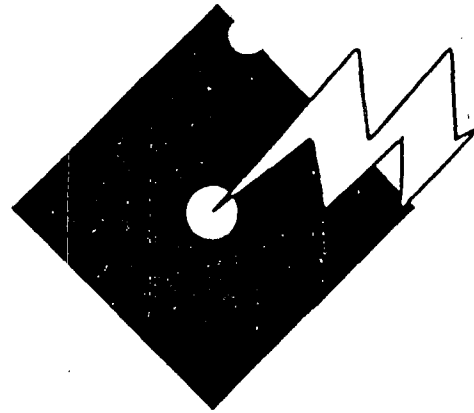


MD	✓					BKC	✓
CS	NA					DPY	✓
RO	✓					DIV	✓
TRA	✓					AC	✓
AGM	✓	✓	✓	✓		EE	✓
YE	✓	✓	✓	✓	✓		

Midpoint Software & Electro Systems Ltd.

*[Signature]*

Director



# Midpoint

SOFTWARE & ELECTRO SYSTEMS LTD.

Fifth  
Annual Report  
1996-97



## Midpoint Software & Electro Systems Ltd.

# 5TH

# A N N U A L R E P O R T

### BOARD OF DIRECTORS

VINOOBHAI U. SHAH	<i>Chairman</i>
MEHUL H. GANDHI	<i>Managing Director</i>
APOORVA H. SHAH	<i>Director</i>
HIMATLAL H. SHAH	<i>Director</i>
HEMANT B. TOPIWALLA	<i>Director</i>
SAILESH V. SHAH	<i>Director</i>

### BANKERS

JANATA SAHAKARI BANK LTD.  
BANK OF AMERICA  
UNION BANK OF INDIA

### AUDITORS

M/s. H. R. DHANDHANIA & CO.  
*Chartered Accountants*  
407, Dalamal Tower,  
211, Nariman Point,  
Mumbai - 400 020.

### REGISTERED OFFICE

Kshamalaya, 3rd Floor,  
37-New Marine Lines,  
Mumbai - 400 020.

### CORPORATE OFFICE

13-A, Tarun Industrial Estate,  
Old Nagardas Road, Andheri (E),  
Mumbai - 400 069.

### SHARE TRANSFER AGENT

**System Support Services**  
209, Shivali Ind. Estate,  
Next to Parke-Davis,  
89, Andheri Kurla Road, Saki Naka,  
Mumbai - 400 071.

### 5th ANNUAL GENERAL MEETING

On Friday the 26th December, 1997 at 11.30 a.m. at Corporate Office of the Company at 13-A, Tarun Industrial Estate, Old Nagardas Road, Andheri (E), Mumbai - 400 069.  
Members are requested to bring their copy of the Annual Report to the Annual General Meeting.

## 5th ANNUAL REPORT

**NOTICE**

NOTICE is hereby given that the Fifth Annual General Meeting of the members of MIDPOINT SOFTWARE AND ELECTRO SYSTEM LIMITED will be held on Friday the 26th December, 1997 at 11.30 A.M. at the Corporate Office of the Company at 13/A, Tarun Industrial Estate, Old Nagardas Road, Andheri (East), Mumbai - 400 069 to transact the following business :

**ORDINARY BUSINESS :**

1. To consider and adopt the Balance Sheet as at 31st March, 1997, Profit and Loss Account for the year ended on that date and the reports of the Board of Directors' and Auditor's thereon.
2. To appoint a Director in place of Shri Vinoobhai U. Shah, Director who retires at the ensuing Annual General Meeting and being eligible offers himself 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 modification, if any, the following resolution as Ordinary Resolution :

"RESOLVED THAT in accordance with the provisions of Section 269, 309 and other applicable provisions (if any) of the Companies Act, 1956 and subject to the approval of Members and such sanctions as may be necessary, the Company hereby approves the re-appointment of Mr. Mehul H. Gandhi, managing Director as the Managing Director for a period of 5 years with effect from 1-11-1997 to 31-10-2002 upon the terms and conditions set out in the draft agreement to be entered into and initialed by the Chairman for the purpose of identification, which agreement is hereby specifically approved with liberty to the Board of Directors of the Company to pay the remuneration and to alter and vary any terms and conditions of the said appointment in accordance with the limits specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto, as may be agreed to between the Board of Directors and Mr. Mehul H. Gandhi, Managing Director."

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

"RESOLVED THAT subject to the approval of the Shareholder and other Statutory approval as may be necessary, the Equity Shares of the Company listed on Ahmedabad and Madras Stock Exchanges be delisted with effect from 1st April, 1988."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to take all necessary steps in order to get the Equity Shares delisted as above."

By order of the Board  
MEHUL GANDHI  
Managing Director.

Mumbai : 14th October, 1997

Registered Office :  
Kshamalya, 3rd Floor,  
37, New Marine Lines,  
Mumbai 400 020

**NOTES:**

1. An explanatory statement pursuant Section 173(2) of the Companies Act, 1956 in respect of the Special Business set out above is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM MUST BE LODGE AT THE REGISTERED OFFICE OF THE COMPANY ATLEAST 48 HOURS BEFORE THE TIME OF THE MEETING.
3. The Register of members and Share Transfer books of the Company will remain closed from Tuesday the 23rd December, 1997 to Friday 26th December, 1997 (both the days inclusive).
4. Members are requested to intimate regarding changes, if any, in their registered address alongwith the Pin Code Nos. immediately to the Company's Registrar and Share Transfer Agents, M/s. System Support Services at 209, Shivai Industrial Estate, Next Park-Davis, 89 Andheri Kurla Road, Saki Naka, Mumbai - 400 071.
5. Members/Proxies are requested to bring the Attendance Slip duly filled for attending the meeting and their copy of Annual Report at the meeting



## Midpoint Software & Electro Systems Ltd.

### Explanatory Statement pursuant to Section 173(2) of the Companies, 1956

For Special Business to be transacted at the Fifth Annual General Meeting of the members of MIDPOINT SOFTWARE AND ELECTRO SYSTEM LIMITED to be held on Friday the 26th December, 1997 at 11.30 A.M. at the Corporate Office of the Company at 13/A, Tarun Industrial Estate, Old Nagardas Road, Andheri (East), Mumbai - 400 069

#### AGENDA NO. 4

Mr. Mehul H. Gandhi, Managing Director was re-appointed by Board of Directors for a period of 5 years w.e.f. 1-11-97 subject to the approval of the members upon the terms and conditions set out in the draft agreement to be entered into in terms of Schedule XIII to the Companies Act, 1956.

The Draft Agreement as stated above contain the following terms and conditions which are as under :

- (A) Mr. Mehul Gandhi, Managing Director, without any remuneration and shall subject to the supervision and control of the Board of Directors, be entrusted with the substantial powers of management and shall perform such other duties as may from time to time be entrusted to him.
- (B) Period of Agreement :  
For 5 years with effect from 1-11-1997.
- (C) The terms and conditions of the said draft agreement may be altered and varied from time to time by the Board, in its discretion and deem fit in accordance with the limit specified in Schedule XIII to the Companies Act, 1956 or any amendments made there after in regard.
- (D) The agreement may be terminated by either party by giving three months notice.
- (E) If at any time the Managing Director ceases to be a director of the Company for any cause whatsoever he shall ceases to be the Managing Director.
- (F) The Draft Agreement between the Company and Mr. Mehul Gandhi is available for inspection by

members of the Company at its Registered Office between 10.30 a.m. to 12.30 p.m. on any working day of the Company.

In compliance with the provisions of Section 198, 269, 309 and 310 of the Companies Act, 1956 the terms and conditions specified above are now being place before the members at General Meeting for their approval.

Mr. Mehul H. Gandhi, Managing Director was deemed to be interested and no other Directors of the Company is interested in the resolution.

#### ABSTRACT OF THE TERMS AND CONDITIONS AND MEMORANDUM OF INTEREST REGARDING APPOINTMENT OF MR. MEHUL H. GANDHI AS MANAGING DIRECTOR.

Explanatory Statement in respect of Item No. 4 above may be treated as an abstract and of terms and conditions of appointment of Mr. Mehul H. Gandhi, Managing Director and Memorandum of Interest pursuant to Section 302 and other applicable provision of the Companies Act, 1956.

#### AGENDA NO. 5 :

Due to thin volume in trading in shares of the Company quoted on Ahmedabad and Madras Stock Exchanges, it is hereby desired that the Company should get its shares delisted from the said stock exchanges, subject to the approval from the Shareholders, Stock Exchanges Authorities and other Statutory Authorities as may be required.

None of the Directors of the Company is interested or concerned in the said resolution and recommend your acceptance thereof in the interest of the Company.

By order of the Board  
MEHUL GANDHI  
Managing Director

Mumbai : 14th October, 1997

Registered Office :  
Kshamalya, 3rd Floor,  
37, New Marine Lines,  
Mumbai 400 020

## 5th ANNUAL REPORT

**DIRECTORS' REPORT**

Your Directors are pleased to present their Fifth Annual Report for the year ended 31st March, 1997.

**FINANCIAL HIGHLIGHTS :**

Main Financial Highlights of the Company are given below.

**CORPORATE RESULTS** (Rs. in Lacs)

Particulars	1996-97	1995-96
Net Sales/Income from Operations	64.72	139.11
Other Income	1.31	21.21
Gross Profit before Interest & Depreciation	(74.55)	54.51
Interest	6.74	4.28
Depreciation	3.40	4.30
Profit before Taxation	(84.69)	45.93
Profit for Taxation	NIL	16.00
Profit for the year	(84.69)	29.93

**YEAR IN RETROSPECT:**

During the year under review, company could achieve sales of Rs. 64.72 lacs only as compared to Rs. 139.11 lacs of the last year. Other income of the Company has also reduced substantially from Rs. 21.21 lacs to Rs. 1.31 lacs. During the year under review company has also changed its accounting policy regarding valuation of stock and due to which the loss is increased by Rs. 30.43 lacs.

**ACTUAL Vs. PROJECTION AS PER THE PROSPECTUS** (Rs.in Lacs)

Particulars	Actual	Projected
Net Sales	64.72	689.82
Profit before Tax	(84.69)	263.84
Profit after Tax	(84.69)	173.57

The company could not meet its projections as the factory building for setting up the Hardware Division is yet to be completed. The performance was also affected due to depress market condition and other factors like heavy turnover of employees.

**DIVIDEND :**

Your Directors regret their inability to declare any dividend due to loss incurred by the company during the year.

**DIRECTORS :**

Mr. Vinobhai Shah, Director of the Company who retire by rotation and being eligible offers himself for reappointment.

Mr. Apoorva Shah, Executive Director had tendered his resignation for the Executive directorship of the Company due to preoccupation and desired to continue as Director.

Mr. Himatlal Shah and Mr. Hemant Topiwala, Directors had tendered their resignation from the directorship of the Company due to their pre occupation. The Board places on record its sincere appreciation for the guidance and advice by them, during the tenure of their office as a Director of the Company.

Shri Mehul Gandhi, Managing Director of the company was appointed as the Managing Director for a period of 5 (Five) w.e.f. 1st November, 1992, thus his tenure expires on 30th October, 1997 as the Managing Director. Board of Directors had re-appointed him as the Managing Director for a period of 5 (Five years) w.e.f. 1st November, 1997.

**AUDITORS' REPORT & APPOINTMENTS :**

The notes to the accounts referred to in the Auditors Report are self explanatory. Management is taking appropriate steps to deal with the same.

Messrs H. R. Dhandhanias & Co., Chartered Accountants, Statutory Auditors of the Company should hold office until the conclusion of the ensuing Annual General Meeting. The Company has received letter from them to the effect that their appointment, if made, would be within the prescribed limit under Section 224(1-B) of the Companies Act, 1956. Board recommend for the same.

**PERSONNEL :**

As required by the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of employees are set out in the annexures to the Directors' report.



## Midpoint Software & Electro Systems Ltd.

### CONSERVATION OF ENERGY AND FOREIGN EXCHANGE :

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Disclosures of Particulars in the Report of the Board of Directors) Rules, 1988 regarding conversion of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are given in the Annexure forming part of this report.

### FIXED DEPOSIT :

The Company has not invited/accepted/renewed fixed deposits from the public within in the purview of the provisions of Sections 58A of the Companies, 1956.

### INSURANCE :

Assets of the Company wherever necessary and to the extent required have been insured.

### ACKNOWLEDGMENT :

The Directors are pleased to sincerely express their gratitude to all its valuable customers and especially to the Company's Bankers for extending their full co-operation.

Your directors especially wish to place on record their deep sense of appreciation for the heartily devoted services of the Executives, staff and all its employees of the Company for its success.

for and on behalf of Board

MIDPOINT SOFTWARE & ELECTRO SYSTEMS LIMITED

VINOOBHAI SHAH

Place : Mumbai

Chairman

Dated : 14th October, 1997.



## 5th ANNUAL REPORT

**ANNEXURE TO DIRECTORS REPORT****I. CONSERVATION OF ENERGY****A. ENERGY CONSERVATION MEASURES TAKEN**

- a. To conserve Energy and enhance productivity, regular Preventive Maintenance of all Capital Goods Equipment is carried out on a periodical Basis.

Effective control over use of Air Conditioner plant in various conditions. To Ensure Energy Savings timing of the Personnel have been set so as to ensure the minimum use producing optimum output.

- b. Additional investments and proposals if any, Continuous Awareness is being created among the Staff Members for conservation of the energy.

- c. Impact of the Measures of a) & b) above for reduction of energy consumption and consequent impact on the Cost of Production of the goods.

The above mentioned measures taken by the Company will result into saving in Electricity Cost.

- a) Upgradation of Existing Product Range to suite modern Platforms.

- b) Enhanced Performance by implementing Quality Control Standards.

Efforts were mainly concentrated in areas of enhancing existing product development under new platforms and make it compatible to all existing Operating Systems.

- 2) Benefits derived as a result of the above R & D

As a result of above, the Company's product has been well accepted in the Market and the products are upgraded and even new products have been developed to suite the modern requirements.

- 3) Future plan of action.

To improve the Existing Product Range and widen the Programming Base and to make our product available on all future platforms

- 4) Expenditure on R & D

The information on Expenditure on R & D are contained in Note No. 15 of Schedule "P".

**B. TECHNOLOGY ABSORPTION**

- 1) Specific Areas in which Research & Development is carried out by the Company.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

Earnings : Rs. NIL

Outgo : Rs. NIL

**II. PARTICULARS OF EMPLOYEE'S AS REQUIRED UNDER SECTION 217(2-A) OF THE COMPANIES ACT, 1956 AND FORMING PART OF THE DIRECTORS REPORT FOR THE YEAR ENDED 31ST MARCH, 1996.**

Name & Age(Years)	Designation/Experience (Years)	Remuneration (Rs)	Qualification	Date of Joining	Last Employment held
Mr. Supriyo Sikdar(*) (37)	Vice President-Marketing (16)	1,99,045	B.Com, P.G.D.M.S., P.G.D. CS & S.A., D.P.	19th April, 1995	FACT INTERNATIONAL PTE. LTD.

(\*) Employed for part of the year

**Notes :**

- (1) Remuneration includes actual payments and/or taxable value of Perquisites.  
(2) Other terms and conditions - as per the rules of the Company.  
(3) Mr. Supriyo Sikdar is not relative of any Directors of the Company.