

25th
ANNUAL REPORT
2010-11



MERCURY METALS LIMITED

**TWENTY FIFTH ANNUAL REPORT 2010-11****BOARD OF DIRECTORS**

Govindram L. Kabra	<i>Managing Director</i>
Rampraksash L. Kabra	<i>Director</i>
Amit A. Vyas	<i>Director</i>
Mahendra G. Prajapati	<i>Additional Director (w.e.f. 01/04/2011)</i>

AUDITORS

M/s. Badrilal Punglia & Co.,
Chartered Accountant,
Ahmedabad

BANKERS

The Bhuj Mercantile Co-operative Bank Ltd.

REGISTRAR & SHARE TRANSFER AGENT

MCS Ltd.
Shatdal Complex, Ashram Road,
Ahmedabad-380009
Tel. No. : 079-6582878
Email : mcsamd@reliancemail.net

REGISTERED OFFICE

36, Advani Market,
O/s Delhi Gate, Shahibaug,
Ahmedabad-380004
Tel No. : 079-65425275
Fax No. : 079-26302231
Email : metal.mercury@gmail.com
info@mercurymetals.in

CONTENTS	PAGE NOS.
Notice	02
Director's Report	04
Management Discussion	06
Report on Corporate Governance	07
Auditor's Report	13
Balance Sheet	16
Profit & Loss Account	17
Schedules	18
Notes on Accounts	23
Cash Flow Statement	26
Balance Sheet Abstract	28

**NOTICE**

NOTICE is hereby given that the 25th Annual General Meeting of the Members of Mercury Metals Limited will be held on Thursday, 29th day of September, 2011 at 10.00 A.M. at Registered office of the Company at Advani Market O/S Delhi Gate, Shahibaug, Ahmedabad-380004 to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profits & Loss Account for the financial year ended on 31st March, 2011 and Balance Sheet as at that date and Report of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Ramprakash L Kabra who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and fix there remuneration.

SPECIAL BUSINESS:

4. Appointment of Mr. Mahendra G. Prajapati as a Director of the Company.

To Consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Mahendra G. Prajapati who was appointed by the Board of Directors as an Additional Director of the Company with effect from 1st April, 2011 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation."

Regd. Office :
36, Advani Market
O/S Delhi Municipal Market,
Ahmedabad-380004
Date : 13/08/2011
Place : Ahmedabad

On behalf of the Board
For, **Mercury Metals Ltd.**

Govindram L. Kabra
Managing Director

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME OF MEETING.
2. Pursuant to section 154 of the Companies Act, 1956, Register of Members and Share Transfers Books of the Company will remain closed from 14th September 2011 to 29th September, 2011 (both days inclusive).
3. Members intending to require information about accounts at the meeting are requested to write to the Company at least 10days in advance of the Annual general Meeting.
4. Members are requested to :
 - a) Intimate, if shares are held in the same name or in the order and names, but in more than one account to enable the Company to club the said account into one account.
 - b) Notify immediately the change in their registered address, if any, to the Company.

**Brief resume of the Director seeking re-election at the 25th Annual General Meeting**

Name	Mr. Ramprakash L. Kabara
Age (Date of Birth)	02/08/1964
Date of Appointment	10/03/1995
Qualification and experience in specific functional area	Science Graduate having more than 20 year of experience of General Administration and Marketing.
Directorship held in other Ltd. companies	None
Membership/Chairmanships of Committee in other Public Companies	None

Brief resume of the Director seeking election at the 25th Annual General Meeting

Name	Mr. Mahendra G. Prajapati
Age (Date of Birth)	05/12/1972
Date of Appointment	01/04/2011
Qualification and experience in specific functional area	LL.M. with experience of more than 10 years of Tax and Accounting.
Directorship held in other Ltd. companies	None
Membership/Chairmanships of Committee in other Public Companies	None

ANNEXURE TO THE NOTICE:**EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.**

In conformity with the provisions of section 173(2) of the Companies Act, 1956, following Explanatory Statement sets out all material facts relating to the Special Business mentioned at Item No. 4 to 8 of the accompanying notice dated 13th August, 2011 should be taken as forming part of Notice.

Item No. 4

Under section 260 of the Companies Act, 1956, Mr. Mahendra G. Prajapati was appointed as an Additional Director of the Company in the Meeting of the Board of Directors held on 1st April, 2011. Mr. Mahendra G. Prajapati holds his office up to the date of ensuing Annual General Meeting. Due notice under section 257 of the Companies Act, 1956, has been received along with requisite fee from a member proposing the appointment of Mr. Mahendra G. Prajapati as Director of the Company, liable to retire by rotation.

None of the Director of the Company except Mr. Mahendra G. Prajapati is concerned or interested in this resolution. The Board of Directors recommends the resolution for approval of shareholders.

Regd. Office :
36, Advani Market
O/S Delhi Municipal Market,
Ahmedabad-380004
Date : 13/08/2011
Place : Ahmedabad

On behalf of the Board
For, **Mercury Metals Ltd.**

Govindram L. Kabra
Managing Director

**DIRECTOR'S REPORT**

Dear Members,

Your Directors have pleasure in presenting the 25th Annual Report together with the Audited Accounts of the Company for the year ended on 31st March, 2011.

FINANCIAL RESULTS:

The summarized financial results of the Company for the period ended 31st March, 2011. Are as follows:

	(Amount in Rs.)	
	2010-11	2009-10
Total income (Net)	25,40,892	66,53,135
Total Expenditure	30,26,396	70,60,016
Gross Profit / (Loss)	(4,85,504)	(4,06,881)
Less: Depreciation	26,098	27,472
Provision for taxation	0	0
Profits / (Loss) after Tax	(5,11,602)	(4,34,353)

DIVIDEND:

Your directors are unable to recommend any dividend in view of Net Loss during the financial year 2010-11.

OPERATIONS:

The Company has achieved sales turnover of Rs. 25.41 Lacs during the year compared to Rs.66.50 Lacs during the previous year. The Company has incurred net loss of Rs.5.12 Lacs compared to Rs.4.34 Lacs in the previous year. Your directors are optimistic of achieving much better results in the next year.

INSURANCE:

The Company has taken sufficient insurance for the properties against risks of fire, strike, riot and earthquake.

DIRECTORS:

Mr. Ramprakash L Kabra, Director of the Company, retires by rotation and being eligible offers themselves for re-appointment.

During the year Mr. Mahendra G. Prajapati was appointed as an Additional Director of the Company w.e.f. 01/04/2011. Due notice under section 257 of the Companies Act, 1956, has been received along with requisite fee from a member proposing the appointment of Mr. Mahendra G. Prajapati as Director of the Company, liable to retire by rotation. Your Directors recommend his appointment. His appointment is under the category of non-executive independent director.

PARTICULARS OF EMPLOYEES:

The particulars of the employee of the Company drawing total remuneration of Rs.24,00,000/- per annum or Rs.2,00,000/- per month as required U/S 217 (2A) of the Companies Act, 1956 is Nil.

FIXED DEPOSITS:

Your Company has not accepted any deposits and, as such, no amount of principal or interest was outstanding on the date of balance sheet.

DIRECTORS' RESPONSIBILITY STATEMENT -SECTION 217 (2AA) OF THE COMPANIES ACT, 1956:**The Board of Directors states:**

- 1) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 2) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;



- 3) that the directors had 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;
- 4) that the Directors had prepared the annual accounts on a going concern basis.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**1) CONSERVATION OF ENERGY :**

- A. Energy Conservation measures taken : The Company gives top most priority to energy conservation.
- B. Additional investment and proposal if any being implemented for reduction in consumption of energy : NIL
- C. Energy consumption in terms of electricity, LDO and Gas : NIL.
- D. Total energy consumption and energy consumption per unit of production : NIL.

2) TECHNOLOGY ABSORPTION :

- A. Adoption and innovation : N.A.
- B. Research and development (R & D) : NIL

3) FOREIGN EXCHANGE EARNINGS AND OUT GO : NIL**CORPORATE GOVERNANCE:**

The Report on Corporate Governance required under Clause 49 of the Listing Agreements is annexed.

LISTING:

The Equity shares of the Company are listed on Ahmedabad and Bombay Stock Exchanges. The Company has paid Annual Listing Fees of Ahmedabad and Bombay Stock Exchange, up to the year 2011-12. The Company has complied with all pending compliances under the Listing Agreement with BSE. The trading in equity shares of the Company is suspended at BSE and the Company is pursuing for revocation of suspension of trading in its equity shares.

AUDITORS:

M/s. Badrilal Punglia & Co., Chartered Accountants, Ahmedabad, having FRN. 100827W of ICAI, statutory auditors retire at the end of ensuing Annual general meeting and being eligible, offer themselves for reappointment.

AUDITORS REPORT AND COMMENTS:

- 1) The Net worth of the Company has been eroded by more than 50%. However boards of directors are of the opinion that the Company's position will be revived soon and therefore the Company has not approached BIFR for registration as potentially sick company.
- 2) The Company has settled the outstanding with ICICI (earlier the Bank of Rajasthan Ltd., merged with ICICI Bank) in OTS vide ICICI Bank's Letter dated 11/03/2011. The Company's credit facility from the Charotar Nagrik Sahkari Bank Ltd. is still outstanding. In view of the adverse financial position of the Company, management has approached the said banker for rescheduling and settlement of the financial assistance availed by the Company. Once settlement with Charotar Nagrik Sahkari Bank Ltd. worked out, your Company will settle the outstanding.
- 3) The Board of Directors of the Company considered the amount outstanding as debtors as good for recovery, therefore no provisions for the doubtful debts has been made during the year.

ACKNOWLEDGEMENT

Your Directors would like to express their appreciation for the support extended by Bankers and Office bearers of Government Department and Financial Institutions. Your Directors also acknowledge the continued invaluable support extended by you - our shareholders- and the confidence that you have placed in the company.

For and On behalf of the Board

Date : 13/08/2011

Place : Ahmedabad

Govindram L. Kabra

Managing Director

**MANAGEMENT DISCUSSION & ANALYSIS REPORT**

Management Discussion & Analysis Report Pursuant to Clause 49 of Listing Agreement.

i) Industry Structure and Development

The Company is engaged in the business of trading of ferrous and non ferrous metals. The Company intends to extend its area of operations to other metals including of trading of precious metals. The metal industry in which the Company is dealing is recently having trends of volatility and there are very good chances for the Company to develop its area of operation in the metal industry.

ii) Opportunities and Threats

The Metal industry to which the Company belongs is high capital investment sector. Presently this sector is very volatile and needed experienced management to cope up with the increasing competition. This sector has good business opportunity looking to increasing demand from infrastructure sector. The present management of the Company is having required level of skill and looking to expansion plans; the Company will include good mixture of experience manpower at various levels. This sector is dominated by big players and requires huge investment to compete in highly volatile market the management is also looking to restructure the capital base of the Company.

iii) Internal Control system and their adequacy

The Company has adequate system of internal control commensurate with its size and operations to ensure orderly and efficient conduct of the business. These controls ensure safeguard of assets, reduction and detection of frauds and error, adequacy and completeness of the accounting record and timely preparation of reliable financial information.

iv) Financial performance with respect to operational performance

The financial performance of the Company for the year 2010-11 is described in the Directors Report.

v) Human Resources/ Industrial Relations

Your Company has undertaken certain employees' Development initiative which have very positive impact on the moral and team spirit of the employees. The Company has continued to give special attention to Human Resource/ Industrial Relations development. Industrial relations remained cordial throughout the year and there was no incident of strike, lock-out etc.

vi) Cautionary Statement

Statement in this Management Discussion and Analysis describing the company's objectives, projections, estimation and expectations are "forward looking statements" Actual results might differ, materially from those anticipated because of changing ground realities.

For and On behalf of the Board

Date : 13/08/2011
Place : Ahmedabad

Govindram L. Kabra
Managing Director

**CORPORATE GOVERNANCE REPORT 2010-11**

(As required under Clause 49 of the Listing Agreements)

The Directors presents the Company's report on Corporate Governance in accordance with the provisions of clause 49 of the Listing Agreement with stock exchanges.

THE COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

The Board has adopted the principles of good corporate governance and it is committed to adopting the same in future. It is true that the compulsion may initiate steps for compliance however voluntary adoption may take the same at its true place. We have taken steps for the good corporate governance practice, which will lead to the ethics of integrity, transparency and accountability.

THE BOARD OF DIRECTORS

The Board of Directors comprises of four Directors. The composition of the Board of Director, the member of other directorship or board committees of which he is a member / chairperson are as under:

Attendance at board Meetings:

Dates of Board Meetings: 30/04/2010, 15/07/2010, 31/07/2010, 30/10/2010 and 01/02/2011.

Name	Executive/ Non-Executive/ Independent	No. of other Directorships held in other Public Companies	Board meetings attended out of 05	Membership in the committee of other companies	Chairmanship at the committee of other companies	Attended last AGM 29th September, 2010
Mr Govindram L. Kabra	Managing Director	None	05	None	None	Yes
Mr. Ramprakash L. Kabra	Non-Independent Non Executive Director	None	05	None	None	Yes
Mr. Amit Vyas	Independent Non Executive Director	None	05	None	None	Yes
Mr. Mahendra G Prajapati (w.e.f. 01/04/2011)	Independent Non Executive Director	None	N.A.	None	None	N.A.

AUDIT COMMITTEE

Term of reference:

The terms of reference of the Audit committee, as specified by the Board, includes the whole as specified in the clause 49 of the listing agreement, including a review of audit procedures and techniques, financial reporting systems, internal control systems and procedures besides ensuring compliance with regulatory guidelines. The committee members are collectively having requisite knowledge of finance, accounts and company law. All Members of the Committee are non-executive and majority of them being independent directors. The committee also recommends the appointment of external auditors and their fees and payments and also takes an overview of the financial reporting process to ensure that financial statements are correct sufficient and credible. The report of the statutory auditors is reviewed along with managements' comments and action-taken reports. During the financial year ended on 31st March 2011, The Audit Committee meet four times on 30/04/2010, 31/07/2010, 30/10/2010 and 01/02/2011 respectively.



Composition, Meetings and attendance of the Audit Committee during the year:

Sr. No.	Director	Status	No. of Meetings Attended
01	Mr. Ramprakash L. Kabra	Chairman	04
02	Mr. Amit A. Vyas	Member	04
03	Mr. Mahendra G. Prajapati*	Member	N.A.

*(w.e.f. 01/04/2011)

REMUNERATION COMMITTEE

The remuneration committee consists of two directors all being non-executive directors. The committee recommends the remuneration packages to the Managing/Executive Directors, to the senior officers, employees etc.

Composition:

The Remuneration Committee comprises Shri Amit Vyas and Shri Ramprakash Kabra as chairman and members of the Committee respectively.

Meetings and attendance during the year.:

Since there were no agenda requiring decision to fix remuneration of directors, no meetings were held during the year under review.

SHAREHOLDER / INVESTOR GRIEVANCES COMMITTEE:

All the matters relating to Shareholders/Investors were reviewed as well as considered by the Shareholders/Investors grievance Committee. Adhere to the corporate Governance requirements and for the purpose of disposal of shareholders/investors complains and to help them, the Board has constituted Shareholder/investors Grievances committee. This committee reviews, records and helps shareholders/investors and expedite transfer of shares, resolve and attend any grievances of the investors.

Composition:

The composition of committee comprises of Shri Govindram L. Kabra as Chairman of the committee and Shri Amit Vyas and Shri Ramprakash L Kabra as Member of the Committee.

Complaints:

During the year there were no complaints. As on date there is no pending complaint.

MEANS OF COMMUNICATION:

- In Compliance with the requirement of Agreement, the Company now regularly intimates Unaudited/Audited Financial Results of the Stock Exchange/s immediately after they are taken on record by the Board of Directors. These Financial Results are normally published in Western Times (English and Gujarati).
- During the financial year ended on 31st March, 2011, no presentation was made to institutional investors or analyst or any other enterprise.
- Management Discussion and Analysis Report form part of the Annual Report.

GENERAL BODY MEETINGS:

The previous three Annual General Meetings of the Company were held within the statutory time period and the details of the same are as under :

AGM	Date	Time	Place
24th	2009-10	9th September, 2010	11:00 a.m. 36, Advani Market, O/s Delhi Gate Shahibaug, Ahmedabad-380004
23rd	2008-09	30th September, 2009	11.00 a.m. 36, Advani Market, O/s Delhi Gate Shahibaug, Ahmedabad-380004
22nd	2007-08	30th September, 2008	11.00 a.m. 36, Advani Market, O/s Delhi Gate Shahibaug, Ahmedabad-380004