



Encore Software

CORPORATE INFORMATION

Mr. David L. DeGard

Mr. Thomas J. DeGard

Mr. J. DeGard

Mr. J. DeGard

Mr. J. DeGard

Mr. J. DeGard

Mr. J. DeGard

Mr. J. DeGard

MANAGEMENT TEAM

Mr. David L. DeGard

Mr. Thomas J. DeGard

Mr. J. DeGard

Mr. J. DeGard

Mr. J. DeGard

Mr. J. DeGard

Mr. J. DeGard

Mr. J. DeGard

Mr. J. DeGard

Mr. J. DeGard

FINANCIAL

Mr. J. DeGard

Mr. J. DeGard

FINANCIAL

Mr. J. DeGard

MANAGEMENT TEAM

Mr. David L. DeGard

Mr. Thomas J. DeGard

Mr. J. DeGard

Mr. J. DeGard

FINANCIAL

Mr. J. DeGard

Mr. J. DeGard

Mr. J. DeGard

MANAGEMENT TEAM

Mr. David L. DeGard

Mr. Thomas J. DeGard

Mr. J. DeGard

Mr. J. DeGard

Mr. J. DeGard

EIGHTEENTH ANNUAL REPORT 2009-2010

CORPORATE INFORMATION

DIRECTORS

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

MANAGEMENT TEAM

Mr. Vinay L Deshpande	Chairman & CEO
Mrs. Chhanda Deshpande	Executive Director
Mr. Mark Mathias	President
Mr. M P Vasuki	Vice President
Mr. Kaushik V Shah	General Manager

AUDITORS

Ishwar & Gopal
Chartered Accountants

BANKERS

Syndicate Bank

REGISTERED OFFICE

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

USA OFFICE

20590 Shady Oak Lane
Cupertino, CA 95014
USA

SHARE TRANSFER AGENT

Alpha Systems Pvt Ltd
30, Ramana Residency, 4th Cross
Sampige Road, Malleswaram
Bangalore 560 003
Phone : 080-23460815-818
Fax : 080-23460819

NOTICE

NOTICE is hereby given that the 18th Annual General Meeting of the members of the Company will be held at 4.00 p.m. on Thursday, 15th of July, 2010 at Hotel Ajantha, MG Road, Bangalore 560 001 to transact the following business :

ORDINARY BUSINESS:

- 1 To receive, consider and adopt the Audited Balance Sheet as at March 31, 2010, and the Profit and Loss Account for the year ended on that date, together with the Reports of the Directors and Auditors there on.
- 2 To appoint a Director in place of Mrs Chhanda Deshpande who retires by rotation, and is eligible for re-appointment
- 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 a Special Resolution:
"RESOLVED THAT the Company hereby grants its approval and consent under Section 314 of the Companies Act, 1956, to the appointment of Mr. Neil Deshpande, relative of Mr. Vinay L Deshpande and Mrs. Chhanda Deshpande who are Directors of the Company as Programme Manager- Mobile Computing Products of the Company on a salary of Rs. 1,58,000/- per month together with the usual allowances and benefits applicable to employees occupying similar posts in the said Management cadre including bonus, retiring gratuity and provident fund benefits and that the Directors be and are hereby authorised to grant from time to time to Mr. Neil Deshpande such increment or increments as the Directors may, in their discretion think fit but, so his salary shall be Rs 1,58,000/- per month and be subject to such revisions year after year depending upon the prevailing increment/revision policy of the Company and that requisite approvals be obtained from the Central Government, wherever applicable."

Date : May 26, 2010
Place : Bangalore

By order of the Board
Vinay L Deshpande
Chairman & CEO

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING PROXY, IN ORDER TO BE EFFECTIVE, SHOULD REACH THE REGISTERED OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE MEETING.
2. The Register of Members and Share Transfer Books of the Company will remain closed on July 15, 2010
3. The listing fee has been paid to the Bombay Stock Exchange where the Company is listed
4. The Shares of the Company are compulsorily traded in electronic form. Members are requested to inform the Company's Registrars and Share Transfer Agents viz., Alpha Systems Pvt. Ltd., Unit: Encore software Limited, 30, Ramana Residency, Ground Floor, 4th Cross, Sampige Road, Malleswaram, Bangalore-560003, about the changes, if any, in their registered addresses, along with the PIN Code number quoting their folio number. All correspondence relating to transfer of Shares may be sent directly to the aforesaid Transfer Agents of the Company.
5. Members are requested to bring their copies of the Annual Report to the meeting.
6. Pursuant to SEBI notification no. MED / DOP / Circular / 05/2009 dated May 20, 2009, it has become mandatory for the transferee(s) to furnish copy of PAN card to the Company / RTA to enable / effect transfer of Shares in physical form.
7. The Resolution regarding the re-appointment of Mrs. Chhanda Deshpande as Director, are placed before the members. As per Clause 49 of the Listing Agreement with the Stock Exchange, the following particulars are provided:
 - a. Name : Mrs. Chhanda Deshpande
 - b. Age : 62 Years
 - c. Qualification : M.A
 - d. Expertise : 24
 - e. Other directorships : Ncore Technology Services Pvt. Ltd.

Date : May 26, 2010
Place : Bangalore

By order of the Board
Vinay L Deshpande
Chairman & CEO

EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

Item no. 4

Mr. Neil Deshpande is an MS in VLSI Design and Computer Architecture from the University of Southern California, Los Angeles, USA and worked with Philips Semiconductors (which changed its name to NXP Semiconductors in 2006) for almost four years, during which he helped create reference designs for Personal Media Players using NXP's chips, and also helped NXP customers in Taiwan, China, and the US, to put those reference designs into production. In the two years of his employment with the Company so far, Mr. Deshpande demonstrated strong leadership and solved several long pending design problem during this period. Leading by example, he methodically analyses each problem, gets down to the root cause of the problem and then solves it. He has also been able to galvanize the software development team in the Mobile Computing Products group into a much more productive group.

It may be recalled that Mr. Neil Deshpande's appointment as Senior Executive-Strategy and the remuneration payable thereto, were approved by the Shareholders in the 16th Annual General Meeting held on September 19, 2008. The Ministry of Corporate Affairs, Government of India accorded its approval for the same. Central Govt. as well under Section 314 of the Companies Act, 1956..

The Board at their meeting held on 26.5.2010 decided that the services provided by Mr. Neil Deshpande are very critical and valuable to the operations of the Company. Hence, they decided to elevate Mr. Deshpande to the position of Programme Manager-Mobile Computing Products and to enhance his salary up to Rs. 1,58,000/- with effect from 15th July 2010, subject to the approval of the Ministry of Corporate Affairs, Government of India.

In terms of the provisions of Section 314 of the Companies Act, 1956, the appointment shall be subject to the approvals of Shareholders and Ministry of Company Affairs, Government of India.

MEMORANDUM OF CONCERN OR INTEREST

Except Mr. Vinay L Deshpande and Mrs. Chhanda Deshpande, no other Director of the Company is concerned or interested in this resolution.

Date : May 26, 2010
Place : Bangalore

By order of the Board
Vinay L Deshpande
Chairman & CEO

DIRECTORS' REPORT

Your Directors are pleased to present the Eighteenth Annual Report of the Company together with the Audited Statement of Accounts for the year ended March 31, 2010.

FINANCIAL RESULTS

(Rs. In Million)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Operating Income	33.56	11.13
Gross Profit/(Loss) after Interest ,but before depreciation and tax	6.80	(61.72)
Less: Depreciation	1.53	1.38
Provision for Tax	NIL	0.14
Profit/(Loss) after Tax	5.27	(63.24)
Transfer to Reserve	NIL	NIL

OPERATIONS AND DIVIDEND

Owing to the agreement for Licensed Manufacturing and Distribution reached with DSK Digital Technologies Pvt Ltd., Pune, your Company has been able to turn profitable this year. Further, with slow but sure progress in the Brazil project, your Company is confident of exhibiting much better performance during 2010-2011.

INDUSTRY OUTLOOK

Worldwide, the market for affordable computing devices for Education seems to be rapidly gaining momentum, placing the Company in an advantageous position to deploy the Mobilis in that segment. Further, the domestic India market seems to also be finally waking up to the potential of mobile computing devices, which should result in a significant market opportunity for your Company, especially in the eGovernance, Education, and Enterprise sectors in India, during the next fiscal

MOBILE COMPUTING PRODUCTS

Your Company's progress in the One-Computer-per-Student project ("UCA") of the Ministry of Education, Government of Brazil, has been slow during this year, owing to further delays caused by internal procedures. However, your Company is still strongly placed to get the final order from them. The total requirement has now gone up to 1.5 millions devices, but the Government over there has mandated that the devices must be manufactured in Brazil. Your Company therefore is now in the process of negotiating a Joint Venture for this purpose, with a different proposed partner (not the earlier proposed partners), and expect to firm up these arrangements by the end of June, 2010, which is when the Company can expect the purchase orders from the Brazilian Government to be released.

Meanwhile, your Company finally signed on January 23, 2010, the agreement with DSK Digital Technologies Pvt Ltd., Pune, which your Company has been negotiating over the last two-and-a-half years, licencing DSKDT for manufacturing of our Mobilis, Simputer, and SofComp, and for exclusively distributing these all over the world except in Brazil, South America, and Latin America. This Agreement also provides for Encore to provide exclusive R&D services for development of further new products in the mobile computing area, for a monthly service charge. DSKDT have already initiated several proof-of-concept pilots, which are expected to result in significantly large volumes of sales of these products and consequent royalty revenues for your Company during the coming year and beyond. In addition, the formation by the Government of India, of the Unique Identification Authority of India (UIDAI), is expected to give your Company (through the alliance with DSKDT) new markets for which the Company's products are the most ideally suited

In order to further prepare for the growing market, your Company is also in the process of updating the Simputer and the SofComp with contemporary technology.

SATHI

While the efforts to get further orders for the SATHI have not yet yielded results during this period, your Company continues to hope for orders from the Army. During the past year, steps were have initiated efforts to update the technology to make the SATHI as contemporary as possible.

FLOSOLVER

The last (tenth) of the Flosolver, the high-performance computing cluster developed by Encore in collaboration with the National Aerospace Laboratories (NAL) during 2007-08, was delivered to and installed at the India Meteorological Department in Pune on July 27, 2009, thus successfully completing this project. Your Company continues to provide maintenance support to all the ten systems.

NASDO

It may be recalled that your Company had developed customized products (Client Interface Platform -CIP, Air Publication Network Interface — APNI, and Air Publication Reader Tablet — APRT) for NASDO (Naval Aircraft Servicing and Development Organization), for their Aircraft Publication System project, in the previous year, and that these three products have been enlisted as "single-vendor items" by the Navy. During the year under review, the Company received orders for and delivered to NASDO eight (8) units of CIP and thirty-seven (37) units of APNI, totally valued at Rs. 37.18 lakhs. Further orders will be ensuing during the next financial year as well, and other branches of the military are also considering these for their needs.

TECHNOLOGY SOLUTIONS

During the past year, the Technology Solutions Group focused on development of multimedia algorithms, porting of speech processing software to customer-specific platforms, and developing a reference VOIP platform for consumer applications. As a result of these developments, the Group is looking forward to reasonably large revenues from the VOIP mass market as well as the multimedia solutions segment in the forthcoming year

OVERSEAS OPERATIONS

Ncore USA, our wholly-owned subsidiary in the United States, continues to be kept alive in order to have a base when the market for your Company's affordable information appliances starts growing there. In line with the decision taken in the previous year by your Board of Directors, your Company did formally apply to the Singapore authorities, withdrawing the nomination of Mr. Vinay Deshpande as a Member of the Board of Directors of Encore Technologies Singapore, and is awaiting a confirmation from them.

RISKS AND CONCERNS

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

CORPORATE GOVERNANCE

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

A detailed Corporate Governance Report has been provided in Annexure 'B' and the Auditors' Report on Corporate Governance is provided in Annexure 'C'.

PARTICULARS OF EMPLOYEES

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

DIRECTORS

In accordance with the provisions of the Companies Act, 1956, and the Company's Articles of Association, Mrs. Chhanda Deshpande, Director, who retires by rotation, and being eligible, offer herself for re-appointment

AUDIT COMMITTEE

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

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

GOING CONCERN

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

AUDITORS

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

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

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

ACKNOWLEDGEMENTS

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

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

For and on behalf of the Board

Place : Bangalore
Date : May 26, 2010

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. 16.02, Millions as against Rs. 7.94 Millions in the previous year. Total Foreign Exchange Outgo during the year amounted to Rs. 1.63 Millions as against Rs. 4.95 Millions in the previous year.

Annexure "B" to the Directors' Report REPORT ON CORPORATE GOVERNANCE

1 PHILOSOPHY ON CORPORATE GOVERNANCE

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

2 MEANS OF COMMUNICATION

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

3 STOCK EXCHANGE LISTING

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

The Scrip Code is 531750

4 BOARD OF DIRECTORS

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

Category of	Names of Directors	Number of Directors	Composition %	Number of Directorship Companies	No. of Chairmanship in other companies	No. of Memberships in other companies
i) Promoter		2	50			
Chairman & CEO	Vinay L. Deshpande			07	Nil	Nil
Executive Director	Chhanda Deshpande			02	Nil	Nil
ii) Independent & Non executive Directors		2	50			
	Jagannathan Suri			08	Nil	Nil
	Prof. V Rajaraman			Nil	Nil	Nil
Total		4	100			

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

5 PARTICULARS OF BOARD AND GENERAL MEETINGS

Board Meetings are normally held at the Registered Office of the Company and with sufficient notice along with Agenda and Notes circulated ahead of the Meetings. Five Board Meetings were held between April 1, 2009 to March 31, 2010 on the following dates: May 23, 2009; June 26, 2009; July 29, 2009; October 23, 2009 and January 28, 2010. The last three Annual General Meetings were held on dates, places, and times as below:

- 17th Annual General Meeting held at 4.00 pm on August 31, 2009, at Hotel Ajantha, M G Road, Bangalore- 560 001.
- 16th Annual General Meeting held at 4.00 pm on September 19, 2008, at Hotel Ajantha, M G Road, Bangalore- 560 001.
- 15th Annual General Meeting held at 4.00 pm on September 27, 2007, at Hotel Ajantha, M.G. Road, Bangalore- 560 001.

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

Director	No. of Board Meetings held	No. of Board Meetings attended in person	No. of Board Meetings participated through teleconference/video conference	Attendance at the 17th AGM held (Yes/No)
Vinay L. Deshpande	5	5	Nil	Yes
Chhanda Deshpande	5	5	Nil	Yes
Jagannathan Suri	5	5	Nil	Yes
Prof. V Rajaraman	5	5	Nil	Yes

7 REMUNERATION PAID TO INDEPENDENT DIRECTORS

Sitting Fee of Rs. 1,500/- per Director per meeting of the Board or its Committee is being paid. None of the Non-Executive Independent Directors of the Company has any pecuniary relationships or transactions with the Company.

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

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

9 OTHER DISCLOSURES

- Related-party transactions: Mentioned under Note 16.5 of the Notes to Accounts.
- Non-compliance with Stock Exchange/SEBI requirements - None

10 COMPLIANCES

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

11 POSTAL BALLOT

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

No resolution was passed through Postal Ballot during the year under review in terms of Section 192A of the Companies Act, 1956 and the Companies (Passing of Resolution by Postal Ballot) Rules, 2001.

12 AUDIT COMMITTEE

The Audit Committee comprises of one Non-Executive independent Director and a Chairman who is also a non executive independent Director. Your Board will take steps to induct another Member in to the committee. The key functions of the Committee are:

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

The members of the Committee are senior professionals in the fields of finance, engineering and administration with significant business expertise. Auditors are invitees to the Meetings hereof. The Committee met five times during the financial year 2009-2010: on May 25, 2009; June 26, 2009; July 29, 2009; October 23, 2009; and January 25, 2010. Attendance details are set out below:

Members	No. of meetings	No. of meetings attended in person	No. of meetings participated through teleconference/video conference
Jagannathan Suri	5	5	NIL
Prof. V Rajaraman	5	5	NIL

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

13 COMPENSATION COMMITTEE

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

The Committee performs the following key functions:

1. Periodically reviewing the compensation and benefits for Executive Directors and senior management.
 2. Reviewing the Employee Stock Option Plan of the Company and related issues.
- The primary objective of the Committee is to attract and retain the best talent and to ensure continuous generation of enthusiasm and motivation in them.

14 SHAREHOLDERS' GRIEVANCES COMMITTEE

The Committee comprises two Non-Executive Directors.

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

The Committee met five times during the financial year 2009-2010, from 1st April 2009 to 31st March 2010, on the following dates: May 23, 2009; June 26, 2009; July 29, 2009; October 23, 2009 and January 25, 2010. Attendance details are given below:

Members	No. of meetings	No. of meetings attended in person	No. of meetings participated through teleconference/video conference
Jagannathan Suri	5	5	NIL
Prof. V Rajaraman	5	5	NIL

15 Name, designation & address of Compliance Officer:

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

16 GENERAL SHAREHOLDER INFORMATION

A Eighteenth Annual General Meeting:

Date
July 15, 2010
Time
4.00 PM

Venue
Hotel Ajanta, M.G. Road, Bangalore

B Financial Calendar: Financial Year
First Quarter Results
Half Yearly Results
Third Quarter Results
Results for the year ended 31st March, 2010
Book Closure Date
Scrip Code
Stock Exchange
International Securities Identification Number (ISIN) for National Securities Depository Limited (NSDL) and Central Depositories Services (India) Limited (CDSL):
INE-INE103B01012

April 2009 to March 2010
In June 2009
In October 2009
In January 2010
By fourth week of May 2010
July 15, 2010
531750

The Bombay Stock Exchange Ltd, Mumbai

C Share Transfer System

All the transfers received are processed and approved by the Shareholders Grievance Committee at its meeting or by circular resolutions. The Company's Registrars and Share Transfer Agent, 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. They are the Registrars and Transfer Agents for both physical and electronic mode of transfer of shares. Transfer of Shares held in the physical mode are approved within a maximum period of 15 days, if found in order, in all respects, Shares under objection are returned within 7 days.

Alpha Systems Pvt. Ltd.

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

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

Mrs. Chhanda Deshpande
Compliance Officer
Encore Software Limited

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

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

D Works Location:

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

E Registered Office / Address for correspondence

Encore Software Limited

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

Phones: 080-4080 8080, Fax: 080-2558 7690 E-mail: eslcompliance@ncoretech.com

F Foreign Offices

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

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

G Shareholding Pattern: (as on March 31, 2010)
STATEMENT SHOWING SHARE HOLDING PATTERN

Name of the Company : ENCORE SOFTWARE LIMITED

Scrip Code : 531750

Quarter ended : 31.03.2010

Category 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		Shares pledged or otherwise encumbered	
					As a % of (A+B)	As of (A+B+C)	Number of Shares	As a Percentage (IX=(VIII/(IV)-100)
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)
(A)	Shareholding of Promoter And Promoter Group (2)							
(1)	Indian							
(a)	Individuals/Hindu Undivided Family	2	35320	35320	0.55	0.55	0	0
(b)	Central Government/State Government(s)	0	0	0	0	0	0	0
(c)	Bodies Corporate	1	32091	32091	0.49	0.49	0	0
(d)	Financial Institutions / Banks	0	0	0	0	0	0	0
(e)	Any Other (Specify)	0	0	0	0	0	0	0
	Sub-Total (A)(1)	3	67411	67411	1.04	1.04	0	0
(2)	Foreign							
(a)	Individuals (Non- Resident Individuals/Foreign Individuals)	0	0	0	0	0	0	0
(b)	Bodies Corporate	0	0	0	0	0	0	0
(c)	Institutions	0	0	0	0	0	0	0
(d)	Any Other (specify)	0	0	0	0	0	0	0
	Sub-Total (A)(2)	0	0	0	0	0	0	0
	Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	3	67411	67411	1.04	1.04	0	0
(B)	Public shareholding [3]							
(1)	Institutions							
(a)	Mutual Funds/UTI	0	0	0	0	0	0	0
(b)	Financial Institutions/ Banks	0	0	0	0	0	0	0
(c)	Central Government/ State Government(s)	0	0	0	0	0	0	0
(d)	Venture Capital Funds	0	0	0	0	0	0	0
(e)	Insurance Companies	0	0	0	0	0	0	0
(f)	Foreign Institutional Investors	1	80000	80000	1.24	1.24	0	0
(g)	Foreign Venture Capital Investors	0	0	0	0	0	0	0
(h)	Any Other (specify)	0	0	0	0	0	0	0
	Sub-Total (B)(1)	1	80000	80000	1.24	1.24	0	0
(2)	Non-Institutions							
(a)	Bodies Corporate	144	1097063	1096963	16.95	16.95	0	0
(b)	Individuals -							
	i. Individual shareholders holding nominal share capital up to Rs. 1 lakh.	3472	2347413	2321973	36.27	36.27	0	3472
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh..	73	2403188	2403188	37.13	37.13	0	73
	Any Other (specify)	37	418822	377822	6.47	6.47	0	0
	NRI	24	57603	57603	0.89	0.89	0	0
	Clearing Member							
	Sub-Total (B)(2)	3750	6324089	6257549	97.72	97.72	0	0
	Total Public Shareholding (B)=(B)(1)+(B)(2)	3751	6404089	6337549	98.96	98.96	0	0
	TOTAL (A)+(B)	3754	6471500	6404960	100	100.00	0	0
(C)	Shares held by Custodians and against which Depository Receipts have been issued							
	GRAND TOTAL (A)+(B)+(C)	3754	6471500	6404960	100	100	0	0

H Distribution of shareholding according to size class as on 31st March 2010:

**ENCORE SOFTWARE LIMITED
DISTRIBUTION OF HOLDINGS AS ON 31.03.2010**

Shares holding	Share Holders		Shares	
	Number	% to total	Number	% to total
(1)	(2)	(3)	(4)	(5)
Up to 5,000	3575	95.24	2095345	32.38
5,001—10,000	74	1.97	553658	8.56
10,001—20,000	50	1.33	739482	11.43
20,001—30,000	14	0.37	339442	5.25
30,001—40,000	8	0.21	277652	4.29
40,001—50,000	11	0.29	524325	8.10
50,001—1.00,000	15	0.40	1051624	16.25
1,00,001—and above	7	0.19	889972	13.74
Total	3754	100.00	6471500	100.00

I Shares held in Physical and Electronic mode

Categories	Position as on 31.03.2010	
	No. of Shares	% to total shareholding
Physical	66540	1.03
Demat - NSDL	4587038	70.88
Demat - CDSL	1817922	28.09
Total	6471500	100.00

J Registrar and Share Transfer Agent:

Alpha Systems Private Limited
No. 30, Ramana Residency
4th Cross, Sampige Road
Malleswaram, Bangalore – 560 003
Tel: 080-23460815 Fax: 080-23460819

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

K Nomination Facility:

The Companies (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, 2010 are furnished below:

Month	Highest (Rs)	Lowest (Rs).
April 2009	4.80	3.95
May 2009	6.68	4.00
June 2009	8.91	6.50
July 2009	8.34	6.20
August 2009	8.91	6.10
September 2009	12.56	8.50
October 2009	9.20	7.26
November 2009	8.10	6.60
December 2009	8.10	6.31
January 2010	9.93	6.53
February 2010	8.85	6.70
March 2010	7.80	5.90

Place : Bangalore
Date : May 26, 2010

For and on behalf of the Board
Vinay L. Deshpande
Chairman & CEO

ANNEXURE "C" TO THE DIRECTORS' REPORT

Auditors' Report on Corporate Governance
(Forming part of Directors' report dated May 26, 2010)

To the Members of Encore Software Limited

We have examined the compliance of conditions of Corporate Governance by ENCORE SOFTWARE LIMITED for the year ended on March 31, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange.

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

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

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

We further state such compliance is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For Ishwar & Gopal
Chartered Accountants

Bangalore
May 26, 2010

K.V. Gopalakrishnayya
Partner

CEO & CFO Certification

We confirm that:

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

Place : Bangalore
Date : May 26, 2010

Vinay L Deshpande
Chief Executive Officer