

33rd Annual Report 2005-2006



Maestros Mediline Systems Limited

BOARD OF DIRECTORS

Dr. Nitin Paranjape	- Chairman & Non Executive Director
Dr. Krishnakumar Menon	- Managing Director
Mr. Balkrishna Tendulkar	- Executive Director
Mr. Narendra Mahajan	- Non Executive Director (with effect from 18.12.2005)
Dr. Dhananjay Mahajan	- Independent Non Executive Director
Mr. Ketan Shah	- Independent Non Executive Director
Dr. Dhananjay Bakhle	- Independent Non Executive Director (up to 28.12.2005)

REGISTERED OFFICE

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

Unit II:

Plot No. 84, Sector I, Industrial Area,
Parwanoo, Dist. Solan-173 220, Himachal Pradesh.

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 Third Annual General Meeting of Maestros Mediline Systems Limited 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-400 705 on Friday, September 29, 2006 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 2006.
2. To appoint Auditors and fix their remuneration.
3. To appoint a director in place of Dr. Dhananjay Mahajan, who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS :

4. To consider and, if thought fit, to pass, with or without modification, the following resolution as an ordinary resolution.

"RESOLVED THAT Dr. Nitin Paranjape, who was appointed as an Additional Director of the Company by the Board of Directors pursuant to section 260 of the Companies Act, 1956 and Article 101 of the Articles of Association and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received notice in writing proposing his candidature for the Office of a Director be and is hereby appointed a Director of the Company liable to retire by rotation."

5. To consider and, if thought fit, to pass, with or without modification, the following resolution as an ordinary resolution.

"RESOLVED THAT Mr. Narendra Mahajani, who was appointed as an Additional Director of the Company by the Board of Directors pursuant to section 260 of the Companies Act, 1956 and Article 101 of the Articles of Association and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received notice in writing proposing his candidature for the Office of a Director be and is hereby appointed a Director of the Company liable to retire by rotation."

By Order of the Board of Directors

Dr. Nitin Paranjape
(Chairman)

Registered Office:

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

Date: June 24, 2006.

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.

Notice

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 August 19, 2006 to August 24, 2006 (both days inclusive).

By Order of the Board of Directors

Dr. Nitin Paranjape
(Chairman)

Registered Office :

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

Date: June 24, 2006.

ANNEXURE TO THE NOTICE

Explanatory Statement as required under Section 173 of the Companies Act, 1956.

Item Nos. 4 & 5

The Board of Directors, at its meeting held on December 18, 2005, appointed Dr. Nitin Paranjape and Mr. Narendra Mahajani as Additional Directors, in accordance with the provisions of the Articles of Association of the Company. Dr. Nitin Paranjape and Mr. Narendra Mahajani have been appointed as Non-Executive Directors to broad base the Board.

The Information required in terms of the listing agreement is given in the section on 'INFORMATION ON DIRECTORS RECOMMENDED FOR APPOINTMENT / RE-APPOINTMENT AT THE ENSUING ANNUAL GENERAL MEETING IN PERSUANCE OF CLAUSE 49 OF THE LISTING AGREEMENT.'

The Board considers that the Company would be immensely benefited by their varied experience and recommends passing of the Ordinary Resolution.

The directors may be deemed to be concerned or interested in the respective resolutions.

By Order of the Board of Directors

Dr. Nitin Paranjape
(Chairman)

Registered Office:

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

Date: June 24, 2006.

Directors' Report

DIRECTORS' REPORT

Your Directors take pleasure in presenting the Thirty Third Annual Report on the business and operations of the Company together with the Audited Statement of Accounts for the period ended 31st March, 2006.

1. Financial Results

(Rs. In Thousands)

	Current Year	Previous Year
Total Income	213,112	202,492
Less : Expenditure	180,628	168,544
Profit before Depreciation, Finance Charges and Tax	32,484	33,948
Less : Interest and Financial Charges	6,568	8,151
Less : Depreciation	20,591	18,806
Profit before Tax	5,325	6,991
Less : Provision for Taxation	726	1,525
Profit / (Loss) after tax	4,599	5,466
Add : Short provision for tax on earlier years	(417)	58
Add : Prior period items	-	-
Add : Balance brought forward from previous year	45,657	40,248
Profit available for appropriation	49,839	45,657
Less : Appropriations		
Transfer to General Reserve	-	-
Balance carried forward	45,657	49,839

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 of 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. The performance of your Company during the year under report has shown the improvement over the previous year. The total revenue for the year ended March 31, 2006 amounted to Rs. 2131.25 lacs, as against 2019.15 lacs, registering marginal growth of 6 per cent over the last year. However the profits did not match the increase in revenues mainly due to increase in operating cost. Due to higher cost of inputs and operational expenses the Company's profit has gone down by 24 per cent over the last year.

- (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 has increased by 10 per cent. The sales of IT division has increased marginally by 1 per cent. The gross income from Infrastructure activity has increased by 4 per cent. During the year under review your Company has upgraded its existing products with better technology and features and added new telemedicine products in its portfolio. Your Company has also entered in to the new segment of electronic products by developing two new OEM products. Your Company has commenced the new manufacturing facility at Himachal Pradesh. Similarly your Company has also acquired additional space in Navi Mumbai to enhance its operating capacity and expand its operation.

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 authorisation 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 Mahajan retire by rotation, and being eligible, offer himself for re-appointment. As required, detail concerning the Director is included in the corporate governance report.

Effective from December 18, 2005 Dr. Nitin Paranjape – Chairman and Managing Director of Company has resigned from board of directors of the Company and reappointed as Additional Director, Non-Executive with effect from December 18, 2005.

Dr. Nitin Paranjape holds the office of the Director up to the date of Annual General Meeting. It is proposed to reappoint him as Director, Non-Executive of the Company. Necessary resolution is proposed for his reappointment at the annual general meeting. Your directors recommended the appointment of Dr. Nitin Paranjape as Director, Non-Executive of the Company.

Directors' Report

Mr. Narendra Mahajani, has been appointed as Additional Director with effect from December 18, 2005, and he holds the office of the Director up to the date of ensuing Thirty Third Annual General Meeting of the Company. It is proposed to reappoint him as Director, Non-Executive of the Company. Necessary resolution is proposed for his reappointment at the annual general meeting. Your directors recommended the appointment of Mr. Narendra Mahajani as Director, Non-Executive of the Company.

Dr. Dhananjay Bakhle, has tendered his resignation as director with effect from December 28, 2005. The board placed on record its appreciation of the service rendered by Dr. Dhananjay Bakhle during his tenure on the board of the Company.

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, 2006 and of the profit of the Company for the year April 1, 2005 to March 31, 2006;
- (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. 3,785,023/- and Rs. 384,759/- respectively are as appearing in Note no. XVI 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 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.

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.

For and on behalf of Board of Directors

Dr. Nitin Paranjape
(Chairman)

Registered Office:

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

Date: June 24, 2006



Directors' Report

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

Dr. Dhananjay Mahajan

After completing his Ph.D. in Operations Research from IIT Mumbai, Dr. Mahajan did a short stint as a lecturer in Pune University. Subsequently, he joined the TATA group and had a long career of nearly seventeen years with them in a variety of roles in software services life cycle and moving on to become Director, Information Services, India Operations.

Dr. 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 twenty four 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 and the Birla group.

Dr. Nitin Paranjape

Dr. Nitin Paranjape holds a M.D. in Gynecology and has established his credibility and expertise as a well known IT consultant and developer over a period of last eleven years. He was instrumental in developing Mediline Equipment & Computer Systems (I) Limited into a multifaceted IT company providing consultancy, training, support, and development services and carving out a niche area in the field of Medical Software.

Dr. Paranjape has helped many large Indian and multi-national organizations in planning, designing and executing solutions using the most appropriate tools and technologies. His consulting methodology focuses on fullest utilization of existing infrastructure, tight integration between legacy and new technologies and appropriate selection of tools. His services have been availed of by companies like Marico, Maruti, Orange, Pfizer, L&T, Eureka Forbes, Sampooran for evolving their e-Business strategy and solutions.

He is also considered to be an authority in the field of Medical Software. He has endeavored to combine medicine and computer technology in an innovative and practical manner. He has delivered numerous lectures on the subject in many seminars and conferences throughout India.

Apart from medical software Dr. Paranjape has, along with his R&D Team, created eight PC Based medical monitoring systems. These systems are highly cost effective and are currently competing successfully with multinational medical equipment companies like Hitachi, Marquette, Corometrics, Tectronics, etc in terms of features, cost, and quality.

He has also authored more than 450 articles related to various technology related topics in a popular weekly magazine called 'Express Computers' and contributed extensively for magazines like Living Computers and Times Computing.

Effective from December 18, 2005 Dr. Nitin Paranjape – Chairman and Managing Director of Company has resigned from Board of Directors of the Company and reappointed as Additional Director, Non-Executive with effect from December 18, 2005.

Mr. Narendra Mahajani

Mr. Narendra Mahajani is a fellow member of The Institute of Chartered Accountants of India as well as The Institute of Cost and Works Accountants of India, having an experience of sixteen years in corporate finance, commercial & legal functions etc.

Before appointment as additional director on board, he was Chief Finance Officer of the Company.

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. Krishnakumar Menon	Executive	None	None
Mr. Balkrishna Tendulkar	Executive	None	None
Dr. Nitin 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

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

During the period 1st April 2005 to 31st March 2006, 7 board meetings were held. The dates on which the said meetings were held are as follows:

April 2, 2005, April 30, 2005, August 6, 2005, August 30, 2005, October 29, 2005, December 18, 2005, and January 30, 2006.

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 30/09/2005 attended (Y/N)
Dr. Krishnakumar Menon	7	Y
Mr. Balkrishna Tendulkar	7	Y
Dr. Nitin Paranjape*	7	Y
Mr. Narendra Mahajani**	1	N
Dr. Dhananjay Bakhle***	0	N
Dr. Dhananjay Mahajan	2	N
Mr. Ketan Shah	3	Y

*Dr. Nitin Paranjape, is appointed as Additional Director with effect from December 18, 2005, and he holds the office of the Director up to the date of ensuing Thirty Third Annual General Meeting of the Company.

** Mr. Narendra Mahajani, is appointed as Additional Director with effect from December 18, 2005, and he holds the office of the Director up to the date of ensuing Thirty Third Annual General Meeting of the Company.

*** Dr. Dhananjay Bakhle, has tendered his resignation as Director with effect from December 28, 2005.