

ANNUAL REPORT 2012 - 13



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) 2333 2951

Manufacturing Unit

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

Marketing Office

Building No. 61, Room No. 2
(Middle Passage), Gandhi Nagar
Tarang Co-op Housing Society
Bandra (E), Mumbai - 400 051
Ph : (91) (22) 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 Limited

Statutory Auditors

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

Internal Auditors

Tambaked 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) (40) 2342 0815
Fax : (91) (40) 2342 0814
e-mail : einward.ris@karvy.com

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NOTICE

The Members
MRO-TEK LIMITED

NOTICE is hereby given that the Twenty Ninth Annual General Meeting of the Company will be held at 11.00 hours on Wednesday, 10 July 2013, 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 31 March 2013, and the Profit and Loss account for the year ended that date, along with the reports of Directors and Auditors thereon.
2. To appoint a Director in place of R Rajagopalan, who retires by rotation and who, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of A Mohan Rao, who retires by rotation and who, being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

5. 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 the re-appointment of S Narayanan as Chairman & Managing Director, of the Company, for a period of five years with effect from 1 April 2013, on terms, conditions as set out below."

"RESOLVED further that, out of the total tenure of five years, remuneration as detailed below be paid for the first two years commencing from 1 April 2013, and ending with 31 March 2015, and for the balance three years commencing from 1 April 2015 and ending with 31 March 2018, a suitable remuneration be fixed at an appropriate time later.

- 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 two years, commencing from 1 April 2013, and ending with 31 March 2015, 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, Basic Salary stated under (a) above, be fixed as provided under the relevant 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, based on 'effective capital' as applicable from year to year, or a higher amount which may be prescribed under a future amendment, if any, and that he shall also be entitled to all other items as provided above, excepting 'Commission on Net Profit' stated under (c)".

6. 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 the re-appointment of H.Nandi, as Managing Director, of the Company, for a period of five years with effect from 1 April 2013, on terms, conditions as set out below."

"RESOLVED further that, out of the total tenure of five years, remuneration as detailed below be paid for the first two years commencing from 1 April 2013, and ending with 31 March 2015, and for the balance three years commencing from 1 April 2015 and ending with 31 March 2018, a suitable remuneration be fixed at an appropriate time later.

- 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 two years, commencing from 1 April 2013, and ending with 31 March 2015, 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, Basic Salary stated under (a) above, be fixed as provided under the relevant 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, based on 'effective capital' as applicable from year to year, or a higher amount which may be prescribed under a future amendment, if any, and that he shall also be entitled to all other items as provided above, excepting 'Commission on Net Profit' stated under (c)”.

By Order of the Board of Directors

Place : Bangalore
Date : 29 May 2013

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/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 27 June 2013 to 10 July 2013 (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.

5. Members who have not encashed the dividend warrant(s) so far, for any of the dividends declared for the year 2005-2006, 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.

By Order of the Board of Directors

Place : Bangalore
Date : 29 May 2013

R. Ramaswamy
Company Secretary

Explanatory statement in respect of Special Business

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

Items 5 & 6

Re-appointment of, and remuneration payable to, whole-time Directors

By a resolution passed by the members of the Company at their Annual General Meeting held on 25 June 2008, S.Narayanan and H.Nandi, were re-appointed as Chairman & Managing Director, and Managing Director, respectively of the Company, for a period of five years effective from 1 April 2008, which tenure ended on 31 March 2013.

During this tenure, the remuneration payable to said S.Narayanan and H.Nandi, based on prevailing guidelines and stipulations under the Companies Act, 1956, and in accordance with resolutions passed by the members at their Annual General Meeting held on, 25 June 2008 (for the first two years –viz., 1 April 2008 to 31 March 2010) and on 30 June 2010 (for the remainder three years –viz., 1 April 2010 to 31 March 2013), was approved at an amount, equivalent to five percent of Net Profit of the Company for each of the financial years, 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, with a provision to pay, within the aforesaid limit of five percent of Net Profit, an amount of Rs 5,00,000 per month as Basic Salary and to pay the incremental amount such five percent of Net Profit bears over and above the Basic Salary, as Commission on Net Profit.

The said resolution/s also approved payment / provision of the following, as was applicable to other executives of the Company:

- a) Provident Fund & Superannuation contributions, at 12 % and 15% respectively of Basic Salary;
- b) Gratuity at half a month's salary for each completed year of service;

- c) Casual & Earned Leave : As per rules of the Company applicable to the other executives, with a provision that, unavailed leave can be encashed at the end every tenure;
- d) Car & Telephone: Free use of Car on Company's business and telephone at residence, with a provision that personal use of car and personal long distance calls shall be billed to the said whole-time Directors;
- e) Minimum Remuneration: Where in any financial year, the Company had no profits, or its profits were inadequate, remuneration as provided above, but with Basic Salary restricted at Rs. 3,50,000 per month, except Commission on Net Profit, be paid as Minimum Remuneration, subject to approval of the Central Government, if required.

Duly acknowledging their past contributions, and foreseeing the necessity for their continued and dedicated service, arising more out of their experience, to steer the Company towards sustained growth, particularly at this point in time, when the business in and around the world is hit by recession and uncertainty, your Directors strongly recommend re-appointment of S.Narayanan and H.Nandi as Chairman & Managing Director and Managing Director, respectively, for a further period of five years from 1 April 2013, ending with 31 March 2018.

The Remuneration Committee, as well as the Directors, recommend that, the remuneration payable to the said S.Narayanan and H.Nandi during the presently proposed five year tenure commencing 1 April 2013, and ending with 31 March 2018, be fixed in accordance with the presently applicable guidelines and notification dated 16 January 2002 issued by Ministry of Law, Justice and Company Affairs, read with the other relevant provisions in the Companies Act, 1956, relating to Managerial Remuneration payable to Managerial persons.

Though the present re-appointment is for a period of five years commencing 1 April 2013, the Remuneration Committee and the Directors recommend that the resolutions for remuneration payable be limited to the initial two years period, commencing 1 April 2013 and ending 31 March 2015, as stipulated under Para 1 – Part B - Cl (iii) of the said Notification and detailed in the respective resolutions contained in the Notice.

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

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: 2012-13

Amount in Rupees

Total Revenue	50,00,24,424
Profit /(Loss) Before Depreciation	(10,81,10,537)
Profit /(Loss) Before Taxation	(13,26,46,603)
Profit /(Loss) After Taxation	(13,20,22,403)

- d. Export performance

Exports for the year	28,53,118
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- e. Foreign investments

Foreign Company	Investment in Rupees
Nil	N/A

B. Information about the appointees

S.Narayanan, presently aged around 60 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.

H.Nandi, presently aged around 59 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.

S. Narayanan and H.Nandi jointly founded this Company in the year 1984 and have been instrumental in identifying the activity of data communications and networking, and the products currently manufactured and dealt-with.

S.Narayanan looks after Technology, Marketing, R&D, Business Development and Customer-related activities, while H.Nandi looks after Finance and all Factory/ Manufacturing - related affairs, and have jointly been responsible for the Company's growth over the years.

Your Directors are fully convinced that the concerted and continued guidance of these two directors is very essential and fully warranted to steer the Company for achieving sustained growth, particularly at this point in time when the business in and around the world is hit by recession and uncertainty.

Remuneration paid in 2012-13 (in Rs)

Details	S.Narayanan	H.Nandi
Salary	42,00,000	42,00,000
Commission	Nil	Nil
Contributions to PF & Superannuation Fund	11,34,000	11,34,000
Total	53,34,000	53,34,000

Remuneration Proposed & Remuneration Profile :

Remuneration proposed is in accordance with the presently applicable Notification dated 16 January 2002 issued by Ministry of Law, Justice and Company Affairs, read with the other relevant provisions in the Companies Act, 1956, relating to Managerial Remuneration payable to Managerial persons.

The remuneration now proposed is restricted to initial two year period, commencing 1 April 2013 and ending 31 March 2015 as stipulated under Para 1 – Part B - Cl (iii) of the said Notification, though the present re-appointment is for a period of five years commencing 1 April 2013.

The requisite resolution/s for fixing remuneration during the remainder period of three years – viz., 1 April 2015 and ending 31 March 2018, shall be taken-up at an appropriate later period.

The appointees have no pecuniary relationship with Company or relationship with other Managerial Personnel.

C. Other information

a. Reasons for loss registered in the last three Financial Years:

- global economic recession over the past three years, leading to uncertain and weak market

sentiments, curtailing capital investment in infrastructural facilities, particularly by the Communication Industry and the Service Providers;

- longer gestation period for obtaining requisite technical/statutory approvals and completion of field trials, for products introduced under own brand, with a view to achieve a higher valuation for the Company, in the long-run.

b. Steps taken or proposed for improvement:

- introduction of more cost-effective products, with added features;
- diversification into Solar Based Equipment & Projects with good market potential;
- exploring of activities and products for further diversification;
- all efforts being taken to maximize Sales Revenue;
- exercising strict austerity measures in all activities to maximize profit and
- to strengthen financial fundamentals thereafter.

c. Expected increase in productivity and profits:

- to sustain the steady growth already registered in turnover over the past three years;
- to further increase the tempo of growth, atleast, the Break-Even Level within a period of one year.

D. Disclosures

- Details of remuneration package to Whole-time directors is furnished in the proposed resolution contained in the Notice.
- Requisite disclosures on other matters are furnished under 'Corporate Governance' forming part of this Report.

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

Name & Age	R Rajagopalan (75 Years)	A Mohan Rao (64 Years)
Date of Joining the Board	27 April 2001	10 May 2002
Qualification/s	A senior Fellow member of the Institute of Chartered Accountants of India (ICAI) and the Institute of Company Secretaries of India (ICSI).	Graduate in Electrical Engineering
Brief resume	Worked in top management positions in large Public Limited Company/s. Besides his proficiency in Finance, Accounts and Secretarial Functions, he was part of management team for finalization of many collaboration tie-ups. He was also associated with various professional bodies, Institutes, Forums, Committees and Sub-Committees at National and State Level.	Presently a Management Consultant, has rich experience and expertise in the field of Engineering, Commercial, Marketing and General Management. He has been associated with large MNCs for over 30 years during which, established a proven track-record of being instrumental in conceiving & successfully implementing management strategies.
Expertise	Finance, Company Law, Commercial, Administration and General Management	Engineering, Marketing, Administration and General Management
Directorship & Membership in other Companies /Committees.	Saksoft Limited, Patspin India Limited, GTN Textiles Limited	Accel Transmatic Limited, Spatik Consultants Private Limited, Optimum Air Solutions Private Limited,
Shareholding in the Company	NIL	NIL

REPORT OF DIRECTORS AND MANAGEMENT DISCUSSION & ANALYSIS

Your Directors have pleasure in presenting herewith their Twenty Ninth Annual Report on the activities of your company during the year ended 31 March 2013.

FINANCIAL RESULTS

	2012-2013 (Rs. Lacs)	2011-2012 (Rs. Lacs)
Net Revenue from operations	4,958.56	3,413.74
Other Income	41.69	145.88
Loss before Depreciation	1,231.96	1,174.36
Depreciation	245.36	254.35
Loss before Taxation	1,477.32	1,428.71
Provision for Taxation (Deferred Tax adjustments)	(6.24)	5.56
Loss after Taxation	1,471.08	1,434.27
Exceptional items - (Income from Capital Gain)	151.71	-
Adjustments towards extraordinary items	0.85	(2.05)
Loss for the period	1,320.22	1,432.22

PERFORMANCE

During the year under review,

- ☐ the demand fluctuation from Customers owing to the slow-down and weak market sentiments continued to exert additional pressure on the manufacturers;
- ☐ however, the Company continuously strived to capture every opportunity by continuing its aggressive marketing efforts for its Access & Networking Products, which is now showing signs of transforming into orders;
- ☐ the company commenced full-fledged commercial operations in manufacture and supply of Solar Based Equipment & Products which contributed in augmenting the revenue. Details on segmental revenue and performance are furnished in para 17 of Note 26 on 'Additional Notes' to Accounts;
- ☐ in the above setting, the net revenue, at Rs.49.59 crores, registered a growth, over Rs.34.14 crores of the previous year;
- ☐ such curtailed growth in revenue, further compounded by increased cost pressures, resulted in accomplishing margins, sufficient only to cover a part of your Company's overheads, thereby resulting in operating loss, which registered Rs.9.72 crores, as against operating loss of Rs.10.32 crores during the previous year;
- ☐ provision has been made for an estimated amount of Rs.5 crores (previous year- Rs.4 crores) in respect of certain items of non/slow-moving inventory, based on Generally Accepted Accounting Practices and estimates by the company;
- ☐ after considering the above, the Net Operating Results show a loss of Rs.14.72 crores, as against Rs.14.32 crores of the previous year;
- ☐ an amount Rs.1.52 crores, being amount attributable to Capital Gain, on account of acquisition of a portion of landed property by National Highway Authority of India, minimized the operating loss to that extent, with which the declared loss as in financial statements works-out to Rs.13.20 crores, as against Rs.14.32 crores of the previous year;
- ☐ while operating results were negative during the first three financial quarters, with comparatively higher revenues, the operations during the final quarter ended 31 March 2013, resulted in a positive note;

- ☐ taking this as a turn-around sign, your Directors are hopeful of achieving increased revenue and profits in the coming months.

DIVIDEND

Under these trying circumstances, your Directors are unable to recommend any dividend this year too which, with your whole-hearted co-operation and support, will facilitate optimization of presently existing cash resources, for operational requirements.

PROSPECTS & OUTLOOK

Your company continues to operate in the space of Access and Networking products. The consistent pressure on the Government for sustained improvement in infrastructural facilities, more in the space of communication, provides an everlasting demand for the Access & Networking Products. With 3G and 4G slowly gaining momentum, and increased thrust on technology, the Company is confident of steady growth.

In addition to the above, as a means of product diversification, your Company has now forayed into manufacture and sale of Solar Based Equipment & Projects.

In the space of Solar Energy, your Company is engaged in the activity of manufacture of Solar-based equipment, as also setting-up of Solar Power Projects, in the role of a System Integrator, for which purpose, empanelment as a Certified Channel Partner has duly been obtained with the Ministry of New and Renewable Energy (MNRE), with which, your Company can directly offer Government subsidies to its Customers.

The initial market response to these products is satisfactory, and with continued focus and increased momentum, your Company is bound to register its market presence, and achieve augmented revenues and profitability, in the coming years.

FINANCE

During the year under review,

- ☐ your company incurred an operational loss of Rs.9.72 crores, excluding the provision of Rs 5 crores towards slow-moving items of inventory;
- ☐ deleting the component of 'depreciation' of Rs.2.45 crores included in the above, the registered cash loss was Rs.7.27 crores;
- ☐ the above, as may be seen from the attached financial statements, has been met purely by internal resources, without resorting to outside borrowing;
- ☐ whenever the need arose, bank financing was resorted to, though for temporary duration/s;
- ☐ despite operating loss, the Company retains its Cash & Cash equivalents at Rs.4.50 crores approx, and positive Net Worth prevails, of approx 5 times the paid-up Share Capital;
- ☐ 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.

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

HUMAN RESOURCES & INDUSTRIAL RELATIONS

Your Company continues to believe that competent and experienced employees are critical for the growth of any organization. Your Management is pleased to register its appreciation and is grateful to all its executives who stood by your Company, particularly during the last three years, when it passed through a lean period. Your company continues its endeavor to attract the best available talents in the industry, recognize, register and retain the most-valuable human power. 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.

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

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, thus implementing Go Green Policy in its total spirit.

RESEARCH & DEVELOPMENT

The ever changing technology in the space of Access and Networking 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. Patent has since been received for one more of the products developed by this Division.

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 the Communication and Networking Industry.

During the year an amount of Rs.0.01 Crore (Previous year- Rs.0.50 Crore) was incurred towards Capital Expenditure in this division. On revenue account, an amount of Rs.2.63 Crores (Previous year- Rs. 2.90 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

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 para 13 and 14 of Note 26 II on 'additional notes to 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

R Rajagopalan and A Mohan Rao, Directors, retire by rotation at this meeting, 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

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.

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 : 29 May 2013

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.

Directors' attendance record and directorships held

Name of Director	Position	No. of Board Meetings Attended	Attendance at Prev. AGM on 27 June 2012	No. of outside Directorships held*	No. of membership/ chairmanship in other Board Committees
Executive Directors					
S. Narayanan	Chairman & Managing Director	5	Present	-	-
H. Nandi	Managing Director	5	Present	-	-
Non-Executive, Independent Directors					
R. Rajagopalan	Director	2	Not Present	3	5
A. Mohan Rao	Director	5	Present	3	2
N. Sivaram	Director	4	Present	-	-
A. Murali	Director	5	Present	15	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.

The broad terms of reference to the Audit committee, is to review with the Management, the Internal Auditors and the Statutory Auditors :

- ☐ the Company's accounting & financial controls and reporting processes – quarterly & annual.
- ☐ accounting & financial policies and practices.
- ☐ internal control and internal audit systems.
- ☐ compliance with Company policies and applicable laws and regulations.
- ☐ to recommend to the Board, regarding the appointment

MRO-TEK is conscious of the fact that the success of a corporation is a reflection of the professionalism, conduct and ethical values of its management and employees. In addition to compliance with regulatory requirement, MRO-TEK endeavours to ensure that highest standards of ethical and responsible conduct are met throughout the organisation.

BOARD OF DIRECTORS

Composition

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

Number of Board Meetings

A total of five meetings of the Board of Directors were held during the year under review, on 18 May, 27 June, 25 July, 31 October 2012, 30 January 2013.

/ re-appointment of Statutory, Internal and Cost Auditors and the remuneration payable to them.

- ☐ remuneration to Directors.
- ☐ accounting of ESOP Costs in accordance with SEBI guidelines.
- ☐ Allotment of options under ESOP and Buyback proposal.
- ☐ Ensure compliance of all mandatory requirements.

During the year, the Committee met four times on 18 May, 25 July, 31 October 2012, 30 January 2013.

Name of Director	No. of Meetings Attended
R. Rajagopalan	2
A. Mohan Rao	4
N. Sivaram	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.

MRO-TEK LIMITED

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 2013. No stock options were granted/allotted under ESOS, to any of the directors.

During the year, the Committee met two times on 18 May 2012 and 30 January 2013.

Name of Director	No. of Meetings Attended
R. Rajagopalan	1
A. Mohan Rao	2
N. Sivaram	1
A. Murali	2

SHAREHOLDERS' GRIEVANCE COMMITTEE

The Shareholders' Grievance 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.

During the year, the Committee met four times on

18 May, 25 July, 31 October 2012, 30 January 2013.

Name of Director	No. of Meetings Attended
A. Mohan Rao	4
N. Sivaram	3
R. Rajagopalan	2
A. Murali	3

The Shareholders' Grievance 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 4th, 11th, 18th and 25th day of every month, and if any of those days fall on a Sunday or a holiday, on the immediately preceding working day, provided there are any subjects referred to the committee to be resolved during the period.

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

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

Reconciliation of the share capital is reviewed every quarter by a practicing Company Secretary as per the prevailing guidelines of the SEBI, and the same is filed with the Stock Exchanges.

INFORMATION ON INVESTOR COMPLAINTS FOR THE YEAR :

Brought Forward	Received afresh	Disposed	Carried-over
0	6	6	0

REMUNERATION OF DIRECTORS FOR 2012-13

In Rupees

Name of the Director	Sitting Fee*	Salaries	Provident Fund & Superannuation	Total
S. Narayanan	Nil	42,00,000	11,34,000	53,34,000
H. Nandi	Nil	42,00,000	11,34,000	53,34,000
R. Rajagopalan	42,000	Nil	Nil	42,000
A. Mohan Rao	90,000	Nil	Nil	90,000
N. Sivaram	66,000	Nil	Nil	66,000
A. Murali	90,000	Nil	Nil	90,000

*Sitting Fee disclosed above is net of service tax