

39th
ANNUAL REPORT
2011-12

maestros
enabling technology for you

MAESTROS MEDILINE SYSTEMS LIMITED

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BOARD OF DIRECTORS

DR. KRISHNA KUMARMENON	: CHAIRMAN & MANAGING DIRECTOR
MR. BALKRISHNA TENDULKAR	: EXECUTIVE DIRECTOR
DR. NITIN PARANJAPE	: NON EXECUTIVE DIRECTOR
MR. NARENDRA MAHAJANI	: NON EXECUTIVE DIRECTOR
DR. DHANANJAY MAHAJAN	: INDEPENDENT NON EXECUTIVE DIRECTOR
MR. KETAN SHAH	: INDEPENDENT NON EXECUTIVE DIRECTOR

REGISTERED OFFICE

PLOT NO. EL-63 T.T.C INDUSTRIAL AREA
ELECTRONIC ZONE, M.I.D.C,
MAHAPE, NAVI MUMBAI – 400 710.
MAHARASHTRA
TEL. NO.: +91-22-4119 3100/3200
FAX NO.: +91-22-2762 2153
E-MAIL: ACCOUNTS@MAESTROS.NET
WEBSITE: www.medi-line.com, www.maestros.net

PLANT LOCATIONS:

UNIT I:

PLOT NO.EL-63 T.T.C INDUSTRIAL AREA,
ELECTRONIC ZONE, M.I.D.C.,
MAHAPE, NAVI MUMBAI – 400 710.

UNIT II:

PLOT NO.82-A, SECTOR-I,
INDUSTRIAL AREA, PARWANOO,
DIST. SOLAN – 173 220.
HIMACHAL PRADESH

AUDITORS

R R & ASSOCIATES
CHARTERED ACCOUNTANTS

BANKERS

STATE BANK OF INDIA

REGISTRAR & SHARE TRANSFER AGENTS

LINKINTIMEINDIAPRIVATELIMITED
C-13 PANNALAL SILK MILLS COMPOUND,
L. B. S MARG, BHANDUP (WEST),
MUMBAI – 400 078.
TEL NO.: +91-22-5555 5454
FAX NO.: +91-22-2567 2693.

NOTICE

NOTICE is hereby given that the Thirty Ninth Annual General Meeting of Maestros Mediline Systems Limited will be held at Hotel Celebrations, Plot no. L-1, Sector 19, Vashi, Navi Mumbai-400 705 on Friday December 07, 2012 at 3.00 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Directors' Report, Auditors' Report and Audited Balance Sheet and Profit and Loss Account for the year ended 31st March 2012.
2. To appoint statutory Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to authorize the Board Directors to fix their remuneration. The retiring auditors M/s. R A R and Associates (Formerly known as M/s. Anil Goyal & Co.), Chartered Accountants are eligible for Re-appointment and have confirmed their willingness to accept office, if re-appointed.
3. To appoint a director in place of Dr. Nitin S. Paranjape who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

4. To re-appoint Dr. Krishnakumar Menon as Managing Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an ordinary resolution:

"RESOLVED THAT pursuant to provisions of sections 198, 269, 309 and 317 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) approval of the members be and is hereby accorded to the appointment of Dr. Krishnakumar Menon as a Managing Director of the Company for a period of 5 years with effect from 26th November, 2012 on the terms and conditions including remuneration as set out in the agreement proposed to be entered into between the Company and Dr. Krishnakumar Menon, a draft whereof is placed before this meeting which agreement is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as "the Board" which includes any Committee of Directors which the Board may constitute to exercise its powers, including the powers conferred by this resolution) to alter and vary the terms and conditions of the said re-appointment and/or remuneration within the limits specified in Schedule XIII of the Companies Act, 1956 including any statutory modification or re-enactment thereof, for the time being in force or any amendments and/or modifications that may hereafter be made thereto by the Central Government in that behalf from time to time or any amendments thereto as may be agreed to between the Board and Dr. Krishna Kumar Menon.

RESOLVED FURTHER that the Board of Directors be and is hereby authorized to take such steps as may be necessary, proper or expedient to give effect to this resolution."

5. To re-appoint Mr. B.K. Tendulkar as a Whole-time-Director designated as Executive Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an ordinary resolution:

"RESOLVED THAT pursuant to the provisions of sections 198, 269, 309 and 317 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) approval of the members be and is hereby accorded to the

appointment of Mr. B. K. Tendulkar as a Executive Director of the Company for a period of 5 years with effect from 26th November, 2012 on the terms and conditions including remuneration as set out in the agreement proposed to be entered into between the Company and Mr. B. K. Tendulkar, a draft whereof is placed before this meeting which agreement is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as "the Board" which includes any Committee of Directors which the Board may constitute to exercise its powers, including the powers conferred by this resolution) to alter and vary the terms and conditions of the said re-appointment and/or remuneration within the limits specified in Schedule XIII of the Companies Act, 1956 including any statutory modification or re-enactment thereof, for the time being in force or any amendments and/or modifications that may hereafter be made thereto by the Central Government in that behalf from time to time or any amendments thereto as may be agreed to between the Board and Mr. B. K. Tendulkar.

RESOLVED FURTHER that the Board of Directors be and is hereby authorized to take such steps as may be necessary, proper or expedient to give effect to this resolution."

By Order of the Board of Directors

Dr. Krishnakumar Menon
(Chairman & Managing Director)

Registered Office:

Plot no. EL-63, TTC Indl. Area, Electronic Zone,
M.I.D.C., Mahape, Navi Mumbai - 400 710,
Maharashtra.

Date: 31st October, 2012.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.

The instrument of proxy should, however, be deposited at the Registered Office of the Company not less than 48 hours before the Meeting.

2. All documents referred to in the above Notice are open for inspection at the Registered Office of the Company on all working days (except Saturdays, Sundays and holidays) between 10.00 a.m. to 12.30 p.m. up to the date of the Annual General Meeting.
3. Members / Proxies should bring the Attendance slips duly filled in for attending the meeting.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from 03rd December, 2012 to 07th December, 2012 (both days inclusive).

By Order of the Board of Directors

Dr. Krishnakumar Menon
(Chairman & Managing Director)

Registered Office:

Plot no. EL-63, TTC Indl. Area, Electronic Zone,
M.I.D.C., Mahape, Navi Mumbai - 400 710,
Maharashtra.

Date: 31st October, 2012.

Explanatory statement pursuant to section 173(2) of the Companies Act, 1956.

The following explanatory statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice:

Item No. 4 & 5

Re-appointment of Dr. Krishnakumar Menon as Managing Director and Mr. B.K. Tendulkar as Executive Director:

The term of Mr. B.K. Tendulkar as Executive Director and Dr. Krishnakumar Menon as Managing Director is expiring on November 25, 2012.

The present proposal is to seek the members' approval for the reappointment of and remuneration payable to Dr. Krishnakumar Menon as Managing Director and Mr. B.K. Tendulkar as Whole-time Director, designated as Executive Director, in term of the applicable provisions of the Companies Act, 1956.

The Board of Directors of the Company (the 'Board'), at its meeting held on 31st October, 2012 has, subject to the approval of members, re-appointed Dr. Krishnakumar Menon as Managing Director and Mr. B.K. Tendulkar as Executive Director for a further period of 5 years from the expiry of their respective term, on remuneration determined by the Remuneration Committee of the Board at its meeting held on 31st October, 2012.

The terms and conditions of their appointment are set out in the draft of the agreements to be entered into by the Company with them, which inter-alia contains the following terms and conditions:

1. Period of Agreement:

5 years from 26th November 2012 respectively

2. Salary, Perquisites and Allowances:

Name and Designation	Salary	Perquisites & Allowances (Per month)
Dr. Krishnakumar Menon : (Managing Director)	39,000	111,000
Mr. B.K. Tendulkar : (Executive Director)	37,000	87,284

The perquisites and allowances as aforesaid, shall include a house rent allowance; city compensatory allowance; conveyance allowance; professional pursuit allowance. The said perquisites and allowances shall be evaluated, whenever applicable, as per the provision of Income Tax Act, 1961 or any rules thereunder or any statutory modification(s) or re-enactment thereof; in the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost. However, the Company's contribution to Provident Fund, Superannuation or Annuity Fund, to the extent these singly or together are not taxable under the Income tax law, and gratuity payable and encashment of leave at the end of tenure, as per the rules of the Company and to the extent not taxable under the Income tax law, shall not be included for the purpose of computation of the overall ceiling of remuneration.

3. Commission :

In addition to the Salary, perquisites and allowances as above, Dr. Krishnakumar Menon and Mr. B.K. Tendulkar shall also be entitled to receive commission on net profits.

4. Reimbursement of Expenses:

Reimbursement of expenses incurred for traveling, boarding and lodging during business trips; provision of car and cell phone, telephone expenses at residence for use on the Company's business shall be reimbursed and not considered as perquisites.

5. Minimum Remuneration :

Notwithstanding anything to the contrary herein contained where in any financial year during the currency of their tenure, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites as specified in Section II of Part II of Schedule XIII of the Companies Act, 1956, as may be amended from time to time.

The aforesaid agreement contains further terms and conditions as to the powers and duties, reimbursement of entertainment, traveling and other expenses incurred by them for the business of the Company, provision for earlier determination of the appointment by either party by giving six months' notice in writing, non participation in any selling agency of the Company, etc.

Dr. Krishnakumar Menon and Mr. B.K. Tendulkar satisfies all the conditions set out in Part-I of Schedule-XIII of the Companies Act, 1956 for being eligible for the reappointment.

The above may be treated as an abstract of the terms of re-appointment of Dr. Krishnakumar Menon and Mr. B.K. Tendulkar under section 302 of the Companies Act, 1956.

A brief description of Dr. Krishnakumar Menon and Mr. B. K. Tendulkar, the nature of their expertise in specific functional areas and other relevant information stipulated under clause 49 of the listing agreement with stock exchange are provided in report on Corporate Governance forming part of the Annual Report.

Dr. Krishnakumar Menon and Mr. B. K. Tendulkar is interested in the resolution set out respectively in item 4 and 5 of the Notice, which pertain to their respective re-appointments and remuneration payable to each of them. Save and except above, none of the other Directors of the Company are, in any way, concerned or interested in this resolution.

The Board commends the Resolution set out at item Nos. 4 and 5 of the Notice for your approval.

By Order of the Board of Directors

Dr. Krishnakumar Menon
(Chairman & Managing Director)

Registered Office:

Plot no. EL-63, TTC Indl. Area, Electronic Zone,
M.I.D.C., Mahape, Navi Mumbai - 400 710,
Maharashtra.

Date: 31st October, 2012.

DIRECTORS' REPORT

Your Directors take pleasure in presenting the Thirty Ninth Annual Report on the business and operations of the Company together with the Audited Statement of Accounts for the period ended 31st March, 2012.

1. Financial Results

	[₹ In Thousands]	
	Current Year	Previous Year
Total Income	324,782	398,606
Less : Expenditure	249,287	319,767
Profit before Depreciation, Finance Charges and Tax	75,494	78,839
Less : Interest and Financial Charges	39,957	29,381
Less : Depreciation	18,117	23,441
Profit before Tax	17,420	26,017
Less : Provision for Taxation	145	1,729
Profit / (Loss) after tax	17,275	24,288
Less : Short provision for tax on earlier years	(1,553)	(728)
Add : Prior period items	-	-
Add : Balance brought forward from previous year	89,337	64,322
Less : Appropriated as per Scheme of Arrangement	47,201	-
Profit available for appropriation	60,964	89,337
Less : Appropriations Transfer to General Reserve	-	-
Balance carried forward	60,964	89,337

2. Management Discussion And Analysis

(a) **Industry Structure and Development:** The Indian economic growth remained at 6.9 percent as compared to 8.4 percent in 2011-12. 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, 2012 amounted to ₹ 3,247.82 lacs, as against ₹ 3,986.06 lacs, has decreased by 19 per cent over the last year as last year's revenue also includes Electrocnis & Infra activity.

(b) **Segment wise operational performance:** Your Company has two main segments of business viz. Medical Embedded Systems ("MES"), Information Technology ("IT").

The sale of MES division has increased by 13 per cent. The sale of IT Division has increased substantially. 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. Demerger of Electronics & Infra Division:

The "Electronics Division" & "Infra Division" of the Company have been demerged and the same is transferred to Maestros Electronics & Telecommunications Systems Ltd and MMS Infrastructure Ltd with effect from appointed date i.e. 1st April, 2009. The Hon'ble High Court of Bombay has sanctioned the scheme of arrangement vide order dated 10th June, 2011, a certified true copy of which was received by the Company filed the said order with the Registrar of Companies, Bombay on dated 15th September, 2011. Maestros Mediline Systems Ltd was holding 43,73,260 equity shares of face value of ₹ 10/- each. Maestros Mediline Systems Ltd has issued and allotted 3279945 equity shares of face value of ₹ 10/- each to the shareholders of the Maestros Electronics & Telecommunications Systems Ltd on dated 6th February, 2012 in ratio 3:4 & 8746520 equity shares of face value of ₹ 10/- each to the shareholders of the MMS Infrastructures Ltd on dated 6th February, 2012 in ratio 2:1.

Consequent upon demerger, becoming effective from dated 20th July, 2011, the figures of current year are not comparable with previous year. The figures of previous year have been regrouped wherever necessary.

4. Operations:

Consequent upon demerger, the Company's operations will include manufacture of Medical Embedded Systems and services related to Information Technology.

5. Dividend

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

6. 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.

7. Directors

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

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, 2012 and of the profit of the Company for the year April 1, 2011 to March 31, 2012;
- (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.

9. Report on Subsidiary Companies

The total revenue of subsidiary has reached to 6,587,822 AED as compared to 1,748,352 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 ₹ 8,242,877/- and ₹ 1,654,400/- respectively are as appearing in Note no. XV I 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 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.

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. K. K. Menon
(Chairman & Managing Director)

Mr. B. K. Tendulkar
(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, arrangements are being made to settle the dues.

For and on behalf of Board of Directors

Dr. K. K. Menon
(Chairman & Managing Director)

Mr. B. K. Tendulkar
(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: September 20, 2012.

CORPORATE GOVERNANCE REPORT

Company's Philosophy on Corporate Governance

Corporate Governance for Maestros is effective and controlled management practices and compliance with laws and regulations. Maestros is committed to build value based and ethical management practices to ensure greater transparency and fairness, which in turn will ensure maximum satisfaction of all the stakeholders.

A. Board of Directors

1. Composition of Board of Directors

The constitution of the Board of Directors is given below: -

Name	Executive / Non-Executive / Independent	No. of Directorships held in other companies	Memberships held in Committees as specified in Clause 49
Dr. Krishnakumar Menon	Executive	None	None
Mr. Balkrishna Tendulkar	Executive	None	None
Dr. Nitin S. Paranjape	Non - Executive	None	None
Mr. Narendra Mahajani	Non - Executive	None	None
Dr. Dhananjay Mahajan	Independent & Non - Executive	None	None
Mr. Ketan Shah	Independent & Non - Executive	None	None

Directors Profile:-

Dr. Krishna Kumar Menon

Dr. Krishna Kumar Menon holds doctorate in Macro Economics and Marketing from University of London. Besides he holds Diploma in Management Studies and Diploma and Masters in Marketing Management. He was Management Trainee with Philips India from 1983 to 1985 in the area of sales promotion, marketing displays, dealer development and monetary controls.

Dr. Krishna Kumar Menon did a short stint as Senior Sales Executive with Blow Plast Ltd. and as Area Manager with Amtrex Air Conditioners. Subsequently he joined Ulmer Spatz (a subsidiary of Unilever Plc.) as Regional Manager for Middle East operations.

He is looking after Finance and Marketing of Maestros for the past 14 years.

Mr. B. K. Tendulkar

Mr. B. K. Tendulkar is B. E (Instrumentations) from University of Mumbai. Besides he has done Post Graduate Diploma in Business Management from University of Mumbai.

He had been with K. E. M Hospital, Mumbai, Research & Development team for almost 8 years and developed many new technologies with the help of physicians.

He has led the embedded systems and medical instrument division since its beginning with a vision to foray into adaptation of new technologies in the field of medicine for the Indian sub-continent with a dream to make affordable medical aid to the masses.

He is the visionary in establishing the "Electronics and Instrumentations" division and his expertise knowledge has led to the development of OEM products having applications in various industries.

Dr. Dhananjay Mahajan

After completing his PhD in Operations Research from IIT, Mumbai, Dr. Dhananjay Mahajan did a short stint as a lecturer in Pune University.

Subsequently he joined the TATA group and had a long career of nearly 17 years with them in a variety of roles in software services life cycle and moving on to become Director, Information Services- India Operations.

Dr. Dhananjay Mahajan was the founding CEO of Mahindra Consulting and has been instrumental in building the company from scratch to almost 210 employees by the year 2000.

He has total 24 years of experience in the IT services industry and has worked in the Information Technology Services business in major industrial groups including the TATA's, Mahindra Group & Birla Group.

2. Number of Board Meetings held and the dates on which held.

During the period April 1, 2011 to March 31, 2012, 10 Board Meetings were held. The date on which the said meetings were held as follows:

May 21, 2011, May 23, 2011, May 30, 2011, June 08, 2011, August 11, 2011, August 17, 2011, October 25, 2011, November 05, 2011, January 06, 2012, February 14, 2012.

3. The details in respect of attendance of directors in Board meetings and General Meetings are as under:

Name of Director	Number of board Meetings attended	Whether AGM dated 29/09/2011 attended (Y/N)
Dr. Krishnakumar Menon	10	Y
Mr. Balkrishna Tendulkar	10	Y
Dr. Nitin S. Paranjape	5	N
Mr. Narendra Mahajani	10	Y
Dr. Dhananjay Mahajan	5	N
Mr. Ketan Shah	5	N

4. Remuneration of Directors

Details of remuneration during 2011-2012

Sr. No.	Name	Designation	Total Salary and Perquisites (₹)	Sitting Fees (₹)
1	Dr. Krishnakumar Menon	Managing Director	5,994,000	N.A.
2	Mr. Balkrishna Tendulkar	Executive Director	1,491,408	N.A.
3	Dr. Nitin S. Paranjape	Chairman & Non-Executive Director	N.A.	8,000
4	Mr. Narendra Mahajani	Non-Executive Director	N.A.	8,000
5	Dr. Dhananjay Mahajan	Independent & Non- Executive	N.A.	8,000
6	Mr. Ketan Shah	Independent & Non- Executive	N.A.	8,000

Dr. Krishnakumar Menon, Managing Director and Mr. Balkrishna Tendulkar, Executive Director of the Company are in the whole time employment, and their employment is contractual in nature. They were re-appointed in the board meeting held on October 30, 2007 and hold office up to 25th November 2012.

5. Tenure

As per the provisions of the Companies Act, 1956 and Articles of the Company, out of total directors two third directors are liable to retire by rotation. Out of this two third, one third is liable to retire in every Annual General Meeting. Accordingly, the tenure of each director is 3 years but they are eligible for reappointment.

Dr. Krishnakumar Menon, Managing Director and Mr. Balkrishna Tendulkar, Executive Director are permanent members of the Board.

B. Audit Committee

The audit committee was formed on March 31, 2003. The committee consist of three directors; all of them are non-executive directors. The chairman of the committee is an independent director. All the members of audit committee are financially literate and two of them are possesses accounting and related financial management expertise.

1. Meetings During the Year

The Audit Committee held four meetings during the year on May 30, 2011, August 11, 2011, November 05, 2011, and February 14, 2012.

2. Composition of the Committee and details of attendance

Name of Director	Designation	No. of Meetings Held	No. of Meetings Attended
Mr. Ketan Shah	Chairman	4	4
Dr. Dhananjay Mahajan	Member	4	4
Mr. Narendra Mahajani	Member	4	4

3. Functions of the Committee

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- Reviewing with management the annual financial statements before submission to the board, focusing primarily on:
 - Any changes in accounting policies and practices.
 - Major accounting entries based on exercise of judgement by management.
 - Qualifications in draft audit report.
 - Significant adjustments arising out of audit.
 - The going concern assumption.
 - Compliance with accounting standards.
 - Compliance with stock exchange and legal requirements concerning financial statements.
 - Any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.
- Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.

- Discussion with external auditors before the audit commences nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
- Reviewing the Company's financial and risk management policies.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

4. Power of Audit Committee

The following powers are vested with the Audit Committee:

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain out side legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

5. Review of Information by the Audit Committee

The Audit Committee is responsible for reviewing the following information:

- Financial statements and draft audit report, including quarterly/ half-yearly financial information.
- Management's discussion and analysis of financial condition and results of operation.
- Reports relating to compliance with laws and to risk management.
- Management's letters/letters of internal control weakness issued by statutory/internal auditors; and
- Record of related party transactions
- The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.

C. Investors Grievance Committee

The committee consist of three directors; out of them two are executive directors.

The chairman of the committee is independent non-executive director.

1. Composition of the Committee

Name of Director	Designation	No. of Meetings Held	No. of Meetings Attended
Mr. Ketan Shah	Chairman	4	4
Dr. Krishnakumar Menon	Member	4	4
Mr. Balkrishna Tendulkar	Member	4	4

2. Functions of the Committee

The role of the Committee includes looking into the redressing of shareholder and investors complaints relating to transfer of shares, non-receipt of balance sheet, non- receipt of declared dividends and any other investor grievance.

During the year no investor complaints were received. There were no outstanding complaints as of May 30, 2011.

D. Remuneration Committee

The remuneration committee was set up on June 30, 2007. The committee consist of two directors; all of them are non-executive directors. The Chairman of the committee is an independent director.