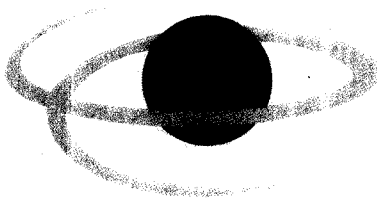


FOURTEENTH ANNUAL REPORT 2005-06



**Encore Software**

**Encore Software Limited**

**ENCORE SOFTWARE LIMITED**

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

**PROXY FORM**

I/We.....  
of ..... being a member/ members of Encore  
Software Limited hereby appoint .....  
..... of ..... or failing him / her .....  
..... of ..... as  
my/our proxy to vote for me/us on my/our behalf at the 14<sup>th</sup> Annual General Meeting of the Company,  
to be held on Friday, September 29, 2006 at 3.30 p.m. and at any adjournments thereof.

Signed this ..... Day of ..... 2006

Folio No.: .....

Client Id \*: .....

DP. Id\* : .....

Number of shares : .....

Re. 1/-  
Revenue  
Stamp

Signature

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

**ENCORE SOFTWARE LIMITED**

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

**ATTENDANCE SLIP**

Name of the Member : .....

Address : .....

Folio Number : ..... DP.ID\* : .....

Client ID\* : ..... No. of Shares held : .....

I certify that I am a registered shareholder / proxy for the registered shareholder of the Company.  
I hereby record my presence at the 14th Annual General Meeting of the Company held at Hotel Ajantha,  
Rohini Hall, 22-A, M.G. Raod, Bangalore 560 001 on Friday, September 29, 2006, at 3.30 p.m.

Member's /Proxy's Name

Signature of Member/Proxy

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

**DIRECTORS**

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

**MANAGEMENT TEAM**

Mr. Vinay L Deshpande	<i>Chairman &amp; 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. Kaushik V Shah	<i>General Manager</i>

**AUDITORS**

Ishwar & Gopal  
Chartered Accountants

**BANKERS**

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

## Notice

### NOTICE

NOTICE is hereby given that the 14<sup>th</sup> Annual General Meeting of the members of the Company will be held at 3.30 p.m. on Friday, the 29<sup>th</sup> September, 2006 at Hotel Ajantha, M G Road, Bangalore 560 001 to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2006, 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 is eligible for reappointment.
3. To appoint auditors and authorise the Board to fix their remuneration.

### SPECIAL BUSINESS

4. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorised Share Capital of the Company be and is hereby increased from the existing Rs.11,00,00,000/- (Rupees Eleven Crores only) divided into 1,10,00,000 (One Crore Ten Lakhs) Equity Shares of Rs 10/- (Rupees Ten only) each to Rs.12,00,00,000/- (Rupees Twelve Crores Only) divided into 1,20,00,000 (One Crore twenty Lakhs) Equity Shares of Rs 10/- (Rupees Ten only) each.

RESOLVED FURTHER THAT the unissued Shares to be allotted by the Company shall rank pari passu with the existing Equity Shares.

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to do all necessary acts to give effect to this resolution."

5. To consider and if thought fit, to pass, with or without modification(s), the following as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 16 and other applicable provisions, if any, of the Companies Act, 1956 the Memorandum of Association be and is hereby altered in the following manner:

By deleting the existing Clause V and by substituting the following new Clause V as hereunder:

- V. The Authorised Capital of the Company is

Rs. 12,00,00,000/- (Rupees Twelve Crores Only) divided into 1,20,00,000 (One Crore Twenty Lakhs Only) Equity Shares of Rs 10/- (Rupees Ten only) each with the power for the company to consolidate, convert, subdivide, reduce or increase the capital and issue any new shares with any preferential or special rights and the conditions attached thereto subject to the provisions of the Companies Act, 1956."

6. To consider, and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association be and are hereby altered in the following manner:

By deleting the existing Sub Article 'a' under Article 2 and by substituting the following new Sub Article 'a' under Article 2 as hereunder:

- a. The Authorised Share Capital of the Company is Rs. 12,00,00,000/- (Rupees Twelve Crores Only) divided into 1,20,00,000 (One Crore Twenty Lakhs Only) Equity Shares of Rs 10/- (Rupees Ten only) each."

7. To consider, and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 81(1A) and other applicable provisions if any, of the Companies Act, 1956, relevant guidelines of the Securities & Exchange Board of India, Listing Agreements entered into, with the Stock Exchanges and the Memorandum & Articles of Association of the Company and any other applicable law/rules/regulations and subject to the consents/approvals of any other authorities/ institutions, consent of the Company be and is hereby accorded to create, offer issue and allot up to 40,36,000 Warrants on a preferential basis to certain strategic investors as exhibited below, (hereinafter referred to as the "Warrants") with each Warrant convertible into one Equity Share of the Company of nominal value of Rs.10/- each at a premium of Rs. 27/- per Share so that the total number of Equity Shares to be issued by the Company upon conversion of the Warrants does not exceed 40,36,000 Equity Shares, on such terms and conditions as may be decided and deemed appropriate by the Board of Directors of the Company (hereinafter referred to as the "Board" which shall be deemed to include any duly authorised Committee thereof) at the time of issue or allotment:



Sl. No.	Names of proposed allottees	Number of Warrants	Value (Rs)
1.	Ms. Marita Adam	10000	370000
2.	Mr. Navneet Ainapur	875000	32375000
3.	Mr. K Narayana Bhat	400000	14800000
4.	Mr. U. Ravindra Bhat	646000	23902000
5.	Mrs. Bijoy Das	580000	21460000
6.	Mrs. Sunita Deshpande	600000	22200000
7.	Mr. Preeti Hiremath	25000	925000
8.	Mr. M Prakash	850000	31450000
9.	Mr. Mark Mathias	25000	925000
10.	Mrs. Sheela V K	25000	925000
	<b>Total</b>	<b>40,36,000</b>	<b>14,93,32,000</b>

RESOLVED FURTHER THAT the "Relevant Date" in relation to the issue of Warrants in accordance with the Securities & Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 would be 29<sup>th</sup> August 2006 being the date 30 days prior to the date of passing of this resolution.

RESOLVED FURTHER THAT the issue of Warrants, if any, as above shall be subject to the following terms and conditions:

- The Warrants shall be convertible (at the sole option of the Warrant holders) at any time within a period of 18 months from the date of allotment of Warrants.
- Each Warrant shall be convertible into one Equity Share of nominal value of Rs.10/- each of the Company.
- The Warrant holder(s) shall, on the date of allotment of Warrants, pay an amount equivalent to 10% of the total consideration per Warrant viz., Rs. 3.70/- per Warrant, each warrant priced at Rs. 37/-.
- The Warrant holder(s) shall, before the date of conversion of the Warrants into Equity Shares, pay the balance 90% viz., Rs. 33.30/- per Warrant/Share, of the consideration towards the subscription to each Equity Share.
- The amount referred to in (c) above shall be forfeited, if the option to acquire Shares is not exercised.
- The number of Warrants and the price per Warrant shall be appropriately adjusted, subject to the Companies Act, 1956 and SEBI Guidelines, for corporate actions such as bonus issue, rights issue, stock split, merger, demerger, transfer of undertaking, sale of a division or any such capital or corporate restructuring.
- The Warrants shall be locked in for a period of one year from the date of their allotment provided that the lock-in on Shares acquired by conversion of Warrants shall be reduced to the extent the Warrants have already been locked-in.

- In the event of any of the Warrant holders not subscribing to all or any of the Equity Shares relating to the Warrants within the stipulated period viz., 18 months from the date of allotment of the Warrants, the Board shall, in its absolute discretion, offer such Shares to any other person(s) subject to the prevailing guidelines and in case such offer is declined by such person(s) or the Equity Shares are not subscribed to, within the stipulated period, such Shares shall lapse.

RESOLVED FURTHER THAT the Company shall ensure that whilst any Warrants remain exercisable, it will at all times keep available and reserved such part of its authorised but unissued share capital as would enable all outstanding Warrants to be satisfied in full.

RESOLVED FURTHER THAT the Board be and is hereby authorised in its entire discretion to decide to proceed with the issue of the Warrants, to finalise the list of allottee(s), including the size and relative components of the same, and for the purpose of giving effect to this issue or allotment of Warrants or Shares, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may at its discretion deem necessary or desirable for such purpose, including without limitation, appointment of consultants, solicitors, merchant bankers or any other agencies as may be required and entering into arrangements for listing, trading depository services and such other arrangements and agreements, as may be necessary, and also to seek listing of the Equity Shares representing the same in any Indian Stock Exchanges with power on behalf of the Company, to settle any questions, difficulties or doubts that may arise in regard to any such issue, offer or allotment of Warrants/ Equity Shares and in complying with any Regulations, as it may in its absolute discretion deem fit, without being required to seek any further clarification, consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot such number of Equity Shares as may be required to be issued and allotted upon conversion of the Warrants and that the said Equity Shares shall be subject to the Memorandum and Articles of Association of the Company and shall rank in all respects pari passu with the existing Equity Shares of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any committee of Directors or Officer(s) of the company to give effect to this resolution."



8. To consider, and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 81(1A) and other applicable provisions if any, of the Companies Act, 1956, relevant guidelines of the Securities & Exchange Board of India, Listing Agreements entered into, with the Stock Exchanges and the Memorandum & Articles of Association of the Company and any other applicable law/rules/regulations and subject to the consents/approvals of any other authorities/institutions, consent of the Company be and is hereby accorded to create, offer issue and allot up to 9,64,000 Warrants on a preferential basis to following promoter as exhibited below, (hereinafter referred to as the "Warrants") with each Warrant convertible into one Equity Share of the Company of nominal value of Rs.10/- each at a premium of Rs. 27/- per Share so that the total number of Equity Shares to be issued by the Company upon conversion of the Warrants does not exceed 9,64,000 Equity Shares, on such terms and conditions as may be decided and deemed appropriate by the Board of Directors of the Company (hereinafter referred to as the "Board" which shall be deemed to include any duly authorised Committee thereof) at the time of issue or allotment:

Sl. No.	Names of proposed allottees	Number of Warrants	Value (Rs)
1.	Vinay L Deshpande	964000	35668000
	<b>Total</b>	<b>9,64,000</b>	<b>3,56,68,000</b>

RESOLVED FURTHER THAT the "Relevant Date" in relation to the issue of Warrants in accordance with the Securities & Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 would be 29<sup>th</sup> August 2006 being the date 30 days prior to the date of passing of this resolution.

RESOLVED FURTHER THAT the issue of Warrants, if any, as above shall be subject to the following terms and conditions:

- The Warrants shall be convertible (at the sole option of the Warrant holder) at any time within a period of 18 months from the date of allotment of Warrants.
- Each Warrant shall be convertible into one Equity Share of nominal value of Rs.10/- each of the Company.
- The Warrant holder shall, on the date of allotment of Warrants, pay an amount equivalent to 10% of the total consideration per Warrant viz., Rs. 3.70/- per Warrant, each warrant priced at Rs. 37/-.
- The Warrant holder(s) shall, before the date of conversion of the Warrants into Equity Shares, pay the balance 90% viz., Rs. 33.30/- per Warrant/Share, of the consideration towards the subscription to each Equity Share.
- The amount referred to in (c) above shall be forfeited, if the option to acquire Shares is not exercised.
- The number of Warrants and the price per Warrant shall be appropriately adjusted, subject to the Companies Act, 1956 and SEBI Guidelines, for corporate actions such as bonus issue, rights issue, stock split, merger, demerger, transfer of undertaking, sale of a division or any such capital or corporate restructuring.
- The Warrants shall be locked in for a period of three years from the date of their allotment provided that the lock-in on Shares acquired by conversion of Warrants shall be reduced to the extent the Warrants have already been locked-in.
- In the event of any of the Warrant holders not subscribing to all or any of the Equity Shares relating to the Warrants within the stipulated period viz., 18 months from the date of allotment of the Warrants, the Board shall, in its absolute discretion, offer such Shares to any other person(s) subject to the prevailing guidelines and in case such offer is declined by such person(s) or the Equity Shares are not subscribed to, within the stipulated period, such Shares shall lapse.

RESOLVED FURTHER THAT the Company shall ensure that whilst any Warrants remain exercisable, it will at all times keep available and reserved such part of its authorised but unissued share capital as would enable all outstanding Warrants to be satisfied in full.

RESOLVED FURTHER THAT the Board be and is hereby authorised in its entire discretion to decide to proceed with the issue of the Warrants, including the size and relative components of the same, and for the purpose of giving effect to this issue or allotment of Warrants or Shares, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may at its discretion deem necessary or desirable for such purpose, including without limitation, appointment of consultants, solicitors, merchant bankers or any other agencies as may be required and entering into arrangements for listing, trading depository services and such other arrangements and agreements, as may be necessary, and also to seek listing of the Equity Shares representing the same in any Indian Stock Exchanges with power on behalf of the Company, to settle any questions, difficulties or doubts that



may arise in regard to any such issue, offer or allotment of Warrants/Equity Shares and in complying with any Regulations, as it may in its absolute discretion deem fit, without being required to seek any further clarification, consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot such number of Equity Shares as may be required to be issued and allotted upon conversion of the Warrants and that the said Equity Shares shall be subject to the Memorandum and Articles of Association of the Company and shall rank in all respects pari passu with the existing Equity Shares of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any committee of Directors or Officer(s) of the company to give effect to this resolution."

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED hereby that whenever options under the Employees Stock Option Plan are granted, the amount to be considered as 'market value' shall be 'the latest available closing price, prior to the date of the meeting of the Board of Directors in which options are granted/shares are issued, on the Stock Exchange on which the shares of the Company are listed, and if the shares are listed on more than one Stock Exchange, then the Stock Exchange where there is highest trading volume on the said date shall be considered, as stipulated in circular no. SEBI/CFD/DIL/ESOP/3/2004/22/7 dated 22 July 2004 issued by SEBI.

RESOLVED FURTHER that, in relation to equity shares of the Company granted / to be granted from time to time, under the stock option scheme approved by resolutions passed at the Extraordinary General Meeting of the Company held on 20 April 2006 at Bangalore, it is hereby resolved that, such options granted be governed and guided, also by the parameter that the exercise price shall not be either lesser than the face value of the equity shares so granted, or more than eighty percent of the market price, as defined, from time to time, under the SEBI (ESOS & ESPS) Guidelines, 1999".

By order of the Board

Date: August 29, 2006  
Place: Bangalore

Vinay L Deshpande  
Chairman & CEO

#### NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND THE PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING PROXY, IN ORDER TO BE EFFECTIVE, SHOULD REACH THE REGISTERED OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE MEETING.
2. Explanatory Statement on Special Business in terms of Section 173 of the Companies Act, 1956 is annexed.
3. The Register of Members and Share Transfer Books of the Company will remain closed on 29-09-2006.
4. The Shares of the Company are compulsorily traded in electronic form. Members are requested to inform the Company's Registrars and Share Transfer Agents viz., Alpha Systems Pvt. Ltd., Unit: Encore Software Limited, 30, Ramana Residency, Ground Floor, 4<sup>th</sup> Cross, Sampige Road, Malleswaram, Bangalore 560 003, about the changes, if any, in their registered addresses, along with the PIN Code number quoting their folio number. All correspondence relating to transfer of shares may be sent directly to the aforesaid Transfer Agents of the Company.
5. Members are requested to bring their copies of the Annual Report to the Meeting.

#### EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956:

##### Items No. 4, 5 & 6:

As the members are aware, your Company now has a full range of affordable computing products, including the *Simputer*, the *Mobilis*, the *SofComp*, and the *SATHI*, which are now ready for the market. Judging by the market response to the Company's announcement of these products, and the subsequent interaction with potential customers, the Directors expect to see large volume sales of all this products, starting with the financial year 2006-07. In order to support the requirements, the Company has proposed an increase in its Authorised Share Capital to facilitate further infusion of Share Capital from time to time. The present Authorised Capital of Rs.11 Crores, it is felt, is inadequate and the Board recommends the increase of the same to Rs.12 Crores. Consequently, alterations to the Memorandum and Articles of Association are proposed to be given effect thereof.

The Board recommends the resolutions for your approval.

None of the Directors is interested or concerned in the above resolutions, except as shareholders.

**Items No. 7 & 8:**

Although the members had approved the issue of warrants, the same could not be implemented due to some technical reason and therefore the approval of the shareholders is sought now once again.

Consequent upon the proposed increase in the Authorised Share Capital of the Company, and to infuse further funds into the Company for the purpose indicated above, and especially to facilitate the expansion of the business, it is proposed that 50,00,000 Warrants be issued at a price of Rs 37/- per warrant aggregating to Rs18,50,00,000/- (Rupees Eighteen Crore Fifty Lakhs only) as mentioned in the Resolutions # 7 & 8.

All of the above would require infusion of funds at short notice and to this extent, your Board felt it essential to have flexibility. Hence the proposal with the terms and conditions is placed before the members for approval. The Warrants would be convertible into 50,00,000 Equity Shares of Rs.10/- each of the Company, i.e., 40,36,000 Equity Shares to the Strategic Investors and 9,64,000 Equity Shares to a Promoter in accordance with the SEBI Guidelines in this regard. The details are as under:

**a. Objects of the issue:**

To part fund the expansion/diversification, acquisition/takeover proposals and working capital needs.

**b. Intention of promoters/directors/ key management persons to subscribe to the offer:**

Mr. Vinay L Deshpande, one of the Promoters, intends to subscribe to the offer as per resolution number 8 above to the tune of 9,64,000 Warrants.

The existing Promoters and Management Team will continue to remain in the management of the Company as in the past without any changes. Further, the composition of the present Board of Directors will remain unaltered.

**c. Shareholding pattern before the offer (on conversion of Warrants in to Equity Shares and based on the shareholding pattern as on 29<sup>th</sup> August, 2006):**

The shareholding pattern of the Company before the offer is as under:

**(I) (a) STATEMENT SHOWING SHARE HOLDING PATTERN**

Name of the Company: ENCORE SOFTWARE LIMITED				AS on: 29.08.2006		
Scrip Code: 531750						
Code	Category of Shareholder	Number of Share holders	Total number of shares	Number of shares held in dematerialised form	Total shareholding as a percentage of total number of shares	
					As a percentage of (A+B) <sup>1</sup>	As a percentage of (A+B+C)
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group<sup>2</sup></b>					
<b>(1)</b>	<b>Indian</b>					
(a)	Individuals/ Hindu Undivided Family	2	35320	35220	0.55	0.55
(b)	Central Government/ State Government(s)					
(c)	Bodies Corporate	1	111662	111662	1.73	1.73
(d)	Financial Institutions/ Banks					
(e)	Any Other (Specify)					
	<b>Sub-Total (A)(1)</b>	<b>3</b>	<b>146982</b>	<b>146882</b>	<b>2.27</b>	<b>2.27</b>
<b>(2)</b>	<b>Foreign</b>					
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)					
(b)	Bodies Corporate					
(c)	Institutions					
(d)	Any Other (specify)					
	<b>Sub-Total (A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>





	<b>Total Shareholding Of Promoter and Promoter Group (A)=(A)(1)+(A)(2)</b>	<b>3</b>	<b>146982</b>	<b>146882</b>	<b>2.27</b>	<b>2.27</b>
<b>(B)</b>	<b>Public shareholding <sup>3</sup></b>					
<b>(1)</b>	<b>Institutions</b>					
(a)	Mutual Funds/UTI					
(b)	Financial Institutions/ Banks	2	10400	10400	0.16	0.16
(c)	Central Government/ State Government(s)					
(d)	Venture Capital Funds					
(e)	Insurance Companies					
(f)	Foreign Institutional Investors	1	80000	80000	1.24	1.24
(g)	Foreign Venture Capital Investors					
(h)	Any Other (specify)					
	<b>Sub-Total (B)(1)</b>	<b>3</b>	<b>90400</b>	<b>90400</b>	<b>1.40</b>	<b>1.40</b>
<b>(2)</b>	<b>Non-institutions</b>					
(a)	Bodies Corporate	253	1571149	1570849	24.28	24.28
(b)	Individuals -					
	i. Individual shareholders Holding nominal share capital up to Rs. 1 lakh.	4297	2752601	2703141	42.53	42.53
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	63	1900368	1879368	29.37	29.37
(c)	Any Other (specify)					
	Directors	1	10000	10000	0.15	0.15
	<b>Sub-Total (B)(2)</b>	<b>4614</b>	<b>6234118</b>	<b>6163358</b>	<b>96.33</b>	<b>96.33</b>
	<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>4617</b>	<b>6324518</b>	<b>6253758</b>	<b>97.73</b>	<b>97.73</b>
	<b>TOTAL (A)+(B)</b>	<b>4620</b>	<b>6471500</b>	<b>6400640</b>	<b>100.00</b>	<b>100.00</b>
<b>(C)</b>	<b>Shares held by Custodians and against which Depository Receipts have been issued</b>					
	<b>GRAND TOTAL</b>	<b>4620</b>	<b>6471500</b>	<b>6400640</b>	<b>100.00</b>	<b>100.00</b>
	<b>(A)+(B)+(C)</b>					

d. Shareholding pattern after the offer (on conversion of Warrants in to Equity Shares and based on the shareholding pattern as on 29<sup>th</sup> August, 2006):

The shareholding pattern of the Company after the offer is as under:

**(I) (a) STATEMENT SHOWING SHARE HOLDING PATTERN**

Name of the Company: ENCORE SOFTWARE LIMITED

Scrip Code: 531750				AS on: 29.08.2006		
Code	Category of Shareholder	Number of Share holders	Total number of shares	Number of shares held in dematerialised form	Total shareholding as a percentage of total number of shares	
					As a percentage of (A+B) <sup>1</sup>	As a percentage of (A+B+C)
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group <sup>2</sup></b>					
<b>(1)</b>	<b>Indians</b>					
(a)	Individuals/ Hindu Undivided Family	2	999320	999320	8.72	8.72
(b)	Central Government/ State Government(s)					

(c)	Bodies Corporate	1	111662	111662	0.97	0.97
(d)	Financial Institutions/ Banks					
(e)	Any Other (Specify)					
	<b>Sub-Total (A)(1)</b>	<b>3</b>	<b>1110982</b>	<b>1110982</b>	<b>9.69</b>	<b>9.69</b>
<b>(2)</b>	<b>Foreign</b>					
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)					
(b)	Bodies Corporate					
(c)	Institutions					
(d)	Any Other (specify)					
	<b>Sub-Total (A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
	<b>Total Shareholding Of Promoter and Promoter Group</b>					
	<b>(A)=(A)(1)+(A)(2)</b>	<b>3</b>	<b>1110982</b>	<b>1110882</b>	<b>9.69</b>	<b>9.69</b>
<b>(B)</b>	<b>Public shareholding <sup>3</sup></b>					
<b>(1)</b>	<b>Institutions</b>					
(a)	Mutual Funds/UTI					
(b)	Financial Institutions/ Banks	2	10400	10400	0.09	0.09
(c)	Central Government/ State Government(s)					
(d)	Venture Capital Funds					
(e)	Insurance Companies					
(f)	Foreign Institutional Investors	1	80000	80000	0.70	0.70
(g)	Foreign Venture Capital Investors					
(h)	Any Other (specify)					
	<b>Sub-Total (B)(1)</b>	<b>3</b>	<b>90400</b>	<b>90400</b>	<b>0.79</b>	<b>0.79</b>
<b>(2)</b>	<b>Non-institutions</b>					
(a)	Bodies Corporate	253	1571149	1570849	13.69	13.39
(b)	Individuals -					
	i. Individual shareholders Holding nominal share capital up to Rs. 1 lakh.	4297	2762301	2712841	24.07	24.07
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	72	5926668	5905668	51.68	51.68
(c)	Any Other (specify)					
	Directors	1	10000	10000	0.08	0.08
	<b>Sub-Total (B)(2)</b>	<b>4623</b>	<b>10270118</b>	<b>10199358</b>	<b>89.52</b>	<b>89.52</b>
	<b>Total Public Shareholding</b>					
	<b>(B)=(B)(1)+(B)(2)</b>	<b>4626</b>	<b>10360518</b>	<b>10289758</b>	<b>90.31</b>	<b>90.31</b>
	<b>TOTAL (A)+(B)</b>	<b>4629</b>	<b>11471500</b>	<b>11400640</b>	<b>100.00</b>	<b>100.00</b>
<b>(C)</b>	<b>Shares held by Custodians and against which Depository Receipts have been issued</b>					
	<b>GRAND TOTAL</b>	<b>4629</b>	<b>11471500</b>	<b>11400640</b>	<b>100.00</b>	<b>100.00</b>
	<b>(A)+(B)+(C)</b>					

The above shareholding pattern has been arrived on the assumption that the entire 50,00,000 Warrants proposed to be issued would be converted in to Equity Shares.