

32nd Annual Report 2004-2005



Maestros Mediline Systems Limited

BOARD OF DIRECTORS

Dr. Nitin Sadashiv Paranjape
Dr. Krishnakumar Menon
Mr. Balkrishna Tendulkar
Dr. Dhananjay Bakhle
Dr. Dhananjay Mahajan
Mr. Ketan Shah

- Chairman and Managing Director
- Joint Managing Director
- Executive Director
- Independent Non Executive Director
- Independent Non Executive Director
- Independent Non Executive Director

REGISTERED OFFICE

Plot No. EL-63, TTC Indl. Area, Electronic Zone,
M.I.D.C., Mahape, Navi Mumbai 400 701. Maharashtra, India.
Tel:- +91-22-2761 1286, 2761 1311, Fax:- +91-22-2762 2153
Email:- accounts@mediline.co.in
Website:- www.medi-line.com, www.maestros.net

PLANT LOCATIONS

Unit I:

Plot No. EL-63, TTC Indl. Area, Electronic Zone,
M.I.D.C., Mahape, Navi Mumbai 400 701. Maharashtra, India.

Unit II:

D-109, Shrinath Industrial Estate, Near Dadra Check Post,
Vapi-Silvassa Road, Dadra – 396 230, UT of D & NH.

AUDITORS

M/s. Anil Goyal & Co.
Chartered Accountants.

BANKERS

State Bank of India.
Punjab National Bank.

REGISTRARS & SHARE TRANSFER AGENTS

Intime Spectrum Registry Limited,
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (W), Mumbai – 400 078.
Tel:- +91-22-5555 5454, Fax:- +91-22-2567 2693

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Notice

NOTICE

NOTICE is hereby given that the Thirty Second Annual General Meeting of the Company will be held at Hotel Days-Inn, Plot no. L-1, Sector 19, Near Truck Terminal, Opp. Modern College, Near Palm Beach Marg, Vashi, Navi Mumbai 400705 on Friday, 30th September, 2005 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 2005.
2. To appoint Auditors and fix their remuneration
3. To appoint a director in place of Mr. Dhananjay Bakhle, who retires by rotation and is eligible for re-appointment.

By order of the Board of Directors,

Dr. Nitin S. Paranjape
Chairman & Managing Director

Registered Office:

Plot no. EL-63, TTC Industrial Area, Electronic Zone,
M.I.D.C., Mahape, Navi Mumbai 400 701, Maharashtra, India.

Date: 6th August, 2005

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. upto 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 September 26, 2005 to September 30, 2005 (both days inclusive).

By order of the Board of Directors,

Dr. Nitin S. Paranjape
Chairman & Managing Director

Registered Office:

Plot no. EL-63, TTC Industrial Area, Electronic Zone,
M.I.D.C., Mahape, Navi Mumbai 400 701, Maharashtra, India.

Date: 6th August, 2005

Directors' Report

DIRECTORS' REPORT

Your Directors take pleasure in presenting the Thirty Second Annual Report on the business and operations of the Company together with the Audited Statement of Accounts for the period ended 31st March, 2005.

1. FINANCIAL RESULTS

	(Rs. In Thousands)	
	Current Year	Previous Year
Total Income	202,492	174,952
Less : Expenditure	168,544	135,466
Profit before Depreciation, Finance Charges and Tax	33,948	39,487
Less : Interest and Financial Charges	8,151	12,655
Less : Depreciation	18,806	19,900
Profit before Tax	6,991	6,931
Less : Provision for Taxation	1,525	4,675
Profit / (Loss) after tax	5,466	2,256
Add : Short provision for tax on earlier years	(58)	-
Add : Prior period items	-	-
Add : Balance brought forward from previous year	40,248	37,992
Profit available for appropriation	45,657	40,248
Less : Appropriations	-	-
Transfer to General Reserve	-	-
Balance carried forward	45,657	40,248

2. MANAGEMENT DISCUSSION AND ANALYSIS

(a) Industry Structure and Development: The Indian economy continued to grow both in manufacturing and service sector, in the year under review, the Government continued its program for improvement health care systems in India. The Information Technology industry also witnessed significant growth. The long term outlook for the Medical and Information Technology business of the company look to be positive.

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

The sales of MES division dropped marginally by 4%. The sales of IT division increased by 51%. The gross income from Infrastructure activity increased by 15%. Due to higher cost of inputs and operational expenses the Company could maintained its profits at the same level of the previous year. During the year under review your Company has upgraded its existing product with better technology and features and added two new telemedicine products in its portfolio.

Directors' Report

(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 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 programmes 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. EQUITY CAPITAL

The Company has not issued any additional shares during the year under review.

5. DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association Dr. Dhananjay Bakle retire by rotation, and being eligible, offer himself for re-apponitment. As required, details concerning the Director is included in the corporate governance report.

Directors' Report

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;
 - (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, 2005 and of the profit of the Company for the year April 1, 2004 to March 31, 2005;
 - (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

7. 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.

8. 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. 614,500/- and Rs. 10,209,321/- respectively are as appearing in Note no. XVII of the Notes to Accounts.

9. PUBLIC DEPOSITS

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

10. AUDITORS AND AUDITORS' REPORT

M/s. Anil Goyal & Co., 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 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.

Directors' Report

11. 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.

12. 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.

By order of the Board of Directors,

Dr. Nifin S. Paranjape
Chairman & Managing Director

Registered Office:

**Plot no. EL-63, TTC Industrial Area, Electronic Zone,
M.I.D.C., Mahape, Navi Mumbai 400 701, Maharashtra, India.**

Date: 6th August, 2005



INFORMATION ON DIRECTORS RECOMMENDED FOR APPOINTMENT / RE-APPOINTMENT AT THE ENSUING ANNUAL GENERAL MEETING IN PERSUANCE 49 OF THE LISTING AGREEMENT.

Dr. Dhananjay Bakhle

Dr. Bakhle is a Clinical Pharmacologist by training and has worked in Novartis, Lupin, Glaxo and Fulford in the past. He has pioneered several medical software solutions in the area of pharmaceutical Medicine.

Dr. Bakhle was the Vice Chairman of the Medical Committee of Organisation of Pharmaceutical Producers of India (OPPI) for two years and had been a member of the Board of Studies of the Mumbai University in the past. He is a honorary member of WHO's Advisory Committee on Tuberculosis and an active member of the Steering Committee on R & D for the Global Alliance against T.B. formed by the Rocke Feller foundation. He has been profiled among 22 successful entrepreneurs and managers in a book "Thought Leaders" Published by Tata McGraw Hill in 2001.

Corporate Governance Report

CORPORATE GOVERNANCE REPORT

1. 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.

2. 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. Nitin S. Paranjape	Executive	None	None
Dr. Krishna Kumar Menon	Executive	2	None
Mr. B. K. Tendulkar	Executive	None	None
Dr. Dhananjay Bakhle	Independent & Non Executive	1	None
Dr. Dhananjay Mahajan	Independent & Non Executive	None	None
Mr. Ketan Shah	Independent & Non Executive	None	None

Number of Board Meetings held and the dates on which held

During the period 1st April 2004 to 31st March 2005, 4 board meetings were held. The date on which the said meetings were held are as follows:

April 29, 2004, July 31, 2004, October 30, 2004, and January 29, 2005.

The details in respect of attendance of directors in Board meetings and General Meetings areas under:

Name of director	Number of board meetings attended	Whether AGM dated 30/09/2004 attended (Y/N)
Dr. Nitin S. Paranjape	4	Y
Dr. Krishna Kumar Menon	4	Y
Mr. B. K. Tendulkar	4	Y
Dr. Dhananjay Bakhle	1	N
Dr. Dhananjay Mahajan	2	Y
Mr. Ketan Shah	4	Y

3. Remuneration of Directors

Details of remuneration during 2004-2005

Sr. no.	Name	Designation	Total Salary and Perquisites (Rs.)	Sitting Fees (Rs.)
1	Dr. Nitin Paranjape	Chairman & Managing Director	596560	NIL
2	Dr. K. K. Menon	Joint Managing Director	596560	NIL
3	Mr. B. K. Tendulkar	Executive Director	481360	NIL
4	Dr. Dhananjay Bakhle	Independent & Non Executive	NIL	2000
5	Dr. Dhananjay Mahajan	Independent & Non Executive	NIL	4000
6	Mr. Ketan Shah	Independent & Non Executive	NIL	6000

Dr. Paranjape, Chairman & Managing Director, Dr. K. K. Menon, Joint Managing Director and Mr. B. K. Tendulkar, Executive Director are in the whole time employment of the Company and their employment is contractual in nature. They hold office upto 25th November 2007.

4. Audit Committee

The Audit Committee held three meetings during the year on July 31, 2004, October 30, 2004, and January 29, 2005.

Composition of the Committee and details of attendance

Name of Director	No. of meetings held	No. of meetings attended
Mr. Ketan Shah, Chairman	3	3
Dr. Dhananjay Mahajan, Member	2	2
Dr. Dhananjay Bakhle, Member	3	1

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.

Corporate Governance Report

- e) 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.
- f) Discussion with internal auditors any significant findings and follow up there on.
- g) 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.
- h) 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.
- i) Reviewing the company's financial and risk management policies.
- j) 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.

5. Investors Grievance Committee

During the year, an Investors Grievance Committee was formed by the Company to handle investor grievances.

Composition of the Committee

Mr. Ketan Shah	-	Chairman
Dr. K. K. Menon	-	Member
Mr. B. K. Tendulkar	-	Member

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 1 investor complaints received were received. There were 1 outstanding complaints as of 6th August, 2005.

6. General Body Meeting

Location and time for the last three Annual General meetings were:

Year ended	Date	Time	Location
30/06/2002	28 th December 2002	11.00 a.m.	Hotel Days-Inn, Plot no. L-1, Sector 19, Near Truck Terminal, Opp. Modern College, Near Palm Beach Marg, Vashi, Navi Mumbai 400705
31/03/2003	16 th September, 2003	11.00 a.m.	Hotel Days-Inn, Plot no. L-1, Sector 19, Near Truck Terminal, Opp. Modern College, Near Palm Beach Marg, Vashi, Navi Mumbai 400705
31/03/2004	30 th September, 2004	03.00 p.m.	Hotel Days-Inn, Plot no. L-1, Sector 19, Near Truck Terminal, Opp. Modern College, Near Palm Beach Marg, Vashi, Navi Mumbai 400705