



# ***NHC FOODS LIMITED***

*(Formerly known as Midpoint Software & Electro Systems Ltd.)*

Eighteenth  
Annual Report  
2009-2010

## **NHC FOODS LIMITED**

*(Formerly known as Midpoint Software & Electro Systems Ltd)*

Pursuant to the scheme of amalgamation passed by the Hon'ble High Court of Bombay on 13th August, 2010, sanctioning the Scheme of Amalgamation of **NHC INDUSTRIES PRIVATE LIMITED** with **MIDPOINT SOFTWARE & ELECTRO SYSTEMS LIMITED** the new entity would have been **"NHC INDUSTRIES LIMITED"**. However, the Registrar of Companies, Mumbai has approved the name **"NHC FOODS LIMITED."**

| BOARD OF DIRECTORS  |                                  |
|---|----------------------------------|
| <b>APOORVA H. SHAH</b>  | <i>Chairman</i>                  |
| <b>AMIT A. SHAH</b>   |                                  |
| <b>RAJIV H. BHATT</b>   |                                  |
| <b>AASHISH VYAS</b>   | <i>(appointed on 30/10/2009)</i> |
| <b>ALPA SHAH</b>  | <i>(appointed on 11/09/2010)</i> |
| AUDITORS  |                                  |
| <b>M/s. NGS &amp; CO.</b>   |                                  |
| <i>Chartered Accountants</i>  |                                  |
| BANKERS   |                                  |
| <b>UNION BANK OF INDIA</b>  |                                  |
| <b>HDFC BANK</b>  |                                  |
| REGISTRAR / SHARE TRANSFER AGENT  |                                  |
| <b>System Support Services</b>  |                                  |
| 209, Shivai Industrial Estate,<br>Next to Parke-Davis,<br>89, Andheri Kurla Road, Saki Naka,<br>Mumbai - 400072 |                                  |
| REGISTERED OFFICE   |                                  |
| <b>NHC FOODS LIMITED</b>  |                                  |
| <i>(Formerly known as Midpoint Software &amp; Electro Systems Ltd)</i>  |                                  |
| D-22/8, TTC Industrial Area, Thane Belapur Road,<br>Turbhe, Navi Mumbai - 400705                                |                                  |

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T**18th ANNUAL GENERAL MEETING**

On the Thursday, 11th November, 2010 at 11.30 a.m. at Registered Office of the Company at D-22/8, TTC Industrial Area, MIDC, Thane Belapur Road, Turbhe, Navi Mumbai - 400705  
Members are requested to bring their copy of the Annual Report to the Annual General Meeting.

**NOTICE**

**NOTICE** is hereby given that the Eighteenth Annual General Meeting of **NHC FOODS LIMITED** will be held on Thursday, the 11<sup>th</sup> day of November, 2010 at 11.30 a.m. at the Registered Office of the Company at D-22/8, MIDC, TTC Industrial Area, Thane-Belapur Road, Turbhe, Navi Mumbai - 400705 to transact with or without modification(s), as may be permissible, the following business:

**ORDINARY BUSINESS :**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010 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 Mr. Rajiv Bhatt, who retires by rotation, and being eligible, offers him-self for re-appointment.
3. To appoint Statutory 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 other applicable provisions, if any, of the Companies Act, 1956 (the "Act") Mr. Aashish Vyas, who was appointed as an Additional Director by the Board of Directors of the Company and who holds office as such only 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. Aashish Vyas as a candidate for the office of Director of the Company, be and is 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 an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 260 and other applicable provisions, if any,

of the Companies Act, 1956 (the "Act") Mrs. Alpa Shah, who was appointed as an Additional Director by the Board of Directors of the Company and who holds office as such only 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 her intention to propose Mrs. Alpa Shah as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation."

**For and on behalf of the Board of Director**

Apoorva H. Shah  
(Chairman & Director)

**Registered Office:**

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

Place: Mumbai

Date: 15th October, 2010

**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, SHOULD 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 & 5 of the Notice as required under Section 173(2) of the Companies Act, 1956 is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain close from Tuesday, the 9<sup>th</sup> November, 2010 to Thursday, the 11<sup>th</sup> November, 2010 (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 inconvenience;
  - (e) 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.
  - (f) In terms of circulars issued by Securities and Exchange Board of India (SEBI), it is now mandatory to furnish a copy of PAN card to the Company or its RTA in the following cases viz. Transfer of shares, Deletion of name, Transmission of shares and Transposition of shares. Shareholders are requested to furnish copy of PAN card for all the abovementioned transactions.
  - (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 appointment/re-appointment at the forthcoming Annual General Meeting are attached hereto.

**EXPLANATORY STATEMENT IN RESPECT OF ITEM NO.4 and 5 OF THE NOTICE PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**

**Item No.4:**

Mr. Aashish Vyas was appointed as an additional director on the Board of the Company with effect from 30.10.2009 to hold the office till the conclusion of ensuing Annual General Meeting, in terms of the provisions of Section 260 of the Companies Act, 1956.

Mr. Aashish Vyas vacates his office at this Annual General Meeting pursuant to the provisions of Section 260 of the Act. The Board at its Meeting held on 15.10.2010 recommended for the approval of the Members, the appointment of Mr. Aashish Vyas as Non-Executive Independent Director of the Company.

Notice under Section 257 of the Act has been received from a Member proposing the appointment of Mr. Aashish Vyas, as Director of the Company. Requisite consent, pursuant to Section 264 (1) of the Act, has been filed by Mr. Aashish Vyas to act as the Director of the Company. None of the Directors of the Company, except Mr. Aashish Vyas is interested in the said resolution.

**Item No. 5:**

Mrs. Alpa Shah was appointed as an additional director on the Board of the Company with effect from 11.09.2010

to hold the office till the conclusion of ensuing Annual General Meeting, in terms of the provisions of Section 260 of the Companies Act, 1956.

Mrs. Alpa Shah vacates her office at this Annual General Meeting pursuant to the provisions of Section 260 of the Act. The Board at its Meeting held on 15.10.2010 recommended for the approval of the Members, the appointment of Mrs. Alpa Shah as Non-Executive Promoter Director of the Company.

Notice under Section 257 of the Act has been received from a Member proposing the appointment of Mrs. Alpa Shah, as Promoter Director of the Company. Requisite consent, pursuant to Section 264 (1) of the Act, has been filed by Mrs. Alpa Shah to act as the Director of the Company.

None of the Directors of the Company, except Mrs. Alpa Shah is interested in the said resolution.

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

Place: Mumbai  
Date: 15-10-2010

Apoorva H. Shah  
(Chairman & Director)

**Registered Office:**

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

**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 11<sup>th</sup> November, 2010.

| <b>Name of Director</b>   | <b>Mr. Rajiv H. Bhatt</b>  | <b>Mr. Aashish Vyas</b>  | <b>Mrs. Alpa Shah</b>   |
|---|--|--|---|
| Date of Birth   | 22/11/1965   | 27/04/1966   | 04/06/1967  |
| Date of Appointment   | 30/08/2008   | 30/10/2009   | 11/09/2010  |
| Expertise in specific general functional area   | Mr. Rajiv Bhatt has good knowledge of Business Development skills. He is working as a General Manager Business Development at Shingar Limited. | Mr. Aashish Vyas is working in the field of investment banking over 16 years and has worked with various international investment banks & brokers in a very senior position. | Mrs. Alpa Shah is working in the field of export of spices for past many years and has worked with various clients in many countries. |
| Qualification   | Electronics Engineer   | B.Com., ACA  | B.Com   |
| List of other Directorships held (Public Limited Companies)   | NIL  | Intellivision Software Limited   | NIL   |
| Chairman/Member of the Committee of the Board of Directors of the Company   | NIL  | 1  | 1   |
| Chairman/Member of the Committee of Directors of the other Public Limited Companies in which he/she is a Director<br>a) Audit Committee<br>b) Shareholder's Committee | NIL  | NIL  | NIL   |

## DIRECTORS' REPORT

Dear Members

Your Directors present their Eighteenth Annual Report together with the Audited Financial Statement of Accounts along with the Report of the Auditors for the year ended 31<sup>st</sup> March 2010.

### FINANCIAL HIGHLIGHTS

The Financial Highlights OF YOUR COMPANY for the year under review are given below :

|                                   | (Rupees in lacs) |                |
|-----------------------------------|------------------|----------------|
|                                   | 2009-2010        | 2008-2009      |
| <b>Total Income</b>               | 7,219.04         | –              |
| Profit/(Loss) Before Depreciation | 149.41           | (3.19)         |
| Less : Depreciation               | 62.42            | 3.24           |
| <b>Profit/(Loss) Before Tax</b>   | 86.99            | (6.43)         |
| Less : Provision for Income Tax   | 7.00             | –              |
| Less : Earlier year adjustments   | 12.95            | –              |
| Less : Extra-Ordinary items       | –                | 28.09          |
| Less : Deferred Tax Liability     | 39.86            | (1.70)         |
| <b>Profit/(Loss) After Tax</b>    | <b>27.18</b>     | <b>(32.82)</b> |

### OPERATIONS :

During the year under review, pursuant to the sanction of the High Court, Bombay for the Scheme of Amalgamation of NHC Industries Private Limited, with the Company, the financial results reflects the consolidated working of the erstwhile NHC Industries Private Limited, with your Company. Post Amalgamation, your company has recorded a turnover of Rs. 7146.18 Lakhs.

### DIVIDEND :

In order to conserve the resources for the future expansion plan of the company & plans under implementation, your Directors do not recommend any dividend for the financial year 2009 - 2010.

### CORPORATE FINANCIAL RESTRUCTURING :

#### 1. REDUCTION OF EQUITY SHARE CAPITAL OF THE COMPANY :

As you are aware that at the Annual General Meeting of your Company held on 14<sup>th</sup> August,

2009, the resolution for reduction of Equity Share Capital under section 100 to 104 of the Companies Act, 1956 was passed. The Hon'ble High Court of Judicature at Bombay vide their order dated 09<sup>th</sup> October, 2009 has duly confirmed the said resolution and the Equity Share Capital of the Company stands reduced from Rs. 3,00,11,000/- comprising of 30,01,100 Equity Shares of Rs. 10/- each fully paid-up to Rs. 1,05,03,850/- comprising of 10,50,385 Equity Shares of Rs. 10/- each by canceling / reducing of Rs. 1,95,07,150/- divided into 19,50,715 Equity Shares of Rs. 10/- each in the paid-up Equity Share Capital which is lost or unrepresented by the available assets.

Thus, the present paid-up Equity Share Capital of the Company is Rs. 1,05,03,850/- comprising of 10,50,385 Equity Shares of Rs. 10/- each.

#### 2. REVOCATION OF SUSPENSION IN TRADING :

The Board of Directors of the company had applied to the Bombay Stock Exchange for the Revocation of Suspension of trading in Equity Shares of the Company. On completing of all the revocation formalities, the Bombay Stock Exchange had vide their Notice no. 20100120-10 dated January 20, 2010 granted approval for trading in Equity Shares of the Company from Friday, January 19, 2010. Accordingly, the Equity shares of the company are now actively traded on the Bombay Stock Exchange Limited.

#### 3. SCHEME OF AMALGAMATION :

As you are aware, the business of NHC Industries Private Limited has been merged with your company w.e.f 1<sup>st</sup> April, 2009, being the appointed date fixed for the purpose, pursuant to the scheme of Amalgamation under Section 391-394 and other relevant provisions of the Companies Act, 1956 (the "Act"). Pursuant to the scheme of Amalgamation and in consideration thereof, your company has issued 5 (five) Equity Shares of the Company of Rs. 10/- each fully paid-up for every 4 (four) Equity Shares of Rs. 10/- each fully paid-up held in the Share Capital of NHC Industries Private Limited (NHC) and 4 (four) 0% Optionally Convertible Redeemable Preference Shares of the Company of Rs. 10/- each fully paid up for every 1 (one) Equity Shares of Rs. 10/- each fully paid up held in the

Share Capital of NHC Industries Private Limited to the erstwhile shareholders of NHC as on 9<sup>th</sup> September, 2010. The Scheme of Amalgamation has become effective on 7<sup>th</sup> September, 2010; having filed the certified copies of the High Court order with the Registrar of Companies, Maharashtra, Mumbai.

Upon amalgamation, your Company will be able to derive economies of scale and create a platform for future substantial growth and development, which shall in turn be beneficial to the entire stakeholder.

#### **CORPORATE GOVERNANCE :**

Accountability and integrity with total transparency continue to be the company's main objective towards achieving sustained growth. During the year under review, your Company was in compliance with the provisions of Clause 49 of the Listing Agreement with the stock exchanges relating to corporate governance.

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 :**

Your 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 30.06.2009, 31.07.2009, 30.10.2009 and 14.01.2010 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 for the year ended 31<sup>st</sup> March, 2010, 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 :**

During the year under review, the Company has not accepted any Deposits within the meaning of Section 58A of the Companies Act, 1956 from the Public. Hence, as on 31<sup>st</sup> March, 2010 there are no unclaimed deposits lying with the Company.

#### **DIRECTORS :**

Mr. Aashish Vyas, was appointed as an additional director (non- executive independent director) with effect from 30<sup>th</sup> October, 2009 and Mrs. Alpa Shah, was appointed as an additional director (non-executive promoter director) with effect from 11<sup>th</sup> September, 2010 respectively, to hold office till the conclusion of the ensuing Annual General Meeting. The company has pursuant to Section 257, received notices in writing from a Member proposing their candidature for office of Directors, liable to retire by rotation.

Mr. Amit Shah, non-executive independent director of your company retires from the office as Director of your Company, at the ensuing Annual General Meeting, however has expressed his unwillingness to continue as the Director and it is proposed not to fill the casual vacancy caused by his retirement at the said meeting or any adjournment thereof. The Directors place on record



their appreciation of the services rendered by Mr. Amit Shah, during his tenure as members of the Board.

Mr. Rajiv Bhatt, non-executive independent director, retires from the office as Director of your Company at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

The Board recommends the above appointment. Resolutions seeking your approval on these items are included in the Notice convening the Annual General Meeting together with a brief resume of the Directors being appointed/re-appointed.

#### AUDITORS :

M/s. NGS & Co., Chartered Accounts, Mumbai be appointed as the Statutory Auditors of the Company to hold office from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting of the Company. M/s. NGS & Co., Chartered Accountants, Mumbai have forwarded their certificates to the Company, stating that their appointment, if made, will be within the limit specified in that behalf in Sub-section (1B) of Section 224 of the Companies Act, 1956.

The Board proposes the re-appointment of M/s. NGS & Co., Chartered Accountants, Mumbai as Statutory Auditors of your Company based on the recommendation of the Audit Committee, to hold office from the conclusion of the ensuing Annual General Meeting until the conclusion of the next Annual General Meeting.

Resolutions seeking your approval on these items are included in the Notice convening the Annual General Meeting.

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.

#### 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.

#### 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:                | 6448.14       |
| (Previous Year: Rs. Nil) |               |
| Outgoing:                | 119.56        |
| (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 Exchanges Ltd., Ahmedabad Stock Exchange Ltd., and Madras Stock Exchange Ltd. The Company confirms that it has paid Annual Listing Fees due to all the Stock Exchanges for the year 2009-2010.

#### ACKNOWLEDGEMENT :

Yours Directors express their grateful appreciation for the assistance and co-operation extended by the Company's shareholders, customers, Bankers, Suppliers, employees and all other authorities/ stakeholders during the year and look forward to their continued support in future.

For and on behalf of the Board,

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

Place : Mumbai  
Date : 15-10-2010

#### Registered Office:

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### 1) BUSINESS OF THE COMPANY

#### A. Industry structure & development

The company was originally incorporated to carry on the business in software development. The Board of Directors pursuant to a special Resolution passed at the Extra Ordinary General Meeting of the Shareholders held on 24th February, 2006 commenced the export trading activities during the year. However, pursuant to amalgamation, the company has altered the Memorandum of Association of the Company [Clause III A. 1(A) - Main objects of the company], to include the business of export of spices and allied agro food products.

India is known for its spices worldwide and is looked at as the most preferred hub for sourcing of variety of Spices in the world market. India is reported to grow over 50 spices in different parts of the country and the export of them is increasing day by day as consumers prefer spices of Indian origin. India not only exports whole spices but also other forms like powder, oleoresins, spices in brine, blends, essential oil, de-hydrated spices etc. The major spice exports is of black pepper, cumin seed, vanilla, turmeric, coriander seed, fennel seed, fenugreek seed, aniseed, tamarind, chilly, ajwainseed, cardamom, mace, nutmeg, dill seed, garlic, kokum, poppy seeds, cinnamon etc. Among these, Pepper and Cumin Seeds (Jeera) form the major spice exports to Gulf, U.S., E.U. and Asian region. The exports of other spices is also on the increase and among this vanilla is one of the most important as its demand is growing and it fetches good price for the farmers in international market.

Your Company's efforts are focused on stabilizing performance of the expanded

capacities. It also continued with initiatives to contain costs, improve productivity and conserve cash. Your Company has currently undergone a restructuring program, details of which are spelt out in the Report of Directors forming part of this Annual Report.

#### B. Opportunities and threats

Your company, pursuant to its restructuring program, will now carry on and expand the business of export of spices & Foodstuff Etc.,

Your Company is a significantly emerging player in export of variety of spices and allied agro products at the most competitive rate in the world market. The wide range of Company's export products include Whole Spices, Spices Powders, Indian Masalas, Ready Mixes, Processed Foods, Snacks, Semi-Processed Foods, Oilseeds of all kinds, Cereals, Grains, Dry Fruits, Nuts, Pickles, Papads, Seasonings and all types of Food and spices or products etc.

The Company is focusing on expanding its products and distribution reach within its existing core business and also tapping new markets and constantly innovating and renovating the products in its portfolio to meet the changing tastes and preferences of the Global Consumer. The Company is in the process of establishing brands and strong distribution networks in Europe, US, Middle East Countries, China, South Africa, Australia, Canada and Asia, which would ensure immediate distribution of the new variants.

Ever increasing intense competition from established brands from organized sector and numerous players in unorganized sector may pose as a challenge to the business and continue to exert pressure on our business.

#### C. Risks and concerns:

Pursuant to Restructuring, the Company being engaged in exports, it derives approximately