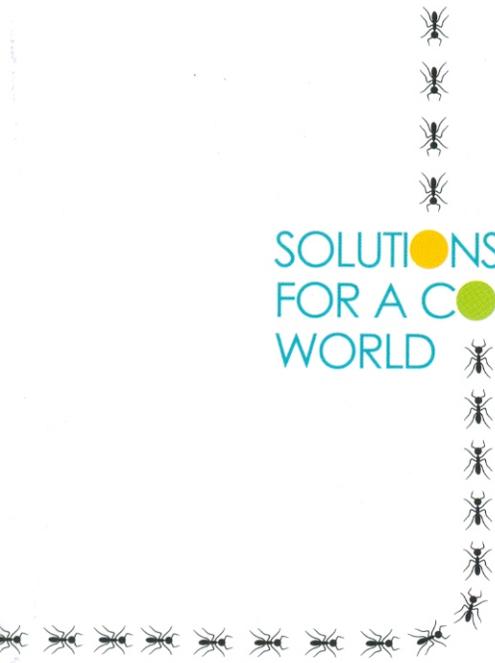


SOLUTIONS
FOR A CONNECTED
WORLD



ANNUAL REPORT
2011-2012



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 Offices

1st Floor
Lavlesh Court
Varde Marg, Bandra (West)
Mumbai - 400 050
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
Canara Bank

Statutory Auditors

Narayanan, Patil & Ramesh
Chartered Accountants
1101, World Trade Centre,
Malleshwaram,
Bangalore - 560055

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 : 040-2342 0815
Fax : 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 Twenty Eighth Annual General Meeting of the Company will be held at 11.00 hours on Wednesday, 27 June 2012, 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 2012, 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 N Sivaram, who retires by rotation and who, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of A Murali, who retires by rotation and who, being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

By Order of the Board of Directors

Place : Bangalore
Date : 18 May 2012

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 14 June 2012 to 27 June 2012 (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 2004-2005, 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 : 18 May 2012

R. Ramaswamy
Company Secretary

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

N Sivaram, aged 59 years, was taken on the Board of MRO-TEK Limited, as an independent, non-whole time director on 27 February 2002. He is a Graduate in BE 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. N Sivaram does not hold any equity shares of the Company.

A Murali, aged 52 years, was taken on the Board of MRO-TEK Limited, as an independent, non-whole time Director on 10 August, 2005. He is a Graduate in Law and is presently a partner in J. Sagar Associates - Advocates and Solicitors, one of the leading corporate law firms in India. A Murali is a well known legal and Corporate Laws consultants in Bangalore, who expertise/guidance is valuable to the Company. A Murali holds 200 Equity shares of the Company.

Directorship in other Companies:

- The Ayer Manis Rubber Estate Limited
- Thermo King India Private Limited
- Stumpp Schuele & Somappa Private Limited
- IQ Back Office India Private Limited
- East West Hotels Limited
- Bangalore Stock Exchange Limited
- Infogix India Private Limited
- Senapathy Whiteley Private Limited
- Ingersoll-Rand International (India) Limited
- Cheslind Textiles Limited*
- Ingersoll Rand Industrial Products Private Limited
- Stumpp Schuele & Somappa Springs Private Limited
- Kern - Liebers (India) Private Limited
- Alexandria equities Management(India) Private Limited
- Tandus flooring India Private Limited
- Nova Nordisk Service Centre (India) Private Limited

* also a member of Audit Committee

REPORT OF DIRECTORS AND MANAGEMENT DISCUSSION & ANALYSIS

Your Directors have pleasure in presenting herewith their Twenty Eighth Annual Report on the activities of your company during the year ended 31 March 2012.

FINANCIAL RESULTS

	2011-2012 (Rs. Lacs)	2010-2011 (Rs. Lacs)
Net Revenue from operations	3,413.74	2,582.03
Other Income	145.88	257.78
Profit/(Loss) before Depreciation	(1,174.36)	(1,283.72)
Depreciation	254.35	269.81
Profit/ (Loss) before Taxation	(1,428.71)	(1,553.53)
Provision for Taxation (on account of deferred tax)	5.56	(45.88)
Profit/(Loss) after Taxation	(1,434.27)	(1,507.65)
Extraordinary Items	2.05	219.15
Surplus in Profit & Loss account brought forward from previous years	38.08	1,326.58
Net Surplus/(deficit) in Profit and Loss Account	(1,394.14)	38.08

PERFORMANCE

During the year under review,

- r The challenges in introducing new products in the market continued to be faced and were met with unrelenting vigor and enthusiasm;
- r all round austerity measures were implemented to peg losses at minimum possible levels;
- r aggressive marketing activities were further stepped-up, and customers were continually apprised of cost-effectiveness and unique features embedded in our products;
- r however, the unclear economic and political scenario prevailing in the Country, which inevitably filtered down to the market for your company's products, affected achieving a major leap in revenue;
- r despite the same, the turnover registered a growth of over 30%, at Rs.34.14 crores, against Rs.25.82 crores of previous year.

Your Directors are confident, and are hopeful, that this growth will be sustained, and every possible action will be taken to further improve such increase.

DIVIDEND

Viewed from the curtailed revenue and consequent losses, in order to continue conserving the presently existing resources for operational requirements, your Directors do not recommend any dividend for the year under review, and are confident of receiving your whole-hearted support for this proposal.

PROSPECTS & OUTLOOK

- r Your company continues to operate in the space of

Communication and Networking. This space is experiencing 'advancement in technology', thereby creating considerable potential for business opportunities, both within and outside the Country.

- r Your company is making every effort to encash these business opportunities. Focussed efforts are being taken by your company in promoting its own state-of-the-art products.
- r The in-house R&D unit of your company, recognized by GOI, is providing the requisite support in development of innovative products, to meet market requirements.
- r As per a recently published report, modernization of existing Data Centers and setting-up of new Data Centers, is expected to considerably increase the demand for LAN & WAN products. With this, the business opportunities for your company look promising.

FINANCE

During the year under review,

- r your company incurred an operational loss of Rs 7.74 Crores;
- r after providing for an estimated amount of Rs 4 crores towards slow-moving inventory, based on Generally Accepted Accounting Practices, even though the items continue to be usable in the activities of the company, the Loss before Depreciation worked-out to Rs. 11.74 Crores;
- r after providing for Depreciation amounting to Rs.2.54 Crores, the Net Loss worked-out to Rs.14.28 crores;
- r the preserved cash reserves of the past, fully covered such operational losses, leaving behind the Debt-Free status and a positive Net Worth, of approx 7 times the paid-up Share Capital;
- r Stringent austerity measures, already in place, will continue unabated, in order to minimize the impact of expenditure on the financial results;
- r Your Directors place on record their sincere appreciation of the assistance, guidance, co-operation and whole-hearted support received from your company's Employees and Bankers.

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, such as Income Tax Assessments for prior year/s, 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 15 of Note 26 II on 'additional notes to accounts'.

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.

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, as recently amended.

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

With your company's consistent efforts to introduce and promote its own patentable products, the importance and responsibility of in-house R&D unit has increased manifold.

All efforts are being taken 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.0.50 Crores (Prev. year- Rs.0.03 Crores) was incurred towards Capital Expenditure in this division. On revenue account, an amount of Rs.2.90 Crores (Prev. year- Rs. 3.45 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 10 and 11 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

N Sivaram and A Murali, Directors, retire by rotation at this meeting, and being eligible, offer 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

- r in the preparation of these annual accounts, the applicable accounting standards have been followed and no material departures have been made from the same;
- r 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;
- r 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;
- r they have prepared annual accounts on a 'going concern' basis.

for & on behalf of the Board of Directors

Place : Bangalore

Date : 18 May 2012

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 29 June 2011	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	5	Present	3	5
A. Mohan Rao	Director	5	Present	3	2
N. Sivaram	Director	4	Present	-	-
A. Murali	Director	4	Present	16	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 :

- r the Company's accounting & financial controls and reporting processes – quarterly & annual.
- r accounting & financial policies and practices.
- r internal control and internal audit systems.
- r compliance with Company policies and applicable laws and regulations.
- r 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, 29 June, 27 July, 28 October 2011, 25 January 2012.

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

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

During the year, the Committee met four times on 18 May, 27 July, 28 October 2011, 25 January 2012.

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

- r 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;
- r remuneration payable to the non-executive Directors for meetings of the Board and/or various committees attended and
- r 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 2012. No stock options were granted/allotted under ESOS, to any of the directors.

During the year, a meeting of the Remuneration & Compensation committee was held on 18 May 2011 and was attended by all the members.

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, 27 July, 28 October 2011, 25 January 2012.

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

- r to approve all transfer (including transmission, transposition, re-mat) requests received,
- r to note the transfers which have taken place till the immediately preceding date on which Beneficiary Position (Benpos) report is received,
- r to scrutinise and note the highlights of the Benpos report and
- r 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' 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	8	8	0

REMUNERATION OF DIRECTORS FOR 2011-12

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	84,000	Nil	Nil	84,000
A. Mohan Rao	84,000	Nil	Nil	84,000
N. Sivaram	66,000	Nil	Nil	66,000
A. Murali	66,000	Nil	Nil	66,000

MRO-TEK LIMITED

GENERAL BODY MEETINGS

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

Year	Location	Date	Time
2009	Hotel Woodlands, Bangalore	24 June 2009	11.00 Hours
2010	Hotel Woodlands, Bangalore	30 June 2010	11.00 Hours
2011	Hotel Woodlands, Bangalore	29 June 2011	11.00 Hours

SPECIAL RESOLUTIONS PASSED IN THE PREVIOUS THREE ANNUAL GENERAL MEETINGS :

Year	Special Resolutions
2009	No Special Resolution was considered.
2010	<ol style="list-style-type: none"> 1. Payment of commission on net profits, as provided under Company Act, 1956, to Non-whole time Directors of the Company for the period of five year from 1 April 2010 to 31 March 2015. 2. Payment of remuneration to S Narayanan, Chairman & Managing Director of the Company for the period 1 April 2010 to 31 March 2013. 3. Payment of remuneration to H Nandi, Managing Director of the Company for the period 1 April 2010 to 31 March 2013.
2011	No Special Resolution was considered.

DISCLOSURE

Transactions with related parties are disclosed in para 16 of Note 26 on 'Additional Notes to 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.

COST AUDIT

Under Section 233B of Companies Act, 1956, Mr M.R.Krishnamurthy, Cost Accountant, having his office at No 8, First Floor, 4th Main Road, Chamarajpet, Bangalore, was appointed as Cost Auditor of the Company for the financial year 2011-12. His appointment was duly approved by the Central Government.

Cost Audit Report for the financial year 2010-11 was filed on 25 August 2011, well before the due date of 30 September 2011. Cost Audit Report for financial year 2011 -12 shall be filed on or before the due date.

Details of compliance with mandatory requirements

Particulars	Clause of listing agreement	Compliance status (Yes/No/N/A)
1	2	3
I Board of Directors	49 I	
(A) Composition of Board	49 (IA)	Yes
(B) Non-Executive Directors' Compensation & Disclosure	49 (IB)	Yes
(C) Others provisions as to Board and Committees	49 (IC)	Yes
(D) Code of Conduct	49 (ID)	Yes
II Audit Committee	49 (II)	
(A) Qualified & Independent Audit Committee	49 (IIA)	Yes
(B) Meeting of Audit Committee	49 (IIB)	Yes
(C) Powers of Audit Committee	49 (IIC)	Yes
(D) Role of Audit Committee	49 II (D)	Yes
(E) Review of Information by Audit Committee	49 (IIE)	Yes
III Subsidiary Companies	49 (III)	N/A
IV Disclosures	49 (IV)	
(A) Basis of related party transactions	49 (IV A)	Yes
(B) Disclosure of Accounting Treatment	49 (IV B)	Yes
(C) Board Disclosures	49 (IV C)	Yes
(D) Proceeds from public issues, rights issue, preferential Issues etc.	49 (IV D)	N/A
(E) Remuneration of Directors	49 (IV E)	Yes
(F) Management	49 (IV F)	Yes
(G) Shareholders	49 (IV G)	Yes
V CEO/CFO Certification	49 (V)	Yes
VI Report on Corporate Governance	49 (VI)	Yes
VII Compliance	49 (VII)	Yes

Compliance with non-mandatory requirements

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

all information sought by them to perform their duty effectively and efficiently.

- Non-whole time Directors are remunerated with an appropriate percent of the net profits of the company as allowed under the provisions of Companies Act, 1956, for their valuable contributions by way of guidance, directions and time devoted to the activities of your Company. Such remunerations paid is uniform among all Non-whole time Directors.
- Remuneration Committee has duly been constituted to discuss issues, as detailed elsewhere in this report.
- Audit Committee are duly been constituted, and its scope and functions are already detailed elsewhere in this report.
- Matters referred to Audit Committee, as detailed elsewhere in the report include, inter alia, recommendation to Board, on appointment of Statutory, Internal and Cost Auditor/s.
- Internal Auditor of the Company is an independent chartered accountant firm.
- Rotation of audit partner has been implemented by the auditing firm.
- Reconciliation of Share Capital Audit Report is conducted every financial quarter and placed before the Audit Committee and the Board for review.

MEANS OF COMMUNICATION

i	Quarterly Results	Published in National and local dailies such as Financial Express (English) & Samyukta Karnataka and in official websites of National Stock Exchange of India Limited (www.nseindia.com) and Bombay Stock Exchange Limited (www.bseindia.com)
ii	Publications in Newspapers	Published in National and local dailies such as Financial Express (English) & Samyukta Karnataka (Kannada)
iii	Publications in Websites	www.mro-tek.com;
iv	Displaying of official news releases	www.mro-tek.com; and official websites of NSE and BSE
v	Presentations to Institutional Investors or analysts	www.mro-tek.com

Industry Structure & Developments, Opportunities & Threats, Segment-wise performance, outlook, Risks and Concerns of your Company and discussion on financial performance with respect to the Operational Performance:

To the extent applicable, have duly been covered in the Directors’ report.

SHAREHOLDER INFORMATION

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

Date	Time	Venue
Wednesday, 27 June 2012	11.00 Hours	Hotel Woodlands, No. 5, Raja Ram Mohan Roy Road, Bangalore-560 025

b) Particulars of Financial Calendar for 2012-13

Financial Year	1 April 2012 to 31 March 2013
First, Second and Third Quarterly Results	Within 45 days of end of each quarter
Fourth Quarter & Financial Year Results	within sixty days of end of the financial year

MRO-TEK LIMITED

- c) Dates of Book Closure – 14 June 2012 to 27 June 2012 (both days inclusive).
- d) Date of Dividend Payment – After the date of AGM and within the stipulated period of 30 days .
- e) Listing on stock exchanges:
- National Stock Exchange of India Limited (NSE), Bombay Stock Exchange Limited (BSE).
 - Annual listing fee has been remitted for NSE and BSE for the year 2012-13.
 - Annual custody fee has been remitted for NSDL and CDSL for the year 2012-13.
- f) Stock Exchange Codes

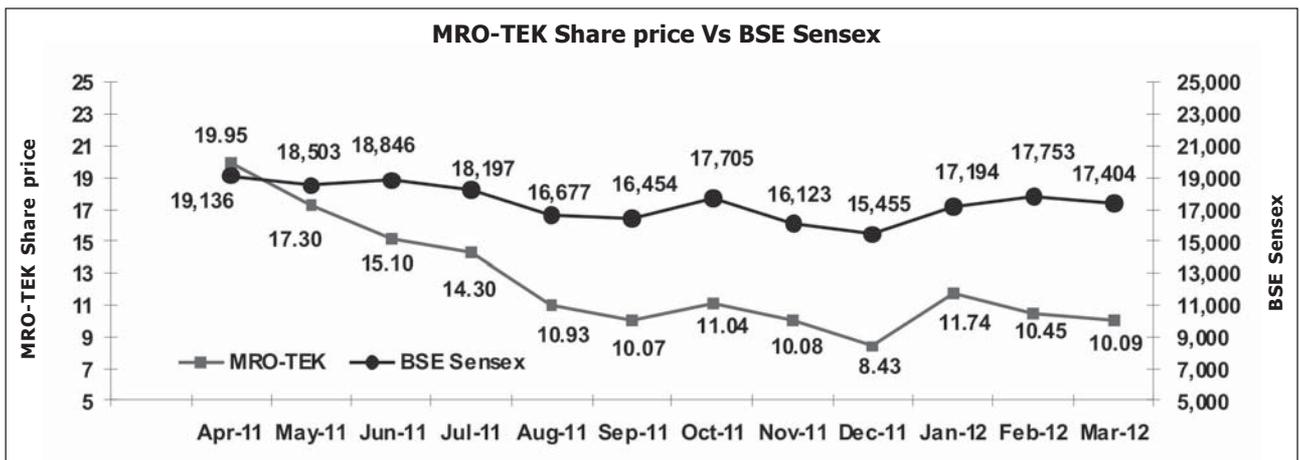
Stock Exchange	Code
National Stock Exchange of India Limited, Mumbai	MRO-TEK
Bombay Stock Exchange Limited, Mumbai	532376

g) Demat arrangement with NSDL and CDSL. Demat ISIN – INE398B01018

h) Market price data of shares traded

High/Low of market price of the Company's shares traded in Bombay Stock Exchange and National Stock Exchange, during the financial year 2011-12 is furnished below :

Month	Bombay Stock Exchange			National Stock Exchange		
	High (Rs.)	Low (Rs.)	Volume (Nos)	High (Rs.)	Low (Rs.)	Volume (Nos.)
Apr-11	26.20	18.50	8,66,628	26.30	18.40	13,04,859
May-11	19.95	16.35	1,00,481	20.60	16.25	1,14,202
Jun-11	18.65	14.90	1,23,311	18.60	14.80	1,46,477
Jul-11	16.45	14.15	1,20,985	16.60	14.00	1,38,814
Aug-11	14.58	9.82	1,20,497	14.65	9.80	2,03,891
Sep-11	12.17	10.01	1,82,485	12.25	10.00	2,05,977
Oct-11	12.30	9.70	65,833	11.35	9.30	73,679
Nov-11	11.20	8.70	74,062	11.30	8.25	1,03,958
Dec-11	10.30	7.20	73,588	10.50	7.30	76,989
Jan-12	12.40	7.61	2,08,860	12.75	7.20	2,96,972
Feb-12	12.65	9.18	1,67,842	12.75	10.00	2,05,953
Mar-12	11.75	9.15	67,050	12.60	9.05	1,05,496



i) Share Transfer System

In compliance of SEBI requirements, share transfers are entertained both under demat form as well as physical form.

As reported hereinabove under "Shareholders' Grievance Committee", Share transfers, in respect of physical stocks, are normally effected within a maximum of 30 days from the date of receipt, if all required documentation is submitted.

j) Distribution of Shareholding as on 31 March 2012 :

No. of equity shares held	No. of shares (face value Rs.5)	% to total	No. of Shareholders	% to Total No. of Shareholders
Upto 500	26,82,398	14.36	15,709	82.19
501-1000	14,23,282	7.62	1,685	8.82
1001-2000	13,70,026	7.33	875	4.58
2001-3000	7,46,777	4.00	287	1.50
3001-4000	4,76,392	2.55	131	0.69
4001-5000	6,23,629	3.34	131	0.69
5001-10000	13,59,096	7.27	180	0.94
10001 & above	1,00,03,002	53.54	114	0.60
Total	1,86,84,602	100.00	19,112	100.00

k) Categories of Shareholding :

Category	No. of Shareholders	Total Shares	%	Equity Shares Pledged	
				No. of shares	%
Promoters Group	4	72,28,606	38.69	NIL	NIL
NRIs/ Foreign Nationals	136	1,30,556	0.70	N/A	N/A
Banks/Mutual Funds/FIIs	1	3,500	0.02	N/A	N/A
Bodies Corporate	416	10,07,191	5.39	N/A	N/A
Trusts	1	430	0.00	N/A	N/A
Public	18,554	1,03,14,319	55.20	N/A	N/A
Total	19,112	1,86,84,602	100.00		

l) Dematerialisation of Shares and Liquidity

Category – Demat/Physical	No. of Shareholders	%	No. of Shares	%
Total No. of Shareholders holding shares physically	503	2.63	1,44,038	0.77
Total No. of Shareholders in electronic (Demat) form	18,609	97.37	1,85,40,564	99.23
Total	19,112	100.00	1,86,84,602	100.00

Days taken for Demat	No. of Requests	No. of Shares	% of Total Shares
Average 7 Days	7	2,300	0.01

m) Non-Executive Directors shareholding in the Company:

While A. Murali holds 200 equity shares, the other directors viz., R. Rajagopalan, N. Sivaram and A. Mohan Rao do not hold any shares of your company.

n) Plant Location No.29-B, Electronic City, Hosur Road, Bangalore – 560 100. India Tel : (91) (80) 2852 0544 Fax : (91) (80) 2852 0986	o) Address for Investor Correspondence (all matters): MRO-TEK Limited, Bellary Road, Hebbal, Bangalore - 560 024. Tel : (91) (80) 2333 2951 Fax : (91) (80) 2333 3415 E-mail : grd@mro-tek.com	p) Registrars & Share Transfer Agents Karvy Computershare Pvt. Ltd., Plot No. 17-24, Vittalrao Nagar, Madhapur, Hyderabad - 500 081. Tel : 040 2342 0815 Fax : 040 2342 0814 E-mail : einward.ris@karvy.com
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for & on behalf of the Board of Directors

Place : Bangalore
Date : 18 May 2012

S. Narayanan
Chairman & Managing Director

CEO & CFO CERTIFICATION

- a. We have reviewed financial statements and the cash flow statement for the year ended 31 March 2012 and certify, to the best of our knowledge and belief, that:
- these statements present a true and fair view of the Company's affairs, and are in compliance with existing accounting standards, applicable laws and regulations;
 - these statements do not contain any materially untrue statement, or omit any material fact, or contain statements that might be misleading;
 - no transactions entered into by the company during the year were fraudulent, illegal or violative of the Company's code of conduct and no instances of fraud took place;
 - we accept responsibility for establishing and maintaining internal controls for financial reporting;
 - we have evaluated the effectiveness of the internal control systems of the Company, and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and have taken steps to rectify the same, wherever found;
- b. We further declare, in compliance to clause 49.I(D)(ii) to Listing Agreement, that all the Board members and senior management personnel have affirmed compliance with the code of conduct of the Company.
- vi. significant changes in internal control over financial reporting, as well as changes in accounting policies, if any, have been intimated to the auditors and the Audit Committee, and been disclosed in the notes to the financial statements;

H. Nandi **R. Ramaswamy**

Place : Bangalore *Managing* *CFO &*

Date : 18 May 2012 *Director* *Company Secretary*

CERTIFICATE OF AUDITORS ON CORPORATE GOVERNANCE

To the Members of MRO-TEK LIMITED

We have examined the compliance of conditions of corporate governance by MRO – TEK LIMITED, for the year ended on 31st March 2012, as stipulated in Clause 49 of the Listing Agreement of the said company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify

that the company has complied in all material respects with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

for **Narayanan, Patil and Ramesh**
Chartered Accountants

Patil Udaya Kumar
Partner

Place : Bangalore
Date : 18 May 2012

Membership No. 200/25589
Firm No. 0023955

AUDITORS' REPORT

To the members of MRO-TEK LIMITED,

1. We have audited the attached Balance Sheet of MRO-TEK LIMITED, as at 31st March 2012 and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these Financial Statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India, in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in Paragraph 3 above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.

- b) In our opinion, proper books of accounts as required by Law have been kept by the Company so far as appears from our examination of such books.
- c) The Balance Sheet and Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with this report comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.
- e) On the basis of written representations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors of the company are disqualified as on 31.03.2012 from being appointed as Directors of the company under clause (g) of sub section (1) of Section 274 of Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the accounts together with the notes thereon give the information required under the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the Accounting Principles generally accepted in India:
 - i) In the case of Balance Sheet, of the state of affairs of the company as at 31st March 2012;
 - ii) In the case of profit and loss account, of the Loss for the year ended on that date; and
 - iii) In the case of Cash Flow Statement of the Cash flows for the year ended on that date.

for **Narayanan, Patil and Ramesh**
Chartered Accountants

Patil Udaya Kumar
Partner

Place : Bangalore
Date : 18 May 2012

Membership No.200/25589
Firm No. 002395S

ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 3 of our report of even date to the members of MRO-TEK Limited.

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of Fixed Assets.
 - (b) As per the information furnished, all the fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.
 - (c) During the year, the company has not disposed off any major part of Plant & Machinery so as to affect its Going Concern status.

- (ii) (a) As explained to us, the Inventories have been physically verified during the year by the management. In our opinion, the frequency of such verification is reasonable.
 - (b) As per the information given to us, the procedures of physical verification of inventory followed by the management are, in our opinion, reasonable and adequate in relation to the size of the company and the nature of its business.
 - (c) On the basis of our examination of Inventory records, in our opinion, the company is

maintaining proper records of inventory. The discrepancies noticed on verification between physical stock and book records were not material.

- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms and other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Accordingly, clause 4(iii) (b), (c), and (d) of the Order are not applicable to the Company.
- (b) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms and other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Accordingly, clause 4(iii) (f) and (g) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business, with regard to purchase of inventory, fixed assets and for the sale of goods. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the internal control system.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered into a register in pursuance of section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year, have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) According to the information and explanations given to us, the company has not accepted deposits from the public and hence, the directives issued by the Reserve Bank of India and the provisions of Sections 58A and 58AA of the Act and the rules framed there under, are not applicable to the Company.
- (vii) In our opinion, the company has an internal audit system commensurate with its size and nature of its business.

(viii) We have broadly reviewed the books of account and records maintained by the company pursuant to the Rules prescribed by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. The contents of these accounts and records have not been examined by us to determine whether they are accurate or complete.

- (ix) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and any other statutory dues as applicable.
- (b) According to the information and explanations given to us, there were no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues outstanding as at 31st March 2012 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of income tax, sales tax, wealth tax, service tax, customs duty and excise duty, which have not been deposited on account of any dispute excepting the following:

Name of the statute	Nature of the Dues	Amount Rs.	Period to which the amount relates	Forum where dispute is pending
Central Excise	Excise Duty	4,66,90,550	Jan 2008 to Mar 2010	CESTAT

- (x) The company has accumulated losses as at 31st March 2012 amounting to Rs. 13.54 crores which is less than 50% of its Networth. The company has incurred cash losses for the financial year and in the immediately preceding financial year amounting to Rs. 11.72 crores and Rs. 10.64 crores respectively.
- (xi) According to records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.

- (xii) According to information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanations provided to us, the company is not a chit fund or nidhi mutual benefit fund / society and therefore, the provisions of clause 4(xiii) of the Order are not applicable to the company.
- (xiv) According to the information and explanations provided to us, the company is not dealing in or trading in shares, securities, debentures and other investments and accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the company.
- (xv) According to the information and explanations given to us, the provisions of Clause 4(xv) of the Order are not applicable to the company.
- (xvi) In our opinion and according to the information and explanations given to us, the company has not taken any term loans from banks and therefore, the provisions of clause 4(xvi) of the Order are not applicable to the company.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, in our opinion there are no funds raised on short-term basis that have been used for long-term investments.
- (xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares during the year to parties and companies covered in the Register maintained under Section 301 of the Act and therefore, the provisions of clause 4(xviii) of the Order are not applicable to the company.
- (xix) According to the information and explanations given to us, the Company has not issued any debenture and therefore, the provisions of clause 4(xix) of the Order are not applicable to the company.
- (xx) According to the information and explanations given to us, the provisions of Clause 4(xx) of the Order are not applicable to the company.
- (xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud on or by the Company, noticed or reported during the year under review, nor have we been informed of such case by management.

for **Narayanan, Patil and Ramesh**
Chartered Accountants

Patil Udaya Kumar
Partner

Place : Bangalore
Date : 18 May 2012

Membership No.200/25589
Firm No. 002395S

MRO-TEK LIMITED

BALANCE SHEET

AS AT 31 MARCH 2012

	Note No.	31 March 2012 Rs.	31 March 2011 Rs.
I Equity and Liabilities			
1 Shareholders' funds			
a Share Capital	1	9,34,23,010	9,34,23,010
b Reserves and Surplus	2	53,08,87,401	67,41,08,976
2 Non-current liabilities			
a Long-term borrowings	3	2,96,67,001	3,33,93,501
b Deferred tax liabilities (Net)	4	1,07,85,870	1,02,29,842
c Long-term provisions	5	52,30,629	37,29,174
3 Current liabilities			
a Short-term borrowings	6	-	-
b Trade payables	7	2,98,82,522	2,37,80,481
c Other Current liabilities	8	4,85,29,121	3,85,74,330
Total		74,84,05,554	87,72,39,314
II Assets			
1 Non-Current Assets			
a Fixed Assets			
i Tangible Assets	9	23,44,00,659	24,29,66,655
ii Intangible Assets		35,77,336	54,50,448
b Non Current Investments	10	72,52,000	72,52,000
c Long-term loans and advances	11	4,40,14,529	4,61,41,751
d Other non-current assets	12	-	-
2 Current Assets			
a Current Investments	13	6,00,851	3,18,726
b Inventories	14	25,11,76,832	24,46,61,291
c Trade receivables	15	13,58,44,117	7,06,97,587
d Cash and Cash equivalents	16	5,46,27,893	23,67,07,674
e Short-term loans and advances	17	1,69,11,337	2,30,43,182
Total		74,84,05,554	87,72,39,314
Significant accounting policies and additional notes form integral part of the Balance Sheet	26		

for and on behalf of the Board of Directors

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

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

for Narayanan, Patil & Ramesh
Chartered Accountants

Patil Udaya Kumar
Partner

Membership No: 200/25589
Firm No. 002395S

Place : Bangalore
Date : 18 May 2012

STATEMENT OF PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2012

	Note No.	31 March 2012 Rs.	31 March 2011 Rs.
I Revenue from Operations	18	34,13,74,261	25,82,02,580
II Other Income	19	1,45,87,802	2,57,78,198
III Total Revenue (I + II)		35,59,62,063	28,39,80,778
IV Expenses:			
Cost of materials consumed	20	23,82,59,087	19,05,31,908
Purchases of Traded goods		5,01,94,026	2,40,86,089
Changes in inventories of Finished Goods, Work-in-progress and Traded Goods	21	(2,67,07,352)	(3,21,03,563)
Employee benefits expenses	22	14,13,76,726	14,89,59,659
Finance Cost	23	26,71,077	18,93,566
Depreciation and amortization expenses	9	2,54,35,332	2,69,81,472
Other Expenses	24	6,76,04,377	7,89,85,060
Total expenses		49,88,33,273	43,93,34,191
V Profit before exceptional and extraordinary items and tax (III - IV)		(14,28,71,210)	(15,53,53,413)
VI Exceptional Items		-	-
VII Profit before extraordinary items and tax (V - VI)		(14,28,71,210)	(15,53,53,413)
VIII Extraordinary Items		2,05,664	2,19,15,248
IX Profit/(Loss) before tax (VII - VIII)		(14,26,65,546)	(13,34,38,165)
X Tax Expenses			
1 Current tax		-	-
2 Deferred tax		5,56,029	(45,87,803)
XI Profit/(Loss) for the period (IX - X)		(14,32,21,575)	(12,88,50,362)
XII Earnings per equity share (face value of Rs. 5 per share)			
1 Basic		(7.67)	(6.90)
2 Diluted		(7.67)	(6.90)
Significant accounting policies and additional notes form integral part of the Profit & Loss account	26		

for and on behalf of the Board of Directors This is the Profit and Loss account referred to in our report of even date

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

for Narayanan, Patil & Ramesh
Chartered Accountants

Patil Udaya Kumar
Partner

Membership No: 200/25589
Firm No. 002395S

Place : Bangalore
Date : 18 May 2012

NOTES FORMING PART OF BALANCE SHEET

AS AT 31 MARCH 2012

	31 March 2012	31 March 2011				
	Rs.	Rs.				
NOTE - 1 - Share Capital						
1. Authorised 2,40,00,000 Equity shares of Rs. 5 each	12,00,00,000	12,00,00,000				
2. Issued, Subscribed & Paid Up						
1,86,84,602 Equity Shares of Rs.5 each, fully paid-up						
(Previous year 1,86,84,602 Equity Shares of Rs.5 each, fully paid-up)	9,34,23,010	9,34,23,010				
3. Reconciliation of number of shares outstanding at the beginning & at the end of the reporting year						
	As at 31 March 2012		As at 31 March 2011			
	No of Shares	Value Rs.	No of Shares	Value Rs.		
At the beginning of the year	1,86,84,602	9,34,23,010	1,86,84,602	9,34,23,010		
Movement during the period	-	-	-	-		
Outstanding at the end of the year	1,86,84,602	9,34,23,010	1,86,84,602	9,34,23,010		
4. Equity Shares bought back during the last five years:			5. Shareholders holding Equity Shares more than 5%:			
Financial Year		No. of Shares		As at 31.03.2012 & 31.03.2011		
2007-08		17,55,554		Shareholder	No. of Shares	Value Rs.
2009-10		3,01,372		H Nandi	30,73,610	1,53,68,050
Total		20,56,926		S Narayanan	30,36,011	1,51,80,055
NOTE - 2 - Reserves and Surplus						
1. Capital Reserve :						
State Government subsidy on Capital Investment						
Opening Balance			1,10,000	1,10,000		
			1,10,000	1,10,000		
2. Capital Redemption Reserve			1,02,84,630	1,02,84,630		
3. Securities Premium Account			17,69,06,656	17,69,06,656		
4. General Reserve						
Opening Balance			48,30,00,000	48,30,00,000		
			48,30,00,000	48,30,00,000		
5. Surplus/(deficit) in the statement of Profit & Loss						
Opening Balance			38,07,690	13,26,58,052		
Profit / (Loss) for the year			(14,32,21,575)	(12,88,50,362)		
Less: Appropriations			-	-		
Net Surplus/(deficit) in the statement of Profit & Loss			(13,94,13,885)	38,07,690		
Total			53,08,87,401	67,41,08,976		
NOTE - 3 - Long-Term Borrowing						
Sales Tax Deferment			2,96,67,001	3,33,93,501		
Total			2,96,67,001	3,33,93,501		

NOTES FORMING PART OF BALANCE SHEET

AS AT 31 MARCH 2012

	31 March 2012	31 March 2011
	Rs.	Rs.
NOTE - 4 - Deferred Tax Liability		
Fixed Assets	1,49,36,552	1,55,10,165
Carry forward of Capital Loss	(14,99,940)	(15,43,528)
Others	(26,50,742)	(37,36,795)
Total	1,07,85,870	1,02,29,842
NOTE - 5 - Long-Term Provisions		
Employees' Benefits - Leave Encashment	52,30,629	37,29,174
Total	52,30,629	37,29,174
NOTE - 6 - Short-Term Borrowings		
Secured borrowings		
a Loan repayable on demand		
- from Bank	-	-
Total	-	-
Cash Credit, LC and BG limits sanctioned by State Bank of India and Canara Bank are secured, on pari-passu basis, against hypothecation of Book Debts, Inventory and also a charge on all fixed assets of the Company, movable & immovable as collateral security.		
NOTE - 7 - Trade Payables		
Trade Payables		
- MSME	24,16,911	47,42,858
- Others	2,74,65,611	1,90,37,623
Total	2,98,82,522	2,37,80,481
NOTE - 8 - Other Current Liabilities		
Customer Credit Balances	2,35,944	1,13,853
Advances from Customer under AMC	29,07,275	19,50,728
Unclaimed dividends*	26,16,742	27,76,852
Others liabilities	4,27,69,160	3,37,32,897
Total	4,85,29,121	3,85,74,330
* (An amount of Rs.1,46,535 was credited to Investor Education and Protection Fund as at 31.03.2012)		
NOTE - 10 - Non Current Investments		
Long-term, trade, unquoted, at cost:		
Investment in Equity Shares of Joint Venture:	72,52,000	72,52,000
RAD-MRO Manufacturing Pvt Ltd, Bangalore		
7,25,200 equity shares of Rs 10 each, fully paid up		
Total	72,52,000	72,52,000

NOTES FORMING PART OF THE BALANCE SHEET

NOTE - 9

Fixed Assets

NATURE OF ASSET	GROSS BLOCK			DEPRECIATION BLOCK			NET BLOCK				
	COST AS ON 1 Apr 2011	ADDITIONS DURING THE YEAR	DELETIONS	TOTAL COST AS ON 31 Mar 12	Rate	UPTO 31 Mar 11	FOR THE YEAR	ON DELETIONS	UPTO 31 Mar 12	AS AT 31 Mar 12	AS AT 31 Mar 11
	Rs.	Rs.	Rs.	Rs.	%	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
TANGIBLE ASSETS:											
LAND	8,05,454	-	-	8,05,454	-	-	-	-	-	8,05,454	8,05,454
- FACTORY	5,47,38,602	-	-	5,47,38,602	-	-	-	-	-	5,47,38,602	5,47,38,602
- OFFICE	4,86,49,804	-	-	4,86,49,804	4.00	1,45,17,043	19,90,608	-	1,65,07,651	3,21,42,153	3,41,32,761
BUILDINGS	11,05,18,630	-	-	11,05,18,630	4.00	2,88,65,969	44,29,944	-	3,32,95,913	772,22,717	8,16,52,661
- OFFICE											
PLANT AND EQUIPMENT:											
PLANT & MACHINERY - R&D	12,84,395	-	-	12,84,395	10.00	9,80,038	1,35,706	-	11,15,744	1,68,651	3,04,357
PLANT & MACHINERY - OTHERS	6,59,10,580	43,88,478	-	7,02,99,058	10.00	3,85,00,376	54,76,972	-	4,39,77,348	2,63,21,710	2,74,10,204
TEST EQUIPMENTS - R&D	1,89,08,693	50,34,090	-	2,39,42,783	10.00	1,30,19,470	20,38,708	-	1,50,58,178	88,84,605	58,89,223
TEST EQUIPMENTS - OTHERS	2,33,39,425	11,17,803	-	2,44,57,228	10.00	1,98,61,456	8,35,030	-	2,06,96,486	37,60,742	34,77,969
FURNITURE & FIXTURES - R&D	10,26,776	-	-	10,26,776	10.00	7,79,273	76,930	-	8,56,203	1,70,573	2,47,503
FURNITURE & FIXTURES - OTHERS	3,15,30,541	34,15,576	10,39,181	3,39,06,936	10.00	1,69,14,385	27,85,375	10,30,666	1,86,69,094	1,52,37,842	1,46,16,156
VEHICLES	95,72,449	-	-	95,72,449	9.50	50,94,145	7,56,924	-	58,51,069	37,21,380	44,78,304
OFFICE EQUIPMENTS - R&D	1,69,598	-	-	1,69,598	10.00	1,57,427	4,559	-	1,61,986	7,612	12,171
OFFICE EQUIPMENTS - OTHERS	1,04,27,005	5,05,815	-	1,09,32,820	10.00	72,47,079	8,37,007	-	80,84,086	28,48,734	31,79,926
OTHERS:											
ELECTRICAL INSTALLATIONS	1,77,14,378	30,840	-	1,77,45,218	10.00	1,13,80,476	17,31,913	-	1,31,12,389	46,32,829	63,33,902
COMPUTERS & NETWORKING - R&D	1,64,60,048	-	-	1,64,60,048	20.00	1,51,13,186	7,71,557	-	1,58,84,743	5,75,305	13,46,862
COMPUTERS & NETWORKING - OTHERS	3,52,97,844	4,76,137	1,02,496	3,56,71,485	20.00	3,24,48,486	14,05,064	1,02,496	3,37,51,054	19,20,431	28,49,358
AIR CONDITIONERS - R&D	77,866	-	-	77,866	10.00	68,484	8,785	-	77,269	597	9,382
AIR CONDITIONERS - OTHERS	37,04,799	36,000	1,41,360	35,99,439	10.00	22,22,939	2,77,138	1,41,360	23,58,717	12,40,722	14,81,860
SUB TOTAL	45,01,36,887	1,50,04,739	12,83,037	46,38,58,589		20,71,70,232	2,35,62,220	12,74,522	22,94,57,930	23,44,00,659	24,29,66,655
INTANGIBLE ASSETS:											
COMPUTER SOFTWARE - R&D	1,55,88,480	-	-	1,55,88,480	20.00	1,55,88,480	-	-	1,55,88,480	-	-
COMPUTER SOFTWARE - OTHERS	1,02,08,194	-	-	1,02,08,194	20.00	47,57,746	18,73,112	-	66,30,858	35,77,336	54,50,448
SUB TOTAL	2,57,96,674	-	-	2,57,96,674		2,03,46,226	18,73,112	-	2,22,19,338	35,77,336	54,50,448
Total	47,59,33,561	1,50,04,739	12,83,037	48,96,55,263		22,75,16,458	2,54,35,332	12,74,522	25,16,77,268	23,79,77,995	24,84,17,103
As at 31 March 11	46,86,97,706	86,98,742	14,62,887	47,59,33,561		20,17,70,021	2,69,81,472	12,35,035	22,75,16,458	24,84,17,103	26,69,27,685

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

NOTES FORMING PART OF BALANCE SHEET

AS AT 31 MARCH 2012

	31 March 2012 Rs.	31 March 2011 Rs.
NOTE - 11 - Long-Term Loans and Advances		
(Unsecured - considered good)		
Earnest Money Deposit	3,05,055	10,82,475
Other Deposits	23,31,104	28,48,422
MAT Credit	29,90,914	29,90,914
Advance Tax and Tax Deducted at Source	34,79,748	45,36,586
Advances with	2,39,71,823	2,39,71,823
- Central Excise	64,22,618	61,98,264
- Customs Duty Refundable (SAD)	45,13,267	45,13,267
- Sales Tax		
Total	4,40,14,529	4,61,41,751
NOTE - 12 - Other Non-Current Assets		
Trade receivables outstanding for more than 12 months		
Unsecured, Considered doubtful	23,43,834	55,14,548
	23,43,834	55,14,548
Less: Provision for Bad & doubtful debts	23,43,834	55,14,548
Total	-	-
NOTE - 13 - Current Investments		
Short Term, non-trade, unquoted, at lower of cost or market value		
- in Mutual Funds:		
SBI - SHF - Ultra Short Term Fund- Institutional PLAN - Growth [454.034 units @ Rs.1,323.36 per unit (Market Value @ 1,400.49 - Rs.6,35,869)] [25,702.868 Units @ Rs.12.40 per unit (Market Value @ 12.80 - Rs.3,29,038)]	6,00,851	3,18,726
Total	6,00,851	3,18,726
NOTE - 14 - Inventories		
Valued at lower of cost or net realisable value		
Raw Materials	13,32,51,987	11,61,76,565
Work-in-progress	2,47,16,652	3,09,17,211
Finished Goods		
- Manufactured	12,32,44,150	9,09,59,129
- Traded	62,78,009	56,55,119
Goods in transit :		
Raw materials	33,22,655	9,53,267
Traded	3,63,379	-
Total	29,11,76,832	24,46,61,291
Less: Provision for slow-moving-items	(4,00,00,000)	-
Total	25,11,76,832	24,46,61,291

NOTES FORMING PART OF BALANCE SHEET

AS AT 31 MARCH 2012

	31 March 2012	31 March 2011
	Rs.	Rs.
NOTE - 15 - Trade Receivables		
Unsecured		
Debts Outstanding for a period exceeding		
- Six months		
Considered Good	6,95,012	1,44,58,864
Considered Doubtful	10,03,988	28,49,467
- Other Debts - Considered Good	13,51,49,105	5,62,38,723
	13,68,48,105	7,35,47,054
Less: Provision for Bad & doubtful debts	10,03,988	28,49,467
Total	13,58,44,117	7,06,97,587

NOTE - 16 - Cash & Cash Equivalents

a. Balances with banks		
- In Current Accounts	1,73,89,096	13,45,757
- In Current Accounts - Unclaimed dividend	26,16,742	27,76,852
- In Current Accounts (Foreign Currency)	4,09,326	59,759
- In Fixed Deposits (FDs) *		
Maturity period - less than 12 months	1,40,00,000	-
- more than 12 months	2,00,00,000	23,25,00,000
b. Cash on hand	2,12,729	25,306
Total	5,46,27,893	23,67,07,674

* All FDs are provided towards 100% margin money against the sanctioned limits of OD FD , LCs & Guarantees

NOTE - 17 - Short-Term Loans and Advances**(Unsecured - considered good)**

Advance Tax and Tax Deducted at Source	22,41,842	30,90,861
Advance to suppliers - on capital account	-	-
- others	4,15,190	33,79,419
Advances with - Central Excise	98,27,097	1,04,39,585
- Customs Duty Refundable (SAD)	13,92,939	5,22,902
- Others	11,85,945	12,99,153
Interest accrued but not due	90,014	24,12,418
Prepaid Expenses	17,58,310	18,98,844
Total	1,69,11,337	2,30,43,182

NOTES FORMING PART OF PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2012

	31 March 2012 Rs.	31 March 2011 Rs.
NOTE - 18 - Revenue from Operations		
Income from Sale of Products		
Domestic Sales	32,70,99,335	24,78,16,781
Exports	1,87,17,439	1,35,05,616
	<u>34,58,16,774</u>	<u>26,13,22,397</u>
Less: Excise Duty	2,89,55,329	2,53,62,040
	<u>31,68,61,445</u>	<u>23,59,60,357</u>
Income from Services		
Annual Maintenance Charges	1,37,08,875	1,22,23,481
Service & Installation Charges	1,08,03,941	1,00,18,742
Total	<u>34,13,74,261</u>	<u>25,82,02,580</u>
NOTE - 19 - Other Income		
Interest (TDS Rs.14,65,003)	1,22,68,760	2,06,61,294
Dividend Received	-	3,574
Miscellaneous Income	7,33,526	8,72,389
Short-Term Capital Gains	2,82,125	12,68,990
Credits no longer required	7,05,290	-
Gains from Exchange Rate Fluctuation	5,98,101	29,71,951
Total	<u>1,45,87,802</u>	<u>2,57,78,198</u>
NOTE - 20 - Cost of Material Consumed		
Raw materials		
Opening Stock	11,61,76,565	9,95,55,718
Add: Purchases & direct costs	21,53,34,509	20,71,52,755
	<u>33,15,11,074</u>	<u>30,67,08,473</u>
Less: Closing Stock	9,32,51,987	11,61,76,565
Cost of material consumed	<u>23,82,59,087</u>	<u>19,05,31,908</u>
NOTE - 21 - Increase / (Decrease) in Value of Stock		
a. Finished goods:		
Opening stock	9,09,59,129	6,70,00,525
Closing stock	12,32,44,150	9,09,59,129
	<u>(3,22,85,021)</u>	<u>(2,39,58,604)</u>
b. Semi-finished goods:		
Opening stock	3,09,17,211	1,55,10,981
Closing stock	2,47,16,652	3,09,17,211
	<u>62,00,559</u>	<u>(1,54,06,230)</u>
c. Traded goods:		
Opening stock	56,55,119	1,29,16,390
Closing stock	62,78,009	56,55,119
	<u>(6,22,890)</u>	<u>72,61,271</u>
Total - (a + b + c)	<u>(2,67,07,352)</u>	<u>(3,21,03,563)</u>

NOTES FORMING PART OF PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2012

	31 March 2012	31 March 2011
	Rs.	Rs.
NOTE - 22 - Employee Benefit Expenses		
Salaries , Bonus & Allowances	12,64,56,978	12,82,53,502
Contribution to P.F. and Pension Funds	1,26,99,874	1,88,86,154
Staff Welfare Expenses	22,19,874	18,20,003
Total	14,13,76,726	14,89,59,659
NOTE - 23 - Finance Cost		
Interest	9,44,712	4,91,531
Other bank charges	17,26,365	14,02,035
Total	26,71,077	18,93,566
NOTE - 24 - Other Expenditure		
Administrative Expenses		
Auditor's Remuneration	7,86,188	8,85,158
Books & Periodicals	3,64,419	2,98,462
Directors' Sitting Fees	3,00,000	3,18,000
Insurance	11,16,241	13,27,249
Other Admin Expenses	5,80,138	18,62,545
Postage & Telephone	38,55,630	39,34,842
Power, Fuel and Water	52,03,146	49,84,677
Printing & Stationery	61,96,307	75,30,339
Professional Charges	32,34,452	32,12,712
Rates & Taxes	10,64,868	13,33,690
Rent	36,35,886	41,86,428
Upkeep & Maintenance	1,57,80,940	1,68,93,724
Loss on Sale of Fixed assets	8,515	96,455
Travelling, Conveyance & Vehicle Maintenance	1,28,36,899	1,27,89,358
Sub- Total	5,49,63,629	5,96,53,639
Selling & Distribution Expenses		
Advertisement & Publicity	14,70,298	52,53,515
Business Promotion expenses	9,58,638	20,16,070
Commission & Discounts	16,51,619	22,92,541
Freight & Transportation	35,45,985	33,84,112
Liquidity Damages & Octroi	1,00,59,394	3,91,003
Bad Debts Written Off now realised	(45,186)	(5,820)
Provision for Doubtful Debts	(50,00,000)	60,00,000
Sub- Total	1,26,40,748	1,93,31,421
Total	6,76,04,377	7,89,85,060

25 Corporate Information

MRO-TEK Limited was incorporated in the year 1984. The Company is engaged in the activity of manufacture and supply, as well as distribution, of Access and networking equipment & solutions.

The Equity shares of the Company are listed in Bombay Stock Exchange of India, Mumbai and National Stock Exchange of India Limited, Mumbai.

26 Additional Notes to Accounts

I. STATEMENT OF ACCOUNTING POLICIES

1. Basis of preparation of financial statements:

The financial statements are prepared under the historical cost convention in accordance with Indian Generally Accepted Accounting Principles (GAAP), and all income and expenditure having a material bearing on the financial statements are recognized on accrual basis. The financial statements comply with the applicable mandatory Accounting Standards prescribed by the Companies (Accounting Standards) Rules 2006, relevant provisions of the Companies Act, 1956.

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

2. Use of Estimates:

In preparation of financial statements conforming to GAAP requirements, certain 'estimates and assumptions' are essentially required to be made, with respect to items such as, provision for doubtful debts, future obligations under employee retirement benefit plans, income taxes, and the useful life period of Fixed Assets. Due care and diligence have been exercised by the Management in arriving at such 'estimates and assumptions' since, they may directly affect, the reported amounts of income and expenses during the period, as well as the balances of Assets and Liabilities, including those which are contingent in nature, as at the date of reporting of the financial statements.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are

made and, if material, their effects are disclosed in the notes to the financial statements.

3. Revenue Recognition:

- a. Sales Revenues are recognized when goods are invoiced and dispatched to customers, and are recorded inclusive of Excise Duty, but are net of Sales Returns, Trade Discounts and Sales Tax.
- b. The revenues from Annual Maintenance Contracts are recognized on pro-rata basis over the period in which such services are rendered.
- c. Commission income is recognized on completion of supplies by the principals against the relevant orders.
- d. The revenues from Service and Installation Charges are recognized on completion of respective works contract/s.
- e. Income from Investments is recognized when right to receive payment is established.
- f. Rental & Hire-charges Income is recognized on accrual basis, quantified under the relevant arrangements.
- g. Interest is recognized using the Time – Proportion method, based on the rates implicit in the transaction.

4. Employee Stock Option Plan:

The Company has Employee Stock Option Plan for the benefit of its employees, terms of which are enunciated in "MRO-TEK Employee Stock Option Scheme 2005", duly approved by the shareholders of the Company.

All options granted under this scheme are accounted in accordance with the Guidance Note on Accounting for Employee Share Based Payment Plans issued by the Institute of Chartered Accountants of India (ICAI). 'Fair Market Value' is assessed as provided under the Statute, and the difference between such 'Fair Market Value' and 'exercise price', if any, is expensed as "Employee Compensation" over the period of vesting.

5. Foreign Currency Translation:

Foreign currency transactions are recorded at the rate of exchange prevailing on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

All monetary items denominated in foreign currency

are converted at the rates prevailing on the date of the financial statement.

6. Fixed Assets:

Tangible and intangible fixed assets are stated at cost of acquisition (net of CENVAT, wherever applicable), less accumulated depreciation. Cost is inclusive of freight, duties, levies and any directly attributable cost of bringing the assets to their working condition for intended use. Direct costs are capitalized till the assets are ready to be put to use. Interest on borrowings, wherever applicable, attributable to new projects is capitalized and included in the cost of fixed assets as appropriate.

7. Depreciation and amortization:

Depreciation in respect of Fixed Assets, is provided adopting Straight Line Method over the useful life of the Asset as estimated by the Management. Depreciation for assets purchased/sold during the period is proportionately charged. Individual low cost assets (acquired for less than Rs.5,000/-) are entirely depreciated in the year of acquisition. The useful life of all the assets estimated by the managements are as below:

Assets	Estimated Useful life
Building	25 Years
Plant, Machinery, Furniture & Equipments	10 Years
Computers, Software and Networking	5 Years
Vehicles	10.53 Years

8. Inventories:

The cost of inventories comprise all cost of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

- a) Raw Materials, Finished (Traded) Goods & Goods in Transit are valued at lower of cost and net realizable value, on First-In First- Out basis.
- b) Semi-Finished Goods & Finished (manufactured) Goods, are valued at lower of cost (Including an appropriate portion of overheads up to the respective stage/s of completion) and, net realizable value, on First-In First – Out basis.

9. Employee Benefits:

- a. Short Term Employee Benefits:

Benefits payable to employees within 12 months of

rendering services such as wages, salaries, bonus, paid annual leave, etc are classified as Short Term Employee Benefits and are recognized in the period in which the employee renders related services.

b. Long Term/ Post Employment/ Termination Benefits:

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

- i Gratuity:

Gratuity is a defined benefit scheme and is accrued based on Actuarial Valuations at the balance sheet date, carried out by an independent actuary. The Company has an employee gratuity fund managed by Life Insurance Corporation of India (LIC). Actuarial gains or losses are charged to Profit and Loss Account.

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

- ii Liability in respect of Leave Encashment is provided for, on actuarial Valuations.
- iii Provident Fund:

On the basis of payments/contributions made to the concerned Provident Fund authorities.

10. Research & Development:

Revenue expenditure on Research & Development is recognized as an expense in the year in which it is incurred. Capital expenditure incurred on Research and Development is depreciated adopting Straight Line Method, at rates as detailed in para (7) above. Revenue and Capital expenses on Research & Development are identified and accounted separately in the books.

11. Investments:

Investments are classified as current investments and long-term investments. Long-term investments are stated at cost (except where there is a diminution in value other than temporary, in which case, the carrying value is reduced to recognize the decline). Current investments are stated at lower of cost or fair market value.

12. Cash and Cash Equivalents

'Cash' comprises of cash on hand and demand deposits with Bank. 'Cash Equivalents' are short term, highly liquid investment, that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

13. Expenditure:

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

14. Taxation:

Deferred tax is recognized, subject to the consideration of prudence, in respect of deferred tax assets or liabilities, on timing differences, being the difference between taxable income and accounting income that originate in one period, and is reversible in one or more subsequent periods.

Deferred tax assets are recognized only to the extent there is reasonable certainty that the asset can be realized in the future; however where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets and are reviewed for the appropriateness of their respective carrying values at each reporting date.

Income Taxes are accrued in the same period the related revenue and expenses arise. A provision is made for income tax annually, based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable. Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of tax credit against future income tax liability, is recognized as an asset in the Balance Sheet if there is convincing evidence that the company will pay normal tax in future and the resultant asset can be measured reliably.

15. Segment Accounting Policies:**(a) Segment Assets and Liabilities:**

All assets and liabilities are directly attributable to the respective segments. Segment assets include all operating assets used by the respective segments and consist, principally, of fixed assets, inventories, sundry debtors, loans and advances and operating cash and bank balances. Segment assets and liabilities do not include investments, inter-corporate deposits, share capital, reserves and surplus, borrowings, provision for contingencies and income tax (both current and deferred).

(b) Segment Revenue and expenses:

Revenue and expense, excepting interest income on deposits, profit on sale of investments, interest expense, provision for contingencies and income-tax, are directly attributable to the respective segments.

16. Impairment of assets:

At the end of each year, the Company determines whether a provision should be made for impairment loss on fixed assets by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard-28 "Impairment of Assets" prescribed by the Companies (Accounting Standards) Rules 2006, where the recoverable amount of any fixed asset is lower than its carrying amount, a provision for impairment loss on fixed assets is made for the difference.

17. Leases:

Leases where the Lessor effectively retains substantially all the risk and benefits of ownership of the leased term are classified as operating lease. Operating lease payments are recognized as an expense in the Profit and loss account on a straight line basis over the lease term.

18. Borrowing Costs:

Borrowing costs attributable to the acquisition, Construction or production of qualifying assets are capitalized as a part of the cost of such Assets up-to the date when such assets are ready for intended use. Other borrowing costs are charged as an expense in the year in which they are incurred.

19. Provisions, Contingent Liabilities and Contingent Assets.

A provision is recognized when the Company has a present obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

Contingent liability is disclosed in case of a present obligation arising from past events when it is not probable that an outflow of resources will be required to settle the obligation, or a present obligation when no reliable estimate is possible, or a possible obligation arising from past events where the probability of outflow of resources is remote.

Contingent Assets are neither recognized nor disclosed.

20. Events occurring after the date of Balance Sheet:

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

21. Cash Flow Statement:

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue

generating; financing and investing activities of the company are segregated.

22. Earnings Per Share:

The Company reports basic and diluted earnings per share in accordance with the Accounting Standards – 20 – 'Earnings per Share' prescribed by the Companies (Accounting Standards) Rules 2006. Basic earning per share is computed by dividing the net Profit or Loss for the year by the weighted average number of Equity Shares outstanding during the year. Diluted earning per share is computed by dividing the net profit or loss for the year by the weighted average number of Equity Shares outstanding during the year as adjusted for the effects of all dilutive potential Equity Shares.

II. ADDITIONAL NOTES (Forming an integral part of Accounts)

1. Deferred Tax:

During the year, the Company has accounted for Rs.5,56,029 (Rs.45,87,803 Deferred Asset) towards Deferred Tax liability and has considered the same as charge to the Profit & Loss account as stipulated under Accounting Standard– 22, on "Accounting for Taxes on Income", issued by the Institute of Chartered Accountants of India. However, on conservative basis, deferred tax asset on carry forward business losses, has not been considered.

2. Inventories:

Finished Goods includes Rs.35,81,373 (Rs.38,25,203), being value of material at prospective customers' premises for demonstration purposes.

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

Dues in respect, Micro and Small enterprises who have duly registered themselves under the relevant Act, and furnished the statutorily required proof thereof, are being regularly met as per agreed terms and, as such, there remains no liability towards interest. Principal amount/s remaining payable in respect of such parties, as at 31 March 2012, amount to Rs.24,16,911 (Rs.47,42,858)

4. Certain balances representing debtors and creditors, are subject to reconciliation & receipt of confirmations from parties, pursuant to confirmation requests sent by the company.

5. 'Upkeep & Maintenance expenses' reflected in Note - 24 includes Repairs to Building – Rs.29,14,685 (Rs.48,56,471) and Repairs to Machinery – Rs.15,06,992 (Rs.12,54,169).

6. No provision has been made for post-sales support expenses, as the company is of the opinion that such expenses are not material, based on past experience.

7. Provision has been made for an estimated amount of Rs 400 lakhs in respect of certain items of slow-moving inventory, based on Generally Accepted Accounting Practices, even though these items continue to be usable in the activities of the company.

8. Auditors' remuneration

	Amount in Rs.	
	2011 – 2012	2010– 2011
Statutory Audit Fee	6,71,070	7,72,100
Tax Audit Fee	1,12,360	1,10,300
Certification and Others	2,758	2,758
Total	7,86,188	8,85,158

9. CIF Value of imports

	Amount in Rs.	
	2011 – 2012	2010– 2011
Raw Materials, Components and Finished Goods	21,37,13,952	19,48,40,640
Capital Goods	86,81,002	7,74,001

10. Outflow in foreign currency (on cash basis)

	Amount in Rs.	
Towards	2011 – 2012	2010– 2011
- Travelling	15,99,834	12,31,470
- Capital Goods	50,04,375	7,51,326
- Raw materials Components and Finished goods	18,79,68,114	22,97,84,623
- AMC Charges Paid	-	2,40,197

11. a) Inflow in foreign currency (on cash basis)

	Amount in Rs.	
On account of	2011 – 2012	2010– 2011
- export of goods & Services	2,52,88,352	2,06,62,345
- reimbursement - Foreign Travel expenses	11,54,161	NIL

b) Earnings in foreign exchange (on accrual basis)

	Amount in Rs.	
On account of	2011 – 2012	2010– 2011
- export of goods & Services	2,17,41,144	1,22,88,946

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

	USD	Rs.	USD	Rs.
	As at 31 March 2012		As at 31 March 2011	
Sundry Creditors	5,16,634	2,66,22,420	2,79,924	1,27,02,011
Sundry Debtors	-	-	6,234	2,75,737

12. Contingent liabilities on account of

	Amount in Rs.	
	2011 – 2012	2010– 2011
Counter Guarantees to Bank (to the extent of live guarantees issued by bank)	28,15,488	1,26,68,398
Letters of Credit	2,63,90,468	1,17,09,765
Capital Commitments	60,00,000	NIL
Sales tax liability in lieu of Form 'C' yet to be received	65,42,302	68,71,117
Disputed Central Excise Duty	4,66,90,550	-

13. Inventory related Details:

Particulars	Amount in Rs.	
	31 March 2012	31 March 2011
Capacitors	26,91,290	44,24,610
Connectors	25,83,756	57,77,053
Integrated Circuits	92,27,575	2,84,18,360
Populated PCBs	11,20,45,338	7,86,69,224
Printed Circuit Boards	38,67,009	55,34,938
Transceiver	1,39,66,302	1,85,44,345
Transformers	45,52,516	45,02,314
Provision for slow moving items (refer para 7 above)	4,00,00,000	-
Others	4,93,25,301	4,46,61,064
Total	23,82,59,087	19,05,31,908

b. Composition

Amount in Rs.

Particulars	2011-12		2010-11	
	Value Rs.	% age	Value Rs.	% age
Indigenous	3,76,69,227	19	2,66,74,467	14
Imported	16,05,89,860	81	16,38,57,441	86
Total	19,82,59,087*	100	19,05,31,908	100

* excludes an amount of Rs.4 Crores provided towards provision for slow moving items.

c. Finished Goods

Amount in Rs.

Particulars	Sales	Closing Inventory	Opening Inventory
Manufactured goods			
Digital Modems	5,53,53,619 (8,38,45,348)	2,38,57,395 (1,74,97,157)	1,74,97,157 (1,62,81,877)
Converters	10,78,21,744 (9,00,04,693)	5,41,81,994 (4,56,91,255)	4,56,91,255 (2,39,41,377)
Ethernet Switch	1,09,71,536 (3,36,71,669)	1,23,83,421 (1,36,44,838)	1,36,44,838 (1,39,79,323)
Multiplexers	7,57,46,242 (1,62,86,987)	2,32,90,448 (1,04,02,677)	1,04,02,677 (99,10,289)
Others	4,27,30,436 (70,11,174)	95,30,892 (37,23,202)	37,23,202 (28,87,659)
Sub-Total	29,26,23,577 (23,08,19,871)	12,32,44,150 (9,09,59,129)	9,09,59,129 (6,70,00,525)
Traded Goods			
Switches	4,56,08,824 (232,62,035)	49,25,724 (44,69,094)	44,69,094 (42,88,056)
Others	75,84,373 (72,40,491)	13,52,285 (11,86,025)	11,86,025 (86,28,334)
Sub-Total	5,31,93,197 (3,05,02,526)	62,78,009 56,55,119	56,55,119 (1,29,16,390)
Total	34,58,16,774 (26,13,22,397)	12,95,22,159 (9,66,14,248)	9,66,14,248 (7,99,16,915)

d. Closing stock of WIP

Amount in Rs.

	31 March 2012	31 March 2011
Digital Modem	27,64,947	1,35,45,819
Converters	93,56,176	44,91,252
Ethernet Switch	2,00,083	3,01,874
Multiplexers	30,07,511	62,11,875
Others	93,87,935	63,66,391
Total	2,47,16,652	3,09,17,211

14. Segment Reporting

Based on the guiding principles given in Accounting Standard on 'Segment Reporting' (AS 17) prescribed by the Companies (Accounting Standards) Rules 2006, the Company's primary business segment is related to 'Access & Networking Solutions'. This business segment of the Company incorporates product groups viz., Last Mile Access, ISDN based products, Layer 3 Switches and others which mainly have similar risks and returns. Since all the products

MRO-TEK LIMITED

stated above fall in the same segment of Access & Networking Solutions, there remains a single segment to which the whole activity pertains to.

The secondary segment for the Company is based on location of customers'/export destinations.

Segment Revenue

Information about Secondary Business Segments

Amount in Rs.

Revenue by Geographical Market	India	Outside India	Total
A. External	32,32,54,923	1,87,17,439	34,19,72,362
B. Inter-segment	-	-	-
Total	32,32,54,923	1,87,17,439	34,19,72,362
C. Carrying amount of segment assets	62,72,43,430	-	62,72,43,430
D. Additions to Fixed Assets	1,50,04,739	-	1,50,04,739

The segment revenue in the geographical segments for disclosure are as follows:

- Revenue within India includes sales to customers located within India and earnings in India.
- Revenue outside India includes sales to customers located outside India and earnings outside India.

15. Financial Reporting of Interests in Joint Venture Company - RAD-MRO Manufacturing Private Limited:

Particulars	Amount in Rs.
1. Description of Interest	49% Ownership
2. Country of Incorporation	India
3. Aggregate Amount of Contingent Liabilities	
i. Share of Contingent liabilities of the Joint Ventures	Nil
ii. Contingent liability on account of the liabilities of other Ventures of the Joint venture	Nil
4. Total Paid up Capital	1,48,00,000
5. Investment by Company	72,52,000
6. Aggregate amount of Commitments in respect of the company's interest in the Joint Ventures	
i. Capital commitment of the company in relation to the Joint Venture	Nil
ii. Company's share of Capital commitments of the Joint Ventures	Nil
7. Aggregate amount of the following: (un-audited)	
i. Assets	4,40,51,194
ii. Liabilities	5,17,603
iii. Income	24,78,180
iv. Expenditure	12,56,003
v. Profit / (Loss) from business	12,22,177

16. Related Party Disclosure

Related party disclosures, as required by AS-18:

- RAD-MRO Manufacturing Pvt Ltd.,
- S Narayanan
- H Nandi

A. Relationships:

- RAD-MRO Manufacturing Pvt Ltd., - Joint Venture Company
- Whole time Directors –
S. Narayanan H. Nandi
Chairman & Managing Director
Managing Director

- B i). The following transactions were carried out with RAD-MRO Manufacturing Private Limited, the Joint Venture Company in the ordinary course of business.

Amount in Rs.

Professional Services received	4,03,698
Rent received (inclusive of Service Tax)	66,180
Outstanding payables	NIL
Outstanding receivables	5,515

- ii) Transaction details relating to Whole time Directors for the year :

Name of the Director	Salaries	Provident Fund & Super-annuation	Total
S. Narayanan	42,00,000	11,34,000	53,34,000
H. Nandi	42,00,000	11,34,000	53,34,000

17. Gratuity Plan

The following table spells out the status of the gratuity plan as required under AS -15 (revised).

Amount in Rs.

Particulars	As at 31 March 2012	As at 31 March 2011
Obligations at the beginning of the year	1,57,39,069	81,09,092
Service Cost	16,45,488	9,49,995
Interest Cost	12,59,126	6,48,727
Benefits Settled	(16,60,617)	(12,10,152)
Actuarial (Gain) / Loss	(12,08,640)	72,41,407
Obligations at the end of the year	1,57,74,426	1,57,39,069
Change in Plan Assets		
Plan Assets at the beginning of the year, at Fair Value	1,72,45,389	1,02,66,445
Expected return on plan assets	16,10,821	13,77,540
Actuarial Gain / (Loss)	-	-
Contributions	8,20,331	68,11,556
Benefits Settled	(16,60,617)	(12,10,152)
Plan Assets at the end of the year, at Fair Value	1,80,15,924	1,72,45,389
Reconciliation of Present Value of the obligation and the Fair Value of the planned assets:		
Fair Value of Plan Assets at the end of the year	1,80,15,924	1,72,45,389
Present Value of the defined benefit obligation at the end of the year	1,72,45,389	1,57,39,069
Asset / (Liability) recognized in the balance sheet	NIL	NIL
Gratuity Cost for the year		
Service Cost	16,45,488	9,49,995
Interest Cost	12,59,126	6,48,727
Expected return on plan assets	(16,10,821)	(13,77,540)
Actuarial (Gain) / Loss	(12,08,640)	72,41,407
Net Gratuity Cost	85,153	74,62,589
Assumptions		
Interest rate	8%	7%
Discount factor	8%	8%
Expected rate of return on plan assets	8%	8%
Expected rate of salary increase	7%	7%
Attrition rate	3%	3%
Retirement Age	63 years	63 years

18. Research and Development

The Company has in-house R & D Centre involved in developmental activities for new products in the fields of Access & Networking technology.

Revenue expenditure incurred towards in-house R&D included in Notes 20, 22 & 24 relating to Cost of material consumed and administrative & selling expenses respectively, is as detailed below:

Amount in Rs.

EXPENDITURE	2011-12	2010-11
Material Cost	13,32,251	14,21,301
Employee benefit expenses	2,55,16,262	3,06,92,656
Repairs & Maintenance Charges	1,62,601	2,06,305
Software purchases for R&D	10,13,521	11,73,098
Travelling & Conveyance	42,453	56,754
Professional Charges	8,88,681	9,00,000
Total	2,89,55,769	3,44,50,114

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

19. Earnings per share

Amount in Rs.

	2011-12	2010-11
Profit / (Loss) after Taxation as per Profit & Loss account	(14,32,21,575)	(12,88,50,362)
Weighted average Number of Equity Shares outstanding	1,86,84,602	1,86,84,602
Basic EPS in Rs. (face value Rs.5 per share)	(7.67)	(6.90)
Diluted EPS in Rs. (face value Rs.5 per share)	(7.67)	(6.90)

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

for and on behalf of the Board of Directors

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

for Narayanan, Patil & Ramesh
Chartered Accountants

Patil Udaya Kumar
Partner
 Membership No: 200/25589
 Firm No. 002395S

Place : Bangalore
 Date : 18 May 2012

CASH FLOW STATEMENT

Particulars	31 March 2012 Rs.	31 March 2011 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before exceptional and extraordinary items and taxes	(14,28,71,210)	(15,53,53,413)
ADD:		
Depreciation	2,54,35,332	2,69,81,472
(Gain)/Loss on Exchange rate Fluctuation	(5,98,101)	(29,71,951)
Net (Gain)/Loss on Sale of Fixed Assets	(9,862)	(1,13,501)
LESS:		
Capital Gains - Investments	(2,82,125)	(12,68,990)
Exceptional Items	2,05,664	2,19,15,248
Interest Income	(1,22,68,760)	(2,06,61,294)
Interest on Bank Borrowings	9,44,712	4,91,531
Dividend Income	-	(3,574)
Operating Profit before working Capital Changes	(12,94,44,350)	(13,09,84,472)
Add/ Less : (Increase)/Decrease in Operating Assets		
Inventory	(65,15,541)	(4,93,88,740)
Trade Receivables (Current & Non-Current)	(6,62,15,124)	13,46,77,574
Loans and advances (Short and Long term)	63,53,210	(2,16,34,805)
Add/(Less) : Increase/(Decrease) in Operational Liabilities		
Trade Payable	1,16,21,486	(5,06,70,671)
Other Liabilities (Current & Non-Current)	27,27,541	(1,75,66,109)
Provisions (Short and Long term)	15,01,455	(6,51,329)
Cash generated from operation	(17,99,71,323)	(13,62,18,552)
Income Tax	19,05,856	2,64,36,130
Net Cash from Operating activities -- > A	(17,80,65,467)	(10,97,82,422)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(1,50,04,739)	(86,98,742)
Proceeds from Sale of Fixed assets	18,377	3,41,353
Proceeds from Sale of Investments	3,90,00,000	10,15,49,900
Purchase of Investments	(3,92,82,125)	(6,92,72,566)
Interest Income	1,22,68,760	2,06,61,294
Capital Gains/(Loss) on Investments / Assets	2,82,125	12,68,990
Dividend Income	-	3,574
NET CASH FLOW / (USED IN) INVESTING ACTIVITIES -- > B	(27,17,602)	4,58,53,803
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of Long-term borrowing	(3,52,000)	-
Bank Borrowings paid - Working Capital (including Interest)	(9,44,712)	(4,91,531)
Dividend Paid	-	(2,17,87,928)
NET CASH FLOW / (USED IN) FINANCING ACTIVITIES -- > C	(12,96,712)	(2,22,79,459)
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	(18,20,79,781)	(8,62,08,078)
CASH & CASH EQUIVALENTS - OPENING BALANCE	23,67,07,674	32,29,15,752
CASH & CASH EQUIVALENTS - CLOSING BALANCE	5,46,27,893	23,67,07,674

for and on behalf of the Board of Directors

As per our report attached to the Cash Flow Statement

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

for Narayanan, Patil & Ramesh
Chartered Accountants

Patil Udaya Kumar
Partner

Membership No: 200/25589
Firm No. 002395S

Place : Bangalore
Date : 18 May 2012

28th ANNUAL GENERAL MEETING - 2011-12

MRO-TEK LIMITED

Regd. Office: Bellary Road, Hebbal, Bangalore - 560 024.

PROXY FORM

I/We.....of

being a member / members of MRO-TEK LIMITED hereby appoint Shri/Smt.....of the district of

..... failing him Shri/Smt.....of

the district ofas my / our Proxy to attend and vote for me / us / our behalf at the 28th Annual General Meeting of the Company to be held on Wednesday, the 27th June, 2012 at 11.00 a.m. at Hotel Woodlands, No. 5, Raja Ram Mohan Roy Road, Bangalore - 560 025 and at any adjournment thereof.

Signed this.....day of.....2012

Signature _____

Address _____

Folio No./CL ID/DP ID No. _____

No. of Shares held _____

- N.B. 1. The Proxy need not be a member.
2. The Proxy Form duly signed should reach the Company's Registered Office at least 48 hours before the time of Meeting.



ATTENDANCE SLIP

PLEASE BRING THIS ATTENDANCE SLIP TO THE MEETING HALL AND HAND IT OVER AT THE ENTRANCE

I/We hereby record my/our presence at the 28th Annual General Meeting of MRO-TEK Limited held at Hotel Woodlands, No. 5, Raja Ram Mohan Roy Road, Bangalore - 560 025 on Wednesday, the 27th June, 2012 at 11.00 a.m.

Name of the Shareholder : _____

Ledger Folio No./CL ID/DP ID No. : _____

Number of shares held : _____

Name of the proxy/Representative, if any : _____

Signature of the Member/s/Proxy : _____

Signature of the Representative : _____

MRO-TEK LIMITED

Regd. Office: Bellary Road, Hebbal, Bangalore - 560 024.

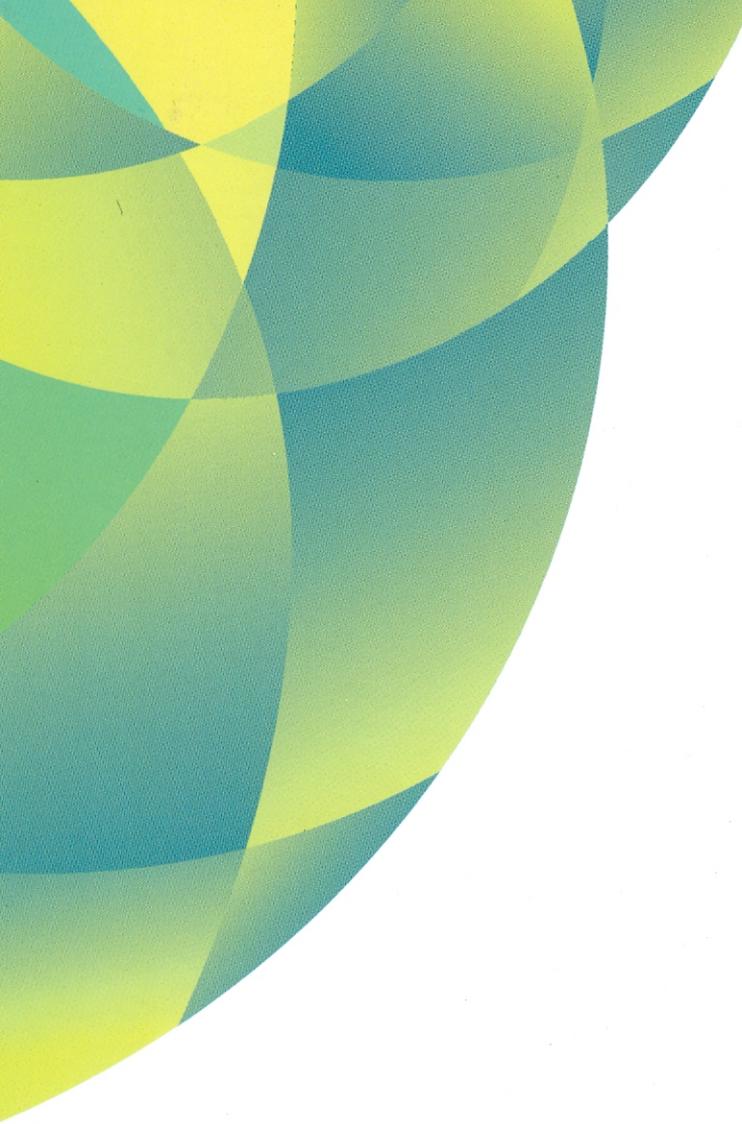
Domestic Customers (Partial)



Client Landscape

International Customers (partial)





BOOK-POST



MROTEK[®]
Integrating Next Generation Networks

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