

DIRECTORS' REPORT

1. Financial Results

The Following are the consolidated financials of Maestros Mediline Systems Limited with its wholly owned subsidiary Maestros Middle East (FZE) and Maestros Equipments Services Private Limited.

The consolidated financial statements for the year ended March 31, 2011 are presented with comparative figures of previous year.

The subsidiary has been setup to tap the opportunities available in Middle East markets and African continent. The subsidiary is engaged in providing IT and IT enable services and has competencies like advance infrastructure solutions, business process and integration solutions, data management solutions etc. and specialisation like active directory, database management, exchange migration and deployment, identity and secure access etc.

In current year the company has setup one more subsidiary named as Maestros Equipments Services Private Limited to streamline their activities and ensure the finest services. The subsidiary is engaged in providing product servicing, repairing and installing any Medical product with a large team of highly efficient service engineers and affiliations that ensures the best of tuning services in a minimum span of time.

(` In Thousands)

	Current Year	Previous Year
Total Income	433,762	312,388
Less : Expenditure	342,696	263,068
Profit before Depreciation, Finance Charges and Tax	91,066	49,320
Less : Interest and Financial Charges	29,468	23,908
Less : Depreciation	23,718	17,635
Profit before Tax	37,880	7,777
Less : Provision for Taxation	1,907	1,801
Profit / (Loss) after tax	35,973	5,976
Less : Short provision for tax on earlier years	(728)	-
Add : Prior period items	-	-
Add : Balance brought forward from previous year	69,245	63,269
Profit available for appropriation	105,946	69,245
Less : Appropriations Transfer to General Reserve	-	-
Balance carried forward	105,946	69,245

2. Management Discussion And Analysis

Global Industry Structure and Development: Enterprise adoption of technology applications continues to grow with an increasing emphasis on standardization, process efficiency and automation. Today, the electronic medium has become indispensable to most forms of business communication and for integrating the expanding global supply chain. Apart from the core drivers, there are number of environmental factors, namely, economic growth, technology related spending, propensity to outsource IT & business process that influence impetus of global sourcing.

The global sourcing industry is fundamentally driven by three factors namely, access to newer talent pools, reduction in cost and business improvements. The future outlook on these factors favours growth for global sourcing. Cost pressure is likely to continue unabated on businesses as customers continue to demand more for less in an ever increasing competitive environment. Developed countries would be facing skilled workforce shortage, in contrast with developing nations would have a surplus in the same period. This imbalance in the available pool of talent is likely to continue driving the global outsourcing demand. Buyers utilize the global sourcing effectively to achieve other business improvements such as improved quality, productivity, customer satisfaction and revenue – realization. Global sourcing has become an effective tool for global companies to expand their business with optimized cost.

With significant potential still untapped, it is expected that the global sourcing phenomenon will continue to expand in scope, scale and geographic coverage. As global delivery matures, multi-location strategies will become the norm and most sourcing destinations, including emerging locations, will grow in size.

3. Segment wise operational performance:

Your Company has two main segments of business viz. Medical Embedded Systems (“MES”) and Information Technology (“IT”).

The sale of MES division has increased by 36 per cent. The sale of IT division has also increased by 8 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.

4. Threats and Concerns:

We operate in highly competitive environment and this competitive pressure is likely to be continued. The market for Medical embedded systems and IT is rapidly evolving and highly competitive. We expect that competition will continue to intensify. We face competition or competitive pressure from Indian IT service companies, in-house IT department of large corporations, Foreign and significantly East Asian competitors, various domestic manufacturers of medical embedded systems, .

Many of our competitors have significantly greater financial, technical and marketing resources and generate greater revenues than we do Clients and customers may prefer them. Therefore, we can not assure you that we will be able to retain our clients while competing against such competitors. We believe that our ability to compete also depends in part on a number of factors beyond our control, including the of our competitor to attract, train, motivate and retain highly skilled employees, the price at which our competitors offer comparable products and services and the extent of our competitors to our clients needs.

Further, with increase in number of international companies setting up their operations in India and presence of existing domestic competitors has resulted in increased employee attrition and increased wage pressure to retain talent work force and reduce such attrition.

5. 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.

MAESTROS MEDILINE SYSTEMS LIMITED & ITS SUBSIDIARIES

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, which 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.

6. 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.

7. 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.

8. 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;
- (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;

and

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

9. 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.

10. 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.

11. 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. XVI of the Notes to Accounts.

12. Public Deposits

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

13. Auditors and Auditors' Report

M/s. R R R and 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.

14. 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.

15. 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)

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.