

**ENCORE BUSINESS SYSTEM LIMITED**

**BOARD OF DIRECTORS**

**N. VASUDEVAN**

Managing Director

DIN: 06421532

**R. RANGARAJAN**

Director

DIN: 00284367

**S K MONISAA**

Director

DIN:07628034

**D SIVAPRAKASAM**

Director

DIN No.07628021

**AUDITORS**

**PARIMELAZHAGAN & CO.,**

Chartered Accountants

Chennai

**Company Secretary**

**P.SHENTHIL KUMAAR**

**REGISTERED OFFICE**

**“Khaleeli Centre”, 2<sup>nd</sup> Floor, No.4 Montieth Road**

Egmore, Chennai 600008

[Email: encorebusiness@gmail.com](mailto:encorebusiness@gmail.com)

[www.encorebusiness.in](http://www.encorebusiness.in)

**CIN: L65191TN1990PLC019828**

**GST No.33AAA**

**CE9604M1ZK**

**REGISTRARS & TRANSFER AGENTS**

**Cameo Corporate Services Limited**

“Subramaniam Buildings”

No.1 Club House Road

Off: Anna Salai, CHENNAI 600002

Phone: 91-44-28460390(5 lines)

Email:cameo@cameoindia.com

(Members are requested to bring their copy of the Annual report for the meeting)

## **NOTICE TO THE SHAREHOLDERS**

**NOTICE** is hereby given that the Twenty Ninth Annual General Meeting of the shareholders of the Company will be held at “ Khaleeli Center, 2nd Floor, No-4, Montieth Road, Egmore, Chennai- 600008 on Monday, 30<sup>th</sup> September 2019 at 11.30 AM to transact the following business:

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March 2019 and the Profit & Loss Account for the year ended 31<sup>st</sup> March 2019, together with the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. R. Rangarajan (DIN: 00284367), Director, who retires by rotation at this Annual General Meeting and being eligible offers himself for reappointment.
3. To appoint a Director in place of Miss Senthamarai Kannan Monisaa (DIN: 07628034), who retires by rotation at this Annual General Meeting and being eligible offers herself for reappointment.
4. To appoint Auditors and fix their remuneration

**RESOLVED THAT** pursuant to the provisions of Section 139 of the Companies Act, 2013, the Companies (Audit and Auditors) Rules, 2014, (including any re-enactment or modification thereto), and such other applicable provisions, if any, M/s. M R Harsha & Company, Chartered Accountants, No. 73/30, Burkit Road, T. Nagar, Chennai - 600017, with Membership number 235557 and Firm Registration Number 015561S be and are hereby appointed as the Statutory Auditors of the Company at a remuneration as may be mutually agreed to, between the Board of Directors and M/s. M R Harsha & Company, plus applicable taxes, out-of-pocket expenses, travelling and other expenses, in connection with the work of audit to be carried out by them, to hold office of Statutory Auditor for five years from the conclusion of this Annual General meeting till the conclusion of the Annual General Meeting for 2023-2024.

### **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. N. Vasudevan (DIN: 06421532) who was appointed as an Additional Director on the Board of Directors of the Company with effect from April 1, 2019 in terms of Section 161(1) of the Companies Act, 2013 (the ‘Act’) (including any statutory modification(s) or re-enactment thereof for the time being in force) and whose term of office expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Act, proposing his candidature for the office of

Director, be and is hereby appointed as Director of the Company, liable to retire by rotation.

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

**RESOLVED THAT** in accordance with the provisions of Sections 196, 197, 203 and other applicable provisions, if any of the Companies Act, 2013 (“the Act”) (including any statutory modification or re-enactment thereof for the time being in force) read with Schedule V to the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time, consent of the Company be and is hereby accorded for the appointment of Mr. N. Vasudevan (DIN: 06421532) as the Managing Director of the Company, for a period of 5 (five) years with effect from 1st April, 2019 upto 31st March, 2024 upon the terms & conditions of appointment including the payment of remuneration of Rs.60,000/- per month.

**RESOLVED FURTHER THAT** in the event of loss or inadequacy of profits in any financial year during the currency of tenure of service of the Managing Director & CEO, the payment of salary, performance incentives, perquisites and other allowances shall be governed by the limits prescribed under Section II of Part II of Schedule V of the Companies Act, 2013 as may for the time being be in force.

**RESOLVED FURTHER THAT** the Board of Directors (including its Committee thereof) be and is hereby authorised to revise the remuneration of Mr. N. Vasudevan (DIN: 06421532) from time to time to the extent the Board of Directors may deem appropriate, provided that such revision is within the overall limits of the managerial remuneration as prescribed under the Companies Act, 2013 read with Schedule V thereto, and/or any guidelines prescribed by the Government from time to time.”

**RESOLVED FURTHER THAT** the Board of Directors of the Company (including its Committee thereof) and / or Company Secretary of the Company, be and are hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.

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

**RESOLVED THAT** pursuant to Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 and rules made there under (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and all other applicable rules, laws and acts ,if any, and subject to all other requisite approvals, permissions and sanctions and subject to such conditions as may be prescribed by any of the concerned authorities, if any, while granting such approvals, the consent of the members of the Company be and is

hereby accorded to the Board of Directors of the Company (herein after called "the Board" which term shall be deemed to include any committee thereof, which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution and with the power to delegate such authority to any person or persons) for borrowing for the purpose of business, from time to time, any sum or sums of money on such terms and conditions with or without security as the Board of Directors may think fit, which together with the monies already borrowed by the Company (apart from the temporary loans obtained from the bankers of the Company in the ordinary course of business) and being borrowed by the Board at any time shall not exceed in the aggregate at any time Rs. 100.00 Crores (Rupees One Hundred Crores only) in Indian Rupees or equivalent thereof in any foreign currency(ies) irrespective of the fact that such aggregate amount of borrowings outstanding at any time may exceed the aggregate for the time being of the paid-up capital of the Company, securities premium and its free reserves that is to say reserves not set apart for any specific purpose.

RESOLVED FURTHER THAT the Board be and is hereby authorized and it shall always be deemed to have been so authorized to finalize and execute the requisite agreement, documents, deeds and writings and to do all such other acts, deeds and things as may be necessary to give effect to the above resolution.

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

RESOLVED THAT pursuant to Section 180(1)(a) and any other applicable provisions, if any, of the Companies Act, 2013 and rules made there under (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and all other applicable rules, laws and acts, if any, and subject to all other requisite approvals, permissions and sanctions and subject to such conditions as may be prescribed by any of the concerned authorities, if any, while granting such approvals, the consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company (herein after called "the Board" which term shall be deemed to include any committee thereof, which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution and with the power to delegate such authority to any person or persons) to mortgage and/or create charge on all or any one or more of the movable/immovable properties or such other assets of the Company, where so ever situated, both present and future, on such terms and conditions and at such time or times and in such form or manner as it may deem fit, to or in favour of the lenders to secure any fund based and/or non fund based facilities not exceeding Rs. 100.00 Crores (Rupees One Hundred Crores only) together with interest thereon at the respective agreed rate(s), compound interest, additional interest, liquidated damage(s), commitment charge(s), premia on prepayment or redemption, cost charge(s) expenses and all other monies payable

by the Company to such lenders under the respective loan/other agreement(s) entered/to be entered into between the Company and the lender(s) in respect of the said borrowing(s), such security to rank in such manner as may be agreed to between the concerned parties and as may be thought expedient by the Board.

RESOLVED FURTHER THAT the Board be and is hereby authorized and it shall always be deemed to have been so authorized to finalize and execute with the Lenders the requisite agreement, documents, deeds and writings for borrowing and/or for creating together aforesaid mortgage(s) and/or charge(s) and to do all such other acts, deeds and things as may be necessary to give effect to the above resolution

By Order of the Board of Directors  
For Encore Business Systems Limited

Date: 30.05.2019

Place: Chennai

Sd/-  
P Shenthil Kumar  
Company Secretary  
Membership No.25277

**Notes:**

1. The Explanatory Statement setting out the material facts pursuant to Section 102 of the Companies Act, 2013 (“the Act”), in respect of the Special Business under Item nos. 5 to 8 set above and the details as required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) entered with the Stock Exchanges and Secretarial Standard on General meeting (SS-2) in respect of the Directors seeking appointment/ re-appointment at this Annual General Meeting is annexed hereto.
2. A member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend on a poll to vote instead of him or the proxy or proxies so appointed need not be a member or Members as the case may be of the company. The instrument of proxy duly stamped and executed for use at the meeting must be lodged at the registered office of the company not later than 48 hours before the time fixed for the meeting.
3. The Register of Members and Share Transfer books of the company remain closed from 20th September, 2019 to 30th September 2019 (Both days inclusive)
4. Shareholders desiring any information as regards the Accounts are required to write to the Company at least seven days in advance of the meeting so that the information, to the extent practicable, can be made available at the meeting.
5. Members are requested to notify immediately changes, if any, in their registered addresses to the Company's Registrar and Share Transfer Agents M/s. Cameo Corporate Services Limited, Subramaniam Buildings”, No.1 Club House Road, Off Anna Salai, Chennai 600 002.
6. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting and number of shares held by them.

By Order of the Board of Directors  
For Encore Business Systems Limited

Date: 30.05.2019

Place: Chennai

Sd/-  
P Shenthil Kumar  
Company Secretary  
Membership No. 25277

# Google Maps Encore Business System Limited



## Encore Business System Limited

Financial consultant



Directions



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Nearby



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Share



"Khaleeli Centre", 2nd Floor, No.4, Montieth Road, Egmore, Egmore, Chennai, Tamil Nadu 600008



3795+G2 Chennai, Tamil Nadu



044 2841 4144

## **EXPLANATORY STATEMENT**

(Pursuant to Section 102 of the Companies Act, 2013)

### **In respect of item No. 5 and 6**

The Board of Directors (based on the recommendation of Nomination and Remuneration Committee) has appointed Mr. N.Vasudevan (DIN: 06421532) as an Additional Director of the Company under Section 161(1) of the Act and Article 122 of the Articles of Association, with effect from 18th February, 2019. He has also been nominated as “Managing Director” from that date. In terms of Section 161(1) of the Act, Mr. N.Vasudevan holds office only upto the date of the forthcoming AGM and is eligible for appointment as a Director. The Company has received a Notice under Section 160(1) of the Act from a Member signifying his intention to propose Mr. N. Vasudevan’s appointment as a Director. The Board has also appointed Mr. N. Vasudevan as the Managing Director of the Company for a period of five years from 1st April, 2019 upto 31st March, 2024, upon the terms & conditions and remuneration as indicated in the resolution, subject to approval of the Members.

Mr. N. Vasudevan, aged about 60 years, is a Graduate in Mechanical Engineering from Guindy Engineering College (Anna University) and an MBA from Indian Institute of Business Management. He has got vast experience in Project and Infrastructure Management and held Senior Position in L & T, Chennai for about 19 years. He also held similar position in various other companies including NTPC, New Delhi. He has received Best Construction & Innovative Technology award from the Governor of Tamilnadu Honourable Shri BANWARILAL PUROHIT. The award committee is “Kattumana Thozhil”.

His vast experience in Project and Infrastructure Management will help the company in diversifying its activities for betterment of the prospect of the company and shareholders in the coming years.

The Board of Directors of the Company has recommended the Resolutions at Item No.5 and 6 of this Notice relating to his appointment as a Director and as the Managing Director of the Company for a period of five years w.e.f. 1st April, 2019 upto 31st March, 2024 as an Ordinary Resolutions for your approval.

Except, Mr. N.Vasudevan, none of the other Directors, Key Managerial Personnel or their relatives are concerned or interested in the Resolution at Item No. 5 and 6 of the Notice. Mr. N. Vasudevan is not related to any other Director or KMP of the Company. In respect of item.



## **In respect of item No. 7 and 8**

As per provisions of Section 180(1)(c) of the Companies Act, 2013, the Board of Directors of the Company cannot, except with the permission of the Members in General Meeting, borrow monies in excess of the aggregate of the paid up Capital of the Company, Securities Premium and its Free Reserves. Further, the borrowings of the Company are, generally, required to be secured by suitable charge and/or mortgage over the moveable and/or immovable properties of the Company in such form, manner and ranking as may be determined by the Board of Directors of the Company from time to time, in consultation with the Lender(s). The Company is required working Capital for new/expansion of business it would necessitate to fix the borrowing limits by authorizing the Board of Directors to borrow moneys which may exceed at any time aggregate of the paid-up Capital of the Company, Securities Premium and its Free Reserves, but not exceeding Rs. 100.00 Crores (Rupees One Hundred Crores only) with a matching authorization for Creation of Charge and/or mortgage over the movable and/or immovable properties of the Company as Security. These borrowing limits and Creation of Securities by way of Charge and/or Mortgage would require your approval under the provisions of Sections 180(1)(c) and 180(1)(a) of the Companies Act, 2013 respectively.

None of the Directors /Key Managerial Personnel (KMP) of the Company/their relatives is, in any way, concerned or interested, financially or otherwise, in the resolution set out at item no. 7 and 8 of the Notice. The Board of Directors recommends the Special Resolutions as set out at item no. 7 and 8 of the Notice

By Order of the Board of Directors  
For Encore Business Systems Limited

Date: 30.05.2019

Place: Chennai

Sd/-  
P Shenthil Kumar  
Company Secretary  
Membership No. 25277

## E-VOTING FACILITY

As per the section 108 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014, e-voting facility is a mandatory requirement for listed companies.

### The instructions for shareholders voting electronically are as under:

- 1) The voting period begins on 27<sup>th</sup> September 2019 at 10.00 AM and ends on 29<sup>th</sup> September 2019 by 05.00 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 20<sup>th</sup> September 2019, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
  - (i) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
  - (ii) Click on Shareholders.
  - (iii) Enter your User ID as categorised below
    - a) For CDSL: 16 digits beneficiary ID,
    - b) For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
    - c) Members holding shares in Physical Form should enter Folio Number Registered with the Company.
  - (iv) Enter the Image Verification as displayed.
  - (v) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.

PAN	Enter your 10 digit alpha-numeric *PAN <ul style="list-style-type: none"><li>• 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 8 digits of the sequence number in the PAN field.( Sequence number has been provided as Serial Number (SL NO.) in the Address Label</li><li>• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li></ul>
DOB	Enter the Date of Birth in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"><li>• Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li></ul>

- (vi) If you are a first time user follow the steps given below:
- (vii) After entering these details appropriately, click on “SUBMIT” tab.
- (viii) Members holding shares in physical form will then directly reach the Company 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. 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 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) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the EVSN for the relevant ENCORE BUSINESS SYSTEM LIMITED on which you choose to vote.
- (xi) 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 that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiii) After selecting the resolution 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.
- (xiv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvi) If demat account holder has forgotten the same password then enter the User ID and the image verification code and click on Forgot Password& enter the details as prompted by the system.
- (xvii) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, and NRI etc.) and Custodian are required to log on to [ww.evotingindia.com](http://ww.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

- After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xviii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- 2) The voting rights of 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 20<sup>th</sup> September 2019.
  - 3) The Company shall be making arrangement for the member to cast their votes in respect to the business through poll, for members attending the meeting who have not cast their vote by voting.
  - 4) Mr. R. Alagar, practicing Company Secretary, has been appointed as the Scrutinizer to scrutinise the e-voting process in a fair and transparent manner.
  - 5) The Scrutinizer shall, immediately after the conclusion of voting at the General Meeting, first count the votes cast at the meeting, thereafter unlock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the company and present the report not later than three days of conclusion of the meeting, a consolidated Scrutinizer’s Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same and Chairman shall declare the results of the voting forthwith, which shall not be later than 05.00 pm., 26<sup>th</sup> September 2019.
  - 6) The result declared, along with the Scrutinizer’s report shall be placed on the company’s website [www.encorebusiness.in](http://www.encorebusiness.in) and on the website of the CDSL after the result is declared by the Chairman and also be communicated to the Stock Exchange where the company is listed.

## **DIRECTORS' REPORT**

Your Directors have pleasure in submitting the Twenty Sixth Annual Report with the Audited Accounts for the year ended March 31, 2019.

### **WORKING RESULTS**

The financial results for the year ended 31<sup>st</sup> March 2019 are furnished below:

(Rs. In lakhs)

<b>Particulars</b>	<b>Year Ended 31.03.2019</b>	<b>Year Ended 31.03.2018</b>
Profit/Loss Before Depreciation	(3.09)	2,38,750
Less: Depreciation	29.65	23,14,604
Loss before exceptional Items	(32.74)	(25,53,354)
Add: Exceptional items	-	-
Add: Provision – Deferred Tax Income	(8.8)	(1,37,309)
Less: Provision – Current year tax	-	-
Net Profit/(Loss) After Tax	(23.94)	(26,90,663)

Your Directors wish to inform that during the year under review the company has made a net loss of Rs.23.94 lakhs. Your Directors wish to inform that the accumulated loss over the years is Rs.216.55lakhs which is 69.92% of the Paid-up capital. The management is trying to improve its performance and generate profits in the months to come which will reduce this percentage soon.

### **REVIEW OF OPERATION / FUTURE PLAN**

We have now appointed Mr. N. Vasudevan as Managing Director. He is an Engineer in Mechanical Engineering from Guindy Engineering College (Anna University) and an MBA from Indian Institute of Business Management. He has got rich and vast experience of about 36 years in Project and Infrastructure Management and held Senior Position in L & T and NTPC etc., His experience will be very useful for the company's diversification plans in Project Management. We are sure that he will add lot of value to the company and shareholders.

We will also expand our existing business objective.

### **INVESTMENT IN UNQUOTED SHARES**

Investments in unquoted shares represent shares bought by the company for long-term investments and returns. These investments are long-term investments in nature and are therefore stated at cost in the books of the company.

## **SHARE CAPITAL**

During the year under review there has been no change in the authorized capital of the company, which is at Rs.10 crores and there is also no change in the total paid up capital of the company, which is Rs.3,09,74,210/-.

Our Share transfer work both Electronic and Physical is being carried out by the Shares Registry Cameo Corporate Services Limited, Chennai.

As per data provided by our share transfer Agents as on 31.03.2019, 624592 equity shares and 1393035 equity shares are held in dematerialized form in CDSL and NSDL respectively and the balance 1079794 shares are held in physical form.

65.13% of the shares of the company are in Demat form, out of which 14.07% is held by promoters.

## **FINANCE**

Cash and cash equivalents as at March 31, 2019 was Rs.0.12 lakhs and the company continues to focus on judicious management of its working capital, Receivables, inventories and other working capital parameters were kept under strict check through continuous monitoring.

With regard to the Income Tax Demand as mentioned in the last years auditor's report to the extent for Assessment Years 2007-08 for Rs.1,23,248 and 2013-14 for Rs. 3,84,910, the company is pleased to report that the company has successfully taken up the case with the Income Tax authorities convincingly and the authorities have withdrawn the Demand of Rs.3,84,910/- for the assessment year 2013-14 made on the company, while demand of Rs.1,23,248/- for assessment year 2007-08 it is pending with Assessing Officer and are confident that this demand also will be withdrawn.

## **LISTING STATUS**

Your company shares are listed in Metropolitan Stock Exchange of India Ltd. Mumbai.

## **FIXED DEPOSITS**

During the year under review, your Company did not accept or invite any deposits from the public, which come under the purview of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

## **DIRECTORS**

To appoint the Managing Director Mr N Vasudevan, who has been appointed as a Director with effect from 1<sup>st</sup> April 2019. The appointment is being regularised and ratification by the esteemed Members of the Company is sought in this Annual General Meeting.

## **AUDITORS**

M/S. Parimelazhagan & Co., Chartered Accountants, Chennai, will retire at the conclusion of the Annual General Meeting and M R Harsha & Company, Chartered Accountants are being proposed to be our Statutory Auditors from conclusion of this Annual General Meeting till conclusion of Annual General Meeting during the year 2024.

### **SECRETARIAL AUDIT**

Pursuant to provisions of section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the company has appointed Alagar R, a practicing company Secretary to undertake the Secretarial Audit of the Company. The Secretarial Audit report is annexed herewith as **Annexure- C**

### **REPLY TO QUALIFICATION MADE IN SECRETARIAL AUDIT REPORT**

There was no Qualification prescribed by the Secretarial Auditor.

### **BUSINESS RISK MANAGEMENT**

Pursuant to section 134 (3) (n) of the Companies Act, 2013 & Clause 49 of the listing agreement, the company has constituted a business risk management committee.

At present the company has not identified any element of risk which may threaten the existence of the company.

### **PARTICULARS OF EMPLOYEES**

During the period under review, there was no employee drawing remuneration in excess of the limits prescribed under section 197 of the Companies Act, 2013 and Rule (5) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

### **TECHNOLOGY ABSORPTION**

Particulars that are required to be disclosed in accordance with the Section 134 (m) read with Rule 8(3) of the Companies (Accounts) Rules, 2014[Chapter IX]; of the Companies Act, 2013 are not applicable to your company.

### **FOREIGN EXCHANGE EARNINGS AND OUT-GO**

During the period under review there was no foreign exchange earnings or out flow.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

In terms of provision of Section 134 (5) of the Companies Act, 2013, your Directors confirm as under:

- (i) That in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- (ii) That 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 or loss of the company for the period.

- (iii) That 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.
- (iv) That the Directors had prepared the annual accounts on a going concern basis.

### **RELATED PARTY TRANSACTIONS**

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of the business. There are no materially significant related party transactions made by the company with Promoters, Key Managerial Personnel or other designated persons which may have potential conflict with interest of the company at large. Refer **Annexure A** for details.

### **SUBSIDIARY COMPANIES**

The Company does not have any subsidiary.

### **CORPORATE GOVERNANCE**

SEBI relaxed the applicability of clause 49 for certain companies (companies having paid up equity share capital not exceeding 10 crores and net worth not exceeding 25 crores as on the last day of the previous financial year) vide circular CIR/CFD/Policy Cell/7/2014 dated 15.09.2014 and compliance with clause 49 shall not be mandatory to them.

The equity share capital of the company is 3.09 crores and net worth is 0.93 crores and as such Corporate Governance Report has not been submitted along with the Board Report.

The Board of Directors assuring that the Corporate Governance as stipulated in the Companies Act, 2013 have been fully complied with.

### **CORPORATE SOCIAL RESPONSIBILITY (CSR ACTIVITY)**

Section 135(1) of Companies Act 2013 mandates the CSR expenditure for the companies. However the same provisions are not applicable to your company.

### **PREVENTION OF INSIDER TRADING**

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Board is responsible for implementation of the Code. All Board Directors and the designated employees have confirmed compliance with the Code.



### **DECLARATION OF INDEPENDENT DIRECTOR**

The Independent Directors have submitted their disclosure to the Board that they fulfil all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 so as to qualify himself to be appointed as Independent Director under the provisions of the Companies Act, 2013 and the relevant rules.

### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013**

There were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review and hence the said provision is not applicable.

### **NUMBER OF MEETINGS OF BOARD OF DIRECTORS**

The company had 4 board meetings during the financial year under review on 30/05/2018,14/08/2018,14/11/2018 and 14/02/2019..

### **ANNUAL RETURN**

The extracts of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and administration) Rules, 2014 is furnished in **Annexure- B** and is attached to this Report.

### **GENERAL**

Your Directors wish to thank and place on record their appreciation for the continued support and patronage of the shareholders.

For and on behalf of the Board of

Place: Chennai  
Date: 30.05.2019

R. Rangarajan  
Director  
DIN: 00284367

N.Vasudevan  
Mg. Director  
DIN:06421532

**ANNEXURE- A**

**Form No. AOC – 2**

**(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)**

**DISCLOSURE OF PARTICULARS CONTRACTS/ARRANGEMENTS ENTERED INTO BY THE COMPANY BY THE RELATED PARTIES REFERRED TO IN 188 (1) OF THE COMPANIES ACT, 2013 INCLUDING CERTAIN ARMS LENGTH TRANSACTION UNDER THIRD PROVISION THERETO**

- 1) **Name of the related Party and Nature of relationship :**  
NIL
- 2) **Nature of Contracts/arrangements/transactions:**  
NIL
- 3) **Duration of Contracts/arrangements/transactions:**  
NOT APPLICABLE
- 4) **Salient terms of the contracts or arrangements or transactions including the value, if any:**  
NOT APPLICABLE
- 5) **Date(s) of approval by the Board, if any:**  
NOT APPLICABLE
- 6) **Amount Paid as advances, if any:**  
NIL

For and on behalf of the Board

Place: Chennai  
Date: 30.05.2019

R.Rangarajan  
Director  
DIN:.00284367

N. Vasudevan  
Mg.Director  
DIN: 06421532

**Annexure- B****EXTRACT OF THE ANNUAL RETURN****I. REGISTRATION AND OTHER DETAILS:**

i)	CIN:	L65191TN1990PLC019828
ii)	Registration Date	29-10-1990
iii)	Name of the Company	Encore business system Limited
iv)	Category/sub category of the Company	Public Company
v)	Address of the Registered office and contact details	2nd Floor, Khaleeli center No- 4, Montieth Road Egmore, Chennai- 600008 TAMIL NADU, INDIA Tel- 044 28414144 Email- <a href="mailto:encorebusiness@gmail.com">encorebusiness@gmail.com</a> Web-site: <a href="http://www.encorebusiness.in">www.encorebusiness.in</a>
vi)	Whether shares listed on recognized Stock	Yes; Metropolitan Stock Exchange India, Mumbai
vii)	Name, Address Contact details of Registrar and Transfer Agents ( RTA)	Cameo Corporate Services Limited "Subramaniam Buildings" No.1 Club House Road Off Anna Salai, CHENNAI 600002 Phone:91-44-28460390(5 lines) Email:cameo@cameoindia.com

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

S. No	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Software development	8920	0
2	Business and management consultancy activities	8930	100

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

S. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY / ASSOCIATE	% of shares held	Applicable Section
1	NIL				2 (87) (ii)

#### IV. SHARE HOLDING PATTERN

#### V. (Equity Share Capital Breakup as percentage of Total Equity)

#### a. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-March-2018]				No. of Shares held at the end of the year[As on 31-March-2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/ HUF	435690	0	435690	14.06	435690	0	435690	14.06	0
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corporate	0	0	0	0	0	0	0	0	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any other	163400	0	163400	5.28	163400	0	163400	5.28	0
Sub Total	599090	0	599090	19.34	599090	0	599090	19.34	3.52
<b>B. Foreign</b>									
a) Individuals (NRI/Foreign Individuals)	0	0	0	0	0	0	0	0	0
b) Bodies Corp.	0	0	0	0	0	0	0	0	0
c) Institutions	0	0	0	0	0	0	0	0	0
d) Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
Sub Total	0	0	0	0	0	0	0	0	0
<b>Total shareholding of Promoter (A+B)</b>	<b>599090</b>	<b>0</b>	<b>599090</b>	<b>19.34</b>	<b>599090</b>	<b>0</b>	<b>599090</b>	<b>19.34</b>	<b>3.52</b>
<b>B. Public Shareholding</b>									
1. Institutions	0	0	0	0	0	0	0	0	0
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	21200	46370	67570	2.18	21200	46370	67570	2.18	0
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
<b>Sub-total (B)(1):-</b>	<b>21200</b>	<b>46370</b>	<b>67570</b>	<b>2.18</b>	<b>21200</b>	<b>46370</b>	<b>67570</b>	<b>2.18</b>	<b>0</b>

<b>2. Non-Institutions</b>									
a) Bodies Corp.	20400	18250	38650	1.25	20400	18250	38650	1.25	0
i) Indian	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals	0	0	0	0	0	0	0	0	0
i) Individual shareholders holding nominal share capital up to Rs. 1 lakh (upto 2 lakhs - 31.3.2018)	734817	1023424	1758241	56.676	734817	1023424	1758241	56.76	0.14
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh (excess of 2 lakhs - 31.3.18)	615420	0	615420	19.87	615420	0	615420	19.87	3.68
c) Others (specify)	0	0	0	0	0	0	0	0	0
Overseas									
Corporate Bodies	0	0	0	0	0	0	0	0	0
Foreign Nationals	0	0	0	0	0	0	0	0	0
Clearing Members	0	0	0	0	0	0	0	0	0
Trusts	0	0	0	0	0	0	0	0	0
HUF	11863	0	11863	0.38	11863	0	11863	0.38	0.03
Non Resident Indians	6587	0	6587	0.22	6587	0	6587	0.22	-0.01
<b>Sub-total (B)(2):-</b>	1389087	1041674	2430761	78.48	1389087	1041674	2430761	78.48	3.51
Total Public Shareholding (B)=(B)(1)+ (B)(2)	1410287	1088044	2498331	80.66	1410287	1088044	2498331	80.66	3.52
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	0	0	0	0	0	0	0	0	0
<b>Grand Total (A+B+C)</b>	<b>2009377</b>	<b>1088044</b>	<b>3097421</b>	<b>100.00</b>	<b>2009377</b>	<b>1088044</b>	<b>3097421</b>	<b>100.0</b>	<b>0</b>

**b. Shareholding of Promoter**

S No	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	RAMASESHAN RANGARAJAN	307290	9.92	Nil	307290	9.92	Nil	0
2	RANGARAJAN RAJALAKSHMI	128400	4.14	Nil	128400	4.14	Nil	0
3.	S MONISAA	163400	5.27	NIL	163400	5.27	NIL	3.53
	<b>Total</b>	<b>599090</b>	<b>19.33</b>	<b>Nil</b>	<b>599090</b>	<b>19.33</b>	<b>Nil</b>	<b>3.50</b>

**c. Change in Promoters' Shareholding (please specify, if there is no change)**

S No		Shareholding at the beginning of the year		Cumulative Share holding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	599099	19.33	599090	19.33
	<b>At the end of the year</b>	<b>599090</b>	<b>19.33</b>	<b>599090</b>	<b>19.33</b>

**d. Shareholding Pattern of top ten Shareholders: (other than Directors, Promoters and Holders of GDRs and ADRs)**

SN	For Each of the Top 10 Shareholders Name, Date & Reason of change	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	V GEETHA KARANTH	150000	4.84	150000	4.84
	<b>At the end of the year</b>	<b>150000</b>	<b>4.84</b>	<b>1,50,000</b>	<b>4.84</b>
2	VIJAYA RAO	150000	4.84	150000	4.84
	<b>At the end of the year</b>	<b>150000</b>	<b>4.84</b>	<b>1,50,000</b>	<b>4.84</b>

3	KIZHANATHAM SRINIVASAN RAJAGOPALAN	140000	4.52	140000	4.52
	<b>At the end of the year</b>	<b>140000</b>	<b>4.52</b>	<b>140000</b>	<b>4.52</b>
4	ANUSHA	132515	4.27	132515	4.27
	<b>At the end of the year</b>	<b>132515</b>	<b>4.27</b>	<b>132515</b>	<b>4.27</b>
5	SIVAPRAKASAM D	42905	1.39	42905	1.39
	<b>At the end of the year</b>	<b>42905</b>	<b>1.39</b>	<b>42905</b>	<b>1.39</b>
6	ELECTRONICS CORPORATION OF TAMIL NADU	46370	1.50	46370	1.50
	<b>At the end of the year</b>	<b>46370</b>	<b>1.50</b>	<b>46370</b>	<b>1.50</b>
7	VIJAY KUMAR VIJAYVARGAYA	19000	0.61	19000	0.61
	<b>At the end of the year</b>	<b>19000</b>	<b>0.61</b>	<b>19000</b>	<b>0.61</b>
8	VINIT KUMAR ARYA	20000	0.65	20000	0.65
	<b>At the end of the year</b>	<b>20000</b>	<b>0.65</b>	<b>20000</b>	<b>0.65</b>
9	BANK OF BARODA	20000	0.65	20000	0.65
	<b>At the end of the year</b>	<b>20000</b>	<b>0.65</b>	<b>20000</b>	<b>0.65</b>
10.	SANKARALINGAM MUTHUKARUPPAN	20000	0.65	20000	0.65
	<b>At the end of the year</b>	<b>20000</b>	<b>0.65</b>	<b>20000</b>	<b>0.65</b>

**(E) Shareholding of Directors and Key Managerial Personnel**

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	RAMASESHAN RANGARAJAN	307290	9.92	307290	9.92
	<b>At the end of the year</b>	<b>307290</b>	<b>9.92</b>	<b>307290</b>	<b>9.92</b>
2	MONISAA S	163400	5.27	163400	5.27
	<b>At the end of the year</b>	<b>163400</b>	<b>5.27</b>	<b>163400</b>	<b>5.27</b>

**V. INDEBTEDNESS:****Indebtedness of the Company including interest outstanding/accrued but not due for payment**

	<b>Secured Loans excluding deposits</b>	<b>Unsecur ed Loans</b>	<b>Deposit s</b>	<b>Total Indebt edness</b>
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	0		0	0
ii) Interest due but not paid	0		0	
iii) Interest accrued but not due	0		0	
<b>Total (i+ii+iii)</b>	<b>0</b>		<b>0</b>	<b>0</b>
<b>Change in Indebtedness during the financial year</b>			0	
* Addition	0		0	
* Reduction	0		0	
<b>Net Change</b>	<b>0</b>		<b>0</b>	<b>0</b>
<b>Indebtedness at the end of the financial year</b>			0	
i) Principal Amount	0		0	0
ii) Interest due but not paid	0		0	
iii) Interest accrued but not due	0		0	
<b>Total (i+ii+iii)</b>	<b>0</b>		<b>0</b>	<b>0</b>



## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### (A) Remuneration to Managing Director, Whole-time Directors and/or Manager

S.No.	Particulars of Remuneration	Name of Managing Director	Total Amount
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0	0
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	0	0
2	Stock Option	0	0
3	Sweat Equity	0	0
4	Commission - as % of profit- others, specify...	0	0
5	Others, please specify Vehicle Maintenance and Local	0	0
0	Total (A)	<b>0</b>	<b>0</b>
	Ceiling as per the Act	<b>0</b>	<b>0</b>

### (B) Remuneration to other directors

S.No.	Particulars of Remuneration	Name of Directors		Total Amount
		R.Rangarajan	D Sivaprakasam	
1	Independent Directors			
	Fee for attending board committee meetings	0	0	0
	Commission	0	0	0
	Others, please specify Travelling expense, Local Conveyance	0	0	0
	Total (1)	<b>0</b>	<b>0</b>	<b>0</b>
2	Other Non-Executive			

	Directors			
	Fee for attending board committee meetings	0	0	0
	Commission	0	0	0
	Others, please specify	0	0	0
	Total (2)	0	0	0
	<b>Total (B)=(1+2)</b>	<b>0</b>	<b>0</b>	<b>0</b>
	Total Managerial Remuneration	<b>0</b>	<b>0</b>	<b>0</b>
	Overall Ceiling as per the Act	<b>0</b>	<b>0</b>	<b>0</b>

**(B) Remuneration to Key Management Personnel other than MD/Manager/WTD**

S. No	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0	0	0	0
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0	0
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0	0
2	Stock Option	0	0	0	0
3	Sweat Equity	0	0	0	0
4	Commission	0	0	0	0
	- as % of profit	0	0	0	0
	others, specify...	0	0	0	0
5	Others, please specify (Local Conveyance)	0	0	0	0
	<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty			Nil		
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty			Nil		
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty			Nil		
Punishment					
Compounding					

**R.ALAGAR**, B.Com., FCS  
Company Secretary

1E, Nithya Grandeur  
1A, Kannan Nagar 3<sup>rd</sup> Main Road  
Nanganallur, Via. Madipakkam,  
Chennai – 600 091  
Ph. 22243194, Mobile: 9940682194  
email: [alagarr@gmail.com](mailto:alagarr@gmail.com)

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**SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019**

**Form No. MR-3**

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Board of Directors  
**ENCORE BUSINESS SYSTEM LIMITED**  
CIN- L65191TN1990PLC019828  
"Kaleeli Centre", Second Floor  
No.4, Montieth Road,  
Egmore, Chennai – 600008

I have conducted a secretarial audit of the compliance of applicable statutory provisions and adherence to good corporate practices by **Encore Business System Limited** (hereinafter called "the Company").

The Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory

Based on my verification of **Encore Business System Limited's** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2019, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanisms in place to the extent, in the manner and subject to the reporting made hereinafter. The members are requested to read this report along with my letter of even date annexed to this report as Annexure – A.

1. I have examined the books, papers, minute books, forms and returns filed and other records maintained by **Encore Business System Limited** (the Company) for the financial year ended on March 31, 2019 according to the applicable provisions of:

- i) The Companies Act, 1956, Companies Act. 2013 (the Act) and the rules made thereunder.
  - ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder.
  - iii) The Depositories Act, 1996 and the regulations and bye-laws framed thereunder.
  - iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
  - v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992('SEBI Act):-
    - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (upto 14th May 2015) and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (effective 15th May 2015);
    - c) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
    - d) The securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; and
    - e) The Securities and Exchange Board of India (Registrars to an issue and share transfer agents) Regulations, 1993 regarding the Companies Act and dealing with client.
  - vi) The Listing Agreement entered into by the Company with Metropolitan Stock Exchange of India Ltd and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 made effective 1st December, 2015
2. I am informed that, for the financial year ended on March 31, 2019:
- i) The company was not required to maintain books, papers, minute books, forms and returns filed or other records according to the provisions of the following Regulations and Guidelines prescribed under SEBI Act:
    - a) The Securities and Exchange Board of India (Employee Stock Opinion Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
    - b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; and
    - c) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.
  - ii) There are no laws specifically applicable to the company, the books, papers, minute books, forms and returns of which were required to be examined by me for the purpose of this report.

2. Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India made effective July 1, 2015.
3. During the period under review, to the best of my knowledge and belief and according to the information and explanations given to me, the company has complied with the provisions of the acts, Rules, Regulations and Agreements mentioned under paragraph 1 above, to the extent applicable.
5. I further report that:
  - i) The board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The Board also has a woman director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
  - ii) Adequate notice is given to all directors to schedule the Board Meetings. Notice of Board meetings along with agenda were sent at least seven days before the meeting Agenda and detailed notes on agenda were sent less than seven days before the meeting, since there was no statutory requirement during the year to send them seven days in advance of the meeting.
  - iii) A system exists for directors to seek and obtain further information and clarifications on the agenda items before the meetings and for their meaningful participation at the meetings. Majority decision is carried through. I am informed that there were no dissenting members' views on any of the matters during the year that were required to be captured and recorded as part of the minutes.
  - iv) There are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Place: Chennai

Date: 30-05-2019

Signature:

Sd/-

Name of Company Secretary: **R.Alagar**

Membership.No. F4720

C.P.No.3913

**R.ALAGAR**, B.Com., FCS  
Company Secretary

**Annexure A to Secretarial Audit Report of even date**

To,  
The Board of Directors  
**ENCORE BUSINESS SYSTEM LIMITED**  
CIN- L65191TN1990PLC019828  
"Kaleeli Centre", Second Floor  
No.4, Montieth Road,  
Egmore, Chennai – 600008

My Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations and standards are the responsibility of the management of the company. My responsibility is to make a report based on the secretarial records produced for my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices I followed provide a reasonable basis for my report.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the company.
4. I have obtained the management's representation about the compliances of laws, rules and regulations and happenings of events, wherever required.
5. This Secretarial Audit report 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.

Place: Chennai

Date: 30-05-2019

Signature:

Sd/-

Name of Company Secretary: **R. Alagar**

Membership.No.**F4720**

C.P.No.**3913**

**PARIMELAZHAGAN & CO  
CHARTERED ACCOUNTANTS**

A-4, GROUND FLOOR, KALA FLATS  
11, BAGAVANTHAM STREET  
T NAGAR, CHENNAI – 600017  
PH : 43538160 MOBILE : 7299920862  
EMAIL ID : [s.parimel@gmail.com](mailto:s.parimel@gmail.com)

**INDEPENDENT AUDITORS' REPORT**

**TO THE MEMBERS OF ENCORE BUSINESS SYSTEM LIMITED**

**Report on the Audit of the Financial**

**Statements Opinion**

We have audited the accompanying financial statements of Encore Business System Limited (“the Company”), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as “the financial statements”).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (“the Act”) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, (“Ind AS”) and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the Loss and total comprehensive Loss, changes in equity and its cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI’s Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.



## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

<b>Sr. No.</b>	<b>Key Audit Matter</b>	<b>Auditor's Response</b>
1	<i>Accounting of Revenues</i>	The company has not done any sales during the year and there is no need to give procedure /opinion on revenue accounting.

## Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

## **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended: In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.

ii. The Company does not have long term contracts including derivatives contracts for which there were any material foreseeable losses.

iii. There is no amount, required to be transferred, to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For**  
**PARIMELAZHAGAN & CO**  
**CHARTERED ACCOUNTANTS**  
**FRN: 6514S**

**Sd/-**

**Place: Chennai**  
**Date: 30/05/2019**

**S. Parimelazhagan**  
**Partner**  
**Membership No. 200970**

**ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT**

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of Encore Business System Limited of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of ENCORE BUSINESS SYSTEM LIMITED (“the Company”) as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management’s Responsibility for Internal Financial Controls**

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company.

### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

## **ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Encore Business System Limited of even date)**

- i. In respect of the Company's fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - (c) According to the information and explanations given to us, the records examined by us, the company has not hold immovable properties of land and buildings.
  - (d) The Company is in the business of providing software services and does not have any physical inventories. Accordingly, reporting under clause 3 (ii) of the Order is not applicable to the Company.
- ii. According the information and explanations given to us, the Company has not granted unsecured loans to bodies corporate, covered in the register maintained under section 189 of the Companies Act, 2013.
- iii. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.



- iv. The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2019 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.
- v. The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company. Thus reporting under clause 3(vi) of the order is not applicable to the Company.

vi. According to the information and explanations given to us, in respect of statutory dues:

- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable except the following:

S No	Name of the statute	Amount	Forum where the dispute is pending
		NIL	

- (c) Details of dues of Income Tax, Sales Tax, Service Tax, Excise Duty and Value Added Tax which have not been deposited as at March 31, 2019 on account of dispute are given below:

Nature of the statute	Nature of dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount ₹
The Income Tax Act, 1961	Tax demand	AO Income Tax	2008-09	1,23,248

- vii. The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause 3 (viii) of the Order is not applicable to the Company.

- viii. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3 (ix) of the Order is not applicable to the Company.
- ix. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- x. In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xi. The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.
- xii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiii. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.
- xiv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- xv. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

Place : Chennai

Date : 30.05.19

**For PARIMELAZHAGAN & CO  
CHARTERED ACCOUNTANTS**

**FRN: 6514S**

**Sd/-**

**S.Parimelazhagan**

**Partner**

**Membership No.200970**

**ENCORE BUSINESS SYSTEM LIMITED**  
**Balance Sheet as at March 31, 2019**

PARTICULARS	Notes	As at 31-03-2019	As at 31-03-2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		1,57,240.00	1,65,515.00
Other intangible assets	3	38,57,140.00	83,14,113.00
Financial assets	4		
Investments	5-A	45,00,000.00	45,00,000.00
Trade receivables	11-A	1,92,000.00	--
Loans receivables		--	--
Other financial assets		--	--
Income tax assets (net)		--	--
Deferred tax assets (net)		--	--
Other assets		--	--
<b>Total non-current assets</b>		<b>87,06,380.00</b>	<b>1,29,79,628.00</b>
<b>Current assets</b>			
		--	--
Inventories		--	--
Financial assets		--	--
Investments		--	--
Trade receivables	11-B	11,537.00	1,92,000.00
Cash and cash equivalents	12	--	10,091.00
Other balances with banks		--	--
Loans receivables		--	--
Other financial assets		--	--
Other assets	9-B	15,03,385.00	83,385.00
<b>Total current assets</b>		<b>15,14,922.00</b>	<b>2,85,476.00</b>
<b>TOTAL ASSETS</b>		<b>1,02,21,302.00</b>	<b>1,32,65,104.00</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS.**

As per our report of even date attached.

**For PARIMELAZHAGAN & CO**  
**Chartered Accountants**  
FRN : 6514S

**For and on behalf of the Board of Directors of**  
**ENCORE BUSINESS SYSTEM LIMITED**

Sd/-  
**S Parimelazhagan**  
**Partner**  
Membership No 200970  
Place : Chennai  
Date : 30/05/2019

Sd/-  
**R Rangarajan**  
**Director**  
(DIN : 00284367)

Sd/-  
**N Vasudevan**  
**Mg Director**  
(DIN :06421532)

Sd/-  
**P S Kumar**  
**Com. Secretary**  
ACS 25277

Sd/-  
**TN Soundararajan**  
**CFO**

**ENCORE BUSINESS SYSTEM LIMITED**  
Statement of Profit and Loss for the Year Ended March 31, 2019

PARTICULARS	Notes	Year ended March 31, 2019	Year ended March 31, 2018
<b>I</b> Revenue from operations		-	-
<b>II</b> Other income		-	-
<b>III</b> <b>TOTAL INCOME</b>		-	-
<b>IV</b> <b>Expenses</b>			
Employee benefit expenses		-	-
Cost of equipment and software licenses		-	-
Depreciation and amortization expenses	3 & 4	29,65,248.00	23,14,604.00
Other expenses	24	3,09,289.17	2,38,750.00
Finance costs		-	-
<b>TOTAL EXPENSES</b>		<b>32,74,537.17</b>	<b>25,53,354.00</b>
<b>V</b> <b>PROFIT/(LOSS) BEFORE TAX</b>		<b>(32,74,537.17)</b>	<b>(25,53,354.00)</b>
<b>VI</b> Tax expenses			
Current tax			
Deferred tax		(8,80,239.00)	1,37,309.00
<b>TOTAL TAX EXPENSES</b>		<b>(8,80,239.00)</b>	<b>1,37,309.00</b>
<b>VII</b> <b>PROFIT FOR THE YEAR</b>		<b>(23,94,298.17)</b>	<b>(26,90,663.00)</b>
<b>VIII</b> <b>(OCI)</b>			
(A)(i) Items that will not be reclassified subsequently to profit or loss			
<b>TOTAL OTHER COMPREHENSIVE INCOME / (LOSSES)</b>			
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>			
<b>IX</b> Profit for the year attributable to:			
Shareholders of the Company			
Non-controlling interests			
<b>X</b> Earnings per equity share:- Basic and diluted ( ' )		(0.77)	(0.87)
Weighted average number of equity shares		30,97,421	30,97,421
Nominal value of equity shares (Rs.)		10	10
<b>XI</b> <b>NOTES FORMING PART OF THE FINANCIAL STATEMENTS</b>			

NOTES FORMING PART OF FINANCIAL STATEMENTS. .

As per our report of even date attached.

**For PARIMELAZHAGAN & CO**

**Chartered Accountants**

FRN : 6514S

Sd/-

**S Parimelazhagan**

**Partner**

Membership No 200970

Place : Chennai

Date : 30/05/2019

**For and on behalf of the Board of Directors of**

**ENCORE BUSINESS SYSTEM LIMITED**

Sd/-

**N Vasudevan**

**Mg Director**

( DIN : 00284367 )

( DIN : 06421532 )

Sd/-

**P S Kumaar**

**Com. Secretary**

ACS 25277

Sd/-

**TN Soundararajan**

**CFO**

# ENCORE BUSINESS SYSTEM LIMITED

## Notes forming part of the Financial Statements

### 1) Corporate information

Encore is currently in the business of software development, software testing, training and related services.

The Company is a public limited company incorporated and domiciled in India. The address of its corporate office is 2nd Floor, Khaleeli center, 4, Montieth Road, Egmore, Chennai - 8

The Board of Directors approved the consolidated financial statements for the year ended March 31, 2019 and authorized for issue on May 30, 2019.

### 2) Significant accounting policies

#### (a) Statement of compliance

These financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") prescribed under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules as amended from time to time.

#### (b) Basis of preparation

The functional currency of the Company is the Indian Rupee (₹).

These financial statements have been prepared on historical cost basis except for certain financial instruments which are measured at fair value or amortized cost at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All assets and liabilities have been classified as current and non-current as per the normal operating cycle. Based on the nature of services rendered to customers and time elapsed between deployment of resources and the realization in cash and cash equivalents of the consideration for such services rendered, the company has considered an operating cycle of 12 months.

The statement of cash flows has been prepared under indirect method.

#### (c) Use of estimates and judgments

The preparation of financial statements in conformity with the recognition and measurement principles of Ind AS requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures of contingent liabilities as at the date of the financial statements and the reported amounts of income and expenses for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected. Key sources of estimation of uncertainty at the date of financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are in respect of impairment of goodwill, useful lives of property, plant and equipment, valuation of deferred tax assets, and fair value measurements of financial instruments, these are discussed below. Key sources of estimation of uncertainty in respect of revenue recognition, employee benefits and provisions and contingent liabilities have been discussed in their respective policies

#### d) Useful lives of property, plant and equipment

The company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

Valuation of deferred tax assets

The company reviews the carrying amount of deferred tax assets at the end of each reporting period.

#### **e) Revenue recognition**

The company earns revenue primarily from providing IT services, software development, consulting and business solutions.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the company expects to receive in exchange for those products or services.

Revenue from time and material and job contracts is recognized on output basis measured by units delivered, efforts expended, number of transactions processed, etc.

Revenue related to fixed price maintenance and support services contracts where the Group is standing ready to provide services is recognized based on time elapsed mode and revenue is straight lined over the period of performance

The Group disaggregates revenue from contracts with customers by industry verticals, geography and nature of services.

#### **(f) Cost recognition**

Costs and expenses are recognized when incurred and have been classified according to their nature.

#### **(g) Income taxes**

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability

##### **Deferred income taxes**

Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount. Deferred income tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

#### **(h) Financial instruments**

##### **Cash and cash equivalents**

The company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

##### **Financial assets at fair value through other comprehensive income**

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

The Group has made an irrevocable election to present subsequent changes in the fair value of equity investments not held for trading in other comprehensive income.

##### **Financial assets at fair value through profit or loss**

Financial assets are measured at fair value through profit or loss unless they are measured at amortized cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognized in statement of profit and loss.

##### **Financial liabilities**

Financial liabilities are measured at amortized cost using the effective interest method, if necessary

#### **(d) Provisions and contingent liabilities**

A provision is recognized when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable

estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognized nor disclosed in the financial statements.

**(j) Property, plant and equipment**

Depreciation is provided for property, plant and equipment on a straight line basis so as to expense the cost less residual value over their estimated useful lives based on a technical evaluation. The estimated useful lives and residual values are reviewed at the end of each reporting period, with the effect of any change in estimate accounted for on a prospective basis.

The estimated useful lives are as mentioned below:

Type of asset	Useful lives
Computer equipment	4 years
Vehicles	4 years
Office equipment	5 years
Electrical installations	10 years
Furniture and fixtures	5 years

Depreciation is not recorded on capital work-in-progress until construction and installation are complete and the asset is ready for its intended use.

**(k) Impairment**

**(i) Financial assets (other than at fair value)**

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. In determining the allowances for doubtful trade receivables, the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and allowance rates used in the provision matrix. For all other financial

**(ii) Non-financial assets**

**(l) Tangible and other intangible assets**

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit and loss.

**(m) Employee benefits**

**Defined benefit plans**

The company has no defined plan as there is no need at present

**(n) Earnings per share**

Basic earnings per share is computed by dividing profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year. The Company did not have any potentially dilutive securities in any of the years.

**3) Property, plant and equipment**

Property, plant and equipment consist of the following:

	Office equipment	Electrical Installations	Furniture and fixtures	Plant and equipment	Total
<b>Cost as at April 1, 2018</b>	2,15,311	3,54,782	33,10,323		38,80,416
Additions					-
Disposals					-
<b>Cost as at March 31, 2019</b>	2,15,311	3,54,782	33,10,323	-	38,80,416
<b>Accumulated depreciation as at April 1, 2018</b>	2,15,311	3,54,782	31,44,808		37,14,901
Depreciation for the year			8,275		8,275
Disposals					-
<b>Accumulated depreciation as at March 31, 2019</b>	2,15,311	3,54,782	31,53,083	-	37,23,176
<b>Net carrying amount as at March 31, 2019</b>	-	-	1,57,240	-	1,57,240

	Office equipment	Electrical Installations	Furniture and fixtures	Plant and equipment	Total
<b>Cost as at April 1, 2017</b>	2,15,311	3,54,782	33,10,323		38,80,416
Additions					-
Disposals					-
<b>Cost as at March 31, 2018</b>	2,15,311	3,54,782	33,10,323	-	38,80,416
<b>Accumulated depreciation as at April 1, 2017</b>	2,15,311	3,54,782	26,10,398		31,80,491
Depreciation for the year			5,34,410		5,34,410
Disposals					-
<b>Accumulated depreciation as at March 31, 2018</b>	2,15,311	3,54,782	31,44,808	-	37,14,901
<b>Net carrying amount as at March 31, 2018</b>	-	-	1,65,515	-	1,65,515

Net carrying amount of property, plant and equipment under finance lease arrangements are as follows:

	As at March 31, 2019	As at March 31, 2018
Leasehold improvements		
Computer equipment	NIL	NIL
Office equipment		
Furniture and fixtures		
Leased assets		

#### 4) Other intangible assets

Intangible assets consist of the following:



	Acquired contract rights	Rights under licensing agreement and software licences	Customer related intangibles	Total
<b>Cost as at April 1, 2018</b>		1,13,01,408		1,13,01,408
Additions				-
Acquisition through a business combination		18,15,216		18,15,216
Translation exchange difference				-
<b>Cost as at March 31, 2019</b>		94,86,192		94,86,192
<b>Accumulated amortization as at April 1, 2018</b>		29,87,295		29,87,295
Amortization for the year		29,56,973		29,56,973
Translation exchange difference		3,15,216		3,15,216
<b>Accumulated amortization as at March 31, 2019</b>		56,29,052		56,29,052
Net carrying amount as at March 31, 2019		38,57,140		38,57,140

	Acquired contract rights	Rights under licensing agreement and software licences	Customer related intangibles	Total
<b>Cost as at April 1, 2017</b>		1,13,01,408		1,13,01,408
Additions				-
Acquisition through a business combination				-
Translation exchange difference				-
<b>Cost as at March 31, 2018</b>		1,13,01,408		1,13,01,408
<b>Accumulated amortization as at April 1, 2017</b>		12,07,101		12,07,101
Amortisation for the year		17,80,194		17,80,194
Translation exchange difference				-
<b>Accumulated amortization as at March 31, 2018</b>		29,87,295		29,87,295
Net carrying amount as at March 31, 2018		83,14,113		83,14,113

The estimated amortisation for the years subsequent to March 31, 2019 is as follows:

Year ending March 31,	Amortization expense
2020	
2021	
2022	
2023	
2024	
Thereafter	

#### 5) Investments

Investments consist of the following:

**(A) Investments - Non-current**

	As at March 31, 2019	As at March 31, 2018
(a) Investments carried at fair value through profit or loss Mutual fund units (unquoted)		
(b) Investments designated at fair value Fully paid equity shares (unquoted) 450000 Equity Shares of Rs.10/-each fully paid in HONEYCOMB TECHNOLOGIES PVT LTD	45,00,000.00	45,00,000.00
(c) Investments carried at amortized cost Government bonds and securities (quoted) Corporate bonds (quoted)		
	45,00,000.00	45,00,000.00

**B) Investments - current**

	As at March 31, 2019	As at March 31, 2018
(a) Investments carried at fair value through profit or loss Mutual fund units (quoted) Mutual fund units (unquoted)		
(b) Investments carried at fair value through OCI Government bonds and securities (quoted) Corporate bonds (quoted)		
(c) Investment carried at amortised cost Certificate of deposits (quoted) Corporate bonds (quoted)		

	As at March 31, 2019	As at March 31, 2018
Aggregate value of quoted investments		
Aggregate value of unquoted investments (net of impairment)		
Aggregate market value of quoted investments		
Aggregate value of impairment of investments		
Market value of quoted investments carried at amortised cost		
Government bonds and securities		
Certificate of deposits		
Corporate bonds		

In numbers	Currency	Face value per share	Investments	As at March 31, 2019	As at March 31, 2018

--	--	--	--	--	--

**6) Loans receivables**

Loans receivables (unsecured) consist of the following:

**a. Loans receivables - Non-current**

	As at March 31, 2019	As at March 31, 2018
Considered good		
Inter-corporate deposits		
Loans and advances to employees		
	-	-

**b. Loans receivables - Current**

	As at March 31, 2019	As at March 31, 2018
(a) Considered good		
Inter-corporate deposits		
Loans and advances to employees		
(b) Credit impaired		
Loans and advances to employees		
Less: Allowance on loans and advances to employees		

**7) Other financial assets**

Other financial assets consist of the following:

**A. Other financial assets - Non-current**

	As at March 31,2019	As at March 31,2018
(a) Security deposits		
(b) Earmarked balances with banks		
(c) Interest receivable		
(d) Others		

**B. Other financial assets - Current**

	As at March 31,2019	As at March 31,2018

(a) Security deposits		
(b) Fair value of foreign exchange derivative assets		
(c) Interest receivable		
(d) Others		

**8) Income taxes**

The income tax expense consists of the following:

	Year Ended March 31, 2019	Year Ended March 31, 2018
Current tax		
Current tax expense for current year		
Current tax benefit pertaining to prior years		
Deferred tax		
Deferred tax expense / (benefit) for current year		
Deferred tax expense / (benefit) pertaining to prior years		
Total income tax expense recognised in current year		

	Year Ended March 31, 2019	Year Ended March 31, 2018
Profit before taxes		
Indian statutory income tax rate		
Expected income tax expense		
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense		
Tax holidays		
Income exempt from tax		
Undistributed earnings in branches and subsidiaries Tax on income at different rates		
Tax pertaining to prior years		
Others (net)		
Total income tax expense		

**Gross deferred tax assets and liabilities are as follows:**

As at March 31, 2019	Assets	Liabilities	Net
Deferred tax assets / (liabilities) in relation to		1,34,036	
Property, plant and equipment and Intangible assets			
Provision for employee benefits			
Cash flow hedges			
Receivables, financial assets at amortised cost			
MAT credit entitlement			
Branch profit tax			
Undistributed earnings of subsidiaries			
Unrealised gain on securities carried at fair value through profit or loss / other comprehensive income			
Operating lease liabilities			
Others			
<b>Total deferred tax assets / (liabilities)</b>			

**Significant components of net deferred tax assets and liabilities for the year ended March 31, 2018 are as follows:**

	Opening balance	Recognized in profit and loss	Recognized in / reclassified from other comprehensive income	Exchange difference	Closing balance
Deferred tax assets / (liabilities) in relation to Property, plant and equipment and intangible assets					
Provision or employee benefits					
Cash flow hedges					
Receivables, financial assets at amortised cost					
MAT credit entitlement					
Branch profit tax					
Undistributed earnings of subsidiaries					
Unrealised gain on securities carried at fair value through profit or loss / other comprehensive income					
Operating lease liabilities					
Others					
<b>Total deferred tax assets / (liabilities)</b>					

Gross deferred tax assets and liabilities are as follows:

As at March 31, 2018	Assets	Liabilities	Net
Deferred tax assets / (liabilities)		10,14,275	

Property, plant and equipment and Intangible assets			
Provision for employee benefits			
Cash flow hedges			
Receivables, financial assets at amortized cost MAT			
credit entitlement			
Branch profit tax			
Undistributed earnings of subsidiaries			
Unrealised gain on securities carried at fair value through			
profit or loss / other comprehensive income			
Operating lease liabilities			
Others			
<b>Total deferred tax assets / (liabilities)</b>			

**9) Other assets**

Other assets consist of the following:

A. Other assets - Non-current

	As at March 31, 2019	As at March 31, 2018
Considered good		
(a) Contract assets		
(b) Prepaid expenses		
(c) Prepaid rent		
(d) Contract fulfillment costs		
(e) Capital advances		
(f) Advances to related parties		
(g) Others		
Advances to related parties, considered good, comprise: Voltas Limited Concorde Motors (India) Limited		

**B. Other assets - Current**

	As at March 31, 2019	As at March 31, 2018
Considered good		
(a) Contract assets		
(b) Prepaid expenses		
(c) Prepaid rent		
(d) Contract fulfillment costs		
(e) Advance to suppliers		
(f) Advance to related parties		
(g) Indirect taxes recoverable		
(h) Other advances	15,03,385.00	83,385.00
(i) Others Considered doubtful		
(a) Advance to suppliers		
(b) Indirect taxes recoverable		
(c) Other advances		
Less: Allowance on doubtful assets		
	15,03,385.00	83,385.00
Advance to related parties, considered good comprise:		

**10) Inventories**

Inventories consist of the following:

	As at March 31, 2019	As at March 31, 2018
(a) Raw materials, sub-assemblies and components		
(b) Finished goods and work-in-progress*		
(c) Goods-in-transit (raw materials)*		
(d) Stores and spares		

**11) Trade receivables**

Trade receivables (unsecured) consist of the following:

**A. Trade receivables - Non-current**

	As at March 31, 2019	As at March 31, 2018
(a) Considered good	1,92,000.00	-
Less: Allowance for doubtful trade receivables		
	1,92,000.00	-

### B. Trade receivables - Current

	As at March 31, 2019	As at March 31, 2018
(a) Considered good	-	1,92,000.00
Less: Allowance for doubtful trade receivables	-	1,92,000.00
(b) Credit impaired	-	-
Less: Allowance for doubtful trade receivables	-	-
	-	1,92,000.00

#### 12) Cash and cash equivalents

Cash and cash equivalents consist of the following:

	As at March 31, 2019	As at March 31, 2018
(a) Balances with banks In current accounts In deposit accounts	7,062.00	5,661.00
(b) Cheques on hand		
(c) Cash on hand		
(d) Remittances in transit	4,475.00	4,430.00
	11,537.00	10,091.00

#### 13) Other balances with banks

Other balances with banks consist of the following

	As at March 31, 2019	As at March 31, 2018
(a) Earmarked balances with banks		
(b) Short-term bank deposits		

#### 14) Share capital

The authorized, issued, subscribed and fully paid-up share capital comprises of:

	As at March 31, 2019	As at March 31, 2018
Authorized 10,000,000 (March 31, 2018: 10,000,000 equity shares) of Rs 10 each Issued, Subscribed and Fully paid up	10,00,00,000	10,00,00,000
30,97,421 (March 31, 2018: 30,97,421) equity shares of Rs 10 each	3,09,74,210	3,09,74,210



**(i) Reconciliation of number of shares**

	As at March 31, 2019		As at March 31, 2018	
	Number of shares	Amount in Rs	Number of shares	Amount in Rs
<b>Equity shares Opening balance</b>				
Issued during the Year	30,97,421	3,09,74,210	30,97,421	3,09,74,210
Shares extinguished on buy-back	-			
Closing balance	30,97,421	3,09,74,210	30,97,421	3,09,74,210

**(ii) Rights, preferences and restrictions attached to shares Equity shares**

The Company has one class of equity shares having a par value of Rs10 each. Each shareholder is eligible for one vote per share held and carry a right to dividend.

**(iii) Shares held by Holding company, its Subsidiaries and Associates**

	As at March 31, 2019	As at March 31, 2018
<b>Equity shares Holding company</b>		
Total		

**(iv) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company**

	As at March 31, 2019	As at March 31, 2018
Equity shares		
R RANGARAJAN	3,08,890	3,08,890
% of shareholding	9.97%	9.97%

**(v) Statement of Changes in Equity  
A - EQUITY SHARE CAPITAL**

Balance as at April 1, 2017	Changes in equity share capital during the year	Balance as at March 31, 2018
3,09,74,210	NIL	3,09,74,210
Balance as at April 1, 2018	Changes in equity share capital during the year	Balance as at March 31, 2019
3,09,74,210	NIL	3,09,74,210

**B- OTHER EQUITY**

	Reserves and surplus						
	Capital Equity reserve	Securities premium	Capital redemption reserve	General reserve	Special Economic Zone re-investment	Retained earnings	Statutory reserve
<b>Balance as at April 1, 2017</b>		12,72,350		1,21,000		-1,79,64,051.27	
Profit for the year						-26,90,663	
Other comprehensive income / (losses)							
Dividend (including tax on dividend)							
Buy-back of equity shares							
Expenses for buy-back of equity shares							
Transfer to Special Economic Zone re-investment reserve							
Transfer from Special Economic Zone re-investment reserve							
Transfer to reserves							
<b>Balance as at March 31, 2018</b>		<b>12,72,350</b>		<b>1,21,000</b>		<b>-2,06,54,714.27</b>	
<b>Balance as at April 1, 2018</b>		<b>12,72,350</b>		<b>1,21,000</b>		<b>-2,06,54,714.27</b>	
Profit for the year						-23,94,298.17	
Other comprehensive income / (losses)							
Dividend (including tax on dividend)							
Buy-back of equity shares							
Expenses for buy-back of equity shares							
Transfer to Special Economic Zone re-investment reserve							
Transfer from Special Economic Zone re-investment reserve							
Transfer to reserves							
<b>Balance as at March 31, 2019</b>		<b>12,72,350</b>		<b>1,21,000</b>		<b>-2,30,49,012.44</b>	

	Items of other comprehensive income			Equity attributable to shareholders of the Company	Non-controlling interests	Total Equity
	Investment revaluation reserve	Cash flow hedging reserve	Foreign currency translation reserve			
<b>Balance as at April 1, 2017</b>						
Profit for the year						
Other comprehensive income / (losses)						
Dividend (including tax on dividend)						
Buy-back of equity shares						
Expenses for buy-back of equity shares						
Transfer to Special Economic Zone re-investment reserve						
Transfer from Special Economic Zone re-investment reserve						
Transfer to reserves						
<b>Balance as at March 31, 2018</b>						
<b>Balance as at April 1, 2018</b>						
Profit for the year						
Other comprehensive income / (losses)						
Dividend (including tax on dividend)						
Buy-back of equity shares						
Expenses for buy-back of equity shares						
Transfer to Special Economic Zone re-investment reserve						
Transfer from Special Economic Zone re-investment reserve						
Transfer to reserves						
<b>Balance as at March 31, 2019</b>						

Nature and purpose of reserves

**(a) - Capital reserve**

The Company recognizes profit and loss on purchase, sale, issue or cancellation of the equity instruments to capital reserve.

**(b) - Securities premium**

Securities premium is not used during the year.

**(c) - General reserve**

The general reserve is a free reserve which is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to statement of profit and loss.

NOTES FORMING PART OF FINANCIAL STATEMENTS 1-25

15) **Other equity** : Other equity consists of the following:

	As at March 31, 2019	As at March 31, 2018
(a) Capital reserve		
(b) Securities premium		
(i) Opening balance	12,72,350.00	12,72,350.00
(ii) Utilised for buy-back of equity shares		
(d) General reserve		
(i) Opening balance	1,21,000.00	1,21,000.00
(ii) Transfer to retained earnings		
(iii) Utilised for buy-back of equity shares		
	1,21,000.00	1,21,000.00
(f) Retained earnings		
(i) Opening balance	(2,06,54,714.00)	(1,79,64,051.27)
(ii) Profit for the year	(23,94,298.17)	(26,90,663.00)
	(2,30,49,012.00)	(2,06,54,714.00)
	(2,16,55,662.00)	(1,92,61,364.00)

**16) Borrowings**

Borrowings consist of the following:

A. Borrowings - Non-current (secured loans)

	As at March 31, 2019	As at March 31, 2018
Long-term maturities of finance lease obligations		

B. Borrowings - Current (unsecured loans)

	As at March 31, 2019	As at March 31, 2018
Overdraft from banks		

**17) Other financial liabilities**

Other financial liabilities consist of the following:

**A. Other financial liabilities - Non-current**

	As at March 31, 2019	As at March 31, 2018
(a) Capital creditors		
(b) Others		

**B. Other financial liabilities - Current**

	As at March 31, 2019	As at March 31, 2018
(a) Accrued payroll		
(b) Current maturities of finance lease obligations		
(c) Unclaimed dividends		
(d) Fair value of foreign exchange derivative liabilities		
(e) Capital creditors		
(f) Liabilities towards customer contracts		
(g) Others		

**18) Provisions**

Provisions consist of the following:

**A. Provisions - Non-current**

	As at March 31, 2019	As at March 31, 2018
Provision for foreseeable loss		

**B. Provisions - Current**

	As at March 31, 2019	As at March 31, 2018
(a) Provision for foreseeable loss		
(b) Other provisions		12,000.00
		12,000.00

**19) Other liabilities**

Other liabilities consist of the following:

**A. Other liabilities - Non-current**

	As at March 31, 2019	As at March 31, 2018
Operating lease liabilities		

B. Other liabilities - Current

	As at March 31, 2019	As at March 31, 2018
(a) Advance received from customers		
(b) Indirect taxes payable and other statutory liabilities		4,844
(c) Operating lease liabilities		
(d) Others	7,68,718	5,21,139
	7,68,718	5,25,983

20) Revenue

Revenue consists of the following:

	Year Ended March 31, 2019	Year Ended March 31, 2018
Consultancy services		
Sale of equipment and software licences		

Changes in contract assets are as follows:

	Year Ended March 31, 2019
Balance at the beginning of the year	
Revenue recognized during the year	
Invoices raised during the year	
Translation exchange difference	
Balance at the end of the year	

Changes in unearned and deferred revenue are as follows:

	Year Ended March 31, 2019
Balance at the beginning of the year	
Revenue recognized that was included in the unearned and deferred reeve	
Increase due to invoicing during the year, excluding amounts recognized	
Translation exchange difference	
Balance at the end of the year	

Reconciliation of revenue recognized with the contracted price is as follows:

	Year Ended March 31, 2019
Contracted price	
Reductions towards variable consideration components	
Revenue recognized	

**21. Other income (net)**

Other income (net) consists of the following:

	Year Ended March 31, 2019	Year Ended March 31, 2018
(a) Interest income		
(b) Dividend income		
(c) Net gain on investments carried at fair value through profit or loss		
(d) Net gain on sale of investments carried at amortised cost		
(e) Net gain on sale of investments other than equity shares carried at fair value through OCI		
(f) Net gain on disposal of property, plant and equipment		
(g) Net foreign exchange gains		
(h) Rent income		
(i) Other income		

	Year Ended March 31, 2019	Year Ended March 31, 2018
Interest income comprise		
Interest on bank balances and bank deposits		
Interest income on financial assets carried at amortised cost		
Interest income on financial assets carried at fair value through OCI		
Other interest (including interest on income tax refunds)		
Dividend income comprises Dividend from mutual fund units		

**21) Employee benefits**

Employee benefit expenses consist of the following:

	Year Ended March 31, 2019	Year Ended March 31, 2018
(a) Salaries, incentives and allowances		
(b) Contributions to provident and other funds		
(c) Staff welfare expenses		

**Employee benefit obligations consist of the following:****A. Employee benefit obligations - Non-current**

	As at March 31, 2019	As at March 31, 2018
(a) Gratuity liability		
(b) Foreign defined benefit plans		
(c) Other employee benefit obligations		

**B. Employee benefit obligations - Current**

	As at March 31, 2019	As at March 31, 2018
(a) Compensated absences		
(b) Other employee benefit obligations		

22) **Cost of equipment and software licences** : Cost of equipment and software licences include:

	Year Ended March 31, 2019	Year Ended March 31, 2018
(a) Raw materials, sub-assemblies and components consumed		
(b) Equipment and software licences purchased		
Finished goods and work-in-progress		
Opening stock		
Less: Closing stock		

23) **Other expenses consist of the following:** Other expenses consist of the following:

	Year Ended March 31, 2019	Year Ended March 31, 2018
Audit Fee	30,000	30,000
Bank Charges	596	2,916
Telephone and communication expense	-	18,000
Interest on Late payment of TDS	-	164
Postage Expenses	60,855	519
Printing and stationary	11,407	4,500
Professional charges	48,020	61,200
Listing Fees	75,520	61,601
Rates & Taxes	2,000	600
Depository Service Charges	35,400	44,850
Miscellaneous expenses	45,491	14,400
	3,09,289	2,38,750

**25) Earnings per share (EPS)**

	Year ended March 31, 2019	Year ended March 31, 2018
Profit for the year	(23,94,298.17)	(26,90,663.00)
Weighted average number of equity shares	30,97,421.00	30,97,421.00
Earnings per share basic and diluted	(0.77)	(0.87)
Face value per equity share	10.00	10.00

**For PARIMELAZHAGAN & CO**  
Chartered Accountants  
FRN : 6514S

**For and on behalf of the Board of Directors of**  
**ENCORE BUSINESS SYSTEM LIMITED**

Sd/-  
**S Parimelazhagan**  
Partner  
Membership No 200970  
Place : Chennai  
Date : 30/05/2019

Sd/-  
**R Rangarajan**  
Director  
( DIN : 00284367 )

Sd/-  
**N Vasudevan**  
Mg Director  
( DIN :06421532 )

Sd/-  
**P S Kumaar**  
Com. Secretary  
ACS 25277

Sd/-  
**TN Soundararajan**  
CFO



**ENCORE BUSINESS SYSTEM LIMITED**  
Cash flow Statement for the year ended March 31, 2019

PARTICULARS	Note No.	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>I CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the year		(23,94,298.00)	(26,90,663.00)
Adjustments to reconcile profit and loss to net cash provided by operating activities			
Depreciation and amortization expenses		29,65,248.00	23,14,604.00
Tax expenses		(8,80,239.00)	1,37,309.00
<b>Operating profit before working capital changes</b>		<b>(3,09,289.00)</b>	<b>(2,38,750.00)</b>
<b>Net change in</b>			
Other assets		(14,20,000)	39,351.00
Other liabilities and provisions		2,30,735.00	1,56,148.00
<b>Cash generated from operations</b>		<b>(14,98,554.00)</b>	<b>(43,251.00)</b>
Taxes paid (net of refunds)			
<b>Net cash generated from operating activities</b>	<b>A</b>	<b>(14,98,554.00)</b>	<b>(43,251.00)</b>
<b>II CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from disposal of property, plant and equipment		15,00,000.00	
<b>Net cash generated from investing activities</b>	<b>B</b>	<b>15,00,000.00</b>	<b>-</b>
<b>III CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Buy-back of equity shares			
Interest paid			
<b>Net cash used in financing activities</b>	<b>C</b>	<b>-</b>	<b>-</b>
<b>Net change in cash and cash equivalents</b>	<b>A+B+C</b>	<b>1,446.00</b>	<b>(43,251.00)</b>
Cash and cash equivalents at the beginning of the year		10,091.00	53,342
<b>Cash and cash equivalents at the end of the year (Refer note 12)</b>		<b>11,537.00</b>	<b>10,091.00</b>
<b>NOTES FORMING PART OF FINANCIAL STATEMENTS 1-25</b>			
IV As per our report of even date attached			

**For PARIMELAZHAGAN & CO**  
Chartered Accountants  
FRN : 6514S

Sd/-  
**S Parimelazhagan**  
Partner  
Membership No 200970  
Place : Chennai  
Date : 30/05/2019

**For and on behalf of the Board of Directors of**  
**ENCORE BUSINESS SYSTEM LIMITED**

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
<b>R Rangarajan</b>	<b>N Vasudevan</b>	<b>P S Kumar</b>	<b>TN Soundararajan</b>	
Director	Mg Director	Com. Secretary	CFO	
( DIN : 00284367 )	( DIN : 06421532 )	ACS 25277		

**ENCORE BUSINESS SYSTEM LIMITED**

"Khaleeli Centre", 2nd floor, No.4 Montieth Road  
Egmore, Chennai – 600008

**PROXY FORM**

I / We .....being a Member(s) of Encore Business System Limited hereby appoint ..... or failing him .....as my / our Proxy to vote for me / us on my / our behalf at the Twenty Ninth Annual General Meeting of the Company to be held on 30.09.2019 at 11.30 a.m, and at any adjournment thereof and as witness put my / our hands this .....the day of 2018.

For Office Use

Proxy No. :  
Date of Receipt : Signature with Revenue Stamp  
No. of shares held :  
Folio No :

The proxy form must be deposited at the Registered Office of the company not later than 48 hours before the time for holding the aforesaid meeting.

**ENCORE BUSINESS SYSTEM LIMITED**

"Khaleeli Centre", 2nd floor, No.4 Montieth Road  
Egmore, Chennai – 600008

**ATTENDANCE SLIP**

(Please present this slip at the entrance of the meeting hall)

I / We hereby register my / our presence at the Twenty Ninth Annual General Meeting of the Company to be held at "Khaleeli Centre", 2nd floor, No.4 Montieth Road, Egmore, Chennai – 600008 on 30.09.19 at 11.30 A.M.

Folio No. :  
No. of shares :  
Name of shareholder :  
Address :

Signature of the Shareholder

(To be signed at the time of handing over at the meeting hall.)

**Note: (1) Member / Proxy must bring the attendance slip to the meeting and hand it over duly signed at the registration counter.**