048.59</b>	264,736.00
Less : Returns		<b>5,985.29</b>	2,135.08
		<b>280,063.30</b>	262,600.92
Other Income	J	<b>2,709.43</b>	3,317.53
<b>Total Rs.</b>		<b>282,772.73</b>	265,918.45
<b>Expenditure</b>			
Material Consumption	K	<b>123,573.30</b>	125,143.22
Manufacturing Exps.	L	<b>15,309.80</b>	12,618.15
Employees Emoluments	M	<b>43,548.02</b>	36,654.94
Interest		<b>2,645.33</b>	2,287.84
Admn. & Selling/Distribution Exps.	N	<b>64,215.91</b>	57,776.42
Depreciation	E	<b>2,791.97</b>	2,606.69
<b>Total Rs.</b>		<b>252,084.33</b>	237,087.26
<b>Profit Before Tax</b>		<b>30,688.40</b>	28,831.19
Add : Exceptional item		<b>328.99</b>	-
(See schedule "O" (B)(9))			
Less : Prior Period Adjustment (Net)		-	2,637.74
Less : Prior Period Income tax		<b>159.49</b>	43.42
Less : Provision for Current tax		<b>10,250.00</b>	9,100.00
Provision for Deffered tax		<b>68.61</b>	286.21
<b>Profit After Tax</b>		<b>20,539.29</b>	16,763.82
Add : Surplus b/f from Previous year		<b>96.46</b>	38.55
		<b>20,635.75</b>	16,802.37
<b>Available for Appropriation</b>			
<b>Appropriated as Under :</b>			
Proposed Dividend		<b>1,800.00</b>	1,800.00
Tax on Dividend		<b>292.01</b>	305.91
Transfer to General Reserve		<b>18,500.00</b>	14,600.00
Balance c/f to Balance Sheet		<b>43.74</b>	96.46
<b>Notes on Accounts</b>	O		

**Notes forming part of the Accounts**

As per our report of even date

**For Naresh & Co.,**

Chartered Accountants

**CA Anil L. Shah**

Partner

Membership No. : 35309

Vadodara

Date : 2/08/2011

**For and on behalf of the Board,**

**R. R. Shah**

Managing Director

Vadodara

Date : 2/08/2011

**D. R. Shah**

Executive Director

**CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31<sup>ST</sup> MARCH 2011**

(Pursuant to Clause 32 of the Listing Agreement)

RUPEES IN THOUSAND

DESCRIPTION	31/03/2011	31/03/2010
<b>(A) CASH FLOW FROM OPERATION ACTIVITIES</b>		
<b>NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS</b>	<b>30688.40</b>	28831.19
<b>ADJUSTMENT FOR :</b>		
DEPRECIATION	2791.97	2606.69
INTREST CHARGED	2645.33	2287.84
BED-DEBTS EXPENCES	2228.85	601.77
INTREST RECEIVED	-463.51	-391.03
MISCELLANOUS RECEIPTS	-246.31	-355.02
<b>OPERATING PROFIT BEFOR WORKING CAPITAL CHANGES</b>	<b>37644.73</b>	33581.44
<b>ADJUSTMENT FOR :</b>		
TRADE RECEIVABLES	-6854.83	-8628.70
INVENTORIES	-10034.11	-10243.51
LOANS AND ADVANCES	-2904.24	425.37
TRADE PAYABLES	-11413.23	23650.65
<b>CASH GENERATION FROM OPERATIONS</b>	<b>6438.32</b>	38785.25
INTEREST PAID	-2645.33	-2287.84
GRATUITY & P L ENCASHMENT PAID	343.46	-3524.26
PRIOR PERIOD AJUSTEMENT (NET)	-159.49	-43.42
DIRECT TAXES PAID	-11224.67	-8866.56
<b>NET CASH FROM OPERATING ACTIVITES</b>	<b>-7247.71</b>	24063.17
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
INTREST RECEIVED	463.51	391.03
MISCELLANOUS RECEIPTS	246.31	355.02
PURCHASE OF FIXED ASSETS	-2494.20	-4139.42
<b>NET CASH GENERATED FROM INVESTING ACTIVITIES</b>	<b>-1784.38</b>	-3393.37
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
UNSECURED LOANS	-1439.44	2821.37
SECURED LOANS	11157.96	-9483.23
DIVIDEND PAID	-2105.90	-1684.73
<b>NET CASH GENERATED FROM FINANCING ACTIVITIES</b>	<b>7612.62</b>	-8346.59
<b>NET CASH INCREASE/DECREASE IN CASH &amp; CASH EQUIVALENTS</b>	<b>-1419.47</b>	12323.21
<b>OPENING BALANCE OF CASH &amp; CASH EQUIVALENTS</b>	<b>17136.84</b>	4813.63
<b>CLOSING BALANCE OF CASH &amp; CASH EQUIVALENTS</b>	<b>15717.37</b>	17136.84

Notes forming part of the Accounts

As per our report of even date

For Naresh &amp; Co.,

Chartered Accountants

CA Anil L. Shah

Partner

Membership No. : 35309

Vadodara

Date : 2/08/2011

For and on behalf of the Board,

R. R. Shah

Managing Director

Vadodara

Date : 2/08/2011

D. R. Shah

Executive Director



SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2011

RUPEES IN THOUSAND

Particulars	31/03/2011	31/03/2010
<b>Schedule : (A)</b>		
<b>Share Capital :</b>		
<b>Authorised</b>		
2000000 Shares of Rs. 10 each	20,000.00	20,000.00
<b>Issued, Subscribed &amp; Paid Up Capital</b>		
1200000 Equity Shares of Rs, 10 each	12,000.00	12,000.00
Fully Paid up in Cash		
<b>Total Rs.</b>	<u>12,000.00</u>	<u>12,000.00</u>
<b>Schedule : (B)</b>		
<b>Reserves &amp; Surplus :</b>		
<b>General Reserve</b>		
Balance b/f from Previous year	45,506.56	30,906.56
Add : Set aside this year	18,500.00	14,600.00
	64,006.56	45,506.56
<b>Share Premium Reserve</b>	3,600.00	3,600.00
<b>Profit &amp; Loss A/c</b>		
Surplus at the end of the year	43.74	96.46
<b>Total Rs.</b>	<u>67,650.30</u>	<u>49,203.02</u>
<b>Schedule : (C)</b>		
<b>Secured Loan</b>		
From small industrial dev.bank ltd.	900.00	1,790.68
From Kotak Mahindra Primus Ltd.	360.98	500.00
From Hdfc Ltd.	0.00	93.37
(Against Hyp. Of Motor Car)	1,260.98	2,384.05
From State Bank of India		
- Export Packing Credit	0.00	0.00
- Cash Credits	12,718.54	0.00
- FCNRB Loan	8,846.50	9,284.00
	21,565.04	9,284.00
<b>Total Rs.</b>	<u>22,826.02</u>	<u>11,668.05</u>
<b>Schedule : (D)</b>		
<b>Unsecured Loan</b>		
From Shareholders	4,351.20	6,100.00
From Others - Trade Deposit	8,329.35	8,019.99
<b>Total Rs.</b>	<u>12,680.55</u>	<u>14,119.99</u>

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2010**

Schedule : (E) Fixed Assets											
RUPEES IN THOUSAND											
Sr No	Fixed Assets	Gross Block				Depreciation				Net Block	
		As on 01.04.10	Addition	Deduction & Adjustments & Amortization	As on 31.03.11	As on 01.04.10	Recouped	For the year 2010-2011	As on 31.03.11	As on 31.03.11	As on 31.03.10
1	Land	4460.22	0.00	0.00	<b>4460.22</b>	0.00	—	<b>0.00</b>	<b>0.00</b>	<b>4460.22</b>	4460.22
2	Building	15516.16	361.15	0.00	<b>15877.31</b>	4471.72	—	<b>480.76</b>	<b>4952.48</b>	<b>10924.83</b>	11044.44
3	Plant & Machinery	18582.49	1343.64	0.00	<b>19926.13</b>	7403.51	—	<b>781.41</b>	<b>8184.91</b>	<b>11741.22</b>	11178.98
4	Laboratory Instruments	5995.61	34.20	0.00	<b>6029.81</b>	2138.17	—	<b>256.30</b>	<b>2394.47</b>	<b>3635.34</b>	3857.44
5	Air Condition & Equipment	7518.86	363.16	0.00	<b>7882.02</b>	2102.58	—	<b>350.91</b>	<b>2453.48</b>	<b>5428.54</b>	5416.28
6	Furniture,Fixtures & Dead stock	10018.89	392.05	0.00	<b>10410.94</b>	6298.79	—	<b>590.22</b>	<b>6889.02</b>	<b>3521.92</b>	3720.10
7	Vehicles	4591.16	0.00	0.00	<b>4591.16</b>	1481.94	0.00	<b>332.37</b>	<b>1814.32</b>	<b>2776.84</b>	3109.22
	<b>TOTAL</b>	<b>66683.39</b>	<b>2494.20</b>	<b>0.00</b>	<b>69177.59</b>	<b>23896.71</b>	<b>0.00</b>	<b>2791.97</b>	<b>26688.68</b>	<b>42488.91</b>	<b>42786.68</b>
	Previous Year	<b>62543.97</b>	<b>4139.42</b>	<b>0.00</b>	<b>66683.39</b>	<b>21290.02</b>	<b>0.00</b>	<b>2606.69</b>	<b>23896.71</b>	<b>42786.68</b>	<b>41253.95</b>



SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2011

RUPEES IN THOUSAND

Particulars	31/03/2011	31/03/2010
<b>Schedule : (F)</b>		
<b>Investment At Cost</b>		
Trade (Unquoted - At Cost)		
63 Equity Shares of Rs.1000 each in Baroda Industrial Development Corp.	63.00	63.00
<b>Total Rs.</b>	<b>63.00</b>	<b>63.00</b>
<b>Schedule : (G)</b>		
<b>Current Asstes, Loans &amp; Advances</b>		
<b>(A) Current Assets :</b>		
<b>(1) Inventories :</b>		
(As valued & certified by Management)		
Raw Material	6,082.24	12,044.90
Work in Process	415.70	576.03
Packing Materials	2,876.36	3,444.75
Finished Goods	27,730.99	11,005.50
	<b>37,105.29</b>	<b>27,071.18</b>
<b>(2) Sundry Debtors :</b>		
(Unsecured)		
<b>O/s for More than 6 Months</b>		
- Considered Good	4,269.74	6,007.96
- Considered Doubtful	2,923.42	0.00
	<b>7,193.16</b>	<b>6,007.96</b>
<b>Others</b>		
- Considered Good	56,344.34	52,903.56
	<b>63,537.50</b>	<b>58,911.52</b>
<b>(3) Cash &amp; Bank Balance</b>		
<b>Cash on Hand</b>	81.14	120.44
<b>Money in Transit</b>	0.00	0.00
<b>Balances with Scheduled Banks</b>		
- In Current A/c.	4,256.72	8,837.68
- Fixed Deposit	10,314.00	7,197.68
- Margin deposit	1,065.51	981.04
	<b>15,636.23</b>	<b>17,016.40</b>
	<b>15,717.37</b>	<b>17,136.84</b>
<b>Total Current Assets</b>	<b>116,360.16</b>	<b>103,119.54</b>
<b>(B) Loan, Advances &amp; Deposit :</b>		
(Unsecured, Considered Good unless otherwise specified)		
Advances Receivable in Cash or Kind or for value to be received		
- Considered Good	10,517.42	7,467.23
- Considered Doubtful	0.00	0.00
	<b>10,517.42</b>	<b>7,467.23</b>
Balance with Excise & Customs Dept.	15.62	18.29
Tax Paid in Advance	19,256.75	13,644.30
	<b>29,789.79</b>	<b>21,129.82</b>
<b>Total Rs.</b>	<b>146,149.95</b>	<b>124,249.36</b>

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2011

RUPEES IN THOUSAND

Particulars	31/03/2011	31/03/2010
<b>Schedule : (H)</b>		
<b>Current Liabilities &amp; Provisions :</b>		
Liabilities		
Sundry Creditors	45,318.06	56,731.28
Interest Accrued but not due on Loans	0.00	0.00
	45,318.06	56,731.28
<b>Provisions</b>		
Provision for Taxation	19,350.00	14,540.00
Provision for Proposed Dividend & Tax thereon	2,092.00	2,105.91
Provision for Leave Encashment	308.62	323.09
	21,750.62	16,969.00
<b>Total Rs.</b>	<b>67,068.68</b>	<b>73,700.28</b>
<b>Schedule : (I)</b>		
<b>Sales</b>		
Indigenous Sales	209,482.25	177,473.19
Export Sales	79,274.01	89,172.51
Export Incentives	2,149.97	3,012.15
<b>Total Rs.</b>	<b>290,906.23</b>	<b>269,657.85</b>
<b>Schedule : (J)</b>		
<b>Other Income :</b>		
Processing Charges	1,999.61	2,571.48
Interest Earned	463.51	391.03
Misc. Receipts	246.31	355.02
<b>Total Rs.</b>	<b>2,709.43</b>	<b>3,317.53</b>
<b>Schedule : (K)</b>		
<b>Material Consumption</b>		
<b>Raw Materials</b>		
Op. Stock of Raw Materials	12,044.90	3,492.71
Add : Purchases	37,885.33	64,962.02
	49,930.23	68,454.73
Less : Cl. Stock of Raw Materials	6,082.24	12,044.90
<b>Raw Materials Consumed (a)</b>	<b>43,847.99</b>	<b>56,409.83</b>
<b>Packing Materials</b>		
Op. Stock of Packing Materials	3,444.76	2,322.18
Add : Purchases	28,261.11	30,030.09
	31,705.87	32,352.27
Less : Cl. Stock of Packing Materials	2,876.36	3,444.75
<b>Packing Materials Consumed (b)</b>	<b>28,829.51</b>	<b>28,907.52</b>
<b>Finished Products Purchased ( c)</b>	<b>67,039.76</b>	<b>39,950.89</b>
<b>Increase/ (Decrease) in Stock</b>		
<b>Stock at Commencement</b>		
Work in Process	576.03	325.42
Finished Goods	11,005.50	10,687.36
	11,581.53	11,012.78

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2011

RUPEES IN THOUSAND

Particulars	31/03/2011	31/03/2010
<b>Less : Closing Stock</b>		
Work in Process	415.70	576.03
Finished Goods	27,730.99	11,005.50
	28,146.69	11,581.53
<b>Increase/ (Decrease) in Stock (d)</b>	<b>-16,565.16</b>	<b>-568.75</b>
<b>Excise duty on physician sample</b>	<b>421.20</b>	<b>443.73</b>
<b>Total Rs.</b>	<b>123,573.30</b>	<b>125,143.22</b>
<b>Schedule : (L)</b>		
<b>Manufacturing Expenses :</b>		
Manufacturing Labour Charges	1,402.60	912.23
Power & Fuel	3,947.06	3,821.29
Repairs & Maintenance (Plant & Machinery)	2,385.30	1,598.18
Repairs & Maintenance (Building)	3,002.91	2,714.88
Repairs & Maintenance (Others)	549.10	656.51
Stores & Spares	2,892.17	2,105.93
Laboratory Expenses	1,130.66	809.13
<b>Total Rs.</b>	<b>15,309.80</b>	<b>12,618.15</b>
<b>Schedule : (M)</b>		
<b>Employees Emoluments</b>		
Salaries, Wages, Bonus & Incentives	40,385.51	34,454.42
Contribution to Pf and other funds	914.36	769.15
Employees' State Insurance Scheme	1,268.68	484.14
Workmen & Staff Welfare Expenses	979.47	947.23
<b>Total Rs.</b>	<b>43,548.02</b>	<b>36,654.94</b>
<b>Schedule : (N)</b>		
<b>Administrative &amp; Selling/ Distribution Expenses :</b>		
Rent	52.59	56.86
Rates & Taxes	339.75	412.78
Insurance Premium	290.11	349.13
Packing & Forwarding Expenses	12,087.02	10,419.69
Selling Expenses	8,088.75	5,984.36
Commission & Discount	5,904.10	5,321.68
Travelling & Conveyance	20,510.83	17,246.75
General Expenses	7,133.97	6,527.89
Advertisement & Publicity	718.76	921.69
Legal Fees & Professional Charges	703.01	793.01
Auditors Remuneration	100.00	100.00
Directors Fees	63.00	69.00
Directors Remuneration	1,610.00	1,540.00
Donation	1,500.00	2,525.00
Loss on Expiry, Spoilage & Breakage	2,885.17	4,906.81
Bad - Debts	2,228.85	601.77
<b>Total Rs.</b>	<b>64,215.91</b>	<b>57,776.42</b>

**SCHEDULE "O"****NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT ANNEXED THERETO :****A. SIGNIFICANT ACCOUNTING POLICIES :****1. Basis of Preparation of Financial Statements**

- a. The Accounts are prepared under the historical cost convention and using the accrual method of accounting, unless otherwise stated hereinafter. To comply in all material aspect, with the mandatory accounting standards as notified by the Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act, 1956 and in conformance with accounting principles generally accepted in India. Accounting Policies, not specifically referred to, are consistent and in consonance with generally accepted accounting principles.

b. Use of Estimates

The preparation and Presentation of Financial Statements as per the above bases required the management to make estimates and assumptions that may affect the balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the balance sheet and the reported amounts of incomes and expenses during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from those estimated.

**2. Fixed Assets :**

- a. Fixed Assets are stated at their cost of acquisition less accumulated depreciation. The cost of acquisition includes freight, installation cost, duties, taxes and other incidental expenses, identifiable with the asset, incurred during the installation / construction stage in order to bring the assets to their working condition for intended use.
- b. The Company takes Modvat Credit for the excise duty element in the cost of the Fixed Assets purchased. Furthermore, the Company also receives subsidies against purchase and installation of new plant and machinery in some cases. The cost of assets purchased which is disclosed under the head "Fixed Assets" and for the purpose of depreciation is after deducting the excise duty element as well as the subsidies received.

**3. Depreciation:**

- a. Depreciation on assets is being provided on the Straight Line Method in accordance with the provisions of Section 205(2)(a) and according to the classification and at the rates specified in Schedule XIV to the Companies Act, 1956 as amended via circular no. 14/93 dt. 20.12.93. As per the option given by the Circular, depreciation has been provided at old rates in respect of the Assets existing on the effective date of amendment and at new rates on the additions made subsequent to that date.
- b. No depreciation is being provided on the assets sold during the year. On the additions during the year, depreciation has been provided pro-rata on the basis of number of days for which the asset was used during the year.

**4. Inventory:**

- a. Raw Materials and Packing Materials are valued 'at Cost' on FIFO basis. 'Cost' includes all duties, taxes and other expenses incurred to bring the inventories to their present location and condition, except duties and taxes which are subsequently recoverable from the taxing authorities.
- b. Finished goods produced by the Company are valued at lower of cost or net realisable value.
- c. Semi-Finished goods have been valued at Raw Material cost increased by a proportion of overheads in consonance with the stage of completion as certified by the management.
- d. Stock of goods purchased for resale purposes are valued at their acquisition cost inclusive of all duties and taxes.

**5. Retirement Benefits :**

a. Contributions to Provident Fund and Employees' State Insurance are accounted on accrual basis and charged to the Profit & Loss account for the year.

b. Leave Encashment

The Company has provided for the liability at the year end on account of unaviled earned leave as per the accrual basis.

c. Gratuity

The Company provides for gratuity obligations through a Defined benefits Retirement plan ('The Gratuity Plan') covering all eligible employees. The present value of the obligation under such Defined benefits plan is determined based on actuarial valuation using the Project Unit Credit method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up final obligation. The obligation is measured at the present value of the estimated cash flows. The discount rate used for determining the present value of the defined obligation under defined benefit plan, is based on the market yields on Government securities as at the balance sheet date. Actuarial gains and losses are recognised in Profit and Loss Account as and when determined.

The Company makes annual contribution to LIC for the gratuity plan in respect of all the employees.

**6. Sales/Turnover and Income Recognition:**

a. Sales Income for the year includes domestic and export sales as well as export incentives.

b. Revenue is recognized on transfer of property in goods or on transfer of significant risks and rewards of ownership to the buyer, for a consideration, without the seller retaining any effective control over the goods.

c. Sales are accounted on dispatch of goods (which generally coincides with the transfer of ownership) and are inclusive of excise duty but net of sales tax.

d. Export sales are accounted at their CIF value based on the actual realisation in Indian Rupees.

e. Export Incentives include advance license benefits as well as income on sales of import licenses. Advance license benefit is also recognised on accrual basis on the licenses on hand with the Company as at the year end

f. Other items of income including interest are accounted on accrual basis (depending on certainty of realisation) and disclosed under the head "Other Income".

**7. Foreign Currency Transactions :**

Transactions in foreign currency are recorded in Indian Rupees at the exchange rate prevailing on the date of the transactions. Exchange gains or losses on settlement, if any, are treated as income or expenditure respectively in the Profit and Loss Account except those relating to acquisition of fixed assets, if any, which are adjusted in the cost of such assets. Liabilities in foreign currency as well as receivables in foreign currency as on the date of the Balance Sheet have been restated at the rates of exchange prevailing as on the date of Balance Sheet. However, if the liabilities / receivable have been actually realised subsequently, the same have been recorded at that value.

**8. Borrowing Costs:**

According to AS-16 Borrowing costs, issued by the Institute of Chartered Accountants of India, borrowing costs that are directly attributable to the acquisition of qualifying assets are to be capitalized for the period until the asset is ready for its intended use. A qualifying asset being, an asset that necessarily takes a substantial period of time to get ready for its intended use. Other borrowing costs are to be recognized as an expense in the period in which they are incurred. No borrowing costs were eligible for capitalization.

**9. Government Grants:**

Government Grants / Subsidies received during the year relating to specific fixed assets have been reduced from the cost of the asset.

**10. Investments:**

Long term investments are stated at cost. Provision for diminution in the value of such investments is made to recognize a decline, other than temporary, in their value. Current investments, where applicable, are valued at lower of cost or fair value.

**11. Accounting for Taxes on Income:**

- a. Provision for taxation for the year under report include provision for current tax as well as provision for deferred tax.
- b. Provision for Current tax is made, based on tax estimated to be payable as computed under the various provisions of the Income Tax Act, 1961.
- c. Deferred tax is recognised, subject to prudence, on timing differences between taxable income and accounting income that originate during the year and are capable of being reversed in one or more subsequent periods. Deferred tax assets are recognised only to the extent that there is a reasonable certainty that future taxable income will be available against which such deferred tax assets can be realised.
- d. Deferred Tax Liabilities / Assets are quantified using the tax rates and tax laws enacted or substantively enacted as on the balance sheet date.

**12. Impairment of Assets:**

Assessment of Impairment of Assets ( as covered under AS-28 Impairment of Assets issued by the Institute of Chartered Accountants of India) is done as at the Balance Sheet Date considering external and internal impairment indicators. If there is an indication that an asset may be impaired, its recoverable amount is estimated and the excess of carrying amount over recoverable amount is provided for as impairment loss.

**13. Contingencies / Provisions:**

Contingencies which can be reasonably ascertained are provided for i.e. a provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reasonable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Other Contingencies, the outcome of which is not certain, have been disclosed in these notes as Contingent Liabilities. Contingent Assets have not been provided for.

14. Prior Period and Extra Ordinary items and Changes in Accounting Policies, having a material bearing on the financial affairs of the Company are disclosed separately alongwith the amount by which any item in the financial statements is affected by such change wherever same is available.

**B Notes on Accounts :**

<b>1 a. Contingent Liabilities not provided for in respect of:</b>	(Rs. In Thousand)	
	<b>31/03/2011</b>	31/03/2010
Bank guarantees pending to be redeemed	<b>850.62</b>	1114.34
Pending Letters of Credit	<b>2159.73</b>	13063.90
Sales tax matters in dispute	<b>208.61</b>	208.61
<b>b.</b> There is no claim against company to be acknowledged as debt.		
<b>c.</b> Estimated amount of contracts to be executed on capital account not provided for Rs. NIL		





## 2 Hedge & Unhedged Foreign Currency Exposure :

Particlars of Derivatives	Purpose	
Forward Contract Outstanding on 31 <sup>st</sup> March, 2011		
Buy US\$ 200000 (P.Y. US\$ 200000)	Hedge of Forex US\$ Payable	
	<b>31/3/2011</b>	31/3/2010
Particulars of Unhedged Foreign Currency Exposure	<b>Rs.</b>	Rs.
Sundry Debtors	<b>42613257</b>	37444108

3 Sundry Debtors includes Rs. 29.23 lacs outstanding for more than six months and considered to be doubtful of recovery. However, no provision has been made in the accounts for the same and to that extent the Profits/Reserves are reflectef on the higher side.

4 In cases where letters of confirmation have been received from the parties, book balance have been generally reconcilled and adjusted. In other cases, balances in the account of sundry debtors, sundry creditors and loans and advances or deposits are taken as per the books of accounts.

5 In case of Sundry Debtors and Loans & Advances which are considered good, the Company holds no security other than the personal security of the parties.

6 The Company has aviled the Finance from State Bank of India which is secured by way of hypothecation charges on all types of stocks, whether lying in the premises of the Company or elsewhere, books-debts, inland and Foreign bills in course of collection. The loans are further secured by way of first charge on the Plant & Machinery, equipments and all other movable assets,both present or future and also by way of Equitable Mortgage of Company's Land & Building at Vadodara and also the Building at Jarod. These loans are also personally guaranteed by the Directors of the Comapany.

7 In the opinion of the Board, the Current Assets, Loans & Advances, are expected to realize at least the amount at which they are stated, if realised in the ordinary course of business and provision for all known liabilities has been adequately made in the accounts.

8 With reference to amounts shown as payable to Micro & Small Enterprises, the information has been compiled in respect of parties to the extent they could be identified as Micro and Small Enterprises on the basis of information collected and available with the company and same has been relied upon by the auditors. The Company deals with various Micro and Small Enterprises on mutually accepted terms and conditions. No interest is payable if the mutual terms are adhered to by the Company. Accordingly, no interest has been paid during the year and further no provision for interest payable to such units is required or has been made under Micro, Small and Medium Enterprises Development Act, 2006. Hence, information as required under Schedule VI of the Companies Act, 1956 relating to delayed payments and interest on delayed payments to Micro and Small Enterprises has not been compiled and presented.

## 9 Post Employment Benefits :

The Company, during the year, has adopted Accounting Standard 15(Revised) "Employee Benefits" issued by the ICAI in accordance with stipulations of the Standard.

Provident Fund dues during the year being defined contributions have been charged to the Profit and Loss Account.

Long Term Employee Benefits on account of compensated absences have been accounted for on actuarial basis using the Projected Unit Credit Method.



During the year, Company has recognised the following amounts in the financial statements.  
(Rupees in Thousand)

<b>1 Assumptions</b>	<b>As on 31-03-2011</b>	As on 31-03-2010
Discount Rate	8.00%	8.00%
Salary Escalation	7.00%	7.00%
<b>2 Table Showing changes in present value of obligation</b>		
Present value of obligations as at beginning of year	<b>6325.80</b>	3095.28
Interest cost	<b>506.06</b>	247.62
Current service cost	<b>234.89</b>	150.93
Benefits Paid	<b>-580.78</b>	-183.24
Actuarial (gain)/Loss on Obligations	<b>-526.96</b>	3015.21
Present value of obligation as at end of year	<b>5959.02</b>	6325.80
<b>3 Table Showing Changes in the Fairvalue of Plan Assets</b>		
Fair Value of Plan assets at beginning of year	<b>6867.83</b>	3284.39
Expected Return on Plan assets	<b>542.98</b>	307.14
Contributions	<b>0.00</b>	3459.54
Benefits paid	<b>-580.78</b>	-183.24
Actuarial Gain/(Loss) on Plan assets	<b>0.00</b>	-
Fair Value of Plan assets at end of year	<b>6830.03</b>	6867.83
<b>4 Table Showing Fair value of Plan assets</b>		
Fair Value of Plan assets at beginning of year	<b>6867.83</b>	3284.39
Actual Return on Plan assets	<b>542.98</b>	307.14
Contributions	<b>0.00</b>	3459.54
Benefits paid	<b>-580.78</b>	-183.24
Fair Value of Plan assets at the end of year	<b>6830.03</b>	6867.83
Funded Status	<b>871.01</b>	542.02
Excess of Actual over estimated return on Plan assets	<b>NIL</b>	NIL
(Actual rate of Return = Estimated rate of return as ARD falls on 31st March)		
<b>5 Actuarial Gain/Loss Recognized</b>		
Actuarial gain/(Loss) For the Year- Obligations	<b>526.96</b>	-3015.21
Actuarial (gain)/Loss For the Year-Plan assets	<b>NIL</b>	Nil
Total (gain)/Loss For the Year	<b>-526.96</b>	3015.21
Actuarial (gain)/Loss Recognized in the Year	<b>-526.96</b>	3015.21



**6 The amounts to be recognised in the balance sheet and Statements of Profit and Loss**

Present value of Obligations as at the end of the year	<b>5959.02</b>	3095.28
Fair Value of Plan assets at end of the year	<b>6830.03</b>	3284.39
Funded Status	<b>871.01</b>	189.11
Net asset/(liability) recognised in the balancesheet	<b>-871.01</b>	-189.11

**7 Expenses Recognised in statement of Profit and Loss**

Current service cost	<b>234.89</b>	139.68
Interest Cost	<b>506.06</b>	236.46
Expected Return on Plan assets	<b>-542.98</b>	-107.91
Net Actuarial (gain)/loss recognised in the Year	<b>-526.96</b>	114.56
Expenses recognised in statement of Profit and Loss	<b>-328.99</b>	382.79

During the year Company has not made any contribution towards defined benefit plan. As per the certificate issued by the LIC, the net gain on actuarial basis of Rs. 3.29 Lacs recognized in Profit & Loss A/c as Exceptional item under notional Value of accounting as per the Accounting Standard AS 15 (Revised). The Life Insurance Corporation has not intimated the break up of investment made by them in planned assets or in various types of investment.

**10 Impairment of Assets :**

As a tool to measure to the value of fixed assets, the Company has considered the technical Valuation carried out by expert. In terms of the valuation report and further in absence of any indications, external or internal, as to any probable impairment of assets, no provision has been made for the same during the year under report.

**11** There are no amounts pending to be transferred to the Investors Education and Protection Fund as at the end of the year.

**12 Segment Reporting:**

With respect to Accounting Standard 17 on Segment Reporting issued by the Institute of Chartered Accountants of India, the management is of the view the products of the Company can be classified into only one category i.e. "Pharmaceutical Formulations". Thus, the business of production and sales of pharmaceutical products belong to one segment only.

**13 Deferred Taxes :**

In compliance with Accounting Standard 22 on Taxes on income issued by the institute of Chartered Accountants of India, the Company has disclosed net deferred tax liability of Rs.6476.31 Thousand for the year ended 31<sup>st</sup> March 2011 after charging net deferred tax liability for the year under report of Rs.68.61 Thousand to the profit and loss account.



The break up of the net deferred tax liability as is as under (Rs. In Thousand)

	31/03/2011	31/03/2010
▲ Deferred tax liability on account of difference between accounting and tax depreciation	6581.21	6517.52
▲ Deferredd tax asset on account of Liabilities Provided in the books but allowable for tax purpose only when actually paid (prov.for Gratuity & PL encash)	104.90	109.82
▲ Net Deferred tax liability as at 31 st March.	6476.31	6407.70
<b>14 Earning Per Share :</b>	<b>31/03/2011</b>	<b>31/03/2010</b>
▲ Amount used as Numerator-Profit After Taxation	20539.29	16763.82
▲ Amount used as Denominator Weighted Average Number of Equity Shares	1200.00	1200.00
▲ Nominal Value of Share	Rs. 10.00	10.00
▲ Basic / Diluted Earning per Share	Rs. 17.12	13.97

**15 (a) The Disclosures required under Accounting Standard 18 Issued by the Institute of Chartered Accountants of india are as under:**

SR. NO.	Name of Related Party	Relationship	Perticulars	2010-2011	2009-2010
1	Mr. R.R.Shah	Managing Director	Remuneration	840.00	840.00
			Perquisites	30.00	30.00
			Interest On F.D.	0.08	0.43
			Closing balance(Cr.)	0.00	800.00
2	Mr. D.R.Shah	Executive Director	Remuneration	770.00	700.00
			Perquisites	30.00	30.00
			Interest On F.D.	40.00	0.46
			Closing balance(Cr.)	518.00	500.00
3	Mercury Antibiotics Pvt.Ltd.	An enterprise Managed by the relatives of Directors	Purchases	36545.41	30161.10
			Sales	21.18	107.70
			Service Charges	24.00	60.00
			Recovered		
			Closing balance(Cr.)	4274.65	7071.87
4	Bio-Med India	A Concern in which Directors are Partners	Sales	92.30	234.21
			Closing Balance(Dr.)	92.30	34.95
5	Mercury Marketing & Consulting Services	A Concern in which Directors are Partners	Commission Paid	300.00	0.00
			Closing Balance	0.00	0.00
6	Kusumben R. Shah	Relatives	Interest On F.D.	96.00	78.89
			Closing balance(Cr.)	1243.20	1200.00
7	Kaumudiniben R.Shah	Relatives	Interest On F.D.	126.79	108.56
			Closing balance(Cr.)	1631.70	1675.00
8	Kishoriben D. Shah	Relatives	Interest On F.D.	70.00	61.96
			Closing balance(Cr.)	906.50	875.00
9	Ku.Janki R. Shah	Relatives	Interest On F.D.	11.40	56.02
			Closing balance(Cr.)	0.00	1000.00
10	R.R.Shah (H.U.F)	Relatives	Interest On F.D.	4.00	0.14
			Closing balance(Cr.)	51.80	50.00

No amounts have been written off or written back during the year under report in respect of debts due from the above parties. As on the date Balance Sheet, there is no provision for doubtful debts due from the above parties.



- (b) In respect of the transactions entered with related entities by the Company till 31st December, 2010 to which section 297(1) of the Companies Act 1956, were attracted, as an abundant caution, the Company has submitted its SUO MOTTO application to the Registrar of Companies, Maharashtra, for compounding of offence to the Regional Director under Section 621-A of the Companies Act.1956, which is pending for Disposal. The transaction with related entities after 1st January, 2011 the Company has obtained the approval of Central Govt. through Regional Director, Western Regional, Mumbai, vide approval letter No. RD/297/372/2374/12/2010/10066 dated 28/02/2011.

#### 16 Contingencies/Provisions :

Contingencies which can be reasonably ascertained are provided for, if in the opinion of the Management, there is a probability that it will result in an outflow for the Company in the future. Other Contingencies, the outcome of which is not certain, have been disclosed in these notes as Contingent Liabilities. Contingent Assets have not been provided for.

#### 17 Payment to Auditors :

	2010-2011 (Rs.in Thousand)	2009-2010 (Rs.in Thousand)
i) As Auditors	110.30	112.36
ii) In other capacity	Nil	Nil

#### 18. Raw Materials and Packing Materials Consumption and Finished Products Purchased

(a) Break-up of Raw Materials Consumed		2010-2011		2009-2010	
Raw Materials		Quantity (Kg.)	Rupees in Thousand	Quantity (Kg.)	Rupees in Thousand
(i)	Albendazole	1424.550	1337.66	19363.200	13408.80
(ii)	Labetalol	173.059	1351.59	203.275	1564.13
(iii)	Ciprofloxacin	2850.230	4223.35	2642.866	3456.07
(iv)	Tranexamic Acid	642.980	2892.24	2028.000	6722.29
(v)	Metronidazole	4591.810	2720.10	129.190	71.70
(vi)	Cimitidine	2382.880	915.49	3783.660	3305.62
(vii)	Pentazocine IP	71.295	1569.54	68.400	2242.42
(viii)	Gentamycine Sulphate	178.329	684.18	189.740	772.61
(ix)	Erythromycine Sterate	3069.550	7066.49	1952.730	4006.55
(x)	Paracetamol	11391.294	2258.55	8236.416	1826.51
(xi)	Pseudo Ephedrine Hcl	481.000	1011.74	246.287	453.08
(xii)	Methyal Dopa	980.122	2001.23	737.680	1598.42
(xiii)	Others (Including E.G. Capsules, none of which individually accounts for more than 5% of total consumption)		15815.83		16981.63
<b>TOTAL</b>			<b>43847.99</b>		<b>56409.83</b>
(b) Break-up of Finished Products Purchased		2010-2011		2009-2010	
		Quantity	Rupees in Thousand	Quantity	Rupees in Thousand
Tablet	Million Nos.	12.250	9199.47	1.945	665.72
Liquids	Litres	296494.735	42667.61	191221.475	31635.31
Capsules	Million Nos.	17.570	10056.24	9.872	4158.89
Oinements	kgs.	9958.850	1809.18	8111.400	1461.31
Injection	Litres	5845.844	2828.17	1118.798	1838.19
Others			479.09		191.47
<b>TOTAL</b>			<b>67039.76</b>		<b>39950.89</b>



(c) Imported and Indigenous Raw Materials consumed	2010-2011		2009-2010	
	Rupees in Thousand	Percentage	Rupees in Thousand	Percentage
Imported	2574.66	5.87	16116.80	28.57
Indigenous	41273.33	94.13	40293.03	71.43
<b>TOTAL</b>	<b>43847.99</b>	<b>100.00</b>	<b>56409.83</b>	<b>100.00</b>

  

(d) Imported and Indigenous Packing Materials consumed	2010-2011		2009-2010	
	Rupees in Thousand	Percentage	Rupees in Thousand	Percentage
Imported	0.00	0.00	0.00	0.00
Indigenous	28829.51	100.00	28907.52	100.00
<b>TOTAL</b>	<b>28829.51</b>	<b>100.00</b>	<b>28907.52</b>	<b>100.00</b>

#### 19. Managerial Remuneration

Profit and Loss Account also includes payments and provisions on account of

	2010-2011 (Rs. in Thousand)	2009-2010 (Rs. in Thousand)
(1) Managing Director		
Remuneration	840.00	840.00
Other perquisites	30.00	30.00
<b>TOTAL</b>	<b>870.00</b>	<b>870.00</b>
(2) Executive Director		
Remuneration	770.00	700.00
Other perquisites	30.00	30.00
<b>TOTAL</b>	<b>800.00</b>	<b>730.00</b>

**No Commission is paid to Director, Remuneration within the limit U's 198 of the Companies Act, 1956**

#### 20. CIF value of Imports, Expenditure and Earnings in Foreign Currencies

	2010-2011 (Rs. in Thousand)	2009-2010 (Rs. in Thousand)
(a) CIF Value of Imports		
Raw Materials	0.00	17043.93
(b) Expenditure in Foreign Currencies		
Travelling Expenses	294.04	375.41
(c) Earning in Foreign Currencies		
FOB value of exports	74052.36	83720.76



- 21 Quantities and sales value in respect of each class of goods dealt with by the Company. (Rs. in Thousand)

Class of Goods	Unit of Measures	2010-2011		2009-2010	
		Quantity	Value	Quantity	Value
Tablet	Million Nos.	221.515	137385.25	106.597	126424.66
Capsules	Million Nos.	9.734	15196.43	7.715	20620.58
Liquids	Litres	229431.365	57808.87	217361.060	47266.68
Injection	Litres	17206.124	59736.59	21551.554	62514.63
Oinements	kgs.	11853.685	6812.44	11106.140	6327.29
Others incliuds frieght			11816.68		3491.86
Export Incentives			2149.97		3012.15
<b>TOTAL</b>			<b>290906.23</b>		<b>269657.85</b>

22. Quantitative details and value in regard to Finished goods. (Rupees in Thousand)

Class of Goods	Unit of Measures	31-03-2011		31-03-2010	
		Quantity	Value	Quantity	Value
Tablet	Million Nos.	8.058	8743.10	3.779	3863.60
Capsules	Million Nos.	8.845	6656.20	2.185	1337.45
Liquids	Litres	28466.695	6085.94	9273.065	2356.75
Injection	Litres	5196.611	5319.08	2645.946	2610.93
Oinements	kgs.	3319.530	880.93	3603.500	836.77
Others			45.74		
<b>TOTAL</b>			<b>27730.99</b>		<b>11005.50</b>

23. Quantitative information in regard to class of goods manufactured by Company (Including processed by outsiders)

Class of Goods	Unit of Measures	2010-2011	2009-2010
Tablet	Million Nos.	230.508	113.220
Injection	Litres	18850.347	19855.248
Oinements	Kgs.	3931.400	7103.165

24. Accounting Ratios

	31/03/2011	31/03/2010
(a) Sales to Total Assets	1.35	1.41
(b) Operating Profit (before Interest, Dep. & tax) to Capital Employed	45.35%	55.06%
(c) Return (Profit after tax) on net worth %	25.79	27.33
(d) Profit (before tax) to sales %	10.55%	10.67%

25. Previous Year's Figures have been regrouped and rearranged wherever necessary, in order to confirm to this Year's presentation.

**Notes forming part of the Accounts**

As per our report of even date

**For Naresh & Co.,**  
Chartered Accountants

**CA Anil L. Shah**  
Partner  
Membership No. : 35309  
Vadodara  
Date : 2/08/2011

**For and on behalf of the Board,**

**R. R. Shah**  
Managing Director

**D. R. Shah**  
Executive Director

Vadodara  
Date : 2/08/2011




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**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**
**1. REGISTRATION DETAILS**

Registration No.	:	26341
State Code	:	11
Balance Sheet Date	:	31.03.2011

**2. CAPITAL RAISED DURING THE YEAR**

(Amount in Rs. Thousand)

Public Issue	:	NIL
Right Issue	:	NIL
Bonus Issue	:	NIL
Private Placement	:	NIL

**3. POSITION MOBILISATION AND DEVELOPMENT OF FUNDS**

(Amount in Rs. Thousand)

Total Liabilities	:	121633
Total Assets	:	121633

**SOURCES OF FUNDS**

Paid-up Capital	:	12000
Reserves & Surplus	:	67650
Secured Loan	:	22826
Unsecured loan	:	12681
Deferred Tax Liabilities	:	6476

**APPLICATION OF FUNDS**

Net Fixed Assets	:	42489
Investments	:	63
Net Current Assets	:	79081

**4. PERFORMANCE OF COMPANY**

(Amount in Rs. Thousand)

Turnover	:	282772
Total Expenditure	:	252084
Profit Before Tax	:	30688
Profit After Tax	:	20539
Earning per share in Rs.	:	17.12%
Dividend Rate %	:	15%

**5. GENERAL NAMES OF THREE PRINCIPAL PRODUCTS OF COMPANY (As per monetary terms)**

Item Code No. (ITC Code)	:	30042013
Product Discription	:	Gentamycin Formulation thereof in capsules, injections, eye drops etc.
Item Code No. (ITC Code)	:	30044007
Product Discription	:	Formulation of ergot preparator
Item Code No. (ITC Code)	:	30048008
Product Discription	:	Multivitamin containing vitamin A,B - Group, C, D





Date : 2-8-2011

Dear Member,

**Sub : Dematerialisation of Shares & Unpaid dividend**

We have pleasure to inform that National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) have allotted **ISIN No. INE947GO1011** to the Equity Shares of the Company.

As you are aware that shares held in Demat form would not only be convenient in holding but also facilitate you in dealing with the shares of the Company. We therefore recommend and request you to take the advantage of Demat of Shares.

Further, in case you are still holding your shares of the Company in physical form of Counter Receipts, we again request you to obtain the physical shares certificate/s in exchange from **Link Intime India Pvt. Ltd.**, the Registrar and Transfer agent, by sending / lodging the counter receipts to them at any of the following address :

**Link Intime India Pvt. Ltd.**

B-102 & 103, Shangrila Complex,  
1st Floor, Opp. HDFC Bank,  
Nr. Radha Krishna Char Rasta,  
Akota, Vadodara – 390020.  
Phone: +91 265 2356573-2356794  
E-mail: [alpesh.gandhi@linkintime.co.in](mailto:alpesh.gandhi@linkintime.co.in)

**Link Intime India Pvt. Ltd.**

C-13, Pannalal Silk Mills Compound,  
L.B.S.Marg, Bhandup (West),  
Mumbai - 400 078.  
Phone : 25923837, Fax : 25672693  
E-mail: [isrl@linkintime.co.in](mailto:isrl@linkintime.co.in)

You may thereafter surrender the share certificates to your Depository Participant/s for demat of your shares.

**If there is a change of your Address, please write us to register the same to help us to serve you better.**

**Further in case you have not received any dividend declared by the Company for any of past financial years, from 2002-2003, till the last year, you may write to the Secretarial Department of the Company at Baroda for the same, for the payment.**

You may also write about any of your queries for redressal, to our Secretarial Department at Baroda.

Thanking you and assuring our best services at all times.

**For Mercury Laboratories Ltd.**

**Rajendra Shah**  
Chairman and Managing Director



## MERCURY LABORATORIES LIMITED

Registered Office : Shreeji Bhavan, 51, Mangaldas Road, Princess Street, Mumbai - 400 002.

**ATTENDANCE SLIP**

Please complete this Attendance slip and hand it over at the entrance of the Meeting Place.

L.F. No. (S) \_\_\_\_\_ No. of Shares held \_\_\_\_\_

Name & Address of the Member \_\_\_\_\_

I hereby record presence at the **30<sup>th</sup> ANNUAL GENERAL MEETING** held on Saturday, the 24<sup>th</sup> September, 2011 at 3:30 p.m. at the Registered Office at 18, Shreeji Bhavan, 51 Mangaldas Road, Princess Street, Mumbai-400 002.

NOTES:

\_\_\_\_\_  
SIGNATURE OF SHAREHOLDER/PROXY

1. Members / Proxy holders are requested to bring their copies of the Annual Report with them at the Meeting.
2. Please carry with you this Attendance Slip and hand over the same duly signed at the space provided at the entrance of the Meeting Place.

-----Tear here -----

## MERCURY LABORATORIES LIMITED

Registered Office : Shreeji Bhavan, 51, Mangaldas Road, Princess Street, Mumbai - 400 002.

**PROXY**

L.F.No. (s) \_\_\_\_\_ No. of shares held \_\_\_\_\_

I/We \_\_\_\_\_ of \_\_\_\_\_

\_\_\_\_\_ being a member/members of MERCURY LABORATORIES LIMITED hereby appoint \_\_\_\_\_ of \_\_\_\_\_

\_\_\_\_\_ or failing him/her \_\_\_\_\_

of \_\_\_\_\_ as my/our Proxy to vote for me/us and on my/our behalf at the **30<sup>th</sup> Annual General Meeting** held on Saturday, the 24<sup>th</sup> September, 2011 at 3:30 p.m. at the Registered Office of the Company at 18, Shreeji Bhavan, 51, Mangaldas Road, Princess Street, Mumbai - 400 002 or at any adjournment thereof.

Dated this \_\_\_\_\_ day of September, 2011.

Affix Revenue Stamp of Re. 1/-
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- NOTES: (1) The Proxy duly completed must be returned so as to reach the Registered office of the Company not less than 48 hours before the time of holding the meeting.
- (2) The Proxy Form should be signed across the stamp.



**Important Communication to Shareholders**  
**“Green Initiative in the Corporate Governance”**

Ministry of Corporate Affairs (MCA) has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by the Companies and has issued a circular No.17/2011 on April 21, 2011 stating that the service of document to shareholders by a Company can be made through electronic mode.

Keeping in view the underlying theme and to support this green initiative of Government in the right spirit, members who holds shares in electronic mode and who have not registered their email addresses, so far, are requested to register their email address and changes therein from time to time, with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to fill the below mentioned prescribed form, giving their consent to receive the Notices calling general meetings, audited financial statements, auditors’ report, directors’ report, explanatory statement or any other communication in electronic mode, and register the said form with M/s. Link Intime India Private Limited at 102 & 103, Shangrila Complex, 1<sup>st</sup> Floor, Opp. HDFC Bank, Near Radhakrishna Char Rasta, Akota, Vadodara – 390 020.

Please note that you will be entitled to be furnished, free of cost, with a physical copy of the notice, balance sheet and all other documents required by law to be attached thereto including the profit & loss account and auditors’ report etc., upon receipt of a requisition from you, any time, as a member of the Company.

We are sure you would appreciate the “Green Initiative” taken by MCA and your Company’s desire to participate in such initiatives.



**Email Address Registration Form**

(For members who holds shares in Physical Form)

**MERCURY LABORATORIES LIMITED**

Registered Office : Shreeji Bhuvan, 51, Mangaldas Road, Princess Street, Mumbai - 400 002.

Ledger Folio No. \_\_\_\_\_ No. of Share(s) held: \_\_\_\_\_

**NAME OF THE SHAREHOLDER/ JOINT HOLDER:** \_\_\_\_\_

\_\_\_\_\_

EMAILADDRESS: 1. \_\_\_\_\_ 2. \_\_\_\_\_

CONTACT NO. (R) \_\_\_\_\_ (M) \_\_\_\_\_

I hereby give my/our consent to receive the Notices calling general meetings, audited financial statements, auditors’ report, directors’ report, explanatory statement and all other documents required by law to be attached thereto or any other communication in electronic mode at my/our above mentioned email ID.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

\_\_\_\_\_  
Signature of the shareholder(s)

**Note:**

- 1) Members are requested to send their duly completed form as above to the Registrar and Transfer Agent (RTA) namely Link Intime India Pvt. Ltd.
- 2) Members are also requested to inform about any change in their email ID immediately to RTA.

Book - Post

Postal  
Stamp

To,

If undelivered, please return to :

**MERCURY LABORATORIES LTD.**

2/13, 2/14,

Industrial Estate, Gorwa Road,

Vadodara - 390 016