



Dated 12th Jan 2013 ^{enso group}

Scrip Code:30280
Script Id - ENSOSECUT

The Calcutta Stock Exchange Association Ltd
7, Lyons Range
Kolkata - 700 001

Dear Sir/Madam,

Please find enclosed herewith three copies of 21st Annual Report (2011-12), for your kind information and records.

Further we would like to inform you that our office premises have been changed to the following address.

Enso Secutrack Limited,
Flat No.121, 1st Floor, Amrutha Ville,
Raj Bhavan Road, Somajiguda,
Hyderabad-500 082

Please acknowledge the receipt.

Yours Truly,
For ENSO SECUTRACK LTD.

Authorised Signatory.

Encl: 3 copies of 21st Annual report,
Form 18 - ROC
Receipt - Fee for Form -18

The Calcutta Stock Exchange Limited	
Listing Department	
Received	
Contents not verified	
Sl. No. 149	Dated 6/2/2013
Signature	

Enso Secutrack Limited

(Formerly Tyche Peripheral Systems Limited)

No.121, 1st Floor, Amrutha Ville, Opp. Yashodha Hospital, Somajiguda, HYDERABAD - 500 082. INDIA

Ph: +91 40 23400280, 23400313, 23400359

www.enso-secutrack.com

FORM 18

[Pursuant to section 146 of the Companies Act, 1956]

Notice of situation or change of situation of registered office

Form Language

☒ English

☐ हिन्दी

Note - All fields marked in are to be mandatorily filled.

1. This form is for ☐ New company ☒ Existing company

2.(a) Form 1A reference number (Service request number (SRN) of Form 1A) or corporate identity number (CIN) of company

L72200AP1991PLC013264

(b) Global location number (GLN) of company

Pre-fill

3.(a) Name of the company

Enso Secutrack Limited

(b) Address of the registered office of the company

13-6-436/A/26 LAKSHMINAGARCOLONY
NEAR RING ROAD JUNCTION MEHDIPATNAM
HYDERABAD-500 028
A.P
Andhra Pradesh
INDIA

(c) Name of office of existing Registrar of Companies(RoC)

Registrar of Companies, Andhra Pradesh

(d) Purpose of the form

- ☒ Change within local limits of city, town or village
☐ Change outside local limits of city, town or village
☐ Change in office of RoC within same state
☐ Change in state within office of same RoC
☐ Change in state outside office of existing RoC

4. Notice is hereby given that

(a) The address of the registered office of the company with effect from

☒ 04/10/2012 (DD/MM/YYYY) is

☐ The date of incorporation of the company is

*Address Line I Flat No.121, 1st Floor, Amrutha Ville,

Line II Raj Bhavan Road, Somajiguda

* City Hyderabad

* District Hyderabad

* State Andhra Pradesh-AP

Country INDIA

* Pin code 500082

* e-mail ID sreenivas.rao@enso-secutrack.com

(b) Name of office of proposed RoC or new RoC

Registrar of Companies, Andhra Pradesh

(c) The full address of the police station under whose jurisdiction the registered office of the company is situated

* Name Panjagutta Police Station

* Address Line I Durga Nagar

Line II Panjagutta

* City Hyderabad

* State Andhra Pradesh-AP

* Pin code 500082

5.(a) SRN of Form23

(b) SRN of relevant form

(Mention the SRN of related Form 1AD, 21; if applicable)

6.(a) Date of order of company law board (CLB) or any other competent authority

(DD/MM/YYYY)

(b) Petition number

Attachments

List of attachments

1. Optional attachment(s) - if any

Attach

Extract of BR.pdf

Remove attachment

Verification

To the best of my knowledge and belief, the information given in this form and its attachments is correct and complete.

☒ I have been authorised by the Board of directors' resolution number 04 to sign and submit this form

dated 28/09/2012

(DD/MM/YYYY)

☒ I am authorised to sign and submit this form.

Managing director or director or manager or secretary of the company

* Designation

Director

* Director identification number of the director or Managing Director; or Income-tax permanent account number (income-tax PAN) of the manager; or Membership number, if applicable or income-tax PAN of the secretary (secretary of a company who is not a member of ICSI, may quote his/ her income-tax PAN)

00064368

Certificate

It is hereby certified that I have verified the above particulars (including attachment(s)) from the records of

Enso Secutrack Limited

and found them to be true and correct. I further certify that all required attachment(s) have been completely attached to this form.

- ☐ Chartered accountant (in whole-time practice) or ☐ Cost accountant (in whole-time practice) or ☒ Company secretary (in whole-time practice)

* Whether associate or fellow

☒ Associate

☐ Fellow

* Membership number or certificate of practice number

7739

Modify

Check Form

Prescribing

Submit

For office use only:

Affix filing details

eForm Service request number (SRN)

eForm filing date

(DD/MM/YYYY)

Digital signature of the authorising officer

This e-Form is hereby registered

Confirm submission

Date of signing

(DD/MM/YYYY)

OR

This eForm has been taken on file maintained by the registrar of companies through electronic mode and on the basis of statement of correctness given by the filing company.

MINISTRY OF CORPORATE AFFAIRS**RECEIPT****G.A.R.7**

RN: B60088689

Service Request Date : 19/10/2012

Payment made into : HDFC Bank

Received From :

Name : JAGANNATHAM PUTTAPARTHI
Address : 315, BHANU ENCLAVE,
ADJ TO ESI HOSPITAL,
ERRAGADDA
HYDERABAD, ANDHRA PRADESH
500038

Entity on whose behalf money is paid

CIN : L72200AP1991PLC013264
Name : Enso Secutrack Limited
Address : 13-6-436/A/26 LAKSHMINAGAR COLONY
NEAR RING ROAD JUNCTION MEHDIPATNAM
HYDERABAD-500 028
A.P, ANDHRA PRADESH, INDIA

Full Particulars of Remittance

Service Type: eFiling

Service Description	Type of Fee	Amount(Rs.)
Fee For Form18	Normal	500.00
Total		500.00

Mode of Payment: Internet Banking - HDFC Bank

Received Payment Rupees: Five Hundred only



ENSO SECUTRACK LIMITED
(FORMERLY TYCHE PERIPHERAL SYSTEMS LIMITED)



21st
ANNUAL REPORT
2011 - 2012

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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

SHAREHOLDERS' INFORMATION REGISTERED OFFICE

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

LISTING

The Calcutta Stock Exchange Association Ltd.
BSE Indonext Segment

DATE, TIME AND VENUE OF AGM

28-09-2012, 11.30 A.M.
at Hotel Riviera Grand,
Pillar No: 145, Hyderguda X Roads,
Attapur Ring Road, Hyderabad

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 Limited

Mr. Pradeep Chauhan
Whole Time Director

ENSO SECUTRACK LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 21st Annual General Meeting of the members of 'Enso Secutrack Limited' will be held on Friday, 28th September, 2012 at Hotel Riviera Grand, Pillar No: 145, Hyderguda "X" Roads, Attapur Ring Road, Hyderabad at 11.30 a.m to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet of the Company as at March 31, 2012, 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 appoint a director in place of Mr. Pradeep Chauhan, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a director in place of Mr. Hanuman Mal Tater, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint M/s. R.Kabra & Co., Chartered Accountants, as 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 the Board of directors / audit committee to fix their remuneration.

SPECIAL BUSINESS

5. To consider and if though fit, to pass with or without modification the following resolution as special resolution.

"RESOLVED THAT the Company do make intimation to the Board for Industrial and Financial Reconstruction, (BIFR) under section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985 regarding erosion of more that 50% of the net worth of the Company".

"FURTHER RESOLVED THAT the Board of Directors of the Company be and are hereby authorized to do all such acts, deeds and things that may be necessary in connection with the intimation of erosion of 50% of net worth to the BIFR".

Date: 27-08-2012

Place: Hyderabad

For and on behalf of the Board

HANUMAN MAL TATER

Director

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. 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
2. Explanatory statement pursuant to section 173(2) of The Companies Act, 1956 in respect of the Special Business is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 27th September, 2012 to 28th September, 2012 (both days inclusive) in terms of the provisions of the Companies Act, 1956 and the Listing Agreement with the stock exchanges where the shares of the Company are listed.
4. Corporate members are requested to send, a duly certified copy of the board resolution/ power of attorney authorizing their representative to attend and vote at the annual general meeting.
5. At the ensuing Meeting, Mr. Pradeep Chauhan and Mr. Hanuman Mal Tater, Director of the company retire by rotation and being eligible, offers himself for reappointment. The details pertaining to Mr. Pradeep Chauhan and Mr. Hanuman Mal Tater required to be provided pursuant to the requirements of Clause 49 of the listing agreement are furnished in a statement as annexure II forming part of this Annual Report.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item No. 5: Intimation to Board for Industrial and Financial Reconstruction (BIFR)

The Board of Directors of the Company have noted that the Company suffered losses during the accounting year 2011-2012 on account of higher doubtful debts and reduction in value of Inventory due to revaluation. These losses resulted in erosion of more than 50% of the net worth of the Company. In terms of section 23 of the Sick Industrial Companies (special Provisions) Act, 1985 the Company is a potential sick company and company has to report the facts of the erosion to the BIFR. The intimation on such potential sickness of the company to be considered by the members and to authorize the board of directors to intimate BIFR, in the prescribed Form C under the said act and hence this resolution.

None of the Directors of the Company are in any way concerned or interested in the resolution except as the members of the Company.

For and on behalf of the Board

Place: Hyderabad

Date : 27.08.2012

HANUMAN MAL TATER

Director

DIRECTORS REPORT

Your Directors take pleasure in presenting their 21st Annual Report and Audited Accounts for the Financial Year 2011-12

1. FINANCIAL HIGHLIGHTS

(Rs. in Lacs)

PARTICULARS	2011-12	2010-11
Income	763.23	2042.98
Operating Profit	(2881.87)	(101.19)
Profit after tax	(2881.87)	(101.19)

2. OVER VIEW OF PERFORMANCE DURING THE YEAR 2011-2012:

The Company could achieve a turnover of Rs. 7.63 Crores during 06 months ending 31st March, 2012 with net loss of Rs28.82 Crores when compared to turnover and net loss of Rs20.43 Crores and Rs1.01 Crores respectively during the 12 months ended 30th September, 2011.

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.

However in spite of the difficult business scenario, the company successfully implemented various projects last year i.e. MMTC Buildings CCTV, Cochin International Airport Ltd, Goa Prisons-SADA Jail Surveillance, ATM Site Security & Surveillance for Dena Bank, ATM Site CCTV for Tata-IOB Bank.

In addition to the company successfully completed the following projects:

- HPCL LPG Bottling Plant Gujarat
- ATM Site CCTV for Tata-HDFC Bank
- ATM Site CCTV for Tata-UCO Bank

Further, the following projects are under completion:

- SBI Chennai CCTV for branches

These projects included whole range of products and services from concept to completion. The Banking segment remains the comprises prime customer base and with services network after revival is proving to be a strong point in favor of company, thus enabling the company to reclaim its top position as the most preferred vender by its customer in Banking Sector. The company looks at this segment of business as a quick growth driver which should provide the company a bigger platform in the sector. To extend its domain further in Banking Segment, to cater to huge numbers of Cash Deposit counters in India in Banks and heavy cash collection segment in Retail industry, the company has introduced a new Korean manufactured model of Currency Sorters with 1+1, 1+2 & 1+3 Pockets with 99% of counterfeit detection capabilities, are being added to its range of products. New products of Home Security such as SAMS, 3G enabled Surveillance Cameras etc are added to put more emphasis on new emerging markets. To enlarge its presence company is embarking on distribution network to reach the wide spread market in B and C class Towns and Districts Its experience through already executed projects will help it to garner bigger share of market. ESL's customer are major scheduled and private Banks pan India, SBI, ICICI, IOB, HDFC, Axis Bank, IDBI Bank, UBI, PNB, BOM, UCO, 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 2011-12, 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 & Mr. Pradeep Chauhan Directors of the company, retire by rotation at the forthcoming Annual General Meeting and being eligible to be reappointed, offer themselves for re-appointment.

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.

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. 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.

10. AUDITORS' OBSERVATIONS:

Your Directors noted the observations, qualifications and noting made by the Auditors. The Company has disclosed the same in the Notes on Accounts which are self explanatory keeping in view of adverse and distressing conditions prevailing for the last three years.

11. SUBSIDIARY COMPANY: The Company has one subsidiary as on March 31, 2012. There are no material changes in the nature of business of the subsidiary company. A statement pursuant to Sec.212 of the Companies Act 1956, containing the details of the subsidiary of the company is attached to the report. The company will make available, the audited annual accounts and related detailed information of the subsidiary, the share holders upon request in accordance with the applicable law. These documents are also available for inspection at the Registered Office of the company and also at the respective subsidiary company during business hours.

12. 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 enabled the company to remain at the forefront of the industry, despite increased competition from several existing and new players.

13. 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.

14. 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.

15. INTIMATION ON BIFR

On account of higher doubtful debts and reduction in value of Inventory due to revaluation, the company has

incurred heavy losses during the accounting year 2011-2012 and resulted in erosion of more than 50% of its net worth and is potentially sick company under the Sick Industrial Companies (Special Provisions) Act, 1985.

After getting, the approval of shareholders at the ensuing Annual General Meeting, the company is also intimating to Board for Industrial and Financial reconstructions (BIFR) under Sick Industrial Companies (Special Provisions) Act, 1985 on the erosion of more than 50% of the net worth of the company.

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
Date: 27.08.2012

Mr. Pradeep Chauhan
Whole Time Director

Mr. Hanuman Mal Tater
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 31st MARCH, 2012.

(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, latest Fake Currency Authenticator Sorters, Security Alert Management Systems and 3G/GPRS based Surveillance Cameras etc. are being offered to the ever dynamic markets.

(B) 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 : 2.87 Lakhs

(Purchase of raw materials, goods, spares,
Foreign travel, R&D etc.)

For and on behalf of the Board

Place: Hyderabad
Date: 27/08/2012

Mr. Pradeep Chauhan
Whole Time Director

Mr. Hanuman Mal Tater
Director

ANNEXURE-II

The details pertaining to Mr. Rabi Paul required to be provided pursuant to the requirements of Clause 49 of the listing agreement

Particulars	Mr. Kanhaiya Lal Bothra	Mr. Rabi Paul
Date of Birth	10/01/1960	07/11/1955
Qualifications	C.A.	M.Com, L.L.B.
Experience and Expertise in Specific Function Area	Finance & Management	Finance and Management
Date of First Appointment on the Board	30/11/2009	10/05/2010
Relation with Other Director	Nil	Nil
Number of Board Meetings Attended	4	Nil
Direct Shareholding in the Company	Nil	Nil
Directorship in other Indian Public Limited Companies. (other than the Company)	Nil	BURLINGTON FINANCE LIMITED APEX ENTERPRISED (INDIA) LTD
Membership / Chairmanship of Committees in Public Limited Companies in India (Other than the Company)	Nil	2

Annexure - A

MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

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, 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.

However inspite of the difficult business scenario, the company successfully implemented various projects last year i.e. HPCL MMTC Buildings CCTV, Cochin International Airport Ltd, Goa Prisons – SADA Jail Surveillance for Dena Bank, ATM Site CCTV for Tata-IOB Bank.

In addition to the company successfully completed the following projects:

- HPCL LPG Bottling Plant Gujarat
- ATM Site CCTV for Tata-HDFC Bank
- ATM Site CCTV for Tata-UCO Bank

Further, the following projects are under completion:

- SBI Chennai

These projects included whole range of products and services from concept to completion. The Banking segment remains the comprises prime customer base and with services network after revival is proving to be a strong point in favor of company, thus enabling the company to reclaim its top position as the most preferred vender by its customer in Banking Sector. The company looks at this segment of business as a quick growth driver which should provide the company a bigger platform in the sector. To extend its domain further in Banking Segment, the company has tied up with Talaris, UK to market their latest super Fake Note Detections machines model Ntegra, to cater to huge Cash Deposit counters in India in Banking and Retail heavy cash collection segment. 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, IOB, HDFC, Axis Bank, IDBI Bank, UBI, PNB, BOM, UCO, 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.

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 canterers 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 16 years in existence.
- Wide Network of Branches & Service Centres spread across India for effective Service Support.
- More than 25 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
- Talaris Counterfeit Detection and Note Sorters.

3. ELECTRONIC SURVEILLANCE SOLUTIONS:

- CCTV – Digital Video Recorders
- IP based Remote Surveillance Solutions
- Security Alert Messaging System

QUALITY AND TECHNOLOGY

QUALITY ASSURANCE

The Company enhances customer satisfaction by Continued Improvement of the process or activities, adhering to the Quality Management System with proactive Approach, Team Work and Optimum Involvement of all Cadres in Design, Development, Manufacture, Sales and Services. The Company is an ISO 9001 accredited Company.

TECHNOLOGY STRENGTHS

The Company is an organization which keeps abreast of the latest technology. Its quest to stay ahead in the technology trends, it promotes various tie-ups with technology giants which finally gives it the technology edge.

Company's three main strengths in terms of technology can be encapsulated as :

- Availability of Latest State-of-Art Technology for all its products.
- Strong Software Team to develop in-house Customized Software Solutions for Major Corporates and Individual Customers.
- Well equipped R&D and Software Development Centre at Hyderabad with well experienced, skilled Team in Assembly Languages, Embedded Software etc.

THREATS

- Competition from unorganised sectors of the market.
- Adverse fluctuation in exchange rates which may affect the profitability/Sales.
- Government policies may effect the performance of the Company.
- Intense Price war due to undercutting practices and increase in the number of small players at the entry level, in all its products.

RISK MANAGEMENT FRAMEWORK

The Company has a Risk management framework in place, which comprises the identification of potential risk areas, evaluation of intensity, mitigation plans and procedures for the risk management and policies formulated both at the enterprise and at the operating level. The framework seeks to facilitate building a common understanding of the exposure to the various risks and uncertainties at an early stage, for timely response and their effective mitigation.

INTERNAL CONTROL

The company has adequate internal control procedures commensurate with the size and nature of its business. These business control procedures ensure efficient use and protection of the resources and also compliance with the policies, procedures and statutory requirements. The internal control systems provide for well documented guidelines, authorization and approval procedures. The Company also carries out internal audit through an external agency. The prime objective of such audit is to test the adequacy and effectiveness of all internal controls laid down by the management and to suggest improvements.

HUMAN RESOURCES

The good performance of the Company requires a disciplined, focused work culture and demands an on going effort to sustain an engaged workforce. To sustain in this challenging environment, the management values its human resources as one of its

most valuable assets and actuate their talent by providing opportunities to develop themselves. The management believes that business cannot grow without utilizing the potential of its human resources. The management is committed to provide a conducive working environment to its employees, fully utilizing their potential and enhancing their skills through cross-functional exposure, training and development, sharing of information and experiences. The management believes in maintaining cordial and harmonious relations with its employees. The company works with a key Responsibility Area based review and recognition strategy that aligns efforts, while rewarding results.

(Rs. In Lacs)

S. No	PRODUCT	VALUE	% TO TOTAL
1)	Retail Automation Products	26.43	3.49
2)	Banking Automation Products	456.35	60.31
3)	Service Income	273.87	36.20

INTERNAL CONTROL SYSTEM AND ADEQUACY

Adequate and effective internal control systems are in place. These controls are periodically reviewed and discussed for correction/implementation.

PERFORMANCE ANALYSIS OF THE COMPANY

Discussion on Financial with respect to operational performance:

(Rs. In Lacs)

S.NO	PARTICULARS	2011-12 (6 months)	2010-11 (12 months)	REMARKS
1)	Sales and Service Income	756.64	2027.29	Downturn in the business all over the world effected the Company in a significant manner. Company's customers had cut down their buying, cancelled order or they looked for alternative cheap products resulting in the reduction of revenues from sales and services drastically.
2)	Gross Margins	(-72.80%)	43.81%	Gross Margins of the company have fallen due to down fall of sales and reduction in value of Inventory.
3)	Operating Margins	(-370.94%)	1.82%	Operating Margin of the company has fallen due to down fall of sales.
4)	PAT/Net Sales	(-377.59%)	(4.95 %)	Due to down fall of sales, high operating cost, reduction in value of Inventory due to revaluation and high amount of provision of bad debt resulted in poor performance.

MATERIAL DEVELOPMENT IN HUMAN RESOURCE/INDUSTRIAL RELATIONS, INCLUDING NUMBER OF PEOPLE EMPLOYED:

S.NO	LOCATION/DEPARTMENT	ENDING OF THE YR.	BEGINNING OF THE YR.
1)	Corp Office	29	36
2)	Logistics	08	11
3)	Branches	12	220
	TOTAL	49	247

ANNEXURE-B

CORPORATE GOVERNANCE REPORT FOR THE YEAR 2011-12 (Under clause 49 of the Listing Agreement entered with Stock Exchange(s))

1. The Company's Corporate Governance Philosophy:

The Company's philosophy is to implement and set best of the practices of Corporate Governance for the good of diverse group of people, who are the stakeholders of the Company viz. Shareholders, Customers, and Employees. In this context, the Company is thriving to set consistent practices to operate the Business of the Company efficiently and effectively, so that it can achieve long term mutually profitable partnership with all its stakeholders.

2. Board of Directors:

As on 31st March, 2012, the Board of Directors of the Company comprises of a Whole time Director and three other Directors.

During the year ended 31st March 2012, 03 Meetings of the Board of Directors were held on the following dates:

11th November, 2011, 14th November, 2011 & 14th February, 2012

The names and Category of Directors on the Board, their attendance at Board meeting during the year and at the last Annual General Meeting, as also the number of Directorships and committee memberships held by them in other companies are given below:

S. No.	Name of the Directors	Category	No. of board Meeting Attended	Whether Attended Last AGM	No of Directorships held in other public companies*	No. of Committee positions hold in other public company **
1	Mr. Pradeep Chauhan	Executive and Not Independent	3	Yes	Nil	Nil
2	Mr. Hanuman Mal Tater	Non executive and Independent	3	Yes	1	2
3	Mr. Kanhaiya Lal Bothra	Non executive and Independent	3	Yes	Nil	Nil
4	Mr. Rabi Paul	Non executive and Independent	3	Yes	2	2

* Excludes Directorships in associations, Private, Foreign and Section 25 companies.

** Represents Chairmanships/ Memberships of Audit Committees and Shareholder's/ Investor's Grievance Committees.

3. Committee of the Board:

(i) Audit Committee:

The Terms of reference to Audit Committee in accordance under 292A of Company Act 1956 read write Clause 49 of Company Act. Terms of reference of the audit committee inter alia includes, compliance to establish, practices, mandatory requirements; ensure that Financial Statements reflect a true and fair view, recommend operating improvements; discussion with statutory and internal auditors; etc.

During the year ended 31st March, 2012, two meetings of the Audit Committee were held on 14th November, 2011 and 14th February, 2012.

Composition of Audit Committee and the details of meeting attended by the directors are given below:

S.No.	Name of the Director	Category	No. of Committee Meetings Attended
1.	Mr. Kanhaiya Lal Bothra	Non executive and Independent	2
2.	Mr. Pradeep Chauhan	Executive and Non Independent	2
3	Mr. Rabi Paul	Non executive and Independent	2

(ii) Investors grievances Committee:

The Committee constitutes of Mr. Hanuman Mal Tater, Mr. Rabi Paul, & Mr. Pradeep Chauhan as members. During the year ended 31st March, 2012 two meetings of the Investors Grievances Committee, were held on 14th November, 2011 and 14th February, 2012.

Composition of Investor grievances Committee and the details of meeting attended by the directors are given below:

S.No.	Name of the Director	Category	No. of Committee Meetings Attended
1.	Mr. Pradeep Chauhan	Executive and Non Independent	2
2.	Mr. Rabi Paul	Non executive and Independent	2
3	Mr. Hanuman Mal Tater	Non executive and Independent	2

The Company attended to the investors' grievances / correspondences, expeditiously.
Details of Investor Grievances for the period 01.10.2011 to 31.03.2012

S.No.	Description	Received	Resolved	Pending
1	Not-receipt of dividend	-	-	Nil
2	Not-receipt of shares certificates sent for transfer etc.	-	-	1
3	Not-receipt of annual reports, right forms, bonus shares / interest on delayed receipt of refund order.	-	-	Nil

To redress investor grievances, the Company has a dedicated email id, investor@enso-secutrack.com to which investors may send complaints.

(iii) Share Transfer Committee:

The Committee constitutes of Mr. Hanuman Mal Tater, & Mr. Pradeep Chauhan as members. During the year ended 31st March, 2012, Twelve meetings of the Share Transfer Committee, were held on 15th October'2011, 30th October'2011, 15th November'2011, 30th November'2011, 15th December'2011, 31st December'2011, 15th January'2012, 31st January'2012, 15th February'2012, 28th February'2012, 15th March'2012, 31st March'2012.

Sr.No.	Name of the Director	Category	No. of Committee Meetings attended
1.	Mr. Pradeep Chauhan	Executive and Non Independent	12
2	Mr. Hanuman Mal Tater	Non executive and Independent	12

4. General Body Meetings:

The last three Annual General Meetings were held as per details given below:

S.No.	Year	Day	Date	Time	Location
1	2008-2009*	Thursday	31/12/2009	11.30 A.M	Hyderabad
2	2009-2010*	Friday	31/12/2010	10.00 A.M	Hyderabad
3	2010-2011	Saturday	31/12/2011	10.30 A.M	Hyderabad

* Annual General Meeting for the year 2009 and 2010 we held on 31/12/2009 and 31/12/2010 respectively and were adjourned sine die. Both the Adjourned Annual General Meetings were held on 29.09.2011.

Special Resolutions passed at the Annual General Meetings:

1. No special resolution was passed in the 20th Adjourned Annual General Meeting held on 31st December, 2011.
2. No special resolution was passed in the 19th Adjourned Annual General Meeting held on 31st December, 2010
3. No special resolution was passed in the 18th Adjourned Annual General Meeting held on 31st December, 2009

4. Disclosure:

a. The Board has received disclosures from key managerial personnel relating to material, financial and commercial transactions where they and / or their relatives have personal interest. There are no materially related party transactions which have potential conflict with the interest of the Company at large. Disclosures on transactions with related party as required under Accounting Standard have been made in Notes on Accounts forming part of Statement of Accounts.

b. Company circulated code of conduct among Board members and senior management personnel. Text of the Code of Conduct is posted on Company's website of the company.

c. Compliance by the Company: During the year, the Company complied with the requirements of Stock Exchanges, SEBI and other Statutory Authorities. No penalties or strictures have been imposed on the Company by Stock Exchanges, or SEBI or any other related Statutory Authorities. However, the company's shares stand suspended for trading.

5. Means of Communication:

a. The quarterly results are announced in the Financial Chronicle (All India), Andhra Prabha (Hyderabad Edn.). The information of quarterly results is sent to Stock Exchanges.

b. The Management Discussions and Analysis Report forms part of the Annual Report.

6. Share Holders information:

I. Annual General Meeting:

Date	:	28.09.2012
Time	:	11.30 A.M
Venue	:	Hotel Rivera Grand, Pillar No: 145, Hyderguda "X" Roads, Attapur Ring Road, Hyderabad

II. List of stock exchanges where the shares of the company are listed along with their addresses:

Sr.No	Name and Address of the Stock Exchange
1.	Calcutta Stock Exchange Association Ltd 7, Lyons Range, Kolkata -700 001
2.	BSE Indonext Segment (allowed for trading) Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 001

However, as on date BSE has suspended the trading in the shares of the company and directors are making efforts for revocation of suspension on the securities of the company.

III. Market Price Data for Shares

The Company has been listed in Bombay Stock Exchange (BSE). The details of which are as under:

Scrip Code	:	532984
ISIN	:	INE969A01018
Group	:	S (DIRECT LISTING)
Scrip ID on BOLT System	:	ENSOSECUT
Abbreviated name on BOLT System	:	ENSO SECUT

IV. Share Prices during the financial year 2011-2012

Since the trading of the shares of the company has been suspended, the data is not available for the financial period starting from 1st October, 2011 to 31st March, 2012.

V. Share Transfer System:

The Share Transfer Committee holds a meeting every fortnight to consider all matters concerning transfer and transmission of shares. The Company's shares of the Company are compulsorily traded in Demat Mode. The shares received for transfer in physical mode by the Company are transferred expeditiously and thereafter option letter is sent to the transferee(s) for dematerialization of his / her shares. Confirmation in respect of the request for dematerialization is sent to the respective depositories. In case the transferee(s) does / do not opt for dematerialization of the shareholding, the transfer is completed in the physical mode and the share certificates duly transferred are sent to the transferee(s).

The Company's shares are available for trading in the depository systems of the National Securities Depository Ltd., (NSDL) and the Central Depository Services (India) Ltd. (CDSL). The Shareholders can hold our shares with any of the Depository participants registered with these depositories.

VI. Shareholding Pattern as on 31-03-2012:

Sr.No	Category	No of Shares	%
1)	Promoters	966414	8.660
2)	Mutual Funds	-	-
3)	Banks & Financial Institutions	-	-
4)	Foreign Institutions Investors	-	-
5)	Bodies Corporate	2685726	24.06
6)	Indian Public	7298212	65.39
7)	NRIs/OCBs	109002	0.980
8)	Others (Clearing Members)	101744	0.910
TOTAL		11161098	100

VII Distribution of Shareholding as on 31-03-2012:

Nominal Value From	Shareholders		Share Amount	
	Nos	%	In Rs.	%
Up to - 5,000	6195	86.46	8886840	7.96
5,001 - 10,000	373	5.21	3195720	2.86
10,001 - 20,000	245	3.42	3992990	3.58
20,001 - 30,000	87	1.21	2233340	2.00
30,001 - 40,000	48	0.67	1751020	2.00
40,001 - 50,000	50	0.70	2383450	2.14
50,001 - 100,000	66	0.92	5050420	4.53
100,001 & above	101	1.41	84117200	75.37
TOTAL	7165	100	111610980	100

VIII Address for Correspondence:

The Shareholders may address their communications/ suggestions / grievances / queries to:

Mr. Pradeep Chauhan
13-6-436/A/26, Lakshmi Nagar Colony,
Mehdipatnam, Hyderabad – 500 028
Tel. No.040 – 2352 5436 / 2352 5437,
Email Address: investor@enso-secutrack.com

Registrar and Transfer Agent

M/s. XL Softech Systems Limited,
3, Sagar Society, Road No.2,
Banjara Hills, Hyderabad – 500 034
Tel. No.040 – 2354 5912 - 15,
Email Address: xlfield@rediffmail.com

DECLARATION BY CHIEF OPERATING OFFICER (COO)

I, Pradeep Chauhan Whole Time Director of Enso Secutrack Limited, hereby declare that all the board members and senior managerial personnel have affirmed for the year ended 31st March 2012 compliance with the code of conduct of the company laid down for them.

Place: Hyderabad
Date: 27.08.2012

Sd/-
Mr.Pradeep Chauhan
Wholetime Director

**CERTIFICATE BY CHIEF OPERATING OFFICER (COO) AND
CHIEF FINANCIAL OFFICER (CFO)**

We, Pradeep Chauhan Whole Time Director and Mr. Hanuman Mal Tater, Director (Finance) of Enso Secutrack Limited, certify;

1. That we have reviewed the financial statements and the cash flow statement for the year ended 31st March 2012 and that to the best of our knowledge and belief;
 - i. These statements do not contain any materially untrue statement nor omit any material fact nor contain statements that might be misleading, and
 - ii. These statements present a true and fair view of the company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
2. That there are, to the best of our knowledge and belief, no transactions entered into by the company during the year, which are fraudulent, illegal or violative of the company's code of conduct;
3. That we accept responsibility for establishing and maintaining internal controls, we have evaluated the effectiveness of the internal control systems of the company and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps that we have taken or propose to take to rectify the identified deficiencies and
4. That we have informed the auditors and the audit committee of;
 - i. Significant changes in internal control during the year;
 - ii. Significant changes in accounting policies during the year and that the same have been disclosed in the notes of the financial statements; and
 - iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system.

Place: Hyderabad
Date: 27-08-2012

Sd/-
Mr. Pradeep Chauhan
Whole Time Director

Sd/-
Mr. Hanuman Mal Tater
Director

AUDITOR'S REPORT

To,
The Members of Enso Secutrack Limited,

We have audited the attached Balance Sheet of Enso Secutrack Limited as at 31st March 2012, the Profit & Loss Account and the Cash Flow Statement for the Six Months ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from any material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes, assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditors' Report) Order, 2003 and the Companies (Auditors' Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in Paragraphs 4 & 5 of the said Order to the extent applicable.

Further to our comments in the annexure referred to above, we report that:

- a) We have obtained all the information and explanations, which, to the best of our knowledge and belief, were necessary for the purpose 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 such books;
- c) The Balance Sheet, the Profit & Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account of the Company;
- d) In our opinion, **subject to the following non compliances the impact of which is not quantifiable except wherever stated**, the Balance Sheet, the Profit & Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956

Reference	Particulars
Note No. 2(b) of Significant Accounting Policies	Recognition of Annual Maintenance Charges as and when the invoices are raised irrespective of whether the service is provided partly in current year or next year and thus non compliance of Accounting Standard - 9.
Note No. 2(d) of Significant Accounting Policies	Recognition of interest on fixed deposits on receipt basis thus non compliance of Accounting Standard - 9.
Note No. 2(e) of Significant Accounting Policies	Non - Provision of Interest on FCCB and Interest on Borrowing from State Bank of India (NPA) thus non compliance of Accounting Standard - 9.
Note No. 28 (b)	Non provision of foreign exchange loss (net) of Rs. 14,37,00,400/- and thus non compliance of Accounting Standard - 11.
Note No. 23.1	Non provision of leave salary as per actuarial valuation and provision of gratuity done is not in accordance with actuarial valuation and thus non compliance of Accounting Standard - 15.

e) Based on the representations and declarations made by the directors and taken on record by the Board and according to the information and explanation given to us, none of the director is prima facie disqualified from being appointed as director in terms of section 274(1)(g) of the Companies Act, 1956;

f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts **subject to the following non compliances, the impact of which is not quantifiable except wherever stated** and read together with the other notes thereon

Reference	Particulars
Note No. 2(b) of Significant Accounting Policies	Recognition of Annual Maintenance Charges as and when the invoices are raised irrespective of whether the service is provided partly in current year or next year and thus non compliance of Accounting Standard - 9.
Note No. 2(d) of Significant Accounting Policies	Recognition of interest on fixed deposits on receipt basis thus non compliance of Accounting Standard - 9.
Note No. 2(e) of Significant Accounting Policies	Non - Provision of Interest on FCCB and Interest on Borrowing from State Bank of India (NPA) thus non compliance of Accounting Standard - 9.
Note No. 28 (b)	Non provision of foreign exchange loss (net) of Rs. 14,37,00,400/- and thus non compliance of Accounting Standard - 11.
Note No. 30(a)	Non-payment of TDS liability of Rs 1,54,55,615/- and interest and penalty thereof are unascertained.
Note No. 30(b)	Non-payment of Provident Fund Liability to the extent of Rs 12,14,752/- towards Employers Contribution and Rs. 21,341/- towards Employees Contribution and interest and penalty thereof are unascertained.
Note No. 30(c)	Non-payment of Employee State Insurance Liability to the extent of Rs 13,34,848/- towards Employers Contribution and Rs. 4,93,723/- towards Employees Contribution and interest and penalty thereof are unascertained.
Note No. 30(d)	Non-payment of Professional Tax to the extent of Rs 1,33,550/- on employees salary and on directors salary and interest and penalty thereof are unascertained.
Note No. 23.1	Non provision of leave salary as per actuarial valuation and provision of gratuity done is not in accordance with actuarial valuation and thus non compliance of Accounting Standard - 15.
Note No. 32	Non confirmation of debit/ credit balances of debtors/ creditors/ advances and Fixed Deposit with various banks in India (except those with ICICI Bank for Margin Money).

give the information required by the Companies Act, 1956, in the manner so required and present a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the Balance Sheet, of the state of affairs of the Company as on 31st March 2012.
- in the case of the Profit & Loss Account, of the loss for the six months ended on that date; and
- in the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

Date: 27.08.2012
Camp: Hyderabad

For R. KABRA & CO.
Chartered Accountants
FRN: 104502W

Sanjay Surana
Partner
Membership No. 046568

ANNEXURE REFERRED TO IN OF AUDITORS' REPORT OF EVEN DATE ON THE ACCOUNTS FOR THE PERIOD ENDED 31st MARCH, 2012 OF ENSO SECUTRACK LIMITED

On the basis of such checks as we considered appropriate and in terms of the information and explanation given to us, we state that:-

- i)
 - a. **The fixed assets register of the Company is under updation.** As explained to us, the company has generally maintained records showing full particulars including quantitative details and situation of fixed assets, **however, the same needs to be fully reconciled pending updation of records.**
 - b. As explained to us, fixed assets are physically verified by the management in accordance with the phased verification programme, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its fixed assets. To the best of our knowledge, **the material discrepancies, if any, on such verification cannot be ascertained in view of pending updation of the fixed asset register and reconciliation of records.**
 - c. The Company has not disposed off substantial part of its fixed assets so as to affect its status of going concern.
- ii)
 - a. As explained to us, the inventories have been physically verified during the period by the management at reasonable intervals.
 - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c. In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory and there were no material discrepancies noticed on physical verification. **However the same needs to be strengthened at some branches**
- iii)
 - a. As per the information and explanation given to us and the records produced before us for our verification, the company has not granted loans either secured or unsecured, except business advance to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 and therefore clause 3b, 3c and 3d are not applicable.
 - e. As per the information and explanation given to us and the records produced before us for our verification, the company has taken loans and advances, secured or unsecured, from companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act, 1956. The number of such parties is six. The maximum balance outstanding during the Six months is Rs.717.71 lacs and the closing balance as on the year end is Rs.714.21 lacs.
 - f. The loans taken are interest free and other terms & conditions are prima facie not prejudicial to the interest of the company.
 - g. The loans taken are payable on demand basis and therefore the question of irregularity does not arise.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, purchase of fixed assets and sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls. **However the same needs to be strengthened at some branches.**
- v)
 - a. According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.

- b. As explained to us, transaction made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit from public and therefore the question of complying with the directives issued by the Reserve Bank of India and the question of complying with the provisions of sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 does not arise at all.
- vii) In our opinion, the Company has an internal audit system commensurate with the size of the company and the nature of its business, **however, the scope of the same further needs to be strengthened.**
- viii) As explained to us by the management, the maintenance of cost records has not been prescribed by the central government and therefore the question of maintaining accounts and records as required under the section 209(1)(d) of the Companies Act, 1956 does not arise at all.
- ix) According to the information and explanations given to us, the Company has either **delayed in depositing or in some cases is not depositing** with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty etc.

The arrears of outstanding statutory dues as at 31st March 2012 for a period of more than 6 months from the date they became payable are as under:

- a) The Provident Fund Liability as per the provisions of the Employees Provident Fund and Miscellaneous Provisions Act, 1952 is outstanding of Rs 8,16,007/- towards the Employers Contribution.
- b) The Employees State Insurance Liability as per Employee State Insurance Corporation Act is outstanding of Rs 10,43,210/- towards the Employers Contribution and Rs 3,85,340/- towards the Employees Contribution.
- c) The Professional Tax liability is outstanding of Rs 1,28,760/- on Employees Salary.
- d) The TDS liability of Rs. 1,47,25,256/-, Self Assessment Income Tax of Rs. 99,40,969/- pertaining to assessment year 2008-09 and Self Assessment Fringe Benefit Tax of Rs. 51,105/- pertaining to assessment year 2008-09 and Rs. 7,72,333/- pertaining to assessment year 2009-10, aggregating to Rs. 1,07,64,407/-.

According to the information and explanations given to us, details of statutory dues which have not been deposited as on 31st March 2012 on account of any dispute are given below:

Particulars	Year to which the matter pertains	Forum where matter is pending	Amount (Rs. in lacs)
Sales Tax	A.Y 2004-05	DC Appeal-II, Ernakulam	6.53
Sales Tax	A.Y. 2007-08	DC Appeal-II, Ernakulam	6.52
Service Tax	A.Y. 2009-10	Customs, Excise & Service Tax Appellate Tribuna	23.85
Income Tax	A.Y. 2008-09	Income Tax Appellate Tribunal, Hyderabad.	1710.35

x) **The accumulated losses of the company as on 31 March 2012 are more than 50% of the net worth of the company.** The company has also incurred cash losses during the six months covered by our audit and also in the immediately preceding financial year.

xi) According to the information and explanations given to us, the **Company has defaulted in repayment of dues to following banks/ financial institutions:**

Bank/ Financial Institution	Nature of Loan	Period of Default (in years)	Amount (in Rs.)
Industrial Development Bank of India	Working Capital Loan	One	5,44,12,939
State Bank of India	Working Capital Loan	Three	10,65,99,967

xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities and therefore question of maintaining adequate documents and records thereof does not arise.

xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society and therefore clause (xiii) a,b,c & d of the order is not applicable.

xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments and therefore clause (xiv) of the order is not applicable.

xv) According to the information and explanation given to us, the company has not given any guarantee for loan taken by others from bank or financial institution and therefore this clause is not applicable

xvi) According to the information and explanations given to us and on an overall examination of the Balance Sheet and Cash Flow of the Company we understand that the term loans were applied for the purpose for which they were obtained.

xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet and Cash Flow of the Company we understand that the funds raised on short term basis have not been used for long term investment purpose.

xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956 and therefore clause (xviii) of the order is not applicable.

xix) The Company has not issued any debentures during the period and therefore the question of creating any security/ charge does not arise at all.

xx) The Company has not raised any money by public issue during the period and therefore this clause is not applicable.

xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit and therefore this clause is not applicable

For R. KABRA & CO.
Chartered Accountants
FRN: 104502W

Date: 27.08.2012
Camp: Hyderabad

Sanjay Surana
Partner
Membership No. 046568

ENSO SECUTRACK LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2012

PARTICULARS	SCHEDULE NO	AS AT 31.03.2012 Rs.	AS AT 30.09.2011 Rs.
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	1	111,610,980	111,610,980
Reserves and Surplus	2	(123,524,358)	164,662,742
Total (A)		(11,913,378)	276,273,722
Share Application Money Pending Allotment			
Non-Current Liabilities			
Long Term Borrowings	3	572,621,752	575,867,897
Total (B)		572,621,752	575,867,897
Current Liabilities			
Short Term Borrowings	4	150,815,157	156,815,158
Trade Payables	5	56,482,623	54,957,118
Other Current Liabilities	6	91,473,019	72,815,960
Short Term Provisions	7	10,764,407	14,444,407
Total (C)		309,535,206	299,032,643
TOTAL (A+B+C)		870,243,581	1,151,174,262
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	8	32,764,954	34,711,430
Intangible Assets	8	-	-
Capital Work-in-Progress	8	-	-
Intangible Assets under Development	8	-	-
Non-Current Investments	9	465,808,480	465,808,480
Deferred Tax Asset	10	248,247	248,247
Long Term Loans and Advances	11	248,866,537	247,955,944
Total (A)		747,688,217	748,724,101
Current Assets			
Current Investments		-	-
Inventories	12	35,857,806	129,324,940
Trade Receivables	13	48,630,598	235,889,099
Cash and Bank Balances	14	18,980,554	20,370,062
Short Term Loans and Advances	15	18,117,464	16,190,897
Other Current Assets	16	968,941	675,162
Total (B)		122,555,363	402,450,160
TOTAL (A+B)		870,243,581	1,151,174,262
Contingent Liabilities	38		
Significant Accounting Policies	1 to 39		
Notes on Financial Statements			

for and on behalf of the Board

As per our report attested
for R KABRA & CO
Chartered Accountants
FRN NO.104502W

Sanjay Surana
Partner
M NO. 046568

CAMP: Hyderabad
DATE: 27.08.2012

Mr Pradeep Chauhan
Whole Time Director

Mr Hanuman Mal Tater
Director

PLACE: Hyderabad
DATE: 27.08.2012

STATEMENT OF PROFIT AND LOSS FOR THE SIX MONTHS ENDED 31ST MARCH, 2012

PARTICULARS	SCHEDULE NO	Six Months ended 31st March 2012 Rs.	YEARENDED 30th Sept 2011 Rs.
<u>INCOME</u>			
Revenue from Operations	17	75,664,361	202,729,335
Other Income	18	658,765	1,569,069
Total Revenue		76,323,126	204,298,404
<u>EXPENDITURE:</u>			
Purchases of Stock-in-Trade	19	37,280,573	126,208,815
Changes in Inventories of Finished Goods, Stock-in-Process and Stock-in-Trade	20	93,467,135	(12,302,338)
Employee Benefits Expense	21	19,081,485	48,977,589
Finance Costs	22	6,195,083	10,290,457
Depreciation and Amortisation Expense	23	1,980,887	5,085,468
Other Expenses	24	15,572,813	36,157,337
Total Expenses		173,577,975	214,417,328
Profit Before Tax and Exceptional Items		(97,254,849)	(10,118,924)
<u>Exceptional Items</u>			
Provision for Doubtful Debts		(190,932,250)	-
Profit Before Tax		(288,187,100)	(10,118,924)
<u>Tax Expenses</u>			
Current Tax		-	-
Deferred Tax		-	-
Tax Expense for Earlier Years		-	-
Profit for the year		(288,187,100)	(10,118,924)
Earnings per equity share of face value of Rs. 10 each Basic and Diluted (in Rs.)	36	(25.82)	(0.91)
Significant Accounting Policies			
Notes on Financial Statements	1 to 39		

As per our report attached
for R KABRA & CO
Chartered Accountants
FRN NO.104502W

for and on behalf of the Board

Sanjay Surana
Partner
M NO. 046568

Mr Pradeep Chauhan
Whole Time Director

Mr Hanuman Mal Tater
Director

CAMP: Hyderabad
DATE: 27.08.2012

PLACE: Hyderabad
DATE: 27.08.2012

Cash Flow Statement For The Six Months Ended 31st March 2012

PARTICULARS	2011 - 2012	2010 - 2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	(288,187,100)	(10,118,924)
Adjustments for:		
Depreciation	1,980,887	5,085,468
Provision for Doubtful Debts	190,932,250	-
Interest & Finance Charges	6,195,083	10,290,457
Interest Income	(528,390)	(330,414)
Operating Profit before Working Capital Changes	(89,607,270)	4,926,587
Adjustments for:		
Decrease/(Increase) in Trade Receivables	(3,673,748)	2,533,619
Decrease/(Increase) in Inventories	93,467,135	(12,302,338)
Decrease/(Increase) in Long Term Loans & Advances	(910,593)	1,197,293
Decrease/(Increase) in Short Term Loans & Advances	(3,207,626)	(370,615)
Decrease/(Increase) in Other Current Assets	(293,779)	(54,418)
Increase/(Decrease) in Trade Payables	1,525,505	(277,056)
Increase/(Decrease) in Other Current Liabilities	18,657,059	2,900,218
Cash generated from operations	15,956,682	(1,446,710)
Income Tax paid	(2,398,940)	(3,250,994)
Net Cash flow from Operating activities	13,557,743	(4,697,704)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(34,410)	(196,964)
Refund of Share Application Money	-	3,293,600
Interest Income	528,390	330,414
Net Cash used in Investing activities	493,980	3,427,050
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds/ (Repayment) of Long term Borrowings	(3,246,145)	4,586,243
Proceeds/ (Repayment) of Short term Borrowings	(6,000,001)	(9,619,788)
Interest paid	(6,195,083)	(10,290,457)
Net Cash used in financing activities	(15,441,229)	(15,324,002)
Net increase in cash & Cash Equivalents	(1,389,506)	(16,594,656)
Cash and Cash equivalents as at 01.10.2011	20,370,061	36,964,717
Cash and Cash equivalents as at 31.03.2012	18,980,556	20,370,061
D. Cash & Cash Equivalents		
Balance with Scheduled Banks	2,525,078	4,662,156
Balance with Foreign Banks	1,148,752	1,351,765
Cash on Hand	1,301,759	1,398,734
<u>Fixed Deposits with banks</u>		
Margin Money	4,075,606	2,777,605
Others	9,929,361	10,179,803
Cash & Cash equivalents as stated	18,980,556	20,370,063

As per our report attached
for R KABRA & CO
Chartered Accountants
FRN NO.104502W

for and on behalf of the Board

Sanjay Surana
Partner
M NO. 046568

Mr Pradeep Chauhan
Whole Time Director

Mr Hanuman Mal Tater
Director

CAMP: Hyderabad
DATE: 27.08.2012

PLACE: Hyderabad
DATE: 27.08.2012

A. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

The financial statements are prepared and presented under the historical cost convention, on accrual basis of accounting, in accordance with the accounting principles generally accepted in India and comply with the applicable mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. Except where otherwise stated, the accounting principles have been consistently applied.

2. Revenue Recognition

- a. Revenue from the sale of goods is recognized upon passage of title to the customers, which generally coincides with the delivery of the goods.
- b. Annual Maintenance Charges are accounted as and when the invoices are raised irrespective of whether the service is provided partly in current year or next year, which is not in accordance with Accounting Standard – 9 “Revenue Recognition”.
- c. Turnover is excluding Sales Tax and Duties.
- d. Interest on Fixed Deposits is accounted for on receipt basis, which is not in accordance with Accounting Standard – 9 “Revenue Recognition”.
- e. Non - provision of Interest on FCCB and Interest on Borrowings from State Bank of India (NPA Account) due to Financial crunch and negotiations of waiver of Interest with lenders, which is not in accordance with Accounting Standard – 9 “Revenue Recognition”.

3. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognized in the period in which the results are known/ materialized.

4. Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation. The cost of an asset comprises of its purchase price and any directly attributable costs of bringing the asset to its working condition for its intended use.

5. Depreciation

Depreciation on all fixed assets is provided on written down value method at the rates prescribed under Schedule XIV to the Companies Act, 1956.

6. Investment

The Investments are carried at cost and necessary provision for erosion is made if called for. The provision for diminution in the value of long term investment is made only if such a decline is other than temporary in nature.

7. Inventories

The company values its Inventory at lower of cost or net realisable value, after providing for obsolescences and damages, which is in accordance with Accounting Standard 2 - "Valuation of Inventories".

8. Retirement Benefits

i) Defined Contribution Plan

The company contributes to Government Provident Fund Scheme. The Company's contribution paid/ payable under the scheme is recognized as an expense in the profit and loss account during the period in which the employee renders the related service.

ii) Defined Benefit Plan

a) The Company has created a Trust and has taken a Group Gratuity Life Assurance Policy with Life Insurance Corporation of India for future payments of gratuity to employees and yearly contribution based on the said policy is charged to the Profit and Loss Account. This is not in accordance with the Accounting Standard – 15 “Employee Benefits” issued by the Institute of Chartered Accountant of India, which requires provision based on actuarial valuation.

b) The Company neither makes the provision for Leave Salary nor actuarial valuation is taken, which is not in accordance with the Accounting Standard – 15 “Employee Benefits” issued by the Institute of Chartered Accountant of India.

9. Accounting for Taxes on Income

- a) Tax expenses comprise of current tax and deferred tax.
- b) Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of Income Tax Act, 1961.
- c) Deferred tax reflects the impact of current year timing differences between book profit and taxable income for the year and reversal of timing differences of earlier years.

The deferred tax for timing differences between the book profit and taxable income for the year is accounted for using the tax rates and laws that have been substantially enacted as of the Balance Sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the company has carry forward unabsorbed depreciation and tax losses, deferred tax assets are recognized only to the extent there is virtual certainty supported by convincing evidence that sufficient taxable income will be available against which such deferred tax asset can be realized.

10. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

11. Accounting For Leases

Company has given Digital Video Recorder on Operating Lease to branches of SBI. Lease income is recognized in Profit & Loss Account as per the lease agreement.

12. Foreign Exchange Fluctuations

- a) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of transaction.
- b) Monetary items denominated in foreign currencies at the year end are translated at the year end rate, except otherwise disclosed in other notes.
- c) The differences in translation of monetary items and realized gains and losses on foreign exchange transactions are recognized as income or expenditure in the Profit and Loss Account for the relevant year, except otherwise disclosed in other notes.

13. Impairment of Assets (AS-28)

Factors giving rise any indication of any impairment of the carrying amount of the Company's assets are appraised at each Balance Sheet date to determine and provide/revert an impairment loss following accounting standard AS-28 for impairment of assets.

An Asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. The recoverable amount is the higher of the asset's value in use and its net selling price. Value in use is computed at net present value of cash flow expected over the balance useful life of the assets. An impairment loss is recognized as an expenditure in the Profit and Loss Account in the year in which the asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been an improvement in recoverable amount.

14. Earning Per Share

Basic earning per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earning per shares, the net profit or loss for the year attributable to equity shareholders and the average weighted number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

15. Research and Development

Revenue expenditure on research and development is charged as an expense in the year in which they are incurred. Capital expenditure is shown as addition to fixed assets.

16. Cash Flow Statement

The Cash Flow Statement is prepared by the indirect method set out in the Accounting Standard -3 "Cash Flow Statement" and presents the cash flow by Operating, Investing and Financing activities of the Company. Cash and Cash equivalents presented in the Cash Flow Statement consist of Cash on Hand and demand deposits with Banks.

Notes on Financial Statements for the year ended 31st March, 2012

SHARE CAPITAL

	As at 31st March, 2012	As at 30th September, 2011
Authorised Share Capital:		
5,00,00,000 (Previous Year 5,00,00,000) Equity share of Rs 10 each fully paid up	500,000,000	500,000,000
	<u>500,000,000</u>	<u>500,000,000</u>
Issued, Subscribed and Paid Up:		
1,11,61,098 (Previous Year 1,11,61,098) Equity share of Rs 10 each fully paid up	111,610,980	111,610,980
TOTAL	<u>111,610,980</u>	<u>111,610,980</u>

1.1 The details of Shareholders holding more than 5% shares:

Name of the Shareholder	As at 31st March, 2012 No. of Shares	% held	As at 30th Sep, 2011 No. of Shares	% held
Manju Gupta	15,27,973	13.69	1,527,973	13.69
TOTAL	15,27,973	13.69	1,527,973	13.69

1.2 The reconciliation of the number of shares outstanding is set out below:

Particulars	As at 31st March, 2012 No. of Shares	As at 30th September, 2011 No. of Shares
Equity Shares at the beginning of the year	11,161,098	11,161,098
Add: Shares Issued During the year	-	-
Less: Buy Back of Shares in the year	-	-
Equity Shares at the end of the year	11,161,098	11,161,098

1.3 The company has one class of Equity Shares having par value of Rs. 10 per equity share. Each share holder is eligible for one vote per equity share held. In event of liquidation the equity share holders are eligible to receive the remaining assets of the company after distribution of preferential amounts, in proportion to their holding.

1.4 As per FCCB agreement, the holder of each Bond that has not been redeemed or repurchased earlier shall have the right Conversion Right) to convert such Bond into Shares of the Company on 9th April 2013. If such Bond has been called for redemption by the Company Prior to the Maturity Date, the Conversion Period for that Bond ends at the close of business.

2. RESERVES & SURPLUS

Particulars	As at 31st March, 2012	As at 30th September 2011
Capital Reserve		
As per last Balance Sheet	230,600,000	230,600,000
Securities Premium Reserve		
As per last Balance Sheet	36,356,752	36,356,752
Profit & Loss Account		
As per last Balance Sheet	(102,294,010)	(92,175,086)
Add: Profit/ (Loss) for the year	(288,187,100)	(10,118,924)
Closing Balance	(390,481,110)	(102,294,010)
TOTAL	<u>(123,524,358)</u>	<u>164,662,742</u>

3. LONG TERM BORROWINGS

	<u>As at</u> <u>31st March, 2012</u>	<u>As at</u> <u>30th September, 2011</u>
A) Secured		
(a) Term Loans		
<u>From Banks (Rupee)</u>		
ICICI Bank	2,600,411	2,605,056
(Term loan from ICICI Bank Limited is taken for purchase of office premises at Chennai. The said loan is secured by a charge/ mortgage of the respective premises with ICICI Bank Limited.)		
(Repayable by way of a monthly installments up to July 2035 and has a floating rate of Interest)		
TOTAL (A)	<u>2,600,411</u>	<u>2,605,056</u>
<u>Maturity Profile of Term Loan is as Under</u>		
Within One year	10,524	10,524
From Second year to Fifth Year	88,360	88,360
After 5 Years	2,512,051	2,516,696
B) Unsecured		
(a) Sales Tax Deferment	1,802,304	1,802,304
The Company is entitled for Sales Tax Deferment as per the eligibility certificate file bearing no 10/2/6/0942 dated 09 July 1996 for 0 years subject to fixed eligible amount of Rs. 57,43,500/- between 16.05.1996 to 08.10.2005. As per the said scheme the amount payable up to 31 March 2012 was Rs. 56,92,538/-. Out of the said Rs. 56, 92,538 the company has paid Rs. 39,41,196/- up to September 2011. The balance amount of Rs. 17,51,342/- which was payable up to 31 March 2012 is still outstanding on which interest at the rate of 21.5% to be paid as per the assessment order dated 15 March 2002. A sum of Rs. 50,960/- is due for repayment in March 2013, aggregating to Rs. 18,02,304/-		
(b) Foreign Currency Convertible Bonds (USD 12 million)	494,071,800	494,071,800
a) The FCCB of USD 12 million was issued in the month of May 2008. As per the terms and conditions of the agreement it will be converted @ Rs. 90 per share after a period of 5 years from the date of issue.		
b) As per terms and conditions of the FCCB, the company has to pay interest @ 3 percent per annum (semi annually in arrears) to the FCCB holders. The company has debited the interest payable to FCCB holders till 30 September 2010, henceforth the company has not provided interest on FCCB up to 31st March 2012 due to financial crunch and negotiations of waiver of interest with FCCB holders.		
(c) Inter Corporate Deposits		
from Related Parties (refer note no. 35)	71,421,237	71,361,237
from Others	2,726,000	6,027,500
(Out of the above, loan of Rs. 15,26,000/- included in others is carries Interest while all other loans are Interest Free)		
TOTAL (B)	<u>570,021,341</u>	<u>573,262,841</u>
TOTAL (A+B)	<u>572,621,752</u>	<u>575,867,897</u>

4. SHORT TERM BORROWINGS

A) Secured

(a) Working Capital Loans

<u>From Banks (Rupee)</u>		
State Bank of India	106,599,967	112,599,967

i) Working Capital loan from State Bank of India is secured by hypothecation of entire chargeable current assets of the company and are further secured by first charge created on Fixed Assets of the Company. The said Working Capital Loan was renewed on 24 April 2008 and is pending for renewal thereafter. The State Bank of India has transferred the said loan to Non Performing Assets on account of non payment of dues by the company on stipulated time. Consequently company is not providing any interest and penalty on the said working capital loan.

ii) During the current period the company has deposited with the bank a sum of Rs. 60 lacs (i.e 5% of the outstandings in the account exclusive of interest) in a non-interest bearing no lien account in order to facilitate settlement of dues under OTS
(The above loan is guaranteed by Directors)

	<u>As at</u> <u>31st March, 2012</u>	<u>As at</u> <u>30th September, 2011</u>
TOTAL (A)	106,599,967	112,599,967
B) Unsecured		
From Banks (Rupee)		
IDBI Bank	44,215,190	44,215,191
i) Short Term Working Capital Loan from IDBI Bank Limited is secured by demand promissory note and post dated cheques issued by the company. The said loan is further secured by pledge of 2,00,000 nos of shares held by Oriental Holdings Limited and corporate guarantee given by Oriental Holdings Limited.		
ii) The loan has been due for repayment since February 2011, however the company has not yet repaid the same .		
ii) The company has defaulted on Interest payment on the above loan, the details of which are as under:		
a) Period of Default	14 Months	8 Months
b) Amount	10,197,749	5,498,061
TOTAL (B)	44,215,190	44,215,191
TOTAL	150,815,157	156,815,158

5. TRADE PAYABLES

Micro, Small & Medium Enterprises (Refer Note No.5.1)		
Others	56,482,623	54,957,118
TOTAL	56,482,623	54,957,118

5.1 Dues to small-scale industrial undertakings and due to micro enterprises and small enterprises:-

The Company is in the process of compiling relevant information from its suppliers about their coverage under the Micro, Small and Medium Enterprises Development Act, 2006. Since the relevant information is not readily available, no disclosure have been made in the accounts. However, in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of this Act is not expected to be material.

6. OTHER CURRENT LIABILITIES

Current maturities of long term debt	10,524	10,524
Interest accrued and due on borrowings (IDBI)	10,197,749	5,498,061
FCCB Interest Payable	16,327,800	16,327,800
Security Deposit	184,350	184,350
Salaries Payable	19,828,390	17,356,868
Bonus Payable	2,388,874	2,359,487
PF / ESIC Payable	3,075,791	8,053,685
TDS Payable	15,455,615	15,071,140
Other Taxes Payable	2,308,801	3,378,111
ETCO Digital Pvt Ltd (refer note 6.1)	9,700,000	-
Advance Received from Debtors	2,903,461	2,238,534
Others	9,091,664	2,337,400
TOTAL	91,473,019	72,815,960

6.1 The amount represents Interest free deposit received from ETCO Digital Pvt. Ltd. The company has entered into a business agreement dt. 1-12-2011 with ETCO Digital Pvt Ltd as a premium business partner for distribution, sales and service support of entire range of products & services in India and other defined territories. However the copy of resolution for the same is not available for verification.

7. SHORT TERM PROVISIONS

Provisions for Gratuity/ Leave Encashment		
Provision for Taxation	10,764,407	14,444,407
TOTAL	10,764,407	14,444,407

8. Fixed Assets

8. Fixed Assets										
Description	Gross Block				Depreciation/ Amortisation			Net Block		
	As at 01.10.2011	Additions	Deductions/ Adjustments	As at 31.03.2012	As at 01.10.2011	For the Year	Deductions/ Adjustments	Upto 31.03.2012	As at 31.03.2012	As at 30.09.2011
TANGIBLE ASSETS										
OWN ASSETS:										
Land	200,004	-	-	200,004	-	-	-	-	200,004	200,004
Building (Factory)	3,352,556	-	-	3,352,556	2,730,402	31,108	-	2,761,510	591,047	622,154
Building (Office)	26,418,198	-	-	26,418,198	5,904,078	512,853	-	6,416,931	20,001,267	20,514,120
Plant & Machinery	28,365,803	-	-	28,365,803	24,595,156	262,248	-	24,857,405	3,508,399	3,770,647
Technical Knowhow	6,408,383	-	-	6,408,383	5,499,862	63,188	-	5,563,050	845,333	908,521
Furniture	12,237,990	-	-	12,237,990	9,259,095	269,590	-	9,528,685	2,709,304	2,978,895
Vehicles	3,752,532	-	-	3,752,532	2,985,457	99,468	-	3,084,925	667,607	767,075
Office Equipment	2,463,267	-	-	2,463,267	1,844,960	43,003	-	1,887,963	575,304	618,307
Electrical Installation	934,253	-	-	934,253	802,220	9,183	-	811,403	122,850	132,033
Factory Equipment	921,804	-	-	921,804	677,463	16,994	-	694,457	227,347	244,341
DG Sets	265,673	-	-	265,673	239,857	1,796	-	241,653	24,021	25,816
Computers	11,305,586	13,450	-	11,319,036	10,814,287	106,258	-	10,920,545	398,491	491,299
Air Conditioner	850,405	-	-	850,405	589,550	18,142	-	607,692	242,713	260,855
Communication Equipment	1,150,533	20,960	-	1,171,493	807,379	44,826	-	852,205	319,288	343,154
Service Equipment	4,857,843	-	-	4,857,843	4,362,541	34,448	-	4,396,989	460,854	495,302
Digital Video Recorders (Given on Lease)	15,897,156	-	-	15,897,156	13,558,249	467,782	-	14,026,031	1,871,125	2,338,907
Sub-Total	119,381,987	34,410	-	119,416,397	84,670,556	1,980,887	-	86,651,443	32,764,954	34,711,430
LEASED ASSETS:	-	-	-	-	-	-	-	-	-	-
Sub-Total	-	-	-	-	-	-	-	-	-	-
TOTAL (A)	119,381,987	34,410	-	119,416,397	84,670,556	1,980,887	-	86,651,443	32,764,954	34,711,430
INTANGIBLE ASSETS:										
TOTAL (B)	-	-	-	-	-	-	-	-	-	-
TOTAL (A+B)	119,381,987	34,410	-	119,416,397	84,670,556	1,980,887	-	86,651,443	32,764,954	34,711,430
Previous Year	119,185,022	196,964	-	119,381,986	79,585,089	5,085,468	-	84,670,557	34,711,429	39,599,934
Capital Work-in-Progress	-	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-	-
Under Development	-	-	-	-	-	-	-	-	-	-

9. NON-CURRENT INVESTMENTS

	<u>As at</u> <u>31st March, 2012</u>	<u>As at</u> <u>30th September, 2011</u>
(Long Term Investments)		
a) Trade Investments	-	-
Total Trade Investments (A)	-	-
b) Other Investments		
In Equity Shares of Wholly Owned Overseas Subsidiary -		
Unquoted, fully paid up		
M/s Enso Global Limited, Mauritius	465,808,480	4,289
(1,12,86,825 (PY 100) Equity Shares of US \$ 1 each)		465,804,191
In Share Application money of M/s Enso Global Limited, Mauritius (Wholly Owned Overseas Subsidiary)		
Total Other Investments (B)	<u>465,808,480</u>	<u>465,808,480</u>
Total Non Current Investments (A+B)	<u>465,808,480</u>	<u>465,808,480</u>
Aggregate amount of quoted investments	-	-
Market value of quoted investments		
Aggregate amount of unquoted investments	465,808,480	465,808,480

- 9.1 Out of the proceeds of USD 12 million raised by the company through FCCB, USD 11.35 million was invested by the company in its Wholly Owned Overseas Subsidiary viz M/s Enso Global Securities Limited, Mauritius.

10 DEFERRED TAX ASSET

<u>Deferred Tax Assets</u>	<u>248,247</u>	<u>248,247</u>
TOTAL	248,247	248,247

Since the company has suffered loss in the current financial year as well as in the preceding financial year and has accumulated losses in the financial statements and carry forward losses under the Income Tax Act 1961, on prudent and conservative basis the company has not recognized Deferred Tax Asset for current year including Deferred Tax Asset on current year timing differences on account of depreciation since there is no virtual certainty supported by convincing evidence that sufficient taxable income will be available against which such deferred tax asset can be realized.

11. LONG TERM LOANS AND ADVANCES

(Unsecured and Considered Doubtful)		
Capital Advance (Refer note 11.1 (a))	217,500,000	217,500,000
(Unsecured and Considered Good)		
Capital Advance (Refer note 11.1 (b,c & d))	6,239,467	6,239,467
Advances to Related Parties (Refer note 11.2)	12,690,220	12,690,220
Security Deposit	8,730,145	8,926,852
Advances to Others	3,706,705	2,599,405
TOTAL	<u>248,866,537</u>	<u>247,955,944</u>

11.1 The company has given advances for capital expenditure as follows:

- a) An amount of Rs 21,75,00,000/- has been given to Enso Realtors Private Limited against advance for future 'property rights' which is under litigation and disputed as title of property neither transferred to developers (Enso Realtors Pvt. Ltd) nor transferred to Enso Secutrack Ltd. The amount is doubtful for recovery. The company has also served a legal notice for recovery of the same amount.
- b) An advance of Rs 50 lacs is still outstanding from M/s Nava Nirman, Vishakhapatnam towards advance for a project but due to non-fulfillment of the terms of the project, the deal was not materialized.
- c) An amount of Rs 12,39,467/- was given to Team Computers (P) Ltd for ERP Development but later on the management decided not to implement the ERP and therefore this amount is disputable.

The company has received a notice from Team Computers Private Limited wherein Team Computers Private Limited has alleged that the company has given to them a cheque of Rs. 10,24,310/- (on account of full and final settlement for the products purchased by the company from Team Computers Private Limited) which was dishonored on presentation and the matter is pending before Delhi High Court Mediation & Conciliation Centre.

11.2 Advance to Related party represents advance given to Enso Technologies Ltd.

12. INVENTORIES

	<u>As at</u> <u>31st March, 2012</u>	<u>As at</u> <u>30th September, 2011</u>
(Valued at Cost or NRV, whichever is less)		
Finished Goods	27,047,352	85,024,048
Consumables & Spares	5,790,888	41,281,327
Work in Progress	3,019,566	3,019,566
TOTAL	<u>35,857,806</u>	<u>129,324,941</u>

12.1 The total inventory of Rs 3.59 crores comprises of stock - in- trade and consumables and spares parts, valued at lower of cost or net realisable value. During the year the company has changed its Accounting Policy for valuation of Inventory to lower of cost or NRV which is in consistent with the method prescribed under Accounting Standard - 2 "Inventory Valuation".

13. TRADE RECEIVABLES

(Unsecured and Considered Good)		
Over six months	215,079,838	215,812,505
Others	24,483,010	20,076,595
	239,562,848	235,889,100
Less: Provision for Doubtful Debts	(190,932,250)	-
TOTAL	<u>48,630,598</u>	<u>235,889,100</u>

13.1 Out of the total debtors of Rs. 23.95 crores as on 31 March 2012, provision for doubtful debts has been made on debtors outstanding for a period of more than 1095 days (3 years) aggregating to Rs. 19,09,32,250/-. The balance debtors of Rs. 4.86 crores, according to the management, same is recoverable.

14. CASH & BANK BALANCES

Balance with Scheduled Banks	2,525,078	4,662,156
Balance with Foreign Banks	1,148,752	1,351,765
Cash on Hand	1,301,759	1,398,734
Fixed Deposits with banks *		
Margin Money	4,075,605	2,777,605
Others	9,929,360	10,179,803
TOTAL	<u>18,980,554</u>	<u>20,370,063</u>

* Fixed Deposits with banks include deposits of Rs. 140.04 lacs (Previous Year 129.57 lacs) with maturity of more than 12 months.

15. SHORT TERM LOANS AND ADVANCES

(Unsecured and Considered Doubtful)		
Advance Given To Creditors	2,670,690	170,690
(Unsecured and Considered Good)		
Advance Taxes	2,340,581	3,621,641
Imago Screens India Pvt. Ltd (refer note 15.1)	12,814,867	12,046,534
Advance for Expenses	14,280	56,890
Others	277,047	295,143
TOTAL	<u>18,117,464</u>	<u>16,190,898</u>

15.1 Receivable from Imago Screens India Private Limited (Imago) refers to the amount due and paid by KRDCL to Imago. Imago has been authorized by the company to receive all the payments from the KRDCL project by way of power of Attorney, as per the procedure prescribed by KRDCL.

16. OTHER CURRENT ASSETS

	<u>As at</u> <u>31st March, 2012</u>	<u>As at</u> <u>30th September, 2011</u>
(Unsecured and Considered Good)		
Interest Receivable	968,941	675,162
TOTAL	968,941	675,162

17. REVENUE FROM OPERATIONS

Sale of Products	45,964,238	135,831,532
Service Income	27,402,148	62,109,679
Lease Rentals from Digital Video Recorders	2,852,818	7,653,849
	76,219,204	205,595,060
	(554,843)	(2,865,725)
Less: Sales Return		
TOTAL	75,664,361	202,729,335

18. OTHER INCOME

Interest		315,809
- From Fixed Deposits with Banks	340,528	14,605
- From Others	187,862	1,044,456
Foreign Exchange Fluctuation Gain	84,012	194,199
Miscellaneous Income	46,363	
TOTAL	658,765	1,569,069

19. PURCHASE OF STOCK-IN-TRADE

Particulars		3,494,098
Digital Video Recorders	7,057,404	39,195,320
Cash Counting Machines	14,854,965	22,635,425
Note Sorting Machines	4,632,400	60,883,972
Consumables, Spares & Others	10,735,804	
TOTAL	37,280,573	126,208,815

22. CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-PROCESS AND STOCK-IN-TRADE

Inventories (at close)	27,047,352	85,024,048
Stock - In - Trade	3,019,566	3,019,566
Stock - In - Trade (lying at clients place)	5,790,888	41,281,327
Consumables & Spare Parts	35,857,806	129,324,941
Inventories (at commencement)		73,639,399
Stock - In - Trade	85,024,048	-
Stock - In - Trade (lying at clients place)	3,019,566	43,383,204
Consumables & Spare Parts	41,281,327	117,022,603
	129,324,941	
TOTAL	93,467,135	(12,302,338)

22.1 During the period, the company has changed the method of valuation of Stock at cost to lower of Cost or Net realizable value in compliance with the method as prescribed by AS-2 and as per section 145a of the income tax Act.

	<u>2011-12</u>	<u>2010-11</u>
23. EMPLOYEE BENEFITS EXPENSE		
Salaries and Wages	17,295,665	43,634,502
Contribution to Provident and Other Funds	931,697	3,514,593
Gratuity	10,000	436,734
Bonus	560,567	719,827
Staff Welfare Expenses	283,556	671,933
TOTAL	<u>19,081,485</u>	<u>48,977,589</u>
23.1 During the current year, the Company has made any provision of Rs. 10,000/- (previous year Rs. 4,36,734/-) towards Gratuity in the Profit & Loss Account as per the Group Gratuity Scheme of Life Insurance Corporation of India and also no provision is made for leave salary. The aforesaid treatment done by the company for gratuity and leave salary is not as in accordance with Accounting Standard 15 "Employee Benefits".		
24. FINANCE COSTS		
Interest on ICICI Term Loan	218,885	389,297
Interest on IDBI Working Capital Loan	4,699,687	8,555,545
Interest on SBI Working Capital Loans	-	-
Interest on Foreign Currency Convertible Bonds	-	-
Other Interest	934,586	1,177,731
Bank Charges	341,925	167,884
TOTAL	<u>6,195,083</u>	<u>10,290,457</u>
25. DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation and Amortisation	1,980,887	5,085,468
TOTAL	<u>1,980,887</u>	<u>5,085,468</u>
26. OTHER EXPENSES		
A. Administrative Expenses		
Insurance	3,928	196,037
Printing & Stationery	261,178	842,607
Postage & Courier	253,030	657,544
Telephone & Fax	918,121	2,222,559
Rates and Taxes	654,991	693,543
Travelling & Conveyance	3,180,999	7,462,728
Vehicle Running and Maintenance	1,147,688	3,818,572
Auditor's Remuneration		
Audit Fees	220,600	441,200
Tax Audit Fees	-	50,000
Others	69,332	68,515
Repairs & Maintenance	370,189	1,428,433
Director's Remuneration	1,351,962	2,703,924
Director's Travelling	283,941	229,703
Rent	1,820,700	4,437,628
Electricity & Water	258,663	772,243
Administrative Expenses	199,500	578,690
Legal and Professional Charges	299,760	549,839
Octroi	358,256	246,258
R & D Expenses	-	2,273
Total (A)	<u>11,652,838</u>	<u>27,402,296</u>
B. Selling and Distribution Expenses		
Advertisement & Business Promotion	290,545	880,736
Freight Outward	1,090,822	2,822,398
Commission & Discounts	2,454,782	4,526,254
Total (B)	<u>3,836,149</u>	<u>8,229,388</u>

C. Other Expenses

Other Expenses

83,825

525,653

Total (C)
83,825
525,653
D. Foreign Exchange Fluctuation

Foreign Exchange Fluctuation Loss

-

-

Total (D)

-

-

Total (A+B+C+D)
15,572,813
36,157,337

27. a) The foreign exchange loss aggregating to Rs. 13,89,28,200/- (including foreign exchange loss of Rs. 4,23,30,000/- for current year) on the outstanding FCCB up to 31st March 2012 has not been provided in the books of accounts since as per the management the determination and crystallization of liability is dependent upon the outcome of uncertain future events or action not wholly within the control of the company and therefore the same has been considered as "Contingent Liability" as on 31st March 2012 and due to this, loss for the year ended 31st March 2012 is understated by Rs. 13,89,28,200/-.

b) As per terms and conditions of the FCCB, the company has to pay interest @ 3 percent per annum (semi annually in arrears) to the FCCB holders. The company has debited the interest payable to FCCB holders till 30 September 2010, henceforth the company has not provided interest on FCCB from 1st October 2010 to 31st March 2012 due to financial crunch and negotiations of waiver of interest with FCCB holders. The foreign exchange loss aggregating to Rs.47,72,200/- on interest payable to FCCB holders (Rs. 1,63,27,800/-) has not been recognized by the company since as per the management the determination and crystallization of liability is dependent upon the outcome of uncertain future events or action not wholly within the control of the company and due to this loss for the six months ended 31st March 2012 is understated by Rs. 47,72,200/-.

28. a) As per Accounting Standard -11 'The Effect of changes in Foreign Exchange Rate' issued by the Institute of chartered Accountants of India, a company has to restate its monetary assets and liabilities, outstanding as on the year end, denominated in foreign currency at the exchange rate prevailing at the balance sheet date. However the company has not restated its outstanding monetary assets and liabilities denominated in foreign currency at the exchange rate prevailing at the balance sheet date, except the amount lying with Meryll Lynch Bank, Geneva and this is not in accordance with Accounting Standard -11 'The Effect of changes in foreign Exchange Rate'.

b) 'The net foreign exchange loss aggregating to Rs. 14,37,00,400/- (i.e. foreign exchange loss on FCCB proceeds of Rs. 13,89,28,200/- and foreign exchange loss on interest payable to FCCB holders of Rs.47,72,200/-) has not been recognized as in view of the management same will be provided as and when crystallized and thus the loss for the six month ended 31st March 2012 is understated by Rs. 14,37,00,400/-.

29. In the opinion of management, value of realization of current assets, deposits and loans and advances in the ordinary course of business will be at least equal to the amount at which they are stated in the financial statements.

30. a) The company has yet to deposit the TDS amount of Rs. 1,54,55,615/- with the government.

b) The Provident Fund Liability as per the provisions of the Employees Provident Fund and Miscellaneous Provisions Act, 1952 is outstanding of Rs 12,14,752/- towards the Employers Contribution and Rs. 21,341/- towards the Employees Contribution.

c) The Employees State Insurance Liability as per Employee State Insurance Corporation Act is outstanding of Rs 13,34,848/- towards the Employers Contribution and Rs 4,93,723/- towards the Employees Contribution.

d) The Professional Tax liability is outstanding of Rs 1,33,550/- Employees Salary.

e) The company has yet to deposit balance Self Assessment Income Tax of Rs. 99,40,969/- (Actual Provision - Rs. 3,30,15,217/- less paid till march 2012 Rs. 2,30,74,248/-) pertaining to assessment year 2008-09 with the government.

f) The company has yet to deposit Self Assessment Fringe Benefit Tax of Rs. 51,105/- pertaining to assessment year 2008-09 and Rs. 7,72,333/- pertaining to assessment year 2009-10, aggregating to Rs. 8,23,438/- with the government.

31. In the opinion of management, there is no impairment of fixed assets as on Balance Sheet date.

32. The sundry debit and credit balances including debtors, creditors and advances either debit or credit, deposits and fixed deposits with banks(other than those with ICICI Bank for Margin Money) and others are subject to confirmation and reconciliations, the effect of which is not known.

33. Provision for Taxation

In view of the losses, the provision for Income Tax has not been made for the financial year,2011-12, corresponding to the assessment year 2012-13.

34. Related Party Disclosures

The disclosure of transactions with the related parties as defined in the Accounting Standard – 18 “Related Party Disclosures” are given below:

S. No.	Name of The Related Party	Relationship	Transaction	
			Nature	Amount
1	Bazigar Trading Private Limited	Associate/ Group Companies/ Affiliates	Inter Corp. Deposit	32,681,228
2	Oriental Holdings Limited		Inter Corp. Deposit	23,837,500
3	Bengal Exim Scrips Private Limited		Inter Corp. Deposit	11,134,675
4	Linear Commercial Private Limited		Inter Corp. Deposit	2,755,334
5	Square Moon consultancy Private Limited		Inter Corp. Deposit	1,012,500
6	Paradise Infrastructures Private Limited		Inter Corp. Deposit	-
7	Enso Technologies Limited		Advance Given	12,690,220
8	Mr. Pradeep Chauhan	Whole time Director	Remuneration	1,509,462

35.1 VALUE OF IMPORTS ON CIF BASIS IN RESPECT OF

(Rs. in lacs)

	2011-12	2010-11
Finished Goods	-	227.28
Stores & Spares	-	9.11
	-	236.39

35.2 EXPENDITURE IN FOREIGN CURRENCY

	2011-12	2010-11
Finished Goods, Consumables & Spare Parts	-	185.09
Other Expenses	2.87	0.12
	2.87	185.21

36. EARNINGS PER SHARE (EPS)

	2011-12	2010-11
i) Net Profit after tax as per Statement of Profit and Loss attributable to Equity Shareholders (in lacs)	(288,187,100)	(10,118,924)
ii) Weighted Average number of equity shares used as denominator for calculating EPS	11,161,098	11,161,098
iii) Basic and Diluted Earning per share (Rs)	(25.82)	(0.91)
iv) Face Value per equity share (Rs)	10.00	10.00

7. Segment Reporting:

The Company's operations are identified predominantly as only one Business Segment' of related products, viz sales of Electronic Equipment and services thereto and therefore no Segment reporting is required.

(Rs in lacs)

38. CONTINGENT LIABILITIES AND COMMITMENTS

	2011-12	2010-11
1) Bank Guarantees (issued in favour of customers towards performance guarantee)	39.22	26.24
2) Kerala General Sales Tax for the FY 2003-04. Appeal is pending for disposal before Dy. Commissioner (Appeal)-II, Ernakulum.	6.53	6.53
3) Kerala General Sales Tax for the FY 2006-07. Appeal is pending for disposal before Dy. Commissioner (Appeal)-II, Ernakulum.	6.52	6.52
4) Service Tax Liability. Appeal is pending for disposal before Service Tax Appellate Tribunal, Bangalore	23.85	23.85
5) Income Tax liability for FY 2007-08. Appeal is pending for disposal before the Income Tax Appellate Tribunal, Hyderabad.	1710.35	1710.35

	2011-12	(Rs in lacs) 2010-11
6) Non provision of foreign exchange loss	1437.00	980.70
7) The company has received a notice from Team Computers Private Limited wherein Team Computers Private Limited has alleged that the company has given to them a cheque of Rs. 10,24,310/- (on account of full and final settlement for the products purchased by the company from Team Computers Private Limited) which was dishonored on presentation and the matter is pending before Delhi High Court Mediation & Conciliation Centre.	10.24	10.24
8) Interest and penalty on late payment/ non payment of Income Tax, Fringe Benefit Tax, Tax Deducted at Source, Professional Tax, Provident Fund Contribution and Employee State Insurance Corporation Contribution.	Unascertained	Unascertained
9) The company has not provided Interest on FCCB and Loan from State Bank of India and is therefore contingently liable for same.	Unascertained	Unascertained
10) There is a notice received from the State Bank of India for the irregularities in operating the cash credit loan account, including cheque bouncing charges for insufficient funds resulting into penal interest and penalty for the amount which is uncertain.	Unascertained	Unascertained

39. The previous year figures have been regrouped, reclassified and recasted as per the Revised Schedule VI of the Companies Act 1956, wherever necessary to conform to the current year presentation

As per our report attached
for R KABRA & CO
Chartered Accountants
FRN NO.104502W

for and on behalf of the Board

Sanjay Surana
Partner
M NO. 046568

Mr Pradeep Chauhan
Whole Time Director

Mr Hanuman Mal Tater
Director

CAMP: Hyderabad
DATE: 27.08.2012

PLACE: Hyderabad
DATE: 27.08.2012.

Statement pursuant to section 212(1)(f) of the companies Act, 1956

- 1 Whether there has been any, if so what change in the holding company's interest in the subsidiary between the end of the financial year or of the last financial years of the subsidiary and the end of the holding company's financial year

The Company has been allotted 1,12,86,825 No. of Shares in its wholly owned overseas subsidiary (M/s Enso Global Security Limited) during the year.

- 2 Details of any material changes which have occurred between the end of the financial year or the last financial year of the subsidiary and the end of the holding company's financial year in respect of

i) The subsidiary fixed Assets

Not Applicable

ii) Its investments

Not Applicable

iii) The money lent by it

Not Applicable

iv) The money borrowed by it for the purpose other than that of meeting current liabilities

Not Applicable

Statement under section 212 of Companies Act, 1956 relating to subsidiary Companies		Enso Global Security Ltd. 31-Mar-12	
Particulars			
Financial year of the Holding Co. ended on			
Shares of the subsidiary held by Enso Secutack Ltd. on the above date (31-03-2012)		1,12,86,825 Shares	
1. Number of shares		1 USD	
2. Face Value		100.000%	
3. Extent of holding		30-Sep-11	
Financial year of the Subsidiary Co. ended on			
Shares of the subsidiary held by Enso Secutack Ltd. on the above date (30.09.2011)		100 shares	
1. Number of shares		1 USD	
2. Face Value		100.000%	
3. Extent of holding		10-Apr-08	
Date from which they became subsidiary			
Shares of the subsidiary held by Enso Secutack Ltd. on the above date		100 shares	
1. Number of shares		1 USD	
2. Face Value		100%	
3. Extent of holding		(540,996)	
Net aggregate Profit/ (Loss) for the year ended 30-09-2011 (in Rs.)		(910,459)	
Net aggregate Profit/ (Loss) for the Six Months ended 31-03-2012 (in Rs.)			
Net aggregate amounts of the profits or losses of the subsidiary so far it concerns the members of the holding company and is dealt with in the accounts of holding company :			
1. for the financial year of the subsidiary		(540,996)	
2. for the previous financial years of the subsidiary since it became its subsidiary		(2,122,797)	
Net aggregate amounts of the profits or losses of the subsidiary so far it concerns the members of the holding company and is not dealt with in the accounts of holding company :			
1. for the financial year of the subsidiary			
2. for the previous financial years of the subsidiary since it became its subsidiary		N.A	
Financial details of Subsidiary Company			
Particulars		31/03/2012	30/09/2011
Share Capital		465,808,480	465,808,480
Reserves & Surplus		104,965,564	85,794,213
Current Liabilities		998,543	471,325
Total Liabilities		571,772,587	552,074,018
Investments		9,157,680	-
Long Term Loans & Advances		561,055,631	550,177,821
Current Assets		1,559,276	1,896,197
Total Assets		571,772,587	552,074,018
Turnover (Including other income)		NIL	NIL
Provision for Tax		NIL	NIL
Profit /(Loss) after Tax		(910,459)	(540,996)
Proposed Dividend		NIL	NIL

Whether there has been any, if so what change in the holding company's interest in the subsidiary between the end of the financial year or of the last financial years of the subsidiary and the end of the holding company's financial year

The Company has been allotted 1,12,86,825 No. of Shares in its wholly owned overseas subsidiary (M/s Enso Global Security Limited) during the six months

Details of any material changes which have occurred between the end of the financial year or the last financial year of the subsidiary and the end of the holding company's financial year in respect of

Particulars	As on 31.03.2012	As on 30.09.2011
i) The subsidiary fixed Assets	NIL	NIL
ii) Its investments	9,157,680	NIL
iii) The money lent by it	561,055,631	550,177,821
iv) The money borrowed by it for the purpose other than that of meeting current liabilities	NIL	NIL

for and on behalf of the Board

Mr Hanuman Mal Tater
Director

Mr Pradeep Chauhan
Whole Time Director

AUDITORS REPORT TO THE MEMBERS OF ENSO SECUTRACK LIMITED

The Board of Directors of Enso Secutrack Limited

1. We have audited the attached Consolidated Balance Sheet of Enso Secutrack Limited (the "Company") and its subsidiary 'M/s Enso Global Security Limited'; hereinafter referred to as the "Group" as at March 31, 2012, the related Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the six months on that date annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the subsidiary, whose financial statements reflect a total assets of Rs. 57.17 crores and net assets of Rs. 57.07 crores as at March 31, 2012, total revenue of Rs. Nil, net loss of Rs. 9.10 lacs and net cash outflows amounting to Rs. 52.90 lacs for the Six months ended 31st March 2012 as considered in the consolidated financial statements. This financial statements have not been audited and have been consolidated on the basis of accounts certified by the Management and in our opinion, so far as it relates to the amounts included in respect of the subsidiary is based solely on the accounts certified by the Management.
4. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements notified under sub-section 3C of Section 211 of the Companies Act, 1956.
5. We report to the best of our information and explanation provided to us, in our opinion, consolidated financial statements are prepared in accordance with the requirements of Accounting Standards notified under sub-section 3C of Section 211 of Companies Act, 1956 **subject to:**

A. In case of M/s Enso Secutrack Limited (Holding Company)

Reference	Particulars
Note No. C -2(b) of Significant Accounting Policies	Recognition of Annual Maintenance Charges as and when the invoices are raised irrespective of whether the service is provided partly in current year or next year and thus non compliance of Accounting Standard - 9.
Note No. C -2(d) of Significant Accounting Policies	Recognition of interest on fixed deposits on receipt basis thus non compliance of Accounting Standard - 9.
Note No. 2(e) of Significant Accounting Policies	Non - Provision of Interest on FCCB and Interest on Borrowing from State Bank of India (NPA) thus non compliance of Accounting Standard - 9.
Note No. 28 (b)	Non provision of foreign exchange loss (net) of Rs. 14,37,00,400/- and thus non compliance of Accounting Standard - 11.
Note No. 29(a)	Non-payment of TDS liability of Rs 1,54,55,615/- and interest and penalty thereof are unascertained.
Note No. 29(b)	Non-payment of Provident Fund Liability to the extent of Rs 12,14,752/- towards Employers Contribution and Rs. 21,341/- towards Employees Contribution and interest and penalty thereof are unascertained.
Note No. 29(c)	Non-payment of Employee State Insurance Liability to the extent of Rs 13,34,848/- towards Employers Contribution and Rs. 4,93,723/- towards Employees Contribution and interest and penalty thereof are unascertained.
Note No. 29(d)	Non-payment of Professional Tax to the extent of Rs 1,33,550/- on employees salary and on directors salary and interest and penalty thereof are unascertained.
Note No. 23.1	Non provision of leave salary as per actuarial valuation and provision of gratuity done is not in accordance with actuarial valuation and thus non compliance of Accounting Standard - 15.
Note No. 32	Non confirmation of debit/ credit balances of debtors/ creditors/ advances and Fixed Deposit with various banks in India (except those with ICICI Bank for Margin Money).

B. In case of M/s Enso Global Security Limited (Subsidiary Company)

Reference	Particulars
Note No. B (iii) of Significant Accounting Policies	Non – availability of the audited accounts of M/s Western Solution (M) SDN. BHD. and hence non compliance of Accounting Standard – 27 ‘Financial Reporting of Interest in Joint Venture.’

6. Based on our audit and on consideration of the certified accounts of the Management on separate financial statements, and to the best of our information and according to the explanations given to us, in our opinion, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2012;
- (b) in the case of the consolidated Statement of Profit and Loss, of the loss of the Group for the six months on that date: and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the six months ended on that date.

For R. KABRA & CO.
Chartered Accountants
FRN: 104502W

Date: 27.08.2012
Camp: Hyderabad

Sanjay Surana
Partner
Membership No. 046568

ENSO SECUTRACK LIMITED
Consolidated Balance Sheet as at 31st March, 2012

PARTICULARS	Note	AS AT 31.03.2012	AS AT 30.09.2011
<u>EQUITY AND LIABILITIES</u>			
<u>Shareholders' Funds</u>			
Share Capital	1	111,610,980	111,610,980
Reserves and Surplus	2	(18,558,794)	250,456,955
Total (A)		93,052,186	362,067,935
<u>Share Application Money Pending Allotment</u>			
<u>Non-Current Liabilities</u>			
Long Term Borrowings	3	572,621,752	575,867,897
Total (B)		572,621,752	575,867,897
<u>Current Liabilities</u>			
Short Term Borrowings	4	150,815,157	156,815,158
Trade Payables	5	56,482,623	54,957,118
Other Current Liabilities	6	92,471,562	73,287,285
Short Term Provisions	7	10,764,407	14,444,407
Total (C)		310,533,750	299,503,968
TOTAL (A+B+C)		976,207,688	1,237,439,800
<u>ASSETS</u>			
<u>Non-Current Assets</u>			
<u>Fixed Assets</u>			
Tangible Assets	8	32,764,954	34,711,430
Intangible Assets	8	-	-
Capital Work-in-Progress	8	-	-
Intangible Assets under Development	8	-	-
Non-Current Investments	9	9,157,680	-
Deferred Tax Asset	10	248,247	248,247
Long Term Loans and Advances	11	809,922,168	798,133,765
Total (A)		852,093,049	833,093,443
<u>Current Assets</u>			
Current Investments		-	-
Inventories	12	35,857,806	129,324,940
Trade Receivables	13	48,630,598	235,889,099
Cash and Bank Balances	14	19,945,067	22,026,178
Short Term Loans and Advances	15	18,117,464	16,190,897
Other Current Assets	16	1,563,704	915,242
Total (B)		124,114,639	404,346,356
TOTAL (A+B)		976,207,688	1,237,439,800
Contingent Liabilities	39		
Significant Accounting Policies			
Notes on Financial Statements	1 to 40		

As per our report attached
for R KABRA & CO
Chartered Accountants
FRN NO.104502W

for and on behalf of the Board

Sanjay Surana
Partner
M NO. 046568

Mr Pradeep Chauhan
Whole Time Director

Mr Hanuman Mal Tater
Director

CAMP: Hyderabad
DATE: 27.08.2012

PLACE: Hyderabad
DATE: 27.08.2012

Statement of Consolidated Profit and Loss for the six months ended 31st March, 2012

PARTICULARS	Note	Six Months ended 31st March 2012	YEARENDED 30th Sept, 2011
<u>INCOME</u>			
Revenue from Operations	17	75,664,361	202,729,335
Other Income	18	658,765	1,569,069
Total Revenue		76,323,126	204,298,404
<u>EXPENDITURE:</u>			
Purchases of Stock-in-Trade	19	37,280,573	126,208,815
Changes in Inventories of Finished Goods, Stock-in-Trade			
Process and Stock-in-Trade	20	93,467,135	(12,302,338)
Employee Benefits Expense	21	19,081,485	48,977,589
Finance Costs	22	6,195,083	10,290,457
Depreciation and Amortization Expense	23	1,980,887	5,085,468
Other Expenses	24	16,483,271	36,698,333
Total Expenses		174,488,434	214,958,324
Profit Before Tax and Exceptional Items		(98,165,308)	(10,659,920)
<u>Exceptional Items</u>			
Provision for Doubtful Debts		(190,932,250)	-
Profit Before Tax		(289,097,559)	(10,659,920)
<u>Tax Expenses</u>			
Current Tax		-	-
Deferred Tax		-	-
Tax Expense for Earlier Years		-	-
Profit for the year		(289,097,559)	(10,659,920)
Earnings per equity share of face value of Rs. 10 each Basic and Diluted (in Rs.)	37	(25.90)	(0.96)
Significant Accounting Policies Notes on Financial Statements	1 to 40		

As per our report attached

for and on behalf of the Board

for R KABRA & CO
Chartered Accountants
FRN NO.104502W

Sanjay Surana
Partner
M NO. 046568

Mr Pradeep Chauhan
Whole Time Director

Mr Hanuman Mal Tater
Director

CAMP: Hyderabad
DATE: 27.08.2012

PLACE: Hyderabad
DATE: 27.08.2012

Consolidated Cash Flow Statement For The Six Months Ended 31st March 2012

PARTICULARS	2011-2012
A. CASH FLOW FROM OPERATING ACTIVITIES	(289,097,559)
Net Profit Before Tax	
Adjustments for:	
Depreciation	1,980,887
Provision for Doubtful Debts	190,932,250
Interest & Finance Charges	6,195,083
Foreign Currency Translation Reserve	20,081,808
Interest Income	(528,390)
Operating Profit before Working Capital Changes	(70,435,921)
Adjustments for:	
Decrease/(Increase) in Trade Receivables	(3,673,748)
Decrease/(Increase) in Inventories	93,467,135
Decrease/(Increase) in Long Term Loans & Advances	(11,788,403)
Decrease/(Increase) in Short Term Loans & Advances	(3,207,626)
Decrease/(Increase) in Other Current Assets	(648,462)
Increase/(Decrease) in Trade Payables	1,525,505
Increase/(Decrease) in Other Current Liabilities	19,184,277
Cash generated from operations	24,422,757
Income Tax paid	(2,398,940)
Net Cash flow from Operating activities	22,023,817
B. CASH FLOW FROM INVESTING ACTIVITIES	(34,410)
Purchase of Fixed Assets	(9,157,680)
Purchase of Investments	-
Refund of Share Application Money	528,390
Interest Income	
Net Cash used in Investing activities	(8,663,700)
C. CASH FLOW FROM FINANCING ACTIVITIES	(3,246,145)
Proceeds/ (Repayment) of Long term Borrowings	(6,000,001)
Proceeds/ (Repayment) of Short term Borrowings	(6,195,083)
Interest paid	
Net Cash used in financing activities	(15,441,229)
Net increase in cash & Cash Equivalents	(2,081,111)
Cash and Cash equivalents as at 01.10.2011	22,026,178
Cash and Cash equivalents as at 31.03.2012	19,945,067
Cash & Cash Equivalents	2011-12
Balance with Scheduled Banks	2,525,078
Balance with Foreign Banks	2,113,264
Cash on Hand	1,301,759
Fixed Deposits with banks	
Margin Money	4,075,605
Others	9,929,360
Cash & Cash equivalents as stated	19,945,067

for and on behalf of the Board

As per our report attached
for R KABRA & CO
Chartered Accountants
FRN NO.104502W

Sanjay Surana
Partner
M NO. 046568

CAMP: Hyderabad
DATE: 27.08.2012

Mr Pradeep Chauhan
Whole Time Director

Mr Hanuman Mal Tater
Director

PLACE: Hyderabad
DATE: 27.08.2012

ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

A. THE GROUP AND ITS NATURE

- a. 'Enso Secutrack Limited' is an ISO 9001-2000 certified public limited company headquartered in Hyderabad, Andhra Pradesh, India hereinafter referred to as the company. The company is engaged in the marketing, manufacture and assembly of automated solutions products for Banks and retail application at large. This range from simple electronic cash registers, note counting, fake note detector, strapping and bundling machines etc.
- b. 'Enso Global Security Limited' is a limited company, with limited liability, incorporated on 10 April 2008 in accordance with the Maurities Companies Act 2001. The company is registered with the Financial Services Commission as a holding company holding a Global Business License Category 1 (GBL-C1). It is a 100 percent wholly owned subsidiary of Enso Secutrack Limited
- c. 'Western Solutions (M) SDN. BHD. A company incorporated in Malaysia under the Companies Act 1965. Western Solutions (M) SDN. BHD. is a Joint Venture of Enso Global Security Limited with a 30 % holding.

B. Basis of preparation of Consolidated Financial Statements

The Consolidated Financial Statements relate to the Company and its subsidiaries and have been prepared on the following basis:

- i) The financial statements of the company and its subsidiary have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses as per Accounting Standard - 21 - Consolidated Financial Statements issued by The Institute of Chartered Accountants of India.
- ii) In case of foreign subsidiary, being Non-Integral Foreign Operations, revenue items are consolidated at the average rate prevailing during the year. All asset and liabilities are converted at the rate prevailing at the end of the year. The resultant translation gains and losses are shown separately as 'Foreign Currency Translation Reserve' under 'Reserves and Surplus'.
- iii) The financial statements of M/s Western Solutions (M) SDN. BHD. are not consolidated as per AS - 27 'Financial Reporting of Interest in Joint Venture' due to non availability of the audited financial statements.
- iv) The figures for last year are provided for comparative purpose and are unaudited.

C. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

The financial statements are prepared and presented under the historical cost convention, on accrual basis of accounting, in accordance with the accounting principles generally accepted in India and comply with the applicable mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. Except where otherwise stated, the accounting principles have been consistently applied.

2. Revenue Recognition

- a. Revenue from the sale of goods is recognized upon passage of title to the customers, which generally coincides with the delivery of the goods.
- b. Annual Maintenance Charges are accounted as and when the invoices are raised irrespective of whether the service is provided partly in current year or next year, which is not in accordance with Accounting Standard - 9 "Revenue Recognition".
- c. Turnover is excluding Sales Tax and Duties.
- d. Interest on Fixed Deposits is accounted for on receipt basis, which is not in accordance with Accounting Standard - 9 "Revenue Recognition".
- e. Non - provision of Interest on FCCB and Interest on Borrowings from State Bank of India (NPA Account) due to Financial crunch and negotiations of waiver of Interest with lenders, which is not in accordance with Accounting Standard - 9 "Revenue Recognition".

3. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognized in the period in which the results are known/ materialized.

4. Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation. The cost of an asset comprises of its purchase price and any directly attributable costs of bringing the asset to its working condition for its intended use.

5. Depreciation

Depreciation on all fixed assets is provided on written down value method at the rates prescribed under Schedule XIV to the Companies Act, 1956.

6. Investment

The Investments are carried at cost and necessary provision for erosion is made if called for. The provision for diminution in the value of long term investment is made only if such a decline is other than temporary in nature.

7. Inventories

The company values its Inventory at lower of cost or net realisable value, after providing for obsolescences and damages, which is in accordance with Accounting Standard 2 - "Valuation of Inventories".

8. Retirement Benefits

i) Defined Contribution Plan

The company contributes to Government Provident Fund Scheme. The Company's contribution paid/ payable under the scheme is recognized as an expense in the profit and loss account during the period in which the employee renders the related service.

ii) Defined Benefit Plan

a) The Company has created a Trust and has taken a Group Gratuity Life Assurance Policy with Life Insurance Corporation of India for future payments of gratuity to employees and yearly contribution based on the said policy is charged to the Profit and Loss Account. This is not in accordance with the Accounting Standard – 15 "Employee Benefits" issued by the Institute of Chartered Accountant of India, which requires provision based on actuarial valuation.

b) The Company neither makes the provision for Leave Salary nor actuarial valuation is taken, which is not in accordance with the Accounting Standard – 15 "Employee Benefits" issued by the Institute of Chartered Accountant of India.

9. Accounting for Taxes on Income

a) Tax expenses comprise of current tax and deferred tax.

b) Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of Income Tax Act, 1961.

c) Deferred tax reflects the impact of current year timing differences between book profit and taxable income for the year and reversal of timing differences of earlier years.

The deferred tax for timing differences between the book profit and taxable income for the year is accounted for using the tax rates and laws that have been substantially enacted as of the Balance Sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the company has carry forward unabsorbed depreciation and tax losses, deferred tax assets are recognized only to the extent there is virtual certainty supported by convincing evidence that sufficient taxable income will be available against which such deferred tax asset can be realized.

10. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

11. Accounting For Leases

Company has given Digital Video Recorder on Operating Lease to branches of SBI. Lease income is recognized in Profit & Loss Account as per the lease agreement.

12. Foreign Exchange Fluctuations

a) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of transaction.

b) Monetary items denominated in foreign currencies at the year end are translated at the year end rate, except otherwise disclosed in other notes.

c) The differences in translation of monetary items and realized gains and losses on foreign exchange transactions are recognized as income or expenditure in the Profit and Loss Account for the relevant year, except otherwise disclosed in other notes.

13. Impairment of Assets (AS-28)

Factors giving rise any indication of any impairment of the carrying amount of the Company's assets are appraised at each Balance

Sheet date to determine and provide/revert an impairment loss following accounting standard AS-28 for impairment of assets.

An Asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. The recoverable amount is the higher of the asset's value in use and its net selling price. Value in use is computed at net present value of cash flow expected over the balance useful life of the assets. An impairment loss is recognized as an expenditure in the Profit and Loss Account in the year in which the asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been an improvement in recoverable amount.

14. Earning Per Share

Basic earning per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earning per shares, the net profit or loss for the year attributable to equity shareholders and the average weighted number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

15. Research and Development

Revenue expenditure on research and development is charged as an expense in the year in which they are incurred. Capital expenditure is shown as addition to fixed assets.

16. Cash Flow Statement

The Cash Flow Statement is prepared by the indirect method set out in the Accounting Standard -3 "Cash Flow Statement" and presents the cash flow by Operating, Investing and Financing activities of the Company. Cash and Cash equivalents presented in the Cash Flow Statement consist of Cash on Hand and demand deposits with Banks.

Notes on Financial Statements for the year ended 31st March, 2012

1. SHARE CAPITAL

	As at 31st March, 2012	As at 30th September, 2011
<u>Authorised Share Capital:</u>		
5,00,00,000 (Previous Year 5,00,00,000) Equity share of Rs 10 each fully paid up	500,000,000	500,000,000
<u>Issued, Subscribed and Paid Up:</u>		
1,11,61,098 (Previous Year 1,11,61,098) Equity share of Rs 10 each fully paid up	111,610,980	111,610,980
TOTAL	111,610,980	111,610,980

1.1 The details of Shareholders holding more than 5% shares:

Name of the Shareholder	As at 31st March, 2012 No. of Shares	% held	As at 30th September, 2011 No. of Shares	% held
Name of the Shareholder				
Manju Gupta	15,27,973	13.69	1,527,973	13.69
TOTAL	15,27,973	13.69	1,527,973	13.69

1.2 The reconciliation of the number of shares outstanding is set out below:

<u>PARTICULARS</u>	As at 31st March, 2012 No. of Shares	As at 30th September, 2011 No. of Shares
Equity Shares at the beginning of the year	11,161,098	11,161,098
Add: Shares Issued During the year	-	-
Less: Buy Back of Shares in the year	-	-
Equity Shares at the end of the year	11,161,098	11,161,098

1.3 The company has one class of Equity Shares having par value of Rs. 10 per equity share. Each share holder is eligible for one vote per equity share held. In event of liquidation the equity share holders are eligible to receive the remaining assets of the company after distribution of preferential amounts, in proportion to their holding.

1.4 As per FCCB agreement, the holder of each Bond that has not been redeemed or repurchased earlier shall have the right (Conversion Right) to convert such Bond into Shares of the Company on 9th April 2013. If such Bond has been called for redemption by the Company Prior to the Maturity Date, the Conversion Period for that Bond ends at the close of business.

2. RESERVES & SURPLUS

<u>Capital Reserve</u>	230,600,000	230,600,000
As per last Balance Sheet		
<u>Securities Premium Reserve</u>	36,356,752	36,356,752
As per last Balance Sheet		
<u>Profit & Loss Account</u>	(102,294,010)	(92,175,086)
As per last Balance Sheet	(288,187,100)	(10,118,924)
Add: Profit/ (Loss) for the year	(390,481,110)	(102,294,010)
Closing Balance		
<u>Profit & (Loss) A/c Balance of Subsidiary</u>	(2,122,797)	(1,581,802)
As per last Balance Sheet	(910,459)	(540,996)
Add: Profit/ (Loss) for the year	(3,033,256)	(2,122,797)
Closing Balance	107,998,820	87,917,010
Foreign Currency Translation Reserve		
TOTAL	(18,558,794)	250,456,955

3. LONG TERM BORROWINGS

	<u>As at</u> <u>31st March, 2012</u>	<u>As at</u> <u>30th September, 2011</u>
A) Secured		
(a) Term Loans		
<u>From Banks (Rupee)</u>		
ICICI Bank	2,600,411	2,605,056
(Term loan from ICICI Bank Limited is taken for purchase of office premises at Chennai. The said loan is secured by a charge/ mortgage of the respective premises with ICICI Bank Limited.) (Repayable by way of a monthly installments up to July 2035 and has a floating rate of Interest)		
TOTAL (A)	<u>2,600,411</u>	<u>2,605,056</u>
Maturity Profile of Term Loan is as Under		
Within One year	10,524	10,524
From Second year to Fifth Year	88,360	88,360
After 5 Years	2,512,051	2,516,696
B) Unsecured		
(a) Sales Tax Deferment	1,802,304	1,802,304
The Company is entitled for Sales Tax Deferment as per the eligibility certificate file bearing no 10/2/6/0942 dated 09 July 1996 for 10 years subject to fixed eligible amount of Rs. 57,43,500/- between 16.05.1996 to 08.10.2005. As per the said scheme the amount payable up to 31 March 2012 was Rs. 56,92,538/-. Out of the said Rs. 56,92,538/- the company has paid Rs. 39,41,196/- up to September 2011. The balance amount of Rs. 17,51,342/- which was payable up to 31 March 2012 is still outstanding on which interest at the rate of 21.5% to be paid as per the assessment order dated 15 March 2002. A sum of Rs. 50,960/- is due for repayment in March 2013, aggregating to Rs. 18,02,304/-		
(b) Foreign Currency Convertible Bonds (USD 12 million)	494,071,800	494,071,800
a) The FCCB of USD 12 million was issued in the month of May 2008. As per the terms and conditions of the agreement it will be converted @ Rs. 90 per share after a period of 5 years from the date of issue.		
b) As per terms and conditions of the FCCB, the company has to pay interest @ 3 percent per annum (semi annually in arrears) to the FCCB holders. The company has debited the interest payable to FCCB holders till 30 September 2010, henceforth the company has not provided interest on FCCB up to 31st March 2012 due to financial crunch and negotiations of waiver of interest with FCCB holders.		
(c) Inter Corporate Deposits		
from Related Parties (refer note no. 35)	71,421,237	71,361,237
from Others	2,726,000	6,027,500
(Out of the above, loan of Rs. 15,26,000/- included in others is carries Interest while all other loans are Interest Free)		
TOTAL (B)	<u>570,021,341</u>	<u>573,262,841</u>
TOTAL (A+B)	<u>572,621,752</u>	<u>575,867,897</u>

4. SHORT TERM BORROWINGS

A) Secured		
(a) Working Capital Loans		
<u>From Banks (Rupee)</u>		
State Bank of India	106,599,967	112,599,967
i) Working Capital loan from State Bank of India is secured by hypothecation of entire chargeable current assets of the company and are further secured by first charge created on Fixed Assets of the Company. The said Working Capital Loan was renewed on 24 April 2008 and is pending for renewal thereafter. The State Bank of India has transferred the said loan to Non Performing Assets on account of non payment of dues by the company on stipulated time. Consequently company is not providing any interest and penalty on the said working capital loan.		
ii) During the current period the company has deposited with the bank a sum of Rs. 60 lacs (i.e 5% of the outstanding in the account exclusive of interest) in a non-interest bearing no lien account in order to facilitate settlement of dues under OTS (The above loan is guaranteed by Directors)		
TOTAL (A)	<u>106,599,967</u>	<u>112,599,967</u>

	<u>As at</u> <u>31st March, 2012</u>	<u>As at</u> <u>30th September, 2011</u>
B) Unsecured		
<u>From Banks (Rupee)</u>		
IDBI Bank	44,215,190	44,215,191
i) Short Term Working Capital Loan from IDBI Bank Limited is secured by demand promissory note and post dated cheques issued by the company. The said loan is further secured by pledge of 2,00,000 nos of shares held by Oriental Holdings Limited and corporate guarantee given by Oriental Holdings Limited.		
ii) The loan has been due for repayment since February 2011, however the company has not yet repaid the same .		
iii) The company has defaulted on Interest payment on the above loan, the details of which are as under:		
a) Period of Default	14 Months	8 Months
b) Amount	10,197,749	5,498,061
TOTAL (B)	44,215,190	44,215,191
TOTAL (A+B)	150,815,157	156,815,158
5. TRADE PAYABLES		
Micro, Small & Medium Enterprises (Refer Note No.5.1)	-	-
Others	56,482,623	54,957,118
TOTAL	56,482,623	54,957,118
5.1 Dues to small-scale industrial undertakings and due to micro enterprises and small enterprises:-		
The Company is in the process of compiling relevant information from its suppliers about their coverage under the Micro, Small and Medium Enterprises Development Act, 2006. Since the relevant information is not readily available, no disclosure have been made in the accounts. However, in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of this Act is not expected to be material.		
6. OTHER CURRENT LIABILITIES		
Current maturities of long term debt	10,524	10,524
Interest accrued and due on borrowings (IDBI)	10,197,749	5,498,061
FCCB Interest Payable	16,327,800	16,327,800
Security Deposit	184,350	184,350
Salaries Payable	19,828,390	17,356,868
Bonus Payable	2,388,874	2,359,487
PF / ESIC Payable	3,075,791	8,053,685
TDS Payable	15,455,615	15,071,140
Other Taxes Payable	2,308,801	3,378,111
ETCO Digital Pvt Ltd (refer note 6.1)	9,700,000	-
Advance Received from Debtors	2,903,461	2,238,534
Advance Received for Sale of Property	7,500,000	-
Others	2,590,207	2,808,725
TOTAL	92,471,562	73,287,285
6.1 The amount represents Interest free deposit received from ETCO Digital Pvt. Ltd. The company has entered into a business agreement dt. 1-12-2011 with ETCO Digital Pvt Ltd as a premium business partner for distribution, sales and service support of entire range of products & services in India and other defined territories. However the copy of resolution for the same is not available for verification.		
7. SHORT TERM PROVISIONS		
Provisions for Gratuity/ Leave Encashment	10,764,407	14,444,407
Provision for Taxation	-	-
TOTAL	10,764,407	14,444,407

8. Fixed Assets									
Description	Gross Block			Depreciation/ Amortisation			Net Block		
	As at 01.10.2011	Additions	Deductions/ Adjustments	As at 31.03.2012	For the Year	Deductions/ Adjustments	Upto 31.03.2012	As at 31.03.2012	As at 30.09.2011
TANGIBLE ASSETS									
OWN ASSETS:									
Land	200,004	-	-	200,004	-	-	-	200,004	200,004
Building (Factory)	3,352,556	-	-	3,352,556	31,108	-	2,761,510	591,047	622,154
Building (Office)	26,418,198	-	-	26,418,198	512,853	-	6,416,931	20,001,267	20,514,120
Plant & Machinery	28,365,803	-	-	28,365,803	262,248	-	24,857,405	3,508,399	3,770,647
Technical Knowhow	6,408,383	-	-	6,408,383	63,188	-	5,563,050	845,333	908,521
Furniture	12,237,990	-	-	12,237,990	269,590	-	9,528,685	2,709,304	2,978,895
Vehicles	3,752,532	-	-	3,752,532	99,468	-	3,084,925	667,607	767,075
Office Equipment	2,463,267	-	-	2,463,267	43,003	-	1,887,963	575,304	618,307
Electrical Installation	934,253	-	-	934,253	9,183	-	811,403	122,850	132,033
Factory Equipment	921,804	-	-	921,804	16,994	-	694,457	227,347	244,341
DG Sets	265,673	-	-	265,673	1,796	-	241,653	24,021	25,816
Computers	11,305,586	13,450	-	11,319,036	106,258	-	10,920,545	398,491	491,299
Air Conditioner	850,405	-	-	850,405	18,142	-	607,692	242,713	260,855
Communication Equipment	1,150,533	20,960	-	1,171,493	44,826	-	852,205	319,288	343,154
Service Equipment	4,857,843	-	-	4,857,843	34,448	-	4,396,989	460,854	495,302
Digital Video Recorders (Given on Lease)	15,897,156	-	-	15,897,156	467,782	-	14,026,031	1,871,125	2,338,907
Sub-Total	119,381,987	34,410	-	119,416,397	1,980,887	-	86,651,443	32,764,954	34,711,430
LEASED ASSETS:									
Sub-Total	-	-	-	-	-	-	-	-	-
TOTAL (A)	119,381,987	34,410	-	119,416,397	1,980,887	-	86,651,443	32,764,954	34,711,430
INTANGIBLE ASSETS:									
TOTAL (B)	-	-	-	-	-	-	-	-	-
TOTAL (A+B)	119,381,987	34,410	-	119,416,397	1,980,887	-	86,651,443	32,764,954	34,711,430
Previous Year	119,185,022	196,964	-	119,381,986	5,085,468	-	84,670,557	34,711,429	39,599,934
Capital Work-in-Progress	-	-	-	-	-	-	-	-	-
Intangible Assets Under Development	-	-	-	-	-	-	-	-	-

9. NON-CURRENT INVESTMENTS		As at 31st March, 2012	As at 30th September, 2011
(Long Term Investments)			
a) Trade Investments		-	-
Total Trade Investments (A)		-	-
b) Other Investments			
In Shares of Western Solutions (M) SDN. BHD.		9,157,680	-
The company has entered into a joint venture agreement on 14 May 2008 whereby the company has brought 30% shares in Western Solutions (M) SDN. BHD for a consideration of US \$ 180000.			
Total Other Investments (B)		9,157,680	-
Total Non Current Investments (A+B)		9,157,680	-
Aggregate amount of quoted investments		-	-
Market value of quoted investments		-	-
Aggregate amount of unquoted investments		9,157,680	-
10 DEFERRED TAX ASSET			
Deferred Tax Assets		248,247	248,247
TOTAL		248,247	248,247

Since the company has suffered loss in the current financial year as well as in the preceding financial year and has accumulated losses in the financial statements and carry forward losses under the Income Tax Act 1961, on prudent and conservative basis the company has not recognized Deferred Tax Asset for current year including Deferred Tax Asset on current year timing differences on account of depreciation since there is no virtual certainty supported by convincing evidence that sufficient taxable income will be available against which such deferred tax asset can be realized.

11. LONG TERM LOANS AND ADVANCES

(Unsecured and Considered Doubtful)			217,500,000	217,500,000
Capital Advance (Refer note 11.1 (a))				
(Unsecured and Considered Good)				
Capital Advance (Refer note 11.1 (b, c & d))		6,239,467		6,239,467
Advances to Related Parties (Refer note 11.2)		12,690,220		12,690,220
Security Deposit		8,730,145		8,926,852
Advance for Investment (Refer note 11.3)		-		8,835,498
Loan to Joint Venture (Refer note 11.3)		561,055,631		541,342,323
Advances to Others		3,706,705		2,599,405
TOTAL		809,922,168		798,133,765

11.1 The company has given advances for capital expenditure as follows:

a) An amount of Rs 21,75,00,000/- has been given to Enso Realtors Private Limited against advance for future 'property rights' which is under litigation and disputed as title of property neither transferred to developers (Enso Realtors Pvt. Ltd) nor transferred to Enso Secutrack Ltd. The amount is doubtful for recovery.

b) An advance of Rs 50 lacs is still outstanding from M/s Nava Nirman, Vishakhapatnam towards advance for a project but due to non-fulfillment of the terms of the project, the deal was not materialized.

c) An amount of Rs 12,39,467/- was given to Team Computers (P) Ltd for ERP Development but later on the management decided not to implement the ERP and therefore this amount is disputable.

The company has received a notice from Team Computers Private Limited wherein Team Computers Private Limited has alleged that the company has given to them a cheque of Rs. 10,24,310/- (on account of full and final settlement for the products purchased by the company from Team Computers Private Limited) which was dishonored on presentation and the matter is pending before Delhi High Court Mediation & Conciliation Centre.

11.2 Advance to Related party represents advance given to Enso Technologies Ltd.

11.3 a) Advance for Investment represents advance paid by the subsidiary for Investment in joint venture with M/s Western Solutions (M) SDNBHD

b) The Subsidiary has given a loan to its joint venture. The said loan is unsecured, interest free and will not be recalled within next 12 months

12. INVENTORIES

	As at 31st March, 2012	As at 30th September, 2011
(Valued at Cost or NRV, whichever is less)		
Finished Goods	27,047,352	85,024,048
Consumables & Spares	5,790,888	41,281,327
Work in Progress	3,019,566	3,019,566
TOTAL	35,857,806	129,324,941

12.1 The total inventory of Rs 3.59 crores comprises of stock - in- trade and consumables and spares parts, valued at lower of cost or net realisable value. During the year the company has changed its Accounting Policy for valuation of Inventory to lower of cost or NRV which is in consistent with the method prescribed under Accounting Standard - 2 "Inventory Valuation".

13. TRADE RECEIVABLES

(Unsecured and Considered Good)

Over six months	215,079,838	215,812,505
Others	24,483,010	20,076,595
	239,562,848	235,889,100
Less: Provision for Doubtful Debts	(190,932,250)	-
TOTAL	48,630,598	235,889,100

13.1 Out of the total debtors of Rs. 23.95 crores as on 31 March 2012, provision for doubtful debts has been made on debtors outstanding for a period of more than 1095 days (3 years) aggregating to Rs. 19,09,32,250/-. The balance debtors of Rs. 4.86 crores, according to the management, same is recoverable; therefore no provision is done during the current period.

14. CASH & BANK BALANCES

Balance with Scheduled Banks	2,525,078	4,662,156
Balance with Foreign Banks	2,113,264	3,007,881
Cash on Hand	1,301,759	1,398,734
Fixed Deposits with banks *		2,777,605
Margin Money	4,075,605	10,179,803
Others	9,929,360	
TOTAL	19,945,067	22,026,179

* Fixed Deposits with banks include deposits of Rs. 140.04 lacs (Previous Year 129.57 lacs) with maturity of more than 12 months.

15. SHORT TERM LOANS AND ADVANCES

(Unsecured and Considered Doubtful)

Advance Given To Creditors	2,670,690	170,690
(Unsecured and Considered Good)		
Advance Taxes	2,340,581	3,621,641
Imago Screens India Pvt. Ltd (refer note 15.1)	12,814,867	12,046,534
Advance for Expenses	14,280	56,890
Others	277,047	295,143
TOTAL	18,117,464	16,190,898

15.1 Receivable from Imago Screens India Private Limited (Imago) refers to the amount due and paid by KRDCL to Imago. Imago has been authorised by the company to receive all the payments from the KRDCL project by way of power of Attorney, as per the procedure prescribed by KRDCL.

16. OTHER CURRENT ASSETS

(Unsecured and Considered Good)

Enso Sasat Holdings Ltd	345,940	-
Prepayments	179,940	173,618
Deposit	68,883	66,463
Interest Receivable	968,941	675,162
TOTAL	1,563,704	915,242

17. REVENUE FROM OPERATIONS

	<u>As at</u> <u>31st March, 2012</u>	<u>As at</u> <u>30th September, 2011</u>
Sale of Products	45,964,238	135,831,532
Service Income	27,402,148	62,109,679
Lease Rentals from Digital Video Recorders	2,852,818	7,653,849
	<u>76,219,204</u>	<u>205,595,060</u>
Less: Sales Return	(554,843)	(2,865,725)
TOTAL	<u>75,664,361</u>	<u>202,729,335</u>

18. OTHER INCOME

<u>Interest</u>		
- From Fixed Deposits with Banks	340,528	315,809
- From Others	187,862	14,605
Foreign Exchange Fluctuation Gain	84,012	1,044,456
Miscellaneous Income	46,363	194,199
TOTAL	<u>658,765</u>	<u>1,569,069</u>

19. PURCHASE OF STOCK-IN-TRADE

<u>Particulars</u>		
Digital Video Recorders	7,057,404	3,494,098
Cash Counting Machines	14,854,965	39,195,320
Note Sorting Machines	4,632,400	22,635,425
Consumables, Spares & Others	10,735,804	60,883,972
TOTAL	<u>37,280,573</u>	<u>126,208,815</u>

22. CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-PROCESS AND STOCK-IN-TRADE

<u>Inventories (at close)</u>		
Stock - In - Trade	27,047,352	85,024,048
Stock - In - Trade (lying at clients place)	3,019,566	3,019,566
Consumables & Spare Parts	5,790,888	41,281,327
	<u>35,857,806</u>	<u>129,324,941</u>
<u>Inventories (at commencement)</u>		
Stock - In - Trade	85,024,048	73,639,399
Stock - In - Trade (lying at clients place)	3,019,566	-
Consumables & Spare Parts	41,281,327	43,383,204
	<u>129,324,941</u>	<u>117,022,603</u>
TOTAL	<u>93,467,135</u>	<u>(12,302,338)</u>

22.1 During the period, the company has changed the method of valuation of Stock at cost to lower of Cost or Net realisable value in compliance with the method as prescribed by AS - 2 and as per section 145A of the Income Tax Act.

23. EMPLOYEE BENEFITS EXPENSE

Salaries and Wages	17,295,665	43,634,502
Contribution to Provident and Other Funds	931,697	3,514,593
Gratuity	10,000	436,734
Bonus	560,567	719,827
Staff Welfare Expenses	283,556	671,933
TOTAL	<u>19,081,485</u>	<u>48,977,589</u>

23.1 During the current year, the Company has made a provision of Rs. 10,000/- (previous year Rs. 4,36,734/-) towards Gratuity in the Profit & Loss Account as per the Group Gratuity Scheme of Life Insurance Corporation of India and also no provision is made for leave salary. The aforesaid treatment done by the company for gratuity and leave salary is not as in accordance with Accounting Standard 15 "Employee Benefits".

24. <u>FINANCE COST</u>	<u>As at</u> <u>31st March, 2012</u>	<u>As at</u> <u>30th September, 2011</u>
Interest on ICICI Term Loan	218,885	389,297
Interest on IDBI Working Capital Loan	4,699,687	8,555,545
Interest on SBI Working Capital Loans	-	-
Interest on Foreign Currency Convertible Bonds	-	-
Other Interest	934,586	1,177,731
Bank Charges	341,925	167,884
TOTAL	<u>6,195,083</u>	<u>10,290,457</u>
25. <u>DEPRECIATION AND AMORTISATION EXPENSE</u>		
Depreciation and Amortisation	1,980,887	5,085,468
TOTAL	<u>1,980,887</u>	<u>5,085,468</u>
26. <u>OTHER EXPENSES</u>		
A. <u>Administrative Expenses</u>		
Insurance	3,928	196,037
Printing & Stationery	261,178	842,607
Postage & Courier	253,030	657,544
Telephone & Fax	918,121	2,222,559
Rates and Taxes	654,991	693,543
Travelling & Conveyance	3,180,999	7,462,728
Vehicle Running and Maintenance	1,147,688	3,818,572
Auditor's Remuneration		
Audit Fees	220,600	441,200
Tax Audit Fees	-	50,000
Others	979,791	609,511
Repairs & Maintenance	370,189	1,428,433
Director's Remuneration	1,351,962	2,703,924
Director's Travelling	283,941	229,703
Rent	1,820,700	4,437,628
Electricity & Water	258,663	772,243
Administrative Expenses	199,500	578,690
Legal and Professional Charges	299,760	549,839
Octroi	358,256	246,258
R & D Expenses	-	2,273
Total (A)	<u>12,563,297</u>	<u>27,943,292</u>
B. <u>Selling and Distribution Expenses</u>		
Advertisement & Business Promotion	290,545	880,736
Freight Outward	1,090,822	2,822,398
Commission & Discounts	2,454,782	4,526,254
Total (B)	<u>3,836,149</u>	<u>8,229,388</u>
C. <u>Other Expenses</u>		
Other Expenses	83,825	525,653
Total (C)	<u>83,825</u>	<u>525,653</u>
D. <u>Foreign Exchange Fluctuation</u>		
Foreign Exchange Fluctuation Loss	-	-
Total (D)	-	-
Total (A+B+C+D)	<u>16,483,271</u>	<u>36,698,333</u>

27 a) The foreign exchange loss aggregating to Rs. 13,89,28,200/- (including foreign exchange loss of Rs. 4,23,30,000/- for current year) on the outstanding FCCB up to 31st March 2012 has not been provided in the books of accounts since as per the management the determination and crystallization of liability is dependent upon the outcome of uncertain future events or action not wholly within the control of the company and therefore the same has been considered as "Contingent Liability" as on 31st March 2012 and due to this, loss for the year ended 31st March 2012 is understated by Rs. 13,89,28,200/-.

b) As per terms and conditions of the FCCB, the company has to pay interest @ 3 percent per annum (semi annually in arrears) to the FCCB holders. The company has debited the interest payable to FCCB holders till 30 September 2010, henceforth the company has not provided interest on FCCB from 1st October 2010 to 31st March 2012 due to financial crunch and negotiations of waiver of interest with FCCB holders. The foreign exchange loss aggregating to Rs.47,72,200/- on interest payable to FCCB holders (Rs. 1,63,27,800/-) has not been recognized by the company since as per the management the determination and crystallization of liability is dependent upon the outcome of uncertain future events or action not wholly within the control of the company and due to this loss for the six months ended 31st March 2012 is understated by Rs. 47,72,200/-.

28 a) As per Accounting Standard -11 'The Effect of changes in Foreign Exchange Rate' issued by the Institute of chartered Accountants of India, a company has to restate its monetary assets and liabilities, outstanding as on the year end, denominated in foreign currency at the exchange rate prevailing at the balance sheet date. However the company has not restated its outstanding monetary assets and liabilities denominated in foreign currency at the exchange rate prevailing at the balance sheet date, except the amount lying with Meryll Lynch Bank, Geneva and this is not in accordance with Accounting Standard -11 'The Effect of changes in foreign Exchange Rate'.

b) The net foreign exchange loss aggregating to Rs. 14,37,00,400/- (i.e. foreign exchange loss on FCCB proceeds of Rs. 13,89,28,200/- and foreign exchange loss on interest payable to FCCB holders of Rs.47,72,200/-) has not been recognized as in view of the management same will be provided as and when crystallized and thus the loss for the six month ended 31st March 2012 is understated by Rs. 14,37,00,400/-.

29. a) The company has yet to deposit the TDS amount of Rs. 1,54,55,615/- with the government.

b) The Provident Fund Liability as per the provisions of the Employees Provident Fund and Miscellaneous Provisions Act, 1952 is outstanding of Rs 12,14,752/- towards the Employers Contribution and Rs. 21,341/- towards the Employees Contribution.

c) The Employees State Insurance Liability as per Employee State Insurance Corporation Act is outstanding of Rs 13,34,848/- towards the Employers Contribution and Rs 4,93,723/- towards the Employees Contribution.

d) The Professional Tax liability is outstanding of Rs 1,33,550/- Employees Salary.

e) The company has yet to deposit balance Self Assessment Income Tax of Rs. 99,40,969/- (Actual Provision - Rs. 3,30,15,217/- less paid till march 2012 Rs. 2,30,74,248/-) pertaining to assessment year 2008-09 with the government.

f) The company has yet to deposit Self Assessment Fringe Benefit Tax of Rs. 51,105/- pertaining to assessment year 2008-09 and Rs. 7,72,333/- pertaining to assessment year 2009-10, aggregating to Rs. 8,23,438/- with the government.

30. In the opinion of management, there is no impairment of fixed assets as on Balance Sheet date.

31. In the opinion of management, value of realization of current assets, deposits and loans and advances in the ordinary course of business will be at least equal to the amount at which they are stated in the financial statements.

32. The sundry debit and credit balances including debtors, creditors and advances either debit or credit, deposits and fixed deposits with banks (other than those with ICICI Bank for Margin Money) and others are subject to confirmation and reconciliations, the effect of which is not known.

33. Provision for Taxation

In view of the losses, the provision for Income Tax has not been made for the financial year 2011-12, corresponding to the assessment year 2012-13.

34.1 VALUE OF IMPORTS ON CIF BASIS IN RESPECT OF	(Rs. in lacs) 2011-12	(Rs. in lacs) 2010-11
Finished Goods	-	227.28
Stores & Spares	-	9.11
	-	236.39
34.2 EXPENDITURE IN FOREIGN CURRENCY	(Rs. in lacs) 2011-12	(Rs. in lacs) 2010-11
Finished Goods, Consumables & Spare Parts	-	185.09
Other Expenses	2.87	0.12
	2.87	185.21

35 EARNINGS PER SHARE (EPS)	2011 - 12	2010 - 11
i) Net Profit after tax as per Statement of Profit and Loss attributable to Equity Shareholders (in lacs)	(289,097,559)	(10,659,920)
ii) Weighted Average number of equity shares used as denominator for calculating EPS	11,161,098	11,161,098
iii) Basic and Diluted Earning per share (Rs)	(25.90)	(0.96)
iv) Face Value per equity share (Rs)	10.00	10.00

36 Segment Reporting:

The Company's operations are identified predominantly as only one Business Segment' of related products, viz sales of Electronic Equipment and services thereto and therefore no Segment reporting is required.

37. Related Party Disclosures

The disclosure of transactions with the related parties as defined in the Accounting Standard – 18 "Related Party Disclosures" are given below:

S. No.	Name of The Related Party	Relationship	Transaction	
			Nature	Amount
1	Bazigar Trading Private Limited	Associate/ Group Companies/ Affiliates	Inter Corp. Deposit	32,681,228
2	Oriental Holdings Limited		Inter Corp. Deposit	23,837,500
3	Bengal Exim Scrips Private Limited		Inter Corp. Deposit	11,134,675
4	Linear Commercial Private Limited		Inter Corp. Deposit	2,755,334
5	Square Moon consultancy Private Limited		Inter Corp. Deposit	1,012,500
6	Paradise Infrastructures Private Limited		Inter Corp. Deposit	-
7	Enso Technologies Limited		Advance Given	12,690,220
8	Mr. Pradeep Chauhan	Whole time Director	Remuneration	1,509,462
9	Western Solutions (M) SDN. BHD	Joint Venture	Loan Given	\$ 1,10,28,424

38. CONTINGENT LIABILITIES AND COMMITMENTS	(Rs in lacs) 2011-12	(Rs in lacs) 2010-11
1) Bank Guarantees (issued in favour of customers towards performance guarantee)	39.22	26.24
2) Kerala General Sales Tax for the FY 2003-04. Appeal is pending for disposal before Dy. Commissioner (Appeal)-II, Ernakulum.	6.53	6.53
3) Kerala General Sales Tax for the FY 2006-07. Appeal is pending for disposal before Dy. Commissioner (Appeal)-II, Ernakulum.	6.52	6.52
4) Service Tax Liability. Appeal is pending for disposal before Service Tax Appellate Tribunal, Bangalore	23.85	23.85
5) Income Tax liability for FY 2007-08. Appeal is pending for disposal before the Income Tax Appellate Tribunal, Hyderabad.	1710.35	1710.35
6) Non provision of foreign exchange loss	1437.00	980.70
7) The company has received a notice from Team Computers Private Limited wherein Team Computers Private Limited has alleged that the company has given to them a cheque of Rs. 10,24,310/- (on account of full and final settlement for the products purchased by the company from Team Computers Private Limited) which was dishonored on presentation and the matter is pending before Delhi High Court Mediation & Conciliation Centre.	10.24	10.24

8) Interest and penalty on late payment/ non payment of Income Tax, Fringe Benefit Tax, Tax Deducted at Source, Professional Tax, Provident Fund Contribution and Employee State Insurance Corporation Contribution.	Unascertained	Unascertained
9) The company has not provided Interest on FCCB and Loan from State Bank of India and is therefore contingently liable for same.	Unascertained	Unascertained
10) There is a notice received from the State Bank of India for the irregularities in operating the cash credit loan account, including cheque bouncing charges for insufficient funds resulting into penal interest and penalty for the amount which is uncertain.	Unascertained	Unascertained

39. The previous year figures have been regrouped, reclassified and recasted as per the Revised Schedule VI of the Companies Act 1956, wherever necessary to conform to the current year presentation.

As per our report attached
for R KABRA & CO
Chartered Accountants
FRN NO.104502W

for and on behalf of the Board

Sanjay Surana
Partner
M NO. 046568

Mr Pradeep Chauhan
Whole Time Director

Mr Hanuman Mal Tater
Director

CAMP: Hyderabad
DATE: 27.08.2012

PLACE: Hyderabad
DATE: 27.08.2012

ENSO SECUTRACK LIMITED

'Regd. Office: "Tyche House", 13-6-436/A/26, Lakshmingar Colony, Mehdiapatnam, Hyderabad-500028

ATTENDANCE SLIP

Shareholders attending the Meeting in person or by Proxy are requested to complete the attendance slip and hand it over at the meeting hall.

I/We hereby record my/our presence at the Annual General Meeting of the Company at the Hotel Riviera Grand, Pillar No: 145, Hyderguda "X" Roads, Attapur Ring Road, Hyderabad at 11.30 a.m on Friday, 28th September 2012.

Name of the Member attending (in Block Letters)

Signature

Full Name of the First Joint-holder (To be filled-in if the first
Named holder does not attend the meeting)

Signature

Name of the Proxy (To be filled-in if the Proxy Form has been duly deposited with the Company)

Membership Folio No. _____

DP.ID* _____

No. of Shares held _____

Client Id* _____

*Applicable for investors holding shares in electronic form.

----- Tear Here -----

ENSO SECUTRACK LIMITED

Regd. Office: "Tyche House", 13-6-436/A/26, Lakshminagar Colony, Mehdiapatnam, Hyderabad - 500028

PROXY FORM

* I/We _____ of

_____, being a Member(s) of the above named Company hereby

appoint Shri/ Smt _____ of _____ or

failing him Shri/Smt _____

of _____ as my / our proxy to vote for me/ us and on my / our behalf at the

Annual General Meeting of the Company at the Hotel Riviera Grand, Pillar No: 145, Hyderguda "X" Roads, Attapur Ring Road, Hyderabad at 11.30 a.m on Friday, 28th September 2012.

Membership Folio No. _____

DP.ID* _____

No. of Shares held _____

Client Id* _____

Stamp

Signed this _____ day of _____ 2012.

Affix
Rs.1/-
Revenue

**PRINTED MATTER
BOOK-POST**

If undelivered, please return to:

**ENSO SECUTRACK LIMITED
13-6-436/A/26,
LAKSHMINAGAR COLONY,
MEHDIPATNAM,
HYDERABAD – 500 028.**