

# MERCURY

31<sup>st</sup> Annual Report 2011-2012



**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 (up to 12-11-2011)
Janak Katakia	Independent Director (from 5-01-2012)

**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

**C O N T E N T S**

<b>CONTENTS</b> .....	<b>PAGE</b>
1. NOTICE OF AGM .....	1
2. DIRECTORS' REPORT .....	6
3. AUDITORS' REPORT .....	21
4. BALANCE SHEET .....	24
5. STATEMENT OF PROFIT & LOSS .....	25
6. CASH FLOW STATEMENT .....	26
7. NOTES FORMING PART OF THE FINANCIAL STATEMENTS .....	27
9. GREEN INITIATIVE .....	45

**NOTICE**

Notice is hereby given that the 31<sup>st</sup> Annual General Meeting of **Mercury Laboratories Limited** will be held on Saturday, the 29<sup>th</sup> September, 2012 at 11.30 a.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 2012 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. Tushar 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 Mr. Janak Jagmohandas Katakia, who was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, in writing proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company.”

6. To consider and, if thought fit, to pass with or without modification the following Resolution as a Special Resolution.

“RESOLVED THAT in accordance with the provisions of Section 198, 269, 309, 311 and 314 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification or re-enactment thereof, for the time being in force), as amended up to date, consent be and is hereby accorded to the re-appointment of and the payment of remuneration and perquisites to Shri Rajendra R. Shah as the Managing Director of the Company, for a period of 5 years from 1<sup>st</sup> April, 2012 to 31<sup>st</sup> March, 2017 on the terms and conditions as set out in the Agreement entered into between the Company and Shri Rajendra R. Shah and which is hereby specifically approved, with liberty to the Board of Directors (hereinafter referred to as “the Board”) which term shall be deemed to include the Remuneration Committee constituted by the Board to alter and vary the terms and conditions of the said appointment and/or remuneration and/or agreement, subject to the same not exceeding the limit specified in Schedule XIII to the Companies Act, 1956, including any statutory modifications or re-enactment thereof for the time being in force or as may be made by the Central Govt. in that behalf from time to time, or any amendments as may be agreed to between the Board and Shri Rajendra R. Shah.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to vary or increase the said remuneration as specified in the said Agreement to the extent the Board of Directors may consider appropriate and as may be permitted or authorised in accordance with any provision under the Act for the time being in force provided, however, that the remuneration payable to Shri Rajendra R. Shah shall be within the limits set out in the said Act including the said Schedule XIII to the Act or any amendment (s) thereof and / or any rules or regulations framed there under and the terms of the aforesaid Agreement between the Company and Shri Rajendra R. Shah, be suitably modified to give effect to such variations or increase as the case may be.”

“RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year of the Company during the term of office of Shri Rajendra R Shah, the Managing Director, the remuneration, perquisites set out in the aforesaid Agreement, be paid or granted to Shri Rajendra R. Shah as minimum remuneration, provided that the total remuneration by way of salary, perquisites and other allowances shall not exceed the ceiling provided in Section II of part II of Schedule XIII to the said Act or



such other amount and perquisites as may be provided in the said Schedule XIII and as may be amended from time to time or any equivalent statutory re-enactment(s) thereof for the time being in force .”

7. 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: 11.08.2012

Rajendra R. Shah

Place: Vadodara

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 Nos. 5 to 7, is annexed.
4. The Register of members and share transfer books of the Company will remain closed from Saturday, the 22<sup>nd</sup> September, 2012 to Saturday, the 29<sup>th</sup> September, 2012 (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.

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

**Item No. 5 :**

With a view to avail the benefits of business experience, expertise and acumen of Mr. Janak Katakia, a well educated and experienced business entrepreneur, the Board of Directors of the Company has invited and appointed him as an Independent Director on the Board of Directors of the Company, effective from 5<sup>th</sup> January, 2012. In terms of Article 134 of Articles of Association of the Company and in terms of Section 260 of the Companies Act, 1956 he holds office of the Director upto the date of the ensuing Annual General Meeting. The Company has received a notice under Section 257 of the Companies Act, 1956 proposing his candidature for directorship.

The Directors recommend the resolution for adoption.

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

**Item No. 6 :**

Mr. Rajendra R. Shah is associated with the Company since Incorporation and was appointed as Managing Director w.e.f. 1<sup>st</sup> April, 1992.

Mr. Rajendra R. Shah holds a Degree of B. Pharm from the Gujarat University of Ahmedabad and possess extensive experience of more than three decades in overall management more particularly the fields of Production, Quality Control, Materials Management, Marketing and over all administration of the Company. Despite of emerging challenges in the area of technology, marketing and finance, during his present tenure,



the Company not only showed remarkable progress year after year and registered significant upsurge in Growth in terms of Gross Income and in Net Profit besides encountering successfully various Challenges that were emanated in the Market and conducted efficient and effective management of the affairs of the Company. His valuable contribution is considered necessary for further growth of the Company in coming years. With a view to appreciate their contributions given in past and also to motivate him for bringing still better performance of the Company in coming years, keeping in view projected performance of the Company, future prospect of the pharma business in the country, compared with to the remuneration packages of similarly placed personnel of other Corporate Bodies in the Country, at the recommendation of the Remuneration Committee, the Board of Directors, at their meeting held on 5<sup>th</sup> January, 2012 have modified, with effect from 1<sup>st</sup> April, 2012, the main terms and conditions of appointment of Shri Rajendra R. Shah, the Managing Director for his further tenure of service as under, subject to approval of the members in General Meeting.

- I) Remuneration: Rs. 1,50,000/- per month, payable under any head, in any manner.
- The consolidated salary payable to the Managing Director shall include all such perquisites, allowances, bonus and incentives and house rent allowance or house maintenance allowance and repairs, medical reimbursement, leave travel concession for self and family including dependents, club fees, medical insurance etc. but shall not include the Company's contribution to Provident Fund, Superannuation or Annuity Fund, gratuity payable and encashment of leave at the end of their tenure, the reimbursement of out of pocket expenses incurred under discharge of their duties and other incidental expenses incurred for attending the work of the Company. The remuneration payable to each of them is subject to an overall ceiling of 10% of the net profits of the Company as stipulated under the Companies Act, 1956. However, where in any financial year comprised by the period of appointments, the Company has no profit or its profits are inadequate, the aforesaid salary shall be paid to him in accordance with the applicable provisions of Schedule XIII of the said Act and subject to the approval of the Central Government, if any required.
- II) The terms and conditions set out for changes in terms of his appointments and payment of remuneration herein and / or in the respective agreements, may be altered and varied from time to time by the Board of Directors of the Company as it may, at its discretion deem fit. The Board is also entitled to revise and regroup the salary, perquisites, allowances and bonus payable to him by the Company, at any time, such that the overall yearly remuneration payable to the said Managing Director shall not exceed the limits specified under the Companies Act, 1956. (Including any statutory modification (s) or re-enactment thereof for the time being in force) or any amendment made thereto.
- III) The Agreement may be terminated by either party by giving three months' prior notice in writing to each other or salary in lieu thereof.

**Information as required under Schedule XIII to the Companies Act, 1956.**

**I. General Information :**

- |  |   |   |
|--|---|---|
| (1) Nature of Industry   | : | Pharmaceutical Business manufacturing, exporting, importing, selling and otherwise dealing in all kinds of pharmaceutical drugs, medicines, herbs, laboratory and surgical materials etc. |
| (2) Date or expected date of commencement of commercial production   | : | The Company is already in operation and it is a running Company, since 1982.  |
| (3) In case of new companies expected date of Commencement of activities as per project approved by financial Institutions appearing in the prospectus | : | Not Applicable  |



- (4) Financial Performance based on given indicators :

Particulars	(Rs. in Lacs)	
	Year 2011-2012	Year 2010-2011
Gross Income- Turnover	2736.03	2827.73
Operating Profit before Int., Dep.& Tax	365.28	361.25
Net Profit after Tax	230.71	205.39
Debt Equity Ratio	0.10	0.17
Current Ratio	1.45	1.63
Net Worth	1006.30	796.50

- (5) Export performance and net foreign Collaborations : The Company is an exporting Company and has earned Foreign Exchange as shown below.

(Amount in Rs.)

Particulars	(Amount in Rs.)	
	Year 2011-2012	Year 2010-2011
Foreign Exchange earned	6,89,69,892	7,92,74,011
Foreign Exchange used	72,56,375	60,39,644

- (6) Foreign Investments or, Collaboration if any : There is no Foreign Investment in the Company

## II. (a) Information about the Appointee

- (1) Background details : Shri Rajendra R. Shah holds degree of B.Pharm. from Gujarat University of Ahmedabad and Possess extensive experience in overall management more particularly in the fields of Production, Quality Control, Material Management and Marketing.
- (2) Past remuneration : Rs.70,000/- per month
- (3) Recognition or awards : NIL
- (4) Job profile and his suitability : Functional Management of all the Operations of the Company including Overseeing of expansion project and business development.
- (5) Remuneration proposed : Rs.1,50,000 per month.
- (6) Comparative remuneration profile with respect to industry, size of Company, Profile of the position and person : Taking into consideration the industry, size of the business of Company profile of position in Company, profile of appointee and responsibilities shouldered and proposed to be shouldered by him, industry remuneration benchmarks, the remuneration proposed is reasonable and commensurate with the remuneration package being offered in other companies to the managerial persons.
- (7) Pecuniary relationship directly or Indirectly with the Company or relationship with the management personnel, if any : Shri Dilip R. Shah, the brother of Managing Director, is holding position of a Director.

## III. Other information

- (1) Reasons of loss or inadequate Profit : Keen competition from the unorganized sector, Heavy expenses on Sales and Distribution.
- (2) Steps taken or proposed to be taken for Improvement : Widening the Domestic and Export Market, Introduction and promotion of new Drugs formulations, Exercising stringent control over cost and expenses. Effective Penetrating upon the markets with aggressive policies and actions.



- (3) Expected increase in productivity and Profits in measurable terms. : The Company being a growth oriented and steady performer, the productivity and profit could sizably with undertaking aforesaid measures.
- The Company has plans to provide its manufacturing base with WHO GMP facilities to big companies on either lease Or to undertake job work of such big companies on loan and license basis and with tremendous anticipated growth of Pharma Sector in coming years, it is expected that the Company would be able to post goods results in coming years.

None of the Directors of the Company, except Mr. Rajendra R. Shah and Mr. Dilip R. Shah are concerned or interested in the said Resolution.

The Directors recommend the resolution for adoption.

**Item No. 7:**

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.

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: 11-08-2012  
Place: Vadodara

Rajendra R. Shah  
Chairman & Managing Director

**ANNEXURE TO THE NOTICE OF ANNUAL GENERAL MEETING**

**Disclosure pursuant to Clause 49 of the Listing Agreement relating to Directors seeking re-appointment / appointment at the Annual General Meeting.**

Sr No.	Name of Director	Dr. Tushar Shah	Mr. Janak Katakia	Mr. Rajendra R. Shah
i	Date of Birth	24/12/1970	09/09/1954	02/03/1952
ii	Date of Appointment	16/01/2005	05/01/2012	16/02/1982
iii	Specialized Expertise	Pediatrician	Overall Business Management	Overall Business Management
iv	Qualifications	M.D.	B.Tech	B. Pharm
v	Directorships in others Companies as on 31 <sup>st</sup> March, 2012	Nil	7	1
vi	Chairman / Member of Committees as on 31 <sup>st</sup> March, 2012 of the Company	Member of Shareholders' Grievance Committee, and Audit Committee and Remuneration Committee of the Company.	Chairman of Audit Committee. Member of Shareholder's Grievance Committee, and Remuneration Committee of the Company.	Nil



## DIRECTORS' REPORT

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

Your Directors have pleasure in presenting the 31<sup>st</sup> Annual Report together with Audited Statements of Accounts for the Year ended 31<sup>st</sup> March, 2012.

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

1. <b>Financial Results :</b>	<b>(Rs. in Lacs)</b>	
	<b>2011-12</b>	<b>2010-11</b>
Gross Income	2736.03	2827.73
Gross Profit before Dep. Int. & Tax	365.28	361.25
Less: Interest	24.36	26.45
Less: Depreciation	29.62	27.92
Add : Prior period Adjustment (Net)	11.52	3.29
Less: Provision for Tax	10.30	—
Less: Prior years' tax adjustment	—	1.60
Less: Provision for Tax	102.41	103.18
Net Profit	230.71	205.39
Balance as per last P&L A/c.	0.44	0.97
<b>Profit available for appropriation</b>	<b><u>231.15</u></b>	<b><u>206.36</u></b>
This profit has been appropriated as under		
(i) Proposed Dividend	18.00	18.00
(ii) Income Tax on proposed dividend	2.92	2.92
(iii) Transfer to General Reserve	209.00	185.00
(iv) Balance carried to next Year	1.23	0.44
<b>Total</b>	<b><u>231.15</u></b>	<b><u>206.36</u></b>

### 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 2011-2012 absorbing Rs.20.92 lacs including Tax on Dividend, which will be, if approved, paid to the Shareholders holding shares as on 29<sup>th</sup> September, 2012, after business hours.

### 3. **Operations In Retrospect :**

During the year under review, the Company yielded Gross Income of Rs. 2736.03 Lacs and earned Gross Profit before depreciation, interest and tax of Rs. 365.28 Lacs with Net Profit of Rs. 230.71 Lacs as against Gross Income of Rs. 2827.73 lacs, Gross Profit before depreciation and Interest and tax of Rs. 361.25 lacs with Net Profit of Rs. 205.39 Lacs of previous year, registering decline of 3.24 % in Gross income and registering a modest growth of 12.33% in Net Profit as 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, 2012. 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. Directors :**

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

Mr. Suryakant B. Parikh, ceased to be the director due to sudden death. The Board places on record its sincere appreciation in respect of valuable contributions received by the Company from him, during his tenure as the Director of the Company.

Mr. Janak Katakia, who was appointed as an Additional Director with effect from 5<sup>th</sup> January, 2012 holds office of the Director till the conclusion of the ensuing Annual General Meeting. Being eligible, he has consented to act as Directors of the Company. The Company has received notices under Section 257 of the Companies Act, 1956 proposing his candidature for directorship. The Board hopes that the Company would be immensely benefited by the contributions of the newly inducted Director. A brief note on Directors, being appointed/reappointed is furnished in the accompanying notice calling the Annual General Meeting.

Subject to the approval of the Shareholders, the Board of Directors, at their meeting held on 5<sup>th</sup> January, 2012, on the recommendation of the Remuneration Committee, have re-appointed Mr. Rajendra Ramanlal Shah as the Managing Director for a period of 5 years from 1<sup>st</sup> April, 2012 on the main terms and conditions mentioned in the explanatory statement attached to the notice.

The Shareholders are requested to consider their appointments.

**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 Agreements 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 bear ISIN No. INE947GO1011 as allotted by the National Securities Depository Ltd. (NSDL) & Central Depository Services Ltd. (CDSL), for dematerialization and as of the date, 9,53,000 Equity shares (79.42%) 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: 11/08/2012

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, 2012.

**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**

<b>a</b>	<b>Power and fuel Consumption :</b>	<b>Current Year</b>	<b>Previous Year</b>
1	Electricity		
	(a) Purchased Unit Nos.	5,54,443	5,21,117
	Total Amount Rs.	32,59,426	30,67,488
	Rate/Unit Rs	5.8	5.88
	(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	Furnace Oil, Qty(K. Liters)	22,405	19,915
	Total Amount Rs	10,25,758	8,79,572
	Average Rate Rs (Per Lit) (Per Lit)	45.78	44.17
4	Other internal Generation	N.A.	N.A

**b Consumption per unit production :**

There are number of 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 and 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	6,89,69,892	7,92,74,011
ii) Foreign Exchange used	72,56,375	60,39,644

**Annexure : B**  
**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, 2012. 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.

- The Company has kept and maintained all registers as stated in Annexure "A" to this certificates as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
- 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.
- The Company being Public limited Company has the minimum prescribed paid-up capital and its maximum number of members during the said financial year were 867 (Eight Hundred Sixty Seven only).
  - has not invited public to subscribe for its shares or debentures; and
  - has not accepted deposits from persons other than its Directors or their relatives, with due compliance of applicable rules.
- The Board of Directors duly met 5 (Five) times on 3<sup>rd</sup> May,2011, (which was adjourned on 10<sup>th</sup> May, 2011), 2<sup>nd</sup> August, 2011, 12<sup>th</sup> November, 2011, 10<sup>th</sup> December, 2011 and 5<sup>th</sup> January, 2012 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 22<sup>nd</sup> September, 2011 to 24<sup>th</sup> September, 2011 (both days inclusive), during the financial year.
6. The Annual General Meeting for the financial year ended on 31.03.2011 was held on 24<sup>th</sup> September, 2011 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. The Company has duly complied with the provisions of Section 297 of the Act in respect of the Contracts specified in that Section.
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 issued and allotted any Share, however registered transfer of shares as per the requests with duly executed valid documents, received 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. Mr. Suryakant B. Parikh ceased to be the Director due to his death whereas Mr. Janak Katakia, has been appointed as the Additional Director during the year under review.
15. The Company, being a Public Limited Company, the provisions 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 was not required to obtain approval of the Central Government, Company Law Board, Regional Director, Registrar or such authorities as may be prescribed under the various provisions of the Act, during the year under review.
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 was 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 the Directors and their relatives, falling with in the purview of Section 58A during the financial year and complied with the applicable provisions of the Act and relevant rules thereunder.
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: 11-08-2012

Signature : Sd/-  
Name of Company Secretary : **Jayesh Vyas**

C. P. No. : 1790 : F.C.S.No. : 5072

#### **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, 2012.

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 8(2) u/s 125, 127,130,132 & 135
7. Form 32(3) u/s 303.
8. Form 23C u/s 233B(2)
9. Form 1- Rule-3 of Investor Education & Protection Fund, Rules 2001 for Transfer unclaimed dividend to the Central Government.
10. Form 21 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, 2012. 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, 2012 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, No. of directorships in other Companies and committee meetings etc. are given below.

Name of director	Category of Director	No. of Board Meeting Held	No. of Board Attended during 2011-12	Whether attend last Annual General Meeting
Mr. Rajendra R. Shah	Promoter Executive Chairman & Managing Director	5	3	Yes
Mr. Dilip R. Shah	Promoter Executive	5	2	Yes
Dr. Dinesh Shah	Independent Non Executive	5	5	No
Dr. Tushar Shah	Independent Non Executive	5	5	No
Mr. Suryakant Parikh*	Independent Non Executive	5	2	Yes
Mr. Janak Katakia**	Independent Non Executive	5	—	No

\* Ceased to be Director on 12.11.2011 due to his Death.

\*\* Appointed as an Additional Director with effect from 05.01.2012.

None of the directors is director or member or chairman of any other domestic public limited Company except Mr. Janak Katakia, who is Managing Director of M/s. Topack Fittings Limited.

**Board Meetings:**

During the year 2011-12, the Board met Five times on 3<sup>rd</sup> May, 2011, (which was adjourned on 10<sup>th</sup> May, 2011), 2<sup>nd</sup> August, 2011, 12<sup>th</sup> November, 2011, 10<sup>th</sup> December, 2011, and 5<sup>th</sup> January, 2012. 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**

Mr. Rajendra R. Shah	2,93,900	(24.49 %)
Mr. Dilip R. Shah	2,88,950	(24.08 %)

**3. Audit Committee:**

The Board of Directors had constituted an Audit Committee, comprising of 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. On sad demise of Mr. Suryakant Parikh on 12-11-2011, Mr. Janak Katakia has been appointed as a Member of the Audit Committee in his place, effective from 05-01-2012.

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 2011-2012, Four Audit Committee meetings were held on 03.05.2011; (10.05.2011-Adjourned meeting of original meeting held on 03.05.2011), 02.08.2011, 12.11.2011 and 05.01.2012, details of attendance of Members at the Meetings of the Audit Committees held during 2011-2012 are as under.

Name of Directors	No. of Meeting held	Meeting Attended
Mr. Suryakant Parikh*	3	2
Dr. Dinesh Shah	4	4
Dr. Tushar Shah	4	4
Mr. Janak Katakia**	1	—

\* Mr. Suryakant Parikh ceased to be a Member of Audit Committee due to Death.

\*\* Mr. Janak Katakia appointed as a Member of the Audit Committee, effective from 05-01-2012.

The Manager (Accounts and Finance) attends 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 director, based on performance and defined criteria, which consist of Mr. Suryakant Parikh, Dr. Dinesh Shah and Dr. Tushar Shah. The Chairman of the Committee was Mr. Suryakant Parikh. On sad demise of Mr. Suryakant Parikh on 12-11-2011, Mr. Janak Katakia has been appointed as a Member of the Committee in his place, effective from 05-01-2012.

The Remuneration Committee has been constituted to recommend /review remuneration of the Executive Director 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 2011-12, the Remuneration Committee has met once on 5<sup>th</sup> January, 2012.

The aggregate value of salary and perquisites for the year ended 31<sup>st</sup> March, 2012 paid to Mr. Rajendra R. Shah, the Managing Director and Mr. Dilip R. Shah, the Executive Director, are as follows.

	(Amount in Lacs.)	
	Managing Director	Executive Director
Salary	8.40	8.40
Perquisites	<u>0.81</u>	<u>0.28</u>
Total	9.21	8.68



With the approval of the Shareholders, Mr. Rajendra Shah be appointed as the Managing Director for tenure of five years with effect from 1.4.2012, under the Agreements which can be terminated by either party giving three months' notice in writing.

However Mr. Dilip Shah had ceased to be Executive Director effective from March,2012.

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 2011-2012.

Name of Directors	Sitting Fees paid
Dr. Dinesh Shah	25,000
Dr. Tushar Shah	25,000
Mr. Suryakant Parikh	13,000
Mr. Janak Katakia	—

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

There were no other pecuniary relationships 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.

On sad demise of Mr. Suryakant Parikh on 12-11-2011, Mr. Janak Katakia has been appointed as a Member of the Shareholders' Grievance Committee in his place, effective from 05-01-2012.

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 2011-12, the Shareholders'/Investors' Grievance Committee met on 03.05.2011 and 02.08.2011. Details of Attendance of Members at the Meetings of the Shareholders' / Investors' Grievance Committees held during 2011-12 are as under.

Name of Directors	No. of Meeting held	Meeting Attended
Dr. Dinesh Shah	2	2
Mr. Suryakant Parikh	2	2
Dr. Tushar Shah	2	2

The Company has designated Mr. H.G. Shah as Compliance Officer.

During the year under review, no complaint was received from Shareholders/ Investors. All the requests letters received from them replied within shortest possible time. No complaint was outstanding and no request for transfer was pending for approval as on 31<sup>st</sup> March, 2012.

#### 6. General Body Meetings:

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

Date	Time	Place	Details of Special Resolution Passed
24-9-2011	3.30 p.m	At the Registered Office	—
6- 9-2010	3.00 p.m.	At the Registered Office	Reappointment of Mr. Dilip Shah as an Executive Director subject to the approval of the Central Government.
9-8-2009	3.30 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 Exchanges 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 : 29<sup>th</sup> day September, 2012 at 11.30 a.m.
- Venue : At the Registered Office at 18, 1<sup>st</sup> 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> ,2012	: On or before 14 <sup>th</sup> November, 2012
Quarter ending December 31 <sup>st</sup> ,2012	: On or before 14 <sup>th</sup> February, 2013
Quarter ending March 31 <sup>st</sup> , 2013	: On or before 14 <sup>th</sup> May, 2013
Quarter ending June 30 <sup>th</sup> ,2013	: On or before 14 <sup>th</sup> August, 2013
Annual General Meeting for the	
Year ending on 31.03.2013.	: By end of September, 2013
Audited Results for year 2012-13	: By end of August, 2013.

### 10.3 Dividend Payment Date : On or after 29<sup>th</sup> September, 2012

### 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, 2012 as well as for the purpose of AGM, the Register of Members and Share Transfer Books of the Company will remain closed from Saturday, the 22<sup>nd</sup> September, 2012 to Saturday, the 29<sup>th</sup> September, 2012 (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, 2012 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 Saturday, the 22<sup>nd</sup> September, 2012.
- (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 Saturday, the 29<sup>th</sup> September, 2012.

**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, 2012.**

Shareholding % of (in Rs.)	No. of Shareholders	% of Total	Share Amount	% of Total
1 - 5000	776	89.50	13,92,000	11.60
5001 - 10000	39	4.50	3,52,000	2.93
10001 - 20000	20	2.31	3,20,500	2.67
20001 - 30000	5	0.58	1,35,000	1.13
30001 - 40000	5	0.58	1,94,000	1.62
40001 - 50000	4	0.46	1,95,000	1.62
50001 - 100000	4	0.46	2,78,500	2.32
100001 & above	14	1.61	91,33,000	76.11
<b>Total</b>	<b>867</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 Distribution of Shareholding Pattern as on 31<sup>st</sup> March, 2012:

Category	No. of Shares	% of Total Capital
<b>A. Promoters holding :</b>		
a. Indian Promoter	8,71,700	72.64
b. Foreign Promoter	–	–
<b>B. Non Promoters holding:</b>		
a. Foreign Institutional Investors	–	–
b. Bodies Corporate	21,200	1.77
c. Indian Public	2,51,200	20.93
d. Non Residents Indians	55,900	4.66
e. Clearing Members	–	–
<b>Total</b>	<b>12,00,000</b>	<b>100.00</b>

## 10.13 Dematerialisation of Shares :

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

## 10.14 Plant locations : at 2/13-14 BIDC, Gorwa Industrial Estate, Baroda.

: at Jarod, Dist. Vadodara

## 10.15 Address for Correspondence for : Link Intime India Pvt Ltd.

settlement of Shares related : at their office addresses mentioned at 10.9, above  
Grievances.

### 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, 2012 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 Accountants**  
**FRN No. 106928W**

**Place : Vadodara**  
**Date : 11/08/2012**

**CA 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 Director, 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, 2012 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, 2012.

**Date: 11/08/2012**

**Rajendra R. Shah**

**Place: Vadodara**

**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 ended 31<sup>st</sup> March 2012 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.

Date : 11.08.2012

Place : Vadodara

**For Mercury Laboratories Limited.**

**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 2012** and also the Statement of Profit & Loss 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 (CARO) 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, Statement of Profit & Loss 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 Statement of Profit & Loss 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, 2012, 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, 2012 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 Statement of Profit & Loss annexed thereto and the Cash Flow Statement, read together with the Significant Accounting policies and Notes forming part of the Financial Statements, **subject to Note No. 17 for non provisions of doubtful debts of Rs.72.67 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, 2012,
    - (ii) in the case of the Statement of Profit and Loss, 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 : 11<sup>th</sup> AUGUST, 2012**

**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 2012 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, except an old machinery & and a car.
- (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 any secured or unsecured loan to Companies, Firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (b) The Company has taken unsecured loans from 5 persons covered in the Register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 43,51,400/- and the year-end balance of the loans was Rs.43,51,400/- (P.Y. 43,51,200/-).
- (c) The interest charges on the loan are fixed but there are no specific stipulations regarding repayment of the loans. These and other related terms and conditions on which the loans are taken from the parties listed in the registers maintained under Section 301 are not, *prima facie*, prejudicial to the interest of the company.
- (d) The Company is regular in paying the interest charges. However, there are no specific stipulations regarding repayments of the principal amount. They are usually made on demand.
- (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, labour 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, 2012 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
Service Tax	Wrong Availment of Credit	11,47,688.00	2005-08	Commissioner Appeals
		700,798.00	2008-12	Additional Commissioner
Excise	Non Payment of Duty on Expired Goods	104,501.00	2008-09	CESTAT, Ahmedabad
Excise	Excise Duty on Physician Sample	536,791.00	2005-06	CESTAT, Ahmedabad

- (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 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 others from Banks or Financial Institutions.
- (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**

**PLACE : VADODARA**  
**DATE : 11<sup>th</sup> AUGUST, 2012**

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

BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2012

Amount (Rs.)

DESCRIPTION	Note No.	As at 31.03.2012 Amount Rs.	As at 31.03.2011 Amount Rs.
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share capital	4	1,20,00,000	1,20,00,000
(b) Reserves and Surplus	5	8,86,29,222	6,76,50,297
<b>(2) Share Application Money pending allotment</b>			
<b>(3) Non-Current Liabilities</b>			
(a) Long-Term Borrowings	6	99,70,569	46,74,052
(b) Deferred Tax Liabilities (Net)	7	64,17,763	64,76,313
(c) Other Long Term Liabilities		-	-
(d) Long-Term Provisions	8	3,30,821	3,08,619
<b>(4) Current liabilities</b>			
(a) Short-Term Borrowings	9	2,22,11,920	2,15,65,038
(b) Trade Payables	10	3,53,97,981	3,18,01,011
(c) Other Current Liabilities	11	2,07,99,007	2,33,54,869
(d) Short-Term Provisions	12	3,17,42,005	2,14,42,005
<b>TOTAL</b>		<b>22,74,99,288</b>	<b>18,92,72,204</b>
<b>II. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Fixed Assets	13		
(i) Tangible assets		4,46,66,668	4,21,27,763
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		2,11,16,994	3,61,148
(b) Non-Current Investments	14	63,000	63,000
(c) Long-Term Loans and Advances		-	-
(d) Other Non-Current Assets	15	20,23,569	8,71,012
<b>(2) Current Assets</b>			
(a) Current Investments		-	-
(b) Inventories	16	4,55,07,927	3,71,05,291
(c) Trade Receivables	17	6,22,84,340	6,35,37,499
(d) Cash and Cash Equivalents	18	89,44,752	1,57,17,373
(e) Short-Term Loans and Advances	19	4,28,92,038	2,94,89,118
(f) Other Current Assets		-	-
<b>TOTAL</b>		<b>22,74,99,288</b>	<b>18,92,72,204</b>

**Notes forming part of the Accounts**

As per our report of even date

**For Naresh & Co.,**

Chartered Accountants

FRN No. 106928W

**CA Anil L. Shah**

Partner

Membership No. : 35309

Vadodara

Date : 11<sup>th</sup> August, 2012**For and on behalf of the Board,****R. R. Shah**  
Managing Director**D. R. Shah**  
DirectorVadodara  
Date : 11<sup>th</sup> August, 2012

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED ON 31<sup>ST</sup> MARCH 2012

Amount (Rs.)

DESCRIPTION	Note No.	As at 31.03.2012 Amount Rs.	As at 31.03.2011 Amount Rs.
I. Revenue From Operations	25	26,57,08,180	27,77,71,990
II. Other Income	26	78,94,343	50,00,743
<b>III. Total Revenue (I + II)</b>		<b>27,36,02,523</b>	<b>28,27,72,733</b>
<b>IV. Expenses:</b>			
Cost of Materials Consumed	27	6,67,82,135	7,49,91,985
Purchases of Stock-in-Trade		5,07,39,763	6,70,39,767
Changes in Inventories of Finished Goods Work-in-Progress and Stock-in-Trade	28	(34,51,062)	(1,61,43,963)
Employee Benefits Expenses	29	4,64,64,566	4,51,58,017
Financial Costs	30	31,56,110	38,84,354
Other Expenses	31	7,58,19,225	7,43,62,199
Depreciation and Amortization Expenses	32	29,61,686	27,91,967
<b>Total Expenses</b>		<b>24,24,72,423</b>	<b>25,20,84,326</b>
V. Profit Before Exceptional and Extra Ordinary Items & Tax ( III - IV )		<b>3,11,30,100</b>	<b>3,06,88,407</b>
VI. Exceptional items		11,52,488	3,28,988
VII. Profit before Extraordinary Items & Tax ( V - VI )		<b>3,22,82,588</b>	<b>3,10,17,395</b>
VIII. Extraordinary Items			
Add: Interest on Income tax Refunds			-
Add: Prior Period Income		10,29,793	-
Less: Prior year's Income Tax Adjustment		-	1,59,493
<b>IX. Profit Before Tax ( VII - VIII )</b>		<b>3,33,12,381</b>	<b>3,08,57,902</b>
X. Tax expense :			
(1) Current tax		1,03,00,000	1,02,50,000
(2) Deferred tax		(58,550)	68,613
<b>XI. Profit/(Loss) from Continuing Operations ( VII-VIII )</b>		<b>2,30,70,931</b>	<b>2,05,39,289</b>
XII. Profit/(Loss) from Discontinuing Operations		-	-
XIII. Tax Expense of Discontinuing Operations		-	-
XIV. Profit/(loss) from Discontinuing Operations (after tax) (XII - XIII)		-	-
<b>XV. Profit / (Loss) for the Period ( XI+XIV )</b>		<b>2,30,70,931</b>	<b>2,05,39,289</b>
XVI. Earning per Equity Share:			
(1) Basic		19.23	17.12
(2) Diluted		19.23	17.12

## Notes forming part of the Accounts

As per our report of even date

For Naresh &amp; Co.,

Chartered Accountants

FRN No. 106928W

CA Anil L. Shah

Partner

Membership No. : 35309

Vadodara

Date : 11<sup>th</sup> August, 2012

## For and on behalf of the Board,

R. R. Shah

Managing Director

D. R. Shah

Director

Vadodara

Date : 11<sup>th</sup> August, 2012



### CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31<sup>ST</sup> MARCH 2012

(Pursuant to Clause 32 of the Listing Agreement)

Amount (Rs.)

DESCRIPTION	31/03/2012	31/03/2011
<b>A. Cash flow from Operating Activities :</b>		
Net Profit before Tax & Extra Ordinary Items	3,33,12,381.00	3,06,88,407.00
Adjustment for :		
Depreciation & Write-offs	29,61,686.00	27,91,967.00
Prior Period Adjustments	10,29,793.00	-
Loss/(Profit) on Sale of Investments/Assets	(13,099.00)	-
Bad Debts	-	22,28,854.00
Interest	31,56,110.00	38,84,854.00
Operating Profit before Working Capital Changes	<b>4,04,46,871.00</b>	<b>3,95,94,082.00</b>
Adjustments for :		
(Increase)/Decrease in Trade Receivables	12,53,155.00	(68,54,830.00)
(Increase)/Decrease in Inventories	(84,02,636.00)	(1,00,34,110.00)
(Increase)/Decrease in Loans & Advances (Trade)	(32,27,075.00)	(29,04,240.00)
Increase/(Decrease) in Trade Payable	35,96,970.00	(1,14,13,235.00)
Increase/(Decrease) in Other Current Liabilities	(25,33,660.00)	-
Cash Generated from Operations	<b>3,11,33,625.00</b>	<b>83,87,667.00</b>
Interest Paid	31,56,110.00	38,84,854.00
Direct Taxes Paid (Net of Refund)	1,13,28,401.00	1,13,84,160.00
Cash Flow before Extra Ordinary Items	1,66,49,114.00	(68,81,347.00)
Gratuity Paid	-	3,43,460.00
Prior Period Items ( being cash items )	(10,29,793.00)	-
<b>Net Cash Flow from Operating Activities</b>	<b>1,56,19,321.00</b>	<b>(65,37,887.00)</b>
<b>B. Cash flow from Investing Activities</b>		
Purchase of Fixed Assets	(2,66,23,336.00)	(24,94,200.00)
Net Proceeds from Sale of Fixed Assets	3,80,000.00	-
Dividend Received	-	-
Investments	-	-
Sale of Investments	-	-
<b>Net Cash used in Investment Activities</b>	<b>(2,62,43,336.00)</b>	<b>(24,94,200.00)</b>
<b>C. Cash Flow from Financing Activities</b>		
External Commercial Borrowings (net of repayment)	-	-
Increase/(Decrease) in Short Term Borrowings	6,46,882.00	(14,39,440.00)
Increase/(Decrease) in Bank Borrowings	52,96,517.00	1,11,57,960.00
Dividend Paid (incl. Tax Thereon)	(20,92,005.00)	(21,05,900.00)
<b>Net Cash used in Financing Activities</b>	<b>38,51,394.00</b>	<b>76,12,620.00</b>
<b>D.</b>		
Net Increase/(Decrease) in Cash and Cash Equivalents	(67,72,621.00)	(14,19,467.00)
Cash and Cash Equivalents at beginning of the year	1,57,17,373.00	1,71,36,840.00
Cash and Cash Equivalents at the end of the year	83,62,262.00	1,46,51,864.00
Earmarked balances with banks (Margin Money)	5,82,490.00	10,65,509.00
<b>Note :20 Cash &amp; Bank balances at the end of the year</b>	<b>89,44,752.00</b>	<b>1,57,17,373.00</b>

**Notes forming part of the Accounts**

As per our report of even date

**For Naresh & Co.,**

Chartered Accountants

FRN No. 106928W

**CA Anil L. Shah**

Partner

Membership No. : 35309

Vadodara

Date : 11<sup>th</sup> August, 2012

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

**R. R. Shah**

Managing Director

**D. R. Shah**

Director

Vadodara

Date : 11/08/2012



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**NOTES FORMING PART OF THE FINANCIAL STATEMENTS****1. General Information of the Company.**

Mercury Laboratories the registered partnership firm started its business activity in the year 1962. Subsequently it converted into the Private Ltd. Company, & incorporated in the year 1982. Later on further converted into Limited Company in the year 1992 in the state of Maharashtra. The company has obtained ISO 9001:2008 registration and engaged in the business of Pharmaceutical items. The company is profit making and dividend paying Public Limited Company.

The Company made its public issue in the year 1992 and is listed on the OTC Stock Exchange.

**2. Notes on Amalgamation :**

Mercury Laboratories Limited (MLL) (Transferee Company) was incorporated in the year 1992 and engaged in the business of manufacturing, exporting & importing of Pharmaceutical Drugs & Medicines. Mercury Antibiotics Private Limited (MAPL) (Transferor Company) was incorporated in the year 1989 and it is engaged in the business of manufacturing, importing, exporting of pharmaceutical Drugs, Medicines formulations, Bulk Drugs including a wide variety of Oral Dosage Products such as Liquids, Syrups and Dry Powder based medicinal products. Both the Companies have been promoted by Shri Dilip R. Shah & Shri Rajendra R. Shah having a several decades of experience and standing in the pharmaceutical business.

The Board of Directors of MAPL (Transferor Company) & the Board of Directors of MLL (Transferee Company) have respectively passed the resolutions on 10<sup>th</sup> December, 2011 to amalgamate both the companies. The scheme of amalgamation has been presented under Section 391 to Section 394 of the Companies Act, 1956 to Honorable High Court at Mumbai (Maharashtra).

The proposed amalgamation will create the synergy of Operations, minimize the Cost, Cost & Administrative expenses & will generate the higher profitability for the companies. In terms of the scheme of amalgamation, all the assets & liabilities of MAPL will get transferred to MLL with effect from 01<sup>st</sup> April, 2011 as appointed date & all the transactions carried out by MAPL on & after the said Date will be to the account of MLL.

Consequent upon the receipt of approval from the Honorable High Court at Mumbai (Maharashtra), MAPL will stand merged with MLL with effect from 01<sup>st</sup> April, 2011 & will stand extinguished & the account of MLL for the year 2011-12 will be re-stated for giving the effect to the said scheme.

**3. Significant Accounting Policies****a. Basis of Preparation of Financial Statements**

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 aspects, with the mandatory accounting standards as notified by the Companies (Accounting Standard) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956 and in conformity 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.



c. Fixed Assets

- i. 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.
- ii. 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.

d. Depreciation / Amortisation :

- i. 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.
- ii. 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.

e. Inventories

- i. 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.
- ii. Finished goods produced by the company are valued at lower of cost or net realizable value.
- iii. 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.
- iv. Stock of goods purchased for resale purposes are valued at their acquisition cost inclusive of all duties and taxes.

f. 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 / 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.

g. Retirement Benefits

Employee Benefits comprise short term as well as long term defined benefit as well as defined contribution plans.

Contributions to Provident Fund are defined contributions. The Company's Contributions are charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due. There are no further obligations beyond the periodic contributions.



Retirement Benefits in form of Gratuity are defined benefit obligations and are provided for on the basis of actuarial valuation using projected unit credit method as at the balance sheet date. Actuarial gain / losses are immediately taken to the Statement of Profit and Loss and are not deferred.

Entitlement of employees accumulating earned leave and eligibility of compensation or encashment of the same is also a defined benefit obligation. In terms of the policy of the Company regarding accumulation of earned leave or encashable or compensatory leave, the obligation is treated as long term in nature. The value of obligation towards the same is provided for on the basis of actuarial valuation using projected unit credit method as at the balance sheet date. Actuarial gain / losses are immediately taken to the Statement of Profit and Loss and are not deferred.

h. Borrowing Costs

General or specific borrowing costs directly attributable to purchase / construction or production of qualifying assets are capitalized as part of the cost of that Fixed Asset. A qualifying asset is one that necessary takes substantial period of time to get ready for its intended use. All other borrowing costs are charged as an expense in the period in which they are incurred.

i. Taxes on Income

- i. Provision for taxation for the year under report includes provision for current tax, unassessed liability of previous years income tax as well as provision for deferred tax.
- ii. 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.
- iii. 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.
- iv. Deferred Tax Liabilities / Assets are quantified using the tax rates and tax laws enacted or substantively enacted as on the balance sheet date.

j. Impairment of Assets :

Assessment of Impairment of Assets ( as covered under AS-28 Impairment of Assets ) 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.

k. 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.

l. Changes in Accounting Policy :

Changes in Accounting Policies, having a material bearing on the financial affairs of the Company are disclosed separately along with the amount by which any item in the financial statements is affected by such change wherever same is available.



## 4. Share Capital :

	As At March 31 <sup>st</sup> , 2012	As At March 31 <sup>st</sup> , 2011
<b>(a) Authorised</b> 20,00,000 Shares of Rs.10/- each	2,00,00,000	2,00,00,000
<b>(b) Issued, Subscribed and Paid-up Capital</b> 12,00,000 Equity Shares of Rs.10/- Each Fully Paid-up	1,20,00,000	1,20,00,000
<b>TOTAL RS.</b>	<b>1,20,00,000</b>	<b>1,20,00,000</b>

## (c) Reconciliation of Number of Shares

Particulars	As at 31 <sup>st</sup> March, 2012		As at 31 <sup>st</sup> March, 2011	
	No. of Shares	Amount Rs.	No. of Shares	Amount Rs.
Equity Shares				
Balance at the beginning	1200000	1,20,00,000	1200000	1,20,00,000
Addition / (Reduction)				
Balance at the end	1200000	1,20,00,000	1200000	1,20,00,000

(d) The Company has a single class of equity shares which are having par value of Rs. 10 per equity share. All shares rank pari passu with reference to all rights relating thereto. Each Shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportions to their shareholding.

## (e) Details of Shares held by Shareholders holding more than 5% of the aggregate shares in the Company

Name of Shareholder of Equity Shares	As at 31 <sup>st</sup> March, 2012		As at 31 <sup>st</sup> March, 2011	
	No. of Shares	% of Holding	No. of Shares	% of Holding
DILIPBHAI RAMANLAL SHAH	288950	24.08	288950	24.08
RAJENDRA R SHAH	293900	24.49	293900	24.49
SHRUTI DILIPBHAI SHAH	82500	6.88	82500	6.88
JANKI RAJENDRA SHAH	78800	6.57	78800	6.57
<b>TOTAL</b>	<b>744150</b>	<b>62.02</b>	<b>744150</b>	<b>62.02</b>

## 5. Reserves &amp; Surplus :

	As At March 31 <sup>st</sup> , 2012	As At March 31 <sup>st</sup> , 2011
<b>SECURITIES PREMIUM A/C.</b>		
Balance B/F. from Previous Year	36,00,000.00	36,00,000.00
Add :- Issue of Shares at Premium during the Year	-	-
<b>TOTAL RS.</b>	<b>36,00,000.00</b>	<b>36,00,000.00</b>
<b>GENERAL RESERVE</b>		
Balance B/F. from Previous Year	6,40,06,557.00	4,55,06,557.00
Add :- During the Year	2,09,00,000.00	1,85,00,000.00
<b>TOTAL RS.</b>	<b>8,49,06,557.00</b>	<b>6,40,06,557.00</b>





## 5. Reserves &amp; Surplus (Contd...) :

	As At March 31 <sup>st</sup> , 2012	As At March 31 <sup>st</sup> , 2011
<b>PROFIT &amp; LOSS A/C.</b>		
Balance B/F. from Previous Year	43,740.00	96,455.00
Add : Profit During the Year	2,30,70,930.00	2,05,39,290.00
<b>TOTAL RS.</b>	<b>2,31,14,670.00</b>	<b>2,06,35,745.00</b>
<b>Less. Appropriations</b>		
Proposed Final Equity Dividend	18,00,000.00	18,00,000.00
Tax on Proposed Equity Dividend	2,92,005.00	2,92,005.00
Transfer to General Reserve	2,09,00,000.00	1,85,00,000.00
	1,22,665.00	43,740.00
<b>TOTAL RS.</b>	<b>8, 86,29,222.00</b>	<b>6,76,50,297.00</b>

## 6. Long - Term Borrowings :

	As At March 31 <sup>st</sup> , 2012	As At March 31 <sup>st</sup> , 2011
<b>Secured :</b>		
State Bank Of India - Building Loan A/C	53,46,552.00	-
State Bank Of India - Motor Car Loan A/c	2,72,617.00	-
Kotak Mahendra Primas Ltd - Car Loan A/c	-	1,95,852.00
SIDBI BANK - Term Loan A/c	-	1,27,000.00
<b>Unsecured :</b>		
<b>Loans &amp; Advances from related parties :</b>		
Fixed Deposits From Directors & Members	43,51,400.00	4,351,200.00
<b>TOTAL RS.</b>	<b>99,70,569.00</b>	<b>46,74,052.00</b>

The State Bank of India has sanctioned the FCNRB Term Loan for construction of building by creating Equitable mortgage over factory & building located at R.S. No. 328/29P at Jarod Dist. Vadodara & hypothecation of Plant & Machinery to be acquired out of bank finance & also guaranteed by the two directors in personal capacity. The car loans taken against the hypothecation of vehicles.

## 7. Deferred Tax Liabilities (Net) :

	As At March 31 <sup>st</sup> , 2012	As At March 31 <sup>st</sup> , 2011
<b>Deferred Tax Liabilities</b> (Difference between accounting and tax depreciation)	65,25,114.00	65,81,213.00
<b>Deferred Tax Assets</b> (liabilities provided in books but allowable for tax purposes when actually paid)	1,07,351.00	1,04,900.00
<b>TOTAL RS.</b>	<b>64,17,763.00</b>	<b>64,76,313.00</b>



## 8. Long-Term Provisions :

	As At March 31 <sup>st</sup> , 2012	As At March 31 <sup>st</sup> , 2011
<b>Provision for Employee Benefits</b>		
Provision for Leave encashment	3,30,821.00	3,08,619.00
<b>TOTAL RS.</b>	<b>3,30,821.00</b>	<b>3,08,619.00</b>

## 9. Short - Term Borrowings :

	As At March 31 <sup>st</sup> , 2012	As At March 31 <sup>st</sup> , 2011
<b>Secured :</b>		
State Bank Of India ( Cash Credit Against Stock and Debts)	78,10,811.00	1,27,18,538.00
State Bank Of India - FCNRB Term Loan A/C	1,44,01,109.00	88,46,500.00
<b>TOTAL RS.</b>	<b>2,22,11,920.00</b>	<b>2,15,65,038.00</b>

The State Bank of India has sanctioned Working Capital Finance which is secured by way of Equitable mortgage over factory, land & building at Vadodara & at Jarod, District Vadodara & against Hypothecation charged over Plant & Machinery at Baroda & Jarod & against the stock of inventories & book-debts of the company.

## 10. Trade Payables :

	As At March 31 <sup>st</sup> , 2012	As At March 31 <sup>st</sup> , 2011
Payable to suppliers registered under Micro, Small and Medium Enterprise Development Act, 2006	1,67,76,092.00	1,24,60,999.00
Trade Payables to Others	1,86,21,889.00	1,93,40,012.00
<b>TOTAL RS.</b>	<b>3,53,97,981.00</b>	<b>3,18,01,011.00</b>

**Micro and Small Enterprises :**

With reference to amounts shown as payable to Micro, Small and Medium Enterprises, the information has been compiled in respect of parties to the extent they could be identified as Micro, Small and Medium 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 Small and Medium 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, Medium and Small Enterprises has not been compiled and presented.



## 11. Other Current Liabilities :

	As At March 31 <sup>st</sup> , 2012	As At March 31 <sup>st</sup> , 2011
(a) Current Maturities on long term debt :		
- SIDBI BANK - Term Loan A/c	1,27,000.00	7,73,000.00
- Kotak Mahendra Primas Ltd - Car Loan A/c	1,95,852.00	1,65,133.00
(b) Interest Accrued but not due on Borrowings	-	-
(c) Interest Accrued and due on Borrowings	-	-
(d) Unpaid Dividends	3,64,360.00	4,26,918.00
(e) Advances Received from Customers	12,30,863.00	9,15,589.00
(f) Other Payables :		
- Security Deposits	81,32,474.00	83,29,348.00
- Statutory Liabilities	20,86,140.00	14,66,297.00
- Other Expenses Payable	24,69,797.00	43,90,331.00
- Other Current Liabilities	61,92,521.00	68,88,253.00
<b>TOTAL RS.</b>	<b>2,07,99,007.00</b>	<b>2,33,54,869.00</b>

## 12. Short - Term Provisions :

	As At March 31 <sup>st</sup> , 2012	As At March 31 <sup>st</sup> , 2011
(a) Provision for Current Taxation	2,96,50,000.00	1,93,50,000.00
(b) Provision for Proposed Dividend (2011-12)	18,00,000.00	18,00,000.00
(c) Provision for Corporate Dividend Tax (2011-12)	2,92,005.00	2,92,005.00
<b>TOTAL RS.</b>	<b>3,17,42,005.00</b>	<b>2,14,42,005.00</b>

Note - 13

FIXED ASSETS :-

ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	Balance as on 01/04/2011	Additions During The Year	Deduction During the Year	Balance as on 31/03/2012	Balance as on 01/04/2011	Depreciation for the year %		Deduction/ Adjustment	Balance as on 31/03/2012	Balance as on 31/03/2012	Balance as on 31/03/2011
						SLM	Rs.				
<b>Tangible Assets</b>											
Land	44,60,224	3,12,133	-	47,72,357	-	0.00	-	-	-	47,72,357	44,60,224
Factory Building - Baroda	34,65,127	-	-	34,65,127	16,33,168	3.34	89,068	-	17,22,236	17,42,892	18,31,960
Tablet Building - Jarod	94,79,268	-	-	94,79,268	29,29,457	3.34	3,16,608	-	32,46,065	62,33,203	65,49,812
Jarod Building - MPL	17,93,991	-	-	17,93,991	2,79,622	3.34	71,982	-	3,51,604	14,42,387	15,14,369
Antloophill Building - Bombay	7,77,777	-	-	7,77,777	1,10,234	3.34	12,678	-	1,22,912	6,54,865	6,67,543
Plant & Machinery	1,99,26,132	41,96,591	3,00,000	2,38,22,723	81,84,911	4.75	8,67,367	1,75,724	88,76,553	1,49,46,170	1,17,41,221
Laboratories Instruments	60,29,817	99,587	-	61,29,404	23,94,470	4.75	2,57,618	-	26,52,088	34,77,316	36,35,347
Air condition	78,82,017	27,900	-	79,09,917	24,53,483	4.75	3,60,755	-	28,14,238	50,95,679	54,28,534
Furniture & Deedstock	39,26,985	1,06,450	-	40,33,435	23,76,197	6.33	1,11,290	-	24,87,487	15,45,948	15,50,788
Furniture & Fixtures	15,52,025	-	-	15,52,025	8,88,191	6.33	58,727	-	9,46,918	6,05,107	6,63,834
Computers	49,31,929	6,21,625	-	55,53,554	36,24,630	16.21	3,92,730	-	40,17,360	15,36,194	13,07,299
Vehicleals - Motor Car	45,21,752	5,03,204	7,24,811	43,00,145	17,78,481	9.50	4,17,556	4,82,186	17,13,851	25,86,294	27,43,271
Vehicleals - Scooters	69,400	-	-	69,400	35,837	9.50	5,308	-	41,145	28,255	33,563
<b>Total - A Rs.</b>	<b>6,88,16,444</b>	<b>58,67,490</b>	<b>10,24,811</b>	<b>7,36,59,123</b>	<b>2,66,88,681</b>		<b>29,61,686</b>	<b>6,57,910</b>	<b>2,89,92,456</b>	<b>4,46,66,668</b>	<b>4,21,27,763</b>
<b>Capital Work In Process</b>											
Jarod Bujilding	3,61,148	1,92,99,805	-	1,96,60,953	-	-	-	-	-	1,96,60,953	3,61,148
Jarod Building Exp. Pending	-	14,56,041	-	14,56,041	-	-	-	-	-	14,56,041	-
Allocation	3,61,148	2,07,55,846	-	2,11,16,994	-	-	-	-	-	2,11,16,994	3,61,148
<b>Total C (A+B) Rs...</b>	<b>6,91,77,592</b>	<b>2,66,23,336</b>		<b>9,47,76,117</b>	<b>2,66,88,681</b>		<b>29,61,686</b>	<b>6,57,910</b>	<b>2,89,92,456</b>	<b>6,57,83,662</b>	<b>4,24,88,911</b>



## 14. Non Current Investments :

	As At March 31 <sup>st</sup> , 2012	As At March 31 <sup>st</sup> , 2011
(At Cost) Trade Investments - Unquoted	63,000.00	63,000.00
<b>TOTAL RS.</b>	<b>63,000.00</b>	<b>63,000.00</b>

## 15. Other Non – Current Assets :

	As At March 31 <sup>st</sup> , 2012	As At March 31 <sup>st</sup> , 2011
- Employee Gratuity Scheme (Excess of Fair value of plan assets over present value of obligations)	20,23,569.00	8,71,012.00
<b>TOTAL RS.</b>	<b>20,23,569.00</b>	<b>8,71,012.00</b>

## 16. Inventories :

	As At March 31 <sup>st</sup> , 2012	As At March 31 <sup>st</sup> , 2011
(At Cost or Market Value whichever is lower) (Taken as Valued & Certified by Management)		
Raw Materials	97,93,517.00	60,82,236.00
Packing Materials	35,58,639.00	28,76,361.00
Work-in-Progress	25,98,596.00	4,15,703.00
Finished Goods	2,95,57,175.00	2,77,30,991.00
<b>TOTAL RS.</b>	<b>4,55,07,927.00</b>	<b>3,71,05,291.00</b>

Inventory of finished goods & work in progress comprises of pharmaceuticals drugs items- Tablets, Liquids, Capsules, Ointments, Injections & etc.

## 17. Trade Receivables :

	As At March 31 <sup>st</sup> , 2012	As At March 31 <sup>st</sup> , 2011
<b>(Unsecured, Considered Good)</b>		
(a) Outstanding for a period exceeding Six Months	11,57,685.00	42,69,740.00
(b) Others	5,38,59,429.00	5,63,44,639.00
<b>(Unsecured, Considered Doubtful)</b>		
(a) Others	72,67,226.00	29,23,120.00
<b>TOTAL RS.</b>	<b>6,22,84,340.00</b>	<b>6,35,37,499.00</b>

No provision has been made in accounts for sundry debtors unsecured & considered doubtful & to that extent profits/reserves are reflected on higher side.

**18. Cash & Bank Balances :**

	<b>As At March 31<sup>st</sup>, 2012</b>	<b>As At March 31<sup>st</sup>, 2011</b>
Balances with Banks		
- In Current Accounts	15,55,124.00	38,26,331.00
- In Dividend Accounts	3,67,829.00	4,30,388.00
- In Margin Money Deposit Accounts	5,82,490.00	10,65,510.00
Bank Deposits More than One Year Maturity Period	63,13,216.00	1,03,13,997.00
Cash on Hand	1,26,093.00	81,147.00
<b>TOTAL RS.</b>	<b>89,44,752.00</b>	<b>1,57,17,373.00</b>

**19. Short-Term Loans & Advances (Unsecured Considered Good) :**

	<b>As At March 31<sup>st</sup>, 2012</b>	<b>As At March 31<sup>st</sup>, 2011</b>
- EMD's	12,32,053.00	11,73,258.00
- Prepaid Expenses	-	-
- Advance Paid to Suppliers & Service Providers	41,16,507.00	19,75,731.00
- Advance Income Taxes and Refunds Receivable	3,05,85,150.00	1,92,56,749.00
- Indirect Taxes Recoverable Balances with Revenue Authorities	28,92,743.00	34,01,341.00
- Other Short Term Loans & Advances	40,65,585.00	36,82,039.00
<b>TOTAL RS.</b>	<b>4,28,92,038.00</b>	<b>2,94,89,118.00</b>

**20.** Sundry Creditors and Sundry Debtors are as per books and have not been corroborated by circulation / confirmation of balances / reconciliation of accounts. Confirmations of parties concerned, for the amount receivable / due to them as per accounts of the company, are under process of reconciliation and adjustments required, if any, will be made as and when the accounts are settled.

**21.** In the opinion of the Board, the Current Assets, Loans and Advances which are considered good are expected to realise at least the amount at which they are stated, if realized in the ordinary course of business. Further, in the opinion of the Board and as per management, provision of all known liabilities has been adequately made in the accounts.

**22. Contingent Liabilities (to the extent not provided for)***Guarantees:*

Bank Guarantees outstanding as on 31<sup>st</sup> March, 2012, amounted to Rs 25,85,785/- (p.y. Rs 8,50,620/-) and Letters of Credit outstanding as at 31<sup>st</sup> March 2012, amounted to Rs 27,66,328/- (p.y. Rs. 21,59,730/-) against which the company has kept the Margin Money in the form of Fixed Deposit worth Rs. 63,13,215/- (p.y. Rs. 1,03,13,997/-).

*Claims against the Company not acknowledged as debt :*

The company has disputed the following statutory liabilities & pending with following authorities as mentioned below :

Disputed Sales Tax Liabilities : 2,08,608/-

Disputed Service Tax Liabilities : 18,48,486/-

Disputed Central Excise Liabilities : 6,41,292/-

**23. Commitments (to the extent not provided for)**

*Estimated amt. of contracts remaining to be executed on capital account : Rs.789 lacs (p.y. Rs. Nil)*  
*Other Commitments : Nil*

**24. Proposed Dividend :**

Amount of Rs. 1.50 per Equity Share aggregating to Rs. 18,00,000/- is being proposed as dividend on equity shares.  
 There are no arrears of dividends.

**25. Revenue From Operations :**

	<b>As At March 31<sup>st</sup>, 2012</b>	<b>As At March 31<sup>st</sup>, 2011</b>
(a) Sale of Products		
- Domestic Sales	20,60,89,153.00	20,93,40,912.00
- Export Sales	6,89,69,892.00	7,92,74,011.00
Total Sale of Products	27,50,59,045.00	28,86,14,923.00
- Goods Returns	49,58,830.00	59,85,293.00
Total Gross Revenues	27,01,00,215.00	28,26,29,630.00
Less : Excise Duty	43,92,035.00	48,57,640.00
<b>TOTAL RS.</b>	<b>26,57,08,180.00</b>	<b>27,77,71,990.00</b>

**26. Other Income :**

	<b>As At March 31<sup>st</sup>, 2012</b>	<b>As At March 31<sup>st</sup>, 2011</b>
Interest Received	16,01,429.00	4,63,513.00
Profit on Sale of Assets	91,472.00	-
Processing charges	18,60,841.00	19,99,607.00
Forex Profit / Loss	20,08,318.00	1,41,337.00
Miscellaneous Income	5,99,888.00	2,46,314.00
Export Incentive	17,32,396.00	21,49,972.00
<b>TOTAL RS.</b>	<b>78,94,343.00</b>	<b>50,00,743.00</b>

**27. Cost of Material Consumed :**

	<b>As At March 31<sup>st</sup>, 2012</b>	<b>As At March 31<sup>st</sup>, 2011</b>
Opening Stock of Raw Materials	60,82,236.00	1,20,44,898.00
Add : Purchases (incl. Custom Duty & Charges)	4,14,70,629.00	3,78,85,327.00
	4,75,52,865.00	4,99,30,225.00
Less : Closing Stock of Raw Materials	97,93,517.00	60,82,236.00
Raw Materials Consumed	3,77,59,348.00	4,38,47,989.00
Opening Stock of Packing Materials	28,76,361.00	34,44,756.00
Add : Purchases (incl. Custom Duty & Charges)	2,74,88,921.00	2,82,61,111.00
	3,03,65,282.00	3,17,05,867.00
Less : Closing Stock of Packing Materials	35,58,639.00	28,76,361.00
Packing Materials Consumed	2,68,06,643.00	2,88,29,506.00
Consumable Store and Spares	22,16,144.00	23,14,490.00
<b>TOTAL RS.</b>	<b>6,67,82,135.00</b>	<b>7,49,91,985.00</b>



## 28. Changes in inventory of finished goods and work in progress :

	As At March 31 <sup>st</sup> , 2012	As At March 31 <sup>st</sup> , 2011
Opening Stock of Finished Goods & Work in Process	2,81,46,694.00	1,15,81,529.00
Less: Closing Stock of Finished Goods & Work In Process	3,21,55,771.00	2,81,46,694.00
	(40,09,077.00)	(1,65,65,165.00)
Differential Excise Duty on Opening & Closing Stock of Finished Goods	5,58,015.00	4,21,202.00
<b>TOTAL RS.</b>	<b>(34,51,062.00)</b>	<b>(1,61,43,963.00)</b>

## 29. Employee Benefit Expense :

	As At March 31 <sup>st</sup> , 2012	As At March 31 <sup>st</sup> , 2011
Salary and Wages	81,24,620.00	84,81,749.00
Bonus	6,48,113.00	6,03,494.00
Gratuity	3,08,221.00	3,17,789.00
Directors Remuneration	16,80,000.00	16,10,000.00
Leave Encasement	1,28,240.00	41,655.00
Other Allowance , Incentive , Charges, Retainer Fees ,Stipend	3,26,44,013.00	3,09,40,820.00
	4,35,33,207.00	4,19,95,507.00
Contribution To PF , EDLI & ESIS	16,84,214.00	21,83,038.00
Staff Welfare Exp.	12,47,145.00	9,79,472.00
	29,31,359.00	31,62,510.00
<b>TOTAL RS.</b>	<b>4,64,64,566.00</b>	<b>4,51,58,017.00</b>

## 30. Finance Costs :

	As At March 31 <sup>st</sup> , 2012	As At March 31 <sup>st</sup> , 2011
Bank Charges	7,20,085.00	12,39,017.00
Bank Interest	14,66,146.00	16,06,065.00
Interest to Others	9,69,879.00	10,39,272.00
<b>TOTAL RS.</b>	<b>31,56,110.00</b>	<b>38,84,354.00</b>



## 31. Operation &amp; Other Expenses :

	As At March 31 <sup>st</sup> , 2012	As At March 31 <sup>st</sup> , 2011
<b>(1) Manufacturing \ Direct Expenses</b>		
Purchases Others	10,25,758.00	8,79,572.00
Operating & Maintenance Charges	87,04,753.00	91,12,830.00
<b>(2) Administrative &amp; Other Expenses</b>		
Computer Maintenance Expense	3,96,160.00	3,96,389.00
Director's Fees	63,000.00	63,000.00
Electrical Expenses	1,37,613.00	1,69,556.00
Auditor's Remuneration	1,00,000.00	1,00,000.00
Legal & Professional Fees	19,23,105.00	7,03,330.00
Registration, License, Tender & Listing Fees	4,13,442.00	4,32,558.00
Commission & Discount	61,85,107.00	59,04,100.00
Motor Car & Scooter Expenses	5,43,617.00	4,52,960.00
Insurance	3,89,481.00	2,90,109.00
Printing ,Stationery & Zerox Expenses	8,84,896.00	9,29,652.00
Rent, Rates & Taxes	4,05,268.00	3,92,343.00
Repairs & Maintenance (Building)	23,51,951.00	30,02,908.00
Donation	12,65,000.00	15,00,000.00
Postage & Courier	4,45,371.00	4,50,530.00
Traveling Expenses	2,05,91,122.00	2,05,10,834.00
Telephone Expenses	5,28,511.0	4,98,972.00
Misc. Expense / Round Off	4,98,786.00	4,74,964.00
Bad- Debts	39,39,237.00	22,28,854.00
Loss on sales of Assets	78,373.00	-
Duties & Taxes	17,75,419.00	18,20,941.00
General Expanses	5,88,961.00	2,68,108.00
<b>(3) Selling &amp; Distribution Expenses</b>		
Selling Exp. & Advertisement	62,96,798.00	88,07,501.00
Packing & Forwarding Exp.	97,75,778.00	1,20,87,020.00
Loss on Expiry Spoilage & Breakage	65,11,718.00	28,85,168.00
<b>TOTAL RS.</b>	<b>7,58,19,225.00</b>	<b>7,43,62,199.00</b>

## 32. Depreciation &amp; Amortization Expenses :

	As At March 31 <sup>st</sup> , 2012	As At March 31 <sup>st</sup> , 2011
Depreciation on Tangible Assets	29,61,686.00	27,91,967.00
<b>TOTAL RS.</b>	<b>29,61,686.00</b>	<b>27,91,967.00</b>





## 33. C.I. F. Value of Imports

Item	2011-2012	2010-2011
Raw Materials	70,35,910.00	0.00
<b>Total</b>	<b>70,35,910.00</b>	<b>0.00</b>

## 34. Expenditure in Foreign Currency

Item	2011-2012	2010-2011
Foreign Travel	2,20,465.00	3,47,436.00
<b>Total</b>	<b>2,20,465.00</b>	<b>3,47,436.00</b>

## 35. Consumption of Raw Materials

Item	2011-2012		2010-2011	
	Amount	Percentage	Amount	Percentage
Imported	38,95,289.00	10	25,74,657.00	6
Indigenous	3,38,64,059.00	90	4,12,73,332.00	94
<b>Total</b>	<b>3,77,59,348.00</b>	<b>100</b>	<b>4,38,47,989.00</b>	<b>100</b>

Class of Goods	2011-2012 Amount	2010- 2011 Amount
Tranexamic acid	67,91,922.00	28,92,240.00
Metronidazole	24,35,904.00	27,20,100.00
Pentazocine ip	23,28,864.00	15,69,540.00
Paracetamol	19,70,606.00	22,58,550.00
Labetalol	17,74,436.00	13,51,590.00
Azithromycine	16,24,764.00	9,56,602.00
Ciprofloxacin hci	14,54,971.00	42,23,350.00
Pseudo ephedrine hci	11,72,801.00	10,11,740.00
Rutin	11,57,812.00	3,93,952.00
Ethamsylate	7,65,211.00	4,81,751.00
Gentamycine sulphate	6,81,375.00	6,84,180.00
Albendazole	2,05,193.00	13,37,660.00
Erythromycine sterate	2,87,231.00	70,66,490.00
Other	1,51,08,258.00	1,69,00,244.00
<b>Total</b>	<b>3,77,59,348.00</b>	<b>4,38,47,989.00</b>

## 36. Earnings in Foreign Currency

Particulars	2011-2012	2010-2011
Export of Goods on FOB basis	6,89,69,892.00	7,92,74,011.00



### 37. Post Employment Benefits:

Provident Fund & ESI dues amounting to Rs.16,84,214 (PY Rs.21,83,038) paid during the year being defined contributions has been charged to the Statement of Profit and Loss.

The value of obligation towards entitlement of employees accumulating earned leave and eligibility of compensation or encashment of the same is measured at the expected amount required to be paid as a result of actual unused entitlement standing to the credit of the employees as at end of the year based on current salary standards. Accordingly a sum of Rs. 3,30,821 (p.y. Rs.3,08,619) has been determined as obligation as at the year end. The differential of Rs. 1,28,240 (p.y. 41,655) between the obligation as at the end of previous year, compensation paid during the year and the obligation as the year end has been charged to the Statement of Profit and Loss.

The Company has a defined benefit gratuity plan. As per the Payment of Gratuity Act, 1972, every employee who has completed five or more years of service is eligible for gratuity @ 15 days salary (last drawn) for every completed year of service with an overall ceiling of Rs. 10,00,000 (PY Rs. 3,50,000) at the time of separation from the Company or retirement whichever is earlier. The Company has taken a Group Gratuity cum Life Insurance Policy from Life Insurance Corporation of India (a qualifying policy) and makes annual contributions to the same to create a fund to meet this defined benefit gratuity obligation.

<b>Change in Present Value of Defined Benefit Obligation</b>	<b>31<sup>st</sup> March, 2012 (Rs.)</b>	<b>31<sup>st</sup> March, 2011 (Rs.)</b>
Present Value of Obligations as at beginning of the Year	59,59,017.00	63,25,803.00
Interest Cost	4,76,721.00	5,06,064.00
Current Cost	4,05,162.00	2,34,889.00
Benefits Paid	(7,39,027.00)	(5,80,779.00)
Actuarial (gains) / losses on obligation	(14,39,082.00)	(5,26,960.00)
Present Value of Obligations as at the end of the Year	46,62,791.00	59,59,017.00
<b>Change in Fair Value of Plan Assets</b>		
Fair Value of Plan Assets as at the beginning of the Year	68,30,029.00	68,67,827.00
Expected Return on Plan Assets	5,95,289.00	5,24,981.00
Contributions	69.00	NIL
Benefits Paid	(7,39,027.00)	(5,80,779.00)
Actuarial (gains) / losses on Plan Assets	NIL	NIL
Fair Value of Plan Assets as at the end of the Year	66,86,360.00	68,30,029.00
<b>Defined Benefit Obligation as recognized in Balance Sheet</b>		
Present Value of Obligations as at the Year end	46,62,791.00	5,26,960.00
Unrecognized Past Service Cost	NIL	NIL
Fair Value of Plan Assets as at the Year end	66,86,360.00	8,71,012.00
Net (Asset) / Liability recognized in Balance Sheet	(20,23,569.00)	(8,71,012.00)
<b>Net Gratuity Benefit Expenditure Recognized in P&amp;L</b>		
Current Service Cost	4,05,162.00	2,34,889.00
Interest Cost	4,76,721.00	5,06,064.00
Expected Return on Plan Assets	(5,95,289.00)	(5,42,981.00)
Net Actuarial (Gain) / Loss Recognized in the Year	(14,39,082.00)	(5,26,960.00)
Net Expense Recognized in Statement of Profit and Loss	(11,52,488.00)	(3,28,988.00)
<b>Principal Assumptions Used</b>		
Discount Rate	8.00%	8.00%
Expected Return on Plan Assets	8.00%	8.00%
Salary Escalation Rate	7.00%	7.00%
<b>Major Categories of Plan Assets</b>		
Insurer Managed Funds	100%	100%

**38. Segment Reporting**

With respect to Accounting Standard-17 on segment reporting issued by the Institute of Chartered Accountants of India, the Management of the Company is of the view that the products offered by the Company are in the nature of Pharmaceuticals Formulations. Hence, the business of production and sale of Pharmaceuticals Formulations belong to one business segment only.

**39. Earnings Per Share**

In line with Accounting Standard 20 - Earnings Per Share the following disclosures are given below:

Particulars	Unit	2011-2012	2010-2011
Amount used as numerator Profit after Taxation	Rs.	2,30,70,931.00	2,05,39,289.00
Weighted average number of equity shares n used as denominator	No.	1,20,00,000	1,20,00,000
Nominal Value of Shares	Rs.	10.00	10.00
Earnings Per Share	Rs.	19.23	17.12

**40. Related Party Transactions**

The Company has identified all the related parties having transactions during the year, as per details given below, in line with Accounting Standard-18. In respect of the outstanding balance receivable as on 31.3.2012 no provision for doubtful debts / advances is required to be made.

Name of Related Party	Nature of Relationship	Nature of Transactions	Volume of Transactions (Rs.)		Year end Balance(Rs.)	
			2012	2011	2012	2011
Mr. R .R. Shah	Managing Director	Remuneration	8,40,000.00	8,40,000.00	0.00	0.00
		Perquisites	80,675.00	30,000.00	0.00	0.00
		Interest on FD	0.00	8,416.00	0.00	0.00
Mr. D.R. Shah	Director	Remuneration	8,40,000.00	7,70,000.00	0.00	0.00
		Perquisites	27,741.00	30,000.00	0.00	0.00
		Interest on FD	40,000.00	40,000.00	5,18,000.00	5,18,000.00
Mercury Antibiotics Pvt. Ltd.	An enterprise Managed by the	Purchase	3,01,42,503.00	3,65,45,410.00	26,25,967.00	42,74,654.00
Bio- Med India	Relatives of Directors	Sales	1,40,400.00	21,180.00	0.00	0.00
		Service Charges	24,000.00	24,000.00	0.00	0.00
Mercury Marketing & Consulting Services	A Concern in which Directors are Partner	Sales	60,072.00	92,298.00	1,52,370.00	92,298.00
		Commission Paid	8,50,000.00	3,00,000.00	0.00	0.00
Kusumben R. Shah	Relatives	Interest on F.D.	96,000.00	96,000.00	12,43,200.00	12,43,200.00
Kaumudiniben R. Shah	Relatives	Interest on F.D.	1,26,000.00	1,26,789.00	16,31,700.00	16,31,700.00
Kishoriben D. Shah	Relatives	Interest on F.D.	70,000.00	70,000.00	9,06,500.00	9,06,500.00
R.R. Shah( H.U.F)	Relatives	Interest on F.D.	4,000.00	4,000.00	52,000.00	51,800.00



**41. Derivative Instruments and Unhedged Foreign Current Exposure :**

<b>Particulars of Derivatives</b>	<b>Purpose</b>	
Forward Contract Outstanding on 31 <sup>st</sup> March, 2012		Nil
Nil (P.Y. Nil)		
<b>Particulars of Un-hedged Foreign Currency Exposure</b>	<b>31.03.2012</b>	<b>31.03.2011</b>
	<b>Rs.</b>	<b>Rs.</b>
• Sundry Debtors	4,26,13,257	3,74,44,108
• Sundry Creditors	27,95,555	-
• FCNRB Term Loan	1,97,47,667	88,46,500

42. The Company has not made any forward contracts during the year.

43. To comply with the International standard of regulatory market the company has undertaken the project to construct the factory building and availed the Term Loan in foreign currency (FCNRB) from State Bank of India Baroda. The undertaken project will take substantial period of time. The Company has capitalized the borrowing cost of Rs. 14,56,041/- in terms of the accounting practice followed by the Company in consonance with Accounting Standard-16 Borrowing Costs.

44. Directors' remuneration is within the limits prescribed by Section II of Part II of Schedule XIII of the Companies Act, 1956. The amounts paid included the following :

<b>Particulars</b>	<b>2011-2012</b>	<b>2010-2011</b>
	<b>(Rs.)</b>	<b>(Rs.)</b>
Remuneration	16,80,000.00	16,10,000.00
Perquisites	1,08,416.00	30,000.00

The Managing Director is eligible for Gratuity as well as Leave Encashment and is covered there-under alongwith other employees of the Company. However, the above amounts do not include contribution to gratuity fund and provision for leave encashment as well as perquisite for free usage of car as separate figures are not available.

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

46. These financial statements have been prepared in the format prescribed by the Revised Schedule VI to the Companies Act, 1956. Previous periods figures have been recast / restated.

**Notes forming part of the Accounts**

As per our report of even date

**For Naresh & Co.,**  
Chartered Accountants  
FRN No. 106928W

**CA Anil L. Shah**  
Partner  
Membership No. : 35309  
Vadodara  
Date : 11<sup>th</sup> August, 2012

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

**R. R. Shah**                      **D. R. Shah**  
Managing Director              Director

Vadodara  
Date : 11/08/2012



Date : 11-8-2012

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

**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

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 2004-2005, 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 **31<sup>st</sup> ANNUAL GENERAL MEETING** held on Saturday, the 29<sup>th</sup> September, 2012 at 11:30 a.m. at the Registered Office at 18, Shreeji Bhuvan, 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 Bhuvan, 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 **31<sup>st</sup> Annual General Meeting** held on Saturday, the 29<sup>th</sup> September, 2012 at 11:30 a.m. at the Registered Office of the Company at 18, Shreeji Bhuvan, 51, Mangaldas Road, Princess Street, Mumbai - 400 002 or at any adjournment thereof.

Dated this \_\_\_\_\_ day of September, 2012.

Affix Revenue Stamp of Re. 1/-
---

- 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:** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

EMAIL ADDRESS: 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 \_\_\_\_\_, 2012.

\_\_\_\_\_  
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