



Encore Software

TWENTIETH ANNUAL REPORT

2011-2012

CORPORATE INFORMATION

DIRECTORS

Mr. Vinay L Deshpande	Chairman & CEO
Mrs. Chhanda Deshpande	Executive Director
Mr. J Suri	Director
Prof. V Rajaraman	Director

MANAGEMENT TEAM

Mr. Vinay L Deshpande	Chairman & CEO
Mrs. Chhanda Deshpande	Executive Director
Mr. M P Vasuki	Vice President

AUDITORS

Messrs Ishwar & Gopal
Chartered Accountants

BANKERS

Syndicate Bank, Shoolay Branch, Bangalore 560 025

REGISTERED OFFICE

6th Floor, Leo Complex,
#44&45, Residency (Cross) Road
Bangalore 560 025
Ph: 080-4080 8080
Fax:080 2558 7690

USA OFFICE

20590 Shade Oak Lane
Cupertino, CA 95014
USA

SHARE TRANSFER AGENT

Integrated Enterprises (India) Limited
30, Ramana Residency, 4th Cross
Sampige Road, Malleswaram
Bangalore 560 003
Phone: 23460815-818
Fax: 23460819

NOTICE

NOTICE is hereby given that the 20th Annual General Meeting of the members of the Company will be held at 4.00 p.m. on Friday, 10th Day of August, 2012 at Hotel Ajantha, MG Road, Bangalore – 560 001 to transact the following business :

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2012, and the Profit and Loss Account for the year ended on that date, together with the Reports of the Directors and Auditors there on.
2. To appoint a Director in place of Prof. V Rajaraman, who retires by rotation, and who does not seek reappointment due to advancing age and in whose place a new Director be appointed by the Board of Directors.
3. To appoint auditors and authorize the Board to fix their remuneration.

By order of the Board

Date: May 30, 2012
Place: Bangalore

Vinay L Deshpande
Chairman & CEO

NOTES:

1. A member entitled to attend and vote at the meeting is also entitled to appoint a proxy to attend and vote instead of himself / herself and the proxy need not be a member. The instrument appointing proxy, in order to be effective, should reach the registered office of the Company at least 48 hours before the meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed on 10th August, 2012.
3. The listing fee has been paid to the Bombay Stock Exchange where the Company's shares are listed.
4. The Shares of the Company are compulsorily traded in electronic form. Members are requested to inform the Company's Registrars and Share Transfer Agents viz., Integrated Enterprises (India) Limited, Unit: Encore software Limited, 30, Ramana Residency, Ground Floor, 4th Cross, Sampige Road, Malleswaram, Bangalore – 560 003, 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 their copies of the Annual Report to the Meeting.
6. Pursuant to SEBI notification No. MED / DOP / Circular / 05/2009 dated May 20, 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.

By order of the Board

Date: May 30, 2012
Place: Bangalore

Vinay L Deshpande
Chairman & CEO

INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT:

As required under the Listing Agreement the particulars of Director who is proposed to be re-appointed are given below:

The Director liable to retire by rotation namely Prof. V Rajaraman does not seek reappointment due to advancing age.

By order of the Board

Date: May 30, 2012
Place: Bangalore

Vinay L Deshpande
Chairman & CEO

DIRECTORS' REPORT

Your Directors are pleased to present the Twentieth Annual Report of the Company together with the Audited Statement of Accounts for the year ended March 31, 2012.

FINANCIAL RESULTS:

(₹. In Million)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Operating Income	33.07	34.99
Gross Profit/(Loss) after Interest ,but before depreciation and tax	(17.15)	(24.12)
Less: Depreciation	0.89	1.63
Provision for Tax	Nil	Nil
Profit/(Loss) after Tax	(18.04)	(25.75)
Transfer to Reserve	Nil	Nil

OPERATIONS

While yet another difficult year has passed by, your Company has been able to trim its operations and move back towards profitability. Simultaneously, the Company has been patiently working towards reorienting the Company into new areas of business, so that we may turn out a better performance during 2012-2013.

INDUSTRY OUTLOOK

Despite the fact that the desire for affordable computing devices for Education continues to grow rapidly, the same has not resulted yet in any significant procurement of such devices in India, except for the laptop procurement by the Government of Tamil Nadu. However, it is expected that the new year might result in procurement of such devices on a larger scale, as several states intend implementing schemes to provide laptops to students.

The efforts of nationalized banks in India in pursuing rural and doorstep banking, however, seem to have met with some roadblocks as Business Correspondents who are expected to procure the hardware for this application, are beginning to find the remuneration (per transaction) offered by the banks rather uneconomical, resulting in low procurement of the hardware. If this issue can be satisfactorily resolved, the demand for mobile computing products such as those made by your Company will definitely grow, in the banking as well as other applications such as the Mahatma Gandhi National Rural Employment Guarantee Scheme (NREGS), the National Rural Health Mission (NRHM), and Aadhar –related applications.

As the Indian economy continues to grow, one interesting trend that is being observed in the market is the application of IT in industry and business, to improve efficiency and comply with international standards and best practices in some cases, especially in areas such as process control, logistics management, manufacturing track-and-trace of individual products, etc., which all require technologies and products such as those manufactured by your Company. However, the market requires solutions for these applications, rather than just hardware. Therefore, specialist knowledge in these areas of application, combined with expertise in hardware development and manufacturing, and the ability to develop application software in these specialized areas, are what the market is looking for.

MOBILE COMPUTING PRODUCTS

Owing to the lack of orders in this business, your Company has trimmed the workforce in this area, and has initiated efforts at reorienting the activities towards being able to offer products and solutions in Defence, process control, manufacturing track-and-trace, and logistics management, in addition to Education. During the new financial year, your Company expects to be able to convert these efforts into a few successful orders and deliveries.

Your Company's efforts in Brazil have not yet yielded the desired results, owing to complexities in the local situation there, but your Company continues to be strongly placed in the One-Computer-per-Student project of the Ministry of Education there, even though there has been a further delay in placement of purchase orders during this year. The proposed Joint Venture is expected to be established during the coming year.

SATHI

Your Company continues to remain hopeful of orders for the SATHI, as there seems to be a growing recognition of the need for procurement of Defence products from indigenous manufacturers. In addition, the Defence offsets opportunity may also lead to procurement of products such as the SATHI.

NASDO

The three products your Company custom-developed for NASDO (Naval Aircraft Servicing and Development Organization, Goa) -Client Interface Platform (CIP), Air Publication Network Interface (APNI), and Air Publication Reader Tablet (APRT), for NASDO's Aircraft Publication System project, are all actively in the process of procurement by NASDO for their next round of requirements, and your Company expects to receive firm orders from NASDO during the coming year.

TECHNOLOGY SOLUTIONS

The Technology Solutions Group continued to support customers with integration services in VOIP related product development. New solutions for modem over IP, video decoder software were developed. The forthcoming year will see the Group continue its focus on the two-pronged approach of software licences and system integration services based on our IP. It is also planning to significantly increase the manpower resources to strengthen the system solution offerings as well as new IP's.

OVERSEAS OPERATIONS

Ncore USA, the wholly-owned subsidiary in the United States, continues to be kept alive as in the past, in order to have a base when the market for your Company's affordable information appliances starts growing there. The investment made in the subsidiary is fully provided for under provision for diminution in the value of investments. Since the subsidiary has no assets or liabilities and has also not carried out any operations during the year under review, Consolidated Accounts have not been prepared.

RISKS AND CONCERNS

Aside from usual ups and downs of any business, the Company does not foresee any special risks or concerns for the coming year.

CORPORATE GOVERNANCE

Being constantly committed to good Corporate Governance, your Company continues to follow sound corporate governance practices, including appropriate internal control structures, which ensure strict compliance with legal requirements and reliable financial reporting and also ensures that management implements and maintains effective business controls, including internal financial controls which are monitored on a self-assessment basis and by audits performed by internal and external auditors. These steps lead to increased transparency and accountability to the Company's shareholders. A detailed Corporate Governance Report has been provided in Annexure 'B' and the Auditors' Report on Corporate Governance is provided in Annexure 'C'.

PARTICULARS OF EMPLOYEES

There was no employee drawing remuneration in excess of the limits prescribed under Section 217(2A) of the Companies Act, 1956.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Prof V Rajaraman, Director, retires by rotation and he does not seek reappointment due to advancing age. Your Directors profusely thank Prof. V Rajaraman for long association, continuous guidance and excellent support rendered during his tenure.

AUDIT COMMITTEE

Audit Committee constituted by the Board of Directors with requisite composition to fall in line with the prevailing laws continued to discharge its functions during the year under report.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors have fulfilled their responsibility for the preparation of the accompanying Financial Statements by taking all reasonable steps to ensure that:

- These statements have been prepared in conformity with generally accepted accounting principles and appropriate accounting standards. Judgments and estimates that are reasonable and prudent have been made where necessary.
- The accounting policies selected and applied consistently give a true and fair view of the Financial Statements.
- The Company has implemented internal controls to provide reasonable assurance of the reliability of its financial records, proper safeguarding and use of its assets and detection of frauds and irregularities. Such controls are based on established policies and procedures and are implemented by trained, skilled and qualified personnel with an appropriate segregation of duties.

The Company's Statutory Auditors, Messrs. Ishwar & Gopal, Chartered Accountants, have audited the Financial Statements in accordance with generally accepted auditing standards and practices as indicated in their report.

GOING CONCERN

In view of the initiative taken in development of diversified products which promise potential business, the Directors consider it appropriate to adopt the financial statements on a 'going concern' basis.

AUDITORS

Messrs Ishwar & Gopal, Chartered Accountants, the retiring Auditors of the Company hold office until the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment. Your Company has received a certificate from them that their re-appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956.

AUDITORS' REPORT

As regards the observations of the Auditors in their Report of even date, the Directors state that the Company is continuously making efforts to ramp up its scale of operations to generate profit and regain positive net worth.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars as prescribed under Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars of Board of Directors) Rules, 1988, have been set out in Annexure 'A' and form an integral part of this Report.

ACKNOWLEDGEMENTS

The Board expresses its gratitude to the Company's customers, vendors, bankers and employees and other well-wishers for their continued support.

Appreciation is placed on record for the confidence reposed in the Company by its Shareholders.

By order of the Board

Date: May 30, 2012
Place: Bangalore

Vinay L Deshpande
Chairman & CEO

ANNEXURE “A” TO THE DIRECTORS’ REPORT

PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

A Conservation of Energy

The operations of the Company are not energy intensive. Adequate measures have been taken to conserve and optimize the use of energy through improved operational methods.

B Technology Absorption and Research & Development (R&D)

The Company uses the latest technology available in modern technology applications. Indigenous technology available is continuously being upgraded to improve overall performance. The Company has a dedicated team of technically competent personnel who relentlessly work on technology up-gradation and development related fields. Research and Development continues to be given very high priority in Software Technology in the area of telecommunications, and hardware technology in the area of embedded systems.

C Foreign Exchange Earnings & Outgo

Total Foreign Exchange Earnings during the year was Rs. 31.59 Millions as against Rs. 22.52 Millions in the previous year. Total Foreign Exchange Outgo during the year amounted to Rs. 1.00 Millions as against Rs. 0.84 Millions in the previous year.

Annexure ‘B’ to the Directors’ Report

REPORT ON CORPORATE GOVERNANCE

1 PHILOSOPHY ON CORPORATE GOVERNANCE

While the Industry Outlook and the Company’s future plans are provided in the main part of the Directors’ Report, your Directors wish to share additional information with you. The Board represents the stakeholders’ interests in terms of safety and return on their investments. It is further responsible to the various constituents of business viz. Employees, customers, and vendors and to the society where it operates. Customer satisfaction has been the chief motto of the Company.

2 MEANS OF COMMUNICATION

- Quarterly results of your Company are published regularly in The Financial Express and Sanjevani (English and Kannada, respectively).
- The quarterly results and the shareholding pattern are displayed on the Company’s website: www.ncoretech.com, together with the official news releases, awards and recognition for Company’s products.

3 STOCK EXCHANGE LISTING

- The transactions with respect to your Shares shall be conducted only in Electronic form and are listed on The Bombay Stock Exchange Limited, Mumbai, 25th Floor, P J Towers, Dalal Street Fort, Mumbai 400 001.
- The Scrip Code is 531750.

4 BOARD OF DIRECTORS

The Company has a well-constituted Board comprising of four Directors, who possess rich corporate experience, the composition being as follows:

Category	Names of Directors	Number of Directors	Composition %	No. of Directorships companies	No. of Chairmanships in other companies	No. of Memberships in other companies
i) Promoter		2	50			
Chairman & CEO	Vinay L Deshpande			04	Nil	Nil
Executive Director	Chhanda Deshpande			01	Nil	Nil
ii) Independent & Non Executive Directors		2	50			
	Jagannathan Suri			07	01	Nil
	Prof. V Rajaraman			01	Nil	Nil
Total		4	100			

The Board is primarily responsible for the overall management of the Company’s affairs. All the Directors have good understanding of important business aspects, both generic and specific to Encore Software Ltd.

5 PARTICULARS OF BOARD AND GENERAL MEETINGS

Board Meetings are normally held at the Registered Office of the Company and with sufficient notice along with Agenda and Notes circulated ahead of the Meetings. Four Board Meetings were held between April 1 2011 to March 31, 2012 on the following dates: May 7, 2011; July 28, 2011; October 28, 2011; February 6, 2012. The last three Annual General Meetings were held on dates, places, and times as below:

- 1 19th Annual General Meeting held at 3.30 pm on August 30, 2011, at Hotel Ajantha, M G Road, Bangalore- 560 001.
- 2 18th Annual General Meeting held at 4.00 pm on July 15, 2010, at Hotel Ajantha, M G Road, Bangalore- 560 001.
- 3 17th Annual General Meeting held at 4.00 pm on August 31, 2009, at Hotel Ajantha, M.G. Road, Bangalore- 560 001.

6 ATTENDANCE OF EACH DIRECTOR AT THE BOARD MEETINGS AND THE LAST ANNUAL GENERAL MEETING:

Director	No. of Board Meetings held	No. of Board Meetings attended in person	No. of Board Meetings participated through tele conference / Video conference	Attendance at the 19th AGM held (Yes / No)
Vinay L Deshpande	4	4	Nil	Yes
Chhanda Deshpande	4	4	Nil	Yes
Jagannathan Suri	4	4	Nil	Yes
Prof. V Rajaraman	4	4	Nil	Yes

7 REMUNERATION PAID TO INDEPENDENT DIRECTORS

Sitting Fee of Rs. 1,500/- per Director per meeting of the Board or its Committee is being paid. None of the Non-Executive Independent Directors of the Company has any pecuniary relationships or transactions with the Company. Prof. V Rajaraman chose to waive the sitting fees for the year under review.

8 DISCLOSURES REGARDING SUSPENSE ACCOUNT PURSUANT TO SEBI CIRCULAR NO. ESBI/CFD/DIL/LA/1/2009/24/4 DATED APRIL 24, 2009

As per the above mentioned circular , Clause 5A stands for shares issued pursuant to the public issue or any other issue which remained unclaimed and are being in the escrow account and any unclaimed benefits like dividend bonus shares etc..which are to be credited to the Demat Suspense Account. Your Company is taking steps to streamline all the requirements.

9 OTHER DISCLOSURES

- 1 Related-party transactions: Mentioned under Note 22.9.2 of the Notes to Accounts.
- 2 Non-compliance with Stock Exchange/SEBI requirements - None

10 COMPLIANCES

The Company is equipped with professional skills to ensure compliance with legal requirements. The Secretarial and Legal Department is headed by the Compliance Officer who is responsible for ensuring compliance with the Companies Act and allied laws, SEBI/Stock Exchange rules and other regulations.

11 POSTAL BALLOT

The concept of Postal Ballot was introduced by the Companies (Amendment) Act, 2000. The Company will comply with the provisions of law, whenever so required.

No resolution was passed through Postal Ballot during the year under review in terms of Section 192A of the Companies Act, 1956 and the Companies (Passing of Resolution by Postal Ballot) Rules, 2001. However, an ordinary Resolution seeking approval of the shareholders to dispose/hive off Technology Solutions Group (TSG) has now been proposed through Postal Ballot.

12 AUDIT COMMITTEE

The Audit Committee comprises of one Non-Executive Independent Director and a Chairman who is also a Non Executive Independent Director. The key functions of the Committee are:

- 1 Reviewing with the Management the annual Financial Statements before submission to the Board and reviewing any activity coming under its reference.

- 2 Overseeing the Company's financial reporting and public disclosure processes to ensure that Financial Statements are correct, sufficient, and credible.
- 3 Recommending the appointment and termination of services of external and internal Auditors, making recommendations on fee levels and determining the fees payable for any other services.
- 4 Reviewing the efficacy of the internal control mechanism and the risk management policies of the Company including the scope and structure of the internal audit function.

The members of the Committee are senior professionals in the fields of finance, engineering and administration with significant business expertise. Auditors are invitees to the Meetings hereof. The Committee met four times during the financial year 2011-2012: on May 7, 2011; July 28, 2011; October 28, 2011; February 6, 2012. Attendance details are set out below:

Members	No. of Meetings	No. of Board Meetings attended in person	No. of Board Meetings participated through tele conference / Video conference
Jagannathan Suri	4	4	Nil
Prof. V Rajaraman	4	4	Nil

The Audit Committee invites such additional persons including the Auditors as may be desired necessary from time to time to its meetings.

13 COMPENSATION COMMITTEE

The Compensation Committee comprises of two Non-Executive Directors including its Chairman and another independent Director. The Committee performs the following key functions:

- 1 Periodically reviewing the compensation and benefits for Executive Directors and senior management.
- 2 Reviewing the Employee Stock Option Plan of the Company and related issues.

The primary objective of the Committee is to attract and retain the best talent and to ensure continuous generation of enthusiasm and motivation in them.

14 SHAREHOLDERS' GRIEVANCES COMMITTEE

The Committee comprises two Non-Executive Directors.

The Committee reviews the redressal of demat issues and grievances such as transfer of Shares, non-receipt of Shares, non-receipt of Annual Reports and the like.

The Committee met four times during the financial year 2011-2012, from 1st April 2011 to 31st March 2012, on the following dates: May 7, 2011; July 28, 2011; October 28, 2011; February 6, 2012. Attendance details are given below

Members	No. of Meeting	No. of Board Meetings attended in person	No. of Board Meetings participated through tele conference / Video conference
Jagannathan Suri	4	4	Nil
Prof. V Rajaraman	4	4	Nil

15 Name, designation & address of Compliance Officer:

Mrs. Chhanda Deshpande
Encore Software Limited
6th Floor, Leo Complex, #44&45 Residency (Cross) Road, Bangalore 560025
Phones: 080-4080 8080
Fax: 080-25587690, E-mail: eslcompliance@ncoretech.com

16 GENERAL SHAREHOLDER INFORMATION

A Twentieth Annual General Meeting:

Date	Time	Venue
10th August 2012	4:00 PM	Hotel Ajantha, M.G. Road, Bangalore

B Financial Calendar: Financial Year

April 2011 to March 2012

First Quarter Results

In May 2011

Half Yearly Results

In October 2011

Third Quarter Results

In February 2012

Results for the year ended 31st March, 2012

May 30, 2012

Book Closure Date

August 10, 2012

Scrip Code

531750

Stock Exchange

The Bombay Stock Exchange Ltd,
Mumbai

International Securities Identification Number (ISIN) for National Securities Depository Limited (NSDL) and Central Depositories Services (India) Limited (CDSL):

INE- INE103B01012

C Share Transfer System

All the transfers received are processed and approved by the Shareholders' Grievance Committee at its meeting or by circular resolutions.

The Company's Registrars and Share Transfer Agent, Integrated Enterprises (India) Limited, have adequate infrastructure to process the share transfers. The Committee meets to approve the transfers etc., as may be required by the Registrars and Share Transfer Agents in compliance with Listing Guidelines. They are the Registrars and Transfer Agents for both physical and electronic mode of transfer of shares. Transfer of Shares held in the physical mode are approved within a maximum period of 15 days, if found in order, in all respects, Shares under objection are returned within 7 days.

Integrated Enterprises (India) Limited

No. 30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore - 560 003.

Shareholders' correspondence should be addressed to the Company's Registrar and Transfer Agent at the above – mentioned address. Members may also write to the Compliance Officer at the Registered Office of the Company as stated below:

Mrs. Chhanda Deshpande

Compliance Officer

Encore Software Limited

Leo Complex, 6th Floor, # 44 & 45 Residency Cross Road, Bangalore - 560 025

Periodically, audits are carried out at the office of the Share Transfer Agent by independent Practicing Company Secretary and requisite Certificates/Reports are obtained.

D Works Location:

The Company Works location is at the premises of the Registered Office at Bangalore.

E Registered Office / Address for correspondence
 Encore Software Limited
 Leo complex, 6th Floor #44 & 45 Residency (Cross) Road, Bangalore-560 025
 Phones: 080-4080 8080, Fax: 080-2558 7690 E-mail: eslcompliance@ncoretech.com

F Foreign Offices

The Company's relationship and holding with respect to foreign ventures are given below:

Company	Location	Relationship	Holding by ESL
Encore Technology Singapore Pte Ltd	Singapore	Joint Venture	38.02%
Ncore USA	USA	Wholly Owned Subsidiary	100.00%

G Shareholding Pattern: (as on March 31, 2012)

(I) (a) STATEMENT SHOWING SHARE HOLDING PATTERN

Name of the Company : ENCORE SOFTWARE LIMITED
 Scrip Code : 531750
 Year ended : 31.03.2012

Category Code	Category of share holder	Number of share holders	Total number of share	Number of shares held in Dematerialised form	Total share Holding as a Percentage of Total Number of share		Shares pledged or otherwise encumbered	
					As a % of (A+B)	As of (A+B+C)	Number of Shares	As a Percentage
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)=(viii/(iv)-100)
(A)	Shareholding of Promoter And Promoter Group 2							
	Indian							
(a)	Individuals/Hindu Undivided Family	2	40,320	40,320	0.62	0.62	—	—
(b)	Central Government/State Government(s)	—	—	—	—	—	—	—
(c)	Bodies Corporate	1	32,091	32,091	0.50	0.50	—	—
(d)	Financial Institutions/Banks	—	—	—	—	—	—	—
(e)	Any Other(Specify)	—	—	—	—	—	—	—
	Sub-Total (A)(1)	3	72,411	72,411	1.12	1.12	—	—
(2)	Foreign							
(a)	Individuals (Non- Resident Individuals/Foreign Individuals)	—	—	—	—	—	—	—
(b)	Bodies Corporate	—	—	—	—	—	—	—
(c)	Institutions	—	—	—	—	—	—	—
(d)	Any Other (specify)	—	—	—	—	—	—	—
	Sub-Total (A)(2)	—	—	—	—	—	—	—
	Total Shareholding of Promoter and Promoter Group(A)=(A)(1)+(A)(2)	3	72,411	72,411	1.12	1.12	—	—
(B)	Public shareholding [3]							
(1)	Institutions							
(a)	Mutual Funds/UTI	—	—	—	—	—	—	—
(b)	Financial Institutions/ Banks	—	—	—	—	—	—	—
(c)	Central Government/ State Government(s)	—	—	—	—	—	—	—
(d)	Venture Capital Funds	—	—	—	—	—	—	—
(e)	Insurance Companies	—	—	—	—	—	—	—
(f)	Foreign Institutional Investors	1	80,000	80,000	1.24	1.24	—	—
(g)	Foreign Venture Capital Investors	—	—	—	—	—	—	—
(h)	Any Other (specify)	—	—	—	—	—	—	—
	Sub-Total (B)(1)	1	80,000	80,000	1.24	1.24	—	—

(2)	Non-institutions							
(a)	Bodies Corporate	111	998,996	998,896	15.44	15.44	—	0
(b)	Individuals -							
	i. Individual shareholders holding nominal share capital up to Rs. 1 lakh.	3,318	2,252,468	2,227,028	34.81	34.81	—	0
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	82	2,579,127	2,579,127	39.85	39.85	—	0
C	Any Other (specify)							
	NRI	38	459,521	459,521	7.10	7.10	—	—
	Clearing Member	13	28,977	28,977	0.45	0.45	—	—
	Sub-Total (B)(2)	3,562	6,319,089	6,252,549	97.64	97.64	—	—
	Total Public Shareholding (B)=(B)(1)+(B)(2)	3,563	6,399,089	6,332,549	98.88	98.88	—	—
	TOTAL (A)+(B)	3,566	6,471,500	6,404,960	100.00	100.00	—	—
(C)	Shares held by Custodians and against Which Depository Receipts have been issued							
	GRAND TOTAL (A)+(B)+(C)	3,566	6,471,500	6,404,960	100.00	100.00	—	—

H Distribution of shareholding according to size class as on 31st March 2012:

**ENCORE SOFTWARE LIMITED
DISTRIBUTION OF HOLDINGS AS ON 31.03.2012**

Shares holding	Share Holders		Shares	
	Number	% to total	Number	% to total
(1)	(2)	(3)	(4)	(5)
Up to 5,000	3,379	94.76	1,960,245	30.29
5,001—10,000	76	2.13	563,273	8.70
10,001—20,000	48	1.35	719,098	11.11
20,001—30,000	21	0.59	513,109	7.93
30,001—40,000	11	0.31	377,139	5.83
40,001—50,000	8	0.22	384,385	5.94
50,001—1.00,000	16	0.45	1,066,204	16.48
1,00,001—and above	7	0.20	888,047	13.72
Total	3,566	100.00	6,471,500	100.00

I Shares held in Physical and Electronic mode

Categories	Position as on 31.03.2012	
	No. of Shares	% to total shareholding
Physical	66,540	1.03
Demat - NSDL	4,640,724	71.71
Demat - CDSL	1,764,236	27.26
Total	6,471,500	100.00

J Registrar and Share Transfer Agent:

Integrated Enterprises (India) Limited
No. 30, Ramana Residency
4th Cross, Sampige Road
Malleswaram, Bangalore – 560 003

Tel: 080-23460815 Fax: 080-23460819

Shareholders holding Shares in electronic mode should address all their correspondence to their respective Depository Participant (DP)

K Nomination Facility:

The Companies Act, 1956 through Section 109A, offers the facility of nomination to share / debenture / deposit holders. The facility is mainly useful for all holders holding the shares / debentures / deposits in single name.

Investors are advised to avail of this facility, especially investors holding securities in single name to avoid the lengthy process of transmission formalities.

The nomination form may be had on request from the Company / Registrars & Share Transfer Agents. However, if the Shares are held in dematerialized form, the nomination

has to be conveyed by the Shareholders to their respective Depository Participant (DP) directly, as per the format prescribed by them.

L Market Price

The Share price data at The Stock Exchange, Mumbai for 12 months ended March 31, 2012 are furnished below:

Month	Highest ₹	Lowest ₹
April 2011	6.00	4.61
May 2011	5.25	3.91
June 2011	5.00	3.75
July 2011	4.67	3.84
August 2011	4.40	3.30
September 2011	4.30	3.10
October 2011	3.48	2.65
November 2011	3.34	2.61
December 2011	3.03	2.09
January 2012	3.10	1.99
February 2012	3.09	2.16
March 2012	3.80	2.89

By order of the Board

Date: May 30, 2012

Place: Bangalore

Vinay L Deshpande

Chairman & CEO

CEO & CFO Certification

We confirm that:

- 1 We have reviewed the Financial Statements including the Cash Flow Statement for the year and that to the best of our knowledge and belief:
 - the statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - 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 No transactions were entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.
- 3 We accept responsibility for establishing and maintaining internal controls; we have evaluated the effectiveness of the internal control systems of the company and we have disclosed to the Auditors and to the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we were aware and the steps we had taken or propose to take to rectify those deficiencies.
- 4 We have disclosed to the Auditors and to the Audit Committee
 - significant changes, if any, in internal control during the year;
 - significant changes, if any, in accounting policies during the year and, the same have been disclosed in the notes to the Financial Statements; and
 - instances of significant fraud, if any, of which we had become aware and the involvement therein, if any, of the management or any employee having a significant role in the Company's internal control system.

Date: May 30, 2012

Place: Bangalore

Vinay L Deshpande

Chief Executive Officer

AUDITORS' REPORT TO THE MEMBERS OF ENCORE SOFTWARE LIMITED

We have audited the attached Balance sheet of Encore Software Limited (the Company) as at March 31, 2012, the Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these Financial Statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management as well as evaluating the overall financial Statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (the 'order') issued by the Central Government of India in terms of sub – section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit:
- b) In our opinion, proper books of account as required by the law, have been kept by the Company so far as appears from our examination of those books;
- c) The Balance Sheet, Profit and Loss Account and Cash Flow Statements dealt with by this report are in agreement with the books of accounts;
- d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statements dealt with by this report comply with the Accounting Standards referred to in Sub-Section (3C) of section 211 of the Companies Act, 1956;
- e) On the basis of the written representation received from the Directors, as on March 31, 2012 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on March 31, 2012 from being appointed as a Director in terms Clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956.
- f) The accounts of the Company have been prepared on going concern concept despite the complete erosion of Shareholders' funds.
- g) In our opinion and to the best of our information and according to the explanations given to us, ***subject to preparation of accounts of the Company on 'going concern concept' despite the complete erosion of shareholders' funds*** the said accounts read together with the significant accounting policies and notes applicable are give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - I. In so far as it relates to the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
 - II. In so far as it relates to the Profit and Loss Account of the loss of the Company for the year ended on that date.
 - III. In case of the Cash Flow Statement of the Company of the cash flows for the year ended on that date.

For Ishwar & Gopal
Chartered Accountants

Place: Bangalore
Date: May 30, 2012

K V Gopalakrishnayya
Partner
Membership No. 21748
Firm Registration No 001154S

Annexure to the Auditors' Report to the members of Encore Software Limited for the year ended March 31, 2012.

- (i) **Fixed Assets**
- (a) The Company has maintained proper records showing full particulars, including quantitative details and the situation of its fixed assets;
 - (b) The Company has a phased programme of physical verification of fixed assets which, in our opinion is reasonable, having regard to the size of the Company and nature of its business, In accordance with such programme the Management has physically verified fixed assets during the year and no material discrepancies were noticed on such verification.
 - (c) As per the information and explanation furnished to us, fixed assets are not disposed of during the year by the Company.
- (ii) **Inventories:**
- (a) The Management has conducted physical verification of inventories. In our opinion, the frequency of verification is reasonable.
 - (b) In our opinion and according to the information and explanation furnished to us, the procedures followed by the Management for the physical verification of inventories are reasonable and adequate in relation to the size of the Company and nature of its business.
 - (c) In our opinion and according to the information and explanation furnished to us, the Company has maintained proper record of inventories. The discrepancies noticed between the physical stock and book records were not material.
- (iii) **Loans:**
- (a) The Company has not granted any loans secured or unsecured to Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
 - (b) The Company has taken the following loans from the parties listed in the Register maintained under section 301 of the Companies Act, 1956.
 - (i) An unsecured interest free loan from a Company in which maximum amount involved during the year was Rs. 3,32,849 and the year-end balance was Rs.3,32,849.
 - (ii) An unsecured loan from a Director in which maximum amount involved during the year was Rs, 45,79,501/- and the year-end balance was Rs. 35,00,179/-.
 - (c) In our opinion, the terms and conditions on which an unsecured interest free loan taken was not, prima facie, prejudicial to the interest of the Company.
 - (d) We have been informed that there is no stipulation as to repayment of the above referred unsecured interest free loan.
 - (e) As there is no stipulation as regards to repayment of interest free unsecured loan taken by the Company from a Company listed in the register maintained under Section 301 of the Companies Act ,1956 question of overdue outstanding does not arise.
- (iv) **Internal Control Procedures:**
- In our opinion and according to the information and explanations provided to us there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and for sale of goods and services. During the course of our audit, we have not observed any continuing major weakness in such internal controls.
- (v) **In respect of transactions covered under Section 301 of the Companies Act, 1956:**
- (a) In our opinion and according to the information and explanations given to us, the transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been entered in the register;
 - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time;
- (vi) The Company has not accepted any deposits from the public and consequently, the directives issued by the Reserve Bank of India, the provisions of Section 58A; 58AA or any other relevant provisions of the Companies Act, 1956 and rules framed there under are not applicable.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of the business.
- (viii) Central Government has not prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 in respect of any of the activities of the Company.
- (ix) In respect of statutory dues:
- (a) According to the information and explanations given to us undisputed statutory dues including Provident Fund, investor education and protection fund, Employees' State Insurance, Income-Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Service Tax, Cess and any other statutory dues applicable have not been regularly deposited with the appropriate authorities. According to the information and explanation given to us, there are no outstanding statutory dues as at March 31, 2012 for a period of more than 6 months from the date of becoming payable except for

Name of the Statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Due Date	Date of Payment
Central Excise Act	Service Tax	₹ 6,271,650/	2009-10 and 2010-11	Various dates	Not paid as on the date of this report

The above data has been furnished to the extent dues payable have been identified from the records of the Company.

- (b) According to the information and explanations provided to us, the disputed statutory dues that have not been deposited on account of disputed matters pending before appropriate authorities are as under:

Name of the Statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	₹ 68,77,586/-	2000-2001	Honorable High Court of 1961 Karnataka

- (x) In our opinion, the accumulated losses of the Company are more than fifty percent of its net worth. The Company has cash losses during the year under review and also during the immediately preceding year.
- (xi) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to the Banks. The Company has neither taken any loans from Financial Institutions nor issued any Debentures.
- (xii) Based on our examination and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of Shares, Debentures and other securities. Accordingly, Clause 4 (xii) of the order is not applicable.
- (xiii) The Company is not a chit / nidhi / mutual benefit fund / society and Clause xiii of the Order is not applicable.
- (xiv) The Company is not dealing or trading in shares, securities, debentures and other investments. The investments made by the Company in the shares and other securities are in the name of the Company.
- (xv) On the basis of the information and explanations given to us the Company has not given any guarantee for loans taken by others from Bank or Financial Institutions;
- (xvi) Based on information and explanation given to us by the Management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on overall examination of the Balance Sheet and Cash Flow Statement of the Company, we report that no funds raised on short term basis have been used for long term investments.
- (xviii) During the year under review, the Company has not made preferential allotment of Shares to parties listed in the Register maintained under Section 301 of the Act.
- (xix) The Company has not issued Debentures. Accordingly, Clause 4(xix) of the order is not applicable.
- (xx) The Company has not raised any money by public issues during the year. Accordingly, Clause 4(xx) of the order is not applicable.
- (xxi) Based on the audit procedures performed and information and explanations given to us by the Management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For Ishwar & Gopal
Chartered Accountants

Place: Bangalore
Date: May 30, 2012

K V Gopalakrishnayya
Partner
Membership No. 21748
Firm Registration No 001154S

Auditors' Report on Corporate Governance

(Forming part of Directors' Report dated May 30, 2012)

To the Members of Encore Software Limited

We have examined the compliance of conditions of Corporate Governance by ENCORE SOFTWARE LIMITED for the year ended on March 31, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the Financial Statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement, except for composition of the Committees.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that no investor grievances were pending for a period of one month against the Company as per the records maintained by the Shareholders / Investors Grievance Committee.

We further state such compliance 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

For Ishwar & Gopal
Chartered Accountants

Place: Bangalore
Date: May 30, 2012

K V Gopalakrishnayya
Partner
Membership No. 21748
Firm Registration No 001154S

Encore Software Limited
Balance Sheet as at March 31, 2012

Sl. No.	Particulars	Note No.	As at 31 March 2012	As at 31 March 2011
			₹	₹
A	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	1	64,857,500	64,857,500
	(b) Reserves and surplus	2	(269,524,180)	(251,477,360)
	Sub-total-Shareholders' funds		(204,666,680)	(186,619,860)
3	Non-current liabilities			
	(a) Long-term provisions	3	6,433,222	6,140,799
	Sub-total-non-current liabilities		6,433,222	6,140,799
4	Current liabilities			
	(a) Short-term borrowings	4	4,856,822	5,757,491
	(b) Trade payables	5	5,220,981	5,332,085
	(c) Other current liabilities	6	195,660,724	184,064,705
	(d) Short-term provisions	7	438,726	2,529,603
	Sub-total-Current liabilities		206,177,253	197,683,884
	TOTAL-EQUITY AND LIABILITIES		7,943,795	17,204,823
B	ASSETS			
1	Non-current assets			
	(a) Fixed assets			
	(i) Tangible assets	8	581,398	1,463,493
	(b) Non-current investments	9	49,800	49,800
	(c) Long-term loans and advances	10	2,326,044	2,326,044
	(d) Other non-current assets	11	—	—
	Sub-total-Non-current assets		2,957,242	3,839,337
2	Current assets			
	(a) Trade receivables	12	1,272,112	2,723,287
	(b) Cash and cash equivalents	13	2,728,331	2,415,051
	(c) Short-term loans and advances	14	197,659	225,554
	(d) Other current assets	15	788,451	8,001,594
	Sub-total-Current assets		4,986,553	13,365,486
	TOTAL-ASSETS		7,943,795	17,204,823
See accompanying notes forming part of the financial statements		22		

In terms of our report attached

For Ishwar & Gopal

Chartered Accountants

K V Gopalakrishnaya

Partner

Membership No. 21748

Firm Registration No 001154S

Place: Bangalore

Date: May 30, 2012

Vinay L Deshpande

Chairman & CEO

Chhanda Deshpande

Executive Director

Encore Software Limited
Statement of Profit and Loss for the year ended 31 March, 2012

Sl. No.	Particulars	Note No.	For the year ended 31 March 2012	For the year ended 31 March 2011
			₹	₹
1	Revenue from operations	16	33,067,720	34,988,852
2	Other operating income	17	1,058,908	862,204
3	Total revenue from Continuing Operations (1+2)		34,126,628	35,851,056
4	Expenses			
	a) Changes in inventories of finished goods, work-in-progress and stock-in-trade	18	—	210,945
	b) Employee benefits expense	19	25,951,903	35,906,345
	c) Finance costs	20	16,838,227	15,001,708
	d) Depreciation and amortisation expense	8	891,945	1,634,273
	e) Other expenses	21	8,491,373	8,864,270
	Total expenses		52,173,448	61,617,541
5	Profit/(Loss) from continuing operations before exceptional and extraordinary items and tax (3- 4)		(18,046,820)	(25,766,485)
6	Exceptional items		—	—
7	Profit / (Loss) before extraordinary items and tax (5±6)		(18,046,820)	(25,766,485)
8	Extraordinary items		—	—
9	Profit / (Loss) before tax (7 ±8)		(18,046,820)	(25,766,485)
10	Tax expense:		—	—
11	Profit / (Loss) for the year (9-10)		(18,046,820)	(25,766,485)
12	Earnings per share (of ₹ 10/- each):			
	a) Basic		(2.79)	(3.98)
	b) Diluted		(2.79)	(3.98)
	Earnings per share (excluding extraordinary items) (of ₹ 10/- each):			
	(a) Basic		(2.79)	(3.98)
	(b) Diluted		(2.79)	(3.98)
	See accompanying notes forming part of the financial statements	22		

In terms of our report attached
For Ishwar & Gopal
Chartered Accountants

K V Gopalakrishnayya
Partner
Membership No. 21748
Firm Registration No 001154S
Place: Bangalore
Date: May 30, 2012

Vinay L Deshpande
Chairman & CEO

Chhanda Deshpande
Executive Director

Encore Software Limited
Cash Flow Statement for the year ended 31 March, 2012

Particulars	For the year ended 31 March, 2012		For the year ended 31 March, 2011	
	₹	₹	₹	₹
A Cash flow from operating activities				
Net Profit / (Loss) before extraordinary items and tax		(18,046,820)		(25,766,485)
<u>Adjustments for:</u>				
Depreciation and amortization	891,945		1,634,273	
(Profit) / loss on sale / write off of assets	—		(14,860)	
Finance costs	16,838,227		15,001,708	
Interest income	(810,149)	16,920,023	(504,200)	16,116,921
Operating profit / (loss) before working capital changes		(1,126,797)		(9,649,564)
<u>Changes in working capital:</u>				
Adjustments for (increase) / decrease in operating assets:				
Inventories	—		1,393,323	
Trade receivables	1,451,175		11,076,553	
Short-term loans and advances	27,895		8,978	
Long-term loans and advances	—		115,001	
Other current assets	(167,016)		(43,537)	
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	(111,104)		80,740	
Other current liabilities	(4,602,112)		12,079,926	
Short-term provisions	(2,090,877)		2,529,603	
Long-term provisions	292,423	(5,199,616)	—	27,240,587
Cash flow from extraordinary items		(6,326,413)		17,591,023
Cash generated from operations		(6,326,413)		17,591,023
Net income tax (paid) / refunds		7,380,159		(7,788,812)
Net cash flow from / (used in) operating activities (A)		1,053,746		9,802,211

Particulars	For the year ended 31 March, 2012		For the year ended 31 March, 2011	
	₹	₹	₹	₹
B Cash flow from investing activities				
Capital expenditure on fixed assets, including capital advances	(9,850)		(371,463)	
Proceeds from sale of fixed assets	—		20,000	
-Others	810,149	800,299	504,200	152,737
Cash flow from extraordinary items		—		—
Net cash flow from / (used in) investing activities (B)		800,299		152,737
C Cash flow from financing activities				
Proceeds from other short-term borrowings	(900,668)		(10,056,903)	
Finance cost	(640,097)	(1,540,765)	(192,616)	(10,249,519)
Net cash flow from / (used in) financing activities (C)		(1,540,765)		(10,249,519)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		313,280		(294,571)
Cash and cash equivalents at the beginning of the year		2,415,051		2,709,622
Cash and cash equivalents at the end of the year		2,728,331		2,415,051

Notes:

- I. The Cash Flow Statement reflects the combined cash flows pertaining to continuing and discontinuing operations.
- II. These earmarked account balances with banks can be utilised only for the specific identified purposes.

See accompanying notes forming part of the financial statements

In terms of our report attached

For Ishwar & Gopal
Chartered Accountants

K V Gopalakrishnayya
Partner
Membership No. 21748
Firm Registration No 001154S
Place: Bangalore
Date: May 30, 2012

Vinay L Deshpande
Chairman & CEO

Chhanda Deshpande
Executive Director

Notes forming part of the financial statements

Note 1: Share capital

Particulars	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares	₹	Number of shares	₹
(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
Total	6,500,000	64,857,500	6,500,000	64,857,500

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Closing Balance
Equity shares with voting rights		
Year ended 31 March, 2012		
- Number of shares	6,500,000	6,500,000
- Amount (₹)	64,857,500	64,857,500
Year ended 31 March, 2011		
- Number of shares	6,500,000	6,500,000
- Amount (₹)	64,857,500	64,857,500

(ii) Details of forfeited shares

Particulars	As at 31 March, 2012		As at 31 March, 2011	
	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 Rs. 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 2 : Reserves and surplus

Particulars	As at 31 March, 2012	As at 31 March, 2011
(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) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	(333,871,210)	(308,104,725)
Add: Profit / (Loss) for the year	(18,046,820)	(25,766,485)
Closing balance	(351,918,030)	(333,871,210)
Total	(269,524,180)	(251,477,360)

Note 3: Long-term provisions

(a) Provision for employee benefits:		
I. Provision for compensated absences	1,470,720	1,378,265
II. Provision for gratuity	4,962,502	4,762,534
Total	6,433,222	6,140,799

Note 4 : Short-term borrowings

(a) Loans repayable on demand		
From banks:		
Secured [Secured by lien on deposits]	1,023,794	845,141
(b) Loans and advances from related parties		
Unsecured	3,833,028	4,912,350
Total	4,856,822	5,757,491

Note 5: Trade payables

Other than Acceptances *	5,220,981	5,332,085
* Due to other than Micro, Small and Medium Enterprises		
Total	5,220,981	5,332,085

Note 6: Other current liabilities

(a) Current maturities of long-term debt (Refer Note below)	136,710,016	121,192,084
(b) Application money received for allotment of securities and due for refund and interest accrued thereon	18,642,450	18,642,450
(c) Statutory remittances	6,355,471	7,403,397
(d) Advances from customers	7,673,692	7,141,291
(e) Others (specify nature):		
I. Due to Directors'	7,480,193	5,310,016
II. Liability for expenses	18,798,902	24,375,467
Total	195,660,724	184,064,705

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 March, 2012		As at 31 March, 2011	
	Period of default	₹	Period of default	₹
Principal	53 months	79,300,000	41 months	79,300,000
Interest		57,410,016		41,892,084

Note 7: Short-term provisions

(a) Provision for employee benefits:		
(i). Provision for compensated absences	—	562,510
(ii). Provision for gratuity	438,726	1,967,093
Total	438,726	2,529,603

Note 8: Fixed assets

Tangible Assets

Amount in ₹

Particulars	GROSS BLOCK				DEPRECIATION				NETBLOCK	
	Balance as at 1 April, 2011	Additions	Disposals	Balance as at 31 March, 2012	Balance as at 1 April, 2011	Depreciation / amortisation expense for the year	Eliminated on disposal of assets	Balance as at 31 March, 2012	Balance as at 31 March, 2012	Balance as at 31 March, 2011
Plant & Equipment Owned	15,229,754	—	—	15,229,754	15,128,989	38,308	—	15,167,297	62,457	100,765
Furniture and Fixtures Owned	5,968,615	—	—	5,968,615	5,968,615	—	—	5,968,615	—	—
Vehicles Owned	1,928,985	—	—	1,928,985	1,520,017	181,818	—	1,701,835	227,150	408,968
Office equipment Owned	20,276,576	9850	—	20,286,426	19,720,302	274,333	—	19,994,635	291,791	556,274
Others:										
Tools –Owned *	6,989,085	—	—	6,989,085	6,591,599	397,486	—	6,989,085	—	397,486
Total	50,393,015	9,850	—	50,402,865	48,929,522	891,945	—	49,821,467	581,398	1,463,493
Previous year	50,061,837	371,463	40,285	50,393,015	47,330,394	1,634,273	35,145	48,929,522	1,463,493	

* lying with third parties gross block ₹6,917,417 (₹. 6,917,417), written down value ₹. Nil (397,486)

Note 9 : Non-current investments

Particulars	As at 31 March, 2012	As at 31 March, 2011
	Unquoted ₹	Unquoted ₹
Investments (At cost):		
A Trade		
(a) Investment in equity instruments		
(i) 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
(ii) of joint venture companies		
BharatLogistics Private Limited 180,000(180,000) equity shares at Rs 10/ each (par value Rs.10/- each)	1,800,000	1,800,000
Encore Technologies (Singapore) Pte Ltd 3,301,100 (3,301,100) equity shares at S\$ 0.10 each (Par value S\$ 0.10 each)	8,583,048	8,583,048
Total – Trade (A)	15,843,536	15,843,536
B Other investments		
(i) in government securities		
National Saving Certificates	5,000	5,000
(ii) Other non current investments		
Vacation Time Shares	44,800	44,800
Total – Other investments (B)	49,800	49,800
Total (A+B)	15,893,336	15,893,336
Less: Provision for diminution in value of investments	15,843,536	15,843,536
Total	49,800	49,800

Note 10: Long-term loans and advances

(a) Security deposits		
Unsecured, considered good	2,326,044	2,326,044

Note 11: Other non-current assets

(a) Long-term trade receivables Unsecured		
Considered Doubtful	16,221,433	16,221,433
	16,221,433	16,221,433
Less: Provision for doubtful trade receivables	16,221,433	16,221,433
	—	—

Note 12: 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	1,246,112	2,697,287
Total	1,272,112	2,723,287

Note 13: Cash and cash equivalents

(a) Cash on hand	543	288
(b) Balances with banks		
(i) In current accounts	480,684	427,112
(ii) In EEFC accounts	91,090	80,107
(iii) In deposit accounts	588,452	339,982
(iv) In earmarked accounts	1,567,562	1,567,562
Balances held as margin money or security against borrowings, guarantees and other commitments		
Total	2,728,331	2,415,051

Note 14: Short-term loans and advances

Prepaid expenses	197,659	225,554
Total	197,659	225,554

Note 15: Other current assets

Interest accrued on deposits	339,068	172,052
Advance Income Tax/Tax Deducted at Source	449,383	7,829,542
Total	788,451	8,001,594

Note 16: Revenue from operations

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
Revenue from Software development	28,203,320	21,749,820
Revenue from Technical Services and Royalty	1,602,032	10,327,655
Other operating revenues	3,262,368	2,911,377
	33,067,720	34,988,852
<u>Less:</u>		
Excise duty	—	—
Total	33,067,720	34,988,852

Note 17: Other operating income

Interest income	810,149	504,200
Net gain on foreign currency transactions and translation	248,759	280,999
Gain on sale of Fixed Assets	—	14,860
Unclaimed credit written back	—	62,145
Total	1,058,908	862,204
Interest income comprises:		
Interest from banks on:		
Deposits	237,986	144,926
Interest on income tax refund	572,163	359,274
Total – Interest income	810,149	504,200

Note 18: Changes in inventories of finished goods, work-in-progress and stock-in-trade

Inventories at the end of the year:		
Finished goods	—	—
Work-in-progress	—	—
Stock-in-trade	—	—
	—	—
Inventories at the beginning of the year:		
Finished goods	—	—
Work-in-progress	—	210,945
Stock-in-trade	—	—
	—	210,945
Net (increase) / decrease	—	210,945

Note 19: Employee benefits expense

Salaries and wages	25,563,469	35,341,174
Contributions to provident and other funds	262,557	361,717
Staff welfare expenses	125,877	203,454
Total	25,951,903	35,906,345

Note 20: Finance costs

(a) Interest expense on:		
(i) Borrowings	16,701,728	14,891,532
(iii) Others	136,499	110,176
Total	16,838,227	15,001,708

Note 21: Other expenses

Consumption of stores and spare parts	56,982	2,748,057
Subcontracting	5,000	256,464
Power and fuel	486,981	838,052
Rent including lease rentals	2,698,080	2,248,397
Repairs and maintenance - Machinery	212,968	302,651
Insurance	330,980	342,513
Rates and taxes	72,469	375,453
Communication	305,472	359,995
Travelling and conveyance	622,413	192,643
Printing and stationery	91,306	167,978
Business promotion	999,175	27,312
Legal and professional*	779,850	338,454
Payments to auditors (Refer Note (i) below)	125,000	125,000
Bad trade and other receivables, loans and advances written off	3,609	2,852
Withholding tax written off	608,406	—
Miscellaneous expenses	1,092,682	538,449
Total	8,491,373	8,864,270

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

As auditors - statutory audit	90,000	90,000
For taxation matters	25,000	25,000
For company law matters	—	—
For management services	—	—
For other services	10,000	10,000
Reimbursement of expenses	—	—
Total	125,000	125,000

22. SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

22.1 Significant Accounting Policies:

22.1.1 Basis for preparation of financial statements:

The Accounts have been prepared and presented under the historical cost convention on the accrual basis of accounting following Generally Accepted Accounting Practices (GAAP) and comply with the Accounting Standards prescribed by the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, to the extent applicable.

Use of Estimates:

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

22.1.2 Revenue Recognition:

Revenue from software development services and Sale of Software is recognised based on the milestones achieved on a percentage-of-completion basis. Product sale is recognised on delivery and passing of title. Fee for Manufacturing License is recognized during the year in which the company has licensed the manufacturing rights using the technology. Rejections/returns if any are recognised when Software supplied is found inadequate / Product supplied is returned. Revenue from royalty is recognised when the right to receive the payment is established. Interest income is recorded on accrual basis.

22.1.3 Expenditure:

Expenses are accounted on accrual basis and provision is made for all known losses and liabilities.

22.1.4 Fixed Assets:

Fixed assets are stated at their original cost of acquisition and subsequent improvement thereto, including taxes, duties, freight and other incidental expenses related to acquisition, construction and installation of asset(s) concerned.

22.1.5 Depreciation:

Depreciation on fixed assets is provided using the straight-line method based on useful life as estimated by the management. Depreciation is charged on pro-rata basis for assets purchased/sold during the year. Individual assets costing less than Rs. 5,000 are depreciated in full in the year of purchase. The management's estimate of useful life for the various fixed assets is given below:

Machinery and Equipment	5 years
Tools and Fixtures	3 years
Computer Equipment	3 years
Furniture and Fixtures	5 years
Vehicles	5 years
Library Books	1 year

22.1.6 Inventories:

Inventory of finished goods, materials and components are valued at the lower of historic and estimated net realisable value. Products developed by Ncore Technology Pvt. Limited, and transferred to the Company on amalgamation, are treated as semi-finished products, and their costs are written off every year based on sales as compared to the estimated demand for such products.

22.1.7 Employee Benefits:

i) Post-employment benefit plans

For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the profit and loss account for the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

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 recognised 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.

- 22.1.8 **Research and Development:**
Expenditure on Research is recognized as an expense in the year in which it is incurred.
- 22.1.9 **Foreign Currency Conversion:**
Foreign currency transactions are dealt with in accordance with the Accounting Standard on Accounting for Effects of Changes in Foreign Exchange Rates (AS11), notified by the Companies (Accounting Standards) Rules, 2006.
- 22.1.10 **Investments:**
Investments are classified into current investment and long-term investments. Current investments are carried at the lower of cost and fair value, and provision is made to recognize any decline in the carrying value. Long-term investments are carried at cost, and provision is made to recognize any decline, other than temporary, in the value of such investment(s).
- 22.1.11 **Provision for Current and Deferred Tax:**
Provision for current tax is made after taking into consideration benefits admissible under the provisions of Income Tax Act, 1961
Deferred tax resulting from "timing difference" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the asset will be realised in future.
In view of the losses, as a conservative policy, the Company has not recognized additional deferred tax assets resulting on account of unabsorbed business losses and other benefits available under Income Tax.
- 22.1.12 **Impairment of Assets:**
An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged off to the Profit & Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of the recoverable amount.
- 22.1.13 **Provisions, Contingent Liabilities & Contingent Assets:**
Provisions involving substantial degree of estimation in measurement of recognizing when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

22.2 **Notes on Accounts**

- 22.2.1 **Contingent Liabilities:**
The Company has an outstanding Counter Guarantee of Rs. 251,830 (Rs 251,830) to a bank, in respect of the guarantee issued by the said bank favouring Government of India.
- 22.2.2 Disputed liability towards Employees State Insurance contributions is Rs. 91,027 (Rs 91,027)
- 22.3 The Company is engaged in design and development of software and embedded systems. The production and sale of such activities cannot be expressed in any generic unit. Hence it is not possible to give the quantitative details of sales and information as required under paragraphs 3 and 4C, of Part II of Schedule VI of the Companies Act, 1956 for such transactions.

22.4 **Earnings in Foreign Exchange:**

Exports (on FOB basis)	₹.	31,592,720	(24,622,387)
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22.5 **Imports (on CIF basis):**

Components and Spare Parts	₹.	42,388	(1,053,785)
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22.6 **Expenditure in Foreign Currency (Cash Basis):**

Membership Subscription	₹	942,375	(Nil)
Bank Charges	₹.	15,511	(19,157)

22.7 **Consumption of Components and Spare Parts:**

Particulars	% of total consumption		Amount ₹	
Imported	74.39	(41.81)	42,388	(1,599,060)
Indigenous	25.61	(58.19)	14,594	(1,148,997)
Total	100.00	(100.00)	56,982	(2,748,057)

22.8 Segment wise reporting

Amount in ₹

Primary Segment	For the year ending 31.03.2012	For the year ending 31.03.2011
1. Segment Revenue		
a. Technology Solutions	33,597,174	24,822,387
b. Mobile Computing Products	529,454	10,166,465
Total Revenue	34,126,628	34,988,852
2. Segment Result		
a. Technology Solutions	2,323,902	(3,872,945)
b. Mobile Computing Products	(20,370,722)	(21,893,540)
Less: Provision for tax /Deferred tax	—	—
Total Profit/(Loss)	(18,046,820)	(25,766,485)

Segment capital employed: Fixed assets used in the Company's business or liabilities contracted have not been identified to any of the reportable Segments, as the fixed assets and services are used interchangeably between segments.

22.9 Disclosure relating to related party transactions

22.9.1 As per Accounting Standard (AS-18) on Related party disclosures notified by the Companies (Accounting Standards) Rules, 2006, the disclosure of transactions with the related party as defined in the Accounting Standard are given below:

Sl. No.	Name of the Related Party	Relationship
1.	Ncore USA Inc	Wholly Owned Subsidiary
2.	Encore Technologies Singapore Pte Ltd	Associate & Joint Venture
3.	Bharath Logistics Private Limited	Associate Company
4.	Ncore Technology Services Pvt. Ltd	Company in which Director is interested
5.	Peninsula Electronics	Firm in which Director is interested
6.	Processor Systems India Pvt. Ltd.	Company in which Director is interested
7.	Vinay L Deshpande	Key Management Personnel
8.	Chhanda Deshpande	Key Management Personnel
9.	Neil Deshpande	Relative of Key Management Personnel

22.9.2 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			1,530,000 (Nil)	
	Repaid during the year			2,609,322 (Nil)	
	Balance as at 31st March, 2012			3,500,179 (4,579,501)	
	Loans from Ncore Technology Services Private Limited Balance as at 31 st March, 2012			332,849 (332,849)	

2	Investments Ncore USA– Balance as at 31 st March, 2012	5,460,488* (5,460,488)*			
	Investments BharatLogistics Private Limited– Balance as at 31 st March, 2012		1,800,000* (1,800,000)*		
	Investments Encore Technologies Singapore Pte Ltd– Balance as at 31 st March, 2012		8,583,048* (8,583,048)*		
3	Purchases/Job works from Peninsula Electronics				5,000 (181,464)
4	Remuneration – Vinay L Deshpande			3,216,000 (3,216,000)	
	Remuneration – Chhanda Deshpande			1,915,200 (1,915,200)	
	Remuneration – Neil Deshpande (till July 29, 2011)			480,916 (1,332,787)	
5	Interest on Unsecured Loan Vinay L Deshpande			380,198 (1,174,901)	
6	Receivable as at 31 st March, 2012 Ncore USA	47,532* (47,532)*			
	Receivable as at 31 st March, 2012 – Encore Technologies Singapore Pte Ltd		11,848* (11,848)*		
7	Payable as at 31 st March, 2012 – Vinay L Deshpande			7,480,193 (5,310,016)	
	Payable as at 31 st March, 2012 – Peninsula Electronics				1,993,906 (2,088,501)

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

22.10 Particulars of Joint Venture:

Encore Technologies Singapore Pte Ltd is a Joint Venture Company of Encore Software Limited and Time 2 Talk Pte. Ltd, incorporated under the laws of Singapore. Out of the total Paid up Capital of 9,645,784 numbers of equity shares (par value S \$.1 each) of Encore Technologies Singapore Pte Ltd, Encore Software Limited holds 3,301,100 (par value s \$ 0.10 each) representing 38.02% of total equity. Based on contractual obligation Encore Technologies Singapore Pte Ltd has entered into, Encore Software Limited has no contingent liabilities or capital commitments on account of the joint venture.

22.11 Leases:

Operating Leases: The Company has taken commercial premises under cancelable operating lease. The lease agreements provide an option to the Company to renew the lease period. There are no exceptional / restrictive covenants in the lease agreements. The rental expense in respect of operating lease is Rs. 2,698,080 (Previous year Rs. 2,248,397). Contingent rent recognized in the profit and loss account is Rs. Nil (Rs. Nil)

22.12 Provisions, Contingent Liabilities & Contingent Assets:

The Company has made provision for gratuity and leave salary on basis of actuarial valuation. These being retirement benefits, an obligation to pay these amounts might arise at the time of resignation / superannuation of the employees. There is no reimbursement receivable against these obligations.

Amounts in ₹

Nature of obligation	The carrying amount at the beginning of the period	Additional provisions made during the year	Amounts incurred and charged against the provision during the period	Unused amounts reversed during the period	The carrying amount at the end of the period
Leave Salary	1,940,775	Nil	Nil	470,055	1,470,720

22.13 Retirement Benefit Plans

Defined contribution plans

The Company makes Provident Fund contributions to defined contribution retirement benefit plans for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Provident Fund scheme additionally requires the Company to guarantee payment of interest at rates notified by the Central Government from time to time, for which shortfall has been provided for as at the Balance Sheet date.

The Company recognised Rs. 248,471 (Rs. 301,926) for provident fund contributions and in the profit and loss account. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

Defined benefit plans

The Company has made a provision for gratuity payable to qualifying employees'. Lump sum payment is made to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary, payable for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service.

The present value of the defined benefit obligation and the related current service cost were measured using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date.

The following table sets out the funded status of the gratuity plan and the amounts recognized in the Company's financial statements as at March 31, 2012:

	As at March 31, 2012	As at March 31, 2011
I. Change in benefit obligations:		
Projected benefit obligation, beginning of the year (April 1, 2011)	6,729,627	4,762,534
Service cost	506,437	1,643,259
Interest cost	570,956	381,003
Actuarial (gain) / loss	(2,380,792)	(57,169)
Benefits paid	(25,000)	—
Projected benefit obligation, end of the year	5,401,228	6,729,627
II. Change in plan assets:		
Fair value of plan assets, beginning of the year (April 1, 2011)		
Expected return on plan assets		
Employer's contributions	25,000	Nil
Benefits paid	(25,000)	Nil
Actuarial gain*		
Fair value of plan assets at the end of the year		Nil
Excess of (obligation over plan assets) / plan assets over obligation		Nil
(Accrued liability) / Prepaid benefit		Nil

III.	Net gratuity and other cost for the year ended March 31, 2012:		
	Service cost	506,437	1,643,259
	Interest on defined benefit obligation	570,956	381,003
	Expected return on plan assets	—	—
	Net actuarial gain recognized in the year	(2,380,792)	(57,169)
	Net gratuity and other cost	(1,303,399)	1,967,093
	Actual Return on Plan Assets		
IV.	Category of Assets as at March 31, 2012:		
	Special Deposits Scheme	—	—
	Insurer Managed Funds	—	—
	Others	—	—
	Total	—	—
V.	Assumptions used in accounting for the gratuity plan:		
	Interest rate	8.50%	8.00%
	Discount rate	8.50%	8.00%
	Salary escalation rate	6.00%	6.00%
	Attrition Rate	5.00%	5.00%
	Retirement Age	60 years	60 years

22.14 Previous period'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

**For ISHWAR AND GOPAL
CHARTERED ACCOUNTANTS**

K V Gopalakrishnayya
Partner
Membership No. 21748
Firm Registration No 00154S
Place: Bangalore
Date: May 30, 2012

Vinay L Deshpande
Chairman & CEO

Chhanda Deshpande
Executive Director

ENCORE SOFTWARE LIMITED
Registered Office : 6th Floor, Leo Complex
44&45, Residency (Cross) Road, Bangalore 560 025

PROXY FORM

I/we of
..... being a member/
members of Encore Software Limited hereby appoint
.....of or failing him /her
..... of
.....as my / our proxy to vote for me / us on my/our behalf at the 20th Annual General Meeting of the Company, to be held on, August 10, 2012 at 4:00 PM and at any adjournments thereof.

Signed thisday of.....2012
Folio No :
Client ID * :
DP ID * :
Number of shares :

Signature

Note: This form in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered office of the Company, not less than 48 hours before the meeting.

ENCORE SOFTWARE LIMITED
Registered Office : 6th Floor, Leo Complex
#44&45, Residency (Cross) Road, Bangalore 560 025

ATTENDANCE SLIP

Name of the Member
.....
Address
.....
.....
Folio No :
Client ID * :
DP ID * :
Number of shares :

I certify that I am a registered Shareholder / proxy for the registered Shareholder of the Company, I hereby record my presence at the 20th Annual General Meeting of the Company held at Hotel Ajantha, M G Road, Bangalore 560 001 on August 10, 2012 at 4:00 p.m .

Member's / Proxy's Name Signature of Member / Proxy

Note: Please fill in this attendance slip and hand it over at the **ENTRANCE OF THE MEETING HALL**. Members are requested to bring their copies of the Annual Report to the meeting (* Applicable for investors holdings in Electronic Form)

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If undelivered please return to:

ENCORE SOFTWARE LIMITED

6th Floor, Leo Complex,
44 & 45, Residency (Cross) Road, Bangalore 560 025.
Ph. : 080 4080 8080 Web : www.ncoretech.com