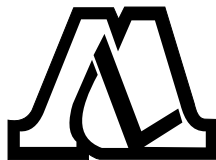


25th
ANNUAL REPORT
2010-11



MERCURY METALS LIMITED

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

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

AUDITORS

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

BANKERS

The Bhuj Mercantile Co-operative Bank Ltd.

REGISTRAR & SHARE TRANSFER AGENT

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

REGISTERED OFFICE

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

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

**NOTICE**

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

ORDINARY BUSINESS:

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

SPECIAL BUSINESS:

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

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

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

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

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

Govindram L. Kabra
Managing Director

Notes:

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

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

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

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

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

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

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

Item No. 4

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

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

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

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

Govindram L. Kabra
Managing Director

**DIRECTOR'S REPORT**

Dear Members,

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

FINANCIAL RESULTS:

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

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

DIVIDEND:

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

OPERATIONS:

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

INSURANCE:

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

DIRECTORS:

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

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

PARTICULARS OF EMPLOYEES:

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

FIXED DEPOSITS:

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

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

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



- 3) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- 4) that the Directors had prepared the annual accounts on a going concern basis.

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

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

2) TECHNOLOGY ABSORPTION :

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

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

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

LISTING:

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

AUDITORS:

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

AUDITORS REPORT AND COMMENTS:

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

ACKNOWLEDGEMENT

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

For and On behalf of the Board

Date : 13/08/2011

Place : Ahmedabad

Govindram L. Kabra

Managing Director

**MANAGEMENT DISCUSSION & ANALYSIS REPORT**

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

i) Industry Structure and Development

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

ii) Opportunities and Threats

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

iii) Internal Control system and their adequacy

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

iv) Financial performance with respect to operational performance

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

v) Human Resources/ Industrial Relations

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

vi) Cautionary Statement

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

For and On behalf of the Board

Date : 13/08/2011
Place : Ahmedabad

Govindram L. Kabra
Managing Director

**CORPORATE GOVERNANCE REPORT 2010-11**

(As required under Clause 49 of the Listing Agreements)

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

THE COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

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

THE BOARD OF DIRECTORS

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

Attendance at board Meetings:

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

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

AUDIT COMMITTEE

Term of reference:

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



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

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

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

REMUNERATION COMMITTEE

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

Composition:

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

Meetings and attendance during the year.:

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

SHAREHOLDER / INVESTOR GRIEVANCES COMMITTEE:

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

Composition:

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

Complaints:

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

MEANS OF COMMUNICATION:

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

GENERAL BODY MEETINGS:

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

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



There was no special resolution passed by the Company at the previous AGM. Pursuant to the provisions of Sections 192 A of the Companies Act, 1956, there was no matter during the year 2010-11, required to be dealt by the Company to be passed through postal ballot.

DISCLOSURES :**(a) Disclosures on materially significant related party transactions that may have potential conflict with the interests of the Company at large:**

In terms of Section 299 (3) of the Companies Act, 1956, the General Notices of disclosure of interest are obtained from the Directors and accordingly, the Register of Contracts under Section 301 of the Companies Act, 1956 is tabled and signed.

(b) Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

No strictures and penalties have ever been imposed on the Company by the Stock Exchanges or SEBI or any statutory authorities, on matters related to capital markets. Due to non-compliances of the various clauses of the Listing Agreement trading in the equity shares of the Company is suspended at BSE. The Company has complied with all pending compliances and pursuing for revocation of suspension.

(c) The Company has adopted a Code of Conduct for its Directors and employees.

This Code of Conduct has been communicated to each of them.

(d) Regarding Dematerialization of Shares:

The Company had made application to NSDL and CDSL for dematerialization of shares however due to technical reasons, CDSL has rejected the application and it is still pending with NSDL.

(e) the Company has implemented all the applicable mandatory requirement of Clause 49 of Listing Agreement.**(f) Non Mandatory Requirement:**

The Clause 49 states that the non-mandatory requirement may be implemented as per the discretion of the management and is need based.

GENERAL SHAREHOLDERS INFORMATION:**A) Annual general meeting :**

Day and Date : Thursday, 29th, September, 2011,
Time : 10:00 a.m.
Venue : Advani Market, O/s Delhi Gate, Shahibaug, Ahemdabad- 380004

B) Financial Calendar (tentative) for 2011-2012

1st Quarter Results : 2nd week of August, 2011
Half-Yearly Results : 2nd week of November, 2011
3rd Quarter Results : 2nd week of February, 2012
Yearly Results (Un-audited) : 2nd week of May, 2012

C) Book Closure : 14th September, 2011 to 29th September, 2011 (both days Inclusive)**D) Listing of Shares and Securities : The Company's shares are presently listed at Bombay Stock Exchange and Ahmedabad Stock exchanges.**

Stock Code : ASE – 36457
BSE – 531357

E) Market Price Data : Trading in the Equity Shares of the Company is suspended at BSE and therefore no stock price data for the period from 1st April, 2010 to 31st March 2011 is available.



F) Category of Shareholding as on 31st March, 2011

Category	No. of Shares	%to Share Capital
Indian Promoters	29,31,308	42.16
Mutual Funds	—	—
Bank , Financial Institute	—	—
Private Corporate Bodies	2,25,800	3.25
NRI's/OBCs	—	—
FII's	—	—
Indian Public	37,95,700	54.59
C.M	—	—
Total	69,52,808	100.00

G) Registrar And Share Transfer Agent:

The company has appointed below mentioned agency as Registrar and Share Transfer Agents (RTA) of Equity Share of the Company:

MCS Limited

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

H) Investor correspondence :

Registered office :

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

For and on behalf of the Board

Date : 13/08/2011
Place : Ahmedabad

Govindram L. Kabra
Managing Director

CERTIFICATION UNDER CLAUSE 49 (I) (D) OF THE LISTING AGREEMENT

All the Board Members and Senior Management personnel have affirmed compliance with the respective Codes of Conduct for Mercury Metals Limited for the financial year ended 31st March, 2011.

For, Mercury Metals Limited

Date : 13/08/2011
Place : Ahmedabad

Sd/
Govindram L. Kabra
Managing Director

**CHIEF EXECUTIVE OFFICER (CEO) CERTIFICATION**

I, Govindram L. Kabra, Managing Director of Mercury Metals Limited, to the best of my knowledge and belief certify that:

1. I have reviewed the Balance Sheet and Profit and loss account and all its schedules and notes on accounts, as well as cash flow statement and the directors report;
2. Based on my knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the statements made;
3. Based on my knowledge and information, the financial statements and other financial information included in this report, present in all material respects, a true and fair view of, the company's affairs, the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report, and are in compliance with the existing accounting standards and/or applicable laws and regulations;
4. To the best of my knowledge and belief, no transactions entered into by the company during the year are fraudulent, illegal or violative of the Company's code of conduct.
5. I am responsible for establishing and maintaining internal controls over financial reporting for the Company, and we have :
 - (a) Designed such disclosure controls and procedures to ensure that material information relating to the company is made known to us by others within those entities, particularly during the period in which this report is being prepared.
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and preparing of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Company's disclosure, controls and procedures and
 - (d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the company's most recent financial year that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.
6. I have disclosed bad on our most recent evaluation, wherever applicable, to the company's auditors and the audit committee of the Company's Board of directors.
 - (a) significant changes in internal controls during the year covered by this report;
 - (b) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements;
 - (c) 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 role in the Company's internal control system.
7. I further declare that all board members and senior managerial personnel have affirmed compliance with the code of conduct for the current year.

Date : 13/08/2011
Place : Ahmedabad

Govindram L. Kabra
Managing Director



CERTIFICATE ON CORPORATE GOVERNANCE

The Members of
Mercury metals Limited
Ahmedabad

We have examined the compliance of conditions of corporate governance by Mercury Metals Limited for the year ended on 31st March, 2011 as stipulated in Clause 49 of the Listing Agreement of the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company, for ensuring the compliance of the conditions of Corporate Governance.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

For, **Badrilal Punglia & Co.**
Chartered Accountant

Sd/-

B. L. Punglia

Proprietor

Membership No. : 034230

FRN. : 100827W

PAN : AEHPP2017D

Place : Ahmedabad

Date : 13/08/2011

**AUDITOR'S REPORT**

To The Members of
M/s. **MERCURY METALS LIMITED.**

We have audited the attached Balance Sheet of **MERCURY METALS LIMITED** as at 31st MARCH, 2011 and the Profit & Loss Account of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, and on the basis of the books and records of the Company as we considered appropriate and according to the information and explanation give to us, we enclosed in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, 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 purposes of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet and the Profit and Loss Account dealt by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- (e) On the basis of written representations received from the directors, as on 31st March, 2011, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 from being appointed as a Director in terms of clause (g) of sub-section(1) of section 274 of the Companies Act, 1956;
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 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 affair of the Company as at 31st March, 2011;
 - (b) in the case of the Profit and Loss Account, of the Loss (as the case may be) for the year ended on that date;

For, **Badriral Punglia & Co.**
Chartered Accountant

Sd/-

B. L. Punglia
Proprietor

Membership No. : 034230

FRN. : 100827W

PAN : AEHPP2017D

Place : Ahmedabad

Date : 13/08/2011

**ANNEXURE REFERRED TO IN PARAGRAPH (1) OF OUR REPORT OF EVEN DATE**

Annexure referred to in paragraph 3 of the Auditor's Report of even date to the members of **MERCURY METALS LIMITED**. on the financial statement for the year ended 2011.

- 1 The Company has maintained proper records of fixed assets showing full particulars including quantitative details and location. The Company has a regular programmed of physical verification of its fixed assets which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain fixed assets were physically verified by Management during the year and no material discrepancies were noticed on such verification. None of the fixed assets have been disposed off during the year.
- 2 As explained to us, the inventories have been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable having regard to the size of the Company and the nature of its business. In our opinion and according to the information and explanations given to us, 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 the business. The Company has maintained proper records of inventory. As explained to us, there were no material discrepancies noticed on physical verification, having regard to the size of the operations of the Company.
- 3 We are informed that the Company has not taken any loans, secured or unsecured, from/to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. There is outstanding balance of Rs. 16600 granted to a company listed in the register maintained u/s 301. No stipulation for repayment of loan and interest.
- 4 In our opinion, and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weakness in internal control.
- 5 In our opinion and according to the information and explanations given to us, there are no transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 500000 or more in respect of any party.
- 6 The Company has not accepted any deposits from the public hence provision required U/s 58A & 58AA are not applicable.
- 7 In our opinion, the internal audit system of the Company is commensurate with its size and nature of its business.
- 8 The Central Government has not prescribed maintenance of cost Records under Section 209 (1) (d) of the Companies Act, 1956.
- 9 According to the information and explanations given to us, there are no undisputed statutory dues payable respect of Provident Fund, Investor Education and Protection Fund, Employees state Insurance, Income-tax Sales-tax, Wealth Tax, Custom Duty, Excise duty, cess which are outstanding as at 31st March, 2011 for a period of more than six months from the date they became payable except C.S.T. Rs.4.75 Lacs, sales tax outstanding Rs.0.11 Lacs, and Professional Tax Rs.0.02 Lacs which are pending for more than six months.
- 10 The Company has registered for a period not less than five years, its accumulated losses at the end of the financial year 155289782.14/- and during previous year, it was Rs.-154778180.14/-.
- 11 The Company has defaulted in payment of secured loans to the 1) Charotar Nagarik Sahakari Bank Ltd. amounting to Rs. 283.08 Lacs and 2) The ICICI Bank Ltd. (previous Bank Of Rajasthan Ltd. amalgamated with ICICI Bank) amounting to Rs. 69.37 Lacs and accrued interest thereon. However company has paid during the year Rs.20 Lacs to the ICICI Bank Ltd. against OTS (One Time Settlement) of Rs.65 Lacs.
- 12 The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities and in our opinion, adequate documents and records are not required to maintained.



- 13 The Company is not chit Fund, Nidhi and Mutual Fund society; hence requirements of item (Xiii) of paragraph 4 of the order are not applicable to the Company.
- 14 According to the information and explanations given to us, proper records have been maintained in respect of transactions and contracts, in shares, securities, debentures and other investments and timely entries have been made therein. The shares and other securities have been held by the Company in its own name.
- 15 According to the information and explanations given to us, the Company has given guarantee for loans taken by Rupangi Impex Ltd.(company under liquidation) amounting to Rs.738 Lacs from bank or financial institutions.
- 16 The Company has not taken any term loans and hence requirement of reporting regarding application of term loans does not arise.
- 17 No short term loan was applied for long term investment.
- 18 We are informed that the Company has not made any preferential allotment of shares to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- 19 The Company has not issued debentures and hence requirement of reporting regarding creation of securities in respect of debentures issued does not arise.
- 20 The Company has not raised any money by public issue during the year.
- 21 According to the information and explanation given to us no fraud on or by the Company has been noticed or reported during the course of audit.

For, **Badrilal Punglia & Co.**
Chartered Accountant

Sd/-
B. L. Punglia
Proprietor

Membership No. : 034230
FRN. : 100827W
PAN : AEHPP2017D

Place : Ahmedabad
Date : 13/08/2011

**BALANCE SHEET AS AT 31 ST MARCH, 2011**

		As At 31.03.2011 (Rs.)	As At 31.03.2010 (Rs.)
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	A	74656580.00	74656580.00
(b) Reserves and Surplus	B	-45436782.14	-44925180.14
(2) Share application money pending allotment		0.00	0.00
(3) Non-Current Liabilities			
(a) Long-term borrowings	C	33345148.94	35495148.94
(b) Deferred tax liabilities (Net)		0.00	0.00
(c) Other Long term liabilities		0.00	0.00
(d) Long term provisions		0.00	0.00
(4) Current Liabilities			
(a) Short-term borrowings		0.00	0.00
(b) Trade payables		0.00	0.00
(c) Other current liabilities	D	657258.91	529701.15
(d) Short-term provisions		0.00	0.00
Total....		63222205.71	65756249.95
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	E	495862.73	521960.73
(ii) Intangible assets		0.00	0.00
(iii) Capital work-in-progress		0.00	0.00
(iv) Intangible assets under development		0.00	0.00
(b) Non-current investments	F	3001250.00	3001250.00
(c) Deferred tax assets (net)		0.00	0.00
(d) Long term loans and advances		0.00	0.00
(e) Other non-current assets		0.00	0.00
(2) Current assets			
(a) Current investments		0.00	0.00
(b) Inventories (Valued & Certify by Management)		13566972.00	13566972.00
(c) Trade receivables	G	44755602.04	46979641.04
(d) Cash and cash equivalents	H	1254425.94	1540333.18
(e) Short-term loans and advances	I	148093.00	155093.00
(f) Other current assets		0.00	0.00
Total....		63222205.71	65756249.95
NOTES TO ACCOUNT	M		

In terms of our report of even date
For **Badrilal Punglia & Co.**
Chartered Accountants

On behalf of the Board of Directors
Mercury Metals Limited

(B.L. Punglia)

Proprietor
Membership No: 034230
FRN No. : 100827W
Date : 13/08/2011
Place : Ahmedabad

Managing Director

Director

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31 ST MARCH, 2011**

	SCH.	For the Year Ended 31.03.2011 (Rs.)	For the Year Ended 31.03.2010 (Rs.)
I. Revenue from operations	J	2540892.00	6650475.00
II. Other Income		0.00	2660.00
III. Total Revenue	(I +II)	2540892.00	6653135.00
IV. Expenses:			
Purchase of Stock-in-Trade		2459024.00	6443750.00
Changes in inventories of Stock-in-Trade	K	0.00	0.00
Depreciation and amortization expense		26098.00	27472.00
Administrative exp.	L	567372.00	616266.32
Total Expenses:-	(IV)	3052494.00	7087488.32
V. Profit before exceptional and extraordinary items and tax	(III - IV)	-511602.00	-434353.32
VI. Exceptional Items		0.00	0.00
VII. Profit before extraordinary items and tax	(V - VI)	-511602.00	-434353.32
VIII. Extraordinary Items		0.00	0.00
IX. Profit before tax	(VII - VIII)	-511602.00	-434353.32
X. Tax expense:			
(1) Current tax		0.00	0.00
(2) Deferred tax		0.00	0.00
XI. Profit(Loss) from the period from continuing operations (IX-X)		-511602.00	-434353.32
XII. Profit/(Loss) from discontinuing operations		0.00	0.00
XIII. Tax expense of discounting operations		0.00	0.00
XIV. Profit/(Loss) from Discontinuing operations	(XII - XIII)	0.00	0.00
XV. Profit/(Loss) for the period	(XI + XIV)	-511602.00	-434353.32
XVI. Earning per equity share:			
(1) Basic			
(2) Diluted			

NOTES TO ACCOUNT**M**

In terms of our report of even date
For **Badrilal Punglia & Co.**
Chartered Accountants

On behalf of the Board of Directors
Mercury Metals Limited

(B.L. Punglia)

Proprietor
Membership No: 034230
FRN No. : 100827W
Date : 13/08/2011
Place : Ahmedabad

Managing Director

Director


SCHEDULES FORMING PART OF THE BALANCE SHEET

PARTICULARS	As At	As At
	31st March 2011	31st March 2010
Schedule :- "A" :- Share Capital		
Authorised Capital		
10000000 Equity Shares Of Rs.10/- Each	100000000.00	100000000.00
Issued & Subscribed Capital		
7978508 Equity Shares Of Rs.10/ Each (Out Of Which 1726907 Are Issued As Bonus Shares)	79785080.00	79785080.00
Paid Up Share Capital		
6952808 Equity Shares Of Rs.10/- Each (Out of which 1726907 Equity Shares are issued as bonus shares)	69528080.00	69528080.00
Share Forfeiture A/C.	5128500.00	5128500.00
Total.....	74656580.00	74656580.00
Schedule :- "B" :- Reserve & Surplus		
Share Premium	109841000.00	109841000.00
Share Premium A/C.		
Capital Reserve	12000.00	12000.00
Capital Reserve A/C.		
Profit & Loss A/C.	-155289782.14	-154778180.14
Total.....	-45436782.14	-44925180.14
Schedule :- "C" :- Long Term Borrowing :-		
Secured Loans :-		
Loan & Advance From Banks :- "C1"	33345148.94	35495148.94
Total.....	33345148.94	35495148.94
Schedule :- "D" Other Current Liabilities :-		
Sundry Creditors For Exp.:- "D1"	53490.83	42850.83
Duties & Taxes :- "D2"	489260.32	486850.32
Other Liabilities :- "D3"	114507.76	0.00
Total...	657258.91	529701.15

SCHEDULE :- "E" :- Fixed Assets

Sr. no.	Particulars of Assets	GROSS BLOCK			DEPRECIATION				NET BLOCK		
		As on 1/4/2010	Addition During the Year	Adjustment during the year	Value as on 31-3-2011	As on 1/4/2010	For The Year	Adjustment	As On 31-3-2011	As On 31-3-2011	As On 3/31/2010
1	Property (Agrawal Complex)	1127206.73	0	0	1127206.73	605246	26098	0	631344	495862.73	521960.73
Total.....		1127206.73	0	0	1127206.73	605246	26098	0	631344	495862.73	521960.73
Previous Year :-		1127206.73	0	0	1127206.73	577774	27472	0	605246	521960.73	549432.73

**MERCURY METALS LIMITED**

PARTICULARS	As At 31st March 2011	As At 31st March 2010
Schedule :- "F" :- Non Current Investment		
Shares, Debenture Or Bonds		
1) 303100 Shares Of Mercury Finstock Co. Ltd	2998750.00	2998750.00
2) Shares Of Charotar Nagrik Bank	2500.00	2500.00
Total....	3001250.00	3001250.00
Schedule :-"G" Trade Receivable :-		
Debts O/S. For The Period Exce. Six Months:-"G1"	44755602.04	46979641.04
Total...	44755602.04	46979641.04
Schedule :-"H" Cash & Cash Equivalents :-		
Bank Balance With Schedule Bank:- "H1"	29203.49	29203.49
Bank Balance With Other Bank :- "H2"	1163467.45	1214499.69
Cash Balance :- "H3"	61755.00	296630.00
Total(A)	1254425.94	1540333.18
Schedule :-"I" Loans & Advances :-		
Loans & Advances (Unsecured Recoverable In Cash Or Kind) "I1"	131493.00	138493.00
Advances & Loans To Subsidiary "I2"	16600.00	16600.00
Total....	148093.00	155093.00
Schedule :-"J" :- Revenue Income From Operation		
Sales (Metals)	2540892.00	6650475.00
Total ...	2540892.00	6650475.00
Schedule :-"K" :- Change In Inventories Of Stock In Trade		
Closing Stock	13566972.00	13566972.00
Less:- Opening Stock	13566972.00	13566972.00
Total.....	0.00	0.00

**MERCURY METALS LIMITED**

PARTICULARS	As At	As At
	31st March 2011	31st March 2010
Schedule:-“L”:- Administrative Exp:-		
Accident Policy Exp.	309.00	309.00
Advertisement Exps.	18140.00	5832.00
Annual Listing Fees	16545.00	16545.00
Audit Fees	20000.00	16500.00
Bank Charges	225.00	604.00
Bonus Exp.	3500.00	3500.00
Conveyance Allowance	15600.00	15615.00
Dearness Allowance	0.00	1400.00
Directors Remuneration	120000.00	216000.00
Electricity Exps.	1537.00	1723.00
Filing Fees	1750.00	1060.00
Interest On Professional Tax	9.00	398.00
Legal Fees Exp.	200.00	0.00
Medical Allowances	7200.00	7200.00
Municipal Tax	153093.00	103000.00
Office Exp	260.00	0.00
Petrol Exp.	6052.00	4185.00
Postage Exp	33.00	0.00
Professional & Consultancy	10500.00	126667.00
Professional Tax Co.	2400.00	2400.00
Refresment Exp	480.00	0.00
Repairs & Maintance Chg.	4225.00	3072.00
Digital Signature Exp.	1800.00	0.00
Salary Exps.	179244.00	77244.00
Special Allowance	4200.00	2800.00
Xerox Exp	70.00	173.00
Tax Audit Fees	0.00	3300.00
FBT Exp.	0.00	94.00
Kasar Vatav	0.00	0.32
Previous Exp.	0.00	6500.00
Misc.Exp.	0.00	145.00
Total	567372.00	616266.32

**MERCURY METALS LIMITED**

PARTICULARS	As At	As At
	31st March 2011	31st March 2010
Information Of Categories Forming Part Of Schedules :-		
“C1” :- Loans & Advances From Banks		
ICICI Bank Ltd (Previous Bank Ofthe Rajashthan Amalgameted With ICICI Bank	4936947.00	6936947.00
The Charotar Nag. Sakhari Bank Ltd.	22466869.94	22616869.94
The Charotar Nagrik Sakhari Bank Ltd.	5941332.00	5941332.00
Hy. Of Stock, Debtors & Personal Guarantee		
Total.....	33345148.94	35495148.94
“D1” :- Sundry Credotors For Exp.		
Dividend Payable	3011.20	3011.20
Badrilal Punglia & Co.	20000.00	19800.00
H.R Consultant (Advocate)	12455.75	12455.75
Ratnakar Securities Ltd	83.88	83.88
Salary Payable	10440.00	0.00
Share Application Money Refund	7500.00	7500.00
Total...	53490.83	42850.83
“D2” :- Duties & Taxes :-		
CST Payable	474582.00	474582.00
VAT Payable	2410.00	0.00
Unpaid Professional Tax	1610.00	1610.00
Sales Tax Payable	10658.32	10658.32
Total...	489260.32	486850.32
“D3” :- Other Liabilities:-		
Bhuj Mercantile Co-Op Bank Ltd.-80683	114507.76	0.00
Total...	114507.76	0.00
“G1” :-Debts Outstanding For The Period Exceeding Six Months :-		
Appolo Metachem Pvt.Ltd.	10741394.92	12813397.92
Arpit International	2071706.00	2894325.00
Madhav Metal Distibruters	18605486.12	18605486.12
Rajshree Metals	3982626.00	3982626.00
Real Brass Ind.	2027910.25	2027910.25
Sohangiri Metals & Alloys Pvt Ltd	7326478.75	6655895.75
Total...	44755602.04	46979641.04

**MERCURY METALS LIMITED**

PARTICULARS	As At 31st March 2011	As At 31st March 2010
“H1” :- Bank Balance With Schedule Bank		
Bank Of Rajasthan Ltd.C A\C No.11811	4317.10	4317.10
Bharat Overseas Bank Ltd.(Delhi)	3710.35	3710.35
Bharat Overseas Bank Ltd.(Madrash)	2271.61	2271.61
Indian Overseas Bank Ltd.(Ah D)	2960.00	2960.00
Vijaya Bank (Delhi)	1000.00	1000.00
Vijaya Bank (Jamnagar)	3129.12	3129.12
Vijaya Bank (Relief Road)	73.31	73.31
Vijaya Bank (Unclaimed Div. Fy	3012.00	3012.00
Vijaya Bank F.D.For S.Tax Gaurantee	2000.00	2000.00
Vijaya Bank KB,ND	6730.00	6730.00
Total(A)	29203.49	29203.49
“H2” :- Bank Balance With Other Bank		
Bhuj Mer.Co.Op Bank Ltd A/C. 80683	0.00	51032.24
Charotarnagrik Sahkari Bank Ltd (Anand)	1000.00	1000.00
Charotar Nagrik Sahkari Bank Ltd (N.V.G)	5642.45	5642.45
F.D.With Charotarnagrik Sahkari Bank Ltd	562500.00	562500.00
F.D.With Charotar Nagrik Sahkari Bank Ltd Discount	594325.00	594325.00
Total.....(B)	1163467.45	1214499.69
“H3” :-Cash In Hand		
Cash Balance	61755.00	296630.00
Total....(C)	61755.00	296630.00
Total ... (A+B+C)	1254425.94	1540333.18
“I1”:- Loans & Advances (Unsecured Recoverable In Cash Or Kind) :-		
Ahmedabad Electricity Co.Ltd.(Deposit)	3000.00	3000.00
Bank Accrued Interest on FDR	86303.00	86303.00
Demate Deposite(Ratnakar) 10018810	1000.00	10000.00
Electric Deposite (Bombay)	4690.00	4690.00
Naresh Panchal (Loan)	17500.00	15500.00
Telephone Deposite	19000.00	19000.00
Total....	131493.00	138493.00
“I2”:- Advances & Loans To Subsidiary :-		
Mercury Metex Ltd	16600.00	16600.00
Total....	16600.00	16600.00

**SCHEDULE:- M :- NOTES TO THE ACCOUNT****SIGNIFICANT ACCOUNTING POLICIES :-****A. BASIS OF ACCOUNTING:-**

Financial statement is prepared under the historical cost conversion. The company follows mercantile systems of accounting and recognized income & expenditure on accrual basis except in case of significant uncertainties relating to income.

B. REVENUE RECOGNITION :-

Sales are recognized on completion of sale of goods and are recorded net of vat.

C. FIXED ASSETS :-

Fixed assets are stated at cost. Cost of acquisition is inclusive of freight, duties, taxes and other directly attributable cost incurred to bring the assets to their working condition for intended use.

D. DEPRECIATION & AMORTIZATION:-**i) DEPRECIATION:-**

Depreciation is provided on Written Down Value Method on fixed Assets at the rate specified in Schedule XIV to the companies Act, 1956.

ii) AMORTIZATION:-

No Amortization of preliminary or preoperative expenses as there are no balance in these Accounts.

E. INVESTMENT:-

Investment are stated at cost.

F. INVENTORIES :-

Inventories of shares & securities are valued at cost.

G. RETIREMENT BENEFITS :-

Liabilities in respects of Gratuity & other retirement benefits is not provided in the Books of Account.

H. CONVERSION OF TRANSACTION IN FOREIGN CURRENCY:-

No Foreign currency transaction done during the year.

I. BORROWING COST:-

No term loan, Secured or Unsecured taken for expansion and addition of fixed assets.

J. DIVIDEND :-

Dividend income is recognized when the right to receive the same is established. During the year there is no receipt of Dividend income.

K. INTEREST:-

Interest on deposits placed with the banks and interest on secured/unsecured loan has not provided due to uncertainty of payment due to defaults in payments of secured loans to banks.

L. TAX PROVISION:-

As company has incurred loss during the year. Hence no tax provision is made.

2) CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF :-

Guarantee given by company on behalf of the Rupangi impex Ltd (Group Company) Rs. 738 Lacs

3) DIRECTOR REMUNERATION :-

PARTICULARS	YEAR 2010-11	YEAR 2009-10
Amit Vyas	—	96000/-
Govindbhai L. Kabra	120000/-	120000/-

**4) AUDITORS REMUNERATION :-**

PARTICULARS	YEAR 2010-11	YEAR 2009-10
Audit Fees	20000/-	16500/-
Tax Audit Fees	0/-	3300/-

5) In the opinion of the board, the current assets, Loans & Advances are approximately of the value stated therein, if realized in the ordinary course of business. The provision for all known liabilities are adequate and not in excess of the amount reasonably necessary. There are no contingent liabilities other than stated in the note.

6) FOREIGN EXCHANGE AND OUTGO:-

Value of import on CIF basis in respect of material is :- NIL (Previous year :- NIL)

Value of all imported materials & % of such material with total cost of material is Rs. NIL (Previous year :- NIL)

Earning in foreign exchange is :- NIL (Previous year :- NIL)

7) Quantity information of Opening stock, closing stock, purchase & sales (as certified by the Director)

Particulars	Opening Stock		Purchase		Sales		Closing Stock	
	Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value
Brass Scrap	0.00	0.00	10827.00	2459024	10827.00	2540892	0.00	0.00

Details relating to Shares (Investment) :-

Particulars	Opening Stock		Purchase		Sales		Closing Stock	
	Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value
Century Cotex Ltd	57100.00	300000.00	0.00	0.00	0.00	0.00	57100.00	300000.00
Gujarat concast Ltd.	14200.00	175920.00	0.00	0.00	0.00	0.00	14200.00	175920.00
Gujarat Narmada Fly Ash Ltd.	62800.00	1546950.00	0.00	0.00	0.00	0.00	62800.00	1546950.00
Mercury Finstock Ltd.	150000.00	1432500.00	0.00	0.00	0.00	0.00	150000.00	1432500.00
Milan Metal Pvt Ltd.	180000.00	1800000.00	0.00	0.00	0.00	0.00	180000.00	1800000.00
Moti protins ind. Ltd.	600.00	7590.00	0.00	0.00	0.00	0.00	600.00	7590.00
Panjon Finance ltd.	5000.00	50000.00	0.00	0.00	0.00	0.00	5000.00	50000.00
Riddhi Siddhi starch chemicals Ltd.	1325.00	30882.00	0.00	0.00	0.00	0.00	1325.00	30882.00
Rupangi impex Ltd.	266500.00	732875.00	0.00	0.00	0.00	0.00	266500.00	732875.00
Satyam Cement Ltd.	396200.00	7246280.00	0.00	0.00	0.00	0.00	396200.00	7246280.00
Shriganesh Knit. Ltd.	1000.00	30500.00	0.00	0.00	0.00	0.00	1000.00	30500.00
Somani cement Ltd.	100.00	475.00	0.00	0.00	0.00	0.00	100.00	475.00
Suzlon fibers Ltd.	13000.00	213000.00	0.00	0.00	0.00	0.00	13000.00	213000.00

Total	1147825.00	13566972.00	0.00	0.00	0.00	0.00	1147825.00	13566972.00
--------------------	-------------------	--------------------	-------------	-------------	-------------	-------------	-------------------	--------------------

Previous Year	1147825.00	13566972.00	0.00	0.00	0.00	0.00	1147825.00	13566972.00
---------------	------------	-------------	------	------	------	------	------------	-------------

8) Balance of secured and unsecured loans, sundry creditors, sundry debtors and loans & advances are subject to confirmation & reconciliation. Bank advances are subject to confirmation as statement are not available. No provision made for doubtful debtors.

9) Investment and inventories of shares are subject to physical verification. In respect of shares held as investment or inventories by company. The same are stated at cost of acquisition. In respect of quoted shares where market value is not available no provision is made for diminution in the value of shares. Since in the opinion of the management, such decline is temporary phase and no provision would be necessary.



- 10) During the year company has made settlement with the ICICI bank (The bank of Rajasthan which is merged with ICICI Bank Ltd On dated 12-8-2010) for outstanding of secured loan of Rs. 69.37.Lacs. Bank has approved for settlement for full amount of secured loan at RS. 65 Lacs vide their latter dated 15-3-2011, against which company has paid Rs. 20 Lacs for above settlement, as per the terms of OTS.
- 11) Charotar Nagrik co-op Bank Ltd. has filed a case against the company to registrar of nominee, board of nominee, Ahmedabad for recovery of debts of Rs. 347.26 lacs summary case no 1630/03 of court no.1, Ahmedabad. The same has ordered against the company. The said order being challenged by the company before honorable Gujarat high court and interim relief has been granted by honorable Gujarat high court in favour of the Company. During the year company has filled application for OTS Scheme (one time settlement) to Charotar Nagrik Sahakari Bank Ltd. Application is pending for acceptance from Bank side.
- 12) The liabilities of small scale industries for suppliers & services in excess of 100000/- is NIL
- 13) Due to loss in current year no MAT provision is required to be made by the company. Further in view of loss carry forward of the previous year no deferred tax provision is made by the company.
- 14) Previous years figure have been regrouped and rearranged wherever necessary.
- 15) No provision has been made for the interest on secured loans as account statement and particulars of interest are not available and also accounts are in form of NPA.
- 16) Segment information for the year ended 31st march 2011.
Segment information is not applicable to company as company does not have turnover of Rs. 50 Crore.
- 17) Related party disclosure as required by AS-18 are given below.

Group Companies are:-

- 1) Shree Metta alloys Ltd.
- 2) Milan Metal Pvt. Ltd. (In Liquidation)
- 3) Mercury Metex Ltd. (in Liquidation)

Directors :-

Shree Govindram L. Kabra
Shree Ramprakash L. Kabra
Amit Vyas
Mahendra G. Prajapati.

Transaction during the year :-

PARTICULARS	YEAR 2010-11	YEAR 2009-10
Govindram L. Kabra (Managing Director)	120000/-	120000/-
Amit Vyas (Director)	—	96000/-

In terms of our report of even date
For **Badrilal Punglia & Co.**
Chartered Accountants

(B.L. Punglia)

Proprietor
Membership No: 034230
FRN No. : 100827W
Date : 13/08/2011
Place : Ahmedabad

On behalf of the Board of Directors
Mercury Metals Limited

Managing Director

Director

**CASH FLOW STATEMENT FOR THE PERIOD 2010-11**

Particulars	YEAR 2010-11	YEAR 2009-10
Cash Flow Statement From Operation :-		
Net Profit As Per Profit & Loss A/C.	-511602.00	-434354.00
Add:- Adjustment For :-		
Dividend Income	0.00	-2660.00
Provision For FBT	0.00	94.00
Financial Charges	0.00	-604.00
Depreciation	26098.00	27472.00
Operating Profit Before Working Capital Changes :-	-485504.00	-410052.00
Add/Less : Adjustment For Changes In Working Capital:-		
Change In Trade Receivable	2224039.00	640142.00
Change In Current Liabilities :-	127557.76	-83795.00
Cash Flow From Operating Activity :-	1866092.76	146295.00
Financial Charges	0.00	606.00
Less:- Taxes Paid	0.00	-830.00
Net Cash Flow From Operating Activity :- (A)	1866092.76	146071.00
Cash Flow From Investing Activity:-		
Loan Given To Employee	-2000.00	0.00
Dividend Income	0.00	2660.00
Cash Flow From Investing Activity:- (B)	-2000.00	2660.00
Cash Flow From Financing Activity:-		
Repayment Of Secured Loan	-2150000.00	0.00
Cash Flow From Financing Activity :- (C)	-2150000.00	0.00
Net Cash Flow From Activity (A+B+C)	-285907.24	148730.00
Add:- Cash & Cash Equivalent In The Beginning :-	1540333.18	1391603.18
Cash & Cash Equivalent At The End :- (Closing Balance)	1254425.94	1540333.18

Note:- Corresponding Figure for the Previous Year regrouped/rearranged wherever considered necessary

FOR AND ON BEHALF OF THE BOARD

PLACE : AHMEDABAD
DATE : 13/08/2011

MANAGING DIRECTOR

DIRECTOR



AUDITORS' CERTIFICATE

We have verified the above cash flow statement of Mercury Metals Limited. For the year ended 31st March 2011. This statement has been prepared by the company in accordance with requirement of listing agreement with Stock exchange and is based on and derived from the audited accounts of the company for the year ended on 31st march 2011.

For, **Badrilal Punglia & Co.**
Chartered Accountant

Sd/-

B. L. Punglia
Proprietor

Membership No. : 034230

FRN. : 100827W

PAN : AEHPP2017D

Place : Ahmedabad

Date : 13/08/2011

**STATEMENT PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****I. REGISTRATION DETAILS**

Registration No.	008770	State Code	04
Balance Sheet	31-03-11		

II. CAPITAL RAISED DURING THE YEAR (AMOUNT RS. IN THOUSAND)

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT RS. IN THOUSAND)

Total Liabilities	63222	Total Assets	63222
-------------------	-------	--------------	-------

SOURCES OF FUNDS

Paid-up Capital	74657	Reserves and Surplus	(45437)
Secured Loans	33345	Unsecured Loans	NIL
Deferred Tax Liability	NIL		

APPLICATION OF FUNDS

Net Fixed Assets	496	Investments	3001
Net Current Assets	59725	Miscellaneous Expenditure	NIL
Accumulated Losses	NIL		

IV. PERFORMANCE OF COMPANY (AMOUNT RS. IN THOUSANDS)

Turnover/Income	2540	Total Expenditure	3052
Profit/(Loss) Before Tax	(512)	Profit/(Loss) After Tax	(512)
Earning Per Share (Rs.)	NIL	Dividend Rate (%)	NIL

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SEVICES OF THE COMPANY (AS PER MONETARY TERMS)

Item Code No. (ITC Code)	N.A.	Product Description	NIL
--------------------------	------	---------------------	-----

In terms of our report of even date
For **Badrilal Punglia & Co.**
Chartered Accountants

On behalf of the Board of Directors
Mercury Metals Limited

(B.L. Punglia)

Proprietor
Membership No: 034230
FRN No. : 100827W
Date : 13/08/2011
Place : Ahmedabad

Managing Director

Director

MERCURY METALS LIMITED

Regd. Office : 36, Advani Market, O/s Delhi Gate, Shahibaug, Ahmedabad-380004

PROXY FORM

DP Id* _____ Regd. Folio No. _____

Client Id* _____

I/We _____

of _____ in the district of _____ being a member/members of the above named Company, hereby appoint

Mr./Mrs. _____ of _____ in the

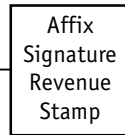
district of _____ or failing him/her Mr./Mrs. _____ of

_____ in the district of _____

as my/our Proxy to vote for me/our behalf at the at the Annual General Meeting of the Company to be held on Thursday, the 29th September, 2011 at 10.00 a.m. at Advani Market, O/s Delhi Gate, Shahibaug, Ahmedabad-380004.

Signed the _____ day of _____ 2011

Signature _____



* Applicable for members holding shares in dematerialised form.

- 1. The Proxy Form signed across revenue stamp should reach the Company's Registered Office at least 48 hours before the scheduled time of meeting.

MERCURY METALS LIMITED

Regd. Office : 36, Advani Market, O/s Delhi Gate, Shahibaug, Ahmedabad-380004

ATTENDANCE SLIP

Full name of the Member attending : _____

Name of Proxy : _____

I hereby record my presence at the Annual General Meeting being held on Thursday, the 29th September, 2011 at 10.00 a.m. at Advani Market, O/s Delhi Gate, Shahibaug, Ahmedabad-380004.

Regd. Folio No. _____

DP Id* _____

Client Id* _____

No. of Share held _____

Member's/Proxy's Signature
(To be signed at the time of handing over the slip)

* Applicable for members holding shares in dematerialised form.

Note : Persons attending the Annual General Meeting are requested to bring their copies of Annual Report.

BOOK-POST

If undelivered

Please return to :

MERCURY METALS LIMITED

Regd. Office : 36, Advani Market, O/s Delhi Gate,
Shahibaug, Ahmedabad-380004