

MERCURY

32nd Annual Report 2012-2013



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
Janak Katakia	Independent Director

BANKERS :

State Bank of India.

AUDITORS:

Naresh & Company,
Chartered Accountants
Vadodara.

REGISTERED OFFICE :

18, Shreeji Bhuvan,
51, Mangaldas Road,
Princess Street,
Mumbai - 400 002
Telephone : 22197268
Tel. Fax : 22015441
E-mail : mllbom@mtnl.net.in

HEAD OFFICE & UNITS :**UNIT No. 1**

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

UNIT No. 2

Village : Jarod, Halol - Baroda Road,
Ta. Waghodia,
Dist : Vadodara

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**NOTICE**

Notice is hereby given that the 32nd Annual General Meeting of **Mercury Laboratories Limited** will be held on Friday, the 13th December, 2013 at 12.00 noon, at the Electric Merchants' Association Hall, Shreeji Bhuvan, Room No. 12, 2nd Floor, 51 Mangaldas Road, Lohar Chawl, Mumbai-400002 to transact the following business.

Ordinary business :

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31st March 2013 and Balance Sheet as of that date together with the reports of the Directors and the Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Dr. Dinesh Shah who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors and fix their remuneration.

Special Business :

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

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

For and on behalf of the Board,

Date: 13.11.2013
Place: Vadodara

Rajendra R. Shah
Chairman & Managing Director

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT TO BE A MEMBER.
2. The Proxy Form duly completed and signed should be lodged with the Company 48 hours before the commencement of the meeting, in order to be effective.
3. Explanatory statement, pursuant to Section 173 of the Companies Act, 1956 in respect of Special Business enumerated at Item No. 5, is annexed.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, the 6th December, 2013 to Friday, the 13th December, 2013 (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 :

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, was assigned the work of issue of Compliance Certificate as required by the Companies (Compliance Certificate) Rules, 2001 framed under Section 383A(1) of the Companies Act, 1956 and holds office until the conclusion of the ensuing Annual General Meeting. He being eligible, offers himself for reappointment. Members are requested to consider his reappointment.

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

The Directors recommend the resolution for adoption.

For and on behalf of the Board,

Date: 13-11-2013

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. Dinesh Shah
i	Date of Birth	01/07/1959
ii	Date of Appointment	31/01/2003
iii	Specialized Expertise	Gynecology
iv	Qualifications	M.D.,M.R.COg. (U.K.)
v	Directorships in others Companies as on 31 st March, 2013	None
vi	Chairman / Member of Committees of other Companies	None



DIRECTORS' REPORT

To,
The Members,
Mercury Laboratories Limited
Mumbai

Your Directors have pleasure in presenting the 32nd Annual Report together with Audited Statements of Accounts for the Year ended 31st March, 2013.

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

1. Financial Results :	(Rs. in Lacs)	
	2012-13	2011-12
Gross Income	3418.03	2736.03
Gross Profit before Depreciation, Interest & Tax	446.30	365.28
Less: Depreciation	32.16	29.62
Less: Interest	41.15	24.36
Less: Current Tax & Deferred Tax	128.31	102.41
Add /(Less) : Prior period Adjustment - Net	(9.30)	11.52
Provision for Tax	—	10.30
Net Profit	253.98	230.71
Balance as per last P&L A/c.	1.23	0.44
Profit available for appropriation	255.21	231.15
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	233.00	209.00
(iv) Balance carried to next year	1.29	1.23
Total	255.21	231.15

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 2012-2013 absorbing Rs.20.92 lacs including Tax on Dividend, which will be, if approved, paid to the Shareholders holding shares as on 13th December, 2013, after business hours.

3. **Operations In Retrospect:**

During the year under review, the Company earned Gross Income of Rs. 3418.03 lacs and generated Gross Profit before Depreciation, Interest and Tax of Rs. 446.30 lacs with Net Profit of Rs. 253.98 lacs as against Gross Income of Rs. 2736.03 lacs, Gross Profit before Depreciation, Interest and Tax of Rs. 365.28 lacs with Net Profit of Rs. 230.71 lacs of previous year, registering phenomenal growth of 24.92% in Gross income and a modest growth of 10% in Net Profit, as compared to previous year.

The Company has been continuing putting 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 continue to achieve targeted growth.



In a drive to expand business, two 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 such as Sri Lanka and Benin to increase clientele in existing exporting countries. During the year, the Company added Eight 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.

Expansion plan of the Company has been on advance stage of completion and with establishing new manufacturing facilities at Jarod, the Company could enter in to regulated market and bring better result in coming years. Barring unforeseen circumstances, the Company hopes to pose better and improved results, in coming period,

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 31st March, 2013. 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. Director:

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

7. Extension of time for holding Annual General Meeting :

In order to facilitate the Company to place before the Shareholder its post Merger Statement of Accounts with Mercury Antibiotics Private Limited, the Company has availed extension of time of three months for holding Annual General Meeting for the financial year 2012-13, from the Registrar of Companies, Maharashtra vide their letter dated 30-08-2013. However, the Company still awaits to receive approval of Honourable High Court of Mumbai.

8. 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.

9. 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.

10. 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, 9,55,600 Equity shares (79.63%) have been dematerialized. Shareholders are recommended to demat their Shares for their better custody and convenience.

11. 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.

12. Cost Auditors :

The Company has appointed Messrs. Y. S. Thakar & Co., Cost Accountants, Vadodara as Cost Auditors of our Company for conducting Cost Audit in respect of Formulations drugs of your Company for the year ended March 31, 2013.

**13. 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.

14. Insurance :

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

15. 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: 13/11/2013

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 31st March, 2013.

A Conservation Energy:**(a) Energy Conservation measure taken :**

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

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

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

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

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

(d) Detail Energy Consumption for production

a	Power and fuel Consumption :	2012-13	2011-12
1	Electricity		
	(a) Purchased Unit Nos.	6,82,586	5,54,443
	Total Amount Rs.	43,73,741	32,59,426
	Rate/Unit Rs	6.41	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)	NA	N.A.
3	Furnace Oil, Qty(K. Liters)	18509	22,405
	Total Amount Rs	9,28,723	10,25,758
	Average Rat Rs (Per Lit) (Per Lit)	50.18	45.78
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 :

	2012-13	2011-12
Total Foreign Exchange used and earned :	Rs.	Rs.
i) Foreign Exchange earned	8,74,87,321	6,89,69,892
ii) Foreign Exchange used	1,73,24,811	72,56,375

Annexure : B

Company Identification No. : L74239MH1982PLC026341

Authorised Capital : Rs.200 Lacs

Date of AGM : 13th December, 2013

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 31st March, 2013. 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 pre-scribed paid-up capital and its maximum number of members during the said financial year were 868 (Eight Hundred Sixty Eight only) and the Company, during the year under scrutiny,
 - has not invited public to subscribe for its shares or debentures; and
 - has not accepted deposits from public but from its shareholders and its Directors or their relatives, with due compliance of applicable rules.



4. The Board of Directors duly met 6 (Six) times on 17th April, 2012, 12th May, 2012, 11th August, 2012, 30th October, 2012, 12th December, 2012 and 16th January, 2013 in respect of which meetings proper notices were given and the proceedings, were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company closed its Register of Members from 22nd September, 2012 to 29th September, 2012 (both days inclusive), during the financial year.
6. The Annual General Meeting for the financial year ended on 31.03.2012 was held on 29th September, 2012 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, 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 issued one duplicate share certificate 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 members of the Company, within stipulated time.
(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. There was no change in Directors of the Company, 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 within 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 is not required to deduct and deposit contribution towards Provident Fund with appropriate authorities pursuant to Section 418 of the Act, as the same is not applicable.

Place: Baroda

Date: 03-08-2013

Signature : Sd/-

Name of Company Secretary : **Jayesh Vyas**

C.P.No. : 1790 : F.C.S.No. : 50727

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 Directors u/s.303.
6. Register of Directors Shareholdings u/s.307.
7. Register of Investment, Loans & Guarantee u/s 372A.
8. Register of Disclosures of interest by Directors & Register of Contract u/s.301.



Annexure "B"

Sr. No	Form No.	Filed u/ s	For	Date of Filing	Delay, if any
1	Transfer of Unclaimed / Unpaid Dividend Form-1INV	Rule 3 of the IEPF Rule, 2001	Transfer of Unpaid / Unclaimed Dividend for the year 2003-04	13-04-2012	With delay
2	Reappointment of and the payment of remuneration and perquisites to the Managing Director Form – 25C	269, 198, 309 & 310	Reappointment of and the payment of remuneration and perquisites to Mr. Rajendra Shah as the Managing Director	28-06-2012	None
3	Filing of Annual Return of Deposit Form-62	58A & Companies (Acceptance of Deposits) Rules, 1975	Return of Deposit	30-06-2012	None
4	Statement in Lieu of Advertisement Form-62	58A & Companies (Acceptance of Deposits) Rules, 1975	Rule 10 of the Companies (Acceptance of Deposits) Rules, 1975	23-08-2012	None
5	Balance Sheet & Profit and Loss A/c. Form 23AC & ACA	220	Adoption at Annual General Meeting held on 29-09-2012	04-10-2012	Nil
6	Change of Designation of Director Form-32	303 (2)	Regularisation of Additional Director	05-10-2012	None
7	Compliance Certificate Form 66	383A	The Compliances made by the Company during the year.	06-10-2012	None
8	Appointment of Cost Auditor Form-23C	233B (2)	Appointment of Mr. Y.S.Thakar as Cost Auditor	07-10-2012	None
9	Registration of Resolution Form - 23	192	Reappointment of Managing Director & payment of remuneration	07-10-2012	None
10	Annual Return Form 20B	159	Annual General Meeting held on 29-09-2012	17-10-2012	None
11	Charge created by way of Hypothecation Form No.8 (2)	125, 127 & 135	Modification of Charge of Hypothecation of Current assets & Tangible Movable assets, of Rs.1291 lacs on 12-10-2012	01-11-2012	Nil



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's 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 31st March, 2013. 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 31st March, 2013 have been made by the Directors.

A brief resume of the director being re-appointed at the Annual General Meeting, the nature of his 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 2012-13	Whether attend last Annual General Meeting
Mr. Rajendra R. Shah	Promoter Executive Chairman & Managing Director	6	6	Yes
Mr. Dilip R. Shah	Promoter Executive	6	5	Yes
Dr. Dinesh Shah	Independent Non Executive	6	6	No
Dr. Tushar Shah	Independent Non Executive	6	6	No
Mr. Janak Katakia	Independent Non Executive	6	2	No

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

Board Meetings :

During the year 2012-13, the Board met Six times on 17th April, 2012, 12th May, 2012, 11th August, 2012, 30th October, 2012, 12th December, 2012 and 16th January, 2013. 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:

<u>Names of Directors</u>	<u>No. of Shares held</u>
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 Three Independent, Non-Executive Directors viz. Mr. Janak Katakia, Dr. Dinesh Shah and Dr. Tushar Shah. The Chairman of the Committee is Mr. Janak Katakia.

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 2012-2013, Five Audit Committee meetings were held on 17th April, 2012, 12th May, 2012, 11th August, 2012, 30th October, 2012 and 16th January, 2013, details of attendance of Members at the Meetings of the Audit Committees held during 2012-2013 are as under.

Name of Directors	No. of Meeting held	Meeting Attended
Mr. Janak Katakia	5	2
Dr. Dinesh Shah	5	5
Dr. Tushar Shah	5	5

The Manager (Accounts) 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. Janak Katakia, Dr. Dinesh Shah and Dr. Tushar Shah. The Chairman of the Committee is Dr. Tushar Shah.

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 2012-13, the Remuneration Committee has not met during the year.

For the year ended 31st March, 2013, Mr. Rajendra R. Shah, the Managing Director was paid remuneration of Rs. 16,80,000 and Perquisite of Rs.97,864, the aggregate value thereof was Rs.17,77,864. With approval of the Shareholders, Mr. Rajendra Shah has been appointed as the Managing Director for tenure of five years with effect from 1.4.2012, under the agreement which can be terminated by either party giving three months' notice in writing.

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

Details of sitting fees paid to Non Executive Directors during the year 2012-2013.

Name of Directors	Sitting Fees paid
Dr. Dinesh Shah	27,000
Dr. Tushar Shah	27,000
Mr. Janak Katakia	10,000



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. Janak Katakia. The Chairman of the Committee is Dr. Dinesh Shah.

The Committee, inter alia, oversees and reviews all matters connected with the securities and looks into shareholders complaints like transfer of shares, non receipt of balance sheet, non receipt of declared dividend etc. The Committee oversees the performance and the working of M/s. Link Intime India Pvt. Ltd., the Registrar & Transfer Agent and of the Secretarial Department and recommends measures for overall improvement in the quality of investor services.

During the year 2012-13, the Shareholders'/Investors' Grievance Committee met on 17-04-2012, 11-08-2012, 30-10-2012 and 16-01-2013. Details of Attendance of Members at the Meetings of the Shareholders' / Investors' Grievance Committees held during 2012-13 are as under.

Name of Directors	No. of Meeting held	Meeting Attended
Dr. Dinesh Shah	4	4
Dr. Tushar Shah	4	4
Mr. Janak Katakia	4	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 31st March, 2013.

6. General Body Meetings:

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

Date	Time	Place	Details of Special Resolution Passed
29-9-2012	11.30 a.m.	At the Registered Office	Reappointment of Mr. Rajendra Shah as Managing Director subject to the approval of the Shareholders.
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 Share holder & Central Government.

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

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

7. Disclosures:

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



8.1 Compliance of Mandatory Requirements:

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

8.2 Compliance of Non Mandatory Requirements :

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

9. Means of communication:

The annual and quarterly results are regularly published by the Company in Nav Shakti (Marathi) and Free Press Journal (English), the News Papers as per the Stock Exchange requirements. In addition, these are also submitted to the Stock Exchange in accordance with the Listing Agreement. Financial Results are supplied through E-Mail & post 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 : Friday, 13th December, 2013 at 12.00 Noon.
- Venue : At the Electric Merchants' Association Hall, Shreeji Bhuvan, Room No. 12, 2nd Floor, 51 Mangaldas Road, Lohar Chawl, Mumbai-400002.

10.2 Financial Calendar :

Board Meeting to approve	Period
Unaudited Financial results for	
Quarter ending September 30 th ,2013	: On or before 14 th November, 2013
Quarter ending December 31 st , 2013	: On or before 14 th February, 2014
Quarter ending March 31 st , 2014	: On or before 14 th May, 2014
Quarter ending June 30 th , 2014	: On or before 14 th August, 2014
Annual General Meeting for the	: By end of September, 2014
Year ending on 31.03.2014.	
Audited Results for year 2013-14	: By end of August, 2014.

10.3 Dividend Payment Date : On or after 13th December, 2013

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 31st March, 2013 as well as for the purpose of AGM, the Register of Members and Share Transfer Books of the Company will remain closed from Friday, the 6th December, 2013 to Friday, the 13th December, 2013 (Both days inclusive).

10.5 Dividend Remittance:

Dividend on Equity Shares as recommended by the Directors for the year ended 31st March, 2013 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 Friday, the 13th December, 2013.



- (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 Friday, the 13th December, 2013.

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 15 days from the date of receipt, subject to the documents being valid and complete in all respects.

10.11 Distribution of Shareholding as on 31st March, 2013.

Shareholding % of (in Rs.)	No. of Shareholders	% of Total	Share Amount	% of Total
1 - 5000	778	89.63	13,92,000	11.60
5001 - 10000	37	4.26	3,32,000	2.77
10001 - 20000	21	2.42	3,40,500	2.84
20001 - 30000	5	0.58	1,35,000	1.12
30001 - 40000	5	0.58	1,94,000	1.62
40001 - 50000	4	0.46	1,95,000	1.61
50001 - 100000	4	0.46	2,78,500	2.32
100001 & above	14	1.61	91,33,000	76.11
Total	868	100.00	120,00,000	100.00

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

10.12 **Distribution of Shareholding Pattern as on 31st March, 2013:**

Category	No. of Shares	% of Total Capital
A. Promoters holding :		
a. Indian Promoter	8,71,700	72.64
b. Foreign Promoter	—	—
B. Non Promoters holding:		
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	—	—
Total	12,00,000	100.00

10.13 **Dematerialisation of Shares :**

About 79.63% of outstanding Equity Shares have been dematerialized upto 31st March, 2013. Trading in shares of the Company is permitted only in the dematerialized form.

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 ON CORPORATE GOVERNANCE

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 31st March, 2013 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 : 03/08/2013

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 31st March, 2013 received from the Senior Management Team of the Company and the Members of the Board, declarations of Compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Team means the Manager Accounts and other employees in the Executive cadre as on 31st March, 2013.

Date: 03/08/2013

Place: Vadodara

Rajendra R. Shah

CEO & Managing Director

CERTIFICATE

To,

The Board of Directors,

Mercury Laboratories Limited.

Mumbai

This is to certify that;

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

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

These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations,

There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

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

We have indicated to the Auditors and the Audit Committee,

- significant changes in Internal Control during the year;
- significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
- instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant rolls in the Company's internal control system.

Date **03/08/2013**

Place: Vadodara

For Mercury Laboratories Limited.

Rajendra R. Shah

CEO & Managing Director



INDEPENDENT AUDITORS' REPORT

To the Members

Reports on Financial Statements

We have audited the accompanying Financial Statements of **MERCURY LABORATORIES LIMITED ("the Company")** which comprise the Balance sheet as at 31st March, 2013, Cash Flow Statement and the Statement of Profit & Loss for the year ended on that date annexed thereto and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position & financial performance of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013; and
- b) in the case of the Statement of Profit and Loss, of the **Profit** for the year ended on that date;
- c) in the case of the Cash Flow Statement, of the Cash Flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors Report) Order, 2003 ("the order") and Companies (Auditors Report) Order (Amendment), 2004 (hereinafter collectively referred to as 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. As per the requirements under Section 227 (3) of the Act, we report that:
 - 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, Cash Flow Statement and Statement of Profit & Loss dealt with by this report are in agreement with the books of accounts of the Company;
 - d) In our opinion, the Balance Sheet, Cash Flow Statement and Statement of Profit and Loss annexed thereto with 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 31st March, 2013, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2013 from being appointed as a director of the Company under clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

CA ANIL L. SHAH
PARTNER
MEMBERSHIP NO. : 35309

PLACE : VADODARA
DATE : 03rd August, 2013

**ANNEXURE TO AUDITORS' REPORT**

(Referred to in paragraph 1 or our report of even date on the accounts for the year ended 31st March 2013 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 substantial fixed asset there by affecting the going concern.
- (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. 47,63,008/- and the year-end balance of the loans was Rs.47,63,008/- (P.Y. 43,51,400/-).
- (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 31st March, 2013 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	89391.00	1991 – 92	Tribunal Appeals
Service Tax	Wrong Availment of Credit	11,47,688.00	2005-08	Commissioner Appeals
		9,31,998.00	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

CA ANIL L. SHAH
PARTNER
MEMBERSHIP NO. : 35309

PLACE : VADODARA
DATE : 03rd August, 2013

BALANCE SHEET AS AT 31ST MARCH, 2013

DESCRIPTION	Note No.	As at 31.03.2013 Amount Rs.	As at 31.03.2012 Amount Rs.
I. EQUITY AND LIABILITIES			
(1) SHARE HOLDERS FUND			
(a) Share capital	3	12,000,000	12,000,000
(b) Reserves and Surplus	4	111,935,584	88,629,222
(2) SHARE APPLICATION MONEY PENDING ALLOTMENT			
		-	-
(3) NON-CURRENT LIABILITIES			
(a) Long-Term Borrowings	5	75,586,752	24,371,678
(b) Deferred Tax Liabilities (Net)	6	10,028,640	6,417,763
(c) Other Long Term Liabilities	7	-	-
(d) Long-Term Provisions	8	850,481	330,821
(4) CURRENT LIABILITIES			
(a) Short-Term Borrowings	9	10,683,175	7,810,811
(b) Trade Payables	10	61,832,078	35,397,981
(c) Other Current Liabilities	11	24,230,622	20,799,007
(d) Short-Term Provisions	12	21,612,005	31,742,006
TOTAL		328,759,337	227,499,289
II. ASSETS			
(1) NON-CURRENT ASSETS			
(a) Fixed Assets			
(i) Tangible assets	13	178,922,850	44,666,668
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		-	21,116,994
(iv) Intangible Asset under Development		-	-
(b) Non-Current Investments	14	63,000	63,000
(c) Deferred Tax Assets (Net)	6	-	-
(d) Long-Term Loans and Advances	15	-	-
(e) Other Non-Current Assets	16	1,093,004	2,023,569
(2) CURRENT ASSETS			
(a) Current Investments	17	-	-
(b) Inventories	18	36,165,782	45,507,927
(c) Trade Recievables	19	61,668,482	62,284,341
(d) Cash and Cash Equivalents	20	14,116,392	8,944,752
(e) Short-Term Loans and Advances	21	36,729,827	42,892,038
(f) Other Current Assets	22	-	-
TOTAL		328,759,337	227,499,289
Notes forming part of the Financial Statements	1 to 43		

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

Place : Vadodara

Date : 3rd August, 2013**For and on behalf of the Board,****For Mercury Laboratories Ltd.****Rajendra R. Shah**Chairman &
Managing Director

Place : Vadodara

Date : 3rd August, 2013**Dilip R. Shah**

Executive Director

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED ON 31ST MARCH 2013

DESCRIPTION	Note No.	As at 31.03.2013 Amount Rs.	As at 31.03.2012 Amount Rs.
I Revenue From Operations	25	334,622,391	267,569,021
I Other Income	26	7,180,240	6,033,502
III Total Revenue (I + II)		341,802,631	273,602,523
IV Expenses:			
Cost of Materials Consumed	27	97,716,378	67,807,893
Purchases of Stock-in-Trade		45,455,530	50,739,763
Changes in Inventories of Finished Goods			
Work-in-Progress and Stock-in-Trade	28	9,057,366	(3,451,062)
Employee Benefits Expenses	29	51,232,198	46,464,566
Financial Costs	30	4,115,287	3,322,918
Depreciation and Amortization Expenses	13	3,216,457	2,961,686
Other Expenses	31	91,849,606	74,626,659
Total Expenses		302,642,822	242,472,423
V Profit Before Exceptional / Extra Ordinary Items & Tax (III-IV)		39,159,809	31,130,100
VI Exceptional items		(930,565)	1,152,488
VII Profit before Extraordinary Items & Tax (V - VI)		38,229,244	32,282,588
VIII Extraordinary Items			
Add : MAT Credit Entitlement		-	-
Add: Prior year's Income Tax Adjustment		-	1,029,793
IX Profit Before Tax (VII - VIII)		38,229,244	33,312,381
X Tax expense :			
(1) Current tax		9,220,000	10,300,000
(2) Deferred tax		3,610,877	(58,550)
XI Profit/(Loss) from Continuing Operations (IX-X)		25,398,367	23,070,931
XII Profit/(Loss) from Discontinuing Operations		-	-
XIII Tax Expense of Discontinuing Operations		-	-
XIV Profit/(loss) from Discontinuing Operations (after tax) (XII - XIII)		-	-
XV Profit / (Loss) for the Period (XI+XIV)		25,398,367	23,070,931
XVI Earning per Equity Share:		21.17	19.23
Notes forming part of the Financial Statements	1 to 43		

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

Place : Vadodara

Date : 3rd August, 2013

**For and on behalf of the Board,
For Mercury Laboratories Ltd.**

Rajendra R. Shah
Chairman &
Managing Director

Dilip R. Shah
Executive Director

Place : Vadodara
Date : 3rd August, 2013



CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2013

(Pursuant to Clause 32 of the Listing Agreement)

Amount (Rs.)

DESCRIPTION	31/03/2013	31/03/2012
A. Cash flow from Operating Activities :		
<i>Net Profit before Tax & Extra Ordinary Items</i>	38,229,244	33,312,381
Adjustment for :		
Depreciation & Write-offs	3,216,457	2,961,686
Prior Period Adjustments	-	1,029,793
Loss/(Profit) on Sale of Investments/Assets	(30,000)	(13,099)
Interest	4,115,287	3,156,110
<i>Operating Profit before Working Capital Changes</i>	45,530,988	40,446,871
Adjustments for :		
(Increase)/Decrease in Trade Receivables	615,859	1,253,156
(Increase)/Decrease in Inventories	9,342,145	(8,402,636)
(Increase)/Decrease in Loans & Advances	(3,004,437)	(3,227,075)
Increase/(Decrease) in Trade Payable	26,434,097	3,596,970
Increase/(Decrease) in Other Current Liabilities	3,951,275	(2,533,660)
<i>Cash Generated from Operations</i>	82,869,927	31,133,625
Interest Paid	4,115,287	3,156,110
Direct Taxes Paid (Net of Refund)	9,252,790	11,328,401
<i>Cash Flow before Extra Ordinary Items</i>	69,501,850	16,649,114
Prior Period Items (being cash items)	-	(1,029,793)
<i>Net Cash Flow from Operating Activities</i>	69,501,850	15,619,321
B. Cash flow from Investing Activities		
Purchase of Fixed Assets	(116,355,644)	(26,623,336)
Net Proceeds from Sale of Fixed Assets	30,000	380,000
Dividend Received	-	-
Investments	-	-
Sale of Investments	-	-
<i>Net Cash used in Investment Activities</i>	(116,325,644)	(26,243,336)
C. Cash Flow from Financing Activities		
Increase/(Decrease) in Short Term Borrowings	2,872,364	(13,754,227)
Increase/(Decrease) in Long Term Borrowings	51,215,074	19,697,626
Dividend Paid (incl. Tax Thereon)	(2,092,005)	(2,092,005)
<i>Net Cash used in Financing Activities</i>	51,995,433	3,851,394
D. Net Increase/(Decrease) in Cash and Cash Equivalents	5,171,639	(6,772,621)
Cash and Cash Equivalents at beginning of the year	8,944,752	15,717,373
Cash and Cash Equivalents at the end of the year	13,459,977	8,362,262
Earmarked balances with banks (Margin Money)	656,415	582,490
Note :20 Cash & Bank balances at the end of the year	14,116,392	8,944,752

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

Place : Vadodara

Date : 3rd August, 2013

For and on behalf of the Board,

For Mercury Laboratories Ltd.

Rajendra R. Shah

Chairman &
Managing Director

Place : Vadodara

Date : 3rd August, 2013

Dilip R. Shah

Executive Director



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 Private Ltd. Company, & incorporated in the year 1982. Later on further converted into Limited Company in the year 1992 in 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. Note 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 companies.

The Board of Directors of MAPL (Transferor Company) & the Board of Directors of MLL (Transferee Company) have respectively passed the resolutions on 05th January, 2012 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 & 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 01st 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 Bombay (Maharashtra), MAPL will stand merged with MLL with effect from 01st April, 2011 & will stand extinguished & the account of MLL for the year 2011-12 & 2012-13 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 vide 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 Statement of Profit & Loss 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.



3. Share Capital :

	As At March 31 st , 2013	As At March 31 st , 2012
(a) Authorised 20,00,000 (P. Y. 20,00,000) Shares of Rs.10/- each	2,00,00,000	2,00,00,000
(b) Issued, Subscribed and Paid-up Capital 1,20,00,000 (P. Y. 1,20,00,000) Equity Shares of Rs. 10/- each Fully Paid-up	1,20,00,000	1,20,00,000
TOTAL RS.	1,20,00,000	1,20,00,000

(c) Reconciliation of Number of Shares

Particulars	As at 31 st March, 2013		As at 31 st March, 2012	
	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 st March, 2013		As at 31 st March, 2012	
	No. of Shares	% of Holding	No. of Shares	% of Holding
DILIPBHAI RAMANLAL SHAH	288,950	24.08	288,950	24.08
RAJENDRA R SHAH	293,900	24.49	293,900	24.49
SHRUTI DILIPBHAI SHAH	82,500	6.88	82,500	6.88
JANKI RAJENDRA SHAH	78,800	6.57	78,800	6.57
TOTAL	744,150	62.01	744,150	62.01

4. Reserves & Surplus :

Particulars	31/03/2013 (Rs.)	31/03/2012 (Rs.)
(a) CAPITAL RESERVE	-	-
(b) SECURITIES PREMIUM	3,600,000	3,600,000
(d) GENERAL RESERVE		
Balance at the beginning of the year	84,906,557	64,006,557
Add :- Transferred from Surplus in the Statement of Profit and Loss	23,300,000	20,900,000
Balance as at the end of the year	108,206,557	84,906,557



4. Reserves & Surplus (Contd...) :

	31/03/2013 (Rs.)	31/03/2012 (Rs.)
(e) SURPLUS IN THE STATEMENT OF PROFIT AND LOSS		
Balance as at the beginning of the year	122,665	43,740
Add : Profit for the year	25,398,367	23,070,931
Less :		
Transfer to General Reserve	23,300,000	20,900,000
Proposed Dividend	1,800,000	1,800,000
Dividend Distribution Tax	292,005	292,006
Balance as at the end of the year	129,027	122,665
TOTAL RS.	111,935,584	88,629,222

5 LONG TERM BORROWINGS :-

	31/03/2013 (Rs.)	31/03/2012 (Rs.)
(a) SECURED :		
Term Loans :		
State Bank Of India - Building Loan A/c - FCNRB Loan A/c	70,644,242	19,747,661
State Bank Of India - Motor Car Loan A/c	179,502	272,617
	70,823,744	20,020,278
(b) UNSECURED :		
Loans & Advances from related parties		
Fixed Deposits From Directors & Members	4,763,008	4,351,400
	4,763,008	4,351,400
TOTAL RS.	75,586,752	24,371,678

6 DEFERRED TAX LIABILITIES (Net) :-

	31/03/2013 (Rs.)	31/03/2012 (Rs.)
Deferred Tax Liabilities	10,304,621	6,525,114
(difference between accounting and tax depreciation)		
Deferred Tax Assets	275,981	107,351
(liabilities provided in books allowable for tax purposes when paid)		
Net Deferred Tax Liabilities as at the year end	10,028,640	6,417,763

7 OTHER LONG TERM LIABILITIES :-

	31/03/2013 (Rs.)	31/03/2012 (Rs.)
TOTAL RS.	-	-

**8 LONG TERM PROVISIONS :-**

	31/03/2013 (Rs.)	31/03/2012 (Rs.)
Provision for Employee Benefits	850,481.00	330,821.00
Others	-	-
TOTAL RS.	850,481.00	330,821.00

9 SHORT TERM BORROWINGS :-

	31/03/2013 (Rs.)	31/03/2012 (Rs.)
(a) SECURED :		
State Bank Of India (Cash Credit Against Stock and Debts)	1,623,985	7,810,811
State Bank Of India - EPC Loan A/C	9,059,190	-
TOTAL RS.	10,683,175	7,810,811
(b) UNSECURED : (Payable Within One Year)	-	-
TOTAL RS.	10,683,175	7,810,811

The State Bank of India has sanctioned various credit facilities which are working capital finance, Export Credit facility & FCNRB 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 :-

	31/03/2013 (Rs.)	31/03/2012 (Rs.)
(a) Trade Payables	28,695,758	16,776,092
(b) Others	33,136,320	18,621,889
TOTAL RS.	61,832,078	35,397,981

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 :-

	31/03/2013 (Rs.)	31/03/2012 (Rs.)
(a) Current Maturities of Long Term Debts / Finance Lease Obligations		
- SIDBI BANK - Term Loan A/c	-	127,000
- Kotak Mahendra Primas Ltd - Car Loan A/c	15,731	195,852
(b) Interest Accrued but not due on Borrowings	-	-
(c) Interest Accrued and due on Borrowings	-	-
(d) Unpaid Dividends	618,919	364,360
(e) Advances Received From Customers	1,353,790	1,230,863
(f) Others Payables :		
- Security Deposits	9,794,873	8,132,474
- Statutory Liabilities	2,891,414	2,086,140
- Other Expenses Payable	3,638,569	2,469,797
- Other Current Liabilities	5,917,326	6,192,521
TOTAL RS.	24,230,622	20,799,007

12 SHORT TERM PROVISIONS :-

	31/03/2013 (Rs.)	31/03/2012 (Rs.)
(a) Provision for Taxation	19,520,000	29,650,000
(b) Provision for Proposed Dividend	1,800,000	1,800,000
(c) Provision for Dividend Distribution Tax	292,005	292,006
TOTAL RS.	21,612,005	31,742,006

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 % SLM	Rs.	Deduction / Adjustment	Balance as on 31/03/2012	Balance as on 31/03/2012	Balance as on 31/03/2011
Tangible Assets											
Land	4,772,357	-	-	4,772,357	-		-		-	4,772,357	4,772,357
Factory Building - Baroda	3,465,127	-	-	3,465,127	1,722,236	3.34	76,357	1,798,593	1,666,535	1,742,892	
Tablet Building - Jarod	9,479,268	-	-	9,479,268	3,246,065	3.34	280,482	3,526,547	5,952,721	6,233,203	
Jarod Building - MPL	1,793,991	-	-	1,793,991	351,604	3.34	59,919	411,523	1,382,468	1,442,387	
Antoophill Building - Bombay	777,777	-	-	777,777	122,912	3.34	11,945	134,857	642,920	654,865	
Jarod Building New Project	-	86,443,187	-	86,443,187	-	3.34	87,012	87,012	86,356,175		
Plant & Machinery	23,822,723	2,992,851	-	26,815,574	8,876,554	5.28	1,025,113	9,901,666	16,913,908	14,946,170	
Laboratories Instruments	6,129,404	1,311,267	-	7,440,671	2,652,088	5.28	271,994	2,924,082	4,516,589	3,477,316	
Air condition	7,909,917	43,028	-	7,952,945	2,814,238	5.28	383,496	3,197,734	4,755,211	5,095,679	
AC Plant	-	35,325,769	-	35,325,769	-	5.28	56,212	56,212	35,269,557		
Furniture & Deedstock	4,033,435	23,667	-	4,057,102	2,487,487	6.33	109,100	2,596,587	1,460,515	1,545,948	
Furniture & Fixtures	1,552,025	31,919	-	1,583,944	946,918	6.33	49,700	996,618	587,326	605,107	
Computers	5,553,554	176,843	-	5,730,397	4,017,360	16.21	414,461	4,431,821	1,298,576	1,536,194	
Electrical installation	-	10,563,979	-	10,563,979	-	7.07	22,509	22,509	10,541,470		
Veicals - Motor Car	4,300,145	560,128	226,106	4,634,167	1,713,851	9.50	364,312	226,106	1,852,057	2,782,110	2,586,294
Veicals - Scooters	69,400	-	-	69,400	41,144	9.50	3,845	44,989	24,411	28,255	
Total - A Rs.	73,659,123	137,472,638	226,106	210,905,655	28,992,457		3,216,457	226,106	31,982,807	178,922,850	44,666,668
Capital Work In Process											
Jarod Buiilding	19,660,953	-	19,660,953	-	-	-	-	-	-	-	19,660,953
Jarod Building Exp. Pending Allocation	1,456,041	-	1,456,041	-	-	-	-	-	-	-	1,456,041
	21,116,994	-	21,116,994	-	-	-	-	-	-	-	21,116,994
Total C (A+B) Rs...	94,776,117	137,472,638	21,343,100	210,905,655	28,992,457		3,216,457	226,106	31,982,807	178,922,850	65,783,662
Last Year Closing Balance	69,177,592	26,623,336		94,776,117	26,688,681		2,961,686	657,910	28,992,456	65,783,662	42,488,911

**14 NON CURRENT INVESTMENTS :-**

	31/03/2013 (Rs.)	31/03/2012 (Rs.)
(a) Trade Investments - Unquoted / Quoted	-	-
(b) Non Trade Investments - Unquoted / Quoted	63,000	63,000
TOTAL RS.	63,000	63,000

15 LONG TERM LOANS & ADVANCES :-**(Unsecured, Considered Good)**

	31/03/2013 (Rs.)	31/03/2012 (Rs.)
(a) Capital Advances	-	-
(b) Security Deposits	-	-
(c) Loans and Advances to related Parties	-	-
(d) Other Loans and Advances	-	-
TOTAL RS.	-	-

16 OTHER NON-CURRENT ASSETS :-

	31/03/2013 (Rs.)	31/03/2012 (Rs.)
(a) Long-term Trade Receivables	-	-
(b) Others	-	-
- Employee Gratuity Scheme (Excess of Fair value of plan assets over present value of obligations)	1,093,004	2,023,569
TOTAL RS.	1,093,004	2,023,569

17 CURRENT INVESTMENTS :-

	31/03/2013 (Rs.)	31/03/2012 (Rs.)
(a) Investments in Governments Securities	-	-
(b) Investments in Partnership Firms	-	-
(c) Other Investments (Shares and Mutual Funds)	-	-
TOTAL RS.	-	-

**18 INVENTORIES :-**

	31/03/2013	31/03/2012
	(Rs.)	(Rs.)
Raw Materials	8,513,027	9,793,517
Packing Materials	3,896,516	3,558,639
Work-in-Progress	1,805,283	2,598,596
Finished Goods	21,950,956	29,557,175
TOTAL RS.	36,165,782	45,507,927
Finished Goods (Principal Items)		
K Stat ET	1,158,008	427,559
Merizyme Liquid	660,581	721,380
T-Stat 500	2,014,848	943,227
Kerutin C Tablet	691,347	992,550
Cefal 100 MG	772,240	77,382
Others	16,653,932	26,395,077
TOTAL RS.	21,950,956	29,557,175
Work-in-Progress (Principal Items)		
K Stat Inj	503,913	-
K Win Inj	254,381	-
K Stat ET	626,796	-
Troz 200	-	1,224,000
Temperin Inj	-	433,500
Others	420,193	941,096
TOTAL RS.	1,805,283	2,598,596

**19 TRADE RECEIVABLES :-
(Unsecured, Considered Good)**

	31/03/2013	31/03/2012
	(Rs.)	(Rs.)
(a) Outstanding for a period exceeding Six Months	918,508	1,157,686
(b) Others	57,894,035	53,859,429
(Unsecured, Considered doubtful)		
(a) Others	2,855,939	7,267,226
TOTAL RS.	61,668,482	62,284,341

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

**20 CASH AND CASH EQUIVALENTS :-**

	31/03/2013 (Rs.)	31/03/2012 (Rs.)
Balances with Banks		
- In Current Accounts	6,554,382	1,555,124
- In Dividend Accounts	618,919	367,829
- In Margin Money Deposit Accounts	656,415	582,490
- In other deposits account	6,154,237	6,313,216
Cash on Hand	132,439	126,093
TOTAL RS.	14,116,392	8,944,752

**21 SHORT-TERM LOANS AND ADVANCES :-
(Unsecured, Considered Good)**

	31/03/2013 (Rs.)	31/03/2012 (Rs.)
- EMD's	1,190,943	1,232,053
- Advance Paid to Suppliers & Service Providers	4,696,006	4,116,507
- Advance Income Taxes and Refunds Receivable	19,557,372	30,585,150
- Indirect Taxes Recoverable Balances with Revenue Authorities	7,646,685	2,892,743
- Other Short Term Loans & Advances	3,638,821	4,065,585
TOTAL RS.	36,729,827	42,892,038

22 OTHER CURRENT ASSETS :-

	31/03/2013 (Rs.)	31/03/2012 (Rs.)
TOTAL RS.	-	-

23 CONTINGENT LIABILITIES AND COMMITMENTS :-

	31/03/2013 (Rs.)	31/03/2012 (Rs.)
Contingent Liabilities		
Claims against the Company not acknowledged as debt	2,810,369	2,698,386
Guarantees (Bank Gurantee)	4,274,966	2,585,785
Other Moneys for which Company is contingently liable	1,961,125	2,766,328
TOTAL RS.	9,046,460	8,050,499
Commitments		
Estimated amounts of contracts remaining to be executed on capital account and not provided for	-	78,900,000
Uncalled liability on shares or investments partly paid	-	-
Other Commitments	-	-
TOTAL RS.	-	78,900,000



- 24 In the opinion of the Board, all assets which are considered good (other than Fixed Assets and Non-Current Investments) are expected to realised at least the amount at which they are stated, if realised in the ordinary course of business. Further in the opinion of the Board, provision for all known liabilities has been adequately made in the accounts and as per management experience and estimates, no additional provisions are required.

25 **REVENUE FROM OPERATIONS :-**

	31/03/2013 (Rs.)	31/03/2012 (Rs.)
(a) Sale of Products		
- Domestic Sales	244,509,154	194,536,246
- Deemed Exports	12,784,415	11,552,907
- Direct Export Sales	87,487,321	68,969,892
Total Sale of Products	344,780,890	275,059,045
Goods Returns	2,230,129	4,958,830
Total Gross Revenues	342,550,761	270,100,215
(b) Sale of Services	-	-
(c) Other Operating Revenues		
- Processing Charges	944,775	1,860,841
Total Gross Revenues	343,495,536	271,961,056
Less : Excise Duty	8,873,145	4,392,035
TOTAL RS.	334,622,391	267,569,021
Sales (Finished Goods) Principal Items		
Merizyme Liquid	14,990,906	11,479,429
Benzol	26,902,500	-
K Stat 250	14,851,255	13,719,537
Gravidol Tablet	17,045,047	15,246,091
K Stat 500	15,539,450	13,063,178
Others	244,348,458	212,199,945
TOTAL RS.	333,677,616	265,708,180

26 **OTHER INCOME :-**

	31/03/2013 (Rs.)	31/03/2012 (Rs.)
Interest Received	630,529	1,601,429
Profit on Sale of Assets	30,000	91,472
Foreign Exchange Gain	4,415,880	2,008,318
Miscellaneous Income	985,526	599,887
Export Incentive	1,118,305	1,732,396
TOTAL Rs.	7,180,240	6,033,502



27 COST OF MATERIALS CONSUMED :-

	31/03/2013 (Rs.)	31/03/2012 (Rs.)
Opening Stock of Raw Materials	9,793,517	6,082,236
Add : Domestic Purchases	47,628,314	34,434,719
Import Purchases	16,283,290	7,035,910
	73,705,121	47,552,865
Less : Closing Stock of Raw Materials	8,513,027	9,793,517
Raw Materials Consumed	65,192,094	37,759,348
Packing Materials Consumed	27,805,288	26,806,643
Consumable Stores	3,790,273	2,216,144
Fuel & Oil	928,723	1,025,758
TOTAL RS.	97,716,378	67,807,893

Material Consumption	31st March, 2013		31st March, 2012	
	Amount Rs.	%	Amount Rs.	% of Holding
Imported (incl Customs)	16,220,271	24.88	3,895,289	10.32
Indigenous	48,971,823	75.12	33,864,059	89.68
Total	65,192,094	100.00	37,759,348	100.00

28 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS & STOCK IN TRADE

	31/03/2013 (Rs.)	31/03/2012 (Rs.)
Opening Stocks		
Finished Goods	29,557,175	27,730,991
Work-in-Progress & Stock-in-Trade	2,598,596	415,703
	32,155,771	28,146,694
Closing Stocks		
Finished Goods	21,950,956	29,557,175
Work-in-Progress & Stock-in-Trade	1,805,283	2,598,596
	23,756,239	32,155,771
Differential Excise Duty on Opening & Closing Stock of Fin. Goods	657,834	558,015
TOTAL RS.	9,057,366	(3,451,062)

**29 EMPLOYEE BENEFIT EXPENSES :-**

	31/03/2013	31/03/2012
	(Rs.)	(Rs.)
Salary and Wages	9,889,578	8,124,620
Bonus	1,364,675	648,113
Gratuity	483,404	308,221
Directors Remuneration	1,680,000	1,680,000
Leave Encasement	573,025	128,240
Other Allowance , Incentive , Charges, Retainer Fees ,Stipend	34,197,038	32,644,013
Contribution To PF , EDLI & ESIS	1,593,641	1,684,214
Staff Welfare Exp.	1,450,837	1,247,145
TOTAL RS.	51,232,198	46,464,566

30 FINANCE COSTS :-

	31/03/2013	31/03/2012
	(Rs.)	(Rs.)
Bank Charges and Other Borrowing Costs	761,159	720,085
Bank Interest	930,227	1,466,146
Interest to Others	1,875,821	969,879
Exchange Rate Loss on Foreign Currency Borrowings	548,080	166,808
TOTAL RS.	4,115,287	3,322,918

31 OTHER EXPENSES :-

	31/03/2013	31/03/2012
	(Rs.)	(Rs.)
(a) Manufacturing \ Direct Expenses		
Manufacturing labour Charges	419,398	2,481,614
Power & Fule - Electricity	4,373,741	3,259,426
Machinery Reapairs - Parts	1,513,114	984,177
Machinery Reapairs - Other	68,216	245,907
Analytical & Testing Exp.	488,433	535,371
Product Development Exp.	323	1,364
Laboratory Expenses	805,017	492,656
Calibration Charges	49,060	-
Total (a)	7,717,302	8,000,515



	31/03/2013 (Rs.)	31/03/2012 (Rs.)
(b) Administrative & Other Expenses		
Computer Maintenance Expense	609,549	396,160
Director's Fees	64,000	63,000
Electrical Expenses	195,570	137,613
Auditor's Remuneration	100,000	100,000
Legal & Professional Fees	1,563,631	1,923,105
Registration, License, Tender, Member, Application & Listing Fees	213,787	413,442
Commission & Discount	9,514,968	6,185,107
Motor Car & Scooter Expenses	374,648	543,617
Insurance	211,999	389,481
Printing ,Stationery & Zerox Expenses	814,673	884,896
Rent, Rates & Taxes	442,346	405,268
Repairs & Maintenance Building	2,037,043	2,351,951
Repairs & Maintenance Air Conditioner	47,727	113,609
Repairs & Maintenance electrical items	498,686	302,892
Repairs & Maintenance Others	880,371	287,737
Donation	1,600,000	1,265,000
Postage & Courier	685,407	445,371
Travelling Expenses	25,948,256	20,591,122
Telephone Expenses	424,742	528,511
Misc. Expense / Round Off	622,239	498,786
Bad- Debts	-	3,939,237
Loss on sales of Assets	-	78,373
Duties & Taxes	2,062,566	1,775,419
General Expenses	514,039	422,153
Total (b)	49,426,247	44,041,850
(c) Selling & Distribution Expenses		
Selling Exp. & Advertisement	17,082,388	6,296,798
Packing & Forwarding Exp.	9,965,262	9,775,778
Inspection Fees	61,689	-
Loss on Expiry Spoilage & Breakage	7,596,718	6,511,718
Total (c)	34,706,057	22,584,294
TOTAL (a+b+c+d) RS.	91,849,606	74,626,659

**32 C.I. F. VALUE OF IMPORTS :-**

	31/03/2013 (Rs.)	31/03/2012 (Rs.)
Raw Materials	16,283,290	7,035,910
TOTAL Rs.	16,283,290	7,035,910

33 EXPENDITURE IN FOREIGN CURRENCY :-

	31/03/2013 (Rs.)	31/03/2012 (Rs.)
Foreign Travel	1,041,521	220,465
TOTAL Rs.	1,041,521	220,465

34 EARNINGS IN FOREIGN CURRENCY :-

	31/03/2013 (Rs.)	31/03/2012 (Rs.)
Export of Goods on FOB basis	87,487,321	4,73,11,302

35 PARTICULARS OF FOREIGN CURRENCY EXPOSURE :-

	31/03/2013 (Rs.)	31/03/2012 (Rs.)
FCNRB Term Loan	51,428,235	19,747,667
Sundry Creditors for Goods and Expenses	-	2,795,555
Sundry Debtors	30,347,110	42,613,257
TOTAL Rs.	81,775,345	65,156,479

36 DIRECTORS' REMUNERATION :-

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 :

	31/03/2013 (Rs.)	31/03/2012 (Rs.)
Remuneration	1,680,000	1,680,000
Perquisites	97,864	108,416

Additional perquisite of free usage of car is granted to the Directors and are considered eligible for PF & Gratuity.

37 AUDITORS' REMUNERATION :-

	31/03/2013 (Rs.)	31/03/2012 (Rs.)
As Auditors	100,000	100,000
TOTAL Rs.	100,000	100,000



38 POST EMPLOYMENT BENEFITS :-

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

In accordance with the policy for accounting for Gratuity Obligation, Gratuity Fund Contribution to the tune of Rs.4,83,404 /- (PY Rs. 4,05,162/-) (being current service cost) has been debited to the Profit and Loss Account for the year.

Further in terms of Actuarial Valuation carried out by the Insurer, the Present Value of Obligations as at the year end comes to Rs. 65,61,627/- (PY Rs. 46,62,791/-) against which the Fair Value of Plan Assets comes to Rs. 76,54,631/- (PY Rs. 66,86,360/-) resulting a net asset of Rs. 10,93,004/- (PY Rs. 20,23,569/-). The Company has not recognized this asset following the concept of prudence.

Method Used	Projected Unit Credit Method
Actuarial Assumptions Used	
Mortality Rate	LIC (1994-96) Ultimate
Discount Rate	8%
Expected Return on Plan Assets	9%
Salary Escalation Rate	7%
Withdrawal Rate	1% to 3% depending on age
Major Categories of Plan Assets	Insurer Managed Funds – 100%

39 RELATED PARTY TRANSACTIONS :-

The Company has identified all the related parties having transactions during the year in line with Accounting Standard 18. Details of the same are as under

(a) List of Related Parties

Name of Related Parties	Nature of Relationship
Mr. R .R. Shah	Managing Director
Mr. D.R. Shah	Executive Director
Mercury Antibiotics Pvt. Ltd.	An enterprise Managed by the Relatives of Directors
Bio- Med India	A Concern in which Directors are Partner
Mercury Marketing & Consulting Services	A Concern in which Directors are Partner
Kusumben R. Shah	Relatives
Kaumudiniben R. Shah	Relatives
Kishoriben D. Shah	Relatives
R.R. Shah(H.U.F)	Relatives
Adit D. Shah	Relatives
Janki r shah	Relatives



(b) Transactions with Related Parties

Name of Related Party	Nature of Transaction	31/03/2013 (Rs.)	31/03/2012 (Rs.)
Mr. R .R. Shah	Remuneration	1,680,000	840,000
	Perquisites	97,864	80,675
Mr. D.R. Shah	Remuneration	-	840,000
	Perquisites	-	27,741
	Interest on FD	23,333	40,000
Mercury Antibiotics Pvt. Ltd.	Purchase	27,927,235	30,142,503
	Sales	8,631	140,400
	Service Charges	24,000	24,000
Bio- Med India	Sales	39,412	60,072
Mercury Marketing & Consulting Services	Commission Paid	850,000	850,000
Kusumben R. Shah	Interest on F.D.	87,716	96,000
Kaumudiniben R. Shah	Interest on F.D.	125,827	126,000
Kishoriben D. Shah	Interest on F.D.	40,833	70,000
R.R. Shah(H.U.F)	Interest on F.D.	4,007	4,000
Adit D. Shah	Interest on F.D.	9,019	-
Janki r shah	Interest on F.D.	1,479	-

(c) Balance with related parties

Name of Related Party	Nature of Transaction	31/03/2013 (Rs.)	31/03/2012 (Rs.)
Mr. R .R. Shah	Remuneration	-	-
	Perquisites	-	-
Mr. D.R. Shah	Remuneration	-	-
	Perquisites	-	-
	Interest on FD	-	518,000
Mercury Antibiotics Pvt. Ltd.	Purchase	6,538,704	2,625,967
	Sales	-	-
	Service Charges	-	-
Bio- Med India	Sales	(251,712)	152,370
Mercury Marketing & Consulting Services	Commission Paid	(50,000)	-
Kusumben R. Shah	Interest on F.D.	-	1,243,200
Kaumudiniben R. Shah	Interest on F.D.	1,602,961	1,631,700
Kishoriben D. Shah	Interest on F.D.	-	906,500
R.R. Shah(H.U.F)	Interest on F.D.	51,188	52,000
Adit D. Shah	Interest on F.D.	1,458,117	-
Janki r shah	Interest on F.D.	251,331	-

**40 DISCLOSURE ON LEASES :-**

The Company has taken office premises under operating lease or leave and license agreement. The lease terms in respect of such premises is on basis on individual agreement with respective owners.

	31/03/2013 (Rs.)	31/03/2012 (Rs.)
Lease Payments recognized in the Statement of Profit and Loss	-	-

41 EARNINGS PER SHARE :-

In line with Accounting Standard 20 the Earnings Per Share details are given below

Particulars		31/03/2013 (Rs.)	31/03/2012 (Rs.)
Profit After Taxation	Rs.	25,398,367	23,070,931
Weighted Average Number of Equity Shares	Nos.	1,200,000	1,200,000
Nominal Value of Shares	Rs.	12,000,000	1,20,00,000
Earnings Per Share	Rs.	21.17	19.23

42 Impairment of Assets :-

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

43 The figures in respect of previous year have been re-grouped / recast wherever necessary to confirm to the current year's classification.

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

Place : Vadodara

Date : 3rd August, 2013

**For and on behalf of the Board,
For Mercury Laboratories Ltd.**

Rajendra R. Shah

Chairman &
Managing Director

Place : Vadodara

Date : 3rd August, 2013

Dilip R. Shah

Executive Director



Date : 3-8-2013

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 2006-2007, 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 **32nd ANNUAL GENERAL MEETING** held on Friday, the 13th December, 2013 at 12:00 noon. at the Electric Merchants' Association Hall, Shreeji Bhuvan, Room No. 12, 2nd Floor, 51 Mangaldas Road, Lohar Chawl, Mumbai-400002.

NOTES:

SIGNATURE OF SHAREHOLDER/PROXY

- Members / Proxy holders are requested to bring their copies of the Annual Report with them at the Meeting.
- 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 **32nd Annual General Meeting** held on Friday, the 13th December, 2013 at 12:00 noon. at the Electric Merchants' Association Hall, Shreeji Bhuvan, Room No. 12, 2nd Floor, 51 Mangaldas Road, Lohar Chawl, Mumbai-400002. or at any adjournment thereof.

Dated this _____ day of December, 2013.

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, 1st 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 _____, 2013.

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
Printed Matter

To,

If undelivered, please return to :
MERCURY LABORATORIES LIMITED
2/13 & 2/14
Baroda Industrial Estate,
Gorwa Road,
Vadodara - 390 016.