

TWELFTH
ANNUAL REPORT
2003 - 04



Encore Software

Encore Software Limited

**DIRECTORS**

Mr. Vinay L Deshpande	<i>Chairman & CEO</i>
Mrs. Chhanda Deshpande	<i>Executive Director</i>
Dr. Saibal Kanti Gupta	
Prof. V Rajaraman	
Prof. Ramaswamy P Aiyar	

MANAGEMENT TEAM

Mr. Vinay L Deshpande	<i>Chairman & CEO</i>
Mrs. Chhanda Deshpande	<i>Executive Director</i>
Mr. Mark Mathias	<i>President</i>
Mr. Shashank Garg	<i>Vice President</i>
Mr. M P Vasuki	<i>Vice President</i>
Mr. J V Shivaprakash	<i>CFO & Company Secretary (W.e. from 21.06.2004)</i>
Mr. Samyeer Metrani	<i>General Manager</i>
Mr. Kaushik V Shah	<i>General Manager</i>

AUDITORS

Ishwar & Gopal
Chartered Accountants

BANKERS

UTI Bank Ltd
Syndicate Bank

REGISTERED OFFICE

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

USA OFFICE

Ncore USA, Inc.
20590 Shady Oak Lane
Cupertino, CA-95014
USA

SHARE TRANSFER AGENTS

Alpha Systems Pyt Ltd
30, Ramana Residency, 4th Cross
Sampige Road, Malleswaram
Bangalore 560 003
Phone: 23460815-818 Fax: 23460819
Email: alfint@vsnl.net.in

Notice

NOTICE is hereby given that the 12th Annual General Meeting of the Members of the Company will be held at 3 PM on Wednesday, the 15th day of September 2004 at Hotel Rama, Lavelle Road, Bangalore to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2004, and the Profit and Loss Account for the year ended on that date, together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Prof. V Rajaraman, who retires by rotation, and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Prof. Ramaswamy P Aiyar, who retires by rotation, and being eligible, offers himself for reappointment.
4. To appoint auditors and authorise the Board to fix their remuneration.

By order of the Board

Bangalore
June 11, 2004

B S Krishnaswamy
Company Secretary

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING A PROXY, IN ORDER TO BE EFFECTIVE, SHOULD REACH THE REGISTERED OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE MEETING.
2. The Register of Members and Share Transfer Books of the Company will remain closed on September 15, 2004.
3. 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., Alpha Systems Pvt. Ltd., Unit: Encore Software Limited, 30, Ramana Residency, Ground Floor, 4th Cross, Sampige Road, Malleswaram, Bangalore 560 003, about the changes, if any, in their registered addresses,

along with the PIN Code number quoting their folio number. All correspondence relating to transfer of shares may be sent directly to the aforesaid Transfer Agents of the Company.

4. Members are requested to bring their copies of the Annual Report to the Meeting.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT AT THE TWELFTH ANNUAL GENERAL MEETING.

1. Prof. V Rajaraman born on 08.09.1933, obtained B.Sc. (Hons.) in Physics from Delhi University in 1952, DIISC in 1955 and AIISC in 1957 from the Indian Institute of Science, Bangalore, in Electrical Communication Engineering, SM in Electrical Engineering from MIT(USA) in 1959 and Ph.D from the University of Wisconsin in 1961. He headed the Computer Centre at IIT, Kanpur, from 1967-72 and again from 1976-79. He joined the Indian Institute of Science in 1982 where he initiated the plan to set up a National Supercomputing Facility in 1983. Currently he is Honorary Professor in Supercomputer Education & Research Centre, Indian Institute of Science, Bangalore, and he is also a member of the Audit Committee of your Company.
2. Prof. Ramaswamy P Aiyar born on 24.01.1937, has an undergraduate degree in Mechanical Engineering from the Banaras Hindu University and Master's and PhD Degrees from Loughborough University of Technology in the U.K. and has been Director of IIM, Calcutta, from 1981 to 1992. He was also a member of the panel of judges to award the Prime Minister's Trophy for the best steel plant and he is another member of the Audit Committee of your Company.

Attendance record of Directors seeking re-appointment (1.4.2003 to 31.03.2004)

Name of the Director	No. of Meetings held	No. of Meetings attended in person
Prof. V Rajaraman	4	4
Prof. Ramaswamy P Aiyar	4	2

By order of the Board

Bangalore
June 11, 2004

B S Krishnaswamy
Company Secretary



Director's Report

Your Directors are pleased to present the Twelfth Annual Report of the Company together with the Audited Statement of Accounts for the year ended March 31, 2004.

FINANCIAL RESULTS

(Rs. In Million)

Particulars	Year ended March 31, 2004	Year ended March 31, 2003
Operating Income	67.23	70.85
Gross Profit/(Loss) after Interest But Before Depreciation and Tax	(11.93)	8.21
Less: Depreciation	4.08	5.68
Provision for Tax	(0.33)	(0.46)
Profit/Loss after Tax	(15.68)	2.99
Transfer to Reserve	NIL	NIL

Operations & Dividend

The year under review has shown mixed trends and in the final analysis, your Company has recorded a loss of Rs. 15.68 Million for the year 2003-2004. Although the first two quarters of the year resulted in a close-to break-even performance, that momentum could not be kept up in the second half of the year, which had billings below expected levels. Members may recall that last year, the Company had achieved significant progress as compared to the previous year, and was hopeful of further improving on that during the year under review. However, postponement of finalization of certain significant orders by key customers, especially in Government, led to the depleted performance. In view of the consequent operational loss, your Board regrets its inability to declare any dividend for the year under review.

Overseas Operations

The Overseas operations have still not made any significant progress during the year under review, and the Overseas market is presently being served by the Bangalore operations of the Company. No significant investments were made in the subsidiary's activities in view of the slow growth relating to the Company's products in the markets served.

Despite the disappointments in respect of the above, there is much to look forward to, in the coming year.

Industry Outlook

During the year under review, the worldwide IT industry in general and the Telecommunications equipment industry in particular, have shown signs of growth, although lower than expected. This

has resulted in growing investments in technology licencing, but due to severe competitive pressures, pricing of licences for IP (intellectual property) products got severely eroded. The next couple of years, however, are expected to witness more aggressive investments by telecom companies, and consequently by telecom equipment manufacturers, worldwide, in technology purchases. This trend should benefit technology providers such as your Company, by way of strong growth in sales, albeit at reduced prices.

In the domestic market, too, the reduction in import and excise duties, announced by the Government of India in the last quarter of the year, is expected to result in excellent growth in volumes of domestically manufactured IT hardware, owing to significant reduction of end-user prices. This has already helped reduce pricing of your Company's Simputer by over 10 percent, and will help us achieve fairly large volumes in sales of the same during the coming year.

Your Company also effected certain internal restructuring during the year under review, by forming three independent Profit Centres - Technology Solutions (responsible for Intellectual Property products), Advanced Projects (responsible for the SofComp project) and Mobile Computing Products (responsible for the Simputer, the MoD product, and derivative products), headed by a Vice President each. The creation of these Profit Centres is expected to substantially improve the Company's focus on both marketing/sales and product delivery, and thus improve the Company's revenues and profits.

Mobile Computing Products

Successful installations of your Company's Simputer in both India and abroad (Singapore, Saudi Arabia) and pilot trials in Europe, Far East, North and South America, have paved the way for large-scale deployment of the Simputers abroad during the coming year. Further, several features and performance enhancements have been incorporated during the year to the said Simputer. These improvements, coupled with cost optimizations that have been effected, will help generate volume sales of this unique product during the coming year. Also, many of the vertical solutions using the Simputers, in the e-Governance, Enterprise and NGO sectors in India, are now ready and field tested and are expected to help generate large volumes of domestic sales for these Simputers during the coming year. These will include the orders that got postponed during the last quarter of the year under review, especially from Government. The most significant among those is the MoD product which is being

field tested in actual user trials in the front areas. On completion of the field trials, orders for large numbers of these devices are expected, which will add substantially to the Company's revenue and profit in the coming year.

Advanced Projects

As stated in the last year's Report, your Company was granted a Soft Loan of Rs. 32 million by the Council of Scientific and Industrial Research (CSIR) under their New Millennium Indian Technology Leadership Initiative (NMITLI) scheme, for development of a low-cost, simple office computing (SofComp) platform. This project has made very good progress during the year, and the engineering prototype is expected to be completed by the time this Report reaches your hands. The findings of the study, which was commissioned to understand and assess the market for this product, is encouraging. The Company has so far spent approximately Rs. 18 Million towards this project and expects to spend another Rs. 12 Million towards Design, tooling, prototype development, and pilot production of the same. This product will also contribute in a small way to the sales revenue during the coming year, and very substantially during the following years.

Technology Solutions

In order to cater to new technology requirements in the telecommunications sector in the coming year, the Technology Solutions Profit Centre has embarked on an ambitious plan of developing some new intellectual property in the Wireless technology area. These will start contributing to the top and bottom lines of your Company in a small way during the coming year, and quite significantly in the following years. This group's focus is also being broadened to complete reference designs and products, rather than limiting it to IP components alone. As the market for technology is also shifting in this direction, so that equipment manufacturers are saved the botheration of integrating multiple IP components from multiple vendors, your Company will be ready to offer a "one-stop solution" to its customers in its chosen areas of expertise.

Risks And Concerns

Whilst the Company has much to look forward to for the coming year, one needs to be aware of the following risks and concerns and prepare to overcome them:

a) Falling prices & exchange rates:

As already indicated, due to severe competition and recession, prices of IP products have eroded drastically, worldwide. Further, due to the continuing

strengthening of the Indian Rupee, growth in Rupee proceeds from export sales will require greater marketing and sales efforts.

b) Long sales cycles:

Also as already indicated, sales cycles in all the businesses/profit centres have become very long, leading to lower predictability of sales revenues. The Company therefore needs to improve its ability in this area.

c) Obsolescence:

Rapid advances in technology worldwide, could make some of the products or IP obsolete in the days to come. In order to offset the negative effect of such obsolescence, the Company will need to make further investments in order to proactively develop new IPs and products on a continuing basis.

Opportunities

Nonetheless, your Company also expects to have opportunities that need to be leveraged:

a) Growth in the Telecom Sector:

The telecom sector worldwide is expected to experience considerable growth over the next few years, including rapid growth in Asia, particularly in India and China, which should open up market opportunities for the IP and mobile computing products of your Company.

b) Trend towards miniaturization of products;

The growing global trend towards miniaturization of products will open up new markets for your Company's IP as well as advanced product development capabilities.

c) Market size:

As indicated earlier, the various tax and duty concessions announced by the Government during the last quarter of the year under review, which are designed to give a filip to the Indian electronics hardware industry, will open new markets for our mobile computing products, including our Simputer. Also, the new governments at the Centre and various States have indicated that they would be focusing on many e-governance initiatives. Being eminently suited for front-end application in e-Governance projects, our Simputer therefore stands a good chance of receiving large orders.



Corporate Governance

Your Company is committed to Good Corporate Governance and firmly believes in and consistently follows Good Corporate Governance practices, leading to increasing transparency and accountability to all its shareholders.

The Company has appropriate internal control structures that ensure strict compliance with legal requirements and reliable financial reporting. It ensures that management implements and maintains effective business controls, including internal financial controls. The effectiveness of these controls is monitored by self-assessment and by audits performed by internal and external auditors.

A detailed Corporate Governance Report has been provided in Annexure 'B'.

Auditors' Report on Corporate Governance is provided in Annexure 'C'.

Particulars of Employees

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

Directors

In accordance with the provisions of the Companies Act, 1956, and the Company's Articles of Association, Prof. V Rajaraman and Prof. Ramaswamy P Aiyar, Directors, retire by rotation, and being eligible, offer themselves for re-appointment.

Directors' Responsibility Statement

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

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

The Company's statutory auditors, Messrs. Ishwar & Gopal, Chartered Accountants, have audited the financial statements in accordance with generally accepted auditing standards and practices as indicated in their report.

Going Concern

The Directors are satisfied that the Company has adequate resources to continue its business in the foreseeable future and consequently consider it appropriate to adopt the 'Going Concern' basis in preparing financial statements.

Auditors

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

Auditors' Report

Attention is drawn to Para 6 of the Auditors' Report dated June 11, 2004 and suitable explanations have been furnished in the Annexure 'D'.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

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

Acknowledgements

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

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

For and on behalf of the Board

Bangalore
June 11, 2004

Vinay L Deshpande
Chairman & CEO

Annexure "A" to the Directors' Report

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

a. Conservation of Energy

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

b. Technology Absorption and Research & Development (R&D)

The Company uses the latest technology available in modern technology applications. Indigenous technology available is continuously being upgraded to improve overall performance. The Company has a dedicated team of technically competent personnel who relentlessly work on technology upgradation and development related fields.

Research and Development continues to be given very high priority in Software Technology in the area of telecommunications, and hardware technology in the area of embedded systems.

c. Foreign Exchange Earnings & Outgo

Total Foreign Exchange Earnings during the year was Rs. 46.66 Million as against Rs. 32.90 Million in the previous year.

Total Foreign Exchange Outgo during the year amounted to Rs. 16.17 Million as against Rs. 9.16 Million in the previous year.

Annexure "B" to the Directors' Report**REPORT ON CORPORATE GOVERNANCE****1. PHILOSOPHY ON CORPORATE GOVERNANCE**

While the Industry Outlook and the Company's future plans are provided in the main part of the Directors' Report, your Directors wish to share additional information with you.

The Board represents the stakeholders' interests in terms of safety and return on their investments. It is further responsible to the various constituents of business viz. Employees, customers, vendors and to the society where it operates. Customer satisfaction has been the chief motto of the Company.

2. MEANS OF COMMUNICATION

- Quarterly results of your Company are published regularly in *The Business Line* & *Sanjeevani* (English and Kannada, respectively).

- The quarterly results and the shareholding pattern are displayed on the Company's website, www.ncoretech.com, together with the official news releases, awards and recognition for Company's products.

3. STOCK EXCHANGE LISTING

- The transactions with respect to your shares shall be conducted only in Electronic form and are listed on The Stock Exchange, Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001:

The Scrip Code is 531750

- Based upon the approval of the Shareholders at the last Annual General Meeting, the Shares were delisted from the Stock Exchanges at Bangalore, Chennai and Hyderabad.

4. BOARD OF DIRECTORS

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

Category	Names of Directors	Number of Directors	Composition %	No. of Directorships in other companies	No. of Chairmanships of other Companies	No. of Memberships in Committees of other companies
i) Promoter Chairman & CEO	Vinay L Deshpande	2	40	07	Nil	Nil
Executive Director	Chhanda Deshpande			Nil	Nil	Nil
ii) Independent & Non executive Directors	Dr. S K Gupta Prof. V Rajaraman Prof. Ramaswamy P Aliyar	3	60	04 Nil 04	02 Nil 01	Nil Nil 04
Total		5	100			

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

5. PARTICULARS OF BOARD AND GENERAL MEETINGS:

Board meetings are normally held at the Registered office of the Company and with sufficient notice along with Agenda and Notes circulated ahead of the Meetings. Four Board meetings were held between April 1, 2003 and March 31, 2004 on the following dates: May 2, 2003; July 24, 2003; October 27, 2003; and January 17, 2004.

The last two Annual General Meetings were held on dates, places, and times as below:

- 11th Annual General Meeting held at 3.30 pm



on July 25, 2003, at Hotel Rama, Lavelle Road, Bangalore 560 001.

- 10th Annual General Meeting held at 3.30 pm on July 26, 2002, at Hotel Rama, Lavelle Road, Bangalore 560 001.

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

Director	No. of Board Meetings held	No. of Board Meetings attended in person	No. of Board Meetings participated through teleconference/ video conference	Attendance at the 11th AGM held (Yes/No)
Vinay L Deshpande	4	4	Nil	Yes
Chhanda Deshpande	4	3	Nil	Yes
Dr. S K Gupta	4	4	Nil	No
Prof. V Rajaraman	4	4	Nil	Yes
Prof. Ramaswamy P Aiyar	4	2	Nil	No

Prof. V Rajaraman and Prof. Ramaswamy P Aiyar, Directors, retire by rotation at the ensuing Annual General Meeting and are eligible for reappointment.

7. REMUNERATION PAID TO INDEPENDENT DIRECTORS

No remuneration was paid to any independent Directors. However, Sitting Fee of Rs. 1,000/- per Director per meeting of the Board or its Committee, is being paid.

None of the Non-Executive Independent Directors of the Company have any pecuniary relationships or transactions with the Company.

8. OTHER DISCLOSURES

- 1 Related-party transactions: Mentioned under Note 19.6 of the Notes to Accounts.
- 2 Non-compliance with Stock Exchange/ SEBI requirements - None

9. COMPLIANCES

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

10. POSTAL BALLOT

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

No resolution was passed through Postal Ballot during the year under review in terms of Section 192A of the Companies Act, 1956 and the

Companies (Passing of Resolution by Postal Ballot) Rules, 2001.

11. AUDIT COMMITTEE

The Audit Committee comprises of two Non-Executive independent Directors and a Chairman who is also an Independent Director.

The key functions of the Committee are:

- 1 Reviewing with the management the annual financial statements before submission to the Board and reviewing any activity coming under its reference.
- 2 Overseeing the Company's financial reporting and public disclosure processes to ensure that financial statements are correct, sufficient, and credible.
- 3 Recommending the appointment and termination of services of external and internal auditors, making recommendations on fee levels and determining the fees payable for any other services.
- 4 Reviewing the efficacy of the internal control mechanism and the risk management policies of the Company, including the scope and structure of the internal audit function.

The independent members of the Committee are senior professionals in the fields of finance, engineering, and administration with significant business expertise. Auditors are invitees to the Meetings.

The Committee met four times during the financial year 2003-2004: on May 2, 2003; July 24, 2003; October 27, 2003; and January 17, 2004. Attendance details are set out below:

Members	No. of meetings	No. of meetings attended in person	No. of meetings participated through teleconference/video conference
Vinay L Deshpande*	4	2	Nil
Dr. S K Gupta	4	4	Nil
Prof. V Rajaraman	4	4	Nil
Prof. Ramaswamy P Aiyar*	4	2	Nil

*Prof. Ramaswamy P Aiyar was appointed as Member in place of Mr. Vinay L Deshpande during the year.

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

12. COMPENSATION COMMITTEE

The Compensation Committee comprises two Non-Executive Directors, including its Chairman, and another independent Director.

The Committee performs the functions of periodically reviewing the compensation and benefits for Executive Directors and Senior Management.

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

13. SHAREHOLDERS' GRIEVANCES COMMITTEE

The Committee comprises of one Non-Executive Independent Director and the Chairman and Executive Director, who are Promoter Directors.

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

The Committee met four times during the financial year 2004, from 1st April 2003 to 31st March 2004, on the following dates: May 2, 2003, July 24, 2003, October 27, 2003 and January 17, 2004. Attendance details are given below:

Members	No. of meetings	No. of meetings attended in person	No. of meetings participated through teleconference/video conference
Prof. V Rajaraman (Chairman)	4	3	Nil
Chhanda Deshpande (Executive Director)	4	3	Nil
S Mohan (CFO)	4	1	Nil

GENERAL SHAREHOLDERS INFORMATION:

a. Twelfth Annual General Meeting:

Date	Time	Venue
15.09.2004	3 P.M.	Hotel Rama, Lavelle Road, Bangalore - 01

b. Financial Calendar:

Financial Year	- April 2003 to March 2004
First Quarter Results	- In July 2003
Half Yearly Results	- In October 2003
Third Quarter Results	- In January 2004
Results for the year ended March 31, 2004	- In June 2004
Book Closure Date	- 15.09.2004
Scrip Code	- 531750
Stock Exchange	- The Stock Exchange, Mumbai

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

INE- INE103B01012

c. Share Transfer System.

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

The Company's Registrars and Share Transfer Agents, Alpha Systems Private Limited (Alpha) have adequate infrastructure to process the share transfers. The Committee meets to approve the transfers etc., as may be required by the Registrars and Share Transfer Agents in compliance with Listing Guidelines. Every six months a Practicing Company Secretary audits the System and a certificate to that effect is issued and the same is filed with the Stock Exchanges. Furthermore, Secretarial Audits and dematerialization related scrutiny are conducted quarterly by a Practicing Company Secretary.

d. Works Location:

The Company's Works locations are at the premises of the Registered Office in two floors at Bangalore.

e. Registered Office / Address for correspondence

Encore Software Limited
Leo complex, 6th Floor
#44 & 45 Residency(Cross) Road
Bangalore-560 025
Phones: 080-5112 4291 - 4295
Fax: 080-2558 7690
E-mail: info@ncoretech.com

f. Foreign Offices

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

Company	Location	Relationship	Holding by ESL
Encore Technology Singapore Pte Ltd	Singapore	Joint Venture	38.02%
Ncore USA	USA	Wholly Owned Subsidiary	100%


g. Shareholding Pattern: (as on March 31, 2004)

SL NO. CATEGORY	NO. OF SHARES HELD	PERCENTAGE SHAREHOLDING
A. Promoters holding:		
1. Indian Promoters	1394063	21.54
Foreign Promoters		
2. Persons acting in Concert	353220	5.46
Sub-Total	1747283	27.00
B. Non-Promoters Holding	Nil	—
3. INSTITUTIONAL INVESTORS		
a. Mutual Funds and UTI	Nil	—
b. Banks, Financial Institutions Insurance Companies (Central / State Govt. Institutions / Non-Government Institutions)	Nil	—
c. FIIS	Nil	—
Sub-Total	—	—
4. OTHERS		
a. Private Corporate Bodies	1378333	21.30
b. Indian Public	2935934	45.37
c. NIRs / OCBs	356950	5.52
d. Any other (please specify)	Nil	—
Foreign Nationals	38000	0.58
Directors (Independent and are not in control of the Co.)	15000	0.23
Sub-Total	4724217	73.00
GRAND TOTAL	6471500	100.00

h. Distribution of shareholding according to size class as on 31st March 2004:

Shareholding value of nominal of		Shareholders		Share Amount	
Rs.	Rs.	Number	% to Total	In Rs.	% to Total
(1)	(2)	(3)	(4)	(5)	(6)
Upto - 5,000	1502	90.70	1,18,68,480	18.340	
5,001 - 10,000	79	4.77	64,13,790	9.9108	
10,001 - 20,000	30	1.81	44,16,570	6.8246	
20,001 - 30,000	14	0.85	34,68,680	5.3599	
30,001 - 40,000	7	0.42	24,08,070	3.7210	
40,001 - 50,000	7	0.42	31,81,700	4.9165	
50,001-1,00,000	10	0.61	71,29,300	11.016	
1,00,001 and above	7	0.42	2,58,28,410	39.911	
Total	1656	100.00	6,47,15,000	100.000	

i. Shares held in Physical and Electronic mode:

Categories	Position as on 31.03.2004	
	No. of Shares	% to total shareholding
Physical	376340	5.82
Demat- NSDL	5697793	88.04
Demat- CDSL	397367	6.14
Total		100.00

j. Registrar and Share Transfer Agents:

Alpha Systems Private Limited
No. 30, Ramana Residency
4th Cross, Sampige Road
Malleswaram, Bangalore - 560 003
Tel: 080-23460815
Fax: 080-23460819
E-mail: sridhar@123alpha.com

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

k. Nomination Facility:

The Companies (Amendment) Act, 1999 introduced through Section 109A, the facility of nomination to share / debenture / deposit holders. The facility is mainly useful for all holders holding the shares / debentures / deposits in single name.

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

The nomination form may be had on request from the Company / Registrars & Share Transfer Agents. However, if the shares are held in dematerialized form, the nomination has to be conveyed by the shareholders to their respective Depository Participant (DP) directly, as per the format prescribed by them.

l. Market Price

The Share price data at The Stock Exchange, Mumbai for 12 months ended March 31, 2004 are furnished below:

Month	Highest (Rs.)	Lowest (Rs.)
April 2003	10.50	7.25
May 2003	13.50	8.50
June 2003	15.25	10.65
July 2003	20.61	12.93
August 2003	16.40	11.40
September 2003	12.40	8.25
October 2003	11.04	7.50
November 2003	11.52	6.85
December 2003	11.67	8.00
January 2004	15.07	7.75
February 2004	8.10	6.10
March 2004	6.60	3.80