



NHC Foods Limited
(Government Recognized Star Export House)



Offering Quality Spices & Agro Products

An ISO 22000-2005 (Food Management System)
& An ISO 9001:2008 Certifies Company



NHC FOODS LIMITED

(Formerly, Midpoint Software & Electro Systems Limited)

ANNUAL REPORT 2010-11

OBITUARY



Mr. Himatlal Shah
(1928 - 2010)

*It is with deep sorrow that we mourn the sad demise of our Founder **Mr. Himatlal Shah**, who left for his heavenly abode on May 4, 2010. As the pioneer of NHC Group from 1960 to 2010, he contributed immensely towards building a strong foundation and ensured the group's ability to maximize returns.*

Respectful Homage to our Founder

Chairman's Communiqué

***“Where we stand today is not what matters...
where we plan to go that counts”***



Dear Share owners',

During the year 2010-11, your company grew and was able to re-invent itself by exploring new clients and delivering quality products and services in the international market. During the year under review, the Company was able to maintain its profitability despite of the challenges posed to its growth and sustainability. However, despite these headwinds, we continue to grow. Your company has recorded a net profit after tax of Rs. 45.27 Lakhs for the financial year ended 31st March, 2011 in comparison to Rs. 27.18 Lakhs in the previous year representing, an increase of 66.53 % of the profit after tax.

At our last AGM, we have discussed about our Plant location at Pardi and I am pleased to inform you that we have completed the site work, obtained necessary certifications and commercial production has commenced during the financial year. This year we will see some more expansion taking place at the location to upgrade our facilities and increase capacities in area required.

Further, I am happy to inform you that under the strategic guidance of the brand guru, Mr. Jagdeep Kapoor, Managing Director, Samsika Marketing Consultants Private Limited, your company is looking forward to enter into domestic markets with launch of a wide range of whole and blended spices and masalas in its own brand 'SAAZ – SA RE KHA NA'. The company is consistently working on taking premeditated moves in that direction and we are optimistic of this market launch taking our Company to great heights. As we come up with our selling and distribution network in India, we will add new products in our product portfolio and capture greater share in those markets where there is growth, addressing new needs, tastes and new consumer segments. We are committed and confident that our new businesses will contribute to our Company's profitability.

The current environment is challenging and competitive for the Industry but we would be committed to create value for ourselves and our stakeholders and look forward to your continued support.

As I conclude, I would re-iterate my gratitude to you, our shareholders for supporting us, for sharing in our dream and our journey and I hope you will continue doing so for many more years to come and our Board of Directors for their constant and valuable guidance and support and my entire NHC team for their commitment and dedication in creating and sustaining our success.

With Warm Regards,

Sd/-

Apoorva Shah

Chairman & Managing Director

Our Mission:

'Offering Quality Spices & Agro Products'

We are committed to supply Best Quality Spices, Agro Products & ingredient for ready to eat foods at competitive prices to our clients without compromising on the Quality of our products.



Our Vision:

*'To be rich in service,
innovation and continuous growth'*

Across the globe, NHC is committed to offer its premium products to its customers with food safety while making sure that all public health requirements are fulfilled with highly equipped Infrastructure unit and enhanced state of the art technology in accordance with HACCP / ISO standards.



Our Infrastructure:

'Automated and well equipped plant controlled by computer system'

Pardi Plant:

- ❖ Fully integrated processing facility at Pardi, Gujarat spread over 4 acres of land in dust and moisture free weather as well as facilitating with modern business amenities.
- ❖ Technology for the integrated and automated processing Buhler;
- ❖ Capacity – 1 ton / hr for processing Spices & 2 tons / hr for processing seeds;
- ❖ On a 3 shifts basis / 280 days annum, capacity – 6,720 tons of spices & 13,440 tons of seeds.



'Quality is the most important benchmark for us'

Quality Control unit:

We always source good and finest quality materials and same material is tested in our **in-house** laboratory by team of experienced and skillful personnel.



Research & Development:

Our plant is well equipped with the modern technology and research and development facility, where our researchers continuously work on developing quality products.

CORPORATE INFORMATION

Board of Directors: Mr. Apoorva Shah *Chairman & Managing Director*
Mrs. Alpa Shah *Whole-Time Director*
Mr. Aashish Vyas
Mr. Rajiv Bhatt
Mr. Amit Shah (Resigned on 11.11.2010)
Mr. Jai Popat (Appointed on 14.02.2011)

Registered Office: 'NHC House'
2/13, Anand Nagar,
Santacruz (E),
Mumbai – 400055

Statutory Auditors: M/s. NGS & Co.
Chartered Accountants
Mumbai

Bankers: Union Bank of India
State Bank of India
HDFC Bank

**Registrar & Share
Transfer Agents:** M/s. System Support Services
209, Shivai Industrial Estate,
89, Andheri Kurla Road,
Saki Naka, Andheri (E),
Mumbai – 400072

Company Secretary: Ms. Pranali Dhumal

19th ANNUAL GENERAL MEETING

On the Monday, 25th July, 2011 at 3.00 p.m. at Hotel Athithi, 77 A & B,
Sangathan - 2 Basement, Nehru Road, Vile Parle (East), Mumbai - 400099

NOTICE

NOTICE is hereby given that the Nineteenth Annual General Meeting of the Members of NHC Foods Limited (Formerly, Midpoint Software & Electro Systems Limited) will be held on Monday, the 25th day of July, 2011 at 3.00 p.m. at Hotel Atithi, 77 A & B, Sangathan 2 – Basement, Nehru Road, Vile Parle, Mumbai – 400099 to transact with or without modification(s), as may be permissible, the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2011 and the Balance Sheet as at that date alongwith the Reports of the Board of Directors and Auditors' thereon.
2. To appoint a Director in place of Mr. Aashish Vyas, who retires by rotation, and being eligible, offers him-self for re-appointment.
3. To appoint Statutory Auditors of the Company 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 257 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) thereto or any re-enactment(s) thereof for the time being in force), Mr. Jai Popat, who was appointed as an Additional Director by the Board of Directors of the Company with effect from 14th February, 2011 in terms of provisions of Section 260 and any other applicable provisions, if any, of the Companies Act, 1956 (the "Act") and whose term of office expires at the ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing from a Member proposing his candidature 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 Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") (including any statutory modifications or re-enactment thereof, for the time being in force), read

with Schedule XIII to the Act, the consent of members be and is hereby accorded for appointment of Mr. Apoorva Shah, as Managing Director of the Company, for a period of five years with effect from November 13, 2010 to November 12, 2015, as per the terms of remuneration and increase in / revision of remuneration payable to Mr. Apoorva Shah, the Managing Director, as recommended by the Remuneration Committee on the terms and conditions as set out in the Explanatory Statement annexed to the Notice;

RESOLVED FURTHER THAT the Board / Remuneration Committee be and is hereby authorized to alter, vary and modify the said terms of his appointment and/or remuneration including salary, allowances and perquisites in such manner as may be agreed to between the Board / Remuneration Committee and Mr. Apoorva Shah and in accordance with the limits prescribed by Schedule XIII to the said Act or any amendment(s) and / or any statutory modification(s) thereto;

RESOLVED FURTHER THAT in absence of or inadequacy of profits in any financial year, (a) subject to approval of Central Government, the remuneration payable to Mr. Apoorva Shah by way of salary and perquisites shall not be reduced and (b) if the approval of the Central Government as stated in (a) is not received, the remuneration payable to Mr. Apoorva Shah, the Managing Director shall be the maximum amount permitted as per Schedule XIII to the said Act or any amendment(s) and / or any statutory modification(s) thereto;

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take all such steps as may be necessary, expedient, usual or proper to give effect to this resolution."

6. 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 Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") (including any statutory modifications or re-enactment thereof, for the time being in force), read with Schedule XIII to the Act, the consent of members be and is hereby accorded for appointment of Mrs. Alpa Shah, as the Whole-Time Director of the Company, for a period of five years with effect from February 14, 2011 to January 13, 2016, as per the terms of remuneration and increase in / revision of remuneration payable to

Mrs. Alpa Shah, the Whole-Time Director, as recommended by the Remuneration Committee on the terms and conditions as set out on the Explanatory Statement annexed to the Notice;

RESOLVED FURTHER THAT the Board / Remuneration Committee be and is hereby authorized to alter, vary and modify the said terms of her appointment and/or remuneration including salary, allowances and perquisites in such manner as may be agreed to between the Board / Remuneration Committee and Mrs. Alpa Shah as the Whole-Time Director and in accordance with the limits prescribed by Schedule XIII to the said Act or any amendment(s) and / or any statutory modification(s) thereto;

RESOLVED FURTHER THAT in absence of or inadequacy of profits in any financial year, (a) subject to approval of Central Government, the remuneration payable to Mrs. Alpa Shah by way of salary and perquisites shall not be reduced and (b) if the approval of the Central Government as stated in (a) is not received, the remuneration payable to Mrs. Alpa Shah, the Whole-Time Director shall be the maximum amount permitted as per Schedule XIII to the said Act or any amendment(s) and / or any statutory modification(s) thereto;

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take all such steps as may be necessary, expedient, usual or proper to give effect to this resolution."

By the order of the Board of Directors,

Pranali Dhumal
(Company Secretary)

Registered Office:

NHC FOODS LTD.
2/13, Anand Nagar, Santacruz (East),
Mumbai - 400055

Place: Mumbai

Date: 30th May, 2011

NOTES :

1. The explanatory statement setting out the material facts concerning the Special Business mentioned under item Nos. 4 to 6 of the Notice pursuant to Section 173(2) of the Companies Act, 1956 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 THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, 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.**
3. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, the 21st July, 2011 to Monday, the 25th July, 2011, both days inclusive, in terms of the provisions of Section 154 of the Companies Act, 1956 and the applicable Clauses of Listing Agreement entered into with the Stock Exchanges.
4. The members are requested to:
 - (a) Intimate to the Company's Registrar 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 details 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 the PAN card for all the above-mentioned transactions.
- (g) Members are requested to bring their Attendance Slip along-with copy of the Report and Accounts to the Annual General Meeting.
- (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 are attached hereto.

EXPLANATORY STATEMENT IN RESPECT OF ITEM NO. 4, 5 and 6 OF THE NOTICE PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 4:

The Board of Directors of the company appointed Mr. Jai Popat as an Additional Director on the Board of the Company, with effect from February 14, 2011, in terms of Section 260 of the Companies Act, 1956.

Mr. Jai Popat vacates his office at the ensuing Annual General Meeting pursuant to provisions of Section 260 of the Act. Notice under Section 257 of the Act has been received from a Member proposing the appointment of Mr. Jai Popat as Director of the Company. Requisite consent, pursuant to Section 264(1) of the Act, has been filed by Mr. Jai Popat to act as the Director of the Company.

Mr. Jai Popat is finance professional and has close to 15 years of experience in the field of finance and treasury. His expertise lies in funds mobilization both - Private Equity and Debt.

Yours Directors recommend this Resolution for your approval.

None of the Directors of the Company, except Mr. Jai Popat is concerned or interested in the said resolution.

Item No.5:

Pursuant to the recommendations received from the Remuneration Committee, Board has subject to the approval of shareholders, has approved appointment of Mr. Apoorva Shah, as Managing Director of the Company, for a period of five years with effect from November 13, 2010 to November 12, 2015 and the revision / increase of remuneration payable to Mr. Apoorva Shah as the Managing Director of the Company with effect from November 13, 2010.

Mr. Apoorva Shah is presently working as a Chairman & Managing Director at NHC Foods Limited (Formerly, Midpoint Software & Electro Systems Limited). He has contributed immensely to the growth of the Company. He is involved with the affairs of NHC at a strategic and vision level. Whilst continuing to be at the helm of affairs, he is responsible for the expansion of NHC into an 'end-to-end' food processing company.

The appointment of Mr. Apoorva Shah as a Managing Director is in compliance with the provisions of Section 269 of the Companies Act, 1956 which prescribes every Public Limited Company having a share capital of more

than Rupees Five (5) Crores must appoint a Managing Director.

The details of remuneration payable to Mr. Apoorva Shah are as under:

- (i) Salary: Rs. 29,17,400/- (Rupees Twenty Nine Lakhs Seventeen Thousand Four Hundred only) per annum with effect from November 13, 2010.
- (ii) Perquisites: In addition to the above salary, the Managing Director will be entitled to the following perquisites as specified below:
 - a) Medical Reimbursement: He shall be entitled to medical expenses as per the rules of the Company which include such expenses as shall relate to surgical, optical and Dental treatment incurred by himself and his family up to Rs. 15,000/- per annum.
 - b) Club membership: The Company shall pay fees of Club/s, as allowed under the Act and as per the rules of the Company, subject to a maximum of Rs. 25,000/- per annum. This will, however, not include admission and life membership fees.
 - c) A car with a chauffeur for official purposes as per the rules of the Company.
 - d) Leave: Subject to the exigencies of his employment, Mr. Apoorva Shah shall be entitled to leave in a year on full pay and allowances as per the rules and regulations of the Company.
 - e) Telephone & Fax at residence & Mobile phone for official use as per the rules of the Company.
 - f) Variable Pay / Performance Bonus: Mr. Apoorva Shah may be paid as may be determined by the Committee or the Board thereof based on such performance parameters as may be laid down by the Committee or the Board and as per the rules of the Company.
 - g) The Company shall pay contribution at a percentage of salary towards Provident Fund provided the contribution shall not exceed the limit laid down under the Income Tax Act, 1961.
 - h) The Company shall pay gratuity as per the Payment of Gratuity Act, 1972.

Subject to overall ceiling on remuneration mentioned herein, Mr. Apoorva Shah, Managing Director may be given such other benefits in accordance with the schemes and rules applicable to the members of the Company framed from time to time.

Explanation: Perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in absence of any such rule, perquisites shall be evaluated at actual cost.

In the event of any re-enactment or modification of the Companies Act, 1956 or the Income Tax Act, 1961 or amendments thereto, this resolution shall continue to remain in force and the reference to various provisions of the Companies Act, 1956 or the Income Tax Act, 1961 shall be deemed to be substituted by the corresponding provisions of the new act or the amendments thereto or the rules and notifications issued thereunder.

(iii) Other terms & conditions:

- (a) Termination: A notice period of three months from both the sides.
- (b) Rotation: Mr. Apoorva Shah shall not be liable to retire by rotation.
- (c) Sitting Fees: Mr. Apoorva Shah will not be entitled to receive any sitting fees for the Board or the committee meetings constituted by the Board.
- (iv) Overall Remuneration: The aggregate of salary, commission and perquisites in any one financial year shall not exceed the limits prescribed from time to time under Section 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII of the said act as may be for the time being in force.
- (v) Minimum Remuneration: In absence or inadequacy of profits in any financial year, (a) subject to the approval of the Central Government, the remuneration payable to Mr. Apoorva Shah by way of salary and perquisites shall not be reduced and (b) if the approval of the Central Government as stated in (a) is not received, the remuneration payable to Mr. Apoorva Shah shall be the maximum amount permitted as per schedule XIII, as amended from time to time.

Your directors recommend this resolution for your approval.

None of the directors except Mr. Apoorva Shah is concerned or interested in this resolution.

Item No. 6:

Your Directors have pursuant to the recommendations received from the Remuneration Committee and subject to the approval of the members of the company, appointed Mrs. Alpa Shah as the Whole-time director of the Company for a period of 5 years with effect from February 14, 2011 to February 13, 2016 on such terms and conditions set out in the resolution at item no.6 of the Notice. The material terms, including remuneration, of the said appointment are as follows:

- (i) Period: Five years with effect from 14th February, 2011 to 13th February, 2016.
- (ii) Salary: Rs. 29,17,400/- (Rupees Twenty Nine Lakhs Seventeen Thousand Four Hundred only) per annum with effect from February 14, 2011.
- (iii) Perquisites: In addition to the above salary, the Whole Time Director will be entitled to the following perquisites as specified below:
 - (a) Medical Reimbursement: She shall be entitled to medical expenses as per the rules of the Company incurred by herself and her family up to Rs. 15,000/- per annum.
 - (b) Club membership: The Company shall pay fees of Club/s, as allowed under the Act and as per the rules of the Company, subject to a maximum of Rs. 25,000/- per annum. This will, however, not include admission and life membership fees.
 - (c) A car with a chauffeur for official purposes as per the rules of the Company.
 - (d) Leave: Subject to the exigencies of her employment, Mrs. Alpa Shah shall be entitled to leave in a year on full pay and allowances as per the rules and regulations of the Company.
 - (e) Telephone & Fax at residence & Mobile phone for official use as per the rules of the Company.
 - (f) Variable Pay / Performance Bonus: Mrs. Alpa Shah may be paid as may be determined by the Committee or the Board thereof based on such performance parameters as may be laid down by the Committee or the Board and as per the rules of the Company.

- (g) The Company shall pay contribution at a percentage of salary towards Provident Fund provided the contribution shall not exceed the limit laid down under the Income Tax Act, 1961.
- (h) The Company shall pay gratuity as per the Payment of Gratuity Act, 1972.

Subject to overall ceiling on remuneration mentioned herein, Mrs. Alpa Shah, Whole time Director may be given such other benefits in accordance with the schemes and rules applicable to the members of the Company, framed from time to time.

Explanation: Perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in absence of any such rule, perquisites shall be evaluated at actual cost.

In the event of any re-enactment or modification of the Companies Act, 1956 or the Income Tax Act, 1961 or amendments thereto, this resolution shall continue to remain in force and the reference to various provisions of the Companies Act, 1956 or the Income Tax Act, 1961 shall be deemed to be substituted by the corresponding provisions of the new act or the amendments thereto or the rules and notifications issued thereunder.

- (iv) Other terms & conditions:
 - (a) Termination: A notice period of three months from both the sides.
 - (b) Rotation: Mrs. Alpa Shah shall not be liable to retire by rotation.
 - (c) Sitting Fees: Mrs. Alpa Shah will not be entitled to receive any sitting fees for the Board or the committee meetings constituted by the Board.
- (v) Overall Remuneration: The aggregate of salary, commission and perquisites in any one financial year shall not exceed the limits prescribed from time to time under Section 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII of the said act as may be for the time being in force.
- (vi) Minimum Remuneration: In absence or inadequacy of profits in any financial year, (a) subject to the approval of the Central Government, the remuneration payable to Mrs. Alpa Shah by way of