



Exploring New Frontiers in Access Networking

MRO-TEK LIMITED
ANNUAL REPORT 2009-2010

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
Lavlesh Court
Varde Marg, Bandra (West)
Mumbai - 400 050
Ph : (91) (22) 26407311

Flat # 711 - 712, 7th Floor
International Trade Tower
Nehru Place, New Delhi - 110 019
Ph : (91) (11) 26424849

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
No. 15, Golf Course Road
Off HAL 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 Sixth Annual General Meeting of the Company will be held at 11.00 hours on Wednesday, 30 June 2010, at Hotel Woodlands, Rajaram Mohan Roy Road, Bangalore - 560 025, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31 March 2010, and the Profit and Loss account for the year ended that date, along with the reports of Directors and Auditors thereon.
2. To declare Dividend.
3. To appoint a Director in place of N Sivaram, who retires by rotation and who, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of A Murali, who retires by rotation and who, being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED hereby that, subject to the approval of the Central Government, if required, pursuant to Sections 198 and 309 of the Companies Act, 1956, and other applicable provisions thereof, approval of the Company be and is hereby accorded, for payment to the non-whole time Directors, for a period of five years, effective from 1 April 2010, Commission on Net Profits, computed as provided under Sections 349 and 350, and the Board of Directors of the Company, be and are hereby authorized to finalize, from time to time, the amount and periodicity of disbursing such commission, subject to the limit/s specified under Section 309 and/or any other applicable provision/s, of the Companies Act, 1956".

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

"RESOLVED hereby that, pursuant to Section 198, 269 and 309 of the Companies Act, 1956, and in terms of Schedule XIII thereto and other applicable provisions thereof, approval of the Company be and is hereby accorded, for payment of remuneration to S Narayanan, Chairman & Managing Director of the Company, for the period 1 April 2010 to 31 March 2013, on terms, conditions as set out below."

- a. Basic Salary: Rs. 5,00,000 per month (Rupees Five Lacs only);
- b. Provident Fund & Superannuation : at such percentage as is applicable from time to time

under the Statute and, paid in respect of other senior executives of the Company.

- c. Commission on Net Profit: Commission on Net Profits, not exceeding an amount equivalent to five percent of Net Profit of the Company for that financial year, as reduced by the yearly remuneration by way of basic salary stipulated above, and that, such Commission be computed as provided under Sections 349, 350, 351, and any other provisions as may be applicable under any other Section/s of the Companies Act, 1956, and that the periodicity and quantum of disbursement of the same, be finalized by the Compensation Committee and the Board of Directors.
- d. Gratuity : Not exceeding 15 days salary for each completed year of service.
- e. Casual & Earned Leave: As per rules applicable to other executives of the Company with a provision that, unavailed leave can be encashed at the end of every tenure.
- f. Car & Telephone : Free use of Car on Company's business and telephone at residence, except that personal use of car and long distance personal calls shall be charged to the Chairman & Managing Director.

Minimum Remuneration: Notwithstanding anything to the contrary herein contained, during the period of three years, commencing from 1 April 2010, and ending with 31 March 2013, where, in any financial year, the Company has no profits or its profits are inadequate, remuneration as provided above, be paid as Minimum Remuneration, excepting that, the Basic Salary stated under (a) above, be restricted at Rs.3,50,000 (Rupees Three Lacs Fifty Thousand only), as provided under the presently applicable Notification dated 16 January 2002, relating to Section II of Part II of Schedule XIII to the Companies Act, 1956, issued by the Ministry of Law, Justice & Company Affairs, Government of India, or a higher amount which may be prescribed under a future amendment, if any, and that Commission on Net Profit stated under (c) above shall not be applicable.

"RESOLVED further that, the Board of Directors of the Company be and are hereby authorized to vary, for giving effect to any future amendments, the aforesaid terms of appointment of S Narayanan, Chairman & Managing Director, without seeking further approval from the shareholders, within the limits prescribed under the Schedule XIII or other provisions of the Companies Act, 1956".

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

"RESOLVED hereby that, pursuant to Section 198, 269 and 309 of the Companies Act, 1956, and in terms of Schedule XIII thereto and other applicable provisions thereof, approval of the Company be and is hereby accorded, for payment of remuneration to H Nandi,

Managing Director of the Company, for the period 1 April 2010 to 31 March 2013, on terms, conditions as set out below."

- a. *Basic Salary: Rs. 5,00,000 per month (Rupees Five Lacs only);*
- b. *Provident Fund & Superannuation : at such percentage as is applicable from time to time under the Statute and, paid in respect of other senior executives of the Company.*
- c. *Commission on Net Profit: Commission on Net Profits, not exceeding an amount equivalent to five percent of Net Profit of the Company for that financial year, as reduced by the yearly remuneration by way of basic salary stipulated above, and that, such Commission be computed as provided under Sections 349, 350, 351, and any other provisions as may be applicable under any other Section/s of the Companies Act, 1956, and that the periodicity and quantum of disbursement of the same, be finalized by the Compensation Committee and the Board of Directors.*
- d. *Gratuity : Not exceeding 15 days salary for each completed year of service.*
- e. *Casual & Earned Leave: As per rules applicable to other executives of the Company with a provision that, unavailed leave can be encashed at the end of every tenure.*
- f. *Car & Telephone : Free use of Car on Company's business and telephone at residence, except that personal use of car and long distance personal calls shall be charged to the Managing Director.*

Minimum Remuneration: Notwithstanding anything to the contrary herein contained, during the period of three years, commencing from 1 April 2010, and ending with 31 March 2013, where, in any financial year, the Company has no profits or its profits are inadequate, remuneration as provided above, be paid as Minimum Remuneration, excepting that, the Basic Salary stated under (a) above, be restricted at Rs.3,50,000 (Rupees Three Lacs Fifty Thousand only), as provided under the presently applicable Notification dated 16 January 2002, relating to Section II of Part II of Schedule XIII to the Companies Act, 1956, issued by the Ministry of Law, Justice & Company Affairs, Government of India, or a higher amount which may be prescribed under a future amendment, if any, and that Commission on Net Profit stated under (c) above shall not be applicable.

"RESOLVED further that, the Board of Directors of the Company be and are hereby authorized to vary, for giving effect to any future amendments, the aforesaid terms of appointment of H.Nandi, Managing Director, without seeking further approval from the shareholders, within the limits prescribed under the Schedule XIII or other provisions of the Companies Act, 1956".

By Order of the Board of Directors

Place : Bangalore
Date : 21 May 2010

R. Ramaswamy
Company Secretary

Notes :

1. Details, as required under Clause 49(G) of listing agreement, in respect of the two Directors seeking re-appointment is furnished under para(q) of 'Corporate Governance'.
2. 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.
3. 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.
4. The Register of Members and Share transfer books of the Company will remain closed from 17 June 2010 to 30 June 2010 (both days inclusive) in connection with the final dividend being considered for approval in the Annual General Meeting.
5. 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 30 June 2010, and before 29 July 2010.
6. 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.
7. Members who have not encashed the dividend warrant(s) so far, for any of the dividends declared for the year 2002-2003, or for any subsequent year/s, are requested to make their claims immediately to the Company.
8. Members are requested to address all their **communications**
 - **relating to dividend or any other grievance/s**, directly **to the Shares Department** to the **company's** Registered Office or send e-mail to the dedicated e-mail id - grd@mro-tek.com ;
 - **relating to change of Bank account details, address etc**, directly **to their respective Depository Participant (DP)**, with whom Demat Account is held.

By Order of the Board of Directors

Place : Bangalore
Date : 21 May 2010

R. Ramaswamy
Company Secretary

Explanatory statement in respect of Special Business

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

Item 6

In order to suitably compensate the non-whole time directors, for their valuable contributions by way of guidance, directions and time devoted to the activities of the Company, viewed particularly from the increasing onus and responsibilities cast upon such non-whole time Directors by the Statute, the members of the Company, at the AGM held on 28 June 2006, had approved payment of commission on net profit to such non-whole time Directors, at an amount and periodicity as may be decided by the Board of Directors from time to time subject, however, to the limit/s specified under section 309 and/or any other applicable provision/s, of the Companies Act, 1956, for a period of five years, from 1 April 2005.

In accordance with the aforesaid approval by the members, the Board of Directors had approved and disbursed, within the limit of one percent specified under the Companies Act, 1956, the following as commission on net profit of the Company to the non-whole time Directors.

Year	2005-06	2006-07	2007-08	2008-09	2009-10
Percentage	0.35%	0.35%	0.50%	0.50%	Nil

The aforesaid approval of the members having expired on 31 March 2010, the Company now seeks members approval for payment of commission on net profit to non-whole time directors for a further period of five years starting from 1 April 2010.

The non-whole time Directors of the Company may be deemed to be interested /concerned, to the extent of their entitlement to such commission on net profits of the Company.

Item 7 & 8

The Members, by way of two separate special resolutions, passed at their Annual General Meeting held on 25 June 2008, approved re-appointment of S.Narayanan and H.Nandi, as Chairman & Managing Director and Managing Director of the Company respectively, for a period of five years from 1 April 2008, until 31 March 2013.

Though the aforesaid approval for appointment was for a period of five years, in accordance with provisions of Para 1- Part B – Cl (iii) of Notification No G.S.R.36(E) dated 16 January 2002 issued by the Govt of India, which restricts approval of remuneration only for three years at a time, the approval for remuneration payable to each of S.Narayanan and H.Nandi, was made by the members, at the said meeting, only for the initial period of two years, commencing 1 April 2008, and ending 31 March 2010.

The said approval / resolution read as detailed below:

- Basic Salary: Rs. 5,00,000 per month (Rupees Five Lacs only);
- Provident Fund & Superannuation : at such percentage as is applicable from time to time under the Statute and, paid in respect of other senior executives of the Company.
- Commission on Net Profit: Commission on Net Profits, not exceeding an amount equivalent to five percent of Net Profit of the Company for that financial year, as reduced by the yearly remuneration by way of basic salary stipulated above, and that, such Commission be computed as provided under Sections 349, 350, 351, and any other provisions as may be applicable under any other Section/s of the Companies Act, 1956, and that the periodicity and quantum of disbursement of the same, be finalized by the Compensation Committee and the Board of Directors".
- Gratuity : Not exceeding 15 days salary for each completed year of service.
- Casual & Earned Leave: As per rules applicable to other executives of the Company with a provision that, unavailed leave can be encashed at the end of every tenure.
- Car & Telephone : Free use of Car on Company's business and telephone at residence, except that personal use of car and long distance personal calls shall be charged to the Chairman & Managing Director.

Minimum Remuneration: Notwithstanding anything to the contrary herein contained, during the period of three years, commencing from 1 April 2010, and ending with 31 March 2013, where, in any financial year, the Company has no profits or its profits are inadequate, remuneration as provided above, be paid as Minimum Remuneration, excepting that, the Basic Salary stated under (a) above, be restricted at Rs 3,50,000 (Rupees Three Lacs Fifty Thousand only), as provided under the presently applicable Notification dated 16 January 2002, relating to Section II of Part II of Schedule XIII to the Companies Act, 1956, issued by the Ministry of Law, Justice & Company Affairs, Government of India, or a higher amount which may be prescribed under a future amendment, if any, and that Commission on Net Profit stated under (c) above shall not be applicable".

The Company now seeks approval of members for payment of remuneration to S Narayanan and H Nandi for the remainder period of three years – viz., 1 April 2010 to 31 March 2013, on the same terms and conditions, as was approved by members for the initial two year period, from 1 April 2008 to 31 March 2010, detailed above.

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

REPORT OF DIRECTORS AND MANAGEMENT DISCUSSION & ANALYSIS

Your Directors have pleasure in presenting herewith their Twenty Sixth Annual Report on the activities of your Company during the year ended 31 March 2010.

FINANCIAL RESULTS

	2009-2010 (Rs. Lacs)	2008-2009 (Rs. Lacs)
Net Revenue	8,283.84	12,950.72
Profit/(Loss) before Depreciation	97.48	687.43
Depreciation	277.30	269.15
Profit/ (Loss) before Taxation	(179.82)	418.28
Provision for Taxation	3.02*	87.34
Profit/(Loss) after Taxation	(182.84)	330.94
Prior year income	19.71	6.75
Surplus in Profit & Loss A/c brought forward from previous years	1,737.09	1,659.91
Balance for appropriations	1,573.96	1,997.60

APPROPRIATIONS

To General Reserve	30.00	40.00
To Dividend – 20% (previous year-20%)	186.85	188.48
To Dividend Tax on Dividend	31.03	32.03
Surplus in Profit and Loss Account	1,326.08	1,737.09

*on account of deferred tax and Wealth Tax.

DIVIDEND

In order to uphold their continued commitment to the shareholders, and to retain the reputation of 'consistent dividend paying company', despite reduction in revenue, and consequent losses incurred during the year under review, your Directors have recommend a dividend of 20% (Re 1.00 per share) for the year, out of 'carried-over surplus in Profit & Loss Account', since the retained cash position, as well as the projected financials, well support such a proposal.

PERFORMANCE

During the year under review,

- ❑ the adverse impact of the global economic recession continued, adversely impacting the revenue and earnings of your Company;
- ❑ strengthening of Rupee against the Dollar, cushioned and mitigated the impact, to an extent;
- ❑ despite implementation, by your Company, of all possible austerity measures, the year ended with a loss of Rs.182.84 lacs;
- ❑ however, the loss so reflected being attributable exclusively to notional, and non-cash expenditure such as Depreciation, your Company did accomplish, and achieve, a cash profit of Rs.97.48 lacs - nominal though;
- ❑ despite all such extraneous circumstances impacting finances, it must be mentioned that, your Company never compromised on maintaining high quality standards, business ethics & timely service, which ensured continuity in receiving Customers' appreciation and patronage.

PROSPECTS & OUTLOOK

- ❑ consistent search for better quality, more particularly in service sectors such as mobile telephony, banking, finance and insurance, to retain their customers, and the continuing thrust by Government, Private and Public players in Communication sector, shall ensure adequate market demand for the products of your company;
- ❑ in this scenario, your Company has already taken certain initiatives to induct newer cost-effective technology, thereby setting-up a level field to fight inundated competition;
- ❑ this action, coupled with enlarged product-mix, in the backdrop of better economic environment, is expected to result in augmenting sale revenue and enhancing market share.

FINANCE

During the year under review,

- ❑ despite reduction in revenue, your company was able to meet its working capital requirements, exclusively from operations, thereby retaining its debt-free status;
- ❑ with more cautious monitoring of finances and other assets, the retained funds by way of deposits and investment in MF, increased to Rs.3,422 lacs as at 31 March 2010;
- ❑ and achievement of the above, with no corresponding increase in 'payables' account was a feat accomplished;
- ❑ under the Buy-back scheme which concluded on 24 February 2010, the Company could buyback only 3,01,372 equity shares, at a cost of Rs.66.17 lacs. More details on buyback is furnished elsewhere in this report;
- ❑ your Directors place on record their sincere appreciation for the assistance, guidance, co-operation and whole-hearted support received from your company's bankers.

JOINT VENTURE

As reported in prior year/s, the activities in the JV Company viz., RAD-MRO Manufacturing Pvt Limited, Bangalore, have been suspended from November 2007. The Company now awaits procedural completion of requisite legal formalities, such as Income Tax Assessments for prior year/s, soon after which, further actions for (members voluntary) winding-up of the company will be initiated. Every step to expedite the same is being taken.

HUMAN RESOURCES & INDUSTRIAL RELATIONS

Your company continues its endeavor to attract the best available talents in the industry, recognize, register and retain the most-valuable human power.

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.

BUY BACK

During the year under review, your Company implemented, yet another Scheme for buying back of its equity shares.

This Scheme, approved by the Board of Directors at their meeting held on 25 February 2009, envisaged buy back, through the Stock Exchange mechanism, upto a maximum of 22,00,000 equity shares, at price not exceeding Rs.25 per share, ear-marking an amount of Rs 500 lacs for this purpose.

During a major part of the period, the market price of the shares were quoting higher than the maximum limit of Rs.25 per share (fixed by the Board of Directors of your Company for buyback under this scheme). Hence, your Company could buy back only 3,01,372 equity shares (at a total outlay of Rs.66.17 lacs), until 24 February 2010, when the Scheme concluded in accordance with the Statutory provisions which limit the validity of the Scheme only upto 12 months from the date of approval by the Board of Directors.

INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY

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

CONSERVATION OF ENERGY

During the year under review, your Company is conferred with ISO 14001 : 2004 (Environment Management System) Certification. Your Company continues to put every possible efforts to conserve and avoid wastage of energy.

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

RESEARCH & DEVELOPMENT

The in-house developed and commercialized products continue to contribute to sales revenue. Efforts are intensified to develop niche products for niche markets. Efforts for reduction in material and conversion cost also continue simultaneously.

As one of the austerity measures, further investment in R&D equipment was deferred, pegging such expenditure during the year, at Rs.1.03 lacs (Prev. year- Rs. 2.64 lacs). On revenue account, an amount of Rs.349.43 lacs (Prev. year- Rs. 404.88 lacs) which has been expended, have 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, is progressing satisfactorily. Efforts also continue to minimize foreign exchange outflow by the process of indigenization.

Full details of foreign exchange earnings and expenditure are furnished under note no. 19 and 20 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

N Sivaram and A Murali, Directors, retire by rotation at this meeting, and being eligible, offers themselves for re-appointment.

AUDITORS

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

ACKNOWLEDGEMENTS

Your Directors place on record their sincere gratitude to the steadfast patronage of the valued Customers and Vendors. Your Directors also place on record, their sincere appreciation of the dedication and commitment of the employees at all levels, 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 : 21 May 2010

S. Narayanan

Chairman & Managing Director

CORPORATE GOVERNANCE

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

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

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.

Directors' attendance record and directorships held

Name of Director	Position	Category of Directorship	No. of Board Meetings Attended	Attendance at Prev. AGM on 24 June 2009	No. of outside Directorships held*	No. of membership/ chairmanship in other Board Committees
S. Narayanan	Chairman & Managing Director	Executive	7	Present	–	Nil
H. Nandi	Managing Director	Executive	7	Present	–	Nil
R. Rajagopalan	Director	Non-Executive, Independent	7	Present	4	5
N. Sivaram	Director	Non-Executive, Independent	6	Present	1	Nil
A. Mohan Rao	Director	Non-Executive, Independent	7	Present	4	2
A. Murali	Director	Non-Executive, Independent	4	Not Present	21	1

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

AUDIT COMMITTEE

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

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

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

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 :

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

BOARD OF DIRECTORS

Composition

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

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 seven meetings of the Board of Directors were held during the year under review, on 14 May, 24 June, 29 July, 27 August, 28 October 2009, 22 January and 24 February 2010.

- ☐ 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.

The Committee met four times during the year, on 14 May, 29 July, 28 October 2009 and 22 January 2010.

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

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 2010. No stock options were granted/allotted under ESOS, to any of the directors.

There was no meeting of the Remuneration & Compensation committee, during the year.

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 14 May, 29 July, 28 October 2009 and 22 January 2010.

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

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

This sub-committee normally meets on the 4th and 19th 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 2010, and a total of 200 Shares (which accounts to two 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.

INFORMATION ON INVESTOR COMPLAINTS FOR THE YEAR :

Brought Forward	Received Afresh	Disposed	Carried-over
0	25	25	0

REMUNERATION OF DIRECTORS FOR 2009-10

In Rupees

Name of the Director	Sitting Fee	Salaries	Provident Fund & Superannuation	Perquisite	Commission	Total
S. Narayanan	Nil	42,00,000	11,34,000	Nil	Nil	53,34,000
H. Nandi	Nil	42,00,000	11,34,000	Nil	Nil	53,34,000
R. Rajagopalan	90,000	Nil	Nil	Nil	Nil	90,000
N. Sivaram	72,000	Nil	Nil	Nil	Nil	72,000
A. Mohan Rao	90,000	Nil	Nil	Nil	Nil	90,000
A. Murali	60,000	Nil	Nil	Nil	Nil	60,000

GENERAL BODY MEETINGS

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

Year	Location	Date	Time
2007	Hotel Ajantha, Bangalore	27 June 2007	11.00 Hours
2008	Hotel Woodlands, Bangalore	25 June 2008	11.00 Hours
2009	Hotel Woodlands, Bangalore	24 June 2009	11.00 Hours

SPECIAL RESOLUTIONS PASSED IN THE PREVIOUS THREE ANNUAL GENERAL MEETINGS :

Year	Special Resolutions
2007	No Special Resolution was considered.
2008	<ol style="list-style-type: none"> To amend the ESOS scheme of the Company, to provide, among others, for recovery of FBT and any other tax, cess and similar levies from the employees of the Company, in respect of any grant, vesting or exercise of stock options on or after 1 April 2007. Re-appointment of S Narayanan as Chairman & Managing Director, of the Company, for a period of five years with effect from 1 April 2008 and approval of remuneration payable for the first two years commencing from 1 April 2008. Re-appointment of H Nandi as Managing Director, of the Company, for a period of five years with effect from 1 April 2008 and approval of remuneration payable for the first two years commencing from 1 April 2008.
2009	No Special Resolution was considered.

DISCLOSURE

Transactions with related parties are disclosed in note 28 in Schedule 18 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.