



Encore Software

TWENTY SECOND ANNUAL REPORT
2013-2014

Encore Software Limited

CIN: L72200KA2001PLC029313

Email: eslcompliance@ncoretech.com Website: www.ncoretech.com

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Vinay L Deshpande	Director
Mrs. Chhanda Deshpande	Director
Mr. S P Satish	Director
Mr. U Divakaran	Director

MANAGEMENT TEAM

Mr. Vinay L Deshpande	Director
Mrs. Chhanda Deshpande	Director

AUDITORS

Messrs Ishwar & Gopal
Chartered Accountants

BANKERS

Syndicate Bank
Shoolay Branch, Bangalore 560025

REGISTERED OFFICE

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

USA OFFICE

20590 Shady Oak Lane
Cupertino, CA 95014, USA

SHARE TRANSFER AGENT

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

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TWENTY SECOND ANNUAL REPORT 2013-2014

NOTICE

NOTICE is hereby given that the Twenty Second Annual General Meeting of the Members of the Company will be held at 4:30 p.m. on Friday, 26th September, 2014, at Bharatiya Vidya Bhavan, Race Course Road, Bangalore 560001, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss 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 Mr. Vinay L Deshpande, who retires by rotation and is eligible for reappointment.
3. To appoint a Director in place of Mrs. Chhanda Deshpande, who retires by rotation and is eligible for reappointment.
4. To appoint auditors and authorize the Board to fix their remuneration.

SPECIAL BUSINESS

5. To consider, and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:
"RESOLVED THAT Mr. U Divakaran (DIN 01678151) who was appointed as Additional Director of the Company on 29.05.2014 and who holds Office up to the date of this Meeting be and is hereby appointed as Director of the Company."
6. 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 Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. S P Satish (DIN 00897278), Director of the Company who retires by rotation at the Annual General Meeting, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years up to March 31, 2019."
7. 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 Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. U Divakaran (DIN 01678151), Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years up to March 31, 2019."

By order of the Board

Date: 14th August 2014
Place: Bangalore

Vinay L Deshpande
Director

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 pursuant to Section 102 of the Companies Act, 2013, in respect of Special Business is annexed hereto.
3. The Register of Members and Share Transfer Books of the will remain closed on September 26, 2014.
4. The listing fee has been paid to the Bombay Stock Exchange where the Company is listed.
5. The Shares of the Company are compulsorily traded in electronic form. Members are requested to inform the Company's Registrars and Share Transfer Agents viz., Integrated Enterprises (India) Limited, Unit: Encore Software Limited, 30, Ramana Residency, Ground Floor, 4th Cross, Sampige Road, 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.
6. Members are requested to bring their copies of the Annual Report to the Meeting.
7. 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.
8. As regards the re-appointment of Mr. Vinay L Deshpande referred to in item No. 2 of the Notice, the following necessary disclosures are made for the information of the Shareholders:

Name of the Company/Firms	Nature of Interest
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- | | |
|---|----------|
| 1. AFS Intercultural Programs India | Director |
| 2. Peninsula Electronics Pvt Ltd
(Company just formed; not yet active) | Director |
| 3. Processor Systems (India) Pvt Ltd | Director |

9. As regards the re-appointment of Mrs. Chhanda Deshpande referred to in item No. 3 of the Notice, the following necessary disclosures are made for the information of the Shareholders:

Name of the Company/Firms	Nature of Interest
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10. Voting through electronic means:

Pursuant to the provisions of Section 108 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014, the Company is pleased to offer e-voting facility to the members to cast their votes electronically on all resolutions set forth in the Notice convening the 22nd Annual General Meeting to be held on Friday, September 26, 2014, at 4:30 pm. The Company has engaged the services of Central Depository Services (India) Limited (CDSL) to provide the e-voting facility. The instructions for E-voting are as under:

- Open your web browser during the voting period and log on to the e-voting website www.evotingindia.com
- Click on "Shareholders" tab to cast your votes.
- Select the company "ENCORE SOFTWARE LIMITED" from the drop down menu and click on Submit.
- Enter the user id and the CAPTCHA code as appearing on the screen.
- If you are holding shares in Demat form and have already voted earlier on www.evotingindia.com for voting of any other Company, then your existing password is to be used.
- If you are a first-time user, please follow the steps given below:

Fill up the following details in the appropriate boxes:

	For Members holding shares in Demat Form	For Members holding shares in Physical Form
User ID	For NSDL: 8-Character DP ID followed by 8-Digit Client ID For CDSL: 16-digit beneficiary ID	Folio Number registered with the Company
PAN*	Enter your 10-digit alpha-numeric *PAN issued by Income Tax Department and updated with the Company when prompted by the system while e-voting (applicable for both Demat shareholders as well as physical shareholders).	
DOB#	Enter the Date of Birth as recorded in your Demat account or in the Company records for the said Demat account or Folio No. in dd/mm/yyyy format.	
Bank Details#	Enter the bank details as recorded in your Demat account or in the Company records for the said Demat account or folio	

* Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field.

Please enter any one of the details in order to log in. In case either of the details is not recorded with the Depository, please enter the Number of Shares held by you as on the cutoff date" in the Dividend Bank details field.

- After entering these details appropriately, click on the "SUBMIT" tab.

- viii) Members holding shares in physical form will then reach directly the EVSN selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. The new password has to be a minimum of eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through the CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- ix) Click on the relevant EVSN on which you choose to vote.
- x) On the voting page, you will see Resolution Description and against the same the option "YES/NO" for voting. Select the option "YES" or "NO" as desired. The option YES implies your assent to the Resolution and option NO implies your dissent to the Resolution.
- xi) Click on the "Resolutions File" link if you wish to view the entire set of Resolutions.
- xii) After selecting the resolutions you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xiv) If Demat Account holders have forgotten the changed password, then they may enter the User ID and Captcha Code, click on "Forgot Password" and enter the details as prompted by the system.
- xv) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates, link the account(s) which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution or Power of Attorney in favour of the Custodian whom they have authorised to vote on their behalf, if any, in PDF format in the system, for the scrutinizer to verify the same.
- xvi) The voting period begins on September 20, 2014 (9.00 a.m.) and ends on September 22, 2014 (6.00 p.m.). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of August 29, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- xvii) In case you have any queries or issues regarding e-voting, you may refer to the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under the Help section or write an email to helpdesk.evoting@ccslindia.com.
- xviii) The voting rights of the shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut off date of August 29, 2014.
- xix) Mr. Vijaykrishna K T, Practicing Company Secretary, Bangalore has been appointed as Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- xx) The Scrutinizer shall, within a period not exceeding three working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two witnesses not in the employment of the Company, and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- xxi) The results of the e-voting along with the Scrutinizer's Report shall be placed on the Company's website (www.ncoretech.com) and on the website of CDSL within two days of passing of the resolution at the AGM of the Company. The results will also be communicated to the stock exchanges where the shares of the Company are listed.

By order of the Board

Date: 14th August 2014
Place: Bangalore

Vinay L Deshpande
Director

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

Item No. 5:

Mr. U Divakaran (DIN 01678151) was appointed as Additional Director and holds office up to the date of the ensuing Annual General Meeting.

Notice has been received from a Member proposing the candidature of Mr U Divakaran as Director of the Company along with the deposit of Rs. 1,00,000/-.

The Board recommends the resolution for the approval of the Shareholders.

None of the Directors except Mr. U Divakaran himself, and no Key Managerial Personnel, is interested or concerned in the resolution. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchange.

Item No. 6:

Mr. S P Satish (DIN 00897278): As regards appointment of Mr. S P Satish as an Independent Director referred to, in item No.6 of the notice, the following necessary disclosures are made for the information of the Shareholders:

None of the Directors except Mr. S P Satish (DIN 00897278) himself, and no Key Managerial Personnel, is interested or concerned in the resolution. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchange.

Item No. 7:

U Divakaran (DIN 01678151): As regards appointment of Mr. U Divakaran as an Independent Director referred to, in item No. 7 of the notice, the following necessary disclosures are made for the information of the Shareholders:

None of the Directors except Mr. U Divakaran (DIN 01678151) himself, and no Key Managerial Personnel, is interested or concerned in the resolution. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchange.

By order of the Board

Date: 14th August 2014
Place: Bangalore

Vinay L Deshpande
Director

DIRECTORS' REPORT

Your Directors are pleased to present the Twenty second Annual Report of the Company together with the Audited Statement of Accounts for the year ended March 31, 2014. As notified by MCA Circular No. 1/19/2013-CL-V dated 04.04.2014, the Company has followed the Companies Act, 1956, in respect of the report.

FINANCIAL RESULTS

(Rs. In Million)		
Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Operating Income	—	23.09
Gross Profit/(Loss) after Interest, but before depreciation and tax	(25.29)	(6.40)
Less: Depreciation	0.06	0.35
Provision for Tax	Nil	Nil
Profit/(Loss) after Tax	(25.35)	(6.75)
Transfer to Reserve	Nil	Nil

OPERATIONS

The year 2013-14 has of course been very difficult, but your Company and the Company has incurred loss owing mainly to provisions made for interest and financial charges but the Company is negotiating with the lenders for reducing the interest burden, while pursuing a re-structuring of its operations.

The Company's subsidiary, Consilient Technologies Pvt Ltd., which commenced operations on September 1, 2012, has consolidated its operations and is now beginning to grow. The coming year expects to see its operations ramping up, leading to growing profit.

The MCP activities are now being reoriented towards providing solutions in the Manufacturing, Education and Defence sectors. Plans have been finalized for infusion of additional funds into the Company in order to help re-build operations in these chosen segments as well as for entering the area of Business Intelligence software.

INDUSTRY OUTLOOK

With the advent of a new government in the country, and with the announced focus of this new government on indigenous manufacturing, especially in the areas of electronics production and defence procurement from domestic companies, it is widely expected that indigenous electronics products will see renewed vigour in the domestic market. Therefore, your Company's plans for focusing on the chosen sectors of Manufacturing, Education, and Defence, seem to be on target.

MOBILE COMPUTING PRODUCTS

As indicated earlier, efforts at reorienting the activities towards being able to offer products and solutions in Defence, Manufacturing, and Education, are continuing, and are now beginning to produce results, with the first new orders expected to materialize during the new financial year.

Your Company has already upgraded the design of its product for the Brazil market, where your Company continues to be engaged for making an entry in the educational computers market. The proposed Brazil Joint Venture is expected to get under way during the new financial year.

SATHI

The advent of the new government has already resulted in fresh enquiries for the SATHI, and therefore your Company continues to remain hopeful of new orders for this ground-breaking product. Consequently, your Company has already planned aggressive software and hardware updates to the SATHI design during the coming year. In addition, discussions are on in the Defence offsets area.

Likewise, the Air Publication Reader Tablet (APRT) -- the rugged tablet computer we had developed for the Aircraft Publication System project of NASDO (Naval Aircraft Servicing and Development Organization, Goa), along with the companion products Client Interface Platform (CIP) and Air Publication Network Interface (APNI), is being updated to the state of the art, and will be offered to both the Navy and the Air Force during the coming year.

BUSINESS INTELLIGENCE (BI)

As part of the restructuring of your Company's business strategy, some new opportunities in the Business Intelligence (BI) area have been identified, and therefore product development has been initiated in this important new area of business. Your Company is confident of significant revenue in this segment during the ensuing financial year.

OVERSEAS OPERATIONS

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

RISKS AND CONCERNS

The main concerns for the coming year relate to the timing of the expected infusion of funds, and the subsequent clinching of purchase orders in the new areas of business being contemplated, and in Brazil.

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, read with Companies (Particulars of Employees) Rules, 1975.

There was no complaint lodged by any woman employee under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, with the Company during the period under report.

DIRECTORS

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

In terms of the requirements of the Companies Act, 2013, appointment of Mr. U Divakaran and Mr. S P Satish as Independent Directors is proposed under Special Business.

During the year, Mr. Jagannathan Suri offered to step down from the office of Director. Furthermore, due to professional commitment, Mr. Ramesh Rao stepped down from the Board.

Your Board places on record its deep appreciation for the significant contribution and support extended by the outgoing Directors.

AUDIT COMMITTEE

The Audit Committee constituted by the Board of Directors 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. 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

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

AUDITORS

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

AUDITORS' REPORT

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

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

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

ACKNOWLEDGEMENTS

The Board expresses its gratitude to the Company's customers, vendors, bankers and employees and other well-wishers for their continued support. Appreciation is also placed on record for the confidence reposed in the Company by its Shareholders.

By order of the Board

Date: 14th August 2014
Place: Bangalore

Vinay L Deshpande
Director