

## BOARD'S REPORT

To the Members,

The Directors have pleasure in presenting before you the 27<sup>th</sup> Annual Report of the Company together with the Audited Financial Statements for the year ended 31<sup>st</sup> 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.

### REVOCAION 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 31<sup>st</sup> 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 31<sup>st</sup> 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 25<sup>th</sup> May, 2018; 13<sup>th</sup> August, 2018; 13<sup>th</sup> November, 2018 and 14<sup>th</sup> 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 31<sup>st</sup> 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 27<sup>th</sup> September, 2017, for a period of 5 years upto the conclusion of the 30<sup>th</sup> AGM to be held in the year 2022.

Pursuant to the Companies (Amendment) Act, 2017 and rules made there under, with effect from 7<sup>th</sup> 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.

# VALUE RESEARCH PREMIUM

## 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.

## VALUE RESEARCH PREMIUM

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 <sup>st</sup> August, 2015 with effect from 26 <sup>th</sup> 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 <sup>th</sup> 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 <sup>th</sup> 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 <sup>st</sup> 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.

## VALUE RESEARCH PREMIUM

Sl. No.	Qualifications made by Secretarial Auditor	Explanations by the Board
xxiii.	Compliances under Secretarial Standards on Board and General Meetings i.e. SS-1 and SS-2 are not satisfactory and the Company needs to take proper steps to comply with the same.	The Company will take necessary steps to comply with the requirements of law.
xxiv.	Regulation 19(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 relating to composition of Nomination and Remuneration Committee was not complied with.	The Company will take necessary steps to comply with the requirements of law.
xxv.	Certain reports required to be filed under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 were not filed within prescribed time.	The Company will immediately take steps to ensure that such reports are henceforth filed within the prescribed time.

### 19. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO

#### (A) Conservation of Energy

Steps taken/impact on conservation of energy.	The Company's operations are not power intensive. Nevertheless, your Company has introduced various measures to conserve and minimize the use of energy wherever it is possible.
i) Steps taken by the company for utilizing alternate sources of energy including waste generated.	Nil
ii) Capital investment on energy conservation equipment.	Not Applicable
Total energy consumption and energy consumption per unit of production as per Form A.	Not Applicable

#### (B) Technology Absorption

Efforts in brief, made towards technology absorption, adaptation and innovation	Nil
Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc.	Not Applicable
In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:	
Technology imported	Not Applicable
Year of Import	Not Applicable
Has technology been fully absorbed	Not Applicable
If not fully absorbed, areas where this has not taken place, reasons therefore and future plan of action	Not Applicable

#### (C) Research and Development (R & D)

Specific areas in which R & D carried out by the company	The Company has not carried out any research and development work during the course of the year.
Benefits derived as a result of the above R & D	Not Applicable
Future plan of action	Not Applicable
Expenditure on R & D	
a) Capital	Nil
b) Recurring	Nil
c) Total	Nil
d) Total R & D expenditure as a percentage of total turnover	Nil

**(D) Foreign Exchange Earnings and Outgo**

Activities relating to exports	Not Applicable
Initiatives taken to increase exports	Not Applicable
Development of new export markets for products and services	Not Applicable
Export plans	Not Applicable
Total Exchange used (Cash basis)	As on 31 <sup>st</sup> March, 2019: Nil
Total Foreign Exchange Earned (Accrual Basis)	As on 31 <sup>st</sup> March, 2019: Nil

**20. RATIO OF REMUNERATION TO EACH DIRECTOR**

The Company had no employees as of 31<sup>st</sup> March, 2019. Pursuant to Section 197(12) of the Companies Act, 2013 and Rule 5 (1) (2) (3) of the Companies (Appointment and Remuneration) Rules, 2014, details/disclosures of Ratio of Remuneration to each Director to the median employee’s remuneration is annexed to this report as **Annexure IV**.

There are no employees posted and working in a country outside India, not being Directors or relatives, drawing more than the limits prescribed in Sub Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

**21. DEPOSITS**

Your Company has not invited/accepted/renewed any deposits from public as defined under the provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 and accordingly, there were no deposits which were due for repayment on or before 31<sup>st</sup> March, 2019.

**22. SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS**

No order was passed by any court or regulator or tribunal during the year under review which impacts going concern status of the Company.

**23. DETAILS OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS**

The Company continued to maintain high standards of internal control designed to provide adequate assurance on the efficiency of operations and security of its assets. The adequacy and effectiveness of the internal control across various activities, as well as compliance with laid-down systems and policies are comprehensively and frequently monitored by your Company’s management at all levels of the organization. The Audit Committee, which meets at least four times a year, actively reviews internal control systems as well as financial disclosures with adequate participation, inputs from the Statutory, Internal and Corporate Secretarial Auditors.

**24. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

During the year under review, the Company has not given any Loan, Guarantees or provided any securities. The details of Investments made during the year are provided in the Notes to Accounts and are within the limits of Section 186 of the Companies Act, 2013.

**25. RISK MANAGEMENT POLICY**

The Company has not yet formulated a Risk Management Policy and has in place a mechanism to inform the Board Members about risk assessment and minimization procedures and undertakes periodical review to ensure that executive management controls risk by means of a properly designed framework.

**26. CORPORATE SOCIAL RESPONSIBILITY POLICY**

Since the Company does not meet the criteria for the applicability of Section 135 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2015, this clause is not applicable.

**27. RELATED PARTY TRANSACTIONS**

There were no related party transactions during the financial year 2018-19.

**28. FORMAL ANNUAL EVALUATION**

Pursuant to the provisions of the Companies Act, 2013 and the Listing Regulations, the Board has carried out an annual performance evaluation of its own performance, and of the Directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration and Compliance Committees.

# VALUE RESEARCH PREMIUM

The Board has, on the recommendation of the Nomination and Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration.

## 29. MANAGEMENT DISCUSSION AND ANALYSIS

As requisite and appropriate Management Discussion & Analysis is covered under this Report itself, a separate note on the same is not being furnished.

## 30. LISTING WITH STOCK EXCHANGES

Due to liquidity constraints, the Company has not yet been able to pay the Annual Listing Fees for the financial years 2016-17, 2017-18 and 2018-19 to BSE Limited, where the Company's Shares are listed.

## 31. CORPORATE GOVERNANCE AND SHAREHOLDERS INFORMATION

A separate Report on Corporate Governance in terms of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 along with a Certificate from a Practising Company Secretary regarding compliance with the conditions stipulated under Chapter IV of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached to this report as **Annexure V**.

## 32. DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

The Company has received necessary declaration from each Independent Director of the Company under Section 149(7) of the Companies Act, 2013 that the Independent Directors of the Company meet with the criteria of their Independence laid down in Section 149(6).

## 33. EVENT-BASED DISCLOSURES

The Company's shares are suspended from trading on BSE Limited vide order L/DOSS/PK/INV/COM/531750/1 dated 21<sup>st</sup> August, 2015 passed by Managing Director and Chief Executive Officer of BSE Limited with effect from 26<sup>th</sup> August, 2015.

## 34. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Your Company did not engage any women employee during the year under review.

## 35. MAINTANANCE OF COST RECORDS

Maintenance of cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013, is not applicable to the Company.

## 36. ACKNOWLEDGEMENTS

The Directors wish to place on record their appreciation for the sincere and dedicated efforts of all employees. Your Directors would also like to thank the Shareholders, Bankers and other Business associates for their sustained support, patronage and co-operation.

For and on behalf of the Board  
For Encore Software Limited

Place: Bengaluru  
Date: 31<sup>st</sup> May, 2019

Vinay L Deshpande  
Director  
DIN 00225502

Chhanda Deshpande  
Director  
DIN 00225546