
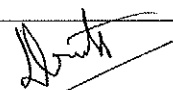
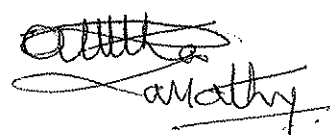

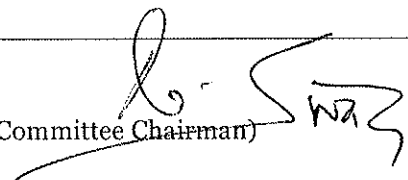


# FORM A

## Format of covering letter of the annual audit report to be filed with the stock exchanges

1.	Name of the Company:	MRO-TEK LIMITED
2.	Annual financial statements for the year ended	31st March, 2015
3.	Type of Audit observation	UN-QUALIFIED
4.	Frequency of observation	NOT APPLICABLE
5.	To be signed by-	
	(Managing Director) 	
	 (Chief Financial Officer)	
	(Auditor of the company)	<p>For Singhvi, Dev &amp; Unni Firm Registration Number: 003867S Chartered Accountants</p> <p> Parthasarathy Sudarsanam Partner Membership Number: 205179 Place: Bangalore Date: 27-08-2015</p> 
	 (Audit Committee Chairman)	
	<p>Date: 27-08-2015 Place: Bangalore</p>	

# **Annual Report**

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## **2014 - 15**



**MRO-TEK LIMITED**

# BOARD OF DIRECTORS

S. Narayanan	Charman & Managing Director
H. Nandi	Managing Director
N. Sivaram	Director
N. K. Rajasekharan	Director
K.Rajamani	Director
Sunanda Nag	Director
Srivatsa	Chief Financial Officer
M. D. Rajan	Company Secretary

## Registered Office

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

## Manufacturing Unit

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

## Marketing Office

Flat No. 2313, Building No.48,  
Gandhi nagar, Bandra (E)  
Mumbai - 400 051  
Ph : (91) (22) 2640 7311

Flat No. 210, Gadore House  
51-52, Nehru Place,  
New Delhi - 110 019

## Bankers

State Bank of India  
Canbank Factors Ltd.,

## Statutory Auditors

Messrs. Singhvi, Dev & Unni  
Chartered Accountants  
6th Floor, 'Trade Centre', #29/4  
Race Course Road  
Bengaluru - 560001.

## Secretarial Auditors

Messrs. S.Kedarnath & Associates  
Company Secretaries  
004, Ground Floor, #85,  
Ojus Apartments, 4th Main,  
Malleswaram, Bangalore-560003.

## Internal Auditors

Messrs.Padiyar & Associates  
Chartered Accountants  
No. 327, 1st Floor, Shri Sai Vision  
8th Cross, 8th Main, Shastrinagar  
Bangalore-560028

## Registrars &

## Share transfer Agents

Karvy Selenium Tower B,  
Plot number 31 & 32  
Financial District  
Gachibowli Hyderabad 500 032  
Ph no: 040-67162222  
Fax : 040-23001153  
e-mail : einward.ris@karvy.com

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## NOTICE

The Members  
MRO-TEK LIMITED

NOTICE is hereby given that the Thirty First Annual General Meeting of the Company will be held at 11.30 A.M on Wednesday, the 23rd day of September, 2015, at Royal Orchids Hotels Limited, Royal Orchid Resorts and Convention Centre, Allalasandra, Bellary Road, Yelahanka, Near Jakkur Flying Club, Bangalore – 560 065 to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2015 and the Statement of Profit and Loss for the year ended that date, along with the Boards' Report and Auditor's Report thereon.
2. To appoint Mr. S Narayanan, Chairman and Managing Director, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Mr. H. Nandi, Managing Director, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration.

### SPECIAL BUSINESS

5. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Articles of Association of the Company and the provisions of Section 160 of the Companies Act, 2013, Mrs. Sunanda Nag (DIN: 07099764), who was appointed as Additional Director of the Company by the Board of Directors as per Section 161 of the Companies Act, 2013 and who holds the office only up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing, from a member proposing her candidature for the office of Director, be and is hereby appointed as a Director of the Company."

6. To consider and, if thought fit, to pass 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. K Rajasekharan (holding DIN 00076441), Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 27th January, 2020."

7. To consider and, if thought fit, to pass 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, Mrs. Sunanda Nag (DIN: 07099764), be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 27th January, 2020."

By Order of the Board of Directors

Place : Bangalore

Date : 3<sup>rd</sup> August 2015

**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. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten (10) percent of the total share capital of the Company. The instrument of proxy in order to be effective must be deposited/ lodged at the Registered / Corporate Office of the Company duly completed and signed not later than 48 hours before the time fixed for holding the Meeting. A proxy form is sent herewith. Proxies submitted on behalf of the Companies, Societies etc., must be supported by an appropriate resolution/authority, as applicable.
2. Explanatory statement pursuant to Section 102 of the Companies Act, 2013, in respect of Special Business is annexed hereto.
3. The Register of Members and Share transfer books of the Company will remain closed from 17th September, 2015 to 23rd September, 2015 (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 2008-2009, 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 to 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 63 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

8. As regard to 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 61 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').

2. The instructions for e-Voting are as under:

Voting through electronic voting system(Remote E-Voting) :

Pursuant to Section 108 of Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014, the Company is pleased to provide the facility to Members to exercise their right to vote by electronic means. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on 16th September, 2015 (Wednesday) i.e. the date prior to the commencement of Book

closure date are entitled to vote on the Resolution set forth in this Notice. The remote e-voting period will commence at 9.00 A.M. on 20th September, 2015 (Sunday) to 5.00 P.M. on 22nd September, 2015 (Tuesday). It is hereby clarified that it is not mandatory for a member to vote using the remote e-voting facility, and a member may avail of the facility at his/her/it discretion, subject to compliance with the instructions prescribed below. The Company has engaged the services of Karvy Computershare Private Limited (Karvy) for facilitating remote e-voting for the Annual General Meeting. The Members desiring to vote through remote e-voting mode may refer to the detailed procedure on e-voting given hereinafter.

#### INSTRUCTION FOR REMOTE E-VOTING:

To use the following URL for remote e-voting:

From Karvy website : <https://evoting.karvy.com>

- (a) Shareholders of the Company holding shares either in physical form or in dematerialized form, as on the record date, may cast their vote electronically.
- (b) Enter the login credentials [i.e., user id and password mentioned in the Notice of the AGM]. The Event No+ Folio No/DP ID-Client ID will be your user ID.
- (c) After entering the details appropriately, click on LOGIN.
- (d) 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(@, #, \$ ). 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.
- (e) You need to login again with the new credentials.
- (f) On successful login, the system will prompt you to select the EVENT i.e., MRO-TEK LIMITED and click on SUBMIT.
- (g) Now you are ready for e-voting as "Cast Vote" page opens. On the voting page, the number of shares as held by the Shareholder as on 16th September, 2015 (record date) will appear. If you desire to cast all the votes assenting/dissenting to the Resolution, then enter all shares and click FOR / AGAINST as

- the case may be. You are not required to cast all your votes in the same manner. You may also choose the option ABSTAIN in case you wish to abstain from voting.
- (h) Shareholders holding multiple folios / demat account shall choose the voting process separately for each folio / demat account.
- (i) Cast your vote by selecting an appropriate option and click on SUBMIT. A confirmation box will be displayed. Click OK to confirm else CANCEL to modify. 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.
- (j) Once the vote on the resolution is cast by the shareholder, he shall not be allowed to change it subsequently.
- (k) The Companies (Management and Administration) Amendment Rules, 2015 provides that the electronic voting period shall close at 5.00 p.m. on the date preceding the date of the AGM. Accordingly, the Portal will be open for voting from: 9.00 A.M. on September 20, 2015(Sunday) to 5.00 P.M. on September 22, 2015 (Tuesday). The e-voting module shall be disabled by Karvy at 5.00 p.m on the same day. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 16th September, 2015(record date.), may cast their vote electronically. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- (l) 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 <https://evoting.karvy.com> or contact Mr. P. Srikrishna of Karvy Computershare Pvt. Ltd at 040-67162222 OR at Tel No. 1800 345 4001 (toll free).
- (m) The Company has appointed Mr. Parameshwar G. Bhat, Practising 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: provided that the scrutinizer so appointed may take assistance of a person who is not in employment of the Company and who is well-versed with the electronic voting system.
- (n) The voting rights of the Shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date of 16th September, 2015.
- (o) The Members, whose names appear in the Register of Members / list of Beneficial Owners as on 16th September, 2015 are entitled to vote on the Resolutions set forth in this Notice.
- (p) Any person, who acquires shares of the Company and becomes member of the Company after dispatch of the Annual Report and holding shares as of the cut-off date i.e. 16th September, 2015 may obtain the login ID and password by sending an email to [evoting@karvy.com](mailto:evoting@karvy.com) by mentioning their Folio No./DP ID and Client ID No. Else, if your Mobile number is registered against Folio No./DP ID-Client ID, the member may send SMS:MYEPWD <space> Event Number + Folio or DP ID Client ID to +91 9212993399.
- Example for NSDL :MYEPWD <SPACE> IN12345612345678
- Example for CDSL :MYEPWD <SPACE> 1402345612345678
- Example for PHYSICAL :MYEPWD <SPACE> XXX1234567
- However, if you are already registered with Karvy for remote e-voting then you can use your existing user ID and password for casting your vote. If e-mail or mobile number of the member is registered against Folio No./DP ID Client ID, then on the home page of <https://evoting.karvy.com>, the member may click "forgot password" and enter Folio No. or DP ID Client ID and PAN to generate as password.
- (q) A member may participate in the meeting even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the meeting.
- (r) Voting at AGM: The members who have not cast their vote by remote e-voting can exercise their voting rights at the AGM. The Company will make arrangements of ballot papers in this regards at the AGM Venue.
- (s) The scrutinizer shall, immediately after the conclusion of voting at the General Meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two(2) witnesses not in the employment of the Company and make not later than three(3) days of conclusion of the meeting a consolidated Scrutinizer's Report of the total votes cast in favor or against, if any, to the Chairman or a person authorized by him in writing who shall countersign the same. .
- (t) The results declared along with the report of the scrutinizer shall be placed on the website of the Company [www.mro-tek.com](http://www.mro-tek.com) and on <https://evoting.karvy.com>



immediately after the result is declared by the Chairman. The Company shall, simultaneously, forward the results to the stock exchanges where the shares are listed.

- (u) In case of joint shareholders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- (v) 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 parameshwar@vjkt.in, with a copy marked to evoting@karvy.com. File naming convention should be 'Corporate Name EVENT NO.' The documents should reach the Scrutinizer on or before the close of working hours on 22nd September, 2015 (Tuesday).
- (w) 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:
- (i) Initial password as below is given in the attendance slip for the AGM:

EVEN (E-Voting Event Number)	USER ID	PASSWORD
xxxxxxxxx	xxxxxx	xxxxxxxx

- (ii) Please follow all steps from Sl. No. (2)(c) to (2)(j) above to cast your vote.

*By Order of the Board of Directors*

Place : Bangalore  
Date : 3<sup>rd</sup> August 2015

**H. Nandi**  
Managing Director

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

### **Item No. 5**

At the meeting of the Board held on 28th January, 2015, Mrs. Sunanda Nag was inducted as Additional Director of the Company. Pursuant to Section 161 of the Companies Act, 2013 ("the Act") she will hold office up to the date of the ensuing Annual General Meeting. Notice has been received from a Member signifying his intention to propose her as a Director at the ensuing Annual General Meeting along with a deposit of Rs. 1,00,000/- (Rupees One Lakh only).

Except Mrs. Sunanda Nag, 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 No. 6:**

Mr. N K Rajasekharan, aged 66 years, was inducted in to the Board of MRO-TEK Limited, as an Independent, Non-whole time Director on 29th January, 2014. He is a Post Graduate in M.E. (Electronics). He was associated with well renowned companies like Philips India, BPL India, Verifone Inc, India, VXL Instruments Ltd., ESQUBE Communications, WiMAX Technologies, Seasolve Software Inc, USA for over 40 years. His rich experience and expertise in the field of Electronics has greatly benefitted the Company in all its endeavors. Mr. N K Rajasekharan does not hold any equity shares of the Company.

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

Except Mr. N. K Rajasekharan, 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.6.

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

### **Item No. 7:**

Mrs. Sunanda Nag, aged 75 years, is a Graduate in MA in Philosophy, University of Minnesota, USA and MA in Philosophy, University of Calcutta and Post Graduate Diploma in Marketing & Advertising Bharatiya Vidya Bhavan, Bangalore.

She has 51 years of experience in teaching, counseling and psychotherapy. She was associated with well renowned institutions like Christ University Fatima Girls' High School, Coles Road, and Banjara Academy, RT Nagar. She does not hold any equity shares of the Company.

The Board considers that the appointment of Mrs. Sunanda Nag as a Director of the Company would be of immense benefit to the Company. Accordingly, the Board of Directors recommends her appointment as an Independent Director of the Company.

Except Mrs. Sunanda Nag, 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. 7.

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

*By Order of the Board of Directors*

Place : Bangalore  
Date : 3<sup>rd</sup> August 2015

**H. Nandi**  
Managing Director

**MRO-TEK LIMITED**

CIN: L28112KA1984PLC005873

Registered Office: Bellary Road, Hebbal, Bangalore – 560 024

Telephone: 080-23332951 Email: grd@mro-tek.com

Web: www.mro-tek.com

Dear Shareholder,

The Ministry of Corporate Affairs, Government of India ("MCA") has, by its circular dated 21st April, 2011 announced a "Green Initiative in the Corporate Governance" by allowing paperless compliance by companies. In terms of the said circular, service of notice/documents by a Company to its shareholders required to be made under the provisions of the Companies Act, 2013 can be made through the electronic mode.

In line with the above initiative of the MCA, the Company proposes to send documents such as the Notice of the Annual General Meeting, Audited financial statements, Directors' Report, Independent Auditors' Report, Poll Papers etc., henceforth to all its esteemed shareholders, including your good self, in electronic form, through e-mail. To facilitate the same, we request you to furnish your e-mail id, quoting your folio number/DPID/Client ID to our Registrar and share Transfer Agent at the following address:

Karvy Computershare Private Limited

Karvy Selenium Tower B,

Plot No. 31 &amp; 32,

Financial District, Gachibowli,

Hyderabad - 500032.

Phone: 040-67162222, Fax: 040-23001153

E-mail: einward.ris@karvy.com

Sure you would appreciate this welcome initiative taken by the MCA to reduce consumption of paper and thereby, protect the environment. We expect to receive your support and co-operation in helping the Company to contribute its share to the said initiative.

Thanking you

Yours faithfully

For **MRO-TEK Limited**

H. Nandi

Managing Director



## BOARD'S REPORT

### TO THE MEMBERS OF MRO-TEK LIMITED

The Board of Directors have pleasure in presenting the 31st Annual Report and Audited financial results for the year ended 31st March, 2015 together with the Independent Auditors' Report.

#### 1. FINANCIAL RESULTS

	2014-2015 (Rs. Lacs)	2013-2014 (Rs. Lacs)
Net Revenue from operations	5,616.42	6,776.12
Other Income	67.67	29.07
Loss before Depreciation	972.21	909.69
Depreciation	136.90	240.44
Loss before Taxation	1,109.11	1,150.13
Provision for Taxation (Deferred Tax Adjustments)	8.27	(8.29)
Loss after Taxation	1,117.38	1,141.84
Exceptional Items – Income from Capital Gains	-	-
Adjustments towards extra ordinary items	-	(6.19)
Loss for the period	1,117.38	1,135.65

The Company has incurred losses during the year and hence, there is no proposal of transfer of profits to reserves during the year.

#### PERFORMANCE:

During the year under review,

- ☐ the recessionary trend in overall business continued to prevail in the market created complex environment to capture the business.
- ☐ the turnover of the Company reduced to Rs 56.16 Crores from Rs 67.76 Crores due to reduction in turnover from Solar Projects.
- ☐ lack of clarity on the part of Central government in grant / subsidy sanction created the disturbance in Renewable Energy Industry resulted in lower revenue.
- ☐ lack of subsidy from Government coupled with competition affected the margin of Solar power projects during the year.
- ☐ the Solar Based Equipment and Project Business recorded turnover of Rs 15.21 Crores as compared to Rs 24.87 Crores in the previous year.
- ☐ the Networking Products Space, recorded turnover of Rs. 40.95 Crores as compared to Rs. 42.89 Crores in the previous year. Details on segmental revenue and performance are furnished in Para 'g' of Note 26 II of 'Notes on Accounts and other explanatory information'.
- ☐ stiff competition and increased cost due to high inflation resulted in operating loss of Rs 11.02 Crores as against

the loss of Rs 8.85 Crores in the previous year.

- ☐ Accumulated losses stood at Rs 49.80 Crores for the year ended 31st March 2015 as against Rs 38.50 Crores in the last year.
- ☐ provision has been made for an estimated amount of Rs 0.10 Crores (previous year- Rs 2.65 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.
- ☐ after considering the above, the Net Operating Results show a loss of Rs 11.12 Crores as against Rs.11.50 Crores of the previous year;

Your Company has taken steps to restructure the business by reduction of manpower and cost control methods.

Efforts are being taken to optimize available resources to reduce the overall costs of the company.

The Company proposed to the Board of its Joint Venture Company, RAD-MRO Manufacturing Private Limited to initiate the liquidation proceedings.

#### 2. SHARE CAPITAL:

The Company has increased its Authorised Share Capital from Rs. 12,00,00,000/- (Rupees Twelve Crores only) divided into 2,40,00,000 (Two Crores Forty Lakhs) Equity Shares of Rs. 5/- (Rupees Five only) each to Rs. 15,00,00,000/- (Rupees Fifteen Crores only) divided into 30,00,00,000 (Three Crores) Equity Shares of Rs. 5/- (Rupees Five only) each by passing Special Resolution by the Members of the Company during the year under report.

During the year under review the Company has not issued shares with/without differential voting rights nor granted stock options nor sweaty equity shares.

#### 3. CHANGE IN NATURE OF BUSINESS:

There were no changes in the nature of business during the year under review as prescribed in Rule 8(ii) of the Companies (Accounts) Rules, 2014.

#### 4. MATERIAL CHANGES & COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY, BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT:

There are no material changes and commitments between the end of the Financial Year and the Date of the Report, which affect the financial position of the Company.

#### 5. EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS:

As reported elsewhere, subsequent to 31st March 2015, steps were initiated to winding up of Joint Venture Company.

Perhaps the Shareholders will recall that the Company

had notified the Stock Exchange on the proposal of disposal of its landed properties. Actions are being initiated towards this objective.

Mr. M. D. Rajan, Company Secretary, who was appointed during the year, expired in the month of July, 2015.

## 6. 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.

## 7. BOARD MEETINGS:

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. Additional Meetings of the Board of Directors are held when necessary.

The Board of Directors duly met 6 (Six) times from 01.04.2014 to 31.03.2015 on the following dates: 29.05.2014, 06.08.2014, 16.10.2014, 12.11.2014, 28.01.2015 and 19.02.2015.

## 8. DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Ms. Sunanda Nag, who was appointed as an Additional Director, holds office up to the date of this Meeting; is proposed to be appointed as an Independent Director of your 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. N K Rajasekharan, Director of the Company, is proposed to be appointed as Independent Director for consecutive 5 years and he fulfills the requirements as per the new Companies Act, 2013 His appointment is proposed under Special Business.

Due to personnel commitments, Mr. A. Mohan Rao offered to step down from the office of Director during the year.

Your Board places on record its deep appreciation for the significant contribution and support extended by the outgoing 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, offers themselves for re-appointment.

During the year, Mr. M. D. Rajan was appointed as Company Secretary and a Key Managerial Personnel.

## 9. DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS:

The Company has received necessary declaration from

each Independent Director of the Company under Section 149(7) of the Companies Act, 2013 that the Independent Directors of the Company meet with the criteria of their Independence laid down in Section 149(6). (Annexure I)

## 10. COMPOSITION OF AUDIT COMMITTEE, NOMINATION AND REMUNERATION COMMITTEE & STAKEHOLDERS RELATIONSHIP COMMITTEE:

Following are the composition of various Committees:

### i) Audit Committee:

1. Mr. K. Rajamani - Chairman
2. Mr. N. Sivaram - Member
3. Mr. N K. Rajasekharan - Member

### ii) Nomination and Remuneration Committee:

- a) Mr. K Rajamani - Chairman
- b) Mr. N. Sivaram - Member
- c) Mr. N K. Rajasekharan - Member

### iii) Stakeholders Relationship Committee:

- a) Mr. K Rajamani - Chairman
- b) Mr. N. Sivaram - Member
- c) Mr. N K. Rajasekharan - Member

## 11. VIGIL MECHANISM:

Report details of establishment of Vigil Mechanism (for Directors and Employees to report genuine concerns) pursuant to the provisions of Section 177(9) & (10) of the Companies Act, 2013 and as per Clause 49 of the Listing Agreement and also posted on the website of the Company <http://mro-tek.com/pdf/Whistle%20Blower%20Policy.pdf>

## 12. DIRECTORS' RESPONSIBILITY STATEMENT:

In pursuance of Section 134 (5) of the Companies Act, 2013, the Directors hereby confirm that:

- (a) in the preparation of the annual accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- (b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the Directors had prepared the annual accounts on a going concern basis; and
- (e) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.

- (f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively

## 13. EXTRACT OF ANNUAL RETURN:

As required pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of Annual return in MGT-9 attached as a part of this Annual Report. (Annexure II)

## 14. AUDITORS:

At the Annual General Meeting of the Company held on 17th September, 2014, Messrs NSVM & Associates, Chartered Accountants, Bangalore were appointed as Statutory Auditors of the Company who subsequently expressed their inability to undertake the Audit due to inadequacy of trained resources.

Further, Extra Ordinary general Meeting was convened on 10th November, 2014 and Messrs Singhvi, Dev & Unni, Chartered Accountants, were appointed as Statutory Auditors of the Company for the year 2014-15 in place of Messrs NSVM & Associates, Chartered Accountants, Bangalore.

Now, the Auditors, Messrs Singhvi, Dev & Unni, Chartered Accountants, retire at the ensuing Annual General Meeting. The Company has received a certificate under Section 141 of the Companies Act, 2013 from Messrs Singhvi, Dev & Unni, Chartered Accountants, that their appointment would be within the limits specified therein.

## 15. SECRETARIAL AUDIT:

Secretarial Audit report as provided by Mr. S Kedarnath, Practising Company Secretary in the form of MR-3 is annexed to this Report. (Annexure III)

## 16. DISCLOSURE ABOUT COST AUDIT:

Pursuant to Section 148 of the Companies Act, 2013 read with The Companies (Cost Records and Audit) Rules, 2014, dated December 31, 2014 issued by Ministry of Corporate Affairs (MCA), the cost audit records maintained by the such Companies, as may be prescribed, in respect of the products covered as per the above dated notification issued by MCA is required to be audited by an Cost Accountant.

However, the Company not being a prescribed company as per the rules, the Cost Audit is not applicable for the year under report.

## 17. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO:

### (a) 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.

### (b) 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 no amount was incurred towards Capital Expenditure in this division. On revenue account, an amount of Rs 1.70 Crores (Prev. year- Rs. 1.98 Crores) has been expended and absorbed in these accounts, in accordance with the applicable Accounting Standards.

### (c) 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.

### (d) 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. 6,95,658/-

Outgo – Rs. 22,99,97,133/-

## 18. DEPOSITS:

Your Company has not invited/accepted/renewed any deposits from the public as defined under the provisions of Companies Act, 2013 and accordingly, there were no deposits which were due for repayment on or before 31st March 2015.

## 19. 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.

**20. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:**

The Company has not made any loan of any nature and also not provided any guarantees. However, the Company had invested Rs. 6,00,851/- as current investment in SBI Mutual Fund and Rs. 72,52,000/- as a non current investment in a Joint Venture. The above investments have been duly complied with the provision of Section 186 of the Companies Act, 2013. The details of investments are as under:

**Current Investment:**

Sl. No.	Date of investment	Details of Investee	Amount (Rs.)	Purpose for which the proceeds from investment is proposed to be utilized by the recipient	Date of BR	Expected rate of return
1.	11/05/2009	SBI Mutual Fund	6,00,851	Business	Normal course of business	10.48% p.a.

**Non Current Investment:**

Sl. No.	Date of investment	Details of Investee	Amount (Rs.)	Purpose for which the proceeds from investment is proposed to be utilized by the recipient	Date of BR	Expected rate of return
1.	30/03/1998	RAD-MRO Manufacturing Pvt. Ltd.	72,52,000	Joint Venture	07.07.1997	NIL

**21. RISK MANAGEMENT POLICY:**

The Company has formulated a Risk Management Policy and has in place a mechanism to inform the Board Members about risk assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly designed framework.

**22. CORPORATE SOCIAL RESPONSIBILITY:**

The Company has incurred losses during the last three financial years. Hence, the Company was not required to make any CSR Expenditure during the year.

**23. RELATED PARTY TRANSACTIONS:**

All related party transactions which were entered into, during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

All Related Party Transactions are placed before the Audit Committee as also the Board for approval. Prior omnibus approval of the Audit Committee is obtained on a quarterly basis for the transactions which are of a foreseen and repetitive nature. The transactions entered into pursuant to the omnibus approval so

granted are audited and a statement giving details of all related party transactions is placed before the Audit Committee and the Board of Directors for their approval on a quarterly basis.

The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website. Web link for the same is [http://mro-tek.com/pdf/20\\_5\\_15\\_RPT\\_Policy.pdf](http://mro-tek.com/pdf/20_5_15_RPT_Policy.pdf) and also Particulars of Contracts or Arrangements with Related parties referred to in Section 188(1) in Form AOC- 2 annexed to this report as (Annexure IV).

**24. ANNUAL BOARD EVALUATION:**

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out an annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration and Compliance Committees.

**25. RATIO OF REMUNERATION TO EACH DIRECTOR:**

Details / Disclosures of Ratio of Remuneration to each Director to the median employee's remuneration are annexed to this report as (Annexure-V).

**26. LISTING WITH STOCK EXCHANGES:**

The Company confirms that it has paid the Annual Listing Fees for the year 2015-2016 to NSE and BSE where the Company's Shares are listed.

## **27. CORPORATE GOVERNANCE AND SHAREHOLDERS INFORMATION:**

Your Company has taken adequate steps to adhere to all the stipulations laid down in Clause 49 of the Listing Agreement. A report on Corporate Governance is included as a part of this Annual Report as (Annexure –VI).

Certificate from the Auditors of the company confirming the compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to this report.

## **28. CAPITAL EXPENDITURE:**

As on 31st March 2015, the gross tangible and intangible assets stood at Rs. 54,12,98,605/- and the net tangible and intangible assets, at Rs 23,50,54,520/-. Additions during the year amounted to Rs. 2,20,68,444/-. The Company has not purchased any assets under lease.

## **29. 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 'h' of Note 26 II of 'Notes on Accounts and other explanatory information'.

Steps have been taken towards winding up of Joint Venture under the Companies Act, 2013.

## **30. MATERIAL ORDER PASSED BY ANY COURT OR REGULATOR OR TRIBUNALS IMPACTING GOING CONCERN STATUS OF COMPANY:**

No order was passed by any court or regulator or tribunal during the period under review which impacts going concern status of the Company.

## **31. INDUSTRIAL RELATIONS:**

Industrial relations have been cordial and constructive, which have helped your Company to achieve production targets.

## **32. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:**

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

The following is a summary of sexual harassment complaints received and disposed off during the year 2014-2015:

No of complaints received : NIL

No of complaints disposed off : NIL

## **33. 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.

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration.

## **34. 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.

for & on behalf of the Board of Directors

Place : Bangalore

Date : 3<sup>rd</sup> August 2015

**S. Narayanan**

Chairman & Managing Director



**DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS**

The Board of Directors  
MRO-TEK Limited

Dear Sirs,

We undertake to comply with the conditions laid down in Sub-clause of Clause 49 read with Section 149 and Schedule IV of the Companies Act, 2013 in relation to conditions of independence and in particular:

- (a) We declare that up to the date of this certificate, apart from receiving Director's remuneration, we did not have any material pecuniary relationship or transactions with the Company, its Promoters, , Senior Management or its associates as named in the Annexure thereto which may affect my independence as Director on the Board of the Company. We further declare that we will not enter into any such relationship/transactions. However, if and when we intend to enter into such relationships/transactions, whether material or non-material we shall take prior approval of the Board. We agree that we shall cease to be an Independent Director from the date of entering into such relationship/transaction.
- (b) We declare that we are not related to Promoters or persons occupying management positions at one level below the Board and also have not been executive of the Company in the immediately preceding three financial years.
- (c) We were not a Partner or an Executive or was also not Partner or Executive during the preceding three years, of any of the following:
  - (i) the statutory audit firm or the internal audit firm that is associated with the Company and
  - (ii) the legal firm(s) and consulting firm(s) that have a material association with the company
- (d) We have not been a material suppliers, service provider or customer or lesser or lessee of the Company, which may affect independence of the Director, and were not a substantial Shareholder of the Company i.e., owning two percent or more of the block of voting shares.

N. K. Rajasekaran  
DIN 00076441  
Date: 03.08.2015

N. Sivaram  
DIN: 00018826  
Date: 03.08.2015

K. Rajamani  
DIN: 06956823  
Date: 03.08.2015

Sunanda Nag  
DIN: 07099764  
Date: 03.08.2015

**Form No.MGT-9  
EXTRACT OF ANNUAL RETURN****As on the Financial Period ended on March 31, 2015**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies  
(Management and Administration) Rules 2014]

**I. REGISTRATION AND OTHER DETAILS:**

- i) CIN:- L28112KA1984PLC005873  
ii) Registration Date: 10.02.1984  
iii) Name of the Company: MRO-TEK LIMITED  
iv) Category /Sub-Category of the Company: Company limited by shares and Indian Non Government Company  
v) Address of the registered office and contact details:  
Registered Office: Bellary Road, Hebbal, Bangalore- 560 024  
Tel. : 080-2333 2951  
Fax. : 080-2333 3415,  
Email : grd@mro-tek.com  
Website : www.mro-tek.com  
vi) Whether listed company: Yes  
Details of stock exchanges where the shares are listed:

Sl. No.	Stock Exchange Name	Stock Exchange Code
1	National Stock Exchange of India Limited (NSE),	MRO-TEK
2	Bombay Stock Exchange Limited (BSE).	532376

- vii) Name, Address and Contact details of Registrar and Transfer Registrars:  
Karvy Computershare Pvt. Ltd  
Karvy Selenium Tower B, Plot No.31 & 32, Financial District,  
Gachibowli, Hyderabad- 500 032  
Phone No: 040-67162222  
Fax No : 040-23001153  
e-Mail: einward.ris@karvy.com

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

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

Sl. No.	Name and Description of main products/ services	NIC Code of the Product/ Service	% total turnover of the Company
1	Networking	9983325.	72.92%
2	Solar and UPS	9983324.	27.08%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES-**

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable Section
1	RAD-MRO Manufacturing Private Limited	U03220KA1997 PTC022152	Associate Company	49%	2(6)



**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as % of Total Equity)****i) Category-wise Share Holding:**

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-Apr-2014]				No. of Shares held at the end of the year [As on 31-March-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	7410056		7410056	39.66	7410056		7410056	39.66	
b) Central Govt.									
c) State Govt.(s)									
d) Bodies Corp.									
e) Banks / FI									
f) Any other									
<b>Total shareholding of Promoter (A) (1)</b>	7410056		7410056	39.66	7410056		7410056	39.66	
<b>(2) Foreign</b>									
a) Individual / HUF									
b) Bodies Corporate									
<b>Total shareholding of Promoter (A) (2)</b>	0		0	0	0		0	0	
<b>Total Shareholding Promoter &amp; Promoter Group (A)=(A) (1)+(A)(2)</b>	7410056		7410056	39.66	7410056		7410056	39.66	
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds									
b) Banks / FI	3500		3500	0.02	3500		3500	0.02	
c) Central Govt.									
d) State Govt.(s)									
e) Venture Capital Funds									
f) Insurance Companies-									
g) FIIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
<b>Sub-total (B)(1):-</b>	3500		3500	0.02	3500		3500	0.02	
<b>2. Non-Institutions</b>									
a) Bodies Corp.	922225		922225	4.94	907835		907835	4.86	0.08
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital up to Rs. 1 Lakh	8459543	85612	8545155	45.73	8038787	83812	8122599	43.47	2.26

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as % of Total Equity)**
**i) Category-wise Share Holding:**

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-Apr-2014]				No. of Shares held at the end of the year [As on 31-March-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii) Individual shareholders holding nominal share capital in excess of Rs 1 Lakh	1607321	50000	1657321	8.87	2064991	50000	2114991	11.32	-2.45
c) Others (specify)									
Non Resident Indians	127220		127220	0.68	103782		103782	0.56	0.13
Overseas Corporate Bodies									
Foreign Nationals									
Clearing Members	18695		18695	0.10	21839		21839	0.12	-0.02
Trusts	430		430	0	0		0	0	0
Foreign Bodies -D R									
<b>Sub-total (B)(2):-</b>	<b>11135434</b>	<b>135612</b>	<b>11271046</b>	<b>60.32</b>	<b>11137234</b>	<b>133812</b>	<b>11271046</b>	<b>60.32</b>	<b>0</b>
<b>Total Public Share holding (B)= (B)(1)+(B)(2)</b>	<b>11138934</b>	<b>135612</b>	<b>11274546</b>	<b>60.34</b>	<b>11140734</b>	<b>133812</b>	<b>11274546</b>	<b>60.34</b>	<b>0</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Grand Total (A+B+C)</b>	<b>18548990</b>	<b>135612</b>	<b>18684602</b>	<b>100</b>	<b>18550790</b>	<b>133812</b>	<b>18684602</b>	<b>100.00</b>	

**ii) Shareholding of Promoters:**

Sl. No.	Share holder's Name	Shareholding at the beginning of the period			Shareholding at the end of the period			% change in share holding during the period
		No. of Shares	%of total Shares of the company	%of Shares Pledged/ encumbered to total shares	No. of Shares	%of total Shares of the company	%of Shares Pledged/ encumbered to total shares	
1	Himadri Nandi	3140903	16.81	0	3140903	16.81	0	0
2	S .Narayanan	3092916	16.55	0	3092916	16.55	0	0
3	Jayashree Narayanan	584228	3.13	0	584228	3.13	0	0
4	Shyamali Nandi	558789	2.99	0	558789	2.99	0	0
5	Murari NARAYANAN	21820	0.12	0	21820	0.12	0	0
6	Prakrithy N	11400	0.06	0	11400	0.06	0	0
	<b>TOTAL</b>	<b>7410056</b>	<b>39.66</b>	<b>0</b>	<b>7410056</b>	<b>39.66</b>	<b>0</b>	<b>0</b>

**(iii) Change in Promoters' Shareholding (please specify, if there is no change) - No change during the period**

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	7410056	39.66	7410056	39.66
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)	0	0	0	0
	At the End of the year	7410056	39.66	7410056	39.66

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDR s and ADRs):**

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	<b>For Each of the Top 10 Shareholders</b>				
1	Varun Jain	300565	1.61	340012	1.82
2	Philip Samuel	0	0	189000	1.01
3	Anita Jain	166555	0.89	178500	0.96
4	Austin Roach	35100	0.19	91667	0.49
5	Aslam Alibahadur Patel	100	0	77797	0.42
6	N G N Puranik	75000	0.40	75000	0.40
7	Agrahar Securities Pvt Ltd	0	0	73923	0.40
8	Paresh Lalitchandra Mehta	73607	0.39	73608	0.39
9	Snehalatha Singhi	73282	0.39	73282	0.39
10	Samir Jitendra Javeri	60000	0.32	60003	0.32

**(v) Shareholding of Directors and Key Managerial Personnel:**

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	<b>For Each of the Directors and KMP</b>				
	At the beginning of the year				
	S. Narayanan	3092916	16.55	3092916	16.55
	Himadri Nandi	3140903	16.81	3140903	16.81
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	0	0	0	0
	At the end of the Year				
	S. Narayanan	3092916	16.55	3092916	16.55
	Himadri Nandi	3140903	16.81	3140903	16.81

## V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment -  
Rs. 21,47,81,615/-

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in Rs.)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		Mr. S. Narayanan	Mr. H. Nandi	
1	1. Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	36,00,000	36,00,000	72,00,000
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961			
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961			
2	Stock Option			
3	Sweat Equity			
4	Commission			
	- as % of profit			
	- Others, specify...			
5	Others, please specify			
	Total (A)	36,00,000	36,00,000	72,00,000
	Ceiling as per the Act	42,00,000	42,00,000	84,00,000

### B. Remuneration to other Directors:

(Amount in Rs.)

Sl. No.	Particulars of Remuneration	Name of Directors						Total Amount
		N. K. Rajasekharan	N. Sivaram	K. Rajamani	Sunanda Nag	A. Mohan Rao	G. Ramkumar	
1	Independent Directors							
	• Fee for attending board / committee meetings	54,000	54,000	36,000	6,000	66,000	18,000	234000
	• Commission							
	• Others, please specify							
	Total (1)	54,000	54,000	36,000	6,000	66,000	18,000	234000
2	Other Non-Executive Directors							
	• Fee for attending board / committee Meetings	0	0	0	0	0	0	0
	• Commission							
	• Others, please specify							
	Total (2)	0	0	0	0	0	0	0
	Total (B)=(1+2)	54,000	54,000	36,000	6,000	66,000	18,000	234000
	Total Managerial Remuneration							74,34,000
	Overall Ceiling as per the Act							84,00,000

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTB**

(Amount in Rs.)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		CFO	Total Amount
		CEO	Company Secretary		
1	1. Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		45,576	22,04,235	22,49,811
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961				
2	Stock Option				
3	Sweat Equity				
4	Commission				
	- as % of profit				
	- others, specify...				
5	Others, please specify				
	<b>Total</b>		<b>Rs.45,576</b>	<b>22,04,235</b>	<b>22,49,811</b>

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>		<b>NIL</b>			
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>		<b>NIL</b>			
Penalty					
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>		<b>NIL</b>			
Penalty					
Punishment					
Compounding					

## **SECRETARIAL AUDIT REPORT**

(For the Financial Year Ended 31st March, 2015)

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

To  
The Members  
MRO-TEK Limited

CIN: L28112KA1984PLC005873

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by MRO-TEK Limited (the Company) having CIN: L28112KA1984PLC005873. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2015 (financial year) according to the provisions of:

1. The Companies Act, 2013 (the Act) and the Rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act').

1. We report that during the financial year –

- i. there were no occasions needing compliance under the provisions of The SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
- ii. the Company has complied with the requirements of The SEBI (Prohibition of Insider Trading) Regulations, 1992 as to the requirements of providing necessary information on the Company's website and other necessary disclosures.
- iii. the Company has not issued any security attracting the provisions of The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- iv. the Company has not issued any securities under ESOP/ESPS schemes attracting the provisions of The SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- v. the Company has not issued any Debt Securities attracting the provisions of The SEBI (Issue and Listing of Debt Securities) Regulations, 2008;
- vi. the Company has complied with the requirements of The SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- vii. the Company has not applied for delisting of Equity Shares in any stock exchange and hence compliance under the SEBI (Delisting of Equity Shares) Regulations, 2009 is not mandated;
- viii. the Company has not brought back any security attracting the provisions of the SEBI (Buyback of Securities) Regulations, 1998.

2. We further report that in accordance with the guidelines issued by the Institute of Company Secretaries of India (ICSI) on the applicability of industry specific laws as applicable to the Company and based on the information

received and records maintained, the Company has, in our opinion, generally complied with the provisions of following laws:

- The Competition Act, 2002;
  - The Factories Act 1948;
  - The Water (Prevention and Control of Pollution) Act, 1974;
  - The Air (Prevention and Control of Pollution) Act, 1981;
  - The Environmental Protection Act, 1986;
  - The Hazardous Waste (Management and Handling) Rules, 1989 and
  - Applicable Labour Laws.
3. We state that since the provisions relating to Audit of Accounts and the related financial records including Central Excise and Sales Tax records of the Company have been covered under the Financial Audit, the same are not dealt with in any manner in our Secretarial Audit.
4. We have also examined compliance with the applicable standards / clauses of the following:
- Secretarial Standards issued by ICSI were not notified by the Ministry of Corporate Affairs (MCA) as on 31st March, 2015 and hence we have not commented.
  - Listing Agreements entered into by the Company with BSE and NSE.
5. During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc., mentioned above.
6. We further report that:
- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all Directors to schedule the Board Meetings, Agenda and detailed notes on Agenda were sent in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- Majority decision is carried through and the minutes of the meetings are self-explanatory with respect to recording of dissenting members' views, if any
7. We further report that there are systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable Laws, Rules, Regulations and Guidelines.
8. We further report that during financial year under report, there were no major events affecting the financial position of the Company.

Place : Bangalore  
Date : 30.06.2015

For **S. Kedarnath & Associates.,**  
Company Secretaries

S. Kedarnath  
Company Secretary  
C.P.No. 4422

*(Note: This report is to be read with our letter of even date which is annexed as 'Annexure - A' and forms an integral part of this Report.)*



To  
The Members  
MRO-TEK Limited

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

1. Maintenance of secretarial records is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of secretarial records. The verification was done on test basis to ensure that correct facts are reflected in the secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company like, Income Tax, Central Excise, Customs.
4. Where ever required, the Company has represented about the compliance of laws, rules and regulations and happening of events etc as applicable from time to time. The compliance under the industry specific laws were examined based on the list of applicable laws provided by the company.
5. The compliance of the provisions of Corporate and other applicable Laws, Rules, Regulations, Standards is the responsibility of the Management in terms of Section 134 (5) (f) of the Companies Act, 2013. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

Place : Bangalore  
Date : 30.06.2015

For **S. Kedarnath & Associates.,**  
**Company Secretaries**

S. Kedarnath  
Company Secretary  
C.P.No. 4422

## FORM NO. AOC.2

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

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

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

- (a) Name(s) of the related party and nature of relationship: NIL
- (b) Nature of contracts/arrangements/transactions:
- (c) Duration of the contracts/arrangements/transactions:
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any:
- (e) Justification for entering into such contracts or arrangements or transactions:
- (f) Date(s) of approval by the Board:
- (g) Amount paid as advances, if any:
- (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188.

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

- (a) Name(s) of the related party and nature of relationship:
  - 1. RAD-MRO Manufacturing Private Limited - Joint Venture
  - 2. Mr. H. Nandi - Managing Director
- b) Nature of contracts/arrangements/transactions:
  - 1. RAD-MRO Manufacturing Private Limited: - Professional Services and Rent receipts
  - 2. Mr. H. Nandi - Sale of Goods.
- (c) Duration of the contracts/arrangements/transactions: Open Ended Contract.
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any:
  - 1. Professional & Rent Charges for related business : Rs. 4, 71,912/-
  - 2. Sale of Goods : Rs. 2, 08,890/-
- (e) Date(s) of approval by the Board, if any : 12th November, 2014
- (f) Amount paid as advances, if any : NIL

**S. Narayanan**  
Chairman and Managing Director

**THE RATIO OF THE REMUNERATION OF EACH DIRECTOR**

(i) The ratio of the remuneration of each Director to the median remuneration of the Employees of the Company for the Financial Year;	16:1
(ii) The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the Financial Year;	There was no increase in Remuneration to Directors. For Chief Financial Officer Increase was 16.70%.
(iii) The percentage increase in the median remuneration of employees in the Financial Year;	3.50%
(iv) The number of permanent employees on the rolls of Company;	197
(v) The explanation on the relationship between average increase in remuneration and company performance;	Increase in remuneration is based on the industrial standards & experience of each employees.
	Remuneration paid to Key Managerial person is based on remuneration policy of the company.
(vi) Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company;	Increase in remuneration is based on the industrial standards & experience of each employees.
	Remuneration paid to Key Managerial person is based on remuneration policy of the company
(vii) Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current Financial Year and previous Financial Year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last Public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the Company as at the close of the current Financial Year and previous Financial Year;	There is no material variation in the share price.
(viii) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	Increase in Salaries of Employees other than KMP was 3.40%.
(ix) Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company	As per Industrial Standards.
(x) The key parameters for any variable component of remuneration availed by the Directors;	Not Applicable
(xi) The ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year;	Not Applicable
(xii) Affirmation that the remuneration is as per the remuneration policy of the Company.	Yes

**STATEMENT SHOWING DETAILS OF EMPLOYEES OF THE COMPANY:**

(i) Designation of the employee;	Not Applicable
(ii) Remuneration received;	
(iii) Nature of employment, whether contractual or otherwise;	
(iv) Qualifications and experience of the employee;	
(v) Date of commencement of employment;	
(vi) The age of such employee;	
(vii) The last employment held by such employee before joining the company;	
(viii) The percentage of equity shares held by the employee in the company within the meaning of clause (iii) of sub-rule (2) above; and	
(ix) Whether any such employee is a relative of any director or manager of the company and if so, name of such director or manager:	
The employee, if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than sixty lakh rupees;	Not Applicable
The employee, if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than five lakh rupees per month;	
The employee, if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the Managing Director or Whole-Time Director or Manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the Company.	

## 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

### BOARD MEETING

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

A total of Six Meetings of the Board of Directors were held during the year under review, on 29th May, 2014, 06th August, 2014, 16th October, 2014, 12th November, 2014, 28th January, 2015 and 19th February, 2015. Attendance of Directors at the Board Meetings held during the year 2014-15 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 17.09.2014	No. of outside Directorships held	No. of membership/ chairmanship in other Board Committees
<b>Executive Directors:</b>					
S. Narayanan	Chairman & Managing Director	6	Present	-	-
H. Nandi	Managing Director	6	Present	-	-
<b>Non-Executive, Independent Directors:</b>					
N. K. Rajasekaran	Director	5	Present	2	-
N. Sivaram	Director	5	Present	1	-
A. Mohan Rao*	Director	5	Present	3	-
G. Ramkumar*	Director	1	Not Present	3	-
K. Rajamani**	Director	4	Not present	-	-
Sunanda Nag**	Director	1	Not Present	-	-

\* Resigned on 03.02.2015 and 17.09.2014.

\*\* Appointed on 17.09.2014 and 28.01.2015.

### AUDIT COMMITTEE

The Audit Committee which comprised of Mr. G. Ramkumar as the Chairman of the Audit Committee; after his resignation, comprised of Mr A. Mohan Rao as the Chairman of the Committee and after his resignation, at present comprised of Mr K. Rajamani as the Chairman of the Audit Committee with Mr N. Sivaram, Mr. N. K. Rajasekharan as the other members of the Committee - all of them being Independent and Non-Executive Directors.

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 endeavors to ensure that highest standards of ethical and responsible conduct are met throughout the organization.

### 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	
Mr. G. Ramkumar	17.09.2014	Resigned
Mr. A. Mohan Rao	03.02.2015	Resigned
Mr. K. Rajamani	17.09.2014	Appointed
Ms. Sunanda Nag	28.01.2015	Appointed

During the year Mr. M. D. Rajan was appointed as the Company Secretary of the Company and also the Secretary of the Audit Committee. However, on 9th July, 2015 Mr. M.D. Rajan expired unfortunately and your Board records condolences on the sad demise.

In view of the above, the Company has taken action to appoint a qualified Company Secretary who has been also designated as Compliance Officer.

The role and terms of reference to the Audit Committee covers the areas mentioned under Clause 49 of the Listing Agreement and under Section 177 of Companies Act 2013. 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 five times on 29th May, 2014, 06th August, 2014, 16th October, 2014, 12th November, 2014 and 28 January, 2015.

Name of Director	No. of Meetings Attended
G. Ramkumar*	1
A. Mohan Rao*	5
N. Sivaram	4
N. K. Rajasekharan	4
K. Rajamani	3

\*Resigned on 17.09.2014 and 03.02.2015

#### NOMINATION AND REMUNERATION COMMITTEE:

The Remuneration & Compensation Committee which was replaced by Nomination and Remuneration Committee by the new Companies Act, 2013, comprised of Mr K. Rajamani as the Chairman of the Committee, with Mr N. Sivaram, Mr N. K. Rajasekaran as the other members of the Committee - all of them being Independent and Non-Executive Directors.

The terms of reference to this Committee include:

- appointment of the directors, and key managerial personnel of the Company; and
- fixation of the remuneration of the directors, key managerial personnel and other employees of the Company.

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 2015. No stock options were granted/allotted under ESOS, to any of the directors.

During the year, the Committee met once on 28th January, 2015.

Name of Director	No. of Meetings Attended
K. Rajamani	1
A. Mohan Rao*	1
N. Sivaram	1

\* Resigned on 03.02.2015

#### STAKEHOLDERS RELATIONSHIP COMMITTEE:

The Board has renamed Shareholders' Grievance and Investor Relations Committee as Stakeholders' Relationship Committee to consider and approve share transfers, transmissions, transposition of name, issue of split/ duplicate certificates, ratify confirmations made to the demat requests received by the Company and review the status report on redressal of shareholders' complaints received by the Company/ share transfer agents.

The Committee comprises of Mr K. Rajamani as the Chairman of the Committee, with Mr N. Sivaram and Mr. N. K. Rajasekaran as the other members of the Committee - all of them being Independent and Non-Executive Directors.

During the year, the Committee met two times on 29th May, 2014 and on 6th August, 2014.

Name of Director	No. of Meetings Attended
A. Mohan Rao*	2
N. Sivaram	1
N. K. Rajasekharan	2
G. Ramkumar*	1

Resigned on 03.02.2015 and 17.09.2014

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
NIL	1	1	NIL

#### MEETING OF INDEPENDENT DIRECTORS:

The Independent Directors of the Company had met during the year on 28.01.2015 to review the performance of non- Independent Directors and the Board as a whole, review the performance of the Chairperson of the Company and had accessed the quality, quantity and timeliness of flow of information between the company management and the Board.

The Company had also further during the year, conducted Familiarization programme for Independent Directors of the Company and the details of such familiarization programmes are disseminated on the website of the Company ([www.mro-tek.com/](http://www.mro-tek.com/) Investors/ Familiarization Programme).

## RISK MANAGEMENT:

Periodic assessments to identify the risk areas are carried out and management is briefed on the risks in advance to enable the company to control risk through a properly defined plan. The risks are classified as financial risks, operational risks and market risks. The risks are taken into account while preparing the annual business plan for the year. The Board is also periodically informed of the business risks and the actions taken to manage them. The Company has formulated a policy for Risk management with the following objectives:

- Provide an overview of the principles of risk management

- Explain approach adopted by the Company for risk management
- Define the organizational structure for effective risk management
- Develop a "risk" culture that encourages all employees to identify risks and associated opportunities and to respond to them with effective actions.
- Identify, assess and manage existing and new risks in a planned and coordinated manner with minimum disruption and cost, to protect and preserve Company's human, physical and financial assets. (the policy is displayed on the website of the Company).

## REMUNERATION OF DIRECTORS FOR 2014-15:

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
N. K. Rajasekharan	54,000	NIL	NIL	NA
A. Mohan Rao	66,000	NIL	NIL	NA
N. Sivaram	54,000	NIL	NIL	NA
G Ramkumar	18,000	NIL	NIL	NA
K. Rajamani	36,000	NIL	NIL	NA
Sunanda Nag	6,000	NIL	NIL	NA

\*Sitting Fee disclosed above is net of service tax

## GENERAL BODY MEETINGS

Location and time of previous three Annual General Meetings for the financial years ended on March 31, 2015:

Year	Location	Date	Time
2012	Hotel Woodlands, Bangalore	27 June 2012	11.00 Hours
2013	Hotel Woodlands, Bangalore	10 July 2013	11.00 Hours
2014	Hotel Woodlands, Bangalore	17 September 2014	11.30 Hours

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

Year	Special Resolutions
2012	No Special Resolution was 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.
2014	1. Increasing the Authorised Share Capital of the Company 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. 2. Alteration of the Memorandum of Association of the Company for amending the Capital Clause.

## DISCLOSURE

Transactions with related parties are disclosed in para 'h' of Note 26 II on 'Notes on Accounts and other explanatory information'

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.



**Details of compliance with mandatory requirements:**

Particulars	Clause of listing agreement	Compliance status (Yes/No)	Remarks
<b>I. Board of Directors</b>	49 (II)	Yes	Complied with
(A) Composition of Board	49 (IIA)	Yes	Complied with
(B) Independent Directors	49 (IIB)	Yes	Complied with
(C) Non-executive Directors' compensation & disclosures	49 (IIC)	Yes	Complied with
(D) Other provisions as to Board and Committees	49 (IID)	Yes	Complied with
(E) Code of Conduct	49 (IIE)	Yes	Complied with
(F) Whistle Blower Policy	49 (IIF)	Yes	Complied with
<b>II. Audit Committee</b>	49 (III)	Yes	Complied with
(A) Qualified & Independent Audit Committee	49 (IIIA)	Yes	Complied with
(B) Meeting of Audit Committee	49 (IIIB)	Yes	Complied with
(C) Powers of Audit Committee	49 (IIIC)	Yes	Complied with
(D) Role of Audit Committee	49 (IIID)	Yes	Complied with
(E) Review of Information by Audit Committee	49 (IIIE)	Yes	Complied with
<b>III. Nomination and Remuneration Committee</b>	49 (IV)	Yes	Complied with
<b>IV. Subsidiary Companies</b>	49 (V)	NA	Not applicable
<b>V. Risk Management</b>	49 (VI)	NA	Not applicable
<b>VI. Related Party Transactions</b>	49 (VII)	Yes	Complied with
<b>VII. Disclosures</b>	49 (VIII)	Yes	Complied with
(A) Related party transactions	49 (VIIIA)	Yes	Complied with
(B) Disclosure of Accounting Treatment	49 (VIIIB)	Yes	Complied with
(C) Remuneration of Directors	49 (VIII C)	Yes	Complied with
(D) Management	49 (VIII D)	Yes	Complied with
(E) Shareholders	49 (VIII E)	Yes	Complied with
(F) Proceeds from public issues, rights issue, preferential issues, etc	49 (VIII I)	Yes	Complied with
<b>VIII. CEO/CFO Certification</b>	49 (IX)	Yes	Complied with
<b>IX. Report on Corporate Governance</b>	49 (X)	Yes	Complied with
<b>X. Compliance</b>	49 (XI)	Yes	Complied with

**Compliance with non-mandatory requirements**

- i. Remuneration Committee has duly been constituted.
- ii. The Company is in the regime of unqualified financial statements.
- iii. The Company consistently trains its Board members, on an on-going basis, in the business model of the Company as well as the risk profile of the business parameters of the Company, their responsibilities as Directors, and the best ways to discharge them.
- iv. The Company has a procedure of bringing to the notice of management, any matter/s regarding concerns about unethical behavior, actual or suspected fraud or violation of Company's code of conduct or ethics policy.
- v. Corporate Governance Voluntary Guidelines 2009:
  - Whole-time Directors of the Company are not holding any position as Non-Executive Directors or Independent directors of any other public limited companies or private companies that are either holding or subsidiary companies of public companies. The voluntary guidelines allows for holding such positions in seven such companies in aggregate.
  - Independent Directors of the Company have the option and freedom to meet Company Management regularly. They are provided with all information sought by them to perform their duty

effectively and efficiently.

- Non-whole time Directors are remunerated with an appropriate percent of the net profits of the company as allowed under the provisions of Companies Act, 2013, 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) & Sanjevani (Kannada) and in official websites of National Stock Exchange of India Limited ( <a href="http://www.nseindia.com">www.nseindia.com</a> ) and Bombay Stock Exchange Limited ( <a href="http://www.bseindia.com">www.bseindia.com</a> )
II	Publications in News Papers	Published in National and local dailies such as Financial Express (English) & Sanjevani (Kannada)
III	Publications in Websites	<a href="http://www.mro-tek.com">www.mro-tek.com</a>
IV	Displaying of official news releases	<a href="http://www.mro-tek.com">www.mro-tek.com</a> and official websites of NSE and BSE
V	Presentations to Institutional Investors or analysts	<a href="http://www.mro-tek.com">www.mro-tek.com</a>

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The following points have been covered in Board's Report itself.

1. Segmentwise or Productwise performance
2. Risk and Concerns
3. Internal Control Systems and their adequacy
4. Discussion on financial performance with respect to operational performance
5. Material Developments in Industrial Relations front

In addition to the above, the following points have been furnished below.

### **Industry Structure and Development, Strengths, Weakness, Opportunities and Threats, Major initiatives undertaken and planned to ensure sustained performance and growth;**

The Indian Economy has seen a reversal from previous years and has started picking up to become one of the few economies in the world with economic growth potential. As the Economy Survey 2014-15 brings out, the real Gross Domestic Product (GDP), as expressed through the recently revised methodology for estimating national income by the Central Statistics Office (CSO), is expected to grow by between 8.1 and 8.5% in 2015-16, as against 7.4% in the preceding year. The improvement in the GDP figure also coincides with a decline in international commodity prices (particularly of crude oil). This has had a helpful impact on inflation and the fiscal deficit, the later being projected to decline to 3.9% of GDP in 2015-16 from 4.1% in the previous year. On India's external front, there has also been several impressive improvements as witnessed in the surge in the country's foreign exchange reserves, stability in the rupee-dollar exchange rate, and a sharp narrowing of the Current Account Deficit (CAD) which had deteriorated to a 'worryingly high' level not so long ago, causing panic among investors and an outflow of foreign exchange.

There has been lot of emphasis on human resources skill development, special universities to catering to the Electronics and Renewable Energy industry. This will have a positive impact on the Company, as it gives lot of emphasis on the indigenous development of products. MRO-TEK has always tried to do indigenization of design

and manufacture to reduce the cost of the equipments and less dependency on the foreign vendors for spares and other maintenance activities.

In the networking sector, though, there is nothing much happening on indigenous lines. All the products those are in use in data and communication networks in India are designed/developed/manufactured/tested outside the country. We have networking and communication equipments from every fathomable part of the world right from USA in the West to the far eastern countries like Taiwan, but hardly any from India.

MRO-TEK is a Public Limited Company that is doing its bit to help hold up the Indigenous flag in the networking space for India. Since its inception in 1984, The Company has been, is and will be an Indigenous player in the true sense of the word.

The entire process involved right from the conception of a new idea and the eventual evolution of this idea into a real world product through the R&D and Manufacturing is done indigenously.

We also take great pride in the fact that with the added activities of R&D and Manufacturing, we are still a Green ISO 14001 certified company. Our complete manufacturing process is certified "GREEN".

## SWOT ANALYSIS

### **MRO-TEK'S Strength**

We have new component supply agreements at optimum cost and with world class manufacturing unit at Electronic City we address different market segments, our area of operations have gone up in view of this.

Since our core strength is Quality, Solution Design, On time delivery and effective 24/7 after sales support across India and hence we are recognized for our brand "MRO-TEK"

MRO-TEK has its own R&D center (recognized By Department of Science and technology, Government of India) in Bangalore. Every stage of Research and Development, right from board level design to Firmware and Mechanical design is done from this facility.

Cutting-edge technology, high-performing equipments, a respected brand name, excellent on time delivery and support system are just a few strengths that boost the resource capabilities.

**MRO-TEK'S Weaknesses**

Continuous obsolescence of technology, variation in business dynamics of service providers due to their own velocity of business.

The above may increase non-moving inventory situations creating funds crisis

Also new entrants of competition may enjoy new technology which has just changed

Whereas we may take some time to adjust to the same.

**MRO-TEK'S Opportunities**

New technologies, increasing consumer base of service providers will force them to increase the capex which will give us an opportunity to increase our business in 4G roll out, as all our products are internet connectivity

oriented, this will serve as excellent growth curve and rapidly benefit us in our revenue.

**MRO-TEK'S Threats**

A sluggish economy, increasing competition and increased government regulations are just a few external threats that can limit a company's future success. Threats are outside events or influences that create future hurdles for a company.

**Material Developments in Human Resources**

The Company to retain the skilled employees made an effort to evaluate the performance and increased the remuneration by 3.4 % during the year. The company made an effort to reduce the manpower count from 225 at the beginning of the financial year to 197 at the end of the financial year.

**SHAREHOLDER INFORMATION**

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

Date	Time	Venue
23th September, 2015	11.30 A.M	Royal Orchids Hotels Limited, Royal Orchid Resorts and Convention Centre, Allalasandra, Bellary Road, Yelahanka, Near Jakkur Flying Club, Bangalore – 560 065

b) Particulars of Financial Calendar for 2015-16

Financial Year	1 April, 2015 to 31 March, 2016
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 – 17.09.2015 to 23.09.2015 (both the days inclusive)

d) Date of Dividend Payment – After the date of AGM and within the stipulated period of 30 days – NOT APPLICABLE

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 2015-16.
- Annual custody fee has been remitted for NSDL and CDSL for the year 2015-16 will be remitted after receipt of the bill.

f) Stock Exchange Codes

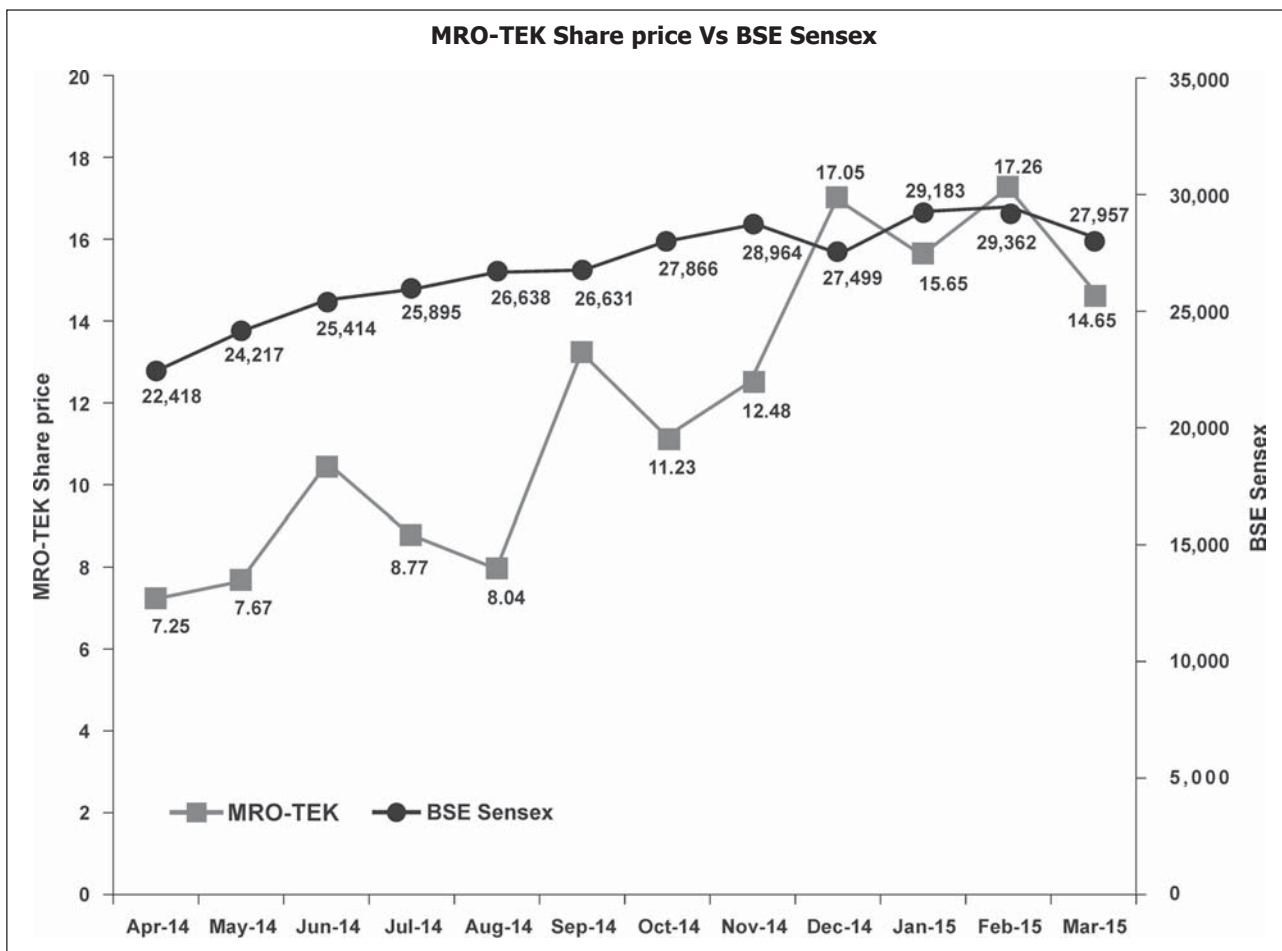
Stock Exchange	Code
National Stock Exchange of India Limited, Mumbai	MRO-TEK
Bombay Stock Exchange Limited, Mumbai	532376

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 2014-15 is furnished below:

Month	Bombay Stock Exchange			National Stock Exchange		
	High (Rs.)	Low (Rs.)	Volume (Nos)	High (Rs.)	Low (Rs.)	Volume (Nos.)
Apr-14	8.21	4.36	130749	8.00	4.70	71140
May-14	8.10	5.75	103443	8.15	6.15	49482
Jun-14	10.69	7.49	154502	10.70	7.40	92440
Jul-14	11.00	8.28	94088	11.20	8.40	78744
Aug-14	9.00	7.10	70140	9.00	7.00	98254
Sep-14	14.00	7.15	517063	14.00	7.00	518951
Oct-14	12.99	10.26	199424	12.75	10.00	144126
Nov-14	14.00	10.10	316223	13.85	10.15	377163
Dec-14	21.20	11.25	984585	21.40	11.75	1990690
Jan-15	21.50	15.15	422949	20.95	15.20	834081
Feb-15	21.00	11.60	538280	21.00	12.35	648991
Mar-15	18.00	12.65	204765	13.25	17.35	220988



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 2015 :

No. of equity shares held	No. of shares (face value Rs.5)	% to total	No. of Shareholders	% to Total No. of Shareholders
Upto 500	22,34,868	11.97	13,235	81.29
501-1000	12,31,963	6.59	1454	8.93
1001-2000	11,90,619	6.37	759	4.66
2001-3000	7,19,551	3.85	277	1.70
3001-4000	4,38,085	2.34	121	0.74
4001-5000	5,95,903	3.19	124	0.76
5001-10000	1,30,83,16	7.00	173	1.06
10001 & above	1,09,65,297	58.69	140	0.86
<b>Total</b>	<b>1,86,84,602</b>	<b>100.00</b>	<b>16,283</b>	<b>100.00</b>

## 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	109	1,03,782	0.56	N/A	N/A
Banks/Mutual Funds/FIIs	1	3,500	0.02	N/A	N/A
Bodies Corporate	338	9,29,674	4.98	N/A	N/A
Public	15,829	1,02,37,590	54.78	N/A	N/A
<b>Total</b>	<b>16,283</b>	<b>1,86,84,602</b>	<b>100.00</b>		

## l) Dematerialisation of Shares and Liquidity :

Category – Demat/Physical	No. of Shareholders	%	No. of Shares	%
Total No. of Shareholders holding shares physically	462	2.84	1,33,812	0.72
Total No. of Shareholders in electronic (Demat) form	15,821	97.16	1,85,50,790	99.28
<b>Total</b>	<b>16,283</b>	<b>100.00</b>	<b>1,86,84,602</b>	<b>100.00</b>

Days taken for Demat	No. of Requests	No. of Shares	% of Total Shares
7	12	1,800	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, Sunanda Nag 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 &amp; Share Transfer Agents:

Karvy Computershare Pvt. Ltd.,  
Karvy Selenium Tower B, Plot No.  
31 & 32, Financial District,  
Gachibowli, Hyderabad- 500 032  
Tel : 040-67162222  
Fax : 040-23001153  
E-mail : einward.ris@karvy.com

for & on behalf of the Board of Directors

Place : Bangalore

Date : 3<sup>rd</sup> August 2015

**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 2015 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;
- 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.
- 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;

Place : Bangalore	<b>H. Nandi</b>	<b>Srivatsa</b>
Date : 3 <sup>rd</sup> August 2015	Managing Director	Chief Financial Officer

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## CERTIFICATE

### AUDITOR'S CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENTS.

To  
The Members  
MRO-TEK LIMITED

I have examined the compliance of the conditions of Corporate Governance by MRO-TEK Limited for the period ended 31st March, 2015 as stipulated in Clause 49 of the Listing Agreement of the said Company with Bombay Stock Exchange Ltd. (BSE).

The compliance of the conditions of Corporate Governance is the responsibility of the Company's Management. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

I state that in respect of investors' grievances received during the period ended 31st March, 2015, no investor grievances are pending against the Company as on 31st March, 2015, as per the records maintained by the Company and presented to the Stakeholders' Relationship Committee.

I 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.

Place : Bangalore	<b>Vijayakrishna K T</b>
Date : 03.08.2015	Practising Company Secretary
	FCS-1788
	CP-980



## INDEPENDENT AUDITORS' REPORT

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

1. We have audited the accompanying financial statements of MRO-TEK LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of

the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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,
  - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2015;
  - (ii) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
  - (iii) 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

9. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. Subject to para 9 of this report and as required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from the branches not visited by us.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.



- (e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) The Company does not have any pending litigations which would impact its financial position.

- (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

for **Singhvi, Dev & Unni**  
*Chartered Accountants*  
Firm Registration No. 003867S

**Parthasarathy Sudarsanam**  
*Partner*  
Membership No. 205179

Place : Bangalore  
Date : May 27, 2015

## ANNEXURE TO AUDITORS' REPORT

(as referred to in para 9 of the Independent Auditors' report of even date)

- i. (a) As per the information and explanations provided to us, the Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) the Company has a regular program of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. Consequently, commenting on proper treatment thereof in the books of account does not arise. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- ii. (a) As per the information and explanations provided to us, the physical verification of inventory has been conducted at reasonable intervals by the management. In our opinion, the frequency of such verification is reasonable;
- (b) As per the information and explanations provided to us, the procedures followed for physical verification of inventory by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) As per the information and explanations provided to us, the Company has maintained proper records of inventories. We are informed that the discrepancies between the physical stocks and the book records noticed on verification were not material;
- (iii) As per the information and explanations provided to us, the Company has not granted loans, secured and

/ or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act. Consequently, commenting under this clause does not arise.

- (iv) As per the information and explanations provided to us, the Company has adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. Further, there does not exist any continuing failure to correct major weaknesses in such internal control system.
- (v) As per the information and explanations provided to us, the Company has not accepted deposits. Consequently, comments under this clause are not provided.
- (vi) As per the information and explanations provided to us, the Central Government has specified maintenance of cost records under sub-section (I) of section 148 of the Companies Act and the Company makes and maintains such accounts and records. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete. As informed to us, the Company is in the process of obtaining the Cost Audit report required for the current financial year.
- (vii)(a) As per the information and explanations provided to us, the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities and there does not exist, any arrears of outstanding statutory dues as at the last day

of the financial year concerned for a period of more than six months from the date they became payable;

- (b) As per the information and explanations provided to us, there does not exist any dues of income tax or sales tax or wealth tax or service tax or duty of customs or duty of excise or value added tax or cess have not been deposited on account of any dispute. Consequently, information under this clause do not arise;
- (c) As per the information and explanations provided to us, the Company has transferred the amount required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder to such fund within time.
- (viii) As per the information and explanations provided to us, the accumulated losses of the Company at the end of the financial year are not less than fifty per cent of its net worth and has incurred cash losses of Rs. 8,80,60,205/- in such financial year and Rs. 8,86,78,757/- in the immediately preceding financial year;
- (ix) As per the information and explanations provided to us, the Company has not defaulted in repayment of

dues to a financial institution or bank or debenture holders. Consequently, comments under this clause is not provided:

- (x) As per the information and explanations provided to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions;
- (xi) As per the information and explanations provided to us, the term loans were applied for the purpose for which the loans were obtained; and
- (xii) during the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

for **Singhvi, Dev & Unni**

*Chartered Accountants*

Firm Registration No. 003867S

**Parthasarathy Sudarsanam**

*Partner*

Place : Bangalore

Date : May 27, 2015

Membership No. 205179

**BALANCE SHEET**

AS AT 31 MARCH 2015

	<b>Note No.</b>	<b>As at 31 March 2015 Rs.</b>	<b>As at 31 March 2014 Rs.</b>
<b>I Equity and Liabilities</b>			
<b>1 Shareholders' funds</b>			
a Share Capital	1	<b>9,34,23,010</b>	9,34,23,010
b Reserves and Surplus	2	<b>17,23,15,461</b>	28,52,99,886
<b>2 Non-current liabilities</b>			
a Long-term borrowings	3	<b>94,20,001</b>	1,61,69,001
b Deferred tax liabilities (Net)	4	<b>1,01,58,764</b>	93,32,528
c Long-term provisions	5	<b>48,84,345</b>	38,49,155
<b>3 Current liabilities</b>			
a Short-term borrowings	6	<b>21,47,81,615</b>	24,49,87,176
b Trade payables	7	<b>7,81,02,950</b>	13,43,19,819
c Other Current liabilities	8	<b>5,73,81,332</b>	6,85,64,488
d Short-term provisions	9	<b>4,70,772</b>	4,65,340
<b>Total</b>		<b>64,09,38,250</b>	85,64,10,403
<b>II Assets</b>			
<b>1 Non-Current Assets</b>			
a <b>Fixed Assets</b>			
i Tangible Assets	10	<b>23,50,54,520</b>	22,79,22,257
ii Intangible Assets		-	-
iii Capital Work in Progress - Tangible Assets		-	-
iv Capital Work in Progress - Intangible Assets		-	-
b Non Current Investments	11	<b>72,52,000</b>	72,52,000
c Long-term loans and advances	12	<b>5,00,53,720</b>	4,47,35,397
<b>2 Current Assets</b>			
a Current Investments	13	<b>6,00,851</b>	6,00,851
b Inventories	14	<b>17,99,11,731</b>	14,52,83,473
c Trade receivables	15	<b>10,62,63,959</b>	25,04,21,691
d Cash and Bank Balances	16	<b>4,78,31,741</b>	15,58,50,389
e Short-term loans and advances	17	<b>1,39,69,728</b>	2,43,44,345
<b>Total</b>		<b>64,09,38,250</b>	85,64,10,403
<b>Significant accounting policies and other Explanatory information</b>	26		

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

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

**S. Narayanan**  
**H. Nandi**  
**Srivatsa**  
**M. D. Rajan**

Chairman & Managing Director  
Managing Director  
Chief Financial Officer  
Company Secretary

**for Singhvi, Dev & Unni**  
Chartered Accountants  
Firm No. 003867S

**Parthasarathy Sudarsanam**  
Partner  
Membership No: 205179

Place : Bangalore  
Date : 27 May 2015

**STATEMENT OF PROFIT & LOSS ACCOUNT**

FOR THE YEAR ENDED 31 MARCH 2015

	Note No.	Year ended 31 March 2015 Rs.	Year ended 31 March 2014 Rs.
I Revenue from Operations	18	<b>56,16,41,529</b>	67,76,12,000
II Other Income	19	<b>67,67,477</b>	29,06,514
<b>III Total Revenue (I + II)</b>		<b>56,84,09,006</b>	68,05,18,514
Contribution Margin - %		<b>21.26</b>	15.23
IV Expenses:			
Cost of materials consumed	20	<b>29,80,84,457</b>	31,28,96,444
Purchases of Traded goods		<b>13,20,56,211</b>	19,35,53,360
Changes in inventories of Finished Goods, Work-in-progress and Traded Goods	21	<b>(1,78,77,053)</b>	1,90,75,173
Provision for Non/Slow-Moving Items		<b>10,00,000</b>	2,65,00,000
<b>Net cost of Materials Consumed</b>		<b>41,32,63,615</b>	55,20,24,977
Employee benefits expenses	22	<b>13,42,17,603</b>	13,68,82,213
Finance Cost	23	<b>2,80,81,542</b>	1,41,76,184
Depreciation and amortization expenses	10	<b>1,36,89,796</b>	2,40,43,864
Impairment of R & D Expenditure		<b>81,61,802</b>	-
Other Expenses	24	<b>8,19,06,451</b>	6,84,04,080
<b>Total expenses</b>		<b>67,93,20,809</b>	79,55,31,318
V Profit/(Loss) before exceptional and extraordinary items and tax (III - IV)		<b>(11,09,11,803)</b>	(11,50,12,804)
VI Exceptional Items		-	-
VII Profit/(Loss) before extraordinary items and tax (V - VI)		<b>(11,09,11,803)</b>	(11,50,12,804)
VIII Extraordinary Items		-	6,18,549
IX Profit/(Loss) before tax (VII - VIII)		<b>(11,09,11,803)</b>	(11,43,94,255)
X Tax Expenses			
1 Current tax		-	-
2 Deferred tax		<b>(8,26,237)</b>	8,29,143
XI Profit/(Loss) for the period (IX - X)		<b>(11,17,38,040)</b>	(11,35,65,112)
XII Earnings per equity share (face value of Rs. 5 per share)		<b>(11,17,38,040)</b>	(11,35,65,112)
1 Basic		<b>(5.98)</b>	(6.08)
2 Diluted		<b>(5.98)</b>	(6.08)

**Significant accounting policies and other Explanatory information**

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

This is the statement of profit and loss referred to in our report of even date

**S. Narayanan**

Chairman &amp; Managing Director

**H. Nandi**

Managing Director

**Srivatsa**

Chief Financial Officer

**M. D. Rajan**

Company Secretary

**for Singhvi, Dev & Unni**

Chartered Accountants

Firm No. 003867S

**Parthasarathy Sudarsanam**

Partner

Place : Bangalore

Date : 27 May 2015

Membership No: 205179

## NOTES FORMING PART OF BALANCE SHEET

AS AT 31 MARCH 2015

As at  
31 March 2015  
Rs.

As at  
31 March 2014  
Rs.

### NOTE - 1 - SHARE CAPITAL

1. **Authorised** 3,00,00,000 Equity shares of Rs. 5 each  
(2,40,00,000 Equity shares of Rs. 5 each) 15,00,00,000 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 2015		As at 31 March 2014	
	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 2015		31 March 2014	
	No of Shares	Holding %	No of Shares	Holding %
H. Nandi	31,40,903	16.81	31,40,903	16.81
S. Narayanan	30,92,916	16.55	30,92,916	16.55

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

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

### NOTE - 2 - Reserve and Surplus

#### 1. Capital Reserve :

State Government subsidy on Capital Investment

	A	1,10,000	1,10,000
2. Capital Redemption Reserve	B	1,02,84,630	1,02,84,630
3. Securities Premium Account	C	17,69,06,656	17,69,06,656
4. General Reserve	D	48,30,00,000	48,30,00,000
5. Surplus/(deficit) in the statement of Profit & Loss			
Opening Balance		(38,50,01,400)	(27,14,36,288)
Profit / (Loss) for the year		(11,17,38,040)	(11,35,65,112)
Less: Refer Note 26.I.(i)		(12,46,385)	
Less: Appropriations		-	-
Net Surplus/(deficit) in the statement of Profit & Loss	E	(49,79,85,825)	(38,50,01,400)
<b>Total</b>	A+B+C+D+E	<b>17,23,15,461</b>	<b>28,52,99,886</b>

**NOTES FORMING PART OF BALANCE SHEET**

AS AT 31 MARCH 2015

	As at 31 March 2015 Rs.	As at 31 March 2014 Rs.
<b>NOTE - 3 - Long-Term Borrowings</b>		
Sales Tax Deferment*	<b>94,20,001</b>	1,61,69,001
<b>Total</b>	<b>94,20,001</b>	1,61,69,001
* 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.		
<b>NOTE - 4 - Deferred Tax Liabilities</b>		
<b>Deferred tax liability on account of :</b>		
Fixed Assets	<b>1,24,68,920</b>	1,13,23,069
<b>Deferred tax asset on account of :</b>		
Others	<b>(23,10,156)</b>	(19,90,541)
<b>Total</b>	<b>1,01,58,764</b>	93,32,528
<b>NOTE - 5 - Long-Term Provisions</b>		
Employees' Benefits - Leave Encashment	<b>48,84,345</b>	38,49,155
<b>Total</b>	<b>48,84,345</b>	38,49,155
<b>NOTE - 6 - Short-Term Borrowings</b>		
Secured borrowings		
a) Loan repayable on demand		
- from Bank	-	-
- from Bank - Over Draft	<b>18,89,47,127</b>	19,91,66,273
- ECB LOAN A/C - Buyers Credit	<b>90,99,360</b>	2,26,98,447
- M/S Canbank Factors Ltd., - Factoring Limit with Recourse	<b>1,67,35,128</b>	2,31,22,456
<b>Total</b>	<b>21,47,81,615</b>	24,49,87,176
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.		
<b>NOTE - 7 - Trade Payables</b>		
<b>Trade Payables</b>		
- MSME	<b>1,59,18,990</b>	47,42,516
- Others	<b>6,21,83,960</b>	12,95,77,303
<b>Total</b>	<b>7,81,02,950</b>	13,43,19,819
<b>NOTE - 8 - Other Current Liabilities</b>		
Customer Credit Balances	<b>40,12,408</b>	11,60,989
Advances from Customer under AMC	<b>75,75,140</b>	1,59,33,013
Unclaimed dividends*	<b>7,11,192</b>	10,84,605
Sales Tax deferment - Current maturity	<b>67,49,000</b>	67,49,000
Others liabilities	<b>3,83,33,592</b>	4,36,36,881
<b>Total</b>	<b>5,73,81,332</b>	6,85,64,488
* (During the year an amount of Rs.3,72,573/- was credited to Investor Education and Protection Fund)		
<b>NOTE - 9 - Short-term provisions</b>		
Employees' Benefits - Leave Encashment	<b>4,70,772</b>	4,65,340
<b>Total</b>	<b>4,70,772</b>	4,65,340

## 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 2015	Rate	UPTO 31 Mar 2014	FOR THE YEAR	ON DELETIONS	UPTO 31 Mar 2015	AS AT 31 Mar 2015	AS AT 31 Mar 2014
	Rs.	Rs.	Rs.	Rs.	%	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>TANGIBLE ASSETS:</b>											
LAND	8,05,454	-	-	8,05,454	-	-	-	-	-	8,05,454	8,05,454
- FACTORY	8,05,454	-	-	8,05,454	-	-	-	-	-	8,05,454	8,05,454
- OFFICE	5,05,23,211	-	-	5,05,23,211	-	-	-	-	-	5,05,23,211	5,05,23,211
BUILDINGS	6,35,83,261	1,11,05,643	-	7,46,88,904	4.00	2,11,15,416	20,13,731	-	2,31,29,147	5,15,59,757	4,24,67,845
- FACTORY	12,06,64,557	-	-	12,06,64,557	4.00	4,23,38,040	15,21,155	-	4,38,59,195	7,68,05,362	783,26,517
- OFFICE											
<b>PLANT AND EQUIPMENT:</b>											
PLANT & MACHINERY - R&D	12,84,395	-	-	12,84,395	10.00	12,30,421	5,565	-	12,35,986	48,409	53,974
PLANT & MACHINERY - OTHERS	7,34,10,723	2,74,800	-	7,36,85,523	10.00	5,40,99,832	19,51,038	-	5,60,50,870	1,76,34,653	1,93,10,891
TEST EQUIPMENTS - R&D	2,11,32,452	-	-	2,11,32,452	10.00	1,54,38,069	5,23,485	-	1,59,61,554	51,70,898	56,94,383
TEST EQUIPMENTS - OTHERS	2,79,37,836	4,07,084	-	2,83,44,920	10.00	2,25,21,818	4,69,643	-	2,29,91,461	53,53,459	54,16,018
FURNITURE & FIXTURES - R&D	10,45,647	-	-	10,45,647	10.00	9,31,944	31,303	-	9,63,247	82,400	1,13,703
FURNITURE & FIXTURES - OTHERS	3,96,03,657	10,35,258	1,73,000	4,04,65,915	10.00	2,47,11,283	27,50,950	1,73,000	2,72,89,233	1,31,76,682	1,48,92,374
VEHICLES	1,02,10,104	64,23,258	8,02,414	1,58,30,948	9.50	73,52,814	17,86,567	8,02,414	83,36,967	74,93,981	28,57,290
OFFICE EQUIPMENTS - R&D	1,69,598	-	-	1,69,598	19.00	1,69,598	-	-	1,69,598	-	-
OFFICE EQUIPMENTS - OTHERS	1,18,64,192	6,27,324	18,21,930	1,06,69,586	19.00	1,05,18,883	5,34,880	18,21,930	92,31,833	14,37,753	13,45,309
<b>OTHERS:</b>											
ELECTRICAL INSTALLATIONS	1,90,65,235	11,72,546	-	2,02,37,781	10.00	1,67,15,269	9,07,059	-	1,76,22,328	26,15,453	23,49,966
COMPUTERS & NETWORKING - R&D	1,60,74,867	-	1,10,000	1,59,64,867	31.67	1,60,38,603	21,703	1,10,000	1,59,50,306	14,561	36,264
COMPUTERS & NETWORKING - OTHERS	3,69,52,422	9,98,369	18,27,807	3,61,22,984	31.67	3,53,42,614	9,47,928	18,27,807	3,44,62,735	16,60,249	16,09,808
AIR CONDITIONERS - R&D	77,866	-	-	77,866	10.00	77,866	-	-	77,866	-	-
AIR CONDITIONERS - OTHERS	37,93,161	24,162	30,000	37,87,323	10.00	29,20,296	2,24,789	30,000	31,15,085	6,72,238	8,72,865
<b>SUB TOTAL</b>	<b>49,81,98,638</b>	<b>2,20,68,444</b>	<b>47,65,151</b>	<b>51,55,01,931</b>		<b>27,15,22,766</b>	<b>1,36,89,796</b>	<b>4,765,151</b>	<b>28,04,47,411</b>	<b>23,50,54,520</b>	<b>22,66,75,872</b>
<b>INTANGIBLE ASSETS:</b>											
COMPUTER SOFTWARE - R&D	1,55,88,480	-	-	1,55,88,480	20.00	1,55,88,480	-	-	1,55,88,480	-	-
COMPUTER SOFTWARE - OTHERS	1,02,08,194	-	-	1,02,08,194	20.00	1,02,08,194	-	-	1,02,08,194	-	-
<b>SUB TOTAL</b>	<b>2,57,96,674</b>	<b>-</b>	<b>-</b>	<b>2,57,96,674</b>		<b>2,57,96,674</b>	<b>-</b>	<b>-</b>	<b>2,57,96,674</b>	<b>-</b>	<b>-</b>
Capital Work Progress	-	-	-	-		-	-	-	-	-	-
CAPITAL WORK IN PROGRESS (F)	-	-	-	-		-	-	-	-	-	-
<b>Total</b>	<b>52,39,95,312</b>	<b>2,20,68,444</b>	<b>47,65,151</b>	<b>54,12,98,605</b>		<b>29,73,19,440</b>	<b>1,36,89,796</b>	<b>47,65,151</b>	<b>30,62,44,085</b>	<b>23,50,54,520</b>	<b>22,66,75,872</b>
<b>As at 31 March 14</b>	<b>51,95,21,723</b>	<b>88,35,425</b>	<b>43,61,836</b>	<b>52,39,95,312</b>		<b>27,59,50,569</b>	<b>2,40,43,864</b>	<b>39,21,377</b>	<b>29,60,73,056</b>	<b>22,79,22,257</b>	<b>24,35,71,154</b>

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



**NOTES FORMING PART OF BALANCE SHEET**

AS AT 31 MARCH 2015

	As at 31 March 2015 Rs.	As at 31 March 2014 Rs.
<b>NOTE - 11 - Non Current Investments</b>		
<b>Long-term, trade, unquoted, at cost:</b>		
<b>Investment in Equity Shares of Joint Venture:</b>	<b>72,52,000</b>	72,52,000
RAD-MRO Manufacturing Pvt Ltd, Bangalore		
7,25,200 equity shares of Rs 10 each, fully paid up		
<b>Total</b>	<b>72,52,000</b>	72,52,000
<b>NOTE - 12 - Long-Term Loans and Advances</b>		
<b>(Unsecured - considered good)</b>		
Earnest Money Deposit	<b>15,47,834</b>	5,07,900
Other Deposits	<b>21,08,668</b>	18,99,063
MAT Credit	<b>29,90,914</b>	29,90,914
Income-tax refund receivable	<b>54,07,283</b>	23,89,103
Advances with       - Central Excise	<b>2,39,71,823</b>	2,39,71,823
- Customs Duty Refundable ( SAD )	<b>88,57,242</b>	88,08,222
- Sales Tax	<b>50,84,956</b>	40,86,372
- Others	<b>85,000</b>	82,000
<b>Total</b>	<b>5,00,53,720</b>	4,47,35,397
<b>NOTE - 13 - Current Investments</b>		
<b>Short Term, non-trade, unquoted, at lower of cost or market value</b>		
<b>- in Mutual Funds:</b>	<b>6,00,851</b>	6,00,851
SBI - SHF - Ultra Short Term Fund- Institutional PLAN - Growth		
As at 31.12.2014 [454.034 Units @ Rs.1,323.36 per unit (Market Value @ 1784.8461 - Rs. 8,10,381)]		
As at 31.03.2014 [454.034 Units @ Rs.1,323.36 per unit (Market Value @ 1672.0657 - Rs. 7,59,175)]		
<b>Total</b>	<b>6,00,851</b>	6,00,851
<b>NOTE - 14 - Inventories</b>		
<b>Valued at lower of cost or net realisable value</b>		
Raw Materials	<b>7,78,20,742</b>	7,83,99,517
Work-in-progress	<b>1,27,65,157</b>	1,10,17,194
Finished Goods		
- Manufactured	<b>11,41,51,399</b>	9,64,49,756
- Traded	<b>68,30,469</b>	77,00,757
- Goods Lying at Customers Premises	-	7,02,265
- Goods Lying at Bonded Warehouse	<b>1,86,62,897</b>	-
Goods in transit :		
Raw materials	<b>16,81,067</b>	20,13,984
<b>Total</b>	<b>23,19,11,731</b>	19,62,83,473
Less: Provision for Non/Slow-moving-items	<b>(5,20,00,000)</b>	(5,10,00,000)
<b>Total</b>	<b>17,99,11,731</b>	14,52,83,473

## NOTES FORMING PART OF BALANCE SHEET

AS AT 31 MARCH 2015

	As at 31 March 2015 Rs.	As at 31 March 2014 Rs.
<b>NOTE - 15 - Trade Receivables</b>		
<b>Unsecured</b>		
Debts Outstanding for a period exceeding		
- Six months		
Considered Good	3,68,33,386	1,95,39,941
Considered Doubtful	10,88,401	21,27,387
- Other Debts - Considered Good	6,94,30,573	23,08,81,750
	<b>10,73,52,360</b>	25,25,49,078
Less: Provision for Bad & doubtful debts	10,88,401	21,27,387
<b>Total</b>	<b>10,62,63,959</b>	25,04,21,691

## NOTE - 16 - Cash & Cash Equivalents

a. Balances with banks		
- In Current Accounts	21,34,200	2,75,34,621
- In Current Accounts (Foreign Currency)	6,03,653	13,538
- In Current Accounts - Unclaimed dividend*	7,11,192	10,84,605
- In Fixed Deposits (FDs) **		
Maturity period - less than 12 months	4,30,00,000	10,68,00,000
- more than 12 months	-	2,00,00,000
b. Cheques on hand	10,00,000	-
c. Cash on hand	3,82,696	4,17,625
<b>Total</b>	<b>4,78,31,741</b>	15,58,50,389

Restricted Cash Balances include the following

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

\*\* FDs totalling to Rs. 430 lacs (previous year- Rs. 1268 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	32,97,617	41,05,553
Advance to suppliers - on capital account	-	5,00,000
- others	14,27,393	8,35,670
Advances with - Central Excise	34,71,891	1,19,23,237
- Customs Duty Refundable (SAD)	1,35,681	55,340
- Others	12,10,130	11,56,004
Interest accrued but not due	20,166	2,02,681
Prepaid Expenses	44,06,850	55,65,860
<b>Total</b>	<b>1,39,69,728</b>	2,43,44,345

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

FOR THE YEAR ENDED 31 MARCH 2015

	Year ended 31 March 2015 Rs.	Year ended 31 March 2014 Rs.
<b>NOTE - 18 - Revenue from Operations</b>		
<b>Income from Sale of Products</b>		
Domestic Sales	56,70,01,824	70,55,89,924
Exports	5,78,891	9,58,396
	56,75,80,715	70,65,48,320
Less: Excise Duty	4,25,10,000	5,51,94,203
	52,50,70,715	65,13,54,117
<b>Income from Services</b>		
Annual Maintenance Charges	1,83,32,265	1,10,98,863
Service & Installation Charges	1,82,38,549	1,51,59,020
<b>Total</b>	56,16,41,529	67,76,12,000
<b>NOTE - 19 - Other Income</b>		
Interest Income	61,34,445	28,24,816
Miscellaneous Income	6,33,032	81,698
<b>Total</b>	67,67,477	29,06,514
<b>NOTE - 20 - Cost of Material Consumed</b>		
<b>Raw materials</b>		
Opening Stock	7,83,99,517	7,19,70,455
Add: Purchases & direct costs	29,75,05,682	31,93,25,506
	37,59,05,199	39,12,95,961
Less: Closing Stock	7,78,20,742	7,83,99,517
Cost of material consumed	29,80,84,457	31,28,96,444
<b>NOTE - 21 - (Increase) / Decrease in Value of Stock</b>		
a. <b>Finished goods:</b>		
Opening stock	9,64,49,756	9,53,29,896
Closing stock	11,41,51,399	9,64,49,756
	(1,77,01,643)	( 11,19,860)
b. <b>Semi-finished goods:</b>		
Opening stock	1,10,17,194	2,41,31,508
Closing stock	1,27,65,157	1,10,17,194
	( 17,47,963)	1,31,14,314
c. <b>Traded goods:</b>		
Opening stock	84,03,022	1,54,83,741
Closing stock	68,30,469	84,03,022
	15,72,553	70,80,719
<b>Total - (a + b + c)</b>	(1,78,77,053)	1,90,75,173

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

FOR THE YEAR ENDED 31 MARCH 2015

	Year ended 31 March 2015 Rs.	Year ended 31 March 2014 Rs.
<b>NOTE - 22 - Employee Benefit Expenses</b>		
Salaries , Bonus & Allowances	<b>11,75,52,477</b>	12,16,94,435
Contribution to P.F. and Pension Funds	<b>1,31,86,747</b>	1,23,69,481
Staff Welfare Expenses	<b>34,78,379</b>	28,18,297
<b>Total</b>	<b>13,42,17,603</b>	13,68,82,213
<b>NOTE - 23 - Finance Cost</b>		
Interest	<b>2,28,90,845</b>	39,70,800
Other bank charges	<b>51,90,697</b>	1,02,05,384
<b>Total</b>	<b>2,80,81,542</b>	1,41,76,184
<b>NOTE - 24 - Other Expenses</b>		
<b>Administrative Expenses</b>		
Auditor's Remuneration	<b>10,55,060</b>	7,54,312
Books & Periodicals	<b>4,82,831</b>	3,15,535
Directors' Sitting Fees	<b>2,38,456</b>	3,46,622
Insurance	<b>14,72,432</b>	12,72,727
Other Admin Expenses	<b>10,06,330</b>	10,58,808
Postage & Telephone	<b>33,54,846</b>	32,57,543
Power, Fuel and Water	<b>52,96,605</b>	51,74,092
Printing & Stationery	<b>43,84,644</b>	57,85,947
Professional Charges	<b>53,36,705</b>	36,06,883
Rates & Taxes	<b>90,81,345</b>	37,95,376
Rent	<b>13,82,729</b>	11,31,192
Upkeep & Maintenance	<b>93,02,815</b>	1,23,04,600
AMC charges & Software Licenses	<b>51,59,159</b>	44,73,886
Loss on Sale of Fixed assets	-	2,26,693
Loss from Exchange Rate Fluctuation	<b>1,74,765</b>	1,43,134
Travelling, Conveyance & Vehicle Maintenance	<b>1,21,59,557</b>	1,33,47,905
<b>Sub- Total</b>	<b>5,98,88,279</b>	5,69,95,255
<b>Selling &amp; Distribution Expenses</b>		
Advertisement & Publicity	<b>3,17,016</b>	7,13,696
Business Promotion expenses	<b>1,34,00,093</b>	43,84,823
Commission & Discounts	<b>18,27,049</b>	3,64,675
Freight & Transportation	<b>43,51,412</b>	57,38,795
Liquidity Damages & Octroi	<b>23,734</b>	9,350
Bad Debts Written Off	<b>20,98,868</b>	-
Provision for Doubtful Debts	-	1,97,486
<b>Sub- Total</b>	<b>2,20,18,172</b>	1,14,08,825
<b>Total</b>	<b>8,19,06,451</b>	6,84,04,080

## 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 Significant Accounting Policies and other explanatory information

### I. SIGNIFICANT ACCOUNTING POLICIES

#### (a) 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 mandatory Accounting Standards prescribed under section 133 of the Companies Act 2013 ("the Act") read with the Rule 7 of the Companies (Accounts) Rules 2014 and the Act and the guidelines issued by the Securities Exchange Board of India (SEBI).

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

#### (b) 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.

#### (c) Inventories:

Inventories of the Company and their basis of evaluation are as follows:

Type of Inventory	Basis for Evaluation
Raw Materials	At lower of material cost or Net Realisable Value
Semi-finished Goods	At lower of material cost & appropriate absorption of overheads upto the respective stage/s of completion and Net Realisable Value
Finished Goods- Traded	At lower of material cost or Net Realisable Value
Finished Goods- Manufactured	At lower of material cost or Net Realisable Value

#### (d) 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.

#### (e) 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 within a period of 3 months and which are subject to insignificant risk of changes in value.

#### (f) Events occurring after the date of Balance Sheet:

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

#### (g) Revenue Recognition:

(i) 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.

- (ii) 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.
- (iii) The revenues from Annual Maintenance Contracts are recognized on pro-rata basis over the period in which such services are rendered. Earnings in excess of billings are classified as unbilled revenue.
- (iv) Commission income is recognized on completion of supplies by the principals against the relevant orders.
- (v) The revenues from Service and Installation Charges are recognized on completion of respective works contract/s.
- (vi) Income from Investments is recognized when right to receive payment is established.
- (vii) Rental & Hire-charges Income is recognized on accrual basis, quantified under the relevant arrangements.
- (viii) Interest is recognized using the time proportion method, based on the rates implicit in the transaction.

When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Bad debt provisions are created for uncertainty subsequent to revenue recognition.

#### **(h) 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.

#### **(i) Depreciation and amortization:**

- (i) Depreciation in respect of Fixed Assets is provided adopting Straight Line Method over the useful life of the Asset as per Schedule II of the Companies Act, 2013. 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 is as below:

<b>Assets</b>	<b>Estimated Useful life</b>
Building	30 Years Factory 60 Years Office
Plant & Machinery	15 Years
Computers, Software and Networking	3 Years
Furniture & Fixtures, Test Equipments and Electrical Installations	10 Years
Office Equipments	5 Years
Vehicles	8 Years

- (ii) For the assets acquired prior to April 01, 2014 the carrying amount as on that date is depreciated over the remaining useful life based on an evaluation. The carrying amount of such assets which do not have any useful life as on April 01, 2014 based on the estimated useful life specified above has been recognised in the opening balance of Surplus in the Statement of Profit and Loss.

#### **(j) 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.

#### **(k) 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.

#### **(l) Employee Benefits:**

- (i) 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.

(ii) Long Term / Post Employment/ Termination Benefits:

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

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 the statement of profit and loss.

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

Leave Encashment:

Liability in respect of Leave Encashment is provided for, on actuarial Valuations, using the Projected Unit Credit Method.

Provident Fund:

Provident Fund is a defined contribution scheme. On the basis of payments / contributions made to the concerned Provident Fund authorities.

**(m) 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.

**(n) 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.

**(o) Segment Accounting Policies:**

For the purpose of Segment Reporting 'Access & Networking Products' and 'Solar Based Equipment & Projects' constitute primary segments.

(i) 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).

(ii) Segment Revenue and expenses:

The revenue and expenses which are directly attributable to the segments are shown as Segmental revenue and expenses. Other revenue and expenses are shown as unallocated revenue and expenses.

**(p) 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 statement of profit and loss on a straight line basis over the lease term.

**(q) Earnings Per Share:**

The Company reports basic and diluted earnings per share in accordance with the Accounting Standards – 20 – 'Earnings per Share' prescribed under the Act. Basic earnings 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 earnings 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.

**(r) 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 incomes 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 as per taxation laws, 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.

## (s) 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.

Tangible/ Intangible assets arising out of this activity are tested for improvement at the end of each reporting period and accounted accordingly.

## (t) Impairment of assets:

At the end of each reporting period, 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 under the Act, 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.

## (u) 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.

## (v) Expenditure:

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

15,21,27,938/- (P.Y: Rs.24,87,17,338/-). This includes a sum of Rs. NIL (Rs. 2,42,23,243/-) being the Central Financial assistance receivable from the Ministry of Non Renewable Energy (MNRE) on supply of such equipment and projects.

(b) Certain balances representing trade receivables and trade payables are subject to reconciliation and receipt of confirmations from parties, pursuant to confirmation requests sent by the Company. Trade Receivables includes a sum of Rs. NIL (P.Y: Rs. 2,96,18,165/-) being the Central Financial Assistance receivable from the Ministry of Non Renewable Energy (MNRE) on the supply of Solar based Equipments and Projects.

(c) Disclosure under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED):

Dues in respect of, 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. Disclosures as required under MSMED are:

Particulars	31 March 2015	31 March 2014
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	1,59,18,990	47,42,516
The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the year;	NIL	NIL
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;	NIL	NIL
The amount of interest accrued and remaining unpaid at the end of the year	1,73,096	NIL
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	NIL	NIL

## II. NOTES ON ACCOUNTS AND OTHER EXPLANATORY INFORMATION

(a) Revenues from Sale of Solar Based Equipment and projects during the year was Rs.

(d) Additional information as required under Schedule III of the Companies Act, 2013:

Amount in Rs.

Particulars	31 March 2015	31 March 2014
Statutory Audit Fee	8,30,340	6,74,160
Tax Audit Fee	2,24,720	67,416
Certification and Others	-	12,736
<b>Total</b>	<b>29,80,84,457</b>	<b>31,28,96,444</b>

Particulars	31 March 2015	31 March 2014
Capacitors	38,33,142	63,68,151
Connectors	60,38,162	84,28,752
Integrated Circuits	2,24,37,945	2,66,61,053
Populated PCBs	15,37,00,410	15,69,86,679
Printed Circuit Boards	50,72,482	88,74,670
Transceiver	1,87,25,831	1,91,14,330
Transformers	1,01,86,641	86,30,480
Others	7,80,89,844	7,78,32,329
<b>Total</b>	<b>29,80,84,457</b>	<b>31,28,96,444</b>

Consumption of raw materials

Amount in Rs.

Composition

Amount in Rs.

Particulars	2014-15		2013-14	
	Value Rs.	% age	Value Rs.	% age
Indigenous	13,41,38,006	45	14,70,61,329	47
Imported	16,39,46,451	55	16,58,35,115	53
<b>Total</b>	<b>29,80,84,457</b>	<b>100</b>	<b>31,28,96,444</b>	<b>100</b>

Working in progress under broad head

Amount in Rs.

Particulars	31 March 2015	31 March 2014
Modem	37,442	448,459
Converters	24,34,578	27,02,005
Ethernet Switch	44,00,399	24,76,688
Multiplexers	2,83,343	3,13,195
Others	18,26,390	22,27,250
UPS systems	37,83,005	28,49,597
<b>Total</b>	<b>1,27,65,157</b>	<b>1,10,17,194</b>

Additional information on statement of profit and loss

Amount in Rs.

Particulars	31 March 2015	31 March 2014
Raw Materials, Components and Finished Goods	25,98,65,805	26,51,13,392
Capital Goods	2,61,917	-
<b>Expenditure in foreign currency (on cash basis)</b>		
Travelling	3,45,403	8,21,104
Capital Goods	2,61,917	-
Raw materials Components and Finished goods	22,93,88,728	20,38,93,672
AMC Charges Paid	-	94,287
<b>Earnings in foreign exchange</b>		
Export of goods and services on F.O.B	6,95,658	14,52,912

Gross Income

Amount in Rs.

Particulars	31 March 2015	31 March 2014
<b>Manufactured</b>		
Modems	6,04,16,288	15,99,44,456
Convertors	20,10,31,470	18,92,94,667
Multiplexers	8,53,01,905	4,43,93,396
Ethernet Switch	5,62,76,751	4,85,83,272
Others	52,07,755	17,55,959
UPS systems	2,66,19,228	5,15,53,433
<b>Sub total (A)</b>	<b>43,48,53,397</b>	<b>49,55,25,183</b>
<b>Traded Goods</b>		
Switches	41,85,684	1,13,43,836
Others	3,15,29,159	5,85,16,033
Solar Project Equipment & Solar Pumps	9,70,12,475	14,11,63,268
<b>Sub total (B)</b>	<b>13,27,27,318</b>	<b>21,10,23,137</b>
<b>Grand Total (A+B)</b>	<b>56,75,80,715</b>	<b>70,65,48,320</b>

**Note:** Finished Goods includes Rs. NIL (P.Y: Rs. 7,02,112/-), being value of materials at prospective customers' premises for demonstration purposes.

# MRO-TEK LIMITED

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

Amount in Rs.

Particulars	FC	Rs.	FC	Rs.
	<b>As at 31 March 2015</b>		<b>As at 31 March 2014</b>	
Trade Payables	\$ 4,61,833	2,91,23,197	\$ 6,43,512	3,89,19,629
	JPY 1,31,440	69,177	JPY 1,31,440	78,141
	ERUO 205	13,709	NIL	NIL
Trade Receivables	\$ 6,490	4,03,808	\$ 24,000	14,31,360

(e) 'Upkeep & Maintenance expenses' reflected in Note - 24 includes Repairs to Building – Rs. 20,45,183/- (P.Y: Rs.53,19,188/-) and Repairs to Machinery – Rs. 4,53,240/- (P.Y: Rs.7,90,078/-).

## (f) Employee Benefits

Disclosures pursuant to Accounting Standard 15 prescribed under the Act for the provision for Gratuity are as given below:

Amount in Rs.

Particulars	As at 31 March 2015	As at 31 March 2014
Obligations at the beginning of the year	1,56,17,884	1,88,86,837
Service Cost	30,46,125	8,76,403
Interest Cost	11,20,665	14,92,026
Benefits Settled	(25,37,549)	(50,53,809)
Actuarial (Gain) / Loss	14,22,116	(5,83,573)
Obligations at the end of the year	1,86,69,241	1,56,17,884
<b>Change in Plan Assets</b>		
Plan Assets at the beginning of the year, at Fair Value	1,79,71,570	1,97,79,596
Expected return on plan assets	14,10,623	14,43,149
Actuarial Gain / (Loss)	1,65,510	1,91,740
Contributions	18,59,986	15,73,336
Benefits Settled	(25,37,549)	(50,53,809)
Plan Assets at the end of the year, at Fair Value	1,89,12,895	1,80,09,128
<b>Reconciliation of Present Value of the obligation and the Fair Value of the planned assets:</b>		
Fair Value of Plan Assets at the end of the year	1,89,12,895	1,80,09,128
Present Value of the defined benefit obligation at the end of the year	1,86,69,241	1,56,17,884
Asset / (Liability) recognized in the balance sheet	NIL	NIL
<b>Gratuity Cost for the year</b>		
Service Cost	30,46,125	8,76,403
Interest Cost	11,20,665	14,92,026
Expected return on plan assets	(14,10,623)	(14,43,149)
Actuarial (Gain) / Loss	12,56,606	(7,75,313)
Net Gratuity Cost	40,12,773	1,49,967
<b>Assumptions</b>		
Interest rate	7.81%	9.12%
Discount factor	7.81%	9.12%
Expected rate of return on plan assets	8%	8%
Expected rate of salary increase	7%	7%
Attrition rate	3%-2%-1%	3%-2%-1%
Retirement Age	63 years	63 years

**(g) Segment Reporting**

Disclosures pursuant to Accounting Standard 17 prescribed under the Act are:

**Primary Segment**

The Company's primary business segment is 'Access & Networking products' and 'SBEP products'.

**Secondary Segment**

The Company's secondary segment is determined based on location of customers / export destinations (Geographical Segment).

**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	31 March 2015	31 March 2014
<b>a) Segmental Revenue</b>		
Access & Networking	40,95,13,591	42,88,94,652
Solar Based Equipment & Projects	15,21,27,938	24,87,17,348
<b>Total</b>	<b>56,16,41,529</b>	<b>67,76,12,000</b>
<b>b) Segmental Results (Gross Margin)</b>		
Access & Networking	13,89,35,508	9,41,56,054
Solar Based Equipment & Projects	92,67,641	3,12,87,835
<b>Total</b>	<b>14,82,03,149</b>	<b>12,54,43,889</b>
<b>c) Capital Employed</b>		
Access & Networking	15,91,37,628	19,01,48,471
Solar Based Equipment & Projects	7,45,90,948	7,57,45,678
Unallocated	3,20,09,895	11,28,28,747
<b>Total</b>	<b>26,57,38,471</b>	<b>37,87,22,896</b>
<b>d) Segment Revenue for Geographical Segment</b>		
Access & Networking		
India	40,40,30,700	42,74,41,750
Outside India	54,82,891	14,52,912
<b>Sub-Total</b>	<b>40,95,13,591</b>	<b>42,88,94,662</b>
Solar Based Equipment & Projects		
India	15,21,27,938	24,87,17,338
Outside India	-	-
<b>Sub-Total</b>	<b>15,21,27,938</b>	<b>24,87,17,338</b>
<b>Total</b>	<b>56,16,41,529</b>	<b>67,76,12,000</b>

**(h) Related Party Disclosure**

Disclosures pursuant to Accounting Standard 18 prescribed under the Act are:

**A. Relationships:**

- (i) RAD-MRO Manufacturing Private Limited - Joint Venture Company
- (ii) Whole time Directors –
  - S. Narayanan, Chairman & Managing Director
  - H. Nandi, Managing Director

## B Transactions with related parties:

Amount in Rs.

	31 March 2015	31 March 2014
<b>With Joint Venture</b>		
Professional Services received (inclusive of Service Tax)	1,34,832	1,35,956
Rent Received (inclusive of Service Tax)	3,37,080	50,562
Outstanding payables	NIL	NIL
Outstanding receivables	89,888	11,236
<b>With Whole Time Directors</b>		
Salaries	72,00,000	72,00,000
Contribution to welfare fund	19,44,000	19,44,000
Sale of Goods	2,08,890	1,55,412

## (i) Earnings per Share

Disclosures pursuant to Accounting Standard 20 prescribed under the Act are:

Amount in Rs.

Particulars	31 March 2015	31 March 2014
Profit/(Loss) after Taxation as per Profit & Loss account	(11,17,38,040)	(11,35,65,112)
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)	(5.98)	(6.08)
Diluted EPS in Rs. (face value Rs.5 per share)	(5.98)	(6.08)

## (j) Accounting for Taxes on Income

Deferred Tax

During the year, the Company has accounted for Rs. 8,26,237/- (Rs. 8,29,143/- Deferred Tax Asset) towards deferred tax liability and has considered the same to the statement of profit and loss as stipulated under Accounting Standard 22, on "Accounting for Taxes on Income", prescribed under the Act. However, on conservative basis, deferred tax asset on carry forward losses, has not been considered.

## (k) Intangible Assets

- 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.

Particulars	31 March 2015	31 March 2014
Material Cost	4,28,332	2,27,479
Employee benefit expenses	1,57,53,472	1,83,71,754
Repairs & Maintenance Charges	40,603	1,20,307
Software purchases for R&D	6,97,706	9,97,210
Travelling & Conveyance	-	47,844
Professional Charges	75,000	-
<b>Total</b>	<b>1,69,95,113</b>	<b>1,97,64,594</b>

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

**(l) Interest in Joint Ventures**

Disclosure of interest in respect of RAD-MRO Manufacturing Private Limited as required under Accounting Standard 27:

Particulars	31 March 2015	31 March 2014
1. Description of Interest	49% Ownership	49% Ownership
2. Country of Incorporation	India	India
3. Aggregate Amount of Contingent Liabilities		
i. Share of Contingent liabilities of the Joint Ventures	NIL	NIL
ii. Contingent liability on account of the liabilities of other Ventures of the Joint venture	NIL	NIL
4. Total Paid up Capital	1,48,00,000	1,48,00,000
5. Investment by Company	72,52,000	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	NIL
ii. Company's share of Capital commitments of the Joint Ventures	NIL	NIL
7. Aggregate amount of the following: (un-audited)		
i. Assets	3,90,62,753	4,73,65,652
ii. Liabilities	1,93,232	2,61,181
iii. Income	31,97,616	31,94,940
iv. Expenditure	1,14,08,198	5,61,397
v. Profit / (Loss) from business	(82,00,188)	26,33,543

**(m) Impairment of Assets**

During the year the Company has capitalised development cost incurred in house towards development of certain products as an intangible asset aggregating to Rs. 81,61,802/- (P.Y: Rs. Nil). However, based on the market condition at the end of the year, the Company has impaired such intangible asset fully by transferring the same to statement of profit and loss.

**(n) Provisions and Contingent Liabilities**

- Provision has been made for an estimated amount of Rs 10,00,000/- (P.Y: Rs. 2,65,00,000/-) 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 and / or salable in the activities of the Company.
- Inventories includes a sum of Rs. NIL (P.Y: Rs.1,38,43,660/-) being slow moving stock beyond 1 year not provided for.
- 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.

## Contingent liabilities

Amount in Rs.

Particulars	31 March 2015	31 March 2014
Counter Guarantees to Bank (to the extent of live guarantees issued by bank)	73,55,088	2,44,75,041
Letters of Credit	23,88,300	5,73,07,215
Capital Commitments	50,00,000	1,80,00,000
Sales tax liability in lieu of Form 'C' yet to be received	2,13,45,448	1,50,39,644
Disputed Central Excise Duty	4,66,90,550	4,66,90,550

(o) Figures for the year have been rounded-off to the nearest rupee and, those in the brackets, wherever given, correspond to respective figures for the previous year. Figures of previous year have been regrouped & reclassified, wherever necessary.

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

<b>S. Narayanan</b>	Chairman & Managing Director
<b>H. Nandi</b>	Managing Director
<b>Srivatsa</b>	Chief Financial Officer
<b>M. D. Rajan</b>	Company Secretary

Place : Bangalore  
Date : 27 May 2015

**for Singhvi, Dev & Unni**  
Chartered Accountants  
Firm No. 003867S

**Parthasarathy Sudarsanam**  
Partner  
Membership No: 205179



## CASH FLOW STATEMENT

Particulars	31 March 2015 Rs.	31 March 2014 Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before exceptional and extraordinary items and taxes	(11,09,11,803)	(11,50,12,804)
<b>ADD:</b>		
Depreciation	1,36,89,796	2,40,43,864
Gain/(Loss) on Exchange rate Fluctuation	1,74,765	1,43,134
Interest on Bank Borrowings	2,28,90,845	39,70,800
Net (Gain)/Loss on Sale of Fixed Assets	( 2,27,211)	2,06,688
Capital Gains - Investment	-	-
Extraordinary Items	-	6,18,549
Interest Income	( 61,34,445)	( 28,24,816)
Interest on Bank Borrowings		
<b>Operating Profit before working Capital Changes</b>	<b>(8,05,18,053)</b>	<b>(8,88,54,585)</b>
<b>Add/ Less : (Increase)/Decrease in Operating Assets</b>		
Inventory	(3,46,28,258)	1,16,80,077
Trade Receivables (Current & Non-Current)	14,41,57,732	(6,01,46,103)
Loans and advances (Short and Long term)	72,66,538	( 57,93,665)
<b>Add/(Less) : Increase/(Decrease) in Operational Liabilities</b>		
Trade Payable	(5,63,91,634)	5,12,48,931
Other Liabilities (Current & Non-Current)	( 1,11,83,156)	1,07,54,870
Provisions (Short and Long term)	10,40,622	( 13,68,434)
<b>Cash generated from operation</b>	<b>(3,02,56,209)</b>	<b>(8,24,78,909)</b>
<b>Income Tax</b>	<b>(22,10,245)</b>	<b>21,04,456</b>
<b>Net Cash from Operating activities</b> -- > A	<b>(3,24,66,454)</b>	<b>(8,03,74,453)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(2,20,68,444)	(88,35,425)
Proceeds from Sale of Fixed assets	2,27,211	2,33,771
Interest Income	61,34,445	28,24,816
<b>NET CASH FLOW / (USED IN) INVESTING ACTIVITIES -- &gt; B</b>	<b>(1,57,06,788)</b>	<b>( 57,76,838)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Bank Borrowings - Working Capital	(3,02,05,561)	20,73,44,514
Repayment of Long-term borrowing	(67,49,000)	( 67,49,000)
Bank Borrowings - Interest	(2,28,90,845)	( 39,70,800)
<b>NET CASH FLOW / (USED IN) FINANCING ACTIVITIES -- &gt; C</b>	<b>(5,98,45,406)</b>	<b>19,66,24,714</b>
<b>NET INCREASE / (DECREASE) IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>	<b>(10,80,18,648)</b>	<b>11,04,73,423</b>
<b>CASH &amp; CASH EQUIVALENTS - OPENING BALANCE</b>	<b>15,58,50,389</b>	<b>4,53,76,966</b>
<b>CASH &amp; CASH EQUIVALENTS - CLOSING BALANCE</b>	<b>4,78,31,741</b>	<b>15,58,50,389</b>

for and on behalf of the Board of Directors

As per our report attached to the Cash Flow Statement

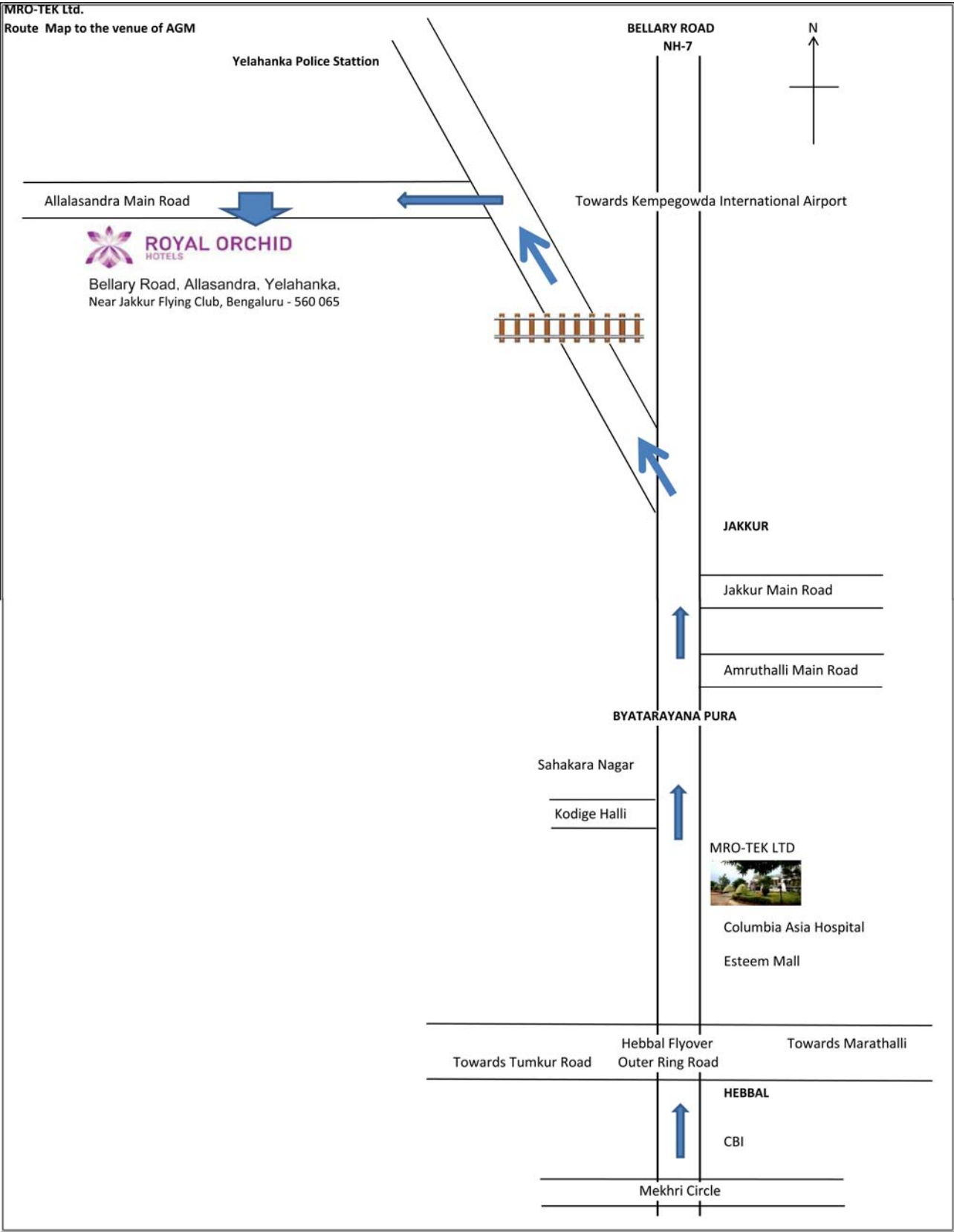
S. Narayanan  
H. Nandi  
Srivatsa  
M. D. Rajan

Chairman & Managing Director  
Managing Director  
Chief Financial Officer  
Company Secretary

for Singhvi, Dev & Unni  
Chartered Accountants  
Firm No. 003867S

Parthasarathy Sudarsanam  
Partner  
Membership No: 205179

Place : Bangalore  
Date : 27 May 2015



**MRO-TEK LIMITED**

**CIN: L28112KA1984PLC005873**

**Registered Office: Bellary Road, Hebbal, Bangalore – 560 024**

Telephone: 080-23332951 | Email: grd@mro-tek.com | Web: www.mro-tek.com

**ATTENDANCE SLIP**

**This attendance slip duly filled in to be handed over at the entrance of the meeting hall**

Name of the attending Member (in block letters):

.....

Members' Folio Number: .....

Client I.D. No.: .....

D.P.I.D No: .....

Name of the Proxy (in Block Letters, to be filled in if the proxy attends instead of the members):

.....

No. of Shares held: .....

I hereby record my presence at the Thirty First Annual General Meeting of the Company held on Wednesday the 23<sup>rd</sup> September, 2015, at 11.30 a.m. at Royal Orchids Hotels Limited, Royal Orchid Resorts and Convention Centre, Allalasandra, Bellary Road, Yelahanka, Near Jakkur Flying Club, Bangalore – 560 065

To be signed at the time of handing over

Signature of member / Proxy



## MRO-TEK LIMITED

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### Form No. MGT-11

#### Proxy form

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

CIN: L28112KA1984PLC005873

Name of the company: **MRO-TEK Limited**

Registered office: **Bellary Road, Hebbal, Bangalore – 560 024**

Name of the member (s) :

Registered address :

E-mail Id:

Folio No/ Client Id :

DP ID :

I/We, being the member (s) of ..... shares of the above named company, hereby appoint

1. Name: .....

Address:

E-mail Id:

Signature:....., or failing him

2. Name: .....

Address:

E-mail Id:

Signature:....., or failing him

3. Name : .....

Address:

E-mail Id:

Signature:.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Thirty First Annual General Meeting of the Company, to be held on the on Wednesday, the 23rd September, 2015 at 11.30 a.m. at Royal Orchids Hotels Limited, Royal Orchid Resorts and Convention Centre, Allalasandra, Bellary Road, Yelahanka, Near Jakkur Flying Club, Bangalore – 560 065 and at any adjournment thereof in respect of such resolutions as are indicated below :

#### ORDINARY BUSINESS

1. Adoption of Financial Statements for the year ended March 31, 2015.
2. Appointment of Mr. S Narayanan, Chairman and Managing Director who retires by rotation.
3. Appointment of Mr. H Nandi, Managing Director who retires by rotation.
4. Appointment of Statutory Auditors of the Company.

#### SPECIAL BUSINESS

5. Appointment of Mrs. Sunanda Nag as a Director.
6. Appointment of Mr. N K Rajasekharan as an Independent Director.
7. Appointment of Mrs. Sunanda Nag as an Independent Director.

Signed this..... day of..... 2015

Signature of shareholder

Signature of Proxy holder(s)

Affix  
Revenue  
Stamp

**Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.**



**MRO-TEK LIMITED****CIN: L28112KA1984PLC005873****Registered Office: Bellary Road, Hebbal, Bangalore – 560 024**

Telephone: 080-23332951 | Email: grd@mro-tek.com | Web: www.mro-tek.com

**Form No. MGT-12****Polling Paper**

[Pursuant to section 109(5) of the Companies Act, 2013 and rule 21(1)(c) of the Companies (Management and Administration) Rules, 2014]

Name of the Company: MRO-TEK Limited

Registered office: Bellary Road, Hebbal, Bangalore – 560 024

**BALLOT PAPER**

Sl. No.	Particulars	Details
1.	Name of the First Named Shareholder (In block letters)	
2.	Postal address	
3.	Registered folio No. / *Client ID No. (*Applicable to investors holding shares in dematerialized form)	
4.	Class of Share	

I hereby exercise my vote in respect of Ordinary/ Special resolution enumerated below by recording my assent or dissent to the said resolution in the following manner:

No.	Item No.	No. of shares held by me	I assent to the resolution	I dissent to the resolution
	<b>ORDINARY BUSINESS</b>			
1.	Adoption of Financial Statements for the year ended March 31, 2015.			
2.	Appointment of Mr. S Narayanan, Chairman and Managing Director who retires by rotation.			
3.	Appointment of Mr. H Nandi, Managing Director who retires by rotation.			
4.	Appointment of Statutory Auditors of the Company.			

**SPECIAL BUSINESS**

5.	Appointment of Mrs. Sunanda Nag as a Director.			
6.	Appointment of Mr. N K Rajasekharan as an Independent Director.			
7.	Appointment of Mrs. Sunanda Nag as an Independent Director.			

Place:

Date:

(Signature of the shareholder)





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## Domestic Customers (Partial)



# Client Landscape

## International Customers (partial)



## **MRO-TEK LIMITED**

Bellary Road, Hebbal,  
Bangalore - 560 024.