



***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.**"

<b>BOARD OF DIRECTORS</b>	
<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>
<b>AUDITORS</b>	
<b>M/s. NGS &amp; CO.</b>	
<i>Chartered Accountants</i>	
<b>BANKERS</b>	
<b>UNION BANK OF INDIA</b>	
<b>HDFC BANK</b>	
<b>REGISTRAR / SHARE TRANSFER AGENT</b>	
<b>System Support Services</b>	
209, Shivai Industrial Estate, Next to Parke-Davis, 89, Andheri Kurla Road, Saki Naka, Mumbai - 400072	
<b>REGISTERED OFFICE</b>	
<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, 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 Apoorva H. Shah  
Date: 15-10-2010 (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 a) Audit Committee 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: (Previous Year: Rs. Nil)	6448.14
Outgoing: (Previous Year: Rs. NIL)	119.56

**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

90% of its revenue from export sales. An appreciation of the Indian Rupee can adversely impact the Company's exports. The Company manages this financial risk through foreign exchange planning under the expert guidance of reputed Foreign Exchange Consultants.

Export activities are still greatly dependant upon the availability of skilled labours, quality inputs and credit terms as well as global commodity cycles & our Government Import Export Policies Etc. Macro economic factors like the recession, subdued demand, political uncertainty and acts of God, may affect the business of your Company as also the industry at large.

The business of the Company is dependent on various laws, regulations and policies announced from time to time. Any developments in these areas affecting the freedom of the Company to operate may adversely affect the business and growth of the Company.

**2) Internal control systems and their adequacy:**

The organizational structure of the Company is well defined with adequate and well defined systems for internal control; to ensure optimum utilization of resources and compliances with all applicable laws and regulations.

The Internal Control system is commensurate with the size and nature of the business of the Company, ensuring effective checks and balance and also is subject to continuous reviewing and up-gradation in line with the best practices in the industry.

**3) Financial performance & analysis:**

Pursuant to the Scheme of Amalgamation and in compliances with the Accounting Standard 14 (AS-14), your company has presented the merged financials for this year. As a result of which the

financial performance of your Company has improved in comparison to past years.

**4) Human resource development / Industrial relations:**

The Company continuously monitors its human resource requirement to ensure that it has adequate human skills commensurate with its requirements. The Company continuously strives to upgrade the skills and competence of its human resources. Measures for safety, training, welfare and development of employees receive top priority.

**5) Cautionary statement:**

Statements in this report on Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable security laws or regulations. These statements are based on certain assumptions and expectation of future events. Actual results could however, differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and domestic demand-supply conditions, finished goods prices, raw materials cost and availability, changes in Government regulations and tax structure, economic developments within India and the countries with which the Company has business contacts and other factors such as litigation and industrial relations.

The Company assumes no responsibility in respect of forward looking statements herein which may undergo changes in future on the basis of subsequent developments, information or events.

## **CORPORATE GOVERNANCE**

Company's policies on the Corporate Governance and due compliance report on specific areas wherever applicable for the period ended 15<sup>th</sup> October, 2010 are hereunder divided into the following areas:

### **I. Company's philosophy on Corporate Governance**

The corporate governance philosophy of your company is to ensure transparency in all dealings and in functioning of the management and the Board. The Company believes that good Corporate Governance is essential to achieve long-term corporate goals and to enhance stake holder'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 five Directors, three are Non-Promoter Independent Directors namely Mr. Rajiv H. Bhatt, Mr. Amit Shah and Mr. Aashish Vyas (appointed on 30.10.2009) and two Non- Executive Promoter Directors namely Mr. Apoorva H. Shah and Mrs. Alpa Shah (appointed on 11.09.2010).
- There are three independent Directors namely Mr. Amit A. Shah, Rajiv H. Bhatt and Mr. Aashish Vyas (appointed on 30.10.2009).

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

During the last financial year, seven Board Meetings were held on 21.04.09, 30.06.09, 31.07.09, 30.08.08, 30.10.09, 20.11.09 and 14.01.2010.

The Details of attendance of each Director at the Board Meeting and Last Annual General Meeting are as follows:

- Mr. Apoorva H. Shah, Mr. Amit A. Shah and Mr. Rajiv Bhatt attended all the seven meetings, whereas Mr. Aashish Vyas (appointed on 30.10.2009) attended 2 meetings.

All the Directors, except Mr. Aashish Vyas and Mrs. Alpa Shah attended, the last Annual General Meeting held on 14<sup>th</sup> August, 2009.

#### **(c) Remuneration to Executive Directors**

The Company has not paid any sitting fees to any Non-Executive Directors for attending Board and Committee Meetings and no other remuneration has been paid to the Non Executive Directors during the year under review.

**(d) The details of other Directorships and Committee Membership**  
(only Public limited companies are considered)

Name of the Directors	Category of Directors	No. of Other Directorships held	No. of other Board Committee(s) of which he/she is	
			Member	Chairman
Apoorva H. Shah	Promoter – Non Executive	0	0	0
Amit A. Shah(*)	Independent – Non- Executive	0	0	0
Rajiv H. Bhatt	Independent – Non- Executive	0	0	0
Aashish Vyas (Appointed on 30/10/10)	Independent – Non- Executive	1	0	0
Alpa Shah (Appointed on 11/09/10)	Promoter – Non- Executive	0	0	0

- (\*) Mr. Amit Shah, one of the Director of the Company, who retires at 18th the Annual General Meeting, expresses his unwillingness to be re-appointed as the Director of the Company at this Annual General Meeting and it is proposed not to fill the casual vacancy caused by his retirement at the said meeting or any adjournment thereof.

**III. Audit Committee**

- (i) The Audit Committee was reconstituted on the 15th October, 2010 and its present composition comprises of Mr. Aashish Vyas, Mr. Rajiv Bhatt (Non Executive Independent Directors) and Mr. Apoorva H. Shah (Non Executive Promoter Director). Mr. Aashish Vyas is the Chairman of the Committee. Prior to 15th October, 2010, the Audit Committee comprised of three directors namely Mr. Amit Shah, Mr. Rajiv Bhatt (Non-Executive Independent Director) and Mr. Apoorva Shah (Non Executive Promoter Director).
- (ii) During the year under review the Audit Committee Meetings were held on 30.06.2009, 31.07.2009, 30.10.2009 and 14.01.2010.

The attendances of the members of the committee were as follows:

- Mr. Amit A. Shah attended all the four the meetings
- Mr. Apoorva H. Shah attended all the four meetings
- Mr. Rajiv Bhatt attended all the four meetings
- Mr. Aashish Vyas (appointed on 30.10.2009) attended one meeting

- (iii) The role and terms of reference of the Audit Committee covers the matters specified for Audit Committee under Clause 49 of Listing Agreement as well as in Section 292A of the Companies Act, 1956.

**IV. Remuneration Committee**

The Company has not set up any Remuneration Committee since no payment of remuneration is made to any Directors and the same will be decided by the Board of Directors subject to the approval of the Members at their General Meetings, as and when need arises.

**V. Board Procedure**

The Members of the Board have been provided with the requisite information mentioned in the listing agreement well before the Board meetings and the same were dealt with appropriately.

All the directors who are on various committees are within the permissible limits of the listing agreement. The directors have intimated from time to time about their membership in the various committees in other companies.

#### VI. Shareholders' Committee

The Share Transfer cum Shareholders' / Investors Committee has been re-constituted on the 15th October, 2010 and the committee now consists of Mr. Rajiv Bhatt, Mr. Aashish Vyas (appointed on 30.10.2009) (Non-Executive Independent Directors) and Mrs. Alpa Shah (appointed on 11.09.2010). Mrs. Alpa Shah is the chairman of the Shareholders Committee. The Committee meets as and when need arises. There was no share transfer pending for registration for more than 30 days as on the said date except in disputed cases.

#### VII. Details of Directors seeking Re-appointment:

Details of the Directors seeking re-appointment at the ensuing Annual General Meeting fixed on Thursday, the 11<sup>th</sup> day of November, 2010 are given hereunder:

Name of Director	Mr. Rajiv H. Bhatt	Mr. Aashish Vyas	Mr. Alpa Shah
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 Areas	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 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.
List of other Directorships held (Public limited Companies)	NIL	Intellivision Software Limited	NIL

#### IX. General Body Meetings.

a. The details of the Annual General Meeting held in last three years are as under: -

AGM	DAY	DATE	TIME	VENUE
15th	Saturday	29.09.2007	11.30 A.M.	D-22/8, TTC Industrial Area, MIDC, Thane-Belapur Road, Turbhe, Navi Mumbai - 400 705
16th	Thursday	28.08.2008	11.30 A.M.	D-22/8, TTC Industrial Area, MIDC, Thane-Belapur Road, Turbhe, Navi Mumbai - 400 705
17th	Friday	14.08.2009	10.30 A.M.	D-22/8, TTC Industrial Area, MIDC, Thane-Belapur Road, Turbhe, Navi Mumbai - 400 705

b. Whether special resolutions were put through postal ballot last year? No.

c. **Are special resolution proposed to be put through postal ballot this year?** If required shall be conducted as per law.

**IX. Disclosure**

- (i) The Company has properly disclosed the significant material transactions with related parties' viz. Promoters, Directors or the Management, their subsidiaries or relatives at the appropriate places in the Annual Accounts. However these transactions are not likely to have any conflict with the Company's interest.
- (ii) During the year, the Company has complied with all the compliances as were required by the Bombay Stock Exchange and accordingly, the company has received the trading permission from the Bombay Stock Exchange. However, no penalty is imposed by any Stock Exchanges or the Securities and Exchange Board of India (SEBI) or any statutory authority on any matters related to capital markets during the last three years.

**X. Means of communication**

(i) Half-yearly report sent to each household of shareholders	No
(ii) Quarterly results: Which newspapers normally published in	Yes The Company is regularly publishing its quarterly results in The Free Press Journal, & Navshakti, Mumbai
(iii) Any web site, where displayed	No
(iv) Whether it also displays official News releases and presentations made to Institutional investors / analysts	No
(v) Whether Management Discussion & Analysis is a part of Annual Report	Yes

**XI. General Shareholder Information**

**(a) Registered Office:**

D-22/8, TTC INDUSTRIAL AREA, MIDC, THANE BELAPUR ROAD, TURBHE, NAVI MUMBAI – 400 705

**(b) Annual General Meeting to be held:**

The Eighteenth Annual General Meeting will be held on Thursday, the 11<sup>th</sup> day of November, 2010 at 11.30 A.M. at D-22/8, TTC INDUSTRIAL AREA, THANE BELAPUR ROAD, TURBHE, NAVI MUMBAI - 400 705

**(c) Financial Calendar 2010 – 2011 (Tentative):**

Annual General Meeting	Before 30 <sup>th</sup> September, 2011
First Quarterly Results	on or before 14th August, 2010
Second Quarterly Results	on or before 14th November, 2010
Third Quarterly Results	on or before 14th February, 2011
Audited yearly Results for the year ended 31 <sup>st</sup> March, 2010	on or before 30th May, 2011

**(d) Dates of Book Closure:**

9<sup>th</sup> November, 2010 (Tuesday) to 11<sup>th</sup> November, 2010 (Thursday) (Both days inclusive)



**(e) Dividend payment date :**

The Board of Directors has not recommended any dividend during the year 2009-2010 and hence no payment of dividend is being made.

**(f) Stock Exchange Listing :**

The Company's shares are presently listed on Bombay Stock Exchanges Limited, Ahmedabad Stock Exchange Limited and Madras Stock Exchange Limited.

Listing on Stock Exchange	<ol style="list-style-type: none"> <li>1. Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400023</li> <li>2. Ahmedabad Stock Exchange Kamdhenu Complex, Opp. Sahajanand College, Panjra Pole, Ambawadi, Ahmedabad - 380015</li> <li>3. Madras Stock Exchange Limited Post Box No. 183, No. 30, Second Line Beach, Chennai - 800001</li> </ol>
Listing Fees:	Listing fees of all the Stock Exchanges has been paid for the year 2010-11
Stock/Company Code :	Bombay Stock Exchange Limited : 517554
Identification Number (ISIN)	INE141C01028
Registrar and Share Transfer Agents/address for correspondence	System Support Services 209, Shivai Industrial Estate, 89, Andheri Kurla Road, Sakinaka, Mumbai - 400072

**(g) Share Price Performance :** The trading of Equity Shares of the Company was suspended. The Bombay Stock Exchange has revoked the suspension of shares from 27th January, 2010, and hence the below mentioned data is available from the month of January, 2010.

Month	High Price	Low Price	No. of Shares
January - 2010	50.00	12.00	57334
February - 2010	44.70	22.75	125649
March - 2010	28.00	20.40	25004

**(h) Share Transfer System :** Share transfer requests received in physical form are registered within 30 days from the date of receipt and Demat requests are normally confirmed within an average period of 10 days from the date of receipt.



(i) Shareholder Statistics and Distribution of Shareholdings as on 31<sup>st</sup> March, 2010:

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
1-10	74	0.007	24	0.404
11-25	461	0.044	24	0.404
26-50	126204	12.015	3601	60.664
51-100	56847	5.412	802	13.511
101-500	257741	24.538	1257	21.176
501-1000	80929	7.705	115	1.937
1001-5000	192955	18.370	98	1.651
5001-10000	60586	5.768	9	0.152
10001-100000	88626	8.437	5	0.084
100001 & above	185962	17.704	1	0.017
<b>Total</b>	<b>1050385</b>	<b>100.00</b>	<b>5936</b>	<b>100.00</b>

## (k) Dematerialization of Equity Shares :

The Company's Equity Shares are included in the list of companies whose shares have been mandated by SEBI for settlement only in dematerialised form by all institutions and all investors. The Company had signed agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to offer depository services to its shareholders. As on 31<sup>st</sup> March, 2010 about 65.929% of equity share capital of the Company has been dematerialized.

## (l) Nomination Facility :

Individual Shareholders can now avail of the facility of nomination. The nominee shall be the person in whom all rights of transfer and/or amount payable in respect of the shares shall vest in the event of the death of shareholder(s). A minor also can be a nominee provided the name of the guardian is given in the Nomination Form. The facility of nomination is not available to non-individual shareholders such as Corporate, Financial institutions, Kartas of Hindu Undivided Families and holders of Power of Attorney.

## (m) Address for correspondence :

Company's Registered Office  
D-22/8, TTC INDUSTRIAL AREA,  
MIDC, THANE BELAPUR ROAD,  
TURBHE, NAVI MUMBAI - 400 705  
Tel.: 022-6511 5248 / 6152 2020  
Fax : 022-2761 6577

Registrar and Transfer Agents  
System Support Services,  
209, Shivai Ind. Estate,  
Next to Parke Davis, 89, Andheri Kurla Road,  
Saki Naka, Mumbai 400 072  
Tel. : 022-28500835 • Fax : 28501438

## (n) Distribution of shareholding as on 31.03.2010

Category	No. of Shares	% of total
Promoters	236347	22.50
Bodies Corporate	33814	2.22
Banks, Financial Institutions, Insurance companies	910	0.09
Individuals	692563	66.63
Others (NRI)	86751	8.56
<i>In Transit</i>	0	0.00
<b>Total</b>	<b>1050385</b>	<b>100.00</b>

**AUDITOR'S REPORT**

To,  
The Members of NHC Food Limited.  
(formerly known as Midpoint Software & Electro Systems Limited)

1. We have audited the attached Revised Balance Sheet of NHC Food Limited (formerly known as Midpoint Software & Electro Systems Limited), as at March 31, 2010, and also the related Revised Profit and Loss Account and Revised Cash Flow Statement of the company for the year ended on that date annexed thereto (collectively referred as the 'financial statements'), which we have signed under reference to this revised report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

The Financial Statements i.e the Balance Sheet of NHC Food Limited as at March 31, 2010, related Profit and Loss account and the Cash Flow Statement for the year ended on that date, were approved by the Board of Directors on 15/10/2010 and reported upon by us on 15/10/2010. These Financial Statements have been revised to give effects of the scheme of amalgamation detailed in Note No 2 to Revised Financial Statements referred therein, which was approved by the High Court of Judicature of Mumbai subsequently on August 13, 2010.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (the 'Order') (as amended), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 (the 'Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

4. Further to our comments in the Annexure referred to above, we report that:
  - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
  - c. The revised financial statements dealt with by this report are in agreement with the books of account;
  - d. On the basis of written representations received from the directors, as on March 31, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act;
  - e. In our opinion and to the best of our information and according to the explanations given to us, the revised financial statements dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act and the Rules framed there under and give the information required by the Act, in the manner so required and
  - f. give a true and fair view in conformity with the accounting principles generally accepted in India, in the case of:
    - i) the Revised Balance Sheet, of the state of affairs of the Company as at March 31, 2010;
    - ii) the revised Profit and Loss Account, of the profit for the year ended on that date; and
    - iii) in case of the revised Cash flow statement, the cash flow of the company for the year ended on that date.

For **NGS & Co.**  
*Chartered Accountants*

(Ganesh Toshniwal)  
Partner

Membership # 46669

Place: Mumbai  
Dated: 15-10-2010

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ANNEXURE REFERRED TO IN PARAGRAPH (3) OF OUR REPORT OF EVEN DATE ON THE ACCOUNTS FOR THE YEAR ENDED March 31, 2010 OF NHC FOODS LIMITED (formerly known as Midpoint Software & Electro Systems Limited )

On the basis of the information and explanations furnished to us and books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we report that:

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
(b) Fixed assets have not been physically verified by the management during the year, hence, we are unable to comment on the discrepancies, if any.  
(c) In our opinion, a substantial part of fixed assets has not been disposed off during the year.
- ii. (a) The management has conducted physical verification of inventory at regular intervals during the year.  
(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and its nature of business.  
(c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between physical stocks and the book records were not material having regard to the size of the operations of the company.
- iii. (a) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clauses 4(iii)(b) to (d) of the Order are not applicable.  
(b) The Company had taken loans from three parties covered in the register maintained under Section 301 of the Act. The maximum amount outstanding during the year was Rs. 67,81,583/- and the year-end balance was Rs. 50,56,204/-.  
(c) Since the loan is interest free and there are no covenants as to the repayment of loans, we are unable to comment whether such loans are prejudicial to the interests of the company.  
(d) The loans taken are interest free and there is no covenant as to repayment. As informed, the lenders have not demanded repayment of any such loans during the year, thus, there has been no default on part of the Company.
- iv. In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business for purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- v. In respect of particulars of contracts or arrangements and transactions entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956.
  - a. To the best of our knowledge and belief and according to the information and explanations given to us, particulars of contracts or arrangements that needed to be entered into the register have been so entered.
  - b. According to the information and explanations given to us, the transactions made in pursuance of these contracts or arrangements referred to in v(a) above and exceeding the value of Rs five lakhs with any party during the year have been made at prices which are reasonable having regards to prevailing market prices at the relevant time.

- vi. The Company has not accepted any deposits from the public within the meaning of sections 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975. Accordingly, the provisions of clause 4(vi) of the Order are not applicable.
- vii. The Company did not have an internal audit system during the year.
- viii. Since the Company is neither engaged in manufacturing, processing, production and mining activities, to the best of our knowledge and belief, Section 209(1)(d) are not applicable to the Company. Accordingly, the provisions of clause 4(viii) of the Order are not applicable.
- ix. (a) The Company is generally regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues, as applicable, with the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year end for a period of more than six months from the date they become payable is as under:

Name of the Statute	Nature of the dues	Amount (Rs.)	Period to which the amount related	Due Date	Date of Payment
Income Tax, Act, 1961	Tax Liability on Regular Assessment	1,52,896/-	FY:1994-95	-	-

- (b) The According to the information and explanation given to us, the dues of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Excise Duty, Cess, Service Tax and other statutory dues which have not been deposited on account of any dispute and the forum where the dispute is pending are as under :

Name of the Statute	Nature of the dues	Amount (Rs.)	Period to which the amount related	Forum Where dispute is pending
Income Tax, Act, 1961	Tax Liability on Regular Assessment	5,47,469/-	FY:1995-96	ITAT, referred back the case to Assessing Officer for further hearings.

- i. In our opinion, the Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current but incurred cash losses in the immediately preceding financial year.
- ii. As explained to us there are no dues payable to financial institutions, banks, or debenture holders. Hence, the question of default in repayment of such dues does not arise.
- iii. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- iv. In our opinion, the Company is not Chit Fund or Nidhi Mutual Benefit Fund/Society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- v. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- vi. In our opinion, and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from financial institutions/banks. Hence, the question of the terms and conditions whether prejudicial to the interest of the company does not arise.

- vii. The Company has not availed any term loan during the year, therefore the provisions of clause 4 (xvi) of the Companies (Auditors' Report) Order, 2003 (as amended) are not applicable to the company.
- viii. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- ix. During the year, the Company has not made any preferential allotment of shares to parties covered in the register maintained under Section 301 of the Companies Act, 1956. Hence, the question of price at which shares have been issued is prejudicial to the interest of the company does not arise.
- x. According to the information and explanations given to us, the Company had not issued any secured debentures during the year
- xi. The Company has not raised any money by public issue during the year. Therefore, the provisions of clause 4 (xx) of the Companies (Auditors' Report) Order, 2003 (as amended) are not applicable to the company.
- xii. In our opinion and according to the information and explanations given to us, no fraud by/against the company has been noticed or reported during the year.

Place: Mumbai  
Dated: 15-10-2010

For **NGS & Co.**  
Chartered Accountants  
(Ganesh Toshniwal)  
Partner  
Membership # 46669

#### AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

We have examined the compliance of condition of corporate governance by NHC Foods Limited (*Formerly known as Midpoint Software & Electro Systems Limited*), for the year ended on 31st March, 2010. As stipulated in Clause 49 of the Listing Agreement of the said company with stock exchange.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of the opinion on the financial statements of the company.

The Company has appointed the independent directors on the Board of Directors as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchange.

Subject to above, in our opinion and to the best of our information and according to the explanations given to us and representations made to us by the directors and

the management, we certify that the Company has complied with the conditions of Corporate Governance stipulated in Clause 49 of the Company mentioned Listing Agreement.

We state that no investors grievances are pending for a period exceeding thirty days against the company as per the records maintained by the Registrar and Share Transfer Agents of the company and presented to the Shareholders/investors Grievance Committee.

We further state that compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **NGS & Co.**  
Chartered Accountants  
(Ganesh Toshniwal)  
Partner  
Membership # 46669

Place: Mumbai  
Dated: 15-10-2010

**BALANCE SHEET AS AT 31ST MARCH, 2010**

PARTICULARS	SCH.	As at March 31, 2010 Rs.	As at March, 31 2009 Rs.
<b>SOURCES OF FUNDS :</b>			
<b>Shareholders' Funds</b>			
Share Capital	A	10,503,850	30,011,000
Share Capital Pending Allotment		92,431,500	-
Reserves & Surplus	B	7,863,124	-
<b>LOAN FUNDS :</b>			
Secured Loans	C	100,996,624	-
Unsecured Loans	D	14,053,439	2,637,883
Deferred Tax Liability		4,767,012	599,932
TOTAL		<b>230,615,549</b>	<b>33,248,815</b>
<b>APPLICATION OF FUNDS :</b>			
<b>Fixed Assets</b>			
Gross Block	E	91,503,164	6,654,536
Less : Depreciation		11,918,572	4,713,011
<b>Net Block</b>		<b>79,584,592</b>	<b>1,941,525</b>
Capital Work in Progress		92,718,862	-
<b>Current Assets</b>			
Inventories	F	25,045,815	-
Sundry Debtors		36,066,301	-
Cash and Bank Balances		35,660,992	57,414
Loans & Advances		35,941,057	223,000
		<b>132,714,165</b>	<b>280,414</b>
<b>Less: Current Liabilities and Provisions</b>			
Current Liabilities	G	66,637,595	295,358
Provisions		7,764,475	-
		<b>74,402,070</b>	<b>295,358</b>
<b>Net Current Assets</b>	(F-G)	<b>58,312,095</b>	<b>(14,944)</b>
<b>Profit &amp; Loss A/c</b>		-	<b>(31,322,234)</b>
		<b>230,615,549</b>	<b>33,248,815</b>

Significant Accounting Policies and Notes on Accounts M

For **NGS & CO.**  
**Chartered Accountants**  
**Firm Reg. No. : 119850W**  
**GANESH TOSHNIWAL**  
*(Partner)*  
 M. No. 046669

Place : Mumbai  
 Date : 15/10/2010

For and behalf of the Board of Directors

Apoorva H. Shah  
*(Chairman & Director)*

Amit A. Shah  
*(Director)*

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**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010**


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PARTICULARS	SCH.	As on March 31, 2010 Amount in (Rs)	As on March 31, 2009 Amount in (Rs)
<b>INCOME :</b>			
Turnover		713,230,966	–
Other Income	H	8,673,132	–
		<u>721,904,098</u>	<u>–</u>
<b>EXPENDITURE :</b>			
Cost of Goods Sold/Consumed	I	602,259,989	–
Manufacturing and other Expenses	J	80,557,714	315,085
Personnel Expenses	K	14,931,446	3,406
Finance Expenses	L	9,213,070	–
Depreciation		6,242,423	324,473
		<u>713,204,642</u>	<u>642,964</u>
<b>Profit before tax</b>		<b>8,699,456</b>	<b>(642,964)</b>
Less : Provision for Taxation		(700,000)	–
Less : Earlier year adjustments		(1,295,510)	134
Less : Extra ordinary items		–	2,809,477
Less : Deferred Tax Liability		(3,985,601)	(170,281)
<b>Profit after Tax</b>		<b>2,718,345</b>	<b>(3,282,294)</b>
Last year Profit brought forward		(14,362,371)	(28,039,940)
Add : capital reduction		19,507,150	
		<u>7,863,124</u>	<u>(31,322,234)</u>
Balance carried to the Balance Sheet			
Basic EPS		2.59	(1.09)
Diluted EPS		0.26	(1.09)

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Significant Accounting Policies and Notes on Accounts M

For **NGS & CO.**  
**Chartered Accountants**  
**Firm Reg. No. : 119850W**  
**GANESH TOSHNIWAL**  
*(Partner)*  
M. No. 046669  
Place : Mumbai  
Date : 15/10/2010

**For and behalf of the Board of Directors**

Apoorva H. Shah  
*(Chairman & Director)*

Amit A. Shah  
*(Director)*

**SCHEDULES TO BALANCE SHEET & PROFIT & LOSS ACCOUNT**

PARTICULARS	March 31, 2010 Amount (in Rs.)	March 31, 2009 Amount (in Rs.)
<b>SCHEDULE - A</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
65,00,000 Equity Shares of Rs. 10/- Each	65,000,000	35,000,000
Previous Year was Rs. 3.5 Crore		
* (Increase in Authorised Share Capital by Rs. 3 Crores Pursuant to the Scheme of Amalgamation of NHC Industries with Midpoint Software and Electro System Limited)		
	<u>65,000,000</u>	<u>35,000,000</u>
<b>ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>		
10,50,385 Equity Shares of Rs. 10/- each.	10,503,850	30,011,000
(Reduction in the equity share capital of the company by 65% pursuant to section 100 to 104 of the company at, 1956)		
	<u>10,503,850</u>	<u>30,011,000</u>
<b>SCHEDULE - B</b>		
<b>RESERVES &amp; SURPLUS</b>		
Profit and Loss Account	7,863,124	(31,322,234)
	<u>7,863,124</u>	<u>(31,322,234)</u>
<b>SCHEDULE - C</b>		
<b>SECURED LOANS</b>		
<b><u>Term Loan</u></b>		
ICICI Bank	207,772	-
(Secured against the vehicle financed and personally guaranteed by the Directors)		
Union Bank of India	56,089,240	-
(Secured against land, buildings, plant & machineries & assets created at the site & personally guaranteed by the directors)		
<b><u>Working Capital Loans</u></b>		
Union Bank of India	44,699,612	-
(Secured against Export Bills Receivable, Stock and other Current Assets. Personal assets of Directors & Personally Guaranteed by all Directors)		
	<u>100,996,624</u>	<u>-</u>
<b>SCHEDULE - D</b>		
<b>UNSECURED LOANS</b>		
A. From Shareholders	6,665,269	2,637,883
B. From Banks	6,579,056	
C. From Companies	809,114	
	<u>14,053,439</u>	<u>2,637,883</u>



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PARTICULARS	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
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**SCHEDULE - E FIXED ASSETS**

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As on 01/04/09	Additions	As At 31/03/10	upto 01/04/09	For the year	Up to 31/03/10	As at 31/03/10	As at 01/04/09
Furniture	2,622,294	40,746	2,663,040	754,582	213,393	967,975	1,695,065	1,786,977
Computer	292,069	101,828	393,897	74,042	59,361	133,403	260,494	218,026
Electrical Fittings	200,681	-	200,681	21,984	7,129	29,113	171,568	178,697
Free - hold land	2,118,910	-	2,118,910	-	-	-	2,118,910	2,118,910
Cars	2,281,499	61,610	2,343,109	472,892	221,601	694,493	1,648,616	1,808,607
Bicycle	3,490	-	3,490	830	331	1,161	2,329	2,660
Machinery	6,060,050	-	6,060,050	4,049,451	1,773,276	5,822,727	237,323	250,844
Office Equipment	875,275	148,680	1,023,955	302,368	132,530	434,898	589,057	471,872
Goodwill (AS-14)	76,696,032	-	76,696,032	-	3,834,802	3,834,802	72,861,230	-
Total	91,150,300	352,864	91,503,164	5,676,149	6,242,423	11,918,572	79,584,592	6,836,593
Previous Year	6,654,536	0	6,654,536	4,388,538	324,473	4,713,011	1,941,525	2,265,998

**SCHEDULE F  
CURRENT ASSETS  
INVENTORIES:**

Stock of Traded items	25,045,815	-
	<b>25,045,815</b>	<b>-</b>

**SUNDRY DEBTORS  
(Unsecured, Considered Good)**

Outstanding for more than six months	1,761,344	-
Other Debts	62,319,873	-
Less : Bills Discounted	(28,014,916)	-
	<b>36,066,301</b>	<b>-</b>

**LOANS & ADVANCES:  
(Unsecured, Considered Good)**

Advances recoverable in cash or in kind	12,459,802	-
Deposits	15,429,917	223,000
Payment/ Deduction of Income Tax	8,051,338	-
	<b>35,941,057</b>	<b>223,000</b>

**CASH & BANK BALANCES:**

Cash In Hand	64,351	4,101
<b>Balance With Scheduled Bank</b>		
In Current Account	10,217,412	53,313
In Fixed Deposits as margin money	25,379,229	-
	<b>35,660,992</b>	<b>57,414</b>

PARTICULARS	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
<b>SCHEDULE G</b>		
<b><u>CURRENT LIABILITIES AND PROVISIONS:</u></b>		
Advance from Customers	1,471,650	–
Sundry Creditors	54,916,708	124,518
Provisions	7,764,475	169,902
Other liabilities	10,249,237	938
	<u>74,402,070</u>	<u>295,358</u>
<b>SCHEDULE "H"</b>		
<b><u>OTHER INCOME</u></b>		
Exchange Fluctuation	691,022	–
Freight (Export Sales)	5,476,373	–
Excess Provision Written back	311,605	–
Interest On		
Fixed Deposit	1,766,317	–
Others	30,702	–
Miscellaneous Income	201,533	–
Sundry Balances Written Back	195,580	–
	<u>8,673,132</u>	<u>–</u>
<b>SCHEDULE "I"</b>		
<b><u>COST OF GOODS SOLD/CONSUMED</u></b>		
Opening Stock	18,746,775	–
Add: Purchases	608,559,029	–
Less: Closing Stock	25,045,815	–
	<u>602,259,989</u>	<u>–</u>
<b>SCHEDULE "J"</b>		
<b><u>MANUFACTURING AND OTHER EXPENSES</u></b>		
Clearing & Forwarding Charges	4,828,632	–
Electricity Charges	225,920	–
Freight Exports	27,657,979	–
Fumigation Expenses	615,384	–
Insurance Expenses	167,746	–
Job Charges	3,706,119	–
Sundry Expenses	1,593,250	–
Service Tax	834,930	–
Transport Charges	2,528,260	–
	<u>42,158,221</u>	<u>–</u>

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<b>PARTICULARS</b>	<b>CURRENT YEAR Rs.</b>	<b>PREVIOUS YEAR Rs.</b>
<b>OTHER EXPENSES</b>		
Auditors Remuneration	79,120	6,618
Discount & Rebates	69,087	-
Donation	40,456	-
Insurance Expenses	38,574	-
Local Freight	301,866	-
Office Expenses	1,875,372	-
Other Expenses	905,945	-
Professional Fees	2,521,956	-
Provision for Diminution of Investments	223,000	-
Rates and Taxes	577,781	-
Repairs and Maintenance	558,625	-
Rent	1,631,312	-
Tour and Travelling Expenses	295,201	-
Bank Charges	3,739,774	102
Loss on cancellation of import contract	111,294	-
Foreign Exchange Loss	13,090,633	-
	<b>26,059,997</b>	<b>6,720</b>
<b>SELLING AND DISTRIBUTION EXPENSES</b>		
Advertisement	143,612	19,811
Commission on Export Sale	11,956,370	-
Sales Promotion	239,514	-
	<b>12,339,496</b>	<b>19,811</b>
	<b>80,557,714</b>	<b>26,531</b>
<b>SCHEDULE "K"</b>		
<b>PERSONNEL EXPENSES</b>		
Salary, Wages and Bonus	12,885,442	2,500
Contribution to Provident Fund, Employee's State Insurance Scheme	782,735	-
Employee Welfare and other amenities	625,971	906
Provision for Leave Encashment and Gratuity	637,298	-
	<b>14,931,446</b>	<b>3,406</b>
<b>SCHEDULE "L"</b>		
<b>FINANCIAL EXPENSES</b>		
Interest on		
Working Capital loans	8,915,670	-
Others	297,400	-
	<b>9,213,070</b>	<b>-</b>

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**SCHEDULE 'M' OF NOTES FORMING PART OF THE ACCOUNTS AS AT 31<sup>ST</sup> MARCH 2010****1) SIGNIFICANT ACCOUNTING POLICIES****1.1 BASIS FOR PREPARING FINANCIAL STATEMENTS**

The Financial Statements have been prepared to comply in all material aspects with applicable accounting principles in India, the Accounting Standards issued by the Institute of the Chartered Accountants of India and the relevant provisions of the Companies Act 1956. The financial statements have been prepared under the historical cost convention on accrual basis. The accounting policies have been consistently applied by the company and are consistent with those used in the previous year.

**1.2 REVENUE RECOGNITION**

Export Sales are accounted on the basis of amount realized from the bills discounted with bank. Bills for collection are accounted at the actual rate realized on the due date of realization.

Claims and duty drawback are accounted as and when they are admitted for by concern authorities.

DEPB, VKUY licenses are accounted on accrual basis.

Interest revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate/s applicable.

**1.3 USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of the contingent liabilities on the date of the financial statements.

Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods. Difference between the actual results and estimates is recognized in the period in which the results are known/ materialized

**1.4 FIXED ASSETS & DEPRECIATION / AMORTIZATION**

Fixed assets are stated at their cost less accumulated depreciation. Costs comprise the purchase price and any attributable cost of bringing the assets to its working conditions, for its intended use.

Depreciation is charged on SLM basis as per the rate prescribed in the schedule XIV of the Companies Act 1956.

**1.5 INVESTMENT**

Investments intended to be held for not more than a year are classified as current Investments and valued at lower of cost and fair value.

Long term Investments are stated at cost. Provision for diminution in value is made only if in the opinion of management such a decline is other than temporary.

**1.6 INVENTORIES**

Stock-in-Trade has been valued at purchase cost which is determined on FIFO basis.

Closing stock of Export incentives, entitlements & licenses etc are valued at approximate market value.

**1.7 FOREIGN CURRENCY**

Transactions in foreign currency are recorded at the exchange rates prevailing on the date of transaction. Current Assets and Current Liabilities are translated at the rates prevailing as at the year end. The difference on the account of such transaction and on actual settlement is taken to the profit and loss account.

## 1.8 RETIREMENT BENEFITS

- 1.8.1 Retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the period when the contributions to the Respective funds are due. There are no other obligations other than the contribution payable to the respective funds.
- 1.8.2 Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial period.
- 1.8.3 Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method
- 1.8.4 Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

## 1.9 CAPITAL ISSUE / PRELIMINARY EXPENDITURE

Capital Issue Expenditure and Preliminary Expenditure are charged to the Profit & Loss Account in the year in which they are incurred in accordance with Accounting Standard (AS) 26, 'Intangible Assets', issued by the Council of the Institute of Chartered Accountants of India.

## 1.10 TAXATION

Tax expense comprises of current, deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situation where the Company has unabsorbed depreciation and carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realized against future taxable profits.

## 1.11 IMPAIRMENT OF ASSETS

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to Profit & Loss Account in the year in which the asset is impaired and the impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount. For the purpose of assessing impairment, assets are grouped at the lowest level of cash generating units.

## 2) NOTES TO ACCOUNTS

### 2.1 AMALGAMATION

During the year, a composite scheme of amalgamation between the Company and M/s NHC Industries Private Limited ('the amalgamating company') under Section 391 to 394 and other provisions of Companies Act, 1956 was filed in the High Court of Judicature at Bombay.

NHC Industries Private Limited was carrying on the business of exports of oil seeds, spices powder, pulses, sugar and wide range of agricultural food products and was also engaged in trading on commodity exchange, import of pulses, spices etc. and sale in local market.

Under the scheme, entire assets and liabilities of NHC Industries Private Limited were to vest with the company with effect from April 1, 2009 ('Appointed Date'). The said scheme was approved by the Hon'ble High Court of Judicature at Bombay on August 13, 2010. The Company filed the certified copy of the Court order approving the scheme with the Registrar of Companies (ROC), Bombay on September 7, 2010 ('Effective Date') as required under the applicable provisions of the Companies Act, 1956. Accordingly, the said scheme became effective from the Appointed Date on April 1, 2009.

The method of accounting employed by the Company is the pooling of interest method.

Salient feature of the Scheme are as under:

- (a) With effect from April 1, 2009 ('Appointed Date'), all assets and liabilities of NHC Industries Private Limited shall be transferred and vested in the Company as a going concern.
- (b) In consideration of the scheme, the Company will issue:
  - (i) 22,00,750 Equity shares of face value of Rs 10/- each fully paid up aggregating to Rs. 2,20,07,500 to the equity shareholders of NHC Industries Private limited ; and
  - (ii) 70,42,400 Optionally Convertible Preference shares of Rs 10/- each fully paid up aggregating to Rs 7,04,24,000 to the Equity shareholders of the NHC Industries Private Limited.

Pending issue of these equity and preference shares, a sum of Rs 9,24,31,500 has been shown as Share Capital pending allotment.

Accounting (As per approved Scheme)

- (i) The Company has recorded all the assets and liabilities of the amalgamating company at the respective values appearing in their books.
- (ii) Loans and Advances and other dues outstanding between the Company and the amalgamating company are cancelled.
- (iii) The difference of Rs 76,696,032/- between Shares to be issued by the Company pursuant to the amalgamation scheme and the net assets of the amalgamating company acquired are shown as Goodwill on amalgamation.
- (iv) All costs, charges, taxes including duties, levies and all other expenses arising out of, or incurred in carrying out and implementing the scheme aggregating to Rs 18,70,532 are debited to Goodwill Account.

## 2.2 CONTINGENT LIABILITY

- Bills discounted and outstanding Rs. 28,014,916 ( P.Y – Nil )
- In respect of possible warranty claims, if any, that may arise for products sold and services rendered in earlier years. However, these shall be accounted for in the year in which the claims are settled.
- There was a raid of the Excise Department. Certain objections were raised, duty was assessed for 1992 to 1995 by the Department and demand was raised of Rs.16,06,916 for duty and penalty. The company, thereafter, filed an appeal with the Appellate Tribunal. The judgment of the Tribunal has been delivered on 23.06.1998 setting aside the original assessment order. Fresh assessment has not yet been done. The amount of contingent liability, if any, in respect of this is not ascertainable.
- Income Tax demand of Rs 5,47,469 ( 2009 : 5,47,469) for AY 1996-97 where the ITAT Mumbai Bench : "B" has vide its order dated 26th July, 2004 referred back the matter to A.O. to decide the claim of the Assesses after offering adequate opportunity of hearing.

- 2.3** The balances of Sundry Debtors, Loans & Advances and Sundry Creditors are subject to confirmation and consequential reconciliation/adjustments arising there from, if any. The management, however, does not expect any material variation.
- 2.4** During the year on August 14, 2009, shareholders of the company by passing a special resolution decided to reduce the paid up equity share capital of the company, to which High Court of Bombay has given its approval on October 9, 2009. Accordingly, the existing Share Capital of 30,01,100 equity shares of Rs 10/- each was cancelled and replaced by 10,50,385 equity shares of Rs. 10/- each bearing new series from 01 to 10,50,385. The Capital Reduction Account of Rs. 1,95,07,150/- was adjusted against earlier years losses of Rs. 3,13,22,234/- and expenses on account of professional fees of Rs. 18,70,532/- were charged to Profit and Loss Account for the year under head "Goodwill Account".
- 2.5** Future interest liability in respect of assets of the value of Rs.14,32,451 (2009 : Rs. Nil ) is Rs. 5,468 (2009 : Rs. Nil )
- 2.6** Secured loans include a sum of Rs.90,00,000 (2009 : Rs.Nil ) repayable before 31<sup>st</sup> March 2011.
- 2.7** In the opinion of the board, the current assets, loans and advances are approximately of the value stated, if realized in the ordinary course of the business. The provision for all known liabilities is adequate and not in excess of the amount considered reasonably necessary.

**2.8 Payments to Auditors:**

Particulars	March 31, 2010 Amount (Rs.)	March 31, 2009 (Amount Rs.)
Statutory Audit Fees	51,545	6,618
Tax Audit Fees	27,575	-
<b>TOTAL</b>	<b>79,120</b>	<b>6,618</b>

- 2.9** The Company operates in a single business and geographical segment. Hence information required under Accounting Standard 17, 'Segment Reporting', issued by the Council of the Institute of Chartered Accountants of India, has not been given.

**2.10 Related Party Disclosure:**

**Disclosures as required by the Accounting Standard 18 "Related Party**

Disclosure" is given below:

- a) List of Key Management Personnel and Relatives

**Key Management Personnel**

Mr. Himatlal H. Shah  
 Mr. Apoorva H. Shah  
 Mrs. Alpa A. Shah  
 Mr. Amit Shah

**Related party to Key Management Personnel**

A.H.Shah (HUF)  
Amit Shah  
Hansa Shah  
H. H. Shah (HUF)

**(b) Transaction with related Parties**

Nature of transactions	Key Management Personnel	Relatives of Key Management Personnel
1. Loans given	– (–)	– (–)
2. Repayment received of loan given	– (–)	– (–)
3. Loan Taken	2,210,202 (310,000)	– (–)
4. Repayment of Loans taken	1,346,524 (–)	– (–)
5. Directors Remuneration & Perquisites	9,440,000 (–)	– (–)
6. Deposit given	– (1,000,000)	– (–)
7. Rent Paid	600,000 (–)	– (–)
8. Payable (as on 31/03/10)	1,703,000 (2,637,883)	– (–)

Figures in bracket relates to last year

**2.11 Earnings per Share (EPS)**

The calculation of Earning Per Share (EPS) as disclosed in the Balance Sheet abstract has been made in accordance with Accounting Standards (AS) – 20 issued on by the Institute of Chartered Accountants of India.

Particulars	March 31, 2010 Amount (Rs.)	March 31, 2009 Amount (Rs.)
1. Profit after tax	27,18,345	(32,82,294)
2. Nominal Value of Ordinary Shares	10	10
3. Weighted Number of Ordinary Shares	10,50,385	30,01,100
4. Weighted Number of Diluted Share	1,02,93,535	30,01,100
5. Basic Earnings per Ordinary Shares	2.59	(1.09)
6. Diluted earning per share	0.26	(1.09)



**2.12 Deferred Tax Liability / Asset**

Accounting Standard (AS) 22, 'Accounting for Taxes on Income', issued by the Council of the Institute of Chartered Accountants of India, the deferred tax liability/asset comprises of the following :

Particulars	March 31, 2010 Amount (Rs.)	March 31, 2009 Amount (Rs.)
<b>Deferred Tax Liability</b> Related to Fixed Asset	50,94,963	5,99,932
<b>Deferred Tax Asset (Liability)</b> Disallowance under Income Tax Act	3,21,114	0
<b>Provision for Deferred Tax (Liability)</b>	47,67,012	(5,99,932)

**2.13 Employee Benefits**

The Amount recognized in the Company's financial statements as at the year end is as under:

**(A) Change in Present Value of obligation**

Particulars	Gratuity (Unfunded)	Leave encashment (Unfunded)
Present Value of Obligation as on March 31, 2009	3,60,264	–
Interest Cost	28,821	–
Current Service Cost	2,04,312	–
Benefits Paid	2,12,424	–
Actuarial (gain)/loss on obligations	4,04,165	–
Present Value of the Obligation as on March, 2010	7,85,138	–

**(B) Amount recognized in the Balance Sheet**

Particulars	Gratuity (Unfunded)	Leave encashment (Unfunded)
Present Value of Obligation as on March 31, 2009	–	–
Fair value of plan assets	–	–
Un-funded Liability	–	–
Unrecognized actuarial gains/losses	–	–
Un-funded liability recognized in Balance Sheet	–	–

**(C) Amount recognized in the Profit and Loss Account**

Particulars	Gratuity (Unfunded)	Leave encashment (Unfunded)
Interest Cost	28,821	–
Current Service Cost	2,04,312	–
Expected Return on Plan Assets	–	–
Actuarial (gain)/loss on obligations	4,04,165	–
Total expenses recognized in the Profit and Loss Account	6,37,298	–

**(D) The Assumptions used to determine the benefit obligations are as follows:**

Particulars	Gratuity	Leave encashment
Discount Rate	8.00%	8.00%
Expected Rate of increase in Compensation levels	5.00%	5.00%
Expected Rate of return on plan Assets	N.A.	N.A.

Since the Company has not funded its gratuity liability and leave encashment, there are no returns on the planned assets and hence the details related to changes in fair value of assets have not been given.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

**2.14 Sales, Purchase, Opening & Closing Stock**

Particulars	Opening Balance		Inwards		Outwards		Closing Balance	
	Quantity (Mtn.)	Value (Rs. In Lacs)	Quantity (Mtn)	Value (Rs. in Lacs)	Quantity (Mtn)	Value (Rs. in Lacs)	Quantity (Mtn)	Value (Rs. in Lacs)
Cummin Seeds	91.75	95.88	1757.35	191.57	1750.75	192.46	98.35	80.76
Chilly	10.39	7.79	311.82	174.25	273.99	176.74	48.22	25.39
Coriander Seeds	12.66	4.54	489.40	228.75	502.06	276.06	10.65	03.26
Groundnut Seeds	19.00	6.94	380	170.57	286.05	135.45	54.12	48.44
Sesame Seeds	35.16	16.82	682.04	1050.33	699.84	1197.55	17.36	12.38
Maize	69.15	6.59	35117	3229.35	35182	3694.95	3.85	0.38
Turmeric	30.12	15.93	1012.20	655.93	1012.92	676.55	29.40	27.74
Others		32.98		452		240.91		52.10
<b>Total</b>		<b>187.47</b>		<b>6102.75</b>		<b>6540.67</b>		<b>250.45</b>

**2.15 Value of Imports (on CIF)**

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
Traded Goods	2,73,60,900	Nil

**2.16 Expenditure in Foreign Currency**

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
Commission	119,56,370	Nil

**2.17 Earnings in Foreign Currency:** Rs. 644,814,132 (2009:- Nil)

**2.18 Licensed Capacity:**

The Company is not required to obtain any license under Industries (Development & Regulation) Act, 1951, therefore legal licensed capacity is not applicable.

**2.19** Other clauses of paragraph 3, 4C, 4D of part II of Schedule VI of the Companies Act, 1956 are not applicable to the company during the year.

**2.20** Previous year's figures are regrouped wherever necessary.

For **NGS & CO.**  
Chartered Accountants  
Firm Reg. No. : 119850W

**GANESH TOSHNIWAL**  
(Partner)  
M. No. 046669  
Place : Mumbai  
Date : 15/10/2010

**For and behalf of the Board of Directors**

Apoorva H. Shah                      Amit A. Shah  
(Chairman & Director)                      (Director)

**Cash flow statement for the year ended 31st March, 2010  
pursuant to clause 32 of the listing agreement**

	<b>31.3.2010</b>	31.3.2009
	<b>(Rs.)</b>	(Rs.)
<b>CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Profit Before Tax	<b>86,994,456</b>	<b>(6,42,964)</b>
<b>Adjustment for :</b>		
Depreciation	6,242,423	324,473
Interest Paid	9,213,070	-
Adjustment on account of merger	18,127,722	-
Provision for Diminution in value of Investment	223,000	-
Interest Received	(1,797,019)	-
<b>Operating Profit before Working Capital Charges (increase)/Decrease in Working Capital</b>	<b>40,708,652</b>	<b>(318,491)</b>
Increase in Inventories	(25,045,815)	-
Increase in Debtors	(36,066,301)	-
Increase in Loans and Advances	(32,363,645)	-
Increase in Current Liabilities and Provision	74,106,712	6270
<b>Net Changes in Working Capital</b>	<b>21,339,603</b>	<b>(312,221)</b>
Extraordinary items	(1,278,614)	-
Taxes paid	(3,354,412)	(134)
<b>Net Cash in Operating activities (A)</b>	<b>16,706,577</b>	<b>(312,355)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchasing of Fixed Assets	<b>(178,530,628)</b>	-
<b>Net Cash used in Investing Activities (B)</b>	<b>(178,530,628)</b>	-
<b>CASH FLOW FROM FINANCIAL ACTIVITIES :</b>		
Increase in Share Capital	92,431,500	-
Loan Taken	112,412,180	310,000
Interest Paid	(9,213,070)	-
Interest Received	1,797,019	-
<b>Net Cash from Financial Activities</b>	<b>197,427,629</b>	<b>310,000</b>
<b>Net Increase/(decrease) in cash/cash equivalent (A+B+C)</b>	<b>35,603,578</b>	<b>(2,355)</b>
<b>Opening balances of cash/cash equivalent</b>	<b>57,414</b>	<b>59,769</b>
<b>Closing balances of cash/cash equivalent</b>	<b>35,660,992</b>	<b>57,414</b>

Schedules form an intergal part of accounts  
As per our report of even date

For **NGS & CO.**  
**Chartered Accountants**  
**Firm Reg. No. : 119850W**  
**GANESH TOSHNIWAL**  
(Partner)  
M. No. 046669

Place : Mumbai  
Date : 15/10/2010

**For and behalf of the Board of Directors**

Apoorva H. Shah  
(Chairman & Director)

Amit A. Shah  
(Director)

**THE COMPANIES ACT OF 1956, SCHEDULE VI - PART IV  
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

## (A) Registration Details

Registration No.				6	8	0	2	1	State Code	1	1
Balance Sheet Date	3	1		0	3		1	0			
	Date			Month			Year				

## (B) Capital raised during the year (Amount in Rs. '000)

	NIL			
Bonus Issue	NIL	Private Placement	NIL	
Public Issue	NIL	Right Issue	NIL	

## (C) Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)

Total Liabilities	230616	Total Assets	230616
Sources of Funds			
Paid up Capital	10504	Reserve & Surplus	7863
Secured Loans	100997	Unsecured Loans	14053
Deferred Tax Liability	4767		
Application of Funds			
Net Fixed Assets	79585	Investments	NIL
Net Current Assets	58312	Misc. Expenditures	NIL
Accumulated Losses	NIL		

## (D) Performance of Company (Amount in Rs. '000)

Turnover	713231	Total Expenses	713205
Profit/Loss before Tax	8699	Profit/Loss after Tax	2718
Earning per share in Rs.	2.59	Dividend Rate %	NIL

## (E) Generic Names of Three Principal Products/ Service of Company (As per Monetary Terms)

Item Code (ITC Code)	Product Description
NA	SPICE EXPORTS





(Formerly known as Midpoint Software & Electro Systems Limited)

D-22/8, TTC Industrial Area, MIDC, Thane Belapur Road, Turbhe, Navi Mumbai - 400705

**ATTENDANCE SLIP**

Please complete this Attendance Slip and hand it over at the entrance of the Meeting Hall. It helps us to make proper arrangements. Failure to bring this Attendance Slip will create unnecessary inconvenience to you.

I/We hereby record my/our presence at the 18th ANNUAL GENERAL MEETING of the Company held on Thursday 11th November, 2010 at 11.30 a.m. at D-22/8, TTC Industrial Area, MIDC, Thane Belapur Road, Turbhe, Navi Mumbai - 400705.

NAME(S) OF THE MEMBER(S) OR PROXY/PROXIES IN BLOCK LETTERS

Registered Folio No.:

Share held :

Member's/Proxy's Signature  
(To be signed at the time of handing over this slip)

**NOTE :** Members/Proxy holders are requested to bring their copies of the Annual Report with them at the Meeting.

----- Cut here -----



(Formerly known as Midpoint Software & Electro Systems Limited)

Regd. Office : D-22/8, TTC Industrial Area, MIDC, Thane Belapur Road, Turbhe, Navi Mumbai - 400705

**PROXY FORM**

I/we \_\_\_\_\_  
of \_\_\_\_\_ in the district of \_\_\_\_\_  
being a member / members of the above named Company hereby  
appoint \_\_\_\_\_ of \_\_\_\_\_  
in the district of \_\_\_\_\_  
as my/our proxy to vote for me/us on my/our behalf at the Eighteenth Annual General Meeting of the Company to be held on 11<sup>th</sup> November, 2010 at 11.30 a.m. and at any adjournment thereof.

DP ID/ Client ID \_\_\_\_\_  
Folio No. \_\_\_\_\_  
No. of Shares held \_\_\_\_\_

**Signature of Shareholder(s):**  
Sole holder/First holder: \_\_\_\_\_  
Second holder: \_\_\_\_\_  
Third holder: \_\_\_\_\_  
Signature of Proxy: \_\_\_\_\_

Affix  
Re. 1/-  
Revenue  
Stamp

- Notes:**
1. Please affix Revenue Stamp before putting Signature.
  2. All alterations in proxy form should be initialed.
  3. The proxy form duly signed by the Equity Shareholder should be deposited at the Registered Office of the Company at D- 22/8, TTC Industrial Area, Thane- Belapur Road, Navi Mumbai- 400 705, not later than 48 hours before the commencement of the said meeting.
  4. Proxy need not be a Shareholder of the Applicant Company.
  5. In case of multiple proxies, the proxy later in time shall be accepted.

BOOK-POST

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*If undelivered, please return to :*

**System Support Service**  
208, Shivai Industrial Estate,  
Next to Parke-Davis,  
89, Andheri Kurla Road, Saki Naka,  
Mumbai - 400071