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Midpoint

SOFTWARE & ELECTRO SYSTEMS LTD.

Thirteenth
Annual Report
2004-2005



13th ANNUAL REPORT

BOARD OF DIRECTORS	
APOORVA H. SHAH	<i>Chairman & Director</i>
BHARAT O. AKHIYANIA	<i>Director</i>
AMIT A. SHAH	<i>Director</i>
BANKERS	
JANATA SAHAKARI BANK LTD.	
ORIENTAL BANK OF COMMERCE	
AUDITORS	
M/s. TALATI & CO.	
<i>Chartered Accountants</i>	
Victoria Bldg., 4th Floor,	
27, S. A. Brelvi Road, Fort,	
Mumbai - 400 001	
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 - 400 071	

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T**13th ANNUAL GENERAL MEETING**

On Friday the 30th September, 2005 at 2.30 p.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.



MIDPOINT SOFTWARE & ELECTRO SYSTEMS LTD.

NOTICE

NOTICE is hereby given that the Thirteenth Annual General Meeting of Midpoint Software & Electro Systems Limited will be held on Friday, the 30th day of September, 2005 at 2.30 p.m. at the Registered Office of the Company at D-22/8, MIDC, TTC Industrial Area, Belapur Road, Turbhe, Navi Mumbai to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2005 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 Amit A. Shah, who retires by rotation, 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 modifications, the following resolution as an Special Resolution:

"RESOLVED THAT pursuant to the applicable regulation of the SEBI (Delisting of Securities) Guidelines, 2003 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 other authorities and which may become applicable hereafter governing the matter, approval, of the Company be and is hereby accorded to the Delisting of the Company's shares from any one or more of the Stock Exchanges where the Company's Shares are listed and in particular from the :

1. The Stock Exchange Limited, Ahmedabad,
2. Madras Stock Exchange Limited

At such time as the Board of Directors (whether acting through the Board, a committee of the Board, or any Director of any person authorised 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.

By Order of the Board
for Midpoint Software & Electro Systems Limited

Apoorva H. Shah
(Director)

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

Place : Mumbai
Date : June 30th, 2005

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS 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 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 Monday, the 26th September, 2005 to Friday, the 30th September, 2005 (both days inclusive).
4. The members are requested to:
 - (a) Intimate to the Company's Registrars and Share Transfer Agents M/s System Support

12th ANNUAL REPORT

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.

By Order of the Board
for Midpoint Software & Electro Systems Limited

APOORVA H. SHAH
Director

Registered Office:
Kshamalaya, 3rd Floor,
New Marine Lines,
Mumbai - 400 020.
Place : Mumbai
Date : August 16th, 2004

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 LESS 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 Nos. 4 to 7 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 Monday, the 27th. September, 2004 to Wednesday, the 29th. September, 2004 (both days inclusive).
4. The members are requested to:
 - (a) 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;

- (b) Quote ledger folio numbers / DP Identity and Client Identity Numbers in all their correspondences;
- (c) Approach the Company for consolidation of folios, if shareholdings are under multiple folios;
- (d) Get the shares transferred in joint names, if they are held in single name to avoid in convenience;
- (e) Bring their copies of the Annual Report and the Attendance Slip duly filled in for attending the Annual General Meeting;
- (f) 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.

EXPLANATORY STATEMENT IN RESPECT OF ITEM NO. 4 TO 7 OF THE NOTICE PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No 4 :

Shri Amit A. Shah, is a Graduate in Commerce. Shri Amit Shah possesses multifaceted knowledge in the areas pertaining to finance and related areas. The Board of the Company has appointed Shri Amit A. Shah as an Additional Director with effect from 20th March 2004. As per the applicable provisions, he holds office up to the date of the Annual General Meeting. In view of his vast experience, it is thought fit to appoint him as a Director of the Company liable to retire by rotation.

The Board commends passing of the Resolutions as set out in Item No. 4 of the accompanying Notice.

Shri Amit A. Shah is concerned and interested in resolution under Item No. 4.

Save as aforesaid, none of the other Directors of the Company is, in any way, concerned or interested in this item.



MIDPOINT SOFTWARE & ELECTRO SYSTEMS LTD.

DIRECTORS' REPORT

Dear Members,

Your Directors present their Thirteenth Annual Report together with the Audited Statement of Accounts along with the Report of the Auditors for the year ended 31st March, 2005.

FINANCIAL RESULTS :

(Rupees in lacs)

Particulars	2004-2005	2003-2004
Net Sales/Income from operations	0.00	0.00
Other Income	0.00	0.28
Gross Loss before Interest & Depreciation	(2.598)	(4.442)
Depreciation	3.24	3.24
Loss for the year	(5.843)	(4.162)

YEAR IN RESTROSPECT:

During the year under review, company's activities were virtually in standstill position.

DIVIDEND:

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

DIRECTORS:

Mr. Amit A. Shah, retires by rotation and being eligible offers himself for reappointment.

His appointment would immensely benefit the Company looking at his business knowledge and expertise.

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 :

As per the requirements of the Companies Act, 1956 and Listing Agreement, the Company has constituted an Audit Committee.

The Audit Committee met on 15.04.2004, 15.07.2004, 15.10.2004 and 15.01.2005 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 it is hereby confirmed:

- (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 31st March, 2005 no unclaimed deposits are lying with the Company.

12th ANNUAL REPORT**DIRECTORS' REPORT**

Dear Members

Your Directors present their Twelfth Annual Report together with the Audited Statement of Accounts along with the Report of the Auditors for the year ended 31st March 2004.

FINANCIAL RESULTS :

(Rupees in lacs)

Particulars	2003-2004	2002-2003
Net Sales/Income from operations	0.00	0.098
Other Income	0.28	NIL
Gross Loss before Interest & Depreciation	(4.442)	(3.844)
Depreciation	3.24	3.24
Loss for the year	(4.162)	(7.084)

YEAR IN RESTROSPECT :

During the year under review, company's activities were virtually in standstill position.

DIVIDEND :

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

DIRECTORS :

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

His appointment would immensely benefit the Company looking at his business knowledge and expertise.

During the year under review Mr. Amit A. Shah and Mr. Bharat O. Akhiyania, appointed as an Additional Directors of the Company.

On 2nd August, 2004 Mr. Vinoobhai U. Shah, Mr. Himatlal H. Shah and Sailesh V. Shah resigned from the Directorship of the Company.

The Board placed on the record the valuable services rendered by Mr. Vinoobhai U. Shah, Mr. Himatlal H. Shah and Mr. Sailesh V. Shah, during the tenure of their directorship of the Company.

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 :

As per the requirements of the Companies Act, 1956 and Listing Agreement, the Company has constituted an Audit Committee.

The Audit Committee met on 29-03-2004 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 it is hereby confirmed:

- (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;



Midpoint Software & Electro Systems Ltd.

- (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.

AUDITORS :

The retiring auditors of the Company, M/s. P.J. Raichura & Co., Chartered Accountants, Mumbai have expressed their unwillingness to be re-appointed as the statutory auditors for the ensuing year.

It is proposed to appoint M/s. Talati & Co., Chartered Accountants, Mumbai as the Statutory Auditors of the Company in place of the retiring auditors M/s. P.J. Raichura & Co., Chartered Accountants.

Members are requested to consider the appointment of M/s. Talati & Co., Chartered Accountants, Mumbai for the current financial 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 Stock Exchanges, Mumbai, The Stock Exchange, Ahmedabad and Madras Stock Exchange. 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 voluntary delisting guidelines prescribed by SEBI in this regard. The Bombay Stock Exchange, has suspended trading in Company's Equity shares for non compliance of the Listing Agreement. However, the Company is in process of updating compliance requirements and the same will be complete in current financial year.

ACKNOWLEDGEMENT :

Yours Directors express their grateful appreciation for the assistance and co-operation extended by the Bank during the years.

For and on behalf of the Board

Mumbai
August 16th, 2004

APOORVA H. SH
Chairman

CORPORATE GOVERNANCE

Company's policies on the Corporate Governance and due compliance report on specific areas wherever applicable for the year ended 31st March, 2005 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, there is Two Non-Promoter Executive Directors namely Mr. Amit A. Shah and Mr. Bharat O. Akhiyania and one Promoter Non - Executive Director namely Mr. Apoorva H. Shah.

- There are two independent Directors namely Mr. Amit A. Shah, Mr. Bharat O. Akhiyania.

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

During the last financial year, Seven Board Meetings were held on 23rd April, 2004, 24th July, 2004, 2nd August, 2004, 16th August, 2004, 16th October, 2004, 29th October, 2004 and 31st January, 2005.

The Meetings were attended as follows.

- Mr. Apoorva H. Shah, Mr. Amit A. Shah and Mr. Bharat O. Akhiyania attended all the six meetings.

All the Directors attended the last Annual General Meeting held on 29th September, 2004.

(c) Remuneration to Executive Directors :

The Company pays sitting fees of Rs. 2500/- per meeting to Non-Executive Directors with effect from 20th March 2004 and no other remuneration has been paid to the Non Executive Directors during the year under review.