

28th
ANNUAL REPORT
2013-2014



MERCURY METALS LIMITED

**TWENTY EIGHTH ANNUAL REPORT 2013-14****BOARD OF DIRECTORS**

Govindram L. Kabra	<i>Whole-time Director (DIN:00006621)</i>
Ramprakash L. Kabra	<i>Director (DIN:00006664)</i>
Mahendra G. Prajapati	<i>Director (DIN:03270133)</i>
Bhupendrasingh N. Rajput	<i>Director (DIN:00853722)</i>

AUDITORS

M/S. AMBALAL PATEL & CO.,
Chartered Accountant,
Ahmedabad

BANKERS

ICICI Bank Ltd.

REGISTRAR & SHARE TRANSFER AGENT

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

REGISTERED OFFICE

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

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**NOTICE**

(CIN:L27109GJ1986PLC008770)

NOTICE is hereby given that the 28th Annual General Meeting of the Members of Mercury Metals Limited will be held on Monday, 29th September 2014, at 11:30 A.M at registered office of the company 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 Balance Sheet as at 31st March, 2014 Statement of Profits & Loss and Cash Flow Statement for the financial year ended on 31st March, 2014 and Report of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Bhupendrasingh N. Rajput who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and fix there remuneration.

SPECIAL BUSINESS:

4. Increase in Borrowing power Limit of the Board of Directors on behalf of Company upto Rs.10 crores (Rupees Ten Crores)

"RESOLVED THAT pursuant to the provisions of Section 180 (1) (c) of the Companies Act, 2013 and other enabling provisions, if any, consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing any sum or sums of moneys for and on behalf of the Company, from time to time from any one or more persons, firms, bodies corporate, bankers, financial institutions, or from others by way of advances, deposits, loans or otherwise and whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge of the Company's assets and properties, whether movable or immovable or stock-in process and debts, advances notwithstanding that the sum or sums of moneys so borrowed together with moneys, if any, already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) will or may exceed the aggregate of the paid up capital of the Company and its free reserves which have not been set apart for any specific purpose, provided that the total amount upto which the moneys may be borrowed shall not exceed Rs.10 crores (Rupees Ten Crores) at any point of time on account of the principal."

Regd. Office :
36, Advani Market
O/S Delhi Gate,
Ahmedabad-380004
Date : 12/08/2014
Place : Ahmedabad

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

Govindram L. Kabra
Executive Director
DIN:00006621

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. All valid proxies must be deposited at the Registered Office of the company at least 48 hours before the commencement of the meeting.
3. Members are requested to bring their copies of Annual Report to the meeting.
4. Register of members and share transfer books of the company will remain closed from 22/09/2014 to 29/09/2014 (both days inclusive).
5. Shareholders desirous of any information on records of accounts are requested to write to the Company before 10 days of Annual General Meeting so as to enable the Management to keep the information ready.
6. The copies of relevant documents can be inspected at the Registered Office of the Company on any working day between 11.00 a.m. to 5.00 p.m.
7. The Equity Shares of the Company are now available for dematerialisation, as the Company has entered into Agreement with National Securities Depository Limited (NSDL) & Central Depository Services (India) Ltd. (CDSL). Those shareholders who wish to hold shares in electronic form may approach their Depository Participant. **The ISIN No. of the Equity Shares is INE763M01010.**

**Brief resume of the Director seeking re-election at the 28th 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 15 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.**

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Govindram L. Kabra
Executive Director
DIN:00006621

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 102 OF THE COMPANIES ACT, 2013.

In conformity with the provisions of Section 102 of the Companies Act, 2013, following Explanatory Statement sets out all material facts relating to the Special Business mentioned at Item No. 4 of the accompanying notice dated 12th August, 2014 should be taken as forming part of Notice.

Item No. 4

As per the provisions of Section 180 (1) (c) of the Companies Act, 2013, and all other applicable provisions, if any, the Board of Directors of a Company cannot borrow money (apart from temporary loans obtained from the company's bankers in the ordinary course of business) in excess of the Company's Paid-up Capital and Free Reserves without the consent of the shareholders by a special resolution in the General Meeting.

The sanction of the shareholder is sought to permit the Board to borrow money in excess of the Company's capital and free reserves. This is permissible under section 180 (1) (c), if the shareholders approve it. To enable the Board to borrow in excess of their limit, your Board thinks it necessary to acquire this power and commends passing of this resolution.

The Resolution set out at item No. 4 of the notice is put forth for consideration of the members as a Special resolution pursuant to section 180 (1) (c) of the Companies Act, 2013, authorizing the Board of Directors to borrow upto a sum of Rs.10 Crores (Ten Crores).

Your Directors recommend the above Resolution for your approval.

None of the Directors of the Company are in any way concerned or interested in the said resolution.

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Place : Ahmedabad

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

Govindram L. Kabra
Executive Director
DIN:00006621

**DIRECTOR'S REPORT**

Dear Members,

Your Directors have pleasure in presenting the 28th Annual Report together with the Audited Accounts of the Company for the year ended on 31st March, 2014.

FINANCIAL RESULTS:

The summarized financial results of the Company for the period ended 31st March, 2014. Are as follows:

	(Amount in Rs.)	
	2013-14	2012-13
Total income (Net)	48,36,687	0
Total Expenditure	53,68,787	4,78,031
Profit before extraordinary items and tax	(5,32,100)	(4,78,031)
Extraordinary Items	(2,06,33,396)	0
Less: Depreciation	0	0
Provision for taxation	0	0
Profits / (Loss) after Tax	(2,11,65,497)	(4,78,031)

DIVIDEND:

Your directors are unable to recommend any dividend in view of Net Loss during the financial year 2013-14.

OPERATIONS:

The Company has achieved sales turnover of Rs. 48.23 Lacs during the year compared to Rs. NIL during the previous year. The Company has incurred net loss of Rs. 211.65 Lacs compared to Rs. 4.78 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. Bhupendrasingh N. Rajput, Director of the Company, retires by rotation and being eligible offers themselves for re-appointment.

The Board of your Company recommends his re-appointment as Director under the category of liable to retire by rotation.

PARTICULARS OF EMPLOYEES:

The particulars of the employee of the Company drawing total remuneration of Rs.60,00,000/- per annum or Rs.5,00,000/- 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 Bombay Stock Exchange, up to the year 2013-14.

AUDITORS:

The present Auditors of the Company M/S. AMBALAL PATEL & CO., Chartered Accountants, Ahmedabad were appointed as Auditors and will retire at the ensuing Annual General Meeting. M/S. AMBALAL PATEL & CO., Chartered Accountants have submitted certificate for their eligibility for appointment under Section 139 of the Companies Act, 2013. Board of Directors of your Company favour their 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 COMMENTS:

- 1) Non Provision of Interest as stated in Note No. (19)

The Company has entered into One time Settlement (OTS) Scheme with Charottar Nagrik Sahkari Bank Ltd. for the payment of its outstanding liabilities, and during the financial year 2013-14, the Company failed to make payment as per the terms of the OTS. As per the terms of the OTS, if the Company fails to make payment of any installments of the OTS, the Company would be liable for the payment of interest @ 7% per annum on the said



installment value alongwith penal interest @ 1% and same will be payable alongwith full and final settlement of outstanding. The Board of Directors of your Company are already pursuing to make full and final payment of OTS amount with the said bank, before the schedule period of payment of OTS. Therefore the board is confident that the said bank will not charge any type of interest and penal interest on delayed payments of any due installments. Therefore no provision of Rs.27.95 lacs has been made during the year by the Company.

Further, the Company has fully settled the outstanding OTS amount of Charottar Nagrik Sahkari Bank Ltd. on 31st July, 2014 and the Bank has not charged any interest and/or penal interest on those installments, which the Company failed to pay timely in terms of OTS Letter.

2) Diminution in value of Inventories held in shares as stated in Note no. (22)

The shares held as inventories are stated at the cost of acquisitions. No provision has been made for diminution in the value of shares held as inventories. The Board of the Company finds that such diminution in the value of shares is temporary, further market value of certain shares are not available due to non-listing and/or delisting/ suspension of trading of shares at the stock exchange, therefore no provisions has been made.

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.

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

Govindram L. Kabra
Executive Director
DIN:00006621

**MANAGEMENT DISCUSSION & ANALYSIS REPORT****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

For market players of Metal industry, a major cause of volatility is the cost of raw materials, which has been exacerbated by the change from annual to shorter-term price contracts. Shortages in supply have enabled suppliers to re-engineer the pricing mechanisms. However, this has created challenges for market players. They now have to deal not only with the increased volatility in raw material prices, but also with how to maintain margins with fluctuating demand. These developments are significantly affecting the earnings of the Metal industry and try to achieve stability in Metal market.

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 2013-14 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, estimated and expectations are "forward looking statements" Actual results might differ, materially from those anticipated because of changing ground realities.

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On behalf of the Board
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Govindram L. Kabra
Executive Director
DIN:00006621


CORPORATE GOVERNANCE REPORT 2013-14

(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
(A) Composition, Category and Attendance of Board of Directors

As on March 31, 2014, the Board of Company consisted of 4 Director out of whom 3 are Non-Executive Directors and 1 is Executive Director, comprising Whole time Director designated as Executive Director.

The composition of the Board is in conformity with the requirements of Clause 49 of the Listing Agreement. The composition of the Board, number of Board Meetings held, attendance of the Directors at the Board Meetings and last Annual General Meeting and the number of Directorship and Chairmanship/Membership of Committees in other Companies in respect of each Director is given below:

Sr. No.	Name of Director	Category	Attendance Particulars		No. of Directorship(s)/Committee Membership(s)/Chairmanship(s) of Other Companies			
			No. of Board Meeting during FY 2013-14	At AGM held on September 25, 2013	Other Director ship (s)	Committee Member ship(s)	Committee Chairman ship(s)	
			Held	Attended				
1.	Mr. Govindram L. Kabra	Non-Independent Executive Director	5	5	Yes	-	-	-
2.	Mr. Ramprakash L. Kabra	Non-Independent Non Executive Director	5	5	Yes	-	-	-
3.	Mr. Mahendra G Prajapati	Independent Non Executive Director	5	5	Yes	-	-	-
4.	Mr. Bhupendra Singh N. Rajput	Independent Non Executive Director	5	5	NA	1	-	3

NOTES:

- Number of other Directorships indicated above is exclusive of the Directorships on the Board of private limited companies, foreign companies, companies under Section 25 of the Companies Act, 1956, alternate Directorship and non-corporate institutions.
- In case of Directors retired/resigned, the status of other Directorship and Committee Membership is on the basis of the last disclosure made by the Director.
- The details of Committee Memberships considered for the purpose are those prescribed under Clause 49(I)(c)(ii) of the Listing Agreement viz. Audit Committee and Investors' Grievance Committee of public limited and private limited companies which are subsidiaries of public limited companies in terms of Section 3(1)(iv)(c) of the Companies Act, 1956.
- Except Mr. Govindram L. Kabra and Mr. Ramprakash L. Kabra, none of the Directors are related to each other.
- None of the Directors on the Board are Members of more than ten Committees or Chairman of more than five Committees across all the companies in which they are Directors. Necessary disclosures regarding the positions in other public companies as on March 31, 2014 have been made by the Directors.