

MERCURY

33rd Annual Report 2013-2014



MERCURY

Health Care Since 1962

MERCURY LABORATORIES LIMITED

WHERE YOUR WELL - BEING MATTERS

An ISO 9002 Company

BOARD OF DIRECTORS :

Dr. Dinesh S. Shah	:	Chairman Non Executive Independent
Rajendra R. Shah	:	Managing Director
Dilip R. Shah	:	Executive Director
Dr. Tushar P. Shah	:	Non Executive Independent
Mr. Janak J. Katakia	:	Non Executive Independent (upto 26-07-2014)
Mr. Divyakant R. Zaveri	:	Non Executive Independent (w.e.f. 26-07-2014)

KEY MANAGERIAL PERSONNEL

Mr. H. G. Shah	:	Chief Financial Officer
Mr. Mukesh Khanna	:	Company Secretary

BANKERS : State Bank of India

AUDITORS : Naresh & Company
Chartered Accountants
Vadodara.

REGISTERED OFFICE : First Floor 18, Shreeji Bhuvan,
51, Mangaldas Road,
Princess Street, Mumbai - 400 002.
Tele. : 22197268, Telefax : 22015441
E-mail : mllbom@mtnl.net.in

COMPANY IDENTIFICATION NO. : **L74239MH1982PLC026341**

WEBSITE : www.mercurylabs.com

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

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

UNIT No. 2

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

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NOTICE

Notice is hereby given that the 33rd Annual General Meeting of **Mercury Laboratories Limited** will be held on Tuesday, the 30th September, 2014 at 12.00 noon at its Registered Office at First Floor, 18, Shreeji Bhuvan, 51, Mangaldas Road, Princess Street, Mumbai, to transact the following business.

Ordinary Business :

- 1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 31st March, 2014 including Profit and Loss account for the year ended 31st March, 2014 and Balance Sheet as of that date together with reports of the Directors and Auditors thereon.**
- 2. To declare dividend.**
- 3. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.**

“RESOLVED THAT pursuant to the provisions of Sections 139,142 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, M/s. Naresh & Co., the Chartered Accountants, bearing ICAI Firm Registration No. 106928W, be and are hereby appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the Thirty sixth AGM of the Company to be held in the year 2017, subject to ratification of their appointment at every AGM , on such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Auditors, plus reimbursement of service tax, travelling and out of pocket expenses.”

Special Business :

- 4. To appoint Dr. Dinesh Shantilal Shah (DIN: 00362525) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :**

“RESOLVED THAT pursuant to the provisions of Sections 149,150, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Dr. Dinesh Shantilal Shah (DIN: 00362525) who was appointed as a Director liable to retire by rotation and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (Five) consecutive years for a term up to the conclusion of the 38th Annual General Meeting of the Company in the calendar year 2019.”

- 5. To appoint Dr. Tushar Pravinchandra Shah (DIN: 00362509) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Dr. Tushar Pravinchandra Shah (DIN:00362509) who was appointed as a Director liable to retire by rotation and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (Five) consecutive years for a term up to the conclusion of the 38th Annual General Meeting of the Company in the calendar year 2019.”

6. **To appoint Mr. Divyakant R. Zaveri as an Independent Director and to pass with or without modification, the following Resolution as Ordinary Resolution :**“RESOLVED that Mr. Divyakant R.

Zaveri (holding DIN 01382184) who was appointed as an Additional Director of the company by the Board of Directors with effect from 26th July, 2014, in terms of Section 161(1) of the Companies Act, 2013 and Article 134 of the Articles of Association of the company and who holds office up to the date of this Annual General Meeting and in respect of whom the company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (Five) consecutive years for a term up to the conclusion of the 38th Annual General Meeting of the Company in the calendar year 2019.”

7. **To borrow money(ies) for the purpose of business of the Company :**

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

“RESOLVED that in supersession of all the resolutions passed under Section 293(1)(d) of the Companies Act, 1956 and pursuant to Section 180(1)(c) and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the members be and is hereby accorded to the Board of Directors to borrow moneys in excess of the aggregate of the paid up share capital and free reserves of the Company, provided that the total amount borrowed and outstanding at any point of time, apart from temporary loans obtained/to be obtained from the Company's Bankers in the ordinary course of business, shall not be in excess of Rs. 150 Crores (Rupees One Hundred Fifty Crores) over and above the aggregate of the paid up share capital and free reserves of the Company.”

“RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorized to do all such acts, deeds and things as it may in its absolute discretion may deem fit, necessary, proper or desirable and to settle any question, difficulty, doubt that may arise in respect of the borrowing(s) aforesaid and further to do all such acts, deeds and things and to execute all documents and writings as may be necessary, proper, desirable or expedient to give effect to this resolution.”

8. **To create of security on the properties of the Company, both present and future, in favour of lenders :**

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

“RESOLVED THAT in supersession of all the resolutions passed under Section 293(1) (a) of the Companies Act, 1956 and pursuant to the provisions of Section 180(1)(a) of the Companies Act 2013 and all other applicable provisions if any, or any other law for the time being in force (including any statutory modification or amendment thereto or re-enactment thereof for the time being in force) and in terms of Articles of Association of the Company, the consent of the members be and is hereby accorded to the Board of Directors of the Company for mortgaging / charging all or any of the immovable and movable properties of the Company both present and future and the whole or substantially the whole of the undertaking or the undertakings of the Company on such terms and conditions, as may be agreed to between the Board and Lender(s) to secure the loans / borrowings obtained or as may be obtained, which may exceed the paid-up capital and free reserves in the ordinary course of business but not exceeding Rs. 150 Crores (Rupees One Hundred Fifty Crores only) at any one time.”

“RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorized to do all such acts, deeds and things as it may in its absolute discretion may deem fit, necessary, proper or desirable and to settle any question, difficulty, doubt that may arise in respect of the borrowing(s) aforesaid and further to do all such acts, deeds and things and to execute all documents and writings as may be necessary, proper, desirable or expedient to give effect to this resolution.”

9. **To Increase in Authorised Share Capital :**

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an

Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 61 (1) (a) and other applicable provisions, if any, of the Companies Act, 2013, the Authorised Share Capital of the Company be and is hereby increased from existing Rs. 2,00,00,000 (Rupees Two Crores only) divided into 20,00,000 (Twenty Lacs Only) Equity Shares of Rs.10/- (Rupees Ten) each to Rs. 2,50,00,000 (Rupees Two Crores and Fifty Lacs only) comprising of Rs.1,20,00,000 (Rupees One Crore Twenty Lacs Only) divided into 12,00,000 (Twelve Lacs Only) Equity Shares of Rs.10/- (Rupees Ten) each and Rs. 1,30,00,000 (Rupees One Core Thirty Lacs only) divided into 13,00,000(Thirteen Lacs Only) 10%, Cumulative, Redeemable Convertible Preference Shares of Rs.10/- (Rupees Ten only) each.”

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to take all such steps and action and give such directions and delegate such authorities, as it may in its absolute discretion, deem appropriate including setting any question that may arise in this regard.”

10. To alter Memorandum of Association of the Company :

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

“RESOLVED THAT pursuant to the provisions Section 13 of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) and subject to such approvals, consents, sanctions and permissions of appropriate authorities, departments or bodies as may be necessary, the Memorandum of Association of the Company be and is hereby altered by substituting the existing Clause V there of by the following Clause V :

- V.** The Authorised Share Capital of the Company is Rs. 2,50,00,000 (Rupees Two Crores and Fifty Lacs only) comprising of Rs.1,20,00,000 (Rupees One Crore Twenty Lacs Only) divided into 12,00,000 (Twelve Lacs Only) Equity Shares of Rs.10/- (Rupees Ten) each and Rs. 1,30,00,000 (Rupees One Core Thirty Lacs only) divided into 13,00,000 (Thirteen Lacs Only) 10%, Cumulative, Redeemable Convertible Preference Shares of Rs.10/- (Rupees Ten only) each.”

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to take all such steps and action and give such directions and delegate such authorities, as it may in its absolute discretion, deem appropriate including setting any question that may arise in this regard.”

11. To consider Offer, issue and allotment of 10%, Cumulative, Redeemable Convertible Preference Shares :

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

“RESOLVED THAT pursuant to the provisions of Sections 42, 55, 62 & Other applicable provisions of the Companies Act, 2013 and the enabling provisions in the Memorandum and Articles of Association of the Company and further subject to such approvals as may be required and subject to such terms, conditions, alterations, corrections, changes, variations and/or modification(s), if any, as may be prescribed in granting such approval and which may be agreed to by the Board of Director or any committee which the Board of Directors may constitute, to exercise one or more of its power including power conferred by this resolution, consent, authority and approval of the members be and is hereby accorded to the Board to offer, issue and allot upto 12,26,780 (Twelve Lacs Twenty Six Thousands and Seven Hundred Eighty Only) 10%, Cumulative, Redeemable Convertible Preference Shares of Rs.10/- (Rupees Ten) each aggregating to Rs. 1,22,67,800/- (Rupees One Crore Twenty Two Lacs Sixty Seven Thousands Eight Hundred only) on conversion of outstanding unsecured loan and dues thereon given by the promoters, directors, their relatives and Associates, as per details given in the explanatory

statement annexed with this resolution, on the terms and conditions as described herein below:

- i. The Redeemable Convertible Preference Shares (hereinafter referred to as Preference Shares) shall have a face value of Rs. 10/- (Rupees Ten Only) each and shall be allotted as fully paid-up @ Rs. 10/- (Rupees Ten Only) per Share at par.
- ii. The Preference Shares shall carry dividend @ 10 % on Cumulative basis.
- iii. The Preference Shares shall not carry any voting rights except in accordance with the provisions of Section 47 of the Companies Act, 2013.
- iv. The preference shares shall not be listed at any Recognized Stock exchange in India.
- v. The Preference Shares shall be redeemed at the option of the Company, as per provisions of Companies Act, 2013, as may be applicable, without payment of any premium at such time as may be decided by the Board of Directors of the Company.
- vi. Redemption of Preference Shares shall be permissible in total or any part thereof, as may be approved by the Board of Directors of the Company.
- vii. In the event of the conversion of preference shares into equity shares , the approval shall be taken, in terms of applicable guidelines of SEBI & Central Government.
- viii. The Preference Shares may be converted in to Equity Shares by the Board , at such price as may be determined by the applicable guidelines of the SEBI, Stock Exchange or Central Government and the same shall be subject to necessary approval of the Shareholders and other prescribed authority such as SEBI, Stock Exchange, as the case may be, as per applicable Guidelines under the Securities Contract Regulations Act, Companies Act and/or other applicable laws and rules, regulations or guidelines made thereunder.
- ix. The terms of said Preference Shares shall be modified / altered / varied , from time to time, as may be finalised and approved by the Board of Directors of the Company in accordance with of all statutory guidelines and applicable provisions of the Companies Act, as may be deemed fit in the best interest of the Company.

“RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board of Directors of the Company, be and is hereby authorised to take such actions and to give all such directions or to do all such acts, deeds, matters and things as may be necessary or desirable and to settle any questions or difficulty that may arise in regard to the issue of redeemable non-convertible preference shares on preferential basis and further to do all such acts, deeds, matters or otherwise consider it to be in the best interest of the Company.”

12. To make any loans or investments and to give any guarantees or to provide security :

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

"RESOLVED THAT pursuant to Section 186 of the Companies Act, 2013, and other applicable provisions, if any, of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof for the time being in force), the consent of the members be and is hereby accorded to the Board of Directors to make any loans or investments and to give any guarantees or to provide security in connection with a loan made by any other person to, or to any other person by, a body corporate as the Board of Directors may think fit, for an amount not exceeding Rs. 150 Crores (Rupees One Hundred Fifty Crores only), at a one time, as detailed in the attached explanatory statement, notwithstanding that such investments, outstanding loans given or to be given and guarantees and security provided are in excess of the limits prescribed under Section 186(2) of Companies Act, 2013 as in their absolute

discretion deem beneficial and in the interest of the Company.”

“RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board of Directors of the Company, be and is hereby authorised to take all such actions and to give all such directions as may be necessary or desirable and also to settle any question or difficulty that may arise in regard to the proposed investments or loans made or guarantees given or securities to be provided and further to do all such acts, deeds, matters and things and to execute all such deeds, documents and writings as may be necessary, desirable or expedient in connection therewith.”

13. To alter Articles of Association :

To approve amendment in existing Article 136 of the Articles of Association of the Company and in this regard to consider and if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution :

“RESOLVED THAT pursuant to the provisions of Section 14 and any other applicable provisions of the Companies Act, 2013, the existing Article 136 the Articles of Association of the Company be and is hereby amended/alterd to read as follows :

“ 136. The Directors may elect one of themselves to the office of the Chairman of the Board of Directors irrespective whether such Director is a Managing or Whole Time Director or not.

The Chairman so appointed shall preside over all the meetings of the Board and the General Meetings during the tenure of his office.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

14. To approve Payment of Remuneration to Cost Auditors :

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

“RESOLVED THAT Ms. Shilpa Parikh, Cost Accountant, (ICWA Registration No. 31441) who have been appointed as the Cost Auditor of the Company to conduct the audit of the cost records for the financial year 2014-15 be paid remuneration of Rs. 40000 (Rupees Forty Thousand Only) plus service tax and reimbursement of traveling and other out of pocket expenses.”

15. To enlist Equity Shares at BSE Limited :

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

“RESOLVED THAT consent, authority and approval of the Members be and is hereby accorded to the Board to enlist its 12,00,000 Equity Shares of Rs. 10/- each at BSE Limited (Bombay Stock Exchange) under its Direct Listing Guidelines and such other applicable regulations, rules etc. as may be applicable to the Company, which were hitherto enlisted at Over The Counter Exchange of India(OTCEI), Mumbai. “

“RESOLVED FURTHER THAT the Board of Directors of the Company, be and is hereby authorised to do and perform all such acts, deeds, matters and things and to give all such directions or as may be necessary, expedient or desirable to implement the decision , in the best interest of the Company.”

Date : 26-07-2014
Place : Vadodara.

By Order of the Board of Directors,

Mukesh Khanna
Company Secretary

NOTICE

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE "MEETING") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

A person can act as a proxy on behalf of members, not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company, carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or Shareholder.

2. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
3. Brief resume of Directors including those proposed to be appointed / re-appointed, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange, are provided in the Corporate Governance Report forming part of the Annual Report.
4. A Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
5. Members are requested to:
 - (a) bring their copy of the Annual Report and Attendance Slip with them at the Annual General Meeting.
 - (b) quote their Regd. Folio Number/DP and Client ID Nos. in all their correspondence with the Company or its Registrar and Share Transfer Agent.
6. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. Annual Report and AGM Notice is available at the website of the Company at www.mercurylabs.com in the Investor Relations section.
8. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, the 20th September, 2014 to Tuesday, the 30th September, 2014 (both days inclusive) for the purpose of Annual General Meeting.
9. Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, during business hours up to the date of the Meeting.
10. Members desirous of obtaining any information in respect of Accounts of the Company are requested to send their queries in writing to the company at its Registered Office so as to reach at least seven days before the date of the meeting.
11. Pursuant to SEBI circular, it is mandatory to quote PAN for transfer/transmission of shares in physical form. Therefore, the transferee(s)/ legal heirs are required to furnish a copy of their PAN to the Registrars and Transfer agents, M/s. Link Intime India Pvt. Ltd.
12. Encash the dividend warrants on their receipt as dividend remaining unclaimed for seven years are now required to be transferred to the 'Investor Education and Protection Fund' established by the Central

Government under the amended provisions of the Companies Act, 1956. Pursuant to Section 205A(5) of the Companies Act, 1956, all unclaimed dividend declared and paid upto interim dividend for the financial year 2006-07 have been transferred by the Company to the Investor Education and Protection Fund. Members who have not encashed their dividend warrants for subsequent period are requested to encash the same immediately.

13. The Ministry of Corporate Affairs (MCA) on 10th May, 2012 notified the IEPF (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012 (IEPF Rules) which is applicable to the Company. The objective of the IEPF Rules is to help the shareholders ascertain status of the unclaimed amounts. In terms of the said IEPF Rules, the Company has uploaded the information of the unclaimed dividends in respect of the Final Dividend for the financial year from 2006-07 till Dividend for the financial year 2012-13, on the website of the Company viz. www.mercurylabs.com.
14. Electronic copy of the Notice of the 33rd Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip, Proxy Form and Ballot Form is being sent to all the members whose e-mail IDs are registered with the Company / Depository Participant(s) for communication purpose unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the notice of the 33rd Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip, Proxy Form and Ballot Form is being sent in the permitted mode.
15. **Voting through electronic means** :The Company is pleased to offer e-voting facility to all its members to enable them to cast their vote electronically in terms of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and Clause 35B of the Listing Agreement (including any statutory modification or re-enactment thereof for the time being in force). Accordingly, a member may exercise his vote by electronic means and the Company may pass any resolution by electronic voting system in accordance with the above provisions.

The instructions for e-voting are as under :

SECTION A - E-VOTING PROCESS :

- Step 1 : Open your web browser during the voting period and log on to the e-Voting Website : www.evotingindia.com.
- Step 2 : Click on "Shareholders" to cast your vote(s)
- Step 3 : Select the Electronic Voting Sequence Number (EVSN) i.e. "**140828005**" along with "COMPANY NAME" i.e. "**Mercury Laboratories Limited**" from the drop down menu and click on "SUBMIT".
- Step 4 : Please enter User ID
 - a. For account holders in CDSL :- Your 16 digits beneficiary ID
 - b. For account holders in NSDL :- Your 8 Character DP ID followed by 8 Digits Client ID
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- Step 5 : Enter the Image Verification as displayed and Click on Login
- Step 6 : If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used.
- Step 7 : If you are a first time user follow the steps given below:
 - 7.1 Enter your 10 digit alpha numeric PAN issued by Income Tax Department. For members who have not updated their PAN with the Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN

field. In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.

7.2. Enter the Date of Birth (DOB) recorded in the demat account or registered with the Company for the demat account in DD/MM/YYYY format #

7.3 Enter your Dividend Bank details (Account Number) recorded in the demat account or registered with the Company for the demat account# # Any one of the details i.e. DOB or Dividend Bank details should be entered for logging into the account. If Dividend Bank details and Date of Birth are not recorded with the Depository or Company please enter the number of shares held by you as on the cut off date (record date) i.e. July 4, 2014 in the Dividend Bank details field.

Step 8 : After entering these details appropriately, click on "SUBMIT" tab.

Step 9 : First time user holding shares in Demat form will now reach Password Generation menu wherein they are required to create their login password in the password field. Kindly note that this password can also be used by the Demat holders for voting for resolution of any other Company on which they are eligible to vote, provided that Company opts for e-Voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password and enter the details as prompted by the system.

Members holding shares in physical form will then directly reach the Company selection screen.

Step 10 : Click on the EVSN of the Company i.e. "**140828005**" to vote.

Step 11 : On the voting page, you will see Resolution description and against the same the option 'YES/NO' for voting. Select the relevant option as desired YES or NO and click on submit.

Step 12 : Click on the Resolution File Link if you wish to view the Notice.

Step 13 : After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

Step 14 : Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

SECTION B - COMMENCEMENT OF E-VOTING PERIOD AND OTHER E-VOTING INSTRUCTIONS

- I The e-Voting period commences on **23rd September, 2014** (9.00 a.m.) & ends on **25th September, 2014** (6.00 p.m.). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, **as on cut off date** (record date) of **28th August, 2014**, may cast their vote electronically. The e-Voting module shall be disabled for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- ii. The voting rights of shareholders shall be in proportion to their shares of the Paid Up Equity Share Capital of the Company.

- iii. CS Jayesh Vyas, Practising Company Secretary (Membership No.: FCS 5072; CP No: 1790) (Address: 1-B, Sarabhai Colony, Gotri Road, Near General Hospital, Vadodara - 390 021, Gujarat, India) has been appointed as the Scrutinizer to scrutinize the e-Voting process.
- iv. The Scrutinizer shall, within a period not exceeding three (3) working days from the conclusion of three-voting period, unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any and submit forth with to the Chairman of the Company.
- v. The Results shall be declared on the date of AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.mercurylabs.com and on the website of CDSL <https://www.evotingindia.co.in> within two days of the passing of the resolutions at the AGM of the Company and communicated to the OTC Exchange of India where the shares of the Company are listed.
- vi. The resolutions shall be deemed to be passed on the date of the Annual General Meeting, subject to receipt of sufficient votes.
- vii. For Members holding shares in physical form, the password and default number can be used only for e-Voting on the resolutions given in the notice.
- viii. Institutional Shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates, link their account which they wish to vote on and then cast their vote. They should submit a scanned copy of the Registratio Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com. They should also upload a scanned copy of the Board Resolution / Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the vote.
- ix. You can also update your mobile number and E-mail ID in the user profile details of the folio which may be used for sending communication(s) regarding CDSL e-Voting system in future. The same may be used in case the Member forgets the password and the same needs to be reset.
- x. In case you have any queries or issues regarding e-Voting, you may refer the Frequently Asked Questions ("FAQs") and e-Voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

CONTACT DETAILS

Company	:	Mercury Laboratories Limited Regd. Office : 18, Shreeji Bhuvan, 51, Mangaldas Road, Princess Street, Mumbai - 400 002 Telephone : 22197268, Tel. Fax : 22015441 E-mail : mllbom@mtnl.net.in CIN : U74239MH1982PLC026341 Website : www.mercurylabs.com
Registrar and Transfer Agent	:	Link Intime India Private Limited C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai - 400 078 Phone : +91-22-25946970, Fax : +91-22-2594 6969 E-mail : alpesh.gandhi@linkintime.co.in
e-Voting Agency	:	Central Depository Services (India) Limited E-mail ID : helpdesk.evoting@cdslindia.com

Scrutinizer : **CS Jayesh Vyas,**
Practising Company Secretary
E-mail ID: cs.jayeshvyas@hotmail.com
Phone: 09376512649

IMPORTANT COMMUNICATION TO MEMBERS

Pursuant to Section 101 and 136 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014, and Clause 32(i) of the Listing Agreement, Annual Report of the Company has been sent through email to those members whose email ID is registered with the Company / Depository. In case any member wants a physical copy of the Annual Report he may write to the Company Secretary / RTA.

MEMBERS WHO HAVE NOT YET REGISTER THEIR EMAIL ADDRESS ARE REQUESTED TO REGISTER THEIR EMAILADDRESS EITHER WITH THE DEPOSITORIES OR WITH THE COMPANY.



EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 (“the Act”):

The following Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice :

Item No. 3

M/s. Naresh & Co. the Chartered Accountants were appointed as the statutory auditors of the Company for financial year 2013-14 at the Twenty Second Annual General Meeting of the Company held on 13th December, 2013 and hold office till the conclusion of the Twenty Third Annual General Meeting. M/s. Naresh & Co., has been the Auditors of the Company since inception.

As per the provisions of Section 139 of the Act, no listed company can appoint or re-appoint an audit firm as auditor for more than two terms of five consecutive years. Section 139 of the Act has also provided a period of three years from the date of commencement of the Act to comply with this requirement.

In view of the above, M/s. Naresh & Co., being eligible for re-appointment and based on the recommendation of the Audit Committee, the Board of Directors has, at its meeting held on 26th July, 2014, proposed the appointment of M/s. Naresh & Co., as the statutory auditors of the Company for a period of three years to hold office from the conclusion of this AGM till the conclusion of the Thirty sixth AGM of the Company to be held in the year 2017, subject to ratification of their appointment at every AGM.

The Board commends the Resolution at Item No. 3 for approval by the Members.

None of the Directors or Key Managerial Personnel (KMP) or relatives of directors and KMP is concerned or interested in the Resolution at Item No. 3 of the accompanying Notice.

Item No. 4 :**Appointment of Dr. Dinesh Shantilal Shah as an Independent Director (DIN- 00362525).**

Dr. Dinesh Shantilal Shah is M.D.,M.R.CO.G. (U.K.) and eminent Gynecologist in city of Vadodara.

He is a Non-Executive Independent Director on the Board of the Company since 31st January, 2003. He is Chairman of the Shareholders Grievance Committee, a member of Audit Committee , Nomination & Remuneration Committee and Corporate Social Responsibility Committee of the Board of Directors of the Company. He does not hold any Directorship in any Private or Public Limited Company , as of the date.

Dr. Dinesh Shantilal Shah retires by rotation at the ensuing Annual General Meeting. The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with the requisite deposit of Rupees One lakh proposing the candidature of Dr. Dinesh Shantilal Shah for the office of Independent Director of the Company, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013. The Company has received from Dr. Dinesh Shantilal Shah his consent to act as Director of the Company along with a declaration to the effect that he meets the criteria of independence as provided in Section 149 of the Companies Act, 2014 and Clause 49 of the Listing Agreement and an intimation to the effect that he is not disqualified from being appointed as a Director in terms of Section 164(2) of the Companies Act, 2013.

In terms of Section 149 and other applicable provisions of the Companies Act, 2013, the resolution seeks the approval of the members for the appointment of Dr. Dinesh Shantilal Shah as an Independent Director for a term of five consecutive years, upto 31st March, 2019 and he shall not be liable to retire by rotation.

In the opinion of the Board of Directors, Dr. Dinesh Shantilal Shah fulfils the conditions specified in the Companies Act, 2013 and rules made there under for his appointment as an Independent Director of the Company and is independent of the management.

Copy of the draft letter for appointment of Dr. Dinesh Shantilal Shah as an Independent Director setting out the terms and conditions of his appointment would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours i.e. between 10.00 A. M. to 6.00 P.M. on any working day, (excluding Saturday) upto the date of Annual General Meeting

The Board considers that his continued association would be of immense benefit to the Company and it is

desirable to continue to avail services of Dr. Dinesh Shantilal Shah as an Independent Director.

Accordingly, the Board recommends the resolution in relation to appointment of Dr. Dinesh Shantilal Shah as an Independent Director as set out at Item No. 4 of the Notice, for the approval of the members of the Company.

Except, Dr. Dinesh Shantilal Shah to whom the resolution relates, and his relatives (to the extent of their shareholding interest in the Company), none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 4.

This explanatory statement along with the details of Director as annexed herewith may also be regarded as disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

Item No. 5 :

Appointment of Dr. Tushar Pravinchandra Shah as an Independent Director (DIN- 00362509).

Dr. Tushar Pravinchandra Shah is M.D.,LL.B. and eminent Pediatrician in city of Vadodara.

He is Chairman of the Nomination & Remuneration Committee and Corporate Social Responsibility Committee and a member of Audit Committee and Shareholders Grievance Committee of the Board of Directors of the Company. He does not hold any Directorship in any Private or Public Limited Company, as of the date.

Dr. Tushar Pravinchandra Shah retires by rotation at the ensuing Annual General Meeting. The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with the requisite deposit of Rupees One lakh, proposing the candidature of Dr. Tushar Pravinchandra Shah for the office of Independent Director of the Company, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013. The Company has received from Dr. Tushar Pravinchandra Shah his consent to act as Director of the Company along with a declaration to the effect that he meets the criteria of independence as provided in Section 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement and an intimation to the effect that he is not disqualified from being appointed as a Director in terms of Section 164(2) of the Companies Act, 2013.

In terms of Section 149 and other applicable provisions of the Companies Act, 2013, the resolution seeks the approval of the members for appointment of Dr. Tushar Pravinchandra Shah, as an Independent Director for a term of five consecutive years, upto 31st March, 2019 and he shall not be liable to retire by rotation.

In the opinion of the Board of Directors, Dr. Tushar Pravinchandra Shah fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management.

Copy of the draft letter for appointment of Dr. Tushar Pravinchandra Shah as an Independent Director setting out the terms and conditions of his appointment would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours i.e. between 10.00 A. M. to 6.00 P.M. on any working day, (excluding Saturday) upto the date of Annual General Meeting.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Dr. Tushar Pravinchandra Shah as an Independent Director.

Accordingly, the Board recommends the resolution in relation to appointment of Dr. Tushar Pravinchandra Shah as an Independent Director as set out at Item No.5 of the Notice, for the approval of the members of the Company.

Except, Dr. Tushar Pravinchandra Shah to whom the resolution relates, and his relatives (to the extent of their shareholding interest in the Company), none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 5.

This explanatory statement along with the details of Director as annexed herewith may also be regarded as disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

Item No. 6 :

The Board of Directors of the company appointed Mr. Divyakant R. Zaveri, as an Additional Director as an

Independent Director on the Board of the Company with effect from 26th July, 2014, pursuant to Article 134 of the Articles of Association of the Company.

Mr. Divyakant R. Zaveri will hold office as Director up to the date of the Thirty-third Annual General Meeting and is eligible for appointment. Mr. Divyakant Zaveri is Bachelor of Commerce and a Member of Institute of Chartered Accountants of India and he is Chartered Accountant by profession, possesses intense, wide and varied experience in the field of Accounts, Finance, Taxation, Corporate Management for more than 3 decade. He is currently Proprietor of M/s. Divyakant Zaveri & Co., the Chartered Accountant. The Company has received from a member a Notice in writing in terms of Section 160 of the Companies Act, 2013, signifying his intention to propose the appointment of Mr. Divyakant R. Zaveri as a Director on the Board of Directors of the Company at the forthcoming Annual General Meeting.

The Board commends acceptance of the resolution set out in Item No.6 of the convening Notice.

Mr. Divyakant R. Zaveri is interested and concerned in the Resolution mentioned at Item No.6 of the Notice. Other than Mr. Divyakant R. Zaveri no other Director, key managerial personnel or their respective relatives are concerned or interested in the Resolution mentioned at Item No.6 of the Notice.

Item No. 7 :

Section 180(1)(c) of the Companies Act, 2013 effective from 12th September, 2013 requires that the Board of Directors shall not borrow money in excess of the company's paid up share capital and free reserves, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, except with the consent of the Company accorded by way of a Special Resolution.

It is, therefore, necessary for the members to pass a Special Resolution under Section 180(1)(c) and other applicable provisions of the Companies Act, 2013, as set out at Item No. 7 of the Notice, to enable to the Board of Directors to borrow money in excess of the aggregate of the paid up share capital and free reserves of the Company. Approval of members is being sought to borrow money upto Rs. 150 Crores (Rupees One Hundred Fifty Crores) in excess of the aggregate of the paid up share capital and free reserves of the Company.

None of the Directors, Key Managerial Persons of the Company and their relatives is concerned or interested in the above resolution.

Item No. 8 :

For creation of security through mortgage or pledge or hypothecation or otherwise or through combination for securing the limits as may be sanctioned by the lenders, for the loans to be sanctioned by any one or more Company's bankers and /or by any one or more persons, firms, bodies corporate, or financial institutions or banks, the Company would be required to secure all or any of the movable and immovable properties of the Company present and future. Section 180(1)(a) of the Companies Act, 2013, provides that the Board of Directors of a Company shall not, without the consent of members in General Meeting, sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company, Pursuant to the provisions of Section 180(1)(a) of the Companies Act 2013 and all other applicable provisions if any, or any other law for the time being in force (including any statutory modification or amendment thereto or re-enactment thereof for the time being in force) and in terms of Articles of Association of the Company, the consent of the members is hereby proposed to be accorded to the Board of Directors of the Company for mortgaging / charging all or any of the immovable and movable properties of the Company both present and future and the whole or substantially the whole of the undertaking or the undertakings of the Company on such terms and conditions, as may be agreed to between the Board and Lender(s) to secure the loans / borrowings obtained or as may be obtained, which may exceed the paid-up capital and free reserves in the ordinary course of business but not exceeding Rs. 150 Crores (Rupees One Hundred Fifty Crores) at any one time.

Members are requested to consider to pass a Special Resolution under Section 180(1)(a) of the Companies Act, 2013 as proposed, authorizing the Board of Directors or its committees to mortgage / charge the properties and/or the whole or substantially the whole of the undertaking of the Company as aforesaid to the lenders. Mortgaging /

charging the properties of the Company require approval of Members in the General Meeting pursuant to the provisions of Section 180(1)(a) of the Companies Act, 2013.

Your Directors recommend the above Special Resolution for your approval.

None of the Directors, Key Managerial Persons of the Company and their relatives is concerned or interested in the above resolution.

Item No.9 :

The present Authorized Share Capital of the Company is Rs.2,00,00,000 (Rupees Two Crores only) divided into 20,00,000 (Twenty Lacs Only) Equity Shares of Rs.10/- (Rupees Ten) each.

Subject to the approval of the members by way of Ordinary Resolution, the Company intends to increase the Authorised Share Capital to Rs. 2,50,00,000 (Rupees Two Crores Fifty Lacs only) comprising of Rs.1,20,00,000 (Rupees One Crores Twenty Lacs Only) divided into 12,00,000 (Twelve Lacs Only) Equity Shares of Rs.10/- (Rupees Ten) each and Rs. 1,30,00,000 (Rupees One Core Thirty Lacs only) divided into 13,00,000 (Thirteen Lacs Only) 10%, Cumulative, Redeemable Convertible Preference Shares of Rs.10/- (Rupees Ten only) each .”

Approval of members is being sought by way of Ordinary Resolution as required under Section 61 of the Companies Act, 2013.

The Board recommends the Resolution for adoption.

None of the Directors, Key Managerial Persons of the Company and their relatives is concerned or interested in the above resolution.

Item No. 10 :

The Company contemplates to create, issue and allot issue 10%, Cumulative, Redeemable Convertible Preference Shares to continue to meet short term fund requirements of the Company, it is proposed to the Members to accord their approval by creation of 12,26,780 (Twelve Lacs Twenty Six Thousand Seven Hundred Eighty Only) 10%, Cumulative, Redeemable Convertible Preference Shares of Rs. 10/- (Rupees Ten only) aggregating to Rs. 1,22,67,800 (Rupees One Core Twenty Two Lacs Sixty Seven Thousands Eight Hundred only).

The Amendment / alteration in the Capital Clause of the Memorandum of Association can be made by way of passing Special Resolution at the General Meeting. The Resolutions as set out in the Notice convening the Meeting are to be considered and Members are requested to approve the Resolution proposed as Special Resolution.

The Board recommends the Resolution for adoption.

None of the Directors, Key Managerial Persons of the Company and their relatives is concerned or interested in the above resolution.

Item No. 11 :

With a view to comply to provisions of the Companies Act, 2013 relating to repayment of Deposits with maintaining cash liquidity and to reduce financial obligation and thereby to enhance net worth of the Company, the Board of Directors has decided, subject to the approval of the Shareholders, pursuant to Sections 42 & 62 and all other applicable provisions, if any, of the Companies Act 2013 read with Rule 13 of Companies (Share Capital and Debentures) Rules, 2014 and other applicable Rules, to offer, issue and allot 12,26,780, 10%, Cumulative, Redeemable Convertible Preference Shares of Rs.10/- (Rupees Ten only) each, on a preferential basis to the Deposit Holders, upon conversion of their deposits lying with the Company as at 31st March, 2014, through Private Placement basis, which shall not be listed at the stock Exchange.

The said Private Placement of Shares needs prior approval of Members by Special Resolution in terms of

Provisions of Sections 42, 55, 62 & Other applicable provisions of the Companies Act, 2013 read with Companies (Share Capital and Debentures) Rules, 2014, Companies (Prospectus and Allotment of Securities) Rules, 2014 and other applicable Rules.

Since the proposal is to convert the Deposits and Loans of Directors and their relatives, lying with the Company on having their consents, in to 10%, Cumulative, Redeemable Convertible Preference Shares of Rs.10/- (Rupees Ten only) each , which would NOT be listed at any recognized stock Exchange, the value of such closely held unquoted preference share, has been considered at its face Value of Rs. 10/- and the said price is considered by the Board as fair and reasonable.

The Board is of the opinion that, said issue of preference Shares , upon conversion of deposits, is in larger interest of the Company.

The Disclosures pursuant to Rule 13(2)(d) is as follows:

- (i) The objects of the issue : **To comply to provisions of the Companies Act, 2013 relating to repayment of Deposits with maintaining cash liquidity in the Company and to reduce financial obligation and thereby to enhance net worth of the Company.**
- (ii) The total number of shares or other securities to be issued : **12,26,780 Preference Shares of Rs. 10/- each at par aggregating to Rs. 1,22,67,800/- Only.**
- (iii) The price or price band at/within which the allotment is proposed: **Rs. 10/- per share, at par.**
- (iv) Basis on which the price has been arrived at along with report of the Registered valuer :

The Company is contemplating a proposal to issue and allot 12,26,780 10%, Cumulative, Redeemable Convertible Preference Shares of Rs.10/- (Rupees Ten only) each against and on conversion of amount of deposits of Directors and their relatives, lying with the Company which will not be listed at the stock exchange. The value of the Share at Rs. 10/- has been therefore considered as fair and reasonable.

- (v) Relevant date with reference to which the price has been arrived at : **The date of passing Special Resolution i.e. 30th September, 2014, is considered as relevant date for determination of price of Share.**
- (vi) The class or classes of persons to whom the allotment is proposed to be made :
Following persons who have lent the amount as the Deposits to the Company, who shall be offered Preference Shares on conversion of their Loan.

Sr. No.	Names of the persons to be allotted preference shares	Value of shares to be allotted
1	Adit D. Shah	34,25,000
2	Dilip R. Shah (HUF)	27,08,900
3	Janki R. Shah	10,50,000
4	Kaumudini R. Shah	21,00,000
5	Rajendra R. Shah	14,66,950
6	Rajubhai R. Shah (HUF)	15,16,950
	Total	1,22,67,800

- (vii) Intention of promoters, directors or key managerial personnel to subscribe to the offer :
Directors and their Relatives who have given Loan to the Company would subscribe the preference Shares.
- (viii) The proposed time within which the allotment shall be completed : **Within 1 month of passing**

Resolution.

- (ix) The names of the proposed allottees and the percentage of post preferential offer capital that may be held by them :

Sr. No.	Names of the persons to be allotted preference shares	Pre Issue of Preferential Share	Pre % of share holding	Post Preferential Share	Post % of Share holding
1	Adit D. Shah	----	----	3,42,500	27.92
2	Dilip R. Shah (HUF)	----	----	2,70,890	22.08
3	Janki R. Shah	----	----	1,05,000	8.56
4	Kaumudini R. Shah	----	----	2,10,000	17.12
5	Rajendra R. Shah	----	----	1,46,695	11.96
6	Rajubhai R. Shah (HUF)	----	----	1,51,695	12.36
	Total	----	----	12,26,780	100.00

- (x) The change in control, if any, in the company that would occur consequent to the preferential offer : **No change in the control of the Management would occur.**
- (xi) The number of persons to whom allotment on preferential basis have already been made during the year, in terms of number of securities as well as price : **None**
- (xii) The justification for the allotment proposed to be made for consideration other than cash together with valuation report of the Registered valuer : **Not Applicable.**
- (xiii) The pre issue and post issue shareholding pattern of the Company. :

Sr. No.	Category	Pre Issue		Post Issue			
		No. of Equity Shares Held	% of Equity Share Holding	No. of Equity Shares Held	% of Equity Share Holding	No. of Preference Shares Held	% of Preference Shares Holding
A	Promoters' Holding						
1	Indian :						
	Individual & PAC	871700	72.64	871700	72.64	12,26,780	100.00
	Bodies Corporate						
	SUB TOTAL	871700	72.64	871700	72.64	12,26,780	100.00
2	Foreign Promoters	----	----	----	----	----	----
	Sub Total (A)	----	----	----	----	----	----
B	Non Promoters' Holding						
1	Institutional Investors						
2	Non Institution						
	Private Corporate Bodies	21000	1.75	21000	1.75		
	Directors and Relatives						
	Indian Public	252400	21.03	252400	21.03		
	Others (Including NRI's)	54900	4.58	54900	4.58		
	Sub Total (B)	323500	27.36	323500	27.36		
	Grand Total (A)+(B)	1200000	100.00	1200000	100.00	12,26,780	100.00

Approval of the Shareholders is being sought as required in terms of Sections 42, 55, 62 and other applicable provisions if any, of the Companies Act, 2013, by way of Special Resolution.

Memorandum and Articles of Association of the Company and amendments referred, are kept open for inspection by the Shareholders during business hours on all working days (except Sundays and Holidays) till the date of meeting.

Directors, Key Managerial Personnel and their relatives who are members of the Company, may be deemed to be concerned or interested in this Resolution to the extent of their respective allotment of preference shares on conversion of their deposits, lying with the Company.

The Board recommends the passing of the resolution as set out in Item No. 11 as a Special Resolution.

Item No. 12 :

To aid the financial requirements of its Associates, Companies belong to the Group and other Bodies Corporate, the Company may make investments and give loans to them, as and when needed. The Company may be required to provide corporate guarantees on behalf of such companies to the banks / financial institutions for the financial assistance provided by them.

As per Section 186 of the Companies Act, 2013, a Company can give a loan to bodies corporate or give any guarantees or make investments in the securities of any other body corporate with the approval of the Board of Directors if the same is within the permissible limit of either 100% of free reserves or 60% of the paid up share capital and free reserves.

Inter-corporate loans and investments can be made above the aforesaid limits if the Company has prior approval from its members by a Special resolution.

Amount of investments /loans / corporate guarantees proposed to be made by the Company may exceed the prescribed limit, at any future date, this permission is sought to enable the Board of Directors with powers for making further investments/ loans/ guarantees and providing securities, whenever required on need basis for an amount not exceeding Rs. 150 Crores.

Approval of shareholders of the Company, by way of Special Resolution, is sought to authorize the Board of Directors to make the following Investments / loans / Corporate Guarantees as may be required from time to time.

These investments, loans, guarantees and securities shall be made / proposed to be made out of own / surplus funds internal accruals / borrowed funds, the objective of which shall be optimum utilization of funds of the Company and also to achieve long term strategic and business objectives. The investments, loans, guarantees and securities shall be made on terms and conditions most beneficial to the Company and at prevailing market rates.

The Directors are satisfied that this resolution would be in the interest of the Company and its members and accordingly, recommend the Resolutions for your approval.

Directors, Key Managerial Personnel and their relatives who are members of the Company, may be deemed to be concerned or interested in this Resolution to the extent of their respective shareholding in the Company.

The Board recommends the passing of the resolution as set out in Item No. 12 as a Special Resolution.

Item No. 13 :

Proviso to Section 203 of the Companies Act, 2013 provides that an individual shall not be appointed or reappointed as the Chairperson of the Company, in pursuance of the Articles of Association of the company, as well as the Managing Director or Chief Executive Officer of the Company at the same time after the commencement of this Act unless,

- (a) the articles of such a Company provide otherwise or
- (b) the Company does not carry multiple businesses.

With a view to providing liberty to the Board of Directors of the Company, to elect any of them to the office of the Chairman of the Board of Directors, irrespective of whether such Director is a Managing or Whole Time Director or not, proposed amendment in existing Article No. 136 of the Articles of Association of the Company, is deemed necessary, in line with the requirement of Section 203 of the Companies Act, 2013

Approval of the members in the General Meeting is sought by way of Special Resolution .

A copy of the new Articles of Association is available for inspection at the Registered Office of the Company during business hours on all days except Saturdays, Sundays and Public holidays up to the date of the Annual General Meeting.

No Director, Key Managerial Person (KMP) and relative of any Director or KMP may be deemed to be concerned or interested in the resolution.

The Board recommends the passing of the resolution as set out in Item No. 13 as a Special Resolution.

Item No. 14 :

The Board of Directors on the recommendation of the Audit Committee have appointed, Ms. Shilpa Parikh, Cost Accountant, (ICWA Registration No. 31441), as the Cost Auditor of the Company for the financial year 2014-15. A Certificate issued by her regarding her eligibility for appointment as Cost Auditors will be available for inspection at the registered office of the Company during normal business hours on any working day, excluding Saturday. As per Rule 14 of the Companies (Audit and Auditors) Rules 2014, the remuneration payable to the Cost Auditors is to be ratified by the Shareholders. The Board has decided the remuneration payable to Ms. Shilpa Parikh as Cost Auditor as mentioned in the resolution on the recommendation of the Audit Committee. Hence this resolution is proposed for the consideration of the Shareholders.

None of the Directors and Key Managerial personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 14.

The Board recommends the passing of the resolution as set out in Item No. 13 as an Ordinary Resolution.

Item No. 15 :

As the members are aware, the Equity Shares of the Company, are listed at the OTC Exchange of India, since 1993. However, the Stock Exchange could not remain operative due to their various reasons and on their voluntary deregistration as the Stock Exchange, in accordance with the SEBI Circular dated 22nd May, 2014, the Company was given an option to opt for listing their shares in Nation wide Exchanges, after complying with listing norms of the main Board, before exit of the OTC Exchange.

Subject to the approval of the Shareholders, by way of special resolution, the Board of Directors have decided to enlist its Equity Shares at BSE Limited (Bombay Stock Exchange) by complying their listing requirement.

Directors, Key Managerial Personnel and their relatives who are members of the Company, may be deemed to be concerned or interested in this Resolution to the extent of their respective shareholding in the Company.

The Board of Directors recommends the resolution set out at Item No. 14 of the accompanying Notice for the approval of the members.

Date : 26-07-2014
Place : Vadodara.

For and on behalf of the Board of Directors,

Mukesh Khanna
Company Secretary

**DETAILS OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING
(Pursuant to Clause 49 of the Listing Agreement)**

Particulars	Mr. Dinesh S. Shah	Mr. Tushar P. Shah	Mr. Divyakant R. Zaveri
Date of Birth	01/07/1959	24/12/1970	28/06/1948
Date of Appointment	30/01/2003	16/01/2005	26/07/2014
Qualifications	M.D., M.R. COG. (U.K.)	M.D.	Chartered Accountant
Expertise in specific functional areas	Gynecology	Pediatrician	Accounts, Finance, Taxation & Corporate Affairs
Chairmanships/Directorships of other public limited Companies (excluding Foreign Companies and Section 25 Companies)	None	None	None
Chairmanships/ Memberships of Committees of other Public Companies (includes only Audit Committee; and Shareholders/ Investors Grievance Committee)	None	None	None
Number of shares held in the Company	None	None	None

DIRECTOR'S REPORT

To,
 The Shareholders,
Mercury Laboratories Limited
 Mumbai.

Outlook of Pharmaceutical Industry:

The year 2013-14 has been a dynamic year for Pharmaceutical Industry due to lot of changes that took place in Drugs & Cosmetics Act, DPCO, Companies Act.

The Indian Pharmaceutical Industry, being sunrise industry since liberalization of 1992, witnessed CAGR Growth of 9% from the year 2000 to 2005 and subsequently 13% growth from the year 2005 to 2013. It is projected that this growth will prolong continuously with same speed with CAGR 13% to 14% from the year 2015 to 2020.

Today, the Pharma Industry is doing business of 12,000 billion USD in domestic market, which is expected to be increased to 35 billion to 55 billion USD in coming period of five years from the year 2020.

The urban market share is 80% -85% while rural market share is 15% -20%. There is an upward trend and is potential to increase in rural market due to :

- (a) Government has allocated 29000 crores for the healthcare plan during this financial year
- (b) Gross income increase of middle and lower class
- (c) Due to introduction of DPCO 2013, some of the products – life saving drugs reduced and assessable for poor people.
- (d) The government policy to encourage domestic as well as export of the pharmaceutical products, this support will definitely help pharmaceutical industries to grow faster and newer heights.

The developed country provide healthcare at optimum and the market for further growth are limited while developing countries such as China, India, Brazil, Russia, South Africa have potentials growth path due to driven by rapid urbanization, greater economical development. Rural markets will grow the fastest driven by step-up from current poor level of penetration and healthcare infrastructure will also increase. This will lead Indian Pharmaceutical Industry to No. 2 Position in volume in production by 2020.

In the backdrop of such congenial environment, Your company has been growing fast, too with its strategic planning and proper penetration in both domestic and export markets as evidenced from the financial performance achieved during the financial year 2013-14.

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

1. Financial Results :	(Rs. in Lacs)	(Rs. in Lacs)
	2013-14	2012-13
Gross Income	4208.56	3418.03
Gross Profit before Dep. Int. & Tax	700.40	446.30
Less: Interest	146.82	41.15
Less: Depreciation	89.27	32.16
Add/(Less) :	----	----
Prior period Adjustment - Net	15.00	(9.30)
Less: Current Tax & Deferred Tax	157.15	128.31
Net Profit	322.16	253.98
Balance as per last P&L/c.	1.29	1.23
Profit available for appropriation	323.45	255.21

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	301.00	233.00
(iv)	Balance carried to next year	1.53	1.29
Total		323.45	255.21

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 2013-2014 absorbing Rs.20.92 lacs including Tax on Dividend, which will be, if approved, paid to the Shareholders holding shares as on **30th September, 2014**, after business hours.

3. Operations In Retrospect :

During the year under review, the Company yielded Gross Income of Rs. **4208.56** lacs and earned Gross Profit before depreciation, interest and tax of Rs. **700.40** lacs with Net Profit of s. **322.16** Lacs as against Gross Income of Rs. 3418.03 lacs, Gross Profit before depreciation and Interest and tax of Rs. 446.30 lacs with Net Profit of Rs. 253.98 Lacs of previous year, respectively, registering phenomenal growth of 23.12 % in Gross income and a modest growth of 26.84% in Net Profit, as compared to previous year.

4. Future Prospects :

Your company has created new world class manufacturing facility for liquids and tablets and confirming requirement of USFDA which are in operation since September 2013 onwards. The Company has increased its manufacturing capacity for tablets and liquids by four folds keeping in view the projected growth plans.

The Company has been now focusing more on strategy implementation and follow up action to achieve the desired growth plan in ethical Marketing. The Company is ensuring its products availability in all corner of country by increasing C&F agents, as recently it has appointed one more C&F agent at Vijayawada. With a view to create more ethical market, The Company has introduced various new drugs such as Ovaryl Tablet, K-Win 10 Injection, K-Win injection with syringe to cover more Gynaec and Paed Doctors in line of Central Government policy of "Health for all" by allocation of Rs. 29,000 crores. On other side, your Company has established Institutional Business with Government institutions, Semi-Government and Brand 'A' Hospitals & Clinics. The Erga division of the Company, is also focusing more on strategy implementation and achieving higher growth. Two new products have been introduced in their portfolio.

The Company has been putting its major thrust on Export and has set higher objective of achieving 100% growth during the financial year 2014-15 with addition of new, more clients and cover new countries in Central America such as Costa Rica, Guatemala, El-Salvador, to name a few.

The Company has been following its well planned strategy of deriving maximum mileage on domestic market, more particularly on ethical business, effectively and aggressively penetrating the domestic and export market, exercising regular and strong follow up over Marketing distribution net work and channels, strengthening its new institutional business of supplying products to government / semi-government institutions in the Country, with an objective to continue to excel well. With these, the Board is confident that this would result into substantial growth in the business revenue.

5. Amalgamation with Mercury Antibiotics Private Limited (MAPL) :

As the members are aware, in order to have synergy of operations between MAPL, the associate

Company and the Company, with the approval of the Members, a scheme of Amalgamation of the Company with MAPL was proposed and pursued at High Court of Mumbai. On account of various regulatory and technical issues, the Amalgamation Application filed by the Company had to be withdrawn by the Board and it again resolved to proceed with the said amalgamation afresh, with the same Scheme as was earlier sanctioned. However, since the time when the Board resolved to proceed with the merger, the Company went into significant expansion and acquired and installed modern plant for liquid oral with latest technology and high in speed which could produce finest and latest medicines to compete in the national and international markets due to which various advantages which were hitherto accruing upon merger with MAPL, lost its importance and significance to the Company and as it has not brought any synergic gains, the Board therefore decided to rescind the proposal of merger of MAPL with the Company.

6. Management Discussion & Analysis :

a. Industry Structure and Developments:

As explained in the inception, the Indian pharmaceutical industry as a whole, on positive, progressive sea change and is expected to tremendous with the encouraging support of the Government .

b. Opportunities and Threats :

Your Company operates in such a 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 :

Your Directors are well aware of the competition by organized and unorganized manufacturers and prevailing scenario such as Companies Act, DPCO and create a strategy to overcome this difficulties.

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 Competition, DPCO norms, Natural Calamities etc. are sincerely and strategically addressed. Your company's management focus in taking care of internal issues.

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 here in above.

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.

7. 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.

8. Directorate :

Pursuant to Section 149 of the Companies Act, 2013, the Board at its meeting held on 26th July, 2014 recommended appointment of Dr. Dinesh Shantilal Shah, Dr. Tushar Pravinchandra Shah and Mr. Divyakant R. Zaveri as Independent Directors of the Company, not liable to retire by rotation during their tenure of five years till the date of its 38th Annual General Meeting, subject to approval of the Members of the Company. These Directors have given consent and provided declarations to the Board that they meet the criteria of independence as provided under Section 149(6) of the said Act and also confirmed that they will abide by the provisions as mentioned in Schedule IV of the Companies Act, 2013.

In view of their vast and varied experience and useful contributions given by each of them , the Board recommends their appointment as the Independent Directors of the Company.

Mr. Janak J. Katakia ceased to be the Independent Director effective form 26th July, 2014 on resignation. The Board places on record his sincere appreciation for the contribution received from him during the tenureship as a Director of the Company.

9. 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.

- 10. 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.
- 11. Secretarial Audit Report:**
In compliance of directives of the Central Government and to comply listing requirement, a Secretarial Audit Report issued by Mr. Jayesh Vyas, the Practicing Company Secretary, is attached as **Annexure-D** to this report.
- 12. 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, 9,57,600 Equity shares (79.80%) have been dematerialized. Shareholders are recommended to demat their Shares for their better custody and convenience.
- 13. Auditors :**
M/s. Naresh & Co., Chartered Accountants, Vadodara, (Firm Registration No. 106928W), the Auditors of the Company retire at the ensuing Annual General Meeting, being eligible, offer themselves for reappointment at the Annual General Meeting.
- The Members are requested to consider their re-appoint as the Statutory Auditors for a period of three years commencing from the conclusion of this Annual General Meeting upto the conclusion of the 36th Annual General Meeting, subject to ratification of the Members at every meeting and authorise the Board of Directors to fix their remuneration.
- Members are requested to consider their re-appointment and fix their remuneration.
- 14. Cost Auditors :**
Pursuant to the provisions of Section 233B of the Companies Act, 1956, Ms. Shilpa Parikh, Cost Accountants, (ICWA Registration No. 31441) was appointed as the Cost Auditors to conduct audit of cost records for Formulations drugs of the Company for the Financial Year 2014-15 .
- 15. Deposits :**
The Company has no unpaid and / or unclaimed deposit. The Company has not accepted any deposit from Public except from Directors and their relatives and has complied with all applicable provisions of the Companies Act relating to acceptance and renewal of deposits.
- 16. Insurance :**
All the properties and insurable interests of the Company including buildings, plants & machineries and stocks, have been adequately insured.
- 17. 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.

Date : 26-07-2014
Place : Vadodara.

For and on behalf of the Board,

Dinesh S. Shah
Chairman

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, 2014.

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 :	2013-14	2012-13
1.	Electricity		
(a)	Purchased Unit Nos.	9,88,129	6,82,586
	Total Amount Rs.	65,75,980	43,73,741
	Rate/Unit Rs	6.65	6.41
(b)	Own Generation	----	----
(i)	Through diesel Generator.	----	----
	Units(Kwh.)	----	----
	Units per liter	----	----
	diesel oil	----	----
	Cost / Units	----	----
(ii)	Through Steam		
	turbine /Generator	N.A.	N.A.
2.	Coal (Specify quality whereas used)	N.A.	N.A.
3.	Furnace Oil, Qty(K. Liters)	39,933	18,509
	Total Amount Rs.	23,30,350	9,28,723
	Average Rate Rs. (Per Lit)	58.36	50.18
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 not applicable.

C.	FOREIGN EXCHANGE EARNING AND OUT GO :	2013-14	2012-13
	Total Foreign Exchange used and earned :		
		Rs.	Rs.
i)	Foreign Exchange earned	7,29,21,300	8,74,87,321
ii)	Foreign Exchange used	1,41,01,541	1,73,24,811

Date : 26-07-2014
Place : Vadodara.

For and on behalf of the Board,

Rajendra R. Shah
Managing Director

Annexure : B
Company Identification No. : L74239MH1982PLC026341

Authorised Capital : Rs.200 Lacs

Date of AGM : 30th September, 2014

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, 2014. 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.

1. 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.
2. 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.
3. The Company being Public limited Company has the minimum prescribed paid-up capital and its maximum number of members during the said financial year were 858 (Eight Hundred Fifty Eight only).
 - (i) has not invited public to subscribe for its shares or debentures;
and
 - (ii) has not accepted deposits from persons other than its Directors or their relatives, with due compliance of applicable rules.
4. The Board of Directors duly met 4 (Four) times on 29th April, 2013, 3rd August, 2013, 13th November, 2013 and 6th February, 2014 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 Friday, the 6th December, 2013 to Friday, the 13th December, 2013 (both days inclusive), during the financial year.
6. The Annual General Meeting for the financial year ended on 31st March, 2013 was held on 13th December, 2013 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the period under review.
8. The Company has not advanced loan to its Directors and / or persons or firms or Companies referred to under Section 295 of the Act except to a firm listed in the Register maintained under Section 301 of the Act, during the year under review.
9. The Company has duly complied with the provisions of Section 297 of the Act in respect of the Contracts specified in that Section.
10. The Company has made necessary entries in the Register maintained under Section 301 of the Act.
11. There were no instances falling within the purview of Section 314 of the Act.
12. The Company has not issued any duplicate share certificate during the financial year.

13. (i) During year under review, the Company has not issued and allotted any Share, however transfer of shares were registered as per the requests with duly executed valid documents, received from the Investors.
- (ii) The Company has deposited amount of Dividend @ 15% in separate Bank Account and paid dividend as declared, during the year.
- (iii) The Company has posted warrants to all its members of the Company.
- iv) The Company transferred amount in unclaimed dividend account, which remained unclaimed or unpaid for the period of Seven years, to Investor Education and Protection Fund.
- (v) The Company has duly complied with the requirement of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. 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. During the financial year, the Company has accepted deposit from the Directors and their relatives, falling within the purview of Section 58A of the Act. However, it has 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 requirements of relevant provisions of the Act.
25. In respect of loan and guarantee provided and loan availed by the Company, necessary compliance has since been made by the Company as required in terms of Section 372A of the Act.
26. The Company has not altered the provisions of the Memorandum with respect to situation Clause of the Company's Registered Office from one State to another State during the year under scrutiny.
27. The Company has not altered the provisions of Memorandum with respect to the Object Clause of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to Name Clause of the Company during the year under scrutiny.

29. The Company has not altered the provisions of the Memorandum with respect to Share Capital Clause of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association of the Company during the year under scrutiny.
31. There was no prosecution initiated against or show cause notices received by the Company during the financial year, for offences under the Act.
32. The Company has not received any money as security from the employees during the financial year.
33. The Company has deducted and deposited contribution towards Provident Fund with appropriate authorities pursuant to Section 418 of the Act.

Place: Baroda
Date: 26-07-2014

Signature : Sd/-
Name of Company Secretary :
Jayesh Vyas
C.P.No. : 1790 : F.C.S.No. : 5072

Annexure "A"

Registers as maintained by the Company

1. Register of Charges u/s.143.
2. Register of Members u/s.150.
3. Minutes Book of Board Meetings u/s.193.
4. Minutes Book of General Meetings u/s.193.
5. Register of 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"

Forms and Returns as filed by the Company with the Registrar of Companies during the financial year ending on 31st March, 2014.

Sr. No.	Form No.	Filed u/s	For	Date of Filing	Delay, if any
1.	Filing of Annual Return of Deposit (Form-62)	58A & Companies (Acceptance of Deposits) Rules, 1975	Return of Deposit	09-06-13	Non
2.	Appointment of Cost Auditor (Form-23C)	233B (2)	Appointment of Mr. Y.S.Thakar as Cost Auditor	28-06-13	Non
3.	Extension of AGM (Form-61)		Extension of AGM	22-07-13	Non
4.	Statement in Lieu of Advertisement (Form-62)	58A & Companies (Acceptance of Deposits) Rules, 1975	10 of the Companies (Acceptance of Deposits) Rules, 1975	09-08-13	Non
5.	Transfer of Unclaimed / Unpaid Dividend Form-1INV	Rule 3 of the IEPF Rule, 2001	Transfer of Unpaid / Unclaimed Dividend for the year 2005-06	13-11-13	Non
6.	Compliance Certificate (Form 66)	383A	The Compliances made by the Company during the year.	09-01-14	Non
7.	Balance Sheet & Profit and Los A/c. Form 23AC & ACA	220	Adoption at Annual General Meeting held on 13-12-2013	11-01-14	Non
8.	Annual Return Form 20B	159	Annual General Meeting held on 13-12-2013	13-04-14	Non

Annexure : C**Compliance Report on Corporate Governance**

In compliance with Clause 49 of the Listing Agreement entered into with Over the Counter Exchange of India (OTCEI), the Company submits its report on the matters mentioned in the said Clause and lists its practices followed as under.

1. Company's Philosophy on Code of Corporate Governance:

Mercury Laboratories Limited' philosophy on Corporate Governance envisages working towards high levels of transparency, accountability, consistent value systems, delegation, across all facets of its operations. The Company" 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, 2014. 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, 2014 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 Meeting Attended during 2013-14	Annual General Whether attended last Meeting
Mr. Rajendra R. Shah (DIN 00257253)	Promoter Executive Chairman & Managing Director	4	4	Yes
Mr. Dilip R. Shah (DIN 00257242)	Promoter Executive & Promoter	4	4	Yes
Mr. Dinesh Shah (DIN 00362525)	Independent Non executive	4	4	No
Mr. Tushar Shah (DIN 00362509)	Independent Non executive	4	4	No
Mr. Janak Katakia (DIN 00123935)	Independent Non executive	4	3	No

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

Share holding of Directors:

Names of Directors	No. of Shares held
Mr. Rajendra R. Shah	2,93,900 (24.49 %)
Mr. Dilip R. Shah	2,91,250 (24.27 %)
Mr. Dinesh Shah	500 (0.01%)
Mr. Tushar Shah	500 (0.01%)

Independent Directors :

“Independent Directors” are Directors who apart from receiving Directors' remuneration, do not have any material pecuniary relationships or transactions with the Company, its Promoters, its Directors, its Senior Management or its holding company, its subsidiaries and associates, which may affect the independence of the Director.

Board Meetings :

During the year 2013-14, the Board met 4 (Four) times on 29th April, 2013, 3rd August, 2013, 13th November, 2013 and 6th February, 2014. 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 1 A to the Clause 49 of the Listing Agreement has been placed before the Board for their consideration.

Code of Conduct :

The Company has adopted a Code of Conduct for its Non-Executive Directors and all Non-Executive Directors have affirmed compliance with the said Code for the financial year ended March 31, 2014. All Senior Management of the Company have affirmed compliance with the Tata Code of Conduct. The said Code of Conduct is also displayed on the Company's web site. The Annual Report of the Company contains a Certificate duly signed by the Managing Director in this regard.

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 2013-2014, Four Audit Committee meetings were held on 29th April, 2013, 3rd August, 2013, 13th November, 2013 and 6th February, 2014, details of attendance of Members at the Meetings of the Audit Committees held during 2013-2014 are as under.

<u>Name of Directors</u>	<u>No. of Meeting held</u>	<u>Meeting Attended</u>
Mr. Janak Katakia	4	3
Dr. Dinesh Shah	4	4
Dr. Tushar Shah	4	4

The Manager (Accounts) attends the meetings regularly.

4. Nomination and Remuneration Committee :

The Company has a Nomination and Remuneration Committee which is now a mandatory requirement as per the revised Listing Agreement as also the new Companies Act, 2013. The Committee consisted of Mr. Janak Katakia, Dr. Dinesh Shah and Dr. Tushar Shah. The Chairman of the Committee is Dr. Tushar Shah. The terms of reference of the Committee include inter alia the following:

- i. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees;
- ii. Formulation of criteria for evaluation of Independent Directors and the Board;
- iii. Devising a policy on Board diversity;
- iv. Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The Company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.

Remuneration Policy :

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.

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 consisted of Mr. Janak Katakia, Dr. Dinesh Shah and Dr. Tushar Shah. The Chairman of the Committee is Dr. Tushar Shah.

The remuneration paid to Executive Directors of the Company is approved by the Board of Directors on the recommendations of the Remuneration cum Compensation Committee. The Company's remuneration strategy is market-driven and aims at attracting and retaining high caliber talent. The strategy is in consonance with the existing industry practice and is directed towards rewarding performance, based on review of achievements, on a periodical basis.

During the year 2013-14, the Remuneration Committee has not met during the year. For the year ended 31st March, 2014, Mr. Rajendra R. Shah, the Managing Director was paid remuneration of Rs. 16,80,000 and Perquisite of Rs. 51,269, the aggregate value thereof was Rs.17,71,269. 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 2013-2014 are as under.

<u>Name of Directors</u>	<u>Sitting Fees paid</u>
Dr. Dinesh Shah	19,500
Dr. Tushar Shah	19,500
Mr. Janak Katakia	14,500

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. Stakeholders' Relationship Committee :

In compliance with the provisions of Section 178 of the Companies Act, 2013, the Board has renamed the existing "Shareholders' Grievance Committee" as the "Stakeholders Relationship Committee".

Stakeholders Relationship 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 2013-14, the Stakeholders Relationship Committee met on 29th April, 2013, 3rd August, 2013, 13th November, 2013 and 6th February, 2014. Details of Attendance of Members at the Meetings of the Stakeholders Relationship Committee held during 2013-14 are as under.

<u>Name of Directors</u>	<u>No. of Meeting held</u>	<u>Meeting Attended</u>
Dr. Dinesh Shah	4	4
Dr. Tushar Shah	4	4
Mr. Janak Katakia	4	3

Mr. H.G. Shah was appointed as the Compliance Officer, during the year under review.

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, 2014.

6. General Body Meetings:

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

Date	Time	Place	Details of Special Resolution Passed
13-12-2013	12.00 Noon	At the Electric Merchants' Association Hall, Shreeji Bhuvan, Room No. 12, 2nd Floor, 51 Mangaldas Road, Lohar Chawl, Mumbai - 400 002.	-----
29-09-2012	11.30 a.m.	At the Registered Office	Re appointment of Mr. Rajendra Shah as Managing Director subject to the approval of the Shareholders.
24-09-2011	3.30 p.m.	At the Registered Office	-----

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

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

7. Disclosures:

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

8.1 Compliance of Mandatory Requirements:

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

8.2 Compliance of Non Mandatory Requirements :

The Company has adopted the non-mandatory requirements as regards the provisions relating to the Remuneration Committee. The Quarterly Financial Results are published in newspapers, uploaded on the Company's website and also sent to the shareholders on request. The Company affirms that no

employee has been denied access to the Audit Committee. As regards the other non mandatory requirements the Board has taken cognizance of the same and shall consider adopting the same as and when necessary.

9. Means of communication :

The annual and quarterly results are regularly published by the Company in Nav Shakti (Marathi) and Free Press Journal (English), the News Papers as per the Stock Exchange requirements. In addition, these are also submitted to the Stock Exchanges in accordance with the Listing Agreement. Financial Results are supplied through E-Mail & posts to the Shareholders on demand.

The Management Discussion and Analysis (MD&A) is a part of the Annual Report.

10. General Shareholder information:

10.1 Annual General Meeting:

Date and time : Tuesday, the 30th September, 2014 at 12.00 Noon
 Venue : At the Registered Office at First Floor, 18, Shreeji Bhuvan, 51, Mangaldas Road, Princess Street, Mumbai.

10.2 Financial Calendar :

Board Meeting to approve Unaudited Financial results for	Period
Quarter ending September 30 th , 2014	: On or before 14 th November, 2014
Quarter ending December 31 st , 2014	: On or before 14 th February, 2015
Quarter ending March 31 st , 2015	: On or before 14 th May, 2015
Quarter ending June 30 th , 2015	: On or before 14 th August, 2015
Annual General Meeting for the Year ending on March 31 st , 2015.	: By end of September, 2015
Audited Results for year 2014-15	: By end of August, 2015.

10.3 Dividend Payment Date : On or after 30th September, 2014

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, 2014 as well as for the purpose of AGM, the Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, the 23rd September, 2014 to Tuesday, the 30th September, 2014 (Both days inclusive).

10.5 Dividend Remittance :

Dividend on Equity Shares as recommended by the Directors for the year ended 31st March, 2014 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 Tuesday, the 30th September, 2014.
- (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 Tuesday, the 30th September, 2014.

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 - 390 020.
 Phone : +91 265 2356573-2356794, E-mail : alpesh.gandhi@linkintime.co.in

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, 2014.

Shareholding (in Rs.)	No. of Shareholders	% of Share Total	% of Amount	% of Total
1 - 5000	774	90.21	1,38,500	11.54
5001 - 10000	32	3.73	2,85,000	2.38
10001 - 20000	18	2.10	2,87,500	2.40
20001 - 30000	5	0.58	1,40,000	1.17
30001 - 40000	6	0.70	2,27,000	1.89
40001 - 50000	3	0.58	2,36,000	1.97
50001 - 100000	4	0.47	3,06,500	2.55
100001 & above	14	1.63	91,33,000	76.11
Total	858	100.00	120,00,000	100.00

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

10.12 Dematerialisation of Shares :

About 79.80% of outstanding Equity Shares have been dematerialized upto 31st March, 2014. Trading in shares of the Company is permitted only in the dematerialized form.

10.13 Plant locations : At 2/13-14 BIDC, Gorwa Industrial Estate, Baroda. : At Jarod, Dist. Vadodara.

10.14 Address for Correspondence for : Link Intime India Pvt. Ltd. settlement of Shares related : At their office addresses Grievances. mentioned at 10.9 above.

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, 2014 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**

Place : Vadodara
Date : 26/07/2014

**Anil 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, 2014 received from the Senior Management Team of the Company and the Members of the Board, a declaration of Compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Team means the Chief Accountant and other employees in the Executive cadre as on 31st March, 2014.

**Date: 26/07/2014
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.

For Mercury Laboratories Limited.

Date: 26/07/2014
Place: Vadodara

Rajendra R. Shah
CEO & Managing Director

Secretarial Audit Report

Date : 26-07-2014

To,
The Members,
Mercury Laboratories Limited
18, 1st Floor, Shreeji Bhavan,
51, Mangaldas Road, Princess Street,
Mumbai –400002, Maharashtra.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Mercury Laboratories Limited (“the Company”). The secretarial audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2014 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent and in the manner reported hereinafter.

1. I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2014 according to the provisions of -
 - The Companies Act, 1956 and the Rules made under that Act and 98 sections of Companies Act, 2013 notified vide Ministry of Corporate Affairs Gazette Notification No. S.O. 2754(E) dated September 12, 2013;
 - The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made under that Act;
 - The Depositories Act, 1996 and the Regulations and Bye-laws framed under that Act;
 - The Foreign Exchange Management Act, 1999 and the Rules and Regulations made under that Act to the extent applicable to Overseas Direct Investment (ODI), Foreign Direct Investment (FDI) and External Commercial Borrowings (ECB);
 - The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; and
 - The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.
 - The Equity Listing Agreements with BSE Limited; and
 - The Memorandum and Articles of Association.
2. I further report that the Company has, in my opinion, complied with the provisions of the Companies Act, 1956 and the Rules made under that Act and 98 sections of Companies Act, 2013 notified vide Ministry of Corporate Affairs Gazette Notification No. S.O. 2754(E) dated September 12, 2013 (“the Act”) and the Memorandum and Articles of Association of the Company, with regard to:
 - (a) maintenance of various statutory registers and documents and making necessary entries therein;

- (b) closure of the Register of Members;
 - (c) forms, returns, documents and resolutions required to be filed with the Registrar of Companies and the Central Government;
 - (d) service of documents by the Company on its Members, Auditors and the Registrar of Companies;
 - (e) notice of Board meetings and Committee meetings of Directors;
 - (f) the meetings of Directors and Committees of Directors including passing of resolutions by circulation;
 - (g) the 20th Annual General Meeting held on September 18, 2013;
 - (h) minutes of proceedings of General Meetings and of the Board and its Committee meetings;
 - (i) approvals of the Members, the Board of Directors, the Committees of Directors and the government authorities, wherever required;
 - (j) constitution of the Board of Directors / Committee(s) of Directors, appointment, retirement and re-appointment of Directors including the Whole-time Director;
 - (k) payment of remuneration to Directors including the Whole-time Director;
 - (l) appointment and remuneration of Auditors;
 - (m) transfers and transmissions of the Company's shares and debentures, and issue and dispatch of duplicate certificates of shares;
 - (n) declaration and payment of dividends;
 - (o) transfer of certain amounts as required under the Act to the Investor Education and Protection Fund and uploading of details of unpaid and unclaimed dividends on the websites of the Company and the Ministry of Corporate Affairs;
 - (p) borrowings and registration, modification and satisfaction of charges wherever applicable.
 - (q) form of balance sheet as prescribed under Part I, form of statement of profit and loss as prescribed under Part II and General Instructions for preparation of the same as prescribed in Schedule VI to the Act;
 - (r) Directors' report;
 - (s) contracts, common seal, registered office and publication of name of the Company; and
 - (t) generally, all other applicable provisions of the Companies Act and the Rules made under the Act.
3. I further report that:
- (a) the Directors have complied with the requirements as to disclosure of interests and concerns in contracts and arrangements, shareholdings and directorships in other companies and interests in other entities;
 - (b) the Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the Code of Business Conduct & Ethics for Directors and Management Personnel;
 - (c) the Company has obtained all necessary approvals under the various provisions of the Act; and
 - (d) there was no prosecution initiated and no fines or penalties were imposed during the year under review under the Act, SEBI Act, SCRA, Depositories Act, Listing Agreement and Rules, Regulations and Guidelines framed under these Acts against / on the Company, its Directors and Officers.
4. The Company has complied with the provisions of the Securities Contracts (Regulation) Act, 1956 and the Rules made under that Act, with regard to maintenance of minimum public shareholding.
5. I further report that the Company has complied with the provisions of the Depositories Act, 1996 and the Bye-laws framed thereunder by the Depositories with regard to dematerialisation / rematerialisation of securities and reconciliation of records of dematerialised securities with all securities issued by the Company.
6. The Company was not required to comply with the provisions of the FEMA, 1999 and the Rules and Regulations made under that Act.

7. I further report that:
- the Company has complied with the requirements under the Equity Listing Agreements entered into with OTCEI Limited;
 - the Company has complied with the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 including the provisions with regard to disclosures and maintenance of records required under the said Regulations;
 - the Company has complied with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 including the provisions with regard to disclosures and maintenance of records required under the said Regulations; and
 - the Company has complied with the provisions of the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.
8. I further report that based on the information received and records maintained there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Jayesh Vyas
Practicing Company Secretary
F.C.S.: -5072: C.P.: - 1790

INDEPENDENT AUDITOR'S REPORT
To the Members

Report on the Financial Statements

We have audited the accompanying Financial Statements of **MERCURY LABORATORIES LIMITED** ("the Company") which comprise the Balance sheet as at **31st March, 2014** and the Statement of Profit & Loss for the year ended on that date annexed thereto and the Cash Flow Statement for the year then ended 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 and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. 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.

Auditor's 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 judgment, 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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, 2014;
- b) in the case of the Statement of Profit and Loss, of the **profit** for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows 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, Statement of Profit & Loss and Cash Flow Statement dealt with by this report are in agreement with the books of accounts of the Company;
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss annexed thereto and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular No.15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.
 - e) On the basis of written representations received from the directors, as on 31st March, 2014, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2014 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 ACCOUNTANTS
(F.R.N. 106928W)

Place : Vadodara
Date : 26th July, 2014

CA ANIL L SHAH
PARTNER
(M. R. N. 035309)

ANNEXURE TO AUDITORS' REPORT

(Referred to in paragraph 1 or our report of even date on the accounts for the year ended 31st March 2014 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 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.1,38,97,432/- and the year-end balance of the loans was Rs.1,38,97,432/- (P.Y. 47,63,008/-).
- (c) The 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 and repayment of deposit.
- (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, 2014 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
		10,80,988.00	2008-13	Additional Commissioner
Excise	Non Payment of Duty on Expired Goods	104,501.00	2008-09	CESTAT, Ahmadabad
Excise	Excise Duty on Physician Sample	536,791.00	2005-06	CESTAT, Ahmadabad

- (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) No term loans have been obtained during the year.

- (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.
- (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 ACCOUNTANTS
FRN NO. 106928W**

**Place : VADODARA
Date : 26th July, 2014**

**CA ANIL L. SHAH
PARTNER
(MEMBERSHIP NO. 35309)**

BALANCE SHEET AS AT 31ST MARCH' 2014

DESCRIPTION	Note No.	As at 31.03.2014 Amount Rs.	As at 31.03.2013 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	142,059,577	111,935,584
(2) SHARE APPLICATION MONEY PENDING ALLOTMENT			

(3) NON-CURRENT LIABILITIES			
(a) Long-Term Borrowings	5	38,534,847	75,586,752
(b) Deferred Tax Liabilities (Net)	6	15,277,582	10,028,640
(c) Other Long Term Liabilities	7	----	----
(d) Long-Term Provisions	8	861,483	850,481
(4) CURRENT LIABILITIES			
(a) Short-Term Borrowings	9	39,421,437	10,683,175
(b) Trade Payables	10	67,534,980	61,832,078
(c) Other Current Liabilities	11	64,653,884	24,230,622
(d) Short-Term Provisions	12	21,778,395	21,612,005
TOTAL		402,122,185	328,759,337
II. ASSETS			
(1) NON-CURRENT LIABILITIES			
(a) Fixed Assents			
(i) Tangible assets	13	194,845,109	178,922,850
(ii) Intangible assets		----	----
(iii) Capital work-in-progress		----	----
(iv) Intangible Asset under Development			
(b) Non-Current Investments	14	63,000	63,000
(c) Deferred Tax Assets (Net)	6	----	----
(d) Long-Term Loans & Advances	15	----	----
(e) Other Non-Current Assets	16	1,120,833	1,093,004
(1) CURRENT LIABILITIES			
(a) Current Investments	17	----	----
(b) Inventories	18	36,029,512	36,165,782
(c) Trade Recievables	19	118,889,879	61,668,482
(d) Cash & Cash Equivalents	20	13,553,660	14,116,392
(e) Short-Term Loans & Advances	21	37,620,192	36,729,827
(f) Other Current Assents	22	----	----
TOTAL		402,122,185	328,759,337
Notes forming part of the Financial Statements	1 to 42		

The Notes referred to above form an integral part of the Financial Statement

As per our Report of Even Date

For Naresh & Co.
Chartered Accountants
F.R.N. 106928W

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

CA Anil Shah
Mem. No. : 035309
Partner
 Place : Baroda
 Date : 26th July 2014

Managing Director **Director**

Place : Baroda
 Date : 26th July 2014

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED ON 31ST MARCH' 2014

DESCRIPTION	Note No.	As at 31.03.2014 Amount Rs.	As at 31.03.2013 Amount Rs.
I Revenue From Operations	25	414,496,066	334,622,391
II Other Income	26	6,359,590	7,180,240
III Total Revenue (I + II)		420,855,656	341,802,631
IV Expenses :	27	136,706,308	97,716,378
Cost of Materials Consumed		44,281,117	45,455,530
Purchases of Stock-in-Trade			
Changes in Inventories of Finished Goods			
Work-in-Progress and Stock-inTrade	28	7,897,457	9,057,366
Employee Benefits Expenses	29	57,482,593	51,232,198
Financial Costs	30	14,681,657	4,115,287
Depreciation & Amortization Expenses	13	8,927,469	3,216,457
Other Expenses	31	104,447,725	91,849,606
Total Expenses		374,424,326	302,642,822
V Profit Before Exceptional / Extra Ordinary Items & Tax (III - IV)		46,431,330	39,159,809
VI Exceptional Items		1,500,000	(930,565)
VII Profit before Extraordinary Items & Tax (V - VI)		47,931,330	38,229,244
VIII Extraordinary Items			
IX Profit Before Tax (VII-VIII)		47,931,330	38,229,244
X Tax expense :			
(1) Current Tax		10,466,390	9,220,000
(2) Deferred Tax		5,248,942	3,610,877
XI Profit/(Loss) from Continuing Operations (IX - X)		32,215,998	25,398,367
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)		32,215,998	25,398,367
XVI Earning per Equity Share :		26.85	21.17
Notes forming part of the Financial Statements	1 to 42		

The Notes referred to above form an integral part of the Financial Statement
As per our Report of Even Date

For Naresh & Co.
Chartered Accountants
F.R.N. 106928W

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

CA Anil Shah
Mem. No. : 035309
Partner
Place : Baroda
Date : 26th July 2014

Managing Director **Director**

Place : Baroda
Date : 26th July 2014

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

(Pursuant to Clause 32 of the Listing Agreement)

DESCRIPTION	As at 31.03.2014 Amount Rs.	As at 31.03.2013 Amount Rs.
I. EQUITY AND LIABILITIES		
A. Cash flow from Operating Activities :		
<i>Net Profit before Tax & Extra Ordinary Items</i>	47,931,330	38,229,244
Adjustment for :		
Depreciation & Write-offs	8,927,469	3,216,457
Loss/(Profit) on Sale of Investments/Assets	(11,733)	(30,000)
Interest	14,681,657	4,115,287
<i>Operating Profit before Working Capital Changes</i>	71,528,723	45,530,988
Adjustments for :		
(Increase)/Decrease in Trade Receivables	(57,221,397)	615,859
(Increase)/Decrease in Inventories	136,270	9,342,145
(Increase)/Decrease in Loans & Advances	8,592,704	(3,004,437)
Increase/(Decrease) in Trade Payable	5,702,902	26,434,097
Increase/(Decrease) in Other Current Liabilities	30,134,264	3,951,275
<i>Cash Generated from Operations</i>	58,873,466	82,869,927
Interest Paid	14,681,657	4,115,287
Direct Taxes Paid (Net of Refund)	9,510,896	9,252,790
<i>Cash Flow before Extra Ordinary Items</i>	34,680,913	69,501,850
Prior Period Items (being cash items)	---	---
B. Net Cash Flow from Operating Activities	34,680,913	69,501,850
Cash flow from Investing Activities		
Purchase of Fixed Assets	(24,917,996)	(116,355,644)
Net Proceeds from Sale of Fixed Assets	80,000	30,000
Dividend Received	---	---
Investments	---	---
Sale of Investments	---	---
Net Cash used in Investment Activities	(24,837,996)	(116,325,644)
C. Cash Flow from Financing Activities		
Increase/(Decrease) in Short Term Borrowings	28,738,262	2,872,364
Increase/(Decrease) in Long Term Borrowings	(37,051,905)	51,215,074
Dividend Paid (incl. Tax Thereon)	(2,092,005)	(2,092,005)
Net Cash used in Financing Activities	(10,405,648)	51,995,433
D. Net Increase/(Decrease) in Cash and Cash Equivalents	(562,731)	5,171,639
Cash and Cash Equivalents at beginning of the year	14,116,391	8,944,752
Cash and Cash Equivalents at the end of the year	12,601,859	13,459,977
Earmarked balances with banks (Margin Money)	951,801	656,415
Note : 20 Cash & Bank balances at the end of the year	13,553,660	14,116,391

As per our Report of Even Date

For Naresh & Co.
Chartered Accountants
F.R.N. 106928W

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

CA Anil Shah
Mem. No. : 035309
Partner
Place : Baroda
Date : 26th July 2014

Managing Director Director
Place : Baroda
Date : 26th July 2014

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 it 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 Board has passed the resolution dated 3rd April, 2014 after due deliberation and decided to withdraw the application made to Honorable High Court of Mumbai for amalgamation of the two companies decided in the earlier year.

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

The Accounts are prepared under the historical cost convention and using the accrual method of accounting, unless otherwise stated hereinafter, to comply in all material aspects, with the mandatory accounting standards as notified by the Companies (Accounting Standard) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956 and in conformity with accounting principles generally accepted in India. Accounting Policies, not specifically referred to, are consistent and in consonance with generally accepted accounting principles.

b. Use of Estimates :

The Preparation and Presentation of Financial Statements as per the above bases required the management to make estimates and assumptions that may affect the balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the balance sheet and the reported amounts of incomes and expenses during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from those estimated.

c. Fixed Assets :

I. Fixed Assets are stated at their cost of acquisition less accumulated depreciation. The cost of acquisition includes freight, installation cost, duties, taxes and other incidental expenses, identifiable with the asset, incurred during the installation / construction stage in order to bring the assets to their working condition for intended use.

- ii. The Company takes Modvat Credit for the excise duty element in the cost of the Fixed Assets purchased. Furthermore, the Company also receives subsidies against purchase and installation of new plant and machinery in some cases. The cost of assets purchased which is disclosed under the head "Fixed Assets" and for the purpose of depreciation is after deducting the excise duty element as well as the subsidies received.

d. Depreciation / Amortisation :

- i. Depreciation on assets is being provided on the Straight Line Method in accordance with the provisions of Section 205(2)(a) and according to the classification and at the rates specified in Schedule XIV to the Companies Act, 1956 as amended via circular no. 14/93 dt. 20.12.93. As per the option given by the Circular, depreciation has been provided at old rates in respect of the Assets existing on the effective date of amendment and at new rates on the additions made subsequent to that date.
- ii. No depreciation is being provided on the assets sold during the year. On the additions during the year, depreciation has been provided pro-rata on the basis of number of days for which the asset was used during the year.

e. Inventories

- i. Raw Materials and Packing Materials are valued 'at Cost' on FIFO basis. 'Cost' includes all duties, taxes and other expenses incurred to bring the inventories to their present location and condition, except duties and taxes which are subsequently recoverable from the taxing authorities.
- ii. Finished goods produced by the company are valued at lower of cost or net realizable value.
- iii. Semi-Finished goods have been valued at Raw Material cost increased by a proportion of overheads in consonance with the stage of completion as certified by the management.
- iv. Stock of goods purchased for resale purposes are valued at their acquisition cost inclusive of all duties and taxes.

f. Foreign Currency Transactions

Transactions in foreign currency are recorded in Indian Rupees at the exchange rate prevailing on the date of the transactions. Exchange gains or losses on settlement, if any, are treated as income / expenditure respectively in the 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.

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 :-

Particulars	31/03/2014 (Rs.)	31/03/2013 (Rs.)
(a) AUTHORISED		
20,00,000 (P.Y. 20,00,000) Shares of Rs. 10/- each	20,00,000	20,00,000
(b) ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		
1,20,000 {P. Y. 1,20,000} Equity of Rs. 10/- each Fully Paid-up	12,000,000	12,000,000
TOTAL (Rs.)	12,000,000	12,000,000

(c) RECONCILIATION OF NUMBER OF SHARES

Particulars Equity Shares	31st March, 2014		31st March, 2013	
	No. of Shares	Amount Rs.	No. of Shares	Amount Rs.
Balance at the Beginning	1,200,000	12,000,000	1,200,000	12,000,000
Addition / (Reduction)	---	---	---	---
Balance at the end (Nos.)	1,200,000	12,000,000	1,200,000	12,000,000

- (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 Share Holder of Equity Shares	31st March, 2014		31st March, 2013	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Dilipbhai Ramanlal Shah	291,250	24.27	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	746,450	62.20	744,150	62.01

4. RESERVES & SURPLUS :-

Particulars	31/03/2014 (Rs.)	31/03/2013 (Rs.)
(a) CAPITAL RESERVE	----	----
(b) SECURITIES PREMIUM	3,600,000	3,600,000
(c) GENERAL RESERVE		
Balance at the beginning of the year	108,206,557	84,906,557
Add :- Transferred from Surplus in the Statement of Profit & Loss	30,100,000	23,300,000
Balance as at the end of the year	138,306,557	108,206,557
(d) SURPLUS IN THE STATEMENT OF PROFIT AND LOSS		
Balance at the beginning of the year	129,027	122,665
Add : Profit for the year	32,215,998	25,398,367
Less :	30,100,000	23,300,000
Transfer to General Reserve	1,800,000	1,800,000
Proposed Dividend	292,005	292,005
Dividend Distribution Tax		
Balance at the beginning of the year	153,020	129,027
TOTAL Rs. (a+b+c+d)	142,059,577	111,935,584

5. LONG TERM BORROWINGS :

Particulars	31/03/2014 (Rs.)	31/03/2013 (Rs.)
(a) SECURED :		
Term Loans :		
State Bank of India - Building Loan A/c - FCNRB Loan A/c	24,637,415	70,644,242
State Bank Of India - Motor Car Loan A/c	----	179,502
	24,637,415	70,823,744
UNSECURED :		
From Directors	1,629,333	----
From Members	12,268,099	4,763,008
	13,897,432	4,763,008
TOTAL Rs.	38,534,847	75,586,752

The above figures indicate amount net off repayable within 12 months

SECURED LOAN

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.

UNSECURED LOAN The amount to taken as unsecured loan from directors are usually payable on demand but the company reserves it right to differ the payment of the some for a period exceeding 12 months. Interest on unsecured loan's has been paid at the rate of 8 percent.

6. DEFERRED TAX LIABILITIES (Net) :

Particulars	31/03/2014 (Rs.)	31/03/2013 (Rs.)
Deferred Tax Liabilities (Difference between accounting and tax depreciation)	15,277,582	10,304,621
Deferred Tax Assets (Liabilities Provided in books allowable for tax purposes when paid)	—	275,981
Net Deferred Tax Liabilities as at the year end	15,277,582	10,028,640

7. OTHER LONG TERM LIABILITIES :

	31/03/2014 (Rs.)	31/03/2013 (Rs.)
TOTAL Rs.	----	----

8. LONG TERM PROVISIONS :

Particulars	31/03/2014 (Rs.)	31/03/2013 (Rs.)
Provision for Employee Benefits	861,483.00	850,481.00
TOTAL Rs.	861,483.00	850,481.00

9. SHORT TERM BORROWINGS :

Particulars	31/03/2014 (Rs.)	31/03/2013 (Rs.)
(a) SECURED :		
State Bank of India - Cash Credit Against Stock and Debts)	27,345,500	1,623,985
State Bank Of India - EPC Loan A/c	12,075,937	9,059,190
TOTAL Rs.	39,421,437	10,683,175

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 :

	31/03/2014 (Rs.)	31/03/2013 (Rs.)
(a) Trade Payable for Goods	45,848,513	28,695,758
(b) Payables for Expenses	21,686,467	33,136,320
TOTAL Rs.	67,534,980	61,832,078

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 :

Particulars	31/03/2014 (Rs.)	31/03/2013 (Rs.)
(a) Current Maturities of Long Term Debts / Finance Lease Obligations		
- SBI BANK - FCNRB Loan A/c	34,397,224	—
- SBI BANK - Motor Car Loan A/c	75,360	—
- Kotak Mahindra Primas Ltd - Car Loan A/c	—	15,731
(b) Interest Accrued but not due on Borrowings	—	—
(c) Interest Accrued and due on Borrowings	—	—
(d) Unpaid Dividends	746,629	618,919
(e) Advances Received From Customers	3,691,546	1,353,790
(f) Others Payables :	—	—
- Security Deposits	11,929,073	9,794,873
- Statutory Liabilities	1,365,668	2,891,414
- Other Expenses Payable	6,279,940	3,638,569
- Other Current Liabilities	6,168,444	5,917,326
TOTAL Rs.	64,653,884	24,230,622

12. SHORT TERM PROVISIONS :

Particulars	31/03/2014 (Rs.)	31/03/2013 (Rs.)
(a) Provision for Taxation	19,686,390	19,520,000
(b) Provision for Proposed Dividend	1,800,000	1,800,000
(c) Provision for Dividend Distribution Tax	292,005	292,005
TOTAL Rs.	21,778,395	21,612,005

Note - 13 FIXED ASSETS :-

ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Balance as on 1-Apr-2013	Additions During the Year	Deduction During the Year	Balance as on 31-Mar-2014	Balance as on 1-Apr-2013	Depreciation for the year		Deduction/ Adjustment	Balance as on 31-Mar-2014	Balance as on 31-Mar-2014
						%	Rs.			
Tangible Assets										
Land	4,772,357	1,963,240	-	6,735,597	-	0.00	-	-	6,735,597	4,772,357
Factory Building - Baroda	3,465,127	-	-	3,465,127	1,798,593	3.34	78,309	1,876,902	1,588,225	1,666,534
Tablet Building - Jarod	9,479,268	-	-	9,479,268	3,526,547	3.34	280,482	3,807,029	5,672,239	5,952,721
Jarod Building - MPL	1,793,991	-	-	1,793,991	411,523	3.34	71,982	483,505	1,310,486	1,382,468
Antoophill Building - Bombay	777,777	-	-	777,777	134,857	1.63	11,945	146,802	630,975	642,920
Jarod Building New Project	86,443,187	6,729,521	-	93,172,708	87,012	3.34	3,013,919	3,100,931	90,071,777	86,356,175
Plant & Machinery	26,815,574	8,757,243	-	35,572,817	9,901,666	4.75	1,277,506	11,179,171	24,393,646	16,913,908
ETP-PLANT	-	1,471,783	-	1,471,783	-	4.75	33,883	33,882	1,437,901	-
Laboratories Instruments	7,440,671	984,078	-	8,424,749	2,924,082	4.75	343,449	3,267,531	5,157,218	4,516,589
Air condition	7,952,945	80,800	-	8,033,745	3,197,734	4.75	348,742	3,546,476	4,487,269	4,755,211
AC +CHILLER Plant	35,325,769	2,206,623	-	37,532,392	56,212	4.75	1,796,112	1,852,324	35,680,068	35,269,557
Furniture & Deed stock	4,057,102	27,600	-	4,084,702	2,596,587	6.33	83,054	2,679,641	1,405,061	1,460,515
Furniture & Fixtures	1,583,944	273,455	-	1,857,399	996,618	6.33	65,316	1,061,934	795,465	587,326
Computors	5,730,397	132,571	-	5,862,968	4,431,821	16.21	321,994	4,753,815	1,109,153	1,298,576
Electrical installation	10,563,979	2,291,082	-	12,855,061	22,509	7.07	863,517	886,026	11,969,035	10,541,470
Vehicle's - Motor Car	4,634,167	-	680,376	3,953,791	1,852,057	9.50	333,221	1,573,169	2,380,622	2,782,110
Vehicle's - Scooters	69,400	-	-	69,400	44,989	9.50	4,038	49,027	20,373	24,411
TOTAL	210,905,655	24,917,996	680,376	235,143,275	31,982,807		8,927,469	40,298,165	194,845,108	178,922,848
Last Year Closing Balance	94,776,117	137,472,638	21,343,100	210,905,655	28,992,457		3,216,457	31,982,807	178,922,850	65,783,662

14. NON CURRENT INVESTMENTS :

Particulars	31/03/2014 (Rs.)	31/03/2013 (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)

Particulars	31/03/2014 (Rs.)	31/03/2013 (Rs.)
TOTAL Rs.	—	—

16. OTHER NON-CURRENT ASSETS :

Particulars	31/03/2014 (Rs.)	31/03/2013 (Rs.)
(a) Long-term Trade Receivables	-	-
(b) Others - Employee Gratuity Scheme (Excess of fair value of plan assets over present value of obligations)	1,120,833	1,093,004
TOTAL Rs.	1,120,833	1,093,004

17. CURRENT INVESTMENTS :

Particulars	31/03/2014 (Rs.)	31/03/2013 (Rs.)
TOTAL Rs.	—	—

18. INVENTORIES :

Particulars	31/03/2014 (Rs.)	31/03/2013 (Rs.)
Raw Materials	12,234,628	8,513,027
Packing Materials	6,715,922	3,896,516
Work-in-Progress	2,967,018	1,805,283
Finished Goods	14,111,944	21,950,956
TOTAL Rs.	36,029,512	36,165,782

Finished Goods (Principal Items)	31/03/2014 (Rs.)	31/03/2013 (Rs.)
K - Stat ET	762,240	1,158,008
K - STAT - 250	557,076	669,444
PARACETAMOL TAB	444,499	7,749
Kerutin C Tablet	405,288	691,347
ERGAKIT	1,061,129	—
Others	10,881,712	19,424,408
TOTAL Rs.	14,111,944	21,950,956

Work-in-Progress (Principal Items)	31/03/2014 (Rs.)	31/03/2013 (Rs.)
PARACETAMOL TAB	526,200	-
T-STAT 500 TAB	426,600	32,555
T-STAT 1000 TAB	377,400	-
T-STAT MF TAB	293,760	-
K-WIN INJ.	308,700	254,381
OTHERS	1,034,358	1,518,347
TOTAL Rs.	2,967,018	1,805,283

19. TRADE RECEIVABLES :

(Unsecured, Considered Good)

Particulars	31/03/2014 (Rs.)	31/03/2013 (Rs.)
(a) Outstanding for a period exceeding Six Months	1,791,981	918,508
(b) Others	114,046,414	57,894,035
(Unsecured, Considered doubtful)		
(a) Others (outstanding for a period exceeding six months)	3,051,484	2,855,939
TOTAL Rs.	118,889,879	61,668,482

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 :

Particulars	31/03/2014 (Rs.)	31/03/2013 (Rs.)
Balances with Banks		
- In Current Accounts	5,170,532	6,554,382
- In Dividend Accounts	746,629	618,919
- In Margin Money Deposit Accounts	951,801	656,415
- In Other Deposits account	6,627,413	6,154,237
Cash on Hand	57,285	132,439
TOTAL Rs.	13,553,660	14,116,392

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

Particulars	31/03/2014 (Rs.)	31/03/2013 (Rs.)
- EMD's	1,459,448	1,190,943
- Advance Paid to Suppliers & Service Providers	2,572,473	4,696,006
- Advance Income Taxes and Refunds Receivable	18,500,470	19,557,372
- Taxes Recoverable Balances with Revenue Authorities	11,315,004	7,646,685
- Other Short Term Loans & Advances	3,772,797	3,638,821
TOTAL Rs.	37,620,192	36,729,827

22. OTHER CURRENT ASSETS :

Particulars	31/03/2014 (Rs.)	31/03/2013 (Rs.)
TOTAL Rs.		

23. CONTINGENT LIABILITIES AND COMMITMENTS :

	31/03/2014 (Rs.)	31/03/2013 (Rs.)
Contingent Liabilities		
Claims against the Company not acknowledged as debt	2,959,359	2,810,369
Guarantees (Bank Gurantee)	6,529,253	4,274,966
Other Moneys for which Company is contingently liable	-	1,961,125
TOTAL Rs.	9,488,612	9,046,460
Commitments		
Estimated amounts of contracts remaining to be executed on capital account and not provided for	-	-
Uncalled liability on shares or investments partly paid	-	-
Other Commitments	-	-
TOTAL Rs.	-	-

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 :

Particulars	31/03/2014 (Rs.)	31/03/2013 (Rs.)
(a) Sale of Products		
- Domestic Sales	280,096,468	244,509,154
- Erga Sales	19,091,997	-
- Deemed Exports	14,112,508	12,784,415
- Direct Export Sales	110,926,862	87,487,321
Total Sale of Products	424,227,835	344,780,890
goods Returns	2,511,557	2,230,129
Total Gross Revenues	421,716,278	342,550,761
(b) Sale of Services	-	-
(c) Other Operating Revenues		
- Processing Charges	2,383,053	944,775
Total Gross Revenues	424,099,331	343,495,536
Less : Excise Duty	9,603,265	8,873,145
TOTAL Rs.	414,496,066	334,622,391

Sales (Finished Goods) Principal Items	31/03/2014 (Rs.)	31/03/2013 (Rs.)
Paracetamol Tab.	21,480,067	-
K - Win Inj.	21,319,977	14,151,200
K - Stat 250	16,053,897	14,851,255
Gravidol Tablet	21,038,245	17,045,047
K - Stat 500	16,765,896	15,539,450
Others	315,454,931	272,090,664
TOTAL Rs.	412,113,013	333,677,616

26. OTHER INCOME :

Particulars	31/03/2014 (Rs.)	31/03/2013 (Rs.)
Interest Received	590,624	630,529
Profit on Sale Assets	11,733	30,000
Foreign Exchange Gain	3,447,068	4,415,880
Miscellaneous Income	607,139	985,526
Export Incentive	1,703,026	1,118,305
TOTAL Rs.	6,359,590	7,180,240

27. COST OF MATERIALS CONSUMED :

Particulars	31/03/2014 (Rs.)	31/03/2013 (Rs.)
Opening Stock of Raw Materials	8,513,027	9,793,517
Add : Domestic Purchases	69,081,472	47,628,314
Import Purchase	14,485,437	16,283,290
	92,079,936	73,705,121
Less : Closing Stock of Raw Materials	12,234,628	8,513,027
Raw Materials Consumed	79,845,308	65,192,094
Packing Materials Consumed	50,011,061	27,805,288
Consumable Stores	4,519,589	3,790,273
Fuel & Oil	2,330,350	928,723
TOTAL Rs.	136,706,308	97,716,378

Material Consumption	31st March, 2014		31st March, 2013	
	Amount Rs.	%	Amount Rs.	%
Imported (Incl Customs)	14,143,308	17.71	16,220,271	24.88
Indigenous	65,702,000	82.29	48,971,823	75.12
Total	79,845,308	100.00	65,192,094	100.00

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

Particulars	31/03/2014 (Rs.)	31/03/2013 (Rs.)
Opening Stocks		
Finished Goods	21,950,956	29,557,175
Work-in-Progress	1,805,283	2,598,596
	23,756,239	32,155,771
Closing Stocks		
Finished Goods	14,111,944	21,950,956
Work-in-Progress	2,967,018	1,805,283
	17,078,962	23,756,239
Differential Excise Duty on Opening & Closing Stock of Fin. Goods	1,220,180	657,834
TOTAL Rs.	7,897,457	9,057,366

29. EMPLOYEE BENEFIT EXPENSE :

Particulars	31/03/2014 (Rs.)	31/03/2013 (Rs.)
Salary and Wages	11,805,905	9,889,578
Bonus	1,745,667	1,364,675
Gratuity	(8,611)	483,404
Directors Remuneration	1,680,000	1,680,000
Leave Encasement	228,285	573,025
Other Allowance, Incentive, Charges, Retainer Fees, Stipend	38,243,573	34,197,038
Contribution To PF, EDLI & ESIS	2,107,501	1,593,641
Staff Welfare EXP.	1,680,273	1,450,837
TOTAL Rs.	57,482,593	51,232,198

30. FINANCE COSTS :

Particulars	31/03/2014 (Rs.)	31/03/2013 (Rs.)
Bank Charges and Other Borrowing Costs	1,191,555	761,159
Bank Interest	12,054,699	930,227
Interest to Others	1,435,403	1,875,821
Exchange Rate Loss on Foreign Currency Borrowings	-	548,080
TOTAL Rs.	14,681,657	4,115,287

31. OTHER EXPENSES :

Particulars	31/03/2014 (Rs.)	31/03/2013 (Rs.)
(a) Manufacturing / Direct Expenses		
Manufacturing Labour Charges	227,271	419,398
Power & Fuel - Electricity	6,575,980	4,373,741
Machinery Repairs - Parts	1,915,655	1,513,114
Machinery Repairs - Other	96,747	68,216
Analytical & Testing Exp.	429,727	488,756
Laboratory Expenses	549,711	805,017
Calibration Charges	68,318	49,060
TOTAL Rs.	9,863,409	7,717,302

Particulars	31/03/2014 (Rs.)	31/03/2013 (Rs.)
(b) Administrative & Other Expenses		
Computer Maintenance Expense	490,622	609,549
Director's Fees	53,500	64,000
Electrical Expenses	585,381	195,570
Auditor's Remuneration	100,000	100,000
Legal & Professional Fees	2,225,120	1,777,418
Commission & Discount	11,627,887	9,514,968
Motor Car & Scooter Expenses	478,154	374,648
Insurance	225,696	211,999
Printing ,Stationery & Zerox Expenses	978,551	814,673
Rent, Rates & Taxes	743,822	442,346
Repairs & Maintenance Building	3,753,024	2,037,043
Repairs & Maintenance Others	1,434,298	1,426,784
Security Charges	71,500	-
Donation	1,294,311	1,600,000
Postage & Courier	586,319	685,407
Travelling Expenses	29,384,244	25,948,256
Telephone Expenses	607,020	424,742
Misc. Expense / Round Off	51,811	622,239
Duties & Taxes	3,413,728	2,062,566
Other Expenses	973,549	514,039
TOTAL (b)	59,078,537	49,426,247
(c) Selling & Distribution Expenses		
Selling Exp.	16,074,719	17,082,388
Packing & Forwarding Expense	14,129,838	9,965,262
Inspection Fees	38,483	61,689
Loss on Expiry Spoilage & Breakage	5,262,739	7,596,718
TOTAL (c)	35,505,779	34,706,057
TOTAL (a+b+c) Rs.	104,447,725	91,849,606

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

Particulars	31/03/2014 (Rs.)	31/03/2013 (Rs.)
Raw Materials	13,499,402	16,283,290
TOTAL Rs.	13,499,402	16,283,290

33. EXPENDITURE IN FOREIGN CURRENCY :

Particulars	31/03/2014 (Rs.)	31/03/2013 (Rs.)
Foreign Travel	602,139	1,041,521
TOTAL Rs.	602,139	1,041,521

34. EARNINGS IN FOREIGN CURRENCY :

Particulars	31/03/2014 (Rs.)	31/03/2013 (Rs.)
Export of goods on FOB basis	110,926,862	87,487,321

35. PARTICULARS OF UNHEDGED FOREIGN CURRENCY EXPOSURE :

Particulars	31/03/2014 (Rs.)	31/03/2013 (Rs.)
FCNRB Term Loan	59,034,639	51,428,235
Sundry Debtors	64,800,198	30,347,110
	123,834,837	81,775,345

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 :

Particulars	31/03/2014 (Rs.)	31/03/2013 (Rs.)
Remuneration	1,680,000	1,680,000
Perquisites	51,269	97,864

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

37. AUDITORS' REMUNERATION :

Particulars	31/03/2014 (Rs.)	31/03/2013 (Rs.)
As Auditors	100,000	100,000
	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.4,79,170 /- (PY Rs. 4,83,404/-) (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. 67,61,967/- (PY Rs. 65,61,627/-) against which the Fair Value of Plan Assets comes to Rs. 78,82,799/- (PY Rs.76,54,631/-) resulting a net asset of Rs. 11,20,833/- (PY Rs. 10,93,004/-).

Method Used**Actuarial Assumptions Used**

Mortality Rate
Discount Rate
Expected Return on Plan Assets
Salary Escalation Rate
Withdrawal Rate

Major Categories of Plan Assets**Projected Unit Credit Method**

LIC (1994-96) Ultimate
8%
9%
7%
1% to 3% depending on age
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 of Director
Kaumudiniben R. Shah	Relatives of Director
Kishoriben D. Shah	Relatives of Director
R.R. Shah(H.U.F)	Relatives of Director
Adit D. Shah	Relatives of Director
Janki R. Shah	Relatives of Director

(b) TRANSACTIONS WITH RELATED PARTIES

Name of Related Party	Nature of Transaction	31/03/2014(Rs.)	31/03/2013(Rs.)
Mr. R .R. Shah	Remuneration	16,80,000	16,80,000
	Perquisites	51,269	97,864
	Interest on Deposit	77,699	-
Mr. D.R. Shah	Remuneration		
	Perquisites		
	Interest on Deposit	-	23,333
Mercury Antibiotics Pvt. Ltd.	Purchase	20,106,614	27,927,235
	Sales	41,354	8,631
	Service Charges	12,000	24,000
Bio-Med India	Sales	71,212	39,412
Mercury Marketing & Consulting Services	Commission Paid	850,000	850,000
Kusumben R. Shah	Interest on Deposit	-	87,716
Kaumudiniben R. Shah	Interest on Deposit	140,092	125,827
Kishoriben D. Shah	Interest on Deposit	482	40,833
R.R. Shah(H.U.F)	Interest on Deposit	13,128	4,007
D.R. Shah(H.U.F)	Interest on Deposit	224,909	-
Adit D. Shah	Interest on Deposit	217,044	9,019
Janki R. Shah	Interest on Deposit	33,011	1,479

(c) BALANCE WITH RELATED PARTIES

Name of Related Party	Nature of Transaction	31/03/2014(Rs.)	31/03/2013(Rs.)
Mr. R .R. Shah	Remuneration		
	Perquisites		
	Interest on Deposit	1,629,333	
Mr. D.R. Shah	Remuneration		
	Perquisites		
	Interest on Deposit		
Mercury Antibiotics Pvt. Ltd.	Purchase	3,143,103	6,538,704
	Sales		
	Service Charges		
Bio-Med India	Sales	325,924	251,712
Mercury Marketing & Consulting Services	Commission Paid		50,000
Kusumben R. Shah	Interest on Deposit	2,137,060	1,602,961
Kishoriben D. Shah	Interest on Deposit	100,434	
R.R. Shah(H.U.F)	Interest on Deposit	634,396	51,188
D.R. Shah(H.U.F)	Interest on Deposit	4,902,027	
Adit D. Shah	Interest on Deposit	3,479,535	1,458,117
Janki R. Shah	Interest on Deposit	1,014,647	251,331

40. EARNINGS PER SHARE :

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

Particulars		31/03/2014 (Rs.)	31/03/2013 (Rs.)
Profit After Taxation	Rs.	32,215,998	25,398,367
Weighted Average Number of Equity Shares	Nos.	1,200,000	1,200,000
Nominal Value of Shares	Rs.	12,000,000	12,000,000
Earnings Per Share	Rs.	26.85	21.17

40. 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.

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

**For Naresh & Co.,
Chartered Accountants
F.R.N. 106928W**

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

**CA Anil Shah (Membership No. 35309)
Mem. No. 035309
Partner**

Managing Director Director

Place : Baroda
Date : 26th July 2014

Place : Baroda
Date : 26th July 2014

Date : 21-7-2014

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 - 390 020.
Phone : +91 265 2356579-2356794
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 certificate 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.

Future in case you have not received any dividend declared by the Company for any of past financial years, from 2007-2008, 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
Managing Director

MERCURY LABORATORIES LIMITED

CIN : U74239MH1982PLC026341

Regd. Office: First Floor, 18, Shreeji Bhuvan, 51, Mangaldas Road, Princes Street, Mumbai – 400 002.

Telephone : 22197268 Tel. Fax : 22015441, E-mail : mllbom@mtnl.net.in

ATTENDANCE SLIP

PLEASE FILL THE ATTENDANCE SLIP AND HAND OVER AT THE ENTRANCE OF THE MEETING VENUE.

Joint shareholders may obtain additional Attendance Slip on request.

DP. ID :
Client ID :

Regd. Folio No. :

No. of Share(s) held : _____

I certify that I am a member/proxy for the member of the Company.

I hereby record my presence at the 33rd Annual General Meeting of Company held on Tuesday, the 30th September, 2014 at 12.00 noon at its Registered Office at First Floor, 18, Shreeji Bhuvan, 51, Mangaldas Road, Princess Street, Mumbai.

Name of the Member/Proxy

Signature of the Member/Proxy

Note :

1. Members/Proxy holder are requested to bring their copies of the Annual Report with the Meeting.
2. Please carry with you this Attendance Slip and hand over the same duly signed at the space provided at the entrance of the Meeting Hall.

MERCURY LABORATORIES LIMITED

CIN : U74239MH1982PLC026341

Regd. Office: First Floor, 18, Shreeji Bhuvan, 51, Mangaldas Road, Princes Street, Mumbai – 400 002.

Telephone : 22197268 Tel. Fax : 22015441, E-mail : mllbom@mtnl.net.in

PROXY FORM

Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014

Name of the members	
Registered Address	
E-mail ID	
Folio No. / Client ID	
DP ID	

I/We being a member / members of _____ shares of the above named company, hereby appoint

- 1)of.....having email idor failing him
- 2)of.....having email idor failing him
- 3)of.....having email idor failing him

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 33rd Annual general meeting of the company, to be held on Tuesday, the 30th September, 2014 at 12.00 noon at its Registered Office at First Floor, 18, Shreeji Bhuvan, 51, Mangaldas Road, Princess Street, Mumbai and at any adjournment thereof in respect of such resolutions as are indicated below:

Signed day of 2014

Signature of shareholder Signature of shareholder Signature of shareholder

Affix Re.1 Revenue Stamp

Signature of first proxy holder Signature of second proxy holder Signature of third proxy holder

Note :

1. The proxy form in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

2. It is optional to indicate your preference. If you leave the For or Against column blank against any or all resolutions, you proxy will be entitled to vote in the manner as he/she may deem appropriate.

Resolutions		For	Against
1.	To adopt Audited Financial Statements of the Company for the year ended March 31, 2014 together with the Reports of the Board of Directors and Auditors thereon.		
2.	To declare dividend.		
3.	To re-appoint the Auditors M/s. Naresh & Co., Chartered Accountants, as Statutory Auditors of the Company and fix their remuneration.		
4.	To appoint Dr. Dinesh Shantilal Shah (DIN: 00362525) as an Independent Director		
5.	To appoint Dr. Tushar Pravinchandra Shah (DIN: 00362509) as an Independent Director		
6.	To appoint Mr. Janak Jagmohandas Katakia (DIN: 00123935) as an Independent Director		
7.	To borrow money(ies) for the purpose of business of the Company		
8.	To create of security on the properties of the Company, both present and future, in favour of lenders		
9.	To Increase in Authorised Share Capital		
10.	To alter Memorandum of Association of the Company		
11.	To consider Offer, issue and allotment of 10%, Cumulative, Redeemable Convertible Preference Shares		
12.	To make any loans or investments and to give any guarantees or to provide security		
13.	To alter Articles of Association		
14.	To appoint Cost Auditors		
15.	To enlist Equity Shares at BSE Limited		

Signed..... day of 2014

Signature of shareholder Signature of shareholder Signature of shareholder

Affix
Re.1
Revenue
Stamp

Signature of first proxy holder Signature of second proxy holder Signature of third proxy holder

Note :

1. The proxy form in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

2. It is optional to indicate your preference. If you leave the For or Against column blank against any or all resolutions, you proxy will be entitled to vote in the manner as he/she may deem appropriate.

NOTES



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Printed Matter

To,

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