



**ENSO SECUTRACK LIMITED**  
(FORMERLY TYCHE PERIPHERAL SYSTEMS LIMITED)

**19 th  
ANNUAL REPORT  
2009 - 2010**

## BOARD OF DIRECTORS

Mr. Pradeep Chauhan  
Mr. Hanuman Mal Tater  
Mr. Kanhaiya Lal Bothra  
Mr. Rabi Paul

Whole Time Director  
Director  
Director  
Director

## AUDITORS

**M/s. R. Kabra & Co.**  
Chartered Accountants 515,  
Tulsiani Chambers,  
Narimen Point, Mumbai – 400 021

## BANKERS

**State Bank of India**  
Commercial Branch, Koti, Hyderabad.

## SHAREHOLDERS' INFORMATION REGISTERED OFFICE

**“TYCHE HOUSE”,**  
13-6-436/A/26,  
Lakshminagar Colony,  
Mehdipatnam,  
Hyderabad – 500 028.

## LISTING

Bombay Stock Exchange Limited  
The Calcutta Stock Exchange Association Ltd.

## Date, Time and Venue of Adjourned AGM

29-09-2011, 12.00 P.M.  
At Sri Krishna Bhavan  
13-6-436/1/A, Sharada Nagar Lane.  
Karwan, Hyderabad - 500 067

## REGISTRARS & SHARE TRANSFER AGENTS (Physical & Electronic)

M/s. XL Softech Systems Limited,  
3, Sagar Society, Road No.2, Banjara Hills,  
Hyderabad – 500 034.

### APPEAL TO MEMBERS

The Ministry of Corporate Affairs (vide circular nos.17/2011 and 18/2011 dated April 21 and April 29,2011 respectively), has undertaken a “Green Initiative in the Corporate Governance” and allowed companies to service the documents with its shareholders through electronic mode. The Company proposes to send its Notice, Annual Report, etc in electronic form to its Members in support of the Green Initiative of the MCA for all the General Meetings to be held in future.

To encourage the Green Initiative if Members desire to take part in it, Members are requested to support this by registering/updating their e-mail addresses, with their Depository Participants.

Please note that as a shareholder, Members are always entitled to request and receive, free of cost, a printed copy of the Annual Report of the Company and other documents at any point of time during financial year, in accordance with the provisions of the Companies Act,1956.

Thanking you for supporting this unique initiative and assuring you of our best attention at all times.  
For Enso Secutrack Limkited

**Mr. Pradeep Chauhan**  
Whole Time Director

## ENSO SECUTRACK LIMITED

### NOTICE OF ADJOURNED ANNUAL GENERAL MEETING

Notice is hereby given that the Adjourned 19<sup>th</sup> Annual General Meeting of the members of 'Enso Secutrack Limited' will be held on 29th September 2011 at Sri Krishna Bhavan, 13-6-436/1/A, Sharada Nagar Lane, Karwan, Hyderabad - 500 067 at 12.00 pm to transact the following businesses:

#### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 30th September'2010, the Profit & Loss Account and the Cash Flow Statement for the year ended as on that date and the report of the Board of Directors and Auditors thereon.
2. To reappoint Statutory Auditors of the company to hold office from the conclusion of this annual general meeting until the conclusion of the next annual general meeting and to authorize board of directors / audit committee to fix their remuneration.

Date: 26-08-2011

For and on behalf of the Board

Place: Hyderabad

Hanuman Mal Tater  
Director

#### NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ADJOURNED MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies, in order to be effective must be received at the Company's Registered Office not less than 48 hours before the meeting. Proxies submitted on behalf of limited companies etc. must be supported by appropriate resolution/authority as applicable, issued on behalf of the nominating organization.
3. Members may kindly note that the AGM of the Company was held on 31<sup>st</sup> December 2010 was adjourned *sine die* and now the same is being considered for completion of the business of adjourned AGM.

## DIRECTORS REPORT

Dear Members,

Your Directors are pleased to present 19<sup>th</sup> Annual Report. The Annual General Meeting for the year 2010 originally scheduled for 31<sup>st</sup> December, 2010 was held and adjourned sine die since the Accounts for year ended 30<sup>th</sup> September, 2010 could not be placed before the shareholders for their approval. Now the accounts have been finalized and we are presenting the 19th Annual Report and Audited accounts for the financial year 2009-10.

### 1. FINANCIAL HIGHLIGHTS

PARTICULARS	(Rs. in Lacs)	
	2009-10	2008-09
Income	2180.70	2,698.09
Operating Profit	(607.33)	(1634.54)
Profit after tax	(609.68)	(1627.44)

### 2. OVER VIEW OF PERFORMANCE DURING THE YEAR 2009-2010:

The Company could achieve a turnover of Rs. 21.81 Crores during 12 months ending 30<sup>th</sup> September, 2010 with net loss of Rs. 6.10 Crores when compared to turnover and net loss of Rs.26.98 Crores and Rs.16.27 Crores respectively during the 18 months ended 30<sup>th</sup> September, 2009. Down turn in the business all over the world effected the Company in a significant manner.

The Company is an ISO 9001-2000 certified public limited Company engaged in the marketing, manufacture and assembly of automated solutions products for Banks and Retail Applications at large. These range from simple electronic cash registers, note counting, fake note detector, strapping and bundling machines to fully integrated front & back office, Point of Sales Systems, Closed Circuit Television Systems, security and IP based surveillance systems etc. ESL has supplying its products to customers ranging from Banks to Corporate/ Individuals. It has strong Channel Partner. ESL is the Member of International Security Industry Organization (ISIO) and keeps it abreast of the Latest Technology Electronic Security Solutions.

ESL was the FIRST to bring State-of-the-Art Technology “Samsung” Brand Electronic Cash Registers to launch Indigenous Point of Sale, ‘CASHTRON’ brand terminals to obtain RBI approved Technology Transfer for ‘CASHTRON’ brand Currency Counting Machines. The Company has developed a track record for the

completion of several projects up to the satisfaction of the esteemed customers.

The company, already an established leader in supply of its equipment to Banking and Retail Industry looked out to venture into varied segments of business which had synergy with its already established class of business. It was then, the Company decided to foray into the “Security Surveillance and Tracking Solutions” and hired professionals and experts to professionally lead the company into a new environment. Suddenly, an immediate downturn in the businesses all over took place and the Company was also not left unaffected. Most of the employees newly hired including the top management people left the company and this added more to the Company’s problems. The existing customers of Banking & Retail equipment of the Company even cut down their buying budgets. Suffering of the existing business coupled with the expenses on the new segment of the business, burdened the Company in a significant manner. The Company was effected in a significant manner and incurred huge losses even at operating levels. The targets as perceived could not be achieved whereas the operating and administration expenses increased.

However, the Company successfully implemented Integrated Electronic Security and Surveillance projects for various customers like,

- Vadodara City Surveillance System.
- IOCL Noida.
- Dubai Port World Container Terminal – Kochi, Kerala.
- Jammu Railway Surveillance.
- KRS Dam Surveillance Project-Mysore, Variable Messaging System-Bangalore Police etc.

These projects included whole range of products and services from concept to completion. The company looks at this segment of business as a quick growth driver which should provide the company a bigger platform in the sector. Its experience through already executed projects will help it garner bigger share of market going forward. ESL’s customer are major scheduled and private Banks pan India, SBI, ICICI, HDFC, Axis Bank, IDBI Bank, UBI, PNB, BOM, Dena Bank, Syndicate Bank, Karnataka Bank, SBT, SBBJ, CESC Kolkata, Reliance Energy, Vadodara Police, IOCL, Karnataka Police, Tata –TCBIL, DP World, Bangalore Police, etc. To recover from the loss making situation, the Company has been

taking several measures. It is trying to reach out to the new customer base coupled with taking cost control measures. The Company has been able to reduce the losses to some extent in the subsequent periods. The Company is now more watchful when it comes to the new initiatives and has the strategy in place to capture the new business segments with the available resources. ESL is now very hopeful to have fair levels of growth in future.

### 3. DIVIDENDS:

The Board has not recommended dividend for the year 2009-10, as the company has made loss during the financial year under review.

### 4. PUBLIC DEPOSITS:

Your Company has not accepted any deposits from the public during the year.

### 5. DIRECTORS:

Mr. Hanuman Mal Tater and Mr. Kanhaiya Lal Bothra, Directors of the company, retire by rotation in the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Mr. Rabi Paul was appointed as a Director of the company.

Mr. Jagdish Mal Lodha & Mr. Vaibhav Maloo have resigned as directors from the Company. The Board acknowledges its appreciation for the services rendered by them during their tenure.

### 6. DIRECTORS' RESPONSIBILITY STATEMENT:

Your Directors' report that

- i. In the preparation of the Annual Accounts, the relevant and applicable accounting standards have been followed along with proper explanation relating to material discrepancies if any.
- ii. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent in order that the financial statements reflect a true and fair view of the state of the affairs of the Company at the end of the financial year and of the loss of the company for the year.
- iii. The Directors have taken proper and sufficient care for adequate internal control and maintenance of accounting records in accordance with the provisions of the companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. The Annual accounts have been prepared on a going concern basis.

### 7. REPORT ON CORPORATE GOVERNANCE:

Report of Corporate Governance pursuant to Clause 49 of the Listing Agreement entered into with the Stock Exchanges, is given as a separate statement in the Annual Report. A certificate from Practising Company Secretary confirming compliance with the requirements of corporate governance is also given separately in this report.

### 8. MANAGEMENT DISCUSSIONS AND ANALYSIS:

The Management Discussion and Analysis Report, which gives a detailed account of operations of your Company and the market in which it operates, including initiative taken by the Company to expand its business and in areas such as human resources, and risk management, forms a part of this Annual Report.

### 9. AUDIT COMMITTEE:

Audit Committee has been reconstituted with the following members:

- 1) Mr. Kanhaiya Lal Bothra
- 2) Mr. Rabi Paul
- 3) Mr. Pradeep Chauhan

### 10. AUDITORS:

M/s R Kabra & Co., Chartered Accountants retire at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The Company has received a certificate from the Auditors to the effect that their appointment, if made will be in accordance with the provisions of Section 224(1B) of the Companies Act, 1956.

### 11. AUDITORS' OBSERVATIONS:

Your Directors noted for future guidance the observations of Auditors, in the Auditor's Report.

#### Qualifications & Response to Auditors Report

In response to para IV, Note no. 1. Regarding contingent liabilities. The same will be taken into account when it will crystallize.

In response to Para IV, Note No.3 (a), (b) and (d), During the previous year 2008-09 the Company has issued Foreign Currency Convertible Bonds (FCCBs) amounting to USD 12 millions in the month of May 2008. Accordingly sum incurred in connection with the issue of said FCCBs has been adjusted against the Securities Premium Account in terms of Section 78 of the Indian Companies Act; 1956. It may be noted that the Accounting Standards, which are prescribed, are intended to be in conformity with the provisions of

applicable laws. However, if a particular accounting standard is found to be not in conformity with such law, the provisions of the said law will prevail and the financial statements shall be prepared in conformity with such law.

In response to Para VI. Note No. 3(c), 5 and 6 - Management is of the opinion that the said investment in the subsidiary M/s Enso Global Securities Ltd requires no provisioning for diminution. With regards to treatment of amount invested in the said subsidiary as "Share Application Money", the same shall be treated as Investment on finalization of the books of the subsidiary when the subsidiary treats the same as its Capital. The concerned employees who were looking after the affairs of the subsidiary company had left the company when the down turn started without handing over the affairs completely. It has taken quite some time for the existing staff to take off with the affairs of the subsidiary and therefore, delay has taken place in finalizing the accounts of the subsidiary. Now, with all the details available, the existing team is in the process to compile the accounts. Further, the accounts of the subsidiary shall be finalized as per the regulations prevailing in Mauritius, where the subsidiary is incorporated.

With respects to Note 10(a)(b)(c)(d), it may be noted that the Company despite its best efforts, due to cash crunch as explained above, was not regular in payment of statutory dues. The Company is trying to take all possible steps to pay undisputed outstanding statutory dues.

In respect to FCNR Loan transferred to Term Loan, It may be noted that the Bank has clubbed all the components of facilities granted originally into one, i.e. Working Capital Loan. Original limits included FCNR Loan and Term Loan. The Bank has provided the Company with the Bank Statement to this effect confirming the overall outstanding amount. Such clubbing has been done by the Bank at its own with no prior communication to the Company., may be for the Bank's own convenience. The Company does not stand to loose anything with this clubbing

In response to Note No. 10(e) & 12, the company is covered under group gratuity scheme of LIC and the necessary payments in this regard have been paid to LIC. Employees Benefits" are accounted for as and when paid. Please note that during the year no instance of dispute has arisen in the Company. The Board now proposes to implement the AS-15 and take necessary independent advisory services for determination of necessary facts and figures.

In respect to Note No.14, it may be noted that, the Quantitative details with respect to Finished goods have

been disclosed in the Balance Sheet. As regards the quantitative details of Raw Materials, due to the numerous items being involved which are generally in the nature of small components used to make the final product or in maintenance contracts, management is of the opinion that it is not practicable to give the quantitative details. As company is also taking AMC where old installation are being used. So that, slow moving stocks are necessary for those AMC, hence not written off.

In respect to Note No.19, it may be noted that management has taken necessary steps to realize the amount due from debtors, hence no provision made for doubtful debts during the year.

It may be noted that, the individual balances of Sundry Debits and Credits are confirmed in some cases. Most of the customers of the Company are Banks, Govt. Departments / Undertakings, and similar organizations and Company has not faced any problems so far in recovering any of the dues from such customers. With regards to the Fixed Deposits, all major amounts of deposits are confirmed with underlying FD Receipts. A few deposits of small amounts, being very old and generally given as EMDs are in the process of reconciliation by the Company.

## **12. AUDITOR OBSERVATION ON CORPORATE GOVERNANCE:-**

1. The web site has been hosted and the results have been posted on the website now.
2. Adjourned Annual General Meeting is being convened now and the reports are being sent now along with this report.
3. Directors have been requested to furnish the details and is being followed up.
4. The transactional value is minimal and not substantively material in nature, however, the Accounts of the subsidiary company are being obtained.
5. The unexpected changes among the Directors made the Audit Committee meeting difficult and hence convening of the same could not be made in the requisite four months.

## **13. INDUSTRIAL RELATIONS/HUMAN RESOURCES:**

The Board desires to place on record its appreciation for the support and co-operation that the company received from suppliers, from retailers, from banks and others, associated with the Company.

The Company has always looked upon them as partners in its progress and has happily shared with them the rewards of growth. It will be the Company's endeavor



to build and nurture strong links with trade based on mutual respect and co-operation with each other.

The Directors wish to place on record their appreciation to employees at all levels, for their hard work, dedication and commitment. The enthusiasm and unstinting efforts of the employees have enable the company to remain at the forefront of the industry, despite increased competition from several existing and new players.

#### **14. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information required under Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 with respect to conservation of

energy, technology absorption and foreign exchange earnings/outgo is appended hereto and forms part of this Report under Annexure 1.

#### **15. PARTICULARS OF EMPLOYEES:**

During the year under review, none of the employees were in receipt of remuneration in excess of the limits prescribed under the Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

#### **16. ACKNOWLEDGEMENTS:**

The Directors would like to thank employees, shareholders, customers, dealers, suppliers, bankers and all other business associates for the continuous support given by them.

**For and on behalf of the Board**

Place: Hyderabad

Mr. Pradeep Chauhan

Mr. Hanuman Mal Tater

Date : 11-07-2011

Whole Time Director

Director

## ANNEXURE TO THE DIRECTORS' REPORT:

### ANNEXURE-1

#### **DISCLOSURE OF PARTICULARS IN RESPECT OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO AS PER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 AND THE RULES MADE THEREIN AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 30<sup>th</sup> SEPTEMBER, 2010.**

##### **(A) CONSERVATION OF ENERGY:**

The operations of Company are not energy intensive. However energy conservation is priority area for the Company & Company is taking various measures to make optimum use of the energy.

Various training programs were also conducted across the organization to increase the awareness for reduction in energy consumption.

##### **(B) 1. TECHNOLOGY ABSORPTION & RESEARCH AND DEVELOPMENT**

Technology absorption of your Company's products is on a continuous basis, based on the R&D efforts of your Company. Your Company makes special efforts to identify customer needs processes, etc. for developing innovative products and market the same. New technologically advanced products such as Touch Screen POSS, CPDT, Touch Screen Kiosks for the Rural Banking Sector, IVS, RS Kiosk Terminals, etc. are being offered to the ever dynamic markets.

##### **2. IMPACT OF MEASURES TAKEN**

The above measures have helped the Company in offering state-of-art technologically advanced products for transaction automation, which mainly happen in the Retail and Banking Sectors. Your Company has been able to judge the pulse of the market and been able to react very quickly by offering products, which are way ahead of its competitors. This has placed your Company in a pole point position.

##### **(C) FOREIGN EXCHANGE EARNINGS/OUTGOINGS**

Earnings in foreign currency	:	- Nil -
Expenditure in foreign Currency (Purchase of raw materials, goods, spares, Foreign travel, R&D etc.)	:	16.30 Lacs

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

Place: Hyderabad  
Date : 11-07-2011

Mr. Pradeep Chauhan  
Whole Time Director

Mr. Hanuman Mal Tater  
Director



## Annexure - A

### Management Discussions and Analysis

#### Industry overview

Retail space is witnessing tremendous growth potential world over. The hyper growth of Retail chains has thrown up many opportunities for the players in Retail Automation market. The tremendous growth pattern in the Retail segment will see a quantum jump in the opportunities for Automation which will require innovative product induction for ever growing market needs and will also generate expansion of customer support network across the geographical canvass of the country.

In Banking Automation Sector, the multifold increase in customer base for banks will see the introduction of many different innovative products. The automation needs of banks are bringing newer fields of opportunities for companies. The Banking Automation is set to witness a substantial growth by way of introduction of self service terminals, which will be deployed at transaction points, which draw large volumes of customers. The ever jumping, cost graph, for these financial institutions is pushing them to deploy unmanned terminals for various non-interactive operations. This trend will be ushering in a new window of opportunities for companies involved in providing Banking Automation Solutions. Cash still remains the most traded commodity and has substantial role to play in requiring more automation support gadgets and the growth in Cash Handling Devices is not ruled out.

Security & Surveillance presents vast opportunity not only in Retail and Banking but various other fields. For example, in Banking and Retail, most vulnerable areas are the transaction points, which need to be controlled and managed with speed and security. Ever increasing population and Terror threats have made Security , a must.

#### Company Overview

The Company is an ISO 9001-2000 Certified public limited Company engaged in the marketing, manufacture and assembly of automated solutions products for Banks and Retail Applications at large. These range from simple electronic cash registers, note counting , fake note detector , strapping and bundling machines to fully integrated front & back office, Point of Sales Systems, Closed Circuit Television Systems, solar powered devices, security and IP based surveillance systems etc. The Company has supply products to customers ranging from Banks to Corporate/Individuals. It has strong Channel Partner. The Company is the Member of International Security Industry Organization (ISIO) and keeps it abreast of the Latest Technology Electronic Security Solutions.

The Company was the FIRST to bring State-of-the-Art Technology “Samsung” Brand Electronic Cash Registers to launch Indigenous Point of Sale, ‘CASHTRON’ brand terminals to obtain RBI approved Technology Transfer for ‘CASHTRON’ brand Currency Counting Machines. The Company has developed a track record for the completion of several projects up to the satisfaction of the esteemed customers.

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However, the Company successfully implemented Integrated Electronic Security and Surveillance projects for various customers like, Vadodara City Surveillance System, IOCL Noida, Dubai Port World Container Terminal – Kochi, Kerala, Jammu Railway Surveillance, KRS Dam Surveillance Project-Mysore, Variable Messaging System-Bangalore Police etc. These projects included whole range of products and services from concept to completion. The company looks at this segment of business as a quick growth driver which should provide the company a bigger platform in the sector. Its experience through already executed projects will help it garner bigger share of market going forward. Company’s

customer are major scheduled and private Banks pan India, SBI, ICICI, HDFC, Axis Bank, IDBI Bank, UBI, PNB, BOM, Dena Bank, Syndicate Bank, Karnataka Bank, SBT, SBBJ, CESC Kolkata, Reliance Energy, Vadodara Police, IOCL, Karnataka Police, Tata –TCBIL, DP World, Bangalore Police, etc. To recover from the loss making situation, the Company has been taking several measures. It is trying to reach out to the new customer base coupled with taking cost control measures. The Company has been able to reduce the losses to some extent in the subsequent periods. The Company is watchful when it comes to the new initiatives and has the strategy in place to capture the new business segments with the available resources. The Company is very hopeful to have fair levels of growth in future.

### **Business Strategy**

Be One Stop System Integrator from Concept to Completion who blends the right mix of Price, Technology and Awareness break conventional moulds and pioneer new technologies and their applications in hereto unexplored domains open up new vistas of business, generate revenues with better yields and expand the market without encouraging too much competition look beyond conventional and geographical boundaries

Step in as one and only high end integrator of state of the art technology for security solutions through in-house R&D, Collaborations or technology absorption Follow pro-active technological evolution and add state of the art products expand the presence across the Country. Target more canters with requisite professionals, particularly in B & C Class Cities with focus on Customer Satisfaction and path breaking products and services.

### **Key Strengths of the Company**

- An Integrated Hardware & Solutions Company.
- More than 15 years in existence.
- Wide Network of over 65 Branches & Service Centres spread across India for effective Service Support.
- More than 250 qualified Technical Personnel for efficient After-Sales Support.
- In-House R&D Division manned by experienced Hardware & Software Engineers.
- Over 100,000 installations of our products ranging from Corporate to Individuals.
- ISO 9001-2000 Company – Latest Technology in Retail and Banking Automation.
- Member of International Security Industry Organization- Latest Technology Electronic Security Solutions.
- First to bring State-of-the-Art Technology “Samsung” Brand Electronic Cash Registers
- First to launch Indigenous Point of Sale terminals.
- First to bring-in RBI approved Technology Transfer for Currency Counting Machines.

### **Company’s Products and Services**

#### **1. Retail Automation Products :**

- Electronic Cash Registers
- Point Of Sale Terminals
- Digital Video Recorders and Close Circuit Televisions
- Remote Digital Surveillances
- Printers and Other Peripherals

#### **2. Bank Automation Products :**

- Currency Handling Devices
- Digital Video Recorders and Close Circuit Televisions
- Dynamic Queuing Systems

#### **3. Electronic Surveillance Solutions :**

- CCTV – Digital Video Recorders
- IP based Remote Surveillance Solutions