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Midpoint

SOFTWARE & ELECTRO SYSTEMS LTD.

Seventeenth
Annual Report
2008-2009

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T****BOARD OF DIRECTORS**

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



MIDPOINT SOFTWARE & ELECTRO SYSTEMS LTD.

NOTICE

NOTICE is hereby given that the Seventeenth Annual General Meeting of Midpoint Software & Electro Systems Limited will be held on Friday, the 14th 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 12th August, 2009 to Friday the 14th August, 2009 (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.
 - (g) Members are requested to bring their Attendance Slip along-with copy of the Report and Accounts to the AGM
 - (h) 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.



MIDPOINT SOFTWARE & ELECTRO SYSTEMS LTD.

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 30th 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 31st 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.

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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
GRAND TOTAL	3001100	100	1050385	100

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

Share Capital	Pre Reduction (Rs.)	Post Reduction (Rs.)
Authorised Capital 35,00,000 Equity Shares of Rs. 10 each	3,50,00,000	3,50,00,000
Issued, Subscribed and paid-up Capital 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



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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.

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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 14th 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 31st 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 24th 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 30th 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



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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, 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