

**CORPORATE GOVERNANCE REPORT 2007-08**  
(As required under Clause 49 of the Listing Agreements)

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

**THE COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE :**

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

**THE BOARD OF DIRECTORS**

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

**Attendance at board Meetings :**

Dates of Board Meetings: 30/04/2007, 31/07/2007, 02/08/2007, 31/10/2007, 31/01/2008

Name	Executive/ Non- Executive/ Independent	No. of other Directorships held in other pub. Companies	Board meetings attended	Membershi p in the committee of other companies	Chairmans hip at the committee of other companies	Attended last AGM 29 <sup>th</sup> September, 2007
Mr. Ramprakash L. Kabra Chairman	Non Executive Director	0	05	0	0	Yes
Mr Govindram Kabra Managing Director	Executive Director	0	05	0	0	Yes
Mr. Amit Vyas Director	Non Executive Independent Director	0	05	0	0	Yes

As required by the law, the appointment(s) and remuneration(s) of any executive Director(s) requires the approval of Shareholders; such approvals are for a period of not more than 5 years and when eligible, they can be re-appointed at the end of the term.

One third of other Directors retire every year and, when eligible, qualify for re-appointment.

## **AUDIT COMMITTEE**

### Term of reference :

The terms of reference of the Audit committee, as specified by the Board, includes the whole as specified in the clause 49 of the listing agreement, including a review of audit procedures and techniques, financial reporting systems, internal control systems and procedures besides ensuring compliance with regulatory guidelines. The committee members are all non-executive and majority being the independent directors, collectively having requisite knowledge of finance, accounts and company law. The committee recommends the appointment of external auditors and their fees and payments and also takes an overview of the financial reporting process to ensure that financial statements are correct sufficient and credible. The report of the statutory auditors is reviewed along with managements' comments and action-taken reports.

### Composition of the committee :

The committee comprises Three director as members of the committee and Chairman of the committee is Shri Amit Vyas

### Meetings and attendance during the year :

<b>Sr. No.</b>	<b>Director</b>	<b>Status</b>	<b>No. of Meetings Attended</b>
01	Mr. Amit Vyas	Chairman	04
02	Mr. Govindram Kabra	Member	04
03	Mr. Rampraksah Kabra	Member	04

## **REMUNERATION COMMITTEE**

The remuneration committee consists of 3 directors all being non-executive directors. The committee recommends the remuneration packages to the Managing/Executive Directors, to the senior officers, employees etc.

### Composition :

It comprises of Shri Amit Vyas, Chairman of the committee and Shri Ramprakash Kabra members of the company.

#### Meetings and attendance during the year.:

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

#### **SHARE TRANSFER AND SHAREHOLDER /INVESTOR GIEVANCES COMMITTEE**

All the matters relating to Shareholders was reviewed as well as considered by the Share transfer Committee. However to adhere to the corporate Governance requirements, a new committee called Share transfer and shareholder/investors Grievances committee was formed and the responsibility of erstwhile Share Transfer committee was transferred to the new committee. This committee reviews, records and helps expedite transfer of shares and helps resolve and attend to any grievances of the investors.

#### Composition:

The committee comprises of Two Independent Directors, Shri Amit Vyas, Chairman of the committee and Shri Ramprakash Kabra members of the company.

#### Meetings and Attendance during the year :

All the matters relating to share Department and investor services was handled by Share Transfer Committee. In view of infrequent trading of shares in the stock market and negligible correspondence from the investors and shareholders, the Share Transfer committee met four times in the year. All the members were present at all the meeting. The company is also availing services of Shri Ashish Doshi, a practicing company secretary to advise the company for fulfillment of all the clauses of Listing Agreement and other related rules and laws and who also remains present the meetings of the committee.

However to adhere to the requirements of Corporate Governance this new committee was formed

To expeditiously meet the requirements of transfer of shares, Shri Amit Vyas has been given authority to deal with and approve the cases on fortnightly basis and place report before the committee meeting. The committee meetings and attendance data were held twelve times during the year

#### Complaints:

During the year mainly there were no complaints regarding non receipt of dividend warrants and annual reports. As on date there are no pending complaints.

## SHAREHOLDER INFORMATION & RELATIONS

The main source of information for shareholders is the Annual Report which includes, inter-alia, the reports of the Directors and the Auditors, Audited Accounts, etc. Shareholders are intimated through print media of quarterly financial results within time periods stipulated from time to time by the stock exchanges.

### General Body meetings :

The last 3 Annual General Meetings were held as follows.

Date	Time	Place
1) 30 <sup>th</sup> September, 2005	10.30 a.m..	39, Advani Market, O/s Delhi Gate Shahibaug, Ahmedabad-380004
2) 30 <sup>th</sup> September, 2006	10.30 a.m.	39, Advani Market, O/s Delhi Gate Shahibaug, Ahmedabad-380004
3) 29 <sup>th</sup> September, 2007	11.00 a.m.	39, Advani Market, O/s Delhi Gate Shahibaug, Ahmedabad-380004

The next AGM shall be held at the Registered Office of the company at 39, Advani Market, O/s Delhi Gate, Shahibaug, Ahmedabad-380004 at 10.30 am. on 30<sup>th</sup> September, 2008. The Book Closure will also be as per the dates mentioned elsewhere in the Notice calling Annual general Meeting.

### Means of Communications :

The company keeps shareholders informed via advertisements in appropriate newspapers of relevant dates and items requiring notice. The company is having in-house computerized share department.

The company is in process of appointing MCS LTD as Common Registrar for Physical as well as dematerialization. The general address for correspondence for Shareholders is Regd. Office of the company mentioned elsewhere in this Annual report.

The company regularly publishes quarterly financial results etc. in English (either in Western-Times or any other newspaper) and relevant vernacular print media in published in vernacular language (either in Western Times or any other news paper), The company had always held Annul General Meetings within the time limit prescribed by the law or regulatory.

## **DISCLOSURES :**

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

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

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

No strictures and penalties have ever been imposed on the Company by the Stock Exchanges or SEBI or any statutory authorities, on matters related to capital markets.

### **(c) The Company has adopted a Code of Conduct for its Directors and employees. This Code of Conduct has been communicated to each of them.**

### **(d) Regarding Dematerialization of Shares:**

The Company had made application to NSDL and CDSL for dematerialization of shares however due to technical reasons, application was rejected.

## **Non Mandatory Requirements :**

Of non-mandatory requirements suggestions, we have adopted those relating to Remuneration Committee. We have not adopted suggestions relating to a postal ballot system (except where compulsory under the Companies Act) nor of sending six monthly information to each shareholder household.

## **GENERAL SHAREHOLDERS INFORMATION :**

### **A) Annual general meeting :**

Day and Date : Tuesday, 30<sup>th</sup> September, 2008,  
Time : 10.30 a.m.  
Venue : 39, Advani Market, O/s Delhi Gate, Shahibaug,  
Ahmedabad- 380004

### **B) Financial Calendar for 2007-2008**

First quarter : By end of June 2007  
Second quarter : By end of September, 2007  
Third quarter : By end of December, 2007  
Annual results for the : By end of June 2008  
Year ended on 31/3/2008

Annual general meeting for : By end of September, 2008  
The year 2007-08

C) Book Closure : 26<sup>th</sup> September, 2008 to 29<sup>th</sup> September, 2008 (both days Inclusive)

D) Listing of Shares and Securities : The company's shares are presently listed at Bombay Stock Exchange and Ahmedabad Stock exchanges.

E) Market Price Data : The company's shares were not traded in last two years. Therefore, the data is not provided.

Share transfer System : The company is having in-house computerized Share Transfer department and has appointed

MCS Limited

Shatdal Complex, Ashram Road, Ahmedabad-380009

F) who will be acting as a registrar and share transfer agent as common registrar for Physical as well as Demat of shares.

G) Plant Location : Bhatia,

H) Investor correspondence :

Registered office :

39, Advani Market, O/s Delhi Gate, Shahibaug, Ahmedabad-380004

## **MANAGEMENT DISCUSSION AND ANALYSIS**

The Management Discussion and Analysis form a part of the Annual Report. The above represents the company's philosophy on corporate governance. Auditors' Certificate as required, forms a part of this Annual Report.

Place : Ahmedabad

For and on behalf of the Board of Directors

Date:30/08/2008

Director

## **CHIEF EXECUTIVE OFFICER (CEO) CERTIFICATION :**

I, R. L. Kabra, Chief executive officer and Managing Director of Mercury Metals Limited, to the best of our knowledge and belief certify that :

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

(c) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system.

7. I further declare that all board members and senior managerial personnel have affirmed compliance with the code of conduct for the current year.

Place : Ahmedbad  
Date : 30/08/2008

R. L. Kabra  
CEO & M. D