

Annual Report 2013 - 14



MRO-TEK LIMITED

BOARD OF DIRECTORS

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

Registered Office

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

Manufacturing Unit

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

Marketing Office

Flat No.2313, Bldg.No.48,
Gandhi Nagar,
Bandra (East),
Mumbai – 400051
Ph:(91) (11) 2640 7311

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

Bankers

State Bank of India
Canbank Factors Ltd.,

Statutory Auditors

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

Internal Auditors

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

Cost Auditors

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

Registrars &

Share transfer Agents

Karvy Computershare Pvt. Ltd.
Plot No. 17-14
Vittalrao Nagar, Madhapur
Hyderabad - 500 081
Ph : (91) (040) 2342 0815
Fax : (91) (040) 2342 0814
e-mail : einward.ris@karvy.com

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NOTICE

The Members
MRO-TEK LIMITED

NOTICE is hereby given that the Thirtieth Annual General Meeting of the Company will be held at 11.30 am on Wednesday, the 17th day September, 2014, at Hotel Woodlands, Raja Ram Mohan Roy Road, Bangalore - 560 025, to transact the following business:

ORDINARY BUSINESS

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

SPECIAL BUSINESS

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

an Ordinary Resolution:

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

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

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

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

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

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

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

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

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

By Order of the Board of Directors

Place : Bangalore

Date : 18th August 2014

H. Nandi
Managing Director

Notes :

1. A member entitled to attend and vote at the meeting, is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member.

2. The proxy-form, in order to be effective, should be received at the Registered Office of the Company, not less than forty-eight hours before the Annual General Meeting.
3. The Register of Members and Share transfer books of the Company will remain closed from 11 September 2014 to 17 September 2014 (both days inclusive) for the purpose of Annual General Meeting.
4. Under Section 205A of the Companies Act, 1956, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of payment is required to be transferred to the Investor Education and Protection Fund of the Central Government and under Section 205-C, of the Companies Act, 1956, no claim shall lie against the Company or the said Fund, in respect of individual amount/s which remain unclaimed or unpaid for a period of seven years from the date of payment, and no payment shall be made in respect of any such claims. Interim unpaid Dividend Account Balance after settling the claim requests, were transferred to Investor Education and Protection Fund.
5. Members who have not encashed the dividend warrant(s) so far, for any of the dividends declared for the year 2006-2007, or for any subsequent year/s, are requested to make their claims immediately to the Company.
6. Members are requested to address all their communications
 - relating to dividend or any other grievance/s, directly to the Shares Department to the company's Registered Office or send e-mail to the dedicated e-mail id - grd@mro-tek.com;
 - relating to change of Bank account details, address etc, directly to their respective Depository Participant (DP), with whom Demat Account is held.
7. As regard re-appointment of Mr. S Narayanan, referred to in item No. 2 of the notice, the necessary disclosures are made for the information of the Shareholders.

Mr. S Narayanan, aged around 61 years, is an Engineering Graduate in Electronics, from Engineering College, Guindy, Madras, having graduated in the year 1974. Thereafter in order to enrich his knowledge in electronic field and various facets of management, he underwent hands-on training by working in reputed companies in various capacities and departments, including R&D and Marketing, in which phase he acquired requisite skills in setting –up an industrial enterprise and successfully running the same.

His other directorships: NIL

Salutaris Technologies Pvt Ltd - Shareholder

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

Mr. H Nandi, aged around 60 years, is a Post Graduate in Science & Management from St Joseph College, Bangalore, passed in the year 1975. In order to acquire technical exposure and excellence, he joined reputed organizations, and underwent rigorous training in various fields which gave him adequate knowledge and confidence, not only to specialize in the art of techno-commercial marketing, but also in widening his horizon into other arenas of management specializing, particularly, in administration and finance.

His other directorships: NIL

9. Voting through electronic means:

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

The instructions for e-Voting are as under:

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

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

(viii) Cast your vote by selecting an appropriate option and click on 'SUBMIT'. A confirmation box will be displayed. If you wish to confirm your vote, click on 'OK'; else to change your vote, click on 'CANCEL' and accordingly modify your vote.

(ix) Once you 'CONFIRM', you will not be allowed to modify your vote. During the voting period, Shareholders can login any number of times till they have voted on the resolution. (x) Institutional Shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF / JPG Format) of the relevant Board Resolution/Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to grd@mro-tek.com; with a copy marked to evoting@karvy.com.

2. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting User Manual for Shareholders available at the download Section of <http://evoting.karvy.com> or contact Karvy Computershare Private. Limited. at Tel No. 1800 345 4001 (toll free).
3. The Company has appointed Mr. Parameshwar G. Bhat, Practicing Company Secretary, who in the opinion of the Board is a duly qualified person, as a Scrutinizer who will collate the electronic voting process in a fair and transparent manner. The Scrutinizer shall within a period of three(3) working days from the date of conclusion of e-voting period, submit his report of the votes cast in favour or against, if any, to the Chairman of the Company. The result of the same will be disclosed at the AGM proceedings.
4. The voting rights of Shareholders shall be in proportion to their Shares of the paid up Equity Share Capital of the Company as on the cut-off date (record date) of 15th August, 2014.
5. The e-Voting period commences at 9.00 A.M. on, Thursday, 11th September, 2014 and ends at 6.00 P.M. on Saturday, 13th September, 2014. During this period shareholders of the Company, holding Shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 15th August, 2014 may cast their vote electronically. The e-voting module shall be disabled for voting

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

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

EVS (Electronic Voting Sequence Number)	USER ID	PASSWORD
xxxxxxxx	xxxxxx	xxxxxx

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

By Order of the Board of Directors

Place : Bangalore
Date : 18th August 2014

H. Nandi
Managing Director

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

Following Explanatory Statements are furnished in respect of Special Business:

Item No. 5

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

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

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

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

Item nos. 6 & 7

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

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

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

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

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

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

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

Item nos. 8 and 9

Your Company has proposed to expand its business.

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

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

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

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

The Directors recommend the resolution for your approval.

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

By Order of the Board of Directors

Place : Bangalore

Date : 18th August 2014

H. Nandi

Managing Director

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

A. General information

a. Nature of Industry

Manufacture and distribution of:

- 'Access and Networking Products' & related solutions
- Solar Based Equipment and Projects.

b. Commencement of Business: April 1984

c. Financial performance for the year: 2013-14

*Amount in Rupees
(Lacs)*

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

d. Export performance

Exports for the year	9.58
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e. Foreign investments

Foreign Company	Investment in Rupees
Nil	N/A

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

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

REPORT OF DIRECTORS AND MANAGEMENT DISCUSSION & ANALYSIS

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

FINANCIAL RESULTS

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

PERFORMANCE

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

During the year under review,

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

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

DIVIDEND

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

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

PROSPECTS & OUTLOOK

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

FINANCE

During the year under review,

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

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

RIGHTS ISSUE

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

JOINT VENTURE

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

In the meanwhile, this JV Company continues to register revenue by way of Interest Income (on Fixed Deposit/s with the Bank) which earning is adequate to meet its outgo commitments (by way of professional charges and connected expenses) for completion of the presently-pending activities, and also leave behind a nominal surplus, thereby retaining positive Net Worth in the Company. Such financials are detailed in Para 17 of Note 26 II on 'additional notes to accounts'.

HUMAN RESOURCES & INDUSTRIAL RELATIONS

Your Company recognizes the critical significance of competent and experienced employees. Team MRO-TEK continued to stand by the Company during tiring and tough times and your Board places its appreciation for these relentless efforts, untiring dedication and sense of belongingness exhibited by the employees at all levels. Your Company focuses on long term Human Resource planning aimed at managing change more efficiently, grooming internal talent for future roles and also driving efficiency within the organization.

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

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

INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY

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

CONSERVATION OF ENERGY

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

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

RESEARCH & DEVELOPMENT

The ever changing technology in the space of Networking Products casts a continuing responsibility on the role of R&D division in your Company. Efforts continue to introduce and promote Company's own patentable products.

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

During the year an amount of Rs NIL (Prev. year- Rs.0.01 Crores) was incurred towards Capital Expenditure in this division. On revenue account, an amount of Rs 1.98 Crores (Prev. year- Rs. 2.63 Crores) has been expended and absorbed in these accounts, in accordance with the applicable Accounting Standards.

TECHNOLOGY ABSORPTION

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

FOREIGN EXCHANGE EARNINGS AND OUTGO

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

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

CORPORATE GOVERNANCE

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

DIRECTORS

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

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

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

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

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

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

Mr. S. Narayanan, Chairman and Managing Director and Mr. H. Nandi, Managing Director, retire by rotation, as per the new Companies Act, 2013 and being eligible, offer themselves for re-appointment.

AUDIT COMMITTEE

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

AUDITORS

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

PARTICULARS OF EMPLOYEES

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

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

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

ACKNOWLEDGEMENTS

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

for & on behalf of the Board of Directors

Place : Bangalore

Date : 18th August 2014

S. Narayanan

Chairman & Managing Director