



Encore Software

TWENTY THIRD ANNUAL REPORT
2014-2015

Encore Software Limited

CIN L72200KA2001PLC029313

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CORPORATE INFORMATION

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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 Ishwar & Gopal
Chartered Accountants

BANKERS

Syndicate Bank
Shoolay Branch, Bangalore 560025

REGISTERED OFFICE

Encore Software Limited
6th Floor, Leo Complex
44 & 45 Residency (Cross) Road
Bangalore 560025

USA OFFICE

20590 Shady Oak Lane
Cupertino, CA 95014, USA

SHARE TRANSFER AGENT

Integrated Enterprises (India) Limited
30 Ramana Residency, 4th Cross
Sampige Road, Malleswaram
Bangalore 560003
Phone: 080-2346 0815 / 818
Fax: 080-2346 0819

TWENTY THIRD ANNUAL REPORT 2014-2015

NOTICE

Notice is hereby given that the Twenty Third Annual General Meeting of the Shareholders of the Company will be held on Monday, 28th September 2015 at 4:00 PM at Bharatiya Vidya Bhavan, Race Course Road, Bangalore 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 31st March 2015 and the Statement of Profit and Loss of the Company for the year ended as on that date together with the Auditors' Report thereon and Report of Board of Directors including Secretarial Audit Report.
2. To appoint Ms. Chhanda Deshpande, Director (DIN: 00225546), who retires by rotation and being eligible, offers herself for reappointment.
3. To consider and to pass the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and The Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Messrs Ishwar & Gopal, Chartered Accountants, having ICAI Firm Registration No. 001154S, who have offered themselves for re-appointment and have confirmed their eligibility to be appointed as Auditors, in terms of provisions of Section 141 of the Act, and Rule 4 of the Rules, be and are hereby re-appointed as Statutory Auditors of the Company for the Company's financial years 2015-16 to 2017-18 and to hold office from the conclusion of this Annual General Meeting until the conclusion of the 26th Annual General Meeting of the Company on such remuneration as may be agreed upon by the Board of Directors and the Auditors, in addition to service tax and re-imburement of out of pocket expenses incurred by them in connection with the audit of Accounts of the Company".

SPECIAL BUSINESS

4. To consider, and to pass, the following resolution as a Special Resolution:
"RESOLVED THAT pursuant to the provisions of Companies Act, 2013 and clause 49 of the Listing Agreement, approval be and is hereby accorded to dispose the Shares in Consilient Technologies Private Limited, a material Subsidiary and to reduce the shareholding to less than 50%".

By the Order of the Board
For Encore Software Limited

Place: Bangalore
Date: 14th August 2015

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. Explanatory Statement as per Section 102 of the Companies Act, 2013, in respect of Special Business is attached hereto.
3. The Register of Members and the Share Transfer books of the Company will remain closed on 28th September 2015.
4. The listing fee has been paid to the Bombay Stock Exchange where the Company is listed.
5. 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, Malleshwaram, 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.
6. Members are requested to bring copy of the Annual Report along with them to the Annual General Meeting.
7. Pursuant to SEBI Notification No. MED/DOP/Circular/05/2009, dated 20th 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.
8. As regards to re-appointment of Ms. Chhanda Deshpande, referred to in item No. 2 of the notice, the following necessary disclosures are made for the information of the Shareholders:

Particulars	Details
Name	Ms. Chhanda Deshpande
Date of Birth	12 th March, 1948
Date of Appointment	24 th July 2001
Qualifications	BA (Economics)
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

9. Voting through electronic means:

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, the Company is pleased to offer e-voting facility to the members to cast their votes electronically on all resolutions set forth in the Notice convening the 23rd Annual General Meeting to be held on Monday, 28th September 2015 at 4:00 PM at Bharatiya Vidya Bhavan, Race Course Road, Bangalore 560 001. The Company has engaged the services of Central Depository Services (India) Limited (CDSL) to provide the e-voting facility.

The instructions for shareholders voting electronically are as under:

- i) The voting period begins on 25th September 2015 (9:00 a.m.) and ends on 27th September 2015 (5:00 p.m.). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 22nd September 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- iii) Click on Shareholders.
- iv) Now Enter your User ID
 - a) For CDSL: 16 digits beneficiary ID,
 - b) For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c) Members holding shares in Physical Form should enter Folio Number registered with the Company.
- v) Next enter the Image Verification as displayed and Click on Login.
- vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) * Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. * In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. * Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv)

- viii) After entering these details appropriately, click on "SUBMIT" tab.
- ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company

opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xi) Click on the EVSN for the relevant “ENCORE SOFTWARE LIMITED” on which you choose to vote.
- xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- xvi) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xviii) Note for Non – Individual Shareholders and Custodians**
 - * Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - * A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - * After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - * The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - * A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

10. The results of Annual General Meeting shall be declared within 3 (three) days from the conclusion of the Annual General Meeting. The results declared along with the Scrutinizers report shall be placed on the Company’s website (www.ncoretech.com) and on the website of CDSL and shall be communicated to BSE Limited.
11. Mr. Vijayakrishna K T, Practicing Company Secretary, Bangalore has been appointed as Scrutinizer to scrutinize the e-voting process in a fair and transparent manner. The Scrutinizer shall within a period of not exceeding three working days from the conclusion of the e-voting period unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer’s report of the votes cast in favour or against and shall submit to the Chairman of the Meeting.

By the Order of the Board
For Encore Software Limited

Place: Bangalore
Date: 14th August 2015

Vinay L Deshpande
Director
DIN: 00225502

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 4

The Shareholders may recall that the Company had invested upto 51% of the paid up Capital of the Consilient Technologies Private Limited (CTPL), Subsidiary Company.

In order to focus and concentrate on other business opportunities, the Company proposes to release a part of its investments in (CTPL), Suitable valuation by the Auditor of the Company has been reviewed by your Board. With this (CTPL), will no longer be a Subsidiary of the Company. However, this disinvestment will help CTPL raise external investment to grow its business rapidly, which in turn will help ESL realize better value for its remaining shareholding in CTPL.

None of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the said resolution.

This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

The Board recommends the Special Resolution set out at Item No. 4 of the notice for approval by the members.

By the Order of the Board
For Encore Software Limited

Place: Bangalore
Date: 14th August 2015

Vinay L Deshpande
Director
DIN: 00225502

BOARD'S REPORT

To the Members:

The Directors have pleasure in presenting before you the Annual Report of the Company together with the Audited Statements of Accounts for the 23rd year ended 31st March 2015.

1. FINANCIAL SUMMARY/HIGHLIGHTS, OPERATIONS, STATE OF AFFAIRS [INSERT AS PER INFORMATION FROM THE COMPANY]

Particulars	(Rs. in Rupees)	
	2014-2015	2013-2014
Gross Income	23,488	2,35,202
Profit Before Interest and Depreciation	(35,13,870)	(51,71,086)
Finance Charges	2,18,14,787	2,01,19,052
Gross Profit	(2,53,28,657)	(2,52,90,138)
Provision for Depreciation	—	62,647
Net Profit Before Tax	(2,53,28,657)	(2,53,52,785)
Provision for Tax	—	—
Net Profit After Tax	(2,53,28,657)	(2,53,52,785)
Balance of Profit brought forward	(38,40,17,844)	(35,86,65,059)
Balance available for appropriation	(40,93,46,501)	(38,40,17,844)

While the Company has been striving to get orders for the *SATHI* as well as trying to make progress in the Brazil project, it has also been working on finding new avenues of business, especially in applying information technology in the domains of Business Intelligence and Human Resources Development, and mobile-based applications for services provision, etc., in keeping with the changing trends. Accordingly, considerable progress has been made in the three areas identified above, and projects/services in these three areas are expected to be launched in the new financial year. These new activities will need further investments to be made in the Company, and the Company is in advanced stages of negotiation with financial institutions and prospective investors for some innovative solutions/schemes for funding. The activities so chosen/planned have relatively low competition.

FUTURE PROSPECTS

The new activities, when launched, have been so chosen for their potential for generating revenues quickly, and the Company is confident of being able to start rebuilding itself during the new financial year, as well as generating significant revenues and operating profit. Additionally, efforts to revive the *SATHI* manufacturing activity and the Brazil project will continue despite the seeming lack of success so far, which should add to the revenue and profit of the Company in the coming year.

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 31st March, 2015 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 Statement of the Company.

4. CHANGE IN THE NATURE OF BUSINESS

The Company expects to add new activities as mentioned above, in the areas of application of Information Technology in the domains of Business Intelligence and Human Resources Development, and mobile-based applications for services provision, will expand the nature of business of the Company from manufacturing and sales of products developed in-house, to also 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 Share Capital of the Company during the year.

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 were no capital Investments during the year 2014-2015.

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. Additional Meetings of the Board of Directors are held when necessary. During the year under review 4 (Four) Meetings were held on 29th May 2014, 14th August 2014, 14th November 2014 and 14th February 2015.

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 year 2014-2015 are given in the Corporate Governance Report.

10. DIRECTORS AND KEY MANAGERIAL PERSONNEL

Ms. Chhanda Deshpande, Director (DIN: 00225546), retires by rotation, as per the Companies Act, 2013 and being eligible, offers herself for re-appointment.

11. 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).

12. COMPOSITION OF AUDIT COMMITTEE

As on 31st March 2015, the Audit Committee of the Company consists of three (3) Non-Executive Independent Directors 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

13. NOMINATION AND REMUNERATION COMMITTEE POLICY

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

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

14. VIGIL MECHANISM/WHISTLE BLOWER POLICY

The Company has established an effective vigil mechanism (for directors and employees to report genuine concerns) pursuant to the provisions of Section 177(9) & (10) of the Companies Act, 2013 and as per Clause 49 of the Listing Agreement which is available on website of the Company and there were no cases reported during the last period.

15. 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 annual accounts on a going concern basis; and
- 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.
- 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.

16. 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**.

17. 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**.

18. AUDITORS

The Auditors, Messrs Ishwar & Gopal, Chartered Accountants, Bangalore (registered with ICAI membership number 021748), retire at the ensuing Annual General Meeting and, being eligible, offer themselves for reappointment for a period of 3 years from the conclusion of this Annual General Meeting till the conclusion of 26th Annual General Meeting.

The Company has received a Certificate under Section 141 of the Companies Act, 2013 from them that their appointment would be within the limits specified therein.

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. However the Company is continuing to prepare accounts under going concern concept.	The Company is continuously making efforts to ramp up its scale of operations to generate profit and regain positive net worth.
b.	Provision for retirement benefits in the form of gratuity and leave encashment has been made on estimated basis instead of on an actuarial valuation as on the balance sheet date in accordance with Accounting Standard (AS)-15 (revised) on 'Employee Benefits (refer note no. 24.60) in respect of the Holding Company. The impact of the above on the 'loss' for the year is unascertained.	In view of the few employees, the Company followed the policy of accounting gratuity and leave salary liability on estimated basis instead of actuarial valuation.
c.	Gratuity and leave salary which have been provided on estimated basis instead of actuarial basis;	In view of the few employees, the Company followed the policy of accounting gratuity and leave salary liability on estimated basis instead of actuarial valuation.

19. 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. Parameshwar G Bhat, Bangalore, 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
a.	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.
b.	Updating of website with regard to various policies are pending.	The Company will take necessary steps to update Website with regard to various policies which are pending.
c.	Copy of newspaper clippings of advertisements informing the Board Meeting and AGM and the quarterly results are not available for review.	The Company will take necessary steps to comply with the same.
d.	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. However, Company will take necessary steps for comply with the requirements of law.
e.	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, Company will take necessary steps for comply with the requirements of law.
f.	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.
g.	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.
h.	The Company has not appointed Internal Auditor during the year under scrutiny.	Since there is 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 for comply with the requirements of law.
i.	The terms of appointment of Mr. Vinay L Deshpande as Managing Director and Mrs. Chhanda Deshpande as Whole Time Director expired on June 2014. The re-appointment of Mr. Vinay L Deshpande as Managing Director and Mrs. Chhanda Deshpande as Whole Time Director were not taken up by the Company.	Since the Company does not have the revenue, it was decided not to appoint the Managing Director or Whole Time Director for the Company to save any additional cost to the Company. However, Company will take necessary steps to comply with the requirements of law.
j.	Constitution of Nomination and Remuneration Committee is not in compliance with Section 178 of the Companies Act, 2013.	The Company does not have sufficient number of non executive Directors to comply with Section 178 of the Companies Act. Since Mr. Vinay L Deshpande and Mrs. Chhanda Deshpande are not drawing any remuneration from the Company and are not re-appointed as Managing Director or Whole Time Director respectively, they may be treated as non Executive Directors.

20. 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 st March 2014: Nil
Total Foreign Exchange Earned (Accrual Basis)	As on 31 st March 2014: Nil

21. RATIO OF REMUNERATION TO EACH DIRECTOR

The Company had 5 employees as of 31st March 2015. 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 sixty lakhs rupees per financial year or five lakh rupees per month as the case may be. Therefore statement/disclosure pursuant to Sub Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not required to be circulated to the members and is not attached to the Annual Report.

22. DEPOSITS

Your Company has not invited/accepted/renewed any deposits from public as defined under the provisions of Companies Act, 2013 and Companies (Acceptance of Deposits) Rules, 2014 and accordingly, there were no deposits which were due for repayment on or before 31st March 2015.

23. SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS

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

24. 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.

25. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the year under review, the Company has not given any Loan, Guarantees or made Investments within the meaning of Section 186 of the Companies Act, 2013.

26. 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.

27. CORPORATE SOCIAL RESPONSIBILITY POLICY

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

28. RELATED PARTY TRANSACTIONS

There were no related party transactions during the year 2014-2015.

29. FORMAL ANNUAL EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, 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.

30. 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.

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

31. LISTING WITH STOCK EXCHANGES

The Company confirms that it has paid the Annual Listing Fees for the year 2015-2016 to NSE and BSE where the Company's Shares are listed.

32. CORPORATE GOVERNANCE AND SHAREHOLDERS INFORMATION

Your Company has taken adequate steps to adhere to all the stipulations laid down in Clause 49 of the Listing Agreement. A report on Corporate Governance is attached to this report as **Annexure V**.

Certificate from the Statutory Auditors of the Company confirming the compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to this report.

33. EVENT BASED DISCLOSURES

Due to certain alleged Income Tax claim, despite receiving an order from the Appellate Tribunal in favour of the Company, the Tax Authorities issued a demand notice and stopped the Company from operating the Bank Account which is now being followed up.

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 tear under review.

35. ACKNOWLEDGEMENTS

The Directors wishes 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 cooperation.

For and on behalf of Encore Software Limited

Place: Bangalore
Date: 14th August 2015

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 31st March, 2015

[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 th 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	Registered Office Address: 6th Floor, Leo Complex 44 & 45 Residency (Cross) Road Bangalore 560025 Tel: +91-99165 46224 Email: eslcompliance@ncoretech.com Website: www.ncoretech.com
vi. Whether Listed Company	Yes
vii. Name, Address and Contact details of Registrar and Transfer	Registrars: Integrated Enterprises (India) Limited 30 Ramana Residency, 4th Cross Sampige Road, Malleswaram Bangalore 560003 Tel: 080-23460815 Fax: 080-23460819 Email: irg@integratedindia.in Website: www.integratedindia.in

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)
2.	Consilient Technologies Private Limited	U72200KA2012PTC065647	Subsidiary Company	51%	2(87)(ii)
3.	Bharat Logistics Private Limited	Not Available	Joint Venture	NA	2(6)

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	
A. Promoters									
(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	—	—	—	—	—	—	—	—	—
Sub-Total (A) (1)	72,411	—	72,411	1.12	72,411	—	72,411	1.12	—
(2) Foreign									
a) NRIs – Individuals	—	—	—	—	—	—	—	—	—
b) Other – Individuals	—	—	—	—	—	—	—	—	—
c) Bodies Corporates	—	—	—	—	—	—	—	—	—
d) Banks / FI	—	—	—	—	—	—	—	—	—
e) Any Other...	—	—	—	—	—	—	—	—	—
Sub-Total (A) (2)	—	—	—	—	—	—	—	—	—
Total Shareholding of Promoter (A) = (A)(1)+(A)(2)	72,411	—	72,411	1.12	72,411	—	72,411	1.12	—
B. Public Shareholding									
1. Institutions									
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)	—	—	—	—	—	—	—	—	—
Sub-Total (B)(1)	80,000	—	80,000	1.24	80,000	—	80,000	1.24	—
2. Non-Institutions									
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	0.42	1,94,856	—	1,94,856	3.01	2.59
Trust	—	—	—	—	—	—	—	—	—
Sub-Total (B)(2)	62,52,549	66,540	63,19,089	97.64	62,52,549	66,540	63,19,089	97.64	—
Total Public Shareholding (B)=(B)(1)+(B)(2)	63,32,549	66,540	63,99,089	98.88	63,32,549	66,540	63,99,089	98.88	—
C. Shares held by Custodian for GDRs & ADRs	—	—	—	—	—	—	—	—	—
Grand Total (A+B+C)	64,04,960	66,540	64,71,500	100.00	64,04,960	66,540	64,71,500	100.00	—

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	—	—
	TOTAL	72,411	1.12	—	72,411	1.12	—	0.14

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	
		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

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

Sl. No.	Name of the Share Holder	Shareholding at the beginning of the Year - 01.04.2014		Date	Increase / Decrease in Share Holding	Reason	Cumulative Shareholding during the Year – 31.03.2015	
		No. of Shares	% of Total Shares of the Company				No. of Shares	% of Total Shares of the Company
1	SHIVASARAN CONSULTING PVT LTD.	0	0.00	01.04.2014	0		0	0.00
				09.05.2014	1,07,598	TRANSFER	1,07,598	1.66
				23.05.2014	5,175	TRANSFER	1,12,773	1.74
				06.06.2014	8,990	TRANSFER	1,21,763	1.88
				13.06.2014	4,818	TRANSFER	1,26,581	1.96
				20.06.2014	10,000	TRANSFER	1,36,581	2.11
				11.07.2014	29,000	TRANSFER	1,65,581	2.56
				08.08.2014	20,000	TRANSFER	1,85,581	2.87
				22.08.2014	10,000	TRANSFER	1,95,581	3.02
				05.09.2014	10,284	TRANSFER	2,05,865	3.18
				12.09.2014	25,000	TRANSFER	2,30,865	3.57
				05.12.2014	17,665	TRANSFER	2,48,530	3.84
				31.03.2015	0		2,48,530	3.84
2	M N S EXPORTS PRIVATE LIMITED	201354	3.11	01.04.2014		NO MOVEMENT DURING THE YEAR		
				31.03.2015			2,01,354	3.11
3	ASHDIL SALES PROMOTION PVT. LTD.	165878	2.56	01.04.2014	0		1,65,878	2.56
				20.03.2015	20,000	TRANSFER	1,85,878	2.87
				31.03.2015	0		1,85,878	2.87
4	NARAYANA IYER VENKITESWARAN	117000	1.81	01.04.2014	0		1,17,000	1.81
				13.06.2014	6,650	TRANSFER	1,23,650	1.91
				20.06.2014	7,350	TRANSFER	1,31,000	2.02
				30.01.2015	10,700	TRANSFER	1,41,700	2.19
				20.02.2015	7,300	TRANSFER	1,49,000	2.30
				27.02.2015	9,750	TRANSFER	1,58,750	2.45
				06.03.2015	3,250	TRANSFER	1,62,000	2.50
				31.03.2015	0		1,62,000	2.50
5	ASHOK NARASIMHAN	132000	2.04	01.04.2014		NO MOVEMENT DURING THE YEAR		
				31.03.2015			1,32,000	2.04
6	DIPAK KANAYALAL SHAH	131000	2.02	01.04.2014		NO MOVEMENT DURING THE YEAR		
				31.03.2015			1,31,000	2.02
7	SNEHALATHA SINGHI	115215	1.78	01.04.2014		NO MOVEMENT DURING THE YEAR		
				31.03.2015			1,15,215	1.78

Sl. No.	Name of the Share Holder	Shareholding at the beginning of the Year - 01.04.2014		Date	Increase / Decrease in Share Holding	Reason	Cumulative Shareholding during the Year – 31.03.2015	
		No. of Shares	% of Total Shares of the Company				No. of Shares	% of Total Shares of the Company
8	BHARAT SHASTRI	39147	0.60	01.04.2014	0		39,147	0.60
				22.08.2014	61,000	TRANSFER	1,00,147	1.55
				21.11.2014	5,768	TRANSFER	1,05,915	1.64
				31.03.2015	0		1,05,915	1.64
9	ULLAL RAVINDRA BHAT	0	0.00	01.04.2014	0		0	0.00
				05.12.2014	1,00,000	TRANSFER	1,00,000	1.55
				31.03.2015			1,00,000	1.55
10	INTIME EQUITIES LIMITED	0	0.00	01.04.2014	0		0	0.00
				31.10.2014	1,11,528	TRANSFER	1,11,528	1.72
				13.02.2015	(1,347)	TRANSFER	1,10,181	1.70
				27.02.2015	(15,275)	TRANSFER	94,906	1.47
				06.03.2015	(1,850)	TRANSFER	93,056	1.44
				31.03.2015	0		93,056	1.44

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	4,000 36,320	0.06 0.56	4,000 36,320	0.06 0.56

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment Rs. 26,48,29,348/-

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)
A. COMPANY					
Penalty Punishment Compounding			None		
B. DIRECTORS					
Penalty Punishment Compounding			None		
C. OTHER OFFICERS IN DEFAULT					
Penalty Punishment Compounding			None		

For and on behalf of Encore Software Limited

Place: Bangalore
Date: 14th August 2015

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 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 Rs.)

Sl. No.	Particulars	Name of the Subsidiaries	
		Ncore USA, Inc.	Consilient Technologies Pvt. Ltd
1	Reporting period (if different from the holding company's reporting period)	NA	1 st April 2014 to 31 st March 2015
2	Reporting currency and Exchange rate as on the last date of the relevant Financial Year in case of foreign subsidiaries)	NA	INR
3	Share capital	NA	2,00,000
4	Reserves and surplus	NA	3,02,55,490
5	Total assets	NA	3,51,16,619
6	Total Liabilities	NA	3,51,16,619
7	Investments	NA	—
8	Turnover	NA	4,16,68,262
9	Profit before taxation	NA	1,77,84,084
10	Provision before taxation	NA	56,90,617
11	Profit after taxation	NA	1,20,93,467
12	Proposed Dividend	NA	—
13	% of shareholding	NA	51%

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 Joint Ventures
		Bharat Logistics Private Limited
1	Latest audited Balance Sheet date	NA
2	Shares of Associates/Joint Ventures held by the Company on the year end	NA
3	Percentage of holding	NA
4	Amount of investment in Associates/Joint Ventures	NA
5	Description of how there is significant influence	NA
6	Reason why the Associates/Joint Venture is not consolidated	NA
7	Net worth attributable to shareholding as per latest audited Balance Sheet	NA
8	Profit/Loss for the year	NA
	Considered in Consolidation	NA
	Not Considered in Consolidation	NA

For and on behalf of Encore Software Limited

Place: Bangalore
Date: 14th August 2015

Vinay L Deshpande
Director
DIN: 00225502

Chhanda Deshpande
Director
DIN: 00225546

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st March 2015

*[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 (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 31st March 2015 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 31st March 2015 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, 1992;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - 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, 1998;
- 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

I have further reviewed the systems and mechanism established by the Company for ensuring compliance under the other applicable Acts, Rules, Regulations and Guidelines prescribed under various laws which are applicable to the Company and are categorized under the following major heads/groups:

1. Factories Act, 1948;
2. Labour laws and other incidental laws related to labour and employees appointed by the Company including those on contractual basis as relating to wages, gratuity, prevention of sexual harassment, dispute resolution welfare, provident fund, insurance, compensation etc.;
3. Industrial (Development Regulation) Act, 1991;
4. Acts relating to consumer protection including the Competition Act, 2002;
5. Acts and Rules prescribed under prevention and control of pollution;

6. Acts and Rules relating to Environmental protection and energy conservation;
7. Acts and Rules relating to hazardous substances and chemicals;
8. Acts relating to Electricity, fire, petroleum, drugs, motor vehicles, explosives, Boilers, etc.;
9. Acts relating to protection of IPR;
10. Land revenue laws; and
11. Other local laws as applicable to various plants and offices.

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

- i) Secretarial Standards issued by the Institute of Company Secretaries of India (came into effect from 1st July 2015; hence not applicable for the financial year ended 31st March 2015).
- ii) The Listing Agreements entered into, by the Company with the BSE Limited (BSE).

I further state that during the period under review and based on my verification of the records maintained by the Company and also on the review of compliance reports/statements by respective department heads/Chief Financial Officer/ Company Secretary taken on record by the Board of Directors of the Company, in my opinion, adequate systems and process and control mechanism exist in the Company to monitor and ensure compliance with applicable labour laws, environmental laws and other applicable laws as mentioned above. Certain non material findings made during the course of the audit relating to the provisions of Companies Act, Labour Laws were addressed suitably by the Management. Following observations have been brought before the shareholders which are treated as material in nature:

- a) **Acknowledgements for sending the notices of the Meetings of the Board and the Committees are not maintained by the Company.**
- b) **Updating of website with regard to various policies are pending**
- c) **Copy of newspaper clippings of advertisements informing the Board Meeting and AGM and the quarterly results are not available for review.**
- d) **The Company has not appointed Company Secretary (CS) during the year under scrutiny.**
- e) **The Company has not appointed Chief Financial Officer (CFO) during the year under scrutiny.**
- f) **The Company has not maintained the attendance register for Board and Committee meetings.**
- g) **Statutory Register as per Companies Act, 2013 is yet to be updated.**
- h) **The Company has not appointed Internal Auditor during the year under scrutiny.**
- i) **The terms of appointment of Mr. Vinay L Deshpande as Managing Director and Mrs. Chhanda Deshpande as Whole Time Director expired on June, 2014. The re-appointment of Mr. Vinay L Deshpande as Managing Director and Mrs. Chhanda Deshpande as Whole Time Director were not taken up by the Company.**
- j) **Constitution of Nomination and Remuneration Committee is not in compliance with Section 178 of the Companies Act, 2013.**

I further report that I have not reviewed the applicable financial laws, direct and indirect tax laws since the same have been subject to review and audit by the Statutory Auditors of the Company.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors which took place during the period under review were carried out in compliance with the provisions of the Act.

As per the information received from the Company Secretary, 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. **We cannot comment on the same as the corresponding documents are not available for inspection.**

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 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: Bangalore
Date: 14th August 2015

Vijayakrishna KT
FCS No.: 1788
CP No.: 980

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;	As on 31 st March 2015 5 members
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

For and on behalf of Encore Software Limited

Place: Bangalore
Date: 14th August 2015

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 dwelt 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 31st March 2015 are given below:

Sl. No.	Name	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	Yes

* Mr. S P Satish, was appointed as an Additional Director on 26th May 2014 and appointed as Director of the Company at the Annual General Meeting held on 26th September 2014.

** Mr. U Divakaran, was appointed as an Additional Director on 26th May 2014 and appointed as Director of the Company at the Annual General Meeting held on 26th September 2014.

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 on 1st April 2014 to 31st March 2015 on the following dates: 29th May 2014, 14th August 2014, 14th November 2014 and 14th February 2015.

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 over view 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 for 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 from 4 (Four) times during the year on 1st April 2014 to 31st March 2015 on the following dates: 29th May 2014, 14th August 2014, 14th November 2014 and 14th February 2015.

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

Sl. No.	Name	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 senior management positions 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 from 1st April 2014 to 31st March 2015 on 14th November 2014.

Sl. No.	Name	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	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 Practicing Company Secretary to review the procedures followed by the RTA. No major grievance of any investor was pending as on 31st March 2015.

6. INDEPENDENT DIRECTORS' MEETING

During the year under review, the Independent Directors met on 14th February 2015, *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.

The Company had also further during the year, conducted Familiarisation programme for Independent Directors of the Company.

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 Clause 49 of the Listing Agreement, the Board has carried out the annual performance evaluation of its own performance and the Directors individually. A structured questionnaire was prepared covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance etc.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgement, safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors who also reviewed the performance of the Corporate Secretarial Department.

9. COMPLIANCE OFFICER AND ADDRESS FOR CORRESPONDENCE

Mrs. Chhanda Deshpande
 Encore Software Limited
 6th Floor, Leo Complex, 44 & 45 Residency (Cross) Road, Bangalore 560025
 Phones: +91-99165 46224
 Email: eslcompliance@ncoretech.com
 Website: www.ncoretech.com

10. DETAILS OF ANNUAL GENERAL MEETING (AGM)

Year	Date	Time	Location
2011-2012	10 th August 2012	4:00 PM	Hotel Ajantha, MG Road, Bangalore 560001
2012-2013	27 th September 2013	4:40 PM	Bharatiya Vidya Bhavan, Race Course Road, Bangalore 560001
2013-2014	26 th September 2014	4:30 PM	Bharatiya Vidya Bhavan, Race Course Road, Bangalore 560001

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

10 th August 2012	Nil
27 th September 2013	Nil
26 th September 2014	Nil

There is 1 (One) item which requires to be passed as a Special Resolution at the ensuing Annual General Meeting (AGM) to be held on 28th September 2015.

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.
- b) Consilient Technologies Private Limited

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. 23.2.1 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 clause 49(IX) of the Listing Agreement, for the period ended 31st March 2015.

COMPLIANCES

There have been no instances of non-compliance by the Company on any matters related to the capital markets, nor have any penalty/strictures been imposed on the company by the Stock Exchanges or SEBI or any other statutory authority on such matters.

13. GENERAL SHAREHOLDERS' INFORMATION

The following information would be useful to the Shareholders:

- 1) Annual General Meeting Date and Time: 28th September 2015 at 4:00 p.m.
- 2) Financial Year: 1st April 2014 to 31st March 2015
- 3) Book Closure Date: 28th September 2015
- 4) Listing on Stock Exchange at: Bombay Stock Exchange Limited (BSE)
- 5) **Depositories**
National Securities Depository Limited
Central Depository Services Limited
Scrip Code: BSE-531750 ISIN: INE103B01012
- 6) **Registrars & Share Transfer Agents**
Integrated Enterprises (India) Limited
30 Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore 500081
Phone 080-23460815/818 Fax 080-23460819 Email irg@integratedindia.in
- 7) **Stock Market Data**
Bombay Stock Exchange Limited (BSE)

For the Period: April 2014 to March 2015

All Prices in Rs.

Month	Open	High	Low	Close
April 2014	5.00	6.61	5.00	6.39
May 2014	6.39	6.39	4.71	4.71
June 2014	4.70	5.59	4.22	5.35
July 2014	5.10	5.44	4.71	5.44
August 2014	5.44	5.98	5.00	5.00
September 2014	5.00	5.00	4.50	4.50
October 2014	4.72	4.72	4.72	4.72
November 2014	4.49	4.49	3.66	3.66
December 2014	3.84	3.90	3.70	3.90
January 2015	4.09	5.17	3.80	5.17
February 2015	5.25	7.99	5.25	7.05
March 2015	7.10	7.87	5.87	5.87

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 31st March 2015**

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
TOTAL	3,347	100.00	64,71,500	647,15,000	100.00

10) **Categories of Shareholding as at 31st March 2015**

Category	No. of Shares Held	% of Holding
Promoters Holding		
i. Indian Promoters	72,411	1.12
ii. Foreign Promoters	—	—
Sub Total	72,411	1.12
Non-Promoters Holding		
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
Sub Total	63,99,089	98.88
Grand Total	64,71,500	100.00

11) **Dematerialization of Shares and Liquidity as at 31st March 2015**

Control Report as on 31st March 2015

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
Total	3,347	64,71,500	100.00

Comparative Report as on 31st March 2015

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

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

13) Dematerialization request from 1st April 2014 to 31st March 2015

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.

16) Disclosures regarding suspense account pursuant to SEBI circular no. SEBI/CFD/DIL/LA/1/2009/24/04 dated 24th April 2009:

As per the above mentioned Circular, Clause 5A stands for shares issued pursuant to the public issues or any other issue which remain unclaimed and are lying in the escrow account and any unclaimed benefits like Dividend, Bonus Shares etc., which are to be credited to the Demat Suspense Account. This being the first year after the circular coming into force from April 2009, your Company is taking steps to streamline all the requirements.

Plant Locations

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

Address for Correspondence

Encore Software Limited
6th Floor, Leo Complex, 44 & 45 Residency (Cross) Road, Bangalore 560025
Phones: +91-99165 46224
Email: eslcompliance@ncoretech.com
Website: www.ncoretech.com

For and on behalf of Encore Software Limited

Place: Bangalore
Date: 14th August 2015

Vinay L Deshpande
Director
DIN: 00225502

Chhanda Deshpande
Director
DIN: 00225546

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ENCORE SOFTWARE LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **ENCORE SOFTWARE LIMITED** ("the Company"), which comprise the balance sheet as at 31st March 2015, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE 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 and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these 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 requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the 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 financial statements.

BASIS OF QUALIFIED OPINION

- a) *The entire net worth of the Company has been eroded. However the Company is continuing to prepare accounts under going concern concept.*
- b) *Provision for retirement benefits in the form of gratuity and leave encashment has been made on estimated basis instead of on actuarial valuation as on the balance sheet date in accordance with Accounting Standard (AS)-15 (revised) on 'Employee Benefits (refer note no. 2.8).
The impact of the above on the 'loss' for the year is unascertained.*

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 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;

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2015;
- b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
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 appears from our examination of those books;
 - c. The Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 **except for gratuity and leave salary which has been provided on estimated basis instead of obtaining actuarial valuation (refer note no 2.8);**
 - e. On the basis of written representations received from the directors as on 31st March 2015, taken on record by the Board of Directors, none of the directors are disqualified as on 31st March 2015, from being appointed as a director in terms of Section 164(2) of the Act;
 - f. With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to our 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 financial statements under contingent liabilities
 - ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses
 - iii. There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company.

For Ishwar & Gopal
Chartered Accountants

K V Gopalakrishnaya
Partner
Membership No. 021748
Firm Registration No. 001154S

Place: Bangalore
Date: 29th May 2015

ANNEXURE TO INDEPENDENT AUDITOR'S REPORT

ANNEXURE REFERRED TO IN OUR REPORT TO THE MEMBERS OF ENCORE SOFTWARE LIMITED FOR THE YEAR ENDED ON 31st MARCH 2015

- i. a. The Company has maintained records showing full particulars, including quantitative details and the situation of its fixed assets.
- b. All the assets have been physically verified by the management during the year which, in our opinion, is reasonable having regard to the size of the company and the nature of its business. No material discrepancies were noticed on such verification.
- 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. The Company has not granted any loans to companies, firms and other parties covered in the register maintained under section 189 of the Companies Act, 2013. Hence clause 3 (iii) (a) and (b) of the Companies Auditor's Report Order, 2015 is not applicable to the Company for the year under review.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.

- v. According to the information and explanations given to us, the Company has not accepted any deposits and hence the requirement of clause 3 (v) of Companies (Auditor's Report) Order, 2015 is not applicable to the Company during the year under review.
- 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, 2015 is not applicable to the Company during the year under review.
- vii. a. The Company has been generally regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues applicable except service tax. Details of undisputed dues of provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues applicable in arrears as at 31st March 2015 for a period of more than six months from the date they became payable are given below:

Name of the Statute	Nature of Dues	Amount (Rs.)	Period to which amount relates	Due date	Date of payment
Finance Act	Service Tax	51,09,656	2009-10 and 2010-11	Various dates	Not paid as on the date of this report

- b. Details of dues income tax or sales tax or wealth 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 as on 31st March 2015 on account of any dispute are given below:

Name of the Statute	Nature of Dues	Related Period	Amount (Rs.)	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	2001-02 and 2005-06	1,48,30,162	Commissioner of Income Tax (Appeals), Bangalore

- c. According to the records of the Company, there are no amounts required to be transferred to the Investor Education and Protection Fund by the Company in accordance with relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made there under.
- viii. The accumulated losses of the Company at the end of the financial year are more than fifty percent of its net worth. The Company has incurred cash losses during the financial year and in the preceding financial year.
- ix. Based on our audit procedures and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institution or bank or debenture holders hence the provisions of clause 3(ix) of the Companies (Auditor's Report) Order, 2015 are not applicable to the company.
- x. As far as we could ascertain, the Company has not given guarantees for loans taken by others from banks or financial institutions and hence the provisions of clause 3(x) of the Companies (Auditor's Report) Order, 2015 are not applicable to the company.
- xi. According to the information and explanations given to us, the Company has not availed any term loans during the year under review and hence the provisions of clause 3(xi) of the Companies (Auditor's Report) Order, 2015 are not applicable to the company.
- xii. According to the information and explanations given to us, no material frauds on or by the Company that causes material misstatements to financial statements have been noticed or reported during the year.

For Ishwar & Gopal
Chartered Accountants

K V Gopalakrishnayya
Partner
Membership No. 021748
Firm Registration No. 0011545

Place: Bangalore
Date: 29th May 2015

Encore Software Limited
Balance Sheet as at 31st March 2015

Sl. No.	Particulars	Note No.	As at	As at
			31 st March 2015	31 st March 2014
			Rs.	Rs.
A	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	Share capital	3	64,857,500	64,857,500
	Reserves and surplus	4	(326,952,651)	(301,623,994)
	Sub-total-Shareholders' funds		(262,095,151)	(236,766,494)
2	Non-current liabilities			
	Long-term provisions	5	1,203,503	1,027,426
	Sub-total-non-current liabilities		1,203,503	1,027,426
3	Current liabilities			
	Short-term borrowings	6	1,265,815	6,392,554
	Trade payables	7	5,220,981	5,220,981
	Other current liabilities	8	255,471,916	232,707,133
	Short-term provisions	9	1,667,133	1,667,133
	Sub-total-Current liabilities		263,625,845	245,987,801
	TOTAL-EQUITY AND LIABILITIES		2,734,197	10,248,733
B	ASSETS			
1	Non-current assets			
	Fixed assets			
	Tangible assets	10	—	—
	Non-current investments	11	151,800	151,800
	Long-term loans and advances	12	2,260,604	2,260,604
	Other non-current assets	13	—	—
	Sub-total-Non-current assets		2,412,404	2,412,404
2	Current assets			
	Trade receivables	14	151,013	5,675,918
	Cash and cash equivalents	15	88,688	2,001,273
	Short-term loans and advances	16	82,092	88,985
	Other current assets	17	—	70,153
	Sub-total-Current assets		321,793	7,836,329
	TOTAL-ASSETS		2,734,197	10,248,733
Corporate information, significant accounting policies and other explanatory information.		1, 2 & 23		

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

K V Gopalakrishnaya
Partner
Membership No. 021748
Firm Registration No. 001154S
Place: Bangalore
Date: 29th May 2015

Vinay L Deshpande
Director
DIN: 00225502

Chhanda Deshpande
Director
DIN: 00225546

Encore Software Limited
Statement of Profit and Loss for the year ended 31st March 2015

Sl. No.	Particulars	Note No.	For the year ended 31 st March 2015	For the year ended 31 st March 2014
			Rs.	Rs.
	Income			
1	Revenue from operations	18	—	—
2	Other operating income	19	23,488	235,202
3	Total revenue from Continuing Operations (1+2)		23,488	235,202
	Expenses			
	Employee benefits expense	20	2,819,914	4,192,850
	Finance costs	21	21,814,787	20,119,052
	Depreciation and amortisation expense	10	—	62,647
	Other expenses	22	717,444	1,213,438
	Total expenses		25,352,145	25,587,987
5	Profit/(Loss) before exceptional and extraordinary items & tax (3-4)		(25,328,657)	(25,352,785)
6	Profit / (Loss) before tax		(25,328,657)	(25,352,785)
7	Tax expense		—	—
8	Profit / (Loss) for the year (6-7)		(25,328,657)	(25,352,785)
9	Earnings per share (of Rs. 10/- each)			
	Basic & Diluted		(3.87)	(3.90)
Corporate information, significant accounting policies and other explanatory information.		1,2 & 23		

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

K V Gopalakrishnayya
Partner
Membership No. 021748
Firm Registration No. 001154S
Place: Bangalore
Date: 29th May 2015

Vinay L Deshpande
Director
DIN: 00225502

Chhanda Deshpande
Director
DIN: 00225546

Encore Software Limited
Cash Flow Statement for the year ended 31st March 2015

Particulars	For the year ended 31 st March 2015		For the year ended 31 st March 2014	
	Rs.	Rs.	Rs.	Rs.
A Cash flow from operating activities				
Net Profit / (Loss) before extraordinary items and tax		(25,328,657)		(25,352,785)
<u>Adjustments for:</u>				
Depreciation and amortization	—		62,647	
Finance costs	21,808,894		20,119,052	
Interest income	—	21,808,894	(230,177)	19,951,522
Operating profit / (loss) before working capital changes		(3,519,763)		(5,401,263)
<u>Changes in working capital:</u>				
Adjustments for (increase) / decrease in operating assets:				
Trade receivables	5,524,905		3,698,388	
Short-term loans and advances	6,893		35,941	
Long-term loans and advances	—		82,500	
Other current assets	70,153		—	
Adjustments for increase / (decrease) in operating liabilities:				
Other current liabilities	1,216,320		(505,166)	
Short-term provisions	—		1,476,278	
Long-term provisions	176,077	6,994,348	(1,276,919)	4,522,354
Cash generated from operations		3,474,585		(878,909)
Net income tax (paid) / refunds		—		567,624
Net cash flow from / (used in) operating activities (A)		3,474,585		(311,285)
B Cash flow from investing activities				
Interest Income	—	—	463,860	463,860
Cash flow from extraordinary items		—		463,860
Net cash flow from / (used in) investing activities (B)		—		463,860
C Cash flow from financing activities				
Proceeds from other short-term borrowings	(5,126,739)		(137,550)	
Finance cost	(260,431)	(5,387,170)	(149,495)	(287,045)
Net cash flow from / (used in) financing activities (C)		(5,387,170)		(287,045)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		(1,912,585)		(134,470)
Cash and cash equivalents at the beginning of the year		2,001,273		2,135,743
Cash and cash equivalents at the end of the year		88,688		2,001,273

Notes forming part of the financial statements

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

K V Gopalakrishnayya
Partner
Membership No. 021748
Firm Registration No. 001154S
Place: Bangalore
Date: 29th May 2015

Vinay L Deshpande
Director
DIN: 00225502

Chhanda Deshpande
Director
DIN: 00225546

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. **SIGNIFICANT ACCOUNTING POLICIES**
 - 2.1 **Basis for Preparation of Financial Statements:** The financial statements of the Company have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP) under the historical cost convention under accrual basis. Indian GAAP comprises of mandatory accounting standards prescribed under section 133 of the Companies Act, 2013 (Act) read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and guidelines issued by the Securities Exchange Board of India (SEBI).The accounting policies have been consistently applied by the Company except to the extent of deviations specifically stated. The financial statements are prepared in Indian Rupees.
 - 2.2 **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.
 - 2.3 **Tangible & Intangible Fixed Assets:** Tangible Assets are stated in the accounts at historical cost together with all costs directly attributable to their acquisition less accumulated depreciation and impairment if any.
Capital work in progress comprises of the cost of fixed assets that are not yet ready for their intended use at the reporting date.
Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortisation and impairment if any.
 - 2.4 **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.
 - 2.5 **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).
 - 2.6 **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. Rejections/returns if any are recognised when Software supplied is found inadequate/product supplied is returned. Fee for manufacturing license is recognized during the year in which the company has licensed the manufacturing rights using the technology.
Income from royalty is recognized on accrual basis in accordance with the substance of the relevant agreement.
Interest income is recorded on accrual basis.
 - 2.7 **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 Rs. 5000 are depreciated in full in year of purchase.
Intangible assets are amortised 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.
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
 - 2.8 **Employee Benefits**
 - i) **Post-employment benefit plans:** During the year ended 31st March 2015, in view of the few employees, the company has made provision for gratuity and leave encashment on estimated basis instead of on actuarial valuation.
Till 31st March 2014, 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.

2.9 **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

2.10 **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.

2.11 **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 deferred tax assets resulting on account of unabsorbed business losses and other benefits available under Income Tax.

Notes forming part of the Financial Statements

Note 3: Share Capital

Particulars	As at 31 st March 2015		As at 31 st March 2014	
	Number of shares	Amount originally paid up Rs.	Number of shares	Amount originally paid up Rs.
(a) Authorised Equity shares of Rs. 10 each with voting rights	12,000,000	120,000,000	12,000,000	120,000,000
(b) Issued Equity shares of Rs. 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 Rs. 10 each with voting rights	6,471,500	64,715,000	6,471,500	64,715,000
(d) Subscribed but not fully paid up Equity shares of Rs. 10 each with voting rights, Rs. 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 st March 2015				
- Number of shares		6,500,000		6,500,000
- Amount (Rs.)		64,857,500		64,857,500
Year ended 31 st March 2014				
- Number of shares		6,500,000		6,500,000
- Amount (Rs.)		64,857,500		64,857,500

(ii) Details of forfeited shares				
Particulars	As at 31st March 2015		As at 31st March 2014	
	Number of shares	Amount originally paid up Rs.	Number of shares	Amount originally paid up Rs.
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 4: Reserves and surplus

Particulars	As at 31st March 2015	As at 31st March 2014
(a) Capital reserve Balance as per last Balance Sheet	8,690,850	8,690,850
(b) Securities premium account Balance as per last Balance Sheet	62,703,000	62,703,000
(c) General reserve Balance as per last Balance Sheet	11,000,000	11,000,000
(d) Surplus / (Deficit) in Statement of Profit and Loss Opening balance	(384,017,844)	(358,665,059)
Add: Profit / (Loss) for the year	(25,328,657)	(25,352,785)
Closing balance	(409,346,501)	(384,017,844)
Total	(326,952,651)	(301,623,994)

Note 5: Long-term provisions

Provision for employee benefits		
- Compensated absences	157,548	209,550
- Gratuity	1,045,955	817,876
Total	1,203,503	1,027,426

Note 6: Short-term borrowings

Loans repayable on demand (Secured)		
From banks [Secured by lien on deposits]	—	1,793,201
Loans and advances from related parties (Unsecured)	1,265,815	4,599,353
Total	1,265,815	6,392,554

Note 7: Trade payables

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

Note 8: Other current liabilities

Current maturities of long-term debt (Refer Note below)	195,072,938	173,550,151
Application money received for allotment of securities and due for refund	18,642,450	18,642,450
Statutory remittances	4,800,963	4,850,701
Advances from customers	7,673,692	7,673,692
Others (specify nature):		
Due to Directors'	4,645,727	4,681,627
Liability for expenses	24,636,146	23,308,512
Total	255,471,916	232,707,133

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 st March 2015		As at 31 st March 2014	
	Period of default	Rs.	Period of default	Rs.
Principal	92 months	79,300,000	80 months	79,300,000
Interest		115,772,938		94,250,151

Note 9: Short-term provisions

Provision for employee benefits		
- Compensated absences	27,746	27,746
- Gratuity	1,639,387	1,639,387
Total	1,667,133	1,667,133

Note 10: Fixed assets

Tangible Assets

Amount in Rs.

Particulars	GROSS BLOCK			DEPRECIATION				NETBLOCK	
	Balance as at 1 st April 2014	Disposals	Balance as at 31 st March 2015	Balance as at 1 st April 2014	Depreciation /amortisation expense for the year	Eliminated on disposal of assets	Balance as at 31 st March 2015	Balance as at 31 st March 2015	Balance as at 31 st March 2015
Plant & Equipment Owned	12,796,065	11,431,781	1,364,284	12,796,065	—	11,431,781	1,364,284	—	—
Furniture & Fixtures Owned	5,968,615	5,968,615	—	5,968,615	—	5,968,615	—	—	—
Vehicles Owned	1,928,985	—	1,928,985	1,928,985	—	—	1,928,985	—	—
Office equipment Owned	18,284,651	—	18,284,651	18,284,651	—	—	18,284,651	—	—
Tools – Owned *	6,989,085	71,668	6,917,417	6,989,085	—	71,668	6,917,417	—	—
Total	45,967,401	17,472,064	28,495,337	45,967,401	—	17,472,064	28,495,337	—	—
Previous Year	50,402,865	4,435,464	45,967,401	49,821,467	352,709	4,269,422	45,904,754	—	—

* Lying with third parties gross block Rs. 6,917,417 (Rs. 6,917,417), written down value Rs. Nil (Nil)

Note 11: Non-current investments

Particulars	As at 31 st March 2015	As at 31 st March 2014
	Unquoted Rs.	Unquoted Rs.
Investments (At cost)		
A Trade		
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
Consilient Technologies Private Limited, a 51% holdings, 10200 equity shares of Rs. 10/- each	102,000	102,000
of joint venture companies		
Bharat Logistics Private Limited 180,000 (180,000) equity shares at Rs. 10/- each	1,800,000	1,800,000
Encore Technologies (Singapore) Pte Ltd Nil (3,301,100) equity shares at S\$ 0.10 each (Par value S\$ 0.10 each)	—	8,583,048
Total – Trade (A)	73,62,488	15,945,536
B Non Trade		
in government securities		
National Saving Certificates	5,000	5,000
Other non current investments		
Vacation Time Shares	44,800	44,800
Total – Other investments (B)	49,800	49,800
Total (A+B)	74,12,288	15,995,336
Less: Provision for diminution in value of investments	72,60,488	15,843,536
Total	151,800	151,800
Aggregate value of unquoted investments	74,12,288	15,995,336
Aggregate provision for diminution in investments	72,60,488	15,843,536

Note 12: Long-term loans and advances

Security deposits Unsecured, considered good	2,260,604	2,260,604
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Note 13: Other non-current assets

Long-term trade receivables Unsecured		
Considered Doubtful	16,209,585	16,221,433
	16,209,585	16,221,433
Less: Provision for doubtful trade receivables	16,209,585	16,221,433
	—	—

Note 14: 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 (Due from a Subsidiary)	125,013	5,649,918
Total	151,013	5,675,918

Note 15: Cash and cash equivalents

Balances with banks		
In current accounts	34,512	11,335
Cash on hand	14,176	825
Balance in earmarked accounts	40,000	1,989,113
Total	88,688	2,001,273

Note 16: Short-term loans and advances

Prepaid expenses	—	6,893
Due from statutory authorities	82,092	82,092
Total	82,092	88,985

Note 17: Other current assets

Advance Income Tax/Tax Deducted at Source	—	70,153
Total	—	70,153

Note 18: Revenue from operations

Particulars	For the year ended 31 st March 2015	For the year ended 31 st March 2014
Revenue from Software development	—	—
Revenue from Technical Services and Royalty	—	—
Total	—	—

Note 19: Other operating income

Interest income	4,862	230,177
Profit on sale of fixed Assets	5,000	—
Unclaimed credit written back	13,626	5,025
Total	23,488	235,202
Interest income comprises		
Interest from banks on Deposits	4,862	220,811
Interest on income tax refund	—	9,366
Total - Interest income	4,862	230,177

Note 20: Employee benefits expense

Salaries and wages	2,696,425	4,061,711
Contributions to provident and other funds	91,212	76,856
Staff welfare expenses	32,277	54,283
Total	2,819,914	4,192,850

Note 21: Finance costs

Interest expense on		
Borrowings	21,808,894	20,112,240
Others	5,893	6,812
Total	21,814,787	20,119,052

Note 22: Other expenses

Repairs and maintenance – Machinery		299		10,857
Insurance		6,893		127,610
Rates and taxes		40,075		6,390
Communication		43,327		43,603
Travelling and conveyance		122,518		59,680
Printing and stationery		27,685		26,202
Legal and professional		164,423		158,618
Payments to auditors (Refer Note (i) below)		67,416		60,000
Bad trade and other receivables, loans and advances written off	11,848		531,814	
Less: provision for bad receivables withdrawn	11,848			531,814
Loss on investments	8,583,048			
Less: provision for diminution in investments withdrawn	8,583,048			
Listing Fees		209,248		112,317
Miscellaneous expenses		35,560		76,347
Total		717,444		1,213,438

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

As auditors - statutory audit	50,000	50,000
For taxation matters	10,000	10,000
Service tax	7,416	—
Total	67,416	60,000

23 Notes on Accounts

- 23.1 **Contingent Liabilities:** Disputed liability towards Employees State Insurance contributions is Rs. 91,027 (Rs. 91,027).
- 23.2 Disclosure relating to related party transactions

23.2.1 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.	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	51% Subsidiary company
7.	Encore Technologies Singapore Pte Ltd	Associate Company (till 31 st March 2014)
8.	Ncore Technology Services Pvt Ltd	Company in which Director is interested (till 31 st March 2014)
9.	Bharath Logistics Private Limited	Associate Company

23.2.2 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 Repaid during the year			— (854,999) 3,593,452 (2,237,000)	
2	Interest on Unsecured Loan Vinay L Deshpande			288,291 (585,418)	
Balances with related parties as at 31 st March 2015					
1	Loan accepted from Vinay L Deshpande Loans from Ncore Technology Services Private Limited		— 332,849	12,65,815 (4,266,504)	
2	Investments Ncore USA Investments Bharat Logistics Private Limited Investments Encore Technologies Singapore Pte Ltd Investments Consilient Technologies Private Limited	5,460,488* (5,460,488)* 102,000 (102,000)	 1,800,000* (1,800,000)* — (8,583,048)*		
3	Receivable from Ncore USA Receivable from Encore Technologies Singapore Pte Ltd Receivable from Consilient Technologies Private Limited	47,532* (47,532)* 125,012 (5,651,791)	 — (11,848)*		
4	Payable to Vinay L Deshpande Payable to Peninsula Electronics			4,645,727 (4,681,627)	1,993,906 (1,993,906)

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

23.3 **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. The Company has since been liquidated and hence the investment and trade receivable have been set off against the provision.

23.4 **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. Contingent rent recognized in the profit and loss account is Rs. Nil (Rs. Nil).

Obligations on long-term, non-cancelable operating leases:

Particulars	31 st March 2015	31 st March 2014
Lease rentals recognized during the year	Nil	Nil
Lease obligations payable:		
Within one year of the Balance Sheet date		
Due in a period between one year and five years		
Due after five years		
TOTAL		

23.5 **Provisions, Contingent Liabilities & Contingent Assets:** The Company has made provision for leave salary on estimated basis in. 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 Rs.

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	237,296	—	Nil	52,002	185,294

23.6 **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 recognized Rs. 83,148 (Rs. 68,792) 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: During the year ended 31st March 2015, in view of the few employees, the company has made provision for gratuity and leave encashment on estimated basis instead of on actuarial valuation.

Up to 31st March 2014, 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 31st March 2014.

		As at 31 st March 2015	As at 31 st March 2014
I.	Change in benefit obligations		
	Projected benefit obligation, beginning of the year		2,333,115
	Transfer to Consilient Technologies Private Limited		—
	Service cost		42,491
	Interest cost		188,938
	Actuarial (gain) / loss		(107,281)
	Benefits paid		—
	Projected benefit obligation, end of the year		2,457,263
II.	Change in plan assets		
	Fair value of plan assets, beginning of the year		
	Expected return on plan assets		
	Employer's contributions		—
	Benefits paid		—
	Actuarial gain		
	Fair value of plan assets at the end of the year		
	Excess of (obligation over plan assets) / plan assets over obligation (Accrued liability) / Prepaid benefit		
III.	Net gratuity and other cost for the year ended		
	Service cost		42,491
	Interest on defined benefit obligation		188,938
	Expected return on plan assets		—
	Net actuarial (gain) / loss recognized in the year		(107,281)
	Net gratuity and other cost		—
	Actual Return on Plan Assets		
IV.	Category of Assets as		
	Special Deposits Scheme		—
	Insurer Managed Funds		—
	Others		—
	Total		—
V.	Assumptions used in accounting for the gratuity plan		
	Interest rate		8.25%
	Discount rate		8.25%
	Salary escalation rate		6.00%
	Attrition Rate		5.00%
	Retirement Age		60 years

23.7 **Segment Reporting:** The Company is currently offering services only in Technology Solutions segment to overseas customers. Hence in the opinion of the management disclosures under segment reporting (AS-17) is not applicable to the Company for the year under review.

23.8 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 & Gopal
Chartered Accountants

K V Gopalakrishnayya
Partner
Membership No. 021748
Firm Registration No. 001154S
Place: Bangalore
Date: 29th May 2015

Vinay L Deshpande
Director
DIN: 00225502

Chhanda Deshpande
Director
DIN: 00225546

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

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of ENCORE SOFTWARE LIMITED (“the Holding company”), and its subsidiary incorporated in India (hereinafter collectively referred to as “the group”) which comprise the consolidated Balance Sheet as at 31st March 2015, the consolidated Statement of Profit and Loss, the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Holding 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 consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014. The Board of directors of the respective Companies 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; selection and application of the appropriate accounting policies; making judgements 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 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 these consolidated financial statements by the Board of Directors of the Company

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated 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 requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated 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 and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the consolidated 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 consolidated financial statements.

BASIS OF QUALIFIED OPINION

- a. *The entire net worth of the Company has been eroded. However the Company is continuing to prepare accounts under going concern concept.*
- b. *Provision for retirement benefits in the form of gratuity and leave encashment has been made on estimated basis instead of on an actuarial valuation as on the balance sheet date in accordance with Accounting Standard (AS)-15 (revised) on 'Employee Benefits (refer note no. 24.60) in respect of the holding company.
The impact of the above on the 'loss' for the year is unascertained.*

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 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;

- a. in the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at 31st March 2015;
- b. in the case of the Consolidated Statement of Profit and Loss, of the loss for the year ended on that date; and
- c. in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

OTHER MATTERS

Our report does not include report under Companies (Auditor's Report) Order, 2015 in respect of a subsidiary and joint venture not incorporated in India and a joint venture incorporated outside India. We have been informed by the Board of Directors of the Holding Company that there are no operations in these subsidiary / joint ventures and the Holding Company has made provision for diminution in Investment / provision for trade receivable in respect of these entities. The same are not considered for preparation of Consolidated Financial Statements.

Our report is not qualified in respect of other matters.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.

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 consolidated financial statements;
- b. In our opinion proper books of account as required by law relating to preparation of consolidated financial statements have been kept so far as appears from our examination of the relevant books and reports;
- c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of consolidated financial statements;
- d. In our opinion, the consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 **except for gratuity and leave salary which have been provided on estimated basis instead of actuarial basis;**
- e. On the basis of written representations received from the directors as on 31st March 2015, taken on record by the Board of Directors of the Holding Company and Subsidiary Company incorporated in India, none of the directors of the Holding Company and its subsidiaries incorporated in India, are disqualified as on 31st March 2015, from being appointed as a director in terms of Section 164(2) of the Act;
- f. With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to our best of our information and according to the explanations given to us :
 - i. The Group has disclosed the impact of pending litigations on its financial position in its financial statements under contingent liabilities as of 31st March 2015 (refer note 2 (p) of notes on accounts)
 - ii. The Group did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses
 - iii. There are no amounts required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary incorporated in India.

For Ishwar & Gopal
Chartered Accountants

K V Gopalakrishnayya
Partner

Membership No. 021748
Firm Registration No. 0011545

Place: Bangalore
Date: 29th May 2015

ANNEXURE TO INDEPENDENT AUDITOR'S REPORT

ANNEXURE REFERRED TO IN OUR REPORT TO THE MEMBERS OF ENCORE SOFTWARE LIMITED FOR THE YEAR ENDED ON 31ST MARCH 2015.

Our reporting includes a subsidiary company incorporated in India, to which the order is applicable. Our report does not include report under CARO 2015 in respect of a subsidiary and two joint ventures incorporated outside India as there are no operations in these entities and the Company has made provision in respect of these investments / receivables and accordingly the possible effects of the same on our reporting under CARO 2015 has not been considered.

- i) In respect of the fixed assets of the Holding Company and its subsidiary incorporated in India,
 - a) The respective entities have maintained records showing full particulars, including quantitative details and the situation of its fixed assets.
 - b) All the assets have been physically verified by the management of the respective entities during the year which, in our opinion, is reasonable having regard to the size of the company and the nature of its business. No material discrepancies were noticed on such verification.
- ii) In respect of inventories of the Holding Company and its subsidiary incorporated in India, both the entities are service companies, primarily rendering software services. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable.
- iii) The Holding Company and its subsidiary incorporated in India have not granted any loans to companies, firms and other parties covered in the register maintained under section 189 of the Companies Act, 2013. Hence clause 3 (iii) (a) and (b) of the Companies Auditor's Report Order, 2015 is not applicable.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and sale of goods and services in respect of the Holding Company and its subsidiary incorporated in India. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- v) According to the information and explanations given to us, the Holding Company and its subsidiary incorporated in India have not accepted any deposits and hence the requirement of clause 3 (v) of Companies (Auditor's Report) Order, 2015 is not applicable to the Company or its subsidiary for the year under review.
- 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 are not applicable to the Holding Company and its subsidiary incorporated in India for the year under review and hence the requirement of clause 3 (vi) of Companies (Auditor's Report) Order, 2015 is not applicable to the Company during the year under review.
- vii) a) The Holding Company and its subsidiary incorporated in India have been generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax and Value Added Tax, Wealth Tax, Service Tax, duty of Customs, duty of Excise, Cess and other material statutory dues applicable to it except for service tax by the Holding Company.
 Details of undisputed dues of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax and Value Added Tax, Wealth Tax, Service Tax, duty of Customs, duty of Excise, Cess and other material statutory dues as at 31st March 2015 for a period of more than six months from the date they became payable are given below:

Name of the Statute	Nature of Dues	Amount (Rs.)	Period to which amount relates	Due date	Date of payment
Finance Act	Service Tax	51,09,656	2009-10 and 2010-11	Various dates	Not paid as on the date of this report

- b) Details of dues of income tax or sales tax or wealth 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 as on 31st March 2015 on account of any dispute are given below:

Name of the Statute	Nature of Dues	Related Period	Amount (Rs.)	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	2001-02 and 2005-06	1,48,30,162	Commissioner of Income Tax (Appeals), Bangalore

- c) According to the records of the Holding Company and its subsidiary incorporated in India, there are no amounts required to be transferred to the Investor Education and Protection Fund by the entities in accordance with relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made there under.

- viii) The accumulated losses of the group at the end of the financial year are more than fifty percent of its net worth. The entities have incurred cash losses on consolidated basis during the financial year and in the preceding financial year.
- ix) Based on our audit procedures and according to the information and explanations given to us, the Holding Company and its subsidiary incorporated in India have not defaulted in repayment of dues to banks and these Companies did not have any amount outstanding to financial institutions or debenture holders.
- x) As far as we could ascertain, the Holding Company and its subsidiary incorporated in India have not given guarantees for loans taken by others from banks or financial institutions and hence the provisions of clause 3(x) of the Companies (Auditor's Report) Order, 2015 are not applicable.
- xi) According to the information and explanations given to us, the Holding Company and its subsidiary incorporated in India have not availed any term loans during the year under review.
- xii) According to the information and explanations given to us, no material frauds on or by the Holding Company and its subsidiary incorporated in India that causes material misstatements to financial statements have been noticed or reported during the year.

For Ishwar & Gopal
Chartered Accountants

K V Gopalakrishnayya
Partner
Membership No. 021748
Firm Registration No. 001154S

Place: Bangalore
Date: 29th May 2015

Encore Software Limited
Consolidated Balance Sheet as at 31st March 2015

Sl. No.	Particulars	Note No.	As at 31 st March 2015 Rs.	As at 31 st March 2014 Rs.
A	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	Share capital	3	64,857,500	64,857,500
	Reserves and surplus	4	(319,844,607)	(303,880,552)
	Minority Interest		14,923,190	8,997,391
	Sub-total-Shareholders' funds		(240,063,917)	(230,025,661)
2	Non-current liabilities			
	Deferred tax Liabilities	5	—	272,676
	Long-term provisions	6	2,167,717	1,842,111
	Sub-total-non-current liabilities		2,167,717	2,114,787
3	Current liabilities			
	Short-term borrowings	7	1,265,815	6,392,554
	Trade payables	8	5,220,981	5,220,981
	Other current liabilities	9	258,754,882	235,304,867
	Short-term provisions	10	1,942,435	2,321,723
	Sub-total-Current liabilities		267,184,113	249,240,125
	TOTAL-EQUITY AND LIABILITIES		29,287,913	21,329,251
B	ASSETS			
1	Non-current assets			
	Fixed assets	11		
	Tangible assets		588,063	552,313
	Non-current investments	12	49,800	49,800
	Deferred Tax Assets	5	102,142	—
	Long-term loans and advances	13	3,180,604	3,180,604
	Other non-current assets	14	—	—
	Sub-total-Non-current assets		3,920,609	3,782,717
2	Current assets			
	Trade receivables	15	565,890	7,692,129
	Cash and cash equivalents	16	22,891,540	8,396,643
	Short-term loans and advances	17	1,079,200	1,202,678
	Other current assets	18	830,674	255,084
	Sub-total-Current assets		25,367,304	17,546,534
	TOTAL-ASSETS		29,287,913	21,329,251
	Significant accounting policies and other explanatory information.	1, 2 & 24		

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

K V Gopalakrishnaya
Partner
Membership No. 021748
Firm Registration No. 001154S
Place: Bangalore
Date: 29th May 2015

Vinay L Deshpande
Director
DIN: 00225502

Chhanda Deshpande
Director
DIN: 00225546

Encore Software Limited
Consolidated Statement of Profit and Loss for the year ended 31st March 2015

Sl. No.	Particulars	Note No.	For the year ended 31 st March 2015 Rs.	For the year ended 31 st March 2014 Rs.
	Income			
1	Revenue from operations	19	41,668,262	41,688,977
2	Other operating income	20	891,423	616,175
3	Total revenue (1+2)		42,559,685	42,305,152
4	Expenses			
	Employee benefits expense	21	20,987,320	18,154,581
	Finance costs	22	22,008,343	20,426,324
	Depreciation and amortisation expense	11	248,021	280,891
	Other expenses	23	3,663,640	3,948,083
	Total Expenses		46,907,324	42,809,879
5	Profit/(Loss) before extraordinary item & tax (3-4)		(4,347,639)	(504,727)
6	Profit / (Loss) before tax		(4,347,639)	(504,727)
7	Tax Expenses / (credit)			
	Deferred Tax		(374,818)	438,208
	Income Tax		6,065,435	6,145,991
8	Profit / (Loss) for the year (6-7)		(10,038,256)	(7,088,926)
	Minority Interest		5,925,799	7,413,161
	Profit / (Loss) for the year		(15,964,055)	(14,502,087)
9	Earnings per share (of Rs. 10/- each)			
	Basic & Diluted		(2.24)	(2.24)
	Significant accounting policies and other explanatory information.	1, 2 & 24		

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

K V Gopalakrishnayya
Partner
Membership No. 021748
Firm Registration No. 001154S
Place: Bangalore
Date: 29th May 2015

Vinay L Deshpande
Director
DIN: 00225502

Chhanda Deshpande
Director
DIN: 00225546

Encore Software Limited
Consolidated Cash Flow Statement for the year ended 31st March 2015

Particulars	For the year ended 31 st March 2015		For the year ended 31 st March 2014	
	Rs.	Rs.	Rs.	Rs.
A Cash flow from operating activities				
Net Profit / (Loss) before extraordinary items and tax		(4,347,639)		(504,727)
<u>Adjustments for:</u>				
Depreciation and amortization	248,021		280,891	
Interest income	(872,797)		(415,108)	
Profit from sale of Fixed Assets	(5,000)		—	
Finance costs	22,008,343	21,378,567	20,426,324	20,292,107
Operating profit / (loss) before working capital changes		17,030,928		19,787,380
<u>Changes in working capital:</u>				
Adjustments for (increase) / decrease in operating assets:				
Trade receivables	7,126,239		(4,941,128)	
Short-term loans and advances	137,396		(187,000)	
Long-term loans and advances	—		82,500	
Adjustments for increase / (decrease) in operating liabilities:				
Other current liabilities	1,927,228		(156,509)	
Short-term provisions	56,716		1,448,354	
Long-term provisions	325,606	9,573,185	(5,421,598)	(9,175,381)
Cash generated from operations		(26,604,113)		10,611,999
Net income tax (paid) / refunds		(6,501,438)		(5,745,761)
Net cash flow from / (used in) operating activities (A)		20,102,675		4,866,238
B Cash flow from investing activities				
Capital expenditure on fixed assets, including capital advances	(283,771)		(495,082)	
Proceeds from sale of fixed assets				
Interest Income	283,289		463,860	
Sale of Fixed Assets	5,000	4,518	—	(31,222)
Net cash flow from / (used in) investing activities (B)		4,518		(31,222)
C Cash flow from financing activities				
Proceeds from other short-term borrowings	(5,126,739)		(137,550)	
Finance cost	(485,556)	(5,612,295)	(289,373)	(426,923)
Net cash flow from / (used in) financing activities (C)		(5,612,295)		(426,923)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		14,494,897		4,408,093
Cash and cash equivalents at the beginning of the year		8,396,643		3,988,550
Cash and cash equivalents at the end of the year		22,891,540		8,396,643

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

K V Gopalakrishnayya
Partner
Membership No. 021748
Firm Registration No. 001154S
Place: Bangalore
Date: 29th May 2015

Vinay L Deshpande
Director
DIN: 00225502

Chhanda Deshpande
Director
DIN: 00225546

1. SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

- a. **Basis for preparation of financial statements:** The financial statements of the Company have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP) under the historical cost convention under accrual basis except for land which is carried at re-valued amounts. Indian GAAP comprises of mandatory accounting standards prescribed under section 133 of the Companies Act, 2013 (Act) read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and guidelines issued by the Securities Exchange Board of India (SEBI). The accounting policies have been consistently applied by the Company. The financial statements are prepared in Indian Rupees.
- b. **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.
- c. **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.
Income from royalty is recognized on accrual basis in accordance with the substance of the relevant agreement.
Interest income is recorded on accrual basis.
- d. **Tangible Assets:** Tangible Assets are stated in the accounts at historical cost together with all costs directly attributable to their acquisition less accumulated depreciation and impairment if any.
- e. **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 Rs. 5000 are depreciated in full in year of purchase.
Intangible assets are amortised 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.

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

i. Employee Benefits:

i. Post-employment benefit plans:

Defined Contribution plans: The state governed provident fund scheme, insurance scheme, and employee pension scheme are defined contribution plans. The contribution paid/payable under the schemes is recognized during the period in which the employee renders the related services.

Defined 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.

- ii. **Foreign Currency Conversion:** Foreign currency transactions are dealt with in accordance with the Accounting Standard on Accounting for Effects of Changes in Foreign Exchange.

- iii. **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).
- iv. **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 deferred tax assets resulting on account of unabsorbed business losses and other benefits available under Income Tax.
- v. **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.
- vi. **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.

2. PRINCIPLES OF CONSOLIDATION

The financial statements of the subsidiary Companies used in consolidation are drawn up to the same reporting date as of the Company.

The consolidated financial statements have been prepared on the following basis:

- i. The consolidated financial statements include the financial statements of Encore Software Limited (Holding Company) and its subsidiary incorporated in India, which are more than 50% owned or controlled. The financial statements of the Holding Company and its majority owned / controlled subsidiaries have been combined on a line by line basis by adding together the book values of all items of assets, liabilities, incomes and expenses after eliminating all inter-Company balances / transactions and resulting unrealized gain / loss.
- ii. The consolidated financial statements include the share of profit / loss of associate companies, which are accounted under the ‘Equity method’, wherein, the share of profit / loss of the associate Company has been added / deducted to / from the cost of investment.
- iii. Minority interest in the net assets of consolidated subsidiaries consists of:
 - a. The amount of equity attributable to the minorities at the dates on which investment in a subsidiary is made; and
 - b. The minority’s share of movements in equity since the date of parent-subsidiary relationship came into existence. Minority interest in share of net result for the year is identified and adjusted against the profit after tax. Excess of loss, if any, attributable to the minority over and above the minority interest in the equity of the subsidiaries is absorbed by the Company.
- iv. The consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events in similar circumstances except for deviations mentioned under the respective accounting policies.

The enterprises considered in the consolidated financial statements are:

Name of the enterprise	Country of incorporation	As on 31 st March 2015	As on 31 st March 2014
Consilient Technologies Pvt. Ltd.	India	51%	51%

Since there are no operations in Ncore USA Inc., wholly owned subsidiary incorporated in United States of America, Bharat Logistics Private Limited a joint venture incorporated in India and Encore Technologies (Singapore) Pte. Ltd. a joint venture incorporated in Singapore, the same are not considered for consolidation. Provision for diminution in investments has been made for these investments / receivables in the financials of Encore Software Limited.

Notes forming part of the consolidated financial statements

Note 3: Share capital

Particulars	As at 31 st March 2015		As at 31 st March 2015	
	Number of shares	Rs.	Number of shares	Rs.
(a) Authorised Equity shares of Rs. 10 each with voting rights	12,000,000	120,000,000	12,000,000	120,000,000
(b) Issued Equity shares of Rs. 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 Rs. 10 each with voting rights	6,471,500	64,715,000	6,471,500	64,715,000
(d) Subscribed but not fully paid up Equity shares of Rs. 10 each with voting rights, Rs. 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 st March 2015				
- Number of shares	6,500,000		6,500,000	
- Amount (Rs.)	64,857,500		64,857,500	
Year ended 31 st March 2014				
- Number of shares	6,500,000		6,500,000	
- Amount (Rs.)	64,857,500		64,857,500	
(ii) Details of forfeited shares				
Particulars	As at 31 st March 2015		As at 31 st March 2015	
	Number of shares	Amount originally paid up Rs.	Number of shares	Amount originally paid up Rs.
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 shareholders.

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

Note 4: Reserves and surplus

Particulars	As at 31 st March 2015	As at 31 st March 2014
a) Capital reserve Balance as per last Balance Sheet	8,690,850	8,690,850
b) Securities premium account Balance as per last Balance Sheet	62,703,000	62,703,000
c) General reserve Balance as per last Balance Sheet	11,000,000	11,000,000
d) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	(386,274,402)	(371,772,315)
Add: Profit / (Loss) for the year	(15,964,055)	(14,502,087)
Closing balance	(402,238,457)	(386,274,402)
Total	(319,844,607)	(303,880,552)

Note 5: Deferred tax Assets/(Liabilities)

Fixed Assets	(180,520)	(391,773)
Temporary Disallowance under Income Tax	282,663	119,097
Total	102,143	(272,676)

Note 6: Long-term provisions

Provision for employee benefits		
- Compensated absences	913,844	513,591
- Gratuity	1,253,873	1,328,520
Total	2,167,717	1,842,111

Note 7: Short-term borrowings

Loans repayable on demand		
From banks [Secured by lien on deposits]	—	1,793,201
Loans and advances from related parties (Unsecured)	1,265,815	4,599,353
Total	1,265,815	6,392,554

Note 8: Trade payables

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

Note 9: Other current liabilities

Current maturities of long-term debt (Refer Note below)	195,072,938	173,550,151
Application money received for allotment of securities and due for refund	18,642,450	18,642,450
Statutory remittances	5,071,610	4,839,865
Advances from customers	7,673,692	7,673,692
Others (specify nature)		
- Due to Directors'	4,645,727	4,681,627
- Liability for expenses	27,648,465	25,917,082
Total	258,754,882	235,304,867

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 st March 2015		As at 31 st March 2014	
	Period of default	Rs.	Period of default	Rs.
Principal	92 months	79,300,000	80 months	79,300,000
Interest		115,772,938		94,250,151

Note 10: Short-term provisions

Provision for employee benefits		
- Compensated absences	132,980	76,264
- Gratuity	1,809,455	1,809,455
Provision for Income tax	—	436,004
Total	1,942,435	2,321,723

Note 11: Fixed assets**Tangible Assets**

Amount in Rs.

Particulars	GROSS BLOCK			DEPRECIATION			NETBLOCK	
	Balance as at 1 st April 2014	Additions	Balance as at 31 st March 2015	Balance as at 1 st April 2014	Depreciation / amortisation expense for the year	Balance as at 31 st March 2015	Balance as at 31 st March 2015	Balance as at 31 st March 2014
Plant & Equipment Owned	15,429,787	161,362	15,591,149	15,245,598	60,429	15,306,027	285,122	184,189
Furniture and Fixtures Owned	6,092,833	—	6,092,833	6,004,937	24,844	6,029,781	63,052	87,896
Vehicles Owned	1,928,985	—	1,928,985	1,928,985	—	1,928,985	—	—
Office equipment Owned	20,679,545	122,409	20,801,954	20,399,317	162,748	20,562,065	239,889	280,228
Tools – Owned *	6,989,085	—	6,989,085	6,989,085	—	6,989,085	—	—
Total	51,120,235	283,771	51,404,006	50,567,922	248,021	50,815,943	588,063	552,313
Previous Year	50,625,153	495,082	51,120,235	50,287,031	280,891	50,567,922	552,313	—

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

Note 12: Non-current investments

Particulars	As at 31 st March 2015	As at 31 st March 2014
	Unquoted Rs.	Unquoted Rs.
Investments (At cost):		
A Trade		
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 joint venture companies		
Bharat Logistics 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 Nil (3,301,100) equity shares at S\$ 0.10 each (Par value S\$ 0.10 each)	—	8,583,048
Total – Trade (A)	7,260,488	15,843,536
B Non Trade		
in government securities		
National Saving Certificates	5,000	5,000
Other non current investments		
Vacation Time Shares	44,800	44,800
Total – Other investments (B)	49,800	49,800
Total (A+B)	7,310,288	15,893,336
Less: Provision for diminution in value of investments	7,260,488	15,843,536
Total	49,800	49,800
Aggregate value of unquoted investments	15,893,336	15,893,336
Aggregate provision for diminution in investments	7,260,488	15,843,536

Note 13: Long-term loans and advances

Security deposits, Unsecured, considered good	3,180,604	3,180,604
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Note 14: Other non-current assets

Long-term trade receivables Unsecured		
Considered Doubtful	16,209,585	16,221,433
	16,209,585	16,221,433
Less: Provision for doubtful trade receivables	16,209,585	16,221,433
	—	—

Note 15: 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	539,890	7,666,129
Total	565,890	7,692,129

Note 16: Cash and cash equivalents

Cash on hand	14,232	2,058
Balances with banks		
In current accounts	7,144,675	3,905,472
In deposit accounts	15,692,633	2,500,000
In earmarked accounts		
Balances held as margin money or security against borrowings, guarantees and other commitments	40,000	1,989,113
Total	22,891,540	8,396,643

Note 17: Short-term loans and advances

Balance with Statutory Authorities	800,581	857,089
Prepaid expenses	278,619	345,589
Total	1,079,200	1,202,678

Note 18: Other current assets

Interest accrued on deposits	774,439	184,931
Advance Income Tax/Tax Deducted at Source	56,235	70,153
Total	830,674	255,084

Note 19: Revenue from operations

Revenue from Software development	41,090,017	39,078,603
Revenue from Technical Services and Royalty	578,245	2,610,374
Total	41,668,262	41,688,977

Note 20: Other operating income

Interest income	872,797	415,108
Net gain on foreign currency transactions and translation	—	192,350
Profit on sale of fixed assets	5,000	—
Unclaimed credit written back	13,626	8,717
Total	891,423	616,175
Interest income comprises:		
Interest from banks on Deposits	872,797	405,742
Interest on Income Tax Refund	—	9,366
Total - Interest income	872,797	415,108

Note 21: Employee benefits expense

Salaries and wages	20,772,160	17,940,917
Contributions to provident and other funds	91,212	76,856
Staff welfare expenses	123,948	136,808
Total	20,987,320	18,154,581

Note 22: Finance costs

Interest expense on:		
Borrowings	21,808,894	20,112,240
Income tax	34,204	167,394
Others	165,245	146,690
Total	22,008,343	20,426,324

Note 23: Other expenses

Power and fuel		293,075		314,493
Rent including lease rentals		1,330,104		1,103,508
Repairs and maintenance - Machinery		169,427		162,205
Insurance		490,845		363,483
Rates and taxes		48,719		10,245
Communication		122,792		132,377
Travelling and conveyance		147,542		65,900
Printing and stationery		46,072		41,153
Legal and professional		209,248		218,307
Listing Fee		224,625		112,317
Payments to auditors (Refer Note (i) below)		134,832		133,259
Bad trade and other receivables, loans and advances written off	11,848		531,814	
Less: Provision for bad receivables withdrawn	11,848			531,814
Loss on investments	8,583,048			
Less: Provision for diminution in investments withdrawn	8,583,048			
Marketing Commission		—		362,364
Miscellaneous expenses		446,357		396,658
Total		3,663,638		3,948,083

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

As auditors - statutory audit	100,000	100,000
For taxation matters	20,000	20,000
For other services	—	5,750
Reimbursement of expenses / Service Tax	14,832	7,509
Total	134,832	133,259

24 Other Explanatory Information's

Contingent Liabilities: Disputed liability towards Employees State Insurance contributions is Rs. 91,027 (Rs. 91,027).

24.1 Earnings in Foreign Exchange

Exports (on FOB basis) 39,148,262 (41,689,977)

24.2 Expenditure in Foreign Currency (Cash Basis)

Bank Charges 101,758 (71,643)

Commission Nil (362,364)

24.3 Disclosure relating to related party transactions

24.3.1 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.	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.	Encore Technologies Singapore Pte. Ltd.	Associate Company (till 31 st March 2014)
7.	Ncore Technology Services Pvt. Ltd.	Company in which Director is interested (till 31 st March 2014)
8.	Bharath Logistics Private Limited	Associate Company

24.3.2 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			— (854,999)	
	Repaid during the year			3,593,452 (2,237,000)	
2	Interest on Unsecured Loan Vinay L Deshpande			288,291 (585,418)	
Balances with related parties as at 31 st March 2015					
1	Loan accepted from Vinay L Deshpande			1,265,815 (4,266,504)	
	Loans from Ncore Technology Services Private Limited		— (332,849)		
2	Investments Ncore USA	5,460,488* (5,460,488)*			
	Investments Bharat Logistics Private Limited		1,800,000* (1,800,000)*		
	Investments Encore Technologies Singapore Pte. Ltd.		—* (8,583,048)*		
3	Receivable from Ncore USA	47,532* (47,532)*			
	Receivable from Encore Technologies Singapore Pte. Ltd.		—* (11,848)*		
4	Payable to Vinay L Deshpande			4,645,727 (4,681,627)	
	Payable to Peninsula Electronics				1,993,906 (1,993,906)

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

24.4 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. The Company has since been liquidated and hence the investment and trade receivable have been set off against the provision.

24.5 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. Contingent rent recognized in the profit and loss account is Rs. Nil (Rs. Nil) Obligations on long-term, non-cancelable operating leases:

Particulars	31 st March 2015	31 st March 2014
Lease rentals recognized during the year	1,330,104	1,103,508
Lease obligations payable:		
Within one year of the Balance Sheet date	1,330,104	1,330,104
Due in a period between one year and five years	1,330,104	2,660,208
Due after five years	1,330,104	1,103,508

24.6 Retirement Benefits 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. Considering the contracted liability being higher than liability as per actuarial valuation, the Company has made provision for Rs. 680,712/-.

During the year ended 31st March 2015, in view of the few employees, the Holding Company has made provision for leave encashment on estimated basis instead of on actuarial valuation

24.7 Provisions, Contingent Liabilities & Contingent Assets: The Company has made provision for leave salary on basis of actuarial valuation in respect of subsidiary incorporated in India. 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.

During the year ended 31st March 2015, in view of the few employees, the Holding Company has made provision for leave encashment on estimated basis instead of on actuarial valuation

Amounts in Rs.

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	589,855	532,135	23,164	—	1,098,826

23.8 Segment Reporting: The Company is currently offering services only in Technology Solutions segment to overseas customers. Hence in the opinion of the management disclosures under segment reporting (AS-17 is not applicable to the Company for the year under review.

24.8 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 & Gopal
Chartered Accountants

K V Gopalakrishnaya
Partner
Membership No. 021748
Firm Registration No. 001154S
Place: Bangalore
Date: 29th May 2015

Vinay L Deshpande
Director
DIN: 00225502

Chhanda Deshpande
Director
DIN: 00225546

ENCORE SOFTWARE LIMITED

Registered Office: 6th Floor, Leo Complex, 44 & 45 Residency (Cross) Road, Bangalore 560025

CIN: L72200KA2001PLC029313

Telephone: +91-99165 4622 Email: eslcompliance@ncoretech.com Website: 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 6th Floor, Leo Complex, 44 & 45 Residency (Cross) Road, Bangalore 560025

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 Third Annual General Meeting of the Company, to be held on Monday, 28th September 2015 at 4:00 p.m. at Bharatiya Vidya Bhavan, Race Course Road, Bangalore 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 31st March 2015 and the Statement of Profit and Loss of the Company for the year ended as on that date together with the Auditors' Report thereon and Report of Board of Directors including Secretarial Audit Report.
2. To appoint Mrs. Chhanda Deshpande, Director (DIN: 00225546), who retires by rotation and being eligible, offers herself for reappointment.
3. Appointment of Auditors and fix their remuneration.

SPECIAL BUSINESS

4. Disinvestment by the Company as per Companies Act, 2013 and Clause 49 of the Listing Agreement.

Signed this day of 2015

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.

Affix Rs.1/- Revenue

ENCORE SOFTWARE LIMITED

Registered Office: 6th Floor, Leo Complex, 44 & 45 Residency (Cross) Road, Bangalore 560025

CIN: L72200KA2001PLC029313

Telephone: +91-99165 4622 Email: eslcompliance@ncoretech.com Website: 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	6th Floor, Leo Complex, 44 & 45 Residency (Cross) Road, Bangalore 560025			
BALLOT PAPER				
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
ORDINARY BUSINESS				
1.	To receive, consider and adopt the Financial Statements of the Company including Audited Balance Sheet as at 31 st March 2015 and the Statement of Profit and Loss of the Company for the year ended as on that date together with the Auditors' Report thereon and Report of Board of Directors including Secretarial Audit Report.			
2.	To appoint Ms. Chhanda Deshpande, Director (DIN: 00225546), who retires by rotation and being eligible, offers herself for reappointment.			
3.	Appointment of Auditors and fix their remuneration.			
SPECIAL BUSINESS				
4.	Disinvestment by the Company as per Companies Act, 2013 and Clause 49 of the Listing Agreement.			
Place:				
Date:				
(Signature of the Shareholder)			(Signature of the Scrutinizer)	

ENCORE SOFTWARE LIMITED

Registered Office: 6th Floor, Leo Complex, 44 & 45 Residency (Cross) Road, Bangalore 560025

CIN: L72200KA2001PLC029313

Telephone: +91-99165 4622 Email: eslcompliance@ncoretech.com Website: www.ncoretech.com

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 Third Annual General Meeting of the Company held on Monday, 28th September 2015, at 4.00 PM at Bharatiya Vidya Bhavan, Race Course Road, Bangalore 560001.

To be signed at the time of handing over the slip

Signature of Member/Proxy

Book Post

If undelivered please return to

ENCORE SOFTWARE LIMITED

6th Floor, Leo Complex,
44 & 45, Residency (Cross) Road, Bangalore 560 025.
Ph.:+91 99165 46224 Web : www.ncoretech.com