



Encore Software

21<sup>st</sup> September, 2019

The Manager - Listing ..  
Department of Corporate Services (Listing)  
BSE Limited  
Phiroze Jeejeebhoy Towers, Dalal Street, Fort  
Mumbai 400001

Dear Sir:

**SUB: Submission of Annual Report for the Financial Year 2018-19**

Pursuant to Regulation 34 (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to submit herewith the Annual Report of our Company for the Financial Year 2018-19, containing the following:

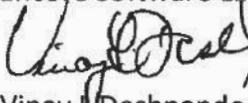
1. Notice of 27<sup>th</sup> Annual General Meeting scheduled to be held on Monday, 30<sup>th</sup> September, 2019.
2. Directors' Report.
3. Standalone and Consolidated Financial Statements and Statutory Auditor's report thereon.

Kindly acknowledge receipt.

Please treat this as compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. SEBI Guidelines and Corporate Laws and take the same on record.

Thanking you,

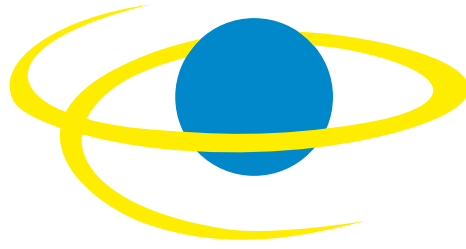
Yours truly,  
Encore Software Limited

  
Vinay Deshpande  
Director  
DIN 00225502



Encore Software Limited  
CIN L72200KA2001PLC029313

Regd. & Corporate Office: 407, 1st Floor, 7th Cross, Domlur 1st Stage, Bengaluru 560071, India  
Tel: +91-80-41110347 Email: marketing@ncoretech.com www.ncoretech.com



Encore Software

**TWENTY SEVENTH ANNUAL REPORT**  
**2018-2019**



# Encore Software Limited

CIN L72200KA2001PLC029313

Email: [investor@ncoretech.com](mailto:investor@ncoretech.com) Website: [www.ncoretech.com](http://www.ncoretech.com)

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### BOARD OF DIRECTORS

Mr. Vinay L Deshpande	Director
Mrs. Chhanda Deshpande	Director
Mr. S P Satish	Director
Mr. U Divakaran	Director

### MANAGEMENT TEAM

Mr. Vinay L Deshpande	Director
Mrs. Chhanda Deshpande	Director

### AUDITORS

Messrs B Chandrashekhar & Co.  
Chartered Accountants

### BANKERS

Syndicate Bank  
Shoolay Branch, Bengaluru 560025

### REGISTERED OFFICE

Encore Software Limited  
Premises No. 407, 1<sup>st</sup> Floor, 7<sup>th</sup> Cross Road  
Domlur I Stage  
Bengaluru 560071

### SHARE TRANSFER AGENT

Integrated Registry Management Services  
Private Limited  
30 Ramana Residency, 4<sup>th</sup> Cross  
Sampige Road, Malleswaram  
Bengaluru 560003  
Phone: 080-2346 0815/818  
Fax: 080-2346 0819

# TWENTY SEVENTH ANNUAL REPORT 2018-2019

## NOTICE

NOTICE is hereby given that the Twenty Seventh Annual General Meeting of the Shareholders of the Company will be held on Monday, 30<sup>th</sup> September, 2019 at 4:00 p.m. at Bharatiya Vidya Bhavan, Khincha Hall, Race Course Road, Bengaluru 560001, to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Financial Statements of the Company including Audited Balance Sheet as at 31<sup>st</sup> March, 2019 and the Statement of Profit and Loss of the Company for the year ended as on that date together with the Auditors' Report and Report of the Board of Directors thereon.
2. To appoint Mrs. Chhanda Deshpande, Director (DIN 00225546), who retires by rotation and being eligible, offers herself for reappointment.

By the Order of the Board  
For Encore Software Limited

Place: Bengaluru  
Date: 14<sup>th</sup> August, 2019

Vinay L Deshpande  
Director  
DIN 00225502

### NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE MEETING.**
2. The Register of Members and the Share Transfer books of the Company will remain closed on 30<sup>th</sup> September, 2019.
3. The listing fee has not been paid to the BSE Limited, where the Company is listed.
4. The Shares of the Company are suspended from trading on the Stock Exchange. Members are requested to inform the Company's Registrar and Share Transfer Agents viz., Integrated Registry Management Services Private Limited, 30 Ramana Residency, Ground Floor, 4<sup>th</sup> Cross, Sampige Road, Malleshwaram, Bengaluru 560003, about the changes, if any, in their registered addresses, along with the PIN Code number quoting their folio number. All correspondence relating to transfer of shares may be sent directly to the aforesaid Transfer Agents of the Company.
5. Members are requested to bring copy of the Annual Report along with them to the Annual General Meeting.
6. Pursuant to SEBI Notification No. MED/DOP/Circular/05/2009, dated 20<sup>th</sup> May, 2009, it has become mandatory for the transferee(s) to furnish copy of PAN Card to the Company/RTA to enable/effect transfer of Shares in physical form.
7. As regards the re-appointment of Mrs. Chhanda Deshpande (holding DIN 00225546) referred to, in Item No. 2 of the notice, the following necessary disclosures are made for the information of the Shareholders.

Particulars	Details
Name	Mrs. Chhanda Deshpande
Date of Birth	12 <sup>th</sup> March, 1948
Date of Appointment	24 <sup>th</sup> July, 2001
Qualifications	BA (Economics), Nagpur University, Nagpur
Expertise in specific functional area	Company Administration
Directorships held in other Companies (excluding foreign Companies)	NIL
Membership/Chairmanships of Committees of other public Companies (included only Audit and Shareholders/Investors Grievance Committee)	NIL
No. of Board Meetings attended during the year	3

8. Due to Non-payment of Annual Custody Fees to National Securities Depository Limited (NSDL), information could not be downloaded and hence, electronic voting facility could not be provided for and the Directors regret the inconvenience caused to the Shareholders.

By the Order of the Board  
For Encore Software Limited

Place: Bengaluru  
Date: 14<sup>th</sup> August, 2019

Vinay L Deshpande  
Director  
DIN 00225502

Google Map Link:

<https://www.google.com/maps/place/Bhartiya+Vidya+Bhavan/@12.9840263,77.5866219,20z/data=!4m5!3m4!1s0x3bae142edb44e4e3:0xe6bb8c965252e608!8m2!3d12.9842081!4d77.5863851>



## BOARD'S REPORT

### To the Members,

The Directors have pleasure in presenting before you the 27<sup>th</sup> Annual Report of the Company together with the Audited Financial Statements for the year ended 31<sup>st</sup> March, 2019.

### 1. FINANCIAL SUMMARY/HIGHLIGHTS, OPERATIONS, STATE OF AFFAIRS

Particulars	(Amount in ₹)	
	2018-2019	2017-2018
Gross Income	239,487	285,682
Profit Before Interest and Depreciation	(66,681)	(598,069)
Finance Charges	33,247,793	30,194,466
Gross Profit	(33,314,494)	(30,792,534)
Provision for Depreciation	—	—
Profit Before Exceptional and Extraordinary Items and Tax	(33,314,494)	(30,792,534)
Exceptional Items	—	—
Provision for Tax	—	—
Net Profit After Tax	(33,314,494)	(30,792,534)
Other Comprehensive Income	—	—
Total Comprehensive Income	—	—
Total Comprehensive Income Attributable to		
a) Owners	—	—
b) Non-Controlling Interest	—	—
Earnings per Equity Share of ₹ 10 each		
Basic	(5.13)	(4.74)
Diluted	(5.13)	(4.74)

Despite serious and strong efforts to diversify its line of business in order to improve its prospects, your Company was not successful in securing new orders during the year under review. However, some new prospects have emerged for licensing the Company's Intellectual Property (IP), and progress has been made in this direction. Consequently, the Company is hopeful of securing significant IP licensing business in the new financial year. In addition, our efforts to get orders for the *SATHI* as well as the *Simputer* and *Wave* information appliances, will continue during the year to follow. Successful conversion of the prospects into firm orders should definitely help the Company to revitalize itself.

### FUTURE PROSPECTS

The Company is in active discussions in order to realize the revenue potential for the above activities, which will help the Company to rebuild itself during the coming financial year, while also generating significant revenues and operating profit. Further, the Company sees strong potential for revival of the *SATHI* manufacturing activity, and has started seeing renewed interest from Brazil in the Company's information appliances. All of these should together help grow the Company's revenue and profit in the coming year.

### REVOCAION OF SUSPENSION OF TRADING

Owing to circumstances beyond the control, and owing to the financial difficulties the Company has been passing through over the last few years, trading in the Shares of your Company was suspended by the BSE Limited (BSE) last year. Your Company is continuously and actively interacting with BSE for correction of the lapses pointed out by them, and is hopeful of having the suspension in trading revoked soon.

### 2. EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS

There were no material changes and commitments which occurred affecting the financial position of the Company between 31<sup>st</sup> March, 2019 and the date on which this report has been signed.

### **3. MATERIAL CHANGES AFFECTING THE FINANCIAL POSITION OF THE COMPANY**

The Company did not carry out any commercial sales activities. However, in line with the applicable Regulations/Statutes, revenue of the Subsidiaries was captured in the Consolidated Financial Statements of the Company.

### **4. CHANGE IN THE NATURE OF BUSINESS**

The Company expects to license some of its IP, as mentioned above, to some prospective new customers, thus broadening the nature of its business from manufacturing and sales of products developed in-house, and also extending it to software applications for specific chosen domains, by developing such applications in-house and/or partnering with organizations specializing in those activities/domains.

### **5. DIVIDEND**

In view of the losses incurred, your Directors express inability to recommend any dividend.

### **6. AMOUNTS TRANSFERRED TO RESERVES**

In view of the losses, the question of transferring any amount to Reserves does not arise.

### **7. CHANGES IN SHARE CAPITAL**

There were no changes in the Capital Structure of the Company during the year under report. Capital structure remained as follows:

The Authorised Share Capital of the Company was ₹ 12,00,00,000/- (Rupees Twelve Crores only) and the Paid-up Share Capital of the Company was ₹ 6,47,15,000/- (Rupees Six Crores Forty Seven Lakhs Fifteen Thousand only) as on 31<sup>st</sup> March, 2019.

#### **Disclosure regarding Issue of Equity Shares with Differential Rights**

During the year under review the Company has not issued Shares with Differential Rights.

#### **Disclosure regarding issue of Employee Stock Options**

During the year under review the Company has not issued Shares Employee Stock Options.

#### **Disclosure regarding issue of Sweat Equity Shares**

During the year under review the Company has not issued Sweat Equity Shares.

### **8. CAPITAL INVESTMENTS**

There was no capital Investments during the year 2018-19.

### **9. BOARD MEETINGS**

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. During the year under review 4 (Four) Meetings were held on 25<sup>th</sup> May, 2018; 13<sup>th</sup> August, 2018; 13<sup>th</sup> November, 2018 and 14<sup>th</sup> February, 2019.

The Agenda of the Meeting is circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal.

The details of other Committee Meetings during the financial year 2018-19 are given in the Corporate Governance Report which forms part of this Report.

### **10. DIRECTORS AND KEY MANAGERIAL PERSONNEL**

Mrs. Chhanda Deshpande, Director (DIN 00225546), retires by rotation, as per the Companies Act, 2013 and being eligible, offers herself for re-appointment. There were no changes in the composition of the Board during the financial year.

### **11. COMPOSITION OF AUDIT COMMITTEE**

As on 31<sup>st</sup> March, 2019, the Audit Committee of the Company consisted of two (2) Non-Executive Independent Directors and one (1) Executive Director and all of them have financial and accounting knowledge.

The Board has accepted the recommendations of the Audit Committee during the year under review.



The Audit Committee consists of the following:

- a) Mr. U Divakaran Chairman
- b) Mr. S P Satish Member
- c) Mr. Vinay L Deshpande Member

## **12. NOMINATION AND REMUNERATION COMMITTEE POLICY**

The Nomination and Remuneration Committee consists of the following:

- a) Mr. U Divakaran Chairman
- b) Mr. S P Satish Member
- c) Mr. Vinay L Deshpande Member

The Company will take steps to induct new Independent Directors who will be appointed as the Independent Member of the Nomination and Remuneration Committee.

The Composition, criteria for selection of Directors and the Terms of Reference of the Nomination and Remuneration Committee is stated in the Corporate Governance Report.

## **13. VIGIL MECHANISM/WHISTLE BLOWER POLICY**

The Company has a Whistle Blower Policy for vigil mechanism pursuant to the provisions of Sections 177(9) and (10) of the Companies Act, 2013 and as per Regulation 4(2) (d)(iv) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which is available on website of the Company at <http://www.ncoretech.com> and there were no cases reported during last year.

## **14. DIRECTORS' RESPONSIBILITY STATEMENT**

**In pursuance of Section 134(5) of the Companies Act, 2013, the Directors hereby confirm that:**

- a. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b. the Directors had 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 and loss of the Company for that period;
- c. the Directors had taken proper and sufficient care for 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;
- d. the Directors had prepared the Financial Statements on a going concern basis;
- e. the directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f. the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively to be provided.

## **15. EXTRACT OF ANNUAL RETURN**

As required pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in MGT 9 as a part of this Annual Report is attached as **Annexure I**.

## **16. INFORMATION ABOUT THE FINANCIAL PERFORMANCE/FINANCIAL POSITION OF THE SUBSIDIARIES/ASSOCIATES/JV**

Financial performance of the Subsidiary/Associates referred to in Section 129 of the Companies Act, 2013 in Form AOC-1 is annexed to this Report as **Annexure II**.

## **17. AUDITORS**

Messrs B. Chandrashekhar & Co., Chartered Accountants (ICAI Firm Registration No. 004848S) were appointed as Statutory Auditors of the Company in the Twenty Fifth AGM held on 27<sup>th</sup> September, 2017, for a period of 5 years upto the conclusion of the 30<sup>th</sup> AGM to be held in the year 2022.

Pursuant to the Companies (Amendment) Act, 2017 and rules made there under, with effect from 7<sup>th</sup> May, 2018, the Central Government notified the omission of the requirement related to ratification of appointment of auditors by Members at every Annual General Meeting. Accordingly, the resolution for ratification has not been placed before the Members.

**QUALIFICATIONS IN THE AUDIT REPORT AND EXPLANATIONS BY THE BOARD**

Sl. No.	Qualifications made by Statutory Auditor	Explanations by the Board
a.	The entire net worth of the Company has been eroded. This situation indicates the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. However the Company is continuing to prepare accounts under going-concern concept.	The Company is strongly and seriously continuing its efforts for a breakthrough in its operations to generate profit and consequently regain positive net worth.

**18. SECRETARIAL AUDITOR**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. Vijayakrishna K T, Company Secretary in Practice to undertake the Secretarial Audit of the Company. The Report of the Secretarial Auditor in the form of MR-3 is annexed to this Report as **Annexure III**.

**QUALIFICATIONS IN THE SECRETARIAL AUDIT REPORT AND EXPLANATIONS BY THE BOARD**

Sl. No.	Qualifications made by Secretarial Auditor	Explanations by the Board
i.	Acknowledgements for sending the notices of the Meetings of the Board and the Committees are not maintained by the Company.	The notice and agenda for the Board and Committee meetings are sent by email. The Company will ensure to maintain the acknowledgements for sending the notices of the Meetings of the Board and the Committees.
ii.	Updating of website with regard to various policies is pending.	The Company will take necessary steps to update Website with regard to various policies which are pending.
iii.	The Company has not published the advertisements notifying the details of the Board Meetings and Annual General Meeting and publication of the quarterly results during the year under review.	The Company will take necessary steps to correct this lacuna.
iv.	The Company has not appointed Company Secretary (CS) during the year under scrutiny.	The Company initiated the process of finding suitable candidates, but due to the Company's financial position the Company is not in a position to afford the remuneration expected by the Company Secretary. Also, there are very few qualified CS available. Nevertheless, Company will take necessary steps to comply with the requirements of law.
v.	The Company has not appointed Chief Financial Officer (CFO) during the year under scrutiny.	The Company initiated the process of finding suitable candidates, but due to the Company's financial position the Company is not in a position to afford the remuneration expected by the CFO. However, the Company will take necessary steps to comply with the requirements of law.
vi.	The Company has not appointed Managing Director during the year under scrutiny.	The Company is in the process of finding a suitable Managing Director.
vii.	The appointment of Executive Directors expired after the respective periods of appointments and no fresh approvals has been sought from the Shareholders.	The Company will take necessary steps to comply with the requirements of law.
viii.	The Company has not appointed Internal Auditor during the year under Scrutiny.	Since there was no business and revenue in the last financial year, the Company is not in a position to appoint the Internal Auditor. However, Company will take necessary steps to comply with the requirements of law.
ix.	The Company has not maintained the attendance register for Board and Committee meetings.	The Company will take necessary steps to maintain the attendance register for Board and Committee meetings.

Sl. No.	Qualifications made by Secretarial Auditor	Explanations by the Board
x.	Statutory Register as per Companies Act, 2013 is yet to be updated.	The Company will take necessary steps to update Statutory Register as per Companies Act, 2013.
xi.	Compliances with the maintenance of the Minutes of the Meetings under the Act are not fully made.	The Company will take necessary steps to comply with the requirements of law.
xii.	Certain web links were not disclosed in the Annual Report of previous year.	The Company has adopted all the required Policies and the Company will take due care to comply with this in future.
xiii.	The Company has not notified the change of Registered Office under the Karnataka Shops & Commercial Establishments Act.	The Company will take necessary steps to comply with the requirements of law.
xiv.	Certain returns/registers required to be maintained under the General Laws like Karnataka Shops & Commercial Establishments Act, Factories Act and other HR related Acts and Environmental Acts were not available for inspection.	The Company will ensure compliance with the same in future.
xv.	The Company is yet to pay the listing fees for the years 2016-19 to BSE Limited.	Due to financial constraints, the Company has not paid the listing fees for the year 2016-19 to BSE Limited. However, Company will take necessary steps immediately to comply with the requirements of law.
xvi.	The Company's Shares are suspended from trading on BSE Limited vide order L/DOSS/PK/INV/COM/531750/1 dated 21 <sup>st</sup> August, 2015 with effect from 26 <sup>th</sup> August, 2015.	Due to nonpayment of Listing fees to BSE Limited, suspension of trading of the Shares took place. When the liquidity position improves, the Company will forthwith address this. The Company is already in communication with BSE for revocation of the suspension of trading.
xvii.	On the claim by Council of Scientific and Industrial Research (CSIR), Government of India, the Arbitrator passed an Award on 17 <sup>th</sup> November, 2017, the Company has not complied with the terms of the Award.	Due to paucity of funds, the Company has not been able to repay the dues to CSIR as per the Award of the Hon'ble Arbitrator. However, as soon as the funds position improves, the Company will comply with the Award forthwith.
xviii.	The Company held the Annual General Meeting (AGM) in the financial year 2018 on 20 <sup>th</sup> December, 2018 without seeking the extension for holding AGM from the Registrar of Companies. Hence, Section 96 of the Companies Act, 2013 was not complied with.	The delay in the preparation of the Company's Accounts as per the newly mandated Ind-AS standards, was beyond the allowed period for requesting extension of time for holding the AGM. The Company will consequently apply for compounding the offence at the earliest.
xix.	The Company has not filed financial statements for the financial year ended 31 <sup>st</sup> March, 2018, certain other returns as required under the Act including resolutions to be filed with the Registrar of Companies (ROC).	The Company's financial resources did not allow it to apply for compounding the offence of holding the AGM beyond the prescribed dates, as the compounding involves financial penalties. However, as soon as the funds situation improves, this will be taken care of.
xx.	The Company has not filed INC-22A with the ROC and hence, the Company is "Active Non-Compliant" as on the date of the Report.	This non-compliance is only due to the fact that the Company does not have a full-time Company Secretary, for reasons already explained in item (iv) above. We expect to correct this shortcoming very shortly.
xxi.	The Company is yet to pay the Annual Custody Fees to Central Depository Services (India) Ltd. (CDSL).	As soon as the Company's funds situation improves in the near future, all dues to CDSL will be cleared up to date.
xxii.	The Company is yet to pay the Annual Custody Fees to National Securities Depository Limited (NSDL). Hence, electronic voting facility was not provided to the Shareholders as per Section 108 of the Companies Act, 2013.	As soon as the Company's funds situation improves in the near future, all dues to NSDL will be cleared up to date.

Sl. No.	Qualifications made by Secretarial Auditor	Explanations by the Board
xxiii.	Compliances under Secretarial Standards on Board and General Meetings i.e. SS-1 and SS-2 are not satisfactory and the Company needs to take proper steps to comply with the same.	The Company will take necessary steps to comply with the requirements of law.
xxiv.	Regulation 19(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 relating to composition of Nomination and Remuneration Committee was not complied with.	The Company will take necessary steps to comply with the requirements of law.
xxv.	Certain reports required to be filed under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 were not filed within prescribed time.	The Company will immediately take steps to ensure that such reports are henceforth filed within the prescribed time.

## 19. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO

### (A) Conservation of Energy

Steps taken/impact on conservation of energy.	The Company's operations are not power intensive. Nevertheless, your Company has introduced various measures to conserve and minimize the use of energy wherever it is possible.
i) Steps taken by the company for utilizing alternate sources of energy including waste generated.	Nil
ii) Capital investment on energy conservation equipment.	Not Applicable
Total energy consumption and energy consumption per unit of production as per Form A.	Not Applicable

### (B) Technology Absorption

Efforts in brief, made towards technology absorption, adaptation and innovation	Nil
Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc.	Not Applicable
In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:	
Technology imported	Not Applicable
Year of Import	Not Applicable
Has technology been fully absorbed	Not Applicable
If not fully absorbed, areas where this has not taken place, reasons therefore and future plan of action	Not Applicable

### (C) Research and Development (R & D)

Specific areas in which R & D carried out by the company	The Company has not carried out any research and development work during the course of the year.
Benefits derived as a result of the above R & D	Not Applicable
Future plan of action	Not Applicable
Expenditure on R & D	
a) Capital	Nil
b) Recurring	Nil
c) Total	Nil
d) Total R & D expenditure as a percentage of total turnover	Nil

**(D) Foreign Exchange Earnings and Outgo**

Activities relating to exports	Not Applicable
Initiatives taken to increase exports	Not Applicable
Development of new export markets for products and services	Not Applicable
Export plans	Not Applicable
Total Exchange used (Cash basis)	As on 31 <sup>st</sup> March, 2019: Nil
Total Foreign Exchange Earned (Accrual Basis)	As on 31 <sup>st</sup> March, 2019: Nil

**20. RATIO OF REMUNERATION TO EACH DIRECTOR**

The Company had no employees as of 31<sup>st</sup> March, 2019. Pursuant to Section 197(12) of the Companies Act, 2013 and Rule 5 (1) (2) (3) of the Companies (Appointment and Remuneration) Rules, 2014, details/disclosures of Ratio of Remuneration to each Director to the median employee's remuneration is annexed to this report as **Annexure IV**.

There are no employees posted and working in a country outside India, not being Directors or relatives, drawing more than the limits prescribed in Sub Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

**21. DEPOSITS**

Your Company has not invited/accepted/renewed any deposits from public as defined under the provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 and accordingly, there were no deposits which were due for repayment on or before 31<sup>st</sup> March, 2019.

**22. SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS**

No order was passed by any court or regulator or tribunal during the year under review which impacts going concern status of the Company.

**23. DETAILS OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS**

The Company continued to maintain high standards of internal control designed to provide adequate assurance on the efficiency of operations and security of its assets. The adequacy and effectiveness of the internal control across various activities, as well as compliance with laid-down systems and policies are comprehensively and frequently monitored by your Company's management at all levels of the organization. The Audit Committee, which meets at least four times a year, actively reviews internal control systems as well as financial disclosures with adequate participation, inputs from the Statutory, Internal and Corporate Secretarial Auditors.

**24. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

During the year under review, the Company has not given any Loan, Guarantees or provided any securities. The details of Investments made during the year are provided in the Notes to Accounts and are within the limits of Section 186 of the Companies Act, 2013.

**25. RISK MANAGEMENT POLICY**

The Company has not yet formulated a Risk Management Policy and has in place a mechanism to inform the Board Members about risk assessment and minimization procedures and undertakes periodical review to ensure that executive management controls risk by means of a properly designed framework.

**26. CORPORATE SOCIAL RESPONSIBILITY POLICY**

Since the Company does not meet the criteria for the applicability of Section 135 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2015, this clause is not applicable.

**27. RELATED PARTY TRANSACTIONS**

There were no related party transactions during the financial year 2018-19.

**28. FORMAL ANNUAL EVALUATION**

Pursuant to the provisions of the Companies Act, 2013 and the Listing Regulations, the Board has carried out an annual performance evaluation of its own performance, and of the Directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration and Compliance Committees.

The Board has, on the recommendation of the Nomination and Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration.

### **29. MANAGEMENT DISCUSSION AND ANALYSIS**

As requisite and appropriate Management Discussion & Analysis is covered under this Report itself, a separate note on the same is not being furnished.

### **30. LISTING WITH STOCK EXCHANGES**

Due to liquidity constraints, the Company has not yet been able to pay the Annual Listing Fees for the financial years 2016-17, 2017-18 and 2018-19 to BSE Limited, where the Company's Shares are listed.

### **31. CORPORATE GOVERNANCE AND SHAREHOLDERS INFORMATION**

A separate Report on Corporate Governance in terms of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 along with a Certificate from a Practising Company Secretary regarding compliance with the conditions stipulated under Chapter IV of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached to this report as **Annexure V**.

### **32. DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS**

The Company has received necessary declaration from each Independent Director of the Company under Section 149(7) of the Companies Act, 2013 that the Independent Directors of the Company meet with the criteria of their Independence laid down in Section 149(6).

### **33. EVENT-BASED DISCLOSURES**

The Company's shares are suspended from trading on BSE Limited vide order L/DOSS/PK/INV/COM/531750/1 dated 21<sup>st</sup> August, 2015 passed by Managing Director and Chief Executive Officer of BSE Limited with effect from 26<sup>th</sup> August, 2015.

### **34. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

Your Company did not engage any women employee during the year under review.

### **35. MAINTANANCE OF COST RECORDS**

Maintenance of cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013, is not applicable to the Company.

### **36. ACKNOWLEDGEMENTS**

The Directors wish to place on record their appreciation for the sincere and dedicated efforts of all employees. Your Directors would also like to thank the Shareholders, Bankers and other Business associates for their sustained support, patronage and co-operation.

For and on behalf of the Board  
For Encore Software Limited

Place: Bengaluru  
Date: 31<sup>st</sup> May, 2019

Vinay L Deshpande  
Director  
DIN 00225502

Chhanda Deshpande  
Director  
DIN 00225546

**Form No. MGT-9**  
**EXTRACT OF ANNUAL RETURN**  
**as on the Financial Year Ended on 31<sup>st</sup> March, 2019**  
*[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies*  
*(Management and Administration) Rules, 2014]*

**I. REGISTRATION AND OTHER DETAILS**

i. CIN	L72200KA2001PLC029313
ii. Registration Date	24 <sup>th</sup> July, 2001
iii. Name of the Company	Encore Software Limited
iv. Category/Sub-Category of the Company	Company limited by shares and Indian Non Government Company
v. Address of the Registered office and contact details	<b>Registered Office Address:</b> Premises No. 407, 1 <sup>st</sup> Floor, 7 <sup>th</sup> Cross Road Domlur I Stage, Bengaluru 560071 Tel: +91-80-41110347 Email: <a href="mailto:investor@ncoretech.com">investor@ncoretech.com</a> Website: <a href="http://www.ncoretech.com">www.ncoretech.com</a>
vi. Whether Listed Company	Yes
vii. Name, Address and Contact details of Registrar and Transfer	<b>Registrars:</b> Integrated Registry Management Services Private Limited 30 Ramana Residency, 4 <sup>th</sup> Cross Sampige Road, Malleswaram Bengaluru 560003 Tel: 080-23460815 Fax: 080-23460819 Email: <a href="mailto:irg@integratedindia.in">irg@integratedindia.in</a> Website: <a href="http://www.integratedindia.in">www.integratedindia.in</a>

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

Sl. No.	Name and Description of main Products/Services	NIC Code of the Product/Service	% to total turnover of the Company
1	NA	NA	NA

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1.	Ncore USA, Inc.	Foreign Company	Subsidiary Company	100%	2(87)(ii)

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the Beginning of the Year*				No. of Shares held at the End of the Year*				% Change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian	40,320	—	40,320	0.62	40,320	—	40,320	0.62	—
a) Individual/HUF	—	—	—	—	—	—	—	—	—
b) Central Govt.	—	—	—	—	—	—	—	—	—
c) State Govt(s).	—	—	—	—	—	—	—	—	—
d) Bodies Corporates	32,091	—	32,091	0.50	32,091	—	32,091	0.50	—
e) Banks/FI	—	—	—	—	—	—	—	—	—
f) Any Other	—	—	—	—	—	—	—	—	—
<b>Sub-Total (A) (1)</b>	<b>72,411</b>	<b>—</b>	<b>72,411</b>	<b>1.12</b>	<b>72,411</b>	<b>—</b>	<b>72,411</b>	<b>1.12</b>	
(2) Foreign									
a) NRIs – Individuals	—	—	—	—	—	—	—	—	—
b) Other – Individuals	—	—	—	—	—	—	—	—	—
c) Bodies Corporates	—	—	—	—	—	—	—	—	—
d) Banks/FI	—	—	—	—	—	—	—	—	—
e) Any Other...	—	—	—	—	—	—	—	—	—
<b>Sub-Total (A) (2)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	
<b>Total Shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>72,411</b>	<b>—</b>	<b>72,411</b>	<b>1.12</b>	<b>72,411</b>	<b>—</b>	<b>72,411</b>	<b>1.12</b>	<b>—</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	—	—	—	—	—	—	—	—	—
b) Banks/FI	—	—	—	—	—	—	—	—	—
c) Central Govt.	—	—	—	—	—	—	—	—	—
d) State Govt(s)	—	—	—	—	—	—	—	—	—
e) Venture Capital Funds	—	—	—	—	—	—	—	—	—
f) Insurance Companies	—	—	—	—	—	—	—	—	—
g) FIs	80,000	—	80,000	1.24	80,000	—	80,000	1.24	—
h) Foreign Venture Capital Funds	—	—	—	—	—	—	—	—	—
i) Others (specify)	—	—	—	—	—	—	—	—	—
<b>Sub-Total (B)(1)</b>	<b>80,000</b>	<b>—</b>	<b>80,000</b>	<b>1.24</b>	<b>80,000</b>	<b>—</b>	<b>80,000</b>	<b>1.24</b>	<b>—</b>
<b>2. Non-Institutions</b>									
a) Bodies Corporates									
i) Indian	11,63,776	100	11,63,876	17.98	11,31,239	100	11,31,339	17.48	(0.50)
ii) Overseas	—	—	—	—	—	—	—	—	—
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	21,62,927	25,440	21,88,367	33.82	21,38,585	25,440	21,64,025	33.44	(0.38)
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	24,92,804	—	24,92,804	38.52	24,19,657	—	24,19,657	37.39	(1.13)
c) Others (specify)									
NRI	4,06,092	41,000	4,47,092	6.91	3,68,212	41,000	4,09,212	6.32	(0.59)
Clearing Member	26,950	—	26,950	—	1,94,856	—	1,94,856	3.01	2.59
Trust	—	—	—	—	—	—	—	—	—
<b>Sub-Total (B)(2)</b>	<b>62,52,549</b>	<b>66,540</b>	<b>63,19,089</b>		<b>62,52,549</b>	<b>66,540</b>	<b>63,19,089</b>	<b>97.64</b>	
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>63,32,549</b>	<b>66,540</b>	<b>63,99,089</b>		<b>63,32,549</b>	<b>66,540</b>	<b>63,99,089</b>	<b>98.88</b>	<b>—</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
Grand Total (A+B+C)	64,04,960	66,540	64,71,500		64,04,960	66,540	64,71,500	100.00	

\*Since information could not be downloaded due to non-payment of Annual Custody Fee to National Securities Depository Limited (NSDL), the details given above are as at 31<sup>st</sup> March, 2015.



## ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the Beginning of the Year*			Shareholding at the End of the Year*			% Change in Share holding during the Year
		No. of Shares	% of Total Shares of the Company	% of Share Pledged Encumbered to Total Shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged Encumbered to Total Shares	
1	Vinay L Deshpande	4,000	0.06	—	4,000	0.06	—	—
2	Chhanda Deshpande	36,320	0.56	—	36,320	0.56	—	—
3	Success Apparel Pvt. Ltd.	32,091	0.50	—	32,091	0.50	—	—
	<b>TOTAL</b>	<b>72,411</b>	<b>1.12</b>	<b>—</b>	<b>72,411</b>	<b>1.12</b>	<b>—</b>	<b>—</b>

\*Since information could not be downloaded due to non-payment of Annual Custody Fee to National Securities Depository Limited (NSDL), the details given above are as at 31<sup>st</sup> March, 2015.

## iii) Change in Promoters' Shareholding (Please specify, if there is no change)

Sl. No.	Shareholder's Name	Shareholding at the Beginning of the Year		Date	Increase/ Decrease in Share Holding	Reason	Cumulative Shareholding during the Year*		Reason
		No. of Shares	% of Total Shares of the Company				No. of Shares	% of Total Shares of the Company	
1	Vinay L Deshpande	4,000	0.06		—	—	4,000	0.06	-
2	Chhanda Deshpande	36,320	0.56		—	—	36,320	0.56	-
3	Success Apparel Pvt. Ltd.	32,091	0.50		—	—	32,091	0.50	-

\*Since information could not be downloaded due to non-payment of Annual Custody Fee to National Securities Depository Limited (NSDL), the details given above are as at 31<sup>st</sup> March, 2015.

## iv) Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)

\*Since information could not be downloaded due to non-payment of Annual Custody Fee to National Securities Depository Limited (NSDL), the details given above are as at 31<sup>st</sup> March, 2015.

## v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	For Each of the Directors and KMP	Shareholding at the Beginning of the Year*		Cumulative Shareholding during the Year*	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
1	At the beginning of the year Vinay L Deshpande Chhanda Deshpande	4,000 36,320	0.06 0.56	4,000 36,320	0.06 0.56
2	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc)	NIL	NIL	NIL	NIL
3	At the End of the year Vinay L Deshpande Chhanda Deshpande	4,000 36,320	0.06 0.56	4,000 36,320	0.06 0.56

\*Since information could not be downloaded due to non-payment of Annual Custody Fee to National Securities Depository Limited (NSDL), the details given above are as at 31<sup>st</sup> March, 2015.

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment ₹ 309,142,614/-

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager				Total Amount
		NA	NA	NA	NA	
1	Gross Salary					
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961					
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961					
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961					
2	Stock Option					
3	Sweat Equity					
4	Commission					
	- as % of profit					
	- others, specify...					
5	Others, please specify					
	Total (A)					
	Ceiling as per the Act					

### B. Remuneration to Other Directors

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager				Total Amount
		NA	NA	NA	NA	
1	Independent Directors					
	* Fee for attending board/committee meetings					
	* Commission					
	* Others, please specify					
	Total (1)					
2	Other Non-Executive Directors					
	* Fee for attending board/committee meetings					
	* Commission					
	* Others, please specify					
	Total (2)					
	Total (B)=(1+2)					
	Total Managerial Remuneration					
	Overall Ceiling as per the Act					

### C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		CEO	Company Secretary	CFO	
		NA	NA	NA	
1	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961				
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961				
2	Stock Option				
3	Sweat Equity				
4	Commission				
	- as % of profit				
	- others, specify...				
5	Others, please specify				
	Total				

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES**

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty Punishment Compounding			None		
<b>B. DIRECTORS</b>					
Penalty Punishment Compounding			None		
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty Punishment Compounding			None		

For and on behalf of the Board  
For Encore Software Limited

Place: Bengaluru  
Date: 31<sup>st</sup> May, 2019

Vinay L Deshpande  
Director  
DIN 00225502

Chhanda Deshpande  
Director  
DIN 00225546

## Form AOC-1

[Pursuant to first proviso to sub Section (3) of Section 129 read with Rule 5 of the Companies (Accounts) Rules, 2014]  
Statement containing salient feature of the Financial Statement of Subsidiaries/Associate Companies/Joint Ventures.

**Part "A" Subsidiaries**

(Information in respect of each Subsidiary to be presented with amounts in ₹)

Sl. No.	Particulars	Name of the Subsidiaries
		Ncore USA, Inc.
1	Reporting period (if different from the holding company's reporting period)	NA
2	Reporting currency and Exchange rate as on the last date of the relevant Financial Year in case of foreign subsidiaries)	NA
3	Share Capital	NA
4	Reserves and Surplus	NA
5	Total Assets	NA
6	Total Liabilities	NA
7	Investments	NA
8	Turnover	NA
9	Profit Before Taxation	NA
10	Provision Before Taxation	NA
11	Profit After Taxation	NA
12	Proposed Dividend	NA
13	% of Shareholding	NA

**Part "B" Associates and Joint Ventures**

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Sl. No.	Particulars	Name of Associate Company/Joint Ventures	
		Consilient Technologies Private Limited	Bharat Logistics Private Limited
1	Latest audited Balance Sheet date	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2019
2	Shares of Associates/Joint Ventures held by the Company on the year end	9,400 Equity Shares of ₹ 10 each	180,000 Equity Shares at ₹ 10 each
3	Percentage of holding	47%	NA
4	Amount of investment in Associates/Joint Ventures	94,000	1,800,000
5	Description of how there is significant influence	Control of more than 20% of total voting power	Control of more than 20% of total voting power
6	Reason why the Associates/Joint Venture is not consolidated	NA	Defunct
7	Net worth attributable to shareholding as per latest audited Balance Sheet	408.12 Lakhs	Not Available
8	Profit/Loss for the year	102.54 Lakhs	Not Available
9	Considered in Consolidation	YES	NO
10	Not Considered in Consolidation	NA	NA

For and on behalf of the Board  
For Encore Software Limited

Place: Bengaluru  
Date: 31<sup>st</sup> May, 2019

Vinay L Deshpande  
Director  
DIN 00225502

Chhanda Deshpande  
Director  
DIN 00225546

**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> March, 2019**

*[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To  
The Members  
ENCORE SOFTWARE LIMITED

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Encore Software Limited (CIN L72200KA2001PLC029313) (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Encore Software Limited for the financial year ended on 31<sup>st</sup> March, 2019 according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - h) The Securities and Exchange Board of India (Buy back of Securities) Regulations, 2018;
  - i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - j) Circulars/Guidelines issued thereunder;
- vi) The Industry specific laws applicable to the Company are as follows:
  - a) The Information Technology Act, 2000
  - b) The Special Economic Zone Act, 2005
  - c) Policy relating to Software Technology Parks of India and its regulations
  - d) The Indian Copyright Act, 1957
  - e) The Patents Act, 1970
  - f) The Trade Marks Act, 1999
- vii) The other general laws as may be applicable to the Company including the following:
  - a) Employer/Employer Related Laws & Rules:**
    - 1. The Employment Exchanges (Compulsory notification of Vacancies) Act, 1959
    - 2. The Apprentices Act, 1961

3. The Employees Provident Fund & Miscellaneous Provisions Act, 1952
  4. The Employees State Insurance Act, 1948
  5. The Payment of Gratuity Act, 1972
  6. The Payment of Bonus Act, 1965
  7. The Trade Unions Act, 1926
  8. The Payment of Wages Act, 1936
  9. The Minimum Wages Act, 1948
  10. The Child Labour (Regulation & Abolition) Act, 1970
  11. The Contract Labour (Regulation & Abolition) Act, 1970
  12. The Industrial Employment (Standing Orders) Act, 1946
  13. Equal Remuneration Act, 1976
  14. The Sexual Harassment of Women at Work Place (Prevention, Prohibition & Redressal) Act, 2013
  15. The Karnataka Shops & Establishments Act, 1961
  16. The Industrial Establishments (National and Festival Holidays) Act, 1963
  17. The Labour Welfare Fund Act, 1965
  18. For majority of Central Labour Laws the State has introduced Rules [names of each of the Rules is not included here]
- b) Environment Related Acts & Rules:**
1. The Environment Protection Act, 1986
  2. The Water (Prevention & Control of Pollution) Act, 1974
  3. The Air (Prevention & Control of Pollution) Act, 1981
  4. Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008.
- c) Economic/Commercial Laws & Rules:**
1. The Competition Act, 2002
  2. The Indian Contract Act, 1872
  3. The Sales of Goods Act, 1930
  4. The Forward Contracts (Regulation) Act, 1952
  5. The Indian Stamp Act, 1899
  6. The Transfer of Property Act, 1882

I have also examined compliances with the applicable clauses of the following:

Secretarial Standards issued by the Institute of Company Secretaries of India on the Board and General Meetings i.e. SS-1 & SS-2.

During the period under review, the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. mentioned above except the material non compliances reported herein. Certain non material findings made during the course of the audit relating to Labour Laws were addressed suitably by the Management. Following observations have been brought before the shareholders, which are treated as material in nature:

- i. Acknowledgements for sending the notices of the Meetings of the Board and the Committees are not maintained by the Company.*
- ii. Updating of website with regard to various policies is pending.*
- iii. The Company has not published the advertisements notifying the details of the Board Meetings and Annual General Meeting and publication of the quarterly results during the year under review.*
- iv. The Company has not appointed Company Secretary (CS) during the year under scrutiny.*
- v. The Company has not appointed Chief Financial Officer (CFO) during the year under scrutiny.*
- vi. The Company has not appointed Managing Director during the year under scrutiny.*
- vii. The appointment of Executive Directors expired after the respective periods of appointments and no fresh approvals has been sought from the Shareholders.*
- viii. The Company has not appointed Internal Auditor during the year under scrutiny.*
- ix. The Company has not maintained the attendance register for Board and Committee meetings.*
- x. Statutory Register as per Companies Act, 2013 is yet to be updated.*
- xi. Compliances with the maintenance of the Minutes of the Meetings under the Act are not fully made.*
- xii. Certain web links were not disclosed in the Annual Report of previous year.*
- xiii. The Company has not notified the change of Registered Office under the Karnataka Shops & Commercial Establishments Act.*
- xiv. Certain returns/registers required to be maintained under the General Laws like Karnataka Shops & Commercial Establishments Act and other HR related Acts and Environmental Acts were not available for inspection.*

- xv. *The Company is yet to pay the listing fees for the years 2016-17, 2017-18 and 2018-19 to BSE Limited.*
- xvi. *The Company's Shares are suspended from trading on BSE Limited vide order L/DOSS/PK/INV/COM/531750/1 dated 21<sup>st</sup> August, 2015 with effect from 26<sup>th</sup> August, 2015.*
- xvii. *On the claim by Council of Scientific and Industrial Research (CSIR), Government of India, the Arbitrator passed an Award on 17<sup>th</sup> November, 2017, the Company has not complied with the terms of the Award.*
- xviii. *The Company held the Annual General Meeting (AGM) in the financial year 2018 on 20<sup>th</sup> December, 2018 without seeking the extension for holding AGM from the Registrar of Companies. Hence, Section 96 of the Companies Act, 2013 was not complied with.*
- xix. *The Company has not filed financial statements for the financial year ended 31st March, 2018, certain other returns as required under the Act including resolutions to be filed with the Registrar of Companies (ROC).*
- xx. *The Company has not filed INC-22A with the ROC and hence, the Company is "Active Non-Compliant" as on the date of the Report.*
- xxi. *The Company is yet to pay the Annual Custody Fees to Central Depository Services (India) Ltd (CDSL).*
- xxii. *The Company is yet to pay the Annual Custody Fees to National Securities Depository Limited (NSDL). Hence, electronic voting facility was not provided to the Shareholders as per Section 108 of the Companies Act, 2013.*
- xxiii. *Compliances under Secretarial Standards on Board and General Meetings i.e. SS-1 and SS-2 are not satisfactory and the Company needs to take proper steps to comply with the same.*
- xxiv. *Regulation 19(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 relating to composition of Nomination and Remuneration Committee was not complied with.*
- xxv. *Certain reports required to be filed under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 were not filed within prescribed time.*

Further, I report that with regard to financial and taxation matters, I have relied on the Audit Report, Limited Review Report and the Internal Audit Report provided by the Statutory as the case may be.

I further report that the Board of Directors of the Company is not duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

As per the information received from the Director, adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. However, acknowledgements for sending the notices of the Meetings of the Board and the Committees are not maintained by the Company.

Majority decision is carried through, while the dissenting members' views are captured and recorded as part of the minutes as per the practice followed. However, during the period under report, there was no such case instance.

I further report that there are no adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Place: Bengaluru  
Date: 31<sup>st</sup> May, 2019

Vijayakrishna KT  
FCS No. 1788 & CP No. 980

**Note:** *This report is to be read with my letter of even date which is annexed as Annexure and forms an integral part of this report.*

#### **'ANNEXURE'**

My report of even date is to be read along with this letter:

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of Secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in the secretarial records. I believe that the processes and practices, I have followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company including records under Income Tax Act, Central Excise Act, Customs Act, Goods and Services Tax Act.

4. Where ever required, the Company has represented about the compliance of laws, rules and regulations and happening of events etc. as applicable from time to time.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

Place: Bengaluru  
Date: 31<sup>st</sup> May, 2019

Vijayakrishna KT  
FCS No. 1788 & CP No. 980

## ANNEXURE IV

### RATIO OF REMUNERATION

i.	the ratio of the remuneration of each Director to the median remuneration of the employees of the company for the financial year;	NIL
ii.	the percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;	NIL
iii.	the percentage increase in the median remuneration of employees in the financial year;	NIL
iv.	the number of permanent employees on the rolls of company;	NIL
v.	the explanation on the relationship between average increase in remuneration and company performance;	NOT APPLICABLE
vi.	comparison of the remuneration of the Key Managerial Personnel against the performance of the company;	NOT APPLICABLE
vii.	variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year;	NOT APPLICABLE
viii.	average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	NOT APPLICABLE
ix.	comparison of the each remuneration of the Key Managerial Personnel against the performance of the company	NOT APPLICABLE
x.	the key parameters for any variable component of remuneration availed by the directors;	NOT APPLICABLE
xi.	the ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year;	NOT APPLICABLE
xii.	affirmation that the remuneration is as per the remuneration policy of the company.	NOT APPLICABLE



**STATEMENT SHOWING DETAILS OF EMPLOYEES OF THE COMPANY**

i. Designation of the employee;	NOT APPLICABLE
ii. remuneration received;	
iii. nature of employment, whether contractual or otherwise;	
iv. qualifications and experience of the employee;	
v. date of commencement of employment;	
vi. the age of such employee;	
vii. the last employment held by such employee before joining the company;	
viii. the percentage of equity shares held by the employee in the company within the meaning of clause (iii) of sub-rule (2) above; and	
ix. whether any such employee is a relative of any director or manager of the company and if so, name of such director or manager:	
The Top ten employees, if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than One Crore and Two Lakhs rupees	NOT APPLICABLE
The Top ten employees, if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than Eight Lakhs and Fifty Thousand rupees per month	
The employee, if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the Managing Director or Whole-Time Director or Manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the Company	

For and on behalf of the Board  
For Encore Software Limited

Place: Bengaluru  
Date: 31<sup>st</sup> May, 2019

Vinay L Deshpande  
Director  
DIN 00225502

Chhanda Deshpande  
Director  
DIN 00225546

**ANNEXURE TO THE BOARD'S REPORT  
REPORT ON CORPORATE GOVERNANCE  
MANDATORY REQUIREMENTS**

**1. A BRIEF STATEMENT ON COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

As reported in the last Annual Report, your Company has implemented and complied with the Corporate Governance Code recommended by the Securities and Exchange Board of India (SEBI). Your Company shall always be managed with the principles of Good Corporate Governance with a view to enhance overall Shareholder value and to run the business effectively to achieve its corporate objectives.

**2. BOARD OF DIRECTORS**

- a. The Company currently has 4 (Four) Directors, including 2 (two) non-executive and Independent Directors.

After due circulation of agenda and notes thereon, the Board of Directors have met at reasonable periods of intervals to transact business on various Board's functions, responsibilities and accountabilities. Compliances of various Laws and Regulations along with the Corporate Philosophy, goal, plans and strategies have been dealt at length by the Board at its various proceedings.

The details of the Directors' attendance at the Meetings of the Board of your Company during the financial year end 31<sup>st</sup> March, 2019 are given below:

Sl. No.	Name Messrs	DIN	Category	Designation	No. of Board Meetings Held	No. of Board Meetings Attended	Attended Last AGM
1.	Vinay L Deshpande	00225502	Executive Director (Promoter Group)	Director	4	4	Yes
2.	Chhanda Deshpande	00225546	Executive Director (Promoter Group)	Director	4	3	Yes
3.	S P Satish	00897276	Non-Executive & Independent Director	Director	4	4	Yes
4.	U Divakaran	01678151	Non-Executive & Independent Director	Director	4	4	No

The Independent Directors have submitted declarations that they meet the criteria of independence as per the provisions of the Companies Act, 2013 and the Listing Regulations; a statement in this regard forms part of the Board's Report. Further, the Independent Directors have confirmed that they do not hold directorships in more than seven listed companies.

The Board of Directors confirms that all the Independent Directors of the Company fulfill the conditions specified under SEBI (LODR) Regulations, 2015 and are Independent of the Management of the Company.

Declaration under Schedule V, Part C, Clause 10(i) of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018:

All the Directors have confirmed that they are neither debarred nor disqualified from being appointed or continuing as Director by Securities and Exchange Board of India / The Ministry of Corporate Affairs or any such statutory authority. The Company has obtained a Certificate to this effect from Mr. Vijayakrishna KT, Practising Company Secretary, Bangalore as mandated under Schedule V, Part C, Clause 10(i) of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018.

The details of nature of Directorships, relationship inter-se, number of Directorships and Committee Chairmanships/ Memberships held by them in other Public Companies are detailed below. Directorships of Private Limited Companies, Foreign Companies, Companies incorporated under Section 8 of the Companies Act, 2013 and alternate Directorships have been excluded. For the purpose of considering the limit of Committee Memberships and Chairmanships of a

Director, Audit Committee and Stakeholders' Relationship Committee of Public Limited Companies have been considered.

None of the Directors is a Director in more than Eight (8) Listed Companies or Ten (10) Public Limited Companies or acts as an Independent Director in more than Seven (7) Listed Companies. Further, none of the Directors of the Company hold memberships in more than 10 (Ten) Committees or act as Chairman of more than 5 (Five) committees across all Companies in which he/she is a Director.

Name of the Director	Nature of Directorship	Relationship with each other	Directorship in other Companies as on 31/03/2019	Committee Memberships in other Companies as on 31/03/2019
Vinay L Deshpande	Executive Non-Independent Director	Husband of Chhanda Deshpande	2	NIL
Chhanda Deshpande	Executive Non-Independent Director	Wife of Vinay L Deshpande	NIL	NIL
Sibi Prahalada Satish	Non-Executive, Non-Independent Director	NIL	1	2
Unnikot Divakaran	Non-Executive, Non-Independent Director	NIL	NIL	NIL

#### CORE SKILLS/EXPERTISE/COMPETENCIES IDENTIFIED BY THE BOARD OF DIRECTORS AS REQUIRED IN THE CONTEXT OF ITS BUSINESS(ES) AND SECTOR(S) FOR IT TO FUNCTION EFFECTIVELY

The Board has identified below mentioned expertise which the Directors of the Company required in the context of the business:

1. Expertise in the field of technology;
2. Expertise in general corporate management;
3. Expertise in the field of marketing; and
4. Expertise in the field of finance, taxation, accounts and strategy.

#### b. DETAILS OF BOARD MEETINGS HELD DURING THE YEAR

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings.

The Board of Directors duly met 4 (Four) times during the year ended 31<sup>st</sup> March, 2019 on the following dates: 25<sup>th</sup> May, 2018; 13<sup>th</sup> August, 2018; 13<sup>th</sup> November, 2018 and 14<sup>th</sup> February, 2019.

None of the Non-executive Directors has any material pecuniary relationship or transactions with the Company.

#### 3. AUDIT COMMITTEE

The Audit Committee is responsible for overview of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible; recommending the appointment and removal of the statutory and internal auditors, fixation of audit fees, the approval of payment for any other services and reviewing with the management the annual financial statements before submission to the Board.

The Committee also meets the Management team and reviews the operations, new initiatives and performance of the business units. The minutes of the Audit Committee are circulated to the Board, discussed and taken note of.

The Audit Committee is comprised of the following Directors:

1. Mr. U Divakaran Chairman
2. Mr. S P Satish Member
3. Mr. Vinay L Deshpande Member

The Audit Committee met 4 (Four) times during the year ended 31<sup>st</sup> March, 2019 on the following dates: 25<sup>th</sup> May, 2018; 13<sup>th</sup> August, 2018; 13<sup>th</sup> November, 2018 and 14<sup>th</sup> February, 2019.

The details of attendance of the Meetings of the Audit Committee are as follows:

Sl. No.	Name Messrs	No. of Meetings attended during the year
1.	U Divakaran	4
2.	S P Satish	4
3.	Vinay L Deshpande	4

The Audit Committee reviewed the financial results, accounting and financial controls as well as policies and practices as also internal control and internal audit systems.

#### 4. NOMINATION AND REMUNERATION COMMITTEE

The functions of Remuneration Committee are as follows:

- \* Formulation of criteria for persons to become Director and to be appointed in the position of senior management including KMPs and recommending to the Board for their appointments and removal.
- \* Continuous review and evaluation of the performance of the Board members.
- \* Broadly oversee the Administrative and Executive compensation programme.
- \* Any other functions as may be mandated by the Board or any Statutes or enactment.

Remuneration of employees largely consists of base remuneration, perquisites and performance incentives.

The Nomination and Remuneration Committee consists of the following Directors:

1. Mr. U Divakaran Chairman
2. Mr. S P Satish Member
3. Mr. Vinay L Deshpande Member

The Committee met 1 (One) time during the year on 13<sup>th</sup> November, 2018.

Sl. No.	Name Messrs	No. of Meetings attended during the year
1.	S P Satish	1
2.	U Divakaran	1
3.	Vinay L Deshpande	1

Details of Remuneration of all Directors:

Sl. No.	Name Messrs	Designation	Salary (in Rs)	Sitting Fee*
1.	Vinay L Deshpande	Director	NIL	NIL
2.	Chhanda Deshpande	Director	NIL	NIL
3.	U Divakaran	Director	NIL	NIL
4.	S P Satish	Director	NIL	NIL

#### 5. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The functions of Stakeholders' Relationship Committee are as follows:

- To look into the shareholders complaints, if any and to redress the same expeditiously.
- To approve the request for issue of duplicate share certificates and issue of certificates after split/consolidation.

The Stakeholders' Relationship Committee consists of the following:

1. Mr. Vinay L Deshpande Chairman
2. Mr. U Divakaran Member
3. Mr. S P Satish Member

The Sub-Committee duly appointed by the aforesaid Committee met continuously to address the various issues relating to the investors, including non-receipt of Annual Reports, Dividend related issues, Change of addresses, transfers of shares, dematerialization and other related aspects. The Company has also continuously requisitioned the services of an independent Practising Company Secretary to review the procedures followed by the RTA. No major grievance of any investor was pending as on 31<sup>st</sup> March, 2019. No Meeting of the Committee was held during the Financial Year.

## 6. INDEPENDENT DIRECTORS' MEETING

During the year under review, the Independent Directors met on 14<sup>th</sup> February, 2019, *inter alia*, to discuss:

- Evaluation of the performance of the Non-Independent Directors and the Board as a whole,
- Evaluation of the performance of the Chairman of the Company taking into account the views of the Executive and Non-Executive Directors,
- Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors viz., Mr. U Divakaran, and Mr. S P Satish were present at the Meeting.

## 7. CRITERIA FOR MAKING PAYMENTS TO NON-EXECUTIVE DIRECTORS

The Company has laid down the criteria for making payments to the Non-Executive Directors.

## 8. PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out an annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration and Compliance Committees.

## 9. COMPLIANCE OFFICER AND ADDRESS FOR CORRESPONDENCE

Mrs. Chhanda Deshpande

Encore Software Limited

Premises No. 407, 1<sup>st</sup> Floor, 7<sup>th</sup> Cross Road, Domlur I Stage, Bengaluru 560071

Tel: +91-80-41110347 Email: [investor@ncoretech.com](mailto:investor@ncoretech.com) Website: [www.ncoretech.com](http://www.ncoretech.com)

## 10. DETAILS OF ANNUAL GENERAL MEETING (AGM)

Year	Date	Time	Location
2015-2016	29 <sup>th</sup> September, 2016	4:00 PM	Bharatiya Vidya Bhavan, Race Course Road, Bengaluru 560001
2016-2017	27 <sup>th</sup> September, 2017	4:00 PM	Bharatiya Vidya Bhavan, Race Course Road, Bengaluru 560001
2017-2018	20 <sup>th</sup> December, 2018	4:00 PM	Bharatiya Vidya Bhavan, Race Course Road, Bengaluru 560001

Particulars of Special Resolution passed in the last three AGMs are given below:

29 <sup>th</sup> September, 2016	Nil
27 <sup>th</sup> September, 2017	Nil
20 <sup>th</sup> December, 2018	Nil

## 11. MEANS OF COMMUNICATION

The Company's financial results and shareholding pattern are displayed in the Company's website. The Company does not make any representations to the Institutional investors or to the Analysts.

## 12. DISCLOSURES

### SUBSIDIARY COMPANIES

The Company has following Subsidiaries:

- a) Ncore USA, Inc.

The financials of the subsidiary Companies have been duly reviewed by the Audit Committee and the Board of the Holding Company. The Board Minutes of the Unlisted Subsidiary Companies have been placed before the Board of the Holding Company. The Holding Company's Board is also periodically informed about all significant transactions and arrangements entered into by the Subsidiary Companies.

### RELATED PARTY TRANSACTION

Transactions with the related parties are disclosed in Note No. 18 of Notes to Accounts in the Annual Report.

The Company has formulated a policy on materiality of related party transactions and also on dealing with Related Party Transactions.

## CODE OF CONDUCT

The Company has adopted a Code of Conduct which has been implemented. The Code of Conduct is made applicable to the Directors and Senior Management Team.

## CEO AND CFO CERTIFICATION

The Director of the Company have certified to the Board of Directors, *inter alia*, the accuracy of financial statements and adequacy of Internal Controls for the financial reporting purpose as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the year ended 31<sup>st</sup> March, 2019. As of now, the Company does not have a CEO and CFO, which is why Mr. Vinay L Deshpande, Director, has signed the certificates. This non-compliance will be corrected in the near future.

## COMPLIANCES

There have been no instances of non-compliance by the Company on any matters related to the capital markets. However, the Company's shares were suspended from trading on BSE Limited vide order L/DOSS/PK/INV/COM/531750/1 dated 21<sup>st</sup> August, 2015 passed by Managing Director and Chief Executive Officer of BSE Limited with effect from 26<sup>th</sup> August, 2015.

## 13. GENERAL SHAREHOLDERS' INFORMATION

The following information would be useful to the Shareholders:

- 1) Annual General Meeting Date and Time: 30<sup>th</sup> September, 2019 at 4:00 p.m.
- 2) Financial Year: 1<sup>st</sup> April, 2018 to 31<sup>st</sup> March, 2019
- 3) Book Closure Date: 30<sup>th</sup> September, 2019
- 4) Listing on Stock Exchange at: BSE Limited (BSE)
- 5) **Depositories:** National Securities Depository Limited  
Central Depository Services Limited, Scrip Code: BSE-531750 ISIN: INE103B01012
- 6) **Registrars & Share Transfer Agents:** Integrated Registry Management Services Private Limited  
30 Ramana Residency, 4<sup>th</sup> Cross, Sampige Road, Malleswaram, Bengaluru 500081  
Phone 080-23460815/818 Fax 080-23460819 Email [irg@integratedindia.in](mailto:irg@integratedindia.in)
- 7) **Stock Market Data**  
BSE Limited (BSE)  
For the Period: April, 2018 to March, 2019

All Prices in ₹				
Month	Open	High	Low	Close
April 2018	Trading Suspended			
May 2018				
June 2018				
July 2018				
August 2018				
September 2018				
October 2018				
November 2018				
December 2018				
January 2019				
February 2019				
March 2019				

- 8) **Share Transfer System:** The Company in consultation with the RTA ensures that the transfers of shares in physical form and dematerialization take place well within the time limits.

9) **Distribution of Shareholding as at 31<sup>st</sup> March, 2019**

Category (Amount)	No. of Cases	% of Cases	Total Shares	Amount	% of Amount
0 – 5000	2,354	70.33	4,51,327	45,13,270	6.97
5001 – 10000	416	12.43	3,61,243	36,12,430	5.58
10001 – 20000	217	6.48	3,43,740	34,37,400	5.31
20001 – 30000	90	2.69	2,30,855	23,08,550	3.57
30001 – 40000	41	1.22	1,49,545	14,95,450	2.31
40001 – 50000	52	1.55	2,53,812	25,38,120	3.92
50001 – 100000	78	2.33	5,82,380	58,23,800	9.00
100001 & Above	99	2.96	40,98,598	409,85,980	63.33
<b>TOTAL</b>	<b>3,347</b>	<b>100.00</b>	<b>64,71,500</b>	<b>647,15,000</b>	<b>100.00</b>

\*Since information could not be downloaded due to non-payment of Annual Custody Fee to National Securities Depository Limited (NSDL), the details given above are as at 31<sup>st</sup> March, 2015.

10) **Categories of Shareholding as at 31<sup>st</sup> March, 2019**

Category	No. of Shares held	% of holding
<b>Promoters Holding</b>		
i. Indian Promoters	72,411	1.12
ii. Foreign Promoters	—	—
<b>Sub Total</b>	<b>72,411</b>	<b>1.12</b>
<b>Non-Promoters Holding</b>		
i. Mutual Fund and UTI	—	—
ii. Banks, Financial Institutions and Insurance companies	—	—
iii. FII	80,000	1.24
iv. Bodies Corporate	11,31,339	17.48
v. Indian Public	45,83,682	70.83
vi. NRIs/OCBs	4,09,212	6.32
vii. Foreign Collaborators	—	—
viii. Others - Clearing Members	1,94,856	3.01
<b>Sub Total</b>	<b>63,99,089</b>	<b>98.88</b>
<b>Grand Total</b>	<b>64,71,500</b>	<b>100.00</b>

\*Since information could not be downloaded due to non-payment of Annual Custody Fee to National Securities Depository Limited (NSDL), the details given above are as at 31<sup>st</sup> March, 2015.

11) **Dematerialization of Shares and Liquidity as at 31<sup>st</sup> March, 2019**

Control Report as on 31<sup>st</sup> March, 2019

Description	No. of Holders	Shares	% To Equity
PHYSICAL	106	66,540	1.03
NSDL	2,246	43,14,599	66.67
CDSL	995	20,90,361	32.30
<b>Total</b>	<b>3,347</b>	<b>64,71,500</b>	<b>100.00</b>

Comparative Report as on 31<sup>st</sup> March, 2019

Description	No. of Holders	Shares	% To Equity
PHYSICAL	106	66,540	1.03
ELECTRONIC FORM	3,241	64,04,960	98.97
<b>Total</b>	<b>3,347</b>	<b>64,71,500</b>	<b>100.00</b>

\* Since information could not be downloaded due to non-payment of Annual Custody Fee to National Securities Depository Limited (NSDL), the details given above are as at 31<sup>st</sup> March, 2015.

12) Number of days taken for dematerialization: 15 Days from the date of Physical documents received.

13) Dematerialization request from 1<sup>st</sup> April, 2018 to 31<sup>st</sup> March, 2019

Sl. No.	Depositories	No. of Cases	No. of Shares	% of Shares
1.	NSDL	NIL	NIL	NIL
2.	CDSL	NIL	NIL	NIL

14) **Postal Ballot**

No Resolution was passed during the year attracting Postal Ballot and no resolution attracting Postal Ballot is recommended at this Meeting.

15) **Report on Corporate Governance**

This report together with the information given in Directors Report constitutes a detailed compliance report on Corporate Governance during the current year.

**PLANT LOCATIONS**

The Company work location is at the premises of the Registered Office at Bengaluru.

**ADDRESS FOR CORRESPONDENCE**

Encore Software Limited

Premises No. 407, 1<sup>st</sup> Floor, 7<sup>th</sup> Cross Road, Domlur I Stage, Bengaluru 560071

Tel: +91-80-41110347 Email: [investor@ncoretech.com](mailto:investor@ncoretech.com) Website: [www.ncoretech.com](http://www.ncoretech.com)

For and on behalf of the Board  
For Encore Software Limited

Place: Bengaluru  
Date: 31<sup>st</sup> May, 2019

Vinay L Deshpande  
Director  
DIN 00225502

Chhanda Deshpande  
Director  
DIN 00225546

**CEO Certification**

I confirm that:

1. I have reviewed the financial statements including the cash flow statement for the year ended 31<sup>st</sup> March, 2019 and certify to the best of my knowledge and belief that:
  - i. the statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. the statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
2. To the best of my knowledge and belief, no transactions entered into, by the Company during the year ended were fraudulent, illegal or against to the Company's Code of Conduct.
3. I accept responsibility for establishing and maintaining internal controls for financial reporting and I have evaluated the effectiveness of the internal control systems of the Company and I have disclosed to the Auditors and to the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which I was aware and the steps I had taken or propose to take to rectify those deficiencies.
4.
  - i. There has not been any significant change in internal control during the year;
  - ii. There has not been any significant change in Accounting Policies during the year requiring disclosure in the notes to the financial statements; and
  - iii. I am not aware of any instances during the year of significant fraud with involvement therein, of the Management or any employee having a significant role in the Company's internal control system over financial reporting.

Place: Bengaluru  
Date: 31<sup>st</sup> May, 2019

Vinay L Deshpande  
Director  
DIN 00225502



## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To

The Members  
Encore Software Limited  
Bangalore

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **ENCORE SOFTWARE LIMITED** having CIN **L72200KA2001PLC029313** and having registered office at Premises No. 407, 1<sup>st</sup> Floor, 7<sup>th</sup> Cross Road Domlur I Stage Bengaluru 560071 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub Clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on 31<sup>st</sup> March, 2019 has been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of Appointment in Company
1	VINAY LAXMAN DESHPANDE	00225502	24/07/2001
2	CHHANDA DESHPANDE	00225546	24/07/2001
3	SIBI PRAHALADA SATISH	00897276	29/05/2014
4	UNNIKOT DIVAKARAN	01678151	29/05/2014

Ensuring the eligibility of for the appointment/continuity of every Director on the Board is the responsibility of the Management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Place: Bengaluru  
Date: 28<sup>th</sup> May, 2019

Vijayakrishna K T  
Company Secretary  
FCS No. 1788 & CP No. 980

### AUDITOR'S CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE AS REQUIRED UNDER THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.

To

The Members  
Encore Software Limited  
Bengaluru

I have examined all the relevant records of Encore Software Limited ('the Company') for the purpose of certifying the compliances of the conditions of Corporate Governance by the Company for the year ended 31<sup>st</sup> March, 2019 as stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations').

The compliance of the conditions of Corporate Governance is the responsibility of the Management. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations except the following:

- Regulation 6 of SEBI (LODR) Regulations, 2015 as the Company has not appointed Company Secretary during the year.
- Updating of website with regard to various policies is pending.
- The Company has not published the advertisements notifying the details of the Board Meetings and Annual General Meeting and publication of the quarterly results during the year under review.
- The Company is yet to pay the listing fees for the years 2016-17, 2017-18 and 2018-19 to BSE Limited.

- The Company's Shares are suspended from trading on BSE Limited vide order L/DOSS/PK/INV/COM/531750/1 dated 21<sup>st</sup> August, 2015 with effect from 26<sup>th</sup> August, 2015.
- The Company is yet to pay the Annual Custody Fees to Central Depository Services (India) Ltd (CDSL).
- The Company is yet to pay the Annual Custody Fees to National Securities Depository Limited (NSDL). Hence, electronic voting facility was not provided to the Shareholders as per Section 108 of the Companies Act, 2013.
- Regulation 19 (1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 relating to composition of Nomination and Remuneration Committee was not complied with.
- Certain Reports required to be filed under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 were not filed within prescribed time.

I further state that such 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.

Place: Bengaluru  
Date: 31<sup>st</sup> May, 2019

Vijayakrishna K T  
Company Secretary  
FCS No. 1788 & CP No. 980

## INDEPENDENT AUDITORS' REPORT

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### TO THE MEMBERS OF ENCORE SOFTWARE LIMITED

#### REPORT ON THE STANDALONE Ind AS FINANCIAL STATEMENTS

We have audited the accompanying Standalone Ind AS financial statements of **Encore Software Limited** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2019, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flows and Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information.

#### MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with provisions of the Act for safeguarding of the assets of the Company and preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirement and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Director's, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

#### BASIS OF QUALIFIED OPINION

- a) *The entire net worth of the Company has been eroded. This situation indicates the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. However the Company is continuing to prepare accounts under going concern concept.*

#### QUALIFIED OPINION

In our opinion and to the best of our information and according to the explanations given to us, **except for the effects of the matter described in the basis for qualified opinion paragraph**, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31<sup>st</sup> March, 2019 and its

financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

#### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

1. As required by the Companies (Auditor's Report) Order, 2016 (CARO 2016 or "the Order) issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
  - a. We have sought and 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 it appears from our examination of those books;
  - c. The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with books of account;
  - d. In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder;
  - e. We have not received representations from directors and hence we are not able to comment as to whether the directors are disqualified as on 31<sup>st</sup> March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and operating effectiveness of such controls, refer to our separate report in Annexure B, and
  - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements - Refer Note 19 of Notes to the standalone Ind AS financial statements;
    - ii. The Company has made provisions, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including pending derivative contracts;
    - iii. The Company has not transferred ₹ 101,173/- share application money and ₹ 1,86,42,450/- share warrant application money received during the prior years which is required to be transferred to the Investor Education and Protection Fund by the Company.

For B Chandrashekhar & Co.  
Chartered Accountants  
Registration No. 004848S

B Chandrashekhar  
Proprietor  
Membership No. 029802

Place: Bengaluru  
Date: 31<sup>st</sup> May, 2019

#### **ANNEXURE - A TO THE AUDITORS' REPORT**

The Annexure referred to in Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31<sup>st</sup> March, 2019, we report that:

- i.
  - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
  - b. The fixed assets of the Company have been verified by the management during the year. No material discrepancies were noticed on such verification and the same have been properly dealt with in the books of account. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and nature of its business for the year under review;
  - c. According to the information and explanations given to us, and on the basis of our examination of the records of the Company, the Company does not have any immovable properties.
- ii. The Company is a service company, primarily rendering software services. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable.
- iii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans, secured or unsecured to Companies, firms, limited liability partnerships,

or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Hence clause 3 (iii) (a) and (b) of the order is not applicable to the Company for the year under review.

- iv. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans, investments, guarantees, and securities to parties covered under section 185 and 186 of the Companies Act, 2013.
- v. ₹ 101,173/- share application money and ₹ 1,86,42,450/- share warrant application money received during the prior years amounts to acceptance of deposits under the Companies Act, 2013. The Company has not adhered to the directives of Reserve Bank of India and the provisions of section 73 to 76 of the Companies Act, 2013 and rules framed under in this regard. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or Tribunal.
- vi. We have been informed that maintenance of books of accounts pursuant to the rules made by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013 for maintenance of Cost records in respect of products of the Company are not applicable to the Company for the year under review and hence the requirement of clause 3 (vi) of Companies (Auditor's Report) Order, 2016 is not applicable to the Company during the year under review.
- vii. a. The Company has not been regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues applicable.  
The following undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues applicable in arrears as at 31<sup>st</sup> March, 2019 for a period of more than six months from the date they became payable.  
The data is furnished to the extent details are available.

Name of the Statute	Nature of Dues	Amount (₹)	Period to which amount relates	Due date	Date of payment
Finance Act, 1994	Service Tax	51,09,656	2009-10 and 2010-11	Various dates	Not paid as on the date of this report
Employees State Insurance Act	Employees State Insurance	921	2014-15	Various dates	Not paid as on the date of this report
Employees Provident Fund and Miscellaneous Provisions Act	Provident Fund	16,442	2014-15	Various dates	Not paid as on the date of this report
Income Tax Act, 1961	Tax Deducted at Source	1,08,479	2012-13, 2014-15, 2015-16, 2016-17 and 2017-18	Various dates	Not paid as on the date of this report
Central Sales Tax Act	Central Sales Tax	482	2012-13	Various dates	Not paid as on the date of this report

- b. According to the information and explanation given to us, there are no disputed amounts of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax or cess which have not been deposited with the relevant authorities on account of any dispute.
- viii. In our opinion and according to the information and explanations given to us, the Company due Rs. 30,91,42,614 to council of scientific & Industrial Research (CSIR) a government organization
- ix. In our opinion and according to the information and explanations given to us, during the year the Company did not raise any money by way of initial public offer, or further public offer (including debt instruments) or term loans. Accordingly, clause 3 (ix) of Companies (Auditor's Report) Order, 2016 is not applicable to the Company during the year under review.
- x. According to the information and explanations given to us, no material frauds by the Company or on the Company by its officers and employees have been noticed or reported during the course of the audit.
- xi. According to the information and explanations given to us and based on our examination of records of the Company, the Company has not paid/provided for managerial remuneration during the year under review. Accordingly, clause 3 (xi) of Companies (Auditor's Report) Order, 2016 is not applicable to the Company during the year under review.
- xii. In our opinion and according to the information and explanation given to us, the Company is not a Nidhi Company. Accordingly, clause 3 (xii) of Companies (Auditor's Report) Order, 2016 is not applicable to the Company during the year under review.
- xiii. According to the information and explanation given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such

transactions have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.

- xiv. According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly paid debentures during the year.
- xv. According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not entered into any non cash transactions with directors or persons connected with him. Accordingly, clause 3 (xv) of Companies (Auditor's Report) Order, 2016 is not applicable to the Company during the year under review.
- xvi. According to the information and explanation given to us and based on our examination of the records of the Company, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For B Chandrashekhar & Co.  
Chartered Accountants  
Registration No. 004848S

B Chandrashekhar  
Proprietor  
Membership No. 029802

Place: Bengaluru  
Date: 31<sup>st</sup> May, 2019

## **ANNEXURE - B TO THE AUDITORS' REPORT**

### **REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (i) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")**

We have audited the internal financial controls over financial reporting of **Encore Software Limited** ("the Company") as of 31<sup>st</sup> March, 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

#### **MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **AUDITORS' RESPONSIBILITY**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **OPINION**

In our opinion, the Company does not have adequate and effective internal financial control over financial reporting as at 31<sup>st</sup> March, 2019.

For B Chandrashekhar & Co.  
Chartered Accountants  
Registration No. 004848S

B Chandrashekhar  
Proprietor  
Membership No. 029802

Place: Bengaluru  
Date: 31<sup>st</sup> May, 2019

**Encore Software Limited**  
**Balance Sheet as at 31<sup>st</sup> March, 2019**

	Particulars	Note No.	31-Mar-2019 ₹	31-Mar-2018 ₹
<b>I</b>	<b>ASSETS</b>			
1	<b>Non-current assets</b>			
	Property, Plant and Equipment	3	—	—
	Financial Assets			
	Investments	4	143,800	143,800
	Other non-current assets	5	62,574	62,574
			<b>206,374</b>	<b>206,374</b>
2	<b>Current Assets</b>			
	Financial Assets			
	Trade Receivables	6	26,000	26,000
	Cash and Cash Equivalents	7	71,256	70,933
	Other Current Assets	8	118,322	83,322
			<b>215,578</b>	<b>180,255</b>
	<b>Total Assets</b>		<b>421,952</b>	<b>386,629</b>
<b>II</b>	<b>EQUITY AND LIABILITIES</b>			
1	<b>Equity</b>			
	Equity Share Capital	9	64,857,500	64,857,500
	Other Equity	10	(430,409,739)	(397,095,245)
			<b>(365,552,239)</b>	<b>(332,237,745)</b>
2	<b>Current Liabilities</b>			
	Financial Liabilities			
	Borrowings	11	233,000	233,000
	Trade Payables	12	2,361,736	2,361,736
	Other Current Liabilities	13	360,508,819	327,159,002
	Provisions	14	2,870,636	2,870,636
			<b>365,974,191</b>	<b>332,624,374</b>
	<b>Total Equity and Liabilities</b>		<b>421,952</b>	<b>386,629</b>
	Summary of Significant Accounting Policies	<b>2.1</b>		

For B Chandrashekar & Co.  
Chartered Accountants  
Firm Registration No. 0004848S

For and on behalf of the Board of Directors of  
Encore Software Limited

B Chandrashekar  
Proprietor  
Membership No. 029802

Vinay L Deshpande  
Director  
DIN 00225502

Chhanda Deshpande  
Director  
DIN 00225546

Place: Bengaluru  
Date: 31<sup>st</sup> May, 2019



**Encore Software Limited**  
**Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2019**

*(All amounts in INR except as otherwise stated)*

Particulars	Note No.	For the year ended 31-Mar-2019 ₹	For the year ended 31-Mar-2018 ₹
<b>Income</b>			
Revenue from Operations		—	—
Other Income	15	239,487	285,682
<b>Total Income</b>		<b>239,487</b>	<b>285,682</b>
<b>Expenses</b>			
Finance Costs	16	33,247,793	30,194,465
Depreciation and Amortisation Expense	3	—	—
Other Expenses	17	306,188	883,751
<b>Total Expenses</b>		<b>33,553,981</b>	<b>31,078,216</b>
<b>Profit Before Tax</b>		<b>(33,314,494)</b>	<b>(30,792,534)</b>
<b>Tax Expense</b>			
Current Tax		—	—
Deferred Tax		—	—
		—	—
		—	—
<b>Profit/(Loss) for the Year</b>		<b>(33,314,494)</b>	<b>(30,792,534)</b>
<b>Other Comprehensive Income ('OCI')</b>			
(i) Items that will not be reclassified to Profit & Loss in subsequent years		—	—
(ii) Items that will be reclassified to Profit & Loss in subsequent years		—	—
<b>Total Other Comprehensive Income ('OCI') for the year</b>		<b>(33,314,494)</b>	<b>(30,792,534)</b>
<b>Earnings per Equity Share</b>			
Nominal Value per Equity Share ₹ 10 each (31 <sup>st</sup> March, 2019 – ₹ 10)			
Basic and Diluted		(5.13)	(4.74)
Weighted Average No. of Equity Shares in calculating Basic and Diluted EPS		6,500,000	6,500,000
Summary of Significant Accounting Policies	<b>2.1</b>		

The accompanying notes are integral part of the Ind AS Financial Statements

As per our report of even date attached

For B Chandrashekar & Co.  
Chartered Accountants  
Firm Registration No. 0004848S

For and on behalf of the Board of Directors of  
Encore Software Limited

B Chandrashekar  
Proprietor  
Membership No. 029802

Vinay L Deshpande  
Director  
DIN 00225502

Chhanda Deshpande  
Director  
DIN 00225546

Place: Bengaluru  
Date: 31<sup>st</sup> May, 2019

**Encore Software Limited**  
**Statement of Cash Flow for the year ended 31<sup>st</sup> March, 2019**

*(All amounts in INR except as otherwise stated)*

Particulars	For the year ended 31-Mar-2019 ₹	For the year ended 31-Mar-2018 ₹
<b>Cash Flow from Operating Activities</b>		
Net Profit/(Loss) before Extraordinary Items and Tax	(33,314,494)	(30,792,534)
<u>Adjustments for:</u>		
Depreciation and Amortization		
Finance Costs	33,247,793	30,194,466
Excess Provision Withdrawn	—	—
Interest Income/Profit on Sale of Assets	(4,487)	(3,682)
Operating Profit/(Loss) before Working Capital Changes	(71,188)	(601,750)
<u>Changes in Working Capital:</u>		
Adjustments for (Increase)/Decrease in Operating Assets:		
Short-term Loans and Advances	(35,000)	6,698
Adjustments for Increase/(Decrease) in Operating Liabilities:		
Other Current Liabilities	97,345	597,372
Short-term Provisions	—	—
Cash Generated from Operations	(8,844)	2,319
Net Income Tax (Paid)/Refunds	—	—
<b>Net Cash Flow from/(used in) Operating Activities (A)</b>	<b>(8,844)</b>	<b>2,319</b>
<b>Cash Flow from Investing Activities</b>		
Interest Income	4,487	3,682
<b>Net Cash Flow from/(used in) Investing Activities (B)</b>	<b>4,487</b>	<b>3,682</b>
<b>Cash Flow from Financing Activities</b>		
Proceeds from Other Short-term Borrowings	—	—
Finance Cost	4,679	(5,132)
<b>Net Cash Flow from/(used in) Financing Activities (C)</b>	<b>4,679</b>	<b>(5,132)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>323</b>	<b>869</b>
Cash and Cash Equivalents at the Beginning of the Year	70,933	70,064
<b>Cash and Cash Equivalents at the End of the Year (Refer Note 7)</b>	<b>71,256</b>	<b>70,933</b>
Summary of Significant Accounting Policies	<b>2.1</b>	

As per our report of even date attached

For B Chandrashekar & Co.  
Chartered Accountants  
Firm Registration No. 00048485

For and on behalf of the Board of Directors of  
Encore Software Limited

B Chandrashekar  
Proprietor  
Membership No. 029802

Vinay L Deshpande  
Director  
DIN 00225502

Chhanda Deshpande  
Director  
DIN 00225546

Place: Bengaluru  
Date: 31<sup>st</sup> May, 2019

**Encore Software Limited**  
**Statement of Changes in Equity for the year ended 31<sup>st</sup> March, 2019**

*(All amounts in INR except as otherwise stated)*

Particulars	Note No.	No's.	₹
<b>i. Equity Share Capital</b>			
a) Subscribed and fully paid up Equity shares of ₹ 10 each with voting rights [includes 13,29,000 equity shares of ₹ 10 each issued in pursuant to a Scheme of amalgamation without being received in cash]	9	6,471,500	64,715,000
b) Subscribed but not fully paid up Equity shares of ₹ 10 each with voting rights, ₹ 5 paid up		28,500	142,500
		<b>6,500,000</b>	<b>64,857,500</b>
		<b>31-Mar-2019</b>	<b>31-Mar-2018</b>
		<b>₹</b>	<b>₹</b>
<b>ii. Other Equity</b>	10		
a) Capital Reserve			
Opening Balance		8,690,850	8,690,850
Additions during the Year		—	—
Closing Balance		8,690,850	8,690,850
b) Securities Premium Account			
Opening Balance		62,703,000	62,703,000
Additions during the Year		—	—
Closing Balance		62,703,000	62,703,000
c) General Reserve			
Opening Balance		11,000,000	11,000,000
Additions during the Year		—	—
Closing Balance		11,000,000	11,000,000
d) Retained Earnings			
Opening Balance		(479,489,095)	(448,696,561)
Add: Profit/(Loss) for the Year		(33,314,494)	(30,792,535)
Add: Other Comprehensive Income for the Year		—	—
Closing Balance		(512,803,589)	(479,489,095)
<b>Total</b>		<b>(430,409,739)</b>	<b>(397,095,245)</b>
Summary of Significant Accounting Policies	<b>2.1</b>		

The accompanying notes are integral part of the Ind AS financial statements  
As per our report of even date attached

For B Chandrashekhar & Co.  
Chartered Accountants  
Firm Registration No. 0004848S

For and on behalf of the Board of Directors of  
Encore Software Limited

B Chandrashekhar  
Proprietor  
Membership No. 029802

Vinay L Deshpande  
Director  
DIN 00225502

Chhanda Deshpande  
Director  
DIN 00225546

Place: Bengaluru  
Date: 31<sup>st</sup> May, 2019

**ANNEXURE I**  
**ENCORE SOFTWARE LIMITED**  
**Notes Forming Part of the Financial Year ended 31<sup>st</sup> March, 2019**

1. **CORPORATE INFORMATION:** Encore Software Limited (hereinafter called as “Company”) is a Public Limited Company domiciled in India incorporated under provisions of Companies Act, 1956. Company is engaged in developing software and hardware.
2. **BASIS OF PREPARATION OF FINANCIAL STATEMENTS:** In accordance with the notification issued by the ministry of corporate affairs, the company has adopted Indian Accounting Standards (‘Ind AS’) notified under the companies (Indian Accounting Standards) Rules, 2015 with effect from 1<sup>st</sup> April, 2017. The standalone financial statements of the company are prepared and presented in accordance with Ind AS.

For all periods up to and including the year ended 31<sup>st</sup> March, 2017, the company had prepared and presented its financial statements in accordance with the accounting standards notified under the section 133 of the companies ACT 2013, read together with paragraph 7 of the companies (Accounts) Rules, 2014 (‘Previous GAAP’). The financial statements for the year ended 31<sup>st</sup> March, 2017 are the first financial statements prepared and presented by the company in accordance with Ind AS. (Refer to Note 18 for information on first time adoption of Ind AS from 1<sup>st</sup> April, 2016).

The financial statements have been prepared on the historical cost basis, except for certain financial instruments (refer accounting policy regarding financial instruments) which are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services as at the date of respective transactions.

#### 2.1 Summary of Significant Accounting Policies

- a) **Use of Estimates:** The preparation of the financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the accounting policies, management makes various judgements, which have significant effect on the amounts recognized in the financial statements.

The company bases its estimates and assumptions on parameter when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the company. Such changes are reflected in the assumptions when they occur.

- b) **Current Versus Non-Current Classification:** The company presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realized within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for atleast twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period or

- There is no unconditional right to defer the settlement of the liability for atleast twelve months after the reporting period.

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The company has evaluated and considered its operating cycle as 12 months.

Deferred tax assets/liabilities are classified as non- current assets/liabilities.

- c) **Property, Plant and Equipment:** Property, Plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Each part of an item of property plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. This applies mainly to components for machinery. When significant parts of plant and equipment are required to be replaced at intervals, the company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from its previously assessed standard of performance. All other expenses on existing property, plant and equipment including day-to-day repair and maintenance expenditure and cost of replacing parts are charged to the statement of profit and loss for the period during which such expenses are incurred.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets.

An item of property, plant and equipment any significant part initially recognized is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the property, plant and equipment is de-recognized.

Costs of assets not ready for use at the balance sheet date are disclosed under capital work- in progress.

- d) **Depreciation:** Depreciation on Tangible Assets has been provided under Straight Line method based on useful life as estimated by the management which are less than the useful life of assets prescribed in Part C of Schedule II of the Companies Act, 2013.

Depreciation is charged on pro-rata basis for assets purchased/sold during the year. Individual assets costing less than ₹ 5000/- are depreciated in full in year of purchase.

Intangible assets are amortized over their respective individual estimated useful life on straight line basis, commencing from the date the asset is available to the Company for its use.

- e) **Intangible Assets:** Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangibles, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the period in which the expenditure is incurred.

Intangible assets are amortized over the useful economic life estimated by the management and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset are reviewed at least at the end of each reporting period. The amortization expenses on intangible assets is recognized in the statement of profit and loss.

f) **Leases:** Lease arrangements under which all risks and rewards of ownership are effectively retained by the Lessor are classified as operating lease. Lease rental under Operating Lease are recognized in the Statement of Profit and Loss on a straight Line basis over the lease term.

g) **Borrowing Costs:** Borrowing costs consists of interest and other costs that the company incurs in connection with the borrowing of funds.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized/inventorised as part of the cost of the respective asset. All other borrowing costs are charged to statement of profit and loss.

h) **Inventories:** Inventories are valued at the lower of cost and realizable value.

Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in first out basis.

Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

i) **Revenue Recognition:** Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

The specific recognition criteria described below must also be met before revenue is recognized.

**Sale of Goods:** Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. The company provides for warranty cost on all its products sold which is recognized at the time the product is sold.

**Income from Services:** Revenues from sale of services is recognized and when the services are rendered. The company collects taxes on behalf of the government and, therefore, it is not an economic benefit flowing to the company. Hence, it is excluded from revenue.

**Interest Income:** Interest income including income arising from other financial instruments measured at amortized cost, is recognized using the effective interest rate method

j) **Employee Benefits:**

i) **Post-Employment Benefit Plans:** During the year under review, there were no employees employed in the Company. Hence, the Company has not made any provision for gratuity and leave encashment.

ii) **Short-Term Employee Benefits:** The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognized during the period when the employee renders the service. These benefits include compensated absences such as paid annual leave, overseas social security contributions and performance incentives.

k) **Foreign Currency Transactions:** Foreign currency transactions on revenue account are translated at the rates prevailing on the day when the expenses were incurred/income earned.

All monetary assets and liabilities denominated in foreign currency are restated at the rates prevailing at the year end and all exchange gains/ losses arising there from are adjusted to the Statement of Profit and Loss.

l) **Retirement and Other Benefits:**

i) **Short Term Employee Benefits:** All employee benefits falling due wholly within twelve months of rendering the services are classified as short term employee benefits, which include benefits like salaries, short term

compensated absences and performance incentives and are recognized as expenses in the year in which the employee renders the related service.

ii) **Post-Employment Benefits:**

- Retirement benefit in the form of Provident fund and Employees State Insurance Fund is a defined contribution scheme. These Contributions are charged to the statement of profit and loss for the year when the contributions are due.
- Gratuity liability is defined benefit obligation. The liability in respect of gratuity to employees is being managed in association with LIC through their Super Annuation and Gratuity Schemes.
- Leave Encashment: Provision for Leave Encashment on retirement is determined, accrued and provided on the basis of valuation done by the Company. As per the Company's policy, every employee enjoys one Privilege leave for every 20 days worked. An employee is allowed to carry over privilege leave not exceeding 30 days to next year. If they have credit of leaves in excess of 30 days, balance in excess of 30 days is encashed.

m) **Taxes on Income:** Tax expense comprises current tax, and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961, enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years/periods. Deferred tax is measured based on the tax rates and the tax laws enacted or substantially 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.

n) **Earning Per Share:** Basic Earnings per Share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

o) **Provisions and Contingent Liabilities:** A provision is recognized when an enterprise has a present obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation, in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31<sup>ST</sup> MARCH, 2019**

**Note 3: Fixed Assets**

**Tangible Assets**

**Amount in ₹**

Particulars	GROSS BLOCK			DEPRECIATION			NETBLOCK		
	Balance as at 1 <sup>st</sup> April, 2018	Additions	Disposals	Balance as at 1 <sup>st</sup> April, 2018	Depreciation/ amortisation expense for the year	Eliminated on Disposal of Assets	Balance as at 31 <sup>st</sup> March, 2019	Balance as at 31 <sup>st</sup> March, 2019	Balance as at 31 <sup>st</sup> March, 2018
Plant & Equipment Owned	1,364,284	—	—	1,364,284	—	—	1,364,284	—	—
Furniture and Fixtures Owned	—	—	—	—	—	—	—	—	—
Vehicles Owned	1,928,985	—	—	1,928,985	—	—	1,928,985	—	—
Office equipment Owned	18,284,651	—	—	18,284,651	—	—	18,284,651	—	—
Tools – Owned *	6,917,417	—	—	6,917,417	—	—	6,917,417	—	—
<b>Total</b>	<b>28,495,337</b>	<b>—</b>	<b>—</b>	<b>28,495,337</b>	<b>—</b>	<b>—</b>	<b>28,495,337</b>	<b>—</b>	<b>—</b>
Previous Year	28,495,337	—	—	28,495,337	—	—	28,495,337	—	—

\* lying with third parties gross block ₹ 6,917,417 (₹ 6,917,417), written down value ₹ Nil (Nil)

**Note 4: Investments**

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
	Unquoted ₹	Unquoted ₹
Investments (At Cost)		
<b>A Trade</b>		
Investment in equity instruments of Subsidiaries		
Ncore USA Inc., a 100% subsidiary company incorporated in USA 11,78,000 (11,78,000) Common Stock at US\$ 0.10 each (Par value US\$ 0.10 each)	5,460,488	5,460,488
of Associates		
Consilient Technologies Private Limited, a 47% holding, 9,400 Equity Shares of ₹ 10 each	94,000	94,000
of Joint Venture Companies		
Bharat Logistics Private Limited 180,000 (180,000) Equity Shares at ₹ 10 each (Par value ₹ 10 each)	1,800,000	1,800,000
<b>Total – Trade (A)</b>	<b>7,354,488</b>	<b>7,354,488</b>
<b>B Other Investments</b>		
in Government Securities		
National Saving Certificates	5,000	5,000
Other Non Current Investments		
Vacation Time Shares	44,800	44,800
<b>Total – Other Investments (B)</b>	<b>49,800</b>	<b>49,800</b>
<b>Total (A+B)</b>	<b>7,404,288</b>	<b>7,404,288</b>
Less: Provision for diminution in value of investments	7,260,488	7,260,488
<b>Total</b>	<b>1,43,800</b>	<b>1,43,800</b>

**Note 5: Long-term Loans and Advances**

Security Deposits		
Unsecured, considered good	62,574	62,574
<b>Total</b>	<b>62,574</b>	<b>62,574</b>

**Note 6: Trade Receivables**

Trade Receivables (Unsecured, Considered Good)		
Outstanding for a period exceeding six months from the date they were due for payment	26,000	26,000
Other Trade Receivables	—	—
<b>Total</b>	<b>26,000</b>	<b>26,000</b>

**Note 7: Cash and Cash Equivalents**

Cash on hand	1,330	1,666
Balances with banks		
In current accounts	12,683	16,512
In earmarked accounts	57,243	52,755
Balances held as margin money or security against borrowings, guarantees and other commitments		
<b>Total</b>	<b>71,256</b>	<b>70,933</b>

**Note 8: Other Current Assets**

Due from statutory authorities	82,092	82,092
Prepaid expenses	35,000	—
Interest accrued on deposits	1,230	1,230
<b>Total</b>	<b>118,322</b>	<b>83,322</b>



**Note 9: Share Capital**

Particulars	As at 31 <sup>st</sup> March, 2019		As at 31 <sup>st</sup> March, 2018	
	Number of Shares	Amount Originally Paid Up ₹	Number of Shares	Amount Originally Paid Up ₹
(a) Authorised Equity shares of ₹ 10 each with voting rights	12,000,000	120,000,000	12,000,000	120,000,000
(b) Issued # Equity shares of ₹ 10 each with voting rights	6,471,500	64,715,000	6,471,500	64,715,000
(c) Subscribed and fully paid up Equity shares of ₹ 10 each with voting rights [includes 13,29,000 equity shares of ₹ 10 each issued in pursuant to a Scheme of amalgamation without being received in cash]	6,471,500	64,715,000	6,471,500	64,715,000
(d) Subscribed but not fully paid up Equity shares of ₹ 10 each with voting rights, ₹ 5 paid up	28,500	142,500	28,500	142,500
<b>Total</b>	<b>6,500,000</b>	<b>64,857,500</b>	<b>6,500,000</b>	<b>64,857,500</b>
<b>(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period</b>				
Particulars	2018-19		2017-18	
	Opening Balance	Closing Balance	Opening Balance	Closing Balance
Equity Shares with voting rights				
- Number of Shares	6,500,000	6,500,000	6,500,000	6,500,000
- Amount (₹)	64,857,500	64,857,500	64,857,500	64,857,500
Year ended 31 <sup>st</sup> March, 2015				
- Number of Shares	6,500,000	6,500,000	6,500,000	6,500,000
- Amount (₹)	64,857,500	64,857,500	64,857,500	64,857,500
<b>(ii) Details of forfeited shares</b>				
Particulars	As at 31 <sup>st</sup> March, 2019		As at 31 <sup>st</sup> March, 2018	
	Number of Shares	Amount Originally Paid Up ₹	Number of Shares	Amount Originally Paid Up ₹
Equity Shares with voting rights	28,500	142,500	28,500	142,500

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of an equity share is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of shares held by the equity share holders.

Shares held by each shareholder holding more than 5 percent shares specifying the number of shares held – Nil.

**Note 10: Other Equity**

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
(a) Capital Reserve		
Opening Balance	8,690,850	8,690,850
Additions during the Year	—	—
Closing Balance	8,690,850	8,690,850
(b) Securities Premium Account		
Opening Balance	62,703,000	62,703,000
Additions during the Year	—	—
Closing Balance	62,703,000	62,703,000
(c) General Reserve		
Opening Balance	11,000,000	11,000,000
Additions during the Year	—	—
Closing Balance	11,000,000	11,000,000
(d) Retained Earnings		
Opening Balance	(479,489,095)	(448,696,561)
Add: Profit/(Loss) for the Year	(33,314,494)	(30,792,534)
Add: Other Comprehensive Income for the Year	—	—
Closing Balance	(512,803,589)	(479,489,095)
<b>Total</b>	<b>(430,409,739)</b>	<b>(397,095,245)</b>

**Note 11: Borrowings**

Loans repayable on demand		
From banks:		
Secured [Secured by lien on deposits]	—	—
Loans and advances from related parties		
Unsecured	233,000	233,000
<b>Total</b>	<b>233,000</b>	<b>233,000</b>

**Note 12: Trade Payables**

Other than Acceptances *	2,361,736	2,361,736
* Due to other than Micro, Small and Medium Enterprises		
<b>Total</b>	<b>2,361,736</b>	<b>2,361,736</b>

**Note 13: Other Current Liabilities**

Current maturities of long-term debt (Refer Note below)	309,142,614	275,899,500
Application money received for allotment of securities and due for refund and interest accrued thereon	18,743,623	18,743,623
Statutory remittances	4,821,980	4,834,780
Advances from customers	56,250	56,250
Others (specify nature):		
Due to Directors'	5,705,912	5,648,203
Liability for expenses	22,038,440	21,976,646
<b>Total</b>	<b>360,508,818</b>	<b>327,159,002</b>

**Note: The Company has defaulted in repayment of loans and interest payable to Council of Scientific and Industrial Research (CSIR) as detailed below.**

Particulars	As at 31 <sup>st</sup> March, 2019		As at 31 <sup>st</sup> March, 2018	
	Period of default	₹	Period of default	₹
Principal	140 months	79,300,000	128 months	79,300,000
Interest		229,842,614		196,599,500

**Note 14: Provisions**

Provision for employee benefits		
- Provision for Compensated Absences	185,294	185,294
- Provision for Gratuity	2,685,342	2,685,342
<b>Total</b>	<b>2,870,636</b>	<b>2,870,636</b>

**Note 15: Other Income**

Interest Income	4,487	3,682
Other Income	235,000	282,000
<b>Total</b>	<b>239,487</b>	<b>285,682</b>
Interest Income Comprises		
Interest from banks on Deposits	4,487	3,682
<b>Total - Interest Income</b>	<b>4,487</b>	<b>3,682</b>

**Note 16: Finance Costs**

Interest expense on		
Borrowings	33,243,114	30,189,334
Others	4,679	5,132
<b>Total</b>	<b>33,247,793</b>	<b>30,194,466</b>

**Note 17: Other Expenses**

Staff Welfare Expenses	26,280	72,798
Rent including Lease Rentals	8,850	7,500
Repairs and maintenance – Machinery	4,422	680
Insurance	—	18,437
Rates and taxes	—	320
Communication	3,114	33,576
Travelling and conveyance	65,880	200,214
Printing and stationery	23,849	40,207
Legal and professional	28,810	132,000
RoC Filing Fees	67,000	—
Payments to Auditors	72,000	72,000
Miscellaneous expenses	5,983	306,019
<b>Total</b>	<b>306,188</b>	<b>883,751</b>

**(i) Payments to the auditors comprises (net of service tax input credit, where applicable)**

As auditors - statutory audit	60,000	60,000
For taxation matters	12,000	12,000
For other services	—	—
Service Tax	—	—
<b>Total</b>	<b>72,000</b>	<b>72,000</b>

**Note 18: Disclosure Relating to Related Party Transactions****i. List of related parties and relationships:**

Sl. No.	Name of the Related Party	Relationship
1.	Ncore USA, Inc.	Wholly Owned Subsidiary
2.	Peninsula Electronics	Firm in which Director is interested
3.	Processor Systems India Pvt. Ltd.	Company in which Director is interested
4.	Vinay L Deshpande	Key Management Personnel
5.	Chhanda Deshpande	Key Management Personnel
6.	Consilient Technologies Private Limited	Associate Company – 47% holding

ii. Transactions During the Year with Related Parties:

Sl. No	Nature of Transaction	Subsidiaries	Associate & Joint Venture	Key Management Personnel & their relatives	Firm in which Director is interested
1	Loan accepted from Vinay L Deshpande				
	Accepted during the year			Nil	
	Repaid during the year			Nil	
<b>Balances with related parties as at 31<sup>st</sup> March, 2019</b>					
1	Loan accepted from Vinay L Deshpande			233,000 (233,000)	
2	Investments Ncore USA	5,460,488* (5,460,488)*			
3	Investments Consilient Technologies Private Limited		94,000 (94,000)		
4	Receivable from Ncore USA	47,532* (47,532)*			
5	Receivable from Consilient Technologies Private Limited		Nil (Nil)		
6	Payable to Vinay L Deshpande			5,705,912 (5,648,203)	
7	Payable to Peninsula Electronics				1,993,906 (1,993,906)

\*Provision has been made for diminution in value of investments and receivables.

**Note 19: Contingent Liabilities**

Disputed liability towards Employees State Insurance contributions is ₹ 91,027 (₹ 91,027).

**Note 20:** Previous year's figures have been recast/restated, wherever necessary, to conform to the current year's classifications. Figures in brackets relate to the previous period.

As per Our Report of even date attached

For B Chandrashekhar & Co.  
Chartered Accountants  
Firm Registration No. 00048485

For and on behalf of the Board of Directors of  
Encore Software Limited

B Chandrashekhar  
Proprietor  
Membership No. 029802

Vinay L Deshpande  
Director  
DIN 00225502

Chhanda Deshpande  
Director  
DIN 00225546

Place: Bengaluru  
Date: 31<sup>st</sup> May, 2019

**INDEPENDENT AUDITOR'S REPORT**  
**TO THE MEMBERS OF ENCORE SOFTWARE LIMITED**

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**REPORT ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS**

We have audited the accompanying consolidated Ind AS financial statements of **Encore Software Limited** (“the Holding Company”), and its associate (collectively referred to as “the group”) comprising the consolidated Balance Sheet as at 31<sup>st</sup> March, 2019, the consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Cash Flows and the consolidated statement changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as “the consolidated Ind AS financial statements”).

**MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED IND AS FINANCIAL STATEMENTS**

The group's Board of Directors are responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (“the Act”) that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated statement of cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 (hereinafter referred to as “the Act”) read with relevant Rules issued there under. The Board of Directors of the group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

**AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

**BASIS OF QUALIFIED OPINION**

- a. ***The entire net worth of the holding company has been eroded. This situation indicates the existence of a material uncertainty that may cast significant doubt on the Holding Company's ability to continue as a going concern. However the group is continuing to prepare accounts under going-concern concept.***

## OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements *except for the effects of the matter described in the Basis for qualified opinion paragraph*, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the consolidated financial position of the Group, as at 31<sup>st</sup> March, 2019, and its consolidated financial performance including other comprehensive income, its consolidated statement of cash flows, and consolidated changes in equity for the year then ended.

## OTHER MATTERS

We did not audit the Ind AS financial statements of Associate company whose financial statements reflect total assets of ₹ 940.22 lakhs as at 31<sup>st</sup> March, 2019, total revenue of ₹ 600.96 lakhs and net cash flow of ₹ 30.37 lakhs for the year then ended since they have not furnished books of accounts as it is audited by other auditor. These financial statements of Associate company have been audited by other auditors whose report has been furnished to us and our report is based solely on the reports of other auditors.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by Section 143(3) of the Act, we report that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.
- b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books.
- c. The consolidated balance sheet, the consolidated statement of profit and loss, the consolidated statement of cash flows and consolidated statement of changes in equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.
- d. In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read relevant Rules Issued there under.
- e. We have not received representations from directors of the Holding Company and hence we are not able to comment as to whether the directors are disqualified as on 31<sup>st</sup> March, 2019 from being appointed as a Director in terms of Section 164 (2) of the Act. On the basis of the written representations received from the Directors of the Associate Company as on 31<sup>st</sup> March, 2019 taken on record by the Board of Directors of the associate Company as stated in their auditors' report, none of the Directors of the associate company are disqualified as on 31<sup>st</sup> March, 2019 from being appointed as a Director of that company in terms of Section 164(2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and
- g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Note 19 to the consolidated financial statements;
  - ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivatives contracts;
  - iii. The Holding Company has not transferred ₹ 101,173/- share application money and ₹ 1,86,42,450/- share warrant application money received during the prior years which is required to be transferred to the Investor Education and Protection Fund.

For B Chandrashekhar & Co.  
Chartered Accountants  
Registration No. 004848S

B Chandrashekhar  
Proprietor  
Membership No. 029802

Place: Bengaluru  
Date: 31<sup>st</sup> May, 2019

## **ANNEXURE - A TO THE AUDITORS' REPORT**

### **REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (i) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")**

In conjunction with our audit of the Consolidated Ind AS financial statements of the group as of and for the year ended 31<sup>st</sup> March, 2019, we have audited the internal financial controls over financial reporting of **Encore Software Limited** ("the Holding Company") as of that date and its subsidiary/associate (collectively referred to as "the group").

#### **MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS**

The respective board of Directors of the group are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **AUDITORS' RESPONSIBILITY**

Our responsibility is to express an opinion on the group's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the group's internal financial controls system over financial reporting.

#### **MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**OPINION**

In our opinion, the Holding Company does not have adequate and effective internal financial control over financial reporting as at 31<sup>st</sup> March, 2019.

In our opinion, the subsidiary Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For B Chandrashekhar & Co.  
Chartered Accountants  
Registration No. 004848S

B Chandrashekhar  
Proprietor  
Membership No. 029802

Place: Bengaluru  
Date: 31<sup>st</sup> May, 2019



**Encore Software Limited**  
**Consolidated Balance Sheet as at 31<sup>st</sup> March, 2019**

	Particulars	Note No.	31-Mar-2019 ₹	31-Mar-2018 ₹
<b>I</b>	<b>ASSETS</b>			
1	<b>Non-current assets</b>			
	Property, Plant and Equipment	3	—	—
	Financial Assets			
	Investments	4	42,076,973	31,823,453
	Other non-current assets	5	62,574	62,574
			<b>42,139,547</b>	<b>31,886,027</b>
2	<b>Current Assets</b>			
	Financial Assets			
	Trade Receivables	6	26,000	26,000
	Cash and Cash Equivalents	7	71,256	70,933
	Other Current Assets	8	118,322	83,322
			<b>215,578</b>	<b>180,255</b>
	<b>Total Assets</b>		<b>42,355,125</b>	<b>32,066,282</b>
<b>II</b>	<b>EQUITY AND LIABILITIES</b>			
1	<b>Equity</b>			
	Equity Share Capital	9	64,857,500	64,857,500
	Other Equity	10	(388,476,566)	(365,415,592)
			<b>(323,619,066)</b>	<b>(300,558,092)</b>
2	<b>Current Liabilities</b>			
	Financial Liabilities			
	Borrowings	11	233,000	233,000
	Trade Payables	12	2,361,737	2,361,737
	Other Current Liabilities	13	360,508,818	327,159,002
	Provisions	14	2,870,636	2,870,636
			<b>365,974,191</b>	<b>332,624,374</b>
	<b>Total Equity and Liabilities</b>		<b>42,355,125</b>	<b>32,066,282</b>
	Summary of Significant Accounting Policies	<b>2.1</b>		

For B Chandrashekar & Co.  
Chartered Accountants  
Firm Registration No. 0004848S

For and on behalf of the Board of Directors of  
Encore Software Limited

B Chandrashekar  
Proprietor  
Membership No. 029802

Vinay L Deshpande  
Director  
DIN 00225502

Chhanda Deshpande  
Director  
DIN 00225546

Place: Bengaluru  
Date: 31<sup>st</sup> May, 2019

**Encore Software Limited**  
**Consolidated Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2019**

*(All amounts in INR except as otherwise stated)*

Particulars	Note No.	For the year ended 31-Mar-2019 ₹	For the year ended 31-Mar-2018 ₹
<b>Income</b>			
Revenue from Operations		—	—
Other Income	15	10,493,007	5,058,656
<b>Total Income</b>		<b>10,493,007</b>	<b>5,058,656</b>
<b>Expenses</b>			
Finance Costs	16	33,247,793	30,194,466
Depreciation and Amortisation Expense	3	—	—
Other Expenses	17	306,188	883,751
<b>Total Expenses</b>		<b>33,553,981</b>	<b>31,078,216</b>
<b>Profit Before Tax</b>		<b>(23,060,974)</b>	<b>(26,019,560)</b>
<b>Tax Expense</b>			
Current Tax		—	—
Deferred Tax		—	—
		—	—
<b>Profit/(Loss) for the Year</b>		<b>(23,060,974)</b>	<b>(26,019,560)</b>
<b>Other Comprehensive Income ('OCI')</b>			
(i) Items that will not be reclassified to Profit & Loss in subsequent years		—	—
(ii) Items that will be reclassified to Profit & Loss in subsequent years		—	—
<b>Total Other Comprehensive Income ('OCI') for the year</b>		<b>(23,060,974)</b>	<b>(26,019,560)</b>
<b>Earnings per Equity Share</b>			
Nominal Value per Equity Share ₹ 10 each (31 <sup>st</sup> March, 2019 - ₹ 10)			
Basic and Diluted		(3.55)	(4.00)
Weighted Average No. of Equity Shares in calculating Basic and Diluted EPS		64,857,500	64,857,500
Summary of Significant Accounting Policies	<b>2.1</b>		

The accompanying notes are integral part of the Ind AS Financial Statements  
As per our report of even date attached

For B Chandrashekar & Co.  
Chartered Accountants  
Firm Registration No. 00048485

For and on behalf of the Board of Directors of  
Encore Software Limited

B Chandrashekar  
Proprietor  
Membership No. 029802

Vinay L Deshpande  
Director  
DIN 00225502

Chhanda Deshpande  
Director  
DIN 00225546

Place: Bengaluru  
Date: 31<sup>st</sup> May, 2019

**Encore Software Limited**  
**Consolidated Statement of Cash Flow for the year ended 31<sup>st</sup> March, 2019**

*(All amounts in INR except as otherwise stated)*

Particulars	For the year ended 31-Mar-2019 ₹	For the year ended 31-Mar-2018 ₹
<b>Cash Flow from Operating Activities</b>		
Net Profit/(Loss) before Extraordinary Items and Tax	(23,060,974)	(26,019,560)
<u>Adjustments for:</u>		
Finance Costs	33,247,793	30,194,466
Profits from Associates	(10,253,520)	(4,772,974)
Excess Provision Withdrawn	—	—
Interest Income/Profit on Sale of Assets	(4,487)	(3,682)
Operating Profit/(Loss) before Working Capital Changes	(71,188)	(601,751)
<u>Changes in Working Capital:</u>		
Adjustments for (Increase)/Decrease in Operating Assets:		
Short-term Loans and Advances	(35,000)	6,698
Other Non Current Assets	—	—
Adjustments for Increase/(Decrease) in Operating Liabilities:		
Other Current Liabilities	97,345	597,372
Short-term Provisions	—	—
Cash Generated from Operations	(8,844)	2,319
Net Income Tax (Paid)/Refunds	—	—
<b>Net Cash Flow from/(used in) Operating Activities (A)</b>	<b>(8,844)</b>	<b>2,319</b>
<b>Cash Flow from Investing Activities</b>		
Profits from Associates	—	—
Interest Income	4,487	3,682
<b>Net Cash Flow from/(used in) Investing Activities (B)</b>	<b>4,487</b>	<b>3,682</b>
<b>Cash Flow from Financing Activities</b>		
Proceeds from Other Short-term Borrowings	—	—
Finance Cost	4,679	(5,132)
<b>Net Cash Flow from/(used in) Financing Activities (C)</b>	<b>4,679</b>	<b>(5,132)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>323</b>	<b>869</b>
Cash and Cash Equivalents at the Beginning of the Year	70,933	70,064
<b>Cash and Cash Equivalents at the End of the Year (Refer Note 7)</b>	<b>71,256</b>	<b>70,933</b>
Summary of Significant Accounting Policies	<b>2.1</b>	

As per our report of even date attached

For B Chandrashekar & Co.  
Chartered Accountants  
Firm Registration No. 00048485

For and on behalf of the Board of Directors of  
Encore Software Limited

B Chandrashekar  
Proprietor  
Membership No. 029802

Vinay L Deshpande  
Director  
DIN 00225502

Chhanda Deshpande  
Director  
DIN 00225546

Place: Bengaluru  
Date: 31<sup>st</sup> May, 2019

**Encore Software Limited**  
**Consolidated Statement of Changes in Equity for the year ended 31<sup>st</sup> March, 2019**

*(All amounts in INR except as otherwise stated)*

Particulars	Note No.	No's.	₹
<b>i. Equity Share Capital</b>			
a) Subscribed and fully paid up Equity shares of ₹ 10 each with voting rights [includes 13,29,000 equity shares of ₹ 10 each issued in pursuant to a Scheme of amalgamation without being received in cash]	9	6,471,500	64,715,000
b) Subscribed but not fully paid up Equity shares of ₹ 10 each with voting rights, ₹ 5 paid up		28,500	142,500
		<b>6,500,000</b>	<b>64,857,500</b>
<b>ii. Other Equity</b>	10	<b>31-Mar-2019</b> ₹	<b>31-Mar-2018</b> ₹
a) Capital Reserve			
Opening Balance		8,690,850	8,690,850
Additions during the Year		—	—
Closing Balance		8,690,850	8,690,850
b) Securities Premium Account			
Opening Balance		62,703,000	62,703,000
Additions during the Year		—	—
Closing Balance		62,703,000	62,703,000
c) General Reserve			
Opening Balance		11,000,000	11,000,000
Additions during the Year		—	—
Closing Balance		11,000,000	11,000,000
d) Retained Earnings			
Opening Balance		(447,809,442)	(421,789,882)
Add: Profit/(Loss) for the Year		(23,060,974)	(26,019,560)
Add: Other Comprehensive Income for the Year		—	—
Closing Balance		(470,870,416)	(447,809,442)
<b>Total</b>		<b>(388,476,566)</b>	<b>(365,415,592)</b>
Summary of Significant Accounting Policies	<b>2.1</b>		

The accompanying notes are integral part of the Ind AS financial statements  
As per our report of even date attached

For B Chandrashekar & Co.  
Chartered Accountants  
Firm Registration No. 0004848S

For and on behalf of the Board of Directors of  
Encore Software Limited

B Chandrashekar  
Proprietor  
Membership No. 029802

Vinay L Deshpande  
Director  
DIN 00225502

Chhanda Deshpande  
Director  
DIN 00225546

Place: Bengaluru  
Date: 31<sup>st</sup> May, 2019

Encore Software Limited

**ANNEXURE I**  
**ENCORE SOFTWARE LIMITED**

**Notes Forming Part of the Consolidated Financials Statements for the financial year ended 31<sup>st</sup> March, 2019**

1. **CORPORATE INFORMATION:** Encore Software Limited (hereinafter called as “Company”) is a Public Limited Company domiciled in India incorporated under provisions of Companies Act, 1956. Company is engaged in developing software and hardware.
2. **BASIS OF PREPARATION OF FINANCIAL STATEMENTS:** In accordance with the notification issued by the ministry of corporate affairs, the company has adopted Indian Accounting Standards (‘Ind AS’) notified under the companies (Indian Accounting Standards ) Rules, 2015 with effect from 1<sup>st</sup> April, 2017. The consolidated financial statements of the company are prepared and presented in accordance with Ind AS.

The financial statements have been prepared on the historical cost basis, except for certain financial instruments (refer accounting policy regarding financial instruments) which are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services as at the date of respective transactions.

**2.1 Summary of Significant Accounting Policies**

- a) **Use of Estimates:** The preparation of the financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the accounting policies, management makes various judgements, which have significant effect on the amounts recognized in the financial statements.

The company bases its estimates and assumptions on parameter when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the company. Such changes are reflected in the assumptions when they occur.

- b) **Current Versus Non-Current Classification:** The company presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realized within twelve months after the reporting period or.
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for atleast twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period or.
- There is no unconditional right to defer the settlement of the liability for atleast twelve months after the reporting period.

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The company has evaluated and considered its operating cycle as 12 months.

Deferred tax assets/liabilities are classified as non-current assets/liabilities.

- c) **Property, Plant and Equipment:** Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Each part of an item of property plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. This applies mainly to components for machinery. When significant parts of plant and equipment are required to be replaced at intervals, the company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from its previously assessed standard of performance. All other expenses on existing property, plant and equipment including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets.

An item of property, plant and equipment any significant part initially recognized is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the property, plant and equipment is de-recognized.

Costs of assets not ready for use at the balance sheet date are disclosed under capital work-in progress.

- d) **Depreciation:** Depreciation on Tangible Assets has been provided under Straight Line method based on useful life as estimated by the management which are less than the useful life of assets prescribed in Part C of Schedule II of the Companies Act, 2013.

Depreciation is charged on pro-rata basis for assets purchased/sold during the year. Individual assets costing less than ₹ 5000/- are depreciated in full in year of purchase.

Intangible assets are amortized over their respective individual estimated useful life on straight line basis, commencing from the date the asset is available to the Company for its use.

- e) **Intangible Assets:** Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangibles, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the period in which the expenditure is incurred.

Intangible assets are amortized over the useful economic life estimated by the management and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset are reviewed at least at the end of each reporting period. The amortization expenses on intangible assets is recognized in the statement of profit and loss.

- f) **Leases:** Lease arrangements under which all risks and rewards of ownership are effectively retained by the Lessor are classified as operating lease. Lease rental under Operating Lease are recognized in the Statement of Profit and Loss on a straight Line basis over the lease term.

- g) **Borrowing Costs:** Borrowing costs consists of interest and other costs that the company incurs in connection with the borrowing of funds.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized/inventorised as part of the cost of the respective asset. All other borrowing costs are charged to statement of profit and loss.

**h) Inventories:** Inventories are valued at the lower of cost and realizable value.

Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in first out basis.

Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

**i) Revenue Recognition:** Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

The specific recognition criteria described below must also be met before revenue is recognized.

**Sale of Goods:** Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. The company provides for warranty cost on all its products sold which is recognized at the time the product is sold.

**Income from Services:** Revenues from sale of services is recognized and when the services are rendered. The company collects taxes on behalf of the government and, therefore, it is not an economic benefit flowing to the company. Hence, it is excluded from revenue.

**Interest Income:** Interest income including income arising from other financial instruments measured at amortized cost, is recognized using the effective interest rate method.

**j) Employee Benefits:**

- i) **Post-Employment Benefit Plans:** During the year under review, there were no employees employed in the Company. Hence, the Company has not made any provision for gratuity and leave encashment.
- ii) **Short-Term Employee Benefits:** The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognized during the period when the employee renders the service. These benefits include compensated absences such as paid annual leave, overseas social security contributions and performance incentives.

**k) Foreign Currency Transactions:** Foreign currency transactions on revenue account are translated at the rates prevailing on the day when the expenses were incurred/income earned.

All monetary assets and liabilities denominated in foreign currency are restated at the rates prevailing at the year end and all exchange gains/losses arising there from are adjusted to the Statement of Profit and Loss.

**l) Retirement and Other Benefits:**

- i) **Short Term Employee Benefits:** All employee benefits falling due wholly within twelve months of rendering the services are classified as short term employee benefits, which include benefits like salaries, short term compensated absences and performance incentives and are recognized as expenses in the year in which the employee renders the related service.
- ii) **Post-Employment Benefits:**
  - Retirement benefit in the form of Provident fund and Employees State Insurance Fund is a defined contribution scheme. These Contributions are charged to the statement of profit and loss for the year when the contributions are due.

- Gratuity liability is defined benefit obligation. The liability in respect of gratuity to employees is being managed in association with LIC through their Super Annuation and Gratuity Schemes.
- Leave Encashment: Provision for Leave Encashment on retirement is determined, accrued and provided on the basis of valuation done by the Company. As per the Company's policy, every employee enjoys one Privilege leave for every 20 days worked. An employee is allowed to carry over privilege leave not exceeding 30 days to next year. If they have credit of leaves in excess of 30 days, balance in excess of 30 days is encashed.

**m) Taxes on Income:** Tax expense comprises current tax, and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961, enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years/periods. Deferred tax is measured based on the tax rates and the tax laws enacted or substantially 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.

**n) Earning Per Share:** Basic Earnings per Share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

**o) Provisions and Contingent Liabilities:** A provision is recognized when an enterprise has a present obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation, in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

#### NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31<sup>ST</sup> MARCH, 2019

##### Note 3: Fixed Assets

##### Tangible Assets

Amount in ₹

Particulars	GROSS BLOCK			DEPRECIATION			NETBLOCK		
	Balance as at 1 <sup>st</sup> April, 2018	Additions	Disposals	Balance as at 1 <sup>st</sup> April, 2018	Depreciation/ amortisation expense for the year	Eliminated on Disposal of Assets	Balance as at 31 <sup>st</sup> March, 2019	Balance as at 31 <sup>st</sup> March, 2019	Balance as at 31 <sup>st</sup> March, 2018
Plant & Equipment Owned	1,364,284	—	—	1,364,284	—	—	1,364,284	—	—
Furniture and Fixtures Owned	—	—	—	—	—	—	—	—	—
Vehicles Owned	1,928,985	—	—	1,928,985	—	—	1,928,985	—	—
Office equipment Owned	18,284,651	—	—	18,284,651	—	—	18,284,651	—	—
Tools – Owned *	6,917,417	—	—	6,917,417	—	—	6,917,417	—	—
<b>Total</b>	<b>28,495,337</b>	<b>—</b>	<b>—</b>	<b>28,495,337</b>	<b>—</b>	<b>—</b>	<b>28,495,337</b>	<b>—</b>	<b>—</b>
Previous Year	28,495,337	—	—	28,495,337	—	—	28,495,337	—	—

\* lying with third parties gross block ₹ 6,917,417 (₹ 6,917,417), written down value ₹ Nil (Nil)



**Note 4: Investments**

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
	Unquoted ₹	Unquoted ₹
Investments (At Cost)		
<b>A Trade</b>		
Investment in equity instruments of Subsidiaries		
Ncore USA Inc., a 100% subsidiary company incorporated in USA 11,78,000 (11,78,000) Common Stock at US\$ 0.10 each (Par value US\$ 0.10 each)	5,460,488	5,460,488
of Associates		
Consilient Technologies Private Limited, a 47% holding, 9,400 Equity Shares of ₹ 10 each	42,027,173	31,773,653
of Joint Venture Companies		
Bharat Logistics Private Limited 180,000 (180,000) Equity Shares at ₹ 10 each (Par value ₹ 10 each)	1,800,000	1,800,000
<b>Total – Trade (A)</b>	<b>49,287,661</b>	<b>39,034,141</b>
<b>B Other Investments</b>		
in Government Securities		
National Saving Certificates	5,000	5,000
Other Non Current Investments		
Vacation Time Shares	44,800	44,800
<b>Total – Other Investments (B)</b>	<b>49,800</b>	<b>49,800</b>
<b>Total (A+B)</b>	<b>49,337,461</b>	<b>39,083,941</b>
Less: Provision for diminution in value of investments	7,260,488	7,260,488
<b>Total</b>	<b>42,076,973</b>	<b>31,823,453</b>

**Note 5: Long-term Loans and Advances**

Security Deposits		
Unsecured, considered good	62,574	62,574
<b>Total</b>	<b>62,574</b>	<b>62,574</b>

**Note 6: Trade Receivables**

Trade Receivables (Unsecured, Considered Good)		
Outstanding for a period exceeding six months from the date they were due for payment	26,000	26,000
Other Trade Receivables	—	—
<b>Total</b>	<b>26,000</b>	<b>26,000</b>

**Note 7: Cash and Cash Equivalents**

Cash on hand	1,330	1,666
Balances with banks		
In current accounts	12,683	16,512
In earmarked accounts	57,243	52,755
Balances held as margin money or security against borrowings, guarantees and other commitments		
<b>Total</b>	<b>71,256</b>	<b>70,933</b>

**Note 8: Other Current Assets**

Due from statutory authorities	82,092	82,092
Prepaid expenses	35,000	—
Interest accrued on deposits	1,230	1,230
<b>Total</b>	<b>118,322</b>	<b>83,322</b>

**Note 9: Share Capital**

Particulars	As at 31 <sup>st</sup> March, 2019		As at 31 <sup>st</sup> March, 2018	
	Number of Shares	Amount Originally Paid Up ₹	Number of Shares	Amount Originally Paid Up ₹
(a) Authorised Equity shares of ₹ 10 each with voting rights	12,000,000	120,000,000	12,000,000	120,000,000
(b) Issued # Equity shares of ₹ 10 each with voting rights	6,471,500	64,715,000	6,471,500	64,715,000
(c) Subscribed and fully paid up Equity shares of ₹ 10 each with voting rights [includes 13,29,000 equity shares of ₹ 10 each issued in pursuant to a Scheme of amalgamation without being received in cash]	6,471,500	64,715,000	6,471,500	64,715,000
(d) Subscribed but not fully paid up Equity shares of ₹ 10 each with voting rights, ₹ 5 paid up	28,500	142,500	28,500	142,500
<b>Total</b>	<b>6,500,000</b>	<b>64,857,500</b>	<b>6,500,000</b>	<b>64,857,500</b>
<b>(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period</b>				
Particulars	2018-19		2017-18	
	Opening Balance	Closing Balance	Opening Balance	Closing Balance
Equity Shares with voting rights				
- Number of Shares	6,500,000	6,500,000	6,500,000	6,500,000
- Amount (₹)	64,857,500	64,857,500	64,857,500	64,857,500
<b>(ii) Details of forfeited shares</b>				
Particulars	As at 31 <sup>st</sup> March, 2019		As at 31 <sup>st</sup> March, 2018	
	Number of Shares	Amount Originally Paid Up ₹	Number of Shares	Amount Originally Paid Up ₹
Equity Shares with voting rights	28,500	142,500	28,500	142,500

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of an equity share is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of shares held by the equity share holders.

Shares held by each shareholder holding more than 5 percent shares specifying the number of shares held – Nil.

**Note 10: Other Equity**

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
(a) Capital Reserve		
Opening Balance	8,690,850	8,690,850
Additions during the Year	—	—
Closing Balance	8,690,850	8,690,850
(b) Securities Premium Account		
Opening Balance	62,703,000	62,703,000
Additions during the Year	—	—
Closing Balance	62,703,000	62,703,000
(c) General Reserve		
Opening Balance	11,000,000	11,000,000
Additions during the Year	—	—
Closing Balance	11,000,000	11,000,000
(d) Retained Earnings		
Opening Balance	(447,809,442)	(421,789,882)
Add: Profit/(Loss) for the Year	(23,060,974)	(26,019,560)
Add: Other Comprehensive Income for the Year	—	—
Closing Balance	(470,870,416)	(447,809,442)
<b>Total</b>	<b>(388,476,566)</b>	<b>(365,415,592)</b>

**Note 11: Borrowings**

Loans repayable on demand		
From banks:		
Secured [Secured by lien on deposits]	—	—
Loans and advances from related parties		
Unsecured	233,000	233,000
<b>Total</b>	<b>233,000</b>	<b>233,000</b>

**Note 12: Trade Payables**

Other than Acceptances *	2,361,737	2,361,737
* Due to other than Micro, Small and Medium Enterprises		
<b>Total</b>	<b>2,361,737</b>	<b>2,361,737</b>

**Note 13: Other Current Liabilities**

Current maturities of long-term debt (Refer Note below)	309,142,614	275,899,500
Application money received for allotment of securities and due for refund and interest accrued thereon	18,743,623	18,743,623
Statutory remittances	4,821,980	4,834,780
Advances from customers	56,250	56,250
Others (specify nature):		
Due to Directors'	5,705,912	5,648,203
Liability for expenses	22,038,440	21,976,646
<b>Total</b>	<b>360,508,818</b>	<b>327,159,002</b>

**Note: The Company has defaulted in repayment of loans and interest payable to Council of Scientific and Industrial Research (CSIR) as detailed below.**

Particulars	As at 31 <sup>st</sup> March, 2019		As at 31 <sup>st</sup> March, 2018	
	Period of default	₹	Period of default	₹
Principal	140 months	79,300,000	128 months	79,300,000
Interest		229,842,614		196,599,500

**Note 14: Provisions**

Provision for employee benefits		
- Provision for Compensated Absences	185,294	185,294
- Provision for Gratuity	2,685,342	2,685,342
<b>Total</b>	<b>2,870,636</b>	<b>2,870,636</b>

**Note 15: Other Income**

Interest Income	4,487	3,682
Share of Profit of Associates	10,253,520	4,772,974
Excess Provision Withdrawn	—	—
Other Income	235,000	282,000
<b>Total</b>	<b>10,493,007</b>	<b>5,058,656</b>
Interest Income Comprises		
Interest from banks on Deposits	4,487	3,682
<b>Total - Interest Income</b>	<b>4,487</b>	<b>3,682</b>

**Note 16: Finance Costs**

Interest expense on		
Borrowings	33,243,114	30,189,334
Others	4,679	5,132
<b>Total</b>	<b>33,247,793</b>	<b>30,194,466</b>

**Note 17: Other Expenses**

Staff Welfare Expenses	26,280	72,798
Rent including Lease Rentals	8,850	7,500
Repairs and maintenance – Machinery	4,422	680
Insurance	—	18,437
Rates and taxes	—	320
Communication	3,114	33,576
Travelling and conveyance	65,880	200,214
Printing and stationery	23,849	40,207
Legal and professional	28,810	132,000
RoC Filing Fees	67,000	—
Payments to auditors (Refer Note (i) below)	72,000	72,000
Miscellaneous expenses	5,983	306,019
<b>Total</b>	<b>306,188</b>	<b>883,751</b>

**(i) Payments to the auditors comprises (net of service tax input credit, where applicable)**

As auditors - statutory audit	60,000	60,000
For taxation matters	12,000	12,000
For other services	—	—
Service Tax	—	—
<b>Total</b>	<b>72,000</b>	<b>72,000</b>

**Note 18: Disclosure Relating to Related Party Transactions****i. List of related parties and relationships:**

Sl. No.	Name of the Related Party	Relationship
1.	Ncore USA, Inc.	Wholly Owned Subsidiary
2.	Peninsula Electronics	Firm in which Director is interested
3.	Processor Systems India Pvt. Ltd.	Company in which Director is interested
4.	Vinay L Deshpande	Key Management Personnel
5.	Chhanda Deshpande	Key Management Personnel
6.	Consilient Technologies Private Limited	Associate Company – 47% holding

ii. Transactions During the Year with Related Parties:

Sl. No	Nature of Transaction	Subsidiaries	Associate & Joint Venture	Key Management Personnel & their relatives	Firm in which Director is interested
1	Loan accepted from Vinay L Deshpande				
	Accepted during the year			Nil	
	Repaid during the year			Nil	
<b>Balances with related parties as at 31<sup>st</sup> March, 2019</b>					
1	Loan accepted from Vinay L Deshpande			233,000 (233,000)	
2	Investments Ncore USA	5,460,488* (5,460,488)*			
3	Investments Consilient Technologies Private Limited		94,000 (94,000)		
4	Receivable from Ncore USA	47,532* (47,532)*			
5	Receivable from Consilient Technologies Private Limited		Nil (Nil)		
6	Payable to Vinay L Deshpande			5,648,203 (4,562,795)	
7	Payable to Peninsula Electronics				1,993,906 (1,993,906)

\*Provision has been made for diminution in value of investments and receivables.

**Note 19: Contingent Liabilities**

Disputed liability towards Employees State Insurance contributions is ₹ 91,027 (₹ 91,027).

**Note 20:** Previous year's figures have been recast/restated, wherever necessary, to conform to the current year's classifications. Figures in brackets relate to the previous period.

As per Our Report of even date attached

For B Chandrashekhar & Co.  
Chartered Accountants  
Firm Registration No. 00048485

For and on behalf of the Board of Directors of  
Encore Software Limited

B Chandrashekhar  
Proprietor  
Membership No. 029802

Vinay L Deshpande  
Director  
DIN 00225502

Chhanda Deshpande  
Director  
DIN 00225546

Place: Bengaluru  
Date: 31<sup>st</sup> May, 2019

**ENCORE SOFTWARE LIMITED**

CIN: L72200KA2001PLC029313

Registered Office: Premises No. 407, 1<sup>st</sup> Floor, 7<sup>th</sup> Cross Road, Domlur I Stage, Bengaluru 560071

Tel: +91-80-41110347 Email: [investor@ncoretech.com](mailto:investor@ncoretech.com) Website: [www.ncoretech.com](http://www.ncoretech.com)

**FORM NO. MGT-11  
PROXY FORM**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Company Encore Software Limited  
CIN L72200KA2001PLC029313  
Registered Office Premises No. 407, 1<sup>st</sup> Floor, 7<sup>th</sup> Cross Road, Domlur I Stage, Bengaluru 560071

Name of the member(s) Registered Address E-mail Id Folio No./Client Id DP ID	
--	--

I/We, being the member(s) of ..... shares of the above named company, hereby appoint.

1. Name .....  
Address .....  
E-mail Id .....  
Signature ..... , or failing him
2. Name .....  
Address .....  
E-mail Id .....  
Signature ..... , or failing him
3. Name .....  
Address .....  
E-mail Id .....  
Signature .....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Twenty Seventh Annual General Meeting of the Company, to be held on Monday, 30<sup>th</sup> September, 2019 at 4:00 p.m. at Bharatiya Vidya Bhavan, Khincha Hall, Race Course Road, Bengaluru 560001 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Financial Statements of the Company including Audited Balance Sheet as at 31<sup>st</sup> March, 2019 and the Statement of Profit and Loss of the Company for the year ended as on that date together with the Auditors' Report and Report of Board of Directors thereon
2. To appoint Mrs. Chhanda Deshpande, Director (DIN 00225546), who retires by rotation and being eligible, offers herself for reappointment.

Signed this ..... day of ..... 2019

Signature of Shareholder

Signature of Proxy Holder(s)

**Note:** This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



**ENCORE SOFTWARE LIMITED**

CIN: L72200KA2001PLC029313

Registered Office: Premises No. 407, 1<sup>st</sup> Floor, 7<sup>th</sup> Cross Road, Domlur I Stage, Bengaluru 560071Tel: +91-80-41110347 Email: [investor@ncoretech.com](mailto:investor@ncoretech.com) Website: [www.ncoretech.com](http://www.ncoretech.com)**FORM NO. MGT-12****POLLING PAPER**

[Pursuant to section 109(5) of the Companies Act, 2013 and rule 21(1)(c) of the Companies (Management and Administration) Rules, 2014]

Name of the Company		Encore Software Limited		
Registered Office		Premises No. 407, 1 <sup>st</sup> Floor, 7 <sup>th</sup> Cross Road, Domlur I Stage, Bengaluru 560071		
<b>BALLOT PAPER</b>				
S No	Particulars	Details		
1.	Name of the First Named Shareholder (In block letters)			
2.	Postal Address			
3.	Registered Folio No./*Client ID No. (*Applicable to investors holding shares in dematerialized form)			
4.	Class of Share			
I hereby exercise my vote in respect of Ordinary/Special resolution enumerated below by recording my assent or dissent to the said resolution in the following manner:				
No.	Item No.	No. of Shares held by me	I assent to the resolution	I dissent from the resolution
<b>ORDINARY BUSINESS</b>				
1.	To receive, consider and adopt the Financial Statements of the Company including Audited Balance Sheet as at 31 <sup>st</sup> March, 2019 and the Statement of Profit and Loss of the Company for the year ended as on that date together with the Auditors' Report and Report of Board of Directors thereon.			
2.	To appoint Mrs. Chhanda Deshpande, Director (DIN 00225546), who retires by rotation and being eligible, offers herself for reappointment.			
Place:				
Date:				
(Signature of the Shareholder)			(Signature of the Scrutinizer)	



**ENCORE SOFTWARE LIMITED**

CIN: L72200KA2001PLC029313

Registered Office: Premises No. 407, 1<sup>st</sup> Floor, 7<sup>th</sup> Cross Road, Domlur I Stage, Bengaluru 560071

Tel: +91-80-41110347 Email: [investor@ncoretech.com](mailto:investor@ncoretech.com) Website: [www.ncoretech.com](http://www.ncoretech.com)

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**ATTENDANCE SLIP**

(This attendance slip duly filled in to be handed over at the entrance of the meeting hall)

Name of the attending Member (in block letters) .....

Members' Folio Number .....

Client ID No. ....

DP ID No. ....

Name of the Proxy (in Block Letters, to be filled in if the proxy attends instead of the members)  
.....

No. of Shares held .....

I hereby record my presence at the Twenty Seventh Annual General Meeting of the Company held on Monday, 30<sup>th</sup> September, 2019, at 4.00 p.m. at Bharatiya Vidya Bhavan, Khincha Hall, Race Course Road, Bengaluru 560001.

To be signed at the time of handing over the slip

Signature of Member/Proxy

Dear Shareholder:

**SUB: Updation of PAN & Bank Details**

This has reference to the shares held by you in the Company. We draw your attention to the circular issued by Securities and Exchange Board of India (SEBI) No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated 20<sup>th</sup> April, 2018. SEBI, in point no. 12 (ii) of the Annexure to its circular had directed all the listed companies to send communication to all its shareholders through their Registrars and Transfer agents (RTA), who are holding shares in physical form and obtain copy of the PAN of all the holders and Bank account details of the first/sole shareholder of the Company.

These guidelines are issued by SEBI to streamline and strengthen the procedures and processes with regard to handling and maintenance of records, transfer of securities and payment of dividend/interest/redemption by the RTAs, Issuer Companies and Bankers to Issue.

**To enable the RTA to update the PAN and Bank account details, request you to kindly submit the following documents within 21 days of this letter to RTA:**

- **Copy of self-attested PAN card of the shareholders including joint holders, if any in the format attached**
- **Bank A/c details of the first/sole shareholder, as per the Bank Mandate format attached**
- **Original cancelled cheque leaf with the name of the first/sole shareholder printed on it or copy of bank passbook showing name & account details of the account holder attested by the bank**

On receipt of the above documents, RTA will update the same in their records.

In case of dividend declaration by the Company, all dividends including past unpaid dividends, if any, will be directly credited to the bank account furnished by you. It is not out of place to mention here that under Section 124 (6) of the Companies Act 2013, if dividends remain unpaid/unclaimed for a period of seven consecutive years then the underlying shares are also liable to be transferred to the A/c of IEPF authority.

Hence, we request you to kindly submit the documents sought immediately.

Further, we draw your attention to the notification issued by SEBI dated 8<sup>th</sup> June, 2018 amending Regulation 40 of the Listing Regulations. Pursuant to this, request for effecting transfer of securities shall not be processed except in case of transmission or transpositions of securities unless the securities are held in demat form.

Hence, RTA would not be in a position to accept/process the requests for transfer of shares held in physical form with effect from 4<sup>th</sup> December, 2018. We therefore advise you to take immediate steps for dematerializing your shareholding in the Company. As you may be aware holding shares in dematerialized form offers host of benefits like enhanced security, ease of handling, faster transfers, exemption from stamp duty, eliminating bad deliveries. In view of the above, in order to ensure that you are able to deal in the securities hassle-free, kindly take steps for dematerializing the shares at an early date.

We also request you to kindly arrange to send the RTA the first/sole shareholders email Id for sending future communications as per the format attached.

Thanking you,

Yours truly,  
For Encore Software Limited

Vinay L Deshpande  
Director  
DIN 00225502

Encl: As above

**PAN MANDATE FORM**

NAME OF THE COMPANY													
FOLIO NO.													
First/Sole Shareholder Name		PAN											
Second Joint Holder Name		PAN											
Third Joint Holder Name		PAN											

**(SELF-ATTESTED COPIES OF PAN CARD ENCLOSED HEREWITH)  
NACH MANDATE FORM**

Name of the Bank													
Branch Name & Address.													
Bank A/c Type (SB A/c or Current A/c)													
Bank A/c No.													
Bankers MICR ESC Code No.													
Bankers IFSC Code													

**(ORIGINAL CANCELLED CHEQUE LEAF WITH THE NAME OF SHAREHOLDER PRINTED ATTACHED HEREWITH)  
EMAIL REGISTRATION FORM**

Email ID													
Telephone No./Mobile No.													

I hereby

- a) state that the particulars of PAN and Bank account details are correct and complete.
- b) authorise the Company/RTA to credit my dividend on the shares held by me directly to my above bank account mentioned herein above.
- c) Convey my consent to receive all communications, Annual Report/Notice of the Meetings and from the Company through Email rather than hard copy.

SIGNATURE OF THE FIRST/SOLE SHAREHOLDER: .....



*If undelivered please return to*

**ENCORE SOFTWARE LIMITED**

407, 1<sup>st</sup> Floor, 7<sup>th</sup> Cross Road,  
Domlur I Stage, Bengaluru 560071

Ph.: +91-80-41110347 Website: [www.ncoretech.com](http://www.ncoretech.com)

Email: [investor@ncoretech.com](mailto:investor@ncoretech.com)