

# MERCURY

36<sup>TH</sup> Annual Report 2016-2017



**MERCURY**  
Health Care Since 1982

**MERCURY LABORATORIES LIMITED**

WHERE YOUR WELL - BEING MATTERS

An ISO 9002 Company

**BOARD OF DIRECTORS :**

Rajendra R. Shah	:	Chairman & Managing Director
Dilip R. Shah	:	Executive Director
Divyakant R. Zaveri	:	Non Executive Independent Director
Poomima Dhirendra Karvat	:	Non Executive Independent Director
Bharat Dhirajlal Mehla	:	Non Executive Independent Director (w.e.f. 14-05-2015)

**KEY MANAGERIAL PERSONNEL**

Priyanka Doshi	:	Chief Financial Officer (upto 23-06-2016)
Payal Doshi	:	Chief Financial Officer (w.e.f. 05-08-2016)
Mukesh Khanna	:	Company Secretary

**BANKERS** : State Bank of India

**STATUTORY AUDITORS** : Naresh & Company  
Chartered Accountants  
Vadodara.

**REGISTERED OFFICE** : First Floor 18, Shreeji Bhuvan,  
51, Mangaldas Road, Princess Street,  
Mumbai - 400 002. Tele. : 022-66372841, Fax : 22015441.  
E-mail : mlbom@mtnl.net.in / mlbrd@mercurylabs.com.

**CORPORATE IDENTIFICATION NO.:** L74239MH1982PLC026341

**WEBSITE** : www.mercurylabs.com

**E-MAIL :** secrelarial@mercurylabs.com / mlbrd@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 : mlbrd@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 36<sup>th</sup> Annual General Meeting of **M/s. Mercury Laboratories Limited** will be held on Friday, the September 29, 2017 at 11:30 a.m. at the Electric Merchants' Association Hall, Shreeji Bhuvan, Room No. 12, 2<sup>nd</sup> Floor, 51 Mangaldas Road, Lohar Chawl, Mumbai - 400 002 to transact the following business:

**Ordinary Business:**

1. To receive, consider and adopt the audited financial statement of the Company for the financial year ended on March 31, 2017 together with the reports of the Board of Directors and Auditors thereon
2. To declare dividend
3. To appoint a director in place of Mr. Dilip R. Shah (DIN-00257242) who retires by rotation, being eligible, offers himself for re-appointment
4. Appointment of Auditors

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 Section 139 and all other applicable provisions, if any, of the Companies Act, 2013 and rules framed thereunder as amended from time to time, the company hereby appoint of M/s. R. J. Shah & Associates., Chartered Accountants (Firm Registration No. 109752W) as auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General meeting to be held in the year 2018 at such remuneration plus service tax, out of pocket expenses, as may be mutually agreed between the Board of Directors of the Company and Auditors."

**Special Business:**

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

**"RESOLVED THAT** pursuant to provisions of Section 188 and other applicable provisions, if any of the Companies Act, 2013 (the "Companies Act") read with applicable provisions the Companies (Meetings of Board and its Powers) Rules, 2014 and in terms of applicable provisions of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 and all other provisions of applicable laws/rules and subject to the approval/consent of such appropriate authorities as may be required, under any statute for the time being in force, if any, (including any amendment, modifications or re-enactment thereof), consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall include any committee constituted by the Board of Directors of the Company or any person(s) authorized by the Board) to exercise the powers by this resolution for entering into the related party transactions as specified under Section 188 of the Companies Act, 2013 with following related parties with effect from April 01, 2017 and every year thereafter, up to the maximum per annum amounts as appended in table below:

Sr. No.	Name of the Related Party	Relationship	Nature of Transaction	*Maximum Value of Transactions per annum with effect from April 01, 2017 (INR)
01	Jas Healthcare INC	Company managed by Director & their relative	Transactions for sale, purchase of goods and to provide / avail services to / from Jas Healthcare INC	INR 2 Crore
02	Mercury Marketing & Consulting Services	Partnership firm in which directors are interested	To avail & utilize professional and specialized consultancy services in field of Sales and Marketing, IT Services ERP Support Services Statutory Compliance such as Central Excise and Custom and Intellectual Property Advisory Services	INR 30 Lacs

\*Expected value of transactions per annum

**RESOLVED FURTHER** that the Board of Directors of the Company and/or a committee thereof, be and are hereby authorised to do or cause to be done all such acts, matters, deeds, things and to settle any queries, difficulties, doubts, that may arise with regards to any transaction with the related party and execute such agreements, documents and writings and to make such filings as may be necessary or desirable for the purpose of giving effect to this resolution, in the best interest of the Company.

**RESOLVED FURTHER THAT** any of the Directors of the Company be and are hereby jointly and/or severally authorized to submit the necessary applications, if required, and the other required documents, forms and papers to the Registrar of Companies and to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution including altering, deleting, inserting any of the clause and to solve any difficulties that may arise while giving effect to this resolution without seeking any further approval of the members of the Company."

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

**"RESOLVED THAT**

**A.** Pursuant to the provisions of Sections 197, 198 and 203 and all other applicable provisions, if any, of the Companies Act, 2013, (Act) read with Schedule V to the Companies Act, 2013 as amended from time to time and/or any enactment thereof and subject to the approval of the shareholders of the company at General Meeting, and such other approvals as may be required, the Board hereby accords its consent to the reappointment of Mr. Rajendra R. Shah, (DIN: 00257253) as Managing Director of the Company, for a further period of 3 years w.e.f April 01, 2017 on the under mentioned terms of Remuneration

- a) **Salary:** Rs. 1,40,000 per month, with such increments at such time, as may be decided by the Board of Directors.
- b) **Allowances & Perquisites:** Allowances and perquisites shall comprise of:
  - i. Actual Medical Reimbursement
  - ii. Leave travel allowance / reimbursement for self and family once in a year in accordance with the rules of the company shall not exceed 50% of monthly Salary.
  - iii. Gratuity as per the rules of the company but shall not exceed half a month's Salary for each completed year of service.
  - iv. Car with driver for use on company's business, cell phone and telephone at residence will not be considered as perquisites. Personal long distance calls and use of car for private purpose shall be billed by the company.
  - v. Reimbursement of entertainment, travelling and other expenses incurred in the course of legitimate business of the company.

**B.** In the event of loss or inadequacy of profits, Mr. Rajendra R. Shah shall be entitled to above stated remuneration subject to the approval of the Central Government, if any required. In the event of non-approval / pending approval of remuneration, Mr. Rajendra R. Shah shall be entitled to remuneration as per the slab stipulated in Section II of Part II of Schedule V to the Companies Act, 2013

The Board of Directors be and are hereby authorized to take such steps as may be necessary, expedient or desirable to give effect to this resolution and alter, vary any of the terms and conditions relating to remuneration payable to Mr. Rajendra R. Shah including increase in remuneration within the limit of remuneration prescribed in Section II of Part II of Schedule V to the Companies Act, 2013.

**RESOLVED FURTHER THAT** any of the directors of the Company be and are hereby jointly and/or severally authorized to submit the necessary applications, if required, and the other required documents, forms and papers the Registrar of Companies and to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution including altering, deleting, inserting any of the clause and solve difficulties that may arise while giving effect to this resolution without seeking any further approval of the members of the Company."

**7. To consider and if thought fit, to pass, with or without modification the following resolution as an Ordinary Resolution**

**"RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013, if any and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Company hereby ratifies the remuneration of Rs. 40,000/- annually

plus applicable taxes and out of pocket expenses at actuals for travelling and boarding / lodging for the financial year ending on March 31, 2018 to M/s. Jeegar Patel & Co., (FRN 103686) Cost Accountants who are appointed as Cost Auditors to conduct the audit of cost records maintained by the Company for the financial year 2017 – 18.

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

**Date: 05/08/2017**

**Place: Vadodara**

**By order of Board of Directors**

**Mukesh Khanna**  
**Company Secretary**

### Notes

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY DULY COMPLETED MUST BE RETURNED TO REACH THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT TIME FOR HOLDING THE AFORESAID MEETING.

Proxies submitted on behalf of limited companies, societies etc. must be supported by appropriate resolutions / authority, as applicable. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.

- (b) 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 or upload it on e-voting portal, authorizing their representative to attend and vote on their behalf at the meeting.

- (c) Brief resume of Directors including those proposed to be appointed / re-appointed, nature of their expertise in specific functional areas, name of companies in which they hold directorship and memberships / chairmanships of Board Committee, shareholding and relationship between directors inter-se stipulated under SEBI ((Listing Obligations and Disclosure Requirements) Regulation, 2015 are provided in the Corporate Governance Report forming part of Annual Report.

- (d) The relative explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (the "Act") setting out material facts with respect to the special businesses under Item Nos. 5 to 7 of the notice is annexed hereto.

- (e) Members are requested to:

1. Bring their copy of Annual Report and Attendance Slip with them at the Annual General Meeting.
2. Quote their regd. Folio Number/DP and Client ID Nos. in all their correspondence with the Company or its Registrar and Share Transfer Agent
3. Encash the dividend warrants on their receipt as dividend remaining unclaimed for seven years are now required to be transferred to the 'Investors Education and Protection Fund' established by the Central Government Under the provisions of the Companies Act 2013. Pursuant to Section 125 of the Companies Act, 2013, all unclaimed dividend declared and paid up to financial year 2008 – 09 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 an-cash the same immediately. **Shares on which dividend remains unclaimed for seven consecutive years will be transferred to the IEPF as per Section 124 of the Act and the applicable rules.**

- (f) In case of Joint Holders attending the Meeting, only such joint holders who is higher in the order of names will be entitled to vote.

- (g) Annual Report and AGM Notice is available at the website of the Company at [www.mercurylabs.com](http://www.mercurylabs.com) in the investor relation section, for download.

- (h) The Register of Members and Share Transfer Books of the Company will remain closed from September 19, 2017 to September 29, 2017 (both days inclusive) for the purpose of Annual General Meeting and payment of the final dividend for the financial year ended on March 31, 2017.
- (i) Link Intime India Private Limited is the Registrar and Share Transfer Agents of the Company. Shareholders are requested to make all correspondence to them at the following address.
- Link Intime India Private Limited  
Unit: Mercury Laboratories Limited  
B- 102 & 103, Shangrila Complex, First Floor,  
Opp. HDFC Bank, Near Radhakrishna Char Rasta,  
Akota, Vadodara - 390 020 Tel No.: +91 265 2356573/2356794  
Email Id : vadodara@linkintime.co.in  
Website : www.linkintime.co.in
- Head Office Address of Link Intime India Private Limited  
C - 101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400 083.  
Telephone No.: +91 22 49186270, Fax: +91 22 49186060.
- (j) Relevant Documents referred to in the accompanying Notice and Statement are open for inspection by the members at the Corporate Office of the Company on all working days, except Sunday during the business hours up to date of the meeting.
- (k) Electronic copy of the Annual Report is being sent to all the members whose email IDs are registered with the Company / Depositories 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 Annual Report are being sent in the permitted mode.
- (l) Members seeking further information on the Accounts or any other matter contained in the notice are requested to write to the Company at least 7 days before the meeting so that relevant information can be kept ready at the meeting.
- (m) Pursuant to SEBI Circular, it is mandatory to provide PAN for transfer/transmission of shares in physical form. Therefore, transferee(s) / legal heirs are required to furnish a copy of their PAN to the Registrar and Transfer agents, M/s. Link Intime India Private Limited.
- (n) The Ministry of Corporate Affairs (MCA) on May 10, 2012 notified the IEPF (Uploading 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 unclaimed amounts. In terms of the said IEPF Rules, the Company has uploaded the information of the unclaimed dividend in respect of the Final Dividend for the financial year from 2009 – 10 till dividend for the financial year 2015 – 16, on the website of the Company viz. www.mercurylabs.com
- (o) Subject to provisions of the Act, dividend as recommended by the Board, if declared at the meeting, will be paid within 30 days from the date of declaration to those members whose names appear on the Register of Members as on September 29, 2017.
- (p) Members whose shareholding is in electronic mode are requested to direct change of address notification and updates of Bank Accounts details to their respective depository participant(s). We urge the members to utilize the Electronic Clearing System (ECS) for receiving dividends.
- (q) We urge members to support our commitment to environmental protection by choosing to receive their communication through email. You can do this by updating your email addresses with your depository participants.
- (r) Electronic copy of the notice of the 36<sup>th</sup> Annual General Meeting of the Company inter alia indicating the process and manner e-voting along with attendance slip, proxy form and ballot forms is being sent to all the members whose email ID 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 registered their email address, physical copies of the notice of the 36<sup>th</sup> 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.

**(s) Voting through electronic means**

- I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 and provisions of SEBI (Listing Obligations and Disclosures Requirements) Regulation, 2015 the Company is pleased to provide members facility to exercise their right to vote at the 36<sup>th</sup> Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services Limited (CDSL):

**The instructions for members opting to vote electronically are as under:**

- i. The voting period begins on September 26, 2017 (9:00 a.m.) and ends on September 28, (5:00) p.m.) During this period shareholders of the Company, holding shares in physical form or in dematerialized form, as on the cut-off date September 22, 2017, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- ii. Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com) during the voting period.
- iii. Click on "Shareholders" tab
  - iv. Now enter your user ID
    - a. For CDSL: 16 digits beneficiary ID
    - b. For NSDL: 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
  - v. Next Enter the Image Verification Code as displayed and click on Login
  - vi. If you are holding shares in Demat Form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any Company, then your existing password is to be used.
  - vii. If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form

PAN	Enter your 10-digit alpha-numeric *PAN issued by the Income Tax Department (Applicable for both Demat shareholders as well as physical shareholders)
	☞ Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN Field.
DOB#	Enter the Date of Birth as recorded in your Demat account or in the company records for the said Demat account or folio in dd/mm/yyyy format
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your Demat account or in the company records for the said Demat account or folio. Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company, please enter the member Id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- viii. After entering these details appropriately, click on "SUBMIT" tab.
- ix. Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in Demat form will now reach "Password Creation" menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the Demat holders for voting for resolutions 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.
- x. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in the Notice.
- xi. Click on the relevant EVSN of Mercury Laboratories Limited on which you choose to vote.

- xii. On the voting page, you will see RESOLUTION DESCRIPTION and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the resolution and option NO implies you dissent to the Resolution.
- xiii. Click on the RESOLUTIONS FILE LINK if you wish to view the entire Resolution.
- xiv. 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.
- xv. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xvi. You can also take out print of the voting done by you by clicking on click here to print" option on the Voting Page.
- xvii. If Demat Account holder has forgotten the changed password, then enter the user ID and image verification code and click on forgot password & enter the details as prompted by the system.
- xviii. Note for Non-Individual Shareholders and Custodians
  - a. Non Individual Shareholders other than Individuals, HUF, NRI etc. and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporate and Custodians.
  - b. A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - c. After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
  - d. The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - e. They should upload a scanned copy of the Board Resolution / Authority Letter etc. in PDF Format in the system for the scrutinizer to verify the same.
- xix. 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](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)

## II. Voting at AGM:

The Members who have not casted their vote either electronically can exercise their voting rights at the Annual General Meeting venue and the member who have not cast their vote by remote e-voting can exercise their right during the meeting on September 29, 2017 at Annual General Meeting.

If a member casts vote in AGM is found to have exercised their voting options electronically or ballot forms or both, voting at the AGM will be treated as invalid.

### OTHER INSTRUCTIONS

- III. Once the vote on a resolution is cast by the shareholders, the shareholder shall not be allowed to change it subsequently.
- IV. Mitesh Rana of Mitesh Rana & Co., Company Secretaries (Membership No.: 28113) has been appointed as the scrutinizer to scrutinize voting process (electronically or otherwise) in fair and transparent manner.
- V. The scrutinizer shall from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in employment of the Company and make a scrutinizer's Report of the votes cast in favour or against, if any, & forthwith to the Chairman/Managing Director of the Company or any other person authorized in this regards.



- VI. The results shall be declared on or after the AGM of the Company. The results declared along with the Scrutinizer's Report shall be placed on website of the Company and on the website of CDSL within two(2) days of passing of the resolutions at the AGM of the Company and communicated to the BSE Limited.

**Date** : 05/08/2017  
**Place** : Vadodara

**For and on behalf of the Board of Directors**

**Mukesh Khanna**  
**Company Secretary**

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**Contact Details**


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**Company Name** : Mercury Laboratories Limited.

**Regd. Office** : 18, Shreeji Bhuvan, 51, Mangaldas Road,  
 Princess Street, Mumbai - 400 002.  
 Telephone : 022-66372841, Tel. Fax: 22015441  
 E-mail : mlbom@mtnl.net.in, Website : www.mercurylabs.com

**Corporate Office** : 2/13-14, Gorwa Industrial Estate,  
 Gorwa Road, Vadodara - 390 018.  
 E-mail : secretarial@mercurylabs.com

**Registrar & Transfer Agent** : Link Intime India Private Limited  
 B-102 & 103, Shangrila Complex, 1<sup>st</sup> Floor,  
 Opp. HDFC Bank, Nr. Radha Krishna Char Rasla,  
 Akola, Vadodara - 390 020.  
 Phone: + 91 265 2356573-2356794

**e-Voting Agency** : Central Depository Services (India) Limited  
 E-mail ID : helpdesk.evoting@cdslindia.com

**Scrutinizer** : Mitesh Rana & Co.,  
 Company Secretaries  
 E-mail ID : csmiteshrana@gmail.com  
 Phone : 09737461233

**IMPORTANT COMMUNICATION TO MEMBERS**

Pursuant to Section 101 and 138 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014, 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/she may write to the Company / RTA.

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

**ANNEXURE TO NOTICE****EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013****Item No. 5**

The Companies Act, 2013 aims to ensure transparency in the transactions and dealings between the Company or its Directors and related parties. The provisions of Section 188(1) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 that govern the Related Party Transactions, requires that for entering into the following contract or arrangement, the consent of shareholders by way of a Resolution be obtained:

1. Sale, purchase or supply of any goods or materials
2. Selling or otherwise disposing of or buying, property of any kind
3. Leasing of property of any kind
4. Availing or rendering of any services
5. Appointment of any agent for purchase or sale of goods, materials, services or property
6. Such related party's appointment to any office or place of profit in the Company, its subsidiary company or associate Company and
7. Underwriting the subscription of any securities or derivatives thereof of the Company

The Board of Directors of the Company took note that as the Company develops financial institution with efficient systems, competent credit management practices and stringent operational control processes, thus, may extend the required support to its associates companies/related parties etc. In the light of provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, the Board of Directors of your company has approved and proposed transactions with annual limit that your company may enter into with the related parties (as defined under section 2(76) of the Companies Act, 2013).

**Other Details as required as per the Companies (Meetings of Board and Its Powers) Rules, 2014.****1. Jas Healthcare INC**

- A. Name of Related Party :** Jas Healthcare INC.
- B. Name of Directors or Key Managerial Personnel who is related, if any:**  
Mr. Dilip R. Shah
- C. Nature of Relationship:** Jas Healthcare INC is run by relative of director.
- D. Nature, Material Terms, Monetary Value and Particulars of Contract or arrangement;**  
Transactions for sale, purchase of goods and to provide / avail services to / from Jas Healthcare INC not exceeding Rs. 2 Crore per annum at an arm's length price
- E. Any other Information relevant or important for the members to take decision on proposed resolution :**  
None

**2. Mercury Marketing & Consulting Services (MMCS)**

- F. Name of Related Party :** Mercury Marketing & Consulting Services (MMCS)
- G. Name of Directors or Key Managerial Personnel who is related, if any:**  
Mr. Rajendra R. Shah & Mr. Dilip R. Shah
- H. Nature of Relationship :** Firm is run by relative of director.
- I. Nature, Material Terms, Monetary Value and Particulars of Contract or arrangement;**

Nature	Material Terms	Monetary Value	Particulars of Contract or Arrangement
To Professional Services from aforementioned firm in professional capacity	To avail and utilize professional and specialized consultancy services in field of Sales and Marketing, IT Services ERP Support Services Statutory Compliance such as Central Excise and Custom Goods & Service Tax (GST) and Intellectual Property Advisory Services	Rs. 30 Lacs per annum	MMCS shall render professional consultancy services in various areas such as New Product Introduction, Development and Promotion, Technology Upgradation, Marketing and Sales Distribution, Information Technology Services, ERP Support Services, Central Excise and Custom and Goods & Service Tax (GST) and Intellectual Properties, Company Secretarial and Legal Services etc for a period of 3 years with effect from July 01, 2017 in its professional capacity.

**J. Any other Information relevant or important for the members to take decision on proposed resolution:**

**None**

The Copies of contract entered with MMCS is available at the Corporate Office of the Company situated at Vadodara for inspection by any member of the company during business hours.

The Board commends the Special Resolution set out at Item No. 5 of the Notice for approval by the shareholders.

Except Promoters Directors and their relatives (to the extent of their shareholding interest in the Company), no other directors or Key Managerial Personnel or their relative, is concerned or interested, financially or otherwise in passing of this resolution.

**ITEM NO. 6**

Mr. Rajendra R Shah had been associated with the Company since inception and was appointed as Managing Director with effect from April 01, 1992.

Mr. Rajendra R Shah holds a degree of B. Pharm from the Gujarat University of Ahmedabad and possess extensive experience of more than three decades in overall management more particularly in the fields of Production, Quality Control, Material Management, Marketing and overall administration of the Company. Despite of emerging challenges in the area of technology, marketing and finance, during his present tenure the company not only showed remarkable progress year after year and registered significant growth that were emanated in the market and conducted efficient and effective management of the affairs of the company.

Considering the valuable services provided by Mr. Rajendra R Shah, and on the recommendations of the Nomination and Remuneration Committee, the Board of Directors of the Company (the Board), at its meeting held on January 31, 2017 has, subject to the approval of members and such other approvals, if any, required, appointed Mr. Rajendra R Shah as Managing Director, for a period of 3 (Three) years with effect from April 01, 2017.

The proposed remuneration of Mr. Rajendra R Shah is provided in the special resolution mentioned at Item No. 6.

A statement containing the information stipulated in Schedule V to the Companies Act, 2013 is given in subsequent pages.

The Managing Director will perform his duties as such with regard to all work of the company and will manage and attend to such business and carry out the orders and directions given by the board from time to time in all respects and conform to and comply with all such directions and regulations as may from time to time be given and made by the Board.

The Managing Director shall adhere to the Code of Conduct for Directors and Management Personnel. He is not disqualified from being appointed as Director in terms of Section 164 of the Act. The above may be treated as a written memorandum setting out the terms of appointment of Mr. Rajendra R Shah under Section 190 of the Act. Brief resume of Mr. Rajendra R Shah, nature of his expertise in specific functional areas, names of companies in which he hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships amongst director Inter-se as stipulated is provided in the end of Notice. Mr. Rajendra R Shah is interested in the resolution set out at Item No. 6 of the Notice, which pertains to his appointment.

Save and except the above and Mr. Dilip R Shah, being brother of Rajendra R Shah, none of the other Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, financially or otherwise, in these resolutions.

It is proposed to seek the members' approval for the appointment Mr. Rajendra R Shah as Managing Director in terms of the applicable provisions of the Act. The Explanatory Statement together with the accompanying notice may also be regarded as an abstract of the terms appointment of Mr. Rajendra R Shah, as the Managing Director of the Company and Memorandum of Interest of Directors u/s. 190 of the Companies Act, 2013.

The Board recommends the approval of the Special Resolution seeking your consent.

**STATEMENT GIVING THE INFORMATION IN ACCORDANCE WITH SCHEDULE V TO THE COMPANIES ACT, 2013 FOR APPOINTMENT OF MR. RAJENDRAR. SHAH AS MANAGING DIRECTOR.**

**MR. RAJENDRA R SHAH**

Mr. Rajendra R Shah (age 65) has done his Bachelors in Pharmacy. He is associated with the Company since its inception. Having expertise in the field of Business Management, he looks after marketing, finance and overall management of the Company.

He is member of CSR Committee of the Board of the Company. He is also a Chairman of the Company. His other directorship is given below:

- 1) Mercury Antibiotics Private Limited

The above list of Directorship is excluding Foreign Companies and Section 8 Companies.

**GENERAL INFORMATION**

Sr. No.	Information sought	Information																								
i.	Nature of Industry	The Company is engaged Pharmaceutical Business, Manufacturing, Exporting, Importing, Selling and Otherwise dealing in all kinds of pharmaceutical drugs, medicines, herbs, laboratory and surgical materials etc.																								
ii.	Date of Commencement of Commercial Production	The Company has started its operations from February 12, 1982.																								
iii.	Financial performance of the Company	Rs. In Lacs																								
		<table border="1"> <thead> <tr> <th>Particulars</th> <th>2016-17</th> <th>2015-16</th> </tr> </thead> <tbody> <tr> <td>Revenue from Operations</td> <td>4838.09</td> <td>4829.51</td> </tr> <tr> <td>Profit/(Loss) before Tax</td> <td>489.42</td> <td>493.57</td> </tr> <tr> <td>Profit/(Loss) After Tax</td> <td>270.30</td> <td>392.26</td> </tr> <tr> <td>Paid-up Equity share Capital</td> <td>120.00</td> <td>120.00</td> </tr> <tr> <td>Reserves &amp; Surplus</td> <td>2335.00</td> <td>2064.70</td> </tr> <tr> <td>Earnings per Share (Rs.)</td> <td>22.53</td> <td>32.69</td> </tr> <tr> <td>Book value per share (Rs.)</td> <td>205</td> <td>172.05</td> </tr> </tbody> </table>	Particulars	2016-17	2015-16	Revenue from Operations	4838.09	4829.51	Profit/(Loss) before Tax	489.42	493.57	Profit/(Loss) After Tax	270.30	392.26	Paid-up Equity share Capital	120.00	120.00	Reserves & Surplus	2335.00	2064.70	Earnings per Share (Rs.)	22.53	32.69	Book value per share (Rs.)	205	172.05
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Book value per share (Rs.)	205	172.05																								
iv.	Export performance and net foreign exchange collaboration	The Company's export on FOB basis was Rs. 10,18,22,695 for 2016-17 and Rs. 9,08,57,658 for 2015-16.																								
v.	Foreign investments or collaborations	In Technical Collaboration with JAS Healthcare, Inc., USA																								

**INFORMATION ABOUT THE APPOINTEE:**

i.	The background details	The background details of Mr. Rajendra R Shah are given elsewhere in the notice.
ii.	Past Remuneration	Mr. Rajendra R Shah drawn remuneration of Rs. 16,80,000 per annum.
iii.	Recognition or awards	Nil
iv.	Job profile and his suitability	Mr. Rajendra R Shah, Managing Director provides leadership and strategic guidance to the Company in addition to supervising functional - heads of marketing, finance & accounts, regulatory compliance etc including overall management & administration of Company. Given the profile of Mr. Rajendra R Shah, It is imperative that he is appointed as Managing Director of the Company.
v.	Remuneration proposed	As provided in resolution mentioned herein above
vi.	Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person	The remuneration payable to the appointees has been benchmarked with the remuneration being drawn by similar positions in Health-Care Companies, Companies engaged in multiple businesses, of comparable size and has been considered by the Nomination and Remuneration Committee and the Board of Directors of the Company in their respective meeting held on January 31, 2017.
vii.	Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.	Mr. Dilip R Shah is real brother of Mr. Rajendra R Shah, Promoter and Managing Director of the Company. There is no other pecuniary relationship directly or indirectly with the Company except to the extent of their remuneration and shareholding in the Company. This information is already disclosed elsewhere in the notice.

**OTHER INFORMATION:**

i.	Reasons of loss or inadequate profits	<ul style="list-style-type: none"> <li>Highly competitive market and aggressive pricing by domestic and international Companies.</li> <li>Expenditure on Expansion &amp; development of new facilities for new business avenues</li> </ul>
ii.	Steps taken or proposed to be taken for improvement	<ul style="list-style-type: none"> <li>Reduction in cost of operation through indigenous efforts</li> <li>Focusing on atomization in processes wherever possible.</li> </ul>
iii.	Expected increase in productivity and profits in measurable terms	Expecting Year-on-Year 20% profit growth with the above measures.

**Disclosures:**

The break-up of remuneration package is mentioned in the Corporate Governance Report.

**ITEM NO. 7**

In accordance with the provisions of Section 148 of the Companies Act, 2013 ("the Act") and the Companies (Audit and Auditors) Rules, 2014 ("the rules") the Company is required to appoint a cost auditor to audit the cost records of the Company for products and services as specified under the Companies (Cost Records and Audit) Rules, 2014. On the recommendation of audit committee, the Board of Directors had approved the appointment of M/s. Jeegar Patel & Co., (FRN 103686) Cost Accountants as the cost auditors of the company to conduct audit of cost records maintained by the Company for the Financial year 2017 - 18 at a remuneration of Rs. 40,000/- annually plus applicable taxes and out of pocket expenses at actual for travelling and boarding / lodging for the years.

M/s. Jeegar Patel & Co., Cost Accountants have furnished certificates regarding their eligibility for appointment as Cost Auditors of the Company. In accordance with the provisions of Section 148 of the act read with the rules, the remuneration payable to the cost auditor has to be ratified by the shareholder of the company. Accordingly consent of the members is sought for the aforesaid proposal.

The directors recommend this remuneration for approval of shareholder.

None of the directors and Key Managerial Personnel of the Company and their relatives are concerned or interested in the resolution set out at item No. 7.

Date : 05/08/2017  
Place : Vadodara

For and on behalf of the Board of Directors

**Mukesh Khanna**  
Company Secretary

**II. DETAILS OF DIRECTOR SEEKING APPOINTMENT / RE-APPOINTMENT AS REQUIRED UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURES REQUIREMENTS) REGULATIONS, 2015**

<b>Name of the Director</b>	<b>Mr. Dilip Shah</b>	<b>Mr. Rajendra R. Shah</b>
<b>Date of Birth</b>	December 14, 1954	March 02, 1952
<b>Age</b>	63	65
<b>Qualification</b>	B. Pharm, M.B.A.	B. Pharm
<b>Experience in Specific functional area</b>	Marketing Finance & Administration	Overall Business Management
<b>Director Since</b>	February 16, 1982	February 16, 1982
<b>List of Companies in which outside directorship held</b>	Mercury Antibiotics Private Limited	Mercury Antibiotics Private Limited
<b>Membership of Committee of the Board of Director of the Company</b>	Corporate Social Responsibility Committee	Corporate Social Responsibility Committee
<b>Membership in Committee in other Companies</b>	N.A.	N.A.
<b>No. of Shares held</b>	59,850	85,650

Date: 05/08/2017  
Place: Vadodara

By order of Board of Directors

**Mukesh Khanna**  
Company Secretary

**BOARD'S REPORT**

To,  
The Shareholders,

Your Directors have pleasure in presenting the 36<sup>th</sup> Annual Report of Mercury Laboratories Limited (the Company) on the business and operations of the Company together with the audited financial statements for the year ended on March 31, 2017.

**1. FINANCIAL SUMMARY/PERFORMANCE OF THE COMPANY**

The financial performance of the Company for the financial year ended March 31, 2017 along with figures of previous financial year is summarized below:

PARTICULARS	(Rs. in Lacs)	
	2016-17	2015-18
Total Revenue	4838.10	4829.48
Gross Profit before Depreciation Interest & Tax	707.49	725.25
Less: Interest	89.21	113.27
Less: Depreciation	128.85	118.40
<b>Profit Before Exceptional / Extra Ordinary Items &amp; Tax</b>	<b>489.43</b>	<b>493.57</b>
Exceptional Items	-	-
<b>Profit before Extraordinary Items &amp; Tax</b>	<b>489.43</b>	<b>493.57</b>
Extraordinary Items	-	-
<b>Profit Before Tax</b>	<b>489.43</b>	<b>493.57</b>
Less: Current Tax & Deferred Tax	219.12	101.32
<b>Profit/(Loss) from Continuing Operations</b>	<b>270.31</b>	<b>392.26</b>
Profit/(Loss) from Discontinuing Operations	-	-
Tax Expense of Discontinuing Operations	-	-
Profit/(loss) from Discontinuing Operations	-	-
<b>Profit / (Loss) for the Period</b>	<b>270.31</b>	<b>392.26</b>
Balance as per last P&L A/c.	5.42	2.82
<b>Profit available for appropriation</b>	<b>275.73</b>	<b>395.08</b>
This profit has been appropriated as under:		
(i) Proposed Dividend	-	18.00
(ii) Income Tax on proposed dividend	-	3.66
(iii) Transfer to General Reserve	270.00	368.00
(iv) Balance carried to next year	5.73	5.42
<b>Total</b>	<b>275.73</b>	<b>395.08</b>

**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 2016 - 2017 absorbing Rs. 21.66 Lacs including Tax on Dividend, which will be, if approved, paid to the Shareholders holding shares as on September 29, 2017 after business hours.

**3. Transfer to Reserves:**

The Company proposes to transfer Rs. 270 lacs to the General Reserve out of the amount available for appropriation and an amount of Rs 5.73 lacs is proposed to be retained in the Statement of Profit and Loss Account.

**4. Financial Performance and Operations Review:**

During the year under review, the Company yielded Gross Income of Rs. 4838.10 lacs and earned Gross Profit before depreciation, interest and tax of Rs. 707.49 lacs with Net Profit of Rs. 270.31 Lacs as against Gross Income of Rs. 4829.48 lacs, Gross Profit before depreciation and Interest and tax of Rs. 725.25 lacs with Net Profit of Rs. 392.26 Lacs of previous year, respectively.

**5. Future Prospects:**

Our world class GMP facility having manufacturing of tablet and liquid started giving returns. We got the accreditation of WHO-GMP from CDSCO. Our plant also visited by number of foreign Ministry like Ministry of Ghana, Ministry of Sri Lanka, Ministry of Cambodia and Sierra Leone. We also started preparation for getting accreditation of this plant for E.U GMP Malta as well as EU GMP Hungary. This will help us to enter in Regulatory Market in Europa, America, Latin America, Australia, New Zealand, South Africa.

Our company is continuously focusing to built up desired ethical market and to create world class brands Gravadol, K-Win, K-Stat, T-Stat, Cilarway, Zidust, Promolact, Ovaryl. We strongly believe that all these brands molecules will have effective therapeutic treatment for next 20 years. This molecules are mainly used for Mother & Child Healthcare segment.

Our company also focus on creating institutional business with government institutions, semi-government institutions, hospitals and clinics by getting registered with Kerala, Rajasthan, Haryana & Karnataka Health Ministry and ESIC- Government of India to ensure that we achieve more business from these institutes.

Our company strongly believe high growth rate by entering into export business and achieve desirable growth for the year 2017-18. Our company has taken number of actions like addition of new area such as Cambodia, Peru, Uruguay. However, some of the area we have restricted our exports such as Nigeria, Ghana, DRC Congo, due to instability and financial weakness in their economy.

Our company continuously plan their strategy by implementing strategy to get more and more mileage in domestic as well as export market.

Our company is prepared for effectively introduction of GST as per the Act, Rule and their notification provided by Government of India from time to time. We expect number of hurdles will be removed and business transaction will be made easy by introduction and implementation of GST.

Our company successfully implemented the company laws 2013 and effectively implementation of all the clauses laid down in the Companies Act 2013.

**MANAGEMENT DISCUSSIONS AND ANALYSIS****a) Industry Structure and Development**

Our nation made number of changes in last 3 years and expect to change by creating message to common people that they get quality product with reasonable price. Government of India also ensure that all Indians must get medical treatment. They come out with number of supportive scheme in the health which ultimate lead to health for all. Government's participation to more generate business in the pharmaceutical to the large extent and we being part of this activity. This will give future scope of expansion.

Since last 2-3 decades, science and technology has given tremendous inputs to health systems and improve the life of common people and extended life span of Indian upto 68 years as average life span. This may be possible because Indian Pharma Companies take challenges of Science and Technologies and new methods, re-engineering techniques. Indian companies introduced new molecules which are less harmful. The Pharma companies made products available in the remote places of our country.

**b) Outlook, Risks and Concerns**

Though in the world pharmaceutical market, India is ranked 3<sup>rd</sup> in volume, it has a negligible share by value and ranks 13<sup>th</sup>. Branded generics constitute 70% of Indian Pharmaceutical Market. Indian pharmaceutical market is considered to be highly fragmented and consolidation has become an important feature of this industry. Indian pharmaceuticals exports have increased from US\$ 2 billion in 2006 to about US\$ 15 billion in 2016. India has a huge pool of scientists and engineers who have potential to take this industry to a very high level growth.

Indian Pharmaceutical Industry is estimated to grow at single digit over the next 5 years. The Government of India had unveiled "Pharma Vision 2020" aiming at making India a global leader in manufacturing. Many Indian companies are focusing on global generic and API emerging as preferred pharmaceuticals manufacturing location.

Several large selling drug going off patent over next few years and increasing use of generic over next few years. Increasing use of pharmaceutical generics in developed markets to reduce healthcare cost will provide attractive growth opportunities to generics manufacturers and thus Indian Pharmaceutical industry is poised for an accelerated growth in the coming years. However, poor public healthcare funding and infrastructure, low per capita consumption of medicines in developing and underdeveloped countries including India, currency fluctuations, regulatory issues, inflation and resultant all round increase in input costs are few causes of concern.



### c) Financial Performance and Operation Review

During the year under review, the Company yielded Gross Income of Rs. 4838.10 lacs and earned Gross Profit before depreciation, interest and tax of Rs. 707.49 lacs with Net Profit of Rs. 270.31 Lacs as against Gross Income of Rs. 4829.48 lacs, Gross Profit before depreciation and Interest and tax of Rs. 725.25 lacs with Net Profit of Rs. 392.26 Lacs of previous year, respectively.

These regulatory issues continue to adversely impact the Company's business. The Company's business in the emerging markets also suffered due to significant currency fluctuations. The Company is implementing comprehensive remedial measures at all its manufacturing sites to ensure quality and regulatory compliances. These remedial measures included review of all processes and procedures revamping of training system, recruitment of senior quality personnel as well as automation of quality control laboratories. Your company is committed in resolving these issues at the earliest. The Company is also committed to its philosophy of highest quality in manufacturing, operations, system, integrity and GMP culture. Your management is confident that implementation of remedial measures will ensure that the company will regain all its regulatory approvals.

Rs. in Lacs

Break-up of Sales	2016 – 17	2015 – 16	Growth / (Degrowth)	
			In terms of Value	In terms of %
Domestic	3645.92	3785.20	(139.28)	(3.68)
Erga Sales	115.84	132.38	(16.54)	(12.49)
Deemed Exports	232.05	107.71	124.34	115.44
Direct Exports	1067.48	984.57	82.91	8.42
<b>Total</b>	<b>5061.29</b>	<b>5009.87</b>	<b>51.43</b>	<b>1.03</b>

During the financial year under report, the domestic sales of products of the Company amounted to Rs. 3761.75 lacs as against Rs. 3917.58 lacs in the previous year which reflect decrease by 3.98 % to Rs. (155.83) Lacs. Whereas the International Business (export) amounted to Rs. 1299.53 Lacs as against Rs. 1092.29 lacs in the previous year which was increased by 18.97 to Rs. 207.24 Lacs.

### d) Internal Control System and its adequacy

The Company has adequate internal control system including suitable monitoring procedures commensurate with its size and the nature of the business. The internal control system provide for all documented policies, guidelines, authorization and approval procedures. The Company has an internal audit department which carries out audits throughout the year. The statutory auditors while conducting the statutory audit, review and evaluate the internal controls and their observations are discussed with the Audit Committee of the Board.

### e) Human Resources

The human resources plays a vital role in the growth and success of an organization. The Company has maintained cordial and harmonious relations with employees across various locations.

During the year under review, various training and development workshops were conducted to improve the competency level of employees with an objective to improve the operational performance of individuals. The company has built a competent team to handle challenging assignments. The Company strives to enhance the technical work, related and general skills of employees through dedicated training programs on a continuous basis.

The Company has 355 permanent employees as on March 31, 2017 out of which 243 employees are engaged in the marketing and distribution activities.

### f) Formulation and Developments

Company always considering Formulation and Development as crucial for sustain growth of the company. Company always try to introduce newer and newer drugs delivery system for ensuring products available as regard to time and enhancing therapeutic value.

To achieve this objective we have experienced and qualified pharmacists whose activity is to maintain and find out newer and newer delivery system as well as re-engineering innovative process. This will help the company to maintain material consumption ratio.

**g) Cautionary Statement**

Certain statement in the management discussion and analysis may be forward looking within the meaning of applicable securities law and regulations and actual results may differ materially from those expressed or implied. Factors that would make differences to company's operations include competition, price realization, drugs price controls currency fluctuations, regulatory issues, changes in government policies and regulations tax regimes, economic development within India and the Countries in which the company conducts business and other incidental factors.

**6. Directors' Responsibility Statement****Your Directors state that :**

- a. in the preparation of annual accounts for the year ended March 31, 2017, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- b. the Directors have 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 March 31, 2017 and of the Profit of the Company for the year ended on that date;
- c. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. the Directors have prepared the annual accounts on a "going concern" basis;
- e. the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f. the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

**7. Directors and Key Managerial Personnel**

During the year under review, following changes occurred in the position of Directors / KMPs of the Company:

- a. Mr. Dilip Shah, Director of the Company who retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment. The retirement of director by rotation at the ensuing Annual General Meeting is determined in accordance with the provisions of the Companies Act, 2013. The Company made application to central government for appointment of Mr. Dilip Shah as Whole Time Director of the Company for a period of five year with effect from September 26, 2016. Pending approval, Company considered retires by rotation at ensuing annual general meeting. The Central Government approval as and when received shall prevail.

Further all the independent directors of the Company have submitted a declaration that each of them meets the criteria of independence as provided in Section 149(6) of the act and there has been no change in the circumstances which may affects their status as independent directors during the year.

- b. Ms. Priyanka Doshi, CFO of the Company, has resigned from the Company with effect from June 23, 2016.
- c. Ms. Payal Doshi is appointed as Chief Finance Officer of the Company with effect from August 05, 2016.
- d. The term of appointment of Mr. Rajendra R Shah as Managing Director is valid upto March 31, 2017. Board at its meeting held on January 31, 2017 approved appointment of Mr. Rajendra R Shah as Managing Director of the Company with effect from April 1, 2017 for further period of 3 years.

During the year, the non-executive directors of the Company had no pecuniary relationship or transactions with the Company.

**Key Managerial Personnel**

1. Mr. Rajendra R Shah, Managing Director
2. Mr. Dilip R Shah, Whole Time Director (Approval is yet to receive from Central Government)
3. Ms. Priyanka Doshi, CFO (upto June 30, 2017)
4. Ms. Payal Doshi, CFO (w.e.f. August 05, 2017)
5. Mr. Mukesh Khanna, Company Secretary

**8. Number of Meetings of the Board**

Four Meetings of the Board were held during the year on May 06, 2016, August 05, 2016, November 14, 2016 and January 31, 2017. For details of the meetings of the Board, please refer to the Corporate Governance Report, which forms part of this report.

**9. Policy on Directors' Appointment and Remuneration and other details**

The Company's policy on directors' appointment and remuneration and other matters provided in Section 178(3) of the Act, may be accessed on the Company's website at the link: <http://www.mercurylabs.com>.

**10. Board Evaluation**

Pursuant to SEBI (Listing Obligations & Disclosures Requirements) Regulations, 2015 mandates that the Board shall monitor and review the Board evaluation framework. The Companies Act, 2013 states that a formal annual evaluation needs to be made by the Board of its own performance and that of its committees and individual directors. Schedule IV of the Companies Act, 2013 states that performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the Director being evaluated.

The Board of Directors has carried out an annual evaluation of its own performance, Board committees and Individual Directors pursuant to the provisions of the Act and the Corporate Governance requirements as prescribed by Securities and Exchange Board of India (SEBI) under SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015.

The performance of the Board was evaluated by the Board after seeking inputs from all the directors on the basis of the criteria such as the Board composition and structure, effectiveness of board processes, Information and functioning etc.

The performance of the Committees was evaluated by the Board after seeking inputs from the Committee members on the basis of the criteria such as the composition of committees, effectiveness of committee meetings, etc.

The Board and the Nomination and Remuneration Committee (NRC) reviewed the performance of the Individual Directors on the basis of the criteria such as the contribution of the individual director to the Board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc. In addition, the Chairman was also evaluated on the key aspects of his role.

In a separate meeting of independent Directors, performance of non-independent directors, performance of the board as a whole and performance of the Chairman was evaluated, taking into account the views of executive directors and non-executive directors. The same was discussed in the board meeting that followed the meeting of the independent Directors, at which the performance of the Board, its committees and individual directors was also discussed.

**11. Internal Financial Control Systems and their adequacy**

The details in respect of internal financial control and their adequacy are included in the Management Discussion & Analysis, which forms part of this report.

**12. Audit Committee**

The details pertaining to composition of audit committee are included in the Corporate Governance Report, which forms part of this report.

**13. Share Capital**

The paid-up Equity Share Capital of the Company as at March 31, 2017 is Rs. 120 Lacs. The Company currently has no outstanding shares issued with differential rights, sweat equity or ESOS.

**14. Risk Management**

The Board of the Company has formed a Risk Management Policy to frame, implement and monitor the risk management plan for the Company. The Audit Committee is responsible for reviewing the risk management plan and ensuring its effectiveness. The Audit Committee has additional oversight in the area of financial risks and controls. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

**15. Safety, Environment and Health**

The Company considers safety, environment and health as the management responsibility. Regular employee training programs are carried out in the manufacturing facilities on safety, environment and health.

**16. Particulars of Loans, Guarantees or Investments**

The Company has not provided any loans and guarantees and no investments made pursuant to Section 186 of the Companies Act, 2013.

**17. Particulars of contracts or arrangements with related parties:**

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis and in compliance of the provisions of Section 188 of the Companies Act, 2013 & rules made there under and Listing Agreement & SEBI (Listing Obligations and Disclosures Requirement) Regulation, 2015. The Company had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the policy of the Company. The Policy dealing with related party transactions as approved by the Board may be accessed on the Company's website at the link: <http://www.mercurylabs.com>. All the related party transactions are placed before the Audit Committee as also Board for approval.

Prescribed form AOC - 2, pursuant to Section 134 (3) (h) of the Companies Act, 2013 & Rule 8(2) of the Companies (Accounts) Rules, 2014, is furnished as Annexure -A to this report.

**18. Corporate Social Responsibility (CSR)**

Though not mandatory in terms of Section 135 of Companies Act, 2013, the Company has formulated Corporate Social Responsibility (CSR) Policy in accordance with Section 135 of the Companies Act, 2013 and reconstituted CSR Committee with on May 14, 2015 with Mr. D. R. Zaveri and Ms. Poornima Karvat and Mr. Bharat Mehta, three independent directors and Mr. Rajendra R Shah, Managing Director and Dilip Shah, Director of the Company. However the Company has been pursuing CSR activities in the area of promotion of education in medical field by providing scholarship and other amenities to the medical students. The CSR policy of the Company is placed on the website of the Company [www.mercurylabs.com](http://www.mercurylabs.com).

**19. Policy on prevention, prohibition and redressal of sexual harassment at workplace**

The Company has zero tolerance for sexual harassment at workplace and has adopted a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at the Workplace, in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules there under. The Policy aims to provide protection to employees at the workplace and prevent and redress complaints of sexual harassment and for matters connected or incidental thereto, with the objective of providing a safe working environment, where employees feel secure. The Company has also constituted an Internal Complaints Committee, known as the Prevention of Sexual Harassment (POSH) Committee, to inquire into complaints of sexual harassment and recommend appropriate action.

The Company has not received any complaint of sexual harassment during the financial year 2016- 17. The policy on Prevention, Prohibition and Redressal of Sexual Harassment of Women at work place is placed on website of the Company [www.mercurylabs.com](http://www.mercurylabs.com).

**20. Vigil Mechanism/Whistle Blower Policy**

The Company has adopted a Whistle Blower Policy, to provide a formal mechanism to the Directors and employees to report their concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The Policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee. The Whistle Blower Policy is posted on the website of the Company [www.mercurylabs.com](http://www.mercurylabs.com).

The Company has formulated policy on 'Protection of Women's Rights at Workplace' as per the provisions of the Sexual Harassment of women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. This has been widely disseminated. There were no cases of sexual harassment complaints received by the Company in the financial year 2016-17.

#### **21. Significant and material orders passed by the regulators or courts.**

No significant material orders have been passed by the Regulators or Courts or Tribunals which would impact the going concern status of the Company and its future operations.

#### **22. Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo**

The Information on Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo stipulated under Section 134 (3)(m) of the Act read with Rule 8 of The Companies (Accounts) Rules, 2014, is annexed as Annexure B.

#### **23. Particulars of Employees and Remuneration**

Pursuant to the Rule 5(2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, no employee of the Company was paid remuneration exceeding the prescribed limits, during the financial year 2016-2017.

The information required under Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in the Annexure-C forming part of the Report. None of the employees listed in the said Annexure is related to any Director of the Company.

#### **24. Auditors & Their Reports**

##### **(1) Statutory Auditors:**

Pursuant to the provisions of Section 139 of the Act and the rules framed there under, M/s. Naresh & Co, Chartered Accountants, were appointed as statutory auditors of the Company from the conclusion of the 33<sup>rd</sup> Annual General Meeting (AGM) of the Company held on September 30, 2014 till the conclusion of the 36<sup>th</sup> AGM to be held in the year 2017, subject to ratification of their appointment at every AGM. M/s. Naresh & Co., Chartered Accountants is retiring at ensuing annual general meeting. The Board recommended for appointment of M/s. R J Shah & Associates as Chartered Accountant of the Company to hold office from conclusion of this annual general meeting till conclusion of next annual general meeting to be held in the year 2018. The Company has received letter from them to the effect that their appointment, if made, would be within the prescribed limits under Section 141 (3)(g) of the Companies Act, 2013 and that they are not disqualified from appointment.

There are no qualifications or adverse remarks in the Auditors' Report, which require any clarification/ explanation. The Notes on financial statements are self-explanatory, and needs no further explanation.

The Notes on accounts, referred to in the Auditor's Report, are self explanatory and therefore do not call for any further comments.

##### **(2) Secretarial Auditors:**

Pursuant to the provisions of the Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rule, 2014, the Board of Directors of the Company had appointed M/s. Mitesh Rana & Co. a firm of Company Secretaries to carry out Secretarial Audit for the year ended on March 31, 2017. The Secretarial Audit Report is annexed as Annexure-D.

The Auditors' Report and the Secretarial Audit Report for the financial year ended March 31, 2017 do not contain any qualification, reservation, adverse remark or disclaimer.

#### **25. Deposits:**

The Company has no unpaid and / or unclaimed deposit. The Company has accepted deposit from Directors and their relatives, the Shareholders and has complied with all applicable provisions of the Companies Act relating to acceptance and renewal of deposits.

The details relating to deposits, covered under chapter V of the Act are as under:

Particulars	Amt. in Rs.
Accepted during the year from the Directors and members*	7.70
Remained unpaid or unclaimed as at the end of the year	None
Whether there has been any default in repayment of deposits or payment of interest there on during the year and if so, number of such cases and the total amount involved (i) at the beginning of the year; (ii) maximum during the year; and (iii) at the end of the year	None

\*Deposit accepted during the year are from directors of the company.

#### 26. Extract of Annual Return

As provided under Section 92(3) of the Act, the extract of annual return is given in Annexure-E in the prescribed Form MGT-9, which forms part of this report.

#### 27. Material Change & Commitments, if any

There is no material changes and commitments, that would affect financial position of the company from the end of the financial year of the company to which the financial statements relate and the date of director's report.

#### 28. Acknowledgment

The Board of Directors wish to place on record their appreciation for the continued support extended by the Bankers, Business Associates, clients, vendors and suppliers, Government Authorities, Employees at all levels and Stakeholders, in furthering the interest of the Company.

Place: Vadodara  
Date: May 19, 2017

On behalf of the Board of Directors,

Rajendra R. Shah  
Chairman & Managing Director

**Annexure – A to the Board's Report****Form No. AOC – 2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014

**Form for disclosure of particulars of contracts/arrangement entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.**

**Details of contracts or arrangements or transactions not at arm's length basis:**

Name(s) of the related party and nature of relationship	Nature of contracts/arrangements/transactions	Duration of the contracts/arrangements/transactions	Salient terms of the contracts or Arrangement or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any	Date on which the special resolution was passed in general meeting as require under first proviso to section 188
			Not Applicable				

\*During the Financial Year 2016-17, no contract or arrangement or transaction was entered into by the company with the related parties which is not at arm's length basis.

**Details of material contracts or arrangement or transactions at arm's length basis:**

Name(s) of the related party and nature of relationship	Nature of contracts/arrangements/transactions	Duration of the contracts/arrangements/transactions	Salient terms of the contracts or Arrangement or transactions including the value, if any	Date(s) of approval by the Board	Amount paid as advances, if any
			Not Applicable		

**Note :** During the year under review, no material transactions, contracts or arrangements (as defined under the listing Agreement or which were above the threshold limits mentioned under Rule 15 of the Companies (Meetings of Board & its Powers) Rules, 2014) were entered with the related parties by the Company. For details on related party transactions, members may refer to the notes to the standalone financial statement.

Place: Vadodara  
Date: May 19, 2017

On behalf of the Board of Directors

**Rajendra R. Shah**  
Chairman & Managing Director

**Annexure-B to the Board's Report**

[Pursuant to Section 134 (3) (m) of the Companies Act, 2013 read with Rule 8 (3) of the Companies (Accounts) rules, 2014]

**1. CONSERVATION OF ENERGY**

- (i) **The Steps taken or impact on conservation of energy:**  
 The Company continues its policy of giving priority to energy conservation measures including regular review of energy generation and consumption and effective control on utilization of energy.  
 Various conservation measures such as Installation of lesser power consumption machines and instruments, Replacement of Air Compressors with energy efficient screw compressor etc. were implemented during the financial year.
- (ii) **The Steps taken by the Company for utilizing alternate source of energy**  
 The Company is evaluating all possibilities of utilizing alternate sources of energy in its operations, wherever possible.
- (iii) **The capital investment on energy conservation equipments:**  
 During the year under report, the Company has not spent any amount on energy conservation equipments/consumables.

**PARTICULARS PERTAINING TO CONSERVATION OF ENERGY**

	Particulars	2016 – 17	2015 – 16
<b>1</b>	<b>Power and fuel consumption</b>		
<b>A.</b>	Electricity		
a)	Purchased		
	Unit (in Kwh)	1398324	1445953
	Total amount (Rs.)	10623940	11047487
	Rate/unit (Rs.)	7.60	7.64
b)	Own generation		
(i)	Through diesel generator		
	Unit (in Kwh)	Nil	Nil
	Unit per liter of diesel Oil	Nil	Nil
	Cost/Unit (in Rs.)	Nil	Nil
(ii)	Through steam turbine/generator	N.A.	N.A.
	Unit (in 'Kwh)		
	Unit per liter of fuel		
	Cost/Unit (in Rs.)		
<b>B.</b>	Coal (Specify quality and where used)	N.A	N.A
	Quantity (tones)		
	Total cost		
	Average Rate		
<b>C.</b>	Light Diesel Oil		
	Quantity (K. Liter)	20152.56	18369.50
	Total Amount (Rs.)	1069362	945344
	Average Rate (Rs./K. Liter)	53.06	51.46
<b>D.</b>	Other/Internal generation		
	Total Cost	Nil	Nil
	Rate / Unit	Nil	Nil
	Consumption per unit of production	Standards if any	
	<ul style="list-style-type: none"> <li>• Products</li> <li>• Units</li> <li>• Electricity</li> <li>• Furnace Oil</li> <li>• Coal</li> <li>• Others</li> </ul>	Considering the number of products being manufactured by the company & production activity not being energy sensitive, the Company is not in a position to give the information required as per this format for the current year as well as the previous year. Regular steps are being taken to improve the energy conservation.	



**2. TECHNOLOGY ABSORPTION**

Research &amp; Development

**A) Specific area in which R & D carried out by the Company : Not Applicable**

No new technologies have been introduced during the year under review; however, the company intends to deploy the same at relevant point of time.

**B) Benefits derived as a result of R & D : Nil****C) Future plan of action :**

The Company is in process of streamlining the operations and improving productivity per unit per man operation.

**D) Expenditure on R & D : Nil****E) Imported technology (Imported during last 5 years) :**

The Company has not imported any technology during the last 5 years

**3. FOREIGN EXCHANGE EARNING & OUT GO :**

Sr. No	Particulars	(Amount in Rs.)	
		2016-17	2015-16
a.	Foreign Exchange Earnings	101,822,695	9,08,57,658
b.	Foreign Exchange outgo towards	25,07,431	42,64,721

**Annexure – C to the Board's Report**

[Pursuant to Rule 5 of the Companies (Appointment and Remuneration of Management Personnel Rules, 2014)]

**a. The ratio of the remuneration of each director to the median remuneration of the Employees of the Company for the financial year :**

The median remuneration of the employees of the Company for the financial year is Rs. 1,05,864.

Non Executive Directors	Ratio to Median Remuneration
Mr. Divyakant R Zaveri (w.e.f. July 26, 2014)	---
Ms. Poomima Karvat (w.e.f. March 30, 2015)	---
Mr. Bharat Mehta (w.e.f. May 14, 2015)	---

Executive Directors	Ratio to Median Remuneration
Rajendra R Shah	1:15.87
Dilip R Shah	---

- b. The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Finance Officer and Company Secretary in the financial year:

Directors, Chief Executive Officer, Chief Financial Officer and Company Secretary	% Increase in remuneration in the financial year
Rajendra Ramanlal Shah	---
Dilip Ramanlal Shah	---
Divyakant Ramniklal Zaveri	---
Poornima Dharendra Karvat	---
Bharat Dhirajal Mehta	---
Mukesh Mulkhraj Khanna	---
Priyanka Doshi	---
Payal Doshi	---

- c. The percentage increase in the median remuneration of employees in the financial year: 8.47

- d. The number of permanent employees on the rolls of the Company: 355

- e. The Explanation on the relationship between average increase in remuneration and company performance:

The average increase in remuneration per employees was 5%. The profit after tax for the year 2016-17 reduced by 31%. The employees related cost is 15%. The average increase in remuneration per employee is in line with normal pay revision and variable component forming integral part of the remuneration which is linked to individual performance, revenue achievement, profitability achievement, employee satisfaction, achieving strategic goals, customer satisfaction apart from Company's performance as a whole.

- f. Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company

Aggregate Remuneration of Key Managerial Personnel (KMP) in FY 17 (Rs. Lacs)	21.26
Revenue (Rs. In Lacs)	4838.10
Remuneration of KMPs (as % of Revenue)	0.44%
Profit before Tax (PBT) (Rs. In Lacs)	489.43
Remuneration of KMP (as % of PBT)	4.34%

- g. Variation in the market capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year:

Particulars	March 31, 2017	March 31, 2016	% of Change*
Market Capitalization (Rs. In Lacs)	4800.00	5210.40	(7.88)
Price Earnings Ratio	17.75	13.28	33.66

The share of the Company gets listed on February 23, 2015 on BSE Limited and there for % change in Market Capitalization and Price Earnings Ratio is not strictly comparable.

- h. Percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer:

Particulars	March 31, 2017	April 06, 1993	% of Change
Market Price (BSE)/Issue Price	400.00	19.00	2047.37

- i. Average percentile increase already made in the salaries of employees other than the Managerial Personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

The average annual increase in the salaries of employees other than managerial personnel in the last financial year was around 7.5%. Increase in the managerial remuneration for the year was NIL.

**j. Comparison of each remuneration of the Key Managerial Personnel against performance of the Company:**

There was no increase in managerial remuneration of KMP's. The profit after tax has reduced by 31%

**k. The key parameters for any variable component of remuneration availed by the directors**

None of the Directors were paid any commission during the year under review.

**l. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year:**

None

**m. Affirmation that the remuneration is as per the remuneration policy of the Company:**

The Company affirms that the remuneration paid are as per the remuneration policy of the Company.

**Place: Vadodara**  
**Date: May 19, 2017**

**On behalf of the Board of Directors**

**Rajendra R. Shah**  
**Chairman & Managing Director**

**SECRETARIAL AUDIT REPORT**FOR THE FINANCIAL YEAR ENDED ON **MARCH 31, 2017**

*[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To,  
**The Members,  
Mercury Laboratories Limited**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Mercury Laboratories Limited** (hereinafter referred to as "**Company**"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the major corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the 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 authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **Mercury Laboratories Limited** ("**Company**") for the financial year ended on March 31, 2017, according to the provisions of:

- i. The Companies Act, 2013 (**the Act**), and the Rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ("**SCRA**") and the Rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("**SEBI Act**") to the extent applicable to the Company:
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and Securities Exchange Board of India (Prohibition of Insider Trading) Regulation, 2015;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and amendments from time to time
  - d. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding Companies Act and dealing with client

Our Scope of Audit for the compliance check for all other applicable laws to the Company from time to time (As briefed in Annexure A) to the extent applicable, was limited to comment with respect to proper systems in place to ensure compliance of various requirements of the stated laws. In respect of the same, as explained and confirmed to us by management, prima facie, there are adequate system checks implemented by management of the company to ensure compliance of the applicable provisions of the stated law, during the period under review.

Further, in respect of labour laws applicable to the company (As briefed in Annexure B), the company has proper systems in place to ensure compliance of various requirements of the stated laws. In respect of the same, as explained and confirmed to us by management and on an examination of various records, registers etc. kept and maintained by the Company, prima facie, the Company has complied with the stated applicable labour laws to the company, from time to time, during period under review to the extent applicable.

We have also examined compliance with the applicable clauses of the following:

- 1) Applicable Secretarial Standards issued by The Institute of Company Secretaries of India.
- 2) The Equity Listing Agreements entered into by the Company with the BSE Limited.
- 3) SEBI (Listing Obligations and Disclosures Requirement) Regulations, 2015.

During the period under review, prima facie, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, Listing Agreements etc. mentioned herein above.

**We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that 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.

1. Mr. Dillip R Shah was appointed as Whole Time Director of the Company subject to approval of Central Government which is yet to be received.
2. As informed to us, the Company is in process of filing form MGT 10 with the additional fees which yet to be filed with respective authority.

**FOR MITESH RANA & CO.,  
COMPANY SECRETARIES**

**MITESH RANA**  
**COMPANY SECRETARY**  
 ACS M. No.: 28113  
 COP: 12364

**DATE: MAY 19, 2017**  
**PLACE: VADODARA**

Note: This report is to be read with assumptions/limitations as mentioned in Annexure "C" and our letter of even date which is annexed as "Annexure D" forming an integral part of this report.

**Annexure "A"**

1. Drugs and Cosmetics Act, 1940
2. The Medicinal & Toilet Preparations (Excise Duties) Act, 1955
3. Poisons Act, 1919
4. The Indian Copyright Act, 1957
5. The Patents Act, 1970
6. The Trade Marks Act, 1999

**Annexure "B"****A. LABOUR & INDUSTRIAL LAWS**

1. Apprentices Act, 1961
2. Contract Labour (Regulation and Abolition) Act, 1970
3. Employees Provident Fund and Miscellaneous Provisions Act, 1951 & Employees Provident Funds Scheme, 1952
4. Equal Remuneration Act, 1976 and Rules, 1976
5. Industrial Disputes Act, 1947
6. Industrial Employment (Standing Orders) Act, 1946
7. Maternity Benefit Act, 1961
8. Minimum Wages Act, 1948
9. Workmen's Compensation Act, 1923
10. Payment of Bonus Act, 1965 & the Payment of Bonus Rules, 1975
11. Payment of Gratuity Act, 1972 & The Payment of Gratuity (Central) Rules, 1972
12. Payment of Wages Act, 1936
13. The Employees' State Insurance Act, 1948
14. The employees' State Insurance (General) Regulations, 1950
15. Factories Act, 1948
16. Personal Injuries Compensation Insurance Act, 1963 and Personal Injuries (Compensation Insurance) Rules, 1972.

17. Employment Exchanges (Compulsory Notification of vacancies) Act, 1959 and The Employment Exchanges (Compulsory Notification of Vacancies) Rules, 1960
18. Supreme Court Guidelines on Prohibition of Sexual Harassment of Women at Work Place (Visaka v. State of Rajasthan)
19. Public Liability Insurance Act, 1991 and Public Liability Insurance Rules, 1991
20. Sales Promotion (Employees Conditions of Service) Act, 1976

#### **B. CENTRAL ENVIRONMENT AND SAFETY LAWS**

1. Environment Protection Act, 1986 and Environment (Protection) rules, 1986
2. Hazardous Wastes (Management and Handling) Rules, 1989
3. Manufacture, Storage And Import of Hazardous Chemicals Rules, 1989
4. The Water (Prevention And Control of Pollution) Act, 1974
5. The Air (Prevention And Control of Pollution) Act, 1974
6. Water (Prevention and Control of Pollution) Cess Act 1977 and Water (Prevention and Control of Pollution) Cess Rules 1978
7. National Green Tribunal Act, 2010
8. Biological Diversity Act, 2002

#### **Annexure "C"**

##### **Assumption and limitations:**

- (a) For the purpose of this Secretarial Audit of Mercury Laboratories Limited (the Company), we have assumed (without making any investigation) that:
  - i) All signatures, stamps and seals on the documents submitted to us are genuine.
  - ii) The information given by the Company in the documents are true and correct and the Company is not aware of any omission of material fact or information in the documents which may cause the documents to be misleading.
  - iii) The documents executed by the Company thereto have been executed by the persons authorised to execute the same pursuant to resolutions of the board of directors of the company.
  - iv) There have been no amendments to the documents submitted to us.
  - v) There are no arrangements between any of the parties to the documents which modify or supersede any of the terms of the documents.
  - vi) The board resolution have been properly passed in accordance with the articles of association of company (including, that any meeting convened was properly convened) and all directors who participated and voted are entitled so to do and are duly appointed and
- (b) We have examined the laws of India, as currently applied by Indian courts, as in our judgment is necessary for the purpose of this Report. We do not purport to be qualified to express an opinion, and we do not express any opinion, as to the laws of any jurisdiction other than India. This Report is strictly limited to the matters stated in the paragraph and does not extend to any other matter.
- (c) We have not conducted due diligence on the Company. We have not conducted any physical verification or valuations of the assets of the Company, our observation set out herein are limited to issues and risks arising out of legal matters. We have not examined the implications or business issues that may arise out of the commercial transactions or tax or regulatory matters as they do not fall within the scope of our review.
- (d) Our understanding of the facts is based upon and limited to the information/documents provided to us. We have no reason to believe that information or any of the documents provided to us are not genuine. Any variance of facts or of law may cause a corresponding change in the analysis set out in this Report.

**"Annexure D"**

To,  
The Members  
Mercury Laboratories Limited  
Vadodara

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit during limited time constraint.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**FOR MITESH RANA & CO.,  
COMPANY SECRETARIES**

**MITESH RANA  
COMAPNY SECRETARY  
ACS M. No. : 28113  
COP : 12364**

**DATE : MAY 19, 2017  
PLACE : VADODARA**

## "Annexure E"

<b>EXTRACT OF ANNUAL RETURN</b>
as on financial year ended on March 31, 2017
Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

**I. REGISTRATION & OTHER DETAILS:**

I	CIN	L74239MH1982PLC026341
II	Registration Date	12/2/1982
III	Name of the Company	Mercury Laboratories Limited
IV	Category/Sub-category of the Company	Public Limited Company Company Limited by Shares
V	Address of the Registered office & contact details	First Floor 18, Shreeji Bhuvan, 51, Mangaldas Road, Princess Street, Mumbai-400 002 Telephone: 66372841 Tel.Fax: 91 22015441 Email: <a href="mailto:secretarial@mercurylabs.com">secretarial@mercurylabs.com</a> Website: <a href="http://mercurylabs.com">mercurylabs.com</a>
VI	Whether listed Company	Yes. At BSE Ltd.
VII	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Private Limited 102 & 103, Shagrita Complex, 1st Floor Opp. HDFC Bank, Near Radhakrishna Char Rasta, Akota, Vadodara- 390 020, Gujarat. Tel No: 91 0265 2356573 / 2356794 Fax.No: 91 0265 2356791 Email: <a href="mailto:Vadodara@Linkintime.Co.In">Vadodara@Linkintime.Co.In</a> Website: <a href="http://www.Linkintime.Co.In">www.Linkintime.Co.In</a>

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the company shall be stated:

SL No.	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1.	Manufacturing of Pharmaceuticals, Medicinal Drugs & Formulations	2423	100%

**III. PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES**

SL No.	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION



**IV. SHAREHOLDING PATTERN (Equity Share Capital Break up as % to total Equity)****(I) Categoriwise Shareholding**

Category of Shareholders	No. of Shares held at the beginning of the year (01.04.2016)				No. of Shares held at the end of the year (31.03.2017)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/HUF	863,150	20,250	883,400	73.61%	863,150	20,250	883,400	73.61%	0.00%
b) Central Govt. or State Govt.	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) Bodies Corporate	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) Bank/FI	-	-	-	0.00%	-	-	-	0.00%	0.00%
e) Any Others	-	-	-	0.00%	-	-	-	0.00%	0.00%
<b>SUB TOTAL:(A) (1)</b>	<b>863,150</b>	<b>20,250</b>	<b>883,400</b>	<b>73.61%</b>	<b>863,150</b>	<b>20,250</b>	<b>883,400</b>	<b>73.61%</b>	<b>0.00%</b>
(2) Foreign									
a) NRI- Individuals	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Other Individuals	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) Bodies Corp.	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) Banks/FI	-	-	-	0.00%	-	-	-	0.00%	0.00%
e) Any other	-	-	-	0.00%	-	-	-	0.00%	0.00%
<b>SUB TOTAL (A) (2)</b>	<b>863,150</b>	<b>20,250</b>	<b>883,400</b>	<b>73.61%</b>	<b>863,150</b>	<b>20,250</b>	<b>883,400</b>	<b>73.61%</b>	<b>0.00%</b>
<b>Total Shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	<b>863,150</b>	<b>20,250</b>	<b>883,400</b>	<b>73.61%</b>	<b>863,150</b>	<b>20,250</b>	<b>883,400</b>	<b>73.61%</b>	<b>0.00%</b>
<b>B. PUBLIC SHAREHOLDING</b>									
(1) Institutions									
a) Mutual Funds	0	0	0	0.00	0	0	0	0.00	0.00
b) Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00
c) Central govt	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt.	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Fund	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) FIIS	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
<b>SUB TOTAL (B)(1):</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
(2) Non Institutions									
a) Bodies corporate									
i) Indian	11,343	15,400	26,743	2.23%	8,664	15,400	24,064	2.01%	-0.22
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs	53,141	123,400	176,541	14.71%	64,030	1,15,600	1,79,630	14.97%	0.26%
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	54,000	0	54,000	4.50%	54000	0	54000	4.50%	0.00%

Qualified Foreign Investor- Foreign Portfolio Investor (Corporate)	0	0	0	0.00	0	0	0	0.00	0.00
c) Others (specify)									
Office Bearers	0	0	0	0.00	0	0	0	0.00	0.00
Foreign Companies	0	0	0	0.00	0	0	0	0.00	0.00
Non Resident Indians (REPAT)	713	54400	55113	4.59%	602	54400	55002	4.58%	-0.09%
Non Resident Indians (NON Repat)	450	0	450	0.04%	81	0	81	0.07%	-0.03%
Hindu Undivided Family	2099	0	2099	0.17%	3184	0	3184	0.27%	0.09%
Trusts	0	0	0	0.00	0	0	0	0.00	0.00
Clearing Member	1654	0	1654	0.1378	639	0	639	0.05%	-0.08%
<b>SUB TOTAL:(B) (2)</b>	<b>123400</b>	<b>193200</b>	<b>316600</b>	<b>26.38%</b>	<b>131200</b>	<b>185400</b>	<b>316600</b>	<b>26.38%</b>	<b>0.00%</b>
<b>Total Public Shareholding</b>	<b>123400</b>	<b>193200</b>	<b>316600</b>	<b>26.38%</b>	<b>131200</b>	<b>185400</b>	<b>316600</b>	<b>26.38%</b>	<b>0.00%</b>
<b>(B) = (B) (1) + (B) (2)</b>									
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
<b>Grand Total (A+B+C)</b>	<b>986550</b>	<b>213450</b>	<b>1200000</b>	<b>100.00%</b>	<b>994350</b>	<b>205650</b>	<b>1200000</b>	<b>100.00%</b>	<b>0.00</b>

**(ii) SHARE HOLDING OF PROMOTERS**

Sl. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	DILIPBHAI R. SHAH	228,100	19.00%	NIL	310,600	25.83%	0	6.88%
2	RAJENDRA R. SHAH	209,050	17.42%	NIL	209,050	17.42%	0	0.00%
3	RAJENDRA R. SHAH	85,650	7.14%	NIL	85,650	7.14%	0	0.00%
4	SHRUTI D. SHAH	82,500	6.88%	NIL	0	0	0	-6.88%
5	JANKI R. SHAH	78,800	6.57%	NIL	78,900	6.57%	0	0.00%
6	DILIPBHAI R. SHAH	59,850	4.99%	NIL	59,850	4.99%	0	0.00%
7	KUSUMBEN R. SHAH	50,200	4.18%	NIL	50,200	4.18%	0	0.00%
8	KAUMUDINI R. SHAH	21,150	1.76%	NIL	21,150	1.76%	0	0.00%
9	ADIT D. SHAH	15,450	1.29%	NIL	15,450	1.29%	0	0.00%
10	PARESH R. SHAH	23,650	1.97%	NIL	23,650	1.97%	0	0.00%
11	BIMAL R. SHAH	14,000	1.17%	NIL	14,000	1.17%	0	0.00%
12	KISHORI D. SHAH	3,300	0.28%	NIL	0,00	0,00	0	-0.28%
13	KISHORI D. SHAH	0	0.00%	0,00	3,300	0,27	0,00	0,28%
14	PARUL K. LALIWALA	11,700	0.98%	NIL	11,700	0.98%	0	0.00%

**(iii) CHANGE IN PROMOTERS' SHAREHOLDING (SPECIFY IF THERE IS NO CHANGE)**

Sr. No.		Shareholding at the beginning of the year		Cumulative Share holding during the year	
		No of shares	% of total shares of the company	No of shares	% of total shares of the company
	At the beginning of the year	883400	73.62	883400	73.62
	Date wise Increase/decrease In Promoters Share holding during the year specifying the reasons for Increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc)				
	At the end of the year	883400	73.62	883400	73.62

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2016		Transactions during the year		Cumulative Shareholding at the end of the year - 2017	
		NO.OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY	DATE OF TRANSACTION	NO. OF SHARES	NO OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY
1	<b>DILIPBHAI R. SHAH</b>	228100	19.00			228100	19.00
	Transfer			29.07.2016	82500	310600	25.88
	At The End of the Year					310600	25.88
2	<b>RAJENDRA R. SHAH</b>	209050	17.42			209050	17.42
	At The End of the Year					209050	17.42
3	<b>RAJENDRA R. SHAH</b>	85650	7.14	-	-	85650	7.14
	At The End of the Year					85650	7.14
4	<b>SHRUTI D. SHAH</b>	82500	6.88			82500	6.88
	Transfer			03.06.2016	(82500)	0	0
	At The End of the Year					0	0
5	<b>JANKI R. SHAH</b>	78800	6.57			78800	6.57
	At The End of the Year					78800	6.57
6	<b>DILIPBHAI R. SHAH</b>	59850	4.99			59850	4.99
	Transfer			10.06.2016	82500	142350	11.88
	Transfer			29.07.2016	(82500)	59850	4.97
	At The End of the Year					59850	4.99
7	<b>KUSUMBEN R. SHAH</b>	50200	4.18			50200	4.18
	At The End of the Year					50200	4.18
8	<b>KAUMUDINI R. SHAH</b>	21150	1.76			21150	1.76
	At The End of the Year					21150	1.76
9	<b>ADIT D. SHAH</b>	15450	1.29			15450	1.29
	At The End of the Year					15450	1.29
10	<b>PARESH R. SHAH</b>	23650	1.97			23650	1.97
	At The End of the Year					23650	1.97
11	<b>BIMAL R. SHAH</b>	14000	1.17			14000	1.17
	At The End of the Year					14000	1.17
12	<b>KISHORI D. SHAH</b>	3300	0.28			0	0
	At The End of the Year					3300	0.28
13	<b>PARULBEN K. LALIWALA</b>	11700	0.98			11700	0.98
	At The End of the Year					11700	0.98

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)**

SL. No	Name of the shareholders For Each of the Top 10 Shareholders	At the beginning of the year		At the end of the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
1	RAJESHRI KETAN SHAH	27000	2.25	27000	2.25
2	KETAN BABULAL SHAH	27000	2.25	27000	2.25
3	VIRGO IMPEX LLP	238	0.02	6948	0.58
4	SBI CAPITAL MARKETS LTD.	6300	0.53	6300	0.53
5	BHARATI BHARAT DATTANI	4542	0.38	6297	0.52
6	URMILA SEETH	5000	0.42	5000	0.42
7	DINESH SEETHA	5000	0.42	5000	0.42
8	JAYESHKUMAR S. SHETH	5000	0.42	5000	0.42
9	NITIN P. PATEL	4500	0.38	4500	0.38
10	PURABI LAKHANI	4000	0.33	4000	0.33
11	3 A FINANCIAL SERVICES LTD.	4400	0.37	42	0.003

The above details are given as on March 31, 2017. The Company is listed and shareholding is in dematerialized form. Hence, it is not feasible to track movement of shares on daily basis. The aforesaid holdings by top ten shareholders are due to market operations. Further, Company has not allotted/transferred or issued any bonus or sweat equity shares during the year.

<b>(v) Shareholding of Directors &amp; KMP</b>					
Sl. No		Shareholding at the beginning of the year		Cumulative Share holding during the year	
		No of shares	% of total shares of the company	No of shares	% of total shares of the company
01.	<b>Mr. Dilipbhai Ramanlal Shah</b>				
	At the beginning of the year	59850	4.99	59850	4.99
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	-	-	-	-
	At the end of the year				
02.	<b>Mr. Rajendra R. Shah</b>				
	At the beginning of the year	294700	24.56	294700	24.56
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	-	-	-	-
	At the end of the year				
03.	<b>Payal Doshi</b>				
	At the beginning of the year	0	0	0	0
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	-	-	-	-
	At the end of the year	0	0	0	0
04.	<b>Mukesh Khanna</b>				
	At the beginning of the year	0	0	0	0
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	-	-	-	-
	At the end of the year	0	0	0	0

**(V) INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment				
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtness at the beginning of the financial year</b>				
i) Principal Amount	45530501	Nil	27690924	73221425
ii) Interest due but not paid	1187	Nil	497010	498197
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
<b>Total (i+ii+iii)</b>	<b>45531688</b>	<b>Nil</b>	<b>28187934</b>	<b>73719622</b>
<b>Change in Indebtedness during the financial year</b>				
Additions	7533970	Nil	770000	8303970
Reduction	-8012769	Nil	Nil	-8012769
<b>Net Change</b>	<b>-478799</b>	<b>Nil</b>	<b>770000</b>	<b>291201</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	45052889	Nil	26957934	74010823
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	375558	Nil	4764	380342
<b>Total (i+ii+iii)</b>	<b>45428447</b>	<b>Nil</b>	<b>26962718</b>	<b>74391165</b>

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL			
A. Remuneration to Managing Director, Whole time director and/or Manager:			
Sl.No	Particulars of Remuneration		Total Amount
1	<b>Gross salary</b>	Mr. Rajendra Shah	
	(a) Salary as per provisions contained in section 17(1) of the Income Tax, 1961.	16,80,000	16,80,000
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	1,07,395	99,485
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	0	0
2	Stock option	0	0
3	Sweat Equity	0	0
4	Commission	0	0
	as % of profit	-	-
	others (specify)	-	-
5	<b>Others, please specify</b>	-	-
	<b>Retrial Benefits</b>	-	-
	<b>Total (A)</b>	<b>17,87,395</b>	<b>17,79,485</b>
	<b>Ceiling as per the Act</b>	<b>43.15 Lakhs Managerial Personnel</b>	<b>43.15 Lakhs per Managerial Personnel</b>

**B. Remuneration to other directors:**

Sl. No	Particulars of Remuneration	Name of the Directors			Total Amount
1	Independent Directors	Mr. Divyakant Zaveri	Ms. Poornima Karvat	Mr. Bharat Mehta	
	(a) Fee for attending board committee meetings	39,000	39000	27,000	1,05,000
	(b) Commission	0	0	0	0
	(c) Others, please specify				0
	<b>Total (1)</b>				

2	Other Non Executive Directors				
	(a) Fee for attending board committee meetings				
	(b) Commission	0	0	0	0
	(c ) Others, please specify.	0	0	0	0
	<b>Total (2)</b>				
	<b>Total (B)=(1+2)</b>				
	<b>Total Managerial Remuneration</b>				
	<b>Overall Ceiling as per the Act.</b>				

**A) Remuneration to Key Managerial Personnel other than MD/Manager/WTD**

Sl. No.	Particulars of Remuneration	KEY MANAGERIAL PERSONNEL			
		Company Secretary	CFO		Total Amount
	Ms. Priyanka Doshi (Upto June 23, 2016)		Ms. Payal Doshi		
1	<b>Gross Salary</b>				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	90,000	86,632	2,69,355	4,45,987
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	Nil	Nil	Nil	Nil
	(c ) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	0	0	0	0
2	Stock Option	0	0	0	0
3	Sweat Equity	0	0	0	0
4	Commission	0	0	0	0
	as % of profit	0	0	0	0
	others, specify	0	0	0	0
5	Others, please specify	0	0	0	0
	<b>Retrial Benefits</b>	0	0	0	0
	<b>Total</b>	<b>90,000</b>	<b>86,632</b>	<b>2,69,355</b>	<b>4,45,987</b>

VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES					
Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority (RD/NCLT/Court)	Appeal made if any (give details)
<b>A. COMPANY</b>					
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment					
Compounding					

C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

Place : Vadodara  
 Date : May 19, 2017

For & on behalf of the Board of

Rajendra R. Shah  
 Chairman & Managing Director  
 DIN : 00257253

### DECLARATION

#### DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH 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 Website.

I confirm that the Company has in respect of the financial year ended March 31, 2017 receive from the Senior Management Team of the Company and the Members of the Board, a declaration of compliance with code 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 March 31, 2017.

Place : Vadodara  
 Date : May 19, 2017

Rajendra R. Shah  
 CEO & Managing Director

**Independent Auditor's Certificate on Compliance with the Corporate Governance Requirements under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

To,  
The Members of  
Mercury Laboratories Limited

1. This Certificate is issued in accordance with the terms of our engagement and at the request of the Company.
2. We have examined the compliance of conditions of Corporate Governance by Mercury Laboratories Limited ("the Company"), for the year ended on March 31, 2017, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of regulation 46 (2) and paragraphs C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

**Management's Responsibility :**

3. The Management is responsible for ensuring that the Company complies with the conditions of Corporate Governance. This responsibility also includes the design, implementation and maintenance of internal controls and procedures to ensure compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

**Auditor's Responsibility :**

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance.
5. We have examined the books of account and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
6. We conducted our examination in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India ("ICAI"), the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI. We have not performed an audit, the objective of which would be the expression of an opinion on the financial statements, specified elements, accounts or items thereof, for the purpose of this Certificate.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements issued by ICAI.

**Opinion :**

8. Based on our examination, as above, and to the best of the Information and explanations given to us and representations provided by the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46 (2) and paragraphs C, D and E of Schedule V of the Listing Regulations during the year ended March 31, 2017.
9. 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.

**Restriction on Use :**

10. The certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirement of the Listing Regulations, and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

**For, Naresh & Co.,  
Chartered Accountants  
FRN : 106928W**

**CA Anil Shah  
Partner  
Membership No.: 035309**

**Place : Vadodara  
Date : 19-05-2017**



## REPORT ON CORPORATE GOVERNANCE

### 1. STATEMENT ON COMPANIES PHILOSOPHY ON CODE OF GOVERNANCE

MLL's philosophy on Corporate Governance envisages working towards high levels of transparency, accountability, consistent value systems delegation, across all facets of its operations. The Companies 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 it's all stakeholders, including shareholders, employees, customers, suppliers and statutory authority.

### 2. BOARD OF DIRECTORS

- i. As on March 31, 2017, the Board of Directors is consisting of 5 (five) Directors with a Chairman and Managing Director, Whole Time Director, Two Independent Non-Executive Directors and One Woman Independent Director. The Composition of Board is in conformity with Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 entered into with the BSE Limited.
- ii. None of the Directors on the Company's Board is holding office of the Director in more than 20 (twenty) Companies including 10 (ten) Public Companies. Independent Directors are also not holding office of Director in more than 10 (Ten) Committees or Chairman of more than 5 (Five) Committees across all the companies in he acts as Director. Necessary, disclosures regarding committee positions in other public companies as on March 31, 2017 have been made by directors.
- iii. Independent directors are non-executive directors as defined under Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The maximum tenure of the independent directors is in compliance with the Companies Act, 2013 ("Act"). All the Independent Directors have given declaration confirming that they meet the criteria as mentioned under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 149 of the Companies Act, 2013.

A brief resume of the director being re-appointed at the annual General Meeting, the nature of their 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 convening Annual General Meeting.

The names and categories of the Directors, their attendance at the Board Meeting and Annual General Meeting, No. of Directorship and committee position held in other Companies are given below.

Name of Directors	Category of Directors	No. of Board Meeting Attended during 2016-17	Attendance at the last AGM	No. of outside Directorship held	No. of Committee Chairmanship/ Membership in other Companies as a	
					Chairman	Member
Rajendra R. Shah DIN 00257253	Chairman & Managing Director	4	Yes	1	1	1
Dilip R. Shah DIN 00257242	Whole Time Director	3	Yes	1	None	None
Divyakant R. Zaveri DIN 01382184	Non-Executive Independent	4	Yes	2	2	3
Poomima D. Karvat DIN 07144874	Woman Non-Executive Independent	4	No	None	None	3
Bharat D. Mehta DIN 07180906	Non-Executive Independent	3	No	None	1	3

- iv. 4 (Four) meetings of Board of Directors, were held during the year and the gap between two Meetings did not exceed one hundred twenty days. The dates on which the said meeting were held is as under:

Date	Board Strength	No. of Directors Present
May 06, 2016	5	5
August 05, 2016	5	3
November 14, 2016	5	5
January 31, 2017	5	5

The necessary quorum was present for all the meetings.

- v. The terms and conditions of appointment of the independent directors are disclosed on website of the Company.
- vi. During the year separate meeting of the independent directors was held inter alia to review the performance of non-independent directors and the board as a whole.
- vii. The Board periodically reviews compliance reports of all laws applicable to the Company, prepared by the Company.

### 3. Committees of the Board:

#### A. Audit Committee

The composition and the Terms of Reference of the Audit Committee meet with the requirements of Section 177 of the Companies Act, 2013, Clause 49 of the Listing Agreement and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The composition of the audit committee and the details of meetings attended by its members are given below: The Company Secretary act as secretary to Audit Committee.

Name	Category of Director	Number of Meetings during the Year 2016-17	
		Held	Attended
Mr. Divyakant R. Zaveri	Chairman, Non-Executive Independent	4	4
Ms. Poomima D. Karvat	Non-Executive Independent	4	4
Mr. Bharat D. Mehta	Non-Executive Independent	4	3

During the financial year, four meetings of Audit Committee were held i.e. on May 06, 2016, August 05, 2016, November 14, 2016 and January 31, 2017. The necessary quorum was present at the meeting.

The CFO as an invitee attends the meetings regularly.

#### Powers of Audit Committee

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

#### The terms of reference of the audit committee are broadly as under:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommend the appointment, remuneration and terms of appointment of auditors of the Company;
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 and auditors report thereon before submission to the board for approval, with particular reference to:
  - Matters required to be included in the Director's responsibility Statement to be included in the board's report in terms of clause (c) of sub-section 3 of section 134 of the Act
  - Changes, if any, in accounting policies and practices and reasons for the same major accounting entries involving estimates based on the exercise of judgement by management
  - Significant adjustments made in the financial statements arising out of audit findings
  - Compliance with listing and other legal requirements relating to financial statements
  - Disclosure of any related party transactions
  - Qualifications in the 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 statement of uses/application of funds raised through an issue (public issue, right issue, preferential issue, etc.), the statements of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or right issue, and making appropriate recommendation to the board to take up steps in this matter;
7. Review and monitor the auditor's Independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transaction of the companies with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial control and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of internal control systems;
13. 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;
14. Discussion with internal auditors of any significant findings and follow up thereon;
15. 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;
16. 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;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. Establish a vigil mechanism for directors and employees to report genuine concerns in such manner as may be prescribed;
19. To review the functioning of the whistle blower mechanism.
20. Approval of appointment of CFO;
21. The audit committee may call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the board and may also discuss any related issue with the internal and statutory auditors and the management of the company;
22. Carrying out any other function as is mentioned in the terms of reference of the audit committee;
23. Oversee financial reporting controls and process for material subsidiary;
24. Oversee compliance with legal and regulatory requirements including the MLL code of conduct ("MLLCoC") for the company and its material subsidiaries;

**To mandatorily review the following information:**

- Management discussion and analysis of financial condition and result of operations;
- Statement of significant related party transactions (as defined by the audit committee), submitted by management;
- Management letters/letters of internal control weaknesses issued by the statutory auditors;
- Internal audit reports relating to internal control weaknesses; and
- The appointment, removal and terms of remuneration of the chief internal auditor.

The audit committee invites executives, as it considers appropriate (particularly the head of the finance function), representatives of the statutory auditors and representatives of the statutory auditors to be present at its meetings. The Company Secretary acts as the secretary to the Audit Committee.

The Previous Annual General Meeting (AGM) of the company was held on September 26, 2016.

#### **B. Nomination and remuneration committee**

The company has a Nomination and Remuneration Committee in terms of Section 178 of the Companies Act, 2013 and as per Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company has a duly constituted Nomination and Remuneration committee of directors which was earlier known as Remuneration/Compensation Committee.

Name	Category of Director	Number of Meetings during the year 2016-17	
		Held	Attended
Poonima D. Karvat	Chairman, Non-Executive Independent	2	2
Divyakant R. Zaveri	Non-Executive Independent	2	2
Bharat D. Mehta	Non-Executive Independent	2	1

During the financial year, two meetings of Nomination & Remuneration Committee were held i.e. on August 05, 2016 and January 31, 2017. The necessary quorum was present at the meeting.

**The broad terms of reference of the nomination and remuneration committee are as under:**

- 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 employee.
- Formulation of criteria for evaluation of performance of Independent Directors and the Board;
- Devising a policy on Board diversity;
- 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.
- Whether to extend or continue the term of appointment of the independent director on the basis of the report of performance evaluation of Independent Directors

#### **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 formed a Nomination and Remuneration Committee to review and recommend the remuneration package of the whole time director based on performance and defined criteria which consisted of Ms. Poonima D. Karvat, Mr. Divyakant R. Zaveri, Mr. Bharat D. Mehta. The Chairman of the Committee was Ms. Poonima D. Karvat.

The remuneration paid to Executive Director of the company is approved by the Board of Directors on the recommendation of the nomination and remuneration 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 periodical basis.

Details of sitting fees paid to Non-Executive Directors during the year 2016 -17 are as under.

Name of Director	Sitting Fees Paid
Mr. Divyakant R. Zaveri	39000
Mr. Bharat D. Mehta	27000
Ms. Poomima D. Karvat	39000

For the year ended on March 31, 2017 Mr. Rajendra R Shah, Managing Director was paid remuneration of Rs. 16,80,000 and perquisite of Rs. 1,07,395 aggregate value thereof was Rs. 17,87,395 with approval of shareholders, Mr. Rajendra Shah has been appointed as the Managing Director for tenure of Three years with effect from April 01, 2017 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. 5000 for Board Meeting and @ 1500 for each committee meeting during the year under review. For Annual Board Meeting, sitting fees is Rs. 7500 per meeting.

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 a vis the company. The company has not granted any stock option to any of its directors.

#### C. STAKEHOLDER RELATIONSHIP COMMITTEE

Stakeholders Relationship Committee comprises of 3 (Three) Non-Executive Independent Directors namely Mr. Bharat Mehta, Mr. Divyakant Zaveri and Ms. Poomima Karvat.

Mr. Mukesh Khanna, Company Secretary is the Compliance Officer.

The Committee shall consider and resolve the grievances of the security holders of the listed entity including complaints related to transfer of shares, non-receipts of annual report and non-receipts of declared dividends etc.

All complaints received during the year were resolved to the satisfaction of the complainants and no investor complaint was pending at the beginning or at the end of the year. All valid requests for share transfers received were acted upon by the Company and no such transfer is pending.

#### D. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Though not mandatory in terms of Section 135 of Companies Act, 2013, the Company has formulated Corporate Social Responsibility (CSR) Policy in accordance with Section 135 of the Companies Act, 2013 and reconstituted CSR Committee with on May 14, 2015 with Mr. Divyakant R. Zaveri and Ms. Poomima Karvat and Mr. Bharat Mehta, three Non Executive, Independent directors and Mr. Rajendra R Shah, Managing Director and Dilip Shah, Director of the Company. Ms. Poomima Karvat elected as Chairman of the CSR committee.

However the Company has been pursuing CSR activities in the area of promotion of education in medical field by providing scholarship and other amenities to the medical students.

The CSR policy of the Company is placed on the website of the Company [www.mercurylabs.com](http://www.mercurylabs.com).

#### 4. GENERAL BODY MEETING

- a) Particulars of AGM / EGM for the last three years:

The details of the last three Annual / Extraordinary General Meeting are as follows:

AGM for the financial year ended	Day Date & Time of AGM	Place of AGM	Special Resolutions Passed
March 31, 2016	Monday, the September 26, 2016 at 12.00 noon	At the Hall of Silk Marchants' Association Charitable Trust, Dahanukar Building, 1 <sup>st</sup> Floor, 480, Kalbadevi Road, Mumbai-400 002.	<ol style="list-style-type: none"> <li>1. Approval of Related party Transaction</li> <li>2. Statutory Record/Register to be kept and maintain at Corporate office of the Company</li> <li>3. Appointment of Mr. Dilip Shah as a Whole Time Director</li> </ol>
March 31, 2015	Friday, September 25, 2015 at 12.00 noon	At the Electric Merchant's Association Hall, Room No. 12, Shreeji Bhuvan, 51, Mangaldas Road, Princess street, Mumbai.	None
March 31, 2014	Thursday, September 30, 2014	At the Registered Office	<ol style="list-style-type: none"> <li>1. Approval of Borrowing limits of the Company</li> <li>2. Creation of Charge on the assets of the Company</li> <li>3. Alteration of Memorandum of Association of the Company</li> <li>4. To make loans investments and to give guarantee or to provide security</li> <li>5. Alteration of articles of association of the Company</li> <li>6. Listing of shares on BSE Limited</li> </ol>

- b) **Whether any special resolution passed last year through postal ballot – details of voting pattern:**  
None

**Person who conducted the postal ballot exercise : Not Applicable**

**Postal Ballot Voting Pattern : Not Applicable**

**Procedure for Postal Ballot : Not Applicable**

There was no resolution proposed to be conducted through postal ballot.

## 5. Disclosure

### I. Related Party Transactions:

All contracts / arrangements / transaction entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. The Company had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with policy of the Company. The Policy dealing with related party transaction as approved by the Board may be accessed on the Company's website at the link : <http://www.mercurylabs.com>.

### II. Details of Non Compliances by the Company, penalties, strictures Imposed on the Company by the Stock Exchange or Securities and Exchange Board of India or any Statutory authority on any matter related to capital markets, during the last three year 2013-14, 2014-15 and 2015-16 respectively: Nil

### III. There is no interest relationship between the directors of the Company except Mr. Rajendra R. Shah & Mr. Dilip R shah who are real brothers.

**I. Vigil Mechanism/Whistle Blower Policy**

The Company has adopted a Whistle Blower Policy, to provide a formal mechanism to the Directors and employees to report their concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The Policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee. The Whistle Blower Policy is posted on the website of the Company [www.mercurylabs.com](http://www.mercurylabs.com).

**II. Code of Conduct**

The members of the Board and senior management personnel have affirmed the compliance with the code applicable to them during the year ended on March 31, 2017. The Annual Report of the Company contains a certificate by the CEO and Managing Director in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 based on Compliance declarations received from Independent Directors, Non-executive Directors and Senior Management.

In accordance with requirement of Section 149(6) and (7) of the Companies Act, 2013, all the independent directors have given declarations of independence in the first Board Meeting of the current financial year.

**III. Reconciliation of share capital audit:**

A qualified practicing Company Secretary carried out a share capital audit to reconcile the total admitted equity share capital with NSDL and CDSL and the total issued and listed equity share capital of the Company. The audit report confirms that the total issued / paid up capital is in agreement with the total number of share in physical form and the total number of dematerialized shares held with NSDL and CDSL.

**IV. Means of Communication**

The quarterly half yearly and annual results of the company are normally published in free press journals in English and in Nav Shakti in Marathi News Papers having wide circulation. The Financial results are also displayed on the Company's website viz [www.mercurylabs.com](http://www.mercurylabs.com) and posted on the BSE Corporate Compliance & Listing Centre. Official news releases and presentations made to institutional investors and analysts are posted on the Company's website.

**AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE**

Certificate from the Auditors of the Company, M/s. Naresh & Co., Chartered Accountants, confirming compliance with the conditions of Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 is attached to the Directors' Report forming part of the Annual Report.

**VIII. General Shareholder information****i. Annual General Meeting date, time and venue:**

Day, Date & Time	Friday, September 29, 2017 at 11:30 a.m.
Venue	Electric Merchants' Association Hall, Shreeji Bhuvan, Room No. 12, 2 <sup>nd</sup> Floor, 51 Mangaldas Road, Lohar Chawl, Mumbai - 400 002

**I. Financial Calendar**

Financial Year : April 1 to March 31

For the financial year 2016-17, the results were announced as per the following details:

1 <sup>st</sup> Quarter ended on June 30, 2016	On August 05, 2016
2 <sup>nd</sup> Quarter ended on September 30, 2016	On November 14, 2016
3 <sup>rd</sup> Quarter ended on December 31, 2016	On January 31, 2017
Audited Financial Result for the year ended on March 31, 2017	On May 19, 2017

For the financial year 2017-18, financial results will be announced as per the following tentative schedule:

1 <sup>st</sup> Quarter ended on June 30, 2017	First week of August, 2017
2 <sup>nd</sup> Quarter ended on September 30, 2017	First week of November, 2017
3 <sup>rd</sup> Quarter ended on December 31, 2017	First week of February, 2018
Audited Financial Result for the year ended on March 31, 2018	Last week of May, 2018

- iii. Dividend Payment Date : On or after September 29, 2017  
 iv. Date of Book Closure

The Company's Register of Member's & Share Transfer Book will remain closed from September 19, 2017 to September 29, 2017 (both days inclusive).

- v. Listing on Stock Exchange : BSE Limited.  
 25<sup>th</sup> Floor, Phiroze Jeejeebhoy  
 Towers, Dalal Street,  
 Mumbai -400 001.

The Company has paid the listing fees to this Stock Exchange for the year 2016-17.

- vi. Stock Code on BSE Ltd. : 538964  
 vii. ISIN Code in NSDL and CDSL for Equity Shares : INE947G01011  
 viii. Corporate identity number (CIN) of the Company : L74239MH1982PLC026341  
 ix. Market price data :

High / Low in each month of year 2017 - 18 on the Bombay Stock Exchange Limited, Mumbai.

Month	High (Rs.)	Low (Rs.)	Month	High (Rs.)	Low (Rs.)
April	448.00	405.00	October	540.75	475.00
May	450.00	399.00	November	619.50	495.50
June	483.00	411.50	December	530.00	450.30
July	504.90	410.00	January	520.00	440.05
August	540.00	470.00	February	495.00	405.00
September	524.00	470.00	March	448.50	399.00

**x. Performance of the share price of the Company in comparison to the BSE Sensex:**

Month & Year	Closing Sensex	% Change	Closing Price of Company's share	% change
April 2016	25606.62	1.04	432.00	-0.51
May 2016	26667.96	4.14	412.00	-4.63
June 2016	26999.72	1.24	450.00	9.22
July 2016	28051.86	3.90	484.75	7.72
August 2016	28452.17	1.43	525.00	8.30
September 2016	27865.96	-2.06	485.00	-7.62
October 2016	27930.21	0.23	524.90	8.23
November 2016	26652.81	-4.57	529.80	0.93
December 2016	26626.46	-0.10	470.00	-11.29
January 2017	27655.96	3.87	484.60	3.11
February 2017	28743.32	3.93	437.25	-9.77
March 2017	29620.50	3.05	400.00	-8.52

**xi. Registrar and Share Transfer Agent:**

Link Intime India Pvt. Ltd.  
 102 & 103, Shangrila Complex, 1<sup>st</sup> Floor, Opp. HDFC Bank,  
 Near Radhakrishna Char Rasta, Akola, Vadodara - 390 020.  
 Phone No.: 0265 - 2356573, 2356794, Fax No.: 0265 - 2226216.  
 E-mail : vadodara@linkintime.co.in, Website : www.Linkintime.co.in



**xii. Share transfer system:**

Transfers of shares held in Demat Form are done through the depositories with no involvement of the Company. As regards transfer of shares held in physical form the transfer can be lodge with M/s. link Intime India Pvt. Ltd. At the above mentioned address.

Transfer of shares in physical form is normally processed within fifteen days from the date of receipt, if the documents are complete in all respects.

**xiii. Categories of Shareholding and Dematerialisation of Shares as on March 31, 2017**

Category	Numbers of shares in physical form	Number of shares in dematerialized form	Number of total shares	Percentage of aggregate holding to total share capital
Promoters	20250	863150	883400	73.62%
Foreign Institutional investors	0	0	0	0.00%
Public financial institutions	0	0	0	0.00%
Mutual funds	0	0	0	0.00%
Nationalized banks and other banks	0	0	0	0.00%
NRI's and OCB's	54400	683	55083	4.59%
Others (includes holding of Corporate Bodies)	131000	130517	261517	21.79%
<b>TOTAL</b>	<b>205650</b>	<b>994350</b>	<b>1200000</b>	<b>100.00%</b>
<b>Percentage</b>	<b>17.14</b>	<b>82.86</b>		

**xiv. Distribution of Share Holding as on March 31, 2017**

No. of Shares	Number of shareholders	Percentage of Total	Number of shares	Percentage of total shares
1 to 500	1056	93.0396	142794	11.8995
501 to 1000	27	2.3789	23049	1.9207
1001 to 2000	17	1.4978	27621	2.3018
2001 to 3000	6	0.5286	15891	1.3243
3001 to 4000	5	0.4405	18700	1.5583
4001 to 5000	5	0.4405	24500	2.0417
5001 to 10000	4	0.3524	28545	2.3788
10001 and above	15	1.3216	918900	76.5750
<b>Total</b>	<b>1135</b>	<b>100.00</b>	<b>1200000</b>	<b>100.00</b>

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

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

**xvii.** **Address for Correspondence for Settlement of shares related:**  
**Link Intime India Pvt. Ltd.** 102 & 103, Shangrila Complex, 1<sup>st</sup> Floor, Opp. HDFC Bank, Near Radhakrishna Char Rasta, Akota, Vadodara - 390 020. Phone No.: 0285 - 2358573, 2358794, fax No.: 0285 - 2226216. E-mail : vadodara@linkintime.co.in, Website : www. Linkintime.co.in

**xix.** **Registered Office & Address for correspondence:**  
**Registered Office Address:** 18, Shreehi Bhuvan, 51, Mangaldas Road, Princess Street, Mumbai - 400 002. Telephone: 022-66372841, Tel. Fax: 22015441.

**Corporate Office:** 2/13-14, Gorwa Industrial Estate, Gorwa Road, Vadodara-390 016.  
E-mail : secretarial@mercurylabs.com, **Website :** www.mercurylabs.com

For and on behalf of the Board

Place: Vadodara  
Dated: 19/05/2017

**Rajendra Shah**  
**Chairman & Managing Director**  
**DIN: 00257253**

**INDEPENDENT AUDITOR'S REPORT****To the Members of Mercury Laboratories Limited****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 **31<sup>st</sup> March, 2017**, the Statement of Profit & Loss, 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**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Account) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.

**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, 2017;
- 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, 2016 ("the order") issued by the Central Government in terms of section 143(11) of the Companies Act, 2013, we enclose in the Annexure A, a statement on the matters specified in paragraph 3 & 4 of the said Order.
2. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and 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 aforesaid Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of written representations received from the directors, as on 31<sup>st</sup> March, 2017, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2017 from being appointed as a director of the Company in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls; refer to our separate report in Annexure - B attached herewith.
- g) With respect to the other matters to be included in our Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (i) There are no long term contracts for which provision is required.
- (ii) There has been no delay in transferring amounts required to be transferred, to the Investor Protection Fund by the Company.
- (iii) The Company has provided requisite disclosures in Note No. 44 to the Financial Statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016 and these are in accordance with the Books of Accounts maintained by the Company.

**FOR, NARESH & CO.  
CHARTERED ACCOUNTANTS  
(F.R.N. 106928W)**

**Place : Vadodara  
Date : 19/05/2017**

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

## ANNEXURE - A TO THE AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date for the year ended 31<sup>st</sup> March 2017 of Mercury Laboratories Limited)

- (i) (a) The Company has maintained proper records showing full particulars including Quantitative Details and situation of the Fixed Assets.
- (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) The title deeds of the immovable properties are held in the name of the company.
- (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 have been properly dealt with in the books of accounts.
- (iii) The Company has not granted any loan, secured or unsecured, to Companies, Firms or Other Parties covered in the register maintained u/s. 189 of the Companies Act, 2013 during the year under report. Consequently, no comments are necessary on Para (iii) (a) (b) & (c) of CARO 2016.
- (iv) The Company has not granted any loans or advances or has not given any guarantee or has not acquired securities of any other body corporate exceeding sixty percent of its paid up share capital, free reserves and securities premium account or one hundred percent of its free reserves and securities premium account, whichever is more and hence the question of compliance of Section 185 and 186 of Companies Act, 2013 doesn't arise.
- (v) The Company has accepted deposits from members and the same is in compliance with the provisions of Section 73 to 76 of the Companies Act, 2013.
- (vi) We have broadly reviewed the cost records maintained by the company for its products pursuant to the Companies (Cost Records and Audit) Rules, 2014 prescribed by the Central Government for the maintenance of cost records under Section 148(1) of the Companies Act, 2013 and we are of the opinion that *prima facie* the prescribed cost records have been made and maintained. However, we have not made a detailed examination of these records with a view to determine whether they are accurate or complete.
- (vii) (a) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax and other material 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, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to the Company were outstanding, as at 31<sup>st</sup> March, 2017 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, Service Tax, Customs Duty, Wealth Tax, Excise Duty, or Cess which have not been deposited on account of any dispute except the following :

Statute	Nature of Dues	Amount (Rs.)	Period	Pending in which Forum
Service Tax	Wrong Availment of Credit	1,147,688/-	2005-08	Commissioner Appeals
Service Tax	Wrong Availment of Credit	419,497/-	2008-15	CESTAT, Ahmedabad
Service Tax	Demand u/s 156 of income tax act	147,870/-	2012-13	CIT (appeal), Mumbai

- (c) The amount required to be transferred to Investor Education and Protection Fund in terms of Section 642 of the Companies Act, 1956 read with sub-section (3) of Section 205C of the said Act and the Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001 has been duly transferred.
- (viii) 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.
- (ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) except a term loan which has been applied for the purpose for which it was raised.
- (x) 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.
- (xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**FOR, NARESH & CO.**  
**CHARTERED ACCOUNTANTS**  
**(F.R.N. 106928W)**

**Place : Vadodara**  
**Date : 19/05/2017**

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

**Annexure – B to the Auditors' Report****Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of M/s. Mercury Laboratories Limited ("the Company"), as on 31<sup>st</sup> March, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Respective Board of Directors of the Company are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the Inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

**FOR, NARESH & CO.  
CHARTERED ACCOUNTANTS  
(F.R.N. 106928W)**

**Place : Vadodara  
Date : 19/05/2017**

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

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH' 2017**

PARTICULARS	Note No.	As at 31.03.2017 Amount Rs.	As at 31.03.2016 Amount Rs.
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) SHARE HOLDERS FUND</b>			
(a) Share capital	3	1,20,00,000	1,20,00,000
(b) Reserves and Surplus	4	23,35,00,460	20,64,69,510
<b>(2) SHARE APPLICATION MONEY PENDING ALLOTMENT</b>		---	---
<b>(3) NON-CURRENT LIABILITIES</b>			
(a) Long-Term Borrowings	5	3,52,68,265	2,83,56,620
(b) Deferred Tax Liabilities (Net)	6	1,83,57,360	1,21,64,187
(c) Other Long Term Liabilities	7	---	---
(d) Long-Term Provisions	8	15,17,571	14,69,236
<b>(4) CURRENT LIABILITIES</b>			
(a) Short-Term Borrowings	9	3,89,23,666	3,73,19,686
(b) Trade Payables	10	10,34,08,935	7,58,61,733
(c) Other Current Liabilities	11	2,71,81,441	4,34,58,990
(d) Short-Term Provisions	12	3,44,21,734	4,80,13,844
<b>TOTAL</b>		<b>50,45,79,432</b>	<b>46,51,13,806</b>
<b>II. ASSETS</b>			
<b>(1) NON-CURRENT ASSETS</b>			
(a) Fixed Assets			
(i) Tangible assets	13	18,23,19,616	18,53,44,450
(ii) Intangible assets		15,67,132	3,94,985
(iii) Capital work-in-progress		39,56,701	---
(iv) Intangible Asset under Development		---	---
(b) Non-Current Investments	14	63,000	63,000
(c) Deferred Tax Assets (Net)	8	---	---
(d) Long-Term Loans & Advances	15	---	---
(e) Other Non-Current Assets	16	9,23,862	9,54,337
<b>(1) CURRENT ASSETS</b>			
(a) Current Investments	17	---	---
(b) Inventories	18	7,60,72,685	6,43,14,943
(c) Trade Receivables	19	17,63,65,507	13,40,87,492
(d) Cash & Cash Equivalents	20	1,43,57,257	1,26,84,088
(e) Short-Term Loans & Advances	21	4,89,33,672	6,72,70,511
(f) Other Current Assets	22	---	---
<b>TOTAL</b>		<b>50,45,79,432</b>	<b>46,51,13,806</b>
Notes forming part of the Financial Statements	1 to 47		

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

**CA Anil Shah**  
Mem. No. : 035309  
Partner  
Place : Baroda  
Date : 19<sup>th</sup> May 2017

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

**Rajendra R. Shah**  
Chairman & M.D.

**Dilip R. Shah**  
Director

**Payal Doshi**  
Chief Financial Officer  
Place : Vadodara  
Date : 19<sup>th</sup> May 2017

**Mukesh Khanna**  
Company Secretary



**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED ON 31<sup>ST</sup> MARCH' 2017**

PARTICULARS	Note No.	As at 31.03.2017 Amount Rs.	As at 31.03.2016 Amount Rs.
I Revenue From Operations	26	48,02,72,399	47,51,73,623
II Other Income	27	35,37,257	77,74,410
<b>III Total Revenue ( I + II )</b>		<b>48,38,09,656</b>	<b>48,29,48,033</b>
<b>IV Expenses :</b>			
Cost of Materials Consumed	28	18,16,35,923	18,81,19,784
Purchases of Stock-in-Trade		1,73,99,168	3,22,51,386
Changes in Inventories of Finished Goods			
Work-in-Progress and Stock-in-Trade	29	43,10,212	(1,71,80,269)
Employee Benefits Expenses	30	6,90,46,179	7,17,09,417
Financial Costs	31	89,21,158	1,13,27,145
Depreciation & Amortization Expenses	13	1,28,85,314	1,18,40,303
Other Expenses	32	14,06,68,822	13,55,22,933
<b>Total Expenses</b>		<b>43,48,68,776</b>	<b>43,35,90,699</b>
V Profit Before Exceptional / Extra Ordinary Items & Tax (III - IV)		<b>4,89,42,880</b>	<b>4,93,57,334</b>
VI Exceptional Items		—	—
VII Profit before Extraordinary Items & Tax (V - VI)		4,89,42,880	4,93,57,334
VIII Extraordinary Items		—	—
<b>IX Profit Before Tax (VII-VIII)</b>		<b>4,89,42,880</b>	<b>4,93,57,334</b>
<b>X Tax expense :</b>			
(1) Current Tax		1,57,18,757	1,37,40,110
(2) Defferred Tax		61,93,173	(36,08,423)
<b>XI Profit/(Loss) from Continuing Operations (IX - X)</b>		<b>2,70,30,950</b>	<b>3,92,25,647</b>
<b>XII Profit/(Loss) from Discontinuing Operations</b>		—	—
<b>XIII Tax Expense of Discontinuing Operations</b>		—	—
<b>XIV Profit/(loss) from Discontinuing Operations (after tax) (XII - XIII)</b>		—	—
<b>XV Profit / (Loss) for the Period (XI + XIV)</b>		<b>2,70,30,950</b>	<b>3,92,25,647</b>
<b>XVI Earning per Equity Share :</b>		22.53	32.69
Notes forming part of the Financial Statements	1 to 47		

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

CA Anil Shah  
Mem. No. : 035309  
Partner  
Place : Baroda  
Date : 19<sup>th</sup> May 2017

For and on behalf of the Board  
Mercury Laboratories Ltd.

Rajendra R. Shah  
Chairman & M.D.

Dilip R. Shah  
Director

Payal Doshi  
Chief Financial Officer  
Place : Vadodara  
Date : 19<sup>th</sup> May 2017

Mukesh Khanna  
Company Secretary

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2017**  
**(Pursuant to clause 32 of Listing Agreement)**

DESCRIPTION	As at 31.03.2017 Amount Rs.	As at 31.03.2016 Amount Rs.
<b>A. Cash flow from Operating Activities :</b>		
<i>Net Profit before Tax &amp; Extra Ordinary Items</i>	4,89,42,880	4,93,57,334
Adjustment for :	—	—
Depreciation & Write-offs	1,28,85,314	1,18,40,303
Loss/(Profit) on Sale of Investments/Assets	—	—
Interest	89,21,158	1,13,27,145
<i>Operating Profit before Working Capital Changes</i>	7,07,49,352	7,25,24,782
Adjustments for :	—	—
(Increase)/Decrease in Trade Receivables	(4,22,78,015)	(1,23,45,348)
(Increase)/Decrease in Inventories	(1,17,57,742)	(2,04,40,041)
(Increase)/Decrease in Loans & Advances	23,54,229	(1,47,23,641)
Increase/(Decrease) in Trade Payable	2,75,47,202	13,88,719
Increase/(Decrease) in Other Current Liabilities	(1,62,77,549)	(19,58,963)
Increase/(Decrease) in Long term provisions	48,336	—
<i>Cash Generated from Operations</i>	3,03,85,812	2,44,43,508
Interest Paid	—	1,13,27,145
Direct Taxes Paid (Net of Refund)	1,11,61,811	1,40,86,496
<i>Cash Flow before Extra Ordinary Items</i>	1,92,24,001	(9,70,133)
Prior Period Items (being cash items)	—	—
<b>Net Cash Flow from Operating Activities</b>	<b>1,92,24,001</b>	<b>(9,70,133)</b>
<b>B. Cash flow from Investing Activities</b>		
Purchase of Fixed Assets	(1,50,09,329)	(27,90,160)
Net Proceeds from Sale of Fixed Assets	—	—
Dividend Received	—	—
Investments	—	—
Sale of Investments	—	—
<b>Net Cash used in Investment Activities</b>	<b>(1,50,09,329)</b>	<b>(27,90,160)</b>
<b>C. Cash Flow from Financing Activities</b>		
Interest Paid	(89,21,158)	—
Increase/(Decrease) in Other Non current Assets	30,474	—
Increase/(Decrease) in Short Term Borrowings	1,45,41,356	(22,18,109)
Increase/(Decrease) in Long Term Borrowings	(60,25,731)	90,92,178
Dividend Paid (incl. Tax Thereon)	(21,66,444)	(21,66,438)
<b>Net Cash used in Financing Activities</b>	<b>(25,41,503)</b>	<b>47,09,631</b>
<b>D. Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>16,73,169</b>	<b>9,49,338</b>
Cash and Cash Equivalents at beginning of the year	1,26,84,088	1,17,34,750
Cash and Cash Equivalents at the end of the year	1,28,28,555	1,14,76,070
Earmarked balances with banks (Margin Money)	15,28,702	12,08,018
<b>Note : 20 Cash &amp; Bank balances at the end of the year</b>	<b>1,43,57,257</b>	<b>1,26,84,088</b>

As per our Report of Even Date

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

**CA Anil Shah**  
**Mem. No. : 035309**  
**Partner**  
 Place : Baroda  
 Date : 19<sup>th</sup> May 2017

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

**Rajendra R. Shah**      **Dilip R. Shah**  
**Chairman & M.D.**      **Director**  
**DIN 00257253**          **DIN 00257242**

**Payal Doshi**              **Mukesh Khanna**  
**Chief Financial Officer**      **Company Secretary**  
 Place : Vadodara  
 Date : 19<sup>th</sup> May 2017

### **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 registrations and is 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 was listed on the OTC Stock Exchange . In the year 2014, the company has listed its shares on Bombay Stock Exchange.

#### **2. Significant Accounting Policies**

##### **a. Basis of Preparation of Financial Statements :**

The Financial Statements are prepared on accrual basis of accounting, following historical cost convention, in accordance with the provisions of the Companies Act, 2013 ('the Act'), accounting principles generally accepted in India and comply the accounting standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The Accounting Policies have been consistently applied by the Company and are consistent with those used in the previous year.

##### **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 (as well as intangible assets, not being internally generated 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 including borrowing costs 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 Fixed Assets other than Freehold Land and Capital Work-in-Progress is being provided on the Straight Line Method on the basis of useful lives specified in part C of schedule II to the Companies Act, 2013.
- 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. Revenue Recognition :**

Revenue is recognized on transfer of property in goods or on transfer of significant risks and rewards of ownership to the buyer, for a consideration, without the seller retaining any effective control over the goods.

Sales are accounted on dispatch of goods (which generally coincides with the transfer of ownership) and are net of trade discounts, goods returns, rebates, excise duties and sales tax.

Interest Income is recognized on a time proportionate basis including interest accrued based on the amount outstanding and rate applicable and shown under "Other Income"

Income from duty drawback as well as other major items of income are accounted on accrual basis (depending on certainty of realization) and are disclosed separately under the head "Other Income".

**f. Research and Development Cost:**

Research and development cost, where applicable, includes the salary and perquisites offered to Company personnel directly involved with this activity and any other expense directly identifiable with this activity and same are charged to Statement of Profit and Loss account.

**g. Investments:**

Investments are classified as Current & Long Term Investments. Long Term Investments are stated at Cost.

**h. Inventories :**

- i. Raw Materials and Packing Materials are valued at Cost or Net Realizable Value which ever is lower' 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 netrealizable value.
- iii. Semi-Finished goods have been valued at Raw Material cost increased by a proportion of over heads 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 except duties and taxes which are subsequently recoverable from the taxing authorities) or net realizable value which ever is lower.

**i. Foreign Currency Transactions :**

Transactions in foreign currency, to the extent not covered by forward contract, 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 realized subsequently, the same have been recorded at that value.

**j. 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.

**k. 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 necessarily 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.

**l. 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.  
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 recognized, 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/liabilities are recognized 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 realized.
- iv. Deferred Tax Liabilities / Assets are quantified using the tax rates and tax laws enacted or substantively enacted as on the balance sheet date.

**m. 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.

**n. Leases :**

Assets acquired on lease where significant portion of the risks and rewards of ownership are retained by the Lessor are classified as operation leases. Lease Rentals relating there to are charged off to the Statement of Profit and Loss.

**o. 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.

**p. 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.

**q. Segment Reporting**

With respect to Accounting Standard-17, the Management of the Company is of the view that the products offered by the Company are in the nature of Pharmaceuticals and its related products, having the same risks and returns, same type and class of customers and regulatory environment. Hence, the business of production and sale of pharmaceuticals and its related products belong to one business segment only.



**3. SHARE CAPITAL :-**

Particulars	31/03/2017 (Rs.)	31/03/2016 (Rs.)
<b>(a) AUTHORISED</b>		
25,00,000 (P.Y. 25,00,000) Shares of Rs. 10/- each	<b>2,50,00,000</b>	<b>2,50,00,000</b>
12,00,000 (P.Y. 12,00,000) Shares of Rs. 10/- each	1,20,00,000	1,20,00,000
13,00,000 (cumulative redeemable convertible preference shares of Rs. 10/- each	1,30,00,000	1,30,00,000
<b>TOTAL (Rs.)</b>	<b>2,50,00,000</b>	<b>2,50,00,000</b>
<b>(b) ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>		
12,00,000 (P. Y. 12,00,000) Equity Shares of Rs. 10/- each Fully Paid-up. All shares rank pari passu with reference to all rights relating thereto	<b>1,20,00,000</b>	<b>1,20,00,000</b>

**(c) RECONCILIATION OF NUMBER OF SHARES**

Particulars Equity Shares	31st March, 2017		31st March, 2016	
	No. of Shares	Amount Rs.	No. of Shares	Amount Rs.
Balance at the Beginning	12,00,000	1,20,00,000	12,00,000	1,20,00,000
Addition / (Reduction)	---	---	---	---
<b>Balance at the end (Nos.)</b>	<b>12,00,000</b>	<b>1,20,00,000</b>	<b>12,00,000</b>	<b>1,20,00,000</b>

- (d) The Company has a single class of equity shares issued subscribed and paid-up 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, 2017		31st March, 2016	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Dilipbhai Ramanlal Shah	3,10,600	25.88	3,70,450	30.87
Rajendra Ramanlal Shah	2,94,700	24.56	2,94,700	24.56
Jenki Rajendra Shah	78,800	6.57	78,800	6.57
<b>TOTAL</b>	<b>6,84,100</b>	<b>57.01</b>	<b>7,43,950</b>	<b>62.00</b>

**(f) Dividend and Tax thereon:**

The Board of Directors, in its meeting on May 19, 2017 have proposed a Final Dividend of Rs. 15 Per equity share for the Financial Year ended 31st March, 2017. The said proposal is subject to the approval of the shareholders at the Annual General Meeting to be held on September 29, 2017 and if approved would result in a Cash Outflow of Rs. 21,66,480 approximately including Corporate Dividend Tax.

**4. RESERVES & SURPLUS :-**

Particulars	31/03/2017 (Rs.)	31/03/2016 (Rs.)
(a) CAPITAL RESERVE	----	—
(b) SECURITIES PREMIUM	36,00,000	36,00,000
(c) GENERAL RESERVE		
Balance at the beginning of the year	20,23,27,913	18,55,27,913
Add :- Transferred from Surplus in the Statement of Profit & Loss	2,70,00,000	3,68,00,000
Balance as at the end of the year	<b>22,93,27,913</b>	<b>20,23,27,913</b>
(d) SURPLUS IN THE STATEMENT OF PROFIT AND LOSS		
Balance at the beginning of the year	5,41,597	2,82,394
Add : Profit for the year	2,70,30,950	3,92,25,647
Less :	2,70,00,000	3,68,00,000
Transfer to General Reserve		18,00,000
Proposed Dividend		3,66,444
Dividend Distribution Tax		
Balance at the beginning of the year	5,72,547	5,41,597
<b>TOTAL Rs. (a+b+c+d)</b>	<b>23,35,00,460</b>	<b>20,64,69,510</b>

**5. LONG TERM BORROWINGS :**

Particulars	31/03/2017 (Rs.)	31/03/2016 (Rs.)
(a) SECURED :		
Term Loans :		
State Bank Of India - Motor Car Loan A/c	—	1,68,686
State Bank Of India - Term Loan A/c 36478042951	63,05,547	—
	<b>63,05,547</b>	<b>1,68,686</b>
UNSECURED :		
From Directors	1,49,53,342	1,42,62,655
From Members	1,40,09,376	1,39,25,279
	2,89,62,718	2,81,87,934
<b>TOTAL Rs.</b>	<b>3,52,68,265</b>	<b>2,83,56,620</b>

Bank Sanctioned new term loan of Rs.3.75 crores during F.Y.2016-17. The Company had taken part disbursement of term loan of Rs. 62.48 lacs till March,2017. Remaining disbursement will be taken till Dec-17. Repayment schedule will start from Jan-18 consist of 35 installments of Rs.10.48 lacs & 1 installment of Rs.8 lacs. Rate of Interest of term loan is 10.90%.

The State Bank of India has sanctioned various credit facilities which are working capital finance & Export Credit facility which is secured by way of Equitable mortgage over factory, land & building at Vadodara & at Jarod, District Vadodara against the Hypothecation charged over Plant & Machinery at Baroda & Jarod. Further, charge is also created on stock of inventories & book-debts of the company & Equitable mortgage over factory land & building of Mercury Antibiotics Pvt. Ltd. The Directors Rajendra Shah & Dilip Shah have given Personal Guarantees to the Bank. Mercury Antibiotics Pvt. Ltd. has also given the Corporate Guarantee in favour of the Bank. The rate of Interest for Working Capital finance is 10.90% p.a.

**UNSECURED DEPOSITS**

The amount taken as deposits from directors and members are unsecured and are for the period of 36 months. Interest on unsecured deposits has been paid at the rate of 8%.

**6. DEFERRED TAX LIABILITIES (Net) :**

Particulars	31/03/2017 (Rs.)	31/03/2016 (Rs.)
<b>Deferred Tax Liabilities</b> (Difference between accounting and tax depreciation)	1,83,57,360	1,21,64,187
<b>Deferred Tax Assets</b> (Liabilities Provided in books allowable for tax purposes when paid)	—	—
<b>Net Deferred Tax Liabilities as at the year end</b>	<b>1,83,57,360</b>	<b>1,21,64,187</b>

**7. OTHER LONG TERM LIABILITIES :**

	31/03/2017 (Rs.)	31/03/2016 (Rs.)
<b>TOTAL Rs.</b>	<b>---</b>	<b>---</b>

**8. LONG TERM PROVISIONS :**

Particulars	31/03/2017 (Rs.)	31/03/2016 (Rs.)
Provision for Employee Benefits	15,17,571	14,69,236
<b>TOTAL Rs.</b>	<b>15,17,571</b>	<b>14,69,236</b>

**9. SHORT TERM BORROWINGS :**

Particulars	31/03/2017 (Rs.)	31/03/2016 (Rs.)
<b>(a) SECURED :</b>		
State Bank of India - Cash Credit Against Stock and Debts)	3,89,23,666	3,73,19,686
<b>TOTAL Rs.</b>	<b>3,89,23,666</b>	<b>3,73,19,686</b>

The State Bank of India has sanctioned various credit facilities which are working capital finance & Export Credit facility which is secured by way of Equitable mortgage over factory, land & building at Vadodara & at Jarod, District Vadodara against the Hypothecation charged over Plant & Machinery at Baroda & Jarod. Further charge is also created on stock of inventories & book-debts of the company & Equitable mortgage over factory land & building of Mercury Antibiotics Pvt.Ltd. The Directors Rajendra Shah & Dilip Shah have given Personal Guarantees to the Bank. Mercury Antibiotics Pvt.Ltd has also given the Corporate Guarantee in favour of the Bank. The rate of Interest for Working Capital finance is 10.90% p.a.

**10. TRADE PAYABLES :**

	31/03/2017 (Rs.)	31/03/2016 (Rs.)
(a) Trade Payable for Goods	8,16,30,936	6,47,31,605
(b) Payables for Expenses	2,17,77,999	1,11,30,128
<b>TOTAL Rs.</b>	<b>10,34,08,935</b>	<b>7,58,61,733</b>



**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 III 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	31/03/2017 (Rs.)	31/03/2016 (Rs.)
(a) Current Maturities of Long Term Debts / Finance Lease Obligations		
- SBI BANK - FCNRB Loan A/c	---	77,50,517
- SBI BANK - Motor Car Loan A/c	1,99,234	2,92,800
(b) Unpaid Dividends	10,63,599	9,70,307
(c) Advances Received From Customers	45,42,433	61,03,083
(d) Others Payables :		
- Security Deposits	1,01,18,844	1,06,12,881
- Statutory Liabilities	22,47,772	19,98,724
- Other Expenses Payable	37,37,362	68,90,350
- Other Current Liabilities	52,72,397	88,40,328
<b>TOTAL Rs.</b>	<b>2,71,81,441</b>	<b>4,34,58,990</b>

**12. SHORT TERM PROVISIONS :**

Particulars	31/03/2017 (Rs.)	31/03/2016 (Rs.)
(a) Provision for Taxation	3,44,21,734	4,58,47,400
(b) Provision for Proposed Dividend	---	18,00,000
(c) Provision for Dividend Distribution Tax	---	3,66,444
<b>TOTAL Rs.</b>	<b>3,44,21,734</b>	<b>4,80,13,844</b>

**Note - 13 FIXED ASSETS :-**

ASSETS	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	Balance as on 1-Apr-2016	Additions During The Year	Deduction During The Year	Balance as on 31-Mar-2017	Balance as on 1-Apr-2016	Debit to Profit & Loss	To be provided agst opening reserves	Deduction / Adjustment	Balance as on 31-Mar-2017	Balance as on 31-Mar-2016
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Tangible Assets</b>										
Jarod Land	67,35,597	-	-	67,35,597	-	-	-	-	67,35,597	67,35,597
Factory Building - Baroda	36,05,163	-	-	36,05,163	35,39,505	-	-	-	65,658	65,658
Tablet Building - Jarod	99,05,175	-	-	99,05,175	38,53,701	3,37,775	-	-	57,13,699	60,51,474
Jarod Building - MAPL	17,93,991	-	-	17,93,991	5,49,446	54,993	-	-	11,89,552	12,44,545
Antiochhill Building - Bombay	7,77,777	-	-	7,77,777	2,11,058	32,128	-	-	5,34,591	5,66,719
Jarod Building New Project	9,61,02,112	-	-	9,61,02,112	91,52,940	30,27,754	-	-	8,99,21,418	8,69,49,172
Plant & Machinery	4,55,11,896	64,60,483	-	5,19,72,379	1,81,00,570	26,55,525	-	-	3,12,15,284	2,74,11,326
ETP-PLANT	14,86,630	-	-	14,86,630	1,93,288	93,636	-	-	11,99,706	12,83,342
Air Condition	81,79,495	11,60,395	-	93,39,890	42,55,094	7,68,226	-	-	43,16,570	39,24,401
AC +CHILLER Plant	3,77,38,096	-	-	3,77,38,096	41,16,882	24,40,130	-	-	3,11,81,084	3,36,21,214
Laboratories Instruments	87,58,530	7,27,211	-	94,85,741	55,50,042	7,04,382	-	-	32,31,317	32,08,488
Furniture & Deedstock	40,84,702	-	-	40,84,702	31,05,777	-	-	-	9,78,925	9,78,925
Furniture & Fixtures	31,14,143	4,88,179	-	36,02,322	20,02,700	2,83,990	-	-	13,05,642	11,11,443
Computers	84,85,410	1,56,125	-	86,21,535	59,54,671	2,15,287	-	-	4,51,577	5,10,739
Electrical installation	1,30,10,669	-	-	1,30,10,669	31,79,400	12,40,787	-	-	85,90,462	98,31,269
Vehicle - Motor Car	52,03,001	-	-	52,03,001	35,42,324	2,29,469	-	-	14,31,208	16,60,677
Vehicle - Scooters	69,400	-	-	69,400	55,590	3,466	-	-	10,404	13,870
office equipment	2,42,333	1,37,060	-	3,79,393	76,743	56,796	-	-	2,45,902	1,65,690
Computer Software	5,78,028	19,23,185	-	25,01,213	1,83,043	7,31,038	-	-	15,87,132	3,94,985
<b>Capital Work in Process</b>										
Building Jarod		39,56,701	-	39,56,701	-	-	-	-	39,56,701	-
<b>Total -</b>	<b>25,33,62,148</b>	<b>1,50,09,329</b>	<b>5,37,222</b>	<b>26,83,71,477</b>	<b>6,76,22,714</b>	<b>1,28,85,314</b>	<b>-</b>	<b>-</b>	<b>8,05,06,028</b>	<b>18,37,39,434</b>
<b>Last Year Closing Balance</b>	<b>25,05,71,990</b>	<b>33,27,382</b>	<b>5,37,222</b>	<b>25,33,62,148</b>	<b>5,57,82,412</b>	<b>1,18,40,303</b>	<b>-</b>	<b>-</b>	<b>6,76,22,714</b>	<b>18,57,39,434</b>

Note - 4 to Schedule II specifies that the useful life specified in Part C of the Schedule is for whole of the asset. Where Cost of a Part of the Asset is significant to the total cost of the asset and useful life of that part is different from the useful life of the remaining asset, useful life of that significant part should be determined separately. As per the Management of the Company and considering the nature of Fixed Assets lying in the Block of Assets of the Company, particularly the Plant and Machines lying in the Block, there are no such major parts whose useful life is different from the useful life of the remaining asset and hence the Company has considered the useful life of the said parts equivalent to the useful life of the Asset only. However as informed to us, the Company has undertaken the specific exercise of identifying the parts where the Cost is significant to the total cost and whose useful life might be different from the useful life of the remaining assets. If such parts are identified, the same shall be given effect to prospectively.

**14. NON CURRENT INVESTMENTS :**

Particulars	31/03/2017 (Rs.)	31/03/2016 (Rs.)
(a) Trade Investments - Unquoted / Quoted	-	-
(b) Non Trade Investments - Unquoted (63 Unquoted Shares of Rs. 1000 each of BIDC - Baroda Industrial Development Corporation subscribed towards the allotment of Factory Land )	63,000	63,000
<b>TOTAL Rs.</b>	<b>63,000</b>	<b>63,000</b>

**15. LONG TERM LOANS & ADVANCES :**

(Unsecured, Considered Good)

Particulars	31/03/2017 (Rs.)	31/03/2016 (Rs.)
<b>TOTAL Rs.</b>	—	—

**16. OTHER NON-CURRENT ASSETS :**

Particulars	31/03/2017 (Rs.)	31/03/2016 (Rs.)
(a) Long-term Trade Receivables	-	-
(b) Others - Employee Gratuity Scheme (Excess of fair value of plan assets over present value of obligations)	9,23,862	9,54,337
<b>TOTAL Rs.</b>	<b>9,23,862</b>	<b>9,54,337</b>

**17. CURRENT INVESTMENTS :**

Particulars	31/03/2017 (Rs.)	31/03/2016 (Rs.)
<b>TOTAL Rs.</b>	—	—

**18. INVENTORIES :**

Particulars	31/03/2017 (Rs.)	31/03/2016 (Rs.)
(At Cost or Net Realizable Value whichever is lower) (Taken as Valued & Certified by Management)		
Raw Materials	2,30,75,878	1,17,98,385
Packing Materials	1,54,73,812	1,06,83,351
Work-in-Progress	52,28,340	80,88,674
Finished Goods	3,22,94,655	3,37,44,533
<b>TOTAL Rs.</b>	<b>7,60,72,685</b>	<b>6,43,14,943</b>

Finished Goods (Principal Items)	31/03/2017 (Rs.)	31/03/2016 (Rs.)
K-WIN INJ.	10,19,731	15,77,784
MERIGENTA 80 MG INJ.	-	14,24,279
PENTAJIV INJ.	-	18,48,000
MERIZYME LIQUID	10,18,650	10,31,705
ERGAKIT	-	14,60,738
OVARYL	15,97,800	-
T-STAT 1000	13,27,802	-
T-STAT 500	13,94,705	-
Others	2,59,35,967	2,64,02,047
<b>TOTAL Rs.</b>	<b>3,22,94,655</b>	<b>3,37,44,533</b>

Work-in-Progress (Principal Items)	31/03/2017 (Rs.)	31/03/2016 (Rs.)
AZIMER 500 TAB.	-	24,79,750
T-STAT 500 TAB.	2,48,745	4,87,500
T-STAT 1 GM TAB.	3,37,926	4,21,200
OXYTOCINE INJ.	-	7,93,360
K-WIN MONO INJ.	-	5,54,320
ACIWIN 150 MG TAB.	16,27,250	-
GRAVIDOL TAB.	6,51,021	-
TRICOM SUSP.	3,85,405	-
OTHERS	19,77,993	33,52,544
<b>TOTAL Rs.</b>	<b>52,28,340</b>	<b>80,88,674</b>

**19. TRADE RECEIVABLES :**  
(Unsecured, Considered Good)

Particulars	31/03/2017 (Rs.)	31/03/2016 (Rs.)
(a) Outstanding for a period exceeding Six Months (Inclu. Export)	6,98,01,722	4,89,30,236
(b) Others (Inclu. Export)	10,58,72,213	8,15,71,977
<b>(Unsecured, Considered doubtful)</b>		
(a) Others (outstanding for a period exceeding six months Including Exports)	6,91,572	35,85,279
<b>TOTAL Rs.</b>	<b>17,63,65,507</b>	<b>13,40,87,492</b>
Amount due from Related Party as defined in AS-18	6,35,924	5,15,924
Amount outstanding in USD.	13,11,807.91 \$	11,53,315.75 \$

The Management is in the opinion that the trade receivables outstanding for the period above six months are considered good except Rs. 6,91,572 has been provided for Bad & Doubtful Debts during the year.

**20. CASH AND CASH EQUIVALENTS :**

Particulars	31/03/2017 (Rs.)	31/03/2016 (Rs.)
Balances with Banks		
- In Current Accounts	36,58,529	29,08,243
- In Dividend Accounts	10,63,599	9,70,306
- In Margin Money Deposit Accounts	15,28,702	12,08,018
- In Other Deposits account	80,93,221	75,84,838
<b>(Maturing within twelve months only.)</b>		
Cash on Hand	13,206	12,883
<b>TOTAL Rs.</b>	<b>1,43,57,257</b>	<b>1,26,84,088</b>

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

Particulars	31/03/2017 (Rs.)	31/03/2016 (Rs.)
- EMD's	20,30,513	20,25,296
- Advance Paid to Suppliers & Service Providers	53,53,742	25,51,560
- Advance Income Taxes and Refunds Receivable	2,93,57,967	4,53,40,579
- Taxes Recoverable Balances with Revenue Authorities	57,02,227	47,73,687
- Other Short Term Loans & Advances	64,89,223	1,25,79,389
<b>TOTAL Rs.</b>	<b>4,89,33,672</b>	<b>6,72,70,511</b>

**22. OTHER CURRENT ASSETS :**

Particulars	31/03/2017 (Rs.)	31/03/2016 (Rs.)
<b>TOTAL Rs.</b>		

23. Sundry Creditors and Sundry Debtors are as per books and have not been corroborated by circulation / confirmation of balances / recenciliation of accounts. Confirmations of parties concerned, for the amount receivable / due to them as per accounts of the company, are under process of reconciliation and adjustments required, if any, will be made as and when the accounts are settled.

24. In the opinion of the Board, the Current Assets, Loans and Advances which are considered good are expected to realize at least the amount at which they are stated, if realized in the ordinary course of business. Further, in the opinion of the Board, provision of all known liabilities has been adequately made in the accounts and as per management experience and estimates no additional provision is required for guarantees and warranties, liquidated damages etc.

**25. CONTINGENT LIABILITIES AND COMMITMENTS :**

Particulars	31/03/2017 (Rs.)	31/03/2016 (Rs.)
<b>Contingent Liabilities</b>		
Claims against the Company not acknowledged as debt	15,67,185	49,66,757
Guarantees (Bank Gurantee)	99,59,384	92,29,650
LC on Import Purchase	25,28,760	-
Income Tax Liability	1,47,870	-
Other Moneys for which Company is contingently liable	-	-
<b>TOTAL Rs.</b>	<b>1,42,03,199</b>	<b>1,41,96,407</b>
<b>Commitments</b>		
Estimated amounts of contracts remaining to be executed on capital account and not provided for	4,36,94,453	-
Uncalled liability on shares or investments partly paid	-	-
Other Commitments	-	-
<b>TOTAL Rs.</b>	<b>4,36,94,453</b>	-

Legal Case Filed against Company by its Creditors-Rs.Nil

**Guarantees:**

Bank Guarantees outstanding as on 31st March, 2017, amounted to Rs.99,59,384/- (p.y. Rs.92,29,650/-) and Letters of Credit outstanding as at 31st March 2017, amounted to Rs.25,28,760/- (p.y. NIL.) against which the company has kept the Margin Money Deposits worth Rs.15,28,702/- (p.y. Rs.12,06,018/-).

**26. REVENUE FROM OPERATIONS :**

Particulars	31/03/2017 (Rs.)	31/03/2016 (Rs.)
(a) Sale of Products		
- Domestic Sales	36,45,91,700	37,85,20,004
- Erga Sales	1,15,83,683	1,32,38,213
- Deemed Exports	2,32,05,775	1,07,71,283
- Direct Export Sales	10,67,47,691	9,84,57,522
<b>Total Sale of Products</b>	<b>50,61,28,849</b>	<b>50,09,87,022</b>
goods Returns	48,84,317	47,47,923
<b>Total Gross Revenues</b>	<b>50,12,44,532</b>	<b>49,62,39,099</b>
(b) Sale of Services	-	-
(c) Other Operating Revenues	-	-
- Processing Charges	-	6,97,082
Total Gross Revenues	<b>50,12,44,532</b>	<b>49,69,36,181</b>
Less : Excise Duty	2,09,72,133	2,17,62,558
<b>TOTAL Rs.</b>	<b>48,02,72,399</b>	<b>47,51,73,623</b>

Sales (Finished Goods) Principal Items without excise	31/03/2017 (Rs.)	31/03/2016 (Rs.)
Azimer 500 Tablet	-	2,50,87,261
K-Win Inj.	1,69,57,663	1,74,83,381
Diclofenic + Paracetamol Tablet	-	2,73,55,629
Gravidol Tablet	3,55,97,530	3,02,09,170
K-Stat 500 Tablet	2,18,49,921	2,03,33,924
Abiraterone Accetate Tab.	1,48,68,467	-
IBU Para Tab.	2,11,72,294	-
Others	36,98,26,524	35,47,04,258
<b>TOTAL Rs.</b>	<b>48,02,72,399</b>	<b>47,51,73,623</b>

**27. OTHER INCOME :**

Particulars	31/03/2017 (Rs.)	31/03/2016 (Rs.)
Interest Received	6,72,673	6,36,129
Advance License Benefit	3,86,288	-
Foreign Exchange Gain	-	40,31,606
Interest + ISO Subsidy	91,538	9,85,774
Miscellaneous Income	7,87,532	3,79,853
Export Incentive-duty draw back	15,99,226	17,41,046
<b>TOTAL Rs.</b>	<b>35,37,257</b>	<b>77,74,410</b>

**28. COST OF MATERIALS CONSUMED :**

Particulars	31/03/2017 (Rs.)	31/03/2016 (Rs.)
Opening Stock of Raw Materials	1,17,98,385	1,21,94,961
Add : Domestic Purchases	12,43,33,885	11,38,40,033
Import Purchases	15,75,858	31,92,264
	<b>13,77,08,128</b>	<b>12,92,27,258</b>
Less : Closing Stock of Raw Materials	2,30,75,878	1,17,98,385
<b>Raw Materials Consumed</b>	<b>11,46,32,250</b>	<b>11,74,28,873</b>
Packing Materials Consumed	6,23,11,299	6,55,23,618
Consumable Stores	36,23,012	42,21,949
Fuel & Oil	10,69,362	9,45,344
<b>TOTAL Rs.</b>	<b>18,16,35,923</b>	<b>18,81,19,784</b>

Material Consumption	31st March, 2017		31st March, 2016	
	Amount Rs.	%	Amount Rs.	%
Imported (Incl Customs)	1,83,454	0.16	32,41,273	2.76
Indigenous	11,44,48,796	99.84	11,41,87,600	97.24
<b>Total</b>	<b>11,46,32,250</b>	<b>100.00</b>	<b>11,74,28,873</b>	<b>100.00</b>

Raw Material Consumption	2016-17	2015-16
Tranexamic Acid	15933287	1,42,24,770
Metronidazole	8873275	42,72,930
Paracetamol	6142249	1,66,00,251
Ibuprofen	15082372	-
Thioridazin HCl	9256964	-
Azithromycine	-	2,86,94,442
Gentamycin Sulphate	-	33,22,189
Others	5,93,64,103	5,03,14,291
<b>Total</b>	<b>11,46,32,250</b>	<b>11,74,28,873</b>

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

Particulars	31/03/2017 (Rs.)	31/03/2016 (Rs.)
<b>Opening Stocks</b>		
Finished Goods	3,37,44,533	1,88,58,869
Work-in-Progress	80,88,674	35,55,661
	<b>4,18,33,207</b>	<b>2,24,14,530</b>
<b>Closing Stocks</b>		
Finished Goods	3,36,74,248	3,37,44,533
Work-in-Progress	52,28,340	80,88,674
	<b>3,89,02,588</b>	<b>4,18,33,207</b>
Differential Excise Duty on Opening & Closing Stock of Fin. Goods	13,79,591	22,38,408
<b>TOTAL Rs.</b>	<b>43,10,212</b>	<b>(1,71,80,269)</b>

**30. EMPLOYEE BENEFIT EXPENSE :**

Particulars	31/03/2017 (Rs.)	31/03/2016 (Rs.)
Salary and Wages	1,87,36,475	1,88,96,829
Bonus	21,80,554	26,81,309
Gratuity	4,44,237	5,35,812
Directors Remuneration	16,80,000	16,80,000
Leave Encasement	1,91,436	2,93,880
Other Allowance, Incentive, Charges, Retainer Fees, Stipend	4,04,85,470	4,25,29,955
Contribution To PF, EDLI & ESIS	33,61,434	28,89,010
Staff Welfare EXP.	19,66,573	22,02,622
<b>TOTAL Rs.</b>	<b>6,90,46,179</b>	<b>7,17,09,417</b>

**31. FINANCE COSTS :**

Particulars	31/03/2017 (Rs.)	31/03/2016 (Rs.)
Bank Charges and Other Borrowing Costs	11,24,838	6,97,392
Bank Interest	45,40,200	57,68,819
Interest to Others	31,23,147	33,20,548
Exchange Rate Loss on Foreign Currency Borrowings	1,32,973	15,40,386
<b>TOTAL Rs.</b>	<b>89,21,158</b>	<b>1,13,27,145</b>

**32. OTHER EXPENSES :**

Particulars	31/03/2017(Rs.)	31/03/2016 (Rs.)
<b>(a) Manufacturing / Direct Expenses</b>		
Manufacturing Labour Charges	9,51,674	6,17,303
Power & Fuel - Electricity	1,06,23,940	1,10,47,487
Machinery Repairs - Parts	32,51,825	14,95,143
Machinery Repairs - Other	39,734	1,07,863
Analytical & Testing Exp	20,60,398	9,88,893
Laboratory Expenses	8,34,742	11,48,813
Calibration Charges	83,675	74,898
<b>TOTAL Rs.</b>	<b>1,78,45,986</b>	<b>1,54,60,200</b>



Particulars	31/03/2017 (Rs.)	31/03/2016 (Rs.)
<b>(b) Administrative &amp; Other Expenses</b>		
Computer Maintenance Expense	4,98,236	4,27,177
Director's Fees	1,05,000	58,000
Electrical Expenses	1,29,246	1,28,902
Auditor's Remuneration	1,50,000	1,50,000
Legal & Professional Fees	70,38,413	49,36,064
Commission & Discount	1,25,11,073	1,25,03,359
Motor Car & Scooter Expenses	3,62,140	3,44,607
Insurance	71,680	2,28,247
Printing, Stationery & Xerox Expenses	10,89,019	10,65,963
Rent, Rates & Taxes	61,52,738	61,97,864
Repairs & Maintenance Building	33,21,614	7,41,229
Repairs & Maintenance Others	25,14,499	16,19,851
Security Charges	3,12,626	3,06,249
exchange rate diff.	17,83,331	-
Prior Period Exp.	3,16,067	-
Bad Doubtful Debts	6,91,572	35,85,279
Subsidy not received written off	11,52,182	-
Detention Charges	-	6,78,907
Donation	15,56,500	13,11,500
Postage & Courier	9,50,260	6,38,048
Travelling Expenses	3,67,36,513	3,60,36,027
Telephone Expenses	5,80,300	6,55,824
Fumigation Charges	95,000	1,76,300
Duties & Taxes	6,90,953	52,38,572
Penalty	31,833	23,403
Other Expenses	5,52,299	8,23,991
<b>TOTAL (b)</b>	<b>7,93,93,096</b>	<b>7,78,77,363</b>
<b>(c) Selling &amp; Distribution Expenses</b>		
Selling Exp.	2,22,79,614	1,82,47,261
Packing & Forwarding Expense	1,39,14,036	1,49,60,675
Inspection Fees	51,684	13,76,118
Loss on Expiry Spoilage & Breakage	71,64,406	75,81,316
<b>TOTAL (c)</b>	<b>4,34,29,740</b>	<b>4,21,65,370</b>
<b>TOTAL (a+b+c) Rs.</b>	<b>14,06,68,822</b>	<b>13,55,22,933</b>

**33. C.I.F. VALUE OF IMPORTS :**

Particulars	31/03/2017 (Rs.)	31/03/2016 (Rs.)
Raw Materials	13,18,919	32,41,273
<b>TOTAL Rs.</b>	<b>13,18,919</b>	<b>32,41,273</b>

**34. EXPENDITURE IN FOREIGN CURRENCY :**

Particulars	31/03/2017 (Rs.)	31/03/2016 (Rs.)
Foreign Travel	11,88,512	10,23,448
<b>TOTAL Rs.</b>	<b>11,88,512</b>	<b>10,23,448</b>

**35. EARNINGS IN FOREIGN CURRENCY :**

Particulars		31/03/2017 (Rs.)	31/03/2016 (Rs.)
Country wise Breakup of Export Goods in Rs.		10,67,47,691	9,84,57,522
Country	2016-17	2015-16	
CHICAGO		33,12,882	
CONGO	2,26,55,561	4,45,41,473	
GHANA		23,40,000	
MOZAMBIC	2,70,75,746	1,17,90,153	
MYNMAR	2,47,69,081	1,78,52,578	
NIGERIA	8,64,969	90,52,000	
PHILIPINES	1,13,44,856	58,19,398	
SRILANKA	1,49,27,867	37,49,038	
GUATEMALA	25,80,278		
LONDON	5,63,803		
CAMBODIA	19,85,530		

**36. SEGMENT REPORTING**

With respect to Accounting Standard-17, the Management of the Company is of the view that the products offered by the Company are in the nature of Pharmaceuticals and its related products, having the same risks and returns, same type and class of customers and regulatory environment. Hence, the business of production and sale of pharmaceuticals and its related products belong to one business segment only.

**37. DISCLOSURE AS PER ACCOUNTING STANDARD 19 ON "ACCOUNTING FOR LEASES"**

Particulars	31/03/2017 (Rs.)	31/03/2016 (Rs.)
Lease Payments recognized in the Statement of Profit and Loss	56,65,500	50,55,750

**38. PARTICULARS OF UNHEDGED FOREIGN CURRENCY EXPOSURE :**

Particulars	31/03/2017 (Rs.)	31/03/2016 (Rs.)
FCNRB Term Loan	-	77,50,517
Sundry Debtors	8,21,56,901	6,95,45,358
	<b>8,21,56,901</b>	<b>7,72,95,875</b>

**39. DIRECTORS' REMUNERATION :**

Directors' remuneration paid during the year is in accordance with the approval of the Central Government sanctioned to the Company under Section 197(3) of the Companies Act, 2013 for giving the Remuneration above the limits prescribed by Section 197 read with Section I of Part-II of Schedule V of the Companies Act, 2013. The amounts paid includes the following

Particulars	31/03/2017 (Rs.)	31/03/2016 (Rs.)
Remuneration	16,80,000	16,80,000
Perquisites	1,07,395	99,485

**40. AUDITORS' REMUNERATION :**

Particulars	31/03/2017 (Rs.)	31/03/2016 (Rs.)
As Auditors	1,50,000	1,50,000
	<b>1,50,000</b>	<b>1,50,000</b>

**41. POST EMPLOYMENT BENEFITS :**

Provident Fund dues amounting to ` 46,49,581/- and ESI dues amounting to ` 10,37,687/- paid during the year being defined contributions have been charged to the Profit and Loss Account.

No Provision for Short Term Compensated absences is required as at the year end as per the policy of the Management.

The Company has a defined benefit gratuity plan. Every employee who has completed five or more years of service is eligible for gratuity @ 15 days salary (last drawn) for every completed year of service with a overall ceiling of ` 10 lakhs. The Company has taken a Group Gratuity cum Life Insurance Policy from Life Insurance Corporation of India ( a qualifying policy ) and makes annual contributions to the same to create a fund to meet this defined benefit gratuity obligation.

**Method Used****Projected Unit Credit Method****Actuarial Assumptions Used**

Mortality Rate	LIC (1994-96)
Discount Rate	8%
Expected Return on Plan Assets	9%
Salary Escalation Rate	7%

**Major Categories of Plan Assets**

Insurer Managed Funds - 100%

	31/03/2017 (₹)	31/03/2016 (₹)
<b>Change in Present Value of Defined Benefit Obligation</b>		
Present Value of Obligations as at the beginning of the Year	76,62,067	77,43,743
Interest Cost	6,12,965	6,19,499
Current Cost	7,52,038	7,42,241
Benefits Paid	(5,48,461)	(9,62,115)
Actuarial (gains) / losses on obligation	(6,29,945)	(4,81,301)
<b>Present Value of Obligations as at the end of the Year</b>	<b>78,48,664</b>	<b>76,62,067</b>
<b>Change in Fair Value of Plan Assets</b>		
Fair Value of Plan Assets as at the beginning of the Year		
Expected Return on Plan Assets	86,16,404	85,80,272
	6,93,534	7,36,823
Contributions	11,049	2,61,424
Benefits Paid	(5,48,461)	(9,62,115)
Actuarial (gains) / losses on Plan Assets	Nil	Nil
<b>Fair Value of Plan Assets as at the end of the Year</b>	<b>87,72,526</b>	<b>86,16,404</b>
<b>Defined Benefit Obligation as recognized in Balance Sheet</b>		
Present Value of Obligations as at the Year end	78,48,664	76,62,067
Unrecognised Past Service Cost	Nil	Nil
Fair Value of Plan Assets as at the Year end	87,72,526	86,16,404
<b>Net (Asset) / Liability recognized in Balance Sheet</b>	<b>(9,23,862)</b>	<b>(9,54,337)</b>
<b>Net Gratuity Benefit Expenditure Recognised in P&amp;L Account</b>		
Current Service Cost	7,52,038	7,42,241
Interest Cost	6,12,965	6,19,498
Expected Return on Plan Assets	(6,93,534)	(7,36,822)
Net Actuarial (Gain) / Loss Recognised in the Year	(6,29,945)	(4,81,301)
<b>Net Expense Recognised in Statement of Profit and Loss</b>	<b>41,524</b>	<b>1,43,616</b>

**42. 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
JAS Healthcare Inc.	An enterprise in which director & his relative is director
Bio- Med India	A Concern in which Directors are Partner
Mercury Marketing & Consulting Services	A Concern in which Directors are Partner
D. R. Shah (H.U.F)	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
Priyanka Doshi	CFO (upto 25.06.16)
Payal Doshi	CFO (w.e.f. 05.08.16)
Mukesh Khanna	Company Secretary

**(b) TRANSACTIONS WITH RELATED PARTIES**

Name of Related Party	Nature of Transaction	31/03/2017(Rs.)	31/03/2016(Rs.)
Mr. R.R. Shah	Remuneration	16,80,000	16,80,000
	Perquisites	1,07,395	99,485
	Interest on Deposit	6,78,642	3,94,011
Mr. D.R. Shah	Interest on Deposit	3,49,296	3,01,522
Mercury Antibiotics Pvt. Ltd.	Rent	56,65,500	50,55,750
Mercury Antibiotics Pvt. Ltd.	Purchase	---	---
JAS Healthcare Inc.	Sales	25,80,283	33,12,882
Mercury Marketing & Consulting Services	Consultancy Services	25,18,000	35,11,740
Kaumudiniben R. Shah	Interest on Deposit	2,26,800	2,06,887
R.R. Shah( H.U.F)	Interest on Deposit	46,800	46,929
D.R. Shah( H.U.F)	Interest on Deposit	3,52,800	3,53,766
Adit D. Shah	Interest on Deposit	2,92,680	2,93,482
Janki R. Shah	Interest on Deposit	72,000	72,198
Priyanka Doshi	Remuneration	86,632	3,30,092
Payal Doshi	Remuneration	2,69,355	---
Mukesh Khanna	Remuneration	90,000	90,000

**(c) BALANCE WITH RELATED PARTIES**

Name of Related Party	Nature of Transaction	31/03/2017(Rs.)	31/03/2016(Rs.)
Mr. R .R. Shah	Fixed Deposit	97,57,711	97,05,567
Mr. D.R. Shah	Fixed Deposit	51,95,631	49,48,209
Mercury Antibiotics Pvt. Ltd.	Rent	94,02,049	50,36,549
Mercury Antibiotics Pvt. Ltd.	Purchase	---	---
JAS Healthcare Inc.	Sales	---	---
Bio-Med India	Sales	(6,35,924)	(5,15,924)
Mercury Marketing & Consulting Services	Consultancy Paid	16,15,740	8,97,740
Kaumudiniben R. Shah	Fixed Deposit	32,05,923	31,98,926
R. R. Shah( H.U.F)	Fixed Deposit	6,61,540	6,50,391
D. R. Shah( H.U.F)	Fixed Deposit	49,86,992	49,86,138
Adit D. Shah	Fixed Deposit	41,37,168	41,11,440
Janki R. Shah	Fixed Deposit	10,17,753	9,78,384

**43. EARNINGS PER SHARE :**

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

Particulars		31/03/2017 (Rs.)	31/03/2016 (Rs.)
Profit After Taxation	Rs.	2,70,30,950	3,92,25,547
Weighted Average Number of Equity Shares	Nos.	12,00,000	12,00,000
Nominal Value of Shares	Rs.	1,20,00,000	1,20,00,000
Earnings Per Share	Rs.	22.53	32.69

44. During the year, the Company had Specified Bank Notes or other denomination note as defined in the MCA Notification G.S.R 308(E) dated 31st March, 2017 on the details of Specified Bank Notes (SBN's) held and transacted during the period from November 8,2016 to December 30,2016, the denomination wise SBN's and other Notes as per the Notification is given below:

	SBNs	Other Denomination Notes	Total
Closing cash in hand as on 08.11.2016	-	55,887	55,887
(+) Permitted receipts	-	3,98,725	3,98,725
(-) Permitted Payments	-	4,13,802	4,13,802
(-) Amount deposited in Banks	-	-	-
Closing cash in hand as on 30.12.2016	-	40,810	40,810

**45. 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.

46. There are no amounts pending to be transferred to the Investors Education and Protection Fund as at the end of the year.
47. The figures in respect of previous year have been re-grouped / recast wherever necessary to confirm to the current year's classification.

Signature to Notes 1-47

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

**CA Anil Shah**  
Mem. No. : 035309  
Partner  
Place : Baroda  
Date : 19<sup>th</sup> May 2017

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

**Rajendra R. Shah**  
Chairman & M.D.

**Dillip R. Shah**  
Director

**Payal Doshi**  
Chief Financial Officer  
Place : Vadodara  
Date : 19<sup>th</sup> May 2017

**Mukesh Khanna**  
Company Secretary

Date : May 19, 2017

Dear Members,

**Subject: Dematerialization of Shares & Unpaid Dividend**

We have pleasure to inform you that National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL) have allotted ISIN No INE947G01011 to the Equity Shares of the Company.

As you are aware that shares held in demat 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 physical shares certificates/s in exchange from Link Intime India Private Limited., the Registrar and Transfer Agent by sending / lodging the counter receipts to them at any of the following address:

<p><b>Link Intime India Private Limited</b> B-102 &amp; 103, Shangrila Complex, 1<sup>st</sup> Floor, Opp HDFC Bank, Nr. Radha Krishna Char Rasla, Akola, Vadodara - 390 020 Phone: + 91 265 2358579 - 2358794 E-mail: alpesh.gandhi@linkintime.co.in</p>	<p><b>Link Intime India Private Limited</b> C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400 083. Phone : +91 22 49186270, Fax : +91 22 49186060.</p>
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You may thereafter surrender the share certificate to your depository participant/s for demat of your share.

If there is a change of your address, please write us to register the same to help us to serve you better.

Further 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 queries to our secretarial department of the Company at Baroda.

Thanking you and assuring our best services at all times.

**For Mercury Laboratories Limited**

**Rajendra R. Shah**  
**Managing Director**

To,  
 Link Intime India Pvt. Ltd.  
**Unit: Mercury Laboratories Limited**  
 102 & 103, Shangrila Complex  
 1<sup>st</sup> Floor, Opp. HDFC Bank,  
 Near Radhakrishna Char Rasta,  
 Akota, Vadodara - 390 020.

**Dear Sir / Madam**

**Subject : Updation of Shareholder Information**

I / We request you to record the following information against my / our Folio No. :

**General Information:**

Folio No.:	
Name of the first named Shareholder:	
PAN:	
*CIN / Registration No.: * (applicable to Corporate Shareholders)	
Tel No. with STD Code:	
Mobile No.:	
Email Id:	

Self attested copy of the document(s) enclosed

**Bank Details:**

IFSC (11 Digit) :	
MICR (9 Digit) :	
Bank A/c Type :	
*Bank A/c No. :	
Name of the Bank :	
Bank Branch Address :	

\* A blank cancelled cheque is enclosed to enable verification of bank details

I / We hereby declare that the particulars given above are correct and complete. If the transaction is delayed because of incomplete or incorrect information, I / we would not hold the Company / RTA responsible. I / We undertake to inform any subsequent changes in the above particulars as and when the changes take place. I / We understand that the above details shall be maintained till I / we hold the securities under the above mentioned Folio No. / beneficiary account.

Place :

Date :

\_\_\_\_\_  
 Signature of Sole / First Holder

**MERCURY LABORATORIES LIMITED****CIN : L74239MH1982PLC026341**Regd. Office : 1<sup>st</sup> Floor, 18, Shreeji Bhuvan, 51, Mangaldas Road, Princes Street, Mumbai - 400 002.Telephone : 022-66372841, Tel. Fax : 22015441, E-mail : [secretarial@mercurylabs.com](mailto:secretarial@mercurylabs.com)website : [www.mercurylabs.com](http://www.mercurylabs.com)**Attendance Slip for 36<sup>th</sup> Annual General Meeting**

<b>Registered Folio / DP ID &amp; Client ID</b>		
<b>No. of Shares</b>		
<b>Name and Address of the Shareholder(s):</b>		
<b>Joint Holder(s):</b>		
I/We hereby record my / our presence at the 36 <sup>th</sup> Annual General Meeting of the Company being held on Friday, September 29, 2017 at 11:30 a.m. Electric Merchants' Association Hall, Shreeji Bhuvan, Room No. 12, 2 <sup>nd</sup> Floor, 51 Mangaldas Road, Lohar Chawl, Mumbai - 400 002.		
<b>If Shareholder(s), please sign here</b>	<b>If Proxy, please mention name and sign here</b>	
	<b>Name of the Proxy</b>	<b>Signature</b>
<b>Note : Please sign this attendance slip and hand it over at the ENTRANCE OF THE MEETING HALL</b>		

**ELECTRONIC VOTING PARTICULARS**

<b>Electronic Voting Sequence Number (EVSN)</b>	<b>User ID</b>	<b>*Default PAN</b>
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\*Only Members who have not updated their PAN with the Company / Depository Participants shall use default PAN in the PAN Field.

**Note: Please read the instructions for e-voting given along with Notice of the 36<sup>th</sup> Annual General Meeting. The Voting Period starts from Tuesday, September 26, 2017 (9:00 a.m.) and ends on Thursday, September 28, 2017 (5:00 p.m.)**



**MERCURY LABORATORIES LIMITED****CIN : L74239MH1982PLC026341**Regd. Office : 1<sup>st</sup> Floor, 18, Shreeji Bhuvan, 51, Mangaldas Road, Princes Street, Mumbai - 400 002.Telephone : 022-66372841, Tel. Fax : 22015441, E-mail : [secretarial@mercurylabs.com](mailto:secretarial@mercurylabs.com)website : [www.mercurylabs.com](http://www.mercurylabs.com)**Form MGT 11****Proxy Form**

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rule, 2014]

**Venue of Meeting :** Electric Merchants' Association Hall, Shreeji Bhuvan, Room No. 12,  
2<sup>nd</sup> Floor, 51 Mangaldas Road, Lohar Chawl, Mumbai - 400 002.**Day, Date & Time :** Friday, September 29, 2017 at 11.30 a.m

<b>Name of Members</b>	
<b>Registered Address</b>	
<b>No. of Shares held</b>	
<b>Folio No./DP Id &amp; Client ID</b>	
<b>Joint Holder(s)</b>	
<b>Email Id</b>	

I/We \_\_\_\_\_ of \_\_\_\_\_ of being member / members of Mercury Laboratories Limited hereby appoint the following as my / our proxy to attend and vote on a poll (for me/our behalf at the 36<sup>th</sup> Annual General Meeting of the Company to be held on Friday September 29, 2017 at 11:30 a.m. and at any adjournment there of) in respect of such resolutions as are indicated below:

- Name : \_\_\_\_\_ Registered Address : \_\_\_\_\_  
Email Id : \_\_\_\_\_ Signature : \_\_\_\_\_  
or failing him / her
- Name : \_\_\_\_\_ Registered Address : \_\_\_\_\_  
Email Id : \_\_\_\_\_ Signature : \_\_\_\_\_  
or failing him / her
- Name : \_\_\_\_\_ Registered Address : \_\_\_\_\_  
Email Id : \_\_\_\_\_ Signature : \_\_\_\_\_

Resolution No.	Resolution	No. of Shares held	Optional*	
			For	Against
<b>Ordinary Business</b>				
1	Adoption of Financial Statements for the year ended on March 31, 2017			
2	To declare dividend			
3	To appoint a director in place of Mr. Dilip R Shah (DIN 00257242) who retires by rotation, being eligible, offers himself for re-appointment			
4	Appointment of Auditors			

<b>Special Business</b>			
<b>5</b>	Approval for Related Party Transactions with Mercury Marketing & Consulting Services & JAS Healthcare INC.		
<b>6</b>	Re-appointment of Mr. Rajendra R. Shah as Managing Director of the Company for a further period of 3 years with effect from April 01, 2017		
<b>7</b>	Ratification of remuneration payable to M/s. Jeegar Patel & Co., Cost Auditors of the Company for carrying out cost audit for the financial year 2017 - 18		

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2017

**Signature of Shareholder**

**Notes:**

1. This form of proxy 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. Proxy need not be a member of the Company
3. In case of Joint Holders, the vote of the senior who tenders a vote, whether in person or by proxy shall be accepted to the exclusion of the vote of the other joint holders. Seniority shall be determined by the order in which the names stand in the Register of Members.
4. \*It is optional to put "X" in the appropriate column against the resolutions indicated in the Box. If you leave the "For" or "Against" column blank against any resolutions or all resolutions, your proxy will be entitle to vote in the manned as he / she thinks appropriate.

Affix one  
Rupee  
Revenue  
Stamp