

Annual Report 2013 - 14



MRO-TEK LIMITED

BOARD OF DIRECTORS

| | |
|--------------------|-----------------------------|
| S. Narayanan | Charman & Managing Director |
| H. Nandi | Managing Director |
| A. Mohan Rao | Director |
| N. Sivaram | Director |
| G. Ramkumar | Director |
| N. K. Rajasekharan | Director |
| Srivatsa | Vice President - Finance |

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

Flat No.2313, Bldg.No.48,
Gandhi Nagar,
Bandra (East),
Mumbai – 400051
Ph:(91) (11) 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 Ltd.,

Statutory Auditors

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

Internal Auditors

Messrs. Tambak 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) (040) 2342 0815
Fax : (91) (040) 2342 0814
e-mail : einward.ris@karvy.com

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NOTICE

The Members
MRO-TEK LIMITED

NOTICE is hereby given that the Thirtieth Annual General Meeting of the Company will be held at 11.30 am on Wednesday, the 17th day September, 2014, 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 31st March 2014, and the Statement of Profit and Loss for the year ended that date, along with the reports of Directors and Auditors thereon.
2. To appoint Mr. S Narayanan (DIN:00037980), Chairman and Managing Director, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Mr. H. Nandi (DIN: 00038102), Managing Director, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration.
"RESOLVED THAT Messrs NSVM & Associates, Chartered Accountants with registration number 010072S, be and are hereby appointed as Auditors of the Company in place of Messrs Narayanan, Patil and Ramesh, Chartered Accountants who have indicated not to seek appointment, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and authorise the Board to fix their remuneration."

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass, with or without modification(s) , the following resolution as an Ordinary Resolution:
"RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. N. Sivaram (holding DIN 00018826), Director of the Company who retires by rotation at the Annual General Meeting, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to March 31, 2019."
6. To consider and, if thought fit, to pass, with or without modification(s) , the following resolution as an Ordinary Resolution:
"RESOLVED THAT the Share holders had taken cognizance of the cessation of the office of Director by Mr.G. Ramkumar as Additional Director u/s 260 of the Companies Act, 1956 and who held office till the date of this Annual General Meeting".
7. To consider and, if thought fit, to pass, with or without modification(s) , the following resolution as

an Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. K. Rajamani, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to March 31, 2019."

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

"RESOLVED THAT pursuant to the provisions of Section 61 of the Companies Act, 2013 read with the Companies (Share Capital and Debentures) Rules, 2014 and other applicable provisions of the Companies Act, 2013, the Authorized Share Capital of the Company be and is hereby increased from Rs. 12,00,00,000/- (Rupees Twelve Crores only) divided into 2,40,00,000 (Two Crores Forty Lakhs only) Equity Shares of Rs. 5/- (Rupees Five only) each to Rs. 15,00,00,000/- (Rupees Fifteen Crores only) divided into 3,00,00,000 (Three Crores only) Equity Shares of Rs. 5/- (Rupees Five only) each."

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

"RESOLVED THAT pursuant to the provisions of Section 13 (1) of the Companies Act, 2013 read with the Companies (Incorporation) Rules, 2014 and other applicable provisions of the Companies Act, 2013, the Memorandum of Association of the Company be and is hereby altered in the following manner:

- a) By deleting the existing Clause III (C)
- b) By deleting the existing Clause IV and by substituting the following new Clause IV as hereunder:

The Liability of the member(s) is limited and this liability is limited to the amount unpaid, if any, on the shares held by them.

- c) By deleting the existing Clause V and by substituting the following new Clause V as hereunder:

The Authorized Share Capital of the Company is Rs. 15,00,00,000/- (Rupees Fifteen Crores only) divided into 3,00,00,000 (Three Crores) Equity Shares of Rs. 5/- (Rupees Five only) each."

By Order of the Board of Directors

Place : Bangalore

Date : 18th August 2014

H. Nandi

Managing Director

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 11 September 2014 to 17 September 2014 (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. Interim unpaid Dividend Account Balance after settling the claim requests, were transferred to Investor Education and Protection Fund.
5. Members who have not encashed the dividend warrant(s) so far, for any of the dividends declared for the year 2006-2007, 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.
7. As regard re-appointment of Mr. S Narayanan, referred to in item No. 2 of the notice, the necessary disclosures are made for the information of the Shareholders.

Mr. S Narayanan, aged around 61 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.

His other directorships: NIL

Salutaris Technologies Pvt Ltd - Shareholder

8. As regard re-appointment of Mr. H Nandi, referred to in item No. 3 of the notice, the necessary disclosures are made for the information of the Shareholders:

Mr. H Nandi, aged around 60 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.

His other directorships: NIL

9. Voting through electronic means:

1. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Karvy Computershare Pvt. Limited ('Karvy').

The instructions for e-Voting are as under:

- (i) Open your web browser during the voting period and navigate to <https://evoting.karvy.com>
- (ii) Enter the login credentials [i.e., user id and password mentioned in the Attendance Slip of the Notice of this AGM or as mentioned in the e-mail sent to those Shareholders, who have registered their e-mail IDs]. Your Folio No/DP ID Client ID will be your user ID.
- (iii) Put user ID and password as initial password/PIN noted in step (i) above. Click Login
- (iv) You will reach the Password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$, etc.). The system will prompt you to change your password and update any contact details like mobile, email etc on first login. You may also enter the secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (v) You need to login again with the new credentials.
- (vi) On successful login, the system will prompt you to select the EVENT i.e., MRO-TEK Limited
- (vii) On the voting page, you will see Resolution Description and against the same the option

'FOR/ AGAINST' for voting. Enter the number of Shares (which represents number of votes) as on the cutoff date under 'FOR/ AGAINST' or alternately you may partially enter any number in 'FOR' and partially in 'AGAINST', but the total number in 'FOR/ AGAINST' taken together should not exceed the total share holding. You may also choose the option 'ABSTAIN'.

- (viii) Cast your vote by selecting an appropriate option and click on 'SUBMIT'. A confirmation box will be displayed. If you wish to confirm your vote, click on 'OK', else to change your vote, click on 'CANCEL' and accordingly modify your vote.
- (ix) Once you 'CONFIRM', you will not be allowed to modify your vote. During the voting period, Shareholders can login any number of times till they have voted on the resolution. (x) Institutional Shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF / JPG Format) of the relevant Board Resolution/Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to grd@mro-tek.com; with a copy marked to evoting@karvy.com.
- In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting User Manual for Shareholders available at the download Section of <http://evoting.karvy.com> or contact Karvy Computershare Private. Limited. at Tel No. 1800 345 4001 (toll free).
 - The Company has appointed Mr. Parameshwar G. Bhat, Practicing Company Secretary, who in the opinion of the Board is a duly qualified person, as a Scrutinizer who will collate the electronic voting process in a fair and transparent manner. The Scrutinizer shall within a period of three(3) working days from the date of conclusion of e-voting period, submit his report of the votes cast in favour or against, if any, to the Chairman of the Company. The result of the same will be disclosed at the AGM proceedings.
 - The voting rights of Shareholders shall be in proportion to their Shares of the paid up Equity Share Capital of the Company as on the cut-off date (record date) of 15th August, 2014.
 - The e-Voting period commences at 9.00 A.M. on, Thursday, 11th September, 2014 and ends at 6.00 P.M. on Saturday, 13th September, 2014. During this period shareholders of the Company, holding Shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 15th August, 2014 may cast their vote electronically. The e-voting module shall be disabled for voting

thereafter. Once the Vote on a resolution is cast by the Shareholder, the Shareholder shall not be allowed to change it subsequently.

- The Scrutinizer shall within a period of not exceeding three working days from the conclusion of the e-voting period unblock the votes in the presence of at least two witnesses not in employment of the Company and make a Scrutinizer's report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- The Results of the e-voting will be declared on or before the date of the AGM i.e. Wednesday, 17th September, 2014. The declared Results, along with the Scrutinizer's Report will be available on the Company's website www.mro-tek.com and on the website of Karvy; such Results will also be forwarded to the Stock Exchanges where the Equity Shares of the Company are listed.
- In case of joint members attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- Institutional members (i.e., other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution / Authority letter etc., to the Scrutinizer through e-mail at vijaykt@vjkt.in OR ktvijaykrishna@gmail.com, with a copy marked to varghese@karvy.com. File naming convention should be 'Corporate Name EVSN.' The documents should reach the Scrutinizer on or before the close of working hours on September 14, 2014.
- In case a Member receives physical copy of the Notice of AGM (for members whose email IDs are not registered with the Company/Depository Participant(s) or requesting physical copy) in the permitted mode:

| EVS (Electronic Voting Sequence Number) | USER ID | PASSWORD |
|---|---------|----------|
| xxxxxxxxx | xxxxxx | xxxxxxx |

- Initial password as below is given in the attendance slip for the AGM:
- Please follow all steps from Sl. No. 9(1)(i) to (9)(5) above to cast your vote.

By Order of the Board of Directors

Place : Bangalore
Date : 18th August 2014

H. Nandi
Managing Director

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013:

Following Explanatory Statements are furnished in respect of Special Business:

Item No. 5

Mr. N. Sivaram (DIN 00018826): As regards appointment of Mr. N Sivaram as an Independent Director referred to, in item No.5 of the notice, the following necessary disclosures are made for the information of the Shareholders:

Mr. N Sivaram, aged 61 years, was inducted in to the Board of MRO-TEK Limited, as an Independent, Non-whole time Director on 27th February, 2002. He is a Graduate in Engineering Electronics & Communication. He was associated with IBM WTC, CMC Ltd and Think3 Designs Pvt Limited for over 34 years in senior operations and management position/s. His rich experience and expertise in the field of Engineering, Commercial, Marketing and General Management has greatly benefitted the Company in all its endeavors. Mr. N. Sivaram does not hold any equity shares of the Company.

The Board considers that the continuation of the appointment of Mr. N. Sivaram as a Director of the Company would be of immense benefit to the Company. Accordingly, the Board of Directors recommends his appointment as a Director of the Company whose period of office is liable to determination by retirement of directors by rotation.

Except Mr. N. Sivaram, being an appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No.5. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

Item nos. 6 & 7

Mr. G Ramkumar who was appointed as Additional Director during the year, holds office up to the date of the forthcoming Annual General Meeting and due to his commitments, he has signified his intention not to seek appointment as Director at the Annual General Meeting.

Your Board has proposed to appoint Mr. K Rajamani as an Independent Director of the Company.

Notice has been received from a member of the Company under Section 160 of the Companies Act, 2013 along with deposit of Rs. 1,00,000/-.

Mr. K Rajamani, aged 64 years, is a Graduate in B.E (Electrical) from Government College of Engineering, Salem, University of Madras, Tamil Nadu. He has 38 years of experience in Electrical Industry. He was associated with well renowned companies like Alston India, Estamag Switzerland, Austria, Luckhill And Huago China. He does not hold any equity shares of the Company.

The Board considers that the appointment of Mr. K Rajamani as a Director of the Company would be of immense benefit to the Company. Accordingly, the Board of Directors recommends his appointment as a Independent Director of the Company.

Except Mr. K Rajamani being an appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item

Nos.6 & 7. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

Item nos. 8 and 9

Your Company has proposed to expand its business.

Considering the growth potential, the need for additional Working Capital has been re-estimated by the Management. From time to time, fund needs are to be met without disrupting the day to day operations and the expansion programs.

Your Directors have therefore proposed to infuse more funds in to the Company with offer of shares to the existing shareholders on Rights basis and the terms of the Issue are being worked out.

This would require increase of the Authorised Share Capital and the consequential alterations in the Memorandum of Association of your Company; all these need your approvals.

The resolution set out in the Notice is recommended for the approval of the shareholders.

The Directors recommend the resolution for your approval.

None of the Directors/Key Managerial Personnel is interested/concerned in the resolution except to the extent of their shareholdings.

By Order of the Board of Directors

Place : Bangalore

Date : 18th August 2014

H. Nandi

Managing Director

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: 2013-14

*Amount in Rupees
(Lacs)*

| | |
|------------------------------------|------------|
| Total Revenue | 6,805.19 |
| Profit /(Loss) Before Depreciation | (909.69) |
| Profit /(Loss) Before Taxation | (1,150.13) |
| Profit /(Loss) After Taxation | (1,135.65) |

d. Export performance

| | |
|----------------------|------|
| Exports for the year | 9.58 |
|----------------------|------|

e. Foreign investments

| Foreign Company | Investment in Rupees |
|-----------------|----------------------|
| Nil | N/A |

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

| | | |
|---|--|---|
| Name & Age | N. Sivaram (61 Years) | K Rajamani (64 Years) |
| Date of Joining the Board | 27.02.2002 | Proposed at AGM |
| Qualification/s | BE Electronics and Communication | B.E (Electrical) |
| Brief resume | associated with IBM WTC, CMC Ltd and Think3 Designs Pvt Limited for over 34 years in senior operations and management position/s | Associated with Alston India, Estamag Switzerland, Austria, Luckhill And Huago China. |
| Expertise | Engineering, Commercial, Marketing and General Management | Electrical Industry |
| Directorship & Membership in other Companies /Committees. | NIL | NIL |
| Shareholding in the Company | NIL | NIL |

REPORT OF DIRECTORS AND MANAGEMENT DISCUSSION & ANALYSIS

Your Directors have pleasure in presenting herewith their Thirtieth Annual Report on the activities of your Company during the year ended 31 March 2014. As notified by MCA Circular No. 1/19/2013-CL-V dated 04.04.2014, the Company has followed the Companies Act, 1956, in respect of the report.

FINANCIAL RESULTS

| | 2013-2014 (Rs. Lacs) | 2012-2013 (Rs. Lacs) |
|--|-------------------------|-------------------------|
| Net Revenue from operations | 6,776.12 | 4,958.56 |
| Other Income | 29.07 | 41.69 |
| Loss before Depreciation | 909.69 | 1,231.96 |
| Depreciation | 240.44 | 245.36 |
| Loss before Taxation | 1,150.13 | 1,477.32 |
| Provision for Taxation (Deferred Tax adjustments) | (8.29) | (6.24) |
| Loss after Taxation | 1,141.84 | 1,471.08 |
| Exceptional items - (Income from Capital Gains) | - | 151.71 |
| Adjustments towards extraordinary items | (6.19) | 0.85 |
| Loss for the period | 1,135.65 | 1,320.22 |

PERFORMANCE

As reported in the previous year, your Company embarked upon commercializing Solar Based Equipment and Project business as part of diversification measure.

During the year under review,

- ☐ the recessionary trend in overall business continued to prevail in the market created complex environment to capture the business.
- ☐ stiff competition in Solar Based Equipment and Project Business and delay of payment of subsidy from Ministry of New and Renewable Energy resulted in lower cash flow and gross margin.
- ☐ the Solar Based Equipment and Project Business recorded turnover of Rs 24.87 Crores as compared to Rs 15.06 Crores in the previous year.
- ☐ in the Networking Products Space, the turnover increased to Rs 42.89 Crores from Rs 34.53 Crores of previous year. Details on segmental revenue and performance are furnished in Para 16 of Note 26 on 'Additional Notes' to Accounts.
- ☐ the turnover of the Company increased to Rs 67.76 Crores from Rs 49.59 Crores resulting in 36.65% growth over that of the previous year.
- ☐ stiff competition coupled with increased cost due to high inflation resulted in operating loss of Rs 8.85 Crores as against Rs 9.77 Crores loss of the previous year.
- ☐ accumulated losses stood at Rs 38.50 Crores for the year ended 31st March 2014 as against Rs 27.14 Crores last year.
- ☐ trade receivables increased to Rs 25.04 Crores from Rs 19.03 Crores and this is due to increase in working capital on account of Solar Based Equipment and Project Business.

- ☐ provision has been made for an estimated amount of Rs 2.65 Crores (previous year- Rs 5.00 Crores) in respect of certain items of non/slow-moving inventory, based on Generally Accepted Accounting Practices and estimates by the company;
- ☐ continuous efforts are being made to use slow/non moving stocks to manufacture other products or dispose off in a conducive manner. Carrying amount of inventory reduced to Rs 14.53 Crores as against Rs 15.70 Crores of previous year.
- ☐ after considering the above, the Net Operating Results show a loss of Rs 11.50 Crores as against Rs.14.77 Crores of the previous year;

DIVIDEND

Whilst your Directors understand the sentiments of the Investors, the financials of the year that has passed, constrained the Board to state that the dividend is not recommended.

However, the Directors will strive hard to bring the Company back to dividend track before long and the improving performance of the Company is hoped to continue to facilitate consideration of dividend in the days to come.

PROSPECTS & OUTLOOK

The Company is continuously trying to turn around into profitable business by taking adequate steps to increase the volume of business and gross margin and control overhead costs.

FINANCE

During the year under review,

- ☐ your Company incurred an operational loss of Rs 8.85 Crores, excluding the provision of Rs 2.65 Crores towards slow-moving items of inventory;
- ☐ deleting the component of 'depreciation' of Rs 2.40 Crores included in the above, the registered cash loss stood at Rs 6.45 Crores;
- ☐ to augment the Solar Based Equipment and Project business in the market which is predominated by Government Undertakings and to increase the liquidity, the Company availed drop down overdraft facility from State Bank of India to the tune of Rs 20 Crores.
- ☐ finance costs increased to Rs 1.42 Crores from Rs 0.22 Crores of the previous year due to factoring and interest expenses.
- ☐ 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.

RIGHTS ISSUE

Considering the fund needs and keeping in mind the lengthy association of the large number of Shareholders, your Board has proposed to raise funds by way of Rights Issue and details are being worked out.

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 17 of Note 26 II on 'additional notes to accounts'.

HUMAN RESOURCES & INDUSTRIAL RELATIONS

Your Company recognizes the critical significance of competent and experienced employees. Team MRO-TEK continued to stand by the Company during tiring and tough times and your Board places its appreciation for these relentless efforts, untiring dedication and sense of belongingness exhibited by the employees at all levels. 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.

There was no complaint lodged by any woman employee under Sexual Harassment of Women (Prevention, Prohibition and Redressal) Act, 2013, with the Company during the period under report.

INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY

The Company continued 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 with adequate participation, inputs from the Statutory, Internal and Corporate Secretarial Auditors.

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, and thus implementing Go Green Policy in its total spirit.

RESEARCH & DEVELOPMENT

The ever changing technology in the space of Networking Products 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.

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 Networking Products Industry.

During the year an amount of Rs NIL (Prev. year- Rs.0.01 Crores) was incurred towards Capital Expenditure in this division. On revenue account, an amount of Rs 1.98 Crores (Prev. year- Rs. 2.63 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

Full details of foreign exchange earnings and expenditure are furnished under para 12 and 13 of Note 26 II on 'additional notes to accounts'. However, following are exhibited:

Earning – Rs 14,69,859/-
Outgo – Rs 20,48,09,063/-

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

Mr N. Sivaram, an Independent Director, retires by rotation at this meeting, and being eligible, offer himself for re-appointment as an Independent Director fulfilling the requirements as per the new Companies Act, 2013. His reappointment is proposed under Special Business.

Due to advancing age, Mr. R. Rajagopalan offered to step down from the office of Director during the year. Furthermore, due to professional commitment, Mr. A. Murali stepped down from the Board.

Mr. G. Ramkumar, who was appointed as an Additional Director, holds office up to the date of this Meeting; as his term of office has come to an end and due to his other commitments, he has signified his intention not to seek appointment at the Annual General Meeting.

Your Board places on record its deep appreciation for the significant contribution and support extended by the outgoing Directors.

Mr. N. K. Rajasekharan, a senior professional in the technology segment was inducted in to the Board in place of Mr. R. Rajagopalan and your Board is confident that the Company stands to benefit significantly from the rich experience and in depth knowledge of Mr. N. K. Rajasekharan.

Your Board proposes to appoint Mr. K. Rajamani, a senior Technical Professional as an Independent Director.

Mr. S. Narayanan, Chairman and Managing Director and Mr. H. Nandi, Managing Director, retire by rotation, as per the new Companies Act, 2013 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

Messrs Narayanan, Patil & Ramesh, Chartered Accountants, Bangalore, Auditors of the Company retire at the end of forthcoming Annual General Meeting and have decided not to seek appointment. Based on the proposal from a Shareholder and on the recommendation of the Audit Committee and in line with the provisions of the Companies Act, 2013, the Board recommends the appointment of Messrs NSVM & Associates, Chartered Accountants, Bangalore as Auditors to hold office up to the date of the next Annual General Meeting.

PARTICULARS OF EMPLOYEES

There was no employee drawing remuneration in excess of the limits prescribed under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

There was no complaint lodged by any woman employee under Sexual Harassment of Women at Workplace (Prevention,

Prohibition and Redressal) Act, 2013, with the Company during the period under report.

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 : 18th August 2014

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. The Company has initiated appropriate actions to pro actively change its business model in line with the dynamic business scenario. This enables the Company to undertake the right actions in the right strategic directions.

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.

The details of the appointment and resignation of Non-Executive Independent Directors since the last Annual General Meeting are as follows:

| Name of the Director | Date of Appointment or Resignation | |
|----------------------|------------------------------------|-----------|
| A. Murali | 30.10.13 | Resigned |
| R. Rajagopalan | 29.01.14 | Resigned |
| G. Ramkumar | 10.07.13 | Appointed |
| N. K. Rajasekharan | 29.01.14 | Appointed |

Number of Board Meetings, Directors' attendance record and directorships held by all directors:

A total of five meetings of the Board of Directors were held during the year under review, on 29 May, 10 July, 31 July, 30 October 2013 and 29 January 2014. Attendance of Directors at the Board Meetings held during the year 2013-14 and the details of directorships, Committee Chairmanships and Memberships are exhibited below:

| Name of Director | Position | No. of Board Meetings Attended | Attendance at Prev. AGM on 10.07.2013 | No. of outside Directorships held* | No. of membership/ chairmanship in other Board Committees |
|---|------------------------------|--------------------------------|---------------------------------------|------------------------------------|---|
| Executive Directors | | | | | |
| S. Narayanan | Chairman & Managing Director | 5 | Present | - | - |
| H. Nandi | Managing Director | 5 | Present | - | - |
| Non-Executive, Independent Directors | | | | | |
| R. Rajagopalan | Director | 5 | Present | 3 | 5 |
| A. Mohan Rao | Director | 5 | Present | 3 | 2 |
| N. Sivaram | Director | 4 | Present | - | - |
| A. Murali | Director | 4 | Present | 16 | 1 |
| G. Ramkumar | Director | 3 | Not present | 2 | - |
| N. K. Rajasekharan** | Director | 0 | Not Present | 2 | 1 |

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

** Appointed on 29.01.2014.

AUDIT COMMITTEE

The Audit Committee which comprised of Mr. R. Rajagopalan as the Chairman of the Audit Committee; after his resignation, comprised of Mr. G. Ramkumar as the Chairman, with Mr. N. Sivaram, Mr. A. Mohan Rao as the other members of the Committee - all of them being independent and non-executive Directors.

Mr. R. Ramaswamy who was the Secretary of the Company retired from services and Mr. Ramji .S was appointed as the Company Secretary and also the Secretary of the

Audit Committee. Due to unavoidable commitments, he resigned in the month of March 2014. The Company is taking necessary steps to appoint a Company Secretary.

The role and terms of reference to the Audit Committee covers the areas mentioned under Clause 49 of the Listing Agreement and Section 292A of the Companies act, 1956; additional requirements under Section 177 of Companies Act 2013 will be followed in the days to come. From time to time, other terms may be referred 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 / 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 29 May, 31 July, 30 October 2013, and 29 January 2014.

| Name of Director | No. of Meetings Attended |
|------------------|--------------------------|
| R. Rajagopalan | 4 |
| A. Mohan Rao | 4 |
| N. Sivaram | 3 |
| A. Murali | 3 |
| G. Ramkumar | 3 |

REMUNERATION & COMPENSATION COMMITTEE

The Remuneration & Compensation Committee which comprised of Mr. R. Rajagopalan as the Chairman of the Audit Committee, after his resignation, comprises of Mr. G. Ramkumar as the Chairman, with Mr. N. Sivaram, Mr. A. Mohan Rao as the other members of the Committee - all of them being independent and non-executive Directors.

Mr. R. Ramaswamy who was the Secretary of the Company retired from services and Mr. Ramji .S was appointed as the Company Secretary and also the Secretary of the Audit Committee. Due to unavoidable commitments, he resigned in the month of March 2014. The Company is taking necessary steps to appoint a Company Secretary.

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 2014. No stock options were granted/allotted under ESOS, to any of the directors.

During the year, the Committee did not meet as there were no changes in their remuneration.

SHAREHOLDERS' GRIEVANCE COMMITTEE

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

During the year, the Committee met four times on 29 May, 31 July, 30 October 2013, 29 January 2014

| Name of Director | No. of Meetings Attended |
|------------------|--------------------------|
| A. Mohan Rao | 4 |
| N. Sivaram | 3 |
| R. Rajagopalan | 4 |
| A. Murali | 3 |
| G. Ramkumar | 3 |

The Shareholders' Grievance Committee has constituted a sub-committee comprising of Mr. S. Narayanan and Mr. H. Nandi forming the 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 this respective fortnight/s.

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 2013-14

In Rupees

| Name of the Director | Sitting Fee* | Salaries | Provident Fund & Superannuation | Total |
|----------------------|--------------|-----------|---------------------------------|-----------|
| S. Narayanan | Nil | 36,00,000 | 9,72,000 | 45,72,000 |
| H. Nandi | Nil | 36,00,000 | 9,72,000 | 45,72,000 |
| R. Rajagopalan | 78,000 | Nil | Nil | 78,000 |
| A. Mohan Rao | 78,000 | Nil | Nil | 78,000 |
| N. Sivaram | 60,000 | Nil | Nil | 60,000 |
| A. Murali | 60,000 | Nil | Nil | 60,000 |
| G. Ramkumar | 54,000 | Nil | Nil | 54,000 |
| N. K. Rajasekharan | Nil | Nil | Nil | Nil |

*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 |
|------|----------------------------|--------------|-------------|
| 2011 | Hotel Woodlands, Bangalore | 29 June 2011 | 11.00 Hours |
| 2012 | Hotel Woodlands, Bangalore | 27 June 2012 | 11.00 Hours |
| 2013 | Hotel Woodlands, Bangalore | 10 July 2013 | 11.00 Hours |

SPECIAL RESOLUTIONS PASSED IN THE PREVIOUS THREE ANNUAL GENERAL MEETINGS :

| Year | Special Resolutions |
|------|--|
| 2011 | No Special Resolution was considered with proposed. |
| 2012 | No Special Resolution was considered with proposed. |
| 2013 | 1. Reappointment of Mr. S. Narayanan, the Chairman and Managing Director and Mr. H. Nandi, Managing Director for a period of five years and fixation of remuneration detailed for the period commencing from 1 April 2013 and ending 31 March 2015 and for balance three years commencing from 1 April 2015 and ending with 31 March 2018. |

DISCLOSURE

Transactions with related parties are disclosed in para 18 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 behavior, 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 2013-14. His appointment was duly approved by the Central Government.

Cost Audit Report for the financial year 2012-13 was filed on 27 August 2013, well before the due date. Cost Audit Report for financial year 2013 -14 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 |
| I Board of Directors | 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 |
| II Audit Committee | 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 |
| III Subsidiary Companies | 49 (III) | N/A |
| IV Disclosures | 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 |
| V CEO/CFO Certification | 49 (V) | Yes |
| VI Report on Corporate Governance | 49 (VI) | Yes |
| VII Compliance | 49 (VII) | Yes |

Compliance with non-mandatory requirements

- Remuneration Committee has duly been constituted.
- The Company is in the regime of unqualified financial statements.
- 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.
- The Company has a procedure of bringing to the notice of management, any matter/s regarding concerns about unethical behavior, actual or suspected fraud or violation of Company's code of conduct or ethics policy.
- 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/ Sanjevani (Kannada) and in official websites of National Stock Exchange of India Limited (www.nseindia.com) and Bombay Stock Exchange Limited (www.bseindia.com) |
| II | Publications in News Papers | Published in National and local dailies such as Financial Express (English) & Samyukta Karnataka / Sanjevani (Kannada) |
| III | Publications in Websites | www.mro-tek.com |
| IV | Displaying of official news releases | www.mro-tek.com and official websites of NSE and BSE |
| V | Presentations to Institutional Investors or analysts | www.mro-tek.com |

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, 17 September 2014 | 11.30 Hours | Hotel Woodlands, No. 5, Raja Ram Mohan Roy Road, Bangalore - 560025 |

b) Particulars of Financial Calendar for 2014-15

| | |
|---|--|
| Financial Year | 1 April 2014 to 31 March 2015 |
| 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 – 11 September 2014 to 17 September 2014

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 2014-15.
- Annual custody fee has been remitted for NSDL and CDSL for the year 2014-15.

f) Stock Exchange Codes

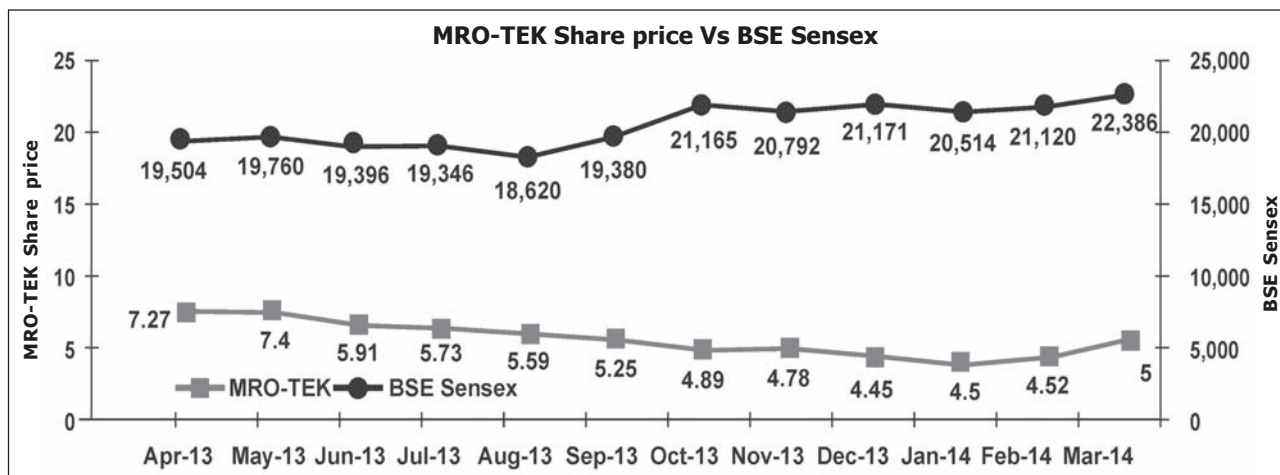
| Stock Exchange | Code |
|--|---------|
| National Stock Exchange of India Limited, Mumbai | MRO-TEK |
| Bombay Stock Exchange Limited, Mumbai | 532376 |

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 2013-14 is furnished below:

| Month | Bombay Stock Exchange | | | National Stock Exchange | | |
|--------|-----------------------|-----------|--------------|-------------------------|-----------|---------------|
| | High (Rs.) | Low (Rs.) | Volume (Nos) | High (Rs.) | Low (Rs.) | Volume (Nos.) |
| Apr-13 | 8.30 | 5.50 | 1,18,026 | 8.45 | 4.80 | 2,05,581 |
| May-13 | 7.84 | 6.45 | 35,574 | 7.50 | 6.60 | 81,887 |
| Jun-13 | 8.40 | 5.90 | 82,846 | 8.15 | 6.00 | 89,127 |
| Jul-13 | 6.28 | 5.05 | 46,074 | 6.35 | 5.15 | 37,713 |
| Aug-13 | 6.19 | 5.24 | 51,963 | 5.90 | 5.05 | 19,750 |
| Sep-13 | 6.40 | 5.05 | 30,900 | 5.90 | 4.65 | 18,105 |
| Oct-13 | 5.74 | 4.41 | 64,958 | 5.70 | 4.60 | 12,700 |
| Nov-13 | 4.92 | 4.18 | 29,560 | 4.70 | 4.30 | 10,985 |
| Dec-13 | 4.88 | 3.75 | 1,20,100 | 4.55 | 4.00 | 62,053 |
| Jan-14 | 6.15 | 4.30 | 94,297 | 5.30 | 4.25 | 35,941 |
| Feb-14 | 4.90 | 3.70 | 27,887 | 4.50 | 3.85 | 15,661 |
| Mar-14 | 5.00 | 4.07 | 91,521 | 5.00 | 4.15 | 64,083 |



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.

j) Distribution of Shareholding as on 31 March 2014 :

| No. of equity shares held | No. of shares (face value Rs.5) | % to total | No. of Shareholders | % to Total No. of Shareholders |
|---------------------------|---------------------------------|---------------|---------------------|--------------------------------|
| Upto 500 | 24,19,445 | 12.95 | 14,263 | 81.20 |
| 501-1000 | 13,58,939 | 7.27 | 1,614 | 9.19 |
| 1001-2000 | 12,90,553 | 6.91 | 825 | 4.70 |
| 2001-3000 | 7,58,122 | 4.06 | 293 | 1.67 |
| 3001-4000 | 4,61,152 | 2.47 | 127 | 0.72 |
| 4001-5000 | 6,69,168 | 3.58 | 140 | 0.80 |
| 5001-10000 | 12,27,499 | 6.57 | 166 | 0.95 |
| 10001 & above | 1,04,99,724 | 56.19 | 136 | 0.77 |
| Total | 1,86,84,602 | 100.00 | 17,564 | 100.00 |

k) Categories of Shareholding :

| Category | No. of Shareholders | Total Shares | % | Equity Shares Pledged | |
|-------------------------|---------------------|--------------------|---------------|-----------------------|-----|
| | | | | No. of shares | % |
| Promoters Group | 6 | 74,10,056 | 39.66 | NIL | NIL |
| NRIs/ Foreign Nationals | 119 | 1,27,320 | 0.68 | N/A | N/A |
| Banks/Mutual Funds/FIIs | 1 | 3,500 | 0.02 | N/A | N/A |
| Bodies Corporate | 346 | 9,22,225 | 4.94 | N/A | N/A |
| Trusts | 1 | 430 | 0.00 | N/A | N/A |
| Public | 17,091 | 1,02,21,071 | 54.70 | N/A | N/A |
| Total | 17,564 | 1,86,84,602 | 100.00 | | |

l) Dematerialisation of Shares and Liquidity

| Category – Demat/Physical | No. of Shareholders | % | No. of Shares | % |
|--|---------------------|---------------|--------------------|---------------|
| Total No. of Shareholders holding shares physically | 473 | 2.69 | 1,35,612 | 0.73 |
| Total No. of Shareholders in electronic (Demat) form | 17,091 | 97.31 | 1,85,48,990 | 99.27 |
| Total | 17,564 | 100.00 | 1,86,84,602 | 100.00 |

| Days taken for Demat | No. of Requests | No. of Shares | % of Total Shares |
|----------------------|-----------------|---------------|-------------------|
| 7 | 9 | 1,401 | 0.01 |

m) Non-Executive Directors shareholding in the Company:

None of the directors viz., N. Sivaram and A. Mohan Rao, G. Ramkumar, N. K. Rajasekharan 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 : 18th August 2014

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 2014 and certify, to the best of our knowledge and belief, that:
- i. 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;
 - ii. these statements do not contain any materially untrue statement, or omit any material fact, or contain statements that might be misleading ;
 - iii. 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;
 - iv. we accept responsibility for establishing and maintaining internal controls for financial reporting;
 - v. 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;

- vi. 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.

Place : Bangalore
Date : 29 May 2014

H. Nandi
*Managing
Director*

Srivatsa
VP- Finance

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 2014, 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
Date : 29 May 2014

*Membership No. 200/25588
Firm No. 002395S*

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, 2014, 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

The company's 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") read with General Circular 15/2013 dated 13 September 2013 of Ministry of Corporate Affairs in respect of Section 133 of the Companies Act 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion and to the best of our information and

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

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) in the case of the Statement of profit and loss, of the 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 read with General Circular 15/2013 dated 13th September 2013 of Ministry of Corporate Affairs in respect of Section 133 of the Companies Act 2013; and
 - e) on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, 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 2014

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, 2014.

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

- 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, 2014 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 | Nature of the Dues | Amount Rs. | Period to which the amount relates | Forum where dispute is pending |
|---------------------|--------------------|-------------|------------------------------------|--------------------------------|
| Central Excise | Excise Duty | 4,66,90,550 | Jan 2008 to Mar 2010 | CESTAT |

- x. The Company has an accumulated loss of Rs. 38,50,01,400/- which is more 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. 9,03,50,391/- and Rs. 10,81,10,537/- 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, 2014, we report that funds to the extent of Rs. 88,35,425/- 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 2014

Membership No. 200/25588

BALANCE SHEET

AS AT 31 MARCH 2014

| | Note No. | As at 31 March 2014 Rs. | As at 31 March 2013 Rs. |
|---|----------|-------------------------------|-------------------------------|
| I Equity and Liabilities | | | |
| 1 Shareholders' funds | | | |
| a Share Capital | 1 | 9,34,23,010 | 9,34,23,010 |
| b Reserves and Surplus | 2 | 28,52,99,886 | 39,88,64,998 |
| 2 Non-current liabilities | | | |
| a Long-term borrowings | 3 | 1,61,69,001 | 2,29,18,001 |
| b Deferred tax liabilities (Net) | 4 | 93,32,528 | 1,01,61,671 |
| c Long-term provisions | 5 | 38,49,155 | 51,51,001 |
| 3 Current liabilities | | | |
| a Short-term borrowings | 6 | 24,49,87,176 | 3,76,42,662 |
| b Trade payables | 7 | 13,43,19,819 | 8,29,27,754 |
| c Other Current liabilities | 8 | 6,85,64,488 | 5,78,09,618 |
| d Short-term provisions | 9 | 4,65,340 | 5,31,928 |
| Total | | 85,64,10,403 | 70,94,30,643 |
| II Assets | | | |
| 1 Non-Current Assets | | | |
| a Fixed Assets | | | |
| i Tangible Assets | 10 | 22,79,22,257 | 24,18,61,812 |
| ii Intangible Assets | | - | 17,09,342 |
| b Non Current Investments | 11 | 72,52,000 | 72,52,000 |
| c Long-term loans and advances | 12 | 4,47,35,397 | 4,75,08,102 |
| 2 Current Assets | | | |
| a Current Investments | 13 | 6,00,851 | 6,00,851 |
| b Inventories | 14 | 14,52,83,473 | 15,69,63,550 |
| c Trade receivables | 15 | 25,04,21,691 | 19,02,75,588 |
| d Cash and Cash equivalents | 16 | 15,58,50,389 | 4,53,76,966 |
| e Short-term loans and advances | 17 | 2,43,44,345 | 1,78,82,432 |
| Total | | 85,64,10,403 | 70,94,30,643 |
| Significant accounting policies and additional notes form integral part of the Balance Sheet | 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*
A. Mohan Rao *Director*
N. K. Rajasekharan *Director*
Srivatsa *VP-Finance*

for Narayanan, Patil & Ramesh
Chartered Accountants

L. R. Narayanan
Partner

Membership No: 200/25588
Firm No. 0023955

Place : Bangalore
Date : 29 May 2014

STATEMENT OF PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2014

| | Note No. | Year ended 31 March 2014 Rs. | Year ended 31 March 2013 Rs. |
|--|----------|------------------------------------|------------------------------------|
| I Revenue from Operations | 18 | 67,76,12,000 | 49,58,55,664 |
| II Other Income | 19 | 29,06,514 | 41,68,760 |
| III Total Revenue (I + II) | | 68,05,18,514 | 50,00,24,424 |
| IV Expenses: | | | |
| Cost of materials consumed | 20 | 31,28,96,444 | 22,24,23,170 |
| Purchases of Traded goods | | 19,35,53,360 | 11,74,88,848 |
| Changes in inventories of Finished Goods, Work-in-progress and Traded Goods | 21 | 1,90,75,173 | 1,92,93,666 |
| Provision for Non/Slow-Moving Items | | 2,65,00,000 | 5,00,00,000 |
| Net cost of Materials Consumed | | 55,20,24,977 | 40,92,05,684 |
| Employee benefits expenses | 22 | 13,68,82,213 | 14,26,43,732 |
| Finance Cost | 23 | 1,41,76,184 | 22,10,325 |
| Depreciation and amortization expenses | 10 | 2,40,43,864 | 2,45,36,066 |
| Other Expenses | 24 | 6,84,04,080 | 6,91,61,254 |
| Total expenses | | 79,55,31,318 | 64,77,57,061 |
| V Profit/(Loss) before exceptional and extraordinary items and tax (III - IV) | | (11,50,12,804) | (14,77,32,637) |
| VI Exceptional Items | | - | 1,51,71,384 |
| VII Profit/(Loss) before extraordinary items and tax (V - VI) | | (11,50,12,804) | (13,25,61,253) |
| VIII Extraordinary Items | | 6,18,549 | (85,350) |
| IX Profit/(Loss) before tax (VII - VIII) | | (11,43,94,255) | (13,26,46,603) |
| X Tax Expenses | | | |
| 1 Current tax | | - | - |
| 2 Deferred tax | | (8,29,143) | (624,200) |
| XI Profit/(Loss) for the period (IX - X) | | (11,35,65,112) | (13,20,22,403) |
| XII Earnings per equity share (face value of Rs. 5 per share) | | | |
| 1 Basic | | (6.08) | (7.07) |
| 2 Diluted | | (6.08) | (7.07) |

**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 Statement of Profit & Loss referred to in our report of even date

S. Narayanan
H. Nandi
A. Mohan Rao
N. K. Rajasekharan
Srivatsa

Chairman & Managing Director
Managing Director
Director
Director
VP-Finance

for Narayanan, Patil & Ramesh
Chartered Accountants

L. R. Narayanan
Partner

Membership No: 200/25588
Firm No. 002395S

Place : Bangalore
Date : 29 May 2014

NOTES FORMING PART OF BALANCE SHEET

AS AT 31 MARCH 2014

| | As at 31 March 2014 Rs. | As at 31 March 2013 Rs. |
|--|-------------------------------|-------------------------------|
|--|-------------------------------|-------------------------------|

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 2014 | | As at 31 March 2013 | |
|------------------------------------|---------------------|-------------|---------------------|-------------|
| | 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 2014 | | 31 March 2013 | |
|--------------|---------------|-----------|---------------|-----------|
| | No of Shares | Holding % | No of Shares | Holding % |
| H. Nandi | 31,40,903 | 16.81 | 31,19,742 | 16.70 |
| S. Narayanan | 30,92,916 | 16.55 | 30,82,230 | 16.50 |

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

| Financial Year | No. of Shares |
|----------------|-----------------|
| 2009-10 | 3,01,372 |
| Total | 3,01,372 |

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

(27,14,36,288)

(13,94,13,885)

Profit / (Loss) for the year

(11,35,65,112)

(13,20,22,403)

Less: Appropriations

-

-

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

(38,50,01,400)

(27,14,36,288)

Total

28,52,99,886

39,88,64,998

NOTES FORMING PART OF BALANCE SHEET

AS AT 31 MARCH 2014

| | As at 31 March 2014 Rs. | As at 31 March 2013 Rs. |
|---|-------------------------------|-------------------------------|
| NOTE - 3 - Long-Term Borrowing | | |
| Sales Tax Deferment* | 1,61,69,001 | 2,29,18,001 |
| Total | 1,61,69,001 | 2,29,18,001 |
| * 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 the 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. | | |
| NOTE - 4 - Deferred Tax Liability | | |
| Deferred tax liability on account of : | | |
| Fixed Assets | 1,13,23,069 | 1,29,41,838 |
| Deferred tax asset on account of : | | |
| Others | (19,90,541) | (27,80,167) |
| Total | 93,32,528 | 1,01,61,671 |
| NOTE - 5 - Long-Term Provisions | | |
| Employees' Benefits - Leave Encashment | 38,49,155 | 51,51,001 |
| Total | 38,49,155 | 51,51,001 |
| NOTE - 6 - Short-Term Borrowings | | |
| Secured borrowings | | |
| a) Loan repayable on demand | | |
| - from Bank - Over Draft | 19,91,66,273 | - |
| - ECB LOAN A/C - Buyers Credit | 2,26,98,447 | - |
| - M/S Canbank Factors Ltd., - Factoring Limit with Recourse | 2,31,22,456 | 3,76,42,662 |
| Total | 24,49,87,176 | 3,76,42,662 |
| Asset backed drop down Overdraft Limits Sanctioned by State Bank of India, are secured against the hypothecation of Book Debts (to the extent not factored with M/s. Canbank Factors Ltd.,), Inventory and also First Charge on Fixed Assets of the Company, movable and Immovable as collateral security. In addition to First Charge on Receivables Factored, Second Charge on Immovable property is also extended for M/s.Canbank Factors Ltd., | | |
| ECB Loan is Secured by providing 100% margin by way of Fixed Deposit. | | |
| NOTE - 7 - Trade Payables | | |
| Trade Payables | | |
| - MSME | 47,42,516 | 16,61,366 |
| - Others | 12,95,77,303 | 8,12,66,388 |
| Total | 13,43,19,819 | 8,29,27,754 |
| NOTE - 8 - Other Current Liabilities | | |
| Customer Credit Balances | 11,60,989 | 98,93,086 |
| Advances from Customer under AMC | 1,59,33,013 | 27,60,675 |
| Unclaimed dividends* | 10,84,605 | 21,58,850 |
| Sales Tax deferment - Current maturity | 67,49,000 | 67,49,000 |
| Others liabilities | 4,36,36,881 | 3,62,48,007 |
| Total | 6,85,64,488 | 5,78,09,618 |
| * (During the year an amount of Rs.10,51,582 was credited to Investor Education and Protection Fund as at 31.03.2014) | | |
| NOTE - 9 - Short-term provisions | | |
| Employees' Benefits - Leave Encashment | 4,65,340 | 5,31,928 |
| Total | 4,65,340 | 5,31,928 |

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 2014 | ADDITIONS DURING THE YEAR | DELETIONS | TOTAL COST AS ON 31 Mar 2014 | Rate | UPTO 31 Mar 2013 | FOR THE YEAR | ON DELETIONS | UPTO 31 Mar 2014 | AS AT 31 Mar 2014 | AS AT 31 Mar 2013 |
| | Rs. | Rs. | Rs. | Rs. | % | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| TANGIBLE ASSETS: | | | | | | | | | | | |
| LAND | 8,05,454 | - | - | 8,05,454 | - | - | - | - | - | 8,05,454 | 8,05,454 |
| - FACTORY | 5,05,23,211 | - | - | 5,05,23,211 | - | - | - | - | - | 5,05,23,211 | 5,05,23,211 |
| - OFFICE | 6,19,91,123 | 15,92,138 | - | 6,35,83,261 | 4.00 | 1,85,52,725 | 25,62,691 | - | 2,11,15,416 | 4,24,67,845 | 4,34,38,398 |
| BUILDINGS | 12,06,64,557 | - | - | 12,06,64,557 | 4.00 | 3,75,14,629 | 48,23,411 | - | 4,23,38,040 | 7,83,26,517 | 8,31,49,928 |
| - OFFICE | | | | | | | | | | | |
| PLANT AND EQUIPMENT: | | | | | | | | | | | |
| PLANT & MACHINERY - R&D | 12,84,395 | - | - | 12,84,395 | 10.00 | 12,13,969 | 16,452 | - | 12,30,421 | 53,974 | 70,426 |
| PLANT & MACHINERY - OTHERS | 7,09,47,037 | 25,77,486 | 113,800 | 7,34,10,723 | 10.00 | 4,94,43,192 | 47,65,205 | 1,08,565 | 5,40,99,832 | 1,93,10,891 | 2,15,03,845 |
| TEST EQUIPMENTS - R&D | 2,39,42,783 | - | 28,10,331 | 2,11,32,452 | 10.00 | 1,68,26,185 | 14,22,215 | 28,10,331 | 1,54,38,069 | 56,94,383 | 71,16,598 |
| TEST EQUIPMENTS - OTHERS | 2,66,02,062 | 13,35,774 | - | 2,79,37,836 | 10.00 | 2,15,68,823 | 9,52,995 | - | 2,25,21,818 | 54,16,018 | 50,33,239 |
| FURNITURE & FIXTURES - R&D | 10,45,647 | - | - | 10,45,647 | 10.00 | 8,99,306 | 32,638 | - | 9,31,944 | 1,46,341 | 1,46,341 |
| FURNITURE & FIXTURES - OTHERS | 3,93,38,410 | 2,65,247 | - | 3,96,03,657 | 10.00 | 2,15,32,346 | 31,78,937 | - | 2,47,11,283 | 1,48,92,374 | 1,78,06,064 |
| VEHICLES | 95,72,449 | 13,09,453 | 671,798 | 1,02,10,104 | 9.50 | 66,05,925 | 8,16,714 | 236,574 | 71,86,065 | 30,24,039 | 29,66,524 |
| OFFICE EQUIPMENTS - R&D | 1,69,598 | - | - | 1,69,598 | 10.00 | 1,65,263 | 2,700 | - | 1,67,963 | 1,635 | 4,335 |
| OFFICE EQUIPMENTS - OTHERS | 1,14,84,078 | 3,80,114 | - | 1,18,64,192 | 10.00 | 88,72,176 | 8,77,742 | - | 97,49,918 | 21,14,274 | 26,11,902 |
| OTHERS: | | | | | | | | | | | |
| ELECTRICAL INSTALLATIONS | 1,90,65,235 | - | - | 1,90,65,235 | 10.00 | 1,48,55,274 | 18,59,995 | - | 1,67,15,269 | 23,49,966 | 42,09,961 |
| COMPUTERS & NETWORKING - R&D | 1,65,06,374 | - | 4,31,507 | 1,60,74,867 | 20.00 | 1,63,08,415 | 74,813 | 4,31,507 | 1,59,51,721 | 1,23,146 | 1,97,959 |
| COMPUTERS & NETWORKING - OTHERS | 3,59,90,319 | 12,96,503 | 3,34,400 | 3,69,52,422 | 20.00 | 3,47,91,628 | 6,63,232 | 3,34,400 | 3,51,20,460 | 18,31,962 | 11,98,691 |
| AIR CONDITIONERS - R&D | 77,866 | - | - | 77,866 | 10.00 | 77,866 | - | - | 77,866 | - | - |
| AIR CONDITIONERS - OTHERS | 37,14,451 | 78,710 | - | 37,93,161 | 10.00 | 26,35,515 | 2,84,781 | - | 29,20,296 | 8,72,865 | 10,78,936 |
| SUB TOTAL | 49,37,25,049 | 88,35,425 | 43,61,836 | 49,81,98,638 | | 25,18,63,237 | 2,23,34,521 | 39,21,377 | 27,02,76,381 | 22,79,22,257 | 24,18,61,812 |
| INTANGIBLE ASSETS: | | | | | | | | | | | |
| 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 | 84,98,852 | 17,09,343 | - | 1,02,08,195 | - | 17,09,342 |
| SUB TOTAL | 2,57,96,674 | - | - | 2,57,96,674 | | 2,40,87,332 | 17,09,343 | - | 2,57,96,675 | - | 17,09,342 |
| Capital Work Progress | | | | | | | | | | | |
| CAPITAL WORK IN PROGRESS (F) | - | - | - | - | | - | - | - | - | - | - |
| | - | - | - | - | | - | - | - | - | - | - |
| Total | 51,95,21,723 | 88,35,425 | 43,61,836 | 52,39,95,312 | | 27,59,50,569 | 2,40,43,864 | 39,21,377 | 29,60,73,056 | 22,79,22,257 | 24,35,71,154 |
| As at 31 March 13 | 48,96,55,263 | 4,89,82,330 | 1,91,15,870 | 51,95,21,723 | | 25,16,77,268 | 2,45,36,066 | 2,62,765 | 27,59,50,569 | 24,35,71,154 | 23,79,77,995 |

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

NOTES FORMING PART OF BALANCE SHEET

AS AT 31 MARCH 2014

| | As at 31 March 2014 Rs. | As at 31 March 2013 Rs. |
|--|-------------------------------|-------------------------------|
| NOTE - 11 - Non Current Investments | | |
| Long-term, trade, unquoted, at cost: | | |
| Investment in Equity Shares of Joint Venture: | 72,52,000 | 72,52,000 |
| RAD-MRO Manufacturing Pvt Ltd, Bangalore | | |
| 7,25,200 equity shares of Rs 10 each, fully paid up | | |
| Total | 72,52,000 | 72,52,000 |
| NOTE - 12 - Long-Term Loans and Advances | | |
| (Unsecured - considered good) | | |
| Earnest Money Deposit | 5,07,900 | 3,74,400 |
| Other Deposits | 18,99,063 | 20,34,550 |
| MAT Credit | 29,90,914 | 29,90,914 |
| Income-tax refund receivable | 23,89,103 | 57,21,591 |
| Advances with - Central Excise | 2,39,71,823 | 2,39,71,823 |
| - Customs Duty Refundable (SAD) | 88,08,222 | 78,15,557 |
| - Sales Tax | 41,68,372 | 45,99,267 |
| Total | 4,47,35,397 | 4,75,08,102 |
| NOTE - 13 - Current Investments | | |
| Short Term, non-trade, unquoted, at lower of cost or market value | | |
| - in Mutual Funds: | 6,00,851 | 6,00,851 |
| SBI - SHF - Ultra Short Term Fund- Institutional PLAN - Growth | | |
| As at 31.03.2014 [454.034 Units @ Rs.1,323.36 per unit (Market Value @ 1672.0657 - Rs.7,54,175)] | | |
| As at 31.03.2013 [454.034 units @ Rs.1,323.36 per unit (Market Value @ 1,400.49 - Rs.6,95,266)] | | |
| Total | 6,00,851 | 6,00,851 |
| NOTE - 14 - Inventories | | |
| Valued at lower of cost or net realisable value | | |
| Raw Materials | 7,83,99,517 | 7,19,70,455 |
| Work-in-progress | 1,10,17,194 | 2,41,31,508 |
| Finished Goods | | |
| - Manufactured | 9,64,49,756 | 9,53,29,896 |
| - Traded | 77,00,757 | 1,22,86,981 |
| - Goods Lying at Customers Premises | 7,02,265 | 31,96,760 |
| Goods in transit : | | |
| Raw materials | 20,13,984 | 47,950 |
| Total | 19,62,83,473 | 20,69,63,550 |
| Less: Provision for Non/Slow-moving-items | (5,10,00,000) | (5,00,00,000) |
| Total | 14,52,83,473 | 15,69,63,550 |

NOTES FORMING PART OF BALANCE SHEET

AS AT 31 MARCH 2014

| | As at 31 March 2014 Rs. | As at 31 March 2013 Rs. |
|--|-------------------------------|-------------------------------|
| NOTE - 15 - Trade Receivables | | |
| Unsecured | | |
| Debts Outstanding for a period exceeding | | |
| - Six months | | |
| Considered Good | 1,95,39,941 | 37,87,822 |
| Considered Doubtful | 21,27,387 | 33,14,375 |
| - Other Debts - Considered Good | 23,08,81,750 | 19,46,92,639 |
| | 25,25,49,078 | 20,17,94,836 |
| Less: Provision for Bad & doubtful debts | 21,27,387 | 33,14,375 |
| Less: Bills Discounted against LC's received | - | 82,04,873 |
| Total | 25,04,21,691 | 19,02,75,588 |

NOTE - 16 - Cash & Cash Equivalents

| | | |
|---|---------------------|-------------|
| a. Balances with banks | | |
| - In Current Accounts | 2,75,34,621 | 1,23,38,444 |
| - In Current Accounts (Foreign Currency) | 13,538 | 2,06,281 |
| - In Current Accounts - Unclaimed dividend* | 10,84,605 | 21,58,851 |
| - In Fixed Deposits (FDs) ** | | |
| Maturity period - less than 12 months | 10,68,00,000 | 3,00,00,000 |
| - more than 12 months | 2,00,00,000 | - |
| b. Cheques on hand | - | 4,95,108 |
| c. Cash on hand | 4,17,625 | 1,78,282 |
| Total | 15,58,50,389 | 4,53,76,966 |

Restricted Cash Balances include the following

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

** FDs totalling to Rs. 1,268 lacs (previous year- Rs. 149 lacs) offered as 100% margin money, against ECB Loan, LCs & Guarantees, availed from the Bank.

NOTE - 17 - Short-Term Loans and Advances

(Unsecured - considered good)

| | | |
|---|--------------------|-------------|
| Advance Tax and Tax Deducted at Source | 41,05,553 | 28,77,522 |
| Advance to suppliers - on capital account | 5,00,000 | 8,75,845 |
| - others | 8,35,670 | 4,62,162 |
| Advances with - Central Excise | 1,19,23,237 | 90,34,062 |
| - Customs Duty Refundable (SAD) | 55,340 | 12,99,392 |
| - Others | 11,56,004 | 9,08,222 |
| Interest accrued but not due | 2,02,681 | 91,370 |
| Prepaid Expenses | 55,65,860 | 23,33,857 |
| Total | 2,43,44,345 | 1,78,82,432 |

NOTES FORMING PART OF STATEMENT OF PROFIT & LOSS

FOR THE YEAR ENDED 31 MARCH 2014

| | Year ended 31 March 2014 Rs. | Year ended 31 March 2013 Rs. |
|--|------------------------------------|------------------------------------|
| NOTE - 18 - Revenue from Operations | | |
| Income from Sale of Products | | |
| Domestic Sales | 70,55,89,924 | 51,21,81,656 |
| Exports | 9,58,396 | 28,53,118 |
| | 70,65,48,320 | 51,50,34,774 |
| Less: Excise Duty | 5,51,94,203 | 4,31,56,614 |
| | 65,13,54,117 | 47,18,78,160 |
| Income from Services | | |
| Annual Maintenance Charges | 1,10,98,863 | 1,37,13,335 |
| Service & Installation Charges | 1,51,59,020 | 1,02,64,169 |
| Total | 67,76,12,000 | 49,58,55,664 |
| NOTE - 19 - Other Income | | |
| Interest Income | 28,24,816 | 36,63,297 |
| Miscellaneous Income | 81,698 | 5,05,463 |
| Total | 29,06,514 | 41,68,760 |
| NOTE - 20 - Cost of Material Consumed | | |
| Raw materials | | |
| Opening Stock | 7,19,70,455 | 13,32,51,987 |
| Add: Purchases & direct costs | 31,93,25,506 | 16,11,41,638 |
| | 39,12,95,961 | 29,43,93,625 |
| Less: Closing Stock | 7,83,99,517 | 7,19,70,455 |
| Cost of material consumed | 31,28,96,444 | 22,24,23,170 |
| NOTE - 21 - (Increase) / Decrease in Value of Stock | | |
| a. Finished goods: | | |
| Opening stock | 9,53,29,896 | 12,32,44,150 |
| Closing stock | 9,64,49,756 | 9,53,29,896 |
| | 11,19,860 | 2,79,14,254 |
| b. Semi-finished goods: | | |
| Opening stock | 2,41,31,508 | 2,47,16,652 |
| Closing stock | 1,10,17,194 | 2,41,31,508 |
| | 13,114,314 | 5,85,144 |
| c. Traded goods: | | |
| Opening stock | 1,54,83,741 | 62,78,009 |
| Closing stock | 84,03,022 | 1,54,83,741 |
| | 7,080,719 | (92,05,732) |
| Total - (a + b + c) | 1,90,75,173 | 1,92,93,666 |

NOTES FORMING PART OF STATEMENT OF PROFIT & LOSS

FOR THE YEAR ENDED 31 MARCH 2014

| | Year ended 31 March 2014 Rs. | Year ended 31 March 2013 Rs. |
|--|------------------------------------|------------------------------------|
| NOTE - 22 - Employee Benefit Expenses | | |
| Salaries , Bonus & Allowances | 12,16,94,435 | 12,65,40,038 |
| Contribution to P.F. and Pension Funds | 1,23,69,481 | 1,35,25,780 |
| Staff Welfare Expenses | 28,18,297 | 25,77,914 |
| Total | 13,68,82,213 | 14,26,43,732 |
| NOTE - 23 - Finance Cost | | |
| Interest | 39,70,800 | 2,24,598 |
| Other bank charges | 1,02,05,384 | 19,85,727 |
| Total | 1,41,76,184 | 22,10,325 |
| NOTE - 24 - Other Expenditure | | |
| Administrative Expenses | | |
| Auditor's Remuneration | 7,54,312 | 7,44,947 |
| Books & Periodicals | 3,15,535 | 3,42,569 |
| Directors' Sitting Fees | 3,46,622 | 3,12,483 |
| Insurance | 12,72,727 | 12,50,790 |
| Other Admin Expenses | 10,58,808 | 18,55,845 |
| Postage & Telephone | 32,57,543 | 33,23,195 |
| Power, Fuel and Water | 51,74,092 | 52,63,010 |
| Printing & Stationery | 57,85,947 | 73,53,342 |
| Professional Charges | 36,06,883 | 38,34,925 |
| Rates & Taxes | 37,95,376 | 8,72,261 |
| Rent | 11,31,192 | 21,62,462 |
| Upkeep & Maintenance | 1,23,04,600 | 1,46,66,555 |
| AMC charges & Software Licenses | 44,73,886 | 64,88,767 |
| Loss on Sale of Fixed assets | 2,26,693 | 15,137 |
| Loss from Exchange Rate Fluctuation | 1,43,134 | 8,15,753 |
| Travelling, Conveyance & Vehicle Maintenance | 1,33,47,905 | 1,20,86,851 |
| Sub- Total | 5,69,95,255 | 6,13,88,892 |
| Selling & Distribution Expenses | | |
| Advertisement & Publicity | 7,13,696 | 5,00,535 |
| Business Promotion expenses | 43,84,823 | 9,91,338 |
| Commission & Discounts | 3,64,675 | 28,66,152 |
| Freight & Transportation | 57,38,795 | 33,07,128 |
| Liquidity Damages & Octroi | 9,350 | 1,07,209 |
| Provision for Doubtful Debts | 197,486 | - |
| Sub- Total | 1,14,08,825 | 77,72,362 |
| Total | 6,84,04,080 | 6,91,61,254 |

25 Corporate Information

MRO-TEK Limited was incorporated in the year 1984. The Company has two divisions. The Access and Networking division is engaged in the activity of manufacture and supply, as well as distribution, of Access and Networking equipment & Solutions. The solar division is engaged in the manufacture and supply of Solar based power systems.

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, classification of Inventory 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 Revenue 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".

- Liability in respect of Leave Encashment is provided for, on actuarial Valuations.
- 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. 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. 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.8,29,143 (Rs.6,24,200 Deferred Tax Asset) towards Deferred Tax Asset and has considered the same as reverse charge to the statement of Profit & Loss 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. Inventories:

Finished Goods includes Rs.7,02,112 (Rs.31,98,885), being value of material at prospective customers' premises for demonstration purposes.

3. 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 2014, amount to Rs.47,42,516 (Rs.16,61,366)

4. Revenues from Sale of Solar Based Equipment and projects during the year was Rs. 24,87,17,338 (Rs.15,05,95,994). This includes a sum of Rs. 2,42,23,243 (Rs.2,02,19,122) being the Central

Financial assistance receivable from the Ministry of Non Renewable Energy (MNRE) on supply of such equipment and projects.

5. 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. 2,96,18,165 (Rs.2,02,19,122) being the Central Financial Assistance receivable from the Ministry of Non Renewable Energy (MNRE) on the supply of Solar based Equipments and Projects.
6. 'Upkeep & Maintenance expenses' reflected in Note - 24 includes Repairs to Building – Rs.53,19,188 (Rs.53,86,091) and Repairs to Machinery – Rs.7,90,078 (Rs.9,37,550).
7. With respect to Access & Networking products, no provision has been made for post-sales support expenses, 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 Equipments & 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.

8. Inventories includes a sum of Rs.1,38,43,660 (Rs.2,76,96,729) being slow moving stock beyond 1 year not provided for.
9. Provision has been made for an estimated amount of Rs 265 lakhs (Rs.500 lakhs) in respect of certain items of non moving/slow-moving inventory, based on Generally Accepted Accounting Practices, even though these items continue to be usable in the activities of the company.

10. Auditors' remuneration

| | Amount in Rs. | |
|--------------------------|-----------------|-----------------|
| | 2013 – 2014 | 2012– 2013 |
| Statutory Audit Fee | 6,74,160 | 6,74,160 |
| Tax Audit Fee | 67,416 | 67,416 |
| Certification and Others | 12,736 | 3,371 |
| Total | 7,54,312 | 7,44,947 |

11. CIF Value of imports

| | Amount in Rs. | |
|--|---------------|--------------|
| | 2013 – 2014 | 2012– 2013 |
| Raw Materials, Components and Finished Goods | 26,51,13,392 | 17,11,47,918 |
| Capital Goods | NIL | 5,64,145 |

12. Outflow in foreign currency (on cash basis)

| Towards: | Amount in Rs. | |
|---|---------------|--------------|
| | 2013 – 2014 | 2012– 2013 |
| - Travelling | 8,21,104 | 6,01,115 |
| - Capital Goods | - | 4,30,108 |
| - Raw materials Components and Finished goods | 20,38,93,672 | 17,03,65,384 |
| - AMC Charges Paid | 94,287 | 1,53,090 |

13. a) Inflow in foreign currency (on cash basis)

| On account of | Amount in Rs. | |
|------------------------------|---------------|------------|
| | 2013 – 2014 | 2012– 2013 |
| - export of goods & services | 14,69,859 | 34,34,880 |

b) Earnings in foreign exchange (on accrual basis)

| | Amount in Rs. | |
|------------------------------|---------------|------------|
| | 2013 – 2014 | 2012– 2013 |
| - export of goods & services | 14,52,912 | 35,43,142 |

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

| | FC | Rs. | USD | Rs. |
|--------------------|---------------------------|-----------------------|---------------------|-------------|
| | As at 31 March 2014 | | As at 31 March 2013 | |
| - Sundry Creditors | 6,43,512\$ 1,31,440JPY | 3,89,19,629 78,141 | 3,24,810 | 1,77,99,581 |
| - Sundry Debtors | 24,000\$ | 14,31,360 | NIL | NIL |

14. Contingent liabilities on account of

| | Amount in Rs. | |
|--|---------------|-------------|
| | 2013 – 2014 | 2012– 2013 |
| Counter Guarantees to Bank (to the extent of live guarantees issued by bank) | 2,44,75,041 | 30,43,756 |
| Letters of Credit | 5,73,07,215 | 4,09,29,780 |
| Capital Commitments | 1,80,00,000 | 24,00,000 |
| Sales tax liability in lieu of Form 'C' yet to be received | 1,50,39,644 | 1,14,81,422 |
| Disputed Central Excise Duty | 4,66,90,550 | 4,66,90,550 |

15. Inventory related Details:

a. Consumption of raw materials

| Particulars | Amount in Rs. | |
|------------------------|---------------------|---------------------|
| | 31 March 2014 | 31 March 2013 |
| Capacitors | 63,68,151 | 46,78,996 |
| Connectors | 84,28,752 | 45,17,994 |
| Integrated Circuits | 2,66,61,053 | 2,10,21,226 |
| Populated PCBs | 15,69,86,677 | 12,19,34,905 |
| Printed Circuit Boards | 88,74,670 | 47,35,999 |
| Transceiver | 1,91,14,330 | 1,95,76,430 |
| Transformers | 86,30,480 | 59,82,684 |
| Others | 7,78,32,329 | 3,99,74,496 |
| Total | 31,28,96,444 | 22,24,23,170 |

b. Composition

| Particulars | 2013-14 | | 2012-13 | |
|--------------|---------------------|------------|---------------------|------------|
| | Value Rs. | % age | Value Rs. | % age |
| Indigenous | 14,70,61,329 | 47 | 6,45,02,719 | 29 |
| Imported | 16,58,35,115 | 53 | 15,79,20,451 | 71 |
| Total | 31,28,96,444 | 100 | 22,24,23,170 | 100 |

c. Finished Goods

| Particulars | Amount in Rs. | | |
|---------------------------|--|--------------------------------------|---------------------------------------|
| | Sales | Closing Inventory | Opening Inventory |
| Manufactured goods | | | |
| Modems | 15,99,44,456 (14,27,95,143) | 1,80,05,855 (93,28,250) | 93,28,250 (2,44,83,548) |
| Convertors | 18,92,94,667 (12,06,94,644) | 2,35,06,086 (3,97,01,627) | 3,97,01,627 (5,91,03,334) |
| Multiplexers | 4,43,93,396 (4,31,41,639) | 3,55,32,125 (3,44,89,111) | 3,44,89,111 (2,32,90,448) |
| Ethernet Switch | 4,85,83,272 (1,75,06,446) | 74,24,717 (49,74,643) | 49,74,643 (1,34,46,126) |
| Others | 17,55,959 (24,83,471) | 3,89,212 (7,83,092) | 7,83,092 (14,73,255) |
| UPS systems | 5,15,53,433 (4,59,83,364) | 1,15,91,761 (60,53,173) | 60,53,173 (14,47,439) |
| Sub-Total | 49,55,25,183 (37,26,04,707) | 9,64,49,756 (9,53,29,896) | 9,53,29,896 (12,32,44,150) |

MRO-TEK LIMITED

Amount in Rs.

| Particulars | Sales | Closing Inventory | Opening Inventory |
|---------------------------------------|--|--|--|
| Traded Goods | | | |
| Switches | 1,13,43,836 (3,24,24,101) | 9,40,769 (26,60,865) | 26,60,865 (49,25,724) |
| Others | 5,85,16,033 (47,09,805) | 24,19,309 (5,52,895) | 5,52,895 (13,52,285) |
| Solar Project Equipment & Solar Pumps | 14,11,63,268 (10,52,96,161) | 50,42,943 (90,73,221) | 90,73,221 - |
| Sub-Total | 21,10,23,137 (14,24,30,067) | 84,03,021 (1,54,83,741) | 1,54,83,741 (62,78,009) |
| Total | 70,65,48,320 (51,50,34,774) | 10,48,52,777 (10,76,16,877) | 10,76,16,877 (12,95,22,159) |

d. Closing stock of WIP Amount in Rs.

| | 31 March 2014 | 31 March 2013 |
|-----------------|--------------------|--------------------|
| Modem | 4,48,459 | 23,34,645 |
| Converters | 27,02,005 | 65,11,172 |
| Ethernet Switch | 24,76,688 | 16,83,687 |
| Multiplexers | 3,13,195 | 17,82,622 |
| Others | 22,27,250 | 16,06,651 |
| UPS systems | 28,49,597 | 1,02,12,731 |
| Total | 1,10,17,194 | 2,41,31,508 |

16. Segment Reporting

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 2014 | As at 31 March 2013 |
|--|------------------------|------------------------|
| a) Segmental Revenue | | |
| Access & Networking | 42,88,94,652 | 34,52,59,670 |
| Solar Based Equipment & Projects | 24,87,17,338 | 15,05,95,994 |
| Total | 67,76,12,000 | 49,58,55,664 |
| b) Segmental Results (Gross Margin) | | |
| Access & Networking | 9,41,56,054 | 4,56,23,750 |
| Solar Based Equipment & Projects | 3,12,87,835 | 4,02,10,477 |
| Total | 12,54,43,889 | 8,58,34,227 |
| c) Capital Employed | | |
| Access & Networking | 19,01,48,471 | 18,38,44,128 |
| Solar Based Equipment & Projects | 7,57,45,678 | 1,91,88,393 |
| Unallocated | 11,28,28,747 | 28,92,55,487 |
| Total | 37,87,22,896 | 49,22,88,008 |
| d) Segment Revenue for Geographical Segment | | |
| Access & Networking | | |
| India | 42,74,41,750 | 34,17,16,528 |
| Outside India | 14,52,912 | 35,43,142 |
| Sub-Total | 42,88,94,662 | 34,52,59,670 |
| Solar Based Equipment & Projects | | |
| India | 24,87,17,338 | 14,99,10,944 |
| Outside India | - | 6,85,050 |
| Sub-Total | 24,87,17,338 | 15,05,95,994 |
| Total | 67,76,12,000 | 49,58,55,664 |

17. 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 | 4,73,65,652 |
| ii. Liabilities | 2,61,181 |
| iii. Income | 31,94,940 |
| iv. Expenditure | 5,61,397 |
| v. Profit / (Loss) from business | 26,33,543 |

18. 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

H. Nandi

Chairman & Managing Director

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 | 1,35,956 |
| Rent received (inclusive of Service Tax) | 50,562 |
| 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 | 36,00,000 | 9,72,000 | 45,72,000 |
| H. Nandi | 36,00,000 | 9,72,000 | 45,72,000 |
| H. Nandi- Sale of UPS | | | 1,55,412 |

19. 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 2014 | As at 31 March 2013 |
|---|------------------------|------------------------|
| Obligations at the beginning of the year | 1,88,86,837 | 1,57,74,426 |
| Service Cost | 8,76,403 | 48,65,219 |
| Interest Cost | 14,92,026 | 11,59,992 |
| Benefits Settled | (50,53,809) | (16,11,807) |
| Actuarial (Gain) / Loss | (5,83,573) | (13,00,993) |
| Obligations at the end of the year | 1,56,17,884 | 1,88,86,837 |
| Change in Plan Assets | | |
| Plan Assets at the beginning of the year, at Fair Value | 1,97,79,596 | 1,80,15,924 |
| Expected return on plan assets | 14,43,149 | 14,66,134 |
| Actuarial Gain / (Loss) | 1,91,740 | 2,97,361 |
| Contributions | 15,73,336 | 16,11,994 |
| Benefits Settled | (50,53,809) | (16,11,807) |
| Plan Assets at the end of the year, at Fair Value | 1,80,09,128 | 1,97,79,596 |
| 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 | 1,80,09,128 | 1,97,79,596 |
| Present Value of the defined benefit obligation at the end of the year | 1,56,17,884 | 1,88,86,837 |
| Asset / (Liability) recognized in the balance sheet | NIL | NIL |
| Gratuity Cost for the year | | |
| Service Cost | 8,76,403 | 48,65,219 |
| Interest Cost | 14,92,026 | 11,59,992 |
| Expected return on plan assets | (14,43,149) | (14,41,281) |
| Actuarial (Gain) / Loss | (7,75,313) | (15,98,354) |
| Net Gratuity Cost | 1,49,967 | 29,85,576 |
| Assumptions | | |
| Interest rate | 9.12% | 8% |
| Discount factor | 9.12% | 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 |

20. 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 | 2013-14 | 2012-13 |
|-------------------------------|--------------------|--------------------|
| Material Cost | 2,27,479 | 3,49,439 |
| Employee benefit expenses | 1,83,71,754 | 2,46,41,029 |
| Repairs & Maintenance Charges | 1,20,307 | 2,36,499 |
| Software purchases for R&D | 9,97,210 | 10,58,816 |
| Travelling & Conveyance | 47,844 | - |
| Total | 1,97,64,594 | 2,62,85,783 |

Details of Capital Expenditure incurred, is provided under Note 9 relating to Fixed Assets.

for and on behalf of the Board of Directors

S. Narayanan

Chairman & Managing Director

H. Nandi

Managing Director

A. Mohan Rao

Director

**N. K. Rajasekharan
Srivatsa**

Director

VP-Finance

for Narayanan, Patil & Ramesh

Chartered Accountants

L. R. Narayanan

Partner

Membership No: 200/25588

Firm No. 002395S

Place : Bangalore

Date : 29 May 2014

21. Earnings per share

Amount in Rs.

| | 2013-14 | 2012-13 |
|---|----------------|----------------|
| Profit / (Loss) after Taxation as per Profit & Loss account | (11,35,65,112) | (13,20,22,403) |
| 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) | (6.08) | (7.07) |
| Diluted EPS in Rs. (face value Rs.5 per share) | (6.08) | (7.07) |

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.

CASH FLOW STATEMENT

| Particulars | 31 March 2014 Rs. | 31 March 2013 Rs. |
|---|----------------------|-----------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before exceptional and extraordinary items and taxes | (11,50,12,804) | (14,77,32,637) |
| ADD: | | |
| Depreciation | 2,40,43,864 | 2,45,36,066 |
| (Gain)/Loss on Exchange rate Fluctuation | 1,43,134 | 8,15,753 |
| Net (Gain)/Loss on Sale of Fixed Assets | 2,06,688 | (2,01,515) |
| LESS: | | |
| Extraordinary Items | 6,18,549 | (85,350) |
| Interest Income | (28,24,816) | (36,63,297) |
| Interest on Bank Borrowings | 39,70,800 | 2,24,598 |
| Operating Profit before working Capital Changes | (8,88,54,585) | (12,61,06,382) |
| Add/ Less : (Increase)/Decrease in Operating Assets | | |
| Inventory | 1,16,80,077 | 9,42,13,282 |
| Trade Receivables (Current & Non-Current) | (6,01,46,103) | (1,73,61,431) |
| Loans and advances (Short and Long term) | (57,93,665) | (15,87,145) |
| Add/ (Less) : Increase/ (Decrease) in Operational Liabilities | | |
| Trade Payable | 5,12,48,931 | 5,28,02,101 |
| Other Liabilities (Current & Non-Current) | 1,07,54,870 | 62,57,997 |
| Provisions (Short and Long term) | (13,68,434) | 4,52,300 |
| Cash generated from operation | (8,24,78,909) | 86,70,722 |
| Income Tax | 21,04,456 | (28,77,522) |
| Net Cash from Operating activities -- > A | (8,03,74,453) | 57,93,200 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets | (88,35,425) | (3,49,04,789) |
| Proceeds from Sale of Fixed assets | 2,33,771 | 2,01,48,463 |
| Interest Income | 28,24,816 | 36,63,297 |
| NET CASH FLOW / (USED IN) INVESTING ACTIVITIES -- > B | (57,76,838) | (110,93,029) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Bank Borrowings - Working Capital | 20,73,44,514 | 3,76,42,662 |
| Repayment of Long-term borrowing | (67,49,000) | (37,26,500) |
| Bank Borrowings - Interest | (39,70,800) | (2,24,598) |
| NET CASH FLOW / (USED IN) FINANCING ACTIVITIES -- > C | 19,66,24,714 | (39,51,098) |
| NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C) | 11,04,73,423 | (92,50,927) |
| CASH & CASH EQUIVALENTS - OPENING BALANCE | 4,53,76,966 | 5,46,27,893 |
| CASH & CASH EQUIVALENTS - CLOSING BALANCE | 15,58,50,389 | 4,53,76,966 |

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

A. Mohan Rao

Director

**N. K. Rajasekharan
Srivatsa**Director
VP-Finance**for Narayanan, Patil & Ramesh**

Chartered Accountants

L. R. Narayanan

Partner

Membership No: 200/25588

Firm No. 002395S

Place : Bangalore

Date : 29 May 2014

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30th ANNUAL GENERAL MEETING - 2013-14

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 30th Annual General Meeting of the
Company to be held on Wednesday, the 17th
September, 2014 at 11.30 a.m. at Hotel Woodlands,
No. 5, Raja Ram Mohan Roy Road, Bangalore - 560 025
and at any adjournment thereof.

Signed this day of 2014

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.



30th ANNUAL GENERAL MEETING - 2013-14

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 30th
Annual General Meeting of MRO-TEK Limited held at
Hotel Woodlands, No. 5, Raja Ram Mohan Roy Road,
Bangalore - 560 025 on Wednesday, the 17th
September, 2014 at 11.30 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)



MRO-TEK LIMITED

Bellary Road, Hebbal,
Bangalore - 560 024.

ISO 9001 : 2008
APPROVED BY IRQS



ISO 14001 : 2004
APPROVED BY IRQS



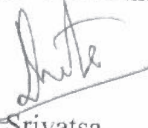
MROTEK®
Integrating Next Generation Networks

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

22 August 2014

Annexure to Annual Report (2013-14) filed with Stock Exchange/s

FORM A

| | | |
|---|---|--------------------------------------|
| 1. | Name of the Company : | MRO-TEK LIMITED Bangalore |
| 2. | Annual financial statements For the year ended | 31 March 2014 |
| 3. | Type of Audit observation | NIL |
| 4. | Frequency of observation | Not Applicable |
| <p>for MRO-TEK Limited</p> <p> Srivatsa CFO & Compliance Officer</p> | | |

MRO-TEK LIMITED

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Bangalore - 560 024, INDIA
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