



# Midpoint

**SOFTWARE & ELECTRO SYSTEMS LTD.**

Seventeenth  
Annual Report  
2008-2009

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T****BOARD OF DIRECTORS**

<b>APOORVA H. SHAH</b>	<i>Chairman &amp; Director</i>
<b>AMIT A. SHAH</b>	<i>Director</i>
<b>RAJIV H. BHATT</b>	<i>Director (From 30/08/08)</i>
<b>BHARAT O. AKHIYANIA</b>	<i>Directors (Upto 30/08/08)</i>

**BANKERS****UNION BANK OF INDIA****AUDITORS****M/s. NGS & CO.****Chartered Accountants**

B/46, 3rd Floor, Pravasi Industrial Estate,  
Vishweshwar Nagar Road, Goregaon (East),  
Mumbai - 400 063

Tel. : +91-22-28766446 / 4157 • Fax : +91-22-28760882

**REGISTERED OFFICE**

D-22/8, TTC Industrial Area, Thane Belapur Road,  
Turbhe, Navi Mumbai - 400 705

**SHARE TRANSFER AGENT****System Support Services**

209, Shivai Industrial Estate,  
Next to Parke-Davis,  
89, Andheri Kurla Road, Saki Naka,  
Mumbai - 400 072

**17th ANNUAL GENERAL MEETING**

On the Friday 14th August, 2009 at 10.30 a.m. at Registered Office of the Company at D-22/8, TTC Industrial Area, MIDC, Thane Belapur Road, Turbhe, Navi Mumbai - 400 705 Members are requested to bring their copy of the Annual Report to the Annual General Meeting.



**NOTICE**

NOTICE is hereby given that the Seventeenth Annual General Meeting of Midpoint Software & Electro Systems Limited will be held on Friday, the 14<sup>th</sup> day of August 2009 at 10.30 a.m. at the Registered Office of the Company at D-22/8, MIDC, TTC Industrial Area, Belapur Road, Turbhe, Navi Mumbai 400705 to transact the following business:

**ORDINARY BUSINESS :**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2009 and Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Apoorva H. Shah, who retires by rotation, and being eligible, offers him-self for re-appointment.
3. To appoint Auditors and to fix their remuneration.

**SPECIAL BUSINESS :**

4. To consider, and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 260 and any other applicable provisions, if any, of the Companies Act, 1956 (the "Act") Mr. Rajiv H. Bhatt, who was appointed as an Additional Director by the Board of Directors of the Company and who holds office as such up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing along with a deposit of Rs. 500/- pursuant to the provisions of Section 257 of the Act from a Member signifying his intention to propose Mr. Rajiv H. Bhatt as a candidate for the office of Director of the Company, be and hereby appointed as a Director of the Company liable to retire by rotation."

5. To consider, and if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 100 to 104 and other applicable provisions, if any of the Companies Act, 1956, Article 13 of Articles of Association of the Company and subject to confirmation of the

Hon'ble High Court of Judicature at Bombay or National Company Law Tribunal (NCLT), subject to the approval of the Stock Exchanges where the shares of the company are listed and/or any other regulatory authorities and subject to such other approvals, consents, as may be necessary for the purpose under any rules, regulations of any authority, the existing paid up Equity Share Capital of the Company be and is hereby reduced from Rs.3,00,11,000/- divided into 30,01,100 Equity Shares of Rs. 10/- (Rupees Ten only) each fully paid up to Rs.1,05,03,850/- divided into 10,50,385 Equity Shares of Re.10/- (Rupee Ten only) each and that such reduction be effected by canceling of Rs.1,95,07,150/- divided into 19,50,715 Equity shares of Rs.10/- ( Rupees Ten Only) each in the existing paid up Equity Share Capital which is lost or un-represented by the available assets.

"RESOLVED FURTHER THAT any fraction shares arising on account of reduction of Equity Share Capital shall be rounded off to the nearest integer and if required the shareholding of the promoters will be adjusted to that extent, so that post reduction, the Equity Share Capital of the company shall remain at Rs. 1,05,03,850/-."

"RESOLVED FURTHER that for the purpose of giving effect to this resolution and for removal of any difficulties or doubts, the Board of Directors of the Company (hereinafter referred to as 'the Board' which term shall be deemed to include any Committee or any person which the Board may nominate / constitute to exercise its powers, including the powers conferred by this resolution) be and is hereby authorized to lodge an application / petition to the High court of judicature at Bombay or NCLT for obtaining an order confirming the reduction of share capital and to sign and verify application / petition , appoint advocates, solicitors, advisors and to do all such acts, deed, matters and things as it may, in its absolute discretion, deem necessary, expedient, usual or proper and to settle any question or difficulty that may arise with regard to reduction of Equity Share Capital including passing such accounting entries and / or such other adjustments in the books of account as are considered necessary to give effect to this resolution or to carry out such modifications / directions as may be ordered by the Hon'ble High Court of Judicature at Bombay or NCLT and / or any other regulatory authority as may be applicable, to implement this resolution."

6. To consider, and if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the applicable regulation of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and other applicable guidelines of the Securities and Exchange Board of India (SEBI), and all other applicable Laws, Rules, Guidelines, Regulation, Provision, if any, of any authorities and which may become applicable hereafter governing the matter, approval of the Company be and is hereby accorded to the Delisting of the Equity Shares from Ahmedabad Stock Exchange Limited, and / or Madras Stock Exchange Limited and at such time as the Board of Directors (whether acting through the Board or a committee of the Board, or any Director or any person authorized by Board) may, in their absolute discretion, consider appropriate and proper without giving an exit option to the shareholders of the regions where the aforesaid stock exchanges are situated and on the terms and conditions as may be stipulated and mutually agreed to in the best interest of the Company, after taking into account various factors such as but not limited to the incidence, impact, or burden of the cost of listing fees payable to the Stock Exchange and volume of trading on relevant Stock Exchanges.

**For & on behalf of Board of Director**

Apoorva H. Shah  
(Chairman & Director)

**Registered Office:**

D-22/8, MIDC,  
TTC Industrial Area, Belapur Road,  
Turbhe, Navi Mumbai

Place: Mumbai

Date: 30-06-2009

**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 OF THE COMPANY. THE PROXY, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

2. The explanatory statement setting out the material facts concerning the special business mentioned under item No. 4 to 6 of the Notice as required under Section 173(2) of the Companies Act, 1956, is annexed hereto.
3. The Register of Members and the Shares Transfer Books of the Company will be closed from Wednesday the 12<sup>th</sup> August, 2009 to Friday the 14<sup>th</sup> August, 2009 (both days inclusive).
4. The members are requested to:
- Intimate to the Company's Registrars and Share Transfer Agents M/s System Support Services (for shares held in physical form) and to their Depository Participants (DP) (for shares held in dematerialized form) the changes, if any, in their registered address, Bank account number / details etc. at an early date;
  - Quote ledger folio numbers / DP Identity and Client Identity Numbers in all their correspondences;
  - Approach the Company for consolidation of folios, if shareholdings are under multiple folios;
  - Get the shares transferred in joint names, if they are held in single name to avoid in convenience;
  - Bring their copies of the Annual Report and the Attendance Slip duly filled in for attending the Annual General Meeting;
  - Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions to the Company at the Registered Office address so as to reach at least seven days before the date of the Meeting, to enable the information required to be made available at the Meeting, to the best extent possible.
  - Members are requested to bring their Attendance Slip along-with copy of the Report and Accounts to the AGM
  - Disclosures pursuant to Clause 49 of the Listing Agreement with respect to the Directors seeking re-appointment/appointment at the forthcoming Annual General Meeting is attached hereto.



**EXPLANATORY STATEMENT IN RESPECT OF ITEM NO.4 TO 6 OF THE NOTICE PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**

**Item No. 4 :**

Mr. Rajiv H. Bhatt was appointed as an Additional Director on the Board of the Company with effect from 30.08.2008 to hold the office till the conclusion of the ensuing Annual General Meeting, in terms of Section 260 of the Companies Act, 1956.

Mr. Rajiv H. Bhatt vacates his office at this Annual General Meeting pursuant to Section 260 of the Act. The Board at its meeting held on 30th June, 2009 recommended for the approval of the Members, the appointment of Mr. Rajiv H. Bhatt as Non-Executive Director of the Company.

Notice under Section 257 of the Act has been received from a Member proposing the appointment of Mr. Rajiv H. Bhatt as Director of the Company. Requisite consent, pursuant to Section 264(1) of the Act, has been filed by Mr. Rajiv H. Bhatt to act as the Director of the Company.

None of the Directors of the Company, except Mr. Rajiv H. Bhatt is interested in the said resolution.

**Item No.5 :**

The Board of Directors of the Company at their meeting held on 30<sup>th</sup> June 2009 has considered necessary to undertake a scheme of financial restructuring so as to show a true and fair view of the Balance sheet and operate with a leaner base Balance Sheet.

The present paid up Equity share capital of the Company is Rs. 3,00,11,000/- divided into 30,01,100 Equity Shares of Rs. 10/- (Rupees Ten only) each. However due to unforeseen circumstances the Company had incurred huge losses in the past and the balances in Profit & Loss Account (debit) as at 31<sup>st</sup> March, 2009 was Rs. 3,13,22,235/-.

The company was not having many activities in the past. Hence, the Board of directors was of the view that the assets of the company do not reflect a part of paid up Capital in a realistic manner. Under these circumstances, the Board of Directors, subject to necessary approval and confirmation from the relevant authorities and in accordance with the provisions of Section 100 to 104 of the Companies Act, 1956 (hereinafter referred to as "the Act") proposes to reduce and reorganize its capital by reducing 19,50,715 Equity shares of Rs.10/- each fully paid up representing 65% of the existing Equity Share Capital of the company.

The financial restructuring will help the Company to reflect better its operational efficiency, improvements in the future years and reflect the true shareholder value. Further, there would be a positive impact on the various key financial ratios such as Net Profit Margin, Return on Capital Employed, and Return on Net worth etc.

The restructuring will also not cause any prejudice to the creditors of the Company. For stake of clarity, it is specified that the reduction in Share Capital does not involve either the diminution of any liability in respect of any unpaid capital or the payment to any shareholder of any paid-up capital nor is any call being waived. The Creditors of the Company are in no way affected by the proposed restructuring by way of the reduction of capital as there is no reduction in the amount payable to any of the creditors, no compromise or arrangement is contemplated with the creditors. Further, the proposed adjustment would not in any way adversely affect the ordinary operations of the Company or the ability of the Company to honour its commitments or to pay its debts in the ordinary course of business.

Further, to overcome the issue relating to fraction shares which may arise on account of reduction of Capital, the Board of directors considered it desirable to rounded off to the nearest integer and to that extent if any adjustment is required then it will be made in the shareholdings of the Promoters.

The pre and post reduction share holding pattern as on 30.06.2009 is as under.

Category of Shareholder	Number of shares (Pre-reduction) of Rs. 10/- each	Pre Reduction %	Number of Shares (post reduction) of Rs. 10/- each	Post Reduction %
Promoter and Promoter Group	675320	22.50	236361	22.50
Mutual Funds / UTI	0.00	0.00	0.00	0.00
Financial Institutions / Banks	2600	0.09	910	0.09
Venture Capital Funds	0.00	0.00	0.00	0.00
Insurance Companies	0.00	0.00	0.00	0.00
Bodies Corporate	66750	2.22	23363	2.22
Individuals	2000470	66.66	700165	66.66
Any others (specify) (NRI)	255960	8.53	89586	8.53
<b>GRAND TOTAL</b>	<b>3001100</b>	<b>100</b>	<b>1050385</b>	<b>100</b>

The pre and post reduction capital structure of the company is as under.

Share Capital	Pre Reduction (Rs.)	Post Reduction (Rs.)
<b>Authorised Capital</b> 35,00,000 Equity Shares of Rs. 10 each	3,50,00,000	3,50,00,000
<b>Issued, Subscribed and paid-up Capital</b> 30,01,100 Equity Shares of Rs. 10 each 10,50,385 Equity Shares of Rs. 10 each	3,00,11,000 —	— 1,05,03,850

The Chairman of the company, in consultation with the Stock Exchanges where the shares of the company are listed, will fix the record date for the Reduction of Equity Share Capital.

The Resolution at Item No. 5 is subject to the confirmation of the Hon'ble High Court of Judicature at Bombay / NCLT and / or approval of such other regulatory authority as may be required according to the laws in force.

The Board of Directors commends the resolution for acceptance by the Members.

None of the Directors of the Company is concerned or interested in this resolution, except as Shareholders in general.

#### Item No.6 :

The members have passed the special resolution in this

regard in the last Annual General Meeting. However due to procedural delay the Delisting has not been completed. Therefore, in order to complete the procedure, the Special Resolution of is recommended for approval of the Members. The Securities and Exchange Board of India (SEBI) has issued the Securities and Exchange of India (Delisting of Equity Shares) Regulations, 2009, (hereafter referred to as the 'Delisting Regulations') incorporating, among others, provision for Delisting of Equity Shares of a Listed Company.

Presently, the shares of the Company are listed on the following three Stock Exchanges:

1. Ahmedabad Stock Exchange Limited
2. Madras Stock Exchange Limited
3. Bombay Stock Exchange Limited

With the extensive networking of Bombay Stock



## MIDPOINT SOFTWARE & ELECTRO SYSTEMS LTD.

Exchange Limited (BSE) and the extension of its terminals to other cities as well, investors have access to online dealings in the company's equity shares across the country. The bulk of the trading in the company's equity shares in any case takes place on BSE, and the depth and liquidity of trading in Company's equity shares on all other Stock Exchange is low and insignificant.

The Securities and Exchange Board of India (SEBI) has specified for settlement of the Company's equity shares only in dematerialized form by all investors. It is also observed that the listing fees paid to Stock Exchange other than BSE is disproportionately high compared to the extremely low/nil trading volumes of the company's securities on those exchanges. The Company has proposed this resolution, which enables it to De-list its equity shares from the following Stock Exchanges:

1. Ahmedabad Stock Exchange Limited and
2. Madras Stock Exchange Limited

The Company's equity share will continue to be listed on the Bombay Stock Exchange Limited after the proposed Delisting.

The Board commends passing of the Resolutions as set out in Item No. 6 of the accompanying Notice.

None of the Directors of the Company is, in any way, concerned or interested in this item.

Place: Mumbai

Date : 30-06-2009

**For & on behalf of Board of Director**

Apoorva H. Shah  
(Chairman & Director)

**Registered Office :**

D-22/8, TTC Industrial Area, MIDC,  
Thane Belapur Road, Turbhe,  
Navi Mumbai – 400 705.

### DISCLOSURE PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT:

Disclosure of Directors seeking re-appointment/ appointment at the Annual General Meeting to be held on 14<sup>th</sup> August, 2009.

Name of Director	Mr. Apoorva Shah	Mr. Rajiv H. Bhatt
Date of Birth	01/01/1966	22/11/1965
Date of Appointment	08/04/1992	30/08/2008
Expertise in specific general functional area	Industrialist having vast business experience	Electronic Engineer having vast business experience.
Qualification	B.Com	Electronics Engineer
List of other Directorships held	1. NHC Industries Private Limited	NIL
Chairman/Member of the Committee of the Board of Directors of the Company	1	1
Chairman/Member of the Committee of Directors of the other Public Limited Companies in which he/she is a Director	NIL	NIL
a) Audit Committee		
b) Shareholder's Committee		

## DIRECTORS' REPORT

Dear Members

Your Directors present their Seventeenth Annual Report together with the Audited Statement of Accounts along with the Report of the Auditors for the year ended 31<sup>st</sup> March 2009.

### FINANCIAL RESULTS :

	(Rupees in lacs)	
	2008-2009	2007-2008
Net Sales/Income from operations	0.00	0.00
Other Income	0.00	0.00
Gross Loss before Interest & Depreciation	(3.19)	(2.63)
Depreciation	3.24	3.24
Loss for the year	(6.43)	(5.87)

### YEAR IN RESTROSPECT :

During the year under review, no new activities as permitted by the shareholders at EGM held on 24<sup>th</sup> February, 2006 could be started due to delay in obtaining certain departmental/ Government clearances. In current financial year, your directors have pursuing the matter with concerned department and are hopeful that the company will obtain necessary permission / licenses and commence the desired activities. Simultaneously the company is also proposing to commence trading activities in all kinds of products such as Whole Spices, Spices Powder, Pulses, Oil-Seeds of all kinds, food-stuff, Indian Masala and other relevant products.

### DIVIDEND :

In view of the losses, your Directors regret their inability to recommend any dividend.

### DIRECTORS :

Mr. Rajiv H. Bhatt was appointed as an Additional Director on the Board of the Company with effect from 30.08.2008 to hold the office till the conclusion of the ensuing Annual General Meeting. Notice pursuant to Section 257 of the Act has been received from a Member proposing the above appointment as a Director of the Company.

Mr. Apoorva H. Shah retires by rotation and being eligible offers himself for reappointment.

Their appointments would immensely benefit the Company looking at their business knowledge and expertise.

Mr. Bharat O. Akhiyania resigned from the Board with effect from 30<sup>th</sup> August, 2008. The Board places on record its appreciation for the services rendered by Mr. Bharat O. Akhiyania during his tenure as Member of the Board.

A brief resume of the Directors being appointed/re-appointed are attached to the Notice of the ensuing Annual General Meeting.

### CORPORATE GOVERNANCE :

Accountability and integrity with total transparency continue to be the company's main objective towards achieving sustained growth.

Certificate of the Auditors of the Company regarding compliance of the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchange, is enclosed.

### PARTICULARS OF EMPLOYEES :

The Company does not have any employee of the category specified in Section 217 (2-A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

### AUDIT COMMITTEE :

The Audit Committee of the Company met on 30.06.2008, 31.07.2008, 17.10.2008 and 30.01.2009 during the year under review.

### DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibilities Statement, your Directors hereby confirm:

- (1) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- (2) that the directors have selected such accounting policies and applied them consistently and made



judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;

- (3) that the directors have taken proper and sufficient care of the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (4) that the directors have prepared the annual accounts on a going concern basis.

#### **SAFETY AND ECOLOGY :**

Safety and Environment protection strategies continue to be accorded the same priority.

#### **FIXED DEPOSITS :**

The Company has not accepted any Deposit from the Public during the year under review. As on 31<sup>st</sup> March, 2009 no unclaimed deposits are lying with the Company.

#### **AUDITOR'S QUALIFICATION :**

Observations made in the Auditor's Report read with relevant notes in Notes to Accounts, are self explanatory and therefore do not call for any further comments under Section 217(3) of The companies Act, 1956. The company is taking necessary steps for depositing the amount with Investor Education and Protection fund.

#### **AUDITORS :**

M/s. NGS & Co., Chartered Accounts, hold office till the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. The Company has received intimation to that effect. Proposed re-appointment, if made, would be within the prescribed limit under section 224(1-B) of the Companies Act, 1956.

Members are requested to consider the appointment of M/s. NGS & Co., Chartered Accountants, Mumbai, for the current year, on a remuneration to be decided by the Board of Directors in consultation with the said firm of Auditors.

#### **CONSERVATION OF ENERGY**

The Company is not covered under the list of specified

industries. However, required conservation measures are already taken for limiting power consumption to the extent necessary.

#### **FOREIGN EXCHANGE EARNINGS AND OUTGO :**

(Rs. in Lacs)

Earnings : Rs. Nil  
(Previous Year: Rs. Nil)

Outgoing : Rs. Nil  
(Previous Year: Rs. NIL)

#### **LISTING AGREEMENT COMPLIANCE :**

Pursuant to the requirements of the Listing Agreement, the Company declares that its Equity Shares are listed on the Bombay Stock Exchange Ltd., Ahmedabad Stock Exchange Ltd and Madras Stock Exchange Ltd. Further the Company in process of applying for delisting the Company's Equity Shares from the Ahmedabad Stock Exchange and Madras Stock Exchange and the fresh special resolution is proposed to be passed in this Annual General Meeting, pursuant to voluntary delisting regulation prescribed by SEBI in this regard. The Bombay Stock Exchange Ltd. has suspended trading in Company's Equity shares for non-compliance of the Listing Agreement. However, now the Company has complied with all the listing requirements and initiated necessary action for revocation of suspension of trading of company's shares by the Bombay Stock Exchange Ltd.

#### **ACKNOWLEDGEMENT :**

Yours Directors express their grateful appreciation for the assistance and co-operation extended by the Banks, and all other authorities during the year and look forward to their continued support in future.

For and on behalf of the Board,

(**APOORVA H. SHAH**)  
(Chairman & Director)

Mumbai  
30-06-2009

## MANAGEMENT DISCUSSION AND ANALYSIS

### 1) BUSINESS OF THE COMPANY

#### A. Industry structure & development

The company is in software development. The domestic IT market for small to medium enterprises is growing rapidly. The growth rate for the software industry is expected to be around 20% per annum. The industry has several players and the level of competition is fairly high. To attain a competitive edge, the industry is undergoing consolidation through mergers and acquisitions. The last few years have also witnessed shakeout in the industry resulting in departure of small regional players. Strengths in R&D and product recognition in domestic and export markets are emerging as key factors. The domestic industry is continuously striving to increase exports with a view to reduce its dependence on domestic consumption. The Company has plans to give thrust to exports and keeps looking for new markets and opportunities in the international markets.

#### B. Opportunities and threats

Your company has for the time being suspended all its activities and the company is looking for a strategic partner, who can bring in required resources to recommence its activities. The unavailability of resources to expand the Company's business aggressively is the stumbling block. Your directors are considering various options to generate revenue for the company to revive its products and activities. There is a fierce competition in the software market. The export markets offer increasingly higher business opportunities.

#### C. Risks and concerns:

Price competition in the domestic market for some of the products may affect profitability. The process of globalization also increases threat of competition, both in the domestic and export markets.

### 2) Internal control systems and their adequacy:

The Company has proper and adequate systems of internal controls in order to ensure that all assets are safeguarded against loss from unauthorized use or disposition and that all transactions are authorised, recorded and reported correctly. Regular internal audits and checks are carried out

to ensure that the responsibilities are executed effectively and that adequate systems are in place. Management continuously reviews the internal control systems and procedures to ensure orderly and efficient conduct of business. The review includes adherence to the management policies, safeguarding the assets of the Company and ensuring preparation of timely and accurate financial information. The emphasis on internal control prevails across functions and processes, covering the entire gamut of activities. A strong internal audit function and effective Audit Committee of the Board have strengthened the internal control within the organization.

### 3) Financial performance & analysis:

Your company has for the time being suspended all its activities hence nothing to compare or discuss about.

### 4) Human resource development / Industrial relations:

The Company continuously monitors its human resource requirement to ensure that it has adequate human skills commensurate with its requirements. The Company continuously strives to upgrade the skills and competence of its human resources. Measures for safety, training, welfare and development of employees receive top priority.

### 5) Cautionary statement:

Statements in this report on Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable security laws or regulations. These statements are based on certain assumptions and expectation of future events. Actual results could however, differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and domestic demand-supply conditions, finished goods prices, raw materials cost and availability, changes in Government regulations and tax structure, economic developments within India and the countries with which the Company has business contacts and other factors such as litigation and industrial relations.

The Company assumes no responsibility in respect of forward looking statements herein which may undergo changes in future on the basis of subsequent developments, information or events.



## **CORPORATE GOVERNANCE**

Company's policies on the Corporate Governance and due compliance report on specific areas wherever applicable for the year ended 31<sup>st</sup> March, 2009 are hereunder divided into the following areas :

### **I. Company's philosophy on Corporate Governance:**

The Company believes that good Corporate Governance is essential to achieve long-term corporate goals and to enhance stakeholder's value. Company's business objective and that of its management and employees is to produce and market the Company's products in such a way so as to create value that can be sustained over a long term for all its stakeholders including shareholders, employees, customers, Government and the lenders. In addition to compliance with regulatory requirements, the Company endeavors to ensure that highest standards of ethical are met throughout the organization.

### **II. Board of Directors**

#### **(a) Composition of the Board:**

- The composition of the Board of Directors with reference to Executive and Non Executive Directors meets the requirement of code of Corporate Governance.
- Out of three Directors, two are Non-Promoter independent Directors namely Mr. Amit A. Shah and Rajiv H. Bhatt (appointed on 30.08.08). Mr. Bharat O. Akhiyania (resigned on 30.08.08) and one Non - Executive Promoter Director namely Mr. Apoorva H. Shah.
- There are two independent Directors namely Mr. Amit A. Shah, and Rajiv H. Bhatt (appointed on 30.08.08) Mr. Bharat O. Akhiyania (resigned on 30.08.08).

#### **(b) Number of Board Meetings held and attended by Directors:**

During the last financial year, Seven Board Meetings were held on 21.04.08, 30.06.08, 31.07.08, 30.08.08, 17.10.08, 02.01.09 and 30.01.2009.

The Meetings were attended as follows.

- Mr. Apoorva H. Shah, Mr. Amit A. Shah attended all the seven meetings, whereas Mr. Bharat O. Akhiyania attended 4 Meetings & Rajiv H. Bhatt attended 4 meetings.

All the Directors attended the last Annual General Meeting held on 28<sup>th</sup> August, 2008.

#### **(c) Remuneration to Executive Directors:**

The Company has not paid any sitting fees to any to Non-Executive Directors for attending Board and Committee Meetings and no other remuneration has been paid to the Non Executive Directors during the year under review.

#### **(d) The details of other Directorships and Committee Membership:**

Name of the Directors	Category of Directors	No. of Other Directorships held	No. of other Board Committee(s) of which he/she is	
			Member	Chairman
Apoorva H. Shah	Promoter-Non Executive	1	0	0
Amit A. Shah	Independent – Non- Executive	0	0	0
Rajiv H. Bhatt (Appointed on 30/08/08)	Independent – Non- Executive	0	0	0
Bharat O. Akhiyania (Resigned on 30/08/08)	Independent – Non- Executive	0	0	0

**III. Audit Committee**

- (i) The Audit Committee at present comprises of three directors namely Mr. Amit A. Shah (Non Executive Independent Director), Mr. Bharat O. Akhiyania (Non Executive Independent Director-up to 30.08.08), Rajiv H. Bhatt (Non Executive Independent Director From 30.08.08) and Mr. Apoorva H. Shah (Non Executive Promoter Director). Mr. Amit A. Shah is the Chairman of the Committee.
- (ii) During the year under review the Audit Committee Meetings were held on 30.06.2008, 31.07.2008, 17.10.2008 and 30.01.2009.

The attendances of the members of the committee were as follows:

- Mr. Amit A. Shah attended all the four the meetings
- Mr. Rajiv H. Bhatt attended two meetings
- Mr. Apoorva H. Shah attended all the four meetings
- Mr. Bharat O. Akhiyania attended two meetings

- (iii) The role and terms of reference of the Audit Committee covers the matters specified for Audit Committee under Clause 49 of Listing Agreement as well as in Section 292A of the companies Act, 1956.

**IV. Remuneration Committee**

The Company has not set up any Remuneration Committee since no payment of remuneration is made to any Directors and the same will be decided by the Board of Directors subject to the approval of the Members at their General Meetings, as and when need arises.

**V. Board Procedure**

The Members of the Board have been provided with the requisite information mentioned in the listing agreement well before the Board meetings and the same were dealt with appropriately.

All the directors who are on various committees are within the permissible limits of the listing agreement. The directors have intimated from time to time about their membership in the various committees in other companies.

**VI. Shareholders' Committee**

- (a) The Company has constituted a Share Transfer cum Shareholders / Investors Grievance Committee consisting of Executive and Non Executive directors Mr. Amit A. Shah, Mr. Rajiv H. Bhatt and Mr. Apoorva H. Shah. The Committee meets as and when need arises. There was no share transfer pending for registration for more than 30 days as on the said date except in disputed cases.

**VIII. Details of Directors seeking Re-appointment:**

Details of the Directors seeking re-appointment at the ensuing Annual General Meeting fixed on Friday, the 14<sup>th</sup> day of August, 2009 are given hereunder:

Name of Director	Mr. Apoorva Shah	Mr. Rajiv H. Bhatt
Date of Birth	01/01/1966	22/11/1965
Date of appointment	Since the date of Incorporation	30/08/08
Expertise in specific General Functional Areas	Industrialist having vast business experience	Electronics Engineer having vast business Experience
List of other Directorships held	1	NIL



**IX. General Body Meetings.**

a. The details of the Annual General Meeting held in last three years are as under: -

AGM	DAY	DATE	TIME	VENUE
14th	Friday	29.09.2006	2.30 P.M.	D-22/8, TTC Industrial Area, MIDC, Thane-Belapur Road, Turbhe, Navi Mumbai - 400 705
15th	Saturday	29.09.2007	11.30 P.M.	D-22/8, TTC Industrial Area, MIDC, Thane-Belapur Road, Turbhe, Navi Mumbai - 400 705
16th	Thursday	28.08.2008	11.30 A.M.	D-22/8, TTC Industrial Area, MIDC, Thane-Belapur Road, Turbhe, Navi Mumbai - 400 705

b. Whether special resolution were put through postal ballot last year? No.

c. Are special resolution proposed to be put through postal ballot this year? No.

**IX. Disclosure**

- (i) The Company has properly disclosed the significant material transactions with related parties' viz. Promoters, Directors or the Management, their subsidiaries or relatives at the appropriate places in the Annual Accounts. However, these transactions are not likely to have any conflict with the Company's interest.
- (ii) The Company's shares have been suspended from trading by the Bombay Stock Exchange, for non-compliance of the Listing Agreement. During the current year the Company has submitted all the compliance requirements. However, no penalty is imposed by any Stock Exchanges or the Securities and Exchange Board of India (SEBI) or any statutory authority on any matters related to capital markets during the last three years.

**XI. Means of communication**

(i) Half-yearly report sent to each household of shareholders	No
(ii) Quarterly results: Which newspapers normally published in	Yes The Company is regularly publishing its quarterly results in The Free Press Journal, & Navshakti, Mumbai
(iii) Any web site, where displayed	No
(iv) Whether it also displays official News releases and presentations made to Institutional investors / analysts	No
(v) Whether Management Discussion & Analyses is a part of annual report	Yes

**XII. General Shareholder Information**

(a) **Registered Office:**

D-22/8, TTC INDUSTRIAL AREA, MIDC, THANE BELAPUR ROAD, TURBHE, NAVI MUMBAI – 400 705

(b) **Annual General Meeting to be held:**

The 17th Annual General Meeting will be held on Friday, the 14th day of August 2009 at 10.30 A.M. at D-22/8, TTC INDUSTRIAL AREA, THANE BELAPUR ROAD, TURBHE, NAVI MUMBAI -400 705

**(c) Financial Calendar 2009 – 2010 (Tentative):**

Annual General Meeting	30 <sup>th</sup> September, 2010
First Quarterly Results	Before end of July, 2009
Second Quarterly Results	Before end of October, 2009
Third Quarterly Results	Before end of January, 2010
Audited yearly Results for the year ended 31 <sup>st</sup> March, 2010	Before end of June, 2010

**(d) Dates of Book Closure:**

12<sup>th</sup> August, 2009 (Wednesday) to 14<sup>th</sup> August, 2009 (Friday) (Both days inclusive)

**(e) Dividend payment date:**

The Board of Directors has not recommended any dividend during the year 2008-2009 and hence no payment of dividend is being made.

**(f) Stock Exchange Listing:**

The Company's shares are presently listed on Mumbai Stock Exchanges Ltd., Ahmedabad Stock Exchange Ltd. and Chennai Stock Exchange Ltd. The company proposes to De-list its Equity Shares from Ahmedabad Stock Exchange Ltd. and Madras Stock Exchange Ltd. pursuant to SEBI (De-Listing of Equity Shares), Regulations, 2009. However, the Company's equity Shares has been suspended for trading by the Bombay Stock Exchange, Mumbai for non-compliance of Listing Agreement and the Company has initiated necessary action for revocation of suspension of trading in shares of the company.

**(g) Stock Code:**

	Physical	Demat
Trading code Bombay Stock Exchange	517554	INE141C01010

**(h) Stock Prices on Mumbai Stock Exchange:**

The trading in the shares of the company has been suspended by Bombay Stock Exchange Limited and hence no stock market data is available.

There have been no trades at Ahmedabad and Madras Stock Exchanges Ltd.

**(i) Comparison Between the Movement of Sensex and Company share Prices:**

The trading in the shares of the company has been suspended by Bombay Stock Exchange Limited and hence no stock market data is available.

There have been no trades at Ahmedabad and Madras Stock Exchanges Ltd.

**(i) Registrar and Transfer Agents:**

The Registrar and Transfer Agents of the Company are M/s System Support Services and they have their Office at System Support Services, 209, Shivai Ind. Estate, Next to Parke Davis, 89, Andheri Kurla Road, Saki Naka, Mumbai 400 072. Tel Nos. 2850 0835 & Fax No. 2850 1438

**(j) Share Transfer System:**

Share transfer requests received in physical form are registered within 30 days from the date of receipt and Demat requests are normally confirmed within an average period of 10 days from the date of receipt.



## MIDPOINT SOFTWARE & ELECTRO SYSTEMS LTD.

### (k) Shareholder Statistics and Distribution of Shareholdings as on 31<sup>st</sup> March, 2009 :

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
1-500	5351	88.799	879941	29.321
501-1000	391	6.489	340721	11.353
1001-2000	141	2.340	219959	7.329
2001-5000	92	1.526	319079	10.632
5001-10000	31	0.514	235220	7.838
10001 & above	20	0.332	1006180	33.527
In Transit	0	0	0	0
Grand Total	6026	100	3001100	100

### (l) Dematerialization of equity shares:

The Company's Equity Shares are included in the list of companies whose shares have been mandated by SEBI for settlement only in dematerialised form by all institutions and all investors. The Company had signed agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to offer depository services to its shareholders. As on 31<sup>st</sup> March' 2009 about 63.043% of equity share capital of the Company has been dematerialized.

### (m) Nomination Facility:

Individual Shareholders can now avail of the facility of nomination. The nominee shall be the person in whom all rights of transfer and/or amount payable in respect of the shares shall vest in the event of the death of shareholder(s). A minor also can be a nominee provided the name of the guardian is given in the Nomination Form. The facility of nomination is not available to non-individual shareholders such as Corporate, Financial institutions, Kartas of Hindu Undivided Families and holders of Power of Attorney.

### (n) Address for correspondence :

Company's Registered Office  
D-22/8, TTC INDUSTRIAL AREA,  
MIDC, THANE BELAPUR ROAD,  
TURBHE, NAVI MUMBAI - 400 705  
Tel.: 022-6511 5248  
Fax : 022-27616577

Registrar and Transfer Agents  
System Support Services,  
209, Shivai Ind. Estate,  
Next to Parke Davis, 89, Andheri Kurla Road,  
Saki Naka, Mumbai 400 072  
Tel. : 022-28500835 • Fax : 28501438

### (o) Software Development Center:

D-22/8, TTC INDUSTRIAL AREA, MIDC, THANE BELAPUR RD., TURBHE, NAVI MUMBAI - 400 705  
Tel . No. 022-6511 5248 Fax : 022-2761 6577

### (p) Distribution of shareholding as on 31.03.2009

Category	Shares	% of total
Promoters	675320	22.50
Bodies Corporate	66750	2.22
Banks, Financial Institutions, Insurance companies	2600	0.09
Individuals	1999570	66.63
Others (NRI)	256860	8.56
In Transit	0	0.00
Total	3001100	100.00

**AUDITOR'S REPORT**

To,  
The Members,

Midpoint Software & Electro Systems Limited

1. We have audited the attached Balance Sheet of Midpoint Software & Electro Systems Ltd. as at March 31, 2009 and also the Profit and Loss account and cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;

- iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- v. On the basis of the written representations received from the directors, as on March 31, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with Significant accounting policies and other notes thereon, and subject to
  - i. Non provision of diminution of value of investment of Rs. 2.23 lacs As a result, the loss for the year is lower by this amount.
  - ii. Non transfer of unpaid/ unclaimed dividend to Investor Education and Protection Fund.
  - iii. Non provision of losses on account of deterioration of Fixed Assets amounting to Rs 19.42 Lacs. As a result, the loss for the year is lower by this amount.

Give a true and fair view.

- a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2009;
- b) in the case of the profit and loss account, of the loss for the year ended on that date; and
- c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For **NGS & Co.**  
Chartered Accountants

(Ganesh Toshniwal)  
Partner  
Membership # 46669

Place: Mumbai  
Dated: 30-06-2009



ANNEXURE REFERRED TO IN PARAGRAPH (3) OF OUR REPORT OF EVEN DATE ON THE ACCOUNTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2009 OF MIDPOINT SOFTWARE & ELECTRO SYSTEMS LTD.

On the basis of the information and explanations furnished to us and books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we report that:

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its Fixed Assets.
- (b) On physical verification made by the management it is found that fixed asset are deteriorated, damaged and have become obsolete to the extent that they have no realizable value at all. However, such losses have not been provided in the books of accounts. Such losses are of Rs.19.42 Lakhs being W.D.V of such assets as on 31<sup>st</sup> March, 2009.
- (c) No such assets have been disposed off.
2. Based on our examination of documents and records, the Company does not own any inventory as at the Balance Sheet date. Therefore, the provisions of clause 4(ii)(a) to 4(ii)(c) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company
3. The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956. The company has taken unsecured loan from the following parties covered in the register maintained under section 301 of the companies act 1956.  

Mr. Apoorva H. Shah	Rs. 21,24,883/-
	due on 31 <sup>st</sup> March, 2009
Mr. Himatlal H. Shah	Rs. 5,13,000/-
	due on 31 <sup>st</sup> March, 2009

The loan taken from aforesaid parties is interest free and other terms and conditions of such loans taken by the company are prima facie not prejudicial to the interest of the company.
4. As there are no purchases of inventory, fixed assets and the sale of goods, the question of having adequate internal control procedure in this regard does not arise.
5. As informed to us, there were no transactions that need to be entered into the register, pursuant to section 301 of the Companies Act, 1956. Therefore the provisions of clause 4 (v) of the Companies (Auditors' Report) Order, 2003 (as amended) are not applicable to the company.

6. Except the loan taken from the Director and shareholder, the company has not accepted deposits from the public. Subject to this, the question of complying with the provisions of directives issued by Reserve Bank of India and Section 58A and 58AA of Companies Act, 1956, therefore, does not arise.
7. According to the information and explanations given to us, the Company does not have an internal audit system.
8. As explained to us, the Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956.
9. (a) According to the information and explanations given to us and on the basis of our examination of the records of the company, amount deducted/accrued in the books of account in respect of undisputed statutory dues including Income Tax, Wealth Tax, Excise Duty, Cess, Investor Education & Protection Fund and other material statutory dues have been generally regularly deposited during the year by the company with appropriate authorities. As explained to us, the company did not have any dues on account of Employees' State Insurance, Provident Fund, Sales Tax, Custom Duty, Service Tax.
- (b) According to the information and explanations given to us, except follows, no undisputed amounts payable in respect of Income tax, Excise Duty, Investor Protection & Education Fund and other material statutory dues were in arrears as at 31 March, 2009 for a period of more than six months from the date they became payable.  

Income Tax	A. Y. 1995-96	Rs. 1,52,896/-
Unclaimed Dividend	F. Y. 1993-94	Rs.165/-
Unclaimed Dividend	F. Y. 1994-95	Rs. 33,603/-
- (c) According to the information and explanation given to us, other than stated follows there are no dues of Income Tax, Excise Duty and other material statutory dues which have not been deposited with the appropriate authorities on account of any dispute.  

Income Tax Demand of Rs.5,47,469/- for A.Y 1996-97 the matter is pending before the Income Tax Officer, being the case is referred back by Appellate Tribunal to ITO.
10. The Company has incurred cash losses in the current year as well as immediately preceding previous year.

11. As explained to us there are no dues payable to financial institutions, Banks, or debenture holders. Hence, the question of default in repayment of such dues does not arise.
12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not Chit Fund or Nidhi Mutual Benefit Fund/Society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order 2003 (as amended) are not applicable to the Company.
14. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
15. In our opinion, and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from financial institutions/banks. Hence, the question of the terms and conditions where off prejudicial to the interest of the company does not arise.
16. The Company has not availed any term loan during the year, therefore the provisions of clause 4 (xvi) of the Companies (Auditors' Report) Order, 2003 (as amended) are not applicable to the company.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment
18. During the year, the Company has not made any preferential allotment of shares to parties covered in the register maintained under Section 301 of the Companies Act, 1956. Hence, the question of price at which shares have been issued is prejudicial to the interest of the company does not arise.
19. According to the information and explanations given to us, the Company had not issued any secured debentures during the year.
20. The Company has not raised any money by public issue during the year. Therefore, the provisions of clause 4 (xx) of the Companies (Auditors' Report) Order, 2003 (as amended) are not applicable to the company.
21. In our opinion and according to the information and explanations given to us, no fraud by/against the company has been noticed or reported during the year.

**For NGS & Co.**  
Chartered Accountants  
(Ganesh Toshiwal)  
Partner  
Membership # 46669

Place: Mumbai  
Dated: 30-06-2009

### AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

We have examined the compliance of condition of corporate governance by Midpoint Software & Electro Systems Limited, for the year ended on 31st March, 2009. As stipulated in clause 49 of the Listing Agreement of the said company with stock exchange.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of the opinion on the financial statements of the company.

The Company has appointed the independent directors on the Board of Directors as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchange.

Subject to above, in our opinion and to the best of our information and according to the explanations given to

us and representations made to us by the directors and the management, we certify that the company has complied with the conditions of Corporate Governance stipulated in clause 49 of the company mentioned Listing Agreement.

We state that no investors' grievances are pending for a period exceeding thirty days against the company as per the records maintained by the Registrars and Share Transfer Agents of the company and presented to the Shareholders/investors Grievance Committee.

We further state that compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

**For NGS & Co.**  
Chartered Accountants  
(Ganesh Toshniwal)  
Partner  
Membership # 46669

Place: Mumbai  
Dated: 30-06-2009



**BALANCE SHEET AS AT 31ST MARCH, 2009**

<b>PARTICULARS</b>	<b>SCH.</b>	<b>As at March 31, 2009 Rs.</b>	<b>As at March, 31 2008 Rs.</b>
<b>SOURCES OF FUNDS :</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	30,011,000	30,011,000
		<u>30,011,000</u>	<u>30,011,000</u>
<b>LOAN FUNDS :</b>			
Unsecured Loans	2	2,637,883	2,327,883
Differed Tax Liability		599,931	770,213
<b>TOTAL</b>		<u>33,248,815</u>	<u>33,109,096</u>
<b>APPLICATION OF FUNDS :</b>			
<b>Fixed Assets</b>			
Gross Block		6,654,536	6,654,536
Less : Depreciation		4,713,011	4,388,538
Net Block	3	<u>1,941,525</u>	<u>2,265,998</u>
<b>Investments</b>	4	223,000	223,000
<b>Current Assets Loans &amp; Advances</b>			
Cash and Bank Balances	5	57,414	59,769
Loans & Advances	6	—	2,809,477
	<b>(A)</b>	<u>57,414</u>	<u>2,869,246</u>
<b>Less: Current Liabilities and Provisions</b>	7		
<b>Current Liabilities</b>		295,359	289,088
	<b>(B)</b>	<u>295,359</u>	<u>289,088</u>
Net Current Assets	<b>(A-B)</b>	<u>(237,945)</u>	<u>25,80,158</u>
Profit & Loss A/c		<u>31,322,235</u>	<u>28,039,940</u>
<b>TOTAL</b>		<u>33,248,815</u>	<u>33,109,096</u>
<b>Notes on Accounts</b>	10		

The Schedules referred to above and notes to accounts form an integral part of the Balance Sheet

As per our Report of even date

For **NGS & CO.**  
**Chartered Accounts**  
**CA GANESH TOSHNIWAL**  
M. No. 046669  
Partner

Apoorva H. Shah  
(Chairman & Director)

For and behalf of the Board of Directors  
Amit A. Shah  
(Director)

Place : Mumbai  
Date : 30-06-2009

# **PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**

<b>PARTICULARS</b>	<b>SCH.</b>	<b>For the year ended March 31, 2009 Rs.</b>	<b>For the year ended March 31, 2008 Rs.</b>
<b>INCOME :</b>			
Other Income		—	—
<b>TOTAL</b>		<b>—</b>	<b>—</b>
<b>EXPENDITURE :</b>			
Operating and other Expenses	8	318,491	262,170
Depreciation	3	324,473	324,473
<b>TOTAL</b>		<b>642,964</b>	<b>586,643</b>
Profit / (Loss) before tax, extraordinary and prior period items		(642,964)	(586,643)
Provision for Taxation		—	—
Deferred Tax Charge		(170,281)	770,213
Fringe Benefit Tax		135	54
Total Tax Expense / (Income)		(170,146)	770,267
<b>Profit / (Loss) after Tax and before extraordinary and prior period items</b>		<b>(472,818)</b>	<b>(1,356,910)</b>
<b>Extraordinary Items</b>		<b>2,809,477</b>	<b>—</b>
Net Profit / (Loss)		(3,282,295)	(1,356,910)
Balance brought forward from previous year		28,039,940	(26,683,029)
<b>Profit / (Loss) available for appropriation</b>		<b>(31,322,235)</b>	<b>(28,039,940)</b>
Appropriations		—	—
Surplus / (Deficit) carried to Balance Sheet		(31,322,235)	(28,039,940)
<b>Earning per Share</b>	9		
Basic (Nominal value of shares Rs. 10(Previous year : Rs. 10))			
- Computed on the basis of earnings including extra ordinary		(1.09)	(0.45)
- Computed on the basis of earnings excluding extra ordinary		(0.16)	(.45)

## **Notes on Accounts**

10

The Schedules referred to above and notes to accounts form an integral part of the Profit & Loss Account

As per our Report of even date

For **NGS & CO.**

**Chartered Accountants**

**CA GANESH TOSHNIWAL**

M. No. 046669

Partner

**For and behalf of the Board of Directors**

Apoorva H. Shah  
(Chairman & Director)

Amit A. Shah  
(Director)

Place : Mumbai

Date : 30-06-2009



**SCHEDULES TO BALANCE SHEET & PROFIT & LOSS ACCOUNT**

<b>PARTICULARS</b>	<b>March 31, 2009 Rs.</b>	<b>March 31, 2008 Rs.</b>
<b>SCHEDULE - 1</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
35,00,000 Equity Shares of Rs. 10/- Each	<u>35,000,000</u>	<u>35,000,000</u>
<b>ISSUED</b>		
30,01,100 Equity Shares of Rs. 10/- each fully paid up	<u>30,011,000</u>	<u>30,011,000</u>
<b>SUBSCRIBED AND PAID UP</b>		
30,01,100 Equity Shares of Rs. 10/- each fully paid up	<u>30,011,000</u>	<u>30,011,000</u>
	<u>30,011,000</u>	<u>30,011,000</u>
<b>SCHEDULE - 2</b>		
<b>UNSECURED LOANS</b>		
From Directors	<u>2,124,883</u>	<u>1,814,883</u>
From Others	<u>513,000</u>	<u>513,000</u>
	<u>2,637,883</u>	<u>2,327,883</u>

**SCHEDULE - 3 FIXED ASSETS**

<b>PARTICULARS</b>	<b>GROSS BLOCK</b>			<b>DEPRECIATION</b>			<b>NET BLOCK</b>	
	As on 01/04/08	During 2008-09	As At 31/03/09	upto 01/04/08	For 2008-09	Up to 31/03/09	As at 31/03/09	As at 01/04/08
Plant & Machinery	5,717,638	0	5,717,638	3,705,646	2,71,588	3,977,234	1,740,404	2,011,992
Furniture	530,498	0	530,498	416,182	33,581	449,763	80,735	114,316
Office Equipments	94,660	0	94,660	61,060	4,496	65,556	29,104	33,600
Air-conditioners	253,974	0	253,974	169,979	12,064	182,043	71,931	83,995
Plant & Machinery (Less than Rs.5000/-)	57,766	0	57,766	35,671	2,744	38,415	19,351	22,095
<b>Total</b>	<b>6,654,536</b>	<b>0</b>	<b>6,654,536</b>	<b>4,388,538</b>	<b>3,24,473</b>	<b>4,713,011</b>	<b>1,941,525</b>	<b>2,265,998</b>
<b>Previous Year</b>	<b>6,654,536</b>	<b>0</b>	<b>6,654,536</b>	<b>4,064,065</b>	<b>3,24,473</b>	<b>4,388,538</b>	<b>2,265,998</b>	<b>2,590,472</b>

**SCHEDULE - 4**

**Long Term Investments, Other Than Trade (At Cost)**

Quoted, fully paid-up

22,300 (P.Y. 22,300) Equity Shares in Classic Press Ltd.

<u>223,000</u>	<u>223,00</u>
<u>223,000</u>	<u>223,000</u>

PARTICULARS	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
-------------	---------------------	----------------------

**SCHEDULE - 5****CASH & BANK BALANCES :**

Cash on hand	4,101	6,829
Balance with Scheduled Banks :		
On Current Accounts	53,313	52,940
	<u>57,414</u>	<u>59,769</u>

**SCHEDULE - 6****LOANS & ADVANCES**

Unsecured Considered doubtful	—	2,809,477
Inter Corporate Deposits	—	—
	<u>—</u>	<u>2,809,477</u>

**SCHEDULE - 7****Current Liabilities**

Sundry Creditors	124,518	118,306
Other Liabilities & Provisions	170,841	170,782
	<u>295,359</u>	<u>2,89,088</u>

Dues to small scale industrial undertakings included in  
Sundry Creditors

Dues to other than small scale industrial undertakings included  
in Sundry Creditors

124,518 118,306



# MIDPOINT SOFTWARE & ELECTRO SYSTEMS LTD.

PARTICULARS	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
<b>SCHEDULE - 8</b>		
<b>OPERATING &amp; OTHER EXPENSES</b>		
Auditors remuneration		
- Statutory Auditor's Fee	6,618	6,742
Bank Charges	102	587
AGM Expenses	2,606	-
Legal & Professional Charges	104,668	56,910
Salaries & Stipend	2,500	31,713
Advertisement Expenses	19,811	15,785
Postal & Courier Charges	32,790	25,541
Staff Welfare	482	-
Mis. Expenses	424	1,702
Conveyance Expenses	1,494	737
Printing & Stationery	63,315	40,603
Listing Fees	38,924	39,013
Registrar Fees	43,257	-
ROC Fees	1,500	-
Share Transfer Fees	-	42,837
	<b>318,491</b>	<b>262,170</b>

## SCHEDULE - 9

### EARNINGS PER SHARE (EPS)

Net Profit/(Loss) as per profit and loss account including extra ordinary items	(3,282,295)	(1,356,910)
Less : Preference dividend and tax thereon	-	-
Net Profit/Loss for calculation of basic EPS	(3,282,295)	(1,356,910)
Net Profit/(Loss) as per profit and loss account excluding extra ordinary items	(472,818)	(1,356,910)
Less : Preference dividend and tax thereon	-	-
Net Profit/Loss for calculation of basic EPS	(472,818)	(1,356,910)
Weighted average number of equity shares in calculating basic EPS	3,001,100	3,001,100
EPS	(1.09)	(0.45)

**SCHEDULE 10 : NOTES TO ACCOUNTS**

ACCOUNTING POLICIES AND NOTES ON THE ACCOUNTS FORMING PART OF THE BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2009 AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE:

**1. Nature of Operations**

MIDPOINT SOFTWARE & ELECTRO SYSTEMS LIMITED is engaged in software development.

**2. Statement of Significant Accounting Policies****(a) Basis of preparation**

The financial statements have been prepared to comply in all material respects in respects with the Accounting Standard notified by Companies Accounting Standards Rules, 2006 and issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual. The accounting policies have been consistently applied by the Company with those used in the previous accounting year.

**(b) Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Sales and services are recognized on the date of delivery. Sales are net of sales tax.

**(c) Income taxes**

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

**(d) Investments**

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

**(e) Earnings Per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

**(f) Fixed Assets**

Fixed assets are stated at cost (or revalued amounts, as the case may be), less accumulated depreciation and impairment losses if any.. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

**(g) Depreciation**

Depreciation is provided using the Straight Line Method as per the useful lives of the assets estimated by the management, or at the rates prescribed under schedule XIV of the Companies Act, 1956 whichever is higher.



**(h) Provisions**

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Provision for expenditure relating to voluntary retirement is made when the employee accepts the offer of early retirement.

**3. Notes to Accounts :**

**(a) Related Parties**

**1. Names of related parties**

Key Management Personnel	B.O. Akhiyania	( Director till 30-08-2008)
	Amit A Shah	( Director)
	Apoorva H Shah	(Chairman)
	Rajiv Hariprasad Bhatt	(Director from 30.08.2008)
	Himatlal H. Shah	(Director's Relative)

**2. Transaction made with the related parties.**

	Key Personnel	
	2009 (Rs.)	2008(Rs.)
Loan taken	310000	267000
Balance Outstanding as at the year end Payable	2637883	2327883

**(b) Contingent Liabilities not provided for -**

**Rs. Nil, (P.Y. Rs. Nil)**

1. There was a raid of the Excise Department. Certain objections were raised, duty was assessed for 1992 to 1995 by the Department

and demand was raised of Rs.16,06,916/- for duty and penalty. The Company, thereafter, filed an appeal with the Appellate Tribunal. The judgment of the Tribunal has been delivered on 23.06.1998 setting aside the original assessment order. Fresh assessment has not yet done. The amount of contingent liability, if any, in respect of this is not ascertainable.

2. Out of Income tax demand of Rs.1,52,896/- for the assessment year 1995-96, Rs.1,36,000/- is provided for. The balance amount and interest due thereon are not provided for.
3. Income Tax demand of Rs 5,47,469 ( Previous Year 5,47,469) for AY 1996-97 where the where the ITAT Mumbai Bench : "B" has vide its order dated 26th July, 2004 has referred back the matter to A.O. to decide the claim of the Assessee after offering adequate opportunity of hearing.

**(c) Deferred Tax Liability**

	2009(Rs.)	2008(Rs.)
On Depreciation on Fixed Assets	599,931	770,213

Since there is no virtual certainty of profits in subsequent years, deferred tax asset on carry forward of losses is not recognized.

- (d) Since there were no employees on the payroll of the company as at 31st March 2009, disclosure as required by Accounting Standard 15, Employee Benefits (Revised) has not been furnished.
- (e) No confirmation have been obtained from sundry debtors, sundry creditors, ICDs, deposits and for loans and advance outstanding. The amounts shown in the Balance Sheet are, therefore, as per the books of accounts.
- (f) The Board of Directors in the meeting held on Jan 01, 2009 unanimously decided to withdraw the court case proceedings against M/S. Apollo Tubes & Steel

Industries Limited and therefore balance of Rs. 28.09 Lacs has been written off during the year.

- (g) All the fixed assets including plant & machinery, furniture & fixture, office equipments and air conditioners being not in use since long have deteriorated, damaged, scraped, became obsolete or destroyed to the extent that in opinion of the board, their realizable value is Nil. However, no provision for such losses of fixed assets has been made by the company in the accounts. Such losses are of Rs. 19.42 Lacs being the w.d.v. value of such fixed assets on the date of Balance Sheet.
- (h) Balance in Vijaya Bank (dividend account) is subject to reconciliation and confirmation of bank.
- (i) The unclaimed dividend of Rs. 165/- relating to the year 1993-94 and Rs. 33,603/- relating to the year 1994-95 remained unclaimed for a period of seven years from the date they became due for payment requiring a transfer to the Investor Education and Protection Fund.
- (j) Classic Press Ltd is suspended from stock exchange so market value of shares are not available, hence it is not disclosed in financial statement as per schedule VI disclosure.
- (k) Additional information pursuant to the provisions of paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956 to the extent nil or not applicable to the Company during the year are not furnished.
- (l) Previous Year Comparatives.

Previous year's figures have been regrouped where necessary to conform to this year's classification.

For and behalf of the Board of Directors

As Per our report of Even date

For NGS & Co.,  
Chartered Accountants  
Sd/-

Sd/-

Ganesh Toshniwal  
(Partner)

Apoorva H. Shah  
(Chairman & Director)

Amit A. Shah  
(Director)

Membership No. 046669

Place : Mumbai  
Dated : 30-06-2009



# MIDPOINT SOFTWARE & ELECTRO SYSTEMS LTD.

## Cash flow statement for the year ended 31st March, 2009 pursuant to clause 32 of the listing agreement

	31.3.2009 (Rs.)	31.3.2008 (Rs.)
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit Before Tax & Extra Ordinary Items	(3,282,295)	(586,643)
<b>Adjustment for :</b>		
Depreciation	324,473	3,24,473
Preliminary, Capital Issue and Deferred Revenue	(170,281)	
Expenditure W/Off - B. D. & S. Bal. W. off	-	-
Operating Profit before Working Capital Charges	(3,128,103)	(262,170)
<b>Adjustment for :</b>		
Trades and Other Receivables	-	-
Inventories	-	-
Trade Payables	6,270	3,636
Net cash in operating activities before extra ordinary items	(3,121,833)	(2,58,534)
Add : Advances Written off during the year	2,809,477	-
Net Cash in Operating activities	(312,356)	(258,534)
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchasing of Fixed Assets	-	-
Sale of Investments	-	-
Net Cash from Investing Activities	-	-
<b>(C) CASH FLOW FROM FINANCIAL ACTIVITIES :</b>		
Proceeds from Borrowing	310,000	267,000
Repayment of Secured Loan	-	0.00
Net Cash from Financial Activities	310,000	267,000
Net Increase/(decrease) in cash/cash equivalent	(2,356)	8,466
Opening balances of cash/cash equivalent	59,769	51,303
Closing balances of cash/cash equivalent	57,414	59,769

As per our Report of even date attached

APOORVA H. SHAH  
(Chairman)

RAJIV BHATT  
(Director)

AMIT A. SHAH  
(Director)

### AUDITOR'S CERTIFICATE

We have examined the attached Cash Flow Statement of **MIDPOINT SOFTWARE & ELECTRO SYSTEMS LTD.** for the year ended 31st March, 2009. The statement has been prepared by the Company in accordance with the requirements of Clause 32 of the Listing Agreement with the Bombay Stock Exchange and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our Report of even date to the Members of the Company.

**For NGS & Co.**  
Chartered Accountants

(Ganesh Toshniwal)  
Partner  
M. No. : 046669

Place : Mumbai  
Dated: 30-06-2009



**THE COMPANIES ACT OF 1956, SCHEDULE VI - PART IV**  
**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

## i) Registration Details

Registration No.

			6	8	0	2	1
3	1		0	3		0	9

State Code

1	1
---	---

Balance Sheet Date

Date Month Year

NIL

## ii) Capital raised during the year (Amount in Rs. Thousand)

## iii) Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)

Total Liabilities

	3	3	2	4	9
--	---	---	---	---	---

Total Assets

	3	3	2	4	9
--	---	---	---	---	---

Sources of Funds

Paid up Capital

	3	0	0	1	1
--	---	---	---	---	---

Reserve &amp; Surplus

	N	I	L		
--	---	---	---	--	--

Secured Loans

			N	I	L
--	--	--	---	---	---

Unsecured Loans

		2	6	3	8
--	--	---	---	---	---

Deferred Tax Liability

			6	0	0
--	--	--	---	---	---

Application of Funds

Net Fixed Assets

		1	9	4	2
--	--	---	---	---	---

Investments

		0	2	2	3
--	--	---	---	---	---

Net Current Assets

	(	2	3	8	)
--	---	---	---	---	---

Misc. Expenditures

	N	I	L		
--	---	---	---	--	--

Accumulated Losses

	3	1	3	2	2
--	---	---	---	---	---

## iv) Performance of Company (Amount in Rs. thousand)

Turnover

					0
--	--	--	--	--	---

Total Expenses

			6	4	3
--	--	--	---	---	---

Profit/Loss before Tax

	(	6	4	3	)
--	---	---	---	---	---

Profit/Loss after Tax

	(	4	7	3	)
--	---	---	---	---	---

Earning per share in (Rs.)

(	1		0	9	)
---	---	--	---	---	---

Dividend Rate %

N	I	L		
---	---	---	--	--

## v) Generic Names of Three Principal Products/ Service of Company (As per Monetary Terms)

Item Code (ITC Code)

Product Description

## i)

N	A
N	A
N	A

S	O	F	T	W	A	R	E		D	E	V	E	L	O	P	M	E	N	T	
S	O	F	T	W	A	R	E		M	A	R	K	E	T	I	N	G			
S	O	F	T	W	A	R	E		M	A	I	N	T	E	N	A	N	C	E	

**Note :** For ITC Code of products please refer to the publication Indian Trade Classification based on harmonised commodity description and coding system by Ministry of Commerce. Directorate General of Commercial Intelligence and Statistics Calcutta - 700 001.



## Midpoint Software & Electro Systems Limited

D-22/8, TTC Industrial Area, MIDC, Thane Belapur Road, Turbhe, Navi Mumbai - 400 705

### ATTENDANCE SLIP

Please complete this Attendance Slip and hand it over at the entrance of the Meeting Hall. It helps us to make proper arrangements. Failure to bring this Attendance Slip will create unnecessary inconvenience to you.

I/We hereby record my/our presence at the 17th ANNUAL GENERAL MEETING of the Company held on Friday the 14th August, 2009 at 10.30 a.m. at D-22/8, TTC Industrial Area, MIDC, Thane Belapur Road, Turbhe, Navi Mumbai - 400 705.

NAME(S) OF THE MEMBER(S) OR PROXY/PROXIES IN BLOCK LETTERS

Registered Folio No.:

Share held :

Member's/Proxy's Signature

(To be signed at the time of handing over this slip)

**NOTE :** Members/Proxy holders are requested to bring their copies of the Annual Report with them at the Meeting.

----- Cut here -----



## Midpoint Software & Electro Systems Limited

Regd. Office : D-22/8, TTC Industrial Area, MIDC, Thane Belapur Road, Turbhe, Navi Mumbai - 400 705

### PROXY FORM

Registered Folio No. \_\_\_\_\_ No. of Shares \_\_\_\_\_ Distinctive Nos. \_\_\_\_\_

I/We \_\_\_\_\_

of \_\_\_\_\_

being a member(s) of the Company hereby appoint \_\_\_\_\_

of \_\_\_\_\_ or failing him \_\_\_\_\_

of \_\_\_\_\_ as my/our Proxy to attend and vote for me/us on my/our behalf at the 17th Annual General Meeting of the Company to be held on Friday the 14th August, 2009 and at any adjournment thereof.

As witness my and/or hands this \_\_\_\_\_ day of \_\_\_\_\_ 2009.

Signed by the said \_\_\_\_\_

**NOTE :** The Proxy form duly completed must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.

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Mumbai - 400 071