

DIRECTORS' REPORT

Your Directors take pleasure in presenting the Thirty Eighth Annual Report on the business and operations of the Company together with the Audited Statement of Accounts for the period ended 31st March, 2011.

1. Financial Results

(` In Thousands)

	Current Year	Previous Year
Total Income	406,442	295,316
Less : Expenditure	327,603	250162
Profit before Depreciation, Finance Charges and Tax	78,839	45,154
Less : Interest and Financial Charges	29,381	23,853
Less : Depreciation	23,441	17,324
Profit before Tax	26,017	3,977
Less : Provision for Taxation	1,729	1,801
Profit / (Loss) after tax	24,288	2,176
Less : Short provision for tax on earlier years	(728)	-
Add : Prior period items	-	-
Add : Balance brought forward from previous year	72,179	70,003
Profit available for appropriation	97,195	72,179
Less : Appropriations Transfer to General Reserve	-	-
Balance carried forward	97,195	72,179

2. Management Discussion And Analysis

(a) **Industry Structure and Development:** The Indian economic growth enhanced to 8.6 percent in 2010-11. The Indian economy continued to grow both in manufacturing and service sector in the year. The Government continued its program for improvement of health care systems in India. The performance of your Company during the year under report has shown the good improvement over the previous year. The total revenue for the year ended March 31, 2011 amounted to Rs.4,064.42 lacs, as against Rs.2,953.16 lacs, registering a growth by 38 per cent over the last year.

(b) **Segment wise operational performance:** Your Company has three main segments of business viz. Medical Embedded Systems ("MES"), Information Technology ("IT") and Electronics & Instrumentation (ELE).

The sale of MES division has increased by 33 per cent. The gross income from Infrastructure activity has remained same. The sale of Electronics division has increased by 132 per cent. During the year under review your Company has upgraded its existing products with better technology and features.

(c) **Outlook:** The overall outlook for the Indian Economy continues to be positive and growth oriented. The focus on strengthening the health care and IT with increase in all allocation for capital goods

and infrastructure related projects in Public and private sectors, both the business segments are expected to accelerate the growth rate in the year ahead.

(d) **Threats and Concerns:** The most important threat continues to be competition from low cost imported products.

Manpower costs are rising as many large companies are mopping the available talent pool supply of which is limited. Thus for small and mid-range companies, retaining high quality manpower is a concern.

(e) **Internal control systems and their adequacy:** Your Company has well established and adequate systems for internal control to provide reasonable assurance that all assets are safeguarded; transactions are authorized and reported correctly.

The internal control system provides well documented policies, guidelines authorization and approval procedures for its operations. Your Company maintains controls of high norms both in raw material as well as finished goods. The percentage of rejection from market has reduced drastically due to controls set up in this division.

To achieve high level of customer satisfaction, your company is regularly conducting training programs for its engineers and technical staff on continuous basis, this has resulted in call solving at the initial level itself.

The distribution activity of your Company is mainly controlled through appointing well established dealers who are experienced in this field and setting up targets for sales and service.

(f) **Human Resources:** Your Company continuously endeavors to improve the work environment for its employees. Competitive compensation package, innovative and challenging environment to work, transportation facilities, etc., are some of the steps taken by the Company for the welfare of its employees.

3. Dividend

Considering the need for conservation of resources, the Board does not recommend any dividend.

4. Consolidated Financial Statements

As stipulated in the listing agreement with the stock exchanges, the consolidated financial statements have been prepared by the company in accordance with the relevant accounting standards issued by the Institute of Chartered Accountants of India. The audited consolidated financial statements together with Auditors Report thereon form part of the Annual Report.

5. Directors

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association Dr. Dhananjay Mahajan retires by rotation, and being eligible, offers himself for re-appointment at the ensuing general meeting.

6. Directors' Responsibility Statement

To the best of their knowledge and belief, and according to the information and explanations provided to them, your Directors make the following statement, pursuant to Section 217 (2AA) of the Companies Act, 1956:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed;

MAESTROS MEDILINE SYSTEMS LIMITED

(ii) the appropriate accounting policies have been selected and applied consistently and judgments and estimates that are reasonable and prudent made so as to give a true and fair view of the state of affairs of the Company as at March 31,2011 and of the profit of the Company for the year April 1, 2010 to March 31, 2011;

(iii) the proper and sufficient care has been taken 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 detecting fraud and other irregularities;

(iv) the annual accounts have been prepared on a going concern basis.

7. Report on Subsidiary Companies

The total revenue of subsidiary has reached to 1,748,352 AED as compared to 1,473,583 AED of last year. Pursuant to Section 212 of the Companies Act, 1956 the annual audited accounts of the same are attached herewith and form part of this Annual Report.

8. Corporate Governance

The Company has complied with the mandatory provisions of Corporate Governance as prescribed in the Listing Agreement. A separate report on Corporate Governance compliance is included as a part of the Annual Report along with the Auditors' Certificate.

9. Conservation of Energy, Technology Absorption & Foreign Exchange Earnings and Outgoings

Disclosure of information in accordance with the provisions of Section 217(1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 regarding conservation of energy and technology absorption is not applicable to your Company.

The particulars regarding foreign exchange earnings and foreign exchange expenditure during the year of Rs.7,548,029/- and Rs.2,712,693/- respectively are as appearing in Note no. XV I of the Notes to Accounts.

10. Public Deposits

The Company has not accepted any Fixed Deposits from the Public / Shareholders.

11. Auditors and Auditors' Report

M/s. R A R & Associates, Chartered Accountants, Mumbai, the statutory auditors of the Company retire at the conclusion of the forthcoming Annual General Meeting and being eligible, have offered themselves for re-appointment. The Company has received a Certificate from them to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224 (1-B) of the Companies Act, 1956.

12. Particulars of Employees

Information required pursuant to the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, is not applicable to your Company.

13. Appreciation

Your Board takes this opportunity to express its sincere appreciation of the excellent contribution made by all its employees towards the overall performance of your company. Your Directors also thank all the shareholders, dealers, suppliers, bankers and other business associates for their valuable service and support during the year.

For and on behalf of Board of Directors

Dr. N. S. Paranjape **Dr. K. K. Menon** **Mr. B. K. Tendulkar**
(Chairman) (Managing Director) (Director)

ADDENDUM TO DIRECTOR'S REPORT

Point No. (ix) of Annexure to the Auditor's Report

There were certain defaults in remittances of undisputed outstanding tax liabilities. However, your company has since paid these liabilities.

For and on behalf of Board of Directors

Dr. N. S. Paranjape **Dr. K. K. Menon** **Mr. B. K. Tendulkar**
(Chairman) (Managing Director) (Director)

Registered Office:

Plot No. EL-63, Electronic Zone,
T.T.C Industrial Area, M.I.D.C,
Mahape, Navi Mumbai – 400 710,
Maharashtra, India.

Date: May 30, 2011.