

# **34th Annual Report 2006-2007**



**Maestros Mediline Systems Limited**

## BOARD OF DIRECTORS

Dr. Nitin S. Paranjape	: Chairman & Non - Executive Director
Dr. Krishnakumar Menon	: Managing Director
Mr. Balkrishna Tendulkar	: 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, TTC Industrial Area,  
Electronic Zone, M.I.D.C.,  
Mahape, Navi Mumbai - 400 701,  
Maharashtra.  
Tel. No. : +91-22-2761 1286 / 1311  
Fax No. : +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 Industrial 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

Anil Goyal & Co.  
Chartered Accountants.

## BANKERS

State Bank of India.  
Punjab National Bank.

## REGISTRAR & SHARE TRANSFER AGENTS

Intime Spectrum Registry Ltd.  
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

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## Notice

### NOTICE

NOTICE is hereby given that the Thirty Fourth 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 28, 2007 at 2:30 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 March 31, 2007.
2. To appoint Auditors and fix their remuneration.
3. To appoint a Director in place of Mr. Ketan Shah, who retires by rotation and being eligible, offers himself for re-appointment.

**By Order of the Board of Directors**

**Dr. Nitin S. 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 30, 2007.

#### 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 September 24, 2007 to September 28, 2007 (both days inclusive).

**By Order of the Board of Directors**

**Dr. Nitin S. 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 30, 2007.

## Directors' Report



### DIRECTORS' REPORT

Your Directors take pleasure in presenting the Thirty Fourth Annual Report on the business and operations of the Company together with the Audited Statement of Accounts for the period ended March 31, 2007.

#### 1. Financial Results

(Rs. In Thousands)

	Current Year	Previous Year
Total Income	259,285	213,112
Less : Expenditure	226,954	180,628
Profit before Depreciation, Finance Charges and Tax	32,331	32,484
Less : Interest and Financial Charges	7,603	6,568
Less : Depreciation	17,569	20,591
Profit before Tax	7,160	5,325
Less : Provision for Taxation	1,528	726
Profit / (Loss) after tax	5,632	4,599
Add : Excess / (Short) provision for Tax on earlier years	62	(417)
Add : Prior period items	-	-
Add : Balance brought forward from previous year	49,839	45,657
Profit available for appropriation	55,533	49,839
Less : Appropriations	-	-
Transfer to General Reserve	-	-
Balance carried forward	55,533	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 system 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, 2007 amounted to Rs. 2,598.91 lacs, as against Rs.2,131.25 lacs, registering a growth of 22 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 Infrastructure Activities.

The MES segment has shown growth in sales by 52 per cent over the last year. The use of latest technology for speedy diagnosis with precision, has increased the dependency, and resulted in to creation of great demand for products under segment. The active participation of Central and State Government, towards improvement of health care facilities, through implementation of various programmes has provided additional boost to the performance of segment.

The sale of IT segment has decreased marginally by 2 per cent. The decrease is due to shifting of orders, expected to be materialised in the year under review, to next fiscal. The

gross income from Infrastructure activity has also decreased by 7 per cent, as the entire infrastructure was made available about a month for maintenance purpose.

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. Last year your Company has developed two new electronic (embedded) products; witnessing successful response and its great revenue generation potential, this year also Company has developed new OEM product, having vast application and revenue generation potential through various segment of industries.

The construction at newly acquired additional space in Navi Mumbai is in full swing and likely to be over by the end of third quarter of this fiscal. This will enhance the existing manufacturing facilities of various embedded systems developed by the Company.

- (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, 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.

- (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.

## Directors' Report



### 5. Directors

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association Mr. Ketan Shah retires by rotation, and being eligible, offers himself for re-appointment. As required, detail concerning the Director is included in the corporate governance 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, 2007 and of the profit of the Company for the year April 1, 2006 to March 31, 2007;
  - (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. 3,916,029/- and Rs. 720,117/- 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

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 (1B) of the Companies Act, 1956.

**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 S. 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 30, 2007

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## 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.

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#### Mr. Ketan Shah

Mr. Ketan Shah is a qualified Chartered Accountant and Technical Analyst of Stock Markets, who is currently engaged in providing Portfolio Management Service. He was previously practicing as a Chartered Accountant and has handled various assignments on audits, taxation, consulting, financial restructuring and planning. He has vast knowledge and experience in the field of finance and accounting.

Mr. Ketan Shah does not hold directorship in any other company and is also not a Member/Chairman of committees of board of any other company.





**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

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

During the period April 1, 2006 to March 31, 2007, 6 board meetings were held. The date on which the said meetings were held are as follows:

June 24, 2006, July 29, 2006, October 31, 2006, November 30, 2006, January 27, 2007 and March 20, 2007.

**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 29/09/2006 attended (Y/N)
Dr. Krishnakumar Menon	6	Y
Mr. Balkrishna Tendulkar	6	Y
Dr. Nitin S. Paranjape	6	Y
Mr. Narendra Mahajani	6	Y
Dr. Dhananjay Mahajan	3	Y
Mr. Ketan Shah	3	Y

## Corporate Governance Report



### 4. Remuneration of Directors

Details of remuneration during 2006-2007

Sr. No.	Name	Designation	Total Salary and Perquisites (Rs.)	Sitting Fees (Rs.)
1	Dr. Krishnakumar Menon	Managing Director	2,400,040	N.A.
2	Mr. Balkrishna Tendulkar	Executive Director	959,992	N.A.
3	Dr. Nitin S. Paranjape	Chairman & Non-Executive Director	N.A.	6,000
4	Mr. Narendra Mahajani	Non-Executive Director	N.A.	6,000
5	Dr. Dhananjay Mahajan	Independent & Non- Executive	N.A.	6,000
6	Mr. Ketan Shah	Independent & Non- Executive	N.A.	6,000

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 hold office up to November 25, 2007.

### 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 consists 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 possess accounting and related financial management expertise.

#### 1. Meetings During the Year

The Audit Committee held three meetings during the year on June 24, 2006, October 31, 2006, and March 20, 2007.

#### 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	3	3
Dr. Dhananjay Mahajan	Member	3	3
Mr. Narendra Mahajani	Member	3	3

#### 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.