

# ANNUAL REPORT 2012 - 13



# BOARD OF DIRECTORS

S. Narayanan	Chairman & Managing Director
H. Nandi	Managing Director
R. Rajagopalan	Director
A. Mohan Rao	Director
N. Sivaram	Director
A. Murali	Director
R. Ramaswamy	CFO & Company Secretary

## Registered Office

Bellary Road  
Hebbal  
Bangalore - 560 024  
Ph : (91) (80) 2333 2951

## Manufacturing Unit

29-B, Electronic City  
Hosur Road, Bangalore - 560 100  
Ph : (91) (80) 2852 0544

## Marketing Office

Building No. 61, Room No. 2  
(Middle Passage), Gandhi Nagar  
Tarang Co-op Housing Society  
Bandra (E), Mumbai - 400 051  
Ph : (91) (22) 2640 7311

Flat # 818, 8th Floor  
International Trade Tower  
Nehru Place, New Delhi - 110 019  
Ph : (91) (11) 2642 4849

## Bankers

State Bank of India  
Canbank Factors Limited

## Statutory Auditors

Narayanan, Patil & Ramesh  
Chartered Accountants  
1101, World Trade Centre  
Malleshwaram  
Bangalore - 560 055

## Internal Auditors

Tambaked and Goil  
Chartered Accountants  
No. 15, Golf Course road  
Off HAL Airport Road  
Bangalore - 560 008

## Cost Auditors

M. R. Krishna Murthy  
Cost Accountant  
No. 8, 1st Floor, 4th Main Road  
Chamarajpet, Bangalore - 560 008

## Registrars &

## Share transfer Agents

Karvy Computershare Pvt. Ltd.  
Plot No. 17-14  
Vittalrao Nagar, Madhapur  
Hyderabad - 500 081  
Ph : (91) (40) 2342 0815  
Fax : (91) (40) 2342 0814  
e-mail : einward.ris@karvy.com

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## NOTICE

The Members  
MRO-TEK LIMITED

NOTICE is hereby given that the Twenty Ninth Annual General Meeting of the Company will be held at 11.00 hours on Wednesday, 10 July 2013, at Hotel Woodlands, Raja Ram Mohan Roy Road, Bangalore - 560 025, to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31 March 2013, and the Profit and Loss account for the year ended that date, along with the reports of Directors and Auditors thereon.
2. To appoint a Director in place of R Rajagopalan, who retires by rotation and who, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of A Mohan Rao, who retires by rotation and who, being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

### SPECIAL BUSINESS

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

"RESOLVED hereby that, pursuant to Section 198, 269 and 309 of the Companies Act, 1956, and in terms of Schedule XIII thereto and other applicable provisions thereof, approval of the Company be and is hereby accorded, for the re-appointment of S Narayanan as Chairman & Managing Director, of the Company, for a period of five years with effect from 1 April 2013, on terms, conditions as set out below."

"RESOLVED further that, out of the total tenure of five years, remuneration as detailed below be paid for the first two years commencing from 1 April 2013, and ending with 31 March 2015, and for the balance three years commencing from 1 April 2015 and ending with 31 March 2018, a suitable remuneration be fixed at an appropriate time later.

- a. Basic Salary: Rs. 5,00,000 per month (Rupees Five Lacs only);
- b. Provident Fund & Superannuation : at such percentage as is applicable from time to time under the Statute and, paid in respect of other senior executives of the Company;
- c. Commission on Net Profit: Commission on Net Profits, not exceeding an amount equivalent to five percent of Net Profit of the Company for that financial year, as reduced by the yearly remuneration by way of basic salary stipulated above, and that, such Commission be computed as provided under Sections. 349, 350, 351, and any other provisions as may be applicable under any other Section/s of the Companies Act, 1956, and that the periodicity and quantum of disbursement of the same, be finalized by the Compensation Committee and the Board of Directors";

- d. Gratuity : Not exceeding 15 days salary for each completed year of service;
- e. Casual & Earned Leave: As per rules applicable to other executives of the Company with a provision that, unavailed leave can be encashed at the end of every tenure;
- f. Car & Telephone : Free use of Car on Company's business and telephone at residence, except that personal use of car and long distance personal calls shall be charged to the Chairman & Managing Director;

Minimum Remuneration: Notwithstanding anything to the contrary herein contained, during the period of two years, commencing from 1 April 2013, and ending with 31 March 2015, where, in any financial year, the Company has no profits or its profits are inadequate, remuneration as provided above, be paid as Minimum Remuneration, excepting that, Basic Salary stated under (a) above, be fixed as provided under the relevant Notification dated 16 January 2002, relating to Section II of Part II of Schedule XIII to the Companies Act, 1956, issued by the Ministry of Law, Justice & Company Affairs, Government of India, based on 'effective capital' as applicable from year to year, or a higher amount which may be prescribed under a future amendment, if any, and that he shall also be entitled to all other items as provided above, excepting 'Commission on Net Profit' stated under (c)".

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

"RESOLVED hereby that, pursuant to Section 198, 269 and 309 of the Companies Act, 1956, and in terms of Schedule XIII thereto and other applicable provisions thereof, approval of the Company be and is hereby accorded, for the re-appointment of H.Nandi, as Managing Director, of the Company, for a period of five years with effect from 1 April 2013, on terms, conditions as set out below."

"RESOLVED further that, out of the total tenure of five years, remuneration as detailed below be paid for the first two years commencing from 1 April 2013, and ending with 31 March 2015, and for the balance three years commencing from 1 April 2015 and ending with 31 March 2018, a suitable remuneration be fixed at an appropriate time later.

- a. Basic Salary: Rs. 5,00,000 per month (Rupees Five Lacs only);
- b. Provident Fund & Superannuation : at such percentage as is applicable from time to time under the Statute and, paid in respect of other senior executives of the Company;
- c. Commission on Net Profit : Commission on Net Profits, not exceeding an amount equivalent to five percent of Net Profit of the Company for that financial year, as reduced by the yearly remuneration by way of basic salary stipulated above, and that, such Commission be computed as provided under Sections. 349, 350, 351, and any other provisions as may be applicable under any other Section/s of the Companies Act, 1956,

and that the periodicity and quantum of disbursement of the same, be finalized by the Compensation Committee and the Board of Directors”;

- d. Gratuity : Not exceeding 15 days salary for each completed year of service;
- e. Casual & Earned Leave : As per rules applicable to other executives of the Company with a provision that, unavailed leave can be encashed at the end of every tenure;
- f. Car & Telephone : Free use of Car on Company's business and telephone at residence, except that personal use of car and long distance personal calls shall be charged to the Managing Director.

Minimum Remuneration: Notwithstanding anything to the contrary herein contained, during the period of two years, commencing from 1 April 2013, and ending with 31 March 2015, where, in any financial year, the Company has no profits or its profits are inadequate, remuneration as provided above, be paid as Minimum Remuneration, excepting that, Basic Salary stated under (a) above, be fixed as provided under the relevant Notification dated 16 January 2002, relating to Section II of Part II of Schedule XIII to the Companies Act, 1956, issued by the Ministry of Law, Justice & Company Affairs, Government of India, based on 'effective capital' as applicable from year to year, or a higher amount which may be prescribed under a future amendment, if any, and that he shall also be entitled to all other items as provided above, excepting 'Commission on Net Profit' stated under (c)”.

*By Order of the Board of Directors*

Place : Bangalore  
Date : 29 May 2013

**R. Ramaswamy**  
Company Secretary

#### Notes :

1. A member entitled to attend and vote at the meeting, is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member.
2. The proxy-form, in order to be effective, should be received at the Registered Office of the Company, not less than forty-eight hours before the Annual General Meeting.
3. The Register of Members and Share transfer books of the Company will remain closed from 27 June 2013 to 10 July 2013 (both days inclusive) for the purpose of Annual General Meeting.
4. Under Section 205A of the Companies Act, 1956, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of payment is required to be transferred to the Investor Education and Protection Fund of the Central Government and under Section 205-C, of the Companies Act, 1956, no claim shall lie against the Company or the said Fund, in respect of individual amount/s which remain unclaimed or unpaid for a period of seven years from the date of payment, and no payment shall be made in respect of any such claims.

5. Members who have not encashed the dividend warrant(s) so far, for any of the dividends declared for the year 2005-2006, or for any subsequent year/s, are requested to make their claims immediately to the Company.

6. Members are requested to address all their communications:

- **relating to dividend or any other grievance/s, directly to the Shares Department** to the company's Registered Office or send e-mail to the dedicated e-mail ID - grd@mro-tek.com;
- **relating to change of Bank account details, address etc, directly to their respective Depository Participant (DP)**, with whom Demat Account is held.

*By Order of the Board of Directors*

Place : Bangalore  
Date : 29 May 2013

**R. Ramaswamy**  
Company Secretary

#### Explanatory statement in respect of Special Business

[Pursuant to Section 173(2) of the Companies Act, 1956]

#### Items 5 & 6

#### Re-appointment of, and remuneration payable to, whole-time Directors

By a resolution passed by the members of the Company at their Annual General Meeting held on 25 June 2008, S.Narayanan and H.Nandi, were re-appointed as Chairman & Managing Director, and Managing Director, respectively of the Company, for a period of five years effective from 1 April 2008, which tenure ended on 31 March 2013.

During this tenure, the remuneration payable to said S.Narayanan and H.Nandi, based on prevailing guidelines and stipulations under the Companies Act, 1956, and in accordance with resolutions passed by the members at their Annual General Meeting held on, 25 June 2008 (for the first two years –viz., 1 April 2008 to 31 March 2010) and on 30 June 2010 (for the remainder three years –viz., 1 April 2010 to 31 March 2013), was approved at an amount, equivalent to five percent of Net Profit of the Company for each of the financial years, computed as provided under Sections. 349, 350, 351, and any other provisions as may be applicable under any other Section/s of the Companies Act, 1956, with a provision to pay, within the aforesaid limit of five percent of Net Profit, an amount of Rs 5,00,000 per month as Basic Salary and to pay the incremental amount such five percent of Net Profit bears over and above the Basic Salary, as Commission on Net Profit.

The said resolution/s also approved payment / provision of the following, as was applicable to other executives of the Company:

- a) Provident Fund & Superannuation contributions, at 12 % and 15% respectively of Basic Salary;
- b) Gratuity at half a month's salary for each completed year of service;

- c) Casual & Earned Leave : As per rules of the Company applicable to the other executives, with a provision that, unavailed leave can be encashed at the end every tenure;
- d) Car & Telephone: Free use of Car on Company's business and telephone at residence, with a provision that personal use of car and personal long distance calls shall be billed to the said whole-time Directors;
- e) Minimum Remuneration: Where in any financial year, the Company had no profits, or its profits were inadequate, remuneration as provided above, but with Basic Salary restricted at Rs. 3,50,000 per month, except Commission on Net Profit, be paid as Minimum Remuneration, subject to approval of the Central Government, if required.

Duly acknowledging their past contributions, and foreseeing the necessity for their continued and dedicated service, arising more out of their experience, to steer the Company towards sustained growth, particularly at this point in time, when the business in and around the world is hit by recession and uncertainty, your Directors strongly recommend re-appointment of S.Narayanan and H.Nandi as Chairman & Managing Director and Managing Director, respectively, for a further period of five years from 1 April 2013, ending with 31 March 2018.

The Remuneration Committee, as well as the Directors, recommend that, the remuneration payable to the said S.Narayanan and H.Nandi during the presently proposed five year tenure commencing 1 April 2013, and ending with 31 March 2018, be fixed in accordance with the presently applicable guidelines and notification dated 16 January 2002 issued by Ministry of Law, Justice and Company Affairs, read with the other relevant provisions in the Companies Act, 1956, relating to Managerial Remuneration payable to Managerial persons.

Though the present re-appointment is for a period of five years commencing 1 April 2013, the Remuneration Committee and the Directors recommend that the resolutions for remuneration payable be limited to the initial two years period, commencing 1 April 2013 and ending 31 March 2015, as stipulated under Para 1 – Part B - Cl (iii) of the said Notification and detailed in the respective resolutions contained in the Notice.

None of the Directors of the Company, except S. Narayanan and H.Nandi are concerned or interested in these Resolutions.

Statement to Members pursuant to notification no. G.S.R. 36(E) dated 16 January 2002, of Government of India

#### A. General information

- a. Nature of Industry
- Manufacture and distribution of:
- 'Access and Networking Products' & related solutions
  - Solar Based Equipment and Projects.

- b. Commencement of Business: April 1984
- c. Financial performance for the year: 2012-13

*Amount in Rupees*

Total Revenue	50,00,24,424
Profit /(Loss) Before Depreciation	(10,81,10,537)
Profit /(Loss) Before Taxation	(13,26,46,603)
Profit /(Loss) After Taxation	(13,20,22,403)

- d. Export performance

Exports for the year	28,53,118
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- e. Foreign investments

Foreign Company	Investment in Rupees
Nil	N/A

#### B. Information about the appointees

S.Narayanan, presently aged around 60 years, is an Engineering Graduate in Electronics, from Engineering College, Guindy, Madras, having graduated in the year 1974. Thereafter in order to enrich his knowledge in electronic field and various facets of management, he underwent hands-on training by working in reputed companies in various capacities and departments, including R&D and Marketing, in which phase he acquired requisite skills in setting-up an industrial enterprise and successfully running the same.

H.Nandi, presently aged around 59 years, is a Post-Graduate in Science & Management from St Joseph College, Bangalore, passed in the year 1975. In order to acquire technical exposure and excellence, he joined reputed organizations, and underwent rigorous training in various fields which gave him adequate knowledge and confidence, not only to specialize in the art of techno-commercial marketing, but also in widening his horizon into other arenas of management specializing, particularly, in administration and finance.

S. Narayanan and H.Nandi jointly founded this Company in the year 1984 and have been instrumental in identifying the activity of data communications and networking, and the products currently manufactured and dealt-with.

S.Narayanan looks after Technology, Marketing, R&D, Business Development and Customer-related activities, while H.Nandi looks after Finance and all Factory/ Manufacturing - related affairs, and have jointly been responsible for the Company's growth over the years.

Your Directors are fully convinced that the concerted and continued guidance of these two directors is very essential and fully warranted to steer the Company for achieving sustained growth, particularly at this point in time when the business in and around the world is hit by recession and uncertainty.

## Remuneration paid in 2012-13 (in Rs)

Details	S.Narayanan	H.Nandi
Salary	42,00,000	42,00,000
Commission	Nil	Nil
Contributions to PF & Superannuation Fund	11,34,000	11,34,000
<b>Total</b>	<b>53,34,000</b>	<b>53,34,000</b>

## Remuneration Proposed & Remuneration Profile :

Remuneration proposed is in accordance with the presently applicable Notification dated 16 January 2002 issued by Ministry of Law, Justice and Company Affairs, read with the other relevant provisions in the Companies Act, 1956, relating to Managerial Remuneration payable to Managerial persons.

The remuneration now proposed is restricted to initial two year period, commencing 1 April 2013 and ending 31 March 2015 as stipulated under Para 1 – Part B - Cl (iii) of the said Notification, though the present re-appointment is for a period of five years commencing 1 April 2013.

The requisite resolution/s for fixing remuneration during the remainder period of three years – viz., 1 April 2015 and ending 31 March 2018, shall be taken-up at an appropriate later period.

The appointees have no pecuniary relationship with Company or relationship with other Managerial Personnel.

## C. Other information

### a. Reasons for loss registered in the last three Financial Years:

- global economic recession over the past three years, leading to uncertain and weak market

sentiments, curtailing capital investment in infrastructural facilities, particularly by the Communication Industry and the Service Providers;

- longer gestation period for obtaining requisite technical/statutory approvals and completion of field trials, for products introduced under own brand, with a view to achieve a higher valuation for the Company, in the long-run.

### b. Steps taken or proposed for improvement:

- introduction of more cost-effective products, with added features;
- diversification into Solar Based Equipment & Projects with good market potential;
- exploring of activities and products for further diversification;
- all efforts being taken to maximize Sales Revenue;
- exercising strict austerity measures in all activities to maximize profit and
- to strengthen financial fundamentals thereafter.

### c. Expected increase in productivity and profits:

- to sustain the steady growth already registered in turnover over the past three years;
- to further increase the tempo of growth, atleast, the Break-Even Level within a period of one year.

## D. Disclosures

- Details of remuneration package to Whole-time directors is furnished in the proposed resolution contained in the Notice.
- Requisite disclosures on other matters are furnished under 'Corporate Governance' forming part of this Report.

## Details, as stipulated under Clause 49(G) of listing agreement, in respect of the two Independent Directors seeking re-appointment is furnished below:

Name & Age	R Rajagopalan (75 Years)	A Mohan Rao (64 Years)
Date of Joining the Board	27 April 2001	10 May 2002
Qualification/s	A senior Fellow member of the Institute of Chartered Accountants of India (ICAI) and the Institute of Company Secretaries of India (ICSI).	Graduate in Electrical Engineering
Brief resume	Worked in top management positions in large Public Limited Company/s. Besides his proficiency in Finance, Accounts and Secretarial Functions, he was part of management team for finalization of many collaboration tie-ups. He was also associated with various professional bodies, Institutes, Forums, Committees and Sub-Committees at National and State Level.	Presently a Management Consultant, has rich experience and expertise in the field of Engineering, Commercial, Marketing and General Management. He has been associated with large MNCs for over 30 years during which, established a proven track-record of being instrumental in conceiving & successfully implementing management strategies.
Expertise	Finance, Company Law, Commercial, Administration and General Management	Engineering, Marketing, Administration and General Management
Directorship & Membership in other Companies /Committees.	Saksoft Limited, Patspin India Limited, GTN Textiles Limited	Accel Transmatic Limited, Spatik Consultants Private Limited, Optimum Air Solutions Private Limited,
Shareholding in the Company	NIL	NIL



## REPORT OF DIRECTORS AND MANAGEMENT DISCUSSION & ANALYSIS

Your Directors have pleasure in presenting herewith their Twenty Ninth Annual Report on the activities of your company during the year ended 31 March 2013.

### FINANCIAL RESULTS

	2012-2013 (Rs. Lacs)	2011-2012 (Rs. Lacs)
Net Revenue from operations	<b>4,958.56</b>	3,413.74
Other Income	<b>41.69</b>	145.88
Loss before Depreciation	<b>1,231.96</b>	1,174.36
Depreciation	<b>245.36</b>	254.35
Loss before Taxation	<b>1,477.32</b>	1,428.71
Provision for Taxation (Deferred Tax adjustments)	<b>(6.24)</b>	5.56
Loss after Taxation	<b>1,471.08</b>	1,434.27
Exceptional items - (Income from Capital Gain)	<b>151.71</b>	-
Adjustments towards extraordinary items	<b>0.85</b>	(2.05)
Loss for the period	<b>1,320.22</b>	1,432.22

### PERFORMANCE

During the year under review,

- ☐ the demand fluctuation from Customers owing to the slow-down and weak market sentiments continued to exert additional pressure on the manufacturers;
- ☐ however, the Company continuously strived to capture every opportunity by continuing its aggressive marketing efforts for its Access & Networking Products, which is now showing signs of transforming into orders;
- ☐ the company commenced full-fledged commercial operations in manufacture and supply of Solar Based Equipment & Products which contributed in augmenting the revenue. Details on segmental revenue and performance are furnished in para 17 of Note 26 on 'Additional Notes' to Accounts;
- ☐ in the above setting, the net revenue, at Rs.49.59 crores, registered a growth, over Rs.34.14 crores of the previous year;
- ☐ such curtailed growth in revenue, further compounded by increased cost pressures, resulted in accomplishing margins, sufficient only to cover a part of your Company's overheads, thereby resulting in operating loss, which registered Rs.9.72 crores, as against operating loss of Rs.10.32 crores during the previous year;
- ☐ provision has been made for an estimated amount of Rs.5 crores (previous year- Rs.4 crores) in respect of certain items of non/slow-moving inventory, based on Generally Accepted Accounting Practices and estimates by the company;
- ☐ after considering the above, the Net Operating Results show a loss of Rs.14.72 crores, as against Rs.14.32 crores of the previous year;
- ☐ an amount Rs.1.52 crores, being amount attributable to Capital Gain, on account of acquisition of a portion of landed property by National Highway Authority of India, minimized the operating loss to that extent, with which the declared loss as in financial statements works-out to Rs.13.20 crores, as against Rs.14.32 crores of the previous year;
- ☐ while operating results were negative during the first three financial quarters, with comparatively higher revenues, the operations during the final quarter ended 31 March 2013, resulted in a positive note;

- ☐ taking this as a turn-around sign, your Directors are hopeful of achieving increased revenue and profits in the coming months.

### DIVIDEND

Under these trying circumstances, your Directors are unable to recommend any dividend this year too which, with your whole-hearted co-operation and support, will facilitate optimization of presently existing cash resources, for operational requirements.

### PROSPECTS & OUTLOOK

Your company continues to operate in the space of Access and Networking products. The consistent pressure on the Government for sustained improvement in infrastructural facilities, more in the space of communication, provides an everlasting demand for the Access & Networking Products. With 3G and 4G slowly gaining momentum, and increased thrust on technology, the Company is confident of steady growth.

In addition to the above, as a means of product diversification, your Company has now forayed into manufacture and sale of Solar Based Equipment & Projects.

In the space of Solar Energy, your Company is engaged in the activity of manufacture of Solar-based equipment, as also setting-up of Solar Power Projects, in the role of a System Integrator, for which purpose, empanelment as a Certified Channel Partner has duly been obtained with the Ministry of New and Renewable Energy (MNRE), with which, your Company can directly offer Government subsidies to its Customers.

The initial market response to these products is satisfactory, and with continued focus and increased momentum, your Company is bound to register its market presence, and achieve augmented revenues and profitability, in the coming years.

### FINANCE

During the year under review,

- ☐ your company incurred an operational loss of Rs.9.72 crores, excluding the provision of Rs 5 crores towards slow-moving items of inventory;
- ☐ deleting the component of 'depreciation' of Rs.2.45 crores included in the above, the registered cash loss was Rs.7.27 crores;
- ☐ the above, as may be seen from the attached financial statements, has been met purely by internal resources, without resorting to outside borrowing;
- ☐ whenever the need arose, bank financing was resorted to, though for temporary duration/s;
- ☐ despite operating loss, the Company retains its Cash & Cash equivalents at Rs.4.50 crores approx, and positive Net Worth prevails, of approx 5 times the paid-up Share Capital;
- ☐ stringent austerity measures, already in place, continued unabated, in order to minimize the impact of expenditure on the financial results.

Your Directors place on record their sincere appreciation of the timely co-operation, guidance, assistance and whole-hearted support received from your company's employees, bankers and Canbank Factors Limited.

### JOINT VENTURE

As reported in prior year/s, the activities in the JV company viz., RAD-MRO Manufacturing Private Limited, Bangalore, were suspended from November 2007. The company still awaits procedural completion of requisite legal formalities, soon after which, further actions for (members voluntary) winding-up of this JV company will be initiated. Efforts are being taken to expedite the same.

In the meanwhile, this JV company continues to register revenue by way of Interest Income (on Fixed Deposit/s with the Bank) which earning is adequate to meet its outgo commitments (by way of professional charges and connected expenses) for completion of the presently-pending activities, and also leave behind a nominal surplus, thereby retaining positive Net Worth in the Company. Such financials are detailed in Para 18 of Note 26 II on 'additional notes to accounts'.

## HUMAN RESOURCES & INDUSTRIAL RELATIONS

Your Company continues to believe that competent and experienced employees are critical for the growth of any organization. Your Management is pleased to register its appreciation and is grateful to all its executives who stood by your Company, particularly during the last three years, when it passed through a lean period. Your company continues its endeavor to attract the best available talents in the industry, recognize, register and retain the most-valuable human power. Your Company focuses on long term Human Resource planning aimed at managing change more efficiently, grooming internal talent for future roles and also driving efficiency within the organization.

During the year under review, there were no employees in the company drawing a remuneration in excess of Rs 5 lacs per month or Rs 60 lacs per annum, as stipulated under section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

## INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY

Your company remains committed to maintain, high standards of internal control designed to provide adequate assurance on the efficiency of operations and security of its assets. The adequacy and effectiveness of the internal control across various activities, as well as compliance with laid-down systems and policies are comprehensively and frequently monitored by your company's management at all levels of the organization. The Audit Committee, which meets at-least four times a year, actively reviews internal control systems as well as financial disclosures.

## CONSERVATION OF ENERGY

Your company is duly certified under ISO 14001:2004 (Environment Management System). Every possible effort is made / introduced to conserve and avoid wastage of energy.

Adequate facilities have been installed for rain water harvesting, recycling of used water, solar-powered energy and maximum usage of natural lighting and ventilation, thus implementing Go Green Policy in its total spirit.

## RESEARCH & DEVELOPMENT

The ever changing technology in the space of Access and Networking casts a continuing responsibility on the role of R&D division in your Company. Efforts continue to introduce and promote Company's own patentable products. Patent has since been received for one more of the products developed by this Division.

Efforts also continue to maximize utilization of the R&D unit's expertise and technological skills, in finding state-of-the-art solutions, to provide more effective and revolutionary solutions, for all segments of the Communication and Networking Industry.

During the year an amount of Rs.0.01 Crore (Previous year- Rs.0.50 Crore) was incurred towards Capital Expenditure in this division. On revenue account, an amount of Rs.2.63 Crores (Previous year- Rs. 2.90 Crores) has been expended and absorbed in these accounts, in accordance with the applicable Accounting Standards.

## TECHNOLOGY ABSORPTION

The in-house technical and commercial teams consistently engage themselves in their endeavor to indigenize technology and

components, as well as implementation of value-engineering and cost-saving methods.

## FOREIGN EXCHANGE EARNINGS AND OUTGO

Development of overseas market for the products of your company, as also development of products required for the overseas market, is progressing satisfactorily. Efforts also continue to minimize foreign exchange outflow by the process of indigenization.

Full details of foreign exchange earnings and expenditure are furnished under para 13 and 14 of Note 26 II on 'additional notes to accounts'.

## CORPORATE GOVERNANCE

A detailed compliance note on Corporate Governance, as required under the provisions in the listing agreement with the Stock Exchanges, together with the certificate of Statutory Auditors thereon, is attached to this report.

## MANAGEMENT DISCUSSION AND ANALYSIS

As requisite and appropriate Management Discussion & Analysis is covered under this Report itself, a separate note on the same is not being furnished.

## DIRECTORS

R Rajagopalan and A Mohan Rao, Directors, retire by rotation at this meeting, and being eligible, offer themselves for re-appointment.

## AUDIT COMMITTEE

The Audit Committee continued to discharge its functions under the applicable laws during the year under report.

## AUDITORS

M/s. Narayanan, Patil & Ramesh, Chartered Accountants, Bangalore, retire as Statutory Auditors at the conclusion of this Annual General Meeting. Being eligible for re-appointment, your Directors recommend the same for your consideration.

## ACKNOWLEDGEMENTS

Your Directors place on record their sincere gratitude to the steadfast patronage of the valued Customers and Vendors. Your Directors also place on record, their sincere appreciation of the dedication and commitment of the employees at all levels.

Your Directors wish to register their acknowledgement and appreciation for the timely support and co-operation being extended by the Banks and all their officials.

## DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of Companies Act, 1956, your Directors hereby confirm that

- ☐ in the preparation of these annual accounts, the applicable accounting standards have been followed and no material departures have been made from the same;
- ☐ they 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 the end of the financial year and of the profits for that period;
- ☐ they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and, for preventing and detecting fraud and other irregularities;
- ☐ they have prepared annual accounts on a 'going concern' basis.

*for & on behalf of the Board of Directors*

Place : Bangalore  
Date : 29 May 2013

**S. Narayanan**  
*Chairman & Managing Director*



## CORPORATE GOVERNANCE

(Pursuant to Clause 49 of the Listing Agreements entered into with the Stock Exchanges)

### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company's philosophy on Corporate Governance is aimed at assisting the top management of your Company in the efficient and ethical conduct of its business, in meeting its obligations to shareholders, stakeholders, Government and the society at large.

MRO-TEK's business objective and that of its management and employees is to manufacture and market the Company's products in such a way as to create value that can be sustained over the long term for consumers, shareholders, employees, business partners and the national economy.

### Directors' attendance record and directorships held

Name of Director	Position	No. of Board Meetings Attended	Attendance at Prev. AGM on 27 June 2012	No. of outside Directorships held*	No. of membership/ chairmanship in other Board Committees
<b>Executive Directors</b>					
S. Narayanan	Chairman & Managing Director	5	Present	-	-
H. Nandi	Managing Director	5	Present	-	-
<b>Non-Executive, Independent Directors</b>					
R. Rajagopalan	Director	2	Not Present	3	5
A. Mohan Rao	Director	5	Present	3	2
N. Sivaram	Director	4	Present	-	-
A. Murali	Director	5	Present	15	1

\* including private company which is neither a subsidiary nor a holding company of a public company.

### AUDIT COMMITTEE

The Audit Committee comprises of R. Rajagopalan as the Chairman, with N. Sivaram, A. Mohan Rao and A. Murali as the other members of the Committee - all of them being independent and non-executive Directors.

R. Ramaswamy, the Secretary of the Company, is also the Secretary of the Audit Committee.

The role and terms of reference to the Audit Committee covers the areas mentioned under Clause 49 of the Listing Agreement and Section 292 A of the Companies Act, 1956, besides other terms as may be referred, from time to time, by the Board of Directors.

The broad terms of reference to the Audit committee, is to review with the Management, the Internal Auditors and the Statutory Auditors :

- ☐ the Company's accounting & financial controls and reporting processes – quarterly & annual.
- ☐ accounting & financial policies and practices.
- ☐ internal control and internal audit systems.
- ☐ compliance with Company policies and applicable laws and regulations.
- ☐ to recommend to the Board, regarding the appointment

MRO-TEK is conscious of the fact that the success of a corporation is a reflection of the professionalism, conduct and ethical values of its management and employees. In addition to compliance with regulatory requirement, MRO-TEK endeavours to ensure that highest standards of ethical and responsible conduct are met throughout the organisation.

### BOARD OF DIRECTORS

#### Composition

The present strength of the Board is six Directors, comprising of two Executive and four Non-Executive, Independent Directors.

#### Number of Board Meetings

A total of five meetings of the Board of Directors were held during the year under review, on 18 May, 27 June, 25 July, 31 October 2012, 30 January 2013.

/ re-appointment of Statutory, Internal and Cost Auditors and the remuneration payable to them.

- ☐ remuneration to Directors.
- ☐ accounting of ESOP Costs in accordance with SEBI guidelines.
- ☐ Allotment of options under ESOP and Buyback proposal.
- ☐ Ensure compliance of all mandatory requirements.

During the year, the Committee met four times on 18 May, 25 July, 31 October 2012, 30 January 2013.

Name of Director	No. of Meetings Attended
R. Rajagopalan	2
A. Mohan Rao	4
N. Sivaram	3
A. Murali	4

### REMUNERATION & COMPENSATION COMMITTEE

The Remuneration & Compensation Committee comprises of R. Rajagopalan as the Chairman and N. Sivaram, A. Mohan Rao and A. Murali are the other members of the Committee - all of them being independent and non-executive directors.

# MRO-TEK LIMITED

R. Ramaswamy, the Secretary of the Company, is also the Secretary of this Committee.

The terms of reference to this Committee include:

- ☐ formulation of policy relating to, and fixation of, remuneration payable, and other service terms and conditions applicable to the Executive Directors, and other senior executives of the Company;
- ☐ remuneration payable to the non-executive Directors for meetings of the Board and/or various committees attended and
- ☐ administering of Company's Employees Stock Option Scheme.

Remunerations to the whole-time Directors and other Directors of the Company are derived from, in accordance with the relevant regulations of the Companies Act, 1956, and as approved by the shareholders of the Company.

Individual agreements listing out such terms and conditions are duly executed with the whole-time Directors, for the specific period/s of appointment/s, so approved. No agreements are made with the non-executive Directors relating to their tenure and/or remuneration.

Details of the remuneration to the Directors are detailed in the relevant schedules forming a part of the Annual Accounts for the year ended 31 March 2013. No stock options were granted/allotted under ESOS, to any of the directors.

During the year, the Committee met two times on 18 May 2012 and 30 January 2013.

Name of Director	No. of Meetings Attended
R. Rajagopalan	1
A. Mohan Rao	2
N. Sivaram	1
A. Murali	2

## SHAREHOLDERS' GRIEVANCE COMMITTEE

The Shareholders' Grievance Committee comprises of A.Mohan Rao as the Chairman, and N.Sivaram, R.Rajagopalan and A Murali, as the other members – all of them being Non-Executive, Independent Directors.

During the year, the Committee met four times on

18 May, 25 July, 31 October 2012, 30 January 2013.

Name of Director	No. of Meetings Attended
A. Mohan Rao	4
N. Sivaram	3
R. Rajagopalan	2
A. Murali	3

The Shareholders' Grievance Committee has constituted a sub-committee comprising of S.Narayanan, H.Nandi, and R.Ramaswamy, (also as Compliance Officer), with any two of them forming a quorum.

The terms of reference to this Committee / sub-committee include:

- ☐ to approve all transfer (including transmission, transposition, re-mat) requests received,
- ☐ to note the transfers which have taken place till the immediately preceding date on which Beneficiary Position (Benpos) report is received,
- ☐ to scrutinise and note the highlights of the Benpos report and
- ☐ to review action taken on shareholders' grievance/s.

This sub-committee normally meets on the 4th, 11th, 18th and 25th day of every month, and if any of those days fall on a Sunday or a holiday, on the immediately preceding working day, provided there are any subjects referred to the committee to be resolved during the period.

The Shareholders' Grievance Committee which meets once every calendar quarter, reviews the report and takes note of the highlights furnished by the sub-committee on transactions in the equity shares of the Company, as also directs the sub-committee in all its actions.

All complaints received from shareholders and investors have been solved to the satisfaction of the complainants. All valid requests for share transfers received during the year have been acted upon by your Company and no request for transfer has either been refused or is pending.

Reconciliation of the share capital is reviewed every quarter by a practicing Company Secretary as per the prevailing guidelines of the SEBI, and the same is filed with the Stock Exchanges.

## INFORMATION ON INVESTOR COMPLAINTS FOR THE YEAR :

Brought Forward	Received afresh	Disposed	Carried-over
0	6	6	0

## REMUNERATION OF DIRECTORS FOR 2012-13

In Rupees

Name of the Director	Sitting Fee*	Salaries	Provident Fund & Superannuation	Total
S. Narayanan	Nil	42,00,000	11,34,000	53,34,000
H. Nandi	Nil	42,00,000	11,34,000	53,34,000
R. Rajagopalan	42,000	Nil	Nil	42,000
A. Mohan Rao	90,000	Nil	Nil	90,000
N. Sivaram	66,000	Nil	Nil	66,000
A. Murali	90,000	Nil	Nil	90,000

\*Sitting Fee disclosed above is net of service tax

**GENERAL BODY MEETINGS**

Location and time for previous three Annual General Meetings for the financial years ended on March 31:

Year	Location	Date	Time
2010	Hotel Woodlands, Bangalore	30 June 2010	11.00 Hours
2011	Hotel Woodlands, Bangalore	29 June 2011	11.00 Hours
2012	Hotel Woodlands, Bangalore	27 June 2012	11.00 Hours

**SPECIAL RESOLUTIONS PASSED IN THE PREVIOUS THREE ANNUAL GENERAL MEETINGS :**

Year	Special Resolutions
2010	<ol style="list-style-type: none"> <li>1. Payment of commission on net profits, as provided under Company Act, 1956, to Non-whole time Directors of the Company for the period of five year from 1 April 2010 to 31 March 2015.</li> <li>2. Payment of remuneration to S Narayanan, Chairman &amp; Managing Director of the Company for the period 1 April 2010 to 31 March 2013.</li> <li>3. Payment of remuneration to H Nandi, Managing Director of the Company for the period 1 April 2010 to 31 March 2013.</li> </ol>
2011	No Special Resolution was considered with proposed.
2012	No Special Resolution was considered with proposed.

**DISCLOSURE**

Transactions with related parties are disclosed in para 19 of Note 26 on 'Additional Notes to Accounts' in the Annual Report.

The Register of Contracts containing the transactions, in which Directors are interested, is regularly placed before the Board for its ratification and approval.

During the previous three years, or in any of the earlier years, there were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital markets.

The Company's personnel have access to the Audit Committee to refer any matter/s regarding concerns about unethical behaviour, actual or suspected fraud or violation of Company's code of conduct or ethics policy.

**COST AUDIT**

Under Section 233B of Companies Act, 1956, Mr M.R.Krishna Murthy, Cost Accountant, having his office at No 8, First Floor, 4th Main Road, Chamarajpet, Bangalore, was appointed as Cost Auditor of the Company for the financial year 2012-13. His appointment was duly approved by the Central Government.

Cost Audit Report for the financial year 2011-12 was filed on 2 January 2013, well before the extended due date of 28 February 2013. Cost Audit Report for financial year 2012 -13 shall be filed on or before the due date.

**Details of compliance with mandatory requirements**

Particulars	Clause of listing agreement	Compliance status (Yes/No/N/A)
1	2	3
<b>I Board of Directors</b>	49 I	
(A) Composition of Board	49 (IA)	Yes
(B) Non-Executive Directors' Compensation & Disclosure	49 (IB)	Yes
(C) Others provisions as to Board and Committees	49 (IC)	Yes
(D) Code of Conduct	49 (ID)	Yes
<b>II Audit Committee</b>	49 (II)	
(A) Qualified & Independent Audit Committee	49 (IIA)	Yes
(B) Meeting of Audit Committee	49 (IIB)	Yes
(C) Powers of Audit Committee	49 (IIC)	Yes
(D) Role of Audit Committee	49 II (D)	Yes
(E) Review of Information by Audit Committee	49 (IIE)	Yes
<b>III Subsidiary Companies</b>	49 (III)	N/A
<b>IV Disclosures</b>	49 (IV)	
(A) Basis of related party transactions	49 (IV A)	Yes
(B) Disclosure of Accounting Treatment	49 (IV B)	Yes
(C) Board Disclosures	49 (IV C)	Yes
(D) Proceeds from public issues, rights issue, preferential Issues etc.	49 (IV D)	N/A
(E) Remuneration of Directors	49 (IV E)	Yes
(F) Management	49 (IV F)	Yes
(G) Shareholders	49 (IV G)	Yes
<b>V CEO/CFO Certification</b>	49 (V)	Yes
<b>VI Report on Corporate Governance</b>	49 (VI)	Yes
<b>VII Compliance</b>	49 (VII)	Yes



## Compliance with non-mandatory requirements

- i. Remuneration Committee has duly been constituted.
- ii. The Company is in the regime of unqualified financial statements.
- iii. The Company consistently trains its Board members, on an on-going basis, in the business model of the Company as well as the risk profile of the business parameters of the Company, their responsibilities as Directors, and the best ways to discharge them.
- iv. The Company has a procedure of bringing to the notice of management, any matter/s regarding concerns about unethical behaviour, actual or suspected fraud or violation of Company's code of conduct or ethics policy.
- v. Corporate Governance Voluntary Guidelines 2009:
  - Whole-time Directors of the Company are not holding any position as Non-Executive Directors or Independent directors of any other public limited companies or private companies that are either holding or subsidiary companies of public companies. The voluntary guidelines allows for holding such positions in seven such companies in aggregate.
  - Independent Directors of the Company have the option and freedom to meet Company Management regularly. They are provided with all information sought by them to perform their duty effectively and efficiently.
- Non-whole time Directors are remunerated with an appropriate percent of the net profits of the company as allowed under the provisions of Companies Act, 1956, for their valuable contributions by way of guidance, directions and time devoted to the activities of your Company. Such remunerations paid is uniform among all Non-whole time Directors.
- Remuneration Committee has duly been constituted to discuss issues, as detailed elsewhere in this report.
- Audit Committee has duly been constituted, and its scope and functions has already detailed elsewhere in this report.
- Matters referred to Audit Committee, as detailed elsewhere in the report include, inter alia, recommendation to Board, on appointment of Statutory, Internal and Cost Auditor/s.
- Internal Auditor of the Company is an independent chartered accountant firm.
- Rotation of audit partner has been implemented by the auditing firm.
- Reconciliation of Share Capital Audit Report is conducted every financial quarter and placed before the Audit Committee and the Board for review.

## MEANS OF COMMUNICATION

I	Quarterly Results	Published in National and local dailies such as Financial Express (English) & Samyukta Karnataka (Kannada) and in official websites of National Stock Exchange of India Limited ( <a href="http://www.nseindia.com">www.nseindia.com</a> ) and Bombay Stock Exchange Limited ( <a href="http://www.bseindia.com">www.bseindia.com</a> )
II	Publications in News Papers	Published in National and local dailies such as Financial Express (English) & Samyukta Karnataka (Kannada)
III	Publications in Websites	<a href="http://www.mro-tek.com">www.mro-tek.com</a>
IV	Displaying of official news releases	<a href="http://www.mro-tek.com">www.mro-tek.com</a> and official websites of NSE and BSE
V	Presentations to Institutional Investors or analysts	<a href="http://www.mro-tek.com">www.mro-tek.com</a>

## Industry Structure & Developments, Opportunities & Threats, Segment-wise performance, outlook, Risks and Concerns of your Company and discussion on financial performance with respect to the Operational Performance:

To the extent applicable, have duly been covered in the Directors' report.

## SHAREHOLDER INFORMATION

- a) Date, time & venue of the Annual General Meeting of Shareholders :

Date	Time	Venue
Wednesday, 10 July 2013	11.00 Hours	Hotel Woodlands, No. 5, Raja Ram Mohan Roy Road, Bangalore - 560025

- b) Particulars of Financial Calendar for 2013-14

Financial Year	1 April 2013 to 31 March 2014
First, Second and Third Quarterly Results	Within 45 days of end of each quarter
Fourth Quarter & Financial Year Results	within sixty days of end of the financial year

- c) Dates of Book Closure – 27 June 2013 to 10 July 2013 (both days inclusive).
- d) Date of Dividend Payment – After the date of AGM and within the stipulated period of 30 days .
- e) Listing on stock exchanges:
- National Stock Exchange of India Limited (NSE), Bombay Stock Exchange Limited (BSE).
  - Annual listing fee has been remitted for NSE and BSE for the year 2013-14.
  - Annual custody fee has been remitted for NSDL and CDSL for the year 2013-14.
- f) Stock Exchange Codes

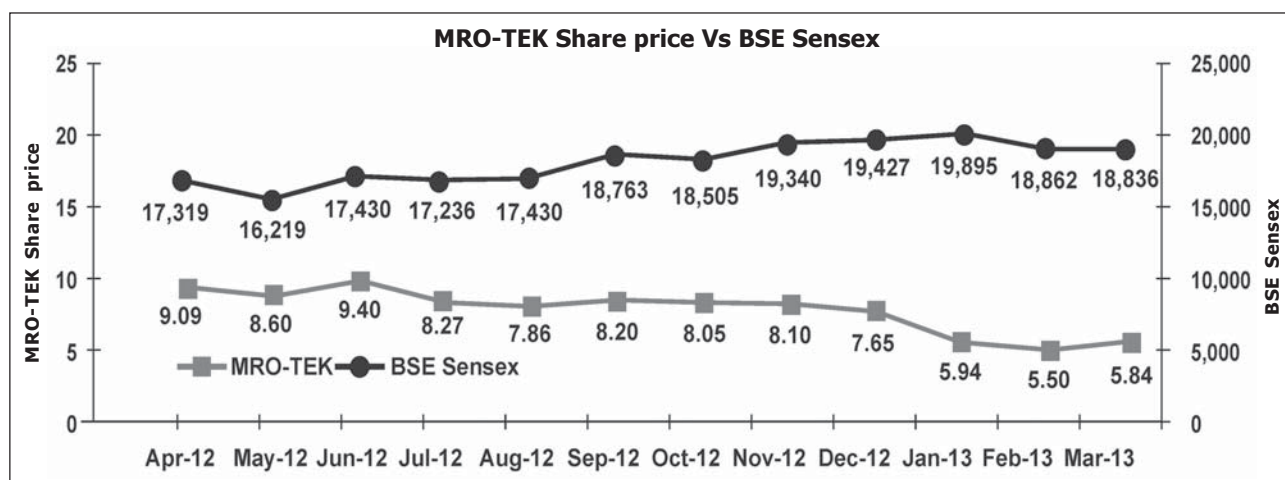
Stock Exchange	Code
National Stock Exchange of India Limited, Mumbai	MRO-TEK
Bombay Stock Exchange Limited, Mumbai	532376

- g) Demat arrangement with NSDL and CDSL. Demat ISIN – INE398B01018

- h) Market price data of shares traded

High/Low of market price of the Company's shares traded in Bombay Stock Exchange and National Stock Exchange, during the financial year 2012-13 is furnished below:

Month	Bombay Stock Exchange			National Stock Exchange		
	High (Rs.)	Low (Rs.)	Volume (Nos)	High (Rs.)	Low (Rs.)	Volume (Nos.)
Apr-12	11.99	8.74	60,226	11.20	8.75	91,050
May-12	9.85	7.10	59,572	9.80	7.75	89,682
Jun-12	10.60	7.72	92,569	10.00	8.00	92,836
Jul-12	9.95	7.56	43,784	9.90	7.90	1,07,636
Aug-12	9.40	6.80	42,608	8.95	7.20	1,12,145
Sep-12	9.40	7.26	1,05,954	8.55	7.05	2,03,677
Oct-12	9.95	7.61	1,74,116	9.70	7.50	1,39,450
Nov-12	8.99	7.52	1,34,781	8.95	7.50	1,38,733
Dec-12	8.67	7.33	1,05,277	8.95	7.15	1,43,429
Jan-13	8.20	5.86	3,74,544	8.20	5.55	4,55,254
Feb-13	6.30	4.72	1,41,905	6.30	4.55	3,70,877
Mar-13	6.79	5.00	1,28,770	6.40	5.10	2,96,224



- i) Share Transfer System

In compliance of SEBI requirements, share transfers are entertained both under demat form as well as physical form.

As reported hereinabove under "Shareholders Grievance Committee", Share transfers, in respect of physical stocks, are normally effected within a maximum of 15 days from the date of receipt, if all required documentation is submitted.

# MRO-TEK LIMITED

j) Distribution of Shareholding as on 31 March 2013 :

No. of equity shares held	No. of shares (face value Rs.5)	% to total	No. of Shareholders	% to Total No. of Shareholders
Upto 500	25,19,846	13.49	14,782	81.35
501-1000	13,93,733	7.46	1,655	9.11
1001-2000	13,57,183	7.26	860	4.73
2001-3000	7,54,213	4.04	290	1.60
3001-4000	4,70,597	2.52	130	0.72
4001-5000	6,74,272	3.61	141	0.78
5001-10000	13,05,365	6.99	176	0.97
10001 & above	1,02,09,393	54.64	136	0.75
<b>Total</b>	<b>1,86,84,602</b>	<b>100.00</b>	<b>18,170</b>	<b>100.00</b>

k) Categories of Shareholding :

Category	No. of Shareholders	Total Shares	%	Equity Shares Pledged	
				No. of shares	%
Promoters Group	4	73,20,957	39.18	NIL	NIL
NRIs/ Foreign Nationals	125	1,33,911	0.72	N/A	N/A
Banks/Mutual Funds/FIIs	1	3,500	0.02	N/A	N/A
Bodies Corporate	393	12,55,824	6.72	N/A	N/A
Trusts	1	430	0.00	N/A	N/A
Public	17,646	99,69,980	53.36	N/A	N/A
<b>Total</b>	<b>18,170</b>	<b>1,86,84,602</b>	<b>100.00</b>		

l) Dematerialisation of Shares and Liquidity

Category – Demat/Physical	No. of Shareholders	%	No. of Shares	%
Total No. of Shareholders holding shares physically	482	2.65	1,36,873	0.73
Total No. of Shareholders in electronic (Demat) form	17,688	97.35	1,85,47,729	99.27
<b>Total</b>	<b>18,170</b>	<b>100.00</b>	<b>1,86,84,602</b>	<b>100.00</b>

Days taken for Demat	No. of Requests	No. of Shares	% of Total Shares
15	16	7,200	0.04

m) Non-Executive Directors shareholding in the Company:

While A.Murali holds 200 equity shares, the other directors viz., R.Rajagopalan, N.Sivaram and A.Mohan Rao do not hold any shares of your company.

n) Plant Location:

No.29-B, Electronic City,  
Hosur Road,  
Bangalore – 560 100. India  
Tel : (91) (80) 2852 0544  
Fax : (91) (80) 2852 0986

o) Address for Investor Correspondence

(all matters):  
MRO-TEK Limited, Bellary Road,  
Hebbal, Bangalore - 560 024.  
Tel : (91) (80) 2333 2951  
Fax : (91) (80) 2333 3415  
E-mail : grd@mro-tek.com

p) Registrars & Share Transfer Agents:

Karvy Computershare Pvt. Ltd.,  
Plot No. 17-24, Vittalrao Nagar,  
Madhapur, Hyderabad - 500 081.  
Tel : 040 2342 0815  
Fax : 040 2342 0814  
E-mail : einward.ris@karvy.com

for & on behalf of the Board of Directors

Place : Bangalore  
Date : 29 May 2013

**S. Narayanan**  
Chairman & Managing Director



**CEO & CFO CERTIFICATION**

- a. We have reviewed financial statements and the cash flow statement for the year ended 31 March 2013 and certify, to the best of our knowledge and belief, that:
- these statements present a true and fair view of the Company's affairs, and are in compliance with existing accounting standards, applicable laws and regulations;
  - these statements do not contain any materially untrue statement, or omit any material fact, or contain statements that might be misleading;
  - no transactions entered into by the company during the year were fraudulent, illegal or violative of the Company's code of conduct and no instances of fraud took place;
  - we accept responsibility for establishing and maintaining internal controls for financial reporting;
  - we have evaluated the effectiveness of the internal control systems of the Company, and

have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and have taken steps to rectify the same, wherever found;

- significant changes in internal control over financial reporting, as well as changes in accounting policies, if any, have been intimated to the auditors and the Audit Committee, and been disclosed in the notes to the financial statements;
- b. We further declare, in compliance to clause 49.I(D)(ii) to Listing Agreement, that all the Board members and senior management personnel have affirmed compliance with the code of conduct of the Company.

**H. Nandi**      **R. Ramaswamy**

Place : Bangalore      *Managing*      *CFO &*  
 Date : 29 May 2013      *Director*      *Company Secretary*

**CERTIFICATE OF AUDITORS ON CORPORATE GOVERNANCE**

To the Members of MRO-TEK LIMITED

We have examined the compliance of conditions of corporate governance by MRO – TEK LIMITED, for the year ended on 31st March 2013, as stipulated in Clause 49 of the Listing Agreement of the said company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify

that the company has complied in all material respects with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

for **Narayanan, Patil and Ramesh**  
*Chartered Accountants*

**L. R. Narayanan**  
*Partner*

Place : Bangalore      *Membership No. 200/25588*  
 Date : 29 May 2013      *Firm No. 0023955*

## INDEPENDENT AUDITORS' REPORT

### To the members of MRO-TEK LIMITED,

We have audited the accompanying financial statements of MRO-TEK Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's responsibility for the financial statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according

to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) in the case of the Profit and Loss Account, of the profit/loss 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 (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of accounts;
  - d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956; and
  - e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

for **Narayanan, Patil and Ramesh**

*Chartered Accountants*

Firm Registration No. 002395S

**L. R. Narayanan**

*Partner*

Place : Bangalore

Date : 29 May 2013

Membership No. 25588

## ANNEXURE TO AUDITORS' REPORT

The Annexure referred to in our Report to the members of MRO-TEK Limited ("the Company") for the year ended 31st March, 2013.

- i. (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
  - (b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.
  - (c) In our opinion and according to the information and explanations given to us, no major fixed assets have been disposed during the year so as to affect its going concern assumption.
- ii. (a) As explained to us, inventories have been physically verified during the year by the management. In our opinion, the frequency of such verification is reasonable.
  - (b) In our opinion and according to the information and

explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

- (c) In our opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. The discrepancies noticed on physical verification of stocks as compared to book records were not material.
- iii. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the provisions of clauses iii (b), iii(c) and iii (d) of the order are not applicable to the Company.

- (b) According to the information and explanations given to us and on the basis of our examination of the books of accounts, the Company has not taken loans from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Thus sub clauses (f) & (g) are not applicable to the company.
- iv. In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventories & fixed assets and payment for expenses & for sale of goods. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.
- (v) a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
- b) As per information & explanations given to us and in our opinion, the transaction entered into by the company with parties covered under section 301 of the Act and exceeding the value of rupees five lakhs in respect of any party during the year, have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public covered under section 58A and 58AA of the Companies Act, 1956.
- vii. As per information & explanations given by the management, the Company has an internal audit system commensurate with its size and the nature of its business.
- viii. As per information & explanation given by the management, maintenance of cost records has been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- ix. (a) According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on 31st of March, 2013 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there is no amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty and excise duty which have not been deposited on account of any disputes except the following:

Name of the statute relates	Nature of the Dues pending	Amount Rs.	Period to which the amount	Forum where dispute is
Central Excise	Excise Duty	4,66,90,550	Jan 2008 to Mar 2010	CESTAT

- x. The Company has an accumulated loss of Rs. 27.24 crores which is less than 50% of its net worth and has incurred cash loss during the financial year and immediately preceding financial year covered by our audit of Rs. 10.81 crores and Rs. 11.72 crores respectively.
- xi. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- xii. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The Company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
- xiv. According to information and explanations given to us, the Company is not trading in Shares, Mutual funds & other Investments.
- xv. According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from a bank or financial institution.
- xvi. Based on our audit procedures and on the information given by the management, we report that the company has not raised any term loans during the year.
- xvii. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2013, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
- xviii. Based on the audit procedures performed and the information and explanations given to us by the management, we report that the Company has not made any preferential allotment of shares during the year.
- xix. The Company has no outstanding debentures during the period under audit.
- xx. The Company has not raised any money by public issue during the year.
- xxi. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

for **Narayanan, Patil and Ramesh**  
Chartered Accountants  
FRN : 002395S

**L. R. Narayanan**  
Partner

Place : Bangalore  
Date : 29 May 2013

Membership No. 200/25588



## BALANCE SHEET

AS AT 31 MARCH 2013

	Note No.	As at 31 March 2013 Rs.	As at 31 March 2012 Rs.
<b>I Equity and Liabilities</b>			
<b>1 Shareholders' funds</b>			
a Share Capital	1	9,34,23,010	9,34,23,010
b Reserves and Surplus	2	39,88,64,998	53,08,87,401
<b>2 Non-current liabilities</b>			
a Long-term borrowings	3	2,29,18,001	2,96,67,001
b Deferred tax liabilities (Net)	4	1,01,61,671	1,07,85,870
c Long-term provisions	5	51,51,001	52,30,629
<b>3 Current liabilities</b>			
a Short-term borrowings	6	-	-
b Trade payables	7	8,29,27,754	2,98,82,522
c Other Current liabilities	8	5,78,09,618	4,85,29,121
d Short-term provisions	9	5,31,928	-
<b>Total</b>		<b>67,17,87,981</b>	<b>74,84,05,554</b>
<b>II Assets</b>			
<b>1 Non-Current Assets</b>			
a <b>Fixed Assets</b>			
i Tangible Assets	10	24,18,61,812	23,44,00,659
ii Intangible Assets		17,09,342	35,77,336
iii Capital Work in Progress		-	-
b Non Current Investments	11	72,52,000	72,52,000
c Long-term loans and advances	12	4,75,08,102	4,40,14,529
<b>2 Current Assets</b>			
a Current Investments	13	6,00,851	6,00,851
b Inventories	14	15,69,63,550	25,11,76,832
c Trade receivables	15	15,26,32,926	13,58,44,117
d Cash and Cash equivalents	16	4,53,76,966	5,46,27,893
e Short-term loans and advances	17	1,78,82,432	1,69,11,337
<b>Total</b>		<b>67,17,87,981</b>	<b>74,84,05,554</b>
<b>Significant accounting policies and additional notes form integral part of the Balance Sheet</b>	26		

for and on behalf of the Board of Directors

This is the Balance Sheet referred to in our report of even date

**S. Narayanan** *Chairman & Managing Director*  
**H. Nandi** *Managing Director*  
**R. Rajagopalan** *Director*  
**A. Mohan Rao** *Director*  
**N. Sivaram** *Director*  
**A. Murali** *Director*  
**R. Ramaswamy** *CFO & Company Secretary*

**for Narayanan, Patil & Ramesh**  
*Chartered Accountants*

**L. R. Narayanan**  
*Partner*

Place : Bangalore  
 Date : 29 May 2013

Membership No: 200/25588  
 Firm No. 002395S

**STATEMENT OF PROFIT & LOSS ACCOUNT**

FOR THE YEAR ENDED 31 MARCH 2013

	Note No.	Year ended 31 March 2013 Rs.	Year ended 31 March 2012 Rs.
I Revenue from Operations	18	<b>49,58,55,664</b>	34,13,74,261
II Other Income	19	<b>41,68,760</b>	1,45,87,802
<b>III Total Revenue (I + II)</b>		<b>50,00,24,424</b>	35,59,62,063
IV Expenses:			
Cost of materials consumed	20	<b>22,24,23,170</b>	19,82,59,087
Purchases of Traded goods		<b>11,74,88,848</b>	5,01,94,026
Changes in inventories of Finished Goods, Work-in-progress and Traded Goods	21	<b>1,92,93,666</b>	(2,67,07,352)
Provision for Non/Slow-Moving Items		<b>5,00,00,000</b>	4,00,00,000
<b>Net cost of Materials Consumed</b>		<b>40,92,05,684</b>	26,17,45,761
Employee benefits expenses	22	<b>14,26,43,732</b>	14,13,76,726
Finance Cost	23	<b>22,10,325</b>	26,71,077
Depreciation and amortization expenses	10	<b>2,45,36,066</b>	2,54,35,332
Other Expenses	24	<b>6,91,61,254</b>	6,76,04,377
<b>Total expenses</b>		<b>64,77,57,061</b>	49,88,33,273
V Profit/(Loss) before exceptional and extraordinary items and tax (III - IV)		<b>(14,77,32,637)</b>	(14,28,71,210)
VI Exceptional Items		<b>1,51,71,384</b>	-
VII Profit/(Loss) before extraordinary items and tax (V - VI)		<b>(13,25,61,253)</b>	(14,28,71,210)
VIII Extraordinary Items		<b>(85,350)</b>	2,05,664
IX Profit/(Loss) before tax (VII - VIII)		<b>(13,26,46,603)</b>	(14,26,65,546)
X Tax Expenses			
1 Current tax		-	-
2 Deferred tax		<b>(6,24,200)</b>	5,56,029
XI Profit/(Loss) for the period (IX - X)		<b>(13,20,22,403)</b>	(14,32,21,575)
XII Earnings per equity share (face value of Rs. 5 per share)			
1 Basic		<b>(7.07)</b>	(7.67)
2 Diluted		<b>(7.07)</b>	(7.67)

**Significant accounting policies and additional notes  
form integral part of the Profit & Loss account**

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*for and on behalf of the Board of Directors*

This is the Profit &amp; Loss Account referred to in our report of even date

**S. Narayanan** *Chairman & Managing Director*  
**H. Nandi** *Managing Director*  
**R. Rajagopalan** *Director*  
**A. Mohan Rao** *Director*  
**N. Sivaram** *Director*  
**A. Murali** *Director*  
**R. Ramaswamy** *CFO & Company Secretary*

**for Narayanan, Patil & Ramesh**  
*Chartered Accountants*

**L. R. Narayanan**  
*Partner*

Membership No: 200/25588  
Firm No. 002395S

Place : Bangalore  
Date : 29 May 2013

## NOTES FORMING PART OF BALANCE SHEET

AS AT 31 MARCH 2013

	As at 31 March 2013 Rs.	As at 31 March 2012 Rs.
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### NOTE - 1 - SHARE CAPITAL

1. **Authorised** 2,40,00,000 Equity shares of Rs. 5 each 12,00,00,000 12,00,00,000

2. **Issued, Subscribed & Paid Up**

1,86,84,602 Equity Shares of Rs.5 each, fully paid-up

(Previous year 1,86,84,602 Equity Shares of Rs.5 each, fully paid-up) 9,34,23,010 9,34,23,010

3. **Reconciliation of number of shares outstanding at the beginning & at the end of the reporting year**

	As at 31 March 2013		As at 31 March 2012	
	No of Shares	Value Rs.	No of Shares	Value Rs.
At the beginning of the year	1,86,84,602	9,34,23,010	1,86,84,602	9,34,23,010
Movement during the period	-	-	-	-
Outstanding at the end of the year	1,86,84,602	9,34,23,010	1,86,84,602	9,34,23,010

4. **Shareholders holding Equity Shares more than 5%:**

Shareholder	31 March 2013		31 March 2012	
	No of Shares	Holding %	No of Shares	Holding %
H Nandi	31,19,742	16.70	30,73,610	16.45
S Narayanan	30,82,230	16.50	30,36,011	16.25

5. **Equity Shares bought back during the last five years:**

Financial Year	No. of Shares
2009-10	3,01,372
<b>Total</b>	<b>3,01,372</b>

### NOTE - 2 - Reserve and Surplus

1. **Capital Reserve :**

State Government subsidy on Capital Investment

Opening Balance 1,10,000 1,10,000

1,10,000

1,10,000

2. **Capital Redemption Reserve**

1,02,84,630

1,02,84,630

3. **Securities Premium Account**

17,69,06,656

17,69,06,656

4. **General Reserve**

Opening Balance

48,30,00,000

48,30,00,000

48,30,00,000

48,30,00,000

5. **Surplus/(deficit) in the statement of Profit & Loss**

Opening Balance

(13,94,13,885)

38,07,690

Profit / (Loss) for the year

(13,20,22,403)

(14,32,21,575)

Less: Appropriations

-

-

Net Surplus/(deficit) in the statement of Profit & Loss

(27,14,36,288)

(13,94,13,885)

**Total**

39,88,64,998

53,08,87,401



**NOTES FORMING PART OF BALANCE SHEET**

AS AT 31 MARCH 2013

	As at 31 March 2013 Rs.	As at 31 March 2012 Rs.
<b>NOTE - 3 - Long-Term Borrowing</b>		
Sales Tax Deferment*	<u>2,29,18,001</u>	<u>2,96,67,001</u>
<b>Total</b>	<u>2,29,18,001</u>	<u>2,96,67,001</u>
* Refers to interest free incentive granted, during the year 2001, by the State Government, to the extent of 150% of the investment in fixed assets, for expansion of production capacity, as provided under the Information Technology policy of 1997 and repayable in half yearly installments of Rs.3,52,000, starting from February 2012 and Rs.30,22,500, starting from January 2013.		
<b>NOTE - 4 - Deferred Tax Liability</b>		
<b>Deferred tax liability on account of :</b>		
Fixed Assets	1,29,41,838	1,49,36,552
Carry forward of Capital Loss	-	(14,99,940)
<b>Deferred tax asset on account of :</b>		
Others	(27,80,167)	(26,50,742)
<b>Total</b>	<u>1,01,61,671</u>	<u>1,07,85,870</u>
<b>NOTE - 5 - Long-Term Provisions</b>		
Employees' Benefits - Leave Encashment	51,51,001	52,30,629
<b>Total</b>	<u>51,51,001</u>	<u>52,30,629</u>
<b>NOTE - 6 - Short-Term Borrowings</b>		
Secured borrowings a Loan repayable on demand		
- from Bank	-	-
<b>Total</b>	<u>-</u>	<u>-</u>
Cash Credit, LC and BG limits sanctioned by State Bank of India are secured against hypothecation of Book Debts (to the extent not factored with M/s Canbank Factors Ltd), Inventory and also a first charge on all fixed assets of the Company, movable & immovable as collateral security. In addition to first charge on receivables factored, a second charge on immovable property is also extended for M/s Canbank Factors Limited.		
<b>NOTE - 7 - Trade Payables</b>		
<b>Trade Payables</b>		
- MSME	16,61,366	24,16,911
- Others	8,12,66,388	2,74,65,611
<b>Total</b>	<u>8,29,27,754</u>	<u>2,98,82,522</u>
<b>NOTE - 8 - Other Current Liabilities</b>		
Customer Credit Balances	98,93,086	2,35,944
Advances from Customer under AMC	27,60,675	29,07,275
Unclaimed dividends*	21,58,850	26,16,742
Sales Tax deferment - Current maturity	67,49,000	37,26,500
Others liabilities	3,62,48,007	3,90,42,660
<b>Total</b>	<u>5,78,09,618</u>	<u>4,85,29,121</u>
* (During the year an amount of Rs.2,63,525 was credited to Investor Education and Protection Fund as at 31.03.2013)		
<b>NOTE - 9 - Short-term provisions</b>		
Employees' Benefits - Leave Encashment	5,31,928	-
<b>Total</b>	<u>5,31,928</u>	<u>-</u>

## NOTES FORMING PART OF THE BALANCE SHEET

## NOTE - 10

## Fixed Assets

NATURE OF ASSET	GROSS BLOCK				DEPRECIATION BLOCK					NET BLOCK	
	COST AS ON 1 Apr 2012	ADDITIONS DURING THE YEAR	DELETIONS	TOTAL COST AS ON 31 Mar 2013	Rate	UPTO 31 Mar 2012	FOR THE PERIOD	ON DELETIONS	UPTO 31 Mar 2013	AS AT 31 Mar 2013	AS AT 31 Mar 2012
	Rs.	Rs.	Rs.	Rs.	%	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>TANGIBLE ASSETS:</b>											
LAND	8,05,454	-	-	8,05,454	-	-	-	-	-	8,05,454	8,05,454
- FACTORY	5,47,38,602	-	42,15,391	5,05,23,211	-	-	-	-	-	5,05,23,211	5,47,38,602
- OFFICE	4,86,49,804	1,33,41,319	-	6,19,91,123	4.00	1,65,07,651	20,45,074	-	1,85,52,725	4,34,38,398	3,21,42,153
BUILDINGS	11,05,18,630	1,09,32,369	7,86,442	12,06,64,557	4.00	3,32,95,913	44,60,824	2,42,108	3,75,14,629	8,31,49,928	7,72,22,717
- OFFICE											
<b>PLANT AND EQUIPMENT:</b>											
PLANT & MACHINERY - R&D	12,84,395	-	-	12,84,395	10.00	11,15,744	98,225	-	12,13,969	70,426	1,68,651
PLANT & MACHINERY - OTHERS	7,02,99,058	6,47,979	-	7,09,47,037	10.00	4,39,77,348	54,65,844	-	4,94,43,192	2,15,03,845	2,63,21,710
TEST EQUIPMENTS - R&D	2,39,42,783	-	-	2,39,42,783	10.00	1,50,58,178	17,68,007	-	1,68,26,185	71,16,598	88,84,605
TEST EQUIPMENTS - OTHERS	2,44,57,228	21,44,834	-	2,66,02,062	10.00	2,06,96,486	8,72,337	-	2,15,68,823	50,33,239	37,60,742
FURNITURE & FIXTURES - R&D	10,26,776	18,871	-	10,45,647	10.00	8,56,203	43,103	-	8,99,306	1,46,341	1,70,573
FURNITURE & FIXTURES - OTHERS	3,39,06,936	54,31,474	-	3,93,38,410	10.00	1,86,69,094	28,63,252	-	2,15,32,346	1,78,06,064	1,52,37,842
VEHICLES	95,72,449	-	-	95,72,449	9.50	58,51,069	7,54,856	-	66,05,925	29,66,524	37,21,380
OFFICE EQUIPMENTS - R&D	1,69,598	-	-	1,69,598	10.00	1,61,986	3,277	-	1,65,263	4,335	7,612
OFFICE EQUIPMENTS - OTHERS	1,09,32,820	5,87,754	36,496	1,14,84,078	10.00	80,84,086	8,08,747	20,657	88,72,176	26,11,902	28,48,734
<b>OTHERS:</b>											
ELECTRICAL INSTALLATIONS	1,77,45,218	13,20,017	-	1,90,65,235	10.00	1,31,12,389	17,42,885	-	1,48,55,274	42,09,961	46,32,829
COMPUTERS & NETWORKING - R&D	1,64,60,048	46,326	-	1,65,06,374	20.00	1,58,84,743	4,23,672	-	1,63,08,415	1,97,959	5,75,305
COMPUTERS & NETWORKING - OTHERS	3,56,71,485	3,18,834	-	3,59,90,319	20.00	3,37,51,054	10,40,574	-	3,47,91,628	11,98,691	19,20,431
AIR CONDITIONERS - R&D	77,866	-	-	77,866	10.00	77,269	597	-	77,866	-	597
AIR CONDITIONERS - OTHERS	35,99,439	115,012	-	37,14,451	10.00	23,58,717	2,76,798	-	26,35,515	10,78,936	12,40,722
<b>SUB TOTAL</b>	<b>46,38,58,589</b>	<b>3,49,04,789</b>	<b>50,38,329</b>	<b>49,37,25,049</b>		<b>22,94,57,930</b>	<b>2,26,68,072</b>	<b>2,62,765</b>	<b>25,18,63,237</b>	<b>24,18,61,812</b>	<b>23,44,00,659</b>
<b>INTANGIBLE ASSETS:</b>											
COMPUTER SOFTWARE - R&D	1,55,88,480	-	-	1,55,88,480	20.00	1,55,88,480	-	-	1,55,88,480	-	-
COMPUTER SOFTWARE - OTHERS	1,02,08,194	-	-	1,02,08,194	20.00	66,30,858	18,67,994	-	84,98,852	17,09,342	35,77,336
<b>SUB TOTAL</b>	<b>2,57,96,674</b>	<b>-</b>	<b>-</b>	<b>2,57,96,674</b>		<b>2,22,19,338</b>	<b>18,67,994</b>	<b>-</b>	<b>2,40,87,332</b>	<b>17,09,342</b>	<b>35,77,336</b>
Capital Work Progress											
CAPITAL WORK IN PROGRESS (F)	-	1,40,77,541	1,40,77,541	-		-	-	-	-	-	-
CAPITAL WORK IN PROGRESS(O)	-	-	-	-		-	-	-	-	-	-
		<b>1,40,77,541</b>	<b>1,40,77,541</b>	<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>48,96,55,263</b>	<b>4,89,82,330</b>	<b>1,91,15,870</b>	<b>51,95,21,723</b>		<b>25,16,77,268</b>	<b>2,45,36,066</b>	<b>2,62,765</b>	<b>27,59,50,569</b>	<b>24,35,71,154</b>	<b>23,79,77,995</b>
<b>As at 31 March 12</b>	<b>47,59,33,561</b>	<b>1,50,04,739</b>	<b>12,83,037</b>	<b>48,96,55,263</b>		<b>22,75,16,458</b>	<b>2,54,35,332</b>	<b>12,74,522</b>	<b>25,16,77,268</b>	<b>23,79,77,995</b>	<b>24,84,17,103</b>

Note: Assets have been regrouped / reclassified during the year, wherever necessary.

**NOTES FORMING PART OF BALANCE SHEET**

AS AT 31 MARCH 2013

	As at 31 March 2013 Rs.	As at 31 March 2012 Rs.
<b>NOTE - 11 - Non Current Investments</b>		
<b>Long-term, trade, unquoted, at cost:</b>		
<b>Investment in Equity Shares of Joint Venture:</b>	<b>72,52,000</b>	72,52,000
RAD-MRO Manufacturing Pvt Ltd, Bangalore		
7,25,200 equity shares of Rs 10 each, fully paid up		
<b>Total</b>	<b>72,52,000</b>	72,52,000
<b>NOTE - 12 - Long-Term Loans and Advances</b>		
<b>(Unsecured - considered good)</b>		
Earnest Money Deposit	<b>3,74,400</b>	3,05,055
Other Deposits	<b>20,34,550</b>	23,31,104
MAT Credit	<b>29,90,914</b>	29,90,914
Income-tax refund receivable	<b>57,21,591</b>	34,79,748
Advances with       - Central Excise	<b>2,39,71,823</b>	2,39,71,823
- Customs Duty Refundable ( SAD )	<b>78,15,557</b>	64,22,618
- Sales Tax	<b>45,99,267</b>	45,13,267
<b>Total</b>	<b>4,75,08,102</b>	4,40,14,529
<b>NOTE - 13 - Current Investments</b>		
<b>Short Term, non-trade, unquoted, at lower of cost or market value</b>		
<b>- in Mutual Funds:</b>	<b>6,00,851</b>	6,00,851
SBI - SHF - Ultra Short Term Fund- Institutional PLAN - Growth		
[454.034 Units @ Rs.1323.36 per unit (Market Value @ 1531.3089 - Rs.6,95,266)]		
[454.034 units @ Rs.1,323.36 per unit (Market Value @ 1,400.49 - Rs.6,35,869)]		
<b>Total</b>	<b>6,00,851</b>	6,00,851
<b>NOTE - 14 - Inventories</b>		
<b>Valued at lower of cost or net realisable value</b>		
Raw Materials	<b>7,19,70,455</b>	13,32,51,987
Work-in-progress	<b>2,41,31,508</b>	2,47,16,652
Finished Goods		
- Manufactured	<b>9,53,29,896</b>	12,32,44,150
- Traded	<b>1,22,86,981</b>	62,78,009
- Goods Lying at Customers Premises	<b>31,96,760</b>	-
Goods in transit :		
Raw materials	<b>47,950</b>	33,22,655
Traded	-	3,63,379
<b>Total</b>	<b>20,69,63,550</b>	29,11,76,832
Less: Provision for Non/Slow-moving-items	<b>(5,00,00,000)</b>	(4,00,00,000)
<b>Total</b>	<b>15,69,63,550</b>	25,11,76,832

## NOTES FORMING PART OF BALANCE SHEET

AS AT 31 MARCH 2013

	As at 31 March 2013 Rs.	As at 31 March 2012 Rs.
<b>NOTE - 15 - Trade Receivables</b>		
<b>Unsecured</b>		
Debts Outstanding for a period exceeding		
- Six months		
Considered Good	37,87,822	6,95,012
Considered Doubtful	33,14,375	33,47,822
- Other Debts - Considered Good	19,46,92,639	13,51,49,105
	<b>20,17,94,836</b>	13,91,91,939
Less: Debts factored	3,76,42,662	-
Less: Provision for Bad & doubtful debts	33,14,375	33,47,822
Less: Bills Discounted against LC's received	82,04,873	-
<b>Total</b>	<b>15,26,32,926</b>	13,58,44,117

## NOTE - 16 - Cash & Cash Equivalents

a. Balances with banks		
- In Current Accounts	1,23,38,444	1,73,89,096
- In Current Accounts (Foreign Currency)	2,06,281	4,09,326
- In Current Accounts - Unclaimed dividend*	21,58,851	26,16,742
- In Fixed Deposits (FDs) **		
Maturity period - less than 12 months	3,00,00,000	1,40,00,000
- more than 12 months	-	2,00,00,000
b. Cheques on hand	4,95,108	-
c. Cash on hand	1,78,282	2,12,729
<b>Total</b>	<b>4,53,76,966</b>	5,46,27,893

Restricted Cash Balances include the following

\* Balances in current account/s, payable against unclaimed dividend.

\*\* FDs totalling to Rs. 149 lacs (previous year - Rs 340 lacs) offered as margin money, against LCs & Guarantees, availed from the Bank.

## NOTE - 17 - Short-Term Loans and Advances

### (Unsecured - considered good)

Advance Tax and Tax Deducted at Source	28,77,522	22,41,842
Advance to suppliers - on capital account	8,75,845	-
- others	4,62,162	4,15,190
Advances with - Central Excise	90,34,062	98,27,097
- Customs Duty Refundable ( SAD )	12,99,392	13,92,939
- Others	9,08,222	11,85,945
Interest accrued but not due	91,370	90,014
Prepaid Expenses	23,33,857	17,58,310
<b>Total</b>	<b>1,78,82,432</b>	1,69,11,337



**NOTES FORMING PART OF PROFIT & LOSS ACCOUNT**

FOR THE YEAR ENDED 31 MARCH 2013

	Year ended 31 March 2013 Rs.	Year ended 31 March 2012 Rs.
<b>NOTE - 18 - Revenue from Operations</b>		
<b>Income from Sale of Products</b>		
Domestic Sales	51,21,81,656	32,70,99,335
Exports	28,53,118	1,87,17,439
	51,50,34,774	34,58,16,774
Less: Excise Duty	4,31,56,614	2,89,55,329
	47,18,78,160	31,68,61,445
<b>Income from Services</b>		
Annual Maintenance Charges	1,37,13,335	1,37,08,875
Service & Installation Charges	1,02,64,169	1,08,03,941
<b>Total</b>	49,58,55,664	34,13,74,261
<b>NOTE - 19 - Other Income</b>		
Interest (TDS Rs.3,34,919)	36,63,297	1,22,68,760
Miscellaneous Income	5,05,463	7,33,526
Short-Term Capital Gains	-	2,82,125
Credits no longer required	-	7,05,290
Gains from Exchange Rate Fluctuation	-	5,98,101
<b>Total</b>	41,68,760	1,45,87,802
<b>NOTE - 20 - Cost of Material Consumed</b>		
<b>Raw materials</b>		
Opening Stock	13,32,51,987	11,61,76,565
Add: Purchases & direct costs	16,11,41,638	21,53,34,509
	29,43,93,625	33,15,11,074
Less: Closing Stock	7,19,70,455	13,32,51,987
Cost of material consumed	22,24,23,170	19,82,59,087
<b>NOTE - 21 - (Increase) / Decrease in Value of Stock</b>		
<b>a. Finished goods:</b>		
Opening stock	12,32,44,150	9,09,59,129
Closing stock	9,53,29,896	12,32,44,150
	2,79,14,254	(3,22,85,021)
<b>b. Semi-finished goods:</b>		
Opening stock	2,47,16,652	3,09,17,211
Closing stock	2,41,31,508	2,47,16,652
	5,85,144	62,00,559
<b>c. Traded goods:</b>		
Opening stock	62,78,009	56,55,119
Closing stock	1,54,83,741	62,78,009
	(92,05,732)	(6,22,890)
<b>Total - (a + b + c)</b>	1,92,93,666	(2,67,07,352)

**NOTES FORMING PART OF PROFIT & LOSS ACCOUNT**

FOR THE YEAR ENDED 31 MARCH 2013

	Year ended 31 March 2013 Rs.	Year ended 31 March 2012 Rs.
<b>NOTE - 22 - Employee Benefit Expenses</b>		
Salaries , Bonus & Allowances	<b>12,65,40,038</b>	12,64,56,978
Contribution to P.F. and Pension Funds	<b>1,35,25,780</b>	1,26,99,874
Staff Welfare Expenses	<b>25,77,914</b>	22,19,874
<b>Total</b>	<b>14,26,43,732</b>	14,13,76,726
<b>NOTE - 23 - Finance Cost</b>		
Interest	<b>2,24,598</b>	9,44,712
Other bank charges	<b>19,85,727</b>	17,26,365
<b>Total</b>	<b>22,10,325</b>	26,71,077
<b>NOTE - 24 - Other Expenditure</b>		
<b>Administrative Expenses</b>		
Auditor's Remuneration	<b>7,44,947</b>	7,86,188
Books & Periodicals	<b>3,42,569</b>	3,64,419
Directors' Sitting Fees	<b>3,12,483</b>	3,00,000
Insurance	<b>12,50,790</b>	11,16,241
Other Admin Expenses	<b>18,55,845</b>	5,80,138
Postage & Telephone	<b>33,23,195</b>	38,55,630
Power, Fuel and Water	<b>52,63,010</b>	52,03,146
Printing & Stationery	<b>73,53,342</b>	61,96,307
Professional Charges	<b>38,34,925</b>	32,34,452
Rates & Taxes	<b>8,72,261</b>	10,64,868
Rent	<b>21,62,462</b>	36,35,886
Upkeep & Maintenance	<b>1,46,66,555</b>	1,11,82,483
AMC charges & Software Licenses	<b>64,88,767</b>	45,98,457
Loss on Sale of Fixed assets	<b>15,137</b>	8,515
Loss from Exchange Rate Fluctuation	<b>8,15,753</b>	-
Travelling, Conveyance & Vehicle Maintenance	<b>1,20,86,851</b>	1,28,36,899
<b>Sub- Total</b>	<b>6,13,88,892</b>	5,49,63,629
<b>Selling &amp; Distribution Expenses</b>		
Advertisement & Publicity	<b>5,00,535</b>	14,70,298
Business Promotion expenses	<b>9,91,338</b>	9,58,638
Commission & Discounts	<b>28,66,152</b>	16,51,619
Freight & Transportation	<b>33,07,128</b>	35,45,985
Liquidity Damages & Octroi	<b>1,07,209</b>	1,00,59,394
Bad Debts Written Off now realised	-	(45,186)
Provision for Doubtful Debts	-	( 50,00,000)
<b>Sub- Total</b>	<b>77,72,362</b>	1,26,40,748
<b>Total</b>	<b>6,91,61,254</b>	6,76,04,377

## 25 Corporate Information

MRO-TEK Limited was incorporated in the year 1984. The Company is engaged in the activity of manufacture and supply, as well as distribution, of Access and networking equipment & solutions. During the year, as a means of product diversification, the company commenced full-fledged commercial operations in manufacture and supply of Solar Based Equipment & Products (SBEP).

The Equity shares of the Company are listed in Bombay Stock Exchange of India, Mumbai and National Stock Exchange of India Limited, Mumbai.

## 26 Additional Notes to Accounts

### I. STATEMENT OF ACCOUNTING POLICIES

#### 1. Basis of preparation of financial statements:

The financial statements are prepared under the historical cost convention in accordance with Indian Generally Accepted Accounting Principles (GAAP), and all income and expenditure having a material bearing on the financial statements are recognized on accrual basis. The financial statements comply with the applicable mandatory Accounting Standards prescribed by the Companies (Accounting Standards) Rules 2006 and the, relevant provisions of the Companies Act, 1956.

The Accounting policies adopted during the current year, in the preparation of these financial statements, are consistent with that of the previous year.

#### 2. Use of Estimates:

In preparation of financial statements conforming to GAAP requirements, certain 'estimates and assumptions' are essentially required to be made, with respect to items such as, provision for doubtful debts, future obligations under employee retirement benefit plans, income taxes, and the useful life period of Fixed Assets. Due care and diligence have been exercised by the Management in arriving at such 'estimates and assumptions' since, they may directly affect, the reported amounts of income and expenses during the period, as well as the balances of Assets and Liabilities, including those which are contingent in nature, as at the date of reporting of the financial statements.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes

in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

### 3. Revenue Recognition:

- a. Sales Revenues are recognized when goods are invoiced and dispatched to customers, and are recorded inclusive of Excise Duty, but are net of Sales Returns, Trade Discounts and Sales Tax.
- b. Sales Revenue includes grants and subsidies received/receivable from Government, in respect of sale of goods related to SBEPs, and is a part of Revenues from Operations.
- c. The revenues from Annual Maintenance Contracts are recognized on pro-rata basis over the period in which such services are rendered.
- d. Commission income is recognized on completion of supplies by the principals against the relevant orders.
- e. The revenues from Service and Installation Charges are recognized on completion of respective works contract/s.
- f. Income from Investments is recognized when right to receive payment is established.
- g. Rental & Hire-charges Income is recognized on accrual basis, quantified under the relevant arrangements.
- h. Interest is recognized using the Time – Proportion method, based on the rates implicit in the transaction.

### 4. Employee Stock Option Plan:

The Company has Employee Stock Option Plan for the benefit of its employees, terms of which are enunciated in "MRO-TEK Employee Stock Option Scheme 2005", duly approved by the shareholders of the Company.

All options granted under this scheme are accounted in accordance with the Guidance Note on Accounting for Employee Share Based Payment Plans issued by the Institute of Chartered Accountants of India (ICAI). 'Fair Market Value' is assessed as provided under the Statute, and the difference between such 'Fair Market Value' and 'exercise price', if any, is expensed as "Employee Compensation" over the period of vesting.

### 5. Foreign Currency Translation:

Foreign currency transactions are recorded at the rate of exchange prevailing on the date of the

transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

All monetary items denominated in foreign currency are converted at the rates prevailing on the date of the financial statement.

## 6. Fixed Assets:

Tangible and intangible fixed assets are stated at cost of acquisition (net of CENVAT, wherever applicable), less accumulated depreciation. Cost is inclusive of freight, duties, levies and any directly attributable cost of bringing the assets to their working condition for intended use. Direct costs are capitalized till the assets are ready to be put to use. Interest on borrowings, wherever applicable, attributable to new projects is capitalized and included in the cost of fixed assets as appropriate.

## 7. Depreciation and amortization:

Depreciation in respect of Fixed Assets, is provided adopting Straight Line Method over the useful life of the Asset as estimated by the Management. Depreciation for assets purchased/sold during the period is proportionately charged. Individual low cost assets (acquired for less than Rs.5,000/-) are entirely depreciated in the year of acquisition. The useful life of all the assets estimated by the managements are as below:

Assets	Estimated Useful life
Building	25 Years
Plant, Machinery, Furniture & Equipments	10 Years
Computers, Software and Networking	5 Years
Vehicles	10.53 Years

## 8. Inventories:

The cost of inventories comprise all cost of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

- Raw Materials, Finished (Traded) Goods & Goods in Transit are valued at lower of cost and net realizable value, on First-In First- Out basis.
- Semi-Finished Goods & Finished (manufactured) Goods, are valued at lower of cost (Including an appropriate portion of overheads up to the respective stage/s of completion) and, net realizable value, on First-In First – Out basis.

## 9. Employee Benefits:

### a. Short Term Employee Benefits:

Benefits payable to employees within 12 months of rendering services such as wages, salaries, bonus, paid annual leave, etc are classified as Short Term Employee Benefits and are recognized in the period in which the employee renders related services.

### b. Long Term/ Post Employment/ Termination Benefits:

Retirement benefits are provided for on accrual basis in the following manner:

#### i Gratuity:

Gratuity is a defined benefit scheme and is accrued based on Actuarial Valuations at the balance sheet date, carried out by an independent actuary. The Company has an employee gratuity fund managed by Life Insurance Corporation of India (LIC). Actuarial gains or losses are charged to Profit and Loss Account.

The company recognizes the net obligation of the gratuity plan in the Balance Sheet as an asset or liability, respectively in accordance with Accounting Standard AS(15), "Employee Benefits".

#### ii Liability in respect of Leave Encashment is provided for, on actuarial Valuations.

#### iii Provident Fund:

On the basis of payments/contributions made to the concerned Provident Fund authorities.

## 10. Research & Development:

Revenue expenditure on Research & Development is recognized as an expense in the year in which it is incurred. Capital expenditure incurred on Research and Development is depreciated adopting Straight Line Method, at rates as detailed in para (7) above. Revenue and Capital expenses on Research & Development are identified and accounted separately in the books.

## 11. Investments:

Investments are classified as current investments and long-term investments. Long-term investments are stated at cost (except where there is a diminution in value other than temporary, in which case, the carrying value is reduced to recognize the decline). Current investments are stated at lower of cost or fair market value.

## 12. Cash and Cash Equivalents

'Cash' comprises of cash on hand and demand



deposits with Bank. 'Cash Equivalents' are short term, highly liquid investment, that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

### 13. Expenditure:

Expenses are accounted on the accrual basis and provisions are made for all known losses and liabilities.

### 14. Taxation:

Deferred tax is recognized, subject to the consideration of prudence, in respect of deferred tax assets or liabilities, on timing differences, being the difference between taxable income and accounting income that originate in one period, and is reversible in one or more subsequent periods.

Deferred tax assets are recognized only to the extent there is reasonable certainty that the asset can be realized in the future; however where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets and are reviewed for the appropriateness of their respective carrying values at each reporting date.

Income Taxes are accrued in the same period the related revenue and expenses arise. A provision is made for income tax annually, based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable. Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of tax credit against future income tax liability, is recognized as an asset in the Balance Sheet if there is convincing evidence that the company will pay normal tax in future and the resultant asset can be measured reliably.

### 15. Segment Accounting Policies:

#### (a) Segment Assets and Liabilities:

All assets and liabilities are directly attributable to the respective segments to the extent such asset and liability can be directly identifiable to such segment. Segment assets include all operating assets used by the respective segments and consist, principally, of fixed assets, inventories, sundry debtors, loans and advances and operating cash and bank balances. Segment assets and liabilities do not include investments, inter-corporate deposits, share capital, reserves and surplus, borrowings, provision for contingencies and income tax (both current and deferred).

#### (b) Segment Revenue and expenses:

Revenue and expense, excepting interest income on deposits, profit on sale of investments, interest expense, provision for contingencies and income-tax, are directly attributable to the respective segments.

### 16. Impairment of assets:

At the end of each year, the Company determines whether a provision should be made for impairment loss on fixed assets by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard-28 "Impairment of Assets" prescribed by the Companies (Accounting Standards) Rules 2006, where the recoverable amount of any fixed asset is lower than its carrying amount, a provision for impairment loss on fixed assets is made for the difference.

### 17. Leases:

Leases where the Lessor effectively retains substantially all the risk and benefits of ownership of the leased term are classified as operating lease. Operating lease payments are recognized as an expense in the Profit and loss account on a straight line basis over the lease term.

### 18. Borrowing Costs:

Borrowing costs attributable to the acquisition, Construction or production of qualifying assets are capitalized as a part of the cost of such Assets up-to the date when such assets are ready for intended use. Other borrowing costs are charged as an expense in the year in which they are incurred.

### 19. Provisions, Contingent Liabilities and Contingent Assets.

A provision is recognized when the Company has a present obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

Contingent liability is disclosed in case of a present obligation arising from past events when it is not probable that an outflow of resources will be required to settle the obligation, or a present obligation when no reliable estimate is possible, or a possible obligation arising from past events where the probability of outflow of resources is remote.

Contingent Assets are neither recognized nor disclosed.

### 20. Events occurring after the date of Balance Sheet:

Material events occurring after date of Balance Sheet are taken into cognizance.

## 21. Cash Flow Statement:

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating; financing and investing activities of the company are segregated.

## 22. Government Grants and subsidies:

Grants and subsidies from the Government are recognized when there is reasonable certainty that the grant/subsidy will be received, and all attaching conditions will be complied with.

## 23. Earnings Per Share:

The Company reports basic and diluted earnings per share in accordance with the Accounting Standards - 20 - 'Earnings per Share' prescribed by the Companies (Accounting Standards) Rules 2006. Basic earning per share is computed by dividing the net Profit or Loss for the year by the weighted average number of Equity Shares outstanding during the year. Diluted earning per share is computed by dividing the net profit or loss for the year by the weighted average number of Equity Shares outstanding during the year as adjusted for the effects of all dilutive potential Equity Shares.

## II. ADDITIONAL NOTES

### (Forming an integral part of Accounts)

#### 1. Deferred Tax:

During the year, the Company has accounted for Rs.6,24,200 (Rs.5,56,029 Deferred Tax Liability) towards Deferred Tax Asset and has considered the same as reverse charge to the Profit & Loss account as stipulated under Accounting Standard- 22, on "Accounting for Taxes on Income", issued by the Institute of Chartered Accountants of India. However, on conservative basis, deferred tax asset on carry forward business losses, has not been considered.

#### 2. Exceptional Item of Rs.1,51,71,384, is on account of profit on acquisition of assets, representing, receipt of compensation from National Highway Authority of India, consequent upon acquisition of a portion of Land belonging to the Company.

#### 3. Inventories:

Finished Goods includes Rs.31,98,885 (Rs.35,81,373), being value of material at prospective customers' premises for demonstration purposes.

#### 4. Disclosure under Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 :

Dues in respect, Micro and Small enterprises who have duly registered themselves under the relevant Act, and furnished the statutorily required proof thereof, are being regularly met as per agreed terms

and, as such, there remains no liability towards interest. Principal amount/s remaining payable in respect of such parties, as at 31 March 2013, amount to Rs.16,61,366 (Rs.24,16,911).

#### 5. Revenues from Sale of Solar Based Equipment and Projects during the year was Rs 15,05,95,994. This includes a sum of Rs.2,02,19,122 being Central Financial assistance receivable from the Ministry of Non Renewable Energy (MNRE) on supply of such equipment and projects.

#### 6. Certain balances representing debtors and creditors, are subject to reconciliation & receipt of confirmations from parties, pursuant to confirmation requests sent by the company. Sundry debtors includes a sum of Rs.2,02,19,122 being Central financial assistance receivable from the Ministry of Non Renewable Energy (MNRE) on the supply of Solar Based Equipment and Projects.

#### 7. 'Upkeep & Maintenance expenses' reflected in Note - 24 includes Repairs to Building - Rs.53,86,091 (Rs.29,14,685) and Repairs to Machinery - Rs.9,37,550 (Rs.15,06,992).

#### 8. No provision has been made for post-sales support expenses, with respect to Access & Networking products, as the company is of the opinion that such expenses are not material, based on past experience.

With regard to the newly introduced products related to Solar Based Equipment & Projects, the Company has back-to-back arrangements towards warranty support with the original suppliers', hence the Company is of the opinion that no additional provision is required to be made in the book of accounts for post-sale support expenses.

#### 9. Inventories includes a sum of Rs. 2,76,96,729 being slow moving stock beyond 1 year not provided for.

#### 10. Provision has been made for an estimated amount of Rs.500 lacs (Previous year Rs.400 lacs) in respect of certain items of non moving/slow-moving inventory, based on Generally Accepted Accounting Practices and estimates by the company.

#### 11. Auditors' remuneration

	Amount in Rs.	
	2012 - 2013	2011- 2012
Statutory Audit Fee	6,74,160	6,71,070
Tax Audit Fee	67,416	1,12,360
Certification and Others	3,371	2,758
<b>Total</b>	<b>7,44,947</b>	<b>7,86,188</b>

#### 12. CIF Value of imports

	Amount in Rs.	
	2012 - 2013	2011- 2012
Raw Materials, Components and Finished Goods	17,11,47,918	21,37,13,952
Capital Goods	5,64,145	86,81,002

## 13. Outflow in foreign currency (on cash basis)

On account of	Amount in Rs.	
	2012 – 2013	2011– 2012
- Travelling	6,01,115	15,99,834
- Capital Goods	4,30,108	50,04,375
- Raw materials Components and Finished goods	17,03,65,384	18,79,68,114
- AMC Charges Paid	1,53,090	-

## 14. a) Inflow in foreign currency (on cash basis)

On account of	Amount in Rs.	
	2012 – 2013	2011– 2012
- export of goods & Services	34,34,880	2,52,88,352
- reimbursement - Foreign Travel expenses	NIL	11,54,161

## b) Earnings in foreign exchange (on accrual basis)

	Amount in Rs.	
	2012 – 2013	2011– 2012
- export of goods & Services	35,43,142	2,17,41,144

## c) The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

	USD	Rs.	USD	Rs.
	As at 31 March 2013		As at 31 March 2012	
- Sundry Creditors	3,24,810	1,77,99,581	5,16,634	2,66,22,420
- Sundry Debtors	Nil	Nil	NIL	NIL

## b. Composition

Particulars	2012-13		2011-12	
	Value Rs.	% age	Value Rs.	% age
Indigenous	6,45,02,719	29	3,76,69,227	19
Imported	15,79,20,451	71	16,05,89,860	81
<b>Total</b>	<b>22,24,23,170</b>	<b>100</b>	<b>19,82,59,087</b>	<b>100</b>

## c. Finished Goods

Particulars	Amount in Rs.		
	Sales	Closing Inventory	Opening Inventory
<b>Manufactured goods</b>			
Modems	14,27,95,143 (7,53,83,246)	93,28,250 (2,44,83,548)	2,44,83,548 (1,75,66,281)
Convertors	12,06,94,644 (11,39,34,518)	3,97,01,627 (5,91,03,334)	5,91,03,334 (4,70,26,793)
Multiplexers	4,31,41,639 (7,57,46,242)	3,44,89,111 (2,32,90,448)	2,32,90,448 (1,04,02,676)
Ethernet Switch	1,75,06,446 (1,31,23,538)	49,74,643 (1,34,46,126)	1,34,46,126 (1,42,98,825)
Others	24,83,471 (73,83,842)	7,83,092 (14,73,255)	14,73,255 (16,64,554)
UPS systems	4,59,83,364 (70,52,191)	60,53,173 (14,47,439)	14,47,439 -
<b>Sub-Total</b>	<b>37,26,04,707 (29,26,23,577)</b>	<b>9,53,29,896 ( 12,32,44,150)</b>	<b>12,32,44,150 (9,09,59,129)</b>

## 15. Contingent liabilities on account of

	Amount in Rs.	
	2012 – 2013	2011– 2012
Counter Guarantees to Bank (to the extent of live guarantees issued by bank)	30,43,756	28,15,488
Letters of Credit	4,09,29,780	2,63,90,468
Capital Commitments	24,00,000	60,00,000
Sales tax liability in lieu of Form 'C' yet to be received	1,14,81,422	65,42,302
Disputed Central Excise Duty	4,66,90,550	4,66,90,550

## 16. Inventory related Details:

Particulars	Amount in Rs.	
	31 March 2013	31 March 2012
Capacitors	46,78,996	26,91,290
Connectors	45,17,994	25,83,756
Integrated Circuits	2,10,21,226	92,27,575
Populated PCBs	12,19,34,905	11,20,45,338
Printed Circuit Boards	47,35,999	38,67,009
Transceiver	1,95,76,430	1,39,66,302
Transformers	59,82,684	45,52,516
Others	3,99,74,496	4,93,25,301
<b>Total</b>	<b>22,24,23,170</b>	<b>19,82,59,087</b>

Amount in Rs.

Particulars	Sales	Closing Inventory	Opening Inventory
<b>Traded Goods</b>			
Switches	3,24,24,101 (4,56,08,824)	26,60,865 (49,25,724)	49,25,724 (44,69,094)
Others	47,09,805 (75,84,373)	5,52,895 (13,52,285)	13,52,285 (11,86,025)
Solar Project Equipment & Solar Pumps	10,52,96,161 (NIL)	90,73,221 (NIL)	NIL (NIL)
<b>Sub-Total</b>	<b>14,24,30,067</b> <b>(5,31,93,197)</b>	<b>1,22,86,981</b> <b>(62,78,009)</b>	<b>62,78,009</b> <b>(56,55,119)</b>
<b>Total</b>	<b>51,50,34,774</b> <b>(34,58,16,774)</b>	<b>10,76,16,877</b> <b>(12,95,22,159)</b>	<b>12,95,22,159</b> <b>(9,66,14,248)</b>

d. Closing stock of WIP Amount in Rs.

	31 March 2013	31 March 2012
Modem	23,34,645	27,64,947
Converters	65,11,172	93,56,176
Ethernet Switch	16,83,687	2,00,083
Multiplexers	17,82,622	30,07,511
Others	16,06,651	30,41,227
UPS systems	1,02,12,731	63,46,708
<b>Total</b>	<b>2,41,31,508</b>	<b>2,47,16,652</b>

## 17. Segment Reporting

As a means of product diversification, the Company has forayed into manufacture and sale of Solar Based

Equipment & Projects (SBEP). As such and based on the guiding principles given in Accounting Standard on 'Segment Reporting' (AS 17) prescribed by the Companies (Accounting Standards) Rules 2006, the Company's primary business segments for the purposes of Segment Reporting constitutes 'Access & Networking products' and 'SBEP products'. The secondary segment of the Company is based on location of customers/export destinations. The segment revenue in the geographical segments for disclosure are as follows:

- Revenue within India includes sales to customers located within India and earnings in India.
- Revenue outside India includes sales to customers located outside India and earnings outside India.

Amount in Rs.

Particulars	As at 31 March 2013	As at 31 March 2012
<b>a) Segmental Revenue</b>		
Access & Networking	34,52,59,670	33,49,55,539
Solar Based Equipment & Projects	15,05,95,994	64,18,722
<b>Total</b>	<b>49,58,55,664</b>	<b>34,13,74,261</b>
<b>b) Segmental Results (Gross Margin)</b>		
Access & Networking	4,56,23,750	7,79,20,394
Solar Based Equipment & Projects	4,02,10,477	23,06,207
<b>Total</b>	<b>8,58,34,227</b>	<b>8,02,26,601</b>
<b>c) Capital Employed</b>		
Access & Networking	18,38,44,128	33,89,22,975
Solar Based Equipment & Projects	1,91,88,393	1,12,16,218
Unallocated	29,15,64,307	27,71,04,237
<b>Total</b>	<b>49,45,96,828</b>	<b>62,72,43,430</b>
<b>d) Segment Revenue for Geographical Segment</b>		
Access & Networking		
India	34,17,16,528	31,32,14,395
Outside India	35,43,142	2,17,41,144
<b>Sub-Total</b>	<b>34,52,59,670</b>	<b>33,49,55,539</b>
Solar Based Equipment & Projects		
India	14,99,10,944	64,18,722
Outside India	6,85,050	-
<b>Sub-Total</b>	<b>15,05,95,994</b>	<b>64,18,722</b>
<b>Total</b>	<b>49,58,55,664</b>	<b>34,13,74,261</b>



## 18. Financial Reporting of Interests in Joint Venture Company - RAD-MRO Manufacturing Private Limited:

Particulars	Amount in Rs.
1. Description of Interest	49% Ownership
2. Country of Incorporation	India
3. Aggregate Amount of Contingent Liabilities	
i. Share of Contingent liabilities of the Joint Ventures	Nil
ii. Contingent liability on account of the liabilities of other Ventures of the Joint venture	Nil
4. Total Paid up Capital	1,48,00,000
5. Investment by Company	72,52,000
6. Aggregate amount of Commitments in respect of the company's interest in the Joint Ventures	
i. Capital commitment of the company in relation to the Joint Venture	Nil
ii. Company's share of Capital commitments of the Joint Ventures	Nil
7. Aggregate amount of the following: (un-audited)	
i. Assets	4,54,84,686
ii. Liabilities	2,17,673
iii. Income	30,42,513
iv. Expenditure	6,71,169
v. Profit / (Loss) from business	23,71,344

## 19. Related Party Disclosure

Related party disclosures, as required by AS-18:

(i) RAD-MRO Manufacturing Private Limited

(ii) S Narayanan

(iii) H Nandi

## A. Relationships:

(i) RAD-MRO Manufacturing Private Limited - Joint Venture Company

(ii) Whole time Directors –

S. Narayanan

Chairman & Managing Director

H. Nandi

Managing Director

B i). The following transactions were carried out with RAD-MRO Manufacturing Private Limited, the Joint Venture Company in the ordinary course of business.

Amount in Rs.

Professional Services received	1,89,889
Rent received (inclusive of Service Tax)	67,416
Outstanding payables/receivables	NIL

ii) Transaction details relating to Whole time Directors for the year :

Amount in Rs.

Name of the Director	Salaries	Provident Fund & Super-annuation	Total
S. Narayanan	42,00,000	11,34,000	53,34,000
H. Nandi	42,00,000	11,34,000	53,34,000

## 20. Gratuity Plan

The following table spells out the status of the gratuity plan as required under AS -15 (revised).

Amount in Rs.

Particulars	As at 31 March 2013	As at 31 March 2012
Obligations at the beginning of the year	1,57,74,426	1,57,39,069
Service Cost	48,65,219	16,45,488
Interest Cost	11,59,992	12,59,126
Benefits Settled	(16,11,807)	(16,60,617)
Actuarial (Gain) / Loss	(13,00,993)	(12,08,640)
Obligations at the end of the year	1,88,86,837	1,57,74,426
Change in Plan Assets		
Plan Assets at the beginning of the year, at Fair Value	1,80,15,924	1,72,45,389
Expected return on plan assets	14,66,134	16,10,821
Actuarial Gain / (Loss)	2,97,361	-
Contributions	16,11,994	8,20,331
Benefits Settled	(16,11,807)	(16,60,617)
Plan Assets at the end of the year, at Fair Value	1,97,79,596	1,80,15,924
Reconciliation of Present Value of the obligation and the Fair Value of the planned assets:		
Fair Value of Plan Assets at the end of the year	1,97,79,596	1,80,15,924
Present Value of the defined benefit obligation at the end of the year	1,88,86,837	1,72,45,389
Asset / (Liability) recognized in the balance sheet	NIL	NIL
Gratuity Cost for the year		
Service Cost	48,65,219	16,45,488
Interest Cost	11,59,992	12,59,126
Expected return on plan assets	(14,41,281)	(16,10,821)
Actuarial (Gain) / Loss	(15,98,354)	(12,08,640)
Net Gratuity Cost	29,85,576	85,153
Assumptions		
Interest rate	8%	8%
Discount factor	8%	8%
Expected rate of return on plan assets	8%	8%
Expected rate of salary increase	7%	7%
Attrition rate	3%	3%
Retirement Age	63 years	63 years

## 21. Research and Development

The Company has in-house R & D Centre involved in developmental activities for new products in the fields of Access & Networking technology.

Revenue expenditure incurred towards in-house R&D included in Notes 20, 22 & 24 relating to Cost of material consumed and administrative & selling expenses respectively, is as detailed below:

Amount in Rs.

EXPENDITURE	2012-13	2011-12
Material Cost	3,49,439	13,32,251
Employee benefit expenses	2,46,41,029	2,55,16,262
Repairs & Maintenance		
Charges	2,36,499	1,62,601
Software purchases for R&D	10,58,816	10,13,521
Travelling & Conveyance	-	42,453
Professional Charges	-	8,88,681
<b>Total</b>	<b>2,62,85,783</b>	<b>2,89,55,769</b>

Details of Capital Expenditure incurred, is provided in Note 10 relating to Fixed Assets.

### for and on behalf of the Board of Directors

<b>S. Narayanan</b>	<i>Chairman &amp; Managing Director</i>
<b>H. Nandi</b>	<i>Managing Director</i>
<b>R. Rajagopalan</b>	<i>Director</i>
<b>A. Mohan Rao</b>	<i>Director</i>
<b>N. Sivaram</b>	<i>Director</i>
<b>A. Murali</b>	<i>Director</i>
<b>R. Ramaswamy</b>	<i>CFO &amp; Company Secretary</i>

Place : Bangalore  
Date : 29 May 2013

## 22. Earnings per share

Amount in Rs.

	2012-13	2011-12
Profit / (Loss) after Taxation as per Profit & Loss account	(13,20,22,403)	(14,32,21,575)
Weighted average Number of Equity Shares outstanding	1,86,84,602	1,86,84,602
Basic EPS in Rs. (face value Rs.5 per share)	(7.07)	(7.67)
Diluted EPS in Rs. (face value Rs.5 per share)	(7.07)	(7.67)

23. Figures for the year have been rounded-off to the nearest rupee and, those in the brackets, wherever given, correspond to respective figures for the previous year.

Figures of previous year have been regrouped & reclassified, wherever necessary.

**for Narayanan, Patil & Ramesh**  
*Chartered Accountants*

**L. R. Narayanan**  
*Partner*

Membership No: 200/25588  
Firm No. 002395S

## CASH FLOW STATEMENT

Particulars	31 March 2013 Rs.	31 March 2012 Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before exceptional and extraordinary items and taxes	(14,77,32,637)	(14,28,71,210)
<b>ADD:</b>		
Depreciation	2,45,36,066	2,54,35,332
(Gain)/Loss on Exchange rate Fluctuation	8,15,753	(5,98,101)
Net (Gain)/Loss on Sale of Fixed Assets	(2,01,515)	(9,862)
<b>LESS:</b>		
Capital Gains - Investments	-	(2,82,125)
Extraordinary Items	(85,350)	2,05,664
Interest Income	(36,63,297)	(1,22,68,760)
Interest on Bank Borrowings	2,24,598	9,44,712
<b>Operating Profit before working Capital Changes</b>	<b>(12,61,06,382)</b>	<b>(12,94,44,350)</b>
<b>Add/ Less : (Increase)/Decrease in Operating Assets</b>		
Inventory	9,42,13,282	(65,15,541)
Trade Receivables (Current & Non-Current)	(1,73,61,431)	(6,62,15,124)
Loans and advances (Short and Long term)	(15,87,145)	63,53,210
<b>Add/(Less) : Increase/(Decrease) in Operational Liabilities</b>		
Trade Payable	5,28,02,101	77,68,736
Other Liabilities (Current & Non-Current)	62,57,997	65,80,291
Provisions (Short and Long term)	4,52,300	15,01,455
<b>Cash generated from operation</b>	<b>86,70,722</b>	<b>(17,99,71,323)</b>
<b>Income Tax</b>	<b>(28,77,522)</b>	<b>19,05,856</b>
<b>Net Cash from Operating activities</b> -- > A	<b>57,93,200</b>	<b>(17,80,65,467)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(3,49,04,789)	(1,50,04,739)
Proceeds from Sale of Fixed assets	2,01,48,463	18,377
Proceeds from Sale of Investments	-	3,90,00,000
Purchase of Investments	-	(3,92,82,125)
Interest Income	36,63,297	1,22,68,760
Capital Gains/(Loss) on Investments	-	2,82,125
<b>NET CASH FLOW / (USED IN) INVESTING ACTIVITIES</b> -- > B	<b>(1,10,93,029)</b>	<b>(27,17,602)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of Long-term borrowing	(3,726,500)	(3,52,000)
Bank Borrowings paid - Working Capital (including Interest)	(2,24,598)	(9,44,712)
<b>NET CASH FLOW / (USED IN) FINANCING ACTIVITIES</b> -- > C	<b>(39,51,098)</b>	<b>(12,96,712)</b>
<b>NET INCREASE / (DECREASE) IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>	<b>(92,50,927)</b>	<b>(18,20,79,781)</b>
<b>CASH &amp; CASH EQUIVALENTS - OPENING BALANCE</b>	<b>5,46,27,893</b>	<b>23,67,07,674</b>
<b>CASH &amp; CASH EQUIVALENTS - CLOSING BALANCE</b>	<b>4,53,76,966</b>	<b>5,46,27,893</b>

for and on behalf of the Board of Directors

As per our report attached to the Cash flow Statement

**S. Narayanan** Chairman & Managing Director  
**H. Nandi** Managing Director  
**R. Rajagopalan** Director  
**A. Mohan Rao** Director  
**N. Sivaram** Director  
**A. Murali** Director  
**R. Ramaswamy** CFO & Company Secretary

**for Narayanan, Patil & Ramesh**  
 Chartered Accountants

**L. R. Narayanan**  
 Partner

Place : Bangalore  
 Date : 29 May 2013

Membership No: 200/25588  
 Firm No. 002395S

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## 29th ANNUAL GENERAL MEETING - 2012-13

### **MRO-TEK LIMITED**

Regd. Office: Bellary Road, Hebbal, Bangalore - 560 024.

#### **PROXY FORM**

I/We.....of  
.....

being a member / members of MRO-TEK LIMITED hereby  
appoint Shri/Smt.....of  
the district of .....  
failing him Shri/Smt.....  
of the district of .....  
as my / our Proxy to attend and vote for me / us / our  
behalf at the 29th Annual General Meeting of the  
Company to be held on Wednesday, the 10th July, 2013  
at 11.00 a.m. at Hotel Woodlands, No. 5, Raja Ram  
Mohan Roy Road, Bangalore - 560 025 and at any  
adjournment thereof.

Signed this ..... day of ..... 2013

Signature .....

Address .....

Folio No./CL ID/DP ID No. ....

No. of Shares held .....

N.B.

1. The Proxy need not be a member.
2. The Proxy Form duly signed should reach the Company's Registered Office at least 48 hours before the time of Meeting.



## 29th ANNUAL GENERAL MEETING - 2012-13

### **MRO-TEK LIMITED**

Regd. Office: Bellary Road, Hebbal, Bangalore - 560 024.

#### **ATTENDANCE SLIP**

PLEASE BRING THIS ATTENDANCE SLIP TO THE  
MEETING HALL AND HAND IT OVER AT THE  
ENTRANCE

I/We hereby record my/our presence at the 29th  
Annual General Meeting of MRO-TEK Limited held at  
Hotel Woodlands, No. 5, Raja Ram Mohan Roy Road,  
Bangalore - 560 025 on Wednesday, the 10th July,  
2013 at 11.00 a.m.

Name of the Shareholder : .....

Ledger Folio No./CL ID/DP ID No. : .....

Number of shares held : .....

Name of the proxy/Representative, if any :  
.....

Signature of the Member/s/Proxy :  
.....

Signature of the Representative :  
.....



## Domestic Customers (Partial)



# Client Landscape

## International Customers (partial)





Book-Post

**MROTEK<sup>®</sup>**  
Integrating Next Generation Networks

**MRO-TEK Limited**  
Bellary Road, Hebbal, Bangalore - 560 024  
Ph : 080-23332951 Fax : 080-23333415  
E-mail : info@mro-tek.com

[www.mro-tek.com](http://www.mro-tek.com)

MRO-TEK Limited  
Bellary Road,  
Hebbal,  
Bangalore – 560 024

29 May 2013

Annexure to Annual Report (2012-13) filed with Stock Exchange/s

### FORM A

1.	Name of the Company:	<b>MRO-TEK LIMITED Bangalore</b>			
2.	Annual financial statements for the year ended	<b>31 March 2013</b>			
3.	Type of Audit observation	<b>NIL</b>			
4.	Frequency of observation	<b>Not Applicable</b>			
<p>for MRO-TEK Limited</p> <table><tr><td> H Nandi Managing Director</td><td> R Ramaswamy CFO</td><td> R Rajagopalan Audit Committee Chairman</td></tr></table>			 H Nandi Managing Director	 R Ramaswamy CFO	 R Rajagopalan Audit Committee Chairman
 H Nandi Managing Director	 R Ramaswamy CFO	 R Rajagopalan Audit Committee Chairman			
<p>for Narayanan Patil &amp; Ramesh, Chartered Accountants</p> <p> L R Narayanan Partner Membership No. 200/25588 Firm No. 002395S Auditor of the company</p>					