

ANSCO SERVICE

# MROTEK™

Access Every Network

MRO-TEK LTD.

ANNUAL REPORT 2006-2007

## BOARD OF DIRECTORS

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

### Registered office

Bellary Road  
Hebbal  
Bangalore - 560 024  
Ph : (91) (80) 23332951

### Manufacturing Unit

29-B, Electronic City  
Hosur Road, Bangalore - 560 100  
Ph : (91) (80) 28520544

### Marketing Offices

1st Floor  
Lovlesh Court  
Varde Marg, Bandra (West)  
Mumbai - 400 050  
Ph : (91) (22) 26407311

Flat # 310 - 311  
International Trade Tower  
Nehruplace, New Delhi - 110 019  
Ph : (91) (11) 26449164/65

### Bankers

State Bank of India  
Canara Bank

### Statutory auditors

Narayanan, Patil & Ramesh  
Chartered Accountants  
103, 1st Floor, Brigade Links  
54/1, I Main Road  
Seshadripuram  
Bangalore - 560 020

### Internal auditors

Tambakad and Goil  
Chartered Accountants  
# 3, Classique Mansion  
6th Cross, HAL 2nd Stage  
Off Airport Road  
Bangalore - 560 008

### Registrars &

#### Share transfer agents

Karvy Computershare Pvt Ltd  
Plot No.17-24  
Vittalrao Nagar, Madhapur  
Hyderabad- 500 081  
Ph : 040-23420815  
Fax : 040-23420812  
e-mail: mailmanager@karvy.com

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## NOTICE

The Members  
MRO-TEK LIMITED

NOTICE is hereby given that the Twenty Third Annual General Meeting of the Company will be held at 11.00 hours on Wednesday, 27 June 2007, at Hotel Ajantha, Rohini Hall, 22-A, M.G. Road, Bangalore - 560 001, to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31 March 2007, and the Profit and Loss account for the year ended that date, along with the report of Directors and Auditors thereon.
2. To declare final Dividend.
3. To appoint a Director in place of Mr. R. Rajagopalan, who retires by rotation and who, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. A.Mohan Rao, who retires by rotation and who, being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.
4. Subject to the provisions of Sec 206 A of the Companies Act, 1956, dividend as recommended by the Board of Directors, if declared at the Annual General Meeting, shall be disbursed on or after 27 June 2007, and before 26 July 2007.
5. 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.
6. In view of the above, members who have not encashed the dividend warrant(s) so far for any of the dividends declared earlier, viz dividends(s) for the year 1999-2000, or for any subsequent year/s, are requested to make their claims immediately to the Company.
7. Members may 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](mailto:grd@mro-tek.com).

*by Order of the Board of Directors*

Place : Bangalore  
Date : 23 May 2007

**R. Ramaswamy**  
Company Secretary

### NOTES :

1. A member entitled to attend and vote at the meeting, is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member.
2. The proxy-form, in order to be effective, should be received at the Registered Office of the Company, not less than forty-eight hours before the Annual General Meeting.
3. The Register of Members and Share transfer books of the Company will remain closed from 14 June 2007 to 27 June 2007 (both days inclusive) in connection with the final dividend being considered for approval in the Annual General Meeting.

8. **The Company proposes to disburse the final dividend now recommended through ECS, wherever said facility is available. Hence, members holding shares in electronic mode are requested to initiate requisite steps with their respective Depository Participant (DP), to update their bank account details and also to intimate all changes with respect to their nomination, power of attorney, change of address, etc. to their respective DP only.**

*by Order of the Board of Directors*

Place : Bangalore  
Date : 23 May 2007

**R. Ramaswamy**  
Company Secretary

**MRO-TEK LIMITED****REPORT OF DIRECTORS AND  
MANAGEMENT DISCUSSION & ANALYSIS**

Your Directors have pleasure in presenting herewith their Twenty Third Annual Report on the activities of your Company during the year ended 31 March 2007.

**FINANCIAL RESULTS**

	<b>2006-2007 (Rs. Lacs)</b>	2005-2006 (Rs. Lacs)
Net Revenue	<b>11,565.03</b>	14,403.53
Profit before Depreciation	<b>1,803.83</b>	2,806.17
Depreciation	<b>297.14</b>	363.53
Profit before Taxation	<b>1,506.69</b>	2,442.64
Provision for Taxation	<b>434.88</b>	686.28
Profit after Taxation	<b>1,071.81</b>	1,756.36
Prior year income/(expenditure)	<b>(21.62)</b>	0.05
Balance for appropriations	<b>1,050.19</b>	1,756.41

**APPROPRIATIONS**

To General Reserve	<b>150.00</b>	1,150.00
To Interim Dividend paid - 20% (previous year - 25%)	<b>204.30</b>	255.38
To Dividend Tax on Interim Dividend	<b>28.65</b>	35.82
To Final Dividend - 20% (previous year-20%)	<b>207.42</b>	204.30
To Dividend Tax on Final Dividend	<b>35.25</b>	28.65
To carry-over to Balance Sheet	<b>424.57</b>	82.26

**DIVIDEND**

Despite reduction in revenue and the consequent reduction in retained profit, with stringent control measures in areas such as Inventory, Debtors realizations and Treasury operations, the liquidity position of the company continued to become stronger, which facilitated your Directors to recommend a final dividend of 20% (Re 1 per share), in addition to the Interim dividend of 20% (Re 1 per share) disbursed in February 2007, thereby aggregating to a total dividend of 40% for the year, amounting to Rs 2 per share of face value Rs 5 each.

**PERFORMANCE**

During the year under review,

- ◆ as compared to that of the previous year, the net sales revenue of Rs 11,074 lacs, registered a decline of 20%, purely due to pressing market situations;
- ◆ despite such a decline, the operating profit has been sustained at previous levels, by controlling and keeping the input cost low;
- ◆ in order to re-establish previously registered pace in

augmenting revenues, your company continues to endeavor in maintaining the customers at their utmost satisfaction levels, by registering impeccable track record of quality and delivery efficiency, thereby ensuring their continued patronage for your company's products and services;

- ◆ further changes and improvisations were implemented in manufacturing process, to comply with International requirements;
- ◆ certain products developed by the in-house R&D section have been commercialized, which accounted for 5% approx of the total Sales Revenue. Since the nature of these products are highly 'machine-critical', the turnover from these products is yet to make a major impact on the turnover of the company, as the gestation time is slightly longer as compared to products which are general in nature;
- ◆ as a natural consequence of decline in Revenue, the Profit Before Taxes, at Rs 1,506.69 lacs, registered a decline of 39% approx, as compared to Rs 2,442.64 lacs of the previous year;
- ◆ the Profit After Taxation, at Rs 1,071.81 lacs, as compared to Rs 1,756.37 lacs of the previous year, registered a decrease of 39% approx.

**PROSPECTS & OUTLOOK**

- ◆ your Directors are fully sentient of the fact that, the need of the hour is to reassert Revenue and Profit to higher levels, to achieve which, every effort has duly been initiated, by adding more products, customers and markets;
- ◆ the continuing boom in communication sector - more particularly in mobile telephony, as also the increased awareness and spending on net-working activity in Banking, Finance, Insurance, Railways and other Government Agencies and Private entities, provide abundant scope for such confidence.
- ◆ vigorous marketing efforts and ceaseless cost-reduction activities shall continue with more thrust and vigor to accomplish these goals;
- ◆ efforts shall be intensified to sustain leadership position, by constantly upgrading the products to match advancing technological trends, maintaining the superiority in quality, and continuing the unblemished timely service support;
- ◆ continued thrust to develop and commercialize Next Generation Network products from the in-house R&D stable, would provide the additional impetus for sustained growth;
- ◆ your Directors are hopeful that all the above, coupled with continuous monitoring of inventory, receivables and overheads, would result in healthier results during the current and coming years.

**FINANCE**

During the year under review, close monitoring of finances, inventory, receivables and overheads, continued. Your company continued to sustain its status of being DEBT-FREE.

Despite decline in Revenue and retained Profits, the strong liquidity position further improved with Cash & Bank balances increasing from Rs.2,171.81 lacs to Rs.3,286.95 lacs which includes, lien-free deposits with the Banks, which increased from Rs. 2,000 lacs to Rs.3,000 lacs.

The Net Worth of your Company improved from Rs 8,415.49 lacs to Rs.9,218.34 lacs, with book value per share at Rs.44.44 (face value Rs.5), even after disbursing, and providing for, the total dividend of 40% accounting for Rs 475.62 lacs, comprising of Rs 411.72 lacs towards dividend and Rs 63.90 lacs towards Dividend Distribution Tax.

Your Directors place on record their sincere appreciation for continuing assistance, guidance, co-operation and whole-hearted support from your company's bankers.

**PENDING CLAIMS / APPLICATIONS**

The proceedings pertaining to the application made by your company against the demand by the Income Tax Department for a total sum of Rs 66.64 lacs as incremental income tax payable for the Assessment Years of 1998-99 and 1999-2000, are still pending.

As per legal advice received by your company, the outcome of these proceedings shall be favoring your Company, and as such, no provision has been made in the financial accounts.

**JOINT VENTURE**

RAD-MRO Manufacturing Pvt. Ltd., the Joint Venture Company at Bangalore, India, continued to deliver the intended benefits such as delivery efficiency, access to latest technological developments, and reasonable profits.

During the year under review, this company achieved, as per provisional figures pending audit finalization, a total revenue of Rs. 2,024 lacs, with a PBT of Rs 139 lacs and PAT of Rs. 91 lacs.

**HUMAN RESOURCES & INDUSTRIAL RELATIONS**

Endeavor continues to attract the best available talents in the industry. Every effort is made in recognizing, registering and retaining most-valuable human power.

Information relating to the implementation of the Employee Stock Option Scheme has been detailed elsewhere in this report.

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended from time to time, forms part of this Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts are being sent to all the members, excluding the statement containing the particulars of employees to be provided under Section 217(2A) of the Companies Act, 1956. Any member interested in obtaining such particulars may inspect the same at the Registered Office of the Company or write to the Company Secretary for a copy.

**EMPLOYEE STOCK OPTION SCHEME (2005)**

Stock options, equivalent to 3,11,400 equity shares of Rs 5 each, granted to the employees as per terms enunciated in the 'MRO-TEK Limited Employees Stock Option Scheme' having vested during the year, your Company has allotted 3,11,400 equity shares of Rs 5 each to the respective employees.

Information as stipulated under regulation 12.1 of SEBI (ESOS & ESPS) Guidelines, 1999

Options granted (in March 2006)	3,11,400 equivalent of 3,11,400 Equity shares of Rs.5 each
The pricing formula	at 25% approx of the market value
Options vested	3,11,400
Options exercised	3,11,400
The total number of shares arising as a result of exercise of option	3,11,400 Equity shares of Rs. 5 each
Options lapsed	Nil
Variation of terms of options	N/A
Money realized by exercise of options	Rs.62,28,000 (comprising of Rs. 15,57,000 towards share capital and Rs. 46,71,000 towards share premium)
Total number of options in force	Nil
Diluted earnings per shares (pursuant to issue of shares on exercise of options)	Rs.5.17
Weighted-average exercise price per share	Rs.20.00
Weighted average fair value per share	Rs.41.64

No employee has been granted 5% or more of the options granted during the year and/or options equal to exceeding 1% of issued capital of the company at the time of grant.

The other relevant details pertaining to this have been furnished also under note 22 of Notes on Accounts.

**BUY BACK**

In order to more effectively utilize the cash surplus, your Directors have mooted a proposal for Buy Back of Company's own equity shares, through the Stock Exchange mechanism, at a price not exceeding Rs 55 per share, ear-marking a total amount of Rs 825 lacs for this purpose, financed out of your Company's own Free Reserves.

Your Directors are hopeful that the proposed scheme would maximize returns to investors and enhance overall shareholder value by returning surplus cash to shareholders in an investor-friendly manner, and also serve as an efficient mechanism for providing an exit opportunity to those shareholders who so desire, in a manner that does not substantially impact the market price of the Company's shares to the detriment of the continuing shareholders. The proposed Buy Back is also

## MRO-TEK LIMITED

expected to enhance the earnings per share of the Company in future and create long-term shareholder value.

Statutory compliance by way of a Public Notice and Announcement have already been made. The said proposal is to be implemented, when once the requisite statutory approvals are received.

### INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY

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

### CONSERVATION OF ENERGY

During the year under review, efforts continued to conserve and avoid wastage of energy in every possible way.

### RESEARCH & DEVELOPMENT

As stated earlier in this report, taking full cognizance of the fact that, reinstating of Revenue and Profit to higher levels can be achieved only by adding more products and new customers, your Company has further intensified its thrust on the R&D activities in developing niche products for niche markets. While the developmental activities for new products continue, the products which have been completed and are in advanced stage of field trial, are awaiting commercialization. Higher revenue is expected from these products in the coming years.

During the year under review, an amount of Rs. 14.15 lacs (Prev. year- Rs. 45.14 lacs) has been invested in equipment and an amount of Rs 449.95 lacs (Prev. year- Rs. 368.64 lacs) has been defrayed towards Revenue Expenses, which has been absorbed in these accounts, in accordance with the attending accounting standards.

### TECHNOLOGY ABSORPTION

The in-house technical and commercial teams consistently engage themselves in their endeavor to indigenize technology and components, as well as implementation of value-engineering and cost-saving methods.

### FOREIGN EXCHANGE EARNINGS AND OUTGO

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

Full details of foreign exchange earnings and expenditure are furnished under note no. 16 and 17 of Notes on Accounts.

### CORPORATE GOVERNANCE

A detailed compliance note on Corporate Governance, as

required under the provisions in the listing agreement with the Stock Exchanges, together with the certificate of Statutory Auditors thereon, is attached to this report.

### MANAGEMENT DISCUSSION AND ANALYSIS

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

### DIRECTORS

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

Your Directors commend the above for your approval.

### AUDITORS

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

### ACKNOWLEDGEMENTS

Your Directors place on record their sincere gratitude to the continuing patronage of the valued Customers. Your Directors also place on record, their sincere appreciation of the dedication and commitment of the employees at all levels, who have together been responsible for the growth of the Company.

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

### DIRECTORS' RESPONSIBILITY STATEMENT

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

- ◆ in the preparation of these annual accounts, the applicable accounting standards have been followed and no material departures have been made from the same;
- ◆ they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profits for that period;
- ◆ they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and, for preventing and detecting fraud and other irregularities;
- ◆ they have prepared annual accounts on a 'going concern' basis.

for & on behalf of the Board of Directors

Place : Bangalore  
Date : 23 May 2007

**S. Narayanan**  
Chairman & Managing Director



## CORPORATE GOVERNANCE

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

### 1. 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.

MRO-TEK is conscious of the fact that the success of a corporation is a reflection of the professionalism, conduct and ethical values of its management and employees. In

addition to compliance with regulatory requirement, MRO-TEK endeavours to ensure that highest standards of ethical and responsible conduct are met throughout the organisation.

### 2. Board of Directors

#### Composition

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

S. Narayanan, Chairman & Managing Director and H. Nandi, Managing Director are the two Executive Directors.

R. Rajagopalan, N. Sivaram, A. Mohan Rao, and A.Murali are the four Independent, Non-Executive Directors on the Board of your Company.

#### Number of Board Meetings

A total of six meetings of the Board of Directors were held during the year under review, on 3 May, 28 June, 29 July, 26 October 2006, 24 January, 30 March 2007.

### Directors' attendance record and directorships held

Name of Director	Position	Category of Directorship	No. of Board Meetings Attended	Attendance at Prev. AGM on 28 June 2006	No. of outside Directorships held	No. of membership/ chairmanship in other Board Committees
S. Narayanan	Chairman & Managing Director	Executive	6	Present	2	Nil
H. Nandi	Managing Director	Executive	6	Present	2	Nil
R. Rajagopalan	Director	Non-Executive, Independent	6	Present	4	3
N. Sivaram	Director	Non-Executive, Independent	4	Present	1	Nil
A. Mohan Rao	Director	Non-Executive, Independent	5	Present	4	Nil
A. Murali	Director	Non-Executive, Independent	6	Present	12	Nil

### AUDIT COMMITTEE

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

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

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

During the year, the broad terms of reference of the Audit committee, were 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

## MRO-TEK LIMITED

and Cost Auditors and the remuneration payable to them.

- ♦ remuneration to Directors.
- ♦ accounting of ESOP Costs in accordance with SEBI guidelines.

The Committee met four times during the year, on 3 May, 29 July, 26 October 2006 and 24 January 2007.

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

### REMUNERATION & COMPENSATION COMMITTEE

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

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

The terms of reference to this Committee include:

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

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

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

Details of the remuneration to the Directors are detailed in the relevant schedules forming a part of the Annual Accounts for the year ended 31 March 2007. No stock options were granted/allotted under ESOS, to any of the directors.

This committee met once during the year, on 30 March 2007, and was attended by R. Rajagopalan, A. Mohan Rao and A. Murali.

### SHAREHOLDERS COMMITTEE

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

The Committee met four times during the year, on 3 May, 29 July, 26 October 2006 and 24 January 2007.

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

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

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

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

This sub-committee normally meets on the 4<sup>th</sup> and 19<sup>th</sup> day of every month, and if any of those days fall on a Sunday or a holiday, on the immediately preceding working day, provided there are any subjects referred to the committee to be resolved during this respective fortnight/s.

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

The Shareholders Committee met four times during the Financial Year ended 31 March 2007, and a total of 1700 Shares (which accounts all 15 transfer requests received during the year), in the physical form, were transferred during the Financial year under review.

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



**ANNUAL REPORT 2006 - 2007****INFORMATION ON INVESTOR COMPLAINTS FOR THE YEAR :**

Brought Forward	Received Afresh	Disposed	Carried-over
0	77	77	0

**REMUNERATION OF DIRECTORS FOR 2006-07**

In Rupees

Name of the Director	Sitting Fee	Salaries	Provident Fund & Superannuation	Perquisites	Commission	Total
S. Narayanan	Nil	60,00,000	16,20,000	Nil	23,03,353	99,23,353
H. Nandi	Nil	60,00,000	16,20,000	Nil	23,03,353	99,23,353
R. Rajagopalan	90,000	Nil	Nil	Nil	1,45,309	2,35,309
N. Sivaram	72,000	Nil	Nil	Nil	1,45,309	2,17,309
A. Mohan Rao	72,000	Nil	Nil	Nil	1,45,309	2,17,309
A. Murali	90,000	Nil	Nil	Nil	1,45,309	2,35,309

**GENERAL BODY MEETINGS**

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

Year	Location	Date	Time
2004	Hotel Ajantha, Bangalore	16 June 2004	11.00 Hours
2005	Hotel Ajantha, Bangalore	10 August 2005	11.00 Hours
2006	Hotel Ajantha, Bangalore	28 Jun 2006	11.00 Hours

Special Resolutions passed in the previous three Annual General Meetings :

Year	Special Resolutions
2004	1. Delisting of Equity shares of the Company from Stock Exchange at Bangalore.
2005	1. Increase of Authorised Capital from the existing Rs.10.50 Crs. to Rs.12.00 Crs. split into 2.40 crores Equity Shares of Rs.5 each and related amendments to Memorandum and Articles of Association of the Company. 2. Approval of Employees Stock Option Scheme and Grant of options under Employee Stock Option Scheme.
2006	1. Appointment of A Murali as the Director of the Company, liable to retire by rotation. 2. Revision in managerial remuneration of S Narayanan – Chairman and Managing Director, wherein, within the overall remuneration payable per annum limiting to five percent of Net Profit as per the provisions laid under Schedule XIII of the Companies Act, 1956, the monthly minimum remuneration increased to Rs.5,00,000, with minimum remuneration, where the Company, in any year, has no profits or its profits being inadequate, being fixed at Rs.3,50,000 as per the provisions laid under Schedule XIII of the Companies Act, 1956. 3. Revision in managerial remuneration of H.Nandi – Managing Director, wherein, within the overall remuneration payable per annum limiting to five percent of Net Profit as per the provisions laid under Schedule XIII of the Companies Act, 1956, the monthly minimum remuneration increased to Rs.5,00,000, with minimum remuneration, where the Company, in any year, has no profits or its profits being inadequate, being fixed at Rs.3,50,000 as per the provisions laid under Schedule XIII of the Companies Act, 1956. 4. Inclusion of definition of 'Market Price' and 'Exercise Price' as per SEBI (ESOS & ESPS) Guidelines, 1999 to the salient features of Employee Stock Option Scheme of the Company. 5. Rewording of Art 40 of the Articles of Association, incorporating a provision for payment of Commission on Net Profit, also to the non whole-time Directors, as well as passing of an enabling resolution approving payment of such commission to the non whole-time directors.

## MRO-TEK LIMITED

### DISCLOSURE

Transactions with related parties are disclosed in note 26 in Schedule 17 to the Accounts in the Annual Report.

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

During the previous three years, or in any of the earlier years, there were no strictures or penalties imposed by

either SEBI or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital markets.

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

### Details of compliance with mandatory requirements

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

### Compliance with non-mandatory requirements

- Remuneration Committee has duly been constituted.
- The Company is in the regime of unqualified financial statements.
- The Company consistently trains its Board members, on an on-going basis, in the business model of the Company as well as the risk profile of the business

- parameters of the Company, their responsibilities as Directors, and the best ways to discharge them.
- The Company has a procedure of bringing to the notice of management, any matter/s regarding concerns about unethical behaviour, actual or suspected fraud or violation of Company's code of conduct or ethics policy.