



Encore Software

TWENTY SEVENTH ANNUAL REPORT
2018-2019

Encore Software Limited

CIN L72200KA2001PLC029313

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CORPORATE INFORMATION

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BOARD OF DIRECTORS

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

MANAGEMENT TEAM

Mr. Vinay L Deshpande	Director
Mrs. Chhanda Deshpande	Director

AUDITORS

Messrs B Chandrashekhar & Co.
Chartered Accountants

BANKERS

Syndicate Bank
Shoolay Branch, Bengaluru 560025

REGISTERED OFFICE

Encore Software Limited
Premises No. 407, 1st Floor, 7th Cross Road
Domlur I Stage
Bengaluru 560071

SHARE TRANSFER AGENT

Integrated Registry Management Services
Private Limited
30 Ramana Residency, 4th Cross
Sampige Road, Malleswaram
Bengaluru 560003
Phone: 080-2346 0815/818
Fax: 080-2346 0819

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NOTICE

NOTICE is hereby given that the Twenty Seventh Annual General Meeting of the Shareholders of the Company will be held on Monday, 30th September, 2019 at 4:00 p.m. at Bharatiya Vidya Bhavan, Khincha Hall, Race Course Road, Bengaluru 560001, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Financial Statements of the Company including Audited Balance Sheet as at 31st March, 2019 and the Statement of Profit and Loss of the Company for the year ended as on that date together with the Auditors' Report and Report of the Board of Directors thereon.
2. To appoint Mrs. Chhanda Deshpande, Director (DIN 00225546), who retires by rotation and being eligible, offers herself for reappointment.

By the Order of the Board
For Encore Software Limited

Place: Bengaluru
Date: 14th August, 2019

Vinay L Deshpande
Director
DIN 00225502

NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE MEETING.**
2. The Register of Members and the Share Transfer books of the Company will remain closed on 30th September, 2019.
3. The listing fee has not been paid to the BSE Limited, where the Company is listed.
4. The Shares of the Company are suspended from trading on the Stock Exchange. Members are requested to inform the Company's Registrar and Share Transfer Agents viz., Integrated Registry Management Services Private Limited, 30 Ramana Residency, Ground Floor, 4th Cross, Sampige Road, Malleshwaram, Bengaluru 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 copy of the Annual Report along with them to the Annual General Meeting.
6. Pursuant to SEBI Notification No. MED/DOP/Circular/05/2009, dated 20th May, 2009, it has become mandatory for the transferee(s) to furnish copy of PAN Card to the Company/RTA to enable/effect transfer of Shares in physical form.
7. As regards the re-appointment of Mrs. Chhanda Deshpande (holding DIN 00225546) referred to, in Item No. 2 of the notice, the following necessary disclosures are made for the information of the Shareholders.

Particulars	Details
Name	Mrs. Chhanda Deshpande
Date of Birth	12 th March, 1948
Date of Appointment	24 th July, 2001
Qualifications	BA (Economics), Nagpur University, Nagpur
Expertise in specific functional area	Company Administration
Directorships held in other Companies (excluding foreign Companies)	NIL
Membership/Chairmanships of Committees of other public Companies (included only Audit and Shareholders/Investors Grievance Committee)	NIL
No. of Board Meetings attended during the year	3

8. Due to Non-payment of Annual Custody Fees to National Securities Depository Limited (NSDL), information could not be downloaded and hence, electronic voting facility could not be provided for and the Directors regret the inconvenience caused to the Shareholders.

By the Order of the Board
For Encore Software Limited

Place: Bengaluru
Date: 14th August, 2019

Vinay L Deshpande
Director
DIN 00225502

Google Map Link:

<https://www.google.com/maps/place/Bhartiya+Vidya+Bhavan/@12.9840263,77.5866219,20z/data=!4m5!3m4!1s0x3bae142edb44e4e3:0xe6bb8c965252e608!8m2!3d12.9842081!4d77.5863851>



BOARD'S REPORT

To the Members,

The Directors have pleasure in presenting before you the 27th Annual Report of the Company together with the Audited Financial Statements for the year ended 31st March, 2019.

1. FINANCIAL SUMMARY/HIGHLIGHTS, OPERATIONS, STATE OF AFFAIRS

Particulars	(Amount in ₹)	
	2018-2019	2017-2018
Gross Income	239,487	285,682
Profit Before Interest and Depreciation	(66,681)	(598,069)
Finance Charges	33,247,793	30,194,466
Gross Profit	(33,314,494)	(30,792,534)
Provision for Depreciation	—	—
Profit Before Exceptional and Extraordinary Items and Tax	(33,314,494)	(30,792,534)
Exceptional Items	—	—
Provision for Tax	—	—
Net Profit After Tax	(33,314,494)	(30,792,534)
Other Comprehensive Income	—	—
Total Comprehensive Income	—	—
Total Comprehensive Income Attributable to		
a) Owners	—	—
b) Non-Controlling Interest	—	—
Earnings per Equity Share of ₹ 10 each		
Basic	(5.13)	(4.74)
Diluted	(5.13)	(4.74)

Despite serious and strong efforts to diversify its line of business in order to improve its prospects, your Company was not successful in securing new orders during the year under review. However, some new prospects have emerged for licensing the Company's Intellectual Property (IP), and progress has been made in this direction. Consequently, the Company is hopeful of securing significant IP licensing business in the new financial year. In addition, our efforts to get orders for the *SATHI* as well as the *Simputer* and *Wave* information appliances, will continue during the year to follow. Successful conversion of the prospects into firm orders should definitely help the Company to revitalize itself.

FUTURE PROSPECTS

The Company is in active discussions in order to realize the revenue potential for the above activities, which will help the Company to rebuild itself during the coming financial year, while also generating significant revenues and operating profit. Further, the Company sees strong potential for revival of the *SATHI* manufacturing activity, and has started seeing renewed interest from Brazil in the Company's information appliances. All of these should together help grow the Company's revenue and profit in the coming year.

REVOCATION OF SUSPENSION OF TRADING

Owing to circumstances beyond the control, and owing to the financial difficulties the Company has been passing through over the last few years, trading in the Shares of your Company was suspended by the BSE Limited (BSE) last year. Your Company is continuously and actively interacting with BSE for correction of the lapses pointed out by them, and is hopeful of having the suspension in trading revoked soon.

2. EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS

There were no material changes and commitments which occurred affecting the financial position of the Company between 31st March, 2019 and the date on which this report has been signed.

3. MATERIAL CHANGES AFFECTING THE FINANCIAL POSITION OF THE COMPANY

The Company did not carry out any commercial sales activities. However, in line with the applicable Regulations/Statutes, revenue of the Subsidiaries was captured in the Consolidated Financial Statements of the Company.

4. CHANGE IN THE NATURE OF BUSINESS

The Company expects to license some of its IP, as mentioned above, to some prospective new customers, thus broadening the nature of its business from manufacturing and sales of products developed in-house, and also extending it to software applications for specific chosen domains, by developing such applications in-house and/or partnering with organizations specializing in those activities/domains.

5. DIVIDEND

In view of the losses incurred, your Directors express inability to recommend any dividend.

6. AMOUNTS TRANSFERRED TO RESERVES

In view of the losses, the question of transferring any amount to Reserves does not arise.

7. CHANGES IN SHARE CAPITAL

There were no changes in the Capital Structure of the Company during the year under report. Capital structure remained as follows:

The Authorised Share Capital of the Company was ₹ 12,00,00,000/- (Rupees Twelve Crores only) and the Paid-up Share Capital of the Company was ₹ 6,47,15,000/- (Rupees Six Crores Forty Seven Lakhs Fifteen Thousand only) as on 31st March, 2019.

Disclosure regarding Issue of Equity Shares with Differential Rights

During the year under review the Company has not issued Shares with Differential Rights.

Disclosure regarding issue of Employee Stock Options

During the year under review the Company has not issued Shares Employee Stock Options.

Disclosure regarding issue of Sweat Equity Shares

During the year under review the Company has not issued Sweat Equity Shares.

8. CAPITAL INVESTMENTS

There was no capital Investments during the year 2018-19.

9. BOARD MEETINGS

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. During the year under review 4 (Four) Meetings were held on 25th May, 2018; 13th August, 2018; 13th November, 2018 and 14th February, 2019.

The Agenda of the Meeting is circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal.

The details of other Committee Meetings during the financial year 2018-19 are given in the Corporate Governance Report which forms part of this Report.

10. DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mrs. Chhanda Deshpande, Director (DIN 00225546), retires by rotation, as per the Companies Act, 2013 and being eligible, offers herself for re-appointment. There were no changes in the composition of the Board during the financial year.

11. COMPOSITION OF AUDIT COMMITTEE

As on 31st March, 2019, the Audit Committee of the Company consisted of two (2) Non-Executive Independent Directors and one (1) Executive Director and all of them have financial and accounting knowledge.

The Board has accepted the recommendations of the Audit Committee during the year under review.

The Audit Committee consists of the following:

- | | | |
|----|-----------------------|----------|
| a) | Mr. U Divakaran | Chairman |
| b) | Mr. S P Satish | Member |
| c) | Mr. Vinay L Deshpande | Member |

12. NOMINATION AND REMUNERATION COMMITTEE POLICY

The Nomination and Remuneration Committee consists of the following:

- | | | |
|----|-----------------------|----------|
| a) | Mr. U Divakaran | Chairman |
| b) | Mr. S P Satish | Member |
| c) | Mr. Vinay L Deshpande | Member |

The Company will take steps to induct new Independent Directors who will be appointed as the Independent Member of the Nomination and Remuneration Committee.

The Composition, criteria for selection of Directors and the Terms of Reference of the Nomination and Remuneration Committee is stated in the Corporate Governance Report.

13. VIGIL MECHANISM/WHISTLE BLOWER POLICY

The Company has a Whistle Blower Policy for vigil mechanism pursuant to the provisions of Sections 177(9) and (10) of the Companies Act, 2013 and as per Regulation 4(2) (d)(iv) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which is available on website of the Company at <http://www.ncoretech.com> and there were no cases reported during last year.

14. DIRECTORS' RESPONSIBILITY STATEMENT

In pursuance of Section 134(5) of the Companies Act, 2013, the Directors hereby confirm that:

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Directors had prepared the Financial Statements on a going concern basis;
- the directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively to be provided.

15. EXTRACT OF ANNUAL RETURN

As required pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in MGT 9 as a part of this Annual Report is attached as **Annexure I**.

16. INFORMATION ABOUT THE FINANCIAL PERFORMANCE/FINANCIAL POSITION OF THE SUBSIDIARIES/ASSOCIATES/JV

Financial performance of the Subsidiary/Associates referred to in Section 129 of the Companies Act, 2013 in Form AOC-1 is annexed to this Report as **Annexure II**.

17. AUDITORS

Messrs B. Chandrashekhar & Co., Chartered Accountants (ICAI Firm Registration No. 004848S) were appointed as Statutory Auditors of the Company in the Twenty Fifth AGM held on 27th September, 2017, for a period of 5 years upto the conclusion of the 30th AGM to be held in the year 2022.

Pursuant to the Companies (Amendment) Act, 2017 and rules made there under, with effect from 7th May, 2018, the Central Government notified the omission of the requirement related to ratification of appointment of auditors by Members at every Annual General Meeting. Accordingly, the resolution for ratification has not been placed before the Members.

QUALIFICATIONS IN THE AUDIT REPORT AND EXPLANATIONS BY THE BOARD

Sl. No.	Qualifications made by Statutory Auditor	Explanations by the Board
a.	The entire net worth of the Company has been eroded. This situation indicates the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. However the Company is continuing to prepare accounts under going-concern concept.	The Company is strongly and seriously continuing its efforts for a breakthrough in its operations to generate profit and consequently regain positive net worth.

18. SECRETARIAL AUDITOR

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. Vijayakrishna K T, Company Secretary in Practice to undertake the Secretarial Audit of the Company. The Report of the Secretarial Auditor in the form of MR-3 is annexed to this Report as **Annexure III**.

QUALIFICATIONS IN THE SECRETARIAL AUDIT REPORT AND EXPLANATIONS BY THE BOARD

Sl. No.	Qualifications made by Secretarial Auditor	Explanations by the Board
i.	Acknowledgements for sending the notices of the Meetings of the Board and the Committees are not maintained by the Company.	The notice and agenda for the Board and Committee meetings are sent by email. The Company will ensure to maintain the acknowledgements for sending the notices of the Meetings of the Board and the Committees.
ii.	Updating of website with regard to various policies is pending.	The Company will take necessary steps to update Website with regard to various policies which are pending.
iii.	The Company has not published the advertisements notifying the details of the Board Meetings and Annual General Meeting and publication of the quarterly results during the year under review.	The Company will take necessary steps to correct this lacuna.
iv.	The Company has not appointed Company Secretary (CS) during the year under scrutiny.	The Company initiated the process of finding suitable candidates, but due to the Company's financial position the Company is not in a position to afford the remuneration expected by the Company Secretary. Also, there are very few qualified CS available. Nevertheless, Company will take necessary steps to comply with the requirements of law.
v.	The Company has not appointed Chief Financial Officer (CFO) during the year under scrutiny.	The Company initiated the process of finding suitable candidates, but due to the Company's financial position the Company is not in a position to afford the remuneration expected by the CFO. However, the Company will take necessary steps to comply with the requirements of law.
vi.	The Company has not appointed Managing Director during the year under scrutiny.	The Company is in the process of finding a suitable Managing Director.
vii.	The appointment of Executive Directors expired after the respective periods of appointments and no fresh approvals has been sought from the Shareholders.	The Company will take necessary steps to comply with the requirements of law.
viii.	The Company has not appointed Internal Auditor during the year under Scrutiny.	Since there was no business and revenue in the last financial year, the Company is not in a position to appoint the Internal Auditor. However, Company will take necessary steps to comply with the requirements of law.
ix.	The Company has not maintained the attendance register for Board and Committee meetings.	The Company will take necessary steps to maintain the attendance register for Board and Committee meetings.

Sl. No.	Qualifications made by Secretarial Auditor	Explanations by the Board
x.	Statutory Register as per Companies Act, 2013 is yet to be updated.	The Company will take necessary steps to update Statutory Register as per Companies Act, 2013.
xi.	Compliances with the maintenance of the Minutes of the Meetings under the Act are not fully made.	The Company will take necessary steps to comply with the requirements of law.
xii.	Certain web links were not disclosed in the Annual Report of previous year.	The Company has adopted all the required Policies and the Company will take due care to comply with this in future.
xiii.	The Company has not notified the change of Registered Office under the Karnataka Shops & Commercial Establishments Act.	The Company will take necessary steps to comply with the requirements of law.
xiv.	Certain returns/registers required to be maintained under the General Laws like Karnataka Shops & Commercial Establishments Act, Factories Act and other HR related Acts and Environmental Acts were not available for inspection.	The Company will ensure compliance with the same in future.
xv.	The Company is yet to pay the listing fees for the years 2016-19 to BSE Limited.	Due to financial constraints, the Company has not paid the listing fees for the year 2016-19 to BSE Limited. However, Company will take necessary steps immediately to comply with the requirements of law.
xvi.	The Company's Shares are suspended from trading on BSE Limited vide order L/DOSS/PK/INV/COM/531750/1 dated 21 st August, 2015 with effect from 26 th August, 2015.	Due to nonpayment of Listing fees to BSE Limited, suspension of trading of the Shares took place. When the liquidity position improves, the Company will forthwith address this. The Company is already in communication with BSE for revocation of the suspension of trading.
xvii.	On the claim by Council of Scientific and Industrial Research (CSIR), Government of India, the Arbitrator passed an Award on 17 th November, 2017, the Company has not complied with the terms of the Award.	Due to paucity of funds, the Company has not been able to repay the dues to CSIR as per the Award of the Hon'ble Arbitrator. However, as soon as the funds position improves, the Company will comply with the Award forthwith.
xviii.	The Company held the Annual General Meeting (AGM) in the financial year 2018 on 20 th December, 2018 without seeking the extension for holding AGM from the Registrar of Companies. Hence, Section 96 of the Companies Act, 2013 was not complied with.	The delay in the preparation of the Company's Accounts as per the newly mandated Ind-AS standards, was beyond the allowed period for requesting extension of time for holding the AGM. The Company will consequently apply for compounding the offence at the earliest.
xix.	The Company has not filed financial statements for the financial year ended 31 st March, 2018, certain other returns as required under the Act including resolutions to be filed with the Registrar of Companies (ROC).	The Company's financial resources did not allow it to apply for compounding the offence of holding the AGM beyond the prescribed dates, as the compounding involves financial penalties. However, as soon as the funds situation improves, this will be taken care of.
xx.	The Company has not filed INC-22A with the ROC and hence, the Company is "Active Non-Compliant" as on the date of the Report.	This non-compliance is only due to the fact that the Company does not have a full-time Company Secretary, for reasons already explained in item (iv) above. We expect to correct this shortcoming very shortly.
xxi.	The Company is yet to pay the Annual Custody Fees to Central Depository Services (India) Ltd. (CDSL).	As soon as the Company's funds situation improves in the near future, all dues to CDSL will be cleared up to date.
xxii.	The Company is yet to pay the Annual Custody Fees to National Securities Depository Limited (NSDL). Hence, electronic voting facility was not provided to the Shareholders as per Section 108 of the Companies Act, 2013.	As soon as the Company's funds situation improves in the near future, all dues to NSDL will be cleared up to date.