

26th
ANNUAL REPORT
2011-2012



MERCURY METALS LIMITED

**TWENTY SIXTH ANNUAL REPORT 2011-12****BOARD OF DIRECTORS**

Govindram L. Kabra	<i>Executive Director (w.e.f. 13/08/2012)</i>
Rampraksash L. Kabra	<i>Director</i>
Mahendra G. Prajapati	<i>Director</i>
Bhupendrasingh N. Rajput	<i>Additional Director (w.e.f. 14/02/2012)</i>
Amit A. Vyas	<i>Director (Upto 14/02/2012)</i>

AUDITORS

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

BANKERS

The Bhuj Mercantile Co-operative Bank Ltd.

REGISTRAR & SHARE TRANSFER AGENT

MCS Ltd.
101, Shatdal Complex, 1st Floor,
Ashram Road, Navrangpura,
Ahmedabad-380009
Tel. No. : 079-26582878
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

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**NOTICE**

NOTICE is hereby given that the 26th Annual General Meeting of the Members of Mercury Metals Limited will be held on Tuesday, 25th day of September, 2012 at 11.00 A.M. at Ground Floor, Advani Market O/S Delhi Gate, Shahibaug, Ahmedabad -380004 to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Statement of Profits & Loss, Cash Flow Statement for the financial year ended on 31st March, 2012 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. Mahendra G Prajapati who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS:

4. Appointment of Mr. Bhupendrasingh N. Rajput 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. Bhupendrasingh N. Rajput who was appointed by the Board of Directors as an Additional Director of the Company with effect from 14th February, 2012 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.”

5. Alteration of Articles of Associations of the Company

“RESOLVED THAT pursuant to the provision of section 31 and other applicable provision, if any, of the Companies Act, 1956, the existing Articles of Association of the Company be and hereby altered by inserting the following as Articles 30(A) to 30(I) after the existing Article 30.

30. (A) Definitions

Beneficial Owner “Beneficial Owner” means a person whose name is recorded as such with a Depository.

SEBI “SEBI” means the Securities and Exchange Board of India as established under section 3 of Securities and Exchange Board of India Act, 1992.

Bye-Laws “Bye-Laws” mean bye-laws made by a depository under Section 26 of the Depositories Act, 1996;

Depositories Act “Depositories Act” means the Depositories Act, 1996 including any statutory modifications or re-enactment thereof for the time being in force;

Depository “Depository” means a company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration under sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992;

Record “Record” includes the records maintained in the form of books or stored in a computer or in such other form as may be determined by the regulations made by SEBI;

Regulations “Regulations” mean the regulations made by SEBI;

Security/ Securities “Security” means such security/ securities as may be specified by SEBI.

**30. (B) Dematerialisation of securities**

Either on the Company or on the investor exercising an option to hold his securities with a depository in a dematerialised form, the Company shall enter into an agreement with the depository to enable the investor to dematerialise the Securities, in which event the rights and obligations of the parties concerned shall be governed by the Depositories Act.

30. (C) Options to receive security certificates or hold securities with depository

Every person subscribing to securities offered by the Company shall have the option to receive the Security certificates or hold securities with a depository.

Where a person opts to hold a Security with a depository, the Company shall intimate such depository the details of allotment of the Security, and on receipt of such information the depository shall enter in its record the name of the allotted as the Beneficial Owner of that Security.

30. (D) Securities in depositories to be in fungible form

All Securities held by a Depository shall be dematerialised and shall be in a fungible form; nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a Depository in respect of the Securities held by it on behalf of the Beneficial Owners.

30. (E) Rights of depositories and beneficial owners

- (1) Notwithstanding anything to the contrary contained in the Articles, a Depository shall be deemed to be a registered owner for the purposes of effecting transfer of ownership of Security on behalf of the Beneficial Owner;
- (2) Save as otherwise provided in (1) above, the Depository as a registered owner shall not have any voting rights or any other rights in respect of Securities held by it;
- (3) Every person holding equity share capital of the Company and whose name is entered as Beneficial Owner in the Records of the Depository shall be deemed to be a Member of the Company. The Beneficial Owner shall be entitled to all the rights and benefits and be subjected to all the liabilities in respect of the Securities held by a Depository.

30. (F) Depository to furnish information

Every Depository shall furnish to the Company information about the transfer of Securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by the bye-laws and the Company in that behalf.

30. (G) Service of documents

Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronics mode or by delivery of floppies or discs.

30. (H) Option to opt out in respect of any security

If a Beneficial Owner seeks to opt out of a Depository in respect of any Security, the Beneficial Owner shall inform the Depository accordingly. The Depository shall on receipt of information as above make appropriate entries in its Records and shall inform the Company. The Company shall, within stipulated time from the receipt of intimation from the depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the Beneficial Owner or the transferee as the case may be.

30. (I) Notwithstanding anything to the contrary contained in the Articles,

- (1) Section 83 of the Act shall not apply to the Shares held with a Depository;



(2) Section 108 of the Act shall not apply to transfer of Security effected by the transferor and the transferee both of whom are entered as Beneficial Owners in the Records of a Depository.

RESOLVED FURTHER THAT Mr. Govindram L. Kabra, Executive Director of the Company be and is hereby, authorised to do all such acts, deeds and take such steps as may be required to give effect to the above resolution."

6. Appointment of Mr. Govindram L. Kabra as a Wholetime Director of Company not liable to retire by rotation designated as an Executive Director

To consider and if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution

"RESOLVED FURTHER THAT in accordance with the provisions of Sections 198, 269, 309 and 314 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, approval of the Company be and is hereby accorded to the appointment of Mr. Govindram L. Kabra as a Whole time Director designated as an Executive Director of the Company, for a period of 3(Three) years with effect from 13th August, 2012 on the terms and conditions including remuneration as set out in Explanatory Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to alter and vary the terms and conditions of appointment and/or remuneration, subject to the same not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

Regd. Office :
36, Advani Market
O/S Delhi Muncipal Market,
Ahmedabad-380004
Date : 13/08/2012
Place : Ahmedabad

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

Govindram L. Kabra
Executive 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 13th September 2012 to 25th September, 2012 (both days inclusive).
3. Members intending to require information about accounts at the meeting are requested to write to the Company at least 10 days 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.
5. The Equity Shares of the Company are now available for dematerialisation, as the Company has entered into Agreement with National Securities Depository Limited (NSDL). Those shareholders who wish to hold shares in electronic form may approach their Depository Participant. **The ISIN No. of the Equity Shares is INE763M01010. The Company is yet to sign tripartite agreement with Central Depository Services (India) Ltd. (CDSL).**


Brief resume of the Director seeking re-election at the 26th 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	M.A, L.L.M. with experience of more than 8 years of Taxation and Accounting.
Directorship held in other Ltd. companies	None
Membership/Chairmanships of Committee in other Public Companies	None

***Pvt. Ltd. Companies excluded.**

Brief resume of the Director seeking election at the 26th Annual General Meeting

Name	Mr. Bhupendrasingh N. Rajput
Age (Date of Birth)	12/02/1972
Date of Appointment	14/02/2012
Qualification and experience in specific functional area	Chartered Accountant in practice with more than 13 years of experience.
Directorship held in other Ltd. companies	Shree Metalloys Limited
Membership/Chairmanships of Committee in other Public Companies	Shree Metalloys Limited

***Pvt. Ltd. Companies excluded.**

Brief resume of the Whole-time Director designated as Executive Director seeking election at the 26th Annual General Meeting

Name	Mr. Govindram L. Kabra
Age (Date of Birth)	02/03/1954
Date of Appointment	01/11/2000
Qualification and experience in specific functional area	B.Com, L.L.B.
Directorship held in other Ltd. companies	None
Membership/Chairmanships of Committee in other Public Companies	None

***Pvt. Ltd. Companies excluded.**

**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 6 of the accompanying notice dated 13th August, 2012 should be taken as forming part of Notice.

Item No. 4

Under section 260 of the Companies Act, 1956, Mr. Bhupendrasingh N. Rajput was appointed as an Additional Director of the Company in the Meeting of the Board of Directors held on 14th Feb, 2012. Mr. Bhupendrasingh N. Rajput 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. Bhupendrasingh N. Rajput as Director of the Company, liable to retire by rotation.

None of the Director of the Company except Mr. Bhupendrasingh N. Rajput is concerned or interested in this resolution. The Board of Directors recommends the resolution for approval of shareholders.

Item No. 5

Your Directors considered that the existing Articles of Association of the Company do not cover latest amendments and it is proposed to amend the existing Article of Association by inserting the following as Articles 30(A) to 30(I) after the existing Article 30 of Articles of Association of the Company.

In terms of Section 31 of the Companies Act, 1956, the consent of the Members by way of Special Resolution is required for alteration of Articles of Association of the Company.

A copy of the proposed set of Articles of Association of the Company would be available for inspection at the Registered Office of the Company during the office hours on all working days, except Saturdays, between 11.00 a.m. and 1.00 p.m. up to the date of the Annual General Meeting and during the Annual General Meeting.

The Board recommends the resolution as set out in item no.5 for members' approval. None of the Directors is interested or concerned in this resolution.

Item No. 6

The Board of Directors in their meeting held on 13th August, 2012 and also on the basis of recommendation of the Remuneration Committee of the Company in their meeting held on 13th August, 2012 it has been proposed to appoint Mr. Govindram L. Kabra, as Whole-time Director designated as Executive Director of the Company for a period of 3 years with effect from 13th August, 2012.

Mr. Govindram L. Kabra, aged 58 years, is having very wide experience in relation to the Metals and metallic products. It would be in the interest of the Company to appoint him as a Executive Director of the Company.

The major terms and conditions of his appointment as recommended by the Remuneration Committee are as under:

I. PERIOD:

For a period of 3 years from 13th August, 2012

II. REMUNERATION:**1. SALARY:**

He shall be entitled to salary upto Rs.35,000/- per month.

2. PERQUISITES:

- HRA : upto Rs.2500/- per month



- City Allowance : upto Rs. 1000/-per month
- Conveyance : upto Rs.2000/- per month
- Medical Allowance : upto Rs.1000/- per month
- Special Allowance : upto Rs.1500/- per month

III. The Whole-time Director shall be entitled to reimbursement of expenses incurred by him in connection with the business of the Company.

IV. The Whole-time Director shall not, so long as he functions as such, become interested or Otherwise concerned directly or through his wife and/or minor children in any selling Agency of the Company without the prior approval of the Central Government.

V. DUTIES:

Subject to the superintendence, direction, and control of the Board of Directors of the Company, the Whole time Director Shall be entrusted with substantial power of management and also such other duties and responsibilities as may be entrusted to him By the Board of Directors from time to time. The headquarter of the Whole-time Director shall be at Ahmedabad or at such place as the Board of Directors may decided from time to time.

VI. TERMINATION:

The Whole-time Director may be removed from his office for gross negligence, breach of Duty or trust if a special Resolution to that effect is passed by the Company in its General Meeting. The Wholetime Director may resign from his office by giving 90 days' Notice to the Company.

VII. COMPENSATION:

In the event of termination of office of Whole-time Director takes place before the expiration of tenure thereof, Whole-time Director shall be entitled to receive compensation from the Company for loss of office to extent and subject to limitation as provided under Section 318 of the Companies Act, 1956.

As per the provision of Section 198, 269, 309, 314 and all other applicable provisions, if any, of the Companies Act, 1956 consent of the Company accorded by Special Resolution is necessary for holding office as Whole-time Director of the Company on remuneration.

The terms and conditions mentioned in the above Explanatory Statement may be treated as abstract of the terms of the proposed contract under Section 302 of the Companies Act, 1956.

Resolution of the Board of Directors and Draft agreement of appointment are open for inspection at the registered office of the Company between 11.00 A.M to 1.00 P.M.

None of the Director of the Company except Mr. Govindram L. Kabra and Ramprakash L. Kabra 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 : 13/08/2012
Place : Ahmedabad

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

Govindram L. Kabra
Executive Director

**DIRECTOR'S REPORT**

Dear Members,

Your Directors have pleasure in presenting the 26th Annual Report together with the Audited Accounts of the Company for the year ended on 31st March, 2012.

FINANCIAL RESULTS:

The summarized financial results of the Company for the period ended 31st March, 2012. Are as follows:

	2011-12	(Amount in Rs.) 2010-11
Total income (Net)	1,60,36,675.09	25,40,892
Total Expenditure	3,41,87,820.10	30,26,396
Gross Profit / (Loss)	(1,81,51,145.01)	(4,85,504)
Less : Depreciation	12,498	26,098
Provision for taxation	0	0
Profits / (Loss) after Tax	<u>(1,81,63,643)</u>	<u>(5,11,602)</u>

DIVIDEND:

Your directors are unable to recommend any dividend in view of Net Loss during the financial year 2011-12.

OPERATIONS:

The Company has achieved sales turnover of Rs. 100.971 Lacs during the year compared to Rs. 25.41 Lacs during the previous year. The Company has incurred net loss of Rs. 181.64 Lacs compared to Rs. 5.12 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. Mahendra G Prajapati, Director of the Company, retires by rotation and being eligible offers themselves for re-appointment.

During the year Mr. Bhupendra Singh N Rajput was appointed as an Additional Director of the Company w.e.f. 14/02/2012. 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. Bhupendra Singh N Rajput 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.

During the year Mr. Amit Vyas has resigned from the Directorship with effect from 14th February, 2012. The Board appreciated for the services rendered by Mr. Amit Vyas during his tenure as Director of the Company.

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 annul 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 2012-13. Suspension of trading in the Equity shares of your Company has been revoked by the BSE and now your Company's shares are allowed for trading at BSE. The Company is regular in the compliances of various clauses of Listing Agreement during the year.

AUDITORS:

The present Auditors of the Company M/s. Badrilal Punglia & Co., Ahmedabad were appointed as Auditors and will retire at the ensuing Annual General Meeting. M/s. Badrilal Punglia & Co., Chartered Accountants, have submitted certificate for their eligibility for appointment under Section 224(1B) of the Companies Act, 1956. Board of Directors of your Company favour his re-appointment as Auditors of the Company and such re-appointment if done, shall be upto the next Annual General Meeting of the Company.

AUDITORS REPORT AND COMMNETS:

- 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) Explanation for point (3) of Annexure to Auditors Report
As management considered that the amount of ₹ 16600 is now not recoverable due to bad financial condition of the borrower company, the same were written off. The management will continue its efforts to recover the said amount.
- 3) Explanation for point (9) of Annexure to Auditors Report
As the liability towards C.S.T. amounting ₹ 474582 and sales tax amounting ₹ 10658 is not disputed with the authorities and no authority has till date claimed this amount from the company therefore the board decided to written off the same.
- 4) Explanation for point (f) of Auditors Report & Notes No. 8
The management has provided for doubtful debts and written off those amount, chances of recovery of the same was rare. Apart from this no provision has been made for doubtful debts amounting of ₹ 18606456.12 as the management is in process to recover and hopeful for the same.

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 : 13/08/2012
Place : Ahmedabad

Govindram L. Kabra
Executive Director