Preliminary Placement Document
Subject to completion
Not for circulation and strictly confidential
Serial No._______

This Preliminary Placement Document relates to an issue made to Eligible QIBs under Chapter VI of the SEBI ICDR Regulations on a private placement basis and no offer is being made through this Preliminary Placement Document to the public or any other categories of investors. This Preliminary Placement Document is not an offer to sell securities and is not soliciting an offer to buy securities in any jurisdiction where such offer or sale or subscription is not permitted. The information in this Preliminary Placement Document is not complete and may be changed.

being there...

ZEN TECHNOLOGIES LIMITED

Zen Technologies Limited ("**Company**") was originally incorporated as Zen Technologies and Computers Limited on June 29, 1993, under the Companies Act 1956, pursuant to a certificate of incorporation granted by the Registrar of Companies, Andhra Pradesh at Hyderabad. Pursuant to a resolution passed by our Board dated October 31, 1994 and a shareholder's resolution dated November 26, 1994 the name of our Company was changed to "Zen Technologies Limited" and a fresh certificate of incorporation issued by the Registrar of Companies, Andhra Pradesh at Hyderabad on February 22, 1995. For further details, see "***General Information***" on page 390.

Registered and Corporate Office: B-42, Industrial Estate, Sanath Nagar, Hyderabad 500 018, Telangana, India
Tel No.: +91 40 2381 3281; **Website**: www.zentechnologies.com; **Email**: cosec@zentechnologies.com;
Contact Person: Raghavendra Prasad Movva, Company Secretary and Compliance Officer;
Corporate Identity Number: L72200TG1993PLC015939

Issue of [●] equity shares of face value of ₹1 each ("**Equity Shares**") at a price of ₹ [●] per Equity Share ("**Issue Price**"), including a premium of ₹ [●] per Equity Share, aggregating to ₹ [●] lakhs ("**Issue**"). For further details, see "***Summary of the Issue***" on page 28.

THE ISSUE IS BEING UNDERTAKEN IN RELIANCE UPON CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED ("SEBI ICDR REGULATIONS"), SECTION 42 OF THE COMPANIES ACT, 2013, AS AMENDED ("COMPANIES ACT, 2013"), READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, AS AMENDED ("PAS RULES"), AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 AND THE RULES MADE THEREUNDER, EACH AS AMENDED.

The Equity Shares of our Company are listed on National Stock Exchange of India Limited ("**NSE**") and BSE Limited ("**BSE**" and together with NSE, the "**Stock Exchanges**"). The closing prices of the Equity Shares on NSE and BSE as on August 20, 2024 were ₹ 1,697.70 and ₹ 1,698.05 per Equity Share, respectively. Our Company has received in-principle approvals pursuant to Regulation 28(1)(a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("**SEBI Listing Regulations**") for listing of the Equity Shares to be issued pursuant to this Issue, from NSE and BSE, each dated August 21, 2024. Our Company shall make applications to the Stock Exchanges to obtain final listing and trading approvals for the Equity Shares to be issued pursuant to this Issue. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed, or reports contained herein. Admission of the Equity Shares to be issued pursuant to this Issue for trading on the Stock Exchanges should not be taken as an indication of the merits of our Company or the Equity Shares.

OUR COMPANY HAS PREPARED THIS PRELIMINARY PLACEMENT DOCUMENT SOLELY FOR PROVIDING INFORMATION IN CONNECTION WITH THE PROPOSED ISSUE. THE ISSUE AND THE DISTRIBUTION OF THIS PRELIMINARY PLACEMENT DOCUMENT TO ELIGIBLE QIBs (AS DEFINED HEREINAFTER) IS BEING MADE IN RELIANCE UPON CHAPTER VI OF THE SEBI ICDR REGULATIONS, SECTION 42 OF THE COMPANIES ACT, 2013 READ WITH RULE 14 OF THE PAS RULES AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013. THIS PRELIMINARY PLACEMENT DOCUMENT IS PERSONAL TO EACH PROSPECTIVE INVESTOR AND DOES NOT CONSTITUTE AN OFFER OR INVITATION TO OFFER OR SOLICITATION OF AN OFFER TO THE PUBLIC OR ANY OTHER PERSON OR CLASS OF INVESTORS WITHIN OR OUTSIDE INDIA OTHER THAN TO ELIGIBLE QIBs. THIS PRELIMINARY PLACEMENT DOCUMENT SHALL BE CIRCULATED TO ONLY SUCH ELIGIBLE QIBs WHOSE NAMES ARE RECORDED BY OUR COMPANY EQUITY PRIOR TO MAKING AN INVITATION TO SUBSCRIBE TO THE EQUITY SHARES. THIS PRELIMINARY PLACEMENT DOCUMENT IS PERSONAL TO EACH PROSPECTIVE INVESTOR AND DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO THE PUBLIC OR ANY OTHER PERSON OR CLASS OF INVESTORS WITHIN OR OUTSIDE INDIA OTHER THAN TO ELIGIBLE QIBs.

YOU ARE NOT AUTHORIZED TO AND MAY NOT (1) DELIVER THIS PRELIMINARY PLACEMENT DOCUMENT TO ANY OTHER PERSON; OR (2) REPRODUCE THIS PRELIMINARY PLACEMENT DOCUMENT, IN ANY MANNER WHATSOEVER; OR (3) RELEASE ANY PUBLIC ADVERTISEMENTS OR UTILIZE ANY MEDIA, MARKETING OR DISTRIBUTION CHANNELS OR AGENTS TO INFORM THE PUBLIC AT LARGE ABOUT THE ISSUE. ANY DISTRIBUTION OR REPRODUCTION OF THIS PRELIMINARY PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN A VIOLATION OF THE SEBI ICDR REGULATIONS, THE COMPANIES ACT, 2013 OR OTHER APPLICABLE LAWS OF INDIA AND OTHER JURISDICTIONS.

INVESTMENT IN EQUITY SHARES INVOLVES A HIGH DEGREE OF RISK AND PROSPECTIVE INVESTORS SHOULD NOT INVEST IN THE ISSUE UNLESS THEY ARE PREPARED TO TAKE THE RISK OF LOSING ALL OR PART OF THEIR INVESTMENT. PROSPECTIVE INVESTORS ARE ADVISED TO CAREFULLY READ "*RISK FACTORS*" ON PAGE 37 BEFORE MAKING AN INVESTMENT DECISION RELATING TO THE ISSUE. EACH PROSPECTIVE INVESTOR IS ADVISED TO CONDUCT ITS OWN DUE DILIGENCE ON US AND THE EQUITY SHARES AND CONSULT ITS OWN ADVISORS ABOUT THE PARTICULAR CONSEQUENCES OF AN INVESTMENT IN THE EQUITY SHARES BEING ISSUED PURSUANT TO THIS PRELIMINARY PLACEMENT DOCUMENT AND THE PLACEMENT DOCUMENT.

A copy of this Preliminary Placement Document, which include disclosures prescribed under Form PAS-4 (*as defined hereinafter*) have been delivered to the Stock Exchanges and a copy of the Placement Document (which will include disclosures prescribed under Form PAS-4) will be delivered to the Stock Exchanges. Our Company shall also make the requisite filings with the RoC, within the stipulated period as required under the Companies Act, 2013 and PAS Rules. This Preliminary Placement Document have not been reviewed by the Securities and Exchange Board of India ("**SEBI**"), the Reserve Bank of India ("**RBI**"), the Stock Exchanges, RoC or any other listing or regulatory authority and is intended only for use by Eligible QIBs. This Preliminary Placement Document has not been and will not be filed as a prospectus with the RoC and have not been circulated or distributed to the public in India or any other jurisdiction, and the Issue does not constitute a public offer in India or any other jurisdiction.

Invitations, offers and sales of the Equity Shares to be issued pursuant to this Issue have only been made pursuant to this Preliminary Placement Document together with the Application Form, the Preliminary Placement Document and the Confirmation of Allocation Note (*each as defined hereinafter*). For further details, please see "***Issue Procedure***" on page 147. The distribution of this Preliminary Placement Document or the disclosure of its contents without the prior consent of our Company to any person, other than Eligible QIBs, to whom this Preliminary Placement Document is specifically addressed, and persons retained by such Eligible QIBs to advise them with respect to their purchase of Equity Shares, is unauthorized and prohibited. Each prospective investor, by accepting delivery of this Preliminary Placement Document, agrees to observe the foregoing restrictions and make no copies of this Preliminary Placement Document or any documents referred to in this Preliminary Placement Document.

The Equity Shares offered in the Issue have not been and will not be registered under the United States Securities Act of 1933, as amended ("**U.S. Securities Act**"), or the securities laws of any state of the United States and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in "offshore transactions", as defined in and in reliance on Regulation S under the U.S. Securities Act ("**Regulation S**") and in accordance with the applicable laws of the jurisdictions where such offers and sales are made. For the selling restrictions in certain other jurisdictions, see "***Selling Restrictions***" on page 163. The Equity Shares sold in the Issue are transferable only in accordance with the restrictions described in the sections "***Selling Restrictions***" and "***Transfer Restrictions***" on pages 163 and 172, respectively.

Any information on the websites of our Company and our Subsidiaries as applicable, or any other website directly or indirectly linked to such websites, or the websites of the Lead Managers (*as defined hereinafter*) or of their respective affiliates, does not constitute nor form part of this Preliminary Placement Document and prospective investors should not rely on such information contained in, or available through, any such websites for their investment in this Issue.

This Preliminary Placement Document is dated August 21, 2024.

LEAD MANAGERS		
MOTILAL OSWAL INVESTMENT BANKING **Motilal Oswal Investment Advisors Limited**	ICICI Securities **ICICI Securities Limited**	nuvama **Nuvama Wealth Management Limited** *(Formerly known as Edelweiss Securities Limited)*

TABLE OF CONTENTS

NOTICE TO INVESTORS

Our Company has furnished and accepts full responsibility for all of the information contained in this Preliminary Placement Document and confirms that to the best of our knowledge and belief, having made all reasonable enquiries, this Preliminary Placement Document contains all information with respect to our Company, its Subsidiaries and the Equity Shares which our Company considers material in the context of the Issue. The statements contained in this Preliminary Placement Document relating to our Company and its Subsidiaries and the Equity Shares are, in every material respect, true and accurate and not misleading. The opinions and intentions expressed in this Preliminary Placement Document with regard to us, our Subsidiaries and the Equity Shares to be issued pursuant to the Issue are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions and information presently available to us. There are no other facts in relation to our Company, its Subsidiaries and the Equity Shares to be issued pursuant to the Issue, the omission of which would, in the context of the Issue, make any statement in this Preliminary Placement Document misleading in any material respect. Further, our Company has made all reasonable enquiries to ascertain such facts and to verify the accuracy of all such information and statements. Unless otherwise stated, all information in this Preliminary Placement Document is provided as on the date of this Preliminary Placement Document.

Distribution of this Preliminary Placement Document to any person other than the Eligible QIBs, and those persons, if any, retained to advise such investor with respect thereto, is unauthorized, and any disclosure of its contents, without prior written consent of our Company, is prohibited. Any reproduction of this Preliminary Placement Document, in whole or in part, and any disclosure of its contents to any other person is prohibited. Each prospective investor, by accepting delivery of this Preliminary Placement Document, agrees to observe the foregoing restrictions and make no copies of this Preliminary Placement Document or any offering material in connection with the Equity Shares.

The information contained in this Preliminary Placement Document has been provided by our Company and from other sources identified herein. The Lead Managers have made reasonable enquiries but have not separately verified all the information contained in this Preliminary Placement Document (financial, legal or otherwise). Accordingly, neither the Lead Managers nor any of their respective shareholders, employees, counsels, officers, directors, representatives, agents, associates or affiliates makes any express or implied representation, warranty or undertaking, and no responsibility or liability is accepted by the Lead Managers or by any of their respective shareholders, employees, counsels, officers, directors, representatives, agents, associates or affiliates as to the accuracy or completeness of the information contained in this Preliminary Placement Document or any other information supplied in connection with us, our Subsidiaries or this Issue or distribution of this Preliminary Placement Document. Each person receiving this Preliminary Placement Document acknowledges that such person has not relied on either the Lead Managers or on any of their respective shareholders, employees, counsels, officers, directors, representatives, agents, associates or affiliates in connection with such person's investigation of the accuracy of such information or such person's investment decision, and each such person must rely on its own examination of our Company and its Subsidiaries and the merits and risks involved in investing in the Equity Shares issued pursuant to the Issue.

No person is authorised to give any information or to make any representation not contained in this Preliminary Placement Document and any information or representation not so contained must not be relied upon as having been authorized by or on behalf of our Company or the Lead Managers. The delivery of this Preliminary Placement Document at any time does not imply that the information contained in it is correct as on any time subsequent to its date.

The Equity Shares offered in the Issue have not been approved, disapproved or recommended by any regulatory authority in any jurisdiction including SEBI. No authority has passed on or endorsed the merits of the Issue or the accuracy or adequacy of this Preliminary Placement Document. Any representation to the contrary may be a criminal offence in certain jurisdictions.

Subscribers and purchasers of the Equity Shares offered in this Issue will be deemed to have made the representations, warranties, acknowledgments and agreements set forth in "***Representations by Investors***", "***Selling Restrictions***" and "***Transfer Restrictions***" on pages 4, 163 and 172, respectively, of this Preliminary Placement Document.

The distribution of this Preliminary Placement Document and the Issue may be restricted by applicable laws in certain jurisdictions. As such, this Preliminary Placement Document does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized, or to any person to whom it is unlawful to make such offer or solicitation. In particular, no action has been taken by our Company or the Lead Managers that would permit an offering of the Equity Shares or distribution of this Preliminary Placement Document in any jurisdiction, except India, where action for that purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and none of the Preliminary Placement Document nor any offering material in connection with the Equity Shares offered in the Issue may be distributed or published in or from any jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. In particular, the Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in "offshore transactions" as defined in and in reliance on Regulations S. For a description of the restrictions applicable to the offer and sale of the Equity Shares in the Issue in certain other jurisdictions, see "***Selling Restrictions***" on page 163. The Equity Shares sold in the Issue are transferable only in accordance with the restrictions described in the sections "***Selling Restrictions***" and "***Transfer Restrictions***" on pages 163 and 172.

In making an investment decision, prospective investors must rely on their own examination of our Company, its Subsidiaries, the Equity Shares and the terms of the Issue, including the merits and risks involved. Prospective investors should not construe the contents of this Preliminary Placement Document as legal, tax, accounting or investment advice and should consult their own counsels and advisors as to business, legal, tax, accounting and related matters concerning the Issue. In addition, neither our Company nor the Lead Managers are making any representation to any investor, subscriber, offeree or purchaser of the Equity Shares regarding the legality or suitability of an investment in the Equity Shares by such investor, subscriber, offeree or purchaser under applicable laws or regulations. Prospective investors should conduct their own due diligence on Equity Shares and our Company. If you do not understand the contents of this Preliminary Placement Document, you should consult an authorized financial advisor and/or legal advisor.

Each Bidder, investor, subscriber or purchaser of the Equity Shares in the Issue is deemed to have acknowledged, represented and agreed that it is an Eligible QIB and it is eligible to invest in India and in our Company under applicable law, including Chapter VI of the SEBI ICDR Regulations, Section 42 of the Companies Act, 2013 and Rule 14 of the PAS Rules and other applicable provisions of the Companies Act, 2013, and is not prohibited by SEBI or any other statutory, regulatory or judicial authority from buying, selling or dealing in securities, including the Equity Shares or otherwise accessing the capital markets in India.

This Preliminary Placement Document does not purport to contain all the information that any Eligible QIB may require. Further, this Preliminary Placement Document has been prepared for information purposes to this Issue only and upon the express understanding that it will be used for the purposes set forth herein.

Neither our Company nor the Lead Managers undertake to update this Preliminary Placement Document to reflect subsequent events after the date of this Preliminary Placement Document and thus it should not be relied upon with respect to such subsequent events without first confirming the accuracy or completeness with our Company. Neither the delivery of this Preliminary Placement Document nor any issue of Equity Shares made hereunder shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of our Company since the date hereof.

Our Company and the Lead Managers are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Preliminary Placement Document. Eligible QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Eligible QIBs are advised to ensure that any single application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Preliminary Placement Document. Further, Eligible QIBs are required to satisfy themselves that their Bids would not ultimately result in triggering a tender offer under the SEBI Takeover Regulations and the QIB shall be solely responsible for compliance with the provisions of the SEBI Takeover Regulations, SEBI Insider Trading Regulations and other applicable laws, rules, regulations, guidelines and circulars.

This Preliminary Placement Document contains summaries of certain terms of certain documents, which are qualified in their entirety by the terms and conditions of such documents.

The information available on or through our Company's website (www.zentechnologies.com), or any website directly or indirectly linked to the website of our Company, Subsidiaries or the respective websites of the Lead Managers, or their respective affiliates, does not constitute or forms part of this Preliminary Placement Document and prospective investors should not rely on the information contained in or available through any such websites.

NOTICE TO INVESTORS OUTSIDE INDIA

This Preliminary Placement Document is not an offer to sell the Equity Shares offered in the Issue and is not soliciting an offer to subscribe to or buy the Equity Shares offered in the Issue in any jurisdiction where such offer, solicitation, sale or subscription is not permitted. For a description of the restrictions applicable to the offer and sale of the Equity Shares in the Issue in certain jurisdictions, see "***Selling Restrictions***" on pages 163. The Equity Shares sold in the Issue are transferable only in accordance with the restrictions described in the sections "***Selling Restrictions***" and "***Transfer Restrictions***" on pages 163 and 172, respectively.

REPRESENTATIONS BY INVESTORS

All references to "you" and "your" in this section are to the prospective Bidders in the Issue. By Bidding and/ or subscribing to any Equity Shares under this Issue, you are deemed to have made the representations, warranties, acknowledgements and agreements and to have represented, warranted and acknowledged to and agreed with our Company and the Lead Managers as follows. For further details, see "***Notice to Investors***", "***Selling Restrictions***" and "***Transfer Restrictions***" on pages 1, 163 and 172, respectively:

1. Your decision to subscribe to the Equity Shares to be issued pursuant to the Issue has not been made based on any information relating to our Company or our Subsidiaries which is not set forth in this Preliminary Placement Document;

2. You are a 'Qualified Institutional Buyer' as defined in Regulation 2(1)(ss) of the SEBI ICDR Regulations and not excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations, having a valid and existing registration under applicable laws and regulations of India, and undertake to (i) acquire, hold, manage or dispose of any Equity Shares that are Allotted (hereinafter defined) to you in accordance with Chapter VI of the SEBI ICDR Regulations, the Companies Act, 2013 and all other applicable laws; and (ii) comply with all requirements under applicable law in this relation, including reporting obligations/making necessary filings, if any, in connection with the Issue or otherwise accessing capital markets;

3. You are eligible to invest in India under applicable laws, including the FEMA Rules (as defined hereinafter) and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by SEBI, or any other regulatory authority, statutory authority or otherwise, from buying, selling or dealing in securities or otherwise accessing capital markets in India;

4. If you are not a resident of India, but a QIB, you are an Eligible FPI (and are not an individual, corporate body or a family office) having a valid and existing registration with SEBI under the applicable laws in India or a multilateral or bilateral development financial institution, and are eligible to invest in India under applicable laws, including the FEMA Rules and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by SEBI or any other regulatory authority or statutory authority, from buying, selling, dealing in securities or otherwise accessing the capital markets. You confirm that you are not an FVCI. You will make all necessary filings with appropriate regulatory authorities, including the RBI, as required pursuant to applicable laws, in connection with the Issue;

5. You will provide the information as required under the Companies Act, 2013, the PAS Rules, the applicable provisions of the SEBI ICDR Regulations and other applicable laws for record keeping by our Company, including your name, complete address, phone number, e-mail address, permanent account number (if applicable), nationality and bank account details and such other details as may be prescribed or otherwise required even after the closure of the Issue and the list of Eligible QIBs including the aforementioned details shall be filed with the RoC and SEBI, as may be required under the Companies Act, 2013 and other applicable laws;

6. If you are Allotted Equity Shares pursuant to the Issue, you shall not sell the Equity Shares so acquired for a period of one year from the date of Allotment (hereinafter defined), except on the floor of the Stock Exchanges and in accordance with any other resale restrictions applicable to you. You hereby make the representations, warranties, acknowledgements, undertakings and agreements in the sections titled "***Selling Restrictions***" and "***Transfer Restrictions***" on pages 163 and 172, respectively;

7. You are aware that this Preliminary Placement Document and the Placement Document have not been, and will not been filed as a prospectus with the RoC under the Companies Act, 2013, the SEBI ICDR Regulations or under any other law in force in India and, no Equity Shares will be offered in India or overseas to the public or any members of the public in India or any other class of investors, other than Eligible QIBs. This Preliminary Placement Document and the Placement Document have not been reviewed, verified or affirmed by SEBI, RBI, Stock Exchanges, the RoC or any other regulatory or listing authority and is intended only for use by Eligible QIBs. This Preliminary Placement Document and the Placement Document has been filed with the Stock Exchanges for record purposes only and have been displayed on the websites of our Company and the Stock Exchanges;

8. You are entitled to subscribe for and acquire the Equity Shares under the laws of all relevant jurisdictions applicable to you and that you have fully observed such laws and you have all necessary capacity and have obtained all necessary consents, approvals and authorizations, governmental and otherwise, as may be required and complied and shall comply with all necessary formalities to enable you to participate in the Issue and to

perform your obligations in relation thereto (including in the case of any person on whose behalf you are acting, all necessary consents and authorizations to agree to the terms set out or referred to in this Preliminary Placement Document), and will honor such obligations;

9. You are aware that the Equity Shares being issued pursuant to this Issue shall be subject to the provisions of the Memorandum of Association and Articles of Association of our Company and shall rank *pari passu* in all respects with the existing Equity Shares, including the right to receive all dividends and other distributions declared, made or paid in respect of the Equity Shares after the date of issue of the Equity Shares, as applicable;

10. Neither our Company, the Lead Managers nor any of their respective shareholders, directors, officers, employees, counsels, representatives, agents, associates or affiliates are making any recommendations to you or advising you regarding the suitability of any transactions it may enter into in connection with the Issue and your participation in the Issue is on the basis that you are not, and will not, up to the Allotment of the Equity Shares, be a client of the Lead Managers. Neither the Lead Managers nor any of their respective shareholders, directors, officers, employees, counsels, representatives, agents, associates or affiliates has any duty or responsibility to you for providing the protection afforded to their clients or customers or for providing advice in relation to the Issue and are not in any way acting in any fiduciary capacity in relation to you;

11. You acknowledge that all statements other than statements of historical fact included in this Preliminary Placement Document, including, those regarding our financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to our business), are forward-looking statements. You acknowledge that such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. You should not place undue reliance on forward-looking statements, which speak only as of the date of this Preliminary Placement Document. You acknowledge that neither our Company, nor the Lead Managers or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents, associates or affiliates assume any responsibility to update any of the forward-looking statements contained in this Preliminary Placement Document;

12. You are aware that the Equity Shares are being offered only to Eligible QIBs on a private placement basis and are not being offered to the general public or any other category of investors other than the Eligible QIBs, and the Allotment of the same shall be on a discretionary basis i.e. at the discretion of our Company in consultation with the Lead Managers;

13. You have made, or been deemed to have made, as applicable, the representations, warranties, acknowledgments and undertakings as set out under sections "***Selling Restrictions***" and "***Transfer Restrictions***" on pages 163 and 172, respectively;

14. You have been provided a serially numbered copy of this Preliminary Placement Document, and have read it in its entirety, including in particular the "***Risk Factors***" on page 37;

15. In making your investment decision, you have (i) relied on your own examination of our Company and its Subsidiaries, the Equity Shares and the terms of the Issue, including the merits and risks involved, (ii) made and will continue to make your own assessment of our Company, its Subsidiaries and the terms of the Issue, (iii) consulted your own independent counsels and advisors or otherwise have satisfied yourself concerning, the effects of local laws (including tax laws), (iv) relied solely on the information contained in this Preliminary Placement Document and no other disclosure or representation by our Company or any other party, (v) received all information that you believe is necessary or appropriate in order to make an investment decision in respect of our Company, its Subsidiaries and the Equity Shares, and (vi) relied upon your own investigation and resources in deciding to invest in the Issue;

16. You acknowledge that neither our Company nor the Lead Managers or any of their respective shareholders, investors, directors, officers, employees, counsels, representatives, agents or affiliates, has provided you with any tax advice or otherwise made any representations regarding the tax consequences of purchase, ownership and disposal of the Equity Shares (including the Issue and the use of proceeds from the Equity Shares). You will obtain your own independent tax advice from a reputable service provider and will not rely on our Company, the Lead Managers or any of their respective shareholders, investors, directors, officers, employees, counsels, representatives, agents or affiliates, when evaluating the tax consequences in relation to the Equity Shares (including, in relation to the Issue and the use of proceeds from the Equity Shares). You waive, and agree not to

assert any claim against us, either of the Lead Managers or any of their respective shareholders, investors, directors, officers, employees, counsels, representatives, agents or affiliates, with respect to the tax aspects of the Equity Shares or as a result of any tax audits by tax authorities, wherever situated;

17. You are a sophisticated investor and have such knowledge and experience in financial, investment and business matters as to be capable of evaluating the merits and risks of investment in the Equity Shares. You and any accounts for which you are subscribing for the Equity Shares (i) are each able to bear the economic risk of the investment in the Equity Shares, (ii) will not look to our Company and/or the Lead Managers or any of their respective shareholders, directors, officers, employees, counsels, representatives, associates agents or affiliates, for all or part of any such loss or losses that may be suffered, in connection with the Issue, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) have no need for liquidity with respect to the investment in the Equity Shares, and (v) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares. You acknowledge that an investment in Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment. You are seeking to subscribe to the Equity Shares in the Issue for your own investment and not with a view to resell or distribute;

18. You are not a 'promoter' of our Company (as defined under Section 2(69) of the Companies Act, 2013 and under Regulation 2(oo) of the SEBI ICDR Regulations), and are not a person related to any of the Promoters, either directly or indirectly and your Bid (hereinafter defined) does not directly or indirectly represent any Promoter or members of the Promoter Group (as defined under the SEBI ICDR Regulations) of our Company or persons or entities related thereto;

19. You have no rights under a shareholders' agreement or voting agreement entered into with the Promoters or members of the Promoter Group, no veto rights or right to appoint any nominee director on the Board of Directors of our Company, other than the rights, if any, acquired in the capacity of a lender not holding any Equity Shares (a QIB who does not hold any Equity Shares and who has acquired the said rights in the capacity of a lender shall not be deemed to be a person related to our Promoters);

20. You will have no right to withdraw your Bid or revise your Bid downwards after the Issue Closing Date (as defined hereinafter);

21. You acknowledge that this Preliminary Placement Document did not, and does not confer upon or provide you with any right of renunciation of the Equity Shares offered through the Issue in favour of any person;

22. You have made the payment for subscription to the Equity Shares pursuant to this Issue from your own bank account. In case of joint holders, the monies have been paid from the bank account of the person whose name appears first in the application;

23. You were eligible to Bid for and hold Equity Shares so Allotted together with any Equity Shares held by you prior to the Issue. Further, you confirm that your aggregate holding after the Allotment of the Equity Shares shall not exceed the level permissible as per any applicable laws;

24. The Bid made by you would not ultimately result in triggering an open offer under the SEBI Takeover Regulations and you shall be solely responsible for compliance with all other applicable provisions of the SEBI Takeover Regulations;

25. Your aggregate holding in our Company, together with other Eligible QIBs in this Issue that belong to the same group or are under common control as you, pursuant to the Allotment under this Issue shall not exceed 50% of the Issue Size. For the purposes of this representation:

    i. Eligible QIBs 'belonging to the same group' shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and independent directors, among an Eligible QIB, its subsidiary or holding company and any other Eligible QIB; and

    ii. 'Control' shall have the same meaning as is assigned to it under the SEBI Takeover Regulations.

26. You are aware that after Allotment, final applications will be made for obtaining listing and trading approvals from the Stock Exchanges, and that there can be no assurance that such approvals will be obtained on time or at all. Neither our Company nor the Lead Managers or any of their respective shareholders, directors, officers,

employees, counsels, representatives, agents, associates or affiliates shall be responsible for any delay or non-receipt of such final listing and trading approvals or any loss arising therefrom;

27. You shall not undertake any trade in the Equity Shares credited to your beneficiary account with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges;

28. You are aware that in terms of the requirements of the Companies Act, 2013, upon Allocation, our Company will be required to disclose names and percentage of post-Issue shareholding of the proposed Allottees in the Placement Document. However, disclosure of such details in relation to the proposed Allottees in the Placement Document does not guarantee Allotment to them, as Allotment in the Issue shall continue to be at the sole discretion of our Company, in consultation with the Lead Managers;

29. You agree in terms of Section 42 of the Companies Act, 2013 and Rule 14 of the PAS Rules, that our Company shall make necessary filings with the RoC as may be required under the Companies Act, 2013;

30. You will make all necessary filings with appropriate regulatory authorities, including the RBI, as required pursuant to applicable laws.

31. You are aware that the pre-Issue and post-Issue shareholding pattern of our Company, as required by the SEBI Listing Regulations, will be filed by our Company with the Stock Exchanges;

32. You are aware that if you together with any other Eligible QIBs belonging to the same group or under common control, are Allotted more than 5% of the Equity Shares in this Issue, our Company shall be required to disclose the name of such Allottees and the number of Equity Shares Allotted to the Stock Exchanges and the Stock Exchanges will make the same available on their websites and you consent to such disclosures being made by our Company;

33. You are aware and understand that the Lead Managers have entered into a placement agreement with our Company, whereby the Lead Managers have, subject to the satisfaction of certain conditions set out therein, severally and not jointly, undertaken to use their reasonable efforts to seek to procure subscription for the Equity Shares on the terms and conditions set out therein;

34. The contents of this Preliminary Placement Document are exclusively the responsibility of the Company and that neither the Lead Managers nor any of their respective shareholders, directors, officers, employee, counsels, advisors, representatives, agents and affiliates has or shall have any liability for any information, representation or statement contained in this Preliminary Placement Document or any information previously published by or on behalf of the Company and will not be liable for your decision to participate in the Issue based on any information, representation or statement contained in this Preliminary Placement Document or otherwise. By accepting participation in the Issue, you agree to the same and confirm that the only information you are entitled to rely on, and on which you have relied in committing yourself to acquire the Equity Shares is contained in this Preliminary Placement Document, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares, and you have neither received nor relied on any other information, representation, warranty or statement made by, or on behalf of, the Lead Managers or the Company or any other person and neither the Lead Managers nor the Company or any of their respective shareholders, directors, officers, employee, counsels, advisors, representatives, agents and affiliates, including any view, statement, opinion or representation expressed in any research published or distributed by them and the Lead Managers and their respective shareholders, directors, officers, employee, counsels, advisors, representatives, agents and affiliates will not be liable for your decision to accept an invitation to participate in this Issue based on any other information, representation, warranty, statement or opinion that you may have obtained or received;

35. Neither the Lead Managers nor any of their respective shareholders, directors, officers, employee, counsels, advisors, representatives, agents and affiliates have any obligation to purchase or acquire all or any part of the Equity Shares purchased by you in the Issue or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with the Issue, including non-performance by the Company of any of its obligations or any breach or alleged breach of any representations and warranties by the Company, whether to you or otherwise;

36. You are subscribing to the Equity Shares to be issued pursuant to the Issue in accordance with applicable laws and by participating in this Issue, you are not in violation of any applicable law, including but not limited to the SEBI Insider Trading Regulations, the Securities and Exchange Board of India (Prohibition of Fraudulent and

Unfair Trade Practices relating to Securities Market) Regulations, 2003, as amended, and the Companies Act, 2013;

37. Any dispute arising in connection with the Issue will be governed and construed in accordance with the laws of the Republic of India, and the courts in Hyderabad, India only, shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Preliminary Placement Document, the Placement Document or this Issue;

38. You are aware that in terms of the SEBI FPI Regulations and the FEMA Rules, the total holding by each FPI including its investor group (which means multiple entities registered as FPIs and directly or indirectly having common ownership of more than 50% or common control) shall be below 10% of the total paid-up equity share capital of our Company on a fully diluted basis and the total holdings of all FPIs put together shall not exceed the sectoral cap applicable to our Company. In terms of the FEMA Rules, for calculating the total holding of FPIs in a company, holding of all registered FPIs shall be included. Hence, Eligible FPIs may invest in such number of Equity Shares in this Issue such that (i) the individual investment of the FPI in our Company does not exceed 10% of the post-Issue paid-up Equity Share capital of our Company on a fully diluted basis; and (ii) the aggregate investment by FPIs in our Company does not exceed the sectoral cap applicable to our Company. In case the holding of an FPI together with its investor group increases to 10% or more of the total paid-up Equity Share capital, on a fully diluted basis, such FPI together with its investor group shall divest the excess holding within a period of five trading days from the date of settlement of the trades resulting in the breach. If however, such excess holding has not been divested within the specified period of five trading days, the entire shareholding of such FPI together with its investor group will be re-classified as FDI, subject to the conditions as specified by SEBI and the RBI in this regard and compliance by our Company and the investor with applicable reporting requirements and the FPI and its investor group will be prohibited from making any further portfolio investment in our Company under the SEBI FPI Regulations;

39. You confirm you are eligible to invest and hold Equity shares of our Company and that neither is your investment as an entity of a country which shares land border with India nor is the beneficial owner of your investment situated in or a citizen of such country (where in each case, investment can only be through the Government approval route), and that your investment is in accordance with consolidated FDI Policy, read along with the Press Note no. 3 (2020 series), dated April 17, 2020 issued by the Department of Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India and Rule 6 of the FEMA Rules;

40. You are aware and understand that you were allowed to place a Bid for Equity Shares. Please note that submitting a Bid for Equity Shares should not be taken to be indicative of the number of Equity Shares that will be Allotted to a Successful Bidder. Allotment of Equity Shares will be undertaken by our Company, in its absolute discretion, in consultation with the Lead Managers;

41. You confirm that, either (i) you have not participated in or attended any investor meetings or presentations by our Company or its agents ("**Company Presentations**") with regard to our Company or this Issue; or (ii) if you have participated in or attended any Company Presentations; (a) you understand and acknowledge that the Lead Managers may not have the knowledge of the statements that our Company or its agents may have made at such Company Presentations and are therefore unable to determine whether the information provided to you at such meetings or Company Presentations may have included any material misstatements or omissions, and, accordingly you acknowledge that the Lead Managers have advised you not to rely in any way on any such information that was provided to you at such meetings or Company Presentations, and (b) you confirm that, to the best of your knowledge, you have not been provided any material information that was not publicly available;

42. If you are acquiring the Equity Shares to be issued pursuant to this Issue for one or more managed accounts, you represent and warrant that you are authorized in writing, by each such managed account to acquire the Equity Shares for each managed account and make the representations, warranties, acknowledgements, undertakings and agreements herein for and on behalf of each such account, reading the reference to 'you' to include such accounts;

43. You represent that you are not an affiliate of our Company or any of the Lead Managers or a person acting on behalf of any such affiliate.

44. Each of the representations, warranties, acknowledgements and agreements set out above shall continue to be true and accurate at all times up to and including the Allotment, listing and commencement of trading of the Equity Shares in the Issue. It is agreed that if any of such representations, warranties, acknowledgements and undertakings are no longer accurate, you will promptly notify our Company and the Lead Managers, You agree to indemnify and hold our Company and the Lead Managers and their respective affiliates and their respective directors,

officers, employees and controlling persons harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach or alleged breach of the foregoing representations, warranties, acknowledgements, agreements and undertakings made by you in this Preliminary Placement Document. You agree that the indemnity set out in this paragraph shall survive the resale of the Equity Shares by, or on behalf of, the managed accounts; and

45. You acknowledge that our Company, the Lead Managers, their respective affiliates, directors, officers, employees and controlling persons and others will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings, which are given to the Lead Managers on their own behalf and on behalf of the Company and are irrevocable. You agree that the terms and provisions of the foregoing representations, warranties, acknowledgements and undertakings, shall inure to the benefit of and any document incorporating such acknowledgements, representations and agreements shall be enforceable by the Lead Managers and the Company, their respective permitted assigns, and the terms and provisions hereof shall be binding on our permitted assigns and permitted transferees.

OFFSHORE DERIVATIVE INSTRUMENTS

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, Eligible FPIs (including affiliates of the Lead Managers) who are registered as a Category I FPI, may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it in India, as its underlying, and all such offshore derivative instruments are referred to herein as "**P-Notes**") and persons who are eligible for registration as Category I FPIs can subscribe to or deal in such P-Notes provided that in the case of an entity that has an investment manager who is from the Financial Action Task Force member country, such investment manager shall not be required to be registered as a Category I FPI. The above-mentioned Category I FPIs may receive compensation from the purchasers of such instruments. In terms of Regulation 21 of SEBI FPI Regulations, such P-Notes may be issued only by such persons who are registered as Category I FPIs and they may be issued only to persons eligible for registration as Category I FPIs subject to exceptions provided in the SEBI FPI Regulations and compliance with 'know your client' requirements, as specified by SEBI and subject to compliance with such other conditions as may be specified by SEBI from time to time. An Eligible FPI shall also ensure that no transfer of any instrument referred to above is made to any person unless such FPIs are registered as Category I FPIs and such instrument is being transferred only to person eligible for registration as Category I FPIs subject to requisite consents being obtained in terms of Regulation 21 of SEBI FPI Regulations. P-Notes have not been, and are not being offered, or sold pursuant to this Preliminary Placement Document. This Preliminary Placement Document does not contain any information concerning P-Notes or the issuer(s) of any P-Notes, including any information regarding any risk factors relating thereto.

Subject to certain relaxations provided under Regulation 22(4) of the SEBI FPI Regulations, investment by a single FPI including its investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than 50% or common control) is not permitted to be 10% or above of our post-Issue Equity Share capital on a fully diluted basis. SEBI has, *vide* a circular dated November 5, 2019, issued the operational guidelines for FPIs, designated depository participants and eligible foreign investors ("**FPI Operational Guidelines**"), to facilitate implementation of the SEBI FPI Regulations. In terms of such FPI Operational Guidelines, the above-mentioned restrictions shall also apply to subscribers of P-Notes and two or more subscribers of P-Notes having common ownership, directly or indirectly, of more than 50% or common control shall be considered together as a single subscriber of the P-Notes. Further, in the event a prospective investor has investments as an FPI and as a subscriber of P-Notes, these investment restrictions shall apply on the aggregate of the FPI and P-Note investments held in the underlying Indian company.

Further, in accordance with the Consolidated FDI Policy, read along with the Press Note No. 3 (2020 Series), dated April 17, 2020, issued by the DPIIT, and the related amendments to the FEMA Rules, investments made by an entity of a country, which shares land border with India, or investments where the beneficial owner of the Equity Shares is situated in or is a citizen of a country which shares land border with India, can only be made through the Government approval route, as prescribed in the Consolidated FDI Policy. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction/ purview, such subsequent change in the beneficial ownership will also require approval of the Government of India. These investment restrictions shall also apply to subscribers of P-Notes.

Affiliates of the Lead Managers which are Eligible FPIs may purchase, to the extent permissible under law, the Equity Shares in the Issue, and may issue Offshore Derivative Instruments in respect thereof. Any Offshore Derivative Instruments that may be issued are not securities of our Company and do not constitute any obligation of, claims on or interests in our Company. Our Company has not participated in any offer of any Offshore Derivative Instruments, or in the establishment of the terms of any Offshore Derivative Instruments, or in the preparation of any disclosure related to any Offshore Derivative Instruments. Any Offshore Derivative Instruments that may be offered are issued by, and are the sole obligations of, third parties that are unrelated to our Company. Our Company and the Lead Managers do not make any recommendation as to any investment in Offshore Derivative Instruments and do not accept any responsibility whatsoever in connection with any Offshore Derivative Instruments. Any Offshore Derivative Instruments that may be issued are not securities of the Lead Managers and does not constitute any obligations of or claims on the Lead Managers.

Prospective investors interested in purchasing any P-Notes have the responsibility to obtain adequate disclosures from the issuer(s) of such P-Notes and the terms and conditions of any such P-Notes from the issuer(s) of such P-Notes. Neither SEBI nor any other regulatory authority has reviewed or approved any P-Notes or any disclosure related thereto. Prospective investors are urged to consult their own financial, legal, accounting and tax advisors regarding any contemplated investment in P-Notes, including whether P-Notes are issued in compliance with applicable laws and regulations. Please also see the "*Selling Restrictions*" and "*Transfer Restrictions*" on the pages 163 and 172, respectively.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGES

As required, a copy of this Preliminary Placement Document has been submitted to each of the Stock Exchanges.

The Stock Exchanges do not in any manner:

1. warrant, certify or endorse the correctness or completeness of the contents of this Preliminary Placement Document; or

2. warrant that the Equity Shares to be issued pursuant to this Issue will be listed or will continue to be listed on the Stock Exchanges; or

3. take any responsibility for the financial or other soundness of our Company, our Subsidiaries, our Promoters, our management or any scheme or project of our Company.

It should not for any reason be deemed or construed to mean that this Preliminary Placement Document has been cleared or approved by the Stock Exchanges. Every person who desires to apply for or otherwise acquires any Equity Shares may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges whatsoever, by reason of any loss which may be suffered by such person consequent to or in connection with, such subscription/ acquisition, whether by reason of anything stated or omitted to be stated herein, or for any other reason whatsoever.

PRESENTATION OF FINANCIAL INFORMATION AND OTHER CONVENTIONS

Certain Conventions

In this Preliminary Placement Document, unless otherwise specified or the context otherwise indicates or implies, references to 'you', 'your', 'offeree', 'bidder', 'purchaser', 'subscriber', 'recipient' 'investor(s)' 'prospective investor(s)' and 'potential investor(s)' are to the Eligible QIBs who are the prospective investors in the Equity Shares issued pursuant to the Issue, references to 'Zen', the 'Company', 'our Company', the 'Issuer' are to Zen Technologies Limited, on a standalone basis, and references to 'we', 'our' or 'us' are Zen Technologies Limited, together with its Subsidiaries on a consolidated basis.

Unless otherwise specified or the context otherwise requires, all references in this Preliminary Placement Document to:

- "Rupee(s)", "₹" or "INR" are to Indian Rupees, the legal currency of the Republic of India;
- "US$", "U.S. Dollar", "USD" or "U.S. Dollars" are to United States Dollars, the legal currency of the United States of America;
- "India" are to the Republic of India and its territories and possessions and the 'Government' or 'GoI' or the 'Central Government' or the 'State Government' are to the Government of India, central or state, as applicable;
- the 'US' or 'U.S.' or the 'United States' or the 'U.S.A' are to the United States of America and its territories and possessions; and

References to the singular also refer to the plural and one gender also refers to any other gender, wherever applicable. Our Company has presented certain numerical information in this Preliminary Placement Document in "lakhs" units or in whole numbers where the numbers have been too small to present in lakhs, unless stated otherwise. One lakh represents 1,00, 000. Our Company reports its financial statements in Indian Rupees.

Unless otherwise specified, all financial numbers in parenthesis represent negative figures.

Page Numbers

Unless otherwise stated, all references to page numbers in this Preliminary Placement Document are to page numbers of this Preliminary Placement Document.

Financial and Other Information

In this Preliminary Placement Document we have included the following financial statements of our Company prepared in accordance with Indian Accounting Standard notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended read with Section 133 of the Companies Act, 2013 ("**Ind AS**"): (i) the audited consolidated financial statements as of and for the Fiscal ended March 31, 2024 read along with the notes thereto ("**Fiscal 2024 Audited Consolidated Financial Statements**"); (ii) the audited consolidated financial statements for as of and for the Fiscal ended March 31, 2023 read along with the notes thereto ("**Fiscal 2023 Audited Consolidated Financial Statements**"); (iii) the audited consolidated financial statements as of and for the Fiscal ended March 31, 2022 read along with the notes thereto ("**Fiscal 2022 Audited Consolidated Financial Statements**", and collectively with Fiscal 2024 Audited Consolidated Financial Statements and Fiscal 2023 Audited Consolidated Financial Statements, the "**Audited Consolidated Financial Statements**"); (iv) the limited review unaudited consolidated financial results as of and for the three months ended June 30, 2024; and (v) limited review unaudited consolidated financial results as of and for the three months ended June 30, 2023 read along with the management notes thereto ("**Unaudited Consolidated Financial Results**") which have been adopted pursuant to the meeting of our Board on July 28, 2024 and filed with the Stock Exchanges on July 28, 2024 and pursuant to the meeting of our Board on August 5, 2023 and filed with the Stock Exchanges on August 5, 2023 respectively.

The Audited Consolidated Financial Statements should be read along with the respective audit reports, and the Unaudited Consolidated Financial Results should be read along with the respective review report. Our Unaudited Consolidated Financial Results are not necessarily indicative of results that may be expected for the full financial year or any future reporting period and are not comparable with the annual financials.

Our Audited Consolidated Financial Statements were audited and our Unaudited Consolidated Financial Results were reviewed by Ramasamy Koteswararao and Co LLP, Chartered Accountants, our Statutory Auditors.

In addition, Ind AS differs from accounting principles with which prospective investors may be familiar in other countries, including generally accepted accounting principles followed in the U.S. ("**U.S. GAAP**") or International Financial Reporting Standards ("**IFRS**"). Our Company does not attempt to quantify the impact of U.S. GAAP or IFRS on the financial data included in this Preliminary Placement Document, nor does our Company provide a reconciliation of its Audited Consolidated Financial Statements to IFRS or U.S. GAAP and investors should consult their own advisors regarding such differences and their impact on our Company's financial data. Accordingly, the degree to which the Audited Consolidated Financial Statements, as included in this Preliminary Placement Document, prepared in accordance with Ind AS, will provide meaningful information is entirely dependent on the reader's familiarity with the respective Indian accounting policies and practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Preliminary Placement Document should accordingly be limited.

For further details, see "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" on page 71.

All numerical and financial information as set out and presented in this Preliminary Placement Document, except for the information in "***Industry Overview***", for the sake of consistency and convenience have been rounded off or expressed in two decimal places in ₹ lakhs. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them and the sum or percentage change of such numbers may not conform exactly to the total figure given.

The fiscal year of our Company commences on April 1 of each calendar year and ends on March 31 of the succeeding calendar year, so, unless otherwise specified or if the context requires otherwise, all references to a particular 'Financial Year', 'Fiscal Year' or 'Fiscal' or 'FY' are to the twelve months period ended on March 31 of that year and references to a 'year' are to the calendar year ending on December 31 of that year.

Non-GAAP financial measures

Certain non-GAAP Measures and certain other statistical information relating to our operations and financial performance including EBITDA, EBITDA margin, PAT margin, ROE, ROCE, Debt-Equity, Fixed Asset turnover, Finished Goods Inventory, Raw material Inventory, Receivable days, Payable days have been included in this Preliminary Placement Document. These non-GAAP financial measures are not defined under Ind AS and are not presented in accordance with Ind AS. We compute and disclose such non-GAAP financial measures relating to our financial performance as we consider such information to be useful measures of our business and financial performance. These Non-GAAP Measures and other statistical and other information relating to our operations and financial performance may not be computed on the basis of any methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other companies and are not measures of operating performance or liquidity defined by Ind AS and may not be comparable to similarly titled measures presented by other companies. The presentation of these non-GAAP financial measures is not intended to be considered in isolation or as a substitute for the financial statements included in this Preliminary Placement Document. Prospective investors should read this information in conjunction with the financial statements included in "***Financial Information***" starting on page 193.

INDUSTRY AND MARKET DATA

Information regarding market size, market share, market position, growth rates, other industry data and certain industry forecasts pertaining to our business contained in this Preliminary Placement Document consists of estimates based on data reports compiled by government bodies, and industry publications, data from other external sources and knowledge of the markets in which we compete more particularly described in the section titled "***Industry Overview***" on page 101.

Unless stated otherwise, statistical information, industry and market data used throughout this Preliminary Placement Document has been extracted from various websites and publicly available documents from various industry sources.

This data is subject to change and cannot be verified with complete certainty due to limitations on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. In many cases, there is no readily available external information (whether from trade or industry associations, government bodies or other organizations) to validate market-related analysis and estimates, so we have relied on internally developed estimates.

The extent to which the market and industry data used in this Preliminary Placement Document is meaningful depends solely on the reader's familiarity with and understanding of the methodologies used in compiling such data. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in "***Risk Factors***" on page 37. Further, neither our Company nor the Lead Managers have independently verified this data and make any representation regarding the correctness, accuracy and completeness of such data. Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decisions, on such information.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Preliminary Placement Document that are not statements of historical fact constitute 'forward-looking statements'. Prospective investors can generally identify forward-looking statements by terminology such as 'aim', 'anticipate', 'believe', 'continue', 'could', 'can', 'estimate', 'expect', 'intend', 'likely', 'may', 'objective', 'plan', 'potential', 'project', 'pursue', 'seek', 'shall', 'should', 'will', 'would', 'will likely result', 'is likely', 'are likely', 'expected to', 'will continue', 'will achieve' or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

All statements regarding our expected financial conditions, results of operations, business plans and prospects are forward-looking statements. The forward-looking statements appear in a number of places throughout this Preliminary Placement Document and include statements regarding the intentions, beliefs or current expectations of our Company concerning, amongst other things, the expected results of operations, financial condition, liquidity, prospects, growth, strategies and dividend policy of our Company and the industry in which we operate.

These forward-looking statements include statements as to our business strategy, planned projects, revenue and profitability (including, any financial or operating projections or forecasts), new business and other matters discussed in this Preliminary Placement Document that are not historical facts. These forward-looking statements in this Preliminary Placement Document (whether made by our Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. In addition, even if the result of operations, financial conditions, liquidity and dividend policy of our Company, and the development of the industry in which we operate, are consistent with the forward-looking statements contained in this Preliminary Placement Document, those results or developments may not be indicative of results or developments in subsequent periods.

All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. By their nature, market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains, losses or impact on net interest income and net income could materially differ from those that have been estimated, expressed or implied by such forward-looking statements or other projections.

Important factors that could cause our actual results, performance or achievements to differ materially from any of the forward-looking statements include, among others:

- Dependence on sales to the Ministry of Defence, state police units, security forces and paramilitary forces;
- Failure to comply with the applicable regulations and rules prescribed by the Government of India and the relevant statutory or regulatory bodies would create an adverse impact on our business, financial condition and results of operations;
- Majority of the sale of our training simulators and counter-drone systems are dependent on us winning bids;
- Dependence on a limited number of customers;
- Any variations in schemes launched by Government of India to boost the simulation-based training industry would have an adverse impact on our business, financial condition and results of operations;
- Dependence on some of our Subsidiaries and third-party qualified vendors for the supply of components/ systems for our counter-drone systems and training simulation systems; and
- The number of orders we have received in the past, our current Order Book and our growth rate may not be indicative of the number of orders we will receive in future.

Additional factors that could cause our actual results, performance or achievements to differ materially including but are not limited to, those discussed under the sections "***Risk Factors***", ***"Management's Discussion and Analysis of Financial Condition and Results of Operations***", "***Industry Overview***" and "***Our Business***" on pages 37, 71, 101 and 111, respectively.

The forward-looking statements contained in this Preliminary Placement Document are based on the beliefs of, as well as the assumptions made by, and information currently available to, our Company and management. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialize, or if any of our underlying assumptions prove to be incorrect, our actual results of operations, cash flows or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent written and oral forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.

In any event, these statements included herein are as of the date of this Preliminary Placement Document or the respective dates indicated in this Preliminary Placement Document. Our Company and the Lead Managers expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes whether as a result of new information, future events, changes in assumptions or changes in factors affecting these forward-looking statements or otherwise in our Company’s expectations with regard thereto.

ENFORCEMENT OF CIVIL LIABILITIES

Our Company is a public limited liability company, limited by shares incorporated under the laws of India. All of our Directors, Key Managerial Personnel and members of Senior Management named herein are residents of India. A significant portion of our assets are located in India. As a result, it may be difficult for the investors outside India to affect service of process upon our Company or such persons in India, or to enforce judgments obtained against such parties outside India.

India is not a signatory to any international treaty in relation to the recognition or enforcement of foreign judgments. However, recognition and enforcement of foreign judgments and execution of a foreign judgment is provided for under Sections 13 and 44A respectively, of the Code of Civil Procedure, 1908, as amended ("**Civil Procedure Code**"). Section 13 of the Civil Procedure Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon between the same parties or between parties litigating under the same title, except:

(i) where the judgment has not been pronounced by a court of competent jurisdiction;

(ii) where the judgment has not been given on the merits of the case;

(iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognize the law of India in cases in which such law is applicable;

(iv) where the proceedings in which the judgment was obtained were opposed to natural justice;

(v) where the judgment has been obtained by fraud, or

(vi) where the judgment sustains a claim founded on a breach of any law in force in India.

A foreign judgment which is conclusive under Section 13 of the Civil Procedure Code may be enforced either by a fresh suit upon the judgment or by proceedings in execution. Section 44A of the Civil Procedure Code provides that a foreign judgment rendered by a superior court (within the meaning of that section) in any jurisdiction outside India which the Government has by notification declared to be a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by a district court in India. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalties and does not include arbitration awards.

Under Section 14 of the Civil Procedure Code, a court in India will, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the foreign judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record but such presumption may be displaced by proving want of jurisdiction.

Each of the United Kingdom of Great Britain and Northern Ireland, Republic of Singapore, Hong Kong and United Arab Emirates, amongst others, has been declared by the Government to be a reciprocating territory for the purposes of Section 44A of the Civil Procedure Code, but the United States of America has not been so declared. A foreign judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a new suit upon the foreign judgment and not by proceedings in execution.

The suit must be brought in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India. Accordingly, a judgment of a court in the United States may be enforced only by a fresh suit upon the foreign judgment and not by proceedings in execution. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy of India, and it is uncertain whether an Indian court would enforce foreign judgments that would contravene or violate Indian law. Further, any judgment or award denominated in a foreign currency would be converted into Rupees on the date of such judgment or award and not on the date of payment. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered, pursuant to the execution of such foreign judgment, and we cannot assure that such approval will be forthcoming within a reasonable period of time, or at all, or that conditions of such approvals would be acceptable and additionally any such amount may be subject to income tax in accordance with applicable laws. Our Company and the Lead Managers cannot predict whether a suit brought in an Indian court will be disposed of in a timely manner or be subject to considerable delays.

EXCHANGE RATES

Fluctuations in the exchange rate between the Rupee and foreign currencies will affect the foreign currency equivalent of the Rupee price of the Equity Shares traded on the Stock Exchanges. These fluctuations will also affect the conversion into foreign currencies of any cash dividends paid in Rupees on the Equity Shares.

The following table sets forth information concerning exchange rates between the Indian Rupee and the U.S. dollar (in ₹ per US$), for or as of the end of the periods indicated. The exchange rates are based on the reference rates released by RBI / FBIL which are available on their respective websites. No representation is made that any Indian Rupee amounts could have been, or could be, converted into U.S. dollars at any particular rate. No representation is made that the Rupee amounts actually represent such U.S. dollar or could have been or could be converted into U.S. Dollar at the rates indicated, at any other rate, or at all.

(₹ per US$)

Period	Period End(1)	Average(2)	High(3)	Low(4)
Fiscal ended				
March 31, 2024	83.37	82.79	83.40	81.65
March 31, 2023	82.22	80.51	83.20	76.09
March 31, 2022	75.81	74.51	76.92	72.48
Month Ended				
July 31, 2024	83.74	83.59	83.74	83.40
June 30, 2024	83.45	83.47	83.59	83.07
May 31, 2024	83.30	83.39	83.52	83.08
April 30, 2024	83.52	83.41	83.52	83.23
March 31, 2024	83.37	83.00	83.37	82.68
February 29, 2024	82.92	82.96	83.09	82.84

Source: www.rbi.org.in, www.fbil.org.in
Notes:
(1) The price for the period end refers to the price as on the last trading day of the respective fiscal year or quarterly or monthly periods.
(2) Average of the official rate for each Working Day of the relevant period.
(3) Maximum of the official rate for each Working Day of the relevant period.
(4) Minimum of the official rate for each Working Day of the relevant period.

DEFINITIONS AND ABBREVIATIONS

Our Company has prepared this Preliminary Placement Document using certain definitions and abbreviations which you should consider while reading the information contained herein. The following list of certain capitalized terms used in this Preliminary Placement Document is intended for the convenience of the reader/prospective investor only and is not exhaustive.

The terms defined in this Preliminary Placement Document shall have the meaning set out herein, unless specified otherwise in the context thereof, and references to any statute or regulations or policies shall include amendments, rules, guidelines, circulars, clarifications, and notifications issued thereto, from time to time.

The words and expressions used in this Preliminary Placement Document but not defined herein, shall have, to the extent applicable, the meaning ascribed to such terms under the Companies Act, 2013, the SEBI ICDR Regulations, the SCRA, the Depositories Act or the rules and regulations made thereunder.

Unless the context otherwise indicates, all references to "**Zen**", "**the Issuer**", "**the Company**", and "**our Company**", are references to Zen Technologies Limited, on a standalone basis, a public limited company incorporated in India under the Companies Act, 1956 having its Registered and Corporate office at B-42, Industrial Estate, Sanath Nagar, Hyderabad 500 018, Telangana, India. Furthermore, unless the context otherwise indicates, all references to the terms "**we**", "**us**" and "**our**" are to our Company and our Subsidiaries (*as defined below*) on a consolidated basis.

Notwithstanding the foregoing, terms used in the sections "***Industry Overview***", "***Taxation***", "***Legal Proceedings***" and "***Financial Information***" on pages 101, 182, 188 and 193, respectively, shall have the meaning given to such terms in such sections.

Company related terms

Term	Description
Articles/ Articles of Association/ AoA	Articles of Association of our Company, as amended
Audit Committee	The audit committee of our Board. For details, see "***Board of Directors and Senior Management***" on page 129
Audited Consolidated Financial Statements	Collectively, Fiscal 2024 Audited Consolidated Financial Statements, Fiscal 2023 Audited Consolidated Financial Statements, Fiscal 2022 Audited Consolidated Financial Statements
Auditors/Statutory Auditors	The current statutory auditors of our Company, namely, Ramasamy Koteswara Rao and Co LLP, Chartered Accountants.
Aituring Technologies	Aituring Technologies Private Limited
Board/Board of Directors	The board of directors of our Company or a duly constituted committee thereof
Borrowing Committee	The borrowing committee of our Board. For details, see "***Board of Directors and Senior Management***" on page 129
Chairman	Chairman of our Board, namely, Ashok Atluri
Chief Financial Officer	The chief financial officer of our Company, Afzal H Malkani
Company Secretary and Compliance Officer	The company secretary and compliance officer of our Company, Raghavendra Prasad Movva
Corporate Social Responsibility Committee	The corporate social responsibility committee of our Board. For details, see "***Board of Directors and Senior Management***" on page 129
Director(s)	The director(s) on the Board of our Company
Equity Shares	Equity shares of our Company of face value of ₹1 each
ESOP 2021	An employee stock option plan, namely Zen Technologies Limited Employee Stock Option Plan-2021
Fund Raising Committee	The Fund Raising committee of our Board, comprising the members Shilpa Choudari, Ravi Kumar Midathala, Afzal H Malkani and Ajay Kumar Singh
Independent Director(s)	Independent director(s) on our Board. For details, see "***Board of Directors and Senior Management***" on page 129
Investment and Finance Committee	The Investment and Finance Committee of our Board. For details, see "***Board of Directors and Senior Management***" on page 129
Joint Managing Director	Joint Managing Director of our Board, namely, Kishore Dutt Atluri
Key Managerial Personnel / KMP	Key managerial personnel of our Company in terms of Regulation 2(1)(bb) of the SEBI ICDR Regulations. For details, see "***Board of Directors and Senior Management***" on page 129
Managing Director	Managing Director of our Board, namely, Ashok Atluri
Material Subsidiary	Unistring Tech Solutions Private Limited
Memorandum/Memorandum of Association/MoA	Memorandum of association of our Company, as amended from time to time

Term	Description
Nomination and Remuneration Committee	The nomination and remuneration committee of our Board. For details, see "***Board of Directors and Senior Management***" on page 129
Order Book	Our Company's order book as of a particular date is not audited and is calculated based on the aggregate contract value of our on-going projects as of such date reduced by the value of work executed by us until such date, subject to certain adjustments including foreign exchange fluctuations and other contractual terms. Our Company's order book does not indicate the future earnings of the Company
Promoters	The promoters of our Company are Kishore Dutt Atluri, Ravi Kumar Midathala and Ashok Atluri
Registrar of Companies/ RoC	The Registrar of Companies, Telangana at Hyderabad
Registered and Corporate Office	B-42, Industrial Estate, Sanath Nagar, Hyderabad 500 018, Telangana, India
Risk Management Committee	The risk management committee of our Board. For details, see "***Board of Directors and Senior Management***" on page 129
Senior Management	Members of the senior management of our Company in terms of Regulation 2(1)(bbbb) of the SEBI ICDR Regulations.For details, see "***Board of Directors and Senior Management***" on page 129
Shareholders	The holders of the Equity Shares, from time to time
Stakeholders' Relationship Committee	The stakeholders' relationship committee of our Board. For details, see "***Board of Directors and Senior Management***" on page 129
Subsidiaries	Collectively, Aituring Technologies, Unistring Tech Solutions, Zen Medical and Zen Defence and Zen Technologies USA.
Unistring Tech Solutions	Unistring Tech Solutions Private Limited
Whole-time Directors	The whole-time directors namely, Shilpa Choudari and Ravi Kumar Midathala on our Board. For details, see "***Board of Directors and Senior Management***" on page 129
Zen Defence	Zen Defence Technologies L.L.C
Zen Medical	Zen Medical Technologies Private Limited
Zen Technologies USA	Zen Technologies USA, INC

Issue Related Terms

Term	Description
Allocated/ Allocation	Allocation of Equity Shares in connection with this Issue, in consultation with the Lead Managers, following the determination of the Issue Price to Eligible QIBs on the basis of Application Forms and Application Amount submitted by Eligible QIBs, in compliance with Chapter VI of the SEBI ICDR Regulations and other applicable law
Allot/ Allotment/ Allotted	Allotment and issue of Equity Shares pursuant to the Issue
Allottees	Eligible QIBs to whom Equity Shares are issued pursuant to the Issue
Application Amount/Bid Amount	With respect to a Bidder shall mean the aggregate amount paid by such Bidder at the time of submitting a Bid in the Issue and determined by multiplying the price per Equity Share indicated in the Bid by the number of Equity Shares Bid for by Eligible QIBs and payable by the Eligible QIBs in the Issue on submission of the Application Form or such amount transferred/ paid to the Escrow Bank Account, as application, including any revisions thereof
Application Form	Serially numbered, specifically addressed bid cum application form (including any revisions thereof) submitted by the Eligible QIBs for registering a Bid in the Issue
Bid(s)	Indication of an Eligible QIB's interest, including all revisions and modifications of interest, as provided in the Application Form, to subscribe for the Equity Shares pursuant to the Issue. The term "Bidding" shall be construed accordingly
Bidder (s)	Any prospective investor, being an Eligible QIB, who makes a Bid pursuant to the terms of this Preliminary Placement Document and the Application Form
Issue Opening Date	Wednesday, August 21, 2024, the date on which our Company (or the Lead Managers on behalf of our Company) commenced acceptance of the Application Forms and the Application Amount
Issue Closing Date	August [●], 2024, the date after which our Company (or the Lead Managers on behalf of our Company) shall cease acceptance of Application Forms and the Application Amount
Lead Managers or LMs	Motilal Oswal Investment Advisors Limited, ICICI Securities Limited and Nuvama Wealth Management Limited (*Formerly known as Edelweiss Securities Limited*)
CAN/ Confirmation of Allocation Note	Note, advice or intimation confirming the Allocation of Equity Shares to such Successful Bidders after determination of the Issue Price
Closing Date	The date on which Allotment of Equity Shares pursuant to the Issue shall be made, i.e., on or about [●], 2024
Designated Date	The date of credit of Equity Shares pursuant to the Issue to the Allottees' demat accounts, as applicable to the relevant Allottees
Eligible FPIs	FPIs that are eligible to participate in this Issue in terms of applicable laws, other than individuals, corporate bodies and family offices

Term	Description
Eligible QIBs	QIBs which are eligible to participate in this Issue and which are not, (a) excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations or (b) restricted from participating in the Issue under the applicable laws. FVCIs are not permitted to participate in the Issue In addition, QIBs, outside the United States in "offshore transactions" in reliance on Regulation S are eligible to participate in this Issue
Escrow Account	Non-interest bearing, no-lien, current bank account without any cheques or overdraft facilities, opened in the name and style "ZEN TECHNOLOGIES LIMITED- QIP ESCROW ACCOUNT 2024" with the Escrow Bank, subject to the terms of the Escrow Agreement into which the Application Amount payable by the Bidders in connection with the subscription to the Equity Shares pursuant to the Issue shall be deposited by the Eligible QIBs and from which refunds, if any, shall be remitted, as set out in the Application Form
Escrow Agreement	Agreement dated August 21, 2024 entered into by and amongst our Company, the Escrow Bank and the Lead Managers for collection of the Application Amounts and remitting refunds, if any, of the amounts collected, to the Bidders
Escrow Bank	Axis Bank Limited
Floor Price	Floor price of ₹ 1,685.18 for each Equity Share, calculated in accordance with Chapter VI of the SEBI ICDR Regulations. Our Company may offer a discount of not more than 5% on the Floor Price in accordance with the approval of the Shareholders accorded through a special resolution (passed through postal ballot) dated March 8, 2024 and in terms of Regulation 176(1) of the SEBI ICDR Regulations
Gross Proceeds	The gross proceeds of the Issue that will be available to our Company
Issue	The offer, issue and Allotment of up to [●] Equity Shares each at a price of ₹ **[●]** per Equity Share, including a premium of ₹ [●] per Equity Share, aggregating up to ₹ **[●]** lakhs to Eligible QIBs, pursuant to Chapter VI of the SEBI ICDR Regulations and the applicable provisions of the Companies Act, 2013 and the rules made thereunder
Issue Period	Period between the Issue Opening Date and the Issue Closing Date, inclusive of both days during which Eligible QIBs can submit their Bids along with the Application Amount
Issue Price	A price per Equity Share of ₹ [●], including a premium of ₹ [●] per Equity Share
Issue Size	The aggregate size of the Issue up to ₹ [●] lakhs
Monitoring Agency	CRISIL Ratings Limited
Monitoring Agency Agreement	The agreement dated August 21, 2024 entered into between our Company and the Monitoring Agency in relation to the responsibilities and obligations of the Monitoring Agency for monitoring the utilisation of proceeds in relation to the Issue
Net Proceeds	The net proceeds from the Issue, after deducting fees, commissions and estimated expenses of the Issue
Pay-In Date	Last date specified in the CAN for the payment of application monies by Bidders in the Issue
Placement Agreement	Placement agreement dated August 21, 2024 entered into between our Company and the Lead Managers
Placement Document	Placement document to be issued in accordance with Chapter VI of the SEBI ICDR Regulations and applicable provisions of the Companies Act, 2013 and the rules made thereunder
Preliminary Placement Document	This preliminary placement document cum application form, dated August 21, 2024 issued in accordance with Chapter VI of the SEBI ICDR Regulations and applicable provisions of the Companies Act, 2013 and the rules made thereunder
QIB/ Qualified Institutional Buyer	Qualified institutional buyer, as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations
QIP	Qualified institutions placement, being a private placement to Eligible QIBs under Chapter VI of the SEBI ICDR Regulations and applicable provisions of the Companies Act, 2013 read with the PAS Rules
Refund Amount	The aggregate amount to be returned to the Bidders who have not been Allocated Equity Shares for all or part of the Application Amount submitted by such Bidder pursuant to the Issue
Refund Intimation Letter	The letter from the Company to relevant Bidders intimating them of the Refund Amount, if any, to be refunded to their respective bank accounts on the date of issuance of CAN
Relevant Date	August 21, 2024 which is the date of the meeting in which the Board or any authorised committee of our Board decided to open the Issue
Stock Exchanges	Together, NSE and BSE
Successful Bidders	The Bidders who have Bid at or above the Issue Price, duly paid the Application Amount along with the Application Form and who will be Allocated Equity Shares pursuant to the Issue
Working Day	Any day other than second and fourth Saturday of the relevant month or a Sunday or a public holiday or a day on which scheduled commercial banks are authorised or obligated by law to remain closed in Mumbai, India

Conventional and General Terms/ Abbreviations

Term	Description
AGM/ Annual General Meeting	Annual general meeting
AIF(s)	Alternative investment funds, as defined and registered with SEBI under the SEBI AIF Regulations
BSE	BSE Limited

Term	Description
CAGR	Compounded Annual Growth Rate
Category I FPI	FPIs who are registered with SEBI as "Category I foreign portfolio investors" under the SEBI FPI Regulations
Category II FPI	FPIs who are registered with SEBI as "Category II foreign portfolio investors" under the SEBI FPI Regulations
CDSL	Central Depository Services (India) Limited
CIN	Corporate identification number
Companies Act, 1956	The erstwhile Companies Act, 1956 and the rules made thereunder
Companies Act, 2013/ Companies Act	Companies Act, 2013 read with the rules, regulations, circulars, clarifications and modifications thereunder
Consolidated FDI Policy	The consolidated FDI Policy, effective from October 15, 2020, issued by the DPIIT, and any modifications thereto or substitutions thereof, issued from time to time
Copyright Act	Copyright Act, 1957
Civil Procedure Code	The Code of Civil Procedure, 1908
COVID–19	A public health emergency of international concern as declared by World Health Organization on January 30, 2020 and a pandemic on March 11, 2020
CSR	Corporate social responsibility
Depositories Act	The Depositories Act, 1996, as amended
Depository	A depository registered with the SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018, as amended
Depository Participant	A depository participant as defined under the Depositories Act
DIN	Director Identification Number
DPIIT	Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry (*formerly Department of Industrial Policy and Promotion*), GoI
ERP	Enterprise resource planning
EGM	Extraordinary general meeting
ESG	Environment, Social and Governance
FBIL	Financial Benchmark India Private Limited
FDI	Foreign direct investment
FEMA	The Foreign Exchange Management Act, 1999 read with rules and regulations thereunder
FEMA Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019, as amended and any notifications, circulars or clarifications issued thereunder
Financial Year/Fiscal Year/FY/Fiscal	The period of 12 months commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year
Form PAS-4	Form PAS-4 as prescribed under the PAS Rules
FPIs	A foreign portfolio investor who has been registered under Chapter II of the SEBI FPI Regulations and shall be deemed to be an intermediary in terms of the provisions of the Securities and Exchange Board of India Act, 1992
Fraudulent Borrower	An entity or person categorised as a fraudulent borrower by any bank or financial institution or consortium thereof, in terms of Regulation 2(1)(lll) of the SEBI ICDR Regulations
Fugitive Economic Offender	An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018
FVCI	Foreign Venture Capital Investors (as defined and registered with SEBI under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended) registered with SEBI
GAAP	Generally accepted accounting principles
GDP	Gross Domestic Product
GoI	The Government of India
GST	Goods and Services Tax
ICAI	Institute of Chartered Accountants of India
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards as issued by the International Accounting Standards Board
IMF	International Monetary Fund
Income Tax Act	Income-tax Act, 1961
Ind AS	The Indian Accounting Standards referred to in the Companies (Indian Accounting Standard) Rules, 2015, as amended
Ind As Rules	Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) Amendment Rules, 2016
Indian GAAP	Generally Accepted Accounting Principles in India
INR or ₹ or ₹ or Indian Rupees	Indian Rupee, the official currency of the Republic of India
IoT	Internet of things
IT	Information Technology
MCA	The Ministry of Corporate Affairs, GoI

Term	Description
MoU	Memorandum of understanding
Lks	Lakhs
Msf	Million square feet
Mutual Funds	Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
N.A. or NA	Not Applicable
NAV	Net Asset Value
NEAT +	National Exchange for Automated Trading
NR/ Non-resident	A person resident outside India, as defined under the FEMA and includes an NRI
NRI	Non-Resident Indian
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
p.a.	Per annum
PAN	Permanent account number
PAS Rules	The Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended
PAT	Profit after tax
PML Act	Prevention of Money Laundering Act, 2002, as amended
P-Notes	Offshore derivative instruments, by whatever name called, which are issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognized stock exchange in India or unlisted debt securities or securitized debt instruments, as its underlying
RBI	The Reserve Bank of India
Regulation S	Regulation S under the U.S. Securities Act
SCR (SECC) Regulations	Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018
SCRA	Securities Contract (Regulation) Act, 1956
SCRR	The Securities Contracts (Regulation) Rules, 1957
SDD	System Driven Disclosures
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	The Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
SEBI Insider Trading Regulations	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
U.S. GAAP	Generally Accepted Accounting Principles in the United States of America
U.S. Securities Act	The United States Securities Act of 1933, as amended
UPSI	Unpublished price sensitive information
US$/ USD/ US Dollar	United States Dollar, the official currency of the United States of America
USA/ U.S./ US	United States of America
VCF	Venture capital fund as defined and registered with SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 or the SEBI AIF Regulations, as the case may be
Wilful Defaulter or Fraudulent Borrower	An entity or person categorised as a wilful defaulter or fraudulent borrower by any bank or financial institution or consortium thereof, in terms of Regulation 2(1) (lll) of the SEBI ICDR Regulations

Industry Related Terms

Term	Description
BRO	Border Roads Organisations
CAGR	Compound Annual Growth Rate
DAC	Defence Acquisition Council
DMA	Department of Military Affairs
DPSU	Defence Public Sector Undertakings
DTIS	Defence Testing Infrastructure Scheme
GDP	Gross Domestic Product
Idex	Innovations for Defence Excellence
MoD	Ministry of Defence

OEM	Original Equipment Manufacturer
SPM	Strategic Partnership Model
TDF	Technology Development Fund

SUMMARY OF BUSINESS

Overview

We are one of India's few companies[1] that operate in the defence training and simulation and counter- unmanned arial systems segments. We have indigenous design, development and manufacturing capabilities. Our proprietary training platform architecture is key to delivering our solutions and forms an integral part of our value proposition. Our innovation process allows us to evolve product features based on the evolving needs of our customers delivering a superior customer experience with advanced technology. We have grown at a CAGR of 100.42% in terms of revenue from operations over the last three Fiscals, with an EBITDA of ₹ 19,570.57 lakhs in Fiscal 2024.

Our product portfolio spans two product lines:

(i) training and simulation – this consists of (a) live ranges; (b) live simulation; (c) virtual and constructive simulation; and (d) operational equipment; and

(ii) counter-drone systems – this consists of six sub-components: (a) RF based drone detector (RFDD); (b) radar detection; (c) video based drone identification and tracking; (d) data fusion and command centre; (e) drone RF jammer; and (f) hard kill interface.

Our wide range of products gives us the necessary flexibility to meet the evolving demands of diverse customers across industries. Our combat training centre is capable of providing an integrated platform for virtual and constructive simulation, live ranges, live simulations, and operational equipment.

Our Order Book reflects the revenues that we expect to recognise in future periods with respect to our existing contracts. Our Order Book has increased significantly since March 31, 2022.

As a result of our product development and innovation efforts, we have filed 100 applications for utility patents in India and 58 applications of utility patents in other jurisdictions, out of which 48 utility patents have been granted in India and 28 utility patents have been granted in other jurisdictions. Additionally, we have filed 42 applications for design patents in India out of which 35 design patents have been granted in India and we also have two design patents in other jurisdictions, as on August 3, 2024. The Company spent ₹ 698.83 lakhs, ₹ 2,665.34 lakhs, ₹ 2,021.13 lakhs and ₹ 1,380.07 lakhs towards its research and development activities during the three months ended June 30, 2024 and in Fiscals 2024, 2023 and 2022, respectively.

OUR STRENGTHS

Deep expertise and market leadership in military training simulators

Since our inception, we have since continued to focus on innovation and have developed a diverse portfolio of defence training simulators to cater to the growing market. We have leveraged our long-standing presence in the Indian market to foster strong relationships with defence and government agencies. With over three decades of innovation and operations, we have amassed a vast software library, leveraging data to use artificial intelligence in reducing training time. We had an Order Book of ₹ 1,15, 884 lakhs as of June 30, 2024.

Proprietary technology driven business model and focus on innovation through advanced research and development capabilities

Our business model is driven by our portfolio of patents and our intellectual property. We are able to offer products and services that are critical to our customers and for which we hold relevant intellectual property. As a result, in the event of price fluctuations in the raw material and inputs needed for our products and services, we can withstand these increases by either raising the prices or recovering the cost from our customers based on our contractual terms. Further, our research and development centre, which is located in Hyderabad, Telangana in India, enables us to focus on innovation and design, develop, engineer and manufacture our products. Our research and development centre has been recognized and accredited by the Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India. As of June 30, 2024, we have 363 employees, of which our research and development team has 115 employees. We spent ₹ 698.83 lakhs, ₹ 2,665.34 lakhs, ₹ 2,021.13 lakhs and ₹ 1,380.07 lakhs towards research and development activities during

[1] Based on companies that bid for contracts in the defence training and simulation and counter- unmanned arial systems segments.

the three months ended June 30, 2024 and in Fiscals 2024, 2023 and 2022, respectively. Our investment in research and development enables us to work in multiple domains such as integrated system with electronics, mechanical, software and optics. Our history of developing various systems over the last three decades has helped us build modular frameworks which make it seamless for us to realise a new product.

From our anti-drone systems to cutting-edge virtual and live simulation technologies, our product portfolio showcases a commitment to innovation. We attribute our success to the dedicated research and development team responsible for creating our products. In our view, the high investments that we made in research and development in the last three Fiscals, create a strong competitive advantage for us, and potentially imposing limitations for new entrants.

Distinctive product portfolio with strong performance and reliability

We have a diversified product portfolio spanning two product lines: (i) training and simulation, which consists of (a) live ranges; (b) live simulation; (c) virtual and constructive simulation; (d) operational equipment; (e) driving simulation; and (f) electronic warfare simulators, and (ii) counter-drone systems, which typically consist of six sub-components: (a) RF based drone detector; (b) radar detection; (c) video based drone identification and tracking; (d) data fusion and command centre; (e) drone RF jammer; and (f) hard kill interface. Our proprietary training platform integrates our entire range of simulation offerings from land-based military training simulators and driving simulators to live range equipment and offer certain unique capabilities.

Experienced management capabilities with a demonstrated track record of delivering robust financial performance

We are led by a qualified and experienced management team, who are supported by a capable and motivated team of managers and other employees. Our Promoters have knowledge and understanding of the defense training and anti-drone industry in India. Our Promoters, Kishore Dutt Atluri, Ashok Atluri, Ravi Kumar Midathala and our Whole time Director, Shilpa Choudari and our Chief Financial Officer, Afzal H. Malkani, are involved in the strategic planning, operations, design and production development, and have a cumulative work experience of more than 30 years.

Demonstrated financial performance with an asset-light business model and with a robust Order Book reflecting revenue visibility

We have grown our operations and have demonstrated an increase in our revenues and profitability. Our annual maintenance contracts have also proven to be a robust revenue stream for us with consistent profitability. Our revenue from operations for the three months ended June 30, 2024 and Fiscals 2024, 2023, 2022 was ₹25,461.57 lakhs, ₹43,985.20 lakhs, ₹21,884.62 lakhs and ₹6,975.24 lakhs, respectively. Our EBITDA for the three months ended June 30, 2024 and Fiscals 2024, 2023, 2022 was ₹ 11,445.93 lakhs, ₹ 19,570.57 lakhs, ₹ 7,985.87 lakhs and ₹994.68 lakhs, respectively. Our profit for the three months ended June 30, 2024 and Fiscals 2024, 2023 and 2022 was ₹ 7,948.57 lakhs, ₹ 12,950.44 lakhs, ₹ 4,996.82 lakhs and ₹ 260.96 lakhs, respectively. Our Return on Capital Employed for Fiscals 2024, 2023 and 2022 was 39.54%, 22.32% and 1.73%, respectively, while our Return on Net Worth for Fiscals 2024, 2023 and 2022 was 27.77%, 15.13% and 0.90% respectively.

OUR STRATEGIES

Continue to focus on product innovation, engineering and design competence and launch new products

With a legacy spanning over three decades, we have a history of creating and introducing innovative and modern training solutions that help our customers achieve combat readiness. Currently, we primarily cater to defence applications, and we plan to expand to airport airspace protection, counter smuggling operations and VIP protection. We intend to continue making significant investments in research and development as well as hiring top technical talent to further increase our product differentiation. As we continue to invest in our proprietary training platform, we will focus on features and functionalities that help our clients securely adopt artificial intelligence (AI) within an evolving threat landscape. As product and technology innovation is at the core of our growth, we emphasize on constant innovation and enhancing our product and technology stack. Live simulation battlefield training, machine learning integration, tactical maneuver ranges and live-virtual simulation training integration are some of upcoming research and development initiatives being undertaken by us.

Expanding geographical footprint including increased focus on international markets

Our revenue from international sales were ₹ 8,011.54 lakhs, ₹ 5,682.87 lakhs and ₹ 364.97 lakhs for Fiscals 2024, 2023 and 2022, respectively. With exports to countries in Africa, Middle East and countries in the commonwealth of independent states, we have been able to establish a global footprint. Our Order Book value was ₹ 1,15,884 lakhs on June 30, 2024, out of which ₹ 72,169 lakhs was from the Indian market and ₹ 43,715 lakhs was from the overseas market. Through our extensive experience, established product portfolio and proven track record, in our assessment, we are strongly positioned for providing products and solutions to customers worldwide. For our global operations, we have subsidiaries in the United States and UAE. We also aim to further expand our presence in the United States.

Capitalize on regulatory tailwinds

Given our market position in the rapidly-growing defence training and anti-drone space, we believe we are well-positioned to continue to strategically expand our operations across India as well as globally. Further to the recognition of the importance of training simulators, the MoD has promulgated a framework for enhanced and synergised utilization of simulators, with the aim to transform to simulation-based training across all military domains. The framework lays emphasis on indigenous design and development as well as outsourcing of operation and maintenance of simulators to domestic companies.

Continue to focus on inorganic growth through acquisitions, strategic investments and initiatives

Given the scale of our operations, balance sheet position, agile and innovative product offerings and track record of successful acquisitions, inorganic opportunities present viable growth opportunities. We intend to selectively pursue strategic investment and acquisition opportunities that complement our growth strategy or strengthen or establish our presence in our targeted domestic and overseas markets. Our extensive industry experience and insights enable us to identify suitable targets and effectively evaluate and execute potential opportunities. As the counter-drone industry presents significant growth opportunities, we intend to utilize our capabilities and expand our business and operations by pursuing investment opportunities in adjacent product categories in future. We may also form strategic alliances with global and domestic players in various segments of defence training and anti-drone industry that bring synergies to our business. We have completed two acquisitions – acquisition of Unistring Tech Solutions Private Limited in 2018 and acquisition of AiTuring Technologies Private Limited in 2024.

Expand our product portfolio and cater to new end-use applications and industries

We will continue to expand our product portfolio and seek to continue to provide differentiated offerings to our customers. We intend to leverage our proprietary technology and our design and development capabilities to innovate and introduce new counter-drone systems to capture a higher market share from new and existing customers. We seek to leverage our extensive experience to strengthen our industry position, by developing new products to capitalise on emerging trends. We are continuously in the process of identifying new end-use cases which have a significant growth potential and the economic viability to introduce new products.

SUMMARY OF THE ISSUE

The following is a general summary of the terms of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Preliminary Placement Document, including "***Risk Factors***", "***Use of Proceeds***", "***Issue Procedure***", "***Placement and Lock-up***" and "***Description of the Equity Shares***" on 37, 61, 147, 161 and 178, respectively.

Issuer	Zen Technologies Limited
Face Value	₹ 1 per equity share of the Company.
Issue Size	Aggregating up to ₹ [●] lakhs, comprising [●] Equity Shares of our Company A minimum of 10% of the Issue Size, i.e. at least [●] Equity Shares, shall be available for Allocation to Mutual Funds only, and the balance [●] Equity Shares shall be available for Allocation to all Eligible QIBs, including Mutual Funds In case of under-subscription in the portion available for Allocation only to Mutual Funds, such undersubscribed portion or part thereof may be Allotted to other Eligible QIBs
Floor Price	₹ 1,685.18 per Equity Share which has been calculated in accordance with Chapter VI of the SEBI ICDR Regulations In terms of the SEBI ICDR Regulations, the Issue Price cannot be lower than the Floor Price. However, our Company may offer a discount of up to 5% on the Floor Price in accordance with the approval of the Shareholders accorded through special resolution via postal ballot held on March 8, 2024, and in terms of Regulation 176(1) of the SEBI ICDR Regulations
Issue Price	₹ [●] per Equity Share of the Company (including a premium of ₹ [●] per Equity Share)
Eligible Investors	Eligible QIBs to whom this Preliminary Placement Document and the Application Form are delivered and that are eligible to participate in the Issue and not excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations or restricted from participating in the Issue under the applicable laws including the SEBI ICDR Regulations. See "***Issue Procedure – Eligible Qualified Institutional Buyers***", "***Selling Restrictions***" and "***Transfer Restrictions***" on pages 147, 163 and 172, respectively The list of Eligible QIBs to whom this Preliminary Placement Document and Application Form is delivered will be determined by the Lead Managers in consultation with our Company, at their sole discretion
Date of Board Resolution approving the Issue	January 27, 2024
Date of Shareholders' Resolution via postal ballot approving the Issue	March 8, 2024
Issue Procedure	The Issue is being made only to Eligible QIBs in reliance of Section 42 of the Companies Act, read with Rule 14 of the PAS Rules, and other provisions of the Companies Act, 2013 and Chapter VI of the SEBI ICDR Regulations. For details, see "***Issue Procedure***" on page 147
Dividend	Please see section "***Dividends***", "***Description of the Equity Shares***" and "***Taxation***" on pages 70, 178 and 182, respectively
Taxation	For the statement of possible tax benefits available to our Company, our Shareholders and our Material Subsidiaries, under the applicable laws in India, please see "***Taxation***" on page 182
Equity Shares issued and outstanding immediately prior to the Issue	8,40,44,260 Equity Shares
Equity Shares issued and outstanding immediately after the Issue	[●] Equity Shares
Listing	Our Company has received in-principle approvals from BSE and NSE each dated August 21, 2024, under Regulation 28(1)(a) of the SEBI Listing Regulations for the listing of the Equity Shares to be issued pursuant to the Issue
Trading	The trading of the Equity Shares would be in dematerialized form and only in the cash segment of each of the Stock Exchanges Our Company will make applications to the respective Stock Exchanges to obtain final listing and trading approvals for the Equity Shares, to be issued pursuant to this Issue, after Allotment and credit of Equity Shares to the beneficiary account with the Depository Participant, respectively
Transferability Restrictions	Equity Shares being Allotted pursuant to the Issue shall not be sold for a period of one year from the date of Allotment, except on the floor of the Stock Exchanges. Allotments made to VCFs, and AIFs in this Issue are subject to the rules and regulations that are applicable to each of them respectively,

	including in relation to lock-in requirement. Also see "***Issue Procedure***", "***Selling Restrictions***", and "***Transfer Restrictions***" on pages 147, 163 and 172, respectively
Lock-up	For details of the lock-up, please refer to the section titled "***Placement and Lock-Up***" on page 161
Use of Proceeds	The gross proceeds of the Issue will aggregate to approximately ₹ [●] lakhs. The net proceeds of the Issue, after deducting fees, commissions and expenses of the Issue, is expected to be approximately ₹ [●] lakhs. For further information, see "***Use of Proceeds***" on page 61 for information regarding the use of Net Proceeds from the Issue
Risk Factors	See "***Risk Factors***" on page 37 for a discussion of risks you should consider before deciding whether to subscribe to Equity Shares pursuant to this Issue
Closing Date	Allotment of the Equity Shares offered pursuant to the Issue is expected to be made on or about [●], 2024
Status, Ranking and Dividend	Equity Shares being issued pursuant to the Issue shall be subject to the provisions of our Memorandum of Association and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares, including rights in respect of voting rights and dividends Our Shareholders (who hold Equity Shares as on record date) will be entitled to participate in dividends and other corporate benefits, if any, declared by our Company after the Closing Date, in compliance with the Companies Act, 2013, SEBI Listing Regulations and other applicable laws and regulations. Shareholders may attend and vote in Shareholders' meetings on the basis of one vote for every Equity Share held. For further details, see "***Dividends***" and "***Description of the Equity Shares***" on pages 70 and 178, respectively
Security Codes for the Equity Shares	**ISIN:** INE251B01027 **BSE Code:** 533339 **NSE Symbol:** ZENTEC

SELECTED FINANCIAL INFORMATION

The following tables set forth our selected financial information and should be read together with the more detailed information contained in "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" and the Audited Consolidated Financial Statements and Unaudited Consolidated Financial Results included in "***Financial Information***" on pages 71 and 193, respectively.

[*Remainder of the page left blank on purpose*]

Summary Statement of Assets and Liabilities

(*in ₹ lakhs*)

S.No	Particulars	As at 30 June 2024	As at 30 June 2023	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
I	**ASSETS**					
(1)	**Non-current assets**					
(a)	Property, Plant and Equipment	8,451.58	7,028.74	8,067.37	6,798.72	5,914.38
(b)	Capital work-in-progress	1,322.07	232.15	1,006.05	191.73	252.28
(c)	Right-of-use asset	941.43	152.12	590.00	162.72	90.22
(d)	Goodwill	301.70	115.80	301.70	115.80	115.80
(e)	Intangible assets	386.50	434.58	378.89	447.20	502.64
(f)	Intangible assets under development	100.29	-	82.29	-	-
(g)	Financial assets					
(i)	Investments	0.00	224.22	0.00	224.22	224.22
(ii)	Loans	-	-	-	-	-
(iii)	Other Financial Assets	4,249.17	3,866.81	2,656.00	296.17	48.25
(h)	Deferred Tax Assets(Net)	7.40	589.61	-	1,405.44	2,021.09
(i)	Other non-current assets	113.44	90.04	133.68	73.53	106.28
		15,873.58	**12,734.07**	**13,215.98**	**9,715.53**	**9,275.16**
(2)	**Current assets**					
(a)	Inventories	17,781.74	3,011.25	16,907.87	4,899.96	2,495.11
(b)	Financial assets					
(i)	Trade receivables	39,480.23	11,551.78	18,450.15	8,539.24	3,168.72
(ii)	Cash and cash equivalents	2,089.17	7,987.63	3,670.85	11,025.36	2,104.79
(iii)	Bank balances other than (ii) above	5,948.45	6,382.70	12,146.50	5,710.99	6,182.55
(iv)	Loans	5.50	-	79.94	-	-
(v)	Other financial assets	1,039.52	1,099.41	999.08	5,493.96	11,958.09
(c)	Current Tax Assets (Net)	265.62	1,124.31	265.49	88.66	205.28
(d)	Other current assets	9,196.25	2,752.03	9,314.38	1,895.84	1,505.87
		75,806.48	**33,909.12**	**61,834.27**	**37,654.00**	**27,620.41**
	Total Assets	**91,680.07**	**46,643.19**	**75,050.25**	**47,369.53**	**36,895.56**
II	**EQUITY AND LIABILITIES**					
(1)	Equity					
(a)	Equity Share Capital	840.44	840.44	840.44	795.10	795.10
(b)	Other Equity	51,748.97	35,678.72	44,022.37	30,822.05	27,506.61
	Equity attributable to equity holders of the parent	52,589.42	36,519.16	44,862.81	31,617.15	28,301.72
(c)	Non-controlling interests	2,033.74	1,545.95	1,766.36	1,410.82	687.81
	Total Equity	**54,623.15**	**38,065.11**	**46,629.17**	**33,027.97**	**28,989.53**
(2)	**Liabilities**					
	Non-current liabilities					
(a)	Financial Liabilities					
(i)	Borrowings	4,253.96	-	-	-	419.80
(ii)	(a) Lease liabilities	522.40	36.86	413.53	43.38	85.19
	(b) Deferred Govt.Grant	15.00	15.00	15.00	-	-
(b)	Provisions	398.48	298.20	379.53	282.96	205.02
(c)	Deferred Tax Liability	836.31	-	622.37	-	-
		6,026.15	**350.06**	**1,430.43**	**326.34**	**710.02**

S.No	Particulars	As at 30 June 2024	As at 30 June 2023	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
	Current liabilities					
(a)	Financial Liabilities					
(i)	Borrowings	1,869.22	20.34	61.50	589.47	931.42
(ii)	Lease Liabilities	321.30	41.67	128.35	42.57	39.13
(iii)	Trade payables					
	- Dues to micro enterprises and small enterprises	1,820.73	-	2,102.42	74.03	107.59
	- Dues to creditors other than micro and small enterprises	2,083.68	717.96	1,107.70	599.41	285.58
(iv)	Other Financial liabilities	3,370.21	1,407.59	2,033.39	1,009.91	402.14
(b)	Provisions	498.22	-	279.53	760.73	-
(c)	Other current liabilities	19,791.67	4,172.53	20,579.34	10,939.10	5,338.53
(d)	Current Tax Liabilities (Net)	1,275.72	1,867.92	698.43	-	91.62
		31,030.76	**8,228.01**	**26,990.66**	**14,015.21**	**7,196.01**
	Total Equity and Liabilities	**91,680.07**	**46,643.19**	**75,050.25**	**47,369.53**	**36,895.56**

Summary Income Statement

(*in ₹ lakhs*)

S.No	Particulars	For the Quarter ended		For the year ended		
		30 June 2024	**30 June 2023**	**31 March 2024**	**31 March 2023**	**31 March 2022**
1	**Income**					
	Revenue from operations	25,461.57	13,244.74	43,985.20	21,884.62	6, 975.24
	Other Income	310.97	268.34	1, 492.26	724.74	537.83
	Total Income	**25,772.54**	**13,513.08**	**45,477.46**	**22,609.36**	**7,513.07**
2	**Expenses**					
	Cost of Materials and Components consumed	11,016.60	594.96	17,174.68	7,853.05	2,458.63
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	(718.64)	2,261.18	(5,372.80)	(1,989.86)	(1,144.98)
	Manufacturing expenses	330.75	193.69	1,066.69	760.34	405.00
	Employee benefits expense	1,962.36	1,364.24	5,907.18	3,592.13	2,100.85
	Finance Costs	119.93	42.24	228.13	407.55	153.05
	Depreciation and Amortization Expense	301.05	191.10	967.96	605.65	483.35
	Other expenses	1,735.54	1,939.58	7,131.14	4,407.82	2,698.89
	Total Expenses	**14,747.59**	**6,586.99**	**27,102.97**	**15,636.70**	**7,154.79**
3	**Profit/(Loss) before exceptional items and tax(1 - 2)**	**11,024.95**	**6,926.09**	**18,374.49**	**6,972.66**	**358.28**
4	Exceptional Items	-	-	240.90	200.00	(27.96)
5	**Profit /(Loss) before tax (3-4)**	**11,024.95**	**6,926.07**	**18,615.39**	**7, 172.66**	**330.32**
6	Tax expense					
	(i) Current tax	2,891.94	1,268.22	3,664.93	1,548.71	127.95
	(ii) Prior period taxes	-	-	(44.68)	-	(92.84)
	(iii) Deferred tax	184.43	813.99	2,044.70	627.14	34.24
	Total Tax expense	**3,076.38**	**2,082.21**	**5,664.95**	**2,175.84**	**69.35**
7	**Profit for the year (5-6)**	**7,948.57**	**4,843.88**	**12,950.44**	**4,996.82**	**260.97**

Summary Statement of Cash Flows

(*in ₹ lakhs*)

Particulars	For the year ended 30 June 2024	For the year ended 31 March 2024	For the year ended 31 March 2023	For the year ended 31 March 2022
A. Cash Flows from Operating Activities				
Net profit before tax	11,024.95	18,615.39	7,172.66	330.32
Adjustments to reconcile profit before tax to net cash flows:				
Depreciation and amortization expense	301.92	970.14	605.65	483.35
Exceptional item	-	-	-	27.96
Profit on Sale of Property, Plant and Equipment	-	(0.42)	(0.93)	-
Provision for impairment of investments	-	138.35	-	-
Trade payables written back	-	(7.23)	-	-
Provision for impairment of investments	-	224.22	-	-
Provision for impairment of advances	252.84	-	-	-
Expected Credit Loss allowance	-	352.34	38.83	7.19
Other non-cash items	(55.05)	14.68	(31.43)	(5.25)
Interest Income	(151.99)	(1,095.42)	(642.05)	(429.31)
Finance Cost	84.91	156.26	345.64	128.19
Interest on lease liability	18.34	4.97	-	-
Gratuity expense	4.74	57.07	-	-
Share based Payment Expenses	7.38	437.69	44.21	-
Foreign Exchange Fluctuation	(20.12)	(51.06)	37.27	(5.76)
Operating profit before working capital changes	**11,467.93**	**19,816.98**	**7,569.85**	**536.70**
Changes in Working Capital		`		
(Increase)/Decrease in Trade Receivables	(19,511.64)	(7,738.24)	(4,555.54)	(1,300.62)
(Increase)/Decrease in Other financial assets	(1,102.86)	1,949.79	6,282.07	(6,663.01)
(Increase)/Decrease in Inventories	(872.41)	(12,007.91)	(2,404.85)	(1,046.37)
(Increase)/Decrease in Other Current Assets	3,542.19	(6,835.68)	275.32	(1,065.24)
(Increase)/Decrease in Other Non Current Assets	(2.44)	(93.15)	167.33	(15.85)
Increase/(Decrease) in Trade Payables	(814.13)	100.00	(561.74)	92.42
Increase/(Decrease) in Other financial liabilities	(812.06)	(338.08)	424.64	(26.94)
Increase/(Decrease) in Other Current liabilities	(2,197.09)	10,208.02	5,202.88	5,106.96
Increase/(Decrease) in Provisions	257.60	(422.43)	675.88	171.55
Cash generated from /(used in) operating activities	**(10,044.91)**	**4,639.30**	**13,075.84**	**(4,210.40)**
Income tax paid	(2,312.65)	(3,297.57)	(1,439.65)	(215.43)
Net Cash from/(used in) operating activities (A)	**(12,357.56)**	**1,341.73**	**11,636.19**	**(4,425.83)**
B. Cash flows from Investing Activities				
Purchase of property, plant and equipment and CWIP	(1,171.44)	(2,979.09)	(1,314.89)	(430.57)
Proceeds from sale of Property, Plant and Equipment	-	0.47	1.10	-
Advance for Acquisition of shares	2.60	-	(252.84)	-
Interest received	151.88	914.42	646.94	381.41
Capital Advances	-	(34.59)	-	-
Purchase of Investments	-	(387.00)	-	-
(Increase)/Decrease in Other Bank Balances	5,689.97	(6,037.98)	550.62	(4,311.33)
Creditor for Capital goods	-	-	-	-
Advance for Fixed Assets	-	-	-	-
Net Cash from/(used in) Investing Activities (B)	**4,673.01**	**(8,523.77)**	**(369.07)**	**(4,360.49)**
C. Cash flows from Financing Activities				
Increase in share capital	-	386.30	-	-

Particulars	For the year ended 30 June 2024	For the year ended 31 March 2024	For the year ended 31 March 2023	For the year ended 31 March 2022
Proceeds/(Repayment) of Long term borrowings	6,014.24	(582.31)	(758.18)	63.62
Proceeds/(Repayment) of Short term borrowings	-	7.85	-	-
Purchase of Treasury shares by Zen technologies welfare trust	-	(477.09)	(966.13)	-
Dividend paid	-	(166.81)	(79.23)	(79.51)
Proceeds from Issue of Employee Stock Options	(120.96)			
Issue of Treasure Shares	186.11			
Finance cost paid	(100.51)	(229.81)	(345.64)	(93.61)
Amount received towards share warrants	-	750.24	-	250.08
Amount received towards Compulsory Convertible Debentures	-	-	-	8,657.66
Principal portion of the lease liability	124.01	(17.93)	(39.14)	-
Net Cash from/(used in) Financing Activities (C)	**6,102.88**	**(329.55)**	**(2,188.31)**	**8,798.23**
Net Increase in cash and cash equivalents (A+B+C)	**(1,581.67)**	**(7,511.59)**	**9,078.81**	**11.91**
Cash and Cash equivalents at the beginning of the year	3,670.84	11,182.44	2,103.63	2,092.88
Cash and Cash equivalents at the end of the year	**2,089.17**	**3,670.85**	**11,182.44**	**2,104.79**

RELATED PARTY TRANSACTIONS

For details of the related party transactions during: (i) Fiscal 2024; (ii) Fiscal 2023; (iii) Fiscal 2022; and (iv) three months ended June 30, 2024 and (v) three months ended June 30, 2023, as per the requirements in accordance with Indian Accounting Standard ("**Ind AS**") notified under the Ind AS Rules read with Section 133 of the Companies Act, 2013, see "***Financial Information"*** on pages 193.

RISK FACTORS

*This Issue and an investment in equity shares involve a high degree of risk. You should carefully consider the risks described below as well as other information in this Preliminary Placement Document before making an investment decision. If anyone, or a combination of, the risks described below actually occurs, our business, prospects, financial condition, results of operations and cash flows could be severely affected, the trading price of our Equity Shares could decline and you may lose all or part of your investment. Unless specified in the risk factors below, we are not in a position to quantify the financial implications of any of the risks mentioned below. We have described the risks and uncertainties that our management believes are material but the risks set out in this Preliminary Placement Document may not be exhaustive or complete, and additional risks and uncertainties not presently known to us, or which we currently deem to be immaterial, may arise or may become material, as the case may be, in the future. This section should be read together with "**Management's Discussion and Analysis of Financial Condition and Results of Operations**", "**Industry Overview**", "**Business**", and "**Financial Information**" on pages 71, 101, 111 and 193, respectively, and other financial information included elsewhere in this Preliminary Placement Document. This Preliminary Placement Document contains forward-looking statements that involve risks and uncertainties. Prospective investors should carefully consider the following risk factors as well as other information included in this Preliminary Placement Document prior to making any decision as to whether or not to invest in the Issue. Any potential investor in, and purchaser of our Equity Shares should pay particular attention to the fact that we are governed in India by a legal and regulatory environment, which in some material respects may be different from that which prevails in other countries.*

*Our Financial Year ends on March 31 of each year, and references to a particular Fiscal or Financial Year are to the 12 months ended March 31 of that year. Unless otherwise indicated or the context requires, the financial information for June 30, 2024, Fiscals 2024, 2023 and 2022 included herein is based on the Audited Consolidated Financial Statements included in this Preliminary Placement Document. See "**Selected Financial Information**", "**Management's Discussion and Analysis of Financial Condition and Results of Operations**" and "**Financial Information**" on pages 30, 71 and 193, respectively.*

Unless otherwise indicated, industry and market data used in this section is derived from various websites and publicly available documents from various industry sources. The data may have been re-classified by us for the purpose of presentation. None of the Company and any other person connected with the Issue have independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources that they believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed, and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projection forecasts and assumptions that may prove to be incorrect. Accordingly, investors should not place undue reliance on industry information.

1. ***We are heavily reliant on sales to the Ministry of Defence, state police units, security forces and paramilitary forces. A decline in government budget, reduction in orders, termination of existing contracts, disqualification due to any government orders, delay of existing contracts or any kind of adverse change in the Government of India policies for our sector will have a material adverse impact on our business, financial condition, and results of operations.***

   Our offerings include training and simulation and counter-drone systems which are utilized for training of the defence and homeland security personnel of the Government of India ("**GoI**") entities including Ministry of Defence, state police units, security forces and paramilitary forces ("**GoI Customers**"). We derive a significant portion of our revenue from operations from sales to such GoI Customers. The table below shows our revenue from sales of products and rendering services to the GoI Customers as a percentage of our total revenue from operations for three months ended June 30, 2024 and for Fiscals 2024, 2023 and 2022, respectively:

Particulars	**June 30, 2024**	**Fiscal 2024**	**Fiscal 2023**	**Fiscal 2022**
Revenue from sale of products and rendering services to GoI Customers (₹ in lakhs)	25,461.57	35,973.66	16,201.74	6,610.27
As % of our total revenue from operations	100.00	81.79	74.03	94.77

   However, our GoI Customers are subject to budgetary constraints and our continued performance under the contracts, or award of additional contracts from these government agencies, could be jeopardized by budget restrictions of the state or central governments. A significant decline in government expenditures generally could also adversely affect our business. Our operating results may also be negatively impacted by other developments that affect these government programs generally, including the following:

- changes in government programs that are related to our products and services;
- changes in various economic policies including in relation to shifts in domestic spending and tax policy, and general economic conditions and developments;
- adoption of new laws or regulations relating to government contracting or changes to existing laws or regulations;
- changes in political or public support for security and defence programs;
- uncertainties associated with the war on terror and other geo-political matters;
- decline or reprioritisation of India's defence budget; and
- delays in the payment of our invoices by government payment offices.

These developments and other factors could cause GoI Customers to reduce their purchases under existing contracts, to exercise their rights to terminate contracts at their will or to abstain from renewing contracts or enter into new contracts. Further, there could be a possibility where we may be disqualified from participating in bids and even blacklisted due to reasons beyond our control which will prevent us from serving the GoI customers. A decline in government budget, reduction in orders, termination of existing contracts, delay of existing contracts or any kind of adverse change in the Government of India policies for our sector will have a material adverse impact on our business, financial condition, and results of operations.

2. ***We offer our services and products to governments of countries outside India as permitted under applicable law. In this regard, we need to seek prior approval from the Government of India, Ministry of Defence, Department of Defence Production prior to selling our services and products to such other countries. Any denial of approval from Government of India Ministry of Defence will have a material adverse impact on our business, financial condition, and results of operations.***

We offer our services and products to governments of countries outside India, such as in Africa, Middle East and countries in the Commonwealth of Independent States (CIS) as permitted under applicable laws and by the Directorate General of Foreign Trade ("**DGFT**"). Our product portfolio spans two product lines being training and simulation and counter-drone systems which we also sell to governments of countries outside India. We need to seek approval from the Government of India, Ministry of Defence Department of Defence Production and DGFT prior to selling our services and products to such other countries for export of training simulators and counter-drone systems which falls under the list of Special Chemicals, Organisms, Materials, Equipment and Technologies ("**SCOMET**") items, provided by the DGFT under the Import, Export & SCOMET Policy. Thereafter, the Secretary, Defence Production, after scrutinizing the application, issues a certificate of no-objection. The approval process is rigorous, time consuming and involves iterations before we receive the no-objection certificate. Further, once we receive the 'no-objection' certificate we are subject to certain obligations such as that the products sold to the foreign governments shall not be used for development of weapon of mass destruction. Further all the pending or future orders of the MoD will be accorded priority over our exports. There are also possibilities where we may not even receive approval for selling our services and products to governments of countries outside India. While there have been no instances in the past where we have been denied approval to offer our services and products, we cannot assure you that we will always be able to obtain such approval by Government of India, Ministry of Defence and DGFT in time or at all. Any rejection of approval from Government of India, Ministry of Defence and DGFT will have a material adverse impact on our business, financial condition and results of operations.

3. ***We operate in an industry which is highly regulated. If we fail to comply with the applicable regulations and rules prescribed by the Government of India and the relevant statutory or regulatory bodies, our business, financial condition and results of operations would be adversely impacted*.**

We operate in an industry which is highly regulated and our operations, including manufacturing and sales, are subject to stringent laws and regulations. Under the current regulatory regime, in order to manufacture simulators for military training and ammunition prototypes, we need certain licenses from the Ministry of Home Affairs and Department for Promotion of Industry and Internal Trade ("**DPIIT**") under the Arms Act, 1959 and Industries (Development and Regulation) Act, 1951 ("**IDC Act**"), respectively. The process of receiving such licences is time consuming. The licences once obtained also include certain conditions that we have to adhere to. For instance, under our industrial license to manufacture simulators, heavy lift counter drones with logistics, fire ranges and target systems from DPIIT, we have to comply with certain conditions such as (i) restrictions on selling our products and services other than GoI entities mentioned under such license and requirement of prior approval from the MoD in order to sell our products and services to entities other than GoI entities; (ii) submission of standard and testing procedures for our products and services to the government nominated quality assurance agency; (iii) intimation of changes in the management, control or ownership patterns, board of directors and foreign holdings; (iv) clearance from Ministry of Home Affairs before inducting any foreign partner. Any non-compliance with the above mentioned conditions as stipulated under the licences may lead to cancellation of our license or disqualification for submission of bids. While there have been no past instances where there was any non-compliance with the conditions stipulated in such licenses, we cannot assure you that there will be no such non-compliance in future. If we fail to comply with the applicable regulations and rules prescribed by the Government of India and the relevant statutory or regulatory bodies, our business, financial condition and results of operations could be materially adversely affected.

4. ***Majority of the sale of our training simulators and counter-drone systems are dependent on us winning bids. Bidding for a tender involves various management activities such as cost estimations and designing and developing a trial prototype simulator and counter-drone system prototype for the bidding process. Inability to accurately measure the cost and design of such trial prototype simulator may lead to loss of tender creating an adverse impact on our business, financial condition and results of operations.***

Our business and growth depends on our ability to qualify for and win bids undertaken by the GoI Customers for awarding contracts. The GoI awards contracts on a competitive basis which have the potential to create pricing pressure which in turn exerts pressure on our margins. These contracts are large and based on specifications and eligibility which are awarded only by way of a request for proposal ("**RFP**"). Once, the RFP is floated by GoI entities, we evaluate the scope of that project and commence our process of participation. We prepare our estimation based on our budget and bid for the proposals. Once the bids are evaluated by GoI entities, the bidder offering a competitive price and meeting other criteria such as (i) undertaking by the bidder that it is not barred from doing business with GoI; (ii) financial criteria primarily linked with net worth, credit rating and average annual turnover; (iii) valid licence under the IDC Act, is awarded the project.

We obtain a majority of our business through a competitive bidding process. We compete for contract awards based on various factors which include prudent cost estimations, designing and developing a trial prototype, reputation for quality, financing capabilities and track record. Our inability to accurately measure the cost and design of such trial prototype may lead to loss of tender creating an adverse impact on our business, financial condition and results of operations. Further, if we fail to accurately estimate our product cost or if we are unable to design or develop the products as per the required specifications, we may lose contracts or may be barred by the authorities to participate in the future bids. While there have been no instances in the past where we had been barred by any authority to participate in the bids, there can be no assurance that in the future we would not be barred by any authority to participate in such bidding process.

Our ability to win a successful bid also depends on offering our products and services at a lower price that could adversely affect our profit margin. Reduced profit margin could have an adverse impact on our financial condition and cash flows. Further, the bidding and selection process is affected by a number of factors, including factors which may be beyond our control, such as market conditions and external economic or political factors as well competition. In the past we have lost certain bids on account of competitors offering lower price. We cannot assure you that we would not lose any bids in future as well. Further, any increase in competition during the bidding process or reduction in our competitive capabilities could have a material adverse effect on our market share. There can be no assurance that our current or potential competitors will not offer products and services comparable or superior to those that we offer at the same or lower prices, adapt more quickly to industry challenges, or expand their operations at a faster pace than we do. Several global conflicts in recent past have led to demand for military training solutions. Oscillating market conditions of periods of economic boom and recession also affects the bidding process. During periods of economic competitors will bid with higher margins and during recession with lower margin resulting in more intense competition. Similarly political factors such as sudden change of government will impact the tender process. Increased competition, market conditions and political and external economic factors may result in price reductions, reduced profit margins and loss of market share, thereby causing an adverse effect on our operations, prospects and financial condition.

5. ***We depend on a limited number of customers for a significant portion of our revenue. The loss of any of such customers due to any adverse development or significant reduction in business from such customers may adversely affect our business, financial condition and results of operations.***

We derive a significant portion of our revenue from operations from government entities, based in India and abroad. As on March 31, 2024 and June 30, 2024 our Order Book value was ₹ 1,40,197 lakhs and ₹ 1,15,884 lakhs, all of which were from government entities including Government of India and foreign government. The loss of any of such customers for any reason including due to loss of, or failure to renew existing arrangements; limitation to meet any change in quality specification, disputes with a customer; change in the GoI policy, reduced funding from the GoI or any other reasons could have a material adverse effect on our business, financial condition and results of operations. Our contracts with the MoD are based on the Defence Acquisition Procedure, 2020 ("**DAP 2020**") which governs the terms and the conditions of our contracts which permits the MoD to terminate a contract, in whole or in part, for any delay beyond the period stipulated in the contract for the scheduled delivery date of the product. The MoD (*defined below*) may also terminate a contract for default in the event of a breach by us. Furthermore, there is no assurance that our key customers will continue to source products from us at volumes or rates consistent with, and commensurate to, the amount of business received from them historically, or at all. While our key customers have not terminated their arrangements with us or reduced the demand for our products in the past, any decrease in the demand for our products from our key customers, or a termination of our arrangements altogether, would adversely impact our business, financial condition and results of operations.

6. ***The Government of India, Ministry of Defence contracts are not always fully funded at its inception and are subject to termination. Our inability to fund such contracts at the time of inception or any termination could have a material adverse effect on our business, results of operations and financial condition.***

Most of our contracts are from the Government of India, Ministry of Defence ("**MoD**") ("**MoD Contracts**"). We receive around 15% advance for some of our orders either on placement of order or in some cases after the initial execution of such orders. While we receive advances, most of product costs are incurred by our Company. Further, the funding process by the Government of India, MoD may be delayed or disrupted due to a number of national or international factors or due to unforeseen events such as change in the budget and onset of any pandemic or any outbreak of war. Further, future revenues under existing contracts are also dependent on the continuing availability of budgetary appropriations and any disruptions to the availability of such appropriations could adversely affect our revenues. Generally, the funds are allocated to the Ministry of Defence on a fiscal year basis, even though contract performance may extend over many years. Therefore, changes in appropriations in subsequent years may impact the funding available for these contracts. Delays or cuts in funding can impact the timing of available funds.

Moreover, MoD Contracts are also structured according to the standard formats mentioned under the DAP 2020 which permits the Ministry of Defence to terminate a contract for any delay beyond the period stipulated in the contract for the scheduled delivery date of the product or any breach by us. If a contract is terminated for delay or default, the Ministry of Defence in most cases pays only for the work it has accepted and we may be subjected to various penalties including liquidated damages. The loss of anticipated funding or the termination of multiple or large programmes could have an adverse effect on our future revenues and earnings.

7. ***Our business is benefitted by schemes and policies launched by the Government of India to boost the simulation-based training Industry. Any variation in such schemes would have an adverse impact on our business, financial condition, and results of operations.***

Our business is benefitted by various schemes and policies launched by the GoI to boost the simulation based training Industry. For instance, MoD has promulgated a framework for increased utilisation of simulators by Indian Coast Guard to transform to simulation-based training across all military domains. The framework lays emphasis on indigenous design and development as well as outsourcing of operation and maintenance of simulators to the Indian companies. Innovation for defence excellence was launched in 2018 in India to create an ecosystem to foster innovation and technology development in Defence and Aerospace. Launch of the concept of the positive indigenization list also provided a boost to indigenous manufacturing of defence items. The concept of such list entails that the Indian Armed Forces, comprising the Army, Navy, and Air Force, will exclusively source the listed items from domestic manufacturers. Five Positive Indigenisation list prohibits import of twelve products manufactured by our Company such as Advanced Weapons Training Simulators (Zen AWeSim®), Tactical Engagement, Zen Tank Driving Simulators and Counter-Drone Systems. Initiatives like "Aatmanirbhar Bharat" prioritise reducing dependency on imports and bolstering indigenous production, while programs like "Agnipath" seek to strengthen military recruitment and training. The Indian government has also announced the establishment of Defence Industrial Corridors (DICs) in Uttar Pradesh and Tamil Nadu which will help in the development of domestic defence infrastructure facilities in India. The resulting thrust on indigenisation has been a driver for increased production by the domestic industry. The Indian army is procuring military training simulators from the industry to train Agniveers, leading to higher growth rate in the short and medium term for the simulator market. We cannot assure that GoI will continue to launch and implement such schemes in future which favour domestic business and operations. Any variation in the current schemes or any policy of the GoI will have an adverse impact on our business, results of operations, financial condition and cash flows.

8. ***We may develop new products in future and there can be no assurance that new products developed by us will be acceptable to customers or that we would be able to develop commercially viable products in a timely manner or at all. Our entry into anti drones or other adjacent product categories in future may not be successful, and it might adversely impact our financial condition.***

Our Company incurs significant expenditure in research and development towards the creation of new products as well as improvements to our existing range. Our Company's operations may be significantly impacted if we fail to develop, or experiences delays in developing, product or adopting certain technologies that reflect changing customer preferences and meet the specific requirements of government regulations. Our competitors may gain significant advantages if they are able to offer products satisfying customer needs or government regulations earlier than we are able to. Further, there is no assurance that our new products will meet its sales expectations, in which case, we may be unable to realize the intended economic benefits of our investments, which would materially affect our business, results of operations and financial condition.

9. ***We are dependent on some of our Subsidiaries and third-party vendors for the supply of components/ systems for our counter-drone systems and training simulation systems and may not be able to reduce our dependency on such Subsidiaries and third-party vendors. If such components become unavailable, then we may incur delays in delivery of our products which may adversely affect our business, financial condition, and results of operations.***

We operate on an asset-light manufacturing model, in which most components, are produced by third-party vendors through contract manufacturing arrangements. We are dependent on our Subsidiaries and outside third-party vendors through contract manufacturing arrangements for the supply of certain parts of our simulators and counter-drone systems such as radar and electronic camera. Further, we are also dependent on third-party vendors for manufacture of certain components of our training simulation systems. The table below shows total material purchases from our subsidiaries and third-party vendors for the three months ended June 30, 2024 and for Fiscals 2024, 2023 and 2022, respectively:

Particulars	June 30, 2024	Fiscal 2024	Fiscal 2023	Fiscal 2022
Total material purchases from subsidiaries and third party vendors on a standalone basis (in ₹ lakhs)	11,144.42	22,956.05	6,778.02	1,380.25
As a % of our total expenses	72.36	87.55	58.15	24.28

While we have not faced any instances in the past of termination of contracts with manufacturers due to delay in supply of products from our contract manufacturers, or insufficiency in the quality and consistency of the products supplied, any shortfall in supply of products from our contract manufacturers, or insufficiency in the quality and consistency of the products supplied may result in decrease in supply of our products, lower stock at our modern stores and consequently lower sales. If our products are not manufactured in accordance with our supply schedule, or at all, we may not be able to procure alternate sources of supply in time to meet the demands of our customers or maintain our inventory levels. We may also be unable to control the costs of production of contract manufacturers, which may increase in the future, including due to increase in the cost of labor and other utilities. Our inability to obtain sufficient quantities or desired quality of products from contract manufacturers in a timely manner or at acceptable prices may adversely affect our business, financial condition and results of operations.

We do not contractually require all our manufacturers to manufacture products exclusively for us and accordingly, some of them may choose to manufacture products for other parties at any time. In addition, from time to time we may have disputes with manufacturers about their compliance with our quality control or other policies, which may cause them to cease doing business with us.

If we experience significant increased demand, or need to replace an existing supplier, we cannot assure you that we will be able to meet such demand or find suitable substitutes, in a timely manner and at reasonable costs, or at all. Further, supply and pricing can be volatile due to a number of factors beyond our control, including global demand and supply, economic and political conditions, transportation and labour costs, disruption during transportation, labour unrest, and natural disasters.

10. ***If we fail to effectively implement our delivery schedules, or our operations suffer unanticipated interruption, our business, results of operations and financial condition may be materially and adversely affected.***

Our success depends in part on our ability to meet the production schedules and requirements of our customers according to their detailed specifications within demanding delivery time frames. Our ability to meet specific customer demands depends on our ability to commence the production of our products within short timeframes. As per the term of our contracts, if there is a delay on our part to deliver within the specified timelines, we may be required to pay liquidated damages. Payment of liquidated damages on account of delay in supply is a standard clause forming part of most of our contracts. In the past, our Company had to pay liquidated damages on account of delay in our delivery due to certain supply chain disruptions. We are also required to discontinue production of obsolete simulators and re-configure the relevant production lines to manufacture new products. This requires us to maintain and enhance our production capabilities by adjusting and streamlining our production resources and processes, and acquiring, expanding and upgrading our production facilities. We may in the future incur additional costs and delays in our business, including as a result of higher prices, schedule delays or the need to identify and develop alternative suppliers, and we may need to provide additional resources to support our suppliers or otherwise continue performance under our contracts. We may not be able to maintain and enhance our production capabilities in time or implement our production plans effectively. Our production operations may also suffer from unanticipated interruptions such as the COVID-19 pandemic, Ukraine-Russia war caused chip shortage which would cause delays to our production schedule and prevent us from fulfilling customer orders on time.

11. ***The number of orders we have received in the past, our current Order Book and our growth rate may not be indicative of the number of orders we will receive in the future.***

The growth of our Order Book is a cumulative indication of the revenues that we expect to recognise in future periods with respect to our existing contracts. Our total Order Book amount for three months ended June 30, 2024 and for Fiscals 2024, 2023 and 2022 have been set out below:

Particulars	June 30, 2024	Fiscal 2024	Fiscal 2023	Fiscal 2022
Order Book (₹ in lakhs)	1,15,884	1,40,197	47,282	43,072
% of order from GoI entities	62.28	68.82	74.82	60.01

We cannot assure that our Company will witness such growth in the revenue from operations in future. We prepare our Order Book on the basis of work being completed, outstanding work and the time expected to complete contracts forming part of the Order Book. The growth of our Order Book is a cumulative indication of the revenues that we expect to recognise in future periods with respect to our existing contracts. We cannot guarantee that the income anticipated in our Order Book will be realised, or, if realised, will be realised on time or result in profits. Our existing Order Book and our growth rate may not be indicative of the number of orders we will receive or our growth in the future. Our Order Book only represents business that is considered firm, although this is subject to, among other things, cancellation or early termination due to any breach of our contractual obligations, non-payment by our customers, unanticipated variations or adjustments in the scope and schedule of our obligations for reasons outside our and our customers' control or change in budget appropriations particularly affecting our GoI entities. Accordingly, we cannot predict with certainty the extent to which an order forming part of our Order Book will be performed. There can be no assurance that orders will be cancelled or terminated prematurely in the future, and our Company will receive any applicable termination payments in time or at all or that the amount paid will be adequate to enable our Company to recover its investments in respect of the prematurely cancelled order. In such events, we may have to bear the actual costs for such production incurred by us which may exceed the agreed work as a result of which, our future earnings may be lower from the amount of the Order Book and if any of the forgoing risks materialize, our cash flow position, revenues and earnings may be adversely affected.

12. ***We have significant working capital requirements. If we are unable to borrow or raise additional financing or furnish bank guarantees in future, it would adversely impact our business, cash flows and results of operations.***

Our business requires significant working capital in connection with manufacturing of our products and furnishing of bank guarantees for participation in bids and for entering into contracts. While we receive an advance payment of 15% for some of our contracts, for majority of our contracts we receive payments post completion of our orders. The table below shows our working capital requirements of our Company for three months ended June 30, 2024 and for Fiscals 2024, 2023 and 2022 respectively:

Particulars	June 30, 2024	Fiscal 2024	Fiscal 2023	Fiscal 2022
Working capital requirements (₹ in lakhs)	41,909.71	32,082.78	21,085.77	18,903.92

Delays in payment under our existing contracts or an increase in inventory and work in progress and/or accelerated payments to suppliers, or an increase in the bank guarantee requirement could adversely affect our working capital, lower our cash flows and materially increase the amount of working capital requirements. Accordingly, we may require additional capital or financing from time to time to meet our working capital requirements.

As on June 30, 2024 our outstanding fund based borrowings were ₹ 6,123.18 lakhs on a consolidated basis. While we have the capacity to take on financial leverage, our ability to obtain financing is subject to a variety of uncertainties, including our financial condition, results of operations, cash flows and liquidity of the capital and lending markets. In addition, our loan agreements may contain financial covenants that restrict our ability to incur additional indebtedness without our lender consent. Any indebtedness that we may incur in the future may also contain operating and financing covenants that could be restrictive. Further, financing may not be available in a timely manner or in amounts or on terms acceptable to us, or at all.

Our Company is also required to furnish bank guarantees and performance bank guarantees to our customers. In the event that any such bank guarantees or performance bank guarantees are invoked and if we are unable to meet our guaranteed requirements, then legal proceedings may be initiated against us, or we may incur additional costs. As on the date of this Preliminary Placement Document, we cannot assure you that we will not default in future. Further, our Promoters have given personal and corporate guarantees for our borrowings. If any of these guarantees are revoked, our lenders may require alternative guarantees or collateral or cancellation of such facilities, entailing repayment of amounts outstanding under such facilities. If we are unable to procure alternative guarantees satisfactory to our lenders, we may need to seek alternative sources of capital, which may not be available to us at commercially reasonable terms or at all, which may limit our operational flexibility. Accordingly, our business, financial condition, results of operations, cash flows and prospects may be adversely affected by the revocation of all or any of the personal or corporate guarantees provided by our Promoters. Any failure to raise additional funds on favourable terms or in a timely manner or at all could severely restrict our liquidity and have a material adverse effect on our business and results of operations. Further, continued increase in our working capital requirements may have an adverse effect on our financial condition and results of operations.

13. ***We may be unable to obtain and maintain our patent rights thereby creating an adverse impact on our business, financial condition and results of operations.***

Our intellectual property and proprietary rights are important to our ability to remain competitive and successful in the development of our products and to our future growth potential. Our business model is driven by intellectual property, as opposed to physical components. Our products are characterised by a bill of tangible materials that contribute on an average between 25-40% of the final product cost, which highlights the value of our intellectual property. As on August 3, 2024, we have 76 granted patents and 158 patent applications, 37 registered designs, 42 registered trademarks and 23 copyrights. However, patent protection can be limited and not all intellectual property can be patented. We expect to rely on a combination of patent, trademark, copyright as well as confidentiality and non-disclosure agreements and procedures, and other contractual provisions to protect our intellectual property, other proprietary rights and our brand. We believe that our proprietary products, and technology are strongly aligned with requirements of our customers. However, due to varying requirements from different regulatory bodies we may be unable to obtain the patents that we have applied. Moreover, our existing patents will expire, and we cannot assure you that we will renew, or will be able to renew, them after the expiry. As a result, our intellectual property rights may be challenged, invalidated or circumvented by third parties. We may not be able to prevent the unauthorized disclosure or use of our technical knowledge or other trade secrets by employees or competitors. Our inability to patent our future innovation and protect our proprietary information could adversely affect our business and results of operations. While there have been no past instances of patent infringements or any dispute in relation to our patents, we cannot assure you that our patents will be adequately protected. Our patent rights may not prevent our competitors from developing, using or commercializing products that are functionally equivalent or similar to our products. The process of seeking patent protection can be lengthy and expensive. Further, our patent applications may not be granted, and our existing and future patents may be insufficient to provide us with meaningful protection or competitive advantage.

14. ***Our operations are dependent on continuous research and development and our inability to identify and understand evolving industry trends, technological advancements, customer preferences and develop new products and services to meet our customers' demands could render our existing services and products obsolete and may adversely affect business, financial condition, and results of operations***.

Our focus on research and development ("**R&D**") has been instrumental in the growth of our business and has caused us to continually improve our ability to build products and services for our customers. We constantly engage in R&D to develop new products and services to meet our customer demands, identify evolving industry trends, technological advancements and customer preferences. Our R&D expense for three months ended June 30, 2024 and for Fiscals 2024, 2023 and 2022, respectively are as follows:

Particulars	June 30, 2024	Fiscal 2024	Fiscal 2023	Fiscal 2022
Expense on R&D (₹ in lakhs)	698.83	2,665.34	2,021.13	1,380.07
As a % of total expenses (on a standalone basis)	4.54	10.17	17.34	24.28

However, continuing technological changes in the market for our products and services could make our products and services less competitive. Our future success will depend upon our ability to develop and introduce a variety of new capabilities and enhancements to our existing product and service offerings to address the changing needs of the markets in which we offer our products and services. Delays in introducing new products and services, the failure to choose correctly among technical alternatives or the failure to offer innovative products or services at competitive prices may cause existing and potential customers to purchase our competitors' products and services. Though our proprietary products and services are strongly aligned with requirements of our customers, there can be no assurance that we will be able to secure the necessary knowledge through our own in-house R&D that will allow us to continue to develop our product portfolio to respond to the requirements of our customers and industry trends.

Our R&D centre is located B-42, Industrial Estate, Sanath Nagar, Hyderabad – 500018, Telangana, India and we have 115 employees in the R&D and software development teams, as of June 30, 2024. While we continue to focus on developing our products further, we cannot assure you that our in-house R&D efforts will result in new products and services being developed on a timely basis or meet the demands of our customers as effectively as competitive offerings. We also collaborate with GoI in for our R&D undertakings. For instance, in 2023, we have entered into a memorandum of understanding with the Government of Goa for setting up a R&D facility in Goa. Any pressures on public budgets could reduce or delay funding for research.

The development of our products is a costly, complex and time-consuming process, and investments in R&D often involve a long wait until a return, if any, can be achieved on such investment. Our ongoing investments in R&D for new products may also result in higher costs without a proportionate increase in revenues. Delays in any part of the process will result in our inability to timely offer products that satisfy the market, which might allow competing products to emerge during the development and certification process and could adversely affect our business. We are also subject to the risks generally associated with new technologies and product introductions, including lack of market acceptance, delays in product development and failure of products to operate properly.

15. ***Our training simulators and counter-drone systems are complex and technologically advanced and could have unknown defects or errors.***

Our training and simulation systems have a fully integrated system relying on complex electromechanical designs and advance programming. Our counter-drone systems rely on complex electronic warfare understanding. The multi-layer multi-sensor architecture of our counter-drone systems is based on complex and interdependent applications including signal mechanisms. For instance, radio frequency-based drone detector detects the drone using radio frequency communication between a drone and ground control system. Whenever a frequency of interest is identified, the system locks and monitors the system and based on the identified signal, system estimates the direction of the drone and its ground control system. However, any error of our technology or incorrect estimation of the target would lead to accidents and injury of other aerial objects. Further, any unknown error in technology could deter the clarity of video and display blurred or incorrect images which could impact the outcome of our training simulators. We also provide warranties and annual maintenance services. Our inability to rectify such defects or malfunction in our training simulators and counter-drone systems to the satisfaction of our customers in the future could lead to liability claims against us, damage our customer relationships and cause harm to our reputation and earn us a negative publicity, any of which could adversely affect our business, results of operations and financial condition.

16. ***Any defect or our inability to comply with quality parameters may lead to the cancellation of existing and future orders and could negatively impact our business, financial condition, and results of operations.***

Given the critical nature of the application of our products and services, we always aim to maintain a high standard for the performance and quality of our products. Our customers have high expectations for product quality and services and in certain instances prior to placing the orders, there is a detailed review process that is undertaken by certain customers. We try to ensure that our products and services conform to the specific requirements of our customers. Our quality assurance team conducts checks which are stringent and includes rigorous testing, inspection, and reviews at various stages of our production process to ensure that our products comply with the requisite standards and specifications. Most of our deliveries happen only after Pre-Dispatch Inspection (PDI) at our site and any issues raised by the customers are sorted before delivery. However, our quality control procedures may fail to test all possible conditions of use or identify all defects in the design, engineering or specifications of our products. Further, any malfunctioning of the training simulators may also cause accidents causing injury of the trainer and the trainee exposing us to further liability. Also, any defect or our inability to comply with the quality parameters may lead to cancellation of existing orders or non-renewal of contracts by our customers and in certain instances may even impose additional costs in the form of product liability thereby creating an adverse impact on our reputation, business, cashflow and results of operations and future prospects.

17. ***Hacking of our software or any other kind of cyber-attack could have a material adverse effect on our business, results of operation or financial condition.***

Our website, internal software systems, third party cloud which we use for processing or storing data and our products are vulnerable to hacking, malicious intrusion, and viruses. We have a digital library of software, electronics and mechanical modules including weapon replicas and their physics. Our products are deployed in high security training activities involving sensitive and confidential data. Our counter-drone systems can be hacked by intercepting signals between counter-drone systems and the persons controlling it. Hacking of our products would result in the leakage of sensitive and confidential data which could have an adverse impact on internal and external security of the jurisdictions that our customers are based in. While we have taken measures such as encrypting the data feed to prevent our counter-drone systems from being hacked or exposed to cyber threats, implemented several security mechanisms and control measures to ensure internal and external cyber security, we cannot assure you that our counter-drone systems would not be vulnerable to hacking and cyber-attacks in future.

Cyber-attacks or other breaches of our digital library, technology platforms or IT security may cause equipment failures or disrupt our systems and operations. We may be subject to attempts of breach of the security of our technology platforms and IT infrastructure through cyber-attack, malware, computer viruses and other means of unauthorized access. The potential liabilities associated with these events could exceed the insurance coverage we maintain. Our inability to operate our facilities as a result of such events, even for a limited period of time, may result in significant expenses or loss of market share to other competitors. While there have been no instances in the past where we were exposed to any cyber-attacks and while we believe that our threat detection and mitigation processes and procedures are adequate, we cannot assure you that we will not encounter disruptions due to cyber-attacks in the future creating a material impact on our operations and financial results. If we are unable to protect sensitive information, our customers could question the adequacy of our threat mitigation and detection processes and procedures. In addition, a failure to protect the privacy of customer and employee confidential data against breaches of technology platforms or IT security could result in damage to our reputation. The impact of any future incident cannot be predicted. Although we seek to minimise the impact of cyber threats, we cannot assure you that we will not encounter any kind of cyber threats. Occurrence of any of these events could adversely affect our internal operations, the services we provide to our customers, loss of competitive advantages derived from our research, design and development efforts or other intellectual property, our business, results of operation or financial condition.

18. ***Our expansion into international markets may not be successful***

We currently cater to the requirements of the Indian market. Our revenue from international sales were ₹ 8,011.54 lakhs, ₹ 5,682.88 lakhs and ₹ 364.97 lakhs for Fiscals 2024, 2023 and 2022, respectively. With exports to countries in Africa, Middle East and countries in the Commonwealth of Independent States (CIS) we have been able to establish an international presence. However, we cannot guarantee that we would always be able to sell our products in foreign jurisdictions. While we are evaluating our expansion in other geographies, the sale of our products in foreign jurisdictions are highly regulated and we are required to obtain export authorisation from the DGFT before making any sales in foreign jurisdiction and approval from the Government of India, MoD prior to selling our services and products to other countries. While there have been no instances in the past where DGFT or MoD have denied any of our applications seeking approval to export our products and services there can be no assurance that we would continue to get such authorisation from DGFT or MoD in future. The costs associated with entering and establishing ourselves in new markets, and expanding our operations and sales, may be higher than expected, and we may face significant competition in these regions. Further, foraying into the international markets would be subject to numerous political and economic factors, legal requirements, cross-cultural considerations and other risks associated with doing business globally. Further, entry into new international markets requires considerable time of the management of our Company, start-up expenses, expenditure on capital improvements and modification of our existing operations before any significant revenue is generated. Therefore, we may not be able to expand our export business, which could have a material adverse effect on our business, financial condition and results of operations.

19. ***We may not be successful in our future pursuit of strategic investment and acquisition opportunities.***

We intend to selectively pursue strategic investment and acquisition opportunities that complement our growth strategy or strengthen or establish our presence in our targeted domestic and overseas markets. The costs associated with entering and establishing ourselves in new markets and expanding our operations and sales, may be higher than expected and we may face significant competition in these regions. Further, entering into the international markets would be subject to numerous political and economic factors, legal requirements, cross-cultural considerations and other risks associated with doing business globally including but not limited to the enforcement of legal contracts in foreign jurisdiction. Such growth requires us to manage complexities across all aspects of our business, including those associated with increased headcount, integration of acquisitions, expansion of manufacturing and R&D facilities, execution on new lines of business and implementations of appropriate systems and controls to grow the business. Our continued growth requires significant time and attention from our management and may place strains on our operational systems and processes, financial systems and internal controls and other aspects of our business. Therefore, we may not be able to expand our export business, which could have a material adverse effect on our business, financial condition and results of operations.

20. ***As a result of national security concerns, certain information in relation to our business and operations is classified as 'secret and confidential' pursuant to which we have not disclosed such information in the Preliminary Placement Document.***

The Ministry of Defence, Government of India, is one of our key customers. As our Company's operations are closely linked to the Indian defence sector, a large part of the operations of our Company are classified as secret and confidential in terms of the contracts, agreements, standard operating procedure manuals and other attendant documentation we enter into from time to time as a supplier to the Ministry of Defence. As a result of national security related concerns, the Indian Defence Services and we have determined that certain material documents and information as secret and confidential such as agreements we execute with our suppliers, customers, vendors and technical collaborators, R&D plans. As a result, such documents and information have not been disclosed in this Preliminary Placement Document, and in certain cases the disclosure contained in this Preliminary Placement Document is not as detailed as that found in other public offering documents.

21. ***We are dependent on our Promoters, Directors, other Key Managerial Personnel and Senior Management, including other employees with technical expertise. Any loss of or our inability to attract or retain such persons could adversely affect our business, results of operations and financial condition.***

We are dependent on our Promoters, Directors, other Key Managerial Personnel and Senior Management as well as persons with technical expertise for strategic business decisions and managing our business. We are led by a qualified and experienced management team, who are supported by a capable and motivated team of managers and other employees. Our Promoters have knowledge and understanding of the defense training and anti-drone industry in India. Our Promoters, Kishore Dutt Atluri, Ashok Atluri, Ravi Kumar Midathala and our whole-time director, Whole-Time Director Mrs. Shilpa Choudari and our Chief Financial Officer, Afzal H. Malkani, are involved in the strategic planning, operations, design and production development, and have a cumulative work experience of more than 100+ years. Their experience and leadership have played a key factor in our growth and development. Our management team of qualified and experienced professionals enables us to identify new avenues of growth and help us to implement our business strategies in an efficient manner and to continue to build on our track record of successful product and service offerings. The relationships and reputation that members of our management team and key employees have established and maintain with our clients contribute to our ability to maintain good customer relations and to identify new business opportunities. We cannot assure you that we will be able to retain these employees or find adequate replacements in a timely manner, or at all. Any loss or interruption in the services of our Key Managerial Personnel or Senior Management could significantly affect our ability to effectively manage our operations and to meet our strategic objectives. In addition, we could incur additional expenses and need to devote significant time and resources to recruit and train replacement personnel, which could further disrupt our business and growth.

Our ability to meet continued success and future business challenges depends on our ability to attract, recruit and train experienced, talented and skilled professionals and retain our service engineers and training personnel. Recruiting and retaining capable personnel, particularly those with expertise and experience in our industry, are vital to our success. The loss of the services of any key personnel or our inability to recruit or train a sufficient number of experienced personnel or our inability to manage the attrition levels in different employee categories may have an adverse effect on our financial results and business prospects. Further, as we expect to continue to expand our operations and develop new products and services, we will need to continue to attract and retain experienced management personnel. If we are unable to attract and retain qualified personnel, our results of operations may be adversely affected.

22. ***There have been instances of non-compliances in the past. We may be subject to legal proceedings or regulatory actions by statutory authorities and our business, financial condition and reputation may be adversely affected.***

While we believe we have filed all requisite filings with the appropriate authorities within timelines provided and in the correct form as required under applicable law, there have been instances of non-compliances in the past. For instance, our Company has inadvertently submitted shareholding pattern of our Company with incorrect categorisation of 'Promoter' and members of the 'Promoter Group' to the Stock Exchanges for Fiscals 2023 and 2024. Our Promoter, Ashok Aluri was categorised as a member of the Promoter Group instead of 'Promoter'. While as on the date of this

Preliminary Placement Document, no legal proceedings have been initiated against us in relation to submission of data and our filings, we cannot assure you that we will not be subject to any legal proceedings or regulatory actions, including monetary penalties by statutory authorities on account of any future inadvertent discrepancies in our Stock Exchange filings in the future, which may adversely affect our business, financial condition and reputation.

23. ***We must recruit and retain highly-skilled employees to succeed in our competitive business.***

We depend on our ability to recruit and retain employees who have advanced engineering and technical services skills and who work well with our customers. The table below shows our expenditure on hiring of such skilled employees for three months ended June 30, 2024 and for Fiscals 2024, 2023 and 2022, respectively:

Particulars	June 30, 2024	Fiscal 2024	Fiscal 2023	Fiscal 2022
Expense on hiring skilled employees (₹ in lakhs)	34.37	47.35	83.65	132.13
As a % of total expenses	6.99	1.78	4.88	9.89

If we are unable to recruit and retain a sufficient number of these employees, then our ability to maintain our competitiveness and grow our business could be negatively affected. We significantly depend on such skilled employees. Further, the table below shows the number of employees who have left and the attrition rates of our employees for three months ended June 30, 2024 and for Fiscals 2024, 2023 and 2022, respectively:

Particulars	June 30, 2024	Fiscal 2024	Fiscal 2023	Fiscal 2022
Number of employees who left our Company	21	41	45	59
% of attrition	5.65	11.85	17.37	26.10

In addition, because of the highly technical nature of our products, the loss of any significant number of our existing engineering and training personnel could significantly delay or prevent the achievement of our business objectives, materially harm our business and customer relationships and impair our ability to identify and secure new contracts.

24. ***Our industry is competitive and our inability to compete effectively may adversely affect our business, results of operations, financial condition and cash flows.***

While there are significant barriers to entry to the training simulator and counter-drone systems industry such as high capital expenditure, intellectual property restrictions, and sectoral regulations, the competitors may win market share from us by providing lower cost simulators to our customers or by offering technologically advanced training simulator and counter-drone systems. In the past we have lost certain bids on account of our competitors offering lower price. We cannot assure you that we would not lose any bids in future as well. Our success depends on our ability to develop and deliver advanced products utilizing our proprietary technologies, to help our customers operate more effectively and efficiently. We may incur significant expense in preparing to meet anticipated customer requirements that we may not be able to recover or pass on to our customers. Increased competition may force us to improve our process, technical, product and service capabilities and/or lower our prices or result in loss of customers, which may adversely affect our profitability and market share, in turn, affecting our business, financial condition, results of operations and future prospects. There is no assurance that we will remain competitive with respect to technology, design, quality or cost. In addition, our competitors may develop competing technologies that gain market acceptance before or instead of our products. Our competitors' actions, including expansion of their operations to newer geographies or product segments in which we compete, or the entry of new competitors into one or more of our markets could cause us to lower prices in an effort to maintain our sales volume.

25. ***Any restrictions under the foreign direct investment policy or delay in receiving approvals would adversely affect our business, operations and financial conditions.***

We are required to obtain a licence under the IDR Act to manufacture our products. One of the conditions stipulated under such licence requires us to intimate the MoD for foreign investments and also seek clearances from the Ministry of Home Affairs in case of any addition of foreign partners. Under applicable law, foreign direct investment ("**FDI**") up to 49% is allowed in our Company under the automatic route and FDI exceeding 49% requires prior approval from DPIIT. The approval process is time consuming and can cause delay in the prospective fund-raising process. We cannot assure you that we would not face any delays or would get approvals to raise funds where foreign investments in our Company exceed 49%. Any such delay or denial of approval would create an adverse impact on our business, operations and financial conditions. Further, these approvals granted to us may be revoked at any point of time due to circumstances which may or may not be within our control and this could have an adverse impact on our business and operations. Moreover, any further restrictions of the FDI policy impacting our industry would also restrict our foreign investment opportunities thereby creating an adverse impact on our business, operations and financial conditions

26. We have certain contingent liabilities which, if materialized, may adversely affect our financial condition.

As on June 30, 2024, our contingent liabilities as per Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets, that have not been provided for in our results of operations were as follows:

(in ₹ lakhs)

S. No.	Particulars	As on June 30, 2024
1.	Income tax demand (AY 2017-18)	1.60
2.	Income tax demand (AY 2018-19)	54.04
3.	Income tax demand (AY 2020-21)	385.84
4.	Central Excise duty (2006 – 11)	823.40

We have not made provisions for the above contingent liabilities, as they are either possible obligations whose existence will be confirmed only by future uncertain events outside the control of our Company or are present obligations where the outflow of economic resources may not be probable or cannot be measured reliably. If a significant portion of these liabilities materialize, we may have to fulfil our payment obligations, which could have an adverse effect on our business, financial condition and results of operations.

27. We have in the past entered into related party transactions and may continue to do so in the future, which may potentially involve conflicts of interest with the Shareholders.

We have entered into transactions with related parties in the past and from, time to time, we may enter into related party transactions in the future. Set out below is a summary of related party transactions with related parties for three months ended June 30, 2024 and for Fiscals 2024, 2023 and 2024:

(in ₹ lakhs)

Related parties with whom transactions have taken place	Nature of relationship	Nature of transaction	June 30, 2024	Fiscal 2024	Fiscal 2023	Fiscal 2022
Mr. Ashok Atluri	Chairman & Managing Director	Remuneration	371.47	789.54	176.58	66.65
Mr. Kishore Dutt Atluri	President & Joint Managing Director w.e.f 01.08.2022 (prior to which he was President of the Company)	Remuneration	305.60	630.47	230.68	66.33
Mr. Ravi Kumar Midathala	Whole-Time Director	Remuneration	18.40	74.47	69.79	53.59
Ms. Shilpa Choudari	Whole-Time Director	Remuneration	15.12	39.50	24.39	25.04
Mr. Hansraj Singh Rajput-CS *(resigned in Fiscal 2023)*	Company Secretary & Compliance Officer	Remuneration	-	-	11.25	15.02
Mr.M.Raghavendra Prasad	Company Secretary & Compliance Officer	Remuneration	5.05	18.18	-	-
Afzal Harunbhai Malkani	Chief Financial Officer	Remuneration	22.45	64.78	66.52	-
Mr. Arjun Dutt Atluri	Vice President (Son of President & JMD)	Remuneration	6.55	23.98	22.78	11.78
Ms. Anisha Atluri	Senior Manager – HR & Admin (Daughter of President and JMD)	Remuneration	4.45	13.28	11.33	6.38
Ms. Abhilasha Atluri	Process Innovator (Daughter of CMD)	Remuneration	2.95	2.12	-	-
Mrs. Ramadevi Atluri	Spouse of President and JMD	Rent paid	1.80	7.04	6.70	6.38
Mrs. Sirisha Chintapalli	Independent Director	Sitting Fees to Independent Director	0.50	1.50	3.00	1.75

Related parties with whom transactions have taken place	Nature of relationship	Nature of transaction	June 30, 2024	Fiscal 2024	Fiscal 2023	Fiscal 2022
Mr. O Venkata Samir Kumar	Independent Director	Sitting Fees to Independent Director	-	-	-	1.25
Mr. Amreek Singh Sandhu	Independent Director	Sitting Fees to Independent Director	-	4.00	4.50	2.75
Dr. Ravindra Kumar Tyagi	Independent Director	Sitting Fees to Independent Director	1.00	4.00	4.50	2.75
Dr. Ajay Kumar Singh	Independent Director	Sitting Fees to Independent Director	-	-	-	2.75
Mr. Sanjay V Jesrani	Independent Director	Sitting Fees to Independent Director	1.00	1.00	-	-
Unistring Tech Solutions Private Limited	Subsidiary Company	Corporate Guarantee	-	90.23	-	-
		Sales	-	1, 299.89	-	-
		Capital Purchase	-	373.31	-	-
		Other than Capital Purchase	4, 133.55	2, 670.64	842.01	97.35
		Advance for purchases	1,229.74	3,055.07	745.02	674.97
Zen Medical Technologies Private Limited	Wholly Owned Subsidiary	Rent received	-	-	-	1.18
		Purchase of Equity Shares	-	-	-	25.00
Veer Sammaan Foundation	Founder Trustee	CSR expenditure		40.50	44.79	-
Zen Employee Welfare Trust	Trust – Employee Welfare formed for ESOP Scheme	Repayment of loan by trust	64.00	127.60	-	-
		Funds transfer to purchase of ESOPS	-	575.00	999.90	0.10
Zen Defence Technologies L.L.C, UAE	Subsidiary Company	Investment	-	33.66	-	-
		Reimbursement of Expenses	-	2.11	0.80	-
Aituring Technologies Pvt.Ltd	Subsidiary Company	Sales	16.00	-	-	-

While that all such transactions have been conducted on an arm's length basis and in accordance with the Companies Act, 2013, we cannot assure you that we might not have obtained more favourable terms had such transactions been entered into with unrelated parties. While our Company will endeavour to duly address such conflicts of interest as and when they may arise, we cannot assure you that these arrangements in the future, or any future related party transactions that we may enter into, individually or in the aggregate, would provide us with the anticipated benefits, not involve a conflict of interest and/or will not have an adverse effect on our business, financial condition and results of operations.

28. ***Our funding requirements and proposed deployment of the Net Proceeds are not appraised by any independent agency and are based on management estimates and may be subject to change based on various factors, some of which are beyond our control.***

We intend to use the Net Proceeds for the purposes described in "***Use of Proceeds***" on page 61 of this Preliminary Placement Document. As on the date of this Preliminary Placement Document, our funding requirements are based on management estimates and our current business plans and is subject to change in light of changes in external circumstances, costs, business initiatives, other financial conditions or business strategies and has not been appraised by any bank or financial institution. However, the deployment of the Net Proceeds will be monitored by a monitoring agency appointed pursuant to the SEBI ICDR Regulations. We intend to deploy the Net Proceeds by the end of Fiscal 2026, however, we may have to reconsider our estimates or business plans due to changes in underlying factors, some of which are beyond our control. This is based on current conditions and is subject to change in light of changes in external circumstances, costs, other financial conditions or business strategies. Further, we are yet to place orders for the total capital expenditure and for our store inventories which we propose to fund from the Net Proceeds. Accordingly, prospective investors in the Issue will need to rely upon our management's judgment with respect to the use of proceeds. If we are unable to deploy the Net Proceeds in a timely or an efficient manner, it may affect our business and results of operations.

29. ***We may utilize a portion of the Net Proceeds to undertake inorganic growth for which the target may not be identified. In the event that our Net Proceeds to be utilized towards inorganic growth initiatives are insufficient for the cost of our proposed inorganic acquisition, we may have to seek alternative forms of funding.***

We may utilize a certain amount from the Net Proceeds towards potential acquisitions and strategic initiatives. We have not identified any specific targets with whom we have entered into any definitive agreements. See "***Use of Proceeds***" on page 61 of this Preliminary Placement Document. We will from time to time continue to seek attractive inorganic opportunities that may be within India, outside India or both, that we believe will fit well with our strategic business objectives and growth strategies, and the amount of Net Proceeds to be used for acquisitions will be based on decisions of our management and our Board. The amounts deployed from the Net Proceeds towards such initiatives may not be the total value or cost of such acquisitions or investments, resulting in a shortfall in raising requisite capital from the Net Proceeds towards such acquisitions or investments. Consequently, we may be required to explore a range of options to raise requisite capital, including utilizing our internal accruals and/or seeking debt, including from third party lenders or institutions.

30. ***If we are unable to successfully integrate the businesses, technologies, services and products that we acquire or invest in, our business, results of operations, cash flows and financial condition could be adversely affected***

We have acquired and invested in businesses, technologies, services and products in recent years. We cannot assure you that the integration of our acquisitions into our current operations will be successful. We expect to continue to evaluate and consider a wide array of strategic alliances, investments and acquisitions in line with our overall business strategy. These transactions involve challenges and risks, including but not limited to: (i) difficulties in identifying suitable acquisition targets and competition from other potential acquirers; (ii) need for payment of purchase consideration, in form of securities or cash; (iii) exposure to unanticipated contingent liabilities of acquired businesses, including but not limited to taxation and litigation; (iv) obtaining requisite governmental, statutory and other regulatory approvals for the acquisition; (v) risks and cost associated with litigation and breaches of laws, rules and regulations; (vi) not realizing the benefits, expected return on investment and/or synergies from such transactions; and (vii) diverting management's attention, particularly in circumstances of an unsuccessful venture. While we conduct financial and legal due diligence on target entities before making investments, we cannot assure you that we will be able to identify all material risks and liabilities associated with the relevant target entity. We have made past acquisitions for which we have committed to increase our shareholding based on certain performance-based milestones. The occurrence of any of the foregoing risks could have an adverse effect on our business, results of operations, cash flows and financial condition

31. ***We have incurred significant indebtedness, and an inability to comply with repayment and other covenants in our financing agreements could adversely affect our business and financial condition.***

As of June 30, 2024, our outstanding borrowings were ₹ 6,014.24 lakhs. We have entered into agreements with certain banks and financial institutions which typically contain restrictive covenants, including, requirements that we obtain consent from the lenders prior to undertaking certain matters including, changing our shareholding pattern, changes in the directors and undertaking any expansion. Further, in terms of security, we are typically required to create a charge on all our fixed and current assets (present and future), mortgage over our immovable properties and hypothecation of our movable properties. There can be no assurance that we will be able to comply with these financial or other covenants or that we will be able to obtain consents necessary to take the actions that we believe are required to operate and grow our business. Further, any fluctuations in the interest rates may directly impact the interest costs of such loans and could adversely affect our financial condition. Our ability to make payments on and refinance our indebtedness will depend on our ability to generate cash from our future operations. We may not be able to generate enough cash flow from operations or obtain enough capital to service our debt. Our current or future level of leverage could have significant consequences or our shareholders and our future financial results and business prospects, including increasing our vulnerability to a downturn in business in India and other factors which may adversely affect our operations; limiting our ability to pursue growth plans; requiring us to dedicate a substantial portion of our cash flow from operations to service debt, thereby reducing the availability of cash-flows to fund capital expenditures and growth initiatives, meet working capital requirements and use for other general corporate purposes or make dividend payouts; limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate; placing us at a competitive disadvantage to any of our competitors that have less debt; increasing our interest expenditure; and limiting our ability to raise additional funds or refinance existing indebtedness. While there have been no instances in the past of any such default of our debt obligations or breach of covenants in our financing agreements, we cannot assure you that we will be able to obtain necessary approvals to undertake any of these activities as and when required or to comply with such covenants or other covenants in the future.

32. ***We may not have sufficient insurance coverage to protect us against operating hazards and this may have an adverse effect on our business and revenues.***

Our business involves many risks and hazards which may adversely affect our profitability, including breakdowns, failure or substandard performance of equipment, employee fraud accidents at the training center. Our principal types of coverage include among others, property, liability and business interruption insurances. For further details on insurance coverage, see "***Our Business – Insurance***" on page 120. Our insurance coverage expires from time to time. We apply for the renewal of our insurance coverage in the normal course of our business. While none of our insurance policies are due for renewal as of date, we cannot assure you that such renewals in the future (on expiry) will be granted in a timely manner, at acceptable cost or at all. Furthermore, there can be no assurance that any claim under the insurance policies maintained by us will be honored fully, in part or on time, or that we have taken out sufficient insurance to cover all our losses.

While our insurance claims have not exceeded our insurance coverage and we have not recognized any losses in the three months ended June 30, 2024 and in the last three Fiscals due to partial or total rejection of our claims by our insurers, there can be no assurance that claims in the future will continue to be covered or accepted in full by our insurance policies. The occurrence of an event that causes losses in excess of the limits specified in our policies, or losses arising from events not covered by insurance policies, could materially harm our financial condition and future results of operations. There can be no assurance that any claims filed will be honored fully or timely under our insurance policies. Also, our financial condition may be affected to the extent we suffer any loss or damage that is not covered by insurance or which exceeds our insurance coverage. Any such uninsured losses or liabilities could result in an adverse effect on our business operations, financial condition, results of operations and cash flows.

33. ***We are subject to various stringent laws and regulations, including environmental and health and safety laws and regulations.***

We operate in a highly regulated industry and our operations are subject to extensive laws and regulations. Our business requires us to obtain and renew from time to time, certain approvals, licenses, registrations and permits., Certain of our approvals are subject to expiry and once they expire, we cannot guarantee that we will receive the renewed approvals in a timely manner or at all. We cannot give any assurance that we will receive the renewed certificate in a timely manner. In addition, we require certain approvals, licenses, registrations and permissions under various regulations, guidelines, circulars and statutes regulated by the Government of India, the State Governments and certain other regulatory and government authorities, for operating our business. Failure by us to renew, maintain or obtain the required permits or approvals at the requisite time may result in the interruption of our operations and may have an adverse effect on our business, financial condition and results of operations. Further, the approvals, licenses, registrations and permits issued to us may be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. Further, any violation of the environmental laws and regulations may result in fines, revocation of operating permits. While there have been no instances in the past where any approvals, licenses, registrations and permits issued to us were suspended or revoked, we cannot assure you that the relevant authorities would not suspend or revoke any of our approvals, licenses, registrations and permits. Any failure to renew the approvals that have expired or apply for and obtain the required approvals, licenses, registrations or permits, or any suspension or revocation of any of the approvals, licenses, registrations and permits that have been or may be issued to us, may impede our operations. In the event that we are unable to obtain such approvals in a timely manner or at all, our business operations may be materially and adversely affected.

34. ***There are outstanding legal proceedings involving our Company, Promoters and Directors. Any adverse outcome in such legal proceedings may adversely affect our business, reputation, results of operations, financial condition and cash flows.***

There are certain outstanding legal proceedings involving our Company, Promoters and Directors. These proceedings are pending at different levels of adjudication before various courts. For details of such outstanding proceedings, see "***Legal Proceedings***" on page 188. Such proceedings could divert management time and attention and consume financial resources in their defence or prosecution. Should any new developments arise, such as any rulings against us by appellate courts or tribunals, we may be required to make payments to third parties or make provisions in our financial statements that could increase expenses and current liabilities. Further, an adverse outcome in any of these proceedings may affect our reputation, standing and future business, and could have an adverse effect on our business, prospects, financial condition and results of operations. We cannot assure you that any of these proceedings will be decided in favour of our Company, Promoters and Directors, or that no further liability will arise out of these proceedings. We may also be subject to inspections, investigations and fines in the future, which may affect our business and operations.

35. ***If we are unable to establish and maintain an effective internal controls and compliance system, our business and reputation could be adversely affected.***

Effective internal controls are necessary for us to prepare reliable financial reports and effectively avoid fraud. Moreover, any internal controls that we may implement, or our level of compliance with such controls, may deteriorate over time, due to evolving business conditions. If internal control weaknesses are identified, our actions may not be sufficient to correct such internal control weakness. There can be no assurance that additional deficiencies in our internal controls will not arise in the future, or that we will be able to implement and continue to maintain adequate measures to rectify or mitigate any such deficiencies in our internal controls. Such instances may also adversely affect our reputation, thereby adversely impacting our business, cash flows, results of operations and financial condition.

36. ***We will continue to be controlled by our Promoters after the completion of the Issue.***

After the completion of the Issue, our Promoters will continue to exercise control over us, including being able to influence the composition of our Board and influence matters requiring shareholder approval. Our Promoters and Promoter Group may take or block actions with respect to our business, which may conflict with our interests or the interests of our minority shareholders. Through their influence, our Promoters and Promoter Group may be in a position to delay, defer or cause a change of our control or a change in our capital structure, delay, defer or cause a merger, consolidation, takeover or other business combination involving us, discourage or encourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us.

37. ***Our Promoters and Directors of the Company may have interests in the Company other than reimbursement of expenses incurred or normal remuneration or benefits.***

Our Promoters and certain of our Directors may be regarded as having an interest in our Company other than to the extent of reimbursement of expenses incurred and normal remuneration or benefits. Our Promoters and Directors, Ashok Atluri, Kishore Dutt Atluri and Ravi Kumar Midathala may be deemed to be interested to the extent of Equity Shares held by them, as well as to the extent of any dividends, bonuses or other distributions on such Equity Shares. While, in our view, all such transactions that we have entered into are legitimate business transactions conducted on an arms‘ length basis, we cannot assure you that we could not have achieved more favorable terms had such arrangements not been entered into with related parties or that we will be able to maintain existing terms, in cases where the terms are more favorable than if the transaction had been conducted on an arms-length basis. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our business, prospects, result of operations, financial condition and cash flows, including because of potential conflicts of interest or otherwise.

38. ***Our ability to pay dividends in the future will depend on our earnings, financial condition, working capital requirements, capital expenditures and restrictive covenants of our financing arrangements.***

Our Company has declared and paid dividend at the rate of 100%, 20%, 10% on the Equity Shares for Fiscals 2024, 2023 and 2022, respectively. Our Company's ability to pay dividends in the future will depend on our earnings, financial condition, cash flow, working capital requirements, capital expenditure and restrictive covenants of our financing arrangements. The declaration and payment of dividends will be recommended by the Board of Directors and approved by the Shareholders, at their discretion, subject to the provisions of the Articles of Association and applicable law, including the Companies Act, 2013. We may retain all future earnings, if any, for use in the operations and expansion of the business. As a result, we may not declare dividends in future. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board and will depend on factors that our Board deems relevant, including among others, our future earnings, financial condition, cash requirements, business prospects and any other financing arrangements. We cannot assure you that we will be able to pay dividends in the future. Accordingly, realization of a gain on shareholders' investments will depend on the appreciation of the price of the Equity Shares. There is no guarantee that our Equity Shares will appreciate in value. For further information on dividend paid by our Company in the past, see "***Dividends***" on page 70.

39. ***Grants of stock options under our Employee Stock Option Plans may result in a charge to our profit and loss account and, to that extent, affect our financial condition.***

Our Company may, in the future, continue to issue Equity Shares, including under our Employee Stock Option Plans, at prices that may be lower than the market price, subject to compliance with applicable law. Grants of stock options result in a charge to our statement of profit and loss and affect our financial condition. Any issuances of Equity Shares by our Company, including through exercise of employee stock options pursuant to the Employee Stock Option Plans or any stock option plans that we may implement in the future, may dilute your shareholding in the Company, thereby adversely affecting the trading price of the Equity Shares.

40. ***Industry information included in this Preliminary Placement Document has been derived from publicly available sources and investors should exercise caution before relying on the information.***

The information in certain sections of this Preliminary Placement Document has been extracted from various websites and publicly available documents from various industry sources. The data may have been re-classified by us for the purpose of presentation. None of the Company and any other person connected with the Issue have independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources that they believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed, and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projection forecasts and assumptions that may prove to be incorrect. Accordingly, prospective investors should not place undue reliance on, or base their investment decision solely on this information. In view of the foregoing, you may not be able to seek legal recourse for any losses resulting from undertaking any investment in the Issue pursuant to reliance on the industry information in this Preliminary Placement Document. You should consult your own advisors and undertake an independent assessment of the industry information in this Preliminary Placement Document before making any investment decision regarding the Issue. See "***Industry Overview***" on page 101.

<u>External risk factors</u>

41. ***Recent global economic conditions have been challenging and continue to affect the Indian market which may have an adverse effect on our business and operations.***

The Indian economy and its securities markets are influenced by economic developments and volatility in securities markets in other countries. Investors' reactions to developments in one country may have adverse effects on the market price of securities of companies located in other countries, including India. Negative economic developments, such as rising fiscal or trade deficits, or a default on national debt, in other emerging market countries may also affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy, including the movement of exchange rates and interest rates in India and could then adversely affect our business, financial performance and the price of our Equity Shares.

Further deterioration in the global economy as a result of global pandemics or epidemics, or fear of spread of contagious diseases, military tensions or acts of terrorism or war or otherwise, or the perception that such deterioration could occur, may continue to adversely affect global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Any of these factors could depress economic activity and restrict our access to capital, which could adversely affect our business, financial condition, cash flows and results of operations and reduce the price of our Equity Shares. Any financial disruption could materially and adversely affect our business, results of operations, and the price of our Equity Shares.

42. ***If inflation were to rise in India, we might not be able to increase the prices of our products and services at a proportional rate in order to pass costs on to our customers thereby reducing our margins.***

Inflation rates in India have been volatile in recent years, and such volatility may continue in the future. Increased inflation can contribute to an increase in interest rates and increased costs to our business, including increased costs of wages and other expenses relevant to our business. High fluctuations in inflation rates may make it more difficult for us to accurately estimate or control our costs. Any increase in inflation in India can increase our expenses, which we may not be able to adequately pass on to our customers, whether entirely or in part, and may adversely affect our business, results of operations, financial condition and cash flows. In particular, we might not be able to reduce our costs or offset any increases in costs with increase in prices of our products and services. In such case, our business, results of operations, financial condition and cash flows may be adversely affected. Further, the Government of India has previously initiated economic measures to combat high inflation rates but it is unclear whether these measures will remain in effect. We cannot assure that Indian inflation levels will not worsen in the future.

43. ***Political, economic or other factors that are beyond our control may have an adverse effect on our business and results of operations.***

The Indian economy and its securities markets are influenced by economic developments and volatility in securities markets in other countries. Investors' reactions to developments in one country may have adverse effects on the market price of securities of companies located elsewhere, including India. Adverse economic developments, such as rising fiscal or trade deficit, in other emerging market countries may also affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general. Any of these factors could depress economic activity and restrict our access to capital, which could have an adverse effect on our business, financial condition and results of operations and reduce the price of our Equity Shares. Any financial disruption could have an adverse effect on our business, future financial performance, shareholders' equity and the price of our Equity Shares.

The war in Ukraine has contributed to rising rates of inflation, including in India. In response to the rising rates of inflation, various central banks, including the RBI has increased interest rates, resulting in increased cost of credit. Further deterioration in the global economy because of the Russia-Ukraine conflict, any significant escalation of an existing or new pandemic or otherwise, or the perception that such deterioration or escalation could occur, may continue to adversely affect global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. We are dependent on domestic, regional and global economic and market conditions particularly North America and Europe, where most of our revenue from operations is generated.

Our performance, growth and market price of our Equity Shares are and will be dependent to a large extent on the health of the economy in which we operate. There have been periods of slowdown in the economic growth of India. Demand for our simulators may be adversely affected by an economic downturn in domestic, regional and global economies. Economic growth in the countries in which we operate is affected by various factors including domestic consumption and savings, balance of trade movements, namely export demand and movements in key imports, global economic uncertainty and liquidity crisis, volatility in exchange currency rates, and annual rainfall which affects agricultural production. Consequently, any future slowdown in the Indian economy could harm our business, results of operations and financial condition. Also, a change in the government or a change in the economic and deregulation policies could adversely affect economic conditions prevalent in the areas in which we operate in general and our business in particular and high rates of inflation in India could increase our costs without proportionately increasing our revenues, and as such decrease our operating margins.

44. ***Natural or man-made disasters, fires, epidemics, pandemics, acts of war, terrorist attacks, civil unrest and other events could materially and adversely affect our business.***

Natural disasters such as typhoons, flooding and earthquakes, epidemics, pandemics such as COVID-19 and man-made disasters, including acts of war, terrorist attacks and other events, many of which are beyond our control, may lead to economic instability, including in India or globally, which may in turn materially and adversely affect our business, financial condition and results of operations. Our operations may be adversely affected by fires, natural disasters and/or severe weather, which can result in damage to our property or inventory and generally reduce our productivity and may require us to evacuate personnel and suspend operations. Any terrorist attacks or civil unrest as well as other adverse social, economic and political events in India or countries to who we sell our products and services could have a negative effect on us. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse effect on our business and the price of the Equity Shares. A number of countries in Asia, including India, as well as countries in other parts of the world, are susceptible to contagious diseases and, for example, have had confirmed cases of diseases such as the highly pathogenic H7N9, H5N1 and H1N1 strains of influenza in birds and swine and more recently, the COVID-19 virus. Any future outbreaks of COVID-19 virus or a similar contagious disease could adversely affect the global economy and economic activity in the region. As a result, any present or future outbreak of a contagious disease could have a material adverse effect on our business and the trading price of the Equity Shares.

45. ***Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws, may adversely affect our business, prospects and results of operations.***

Our business and financial performance could be materially adversely affected by changes in the laws, rules, regulations or directions applicable to us, or the interpretations of such existing laws, rules and regulations, or the promulgation of new laws, rules and regulations. The GoI has notified the Finance Act, 2024 ("**Finance Act**"), which has introduced various amendments to the Income Tax Act. We have not fully determined the impact of these recent and proposed laws and regulations on our business. We cannot predict whether any amendments made pursuant to the Finance Act would have an adverse effect on our business, financial condition and results of operations. Unfavourable changes in or interpretations of existing, or the promulgation of new, laws, rules and 66 regulations including foreign investment and stamp duty laws governing our business and operations could result in us being deemed to be in contravention of such laws and may require us to apply for additional approvals.

The Finance Act, proposes various amendments to taxation laws in India. Any such and future amendments may affect certain benefits such as exemption for income earned by way of dividend from investments in other domestic companies and units of mutual funds, exemption for interest received in respect of tax-free bonds, and long-term capital gains on equity shares if withdrawn by the statute in the future, and the same may no longer be available to us.

Furthermore, unfavourable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations including foreign investment laws governing our business, operations, and group structure could result in us being deemed to be in contravention of such laws or may require us to apply for additional approvals.

We may incur increased costs relating to compliance with such new requirements, which may also require management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent, may be time consuming as well as costly for us to resolve and may affect the viability of our current business or restrict our ability to grow our business in the future. Similarly, the Finance Act, 2020, had notified changes and provided a number of amendments to the direct and indirect tax regime, including, without limitation, a simplified alternate direct tax regime and exemption from dividend distribution tax ("**DDT**"), in respect of dividends declared, distributed or paid by a domestic company after March 31, 2020. We cannot predict whether any new tax laws or regulations impacting our operations will be enacted, what the nature and impact of the specific terms of any such laws or regulations will be or whether, if at all, any laws or regulations would have an adverse effect on our business.

46. ***Investors may not be able to enforce a judgment of a foreign court against us, our Directors, the Lead Managers or any of their directors and executive officers in India respectively, except by way of a law suit in India.***

Our Company is a public limited company incorporated under the laws of India. Currently, all of our Directors, Key Management Personnel and members of Senior Management named herein are residents of India and all of the assets of our Company and such persons are located in India. As a result, it may not be possible for investors to effect service of process on our Company or such persons in jurisdictions outside of India, or to enforce against them judgments obtained in courts outside of India. In addition, India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. The manner of recognition and enforcement of foreign judgments in India is dependent on whether the country in which the foreign judgment has been pronounced is a reciprocating territory or not. For details on recognition and enforcement of foreign judgments in India, please see "***Enforcement of Civil Liabilities***" on page 17. A party seeking to enforce a foreign judgment in India may be required to obtain approval from the RBI under the Foreign Exchange Management Act, 1999 to repatriate outside India any amount recovered pursuant to execution. Any judgment in a foreign currency would be converted into Indian Rupees on the date of the judgment and not on the date of the payment. Our Company cannot predict whether a suit brought in an Indian court will be disposed of in a timely manner or be subject to considerable delays.

Further, a party in whose favour a final foreign judgment in a non-reciprocating territory is rendered may bring a fresh suit in a competent court in India based on the final judgment within three years of obtaining such final judgment. However, it is unlikely that a court in India would award damages on the same basis as a foreign court if an action were brought in India or that an Indian court would enforce foreign judgments if it viewed the amount of damages as excessive or inconsistent with the public policy in India.

47. ***Anti-takeover provisions under Indian law could prevent or deter an entity from acquiring our Company.***

The SEBI Takeover Regulations contain certain provisions that may delay, deter or prevent a future takeover or change in control of our Company. These provisions may discourage a third party from attempting to take control over our Company, even if change in control would result in the purchase of the Equity Shares at a premium to the market price or would otherwise be beneficial to Shareholders. For further details, see "***The Securities Market of India – SEBI Takeover Regulations***" on page 173.

48. ***An investor will not be able to sell any of the Equity Shares subscribed in this Issue other than across a recognised Indian stock exchange for a period of one year from the date of the issue of the Equity Shares.***

Pursuant to the SEBI ICDR Regulations, for a period of one year from the date of the allotment of the Equity Shares in this Issue, Eligible QIBs subscribing to the Equity Shares may only sell their Equity Shares on the Stock Exchanges and may not enter into any off-market trading in respect of these Equity Shares. We cannot be certain that these restrictions will not have an impact on the price of the Equity Shares. Further, allotments made to VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to them, including in relation to lock-in requirements. This may affect the liquidity of the Equity Shares purchased by investors and it is uncertain whether these restrictions will adversely impact the market price of the Equity Shares purchased by investors.

49. ***After this Issue, the price of the Equity Shares may be volatile.***

The Issue Price will be determined by our Company in consultation with the Lead Managers, based on the Bids received in compliance with Chapter VI of the SEBI ICDR Regulations, and it may not necessarily be indicative of the market price of the Equity Shares after this Issue is complete. The price of the Equity Shares on the Stock Exchanges may fluctuate after this Issue as a result of several factors, including:

- volatility in the Indian and the global securities market or prospects for our business and the sectors in which we compete;
- the valuation of publicly traded companies that are engaged in business activities similar to us;
- our Company's profitability and performance;
- announcement of significant claims or proceedings against us;
- volatility in the Rupee's value relative to the U.S. dollar, the Euro and other foreign currencies;
- the performance of our Company's competitors;
- adverse media reports about our Company;
- a comparatively less active or illiquid market for the Equity Shares;
- changes in the estimates of our Company's future performance, including financial estimates or recommendations by research analysts or investors;
- significant developments in India's fiscal regulations;
- new laws and regulations that directly or indirectly affect our business; and
- any other political or economic factors.

We cannot assure you that you will be able to resell your Equity Shares at or above the Issue Price. There can be no assurance that an active trading market for the Equity Shares will be sustained after this Issue, or that the price at which the Equity Shares have historically traded will correspond to the price at which the Equity Shares will trade in the market subsequent to this Issue. As a result, investors may experience a decrease in the value of Equity Shares.

50. ***An investor's ability to acquire and sell Equity Shares offered in the Issue is restricted by the distribution, solicitation and transfer restrictions set forth in this Preliminary Placement Document.***

No actions have been taken to permit an offering of the Equity Shares offered in the Issue in any jurisdiction. As such, an investor's ability to acquire Equity Shares offered in the Issue is restricted by the distribution and solicitation restrictions set forth in this Preliminary Placement Document. For details, see "***Selling Restrictions***" on page 163. Furthermore, the Equity Shares offered in the Issue are subject to restrictions on transferability and resale. For details, see "***Transfer Restrictions***" on page 172. You are required to inform yourself about and observe these restrictions. Our representatives, our agents and us will not be obligated to recognize any acquisition, transfer or resale of the Equity Shares offered in the Issue made other than in compliance with applicable law.

51. ***Investors to the Issue are not allowed to withdraw or revise their Bids downwards after the Issue Closing Date.***

In terms of Regulation 179 (1) of the SEBI ICDR Regulations, investors in the Issue are not allowed to withdraw their Bids or revise their Bids downwards after the Issue Closing Date. The Allotment of Equity Shares in this Issue and the credit of such Equity Shares to the investors' demat account with the depository participant could take approximately seven (7) days and up to ten (10) days from the Issue Closing Date. However, there is no assurance that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in the business, results of operation or financial condition of our Company, or other events affecting the investor's decision to invest in the Equity Shares, would not arise between the Issue Closing Date and the date of Allotment of Equity Shares in the Issue. Occurrence of any such events after the Issue Closing Date could also adversely impact the market price of the Equity Shares. The investors shall not have the right to withdraw their Bids or revise their Bids downwards in the event of any such occurrence. We may complete the Allotment of the Equity Shares even if such events may limit the investor's ability to sell the Equity Shares after the Issue or cause the trading price of the Equity Shares to decline.

52. Any downgrading of India's debt rating by an independent agency may harm our ability to raise financing.

Any adverse revisions to India's credit ratings international debt by international rating agencies may adversely affect our ability to raise additional overseas financing and the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our ability to fund our growth on favourable terms or at all, and consequently adversely affect our business and financial performance and the price of our Equity Shares.

53. Any future issuance of Equity Shares, or convertible securities or other equity linked securities by us may dilute your shareholding and any sale of Equity Shares by shareholders with significant shareholding may adversely affect the trading price of the Equity Shares.

Any future issuance of the Equity Shares, convertible securities or securities linked to the Equity Shares by us, may dilute your shareholding in our Company, adversely affect the trading price of the Equity Shares and our ability to raise capital through an issue of our securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares. We cannot assure you that we will not issue additional Equity Shares. The disposal of Equity Shares by shareholders with significant shareholding or the perception that such sales may occur may significantly affect the trading price of the Equity Shares. There can be no assurance that we will not issue Equity Shares or securities linked to Equity Shares or that our Shareholders will not dispose of, pledge or encumber their Equity Shares in the future.

MARKET PRICE INFORMATION

As on the date of this Preliminary Placement Document, 8,40,44,260 Equity Shares have been issued, subscribed and are fully paid up and all such Equity Shares are currently listed and traded on the Stock Exchanges.

As of August 20, 2024 the closing price of the Equity Shares on the BSE and the NSE were ₹ 1,698.05 and ₹ 1,697.70 per Equity Share, respectively. Since the Equity Shares are available for trading on the BSE and NSE, the market price and other information for each of the BSE and the NSE has been given separately.

A. The following tables set out the reported high, low and average of the closing prices of our Equity Shares on NSE and BSE and number of Equity Shares traded on the days on which such high and low prices were recorded and the total trading turnover for the Fiscals 2024, 2023 and 2022:

NSE

Fiscal	High (₹)	Date of high	No. of Equity Shares traded on date of high	Total Turnover of Equity Shares traded on date of high (₹ in lakhs)	Low (₹)	Date of low	No. of Equity Shares traded on date of low	Total Turnover of Equity Shares traded on date of low (₹ in lakhs)	Average price for the year (₹)
Fiscal 2024	964.35	March 4, 2024	11,04,880	10,801.13	284.85	May 3, 2023	6,21,023	1,788.08	657.47
Fiscal 2023	328.15	March 31, 2023	23,93,316	7,812.97	150.85	May 13, 2022	7,81,462	1,173.34	202.44
Fiscal 2022	245.50	December 14, 2021	10,14,232	2,468.71	70.80	June 2, 2021	1,10,613	78.23	156.21

(Source: www.nseindia.com)

1. *High, low and average prices are based on the daily closing prices.*
2. *In the case of a year, average represents the average of the closing prices of all trading days of each year presented.*
3. *In case of two days with the same high or low price, the date with the higher volume has been chosen.*

BSE

Fiscal	High (₹)	Date of high	No. of Equity Shares traded on date of high	Total Turnover of Equity Shares traded on date of high (₹ in lakhs)	Low (₹)	Date of low	No. of Equity Shares traded on date of low	Total Turnover of Equity Shares traded on date of low (₹ in lakhs)	Average price for the year (₹)
Fiscal 2024	964.30	March 4, 2024	80,914	790.03	284.85	May 3, 2023	45,215	129.77	657.50
Fiscal 2023	327.60	March 31, 2023	2,45,048	798.34	151.00	May 13, 2022	67,555	101.40	202.46
Fiscal 2022	245.45	December 14, 2021	50,107	121.91	71.05	June 7, 2021	51,277	36.59	156.18

(Source: www.bseindia.com)

1. *High, low and average prices are based on the daily closing prices.*
2. *In the case of a year, average represents the average of the closing prices of all trading days of each year presented.*
3. *In case of two days with the same high or low price, the date with the higher volume has been chosen.*

B. The following tables set out the reported high and low closing prices of our Equity Shares recorded on NSE and BSE and the number of Equity Shares traded on the days on which such high and low prices were recorded and the volume of Equity Shares traded in each of the last six months preceding this Preliminary Placement Document:

NSE

Month	High (₹)	Date of high	No. of Equity Shares traded on date of high	Total Turnover of Equity Shares traded on date of high (₹ in lakhs)	Low (₹)	Date of low	No. of Equity Shares traded on date of low	Total Turnover of Equity Shares traded on date of low (₹ in lakhs)	Average price for the month (₹)	Equity Shares traded in the month	
										Volume	Turnover (₹ in lakhs)
July 2024	1,705.15	July 31	9,63,680	16,326.34	1,290.45	July 1	16,69,268	21,225.50	1,423.63	1,57,73,663	2,25,462.73
June 2024	1,217.75	June 18	19,25,859	22,680.19	899.55	June 5	4,40,293	3,948.10	1,081.19	1,07,38,973	1,17,433.86
May 2024	1,088.30	May 3	3,50,643.00	3,776.02	945.60	May 9	9,16,238	8,339.86	967.27	93,39,567	90,897.76
April 2024	1,110.45	April 30	11,29,227	12,603.13	945.60	April 1	2,38,829	2,270.29	1,015.54	70,59,210	72,793.90
March 2024	964.35	March 4	11,04,880	10,801.13	853.30	March 13	3,18,416	2,747.06	908.61	73,66,431	67,762.42
February 2024	880.80	February 1	19,18,409	16,769.03	801.40	February 23	2,04,190	1,643.66	827.85	69,18,668	58,160.35

(Source: www.nseindia.com)

1. *High, low and average prices are based on the daily closing prices.*
2. *In the case of a year, average represents the average of the closing prices of all trading days of each month presented.*
3. *In case of two days with the same high or low price, the date with the higher volume has been chosen.*

BSE

Month	High (₹)	Date of high	No. of Equity Shares traded on date of high	Total Turnover of Equity Shares traded on date of high (₹ in lakhs)	Low (₹)	Date of low	No. of Equity Shares traded on date of low	Total Turnover of Equity Shares traded on date of low (₹ in lakhs)	Average price for the month (₹)	Equity Shares traded in the month	
										Volume	Turnover (₹ in lakhs)
July 2024	1,706.55	July 31	52,909	895.02	1,294.05	July 1	2,64,999	3,365.13	1,423.76	19,65,331	27,525.30
June 2024	1,223.15	June 18	1,21,616	1,441.02	899.55	June 5	31,505	282.31	1,079.74	12,32,288	13,531.75
May 2024	1,087.85	May 3	20,009	216.13	889.25	May 9	48,562	441.01	967.28	9,66,492	9,414.32
April 2024	1,112.90	April 30	1,22,001	1,362.17	945.55	April 1	18,302	173.87	1,015.66	7,24,618	7,473.45
March 2024	964.30	March 4	80,914	790.04	851.20	March 13	33,889	291.71	908.20	8,89,210	8,256.46
February 2024	880.70	February 1	3,32,093	2,906.61	801.65	February 23	14,263	114.73	828.35	11,31,828	9,504.34

(Source: www.bseindia.com*)*

1. *High, low and average prices are based on the daily closing prices.*
2. *In the case of a year, average represents the average of the closing prices of all trading days of each month presented.*
3. *In case of two days with the same high or low price, the date with the higher volume has been chosen.*

C. The following table set forth the details of the number of Equity Shares traded on the Stock Exchanges and the turnover during Fiscals 2024, 2023 and 2022:

Fiscal	No. of Equity Shares traded		Turnover (In ₹ lakhs)	
	BSE	NSE	BSE	NSE
Fiscal 2024	1,90,01,290	16,60,56,654	1,10,642.33	8,89,272.91
Fiscal 2023	1,58,79,870	13,10,47,916	37,353.64	3,13,570.67
Fiscal 2022	3,08,82,747	22,88,71,673	47,955.69	3,56,946.36

(Source: www.bseindia.com and www.nseindia.com)

D. The following table sets forth the market price on the Stock Exchanges on January 29, 2024, the first working day following the approval dated January 28, 2024 of the Board for the Issue:

NSE

Open	High	Low	Close	Number of Equity Shares traded	Volume (in ₹ lakhs)
762.30	762.30	762.30	762.30	62,316	475.03

(Source www.nseindia.com)

BSE

Open	High	Low	Close	Number of Equity Shares traded	Volume (in ₹ lakhs)
762.65	762.65	762.65	762.65	22,400	170.83

(Source www.bseindia.com)

USE OF PROCEEDS

The Gross Proceeds of the Issue aggregate to ₹ [●] lakhs. Subject to compliance with applicable laws, after deducting fees, commissions and expenses of the Issue of approximately ₹ [●] lakhs, the net proceeds from the Issue are ₹ [●] lakhs ("**Net Proceeds**").

Objects of the Issue

Subject to compliance with applicable laws and regulations, our Company proposes to utilize the Net Proceeds for (a) funding working capital requirements of our Company; (b) funding inorganic growth through acquisitions and other strategic initiatives; and (c) general corporate purposes (together, the "**Objects**") as may be permissible under the applicable law and approved by the Board.

Requirements of Funds

The Net Proceeds are proposed to be used in accordance with the details provided in the following table:

(in ₹ lakhs)

Sr. No.	Particulars	Amount which will be financed from Net Proceeds[(2)]	Timeline for utilization of Net Proceeds (in months)
1.	Funding working capital requirements of our Company	41,000.00	24 months
2.	Funding inorganic growth through acquisitions and other strategic initiatives	35,000.00	24 months
3.	General corporate purposes[(1)]	[●]	24 months
	Total Net Proceeds	[●]	-

[(1)] *To be determined upon finalization of the Issue Price and updated in the Placement Document. The amount to be utilized for general corporate purposes shall not exceed 25% of the Gross Proceeds.*
[(2)] *To be determined upon finalization of the Issue Price.*

Our main objects clause and objects incidental or ancillary to the attainment of the main objects clause of our Memorandum of Association enables us to undertake the objects contemplated by us in this Issue.

Our fund requirements, deployment of funds and the intended use of the Net Proceeds as described herein are based on our current business plan, management estimates, other commercial and technical factors and other agreements entered into by our Company, which are subject to change in the future. Such fund requirements and deployment of funds have not been appraised by any bank or financial institution. These are based on current market conditions and business needs and are subject to revisions in light of changes in costs, our financial condition, business and strategy or external circumstances such as market conditions, competitive environment, interest or exchange rate fluctuations and finance charges, increasing regulations or changes in government policies, which may not be in our control. Further, if the Net Proceeds are not utilized (in full or in part) for the Objects during the period stated above due to factors such as (i) the timing of completion of the Issue; (ii) market conditions outside the control of our Company; and (iii) any other business and commercial considerations, the remaining Net Proceeds shall be utilized in subsequent periods as may be determined by our Company, in accordance with applicable laws. This may entail rescheduling and revising the planned expenditure and funding requirement and increasing or decreasing the expenditure for a particular purpose from the planned expenditure at the discretion of our management, subject to compliance with applicable law. For details on risks involved, see "***Risk Factors – Our funding requirements and proposed deployment of the Net Proceeds are not appraised by any independent agency and are based on management estimates and may be subject to change based on various factors, some of which are beyond our control.***" on page 49.

Details of use of proceeds

(a) Funding working capital requirements of our Company

We propose to utilize ₹ 41,000 lakhs from the Net Proceeds to fund the working capital requirements of our Company in Fiscal 2025 and Fiscal 2026. We have working capital requirements in the ordinary course corresponding to our growing business and revenues, which we typically fund through internal accruals and availing financing facilities from various lenders. As at June 30, 2024, our Company has not availed any working capital facilities and is funding the requirements from internal accruals.

The investment in the future working capital requirements will help us in meeting the expected growth in demand for our products and services.

Existing working capital

Set forth below is the working capital of our Company, on a standalone basis, based on the standalone financial statements for the financial years ended March 31, 2024, March 31, 2023 and March 31, 2022.

(₹ in Lakhs)

Particulars	March 31, 2024	March 31, 2023	March 31, 2022
A. Current Assets			
(a) Inventories	13,342.12	4,111.51	1,417.32
(b) Financial assets			
(i) Trade receivables	16,914.87	6,615.70	1,954.53
(ii) Cash and Cash Equivalents	2,606.47	9,133.16	1,470.48
(iii) Bank balances other than (ii) above	11,613.15	5,588.77	6,139.39
(iv) Other financial assets	1,001.99	5,493.51	11,843.19
(c) Current tax assets (net)	170.49	88.66	194.33
(d) Other current assets	11,916.61	2,541.07	2,006.91
Total current assets (A)	***57,565.71***	***33,572.39***	***25,026.14***
B. Current Liabilities			
(a) Financial liabilities			
(i) Borrowings	-	584.42	922.79
(ii) Trade payables	2,615.48	365.06	332.06
(iii) Other financial liabilities	1,682.88	934.50	332.74
(b) Other current liabilities	20,488.27	10,602.64	4,534.63
(c) Current tax liabilities (Net)	696.30	-	-
Total current liabilities (B)	***25,482.93***	***12,486.62***	***6,122.22***
C. Total working capital requirements (C=A-B)	32,082.78	21,085.77	18,903.92
D. Funding Pattern			
(a) Internal Accruals	32,082.78	16,530.03	16,213.78
(b) Unsecured Loans	-	4,398.66	2,690.14
(c) Secured Loans(including CC/OD utilization)	-	157.08	-

Note:

1. *As certified by Ramasamy Koteswara Rao and Co LLP, Chartered Accountants, the statutory auditors appointed by the Company by way of their certificate dated August 21, 2024.*

Assumptions for the estimated working capital requirements

The following table sets forth the details of the holding period for the Fiscal 2024, Fiscal 2023 and Fiscal 2022, which has been computed based on the audited standalone financial statements for the financial years ended March 31, 2024, March 31, 2023 and March 31, 2022, respectively.

Particulars	Assumptions and Justifications
Trade Receivables	Holding levels of trade receivables for our Company varied between 133-150 days. For March 31, 2024 and March 31, 2023, the levels are based on the scale of operations. Further going forward the Company expects the trade receivables days to stay in the current range of 125 days considering the scale of operations and in line with the industry practice.
Inventory	Number of days were higher on account of higher work-in-progress inventory. With better management, inventory levels have been in levels from 90-115 days in subsequent years. Our Company assumes to stay in the range of 90 days considering nature of our business and growth in industry.
Advances to Vendors	Advance to Vendors was around 60 days in past year. Going forward, the Company assumes to maintain same levels of around 60 days
Trade Payables	Trade payables for ranged in levels of 10-25 days in past few years with higher generation of cash from business. Going forward, the Company assumes the payables to remain at the level of around 30 days
Other current liabilities (Advance from Customers)	The holding levels has decreased from 308 days for March 31, 2022 to 174 days for March 31, 2024 on account of higher execution of order. The Company expects it to remain in the range of 90 days as per the current order book, order pipeline and general payment terms.

Current holding levels and holding period levels considered for estimating working capital requirements

The table below contains the details of the holding levels (days):

Particulars	Fiscal 2024	Fiscal 2023	Fiscal 2022
Inventory (days on sales)	113	93	96
Receivables (days on sales)	143	150	133
Others financial assets (days on sales)	8	124	818
Other current assets (days on sales)	101	57	136
Payable (days on sales)	22	8	23
Other Financial Liabilities (days on sales)	14	21	23
Other current liability (days on sales)	174	240	308

***Note**:*

1. *As certified by Ramasamy Koteswara Rao and Co LLP, Chartered Accountants, the statutory auditors appointed by the Company by way of their certificate dated August 21, 2024.*
2. *Inventory days: Inventory for the current period divided by revenue from operations multiplied by number of days.*
3. *Trade receivable days: trade receivables for the current period divided by revenue from operations multiplied by number of days.*
4. *Other Current Assets days: other current assets for the current period divided by revenue from operations multiplied by number of days.*
5. *Trade payable days: trade payables for the current period divided by revenue from operations multiplied by number of days.*
6. *Other current liabilities days: other current liabilities for the current period divided by revenue from operations multiplied by number of days.*
7. *The holding period has been computed over 365 days for each fiscal year (wherever applicable)*

On the basis of existing working capital requirement and holding levels for the financial years ended March 31, 2024, March 31, 2023, and March 31, 2022, the projected incremental working capital requirements* for Fiscal 2025 are ₹ 18,124.92 lakhs and for Fiscal 2026 are ₹ 24,023.14 lakhs. Accordingly, our Company proposes to utilize up to ₹ 41,000.00 lakhs of the Net Proceeds in Fiscals 2025 and 2026, towards our estimated working capital requirements. The balance portion of our working capital requirement shall be met inter alia from internal accruals and extending existing or additional working capital facilities from various banks, financial institutions and non-banking financial companies.

**Incremental working capital requirement for the relevant fiscal means the working capital requirement for such fiscal minus the working capital requirement for the preceding fiscal.*

(b) Funding inorganic growth through acquisitions and other strategic initiatives

We continuously look to create strategic value through inorganic growth and we have over the years acquired technological capabilities that have helped expand our product offerings and scale our operations. Pursuant to our overall strategy to continue scaling our business, we intend to keep pursuing strategic investments and acquisitions which are complementary to our business and which will enhance our product and service capabilities. We continue to selectively pursue opportunities for evaluating potential targets for strategic investments, mergers, acquisitions and partnerships, that complement and enhance our product and service offerings, strengthen or establish our presence in our targeted markets, or enable us to gain access to technology and customer portfolio of the target entities, benefits the development of our existing products. We have established a track record of inorganic growth through strategic acquisitions to supplement our product offerings, diversify our revenue streams, and integrate such acquired businesses to further strengthen our portfolio. We have historically improved operating efficiencies, revenue growth and/or increased profitability in our acquired businesses, resulting in increased operating margins.

As part of our inorganic growth measures, we look to strategically acquire businesses that offer products and technologies similar to ours that help us expand our product portfolio and improve performance of our existing products. We evaluate horizontal acquisitions that allows us to grow our geographic reach and also our customer base. We intend to seek attractive inorganic opportunities that we believe will fit well with our strategic business objectives and growth strategies. The amount of Net Proceeds to be used for acquisitions will be based on our management's decision and may not be the total value or cost of any such acquisitions.

We have undertaken inorganic expansion through acquisitions with companies through asset purchase and we continue to explore such international opportunities where we can collaborate with partners to enhance our product portfolio.

For instance, we have undertaken the following acquisitions in the past:

Date	Entities Acquired	Acquisition price (₹ in lakhs)	Mode of funding	Benefits
March 30, 2024	AiTuring Technologies Private Limited	387.00	Internal Accruals	▪ In line with offering complete counter-drone solution including electro-optics ▪ Expansion of product portfolio ▪ Achievement of cost savings and operational efficiencies through backward integration ▪ Gain of valuable technology, IP, and talent.
May 8, 2019	Unistring Tech Solutions Private Limited	700.00	Internal Accruals	▪ The acquisition, inter-alia, was envisaged to enable our Company to integrate EW simulation in combat training centre solutions, being sought by our customers ▪ An electronic warfare systems technology company, which has been upgraded and integrated with our proprietary technology and helped us to expand our operations to anti-drone systems ▪ Gained valuable technology, intellectual property and talent.

Rationale for acquisitions

Our Company intends to acquire such companies which (i) are in the same line of business as the Company, with the intention of acquiring the products, technologies and intellectual properties of the target. Such acquisitions will help the Company to increase market penetration as well as provide access to technologies that can help us expand our products and services; (ii) are in a complementary line of business to the Company's existing businesses which will benefit to add additional capabilities to the existing line of business in the training and simulation; (iii) have a team that has built a complementary technology to the business of the Company but has not been able to scale or develop its business. Such an acquisition will enable us to hire the team members and merge their capabilities with our platform. This will help the Company to acquire new technology and talent.

These factors will also determine the form of investment for these potential strategic initiatives, i.e., whether they will involve equity, debt or any other instrument or combination thereof. As on the date of this Preliminary Placement Document, our Company has not identified any potential target for investment or acquisition and has not entered into any definitive agreement for which it intends to utilize Net Proceeds. We propose to deploy, up to ₹ 35,000.00 lakhs, towards funding inorganic growth through acquisitions and other strategic initiatives. The amount of Net Proceeds to be used for acquisitions will be based on our management's decision and may not be the total value or cost of any such acquisitions but is expected to provide us with sufficient financial leverage to pursue such acquisitions. For further details, see "***Risk Factor - We may utilize a portion of the Net Proceeds to undertake inorganic growth for which the target may not be identified. In the event that our Net Proceeds to be utilized towards inorganic growth initiatives are insufficient for the cost of our proposed inorganic acquisition, we may have to seek alternative forms of funding.***"

(c) General corporate purposes

The Net Proceeds will first be utilized towards the Objects as set out above and in compliance with the circular bearing reference no. NSE/ CML/2022/56 dated December 13, 2022, issued by the NSE and circular no. 20221213- 47 dated December 13, 2022, issued by the BSE. Subject to this, our Company intends to deploy any balance Net Proceeds towards general corporate purposes and the business requirements of our Company, as approved by our management, from time to time, subject to such utilization for general corporate purposes not exceeding 25% of the Gross Proceeds, aggregating to ₹ [●] lakhs, in compliance with applicable laws. Such general corporate purposes may include, but are not restricted to meeting fund requirements which our Company may face in the ordinary course of business, capital expenditure, strategic initiatives, partnerships, tie-ups, joint ventures or acquisitions, investment in our associates, joint ventures and subsidiary through organic initiatives, meeting exigencies and expenses, logistics expenses, installation expenses, and any other purpose as may be approved by our Board or a duly appointed committee from time to time, subject to compliance with the necessary provisions of the Companies Act, 2013.

The allocation or quantum of utilization of funds towards the specific purposes described above will be determined by our Board, based on our business requirements and other relevant considerations, from time to time. Our Company's management shall have flexibility in utilizing surplus amounts, if any, in accordance with applicable law.

Other confirmations

Neither our Promoters, Promoter Group nor our Directors are making any contribution either as part of the Issue or separately in furtherance of the Object. Further, neither our Promoter nor our Directors shall receive any proceeds from the Issue, whether directly or indirectly. Since the Issue is only made to Eligible QIBs, our Promoter, Directors, Key Managerial Personnel or Senior Management are not eligible to subscribe in the Issue.

Since the Net Proceeds are proposed to be utilized for (a) funding working capital requirements of our company; (b) funding inorganic growth through acquisitions and other strategic initiatives; and (c) general corporate purposes, and not being used towards implementation of any project, the following disclosure requirements are not applicable: (i) break-up of cost of the project, (ii) means of financing such project, and (iii) proposed deployment status of the proceeds at each stage of the project.

As permissible under applicable laws, our Company's management will have flexibility in deploying the Net Proceeds. The amounts and timing of any expenditure will depend on, among other factors, the amount of cash generated by our operations, competitive and market developments and the availability of acquisition or investment opportunities on terms acceptable to us.

Interim use of Net Proceeds

Pending utilisation of the Net Proceeds towards the purposes described in this section, our Company intends to deposit the Net Proceeds in one or more scheduled commercial banks included in the Second Schedule of the Reserve Bank of India Act, 1934 or to temporarily invest the funds in creditworthy instruments, including money market/mutual funds, as approved by the Board and/or a duly authorized committee of the Board, from time to time, and in accordance with applicable laws. In accordance with applicable laws, we undertake to not utilize proceeds from the Issue unless Allotment is made and the corresponding return of Allotment is filed with the RoC, and the final listing and trading approvals are received from each of the Stock Exchanges, whichever is later. The Net Proceeds shall be kept by our Company in a separate bank account with a scheduled bank.

Monitoring of Utilisation of Funds

In accordance with Regulation 173A of the SEBI ICDR Regulations, our Company has appointed CRISIL Ratings Limited as the Monitoring Agency for monitoring the utilization of Net Proceeds. The Audit Committee and Monitoring Agency will monitor the utilization of the Net Proceeds and the Monitoring Agency shall submit the report required under Regulation 173A(2) of the SEBI ICDR Regulations, on a quarterly basis, to the Audit Committee until such time as the Net Proceeds have been utilised in full. Such report, along with the comments (if any) shall be submitted to the Stock Exchanges within 45 days from the end of each quarter and uploaded on the website of our Company, or such other time as may be prescribed under the SEBI Listing Regulations. As our Company also intends to utilize the Net Proceeds towards potential acquisitions and strategic initiatives, details pertaining to such acquisitions, as and when undertaken, will be published on the website of the Company and will be disclosed to the Stock Exchanges in accordance with Regulation 30 and Part A of Schedule III, of the SEBI Listing Regulations.

Pursuant to Regulation 32(3) and Part C of Schedule II, of the SEBI Listing Regulations, our Company shall, on a quarterly basis, disclose to the Audit Committee the uses and applications of the Net Proceeds. Subject to applicable laws, including SEBI Listing Regulations, on an annual basis, our Company shall (i) prepare a statement of funds utilized for purposes other than those stated in this Preliminary Placement Document and place it before the Audit Committee and make other disclosures as may be required until such time as the Net Proceeds remain unutilized; and (ii) disclose every year, the utilization of the Net Proceeds during that year in its annual report. Such disclosure shall be made only until such time that all the Net Proceeds have been utilized in full. Furthermore, in accordance with Regulation 32(1) of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilization of the proceeds of the Issue from the Objects of the Issue as stated above; and (ii) details of category wise variations in the actual utilization of the proceeds of the Issue from the Object of the Issue as stated above.

CAPITALIZATION STATEMENT

The following table sets forth our capitalization on a consolidated basis as of June 30, 2024 on a consolidated basis which is derived from the Un-Audited Interim Consolidated Financial Results and adjusted to give effect to the receipt of the gross proceeds of the Issue. This table should be read in conjunction with "***Selected Financial Information***", "***Risk Factors***", "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" and other financial information contained in the "***Financial Information***" on pages 30, 37, 71 and 193, respectively.

(in ₹ lakhs)

Particulars	**Pre-Issue (as at June 30, 2024)**	**Amount after considering the Issue (i.e., Post Issue)*#^1**
Borrowings		
Deposits	NIL	**[●]**
Debt Securities	NIL	**[●]**
Borrowings		**[●]**
Non-current borrowings	4,253.96	**[●]**
Current borrowings	108.94	**[●]**
Current maturities of non-current borrowings/finance lease obligations	1,760.28	**[●]**
Subordinated Liabilities	NIL	**[●]**
Total Borrowings (A)	**6,123.18**	**[●]**
Equity		
Equity share capital	840.44	[●]
Other equity	51,748.97	[●]
Non-controlling interest	2,033.74	[●]
Total equity (B)	**54,623.15**	**[●]**
Total Capitalisation C=A+B	**60,746.33**	**[●]**
Total Borrowings /Total equity (A/B)	**0.11**	**[●]**

* *Will be finalized upon determination of the Issue Price.*
\# *Adjustments do not include Issue related expenses*
^ *As adjusted to reflect the number of Equity Share issued pursuant to the Issue*

Notes:
1. *The post – Issue capitalization data is not determinable at this stage and will be finalised upon determination of Issue Price.*

CAPITAL STRUCTURE

The share capital of our Company, as of the date of this Preliminary Placement Document, is set forth below.

	Particulars	Aggregate nominal value *(in ₹)*
A)	**AUTHORIZED SHARE CAPITAL**	
	20,00,00,000 Equity Shares of face value of ₹ 1 each	20,00,00,000
B)	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE ISSUE**	
	8,40,44,260 Equity Shares of face value of ₹ 1 each	8,40,44,260
C)	**PRESENT ISSUE IN TERMS OF THIS PRELIMINARY PLACEMENT DOCUMENT**	
	Up to [●] Equity Shares of face value of ₹ 1 each aggregating to ₹[●] lakhs(1)(2)	[●]
D)	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE ISSUE**	
	[●] Equity Shares of face value of ₹ 1 each(2)	[●]
E)	**SECURITIES PREMIUM ACCOUNT**	
	Before the Issue (as on the date of this Preliminary Placement Document)	110,88,59,933
	After the Issue (2)(3)	[●]

(1) This Issue has been authorised and approved by our Board of Directors pursuant to its resolution dated January 27, 2024. Subsequently, our Shareholders' have authorised and approved the Issue through a special resolution dated March 8, 2024.

(2) To be determined upon finalization of the Issue Price.

(3) The securities premium account after the Issue will be calculated on the basis of Gross Proceeds. Adjustments will not include Issue related expenses. To be included upon determination of the Issue Price and will be updated in Placement Document.

Equity Share Capital History of our Company

The following table sets forth the history of the equity share capital of our Company.

Date of issue/allotment/ buy-back	No. of equity shares	Face value (₹)	Issue/Buyback price per equity Share (₹)	Nature of consideration	Reason/ Nature of allotment/buyback
June 29, 1993	70	10	10	Cash	Subscription to the MoA
January 30, 1996	6,70,070	10	10	Cash	Further issue
May 31, 1996	3,80,000	10	10	Cash	Further issue
November 24, 1997	1,70,000	10	10	Cash	Further issue
February 2, 1998	2,00,000	10	10	Cash	Further issue
April 22, 1998	1,30,000	10	10	Cash	Further issue
February 15, 2000	18,95,500	10	10	Cash	Further issue
May 22, 2000	10,00,000	10	10	Cash	10,00,000 equity shares were allotted to IDBI pursuant to a public issue by way of direct subscription to equity shares
August 30, 2000	12,74,360	10	10	Cash	12,74,360 equity shares were allotted pursuant to a firm allotment in terms of the prospectus
September 30, 2000	19,10,000	10	10	Cash	19,10,000 equity shares were allotted pursuant to initial public offering
March 28, 2007	9,600	10	10	Cash	9,600 equity shares were allotted pursuant to Zen Technologies Limited Employee Stock Option Scheme 2004

Date of issue/allotment/ buy-back	No. of equity shares	Face value (₹)	Issue/Buyback price per equity Share (₹)	Nature of consideration	Reason/ Nature of allotment/buyback
January 14, 2008	14,400	10	10	Cash	14,400 equity shares were allotted pursuant to Zen Technologies Limited Employee Stock Option Scheme 2004
March 17, 2008	4,50,000	10	135	Cash	Preferential allotment
September 26, 2008	4,50,000	10	135	Cash	Pursuant to conversion of 4, 50,000 fully convertible warrants
October 31, 2009	3,50,000	10	135	Cash	Pursuant to conversion of 3, 50,000 fully convertible warrants
March 23, 2009	(15,568)	10	107.75	Cash	Buy-back
April 23, 2013	(11,72,426)	10	90	Cash	Buy-back
Pursuant to a resolution of our Board passed in their meeting held on November 24, 2014, and a special resolution of our shareholders in their general meeting held on September 18, 2024, each equity share of our Company of face value ₹ 10 was split into 10 equity shares of our Company of face value of ₹ 1 each, and accordingly, 2,00,00,00 equity shares of our Company of face value ₹ 10 each were split into 20,00,00,00 Equity Shares of our Company of face value ₹ 1 each.					
September 3, 2020	23,49,940	1	76	Cash	Conversion of 23,49,940 fully convertible warrants.
May 24, 2023	40,64,627	1	213	Cash	Conversion of 40,64,627 compulsory convertible debentures.
May 24, 2023	4, 69, 633	1	213	Cash	Conversion of 4, 69, 633 compulsory convertible warrants.

Our Company has not made any allotment of Equity Shares in the one year immediately preceding the date of this Preliminary Placement Document, including for consideration other than cash, or made any allotment of Equity Shares pursuant to a preferential issue, private placement or a rights issue.

Preference Shares

As on the date of this Preliminary Placement Document, there are no outstanding preference shares. Further, our Company has not issued any preference shares since incorporation.

Employee Stock Option Plan

Our Company has instituted the following employee stock option plan:

Zen Technologies Limited Employee Stock Option Plan 2021

Our Company, pursuant to our Board and Shareholders' resolution dated July 6, 2021 and August 28, 2021, respectively, has formulated an employee stock option plan namely 'Zen Technologies Limited Employee Stock Option Plan 2021' ("**ESOP 2021**"). ESOP 2021 is in compliance with the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021. As on the date of this Preliminary Placement Document, details of options pursuant to ESOP 2021 are as follows:

Particulars	Number of stock options
Total number of stock options	6,41,400
Total number of options granted	3,08,900
Total number of options vested	2,52,400
Total number of options exercised	2,11,540
Total number of options lapsed / forfeited / cancelled	10,000
Total number of options outstanding (including lapsed/forfeited/cancelled)	97,360

Proposed Allottees in the Issue

In compliance with the requirements of Chapter VI of the SEBI ICDR Regulations, Allotment shall be made by our Company, in consultation with the Lead Managers, to Eligible QIBs only, on a discretionary basis. For details of the names of the proposed Allottees, and the percentage of post-Issue capital that may be held by them, and which will be included in the Placement Document, please see "***Details of Proposed Allottees***" on page.

Pre-Issue and post-Issue shareholding pattern

The following table provides the pre-Issue shareholding pattern as of June 30, 2024 and the post-Issue shareholding pattern:

Sr. No.	Category	Pre-Issue*		Post-Issue**	
		No. of Equity Shares held	% of shareholding	No. of Equity Shares held	% of shareholding
A.	**Promoters / Promoter Group holding**				
1.	Indian				
	Individual / Hindu Undivided Family	4,62,85,483	55.07	[●]	[●]
	Body Corporates	-	-	[●]	[●]
2.	Foreign	-	-	-	-
	Sub-Total (A)	**4,62,85,483**	**55.07**	**[●]**	**[●]**
B.	**Public holding**				
1.	Institutional investors	54,29,261	6.46	[●]	[●]
2.	Non- Institutional investors	-	-	-	-
	Bodies corporate	30,94,587	3.68	[●]	[●]
	Resident Individuals ***	2,64,06,746	31.42	[●]	[●]
	Directors and their relatives (excluding independent directors and nominee directors)	-	-	-	-
	Non-resident Indians (NRIs)	14,90,449	1.77	[●]	[●]
	Foreign Companies and Foreign Nationals	25	-	-	
	Central Government	-	-	-	-
	Others (Clearing Members, HUF, Trusts, IEPF, Firms)	13,37,709	1.59		
	Sub - Total (B)	**3,77,58,777**	**44.93**	**[●]**	**[●]**
	Grand Total (A+B)	**8,40,44,260**	**100.00**	**[●]**	**[●]**

* *Based on the beneficiary position statement of our Company as on June 30, 2024*
** *The post-Issue shareholding pattern has been intentionally left blank and will be filled in the Placement Document.* ****Resident Individuals includes resident Individual holding nominal share capital up to ₹ 2 lakhs and resident individual holding nominal share capital in excess of ₹ 2 lakhs*

Other confirmations

Except 97,360 outstanding options, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments convertible into the Equity Shares as on the date of this Preliminary Placement Document.

The Promoters, the Directors, the members of the Senior Management and the Key Managerial Personnel of our Company do not intend to participate in the Issue.

Our Company has not made any allotment of Equity Shares in the one year immediately preceding the date of filing of this Preliminary Placement Document.

Our Company shall not make any subsequent qualified institutions placement until the expiry of two weeks from the date of this Issue. Further, Equity Shares allotted pursuant to this Issue cannot be sold by the Allottee for a period of one year from the date of allotment, except on the Stock Exchanges.

Our Equity Shares have been listed for a period of at least one year prior to the date of the issuance of the notice of the postal ballot of our Shareholders, i.e. January 27, 2024 for approving this Issue.

DIVIDENDS

The declaration and payment of dividends on our Equity Shares, if any, will be recommended by our Board and approved by our Shareholders, at their discretion, subject to the provisions of our Articles of Association and the applicable laws including Companies Act, 2013 together with the applicable rules issued thereunder. Our Board may also, from time to time, declare interim dividends. For further information, see "***Description of the Equity Shares***" on page 178.

The dividend distribution policy of our Company was approved and adopted by our Board on May 1, 2021. We may retain all our future earnings, if any, for the financing of working capital, capital expenditure, corporate actions, *inter alia*, buyback and reduction of capital, and unanticipated and emergency expenditures. We may also use the retained earnings for such purposes as are within the provisions the Act, Rules, Listing Regulations and any other applicable law. The dividend, if any, will depend on a number of internal factors, including but not limited to, cash flow position of our Company, working capital and capital expenditure requirements, stability of profits and our Company's future cash requirements for organic growth or expansion and/ or for inorganic growth of our Company. In addition, the dividend, if any, will also depend on a number of external factors including but market expectation, capital markets, legal considerations, peers, tax consideration and inflation.

Further, our shareholders may not expect dividend in circumstances including but not limited to proposed expansion plans or where earnings are greater than what is needed to finance for capital budgeting needs of our Company as projected in the annual operating plan for each year. For details in relation to risks involved in this regard, see "***Risk Factors - Our ability to pay dividends in the future will depend on our earnings, financial condition, working capital requirements, capital expenditures and restrictive covenants of our financing arrangements.***" on page 52.

The dividends (including interim dividend, if any) declared and paid by our Company on the Equity Shares during Fiscals 2022, 2023 and 2024 and from April 1, 2024 until the date of filing of this Preliminary Placement Document are as follows:

Particulars	Fiscal 2022	Fiscal 2023	Fiscal 2024	Fiscal 2025**
No. of equity shares	7,95,10,000	7,95,10,000	8,40,44,260	8,40,44,260
Face value per share (in ₹)	1.00	1.00	1.00	1.00
Aggregate Dividend Paid (in ₹)	79,51,000	79,51,000	1,68,08,852	NIL
Dividend per share (in ₹)	0.10	0.10	0.20	NIL
Rate of dividend (%)	10	10	20	NIL
Mode of Payment	Through electronic mode	Through electronic mode	Through electronic mode	Not Applicable

***(From April 1, 2024 till the date of filing of this Preliminary Placement Document). The Fiscal 2024 dividend was approved by the Board in its meeting held on May 4, 2024, and it is to be declared at the upcoming AGM and will be distributed in Fiscal 2025.*

The Equity Shares to be issued in connection with this Issue shall qualify for all dividends, including interim dividend, if any, that is declared, and record date thereof occurs after Allotment.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion in conjunction with our Audited Consolidated Financial Statements and our Unaudited Consolidated Financial Results. Unless the context requires otherwise, the financial information corresponding to (i) Fiscals 2024, 2023 and 2022 has been derived from the Audited Consolidated Financial Statements; and (ii) the three months ended June 30, 2024 has been derived from the Unaudited Consolidated Financial Results.

*Our Audited Consolidated Financial Statements have been prepared in conformity with Indian Accounting Standards ("**Ind AS**") prescribed under Section 133 of the Companies Act, 2013, read with Companies (Indian Accounting standards) Rules, 2015, and other relevant provisions of the Act. Our Unaudited Consolidated Financial Results have been prepared in accordance with the recognition and measurement principles laid down in Ind AS 34, "Interim Financial Reporting", as prescribed under Section 133 of the Companies Act, 2013, read with the relevant rules thereunder and other accounting principles generally accepted in India.*

Our fiscal year ends on March 31 of each year. Accordingly, all references to a particular fiscal are to the 12 month period ended March 31 of that year. Financial information for the three months ended June 30, 2024 is not annualized and not indicative of full year results, and is not comparable with annual financial statements presented in this Preliminary Placement Document.

*This Preliminary Placement Document may include forward-looking statements that involve risks and uncertainties, and our actual financial performance may materially vary from the conditions contemplated in such forward-looking statements as a result of various factors, including those described below and elsewhere in this Preliminary Placement Document. For further information, see "**Forward-Looking Statements**" on page 15. Also read "**Risk Factors**" and **"Management's Discussion and Analysis of Financial Condition and Results of Operations - Significant Factors Affecting our Results of Operations and Financial Condition**" on pages 37 and 71, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations.*

Unless the context otherwise requires, in this section, references to "we", "us", or "our" refers to Zen Technologies Limited on a consolidated basis and references to "the Company" or "our Company" refers to Zen Technologies Limited on a standalone basis.

*Unless otherwise indicated, all industry and market data used in this section has been extracted from various websites and publicly available documents from various industry sources in connection with the Issue. The relevant industry sources are indicated at all relevant places within this section. For more information, see "**Risk Factors – Industry information included in this Preliminary Placement Document has been derived from publicly available sources and investors should exercise caution before relying on the information.**" on page 53.*

Overview

We are one of India's few companies[2] that operate in the defence training and simulation and counter- unmanned arial systems segments. We have indigenous design, development and manufacturing capabilities. Our proprietary training platform architecture is key to delivering our solutions and forms an integral part of our value proposition. Our innovation process allows us to evolve product features based on the evolving needs of our customers delivering a superior customer experience with advanced technology. We have grown at a CAGR of 100.42% in terms of revenue from operations over the last three Fiscals, with an EBITDA of ₹ 19,570.57 lakhs in Fiscal 2024.

Our product portfolio spans two product lines:

(i) training and simulation – this consists of (a) live ranges; (b) live simulation; (c) virtual and constructive simulation; and (d) operational equipment; and

(ii) counter-drone systems – this consists of six sub-components: (a) RF based drone detector (RFDD); (b) radar detection; (c) video based drone identification and tracking; (d) data fusion and command centre; (e) drone RF jammer; and (f) hard kill interface.

[2] Based on companies that bid for contracts in the defence training and simulation and counter- unmanned arial systems segments

Our wide range of products gives us the necessary flexibility to meet the evolving demands of diverse customers across industries. Our combat training centre is capable of providing an integrated platform for virtual and constructive simulation, live ranges, live simulations, and operational equipment.

Our counter drone system is a multi-layer multi sensor architecture aimed at providing comprehensive security against all class of unmanned aerial system attacks. In addition to the above product offerings, we are in the process of developing additional offerings such as autonomous robots and surveillance systems.

Several global conflicts in recent past have led to demand for military training solutions. For example, the Russia-Ukraine war and the Israel-Hamas conflict have highlighted a critical need for extensive military training and simulation solutions globally. In addition, the use of drones in warfare have escalated extensively to hit targets hundreds of kilometres away from the frontline using long-range unmanned aerial vehicles (UAVs). More than 150 drones were launched by Iran on Israel in the ongoing conflict between them, which shows the rising need for anti-drone solutions for any country. As concerns mount around the potential security threats drones may pose to both civilian and military entities, a new market for counter-drone technology is rapidly emerging. *(Source: Countering Rogue Drones, Compulsive need for CUAS, March 2022)* We have benefitted from these global industry tailwinds, as our exports increased from ₹ 364.97 lakhs in Fiscal 2022 to ₹ 8,011.54 lakhs in Fiscal 2024, including armed forces of foreign countries. For our global operations, we have subsidiaries in the United States and UAE.

Our Order Book value was ₹ 1,15,884 lakhs on June 30, 2024, out of which ₹ 72,169 lakhs (c. 62.28%) was from the Indian market and ₹ 43,715 lakhs (c. 37.72%) was from the overseas market. With a robust Order Book and a pipeline of prospective projects for which the contracts are currently at various stages of negotiation, reflect clear revenue visibility.

Today, the Indian Defence sector, the second largest armed force is at the cusp of revolution. The Government has identified the Defence and Aerospace sector as a focus area for the 'Aatmanirbhar Bharat' or Self-Reliant India initiative, with a formidable push on the establishment of indigenous manufacturing infrastructure supported by a requisite research and development ecosystem. *(Source: https://www.investindia.gov.in/sector/defence-manufacturing).* In September 2021, the Ministry of Defence, Government of India, introduced a comprehensive framework aimed at maximizing the utilisation of simulators across all military domains. This strategic initiative represents a significant shift towards simulation-based training, catering to combatants, leaders, maintainers, administrators, and various support agencies within the armed forces and the Indian Coast Guard. By enhancing the utilisation of simulators, the armed forces aim to optimise training effectiveness and agility in military operations. The framework emphasizes live, virtual, constructive, blended simulations and simulation software/ tools used for forecasting, prediction, testing and evaluation of operational plans, system designs, entities' performance, acquisition processes etc. across various platforms, with a majority falling under the common system category. Key highlights of the framework include the phased induction of simulators and coordinated procurement processes, ensuring streamlined utilisation and procurement across the defence services.

Our proprietary training platform integrates our entire range of simulation offerings from land-based military training simulators and driving simulators to live range equipment. We attribute our growth over the last 30 years to our ability to invent, design and deliver state-of-the-art and reliable training solutions measuring combat readiness. Over the last five years, we have also developed an advanced counter-drone technology. Our anti-drone system uses video sensors, passive surveillance, classification, and tracking to identify, classify, and neutralize drone threats by jamming drone communications. We have also embarked on a carefully planned growth strategy in order to bolster our presence in the counter-drone systems space by acquiring majority shareholding in AiTuring Technologies Private Limited ("**ATPL**") in 2024 and Unistring Tech Solutions Private Limited ("**UTS**") in 2018.

As a result of our product development and innovation efforts, we have filed 100 applications for utility patents in India and 58 applications of utility patents in other jurisdictions, out of which 48 utility patents have been granted in India and 28 utility patents have been granted in other jurisdictions. Additionally, we have filed 42 applications for design patents in India out of which 35 design patents have been granted in India and we also have two design patents in other jurisdictions, as on August 3, 2024. The Company spent ₹ 698.83 lakhs, ₹ 2,665.34 lakhs, ₹ 2,021.13 lakhs and ₹ 1,380.07 lakhs towards its research and development activities during the three months ended June 30, 2024 and in Fiscals 2024, 2023 and 2022, respectively. As of June 30, 2024, our research and development team has 115 employees. We have received numerous awards which are a testimony to our continued focus on innovation and research and development activities. For example, in 2012, we received the national award for successful commercialization of indigenous technology on Technology Day by the late Dr. A.P.J. Abdul Kalam, then President of India. In 2013, we received the Best Exhibitor-Gold award at the 16th India International Security Expo and in 2021, we were awarded the Telangana State Intellectual Property Award 2021 for IP Champions, organized by CII in association with the Government of Telangana, for the best portfolio in the Small Entity category.

Our Company was founded in 1993 by our Promoters, Kishore Dutt Atluri, Ashok Atluri and Ravi Kumar Midathala, first generation entrepreneurs who designed their first defence training simulator as a pilot project in the year 1996. Since then the Company has sold several training systems worldwide and served marquee institutional customers. We have an established track record of designing products that have led to consistent business.

Our innovation process allows us to evolve product features based on the evolving needs of our customers delivering a superior customer experience with advanced technology. We primarily cater to customers such as the Ministry of Defence (MoD), Government of India, state police units, security forces and paramilitary forces as well as armed forces of foreign countries in Africa, Middle East and countries in the commonwealth of independent states (CIS). In addition to the warranty services that we provide with our offerings, we also provide after sales maintenance services in the form of annual maintenance contract (AMC) to our customers.

Our growth in revenue and profitability can be credited to our robust product portfolio and technology differentiation, which we achieve through continuous product development, and streamlining of our operational activities. We have been able to achieve revenue from operations of ₹ 6, 975.24 lakhs in Fiscal 2022 and ₹ 43, 985.20 lakhs in Fiscal 2024, which is an increase of over 6.31 times of revenue achieved in Fiscal 2022. We utilize an asset-light manufacturing model, in which most components, are produced by outside qualified third-party vendors through contract manufacturing arrangements. As of June 30, 2024, we had around 400 vendors located in India. This supply chain reflects unique strategies for customer markets, optimizing landed costs and lowering risk.

Significant Factors Affecting our Results of Operations

Domestic demand for our products

Several global conflicts in recent past have led to demand for military training solutions. For example, the Russia-Ukraine war and the Israel-Hamas conflict have highlighted a critical need for extensive military training and simulation solutions globally. In addition, the use of drones in warfare have escalated extensively to hit targets hundreds of kilometres away from the frontline using long-range unmanned aerial vehicles (UAVs). More than 150 drones were launched by Iran on Israel in the ongoing conflict between them, which shows the rising need for anti-drone solutions for any country. As concerns mount around the potential security threats drones may pose to both civilian and military entities, a new market for counter-drone technology is rapidly emerging. *(Source: Countering Rogue Drones, Compulsive need for CUAS, March 2022)* Global defence organizations are increasingly turning to simulation-based training to enhance the efficiency of defence operations, minimize wastage, and improve training convenience. Changing geopolitics and the evolving nature of warfare will be key drivers for both the domestic and export markets in India. Before the Russia-Ukraine war, India was the third largest defence spender globally.

India's defence production grew substantially from ₹ 74,054 crore in Financial Year 2017 to ₹ 1,08,684 crore in Financial Year 2023, boosting defence exports. Between 2015 and 2019, India held the distinction of being the world's second-largest arms importer. However, India has transitioned from an arms importer and found a place in the list of the top 25 arms exporter nations. The defence industry, including the private sector and Defence Public Sector Undertakings (DPSUs), has made tremendous efforts to achieve the highest-ever defence exports. In addition, there has been a rise in the number of export authorisations issued to the defence exporters. From 1,414 export authorisations in Financial Year 2023, the number has increased to 1,507 in Financial Year 2023. About 100 domestic companies are exporting a wide range of defence products. *(Source: Note from the Press Information Bureau, Government of India, Ministry of Defence on July 23, 2024)*

Recognising the importance of military simulators and counter-drone systems in modern military applications, the government laid down the National Counter Rogue Drone Guidelines, 2019 which emphasises on the necessity of counter-drone systems for national security in response to the escalating global drone threats. Further, the Ministry of Defence laid down a comprehensive simulation framework aimed at enhancing the utilisation of simulators by the armed forces and the Indian Coast Guard, to foster a shift towards simulation-based training across all military domains, which led to as significant increase for demand of our products. Our offerings include training and simulation and counter-drone systems which are utilised for training of the defence and homeland security personnel of the Government of India ("**GoI**") entities including both central and state government agencies such as Indian Defence Forces, the Central Armed Police Forces, State Police departments, disaster management forces and forest departments ("**GoI Customers**"). Our revenue from sales of products and rendering services to the GoI Customers as a percentage of our total revenue from operations for three months ended June 30, 2024 and for Fiscals 2024, 2023 and 2022, respectively, was ₹ 25,461.57 lakhs, ₹ 35,973.66 lakhs, ₹ 16,201.74 lakhs and ₹ 6,610.27 lakhs. However, our GoI Customers are subject to budgetary constraints and our continued performance under the contracts, or award of additional contracts from these government agencies, could be jeopardized by budget restrictions of the state or central governments. A significant decline in government expenditures generally could also adversely affect our business. A decline in government budget, reduction in orders, termination of existing contracts, delay of existing contracts, reversal of government policies or initiatives or any kind of adverse change in the Government of India policies for our sector will have a material adverse impact on our business, financial condition, and results of operations

We operate in a highly regulated industry

We operate in an industry which is highly regulated and our operations, including manufacturing and sales, are subject to stringent laws and regulations. Under the current regulatory regime, in order to manufacture simulators for military training and ammunition prototypes, we need certain licenses from the Ministry of Home Affairs and Department for Promotion of Industry and Internal Trade ("**DPIIT**") under the Arms Act, 1959 and Industries (Development and Regulation) Act, 1951 ("**IDC Act**"), respectively. The process of approval is rigorous, time consuming and involves multiple iterations before one application is finally approved, which in turn can adversely impact our cash flows and results of operations. The licences once obtained also include certain conditions that we have to adhere to. For instance, under our industrial license to manufacture simulators, heavy lift counter drones with logistics, fire ranges and target systems from DPIIT, we have to comply with certain conditions such as (i) restrictions on selling our products and services other than GoI entities mentioned under such license and requirement of prior approval from the MoD in order to sell our products and services to entities other than GoI entities; (ii) submission of standard and testing procedures for our products and services to the government nominated quality assurance agency; (iii) intimation of changes in the management, control or ownership patterns, board of directors and foreign holdings; (iv) clearance from Ministry of Home Affairs before inducting any foreign partner. Any non-compliance with these conditions as stipulated under the licences may lead to cancellation of our license or disqualification for submission of bids. Though there have been no instances in the past where such licences or certifications were rejected for our products, we cannot assure you that there would be no rejections in future. For further information, see '***Risk Factors- We operate in an industry which is highly regulated. If we fail to comply with the applicable regulations and rules prescribed by the Government of India and the relevant statutory or regulatory bodies, our business, financial condition and results of operations would be adversely impacted****.'* on page 38.

We offer our services and products to governments of countries outside India such as regions like Africa, Middle-East and countries in the commonwealth of independent states as permitted under applicable laws by the Directorate General of Foreign Trade ("**DGFT**"). Our product portfolio spans two product lines being training and simulation and counter-drone systems which we also sell to governments of countries outside India. However, we need to seek approval from the Government of India, Ministry of Defence Department of Defence Production and DGFT prior to selling our services and products to such other countries for export of training simulators and counter-drone systems which falls under the list of Special Chemicals, Organisms, Materials, Equipment and Technologies ("**SCOMET**") items. Thereafter, the Secretary, Defence Production, after scrutinising the application, issues a certificate of no-objection. The approval process is rigorous, time consuming and involves iterations before we receive the no-objection certificate. There are also possibilities where we may not even receive approval for selling our services and products to governments of countries outside India. While there have been no instances in the past where DGFT had rejected our applications seeking approvals for exports, we cannot assure you that in future we would always receive export authorisation to sell our products in other foreign jurisdictions which may impact our business, financial condition, cash flows and results of operations. Further, any change in law, regulations and policies in foreign jurisdictions where we are currently selling our products or plan to sell our products may shift the onus to comply with foreign regulations from our resellers to our Company. For more information, see '***Risk Factors – We offer our services and products to governments of countries outside India as permitted under applicable law. In this regard, we need to seek prior approval from the Government of India, Ministry of Defence, Department of Defence Production prior to selling our services and products to such other countries. Any denial of approval from Government of India Ministry of Defence will have a material adverse impact on our business, financial condition, and results of operations.****'* on page 38.

Restriction on imports and impact on international competition

In response to the efforts made by the Government to check the use of drones, virtual currencies and encrypted communications by terrorists and the nature of international cooperation in this regard, the Ministry of Home Affairs disseminated the following information (i) Implementation of Drone Rules by Ministry of Civil Aviation; (ii) Drone and Anti-Drone courses are being run by NSG for State Police Forces and Central Armed Police Forces (CAPFs); and (iii) Procurement of Anti-Drone equipment to counter Rogue Drones. *(Source: 28th Report of the Committee on External Affairs, Ministry of External Affairs, Government of India, February 2024)*

Our business is benefitted by various schemes and policies launched by the GoI to boost the simulation based training industry. For instance, MoD has promulgated a framework for increased utilisation of simulators by Indian Coast Guard to transform to simulation-based training across all military domains. The framework lays emphasis on indigenous design and development as well as outsourcing of operation and maintenance of simulators to the Indian companies. Innovation for defence excellence was launched in 2018 in India to create an ecosystem to foster innovation and technology development in Defence and Aerospace. Further, the Department of Military Affairs, Ministry of Defence, issues various notifications from time to time, a series of positive indigenisation lists and negative import lists, which bans imports of certain defence items including military simulators. These lists, comprising of various defence items, have been released periodically from 2020 to 2023, marking a significant stride towards achieving self-reliance in defence production. These regulations and initiatives of the Government of India which aim to boost local businesses and innovators like us in India, provides an opportunity to make the Indian defence sector self-sustaining and globally competitive and have benefited our Company in the past as these have resulted in an increase in demand for our products, owing to a ban on such imports. However, we cannot assure that the government will continue to implement such restrictions in the future and any variation in any such policy of the government may have an adverse impact on our business, results of operations, financial condition and cash flows. For more information, see '***Risk Factors – Our business is benefitted by schemes and policies launched by the Government of India to boost the simulation-based training Industry. Any variation in such schemes would have an adverse impact on our business, financial condition, and results of operations.'*** on page 40.

Cost and availability of skilled manpower

We require the application of high levels of technology at key stages of our design and engineering processes and accordingly, depend on our ability to recruit and retain employees who have advanced engineering and technical services skills and who work well with our customers. Our human resource policy focuses on recruiting talented and qualified personnel who would integrate well with our current workforce. We conduct regular training workshops and performance reviews. We endeavour to develop and train our employees in order to facilitate their growth as well as the growth of our operations. If we are unable to recruit and retain a sufficient number of these employees, then our ability to maintain our competitiveness and grow our business could be negatively affected. In addition, because of the highly technical nature of our products, the loss of any significant number of our existing engineering personnel could significantly delay or prevent the achievement of our business objectives, materially harm our business and customer relationships and impair our ability to identify and secure new contracts.

As of June 30, 2024, we had 363 permanent employees. Our expenses towards salaries, wages and bonus was ₹ 1,836.51 lakhs, ₹ 5,078.27 lakhs, ₹ 3,289.95 lakhs and ₹ 1,944.35 lakhs for three months ended June 30, 2024 and for the Fiscals 2024, 2023 and 2022, respectively. We believe that our Company's growth and work environment combined with our employee satisfaction rate has allowed us to attract talent on a large scale. In addition, the presence of varied profiles available in our organisation coupled with high growth potential facilitates higher retention of employees. If there are any labour shortages, it could increase our production cost and hinder our productivity and ability to meet customers' delivery schedules, any or all of which may have an adverse impact on our results of operations.

SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation and measurement

(i) Statement of compliance & Basis for preparation

The standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) notified under Section 133 of Companies Act, 2013, (the 'Act') and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant schedule III), as applicable and other relevant provisions of the Act.

The standalone financial statements have been prepared on a going concern basis. The accounting policies are applied consistently to all the periods presented in the standalone financial statements except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires change in accounting policy hitherto in use.

(ii) Functional and presentation currency

These standalone financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All financial information presented in Indian rupees have been rounded-off to two decimal places to the nearest lakhs unless otherwise stated.

(iii) Basis of measurement

The standalone financial statements have been prepared on the historical cost basis except for the following assets and liabilities which have been measured at fair value:

- Certain financial assets and liabilities: Measured at fair value
- Net defined benefit (asset)/ liability: Fair value of plan assets less present value of defined benefit obligations
- Borrowings : Amortised cost using effective interest rate method

(iv) Use of estimates and judgements

In preparing these standalone financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the standalone financial statements is included in the following notes

- Note 3(L) - lease classification
- Note 3(L) - leases: whether an arrangement contains a lease and lease classification

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 3(E) – measurement of defined benefit obligations: key actuarial assumptions;
- Note 3(N) – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 3(J) – impairment of financial assets;
- Note 7 & 3(M) - Recoverability/recognition of deferred tax assets;
- Note 3(F) - determining an asset's expected useful life and the expected residual value at the end of its life.

(v) Measurement of fair values

Accounting polices and disclosures require measurement of fair value for both financial and non-financial assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

(vi) Current and non-current classification:

The Schedule III to the Act requires assets and liabilities to be classified as either current or non-current. The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

Assets

An asset is classified as a current when it is:

- it is expected to be realised in, or is intended for sale or consumption in, the Company’s normal operating cycle;
- it is expected to be realised within twelve months from the reporting date;
- it is held primarily for the purposes of being traded; or
- is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets are classified as non current.

Liabilities

A liability is classified as a current when:

- it expects to settle the liability in its normal operating cycle;
- it is due to be settled within twelve months from the reporting date;
- it is held primarily for the purposes of being traded;
- the Company does not have an unconditional right to defer settlement of liability for at least twelve months from the reporting date. All other liabilities are classified as non-current.

Deferred tax assets/liabilities are classified as non-current.

Operating Cycle

Operating cycle is the time between the acquisition of assets for processing and realisation in cash or cash equivalents. The Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

2. Summary of significant accounting policies

A. Revenue from contracts with customers

Revenue from contracts with customers is recognized, when the company satisfies a performance obligation by transferring a promised good or service to its customers at an amount that reflects the consideration to which the company expects to be entitled upon satisfying those performance obligations.

Revenue from sale of products

Revenue from sale of products is recognised at the point in time when control of the product is transferred to the customer, generally on delivery of the product. The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of product, the company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration and consideration payable to the customer (if any).

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the products to customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associates uncertainty with the variable consideration is subsequently resolved.

Revenue from rendering of services

Company provides Annual Maintenance Contract (AMC) services that are either sold separately or bundled together with the sale of product to a customer. The AMC services do not significantly customise or modify the product.

Contracts for bundled sale of products and AMC services are comprised of two performance obligations because the equipment and AMC services are both sold on a standalone basis and are distinct within the context of the contract. Accordingly, the Company allocates the transaction price based on the relative standalone selling prices of the products and AMC services.

The Company recognises the revenue from rendering AMC services over time because the customer simultaneously receives and consumes the benefits provided to them. The Company uses an output method in measuring progress of the AMC services because there is a direct relationship between the transfer of service to the customer and the time elapsed in the contract term.

Contract Balances

Contract Asset:

In a contract, if the entity performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, it shall be presented as a contract asset, excluding any amounts presented as receivable. A contract asset is an entity's right to consideration in exchange for goods and services that the entity has transferred to the customer.

A Contract asset is initially recognised for revenue earned from AMC services because the receipt of consideration is conditional on successful completion of remaining period of service. Upon completion of the AMC service period and acceptance by the customer, the amount recognised as contract assets is reclassified to trade receivables. Contract assets are subject to impairment assessment. Refer accounting policies on impairment of financial assets in Note J below.

Contract Liability:

If a customer pays consideration, or an entity has a right to an amount of consideration that is unconditional (i.e. a receivable), before the entity transfers a good or service to the customer, it shall be presented as a contract liability when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs the contract i.e., (transfers control of the related goods or services to the customer).

Trade Receivables:

A receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Note E below.

B. Recognition of Other income

(i) *Interest income*

Interest Income mainly comprises of interest on Margin money deposit relating to bank guarantee, Deposits against Bank Overdraft with banks and other fixed deposits. Interest income should be recorded using the effective interest rate (EIR). However, the amount of margin money deposits relating to bank guarantee and Over draft are purely current in nature, hence effective interest rate has not been applied. Interest is recognized using the time-proportion method, based on rates implicit in the transactions.

(ii) Export Incentives

The company receives export incentives in the form of MEIS (Merchandise Exports from India Scheme) scripts which do not fall under the scope of Ind AS 115 and are accounted for in accordance with the provisions of Ind AS

20 considering such incentives as Government Assistance. Accordingly government grant relating to Income is recognised on accrual basis when the relevant expense has been charged to statement of Profit and Loss.

(iii) Other Income

Other income not specifically stated above is recognised on accrual basis.

C. Borrowing cost

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition, construction or production of an asset which necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

D. Foreign Currency Transactions and Translation

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at that date (closing rate). Non-monetary items denominated in foreign currencies which are carried at historical cost are reported using the exchange rate at the date of the transaction. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognized in the statement of profit and loss in the period in which they arise.

The assets and liabilities of the foreign branch are translated into functional currency at the rate of exchange prevailing at the reporting date and their statements of profit and loss are translated at average exchange rates. The exchange differences arising on translation for consolidation are recognised in OCI.

In case of an asset, expense or income where a monetary advance is paid/received, the date of transaction is the date on which the advance was initially recognized. If there were multiple payments or receipts in advance, multiple dates of transactions are determined for each payment or receipt of advance consideration.

E. Financial instruments

A financial instrument is any contract that gives rise to a Financial Asset of one entity and Financial liability or equity instrument of another entity.

(i) ***Initial Recognition and measurement***

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section (A) Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

(ii) Classification and subsequent measurement

All financial assets except Trade receivables are initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue

Subsequent measurement: For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through other comprehensive income (FVTOCI) with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

Financial assets at amortised cost (debt instruments)

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. The Company's financial assets at amortised cost includes trade receivables, deposits and other non-current and current financial assets.

Financial assets at fair value through OCI (FVTOCI) (debt instruments)

A 'financial asset' is classified as at the FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. For debt instruments, at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value changes recognised in OCI is reclassified from the equity to profit or loss.

There are no Company's debt instruments which are stated at fair value through OCI.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit and loss when the right of payment has been established, except when the company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company has elected not to classify its investments in equity investments under this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognised in the statement of profit and loss.

This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised in the statement of profit and loss when the right of payment has been established.

Since the Company does not hold any derivative and listed equity investments, there are no financial assets classified at fair value through
profit or loss.

Derecognition

(i) Initial Recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

(ii) Subsequent measurement: For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to P&L. However, the company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss. The Company has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost (Loans and borrowings)

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss. This category generally applies to borrowings.

(iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if there is a currently and legally

enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Compulsorily Convertible Debentures

Compulsorily Convertible debentures are separated into liability and equity components based on the terms of the contract.

On issuance of the Compulsorily Convertible debentures, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity since conversion option meets Ind AS 32 criteria for fixed to fixed classification. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the Compulsorily Convertible debentures based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

(vi) Reclassification of financial Instruments

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. If the Company reclassifies financial assets, it applies the reclassification prospectively

F. Property, plant and equipment

(i) Recognition and measurement

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment loss, if any. Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs (Present Value) of dismantling and removing the item and restoring the site on which it is located. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to statement of profit or loss during the reporting period in which they are incurred. If an item of property, plant and equipment is purchased with deferred credit period from supplier, such asset is recorded at its cash price equivalent value.

(ii) Depreciation

Depreciation is recognized in the statement of profit and loss on a straight line basis over the estimated useful lives of property, plant and equipment based on to the Companies Act, 2013 ("Schedule II"), which prescribes the useful lives for various classes of tangible assets. For assets acquired or disposed off during the year, depreciation is provided on pro rata basis. Land is not depreciated.

The Company, based on technical assessment and management estimate, depreciates certain items of property, plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Act. The Management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. The Company has estimated the following useful lives to provide depreciation on its property, plant and equipment:

Asset category	Useful life as per Schedule II	Management estimate of useful life
Buildings (Other than Factory buildings)	60 years	60 years
Factory Buildings	30 years	30 years
Plant and equipment	15 years	15 years
Furniture and fixtures	10 years	10 years
Motor Vehicles	10 years	10 years
Testing equipment's	10 years	10 years
Office equipment's	5 years	5 years
Demo Equipment	5 years	5 years
Computers		
- Servers and networks	6 years	6 years
- End user devises such as laptops, etc.	3 years	3 years

In case of Building on leasehold land, the depreciation is charged based on useful life of the building or the lease period whichever is lower. In the case of leased hold building improvements, the depreciation is charged based on useful life of the improvements which is 10 years or lease period including expected renewal period which ever is lower.

Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date is disclosed as capital advances under other noncurrent assets.

The Company assesses at each balance sheet date, whether there is objective evidence that an asset or a group of assets is impaired. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Recoverable amount is higher of the value in use or fair value less cost to sell.

An item of property, plant and equipment are derecognised from financial statements, either on disposal or when retired from active use. Any gain / loss arising from derecognition of an item of Property, Plant and Equipment are recognised in the statement of profit and loss in the year of occurrence

G. Intangible assets

(i) Recognition and measurement

Intangible assets that are acquired, are recognized at cost initially and carried at cost less accumulated amortization and accumulated impairment loss, if any. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss, when the asset is derecognised.

(ii) Amortisation

Amortisation is calculated to write off the cost of intangible assets over their estimated useful lives using the "Straight line method" (SLM) method, and is included in depreciation and amortisation in statement of profit and loss.

The estimated useful lives are as follows:

- Software - 3 years

Amortisation method and useful lives are reviewed at the end of each financial year and adjusted if appropriate.

H. Capital work in progress

Capital work-in-progress is recognized at cost, net of accumulated impairment loss, if any. It comprises of property, plant and equipment that are not yet ready for their intended use at the reporting date.

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

I. Inventories

Inventories consist of raw materials, stores and spares, work-in-progress and finished goods and are measured at the lower of cost or net realizable value. However raw materials which are used in the process of production are not written down below the cost if the finished goods produced from consumption of such material are sold at or above the cost.

The cost of all categories of inventories is based on the weighted average method. Cost includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of finished goods and work-in-progress, cost includes an appropriate share of overheads based on normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses

J. Impairment of assets

(i) Impairment of financial instruments

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost and trade receivables. At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is ‘credit- impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The Company measures loss allowances at an amount equal to lifetime expected credit losses.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(ii) Impairment of non-financial assets

The Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.
The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the Company operates, or for the market in which the asset is used.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

The Company's corporate assets (e.g., central office building for providing support to various CGUs) do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss.

In respect of assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not

exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

K. Employee benefits

(i) Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured on an undiscounted basis at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards Government administered provident fund scheme and other funds. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in statement of profit and loss in the periods during which the related services are rendered by employees.

(iii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability or asset recognised in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by a qualified actuary using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

(iv) Termination Benefits

Termination benefits are recognized as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the company has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

(v) Other long-term employee benefits

The Company’s net obligation in respect of other long term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and previous periods. That benefit is discounted to determine its present value. Re-measurements are recognized in the statement of profit and loss in the period in which they arise

(vi) Employee Share Based Payments

Equity Settled Transactions

Equity-settled share-based payments to employees are measured by reference to the fair value of the equity instruments at the grant date using Intrinsic value method.

The fair value, determined at the grant date of the equity-settled share-based payments, is charged to Standalone Statement of Profit and Loss on consolidation of ESOP Trust in the Standalone Financial statements of the company on a systematic basis over the vesting period of the option s in accordance with Ind AS 102 Share-based Payment, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in other equity.

In case of forfeiture/lapse stock option, which is not vested, amortised portion is reversed by credit to share based payment expenses. In a situation where the stock option expires unexercised, the related balance standing to the credit of the Share Based Payment Reserve Account is transferred within other equity.

L. Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a Lessor

Leases for which the Company is a lessor are classified as a finance or operating lease. When ever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Rental income from operating leases are recognised on straight line basis over the term of relevant lease.

Company as a Lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

Right of use asset

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight- line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right of use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

Lease Liability

The Company measures the lease liability at present value of the future lease payments at the commencement date of the lease. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

Short-term leases and leases of low-value assets
The Company applies the short-term lease recognition exemption to its short-term leases of buildings, machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases office equipment that are considered to be low value. Lease payments on short- term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

M. Income Taxes

Taxes comprises Current Tax, Deferred tax and MAT credit. It is recognised in profit or loss except to the extent that it relates to an item recognised directly in equity or in other comprehensive income.

(i) Current tax
Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretations and considers whether it is probable that a taxation authority will accept an uncertain tax treatment.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction; and
- temporary differences related to investments in subsidiaries to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered *(iii) Minimum Alternate Tax (MAT) Credit*

Minimum alternate tax (MAT) credit is recognised in accordance with tax laws in India as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. The Company reviews the MAT credit at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period.

N. Provision, contingent liabilities and contingent assets

Provision

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised under finance costs. Expected future operating losses are not provided for. Provision in respect of loss contingencies relating to claims, litigations, assessments, fines and penalties are recognised when it is probable that a liability has been incurred and the amount can be estimated reliably.

Contingent liabilities and contingent assets:

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions but are disclosed unless the possibility of outflow of resources is remote.

Contingent assets are not recognised in financial statement. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognised as an asset.

Contingent Liabilities/Assets to the extent the Management is aware, are disclosed by way of notes to the financial statements.

O. Government Grants

Recognition and measurement

a. The company will comply with the conditions attached to the grant

b. There is a reasonable certainty that the grant will be received.

Government grants related to assets are treated as deferred income and are recognized in net profit in the statement of Profit & Loss on a systematic and rational basis over the useful life of the asset. Government grants related to revenue are recognized on a systematic basis in net profit in the Statement of Profit & Loss over the periods necessary to match them with the related costs which they are intended to compensate.

When loans or similar assistance are provided by Governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a Government grant. The loan or assistance is initially recognized and measured at fair value and the Government grant is measured as the difference between the fair value of the loan and the proceeds received. It is recognized as deferred income and released to statement of Profit & Loss in proportionate over the loan tenure and presented within other income. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

P. Earnings per share

Basic Earnings Per Share ('EPS') is computed by dividing the net profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the period excluding the treasury shares in accordance with Ind AS 33 Earnings per share.

Diluted earnings per share is computed by dividing the net profit by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a later date. In computing diluted earnings per share, only potential equity shares that are dilutive and that either reduces earnings per share or increases loss per share are included. The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for the share splits.

Q. Statement of cash flow

Cash flows are reported using the indirect method, whereby net profit/ (loss) before tax is adjusted for the effects of transactions of a non- cash nature and any deferrals or accruals of past or future cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating (operating activities), investing and financing activities of the Company are segregated. The Company considers all highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value to be cash equivalents

R. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts and Cash Credit that are repayable on demand and form an integral part of our cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Whereas they are classified as borrowings under current liabilities in the balance sheet.

S. Investments in subsidiaries

Investments representing equity interest in subsidiaries carried at cost less any provision for impairment. Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable.

T. Research and Development Costs (Product Development):

Research expenditure is recognized as an expense when it is incurred. Development expenditure on an individual project are recognised as an intangible asset when the Company can demonstrate:

a) The technical feasibility of completing the intangible asset so that the asset will be available for use or sale.

b) Its intention to complete and its ability and intention to use or sell the product.

c) How the asset will generate future economic benefits

d) The availability of resources to complete the asset

e) The ability to measure reliably the expenditure during development.

Expenditure on development which does not meet the criteria for recognition as an intangible asset is recognized as an expense when it is incurred.

Items of property, plant and equipment and acquired Intangible Assets utilized for Research and Development are capitalized and depreciated in accordance with the policies stated for Property, Plant and Equipment and Intangible Assets.

U. Events after reporting date

Where events occurring after the balance sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the balance sheet date of material size or nature are only disclosed.

V. Treasury Shares

The Company has formed an Employee Welfare Trust (EWT) for providing share-based payment to its employees. The Company uses EWT as a vehicle for distributing shares to employees under the Employee Stock Option Plan-2021. The EWT purchase shares of the Company from the secondary market, for giving shares to employees. The Company treats EWT as its extension and shares held by EWT are treated as treasury shares.

Own equity instruments that are re-acquired (treasury shares) are recognised at cost and deducted from other equity. No gain or loss is recognised on consolidation of the ESOP Trust in the Standalone statement of profit and loss of the company on the purchase, sale, issue, or cancellation of the Company's own equity instruments. Share options whenever exercised, would be settled from such treasury shares.

W. Cash Dividend to Equity Holders

The Company recognises a liability to make cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in other equity.

NON-GAAP FINANCIAL MEASURES

Certain measures including EBITDA, EBITDA Margin, PAT Margin, Return on Assets, Return on Capital Employed, Return on Equity, among others (together, "**Non-GAAP Measures**"), presented in this Placement Document are supplemental measures of our performance and liquidity that are not required by, or presented in accordance with Ind AS, IFRS or U.S. GAAP. Furthermore, these Non-GAAP Measures, are not a measurement of our financial performance or liquidity under Indian GAAP, IFRS or U.S. GAAP and should not be considered as an alternative to net profit/loss, revenue from operations or any other performance measures derived in accordance with Ind AS, IFRS or U.S. GAAP or as an alternative to cash flow from operations or as a measure of our liquidity.

These Non- GAAP Measures and other statistical and other information relating to operations and financial performance should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the years or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability, or cash flows generated by operating, investing, or financing activities derived in accordance with Ind AS, Indian GAAP, IFRS or U.S. GAAP.

In addition, these Non-GAAP Measures and other statistical and other information relating to operations and financial performance, are not standardised terms and may not be computed on the basis of any standard methodology that is applicable across the industry and therefore, may not be comparable to financial measures of similar nomenclature that may be computed and presented by other companies and are not measures of operating performance or liquidity defined by Ind AS and may not be comparable to similarly titled measures presented by other companies. Further, they may have limited utility as a comparative measure. Although such Non-GAAP financial measures are not a measure of performance calculated in accordance with applicable accounting standards, our Company's management believes that they are useful to an investor in evaluating us as they are widely used measures to evaluate a company's operating performance

PRINCIPAL COMPONENTS OF INCOME AND EXPENDITURE

Total Income

Our total income consists of revenue from operations and other income. The following table sets out our revenue from operations and other income.

(in ₹ lakhs)

Particulars	For the three months ended June 30, 2024	For the three months ended June 30, 2023	Fiscal 2024	Fiscal 2023	Fiscal 2022
Revenue from operations (A)					
- Sale of products	24,572.75	12,477.48	40,664.31	18,294.77	3,666.95
Percentage of revenue from operations (%)	96.51	94.21	92.45	83.60	52.57
- Rendering of services	888.82	767.26	3,320.89	3,589.85	3,308.29

Particulars	For the three months ended June 30, 2024	For the three months ended June 30, 2023	Fiscal 2024	Fiscal 2023	Fiscal 2022
Percentage of revenue from operations (%)	3.49	5.79	7.55	16.40	47.43
Other income (B)	310.97	268.34	1,492.26	724.74	537.83
TOTAL INCOME (A+B)	**25,772.54**	**13,513.07**	**45,477.46**	**22,609.36**	**7,513.07**

Revenue from operations

Revenue from operations comprises; (i) sale of products and (ii) rendering of services.

Our sale of products includes (i) sale of training and stimulation products, consisting of (a) virtual and constructive simulation; (b) live ranges; (c) live simulation; (d) operational equipment; and (ii) sale of counter-drone systems, consisting of six sub-components: (a) RF based drone detector; (b) radar detection; (c) video based drone identification and tracking; (d) data fusion and command centre; (e) drone RF jammer; and (f) hard kill interface.

Further, our services includes (i) on-site installation and training services and (ii) annual maintenance contract services.

Other Income

Other income comprises (i) interest income, (ii) foreign exchange fluctuation gain (net), (iii) interest on income tax refund and (iv) other income.

Expenses

Our total expenses consist of: (i) cost of materials and components consumed, (ii) change in inventories of finished goods, work-in-progress and stock-in-trade, (iii) manufacturing expenses, (iv) employee benefits expense, (v) finance costs, (vi) depreciation and amortization and (vii) other expenses.

The following table sets forth our expenditure as a percentage of our total revenue from operations for the periods indicated:

(in ₹ lakhs, unless otherwise specified)

Particulars	For the three months ended June 30, 2024	For the three months ended June 30, 2023	Fiscal 2024	Fiscal 2023	Fiscal 2022
Cost of materials consumed	11,016.60	594.96	17,174.68	7,853.05	2,458.63
Percentage of revenue from operations (%)	43.27	4.49	39.05	35.88	35.25
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(718.64)	2,261.18	(5,372.80)	(1,989.86)	(1,144.98)
Percentage of revenue from operations (%)	(2.82)	17.07	(12.22)	(9.09)	(16.41)
Manufacturing expenses	330.75	193.69	1,066.69	760.34	405.00
Percentage of revenue from operations (%)	1.30	1.46	2.43	3.47	5.81
Employee benefit expenses	1,962.36	1,364.24	5,907.18	3,592.13	2,100.85
Percentage of revenue from operations (%)	7.71	10.30	13.43	16.41	30.12
Finance Costs	119.93	42.24	228.13	407.55	153.05
Percentage of revenue from operations (%)	0.47	0.32	0.52	1.86	2.19
Depreciation and Amortization Expense	301.05	191.10	967.96	605.65	483.35
Percentage of revenue from operations (%)	1.18	1.44	2.20	2.77	6.93
Other expenses	1,735.54	1,939.58	7,131.14	4,407.82	2,698.89
Percentage of revenue from operations (%)	6.82	14.64	16.21	20.14	38.70
Total expenses	**14,747.59**	**6,587.00**	**27,102.97**	**15,636.70**	**7,154.79**

Cost of materials and components consumed

Cost of material consumed consists of costs of net increase or decrease in stock of raw materials such as all metals, cables, printed circuit boards, etc., during the relevant financial period.

Changes in inventories of finished goods, work-in-progress, and stock-in-trade

Changes in inventories of finished goods, work-in-progress and stock-in-trade comprise net increase or decrease in stock of finished goods, work-in-progress and stock-in-trade levels, during the relevant financial period.

Manufacturing expenses

Manufacturing expenses consists of (i) power and fuel, (ii) spares and stores, (iii) material handling charges, (iv) travel expenses (production), (v) factory maintenance, (vi) training charges, and (vii) factory wages.

Employee benefits expenses

Employee benefits expenses consists of (i) salaries, wages and bonus, (ii) contribution to provident and other funds, (iii) directors' sitting fees, (iv) gratuity expense, (v) staff welfare expenses and (vi) share based payment expenses.

Finance costs

Finance costs consists of (i) bank charges, (ii) bank guarantee commission, (iii) processing charges and (iv) interest on borrowings, including (a) interest on cash credit account, (b) interest on vehicle loan and (c) other interests.

Depreciation and amortization

Depreciation and amortization expenses consists of depreciation and amortization expense and depreciation on right-of-use assets.

Other expenses

Other expenses consist of (i) business promotion, (ii) exhibition expenses, (iii) commission on sales, (iv) system installation and maintenance, (v) freight, (vi) domestic travel, (vii) foreign travel, (viii) advertisement, (ix) conveyance, (x) corporate social responsibility expense, (xi) electricity charges, (xii) insurance, (xiii) office maintenance, (xiv) postage and telephone, (xv) printing and stationery, (xvi) professional charges, (xvii) rates and taxes, (xviii) rent, (xix) security expenses, (xx) vehicle maintenance, (xxi) computer maintenance, (xxii) spares and stores (research and development), (xxiii) advances written off, (xxiv) bad debts written off, (xxv) provision for impairment of investments, (xxvi) provision for expected credit loss, (xxvii) payment to auditors, (xxviii) provisions for advances write off, (xxix) provision for warranties, (xxx) rounding-off and (xxxi) other expenses.

OUR RESULTS OF OPERATIONS

Three months ended June 30, 2024 compared to three months ended June 30, 2023

Total Income

Our total income increased by ₹ 12,259.46 lakhs or 90.72% to ₹ 25,772.54 lakhs during three months ended June 30, 2024 from ₹ 13,513.08 lakhs during three months ended June 30, 2023, primarily due to an increase in our revenue from contracts with customers.

Revenue from Operations: Revenue from operations increased by ₹ 12,216.83 lakhs or 92.24% to 25,461.57 lakhs during three months ended June 30, 2024 from ₹ 13,244.74 lakhs during three months ended June 30, 2023, primarily due to an increase in revenue from contracts with customers that were delivered during the three months ended June 30, 2024.

Other Income: Other income increased by ₹ 42.63 lakhs or 15.88% to ₹ 310.97 lakhs during three months ended June 30, 2024 from ₹ 268.34 lakhs during three months ended June 30, 2023, primarily due to an increase in interest income on fixed deposits due to higher cash balances maintained with banks during the three months ended June 30, 2024 due to an increase in our revenue from operations for the corresponding period.

Expenses

Our total expenses increased by ₹ 8,160.60 lakhs to ₹ 14,747.59 lakhs during three months ended June 30, 2024 from ₹ 6, 587.00 lakhs during three months ended June 30, 2023, primarily due to increase in cost of materials consumed and was supplemented by an increase in employee benefit expenses and finance cost.

Cost of material consumed: Cost of material consumed increased by ₹ 10,421.64, lakhs to ₹ 11,016.60 lakhs during three months ended June 30, 2024 from ₹ 594.96 lakhs during three months ended June 30, 2023, primarily due to an increase in prices of raw materials along with an increase in the demand of our products leading to increased material procurement due to high order execution.

Changes in inventories of finished goods, work-in-progress and stock-in-trade: Inventories of finished goods, work-in-progress and stock-in-trade decreased by ₹ 2979.82 lakhs or 131.78% to ₹ (718.64) lakhs during three months ended June 30, 2024 from ₹ 2, 261.18 lakhs during three months ended June 30, 2023, primarily due to higher inventory in stock and an increase in finished goods, work in progress and stock in trade.

Manufacturing expenses: Manufacturing expenses increased by ₹ 137.06 lakhs or 70.76% to ₹ 330.75 lakhs during three months ended June 30, 2024 from ₹ 193.69 lakhs during three months ended June 30, 2023 due to an increase in the production of our products which resulted in an increase in our revenue from operations.

Employee benefit expenses: Employee benefit expenses increased by ₹ 598.12 lakhs or 43.84% to ₹ 1,962.36 lakhs during three months ended June 30, 2024 from ₹ 1,364.24 lakhs during three months ended June 30, 2023, primarily due to an increase in the number of employees and increments given to the employees.

Finance cost: Finance cost increased by ₹ 77.69 lakhs or 183.92% to ₹ 119.93 lakhs during three months ended June 30, 2024 from ₹ 42.24 lakhs during three months ended June 30, 2023, primarily due to an increase in utilization of our bank guarantee limits in accordance with an increase in the revenue from contracts with customers.

Depreciation and amortisation expense: Our depreciation and amortisation expense increased by ₹ 109.95 lakhs or 57.54% to ₹ 301.05 lakhs during three months ended June 30, 2024 from ₹ 191.10 lakhs during three months ended June 30, 2023, due to an increase in the depreciation incurred on fixed assets.

Other Expenses: Other expenses decreased by ₹ (204.04) lakhs or (10.52%) to ₹ 1,735.54 lakhs during three months ended June 30, 2024 from ₹ 1,939.58 lakhs during three months ended June 30, 2023 primarily due to a decrease in certain costs that did not increase proportionately to our revenue from operations.

Profit before Tax

For the reasons discussed above, profit before tax was ₹ 11,024.95 lakhs during three months ended June 30, 2024 compared to ₹ 6,926.07 lakhs during three months ended June 30, 2023.

Tax Expense

Tax expenses increased to ₹ 3,076.38 lakhs during three months ended June 30, 2024 from ₹ 2,082.21 lakhs during three months ended June 30, 2023 due to an increase in deferred tax and current tax payable for the year.

Profit after tax for the period

We recorded a profit after tax of ₹ 7,948.57 lakhs during three months ended June 30, 2024 compared to ₹ 4,843.87 lakhs during three months ended June 30, 2023.

Fiscal 2024 compared to Fiscal 2023

Total Income

Our total income increased by ₹ 22,868.10 lakhs or 101.14% to ₹ 45,477.46 lakhs for the Fiscal 2024 from ₹ 22,609.36 lakhs for the Fiscal 2023, primarily due to increase in our revenue from operations.

Revenue from Operations: Revenue from operations increased by ₹ 22,100.59 lakhs or 100.99% to 43,985.20 lakhs for the Fiscal 2024 from ₹ 21,884.62 lakhs for the Fiscal 2023, primarily due to an increase in revenue generated from sale of our products, such as simulator and counter-drone systems to ₹ 40,664.31 lakhs for the Fiscal 2024 from ₹ 18,294.77 lakhs for the Fiscal 2023 due to a significant increase in our Order Book during the year due to large orders received from our customers and supplemented by an increase in our trade receivables and advances received from customers due to higher number of orders received. Further, this was partially offset by a slight decrease in revenue generated from rendering of our services to ₹ 3, 320.98 lakhs for the Fiscal 2024 from ₹ 3,589.85 lakhs for the Fiscal 2023, due to a marginal decrease in demand for services provided by us.

Other Income: Other income increased by ₹ 767.52 lakhs or 105.90% to ₹ 1,492.26 lakhs for the Fiscal 2024 from ₹ 724.74 lakhs for the Fiscal 2023, primarily due to an increase in interest income on fixed deposits due to an increase in advances received from customers and a gain in foreign exchange fluctuation due to favourable USD rates between date of raising invoice to customers and the actual date of payment realization.

Expenses

Our total expenses increased by ₹ 11,466.27 lakhs or 73.33% to ₹ 27,102.97 lakhs for the Fiscal 2024 from ₹ 15,636.70 lakhs for the Fiscal 2023, primarily due to increase in cost of materials consumed and was supplemented by an increase in inventories of finished goods, work-in-progress and stock in trade, employee benefit expenses, finance cost and other expenses.

Cost of material consumed: Cost of material consumed increased by ₹ 9,321.63 lakhs or 118.70% to ₹ 17,174.68 lakhs for the Fiscal 2024 from ₹ 7,853.05 lakhs for the Fiscal 2023, primarily due to an increase in prices of raw materials along with an increase in the demand of our products leading to increased material procurement due to high order execution.

Changes in inventories of finished goods, work-in-progress and stock-in-trade: Inventories of finished goods, work-in-progress and stock-in-trade decreased by ₹ 3,382.95 lakhs or 170.01% to ₹ (5,372.80) lakhs for the Fiscal 2024 from ₹ (1,989.86) lakhs for the Fiscal 2023, primarily due to an increase in prices of raw materials along with an increase in demand of our products leading to increased material procurement.

Manufacturing expenses: Manufacturing expenses increased by ₹ 306.35 lakhs or 40.29% to ₹ 1,066.69 lakhs for the Fiscal 2024 from ₹ 760.34 lakhs for the Fiscal 2023, primarily due to an increase in factory maintenance, due to increased usage of equipment and repairs thereto and factory wages expenses due to an increase in labour.

Employee benefit expenses: Employee benefit expenses increased by ₹ 2,315.05 lakhs or 64.45% to ₹ 5,907.18 lakhs for the Fiscal 2024 from ₹ 3,592.13 lakhs for the Fiscal 2023, primarily due to an increase in salaries, wages and bonus and staff welfare expenses due to an increase in the number of employees and share based payment expenses towards the ESOP Plan 2021.

Finance cost: Finance cost decreased by ₹ 179.43 lakhs or 44.03% to ₹ 228.13 lakhs for the Fiscal 2024 from ₹ 407.55 lakhs for the Fiscal 2023, primarily due to a decrease in interest on borrowings.

Depreciation and amortisation expense: Our depreciation and amortisation expense increased by ₹ 362.30 lakhs or 59.82% to ₹ 967.96 lakhs for the Fiscal 2024 from ₹ 605.65 lakhs for the Fiscal 2023, due to increase in purchase of testing equipments.

Other Expenses: Other expenses increased by ₹ 2,735.32 lakhs or 1.78% to ₹ 7,131.14 lakhs for the Fiscal 2024 from ₹ 4,395.82 lakhs for the Fiscal 2023 primarily due to an increase in (i) commission on sales due to increase in exports, (ii) spares and stores – research and development due to an increase in procurement of research and development equipment and (iii) provision for warranties due to higher sale of our products.

Profit before Tax

For the reasons discussed above, profit before tax was ₹ 18,615.39 lakhs in Fiscal 2024 compared to ₹ 7,172.66 lakhs in Fiscal 2023.

Tax Expense

Tax expenses increased to ₹ 5,664.95 lakhs in Fiscal 2024 from ₹ 2,175.84 lakhs in Fiscal 2023 due to an increase in deferred tax and current tax payable for the year.

Profit after tax for the Year

We recorded a profit for the year of ₹ 12,950.44 lakhs in Fiscal 2024 compared to ₹ 4,996.82 lakhs in Fiscal 2023.

Fiscal 2023 compared to Fiscal 2022

Total Income

Our total income increased by ₹ 15,096.29 lakhs or 200.93% to ₹ 22,609.36 lakhs for the Fiscal 2023 from ₹ 7,513.07 lakhs for the Fiscal 2022 primarily due to increase in our revenue from operations.

Revenue from Operations: Revenue from operations increased by ₹ 14,909.38 lakhs or 213.75% to 21,884.62 lakhs for the Fiscal 2023 from ₹ 6,975.24 lakhs for the Fiscal 2022, primarily due to an increase in revenue generated from sale of our products, such as simulators and counter-drone systems to ₹ 18,294.77 lakhs for the Fiscal 2023 from ₹ 3,666.95 lakhs for the Fiscal 2022 due to a significant increase in our Order Book during the year due to large orders received from our customers and supplemented by an increase in our trade receivables and advances received from customers due to higher number of orders received. Further, there was a slight increase in revenue generated from rendering of our services to ₹ 3,589.85 lakhs for the Fiscal 2023 from ₹ 3,308.29 lakhs for the Fiscal 2022, due to a marginal increase in demand for services provided by us.

Other Income: Other income increased by ₹ 186.91 lakhs or 34.75% to ₹ 724.74 lakhs for the Fiscal 2023 from ₹ 537.83 lakhs for the Fiscal 2022, primarily due to an increase in interest income on fixed deposits due to an increase in advances received from customers which was offset by a loss in foreign exchange fluctuation due to unfavourable USD rates between date of raising invoice to customers and the actual date of payment realization.

Expenses

Our total expenses increased by ₹ 8,481.91 lakhs or 118.55% to ₹ 15,636.70 lakhs for the Fiscal 2023 from ₹ 7,154.79 lakhs for the Fiscal 2022, primarily due to increase in cost of materials consumed and was supplemented by an increase in inventories of finished goods, work-in-progress and stock in trade, manufacturing expenses, employee benefit expenses, finance cost, depreciation and amortization expenses and other expenses.

Cost of material consumed: Cost of material consumed increased by ₹ 5,394.42 lakhs or 219.41% to ₹ 7,853.05 lakhs for the Fiscal 2023 from ₹ 2,458.63 lakhs for the Fiscal 2022, primarily due to an increase in prices of raw materials along with an increase in demand of our products leading to increased material procurement due to high order execution.

Changes in inventories of finished goods, work-in-progress and stock-in-trade: Inventories of finished goods, work-in-progress and stock-in-trade decreased by ₹ 844.88 lakhs or 73.79% to ₹ (1,989.86) lakhs for the Fiscal 2023 from ₹ (1,144.98) lakhs for the Fiscal 2022, primarily due to an increase in prices of raw materials along with an increase in demand of our products leading to increased material procurement.

Manufacturing expenses: Manufacturing expenses increased by ₹ 355.34 lakhs or 87.74% to ₹ 760.34 lakhs for the Fiscal 2023 from ₹ 405.00 lakhs for the Fiscal 2022, primarily due to increase in factory maintenance due to increased usage of equipment and repairs thereto and factory wages expenses due to an increase in labour.

Employee benefit expenses: Employee benefit expenses increased by ₹1,491.28 lakhs or 70.98% to ₹ 3,592.123 lakhs for the Fiscal 2023 from ₹ 2,100.85 lakhs for the Fiscal 2022, primarily due to an increase in salaries, wages and bonus and staff welfare expenses due to an increase in the number of employees and share based payment expenses towards the ESOP Plan 2021.

Finance cost: Finance cost increased by ₹ 254.50 lakhs or 166.29% to ₹ 407.55 lakhs for the Fiscal 2023 from ₹ 153.05 lakhs for the Fiscal 2022, primarily due to an increase in bank charges and increase in interest on borrowings.

Depreciation and amortisation expense: Our depreciation and amortisation expense increased by ₹ 122.30 lakhs or 25.30% to ₹ 605.65 lakhs for the Fiscal 2023 from ₹ 483.35 lakhs for the Fiscal 2022, due to an increase in depreciation and amortization expenses on existing plant and machinery and other equipments.

Other Expenses: Other expenses increased by ₹ 1,708.93 lakhs or 63.32% to ₹ 4,407.82 lakhs for the Fiscal 2023 from ₹ 2,698.89 lakhs for the Fiscal 2022 primarily due to an increase in (i) commission on sales due to increase in exports, (ii) spares and stores – research and development due to an increase in procurement of research and development equipment, (iii) domestic travel due to increased initiatives in relation to marketing our products in India and (iv) rent due to establishment of new office in Abu Dhabi, the United Arab Emirates.

Profit before Tax

For the reasons discussed above, profit before tax was ₹ 7,172.66 lakhs in Fiscal 2023 compared to ₹ 330.32 lakhs in Fiscal 2022.

Tax Expense

Tax expenses increased to ₹ 2,175.84 lakhs in Fiscal 2023 from ₹ 69.35 lakhs in Fiscal 2022 due to an increase in deferred tax and current tax payable for the year.

Profit after tax for the Year

We recorded a profit for the year of ₹ 4,996.82 lakhs in Fiscal 2023 compared to ₹ 260.96 lakhs in Fiscal 2022.

CASH FLOWS

The following table sets forth certain information relating to our cash flows for the Fiscal 2024, Fiscal 2023 and Fiscal 2022:

(in ₹ lakhs)

Particulars	Fiscal 2024	Fiscal 2023	Fiscal 2022
Net cash from/(used in) operating activities	1,341.73	11,636.19	(4,425.83)
Net cash used in investing activities	(8,523.77)	(369.07)	(4,360.50)
Net cash from/(used in) financing activities	(329.55)	(2,188.31)	8,798.23
Net increase in cash and cash equivalents	(7,511.59)	9,078.81	11.91

Operating Activities

Fiscal 2024

In Fiscal 2024, net cash generated from operating activities was ₹ 1,341.73 lakhs. Profit before tax was ₹ 18,615.39 lakhs and adjustments primarily consisted of depreciation and amortization expense of ₹ 970.14 lakhs; loss on sale of asset of ₹ 0.42 lakhs; provision for advance written off of ₹ 138.35 lakhs; provision for impairment of investments of ₹ 224.22 lakhs; expected credit loss allowance of ₹ 352.34 lakhs; interest income of ₹ 1,095.42 lakhs, finance costs of ₹ 156.26 lakhs; interest on lease liability of ₹ 4.97 lakhs; gratuity expense of ₹ 57.07 lakhs; share based payment expenses of ₹ 437.69 lakhs; foreign exchange gain of ₹ 51.06 lakhs resulting into operating profit before working capital changes of 19,816.98 lakhs; increase in trade receivables of ₹ 7,738.24 lakhs; decrease in other financial assets of ₹ 1,949.79 lakhs; increase in inventories of ₹ 12,007.91 lakhs; increase in other current assets of ₹ 6,835.68 lakhs; increase in other non-current assets of ₹ 93.15 lakhs; increase in trade payables of ₹ 100.00 lakhs; decrease in other financial liabilities of ₹ 338.08 lakhs, increase in other current liabilities of ₹ 10,208.02 lakhs; decrease in provisions of ₹ 422.43 lakhs and income tax paid of ₹ 3,297.57 lakhs.

Fiscal 2023

In Fiscal 2023, net cash generated from operating activities was ₹ 11,636.19 lakhs. Profit before tax was ₹ 7,172.66 lakhs and adjustments primarily consisted of depreciation and amortization expense of ₹ 605.65 lakhs; expected credit loss allowance of ₹ 38.83 lakhs; interest income of ₹ 642.05 lakhs, finance costs of ₹ 345.64 lakhs; share based payment expenses of ₹ 44.21 lakhs resulting into operating profit before working capital changes of ₹ 7,569.85 lakhs; increase in trade receivables of ₹ 4,555.54 lakhs; decrease in other financial assets of ₹ 6,282.07 lakhs; increase in inventories of ₹ 2, 404.85 lakhs; decrease in other current assets of ₹ 275.32 lakhs; decrease in other non-current assets of ₹ 167.33 lakhs; decrease in trade payables of ₹ 561.74 lakhs; increase in other financial liabilities of ₹ 424.64 lakhs, increase in other current liabilities of ₹ 5,202.88 lakhs; increase in provisions of ₹ 675.88 lakhs and income tax paid of ₹ 1,439.65 lakhs.

Fiscal 2022

In Fiscal 2022, net cash used in operating activities was ₹ 4,425.83 lakhs. Profit before tax was ₹ 330.32 lakhs and adjustments primarily consisted of depreciation and amortization expense of ₹ 483.35 lakhs; expected credit loss allowance of ₹ 7.19 lakhs; interest income of ₹ 429.31 lakhs, finance costs of ₹ 128.19 lakhs resulting into operating profit before working capital changes of ₹ 536.70 lakhs; increase in trade receivables of ₹ 1,300.62 lakhs; increase in other financial assets of ₹ 6,663.01 lakhs; increase in inventories of ₹ 1,046.37lakhs; increase in other current assets of ₹ 1,065.24 lakhs; increase in other non-current assets of ₹ 15.85 lakhs; increase in trade payables of ₹ 92.42 lakhs; decrease in other financial liabilities of ₹ 26.94 lakhs, increase in other current liabilities of ₹ 5,106.96 lakhs; increase in provisions of ₹ 171.55 lakhs and income tax paid of ₹ 215.43 lakhs.

Investing Activities

Fiscal 2024

Net cash used in investing activities was ₹ 8,523.77 lakhs in Fiscal 2024, primarily on account of purchase of property, plant and equipment and capital work-in-progress of ₹ 2,979.09 lakhs; purchase of investments of ₹ 387.00 lakhs, capital advance paid of ₹ 34.59 lakhs and increase in other bank balances of ₹ 6,037.98 lakhs, which was off-set by interest received of ₹ 914.42 lakhs and sale of fixed assets of ₹ 0.47 lakhs.

Fiscal 2023

Net cash used in investing activities was ₹ 369.07 lakhs in Fiscal 2023, primarily on account of purchase of property, plant and equipment and capital work-in-progress of ₹ 1, 314.89 lakhs, advance for acquisition on investments of ₹ 252.84 lakhs, which was off-set by interest received of ₹ 646.94 lakhs, decrease in other bank balances of ₹ 550.62 lakhs and sale of fixed assets of ₹ 1.10 lakhs.

Fiscal 2022

Net cash used in investing activities was ₹ 4,360.50 lakhs in Fiscal 2022, primarily on account of increase in other bank balances of ₹ 4,311.33 lakhs, purchase of property, plant and equipment and capital work-in-progress of ₹ 430.57 lakhs, which was offset by interest received of ₹ 381.41 lakhs.

Financing Activities

Fiscal 2024

Net cash used in financing activities was ₹ 329.55 lakhs in Fiscal 2024, primarily on account of repayment of borrowings (net) of ₹ 574.46 lakhs, purchase of treasury shared by Zen Technologies Welfare Trust of ₹ 477.09 lakhs, dividend paid of ₹ 166.81 lakhs, finance costs paid of ₹ 229.81 lakhs, payment of lease liability of ₹ 17.93 lakhs, which was set-off by amount received towards share warrants of ₹ 750.24 lakhs.

Fiscal 2023

Net cash used in financing activities was ₹ 2,188.31 lakhs in Fiscal 2023, primarily on account of repayment of borrowings (net) of ₹ 758.18 lakhs, purchase of treasury shared by Zen Technologies Welfare Trust of ₹ 966.13 lakhs, dividend paid of ₹ 79.23 lakhs and finance costs paid of ₹ 345.64 lakhs.

Fiscal 2022

Net cash from financing activities was ₹ 8,798.23 lakhs in Fiscal 2022, primarily on account of dividend paid of ₹ 79.51 lakhs, finance costs paid of ₹ 93.61 lakhs, which was set-off by proceeds of borrowings (net) of ₹ 63.62 lakhs, amount received towards share warrants of ₹ 250.08 lakhs and amount received towards compulsory convertible debentures of ₹ 8,657.66 lakhs.

RELATED PARTY TRANSACTIONS

We have engaged in the past, and may engage in the future, in transactions with related parties. For details of our related party transactions, see "***Financial Information – Fiscal 2022 Audited Consolidated Financial Statements - Note 39 – Related party transactions***", "***Financial Information – Fiscal 2023 Audited Consolidated Financial Statements - Note***

38 – Related party transactions" and "***Financial Information – Fiscal 2024 Audited Consolidated Financial Statements - Note 39 – Related party transactions***" on pages F-130, F-68 and F-68.

AUDITOR'S OBSERVATIONS

There have been no reservations/ qualifications/ adverse remarks/ matters of emphasis highlighted by our statutory auditors in their auditor's reports on the audited consolidated financial statements as of and for the years ended March 31, 2022, 2023 and 2024 and in their report on the unaudited consolidated financial results as of and for the three months ended June 30, 2024.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our management monitors and manages key financial risk relating to our operations by analyzing exposures by degree and magnitude of risk. The risks include market risk (including interest rate risk and foreign currency risk), credit risk and liquidity risk. Our Board of Directors has overall responsibility for the establishment and oversight of our risk management framework. Our risk management policies are established to identify and analyze the risks faced by us, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and our activities.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. Our exposure to market risk is primarily on account of interest rate risk. Financial instruments affected by market risk include loans, borrowings and deposits.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Our exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates. Our current borrowings are in the form of working capital, compulsory convertible debentures and current maturities of vehicle loan. There is a fixed rate of interest in case of vehicle loan, compulsory convertible debentures, hence, there is no interest rate risk associated with these borrowings. We are exposed to interest rate risk associated with working capital facility due to floating rate of interest.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. Our exposure to the risk of changes in foreign exchange rates relates primarily to our operating activities (when revenue or expense is denominated in a foreign currency). Considering the countries and economic environment in which we operate, our operations are subject to risks arising from fluctuations in exchange rates in those countries. Any movement in the functional currency of the various operations of our Company against major foreign currencies may impact our revenue in international business. We evaluate the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks.

Credit Risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from credit exposures from trade receivables, advances given to suppliers (for procurement of goods, services and capital goods), cash and cash equivalent with banks, security deposits and loans. The credit risk of our Company is managed at a corporate level by the risk management committee which has established the credit policy norms for its customers. We expect to continue to derive most of our revenue from the Indian Defence Services under the contracts of the Ministry of Defence (MoD), consequent to which we have a negligible credit risk associated with such receivables.

Liquidity Risk

Liquidity risk is the risk that we will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. We have an established liquidity risk management framework for managing our short term, medium term and long term funding and liquidity management requirements. Our exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. We manage the liquidity risk by maintaining adequate funds in cash and cash equivalents. We also have adequate credit facilities agreed with banks to ensure that there is sufficient cash to meet all its normal operating commitments in a timely and cost-effective manner.

UNUSUAL OR INFREQUENT EVENTS OR TRANSACTIONS

Except as described in this Preliminary Placement Document, to our knowledge, there have been no unusual or infrequent events or transactions that have in the past or may in the future affect our business operations or future financial performance.

SIGNIFICANT ECONOMIC CHANGES AND KNOWN TRENDS OR UNCERTAINTIES

Our business has been subject, and we expect it to continue to be subject, to significant economic changes arising from the trends identified in **"*Management's Discussion and Analysis of Financial Condition and Results of Operations — Significant Factors Affecting our Results of Operations*"** on page 71 and the uncertainties described in "***Risk Factors***" beginning on page 37. To our knowledge, except as disclosed in this Preliminary Placement Document, there are no known trends or uncertainties which we expect to have a material adverse effect on our income.

FUTURE RELATIONSHIP BETWEEN COST AND REVENUE

Other than as described in "***Risk Factors***", "***Business***" and "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" on pages 37, 111 and 71, respectively, to our knowledge there are no known factors that may adversely affect our business prospects, results of operations and financial condition.

NEW PRODUCTS OR BUSINESS SEGMENTS

Other than as disclosed in "***Our Business***" on page 111, there are no new products or business segments that have or are expected to have a material impact on our business prospects, results of operations or financial condition.

COMPETITIVE CONDITIONS

We operate in a competitive environment. See "***Risk Factors***", "***Industry Overview***", "***Business***" and on pages 37, 101 and 111, respectively, for further details on competitive conditions that we face across our business segment.

SIGNIFICANT DEPENDENCE ON CUSTOMERS AND SUPPLIERS

We depend on sale of our products and services to certain consumers. For further information, see "***Risk Factors - We depend on a limited number of customers for a significant portion of our revenue. The loss of any of such customers due to any adverse development or significant reduction in business from such customers may adversely affect our business, financial condition and results of operations.***" on page 39.

SEGMENT REPORTING

The Company has only reportable segment which is military training and operations. For further information, see the note on operating segments in the chapter titled "***Financial Information***" on page 193.

SEASONALITY OF BUSINESS

Except as disclosed in this Preliminary Placement Document, our business is not subject to seasonality or cyclicality. For further information, see "***Industry Overview***" on page 101.

SIGNIFICANT DEVELOPMENTS AFTER JUNE 30, 2024 THAT MAY AFFECT OUR FUTURE RESULTS OF OPERATIONS

There have been no significant developments after June 30, 2024 that may affect our future results of operations.

INDUSTRY OVERVIEW

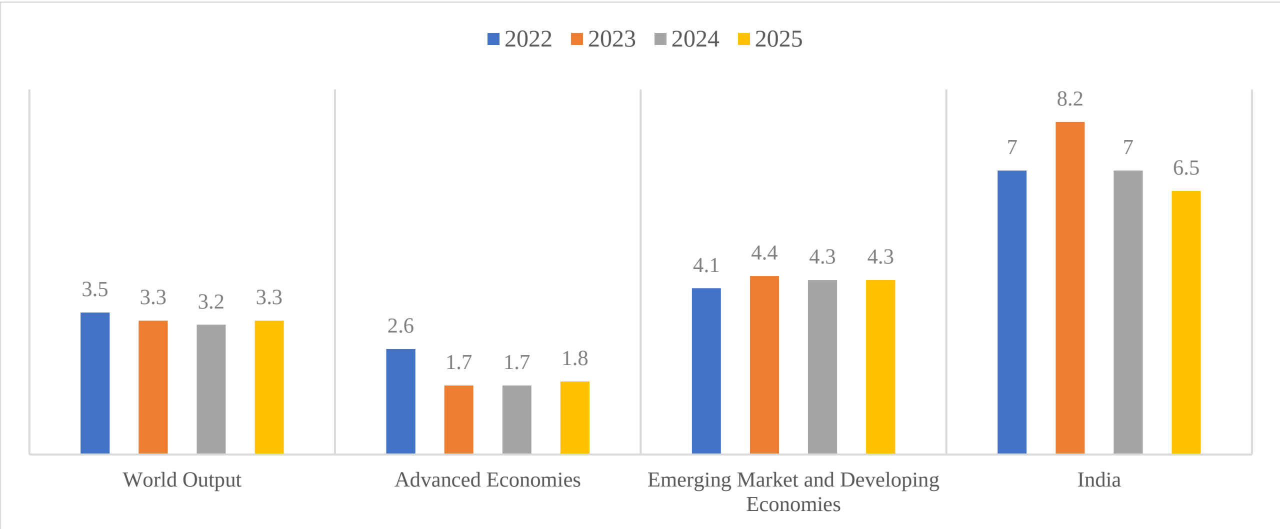
The information in this section has been extracted from various websites and publicly available documents from various industry sources. The data may have been re-classified by us for the purpose of presentation. None of the Company and any other person connected with the Issue have independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed, and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projection forecasts and assumptions that may prove to be incorrect. Accordingly, investors should not place undue reliance on information.

GLOBAL MACROECONOMIC OVERVIEW

Global activity and world trade firmed up at the turn of the year, with trade spurred by strong exports from Asia, particularly in the technology sector. In the United States, after a sustained period of strong outperformance, a sharper-than-expected slowdown in growth reflected moderating consumption and a negative contribution from net trade. World trade growth is expected to recover to about 3¼ percent annually in 2024–25 (from quasi stagnation in 2023) and align with global GDP growth again. The uptick in the first quarter of this year is expected to moderate as manufacturing remains subdued. Although cross- border trade restrictions have surged, harming trade between geopolitically distant blocs, the global trade-to-GDP ratio is expected to remain stable in the projection. *(Source: International Monetary Fund, World Economic Outlook, July 2024)*

The forecast for growth in emerging market and developing economies is revised upward; the projected increase is powered by stronger activity in Asia, particularly China and India. The forecast for growth in India has also been revised upward, to 7.0 percent, this year, with the change reflecting carryover from upward revisions to growth in 2023 and improved prospects for private consumption, particularly in rural areas. *(Source: International Monetary Fund, World Economic Outlook, July 2024)*

Exhibit 1. Overview of the World Economic Outlook Projections *(Source: International Monetary Fund, World Economic Outlook, July 2024)*

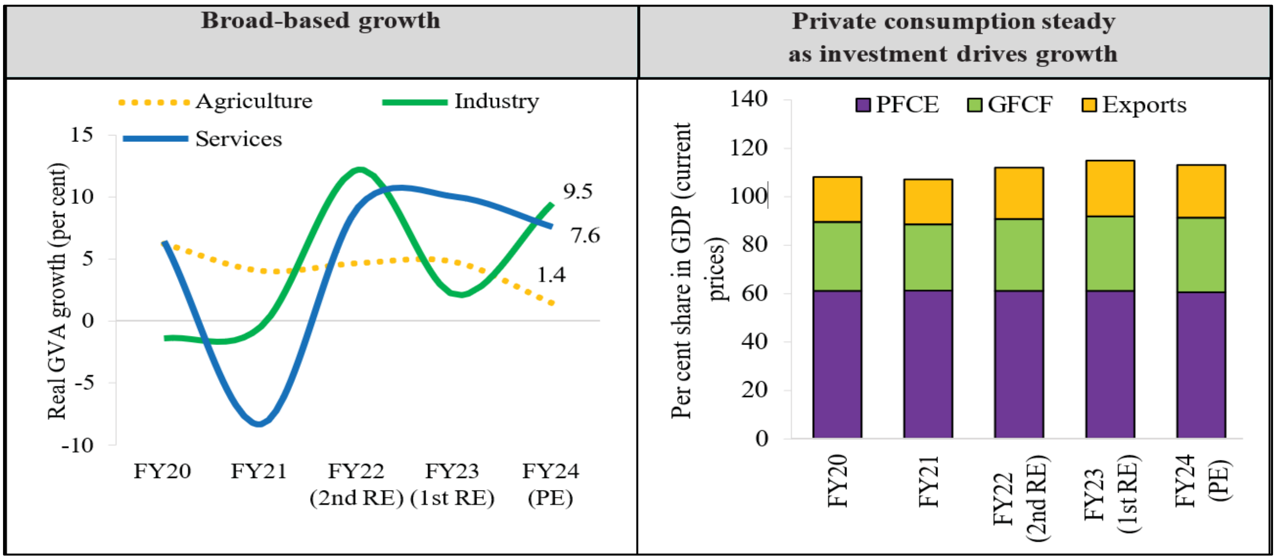


The stark difference in the economic performance of countries has been on account of domestic structural issues, uneven exposure to geopolitical conflicts and the impact of monetary policy tightening. The economic shocks resulting from the Russia-Ukraine conflict had an outsized impact on Europe, leading to subdued growth in large countries like Germany and France. The United States also faced high inflationary pressures and consequently raised the policy rates substantially. But the pass-through to outstanding household mortgages was limited on account of the high share of fixed-rate mortgages and corporate debt being termed out at fixed rates, limiting the impact of higher policy rates on economic activity. India registered a steep decline in economic growth during the pandemic but recovered swiftly, aided by strong private consumption and government impetus to infrastructure investment. China, on the other hand, had only a slight moderation in growth during the pandemic on account of swift policy actions, including a high vaccination rate, but growth has slowed subsequently due to structural issues. Japan, post-pandemic, went through subdued growth but is expected to turn around in 2024, driven by a weak yen and improved consumer spending. *(Source: Economic Survey 2023-24, Ministry of Finance, Government of India, July 2024)*

INDIAN MACROECONOMIC OVERVIEW

India's economy carried forward the momentum it built in Financial Year 2023 into Financial Year 2024 despite a gamut of global and external challenges. The focus on maintaining macroeconomic stability ensured that these challenges had minimal impact on India's economy. As a result, India's real GDP grew by 8.2% in Financial Year 2024, posting growth of over 7% for a third consecutive year, driven by stable consumption demand and steadily improving investment demand. On the supply side, gross value added (GVA) at 2011-12 prices grew by 7.2% in Financial Year 2024, with growth remaining broad-based. Net taxes at constant (2011-12) prices grew by 19.1% in Financial Year 2024, aided by reasonably strong tax growth, both at the centre and state levels and rationalisation of subsidy expenditure. *(Source: Economic Survey 2023-24, Ministry of Finance, Government of India, July 2024).*

Exhibit 2. Growth of the Indian Economy



(Source: Economic Survey 2023-24, Ministry of Finance, Government of India, July 2024).

Capex has lifted the productive potential of the economy. The PA show that capital expenditure for Financial Year 2024 stood at ₹9.5 lakh crore, an increase of 28.2% on a YoY basis, and was 2.8 times the level of Financial Year 2020. The Government's thrust on capex has been a critical driver of economic growth amidst an uncertain and challenging global environment. The focus of capex has been broad-based. Spending in sectors such as road transport and highways, railways, defence services, and telecommunications delivers higher and longer impetuses to growth by addressing logistical bottlenecks and expanding productive capacities. Government capex has also begun to crowd in private investment, as discussed earlier in this chapter. Additionally, the Government continues to disburse grants-in-aid for the creation of capital assets to the states, thereby incentivising them to increase their productive spending. *(Source: Economic Survey 2023-24, Ministry of Finance, Government of India, July 2024).*

Exhibit 3. Broad-based deployment of Union Government capex

(*value in ₹ thousand crore unless otherwise stated*)

Sector	FY23	FY24 (PA)	Growth
Road Transport and Highways	206.0	263.9	28.1%
Railways	159.3	242.6	52.3%
Defence Services (capital outlay)	**142.9**	**154.3**	**7.9%**
Transfer to States	92.7	122.9	32.5%
Telecommunications	54.7	59.4	8.5%
Housing and Urban Affairs	26.9	26.4	-1.6%
Atomic Energy	13.8	14.5	5.1%
Defence (Civil)	**8.0**	**10.3**	**29.5%**

Sector	FY23	FY24 (PA)	Growth
Police	8.2	9.7	18.7%
Space	4.3	4.4	3.4%

(Source: Economic Survey 2023-24, Ministry of Finance, Government of India, July 2024).

INDIAN DEFENCE SECTOR

Overview

The Indian Army originated from armies of the East India Company which later became the British Indian Army and the Princely States Army, and after independence in 1947, merged into the National Army of India. The units of the Indian Army have fought many battles in the past where they gained honor for the country with their bravery. Today, the Indian Defence sector, the second largest armed force is at the cusp of revolution. The Government has identified the Defence and Aerospace sector as a focus area for the 'Aatmanirbhar Bharat' or Self-Reliant India initiative, with a formidable push on the establishment of indigenous manufacturing infrastructure supported by a requisite research and development ecosystem. *(Source: https://www.investindia.gov.in/sector/defence-manufacturing)*

To support the domestic defence industry the government aims to ensure transparency, predictability, and ease of doing business by creating a robust eco-system and supportive government policies. Towards this end the government has taken steps to bring about de-licensing, de-regulation, export promotion and foreign investment liberalization. The Department of Military Affairs (DMA) has promulgated five Positive Indigenisation Lists comprising 512 items. Additionally, to promote export and liberalise foreign investments FDI in Defence Sector has been enhanced up to 74% through the Automatic Route and 100% by Government Route. *(Source: https://www.investindia.gov.in/sector/defence-manufacturing)*

The government has also announced 2 dedicated Defence Industrial Corridors in the States of Tamil Nadu and Uttar Pradesh to act as clusters of defence manufacturing that leverage existing infrastructure, and human capital. Further, to enable innovation within Defence & Aerospace eco-system there are supportive government schemes such as iDEX ((Innovations for Defence Excellence) and DTIS (Defence Testing Infrastructure Scheme). To provide impetus to self-reliance in defence manufacturing it is necessary to develop a robust eco-system and supportive government policies. Ministry of Defence has set a target of achieving a turnover of $26 Bn in aerospace and defence Manufacturing by 2025, which includes $5 Bn exports. Till Apr 2023, a total of 606 Industrial Licences have been issued to 369 companies operating in Defence Sector. *(Source: https://www.investindia.gov.in/sector/defence-manufacturing)*

- In the Regular Union Budget of Financial Year (FY) 2024-25, Ministry of Defence (MoD) has been allocated ₹ 6,21,940.85 crore (approx. US $75 Billion), the highest among the Ministries.
- The allocation to MoD for FY 2024-25 is higher by approx. ₹ one lakh crore (18.43%) over the allocation for FY 2022-23 and 4.79% more than allocation of FY 2023-24.
- The allocation is aimed to promote '*Aatmanirbharta*' in defence technology & manufacturing and equipping the Armed Forces with modern weapons/platforms along with creation of job opportunities for the youth
- Defence spending as a percentage of government expenditure stood at 13%, while as a percentage of GDP, it remained below 2%.

(Source: https://www.investindia.gov.in/sector/defence-manufacturing)

Policy Initiatives to promote Defence Production

i. ***Defence Production and Export Promotion Policy 2020 (DPEPP):*** Ministry of Defence (MoD) has formulated a draft DPEPP 2020 as guiding document of MoD to provide a focused, structured, and significant thrust to defence production capabilities of the country for self-reliance and exports.

  - ***Defence Acquisition Procedure (DAP 2020):*** DAP 2020 aims to empower Indian domestic industry through Make in India initiative and it has Laid down a strict order of preference for procurements and has adequately included provisions to encourage FDI to establish manufacturing hubs both for import substitution and exports while protecting interests of Indian domestic industry. Salient features of DAP 2020: Reservation in Categories for Indian Vendors; Enhancement of Indigenous Content; Rationalisation of Trial and Testing Procedures; Make & Innovation; Design & Development; Industry Friendly Commercial Terms and Offsets.

ii. ***Strategic Partnership Model:*** The Defence Acquisition Council (DAC) approved the broad contours of the Strategic Partnership Model (SPM) in its meeting held on May 20, 2017, under the chairmanship of the defence minister.
   1. The policy is intended to engage the Indian private sector in the manufacture of hi-tech defence equipment in India.
   2. It is an establishment of long-term strategic partnerships with qualified Indian industry majors through a transparent and competitive process.
   3. The Indian industry to partner with global OEMs (original equipment manufacturer) for big-ticket military contracts seeking technology transfers and manufacturing know-how to set up domestic manufacturing infrastructure and supply chain.

(Source: https://www.investindia.gov.in/sector/defence-manufacturing)

Exhibit 4. India's Defence Production

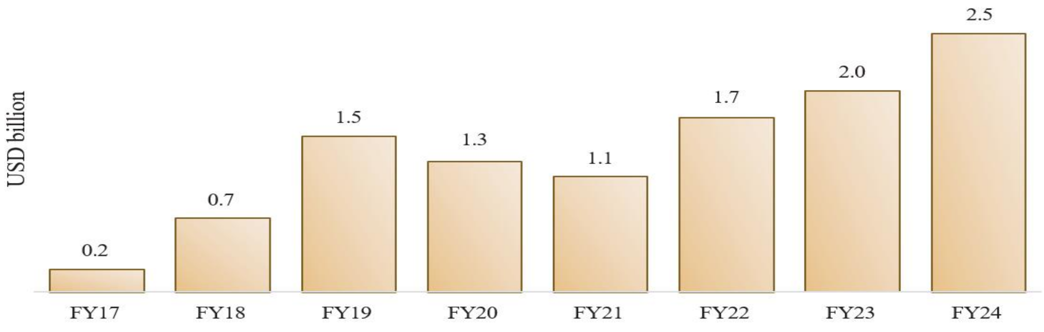
Year	Defence Public Sector Undertakings (in ₹ Cr)	New Defence Public Sector Undertakings (in ₹ Cr)	Other Public Sector Undertakings/Joint Ventures (in ₹ Cr)	Defence Private Companies (in ₹ Cr)	Total Production (in ₹ Cr)
2016-17	40,427	14,825	4,698	14,104	74,054
2017-18	43,464	14,829	5,180	15,347	78,820
2018-19	45,387	12,816	5,567	17,350	81,120
2019-20	47,655	9,227	6,295	15,894	79,071
2020-21	46,711	14,635	6,029	17,268	84,643
2021-22	55,790	11,913	7,222	19,920	94,845
2022-23	63,466	16,998	7,137	21,083	108,684
2023-24	73,945	19,662	6,774	26,506	126,887

(Source: https://ddpdashboard.gov.in/DefenceProduction/Defence_Production)

Defence Exports

India's defence production grew substantially from ₹74,054 crore in Financial Year 2017 to ₹108,684 crore in Financial Year 2023, boosting defence exports. Between 2015 and 2019, India held the distinction of being the world's second-largest arms importer. The narrative, however, has changed. India has transitioned from an arms importer and found a place in the list of the top 25 arms exporter nations. The defence industry, including the private sector and Defence Public Sector Undertakings (DPSUs), has made tremendous efforts to achieve the highest-ever defence exports. In addition, there has been a rise in the number of export authorisations issued to the defence exporters. From 1,414 export authorisations in FY23, the number has increased to 1,507 in FY24. About 100 domestic companies are exporting a wide range of defence products and equipment such as aircraft like Dornier-228, artillery guns, Brahmos Missiles, PINAKA rockets and launchers, radars, simulators, and armoured vehicles.

Exhibit 5. Rising defence exports



To give a push to defence exports, the Government has taken several policy initiatives over the past ten years. Export procedures have been simplified and made industry-friendly, with end-to-end online export authorisation curtailing delays and facilitating ease of doing business. Further, the Aatmanirbhar Bharat initiatives have helped the country by encouraging indigenous design, development and manufacture of defence equipment, thereby reducing dependency on imports in the long run.

Analysis of the outlay for the Defence Sector in the Union Budget 2024-25

In the Regular Union Budget of Financial Year (FY) 2024-25, Ministry of Defence (MoD) has been allocated ₹ 6,21,940.85 crore (approx. US $75 Billion), the highest among the Ministries. While maintaining the allocation made to MoD during interim budget, the Government has made an additional allocation to the tune of ₹ 400 crore on innovation in defence through the Acing Development of Innovative Technologies with iDEX (ADITI) scheme. Through this scheme, MoD is engaging with start-ups/MSMEs and innovators to develop Def-Tech solutions and supply the Indian military with innovative and indigenous technological solutions. A grant of upto 50% of Product Development Budget with enhanced limit (Max) of ₹ 25 crore per applicant will be awarded as per extant iDEX guidelines. The allocation to MoD for FY 2024-25 is higher by approx. ₹ one lakh crore (18.43%) over the allocation for FY 2022-23 and 4.79% more than allocation of FY 2023-24. Out of this, a share of 27.66% goes to capital; 14.82% for revenue expenditure on sustenance and operational preparedness; 30.66% for Pay and Allowances; 22.70% for Defence Pensions, and 4.17% for civil organisations under MoD. The total allocation comes out as approx. 12.90% of Budgetary Estimate of Union of India. The allocation is aimed to promote 'Aatmanirbharta' in defence technology & manufacturing and equipping the Armed Forces with modern weapons/platforms along with creation of job opportunities for the youth.

1. ***Modernisation of the forces at the centre:*** In absolute terms, budgetary allocation under capital head to the Defence Forces for FY 2024-25 is ₹ 1.72 lakh crore, which is 20.33% higher than the actual expenditure of FY 2022-23 and 9.40% more than the Revised Allocation of FY 2023-24. The allocation is aimed to fill the critical capability gaps through big ticket acquisitions in current and subsequent FYs. The enhanced budgetary allocation will fulfill the requirement of annual cash outgo on planned Capital acquisitions aimed at equipping the Armed forces with state-of-the-art niche technology, lethal weapons, fighter aircraft, ships, submarines, platforms, unmanned aerial vehicles, drones, specialist vehicles etc.

2. ***Strengthening domestic capacity:*** MoD has earmarked 75% of modernisation budget amounting to ₹ 1,05,518.43 crore for procurement through domestic industries during this FY. This will have a multiplier effect on GDP, employment generation and capital formation, thus providing a stimulus to the economy.

3. ***Enhanced allocation for sustenance & operational readiness:*** The continued higher allocation for operational readiness boosts the morale of the Armed Forces with the sole motive of keeping them battle ready at all times. The Government has allocated ₹ 92,088 crore during the current FY under this head, which is 48% higher than the budgetary allocation of FY 2022-23. This is aimed to provide best maintenance facilities and support system to all platforms including aircraft and ships. It will facilitate procurement of ammunition; mobility of resources & personnel as demanded by the security situation, and strengthen the deployment in forward areas for any unforeseen situation.

4. ***Bolstering Border Infrastructure for strategic requirements:*** The Government is firm on its commitment to improve border infrastructure through higher allocation to the agencies involved in executing strategically-significant projects along with providing last-mile connectivity in the border areas. In this endeavor, the budgetary allocation to Border Roads Organisations (BRO) under capital for Budget Estimates (BE) 2024-25 has been made as ₹ 6,500 crore, which is 30% higher than the allocation for FY 2023-24, and 160% higher over the allocation of FY 21-22. The financial provision made during the budget this year will promote strategic infrastructure development in border areas, while boosting socio-economic development in that region. Projects such as development of Nyoma Airfield in Ladakh at an altitude of 13,700 feet, permanent bridge connectivity to southernmost Panchayat of India in Andaman and Nicobar Islands, 4.1 km strategically-important Shinku La tunnel in Himachal Pradesh, Nechiphu tunnel in Arunachal Pradesh and many other projects will be funded out of this allocation.

5. ***Self-reliance through research & innovation:*** The budgetary allocation to Defence Research and Development Organisation (DRDO) has been increased to ₹ 23,855 crore in FY 2024-25 from ₹ 23,263.89 crore in FY 2023-24. Out of this allocation, a major share of ₹ 13,208 crore is allocated for capital expenditure. This will financially strengthen the DRDO in developing new technology with special focus on fundamental research and hand-holding of the private parties through Development-cum-production partner. The allocation to Technology Development Fund (TDF) scheme stands out to be ₹ 60 crore which is specially designed for new start-ups, MSMEs and academia attracting the young bright minds interested in innovation and developing niche technology in collaboration with DRDO. The Government has increased the allocation on innovation in defence through iDEX from ₹ 115 crore during FY 2023-24 to ₹ 518 crore in the current fiscal year, which will boost start-ups/MSMEs/innovators in developing Def-Tech solutions and invite young ignited minds.

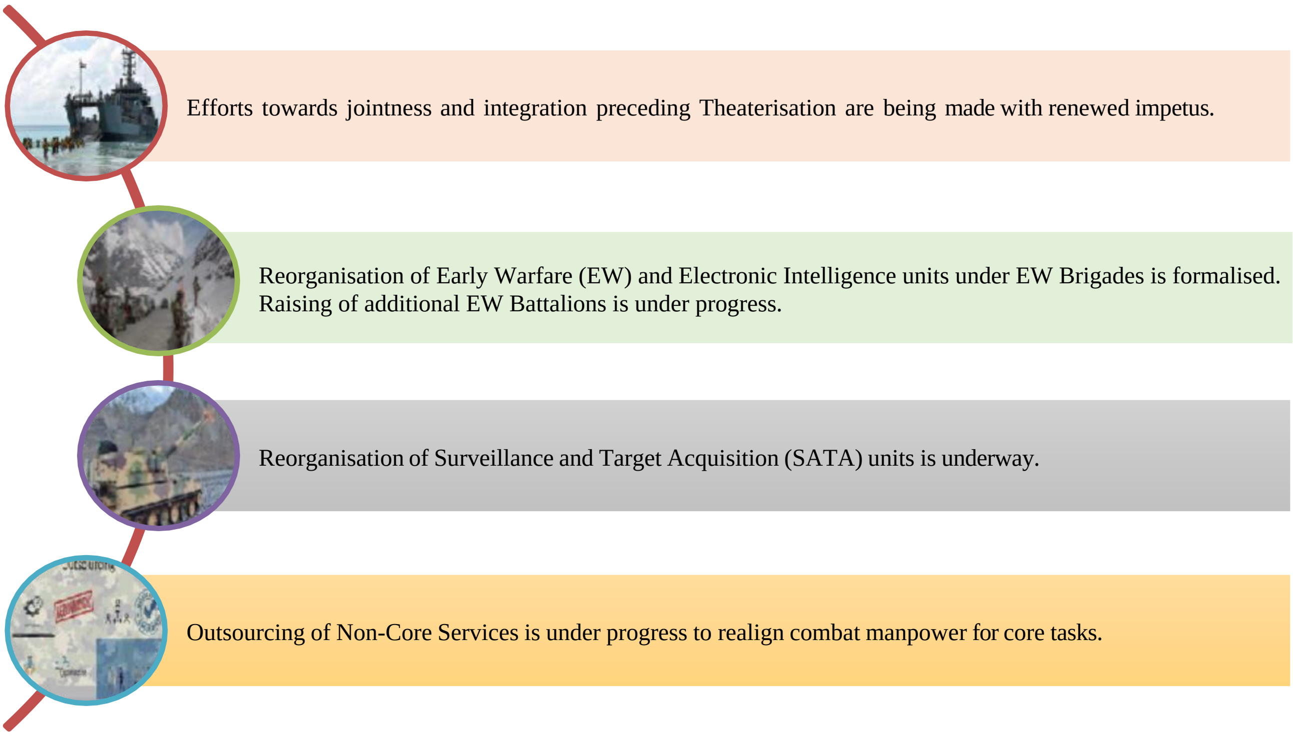
(Source: Note from the Press Information Bureau, Government of India, Ministry of Defence on July 23, 2024))

TECHNOLOGY IN DEFENCE

In response to the changing nature of warfare and geopolitical dynamics in the region, the Indian Army is gearing up for a substantial modernisation effort. At the annual Army press conference held recently, the Chief of Army Staff (COAS), Manoj Pande, said that 2024 will be the year of technology absorption for the Indian Army. As compared to the earlier proclamation of observing the year 2023 as the 'year of transformation', the new emphasis on technological absorption is a quantum leap in the right direction.

This transformation process, hinges on the five pillars: Force Structuring & Optimization; Modernization & Technology Infusion; Systems, Processes & Functions; Human Resource Management; and Jointness & Integration. (*Source: https://static.pib.gov.in/WriteReadData/specificdocs/documents/2024/jan/doc2024115298901.pdf*)

Exhibit 6. Force Restructuring & Optimization



(Source: https://static.pib.gov.in/WriteReadData/specificdocs/documents/2024/jan/doc2024115298901.pdf)

Modernisation & Technology Infusion

A roadmap has been put in place for Upgrades, New Acquisitions & infusion of niche technology. The right balance between 'Conventional' and 'New' capabilities is being maintained. A focused approach is being followed to ensure timely & pragmatic trials.

- **Conclusion of 85 Capital Contracts:** A total of 85 Capital Contracts worth ₹ 12,343 crore have been concluded in the current Financial Year 2023-2024. This will boost the capability of the Indian Army in the domain of mobilization, firepower, communication/noncommunication, Intelligence, Surveillance & Reconnaissance (ISR) & Drone/Counter-Drone Systems.

- **Induction of Niche Technology through iDEX:** Four Projects worth ₹.70 crore have been contracted this year, thereby paving the way for the induction of Niche Tech in communication, ISR & stealth Technology. It is also a step towards providing impetus in developments favourable to the defence ecosystem. Efforts towards jointness and integration preceding Theaterisation are being made with renewed impetus. Reorganisation of Early Warfare (EW) and Electronic Intelligence units under EW Brigades is formalised. Raising of additional EW Battalions is under progress. Reorganisation of Surveillance and Target Acquisition (SATA) units is underway. Outsourcing of Non-Core Services is under progress to realign combat manpower for core tasks.

- **Exploiting 5G/6G and Artificial Intelligence:** The Indian Army has collaborated with the Ministry of Electronics and Information Technology to develop advanced electronics and infrastructure, aligning with Digital India and Make in India initiatives. 5G laboratories have been established at various locations including the Military College of Telecommunication Engineering (MCTE). In addition, Military grade 5G and 6G laboratories are being established at various locations. MCTE has been developed as a key Centre of Excellence for Artificial Intelligence.

- **Emergency Procurements(EP):** The EP was utilized to augment capability along the Northern and Western Front besides catering for training aggregates. The equipment procured under the EP is being fully exploited by field formations to refine their operational philosophy, TTPs, and maintenance support requirements. In Financial Years 2020-22, 68 projects, worth ₹. 6,592 crore were procured while 73 projects, worth ₹. 11,000 crore have been procured between the Financial Years 2022-24.

- I**mpetus to Make in India:** The Indian Army has given stimulus to Make in India initiatives and provided platforms to indigenous defence industries to showcase their capabilities to friendly foreign countries.

System, Processes & Functions

- Efforts have been focused on Right-sizing and Ease of Doing Business: Digital initiatives have been undertaken in a major way to effect improved efficiencies in domains of Operational Enablement.

- National Logistics Policy & PM Gati Shakti National Master Plan: The Indian Army has been an important partner in the Prime Minister Gati Shakti National Master Plan and formulation of NLP. Efforts have been made to align initiatives undertaken by the Indian Army to the national vision.

- SPARSH: As part of digitization and making the benefits more accessible, SPARSH has been adopted by the new pensioners as approximately 95% of legacy pensioners have migrated to SPARSH. SPARSH is an internet-based fully automated project outsourced by CGDA for sanction, computation, revision and disbursement of pension. The objective of the project is 'Right Pension to Right Person at Right Time' through a single source i.e. PCDA (P) by delinking banks, Defence Pension Disbursing Offices and other pension disbursing agencies.

(Source: https://static.pib.gov.in/WriteReadData/specificdocs/documents/2024/jan/doc2024115298901.pdf)

Human Resource Management

- **Making Short Service Commission more attractive:** Given the global trends and rightsizing initiatives, the IA is attempting to make SSC more attractive. Draft Cabinet Note based on Tri-Services proposal to make SSC attractive has been prepared.

- **Participation by JCOs/NCOs in Foreign Courses:** As a new initiative, the participation of JCOs/ NCOs in foreign courses has been enhanced from erstwhile 2-3 vacancies to 13-14 vacancies now. The majority of these course vacancies are in the UK, Malaysia, Sri Lanka, Bangladesh, Nepal & Philippines. The focus has been on enhancing expertise and skills in the Military Special Domain (Sniper, Jungle Warfare, Commando, and Combat Training).

- **ECHS Network Expansion:** The ECHS has gained credibility with time and has grown both in size and stature with 30 Regional Centres and 433 Polyclinics pan India and 58 lakh beneficiaries, including Gorkha Domiciles for Nepal. Efforts are being made to enhance its efficacy and reach through the empanelment of more hospitals.

- **Agnipath Scheme:** The first two batches (40,000) have completed their training and are under posting to allotted units. Agniveers (including 100 women) underwent training at 40 Regimental Centres & Training Centres in two groups. Training for 20,000 Agniveers of the 3rd Batch commenced with effect from 1st November 2023 and for the 4th Batch will commence soon. The feedback of the first two batches is encouraging and the trainees have met the desired standards. To make Agniveers responsible citizens of the nation, apart from the Personal Development Programme (PDP) basic foundation courses and info tech have been included as part of Basic Military Training (BMT).

- **Jointness & Integration:** Jointness and integration have been pursued by Indian Army in the right earnest in close coordination with Indian Air Force and Indian Navy.

(Source: https://static.pib.gov.in/WriteReadData/specificdocs/documents/2024/jan/doc2024115298901.pdf)

Indian Army's Actions at a Glance

Operational Preparedness: The Indian Army maintains a high state of preparedness and ensures stability & dominance along all the frontiers including Line of Actual Control (LAC) and Line of Control (LOC). Relentless Counter Terrorist operations are also carried out while maintaining high training standards and constantly reviewing emerging & future threats to national security.
(Source: https://static.pib.gov.in/WriteReadData/specificdocs/documents/2024/jan/doc2024115298901.pdf)

Northern Borders: The Indian Army conducts exercises and establish border mechanisms to maintain peace and tranquility along the LAC in all sectors. LoC & Counter-Terrorist Ops: Jammu and Kashmir has recorded the arrival of more than two crore tourists up to November 2023, which is much beyond the number in the year 2022. Synergised counter-terrorist operations also resulted in the elimination of 34 terrorists and the apprehension of four terrorists in the hinterland. 18 infiltration bids were eliminated on LoC in which 36 terrorists were killed besides the recovery of large war-like stores.
(Source: https://static.pib.gov.in/WriteReadData/specificdocs/documents/2024/jan/doc2024115298901.pdf)

North East: The balanced posture of firm & compassionate outlook by the Indian Army & Assam Rifles in militancy affected North Eastern part of the country is evident through both tangible & intangible outcomes. This is reflected by results in operations against militant groups, mainstreaming of militants, and the critical decision of the Government of India to reduce areas under the Armed Forces Special Powers Act (AFSPA-1958).
(Source: https://static.pib.gov.in/WriteReadData/specificdocs/documents/2024/jan/doc2024115298901.pdf)

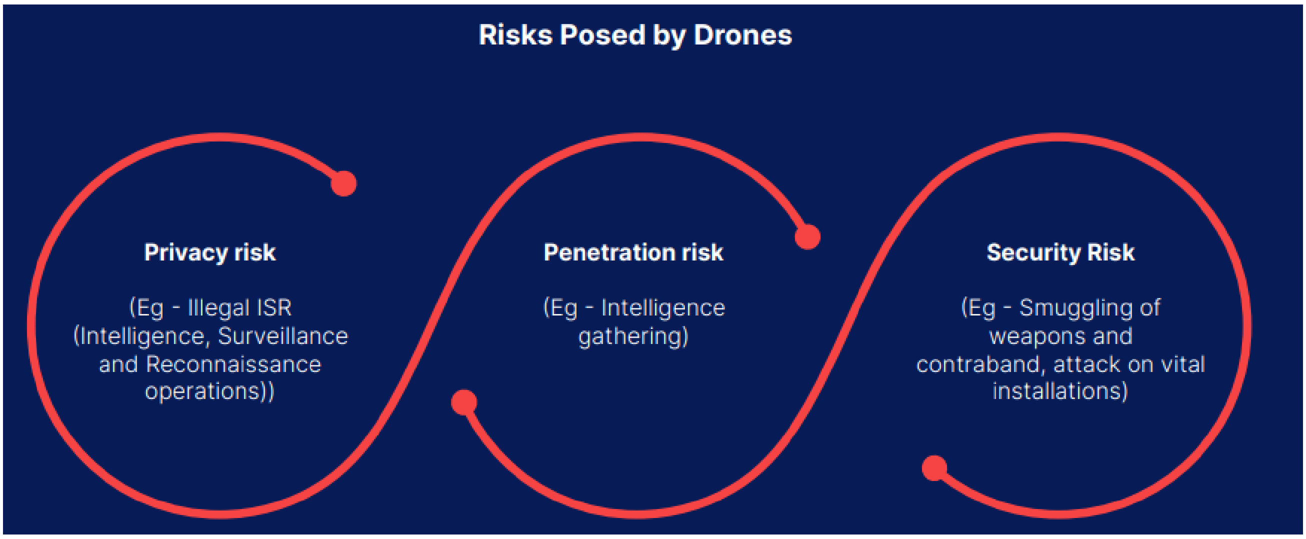
Manipur: The Indian Army and Assam Rifles have played a key role in controlling the internal security situation in Manipur and saving precious lives, property and evacuating approximately 35,000 internally displaced population to safety. Security Forces have been assisting the civil administration and other security agencies with a neutral and transparent approach to restore peace and normalcy in the State.
(Source: https://static.pib.gov.in/WriteReadData/specificdocs/documents/2024/jan/doc2024115298901.pdf)

Standing Committee on Defence Recommendation: Agnipath scheme has been introduced in 2022 as recruitment scheme for youth to serve in the Armed Forces. The Committee have been informed that new minor head of Agnipath scheme have been introduced under provision of Army, Navy and Air Force which will cater to the pay and allowances, contribution towards their Sewa Nidhi Fund, insurance cover, ex-gratia payment to Agniveers. Union Budget 2023-24 has provided exempt-exempt-exempt status for income tax purposes to the Agniveer Fund. An amount of ₹ 453 crore in RE of 2022-23 and ₹ 4,266 crore in BE 2023-24 has been provided to cater to training aids and simulators. The Committee note that training of the first batch of Agniveers has commenced, however, the calculation regarding estimated savings on account of 87 rolling out of Agnipath scheme has not yet been quantified as the scheme has started in 2022. In a written reply, the Ministry has submitted that the scheme is not an expenditure controlling exercise. In this context, the Committee recommend that as the aim of the Scheme is to ensure selection of young and agile manpower, adequate allocation for training aids, pay and allowances for Agniveers may be accorded priority. *(Source: 43rd Report of the Standing Committee on Defence, Ministry of Defence, Government of India, December 2023)*

Counter Unmanned Aerial System

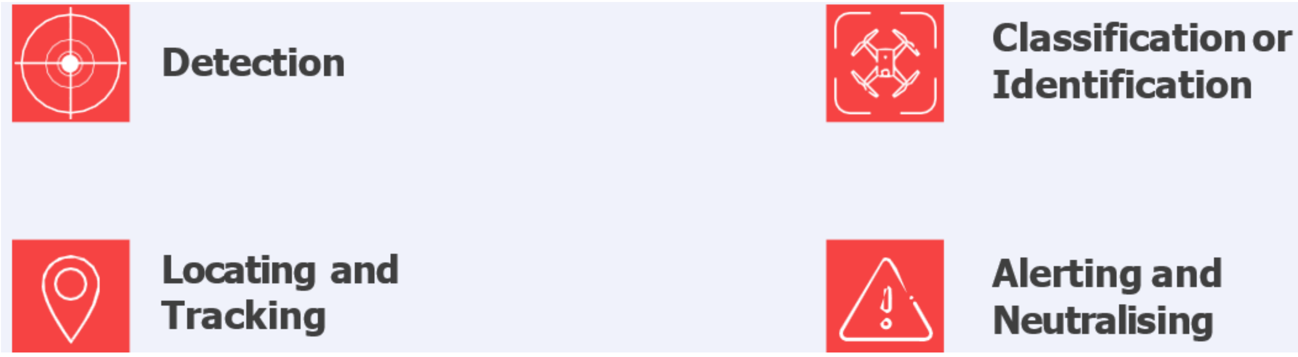
Counter-drone technology, also known as counter-UAS, C-UAS, or counter-UAV technology, refers to systems that are used to detect and/or disable unmanned aircraft. As concerns mount around the potential security threats drones may pose to both civilian and military entities, a new market for counter-drone technology is rapidly emerging. This report provides background on the growing demand for C-UAS technology, describes how the technology works, and explains some of the challenges surrounding counter-drone technology use. The rise of C-UAS technology is largely tied to the novel threats posed by the expanding use of drones— particularly small, inexpensive systems—in civilian and wartime environments. In the military domain, small drones have been proliferating at a rate that has alarmed battlefield commanders and planners alike. Border Security Force has been at the forefront of tackling threats arising from drones being airborne from across the border. The repeated use of drones for dropping drugs, arms and ammunition by terror organisations and smugglers into Indian territory is turning out to be challenge. The nature of warfare has changed drastically due to the evolving nature and use of these remotely piloted vehicles/robots. The answer to the emerging threat of rogue drones, though serious, is not over-regulation but smart regulation, creating a balance between the evolving drone sector and the emerging security concerns. *(Source: Countering Rogue Drones, Compulsive need for CUAS, March 2022)*

Exhibit 7. Risk Posed by Drone



(Source: Countering Rogue Drones, Compulsive need for CUAS, March 2022)

Drone monitoring equipment can be passive (simply looking or listening) or active (sending a signal out and analysing what comes back) and can perform several functions, including:



(Source: Countering Rogue Drones, Compulsive need for CUAS, March 2022)

Technology	Description	Challenges	Potential
Radar	▪ Detects presence using radar signature ▪ Uses algorithms to distinguish between drones and other small objects	▪ Low altitude drones evade detection	▪ Potential for application of Deep Learning and Computer Vision
Radio Frequency (RF) Analysers	▪ Detects radio communication between a drone and its controller ▪ Some high-end systems can also triangulate the drone and its controller when using multiple radio units spread far apart	▪ Can't detect autonomous drones ▪ Less effective in crowded RF areas	▪ Low cost, hence detects (and sometimes identifies) multiple drones and controllers
Acoustic Sensors	▪ Detects the sound made by a drone and calculates a direction	▪ Doesn't work as well in noisy environments, very short range	▪ Detects drones in the ground clutter where other technologies can struggle ▪ Great gap-filler in areas outside line of-sight of other sensors ▪ Highly mobile and quickly deployable ▪ Completely passive
Optical Sensors	▪ Standard daylight cameras ▪ Optical sensors can be infrared or thermal imaging	▪ Difficult to use for detection by itself ▪ High false-alarm rates	▪ Can record images as forensic evidence for use in eventual prosecution

Technology	Description	Challenges	Potential
		▪ Can't detect autonomous drones ▪ Mostly poor performance in dark, fog, etc.	
GPS Spoofers	▪ Sends a new signal to the drone, replacing the communication with GPS satellites it uses for navigation	▪ Can affect (and jam) other radio communications ▪ Short Range	▪ Non-kinetic neutralisation ▪ Medium cost
High Power Microwave (HPM) Devices	▪ Generates an Electromagnetic Pulse (EMP) capable of disrupting electronic devices	▪ Risk of unintentionally disrupting communications or destroying other electronic devices in the area	▪ Within range, the drone can be stopped effectively ▪ Non-kinetic
Nets and Guns	▪ Firing a net at a drone, or otherwise bringing a net into contact with a drone stops the drone by prohibiting the rotor blades	▪ Kinetic solution could result in debris depending on parachute options	▪ Physically captures drone – good for forensics and prosecution ▪ Ground launched net cannons are semiautomatic with high accuracy
High Energy Lasers	▪ Laser defeats the drone by destroying the structure and/or the electronics	▪ Risk of collateral damage ▪ High Cost	▪ Physically stops the drone

(Source: Countering Rogue Drones, Compulsive need for CUAS, March 2022)

In response to the efforts made by the Government to check use of drones, virtual currencies and encrypted communications by terrorists and the nature of international cooperation in this regard, the Ministry of Home Affairs provided the following information (i) Implementation of Drone Rules by Ministry of Civil Aviation. (ii) Drone and Anti-Drone courses are being run by NSG for State Police Forces and Central Armed Police Forces (CAPFs) and (iii) Procurement of Anti-Drone equipment's to counter Rogue Drones. India hosted special session of UNCTC (October 28-29,2022) wherein the overarching theme was countering the use of internet and drones by terrorist groups. Recommendation 41 of the 28th Report of the Committee on External Affairs, Ministry of External Affairs, Government of India states that "The Committee note that at a Special Meeting of the UNSC's Counter Terrorism Committee hosted by India in Mumbai and Delhi on 28 and 29 October 2022, a strong Delhi Declaration on countering the use of new and emerging technologies for terrorist purposes was adopted. The Declaration focused on the threat from unmanned aerial systems including drones, online radicalization and recruitment as well as terrorist financing through crypto currencies and other virtual means. *(Source: 28th Report of the Committee on External Affairs, Ministry of External Affairs, Government of India, February 2024)*

OUR BUSINESS

*Some of the information in this section, including information with respect to our business plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read "**Forward-Looking Statements**" on page 15 for a discussion of the risks and uncertainties related to those statements and also read "**Risk Factors**", "**Financial Information**" and "**Management's Discussion and Analysis of Financial Condition and Results of Operations**" on pages 37, 193 and 71, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements.*

*We prepared our Financial Information in accordance with the Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("**Ind AS**"). Ind AS differs in some material respects from US GAAP and IFRS and other accounting principles with which prospective investors may be familiar. Unless otherwise indicated or the context otherwise requires, the financial information included in this Preliminary Placement Document for (i) the three months ended June 30, 2024 and June 30, 2023 have been derived from our Unaudited Consolidated Interim Financial Results, and (ii) Fiscals 2024, 2023 and 2022 have been derived from our Audited Consolidated Financial Statements.*

Unless otherwise indicated, industry and market data used in this section has been extracted from various websites and publicly available documents from various industry sources. The data may have been re-classified by us for the purpose of presentation. None of the Company and any other person connected with the Issue have independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources that they believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed, and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projection forecasts and assumptions that may prove to be incorrect. Accordingly, investors should not place undue reliance on industry information.

Our financial year ends on March 31 of every year, so all references to a particular Fiscal are to the twelve-month period ended March 31 of that year. Unless otherwise stated, references in this section to "we", "our" or "us" are to our Company, on a consolidated basis.

OVERVIEW

We are one of India's few companies[1] that operate in the defence training and simulation and counter- unmanned arial systems segments. We have indigenous design, development and manufacturing capabilities. Our proprietary training platform architecture is key to delivering our solutions and forms an integral part of our value proposition. Our innovation process allows us to evolve product features based on the evolving needs of our customers delivering a superior customer experience with advanced technology. We have grown at a CAGR of 100.42% in terms of revenue from operations over the last three Fiscals, with an EBITDA of ₹ 19,570.57 lakhs in Fiscal 2024.

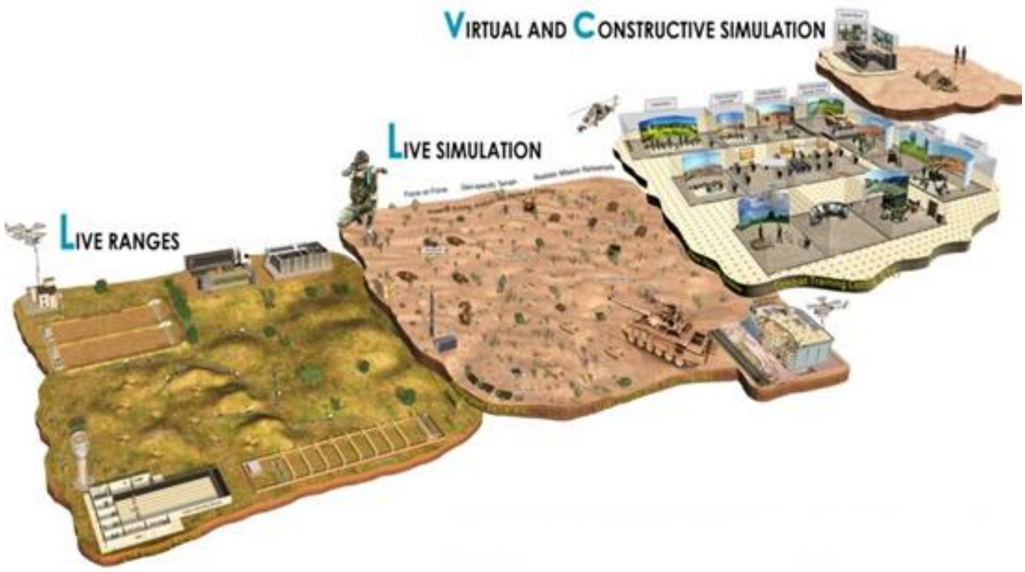
Our product portfolio spans two product lines:

(iii) training and simulation – this consists of (a) live ranges; (b) live simulation; (c) virtual and constructive simulation; and (d) operational equipment; and

(iv) counter-drone systems – this consists of six sub-components: (a) RF based drone detector (RFDD); (b) radar detection; (c) video based drone identification and tracking; (d) data fusion and command centre; (e) drone RF jammer; and (f) hard kill interface.

Our wide range of products gives us the necessary flexibility to meet the evolving demands of diverse customers across industries. Our combat training centre is capable of providing an integrated platform for virtual and constructive simulation, live ranges, live simulations, and operational equipment.

[1] Based on companies that bid for contracts in the defence training and simulation and counter- unmanned arial systems segments.



Our counter drone system is a multi-layer multi sensor architecture aimed at providing comprehensive security against all class of unmanned aerial system attacks.

In addition to the above product offerings, we are in the process of developing additional offerings such as autonomous robots and surveillance systems.

Several global conflicts in recent past have led to demand for military training solutions. For example, the Russia-Ukraine war and the Israel-Hamas conflict have highlighted a critical need for extensive military training and simulation solutions globally. In addition, the use of drones in warfare have escalated extensively to hit targets hundreds of kilometres away from the frontline using long-range unmanned aerial vehicles (UAVs). More than 150 drones were launched by Iran on Israel in the ongoing conflict between them, which shows the rising need for anti-drone solutions for any country. As concerns mount around the potential security threats drones may pose to both civilian and military entities, a new market for counter-drone technology is rapidly emerging. *(Source: Countering Rogue Drones, Compulsive need for CUAS, March 2022)* We have benefitted from these global industry tailwinds, as our exports increased from ₹ 364.97 lakhs in Fiscal 2022 to ₹ 8,011.54 lakhs in Fiscal 2024, including armed forces of foreign countries. For our global operations, we have subsidiaries in the United States and UAE.

Our Order Book reflects the revenues that we expect to recognise in future periods with respect to our existing contracts. Our Order Book has increased significantly since March 31, 2022. Set forth below are our Order Book positions as on June 30, 2024 and March 31, 2024, March 31, 2023 and March 31, 2022:

(in ₹ lakhs)

Order book	June 30, 2024		March 31, 2024		March 31, 2023		March 31, 2022	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
Products	90,128	77.77%	1,14,008	81.32%	32,721	68.91%	31,509	73.15%
Annual Maintenance Contracts	25,756	22.23%	26,188	18.68%	14,561	31.09%	11,563	26.85%
Total	**1,15,884**	**100.00%**	**1,40,197**	**100.00%**	**47,282**	**100.00%**	**43, 072**	**100.00%**

Our Order Book value was ₹ 1,15,884 lakhs on June 30, 2024, out of which ₹ 72,169 lakhs (c. 62.28%) was from the Indian market and ₹ 43,715 lakhs (c. 37.72%) was from the overseas market. With a robust Order Book and a pipeline of prospective projects for which the contracts are currently at various stages of negotiation, reflect clear revenue visibility.

Today, the Indian Defence sector, the second largest armed force is at the cusp of revolution. The Government has identified the Defence and Aerospace sector as a focus area for the 'Aatmanirbhar Bharat' or Self-Reliant India initiative, with a formidable push on the establishment of indigenous manufacturing infrastructure supported by a requisite research and development ecosystem. *(Source: https://www.investindia.gov.in/sector/defence-manufacturing)*. In September 2021, the Ministry of Defence, Government of India, introduced a comprehensive framework aimed at maximizing the utilisation of simulators across all military domains. This strategic initiative represents a significant shift towards simulation-based training, catering to combatants, leaders, maintainers, administrators, and various support agencies within the armed forces and the Indian Coast Guard. By enhancing the utilisation of simulators, the armed forces aim to optimise training effectiveness and agility in military operations. The framework emphasizes live, virtual, constructive, blended simulations and simulation software/ tools used for forecasting, prediction, testing and evaluation of operational plans, system designs, entities' performance, acquisition processes etc. across various platforms, with a majority falling under the common system category. Key highlights of the framework include the phased induction of simulators and coordinated procurement processes, ensuring streamlined utilisation and procurement across the defence services.

Our proprietary training platform integrates our entire range of simulation offerings from land-based military training simulators and driving simulators to live range equipment. We attribute our growth over the last 30 years to our ability to invent, design and deliver state-of-the-art and reliable training solutions measuring combat readiness. Over the last five years, we have also developed an advanced counter-drone technology. Our anti-drone system uses video sensors, passive surveillance, classification, and tracking to identify, classify, and neutralize drone threats by jamming drone communications. We have also embarked on a carefully planned growth strategy in order to bolster our presence in the counter-drone systems space by acquiring majority shareholding in AiTuring Technologies Private Limited ("**ATPL**") in 2024 and Unistring Tech Solutions Private Limited ("**UTS**") in 2018.

As a result of our product development and innovation efforts, we have filed 100 applications for utility patents in India and 58 applications of utility patents in other jurisdictions, out of which 48 utility patents have been granted in India and 28 utility patents have been granted in other jurisdictions. Additionally, we have filed 42 applications for design patents in India out of which 35 design patents have been granted in India and we also have two design patents in other jurisdictions, as on August 3, 2024. The Company spent ₹ 698.83 lakhs, ₹ 2,665.34 lakhs, ₹ 2,021.13 lakhs and ₹ 1,380.07 lakhs towards its research and development activities during the three months ended June 30, 2024 and in Fiscals 2024, 2023 and 2022, respectively. As of June 30, 2024, our research and development team has 115 employees. We have received numerous awards which are a testimony to our continued focus on innovation and research and development activities. For example, in 2012, we received the national award for successful commercialization of indigenous technology on Technology Day by the late Dr. A.P.J. Abdul Kalam, then President of India. In 2013, we received the Best Exhibitor-Gold award at the 16th India International Security Expo and in 2021, we were awarded the Telangana State Intellectual Property Award 2021 for IP Champions, organized by CII in association with the Government of Telangana, for the best portfolio in the Small Entity category.

Our Company was founded in 1993 by our Promoters, Kishore Dutt Atluri, Ashok Atluri and Ravi Kumar Midathala, first generation entrepreneurs who designed their first defence training simulator as a pilot project in the year 1996. Since then the Company has sold several training systems worldwide and served marquee institutional customers. We have an established track record of designing products that have led to consistent business.

Our innovation process allows us to evolve product features based on the evolving needs of our customers delivering a superior customer experience with advanced technology. We primarily cater to customers such as the Ministry of Defence (MoD), Government of India, state police units, security forces and paramilitary forces as well as armed forces of foreign countries in Africa, Middle East and countries in the commonwealth of independent states (CIS). In addition to the warranty services that we provide with our offerings, we also provide after sales maintenance services in the form of annual maintenance contract (AMC) to our customers.

Our growth in revenue and profitability can be credited to our robust product portfolio and technology differentiation, which we achieve through continuous product development, and streamlining of our operational activities. We have been able to achieve revenue from operations of ₹ 6, 975.24 lakhs in Fiscal 2022 and ₹ 43, 985.20. lakhs in Fiscal 2024, which is an increase of over 6.31 times of revenue achieved in Fiscal 2022. We utilize an asset-light manufacturing model, in which most components, are produced by outside qualified third-party vendors through contract manufacturing arrangements. As of June 30, 2024, we had around 400 vendors located in India. This supply chain reflects unique strategies for customer markets, optimizing landed costs and lowering risk. Set forth below are certain key financial information from our business.

(₹ in lakhs unless otherwise stated)

Particulars	Three months ended June 30, 2024	Fiscal 2024	Fiscal 2023	Fiscal 2022
Revenue from operations (A)	25,461.57	43,985.20	21,884.62	6,975.24
EBITDA[(1)]	11,445.93	19,570.57	7,985.87	994.68
EBITDA Margin[(2)] (in %)	44.95	44.49	36.49	14.26
Profit/ (loss) for the period/ year (B)	7,948.57	12,950.44	4,996.82	260.96
Profit after Tax Margin[(3)] (C= B/ A) (in %)	31.22	29.44	22.83	3.74
Fixed Asset Turnover (in times)[(4)]	NA	5.45	3.22	1.18
Return on Capital Employed (%)[(5)]	NA	39.54	22.32	1.73

1. EBITDA is calculated as profit / (loss) for the period / year, plus finance costs, total taxes, and depreciation and amortisation expense.
2. EBITDA Margin (%) is calculated as EBITDA divided by Revenue from Operations.
3. Profit after Tax Margin refers to the percentage margin derived by dividing Profit after Tax by Revenue from Operations.
4. Fixed Asset Turnover is calculated as revenue from operations for the year/period divided by property, plant and equipment (not calculated for the quarter ended June 30, 2024).
5. Return on capital employed (%) is calculated as EBIT divided by capital employed (not calculated for the quarter ended June 30, 2024).

For a detailed discussion on our financial performance, see '***Management's Discussion and Analysis of Financial Condition and Results of Operations***' and '***Financial Information***' on pages 71 and 193, respectively.

OUR STRENGTHS

Deep expertise and market leadership in military training simulators

In response to the changing nature of warfare and geopolitical dynamics in the region, the Indian Army is gearing up for a substantial modernisation effort. At the annual Army press conference held recently, the year 2024 has been declared as the year of technology absorption for the Indian Army. *(Source: https://static.pib.gov.in/WriteReadData/specificdocs/documents/2024/jan/doc2024115298901.pdf)* Since our inception, we have continued to focus on innovation and have developed a diverse portfolio of defence training simulators to cater to the growing market. We have leveraged our long-standing presence in the Indian market to foster strong relationships with defence and government agencies. With over three decades of innovation and operations, we have amassed a vast software library, leveraging data to use artificial intelligence in reducing training time. We had an Order Book of ₹ 1,15, 884 lakhs as of June 30, 2024. Increase in demand of advanced military equipment to address border security concerns is driving surge in demand for land simulators. We have developed design, development, and manufacturing capabilities to meet global environmental standards for rugged field conditions

Proprietary technology driven business model and focus on innovation through advanced research and development capabilities

Our business model is driven by our portfolio of patents and our intellectual property. We are able to offer products and services that are critical to our customers and for which we hold relevant intellectual property. As a result, in the event of price fluctuations in the raw material and inputs needed for our products and services, we can withstand these increases by either raising the prices or recovering the cost from our customers based on our contractual terms. Further, our research and development centre, which is located in Hyderabad, Telangana in India, enables us to focus on innovation and design, develop, engineer and manufacture our products. Our research and development centre has been recognized and accredited by the Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India. As of June 30, 2024, we have 363 employees, of which our research and development team has 115 employees. We spent ₹ 698.83 lakhs, ₹ 2,665.34 lakhs, ₹ 2,021.13 lakhs and ₹ 1,380.07 lakhs towards research and development activities during the three months ended June 30, 2024 and in Fiscals 2024, 2023 and 2022, respectively. Our investment in research and development enables us to work in multiple domains such as integrated system with electronics, mechanical, software and optics. Our history of developing various systems over the last three decades has helped us build modular frameworks which make it seamless for us to realise a new product. For instance, though we have developed tank simulators for the T-90 and T-72 tanks, the building blocks of these simulators may be used for other tanks in international markets. Our strong focus on research and development has resulted in filing 100 applications for utility patents in India and 58 applications of utility patents in other jurisdictions, out of which 48 utility patents have been granted in India and 28 utility patents have been granted in other jurisdictions. Additionally, we have filed 42 applications for design patents in India out of which 35 design patents have been granted in India and we also have two design patents in other jurisdictions, as on August 3, 2024, providing a strong intellectual property barrier that differentiates our business from our competitors.

From our anti-drone systems to cutting-edge virtual and live simulation technologies, our product portfolio showcases a commitment to innovation. We attribute our success to the dedicated research and development team responsible for creating our products. In our view, the high investments that we made in research and development in the last three Fiscals, create a strong competitive advantage for us, and potentially imposing limitations for new entrants.

Distinctive product portfolio with strong performance and reliability

We have a diversified product portfolio spanning two product lines: (i) training and simulation, which consists of (a) live ranges; (b) live simulation; (c) virtual and constructive simulation; (d) operational equipment; (e) driving simulation; and (f) electronic warfare simulators, and (ii) counter-drone systems, which typically consist of six sub-components: (a) RF based drone detector; (b) radar detection; (c) video based drone identification and tracking; (d) data fusion and command centre; (e) drone RF jammer; and (f) hard kill interface. Our proprietary training platform integrates our entire range of simulation offerings from land-based military training simulators and driving simulators to live range equipment and offer certain unique capabilities. For example:

- Our Anti-Drone system uses video sensors, passive surveillance, classification, and tracking to identify, classify, and neutralize drone threats by jamming drone communications. With the combination of a soft kill and hard kill facility, our anti-drone systems are designed to provide unrivalled protection.

- Our CTCs are designed to deliver combat training in a realistic and engaging environment. With the ability to simulate offence, defence and stability operations, CTCs offer a platform for joint power projection, ground manoeuvre, air operations, fire supports, logistics, and other vital elements of combat readiness. These facilities feature instrumented range areas, simulation facilities, and a dedicated full-time military opposing force to provide a dynamic and capable adversary for training exercise;

- Our TACSIM Tactical Engagement Simulator trains soldiers to utilise the skills acquired during training in field craft, battle drills and live-fire practice while carrying out operational exercises. It is targeted to cater to commando units, special operation groups, special task forces, special forces, training centres, armed battalions of police and all law enforcement agencies. This simulator enables training in near-real life scenarios and training of large troops in a cohesive manner in complete confidentiality;

- Our Anti-Aircraft Air Defence Simulator is a light-weight and user-friendly simulator designed to train operators on laying procedures in both simulated and field conditions as well as psychophysiological training, experienced at the time of launch. It provides data of missile launch, details of target movements and hit-and-miss information for analysis;

- Our Anti-Tank Guided Missile Simulator is designed and developed to train missile pilot recruits and hones the skills of trained missile pilots in handling and firing missiles. The guided missile simulator enables instructors to track the performance of trainees in real time; and

- Our Integrated Air Defence Combat Simulator is a virtual simulator used for the training of L 70 and ZU 23-2 gun crews, with enhanced realism in weapon handling along with realistic battle scenarios. It can transform the crews to deliver accurate fire power.

Experienced management capabilities with a demonstrated track record of delivering robust financial performance

We are led by a qualified and experienced management team, who are supported by a capable and motivated team of managers and other employees. Our Promoters have knowledge and understanding of the defense training and anti-drone industry in India. Our Promoters, Kishore Dutt Atluri, Ashok Atluri, Ravi Kumar Midathala and our Whole time Director, Shilpa Choudari and our Chief Financial Officer, Afzal H. Malkani, are involved in the strategic planning, operations, design and production development, and have a cumulative work experience of more than 30 years.

We attribute our growth and development to the experience and leadership of our core team. Our Company received the "***Certificate of Excellence***" by Inc. India, an e-magazine. Further, in 2012, we received the national award for successful commercialization of indigenous technology on Technology Day by the late Dr. A.P.J. Abdul Kalam, then President of India. Our senior management team has played an instrumental role in solidifying customer relationships. We rely on our leadership and management team's guidance to provide us with a competitive advantage as we seek to grow our business. Our management also includes an experienced team of professionals across senior and mid-level management. In addition, we have a dedicated team of ex-army officials contributing in developing applications and products based on their practical experience. We rely on our qualified and experienced team to enable us to identify new avenues of growth and help us to implement our business strategies in an efficient manner.

Demonstrated financial performance with an asset-light business model and with a robust Order Book reflecting revenue visibility

We have a track record of robust financial performance. In Fiscals 2024, 2023 and 2022, our revenue from operations, EBITDA and profit after tax had grown at a CAGR of 151.12%, 343.57% and 604.46%, respectively, demonstrating growth in our financial performance in recent years. The table below sets forth certain financial information for the Fiscals stated:

(₹ in lakhs unless otherwise stated)

Particulars	Three months ended June 30, 2024	Fiscal 2024	Fiscal 2023	Fiscal 2022
Revenue from operations (A)	25,461.57	43,985.20	21,884.62	6,975.24
EBITDA(1)	11,445.93	19,570.57	7,985.87	994.68
EBITDA Margin(2) (in %)	44.95	44.49	36.49	14.26
Profit/ (loss) for the period/ year (B)	7,948.57	12,950.44	4,996.82	260.96
Profit after Tax Margin(3) (C= B/ A) (in %)	31.22	29.44	22.83	3.74
Fixed Asset Turnover (in times) (4)	NA	5.45	3.22	1.18
Return on Capital Employed (%)(5)	NA	39.54	22.32	1.73

1. EBITDA is calculated as profit / (loss) for the period / year, plus finance costs, total taxes, and depreciation and amortisation expense.
2. EBITDA Margin (%) is calculated as EBITDA divided by Revenue from Operations.
3. Profit after Tax Margin refers to the percentage margin derived by dividing Profit after Tax by Revenue from Operations.
4. Fixed Asset Turnover is calculated as revenue from operations for the year/period divided by property, plant and equipment (not calculated for the quarter ended June 30, 2024).
5. Return on capital employed (%) is calculated as EBIT divided by capital employed (not calculated for the quarter ended June 30, 2024).

We have grown our operations and have demonstrated an increase in our revenues and profitability. Our annual maintenance contracts have also proven to be a robust revenue stream for us with consistent profitability. Our revenue from operations for the three months ended June 30, 2024 and Fiscals 2024, 2023, 2022 was ₹25,461.57 lakhs, ₹43,985.20 lakhs, ₹21,884.62 lakhs and ₹6,975.24 lakhs, respectively. Our EBITDA for the three months ended June 30, 2024 and Fiscals 2024, 2023, 2022 was ₹ 11,445.93 lakhs, ₹ 19,570.57 lakhs, ₹ 7,985.87 lakhs and ₹994.68 lakhs, respectively. Our profit for the three months ended June 30, 2024 and Fiscals 2024, 2023 and 2022 was ₹ 7,948.57 lakhs, ₹ 12,950.44 lakhs, ₹ 4,996.82 lakhs and ₹ 260.96 lakhs, respectively. Our Return on Capital Employed for Fiscals 2024, 2023 and 2022 was 39.54%, 22.32% and 1.73%, respectively, while our Return on Net Worth for Fiscals 2024, 2023 and 2022 was 27.77%, 15.13% and 0.90% respectively.

With a robust Order Book amounting to ₹ 1,15,884 lakhs as of June 30, 2024, which represents 4.56 times of the revenue from operations for the three months ended June 30, 2024, and a pipeline of prospective orders for which the contracts are currently at various stages of negotiation and bidding. We attribute the consistent growth in our Order Book to our ability to successfully bid for new orders arising out of our experience in execution of orders, technical capabilities, timely performance, reputation for focus on quality, financial strength as well as price competitiveness. Our successful efforts to meet the rising pre-qualification requirements of some of our customers has enhanced our competitiveness in our target market and has enabled us to maintain the momentum in our Order Book.

OUR STRATEGIES

Continue to focus on product innovation, engineering and design competence and launch new products

With a legacy spanning over three decades, we have a history of creating and introducing innovative and modern training solutions that help our customers achieve combat readiness. Currently, we primarily cater to defence applications, and we plan to expand to airport airspace protection, counter smuggling operations and VIP protection. We intend to continue making significant investments in research and development as well as hiring top technical talent to further increase our product differentiation. As we continue to invest in our proprietary training platform, we will focus on features and functionalities that help our clients securely adopt artificial intelligence (AI) within an evolving threat landscape. As product and technology innovation is at the core of our growth, we emphasize on constant innovation and enhancing our product and technology stack. Live simulation battlefield training, machine learning integration, tactical maneuver ranges and live-virtual simulation training integration are some of upcoming research and development initiatives being undertaken by us.

In our view, we need to continue to innovate in technology and new offerings to retain competitive advantage. We will continue to focus on innovation, in addition to design and engineering, in order to upgrade our products and technology in line with the emerging needs of the customers.

As on June 30, 2024, we had 115 employees in the research and development team, which is 31.68% of our overall employee strength, and we intend to add more experienced employees in the research and development team. We incurred ₹ 698.83 lakhs, ₹ 2,665.34 lakhs, ₹ 2,021.13 lakhs and ₹ 1,380.07 lakhs as expenses for research and development for the three months ended June 30, 2024 and in Fiscals 2024, 2023 and 2022, respectively. We aim to continue investing substantially in product innovation, engineering, and design to expand our offerings and increase our market presence.

Expanding geographical footprint including increased focus on international markets

India's defence production grew substantially from ₹ 74,054 crore in Financial Year 2017 to ₹ 1,08,684 crore in Financial Year 2023, boosting defence exports. Between 2015 and 2019, India held the distinction of being the world's second-largest arms importer. However, India has transitioned from an arms importer and found a place in the list of the top 25 arms exporter nations. The defence industry, including the private sector and Defence Public Sector Undertakings (DPSUs), has made tremendous efforts to achieve the highest-ever defence exports. In addition, there has been a rise in the number of export authorisations issued to the defence exporters. From 1,414 export authorisations in Financial Year 2023, the number has increased to 1,507 in Financial Year 2023. About 100 domestic companies are exporting a wide range of defence products. *(Source: Note from the Press Information Bureau, Government of India, Ministry of Defence on July 23, 2024)*

Our revenue from international sales were ₹ 8,011.54 lakhs, ₹ 5,682.87 lakhs and ₹ 364.97 lakhs for Fiscals 2024, 2023 and 2022, respectively. With exports to countries in Africa, Middle East and countries in the commonwealth of independent states, we have been able to establish a global footprint. Our Order Book value was ₹ 1,15,884 lakhs on June 30, 2024, out of which ₹ 72,169 lakhs was from the Indian market and ₹ 43,715 lakhs was from the overseas market. Through our extensive experience, established product portfolio and proven track record, in our assessment, we are strongly positioned for providing products and solutions to customers worldwide. For our global operations, we have subsidiaries in the United States and UAE. We also aim to further expand our presence in the United States.

Capitalize on regulatory tailwinds

In response to the efforts made by the Government to check the use of drones, virtual currencies and encrypted communications by terrorists and the nature of international cooperation in this regard, the Ministry of Home Affairs disseminated the following information (i) Implementation of Drone Rules by Ministry of Civil Aviation; (ii) Drone and Anti-Drone courses are being run by NSG for State Police Forces and Central Armed Police Forces (CAPFs); and (iii) Procurement of Anti-Drone equipment to counter Rogue Drones. *(Source: 28th Report of the Committee on External Affairs, Ministry of External Affairs, Government of India, February 2024).*

Given our market position in the rapidly-growing defence training and anti-drone space, we believe we are well-positioned to continue to strategically expand our operations across India as well as globally. Further to the recognition of the importance of training simulators, the MoD has promulgated a framework for enhanced and synergised utilization of simulators, with the aim to transform to simulation-based training across all military domains. The framework lays emphasis on indigenous design and development as well as outsourcing of operation and maintenance of simulators to domestic companies.

Our domain experience, established brand presence and market position, paired with our proprietary training platform architecture, position us to benefit from growth of the Indian defense industry.

Continue to focus on inorganic growth through acquisitions, strategic investments and initiatives

Given the scale of our operations, balance sheet position, agile and innovative product offerings and track record of successful acquisitions, inorganic opportunities present viable growth opportunities. We intend to selectively pursue strategic investment and acquisition opportunities that complement our growth strategy or strengthen or establish our presence in our targeted domestic and overseas markets. Our extensive industry experience and insights enable us to identify suitable targets and effectively evaluate and execute potential opportunities. As the counter-drone industry presents significant growth opportunities, we intend to utilize our capabilities and expand our business and operations by pursuing investment opportunities in adjacent product categories in future. We may also form strategic alliances with global and domestic players in various segments of defence training and anti-drone industry that bring synergies to our business.

We have completed two acquisitions – acquisition of Unistring Tech Solutions Private Limited in 2018 and acquisition of AiTuring Technologies Private Limited in 2024. We have a dedicated team that evaluates strategic opportunities. We evaluate each potential acquisition to determine how the product offering or solution or technology will integrate with our existing portfolio and what synergies we can derive from such potential investments or acquisitions. For our invested businesses, we will utilize our resources to help them grow and succeed, with a goal to form sustainable and mutually beneficial relationships with such companies and offer solutions to the training and simulation and counter drone systems value chain in the long-run.

Expand our product portfolio and cater to new end-use applications and industries

We will continue to expand our product portfolio and seek to continue to provide differentiated offerings to our customers. We intend to leverage our proprietary technology and our design and development capabilities to innovate and introduce new counter-drone systems to capture a higher market share from new and existing customers. We seek to leverage our extensive experience to strengthen our industry position, by developing new products to capitalise on emerging trends. We are continuously in the process of identifying new end-use cases which have a significant growth potential and the economic viability to introduce new products. Currently, we primarily cater to defence applications, and we plan to expand to airport airspace protection, counter smuggling operations and VIP protection applications in the future. We believe that expanding our products and solutions portfolio by designing, developing and/or manufacturing new products will enable us to establish relationships with new customers and cater to new end-use industries.

OUR PRODUCT PORTFOLIO AND SUB-COMPONENTS

Over the years, we have developed a wide range of products and solutions to cater to the evolving requirement of our customers.

Our product portfolio spans two product lines:

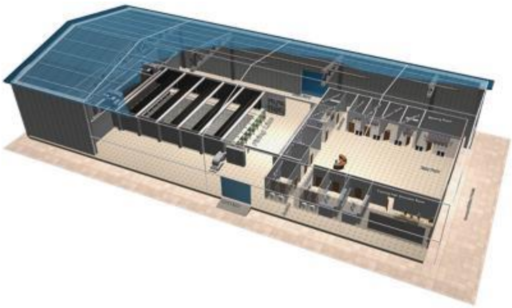
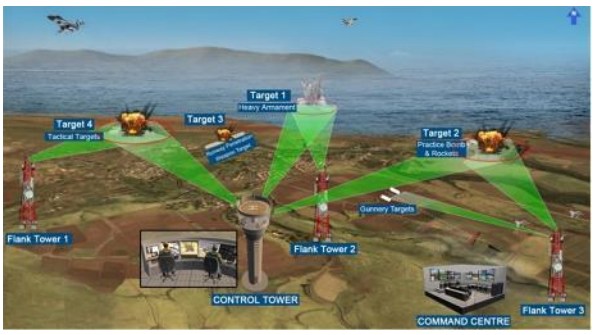
(i) training and simulation – this consists of (a) live ranges; (b) live simulation; (c) virtual and constructive simulation; and (d) operational equipment; and

(ii) counter-drone systems – these typically consist of six sub-components: (a) RF based drone detector; (b) radar detection; (c) video based drone identification and tracking; (d) data fusion and command centre; (e) drone RF jammer; and (f) hard kill interface.

Training and simulation

(a) <u>*Live ranges*</u>

Product Name	Description
Zen Smart Target System (Zen STS®) 	Zen STS® is a state-of-the art, location of miss and hit (LOMAH) bullet detection system for small arms marksmanship training. The system detects the passage of all supersonic projectiles in single shot, rapid and automatic fire modes. The STS also has a 'Pop-up' target feature.
Zen Multi-Functional Target System (Zen MFTS®) 	Zen MFTS® is a portable, electro- mechanical target system used at firing ranges for live-fire training. The System comprises a target system and a hand-held remote controller. The target system allows the target to function in different ways - pop up/down, rotate by 90 or 180 degrees and slice in/out. In addition to these movements, the target system can be mounted on a moving trolley so as to present a moving target.
Zen Tank Rail Target and ZenTank Pop-Up Target  	Zen Technologies offers the static as well as the moving Tank Target Systems: The Pop- up Static Tank Target Mechanism or STTM and Rail Moving Tank Target Mechanism or MTTM. These targets are ideal for range firing and for tactical firing practices.
Zen Containerised Tubular Shooting Range (Zen CTSR)	Zen Containerized Tubular Shooting Range is a secure, transportable indoor live-firing range built into a standard 40 foot shipping container. Weapons that can be fired: Hand Guns and Rifles (9mm, 5.56mm, 7.62mm and
	equivalent). The CTSR helps alleviate challenges to small arms training such as availability of firing ranges, manpower, time to train and logistics and cost of outdoor ranges. The CTSR has a very low acoustic signature, and hence can be placed right at 'the point of need' in urban areas, office complexes, near living areas and remote outposts as well. The CTSR can thus help in achieving and maintaining the 'shooting fitness' of soldiers and units.

Product Name	Description
Zen Containerised Indoor Shooting Range (Zen CISR) 	Built into a standard 40 foot shipping container for easy portability, the Zen CISR is a ‘plug and play’ kind of shooting range for live fire of hand guns and rifles. The CISR is ideal for small arms training for tactical and anti-terrorist operations. CISR comprises a safe stop-butt for the caliber of weapons fired. The CISR helps alleviate challenges to small arms training such as availability of firing ranges, manpower, time to train, logistics and cost of outdoor ranges. CISR thus helps in achieving and maintaining the ‘shooting fitness’ of soldiers and units. Ammunition that can be fired – 9mm, 5.56mm, 7.62mm and equivalent.
Zen Shoot House Live Fire Close Quarters Battle (CQB) Facility 	Zen Shoot House has been designed to train combat troops in close quarter battle situations in the closed environment of a built-up area. The Shoot House facility enables soldiers to carry out indoor live firing engagements to practice Room Intervention/Clearing drills. Also equipped for conduct of two-sided tactical training exercises with Simulated Fire (Not Live Fire). It thus offers the advantage of Live Fire training as well as Laser Fire based two- sided opposed training.
Zen Indoor Shooting Range 	Zen Technology Shooting Ranges are state of the art ranges enabled to facilitate maximum training in minimum time with the highest of safety. In this day and age of reducing outdoor ranges, high pressure on availability of training manpower, tight budgets, full spectrum training needs, and inescapable need of an ever ready combat force, Zen’s fully enabled indoor shooting ranges have a very critical role to play.
Air-to-Ground Firing Ranges and Scoring Systems 	Zen Air-to-Ground Firing Range and Scoring System offers real-time tracking and score in highest accuracy and the ability to be modular and the capacity to handle various ammunition types, in the most demanding environments using advanced algorithms and machine learning technologies.

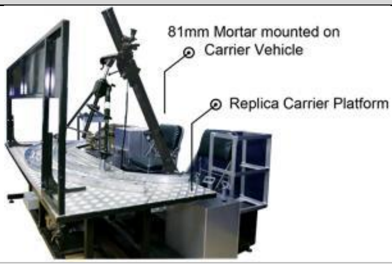
(b) Live simulation

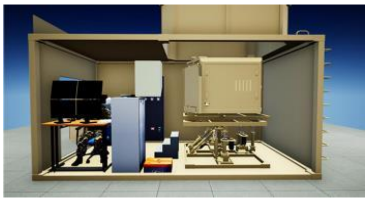
Product Name	Description
Zen Tactical Engagement Simulator (Zen TacSim®) 	Zen TacSim® is a force-on-force training system that enables conduct of 'live' exercises and mission rehearsals. Suitable for both outdoor and indoor training. It is a Laser and Sensor based 'Live' Training System. It is realistic and provides for mission rehearsals and tactical exercises.
Zen Armour Combat Training System (Zen ACTS™) 	'Force-on-Force' exercises in operational environment are a most realistic form of mission oriented training for Mechanised Forces. Zen ACTS™ is a holistic laser-based live training system. It facilitates realistic crew training and enables commanders to validate their plans and combat effectiveness of their command. Zen ACTS™ is scalable for any force level and configurable to MBTs and AFVs world over. It Integrates with Zen Tactical Engagement Simulator (TacSim®) for an all arms combat training environment.
Zen Hand Grenade Simulator (Zen HE36S®) 	Zen HE36S® is a patented 'pyrotechnic' hand grenade simulator that helps trainees develop a high degree of mind-body coordination essential for effectively firing hand grenades. It is a non-fragmenting reusable hand grenade and a useful aid for soldiers for handling and practicing grenade lobbing techniques. The simulator is of similar dimension, shape, weight, look and feel of a HE-36 hand grenade used by Security Forces. Zen HE36S® fills the gap between squad post training and live firing of grenades.

(c) <u>Virtual and constructive simulation</u>

Product Name	Description
Zen Infantry Weapons Training Simulator (Zen IWTS®)	Zen Infantry Weapons Training Simulator (Zen IWTS®) is an indoor training System to enhance firing standards in all section level small arms such as Handguns, Rifles, Machine gun, Sniper, MGL and RL and also company support weapons MMG and AGL. The IWTS helps train the entire section and supporting weapons in firing exercises and fire control drills. It thus helps

Product Name	Description
	alleviate challenges of availability of live firing ranges, constraints of ammunition, time, manpower, wear and tear and quantification of skill/combat readiness standards.
Zen Advanced Weapons Simulator (Zen AWeSim®) 	Zen Advanced Weapons Simulator (Zen AWeSim®) is an indoor training System to enhance firing standards in all section level small arms such as handguns, rifles and light machine gun. Other weapons such as sniper, MGL and RL and company support weapons MMG and AGL may also be added if required by the user.
Zen Medium Machine Gun Simulator (Zen MMG Sim) 	Zen MMG Sim is an interactive simulator to train MMG detachment numbers in techniques of engagement of various targets, fire control and tactical employment of the weapon system. The gunner operates a replica/modified service MMG and engages targets projected on a laser sensitive video screen. The MMG Simulator supports exercises from the basic level, to Annual Range Course, Field Firing Exercises and advanced tactical exercises.
Zen Automatic Grenade Launcher Simulator (Zen AGL Sim) 	Zen AGL Sim is an interactive training system to train AGL detachments in techniques of engagement of various targets, fire control and tactical employment of the weapon system. The gunner operates a replica/modified service AGL and engages targets projected on a video screen, in different types of terrain under varying light and environment conditions.
Zen Anti-Tank Guided Missile Simulator (Zen ATGM® Sim) 	Zen ATGM® Sim is a state-of-the-art indoor anti-tank guided missile pilot training simulator to meet the challenging requirements of missile pilots. It offers training right from the basic 'recruit' level all the way to tactical and advanced levels of training missile pilots in handling and firing the ATGM.
Zen 81MM Mortar Integrated Simulator (Zen 81mm MIS) 	Zen 81mm MIS is an indoor simulator to train the complete Mortar Platoon on drills and fire control with replicated 81mm Mortar equipment and ammunition. The system simulates range conditions and weapon performance parameters to facilitate training of the Fire Controller (FC), Mortar Position Controller (MPC) and Mortar Detachment Numbers in the conduct of engagement of targets by 81mm Mortars.
Zen Carrier Mortar Tracked Simulator (CMT Sim)	Zen CMT Sim is a fully integrated state-of-the- art indoor simulator. The system is designed to seek total realism for operational training needs of mechanised forces. It trains the 81mm Mortar crew of a Mechanised Infantry Battalion in all facets of efficient handling and effective firing in simulated range conditions and with weapon performance parameters.

Product Name	Description
	
Zen Anti-Aircraft Air Defence Simulator (Zen 3AD Sim) 	Zen 3ADS (Anti-Aircraft Air Defence Simulator) is designed to train IGLA missile pilots. It is user-friendly and provides data of missile launch, details of target movements and hit-miss information for after action review (analysis). The simulator is light-weight, modular in nature and lends itself to up- gradation.
Zen Integrated Air Defence Combat Simulator (Zen IADCS) 	Zen IADCS is a state-of-the-art virtual simulator for training the crews of L-70 and ZU 23-2 guns. It provides unlimited opportunities for simulated live-fire practice with zero ammunition expenditure. IADCS is also an effective solution for Anti-Drone training of gun and radar crews. A cost-effective solution for training of air defence gun and radar crews (including handling of drone threats)

Product Name	Description
Zen Tank Driving and Crew Gunnery Simulator 	Zen Tank T-72/T-90 Driving Simulator (DS) is a 6 Degrees of Freedom (6 DoF) motion platform based simulator. It replicates the driver cabin and all the controls to deliver a most realistic tank driving experience. Zen Tank T-72/T-90 Crew Gunnery Simulator (CGS) is a state-of-the-art tank simulator. It enables gunners and tank commanders to perform various functions and tasks relating to selection, prioritizing, target engagement and operation of controls exactly as in the real T- 72/T-90 tank.
Zen Infantry Combat Vehicle Driving Simulator (Zen BMP II DS) 	Zen BMP II Driving Simulator has been designed to deliver most realistic driving training for the Infantry Combat Vehicle (ICV). It offers right from basic training all the way up to tactical and very challenging driving exercises for the driver and the commander The ICV / APC driver training simulator replicates the ergonomics of the driver cabin, look and feel of the driver's controls, indicators, viewing devices and instrument panels of a standard Infantry Combat Vehicle. It has been designed for the BMP II and can be configured to any make of ICV/APC (both tracked and wheeled).

Zen BMP II Integrated Missile Simulator (Zen BMP II IMS) 	The Zen Infantry Combat Vehicle Integrated Missile Simulator (Zen BMP II IMS) is a state- of-the-art indoor gunnery simulator and meets the exacting training requirements of gunner and commander of the ICV. The integrated missile simulator replicates the ergonomics of the gunner and the commander cabins. It has the same controls, indicators, viewing devices and instrument panels of the BMP II. It can be adapted for any make of ICV/APC, tracked or wheeled.

(d) *Operational equipment*

Product Name	Description
Zen Shootedge® 	ShootEdge® is an advanced adapter engineered specifically for pistols, Glock 17, Glock 19 or UBGLs revolutionizing tactical operations by enabling secure shooting around corners without exposing the operator to direct fire. Its pivotal feature is the capability to swivel the weapon up to 65 degrees to either side, allowing effective firing from positions that minimize exposure. The system integrates cutting-edge technology, including a high-resolution day and night camera that delivers clear visuals regardless of lighting conditions. This is complemented by an IR illuminator for enhanced visibility in low-light environments, a precise red dot laser for accurate aiming, and a tactical torch for supplementary functionality.

Counter-drone systems

Product Name	Description
Zen Anti-Drone System (Counter Unmanned Aerial System) 	Anti-Drone System is a Multi-Layer Multi Sensor Architecture aimed at providing comprehensive security against all class of unmanned aerial system attacks.

Planned Products

We intend to introduce newer versions of our products and training solutions as well as new products, wherein our focus will be on improving performance and reliability of our simulators and anti-drone systems. We intend to improve the performance by providing increased flight times which can be achieved by better airframe designs, better battery technology and overall better integration of the different subsystems. Further, we shall focus on reliability by improving the life of the anti-drone system and the quality to reduce mission failures.

OUR OPERATIONS

Our Facilities

We utilize an asset-light manufacturing model, in which most components, are produced by outside third-party vendors through contract manufacturing arrangements. As of June 30, 2024, we had around 400 vendors located in India. This supply chain reflects unique strategies for each of our customer markets, optimizing landed costs and lowering risk.

Our manufacturing and production facility is accredited with quality management system and is in compliance with ISO 9001:2015 and ISO/IEC 27001:2013 requirements.

Our Research and Development (research and development) Centre

Our research and development centre, which is located in Hyderabad, Telengana in India, which enables us to focus on innovation and design, develop, engineer and manufacture our products. Our research and development centre has been recognized and accredited by the Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India. Our research and development centre has 115 employees, as of June 30, 2024. We spent ₹ 698.83 lakhs, ₹ 2,665.34 lakhs, ₹ 2,021.13 lakhs and ₹ 1,380.07 lakhs towards its research and development activities during the three months ended June 30, 2024 and in Fiscals 2024, 2023 and 2022, respectively.

Our Demo Centre-cum-Factory

Our Demo Centre-cum-Factory, which is located in Hyderabad, Telengana in India is built on a land parcel admeasuring 8.55 acres. This facility allows us to showcase our products, thus taking our clients on an immersive journey that helps them understand the differentiated value we offer.

Our Software Centre

Our software centre, situated in Kondapur in Hyderabad, Telengana in India, is a testament to our commitment to staying at the forefront of technological advancement.

Raw Materials/ Components

The primary raw materials required for manufacturing of our products are metals, printed circuit boards, integrated circuits and cables, which we procure domestically or internationally. We also require other raw materials, such as metal and machined parts, most of which are sourced from the domestic suppliers based on our requirements on an on-going basis. We have strong working relationships with certain suppliers. We procure all of our raw materials either by entering into short-term contracts or by way of purchase orders on an ongoing basis and therefore, are required to pay the market price of such products. We are able to leverage our wide network of suppliers to ensure that our supply chain remains unaffected.

Our cost of materials consumed was ₹ 11,016.60 lakhs, ₹ 17,174.68 lakhs, ₹ 7,853.05 lakhs and ₹ 2,458.63 lakhs in the three months ended June 30, 2024 and in Fiscals 2024, 2023 and 2022, respectively, which accounted for 43.27%, 39.05%, 35.88% and 35.25%, of our revenue from operations and 74.70%, 63.37%, 50.22%and 34.36%, of our total expenses in the three months ended June 30, 2024 and in Fiscals 2024, 2023 and 2022, respectively.

Customers

Our customers include the Ministry of Defence (MoD), Government of India, as well as friendly foreign armed forces, state police units, security forces, and paramilitary forces.

On-Site Installation and Training

We offer on-site installation and training services to ensure that our clients can seamlessly integrate our systems into their operations. Our team of experts provides hands-on training to users, ensuring they are fully equipped to utilize the technology effectively and maximize its benefits.

Warranty and After-Sales Service Commitment to Quality and Customer Support

All our products come with a warranty, underscoring our commitment to quality and reliability. In addition, we offer robust after-sales service to support our customers, including maintenance, troubleshooting, and technical assistance, ensuring long- term satisfaction and performance. We also provide Annual Maintenance Contract (AMC) services that are either sold separately or bundled together with the sale of our products to a customer. The AMC services do not significantly customise or modify the product. Contracts for bundled sale of products and AMC services are comprised of two performance obligations because the equipment and AMC services are both sold on a stand-alone basis and are distinct within the context of the contract. AMC services generate recurring revenue for our Company with higher profitability margins. AMC contracts begin after three years of equipment installation, providing a steady stream of revenue even in the absence on new equipment orders. AMC revenues are expected to grow with the expansion of our simulator installation base.

Sales and Marketing

Our distribution network is aided by our in-house sales and business development team and a marketing team which liaise with them on a regular basis for customer inputs, market demands as well as positioning of our products vis-à-vis products of our competitors. Our sales and business development team and marketing teams focus on developing relationships with our key customers to understand and identify their specific requirements. We focus on digital as well as organic marketing initiatives for marketing our products. We announce the launch of our products on our website and proliferate it through social media campaigns as well as third – party industry media for better reach. Our marketing and advertising expenses was ₹ 112.13 lakhs, ₹ 502.18 lakhs, ₹ 621.96 lakhs and ₹ 439.95 lakhs in the three months ended June 30, 2024 and Fiscals 2024, 2023 and 2022, respectively.

Information Technology

Investment in IT infrastructure is essential to improve our operational efficiencies, improve scale and enhance productivity. We have implemented an IT policy to maintain the confidentiality, integrity and availability of information and supporting information systems. We continue to actively revise our IT policy and upgrade our technology infrastructure and applications to keep pace with the changing and dynamic environment. We will continue to focus on increasing operational efficiency through technology initiatives.

Insurance

Our operations are subject to hazards inherent in storing and transporting our products such as work accidents, fire, earthquakes, flood and other *force majeure* events, acts of terrorism and explosions, including hazards that may cause loss of life and severe damage to and the destruction of property and inventory. Our principal types of insurance coverage include all normal risks associated with our business, including fire, burglary and terrorism. We typically maintain standard fire and burglary insurance policies for our stocks, and also obtain goods carrying vehicle package policies and marine insurance policies for transit of goods. We have also obtained a group medical policy and insurance policy in relation to accidents for our employees. These insurance policies are generally valid for a year and are renewed annually. In our experience, the amount of insurance currently maintained by us represents an appropriate level of coverage required to insure our business and operations**.** See '***Risk Factors – We may not have sufficient insurance coverage to protect us against operating hazards and this may have an adverse effect on our business and revenues.***' on page 51.

Intellectual Property

We rely on a combination of trade secrets, patents, copyrights, and trademarks, as well as contractual protections, to establish and protect our intellectual property rights. As on August 3, 2024, we have filed 100 applications for utility patents in India and 58 applications of utility patents in other jurisdictions, out of which 48 utility patents have been granted in India and 28 utility patents have been granted in other jurisdictions. Additionally, we have filed 42 applications for design patents in India out of which 35 design patents have been granted in India and we also have two design patents in other jurisdictions. We have also filed 105 applications for registration of trademarks, of which 42 trademarks have been registered and are active. Additionally, we have filed 26 applications for registration of copyrights, of which 23 copyrights are registered.

Environmental, Health and Safety Management

We aim to comply with applicable health and safety regulations and other requirements in our operations and have adopted an environment, health and safety policy that is aimed at complying with legislative requirements, requirements of our licenses, approvals, various certifications and ensuring the safety of our employees and the people working under our management, pursuant to which we have implemented health and safety standards aimed at ensuring a safe working environment. See '***Risk Factors – We are subject to various stringent laws and regulations, including environmental and health and safety laws and regulations.***' on page 51.

Employees and Human Resources

We consider our employees and personnel one of our most important assets, who are critical to maintaining our competitive position in our industry. As of June 30, 2024, we had 363 permanent employees, as set forth below, by function:

Department	**Number of employees**
Top Management	4
Senior Management	5
Administration and Others	74
Customer Support	87
Engineering and Production	63
Marketing and business development	20
Research and Development	47
Software Development	63
Total	**363**

In addition to compensation that includes salary, allowances and performance linked bonuses, we provide our employees other benefits which include advance salary and yearly leaves. We conduct regular training workshops and performance reviews. We endeavour to develop and train our employees in order to facilitate the growth of our operations. Our performance management procedures are focused on increasing alignment between individual and organizational goals and taking regular feedback to facilitate interaction between new employees and senior management.

Corporate Social Responsibility

We have constituted a corporate and social responsibility ("**CSR**") committee of our Board of Directors comprising of three Directors, namely, Dr. Ravindra Kumar Tyagi, Mr. Ravi Kumar Midathala, Mr. Ashok Atluri, and have adopted and implemented a CSR policy, pursuant to which we will carry out our CSR activities.

Properties

Our Registered Office is located at B-42, Industrial Estate Sanathnagar, Hyderabad-500018, Telangana, India and is owned by us. The following table sets out details of our material premises:

S.No	**Particulars**	**Location**	**Leased area**	**Leased/owned**	**Date of agreement and term of lease (as applicable)**
1	Manufacturing Unit	Plot No.15, Sy.No 656-AA, AadibatlaVillage, Ibrahimpatnam Mandal, Rangareddy District, Hyderabad.	2.00 acres bearing plot No. 15, SEZ Adibatla	Leased	April 9, 2019 for a term of 33 years
2		135, 1st Floor, Chandralok Complex at 111, Sarojini Devi Road, 500 015, Secunderabad, Hyderabad	810 Sq. ft	Owned	July 21, 2001
3		Plot No. 99/2 Phase II, Cherlapally Industrial Estate 501 301 Hyderabad, Telangana	2,034.10 Sq.Mt	Owned	December 5, 1996
4		Plot No 35, 36, 37, Hardware Park, Ravirala village, Maheshwaram Mandal, Rangareddy District 501 510, Hyderabad, Telangana	8.55 acres	Owned	November 9, 2012

S.No	Particulars	Location	Leased area	Leased/owned	Date of agreement and term of lease (as applicable)
5	Registered Office and Research & Development Unit -1	B-42, bearing MCH No. -B-42 at I.E. Sanath Nagar 500 018, Hyderabad, Andhra Pradesh	2,123 Sq.Mt. along with the shed having a plinth area of 8,578 Sq.ft	Owned	June 26, 2003
6	Software Division and Research & Development Unit -2	11th and 12th Floor, Signature Tower, Kondapur 500 084 Hyderabad, Telangana	25,000 Sq.ft	Owned	April 30, 2016

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

Under our Articles of Association, our Board shall comprise not less than three Directors and not more than 14 Directors. As on the date of this Preliminary Placement Document, we have eight Directors on our Board, comprising Chairman and Managing Director, President and Joint Managing Director, two Executive Directors and four Independent Directors. We have two women Directors on our Board. Our Company is in compliance with the corporate governance norms prescribed under the SEBI Listing Regulations and the Companies Act, 2013 in relation to the composition of our Board and the constitution of committees thereof.

The following table sets forth the details regarding our Board of Directors as on the date of this Preliminary Placement Document:

Name, Address, Occupation, Term, Nationality and DIN	Age	Designation
Ashok Atluri *Address:* B-1402, DSR Fortune Prime, Gafoor Nagar, Durgam Cheruvu Road, Madhapur, Hyderabad 500 081, Telangana, India *Occupation*: Business *Nationality:* Indian *Term:* Three years with effect from May 1, 2023 and liable to retire by rotation *DIN:* 00056050	58 years	Chairman and Managing Director
Kishore Dutt Atluri *Address:* Bay Laurel, 1701, Floor 16, The Botanika, Behind the Platina, Gachibowli, Hyderabad 500 032, Telangana, India *Occupation*: Business *Nationality:* Indian *Term:* Three years with effect from May 1, 2023 and liable to retire by rotation *DIN:* 09691242	62 years	President and Joint Managing Director
Ravi Kumar Midathala *Address:* House No.10, Neela Vishal Row Houses, Manovikas Nagar Near Mansorovar Heights, Tirumalgeery, Hyderabad 500 003, Telangana, India *Occupation*: Business *Nationality:* Indian *Term:* Three years with effect from June 29, 2022 *DIN:* 00089921	61 years	Whole-time Director
Shilpa Choudari *Address:* B-1402, DSR Fortune Prime, Gafoor Nagar, Durgam Cheruvu Road, Madhapur, Hyderabad 500 081, Telangana, India *Occupation*: Service *Nationality:* Indian *Term:* Three years with effect from November 1, 2023 and liable to retire by rotation *DIN:* 06646539	43 years	Whole-time Director

Name, Address, Occupation, Term, Nationality and DIN	Age	Designation
Ravindra Kumar Tyagi *Address:* A-71, Behind Mother's Pride School Sector-93B, Gautam Buddha Nagar Noida 201 304, Noida, Uttar Pradesh *Occupation*: Business *Nationality:* Indian *Term:* Three years with effect from April 1, 2022 *DIN:* 01509031	69 years	Independent Director
Ajay Kumar Singh *Address*:C-20, Block-5, Kendriya Vihar Phase-2, Indra Nagar, Gachibowli, Serilingampally, K V Rangareddy 500 032 Telangana, India *Occupation*: Professional *Nationality:* Indian *Term:* Three years with effect from November 2, 2022 *DIN:* 08532830	48 years	Independent Director
Sirisha Chintapalli *Address:* 74-29-3/4, Alluri Sita Rama Raju Road, Ayyappanagar, Vijayawada 520 007, Andhra Pradesh, India. *Occupation*: Professional *Nationality:* Indian *Term:* Three years with effect from August 8, 2023 *DIN:* 08407008	44 years	Independent Director
Sanjay Vijay Singh Jesrani *Address:* 203, Sri Krishna Residency, Road 14, Banjara Hills, Hyderabad 500 034, Telangana, India. *Occupation*: Business and in Service *Nationality:* Indian *Term:* Three years with effect from January 27, 2024 *DIN:* 02306916	58 years	Independent Director

Relationship with other Directors

Apart from Ashok Atluri, our Chairman and Managing Director, who is the younger brother of Kishore Dutt Atluri, our President and Joint Managing Director and Shilpa Choudari, our Whole-time Director, who is the wife of Ashok Atluri, our Chairman and Managing Director, none of our Directors are related to each other.

Brief profiles of our Directors and Key Managerial Personnel

Ashok Atluri is the Chairman and Managing Director of our Company and one of the Promoters of our Company. He has been associated with our Company since June 14, 1994. In addition to this, he holds directorship in Zen SkillProc Private Limited, Zen Medical Technologies Private Limited and Unistring Tech Solutions Private Limited.

Kishore Dutt Atluri is the President and Joint Managing Director and one of the Promoters of our Company. He has been associated with our Company since September 1, 1993. He does not hold directorship in any other company.

Ravi Kumar Midathala is a Whole-time Director and one of the Promoters of our Company. He has been associated with our Company since July 1, 1993 (appointed vide board resolution dated June 30, 1993). In addition to this, he holds directorship in Zen Medical Technologies Private Limited.

Shilpa Choudari is a Whole-time Director of our Company. She has been associated with our Company since November 1, 2020. In addition to this, she holds directorship in Anvizen Consultants Private Limited, Vensam Infrastructure (India) Private Limited and Unistring Tech Solutions Private Limited.

Ravindra Kumar Tyagi is an Independent Director of our Company. He has been associated with our Company since April 4, 2019. In addition to this, he holds directorship in Envisagers Consultancy LLP, Delhi Cargo Service Centre Private Limited, GMR Vishakhapatnam International Airport Limited and GMR Air Cargo and Aerospace Engineering Limited.

Ajay Kumar Singh is an Independent Director of our Company. He has been associated with our Company since November 2, 2019. In addition to this, he holds directorship in Unistring Tech Solutions Private Limited.

Sirisha Chintapalli is an Independent Director of our Company. She has been associated with our Company since August 8, 2020. In addition to this, she holds directorship in Brahmani Infratech Private Limited, Bloom & Blossom Projects Private Limited and Sai Silks (Kalamandir) Limited.

Sanjay Vijay Singh Jesrani is an Independent Director of our Company. He has been associated with our Company since January 27, 2024. In addition to this, he holds directorship in Unimed Health Care Private Limited and Fernandez Innovations Forum.

Afzal H Malkani is the Chief Financial Officer of our Company. He has been associated with our Company since August 1, 2022. He is responsible for financial management and overall finance and accounts of the Company.

Raghavendra Prasad Movva is the Company Secretary and Compliance Officer of our Company. He has been associated with our Company since March 1, 2023. He is responsible for legal drafting and vetting of documents.

Borrowing powers of our Board

Pursuant to our Articles of Association, subject to the provisions of the Companies Act, 2013 and other applicable laws and pursuant to the resolution passed by the shareholders of our Company on September 16, 2023, our Board has been authorised to borrow from time to time any sum or sums of money (together with interest at the respective agreed rates from time to time, additional interest, compound interest, liquidated charges, commitment charges or costs, charges, expenses and all other monies payable by the Company including any increase as a result of devaluation / revaluation / fluctuation in the rate of exchange in respect of the said loans) or such terms and conditions as may be determined, which, together with the monies already borrowed by our Company (apart from the temporary loans obtained or to be obtained from our Company's bankers in the ordinary course of business) shall not exceed the sum of ₹ 2,00,000 lakhs over and above the aggregate of the paid-up share capital and free reserves of our Company.

Interest of our Directors

All our Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof, as well as to the extent of other remuneration and reimbursement of expenses, if any, payable to them. For further information, see "***Board of Directors and Senior Management - Remuneration of Directors***" on page 132.

Our Directors may also be regarded as interested in the Equity Shares held by them, if any, or held by or that which may be subscribed by or allotted to their relatives or the companies, firms or trusts, HUFs in which they are interested as directors, members, partners, *karta*, trustees or promoters. Our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares and/or Preference Shares and any other benefits arising out of such holding. Additionally, the Directors of our Company may be interested to the extent of stock options that have been granted to them under Zen ESOP 2021. For further details, see "***Board of Directors and Senior Management* – *Shareholding of Directors***" on page 132.

None of our Directors has been declared as Wilful Defaulters.

Interest in land and property

Our Directors are not interested in any property acquired of or by our Company or presently intended to be acquired of it or by it.

None of our Directors has any interests in any transaction by our Company for acquisition of land, construction of building and supply of machinery.

Except as provided in "***Related Party Transactions***" on page 36, our Directors do not have any interest in any property acquired or proposed to be acquired of our Company or by our Company.

Interest in promotion or formation of our Company

Except Ashok Atluri, the Promoter of our Company and our Chairman and Managing Director, Kishore Dutt Atluri, our Promoter and our President and Joint Managing Director, and Ravi Kumar Midathala, our Promoter and Whole-time Director, our Directors have no interest in the promotion or formation of our Company, as on the date of this Preliminary Placement Document.

Except as stated in "***Financial Information***" on page 193, and as disclosed in this section, our Directors do not have any other interest in the business of our Company.

Our Company has not availed any loans from any of our Directors. Furthermore, our Directors have not taken any loans from our Company.

Shareholding of Directors

Our Articles of Association do not require our Directors to hold any qualification shares.

As on the date of this Preliminary Placement Document, our Directors hold the following number of the Equity Shares:

Names of Directors	Number of Equity Shares	Percentage of shareholding (%)
Equity Shares		
Ashok Atluri	2,15,46,103	25.64
Kishore Dutt Atluri	1,57,40,970	18.73
Ravi Kumar Midathala	5,00,000	0.59
Sanjay Vijay Singh Jesrani	21,500	0.03
Ravindra Kumar Tyagi	760	0.00

Remuneration of Directors

The Nomination and Remuneration Committee determines and recommends to our Board the compensation payable to our Directors. Our Board and/or the shareholders, as the case may be, approves such compensation to Directors.

Pursuant to a resolution passed by our shareholders through postal ballot dated March 8, 2024, our Company is required to pay Sanjay Vijay Singh Jesrani, one of our Independent Directors ₹ 50,000 as sitting fees for attending each meeting of our Board.

The table below sets forth the remuneration (including sitting fees and commission) paid to our existing Managing Director and Joint Managing Director for the three months period ended June 30, 2024 and the last three Fiscals:

Name	Designation	Three months period ending June 30, 2024 (in ₹ lakhs)	Fiscal 2024 (in ₹ lakhs)	Fiscal 2023 (in ₹ lakhs)	Fiscal 2022 (in ₹ lakhs)
Ashok Atluri	Chairman and Managing Director	371.47	789.54	176.58	66.65
Kishore Dutt Atluri	President and Joint Managing Director	305.60	630.47	230.68*	66.33*

**He drew remuneration in capacity of president in Fiscal 2022 and Fiscal 2023 till July 31, 2022.Thereafter, he has been appointed as a joint Managing Director of the Company with effective from August 1, 2022.*

The table below sets forth the details of the remuneration (including sitting fees and commission) paid to our Independent Directors and Whole-time Directors for the three months period ended June 30, 2024 and the last three Fiscals:

Name	Designation	Three months period ended June 30, 2024 (in ₹ lakhs)	Fiscal 2024 (in ₹ lakhs)	Fiscal 2023 (in ₹ lakhs)	Fiscal 2022 (in ₹ lakhs)
Ravi Kumar Midathala	Whole-time Director	18.40	74.47	69.79	53.59
Shilpa Choudari	Whole-time Director	15.12	39.50	24.39	25.04
Sanjay Vijay Singh Jesrani	Independent Director	1.00	1.00	-	-
Sirisha Chintapalli	Independent Director	0.50	1.50	3.00	1.75
Ravindra Kumar Tyagi	Independent Director	1.00	4.00	4.50	2.75
Ajay Kumar Singh*	Independent Director	Nil	Nil	Nil	2.75

** Since Fiscal Year 2023, he has not received any remuneration / sitting fees.*

Terms and conditions of employment of our Managing Director, Joint Managing Director and Whole-time Directors

***Ashok Atluri**, Chairman and Managing Director*

Ashok Atluri has been re-appointed as our Chairman and Managing Director for a period of three consecutive years commencing from May 1, 2023 pursuant to the resolutions passed by the shareholders' at the annual general meeting held on September 16, 2023 and our Board of Directors on May 6, 2023. He is entitled to a fixed salary of ₹ 12,50,000 per month along with incentive of 3% based on the net profits of our Company for each financial year.

In addition to the fixed salary set out above, he is also entitled to the following:

Housing:

i) If accommodation in our Company owned house is provided, then 10% of his salary towards house rent will be paid;
ii) Where hired accommodation is provided, the expenditure incurred on hiring furnished accommodation including maintenance cost will be borne by our Company;
iii) In case, our Company does not provide accommodation, house rent allowance shall be paid at 40% of his salary; and
iv) The expenditure incurred by our Company on gas, electricity, water and furnishing will be evaluated as per the Income Tax Rules, subject to ceiling of 10% of his salary.

Perquisites: Medical reimbursement, leave travel concession, club fee, personal accident insurance, gratuity as per the Gratuity Act, 1972, one month's leave with full pay and allowance for every eleven months of service car with driver for our Company's business.

***Kishore Dutt Atluri**, President and Joint Managing Director*

Kishore Dutt Atluri has been re-appointed as our President and Joint Managing Director for a period of three consecutive years commencing from May 1, 2023 pursuant to the resolution passed in the 30th Annual General Meeting dated September 16, 2023 and our Board of Directors Meeting dated May 6, 2023. He is entitled to a fixed salary of ₹ 12,50,000 per month along with incentive of 1% based on the net sales of our Company for each financial year.

In addition to the fixed salary set out above, he is also entitled to the following:

Housing:

i) If accommodation in our Company owned house is provided, then 10% of his salary towards house rent will be paid;
ii) Where hired accommodation is provided, the expenditure incurred on hiring furnished accommodation including maintenance cost will be borne by our Company;
iii) In case, our Company does not provide accommodation, house rent allowance shall be paid at 40% of his salary; and
iv) The expenditure incurred by our Company on gas, electricity, water and furnishing will be evaluated as per the Income Tax Rules, subject to ceiling of 10% of his salary.

Perquisites: Medical reimbursement, leave travel concession, club fee, personal accident insurance, gratuity as per the Gratuity Act, 1972, one month's leave with full pay and allowance for every eleven months of service, car with driver for our Company's business.

Shilpa Choudari, *Whole-time Director*

Shilpa Choudari has been re-appointed as our Whole-time Director for a period of three consecutive years commencing from May 1, 2023 pursuant to the resolution passed in the 30th Annual General Meeting dated September 16, 2023 and our Board of Directors Meeting dated August 5, 2023. She is entitled to a fixed salary of ₹ 3,00,000 per month along with perquisites subject to a maximum amount of ₹ 24,00,000 per annum.

In addition to the fixed salary set out above, she is also entitled to the following:

Housing:

i) If accommodation in our Company owned house is provided, then 10% of her salary towards house rent will be paid;
ii) Where hired accommodation is provided, the expenditure incurred on hiring furnished accommodation including maintenance cost will be borne by our Company;
iii) In case, our Company does not provide accommodation, house rent allowance shall be paid at 40% of her salary; and
iv) The expenditure incurred by our Company on gas, electricity, water and furnishing will be evaluated as per the Income Tax Rules, subject to ceiling of 10% of her salary.

Perquisites: Medical reimbursement, leave travel concession, club fee, personal accident insurance, gratuity as per the Gratuity Act, 1972, one month's leave with full pay and allowance for every eleven months of service, car with driver for our Company's business.

Ravi Kumar Midathala, *Whole-time Director*

Ravi Kumar Midathala has been re-appointed as our Whole-time Director for a period of three consecutive years commencing from May 1, 2023 pursuant to the resolution passed in the 29th Annual General Meeting dated September 29, 2022 and our Board of Directors Meeting dated May 7, 2022. He is entitled to a fixed salary of ₹ 4,00,000 per month including perquisites subject to a maximum amount of ₹ 27,00,000 per annum.

In addition to the fixed salary set out above, he is also entitled to the following:

Housing:

i. House rent allowance shall be paid at 40% of her salary; and
ii. The expenditure incurred by our Company on gas, electricity, water and furnishings will be evaluated as per the Income Tax Rules, subject to ceiling of 10% of her salary.

Perquisites: Medical reimbursement, leave travel concession, club fee, personal accident insurance, gratuity as per the Gratuity Act, 1972, one month's leave with full pay and allowance for every eleven months of service, car with driver for our Company's business, reimbursement of reasonable entertainment and other expenses actually and properly incurred in connection with the business of our Company.

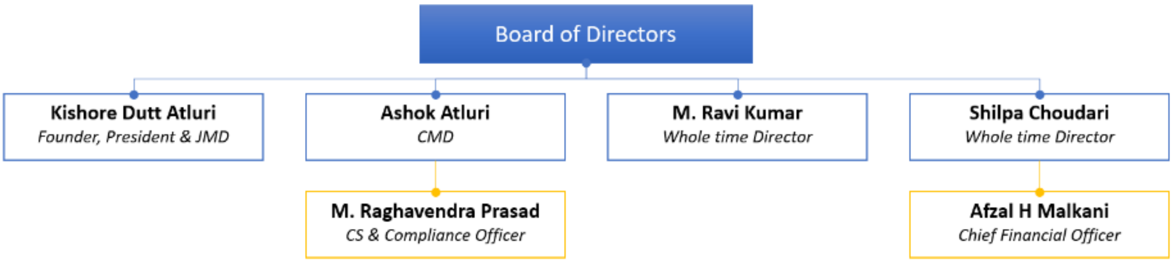
Bonus or profit-sharing plan of the Directors

Our Company does not have any bonus or profit-sharing plan with our Directors except incentive of 3% based on net profits of the Company for each financial year for Ashok Atluri and incentive of 1% based on net sales of the Company for each financial year for Kishore Dutt Atluri.

Service contracts with Directors

There are no service contracts entered into with any Directors, which provide for benefits upon termination of employment.

Organisation Chart of our Company



Corporate Governance

Our Company is in compliance with the requirements of applicable law, including the Companies Act, 2013 and the SEBI Listing Regulations in respect of corporate governance, including constitution of our Board and committees thereof. Our Board functions either as a full Board or through various committees constituted to oversee specific operational areas.

Our Board has constituted statutory committees, which function in accordance with the relevant provisions of the Companies Act, 2013 and the SEBI Listing Regulations. The statutory committees of our Board are: (i) Audit Committee; (ii) Nomination and Remuneration Committee; (iii) Stakeholders' Relationship Committee; (iv) Borrowing Committee; and (v) Risk Management Committee (vi) Corporate Social Responsibility Committee (vii) Investment and Finance Committee (viii) Fund Raising Committee.

The following table sets forth details of members of the aforesaid committees, as on the date of this Preliminary Placement Document:

Committee	Name and Designation of the Members
Audit Committee	Sanjay Vijay Singh Jesrani (Chairperson)
	Ravindra Kumar Tyagi (Member)
	Ajay Kumar Singh (Member)
	Ashok Atluri (Member)
Nomination and Remuneration Committee	Sanjay Vijay Singh Jesrani (Chairperson)
	Ajay Kumar Singh (Member)
	Ravindra Kumar Tyagi (Member)
Stakeholders' Relationship Committee	Sirisha Chintapalli (Chairperson)
	Sanjay Vijay Singh Jesrani (Member)
	Ashok Atluri (Member)
Risk Management Committee	Sanjay Vijay Singh Jesrani (Chairperson)
	Ashok Atluri (Member)
	Ravi Kumar Midathala (Member)
	Ajay Kumar Singh (Member)
Borrowing Committee	Sanjay Vijay Singh Jesrani (Chairperson)
	Ashok Atluri (Member)
	Kishore Dutt Atluri (Member)
	Ravi Kumar Midathala (Member)
	Shilpa Choudari (Member)
Corporate Social Responsibility Committee	Ravindra Kumar Tyagi (Chairman)
	Ravi Kumar Midathala (Member)
	Ashok Atluri (Member)
Investment and Finance Committee	Sanjay Vijay Singh Jesrani (Chairperson)
	Ravi Kumar Midathala (Member)
	Kishore Dutt Atluri (Member)
	Shilpa Choudari (Member)
	Ashok Atluri (Member)

Committee	Name and Designation of the Members
Fund Raising Committee	Shilpa Choudari (Chairperson)
	Ravi Kumar Midathala (Member)
	Ajay Kumar Singh (Member)
	Afzal H Malkani (Member)

Key Managerial Personnel

All our Key Managerial Personnel are permanent employees of our Company.

Other than our Managing Directors and Whole-time Directors, the details of our other Key Managerial Personnel in terms of the Companies Act, 2013 and the SEBI ICDR Regulations as on the date of this Preliminary Placement Document, are set out below:

Sr No.	Name	Designation
1.	Afzal H Malkani	Chief Financial Officer
2.	Raghavendra Prasad Movva	Company Secretary and Compliance Officer

Members of the Senior Management

All our members of Senior Management are permanent employees of our Company.

The Key Managerial Personnel and details of the members of the Senior Management of our Company as on the date of this Placement Document, are set out below:

Sr No.	Name	Designation
1.	Kishore Dutt Atluri	President and Joint Managing Director
2.	Ashok Atluri	Chairman and Managing Director
3.	Ravi Kumar Midathala	Whole-time Director
4.	Shilpa Choudari	Whole-time Director
5.	Afzal H Malkani	Chief Financial Officer
6.	Raghavendra Prasad Movva	Company Secretary and Compliance Officer

Shareholding of our Key Managerial Personnel and Senior Management

Except as disclosed below and above in "***Board of Directors and Senior Management*** – ***Shareholding of Directors***" on page 132, as on the date of this Preliminary Placement Document, the Key Managerial Personnel and members of the Senior Management do not hold any Equity Shares in our Company:

Name	Number of Equity Shares	Percentage shareholding (%)
Key Managerial Personnel		
Ashok Atluri	2,15,46,103	25.64
Kishore Dutt Atluri	1,57,40,970	18.73
Ravi Kumar Midathala	5,00,000	0.59
Shilpa Choudari	0	0.00
Senior Management		
Raghavendra Prasad Movva	0	0.00
Afzal H. Malkani	0	0.00

Relationship amongst our Key Managerial Personnel and Senior Management and Directors

Except as disclosed in *"**Board of Directors and Senior Management** – **Relationship with other Directors**"* on page 130, none of our Key Managerial Personnel or members of the Senior Management are related to each other or to the Directors.

Interest of Key Managerial Personnel and Senior Management

Other than as disclosed in the *"**Board of Directors and Senior Management – Interest of our Directors**"* on page 131, our Key Managerial Personnel and members of the Senior Management do not have any interest in our Company other than to the extent of the remuneration, benefits or employee stock options to which they are entitled as per their terms of appointment, reimbursement of expenses incurred by them during the ordinary course of business and to the extent of the

Equity Shares held by them or their dependents in our Company, if any. The Key Managerial Personnel and members of the Senior Management may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of Equity Shares held in our Company, if any.

There is no arrangement or understanding with the major shareholders, customers, suppliers or others, pursuant to which any Key Managerial Personnel and members of Senior Management was selected as a key managerial personnel or member of senior management.

Related Party Transactions

For details in relation to the related party transactions entered by our Company during the last three Fiscals and till the period ended June 30, 2024, as per the requirements under Ind AS 24 – Related Party Transactions, see "***Related Party Transactions***" on page 36.

Other confirmations

None of the Directors, Promoters or Key Managerial Personnel or members of Senior Management of our Company has any financial or other material interest in the Issue and there is no effect of such interest in so far as it is different from the interests of other persons.

Our Promoters, Directors, Key Managerial Personnel and members of Senior Management do not intend to subscribe to and will not participate in the Issue.

Neither our Company, nor any of our Directors or Promoters have been declared as a Wilful Defaulter or Fraudulent Borrower by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on wilful defaulters and fraudulent borrowers issued by the Reserve Bank of India as defined under SEBI ICDR Regulations.

Neither our Company, nor our Directors or Promoters are debarred from accessing capital markets under any order or direction made by SEBI.

None of our Directors or Promoters have been declared as a Fugitive Economic Offender under Section 12 of the Fugitive Economic Offenders Act, 2018.

No change in control in our Company will occur consequent to the Issue.

Policy on disclosures and internal procedure for prevention of insider trading

SEBI Insider Trading Regulations applies to us and our employees and requires us to formulate and implement a code of practices and procedures for fair disclosure of unpublished price sensitive information and a code of conduct to regulate, monitor and report trading by designated persons. Our Company is in compliance with the same and has implemented an insider trading code of conduct namely the "Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information" and "Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting Trading by Designated Persons" for prevention of insider trading in accordance with the SEBI Insider Trading Regulations, in terms of which, Raghavendra Prasad Movva, our Company Secretary and Compliance Officer, acts as the 'compliance officer' of our Company under the aforesaid code of conduct for the prevention of insider trading.

ORGANIZATIONAL STRUCTURE

Corporate History

Our Company was originally incorporated as "Zen Technologies and Computers Limited" on June 29, 1993, under the Companies Act 1956, pursuant to a certificate of incorporation granted by the RoC. Pursuant to a resolution passed by our Board dated October 31, 1994 and a shareholder's resolution dated November 26, 1994 the name of our Company was changed to "Zen Technologies Limited" and a fresh certificate of incorporation issued by the RoC on February 22, 1995.

The Equity Shares are listed on BSE and NSE since September 30, 2004 and March 30, 2015.

Our Company's CIN is L72200TG1993PLC015939.

Subsidiaries

As on the date of this Preliminary Placement Document, our Company has five Subsidiaries. The details are as set forth below:

1. *Aituring Technologies Private Limited ("Aituring Technologies")*

Aituring Technologies was incorporated under the Companies Act, 2013 on May 3, 2023 as a private limited company. Its CIN is U46529PN2023PTC220275 and its registered office is at SN-39/1A/39/2/3/3 Kudale, Harity, Wadgaon BK, Vadgaon Budruk, Haveli, Pune 411 041, Maharashtra, India.

The authorized share capital of Aituring Technologies is ₹ 5,00,000 divided into 50,000 equity shares of ₹10 each and its paid-up share capital is ₹ 2,04,090 divided into 20,409 equity shares of ₹10 each. Our Company currently holds 51.00% of the issued equity share capital of Aituring Technologies.

2. *Unistring Tech Solutions Private Limited ("Unistring Tech Solutions")*

Unistring Tech Solutions was incorporated on February 6, 2007 as a private company under the Companies Act, 1956. It's CIN is U72200AP2007PTC052628 and its registered office is located at Plot No. 2 and 3, Sy. No. 6, Rank One Ektha Towers Kondapur, Serilingampally, NA, Rangareddi 500 084, Telangana, India.

The authorized share capital of Unistring Tech Solutions is ₹ 1,00,00,000 divided into 10,00,000 equity shares of ₹10 each and its paid-up share capital is ₹ 56,62,620 divided into 5,66,262 equity shares of ₹10 each. Our Company currently holds 51.00% of the issued equity share capital of Unistring Tech Solutions.

3. *Zen Medical Technologies Private Limited ("Zen Medical")*

Zen Medical was incorporated on July 24, 2020 as a private company under the Companies Act, 2013. It's CIN is U33119TG2020PTC142116 and its registered office is located at Plot No. 35, 36 and 37, Kancha Imarath, near Ravirala village, Hardware Park, Shamshabad, Rangareddi, Hyderabad 501 510, Telangana, India.

The authorized share capital of Zen Medical is ₹ 1,00,00,000 divided into 1,00,00,000 equity shares of ₹1 each and its paid-up share capital is ₹ 75,20,000 divided into 75,20,000 equity shares of ₹1 each. Our Company currently holds 100.00% of the issued equity share capital of Zen Medical.

4. *Zen Defence Technologies L.L.C ("Zen Defence")*

Zen Defence was incorporated on November 15, 2022 as a Limited Liability Company under the laws of United Arab Emirates. The registered office of Zen Defence is located at Al Dana, East, 5 0, Building, Afra Muhammad Masoud 778 398, Abu Dhabi, United Arab Emirates.

The authorized share capital of Zen Defence is AED 1,50,000 divided into 100 equal shares of 1, 500 AED. Our Company currently holds 99.00% of the issued equity share capital of Zen Defence.

5. *Zen Technologies USA, INC ("Zen Technologies USA")*

Zen Technologies USA was incorporated on March 9, 2018 as a Delaware Corporation under the laws of the state of Delaware. The registered office of Zen Defence is located at Delaware Corporation, 301 N Heartz, Coppell TX 75 019.

The authorized share capital of Zen Technologies USA is $ 30,00,001 divided into 30, 00, 001 equity shares of $ 1.00 each and its paid-up share capital is 19,80,001 divided into equity shares of 19, 80, 001 each. Our Company currently holds 100.00% of the issued equity share capital of Zen Technologies USA.

As on the date of this Preliminary Placement Document, Unistring Tech Solutions is the material subsidiary of our Company, in terms of SEBI ICDR Regulations.

Associate Companies

As on the date of this Preliminary Placement Document, our Company has no associate companies.

Joint venture

As on the date of this Preliminary Placement Document, our Company has no joint venture.

SHAREHOLDING PATTERN OF OUR COMPANY

The shareholding pattern of our Company, as on June 30, 2024 is set forth below:

Table I - Summary Statement holding of specified securities

Category	Category of Shareholder	No of Shareholders	No of fully paid up equity shares held	No of partly paid-up equity shares held	No of Shares Underlying Depository Receipts	Total No of Shares Held (VII)=(IV)+(V)+(VI)	Shareholding as a % of total no of shares (As a % of (A+B+C2))	Number of Voting Rights held in each class of securities				No of Shares Underlying Outstanding convertible securities (Including Warrants)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
								No of Voting Rights Class X	Class Y	Total	Total as a % of (A+B+C)			No.	As a % of total Shares held	No.	As a % of total Shares held	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)				(X)	(XI)	(XII)		(XIII)		(XIV)
(A)	**Promoter & Promoter Group**	12	4, 62, 85, 483	-	-	4, 62, 85, 483	55.07	4, 62, 85, 483	-	4, 62, 85, 483	55.07	-	55.07	4, 69, 633	1.01	-	-	4, 62, 85, 483
(B)	**Public**	201198	3, 73, 17, 417	-	-	3, 73, 17, 417	44.40	3, 73, 17, 417	-	3, 73, 17, 417	44.40	-	44.40	-	-	-	-	3, 72, 13, 147
(C)	**Non Promoter-Non Public**	1	4, 41, 360	-	-	4, 41, 360	0.53	4, 41, 360	-	4, 41, 360	0.53	-	0.53	-	-	-	-	4, 41, 360
(C1)	**Shares underlying DRs**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C2)	**Shares held by Employees Trusts**	1	4, 41, 360	-	-	4, 41, 360	0.53	4, 41, 360	-	4, 41, 360	0.53	-	0.53	-	-	-	-	4, 41, 360
	Total:	2, 01, 211	8, 40, 44, 260	-	-	8, 40, 44, 260	100.00	8, 40, 44, 260	-	8, 40, 44, 260	100.00	-	100.00	4, 69, 633	0.56	-	-	8, 39, 39, 990

Table II - Statement showing shareholding pattern of the Promoter and Promoter Group

Category & Name of the Shareholder	No of Shareholders	No of fully paid up equity shares held	No of Partly paid-up equity shares held	No of Shares Underlying Depository Receipts	Total No of Shares Held (IV+V+VI)	Shareholding as a % of total no of shares (calculated as per SCRR, 1957 (VIII) As a % of (A+B+C2	Number of Voting Rights held in each class of securities				No of Shares Underlying Outstanding convertible securities (Including Warrants)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital) (VII)+(X) As a % of (A+B+C2)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form	Shareholder type	Sub-categorization of shares		
							No of Voting Rights			Total as a % of (A+B+C)			No.	As a % of total Shares held	No.	As a % of total Shares held			Shareholding (No. of shares) under		
							Class X	Class Y	Total										Sub-category	Sub-category	Sub-category
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)				(IX)	(X)	(XI)		(XII)		(XIII)	(XIV)	(i)	(ii)	(iii)
Indian																					
Individuals/ Hindu undivided Family	12	4, 62, 85, 483	-	-	4, 62, 85, 483	55.07	4, 62, 85, 483		4, 62, 85, 483	55.07	-	55.07	4, 69, 633	1.01			-	4, 62, 85, 483	-	-	-
Central Government/ State Government (s)	-	-	-	-	-	-	-	-	-	-	-	-	-	-			-	-	-	-	-
Financial Institutions/ Banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-			-	-	-	-	-
Any other (specify)	-	-	-	-	-	-	-	-	-	-	-	-	-	-			-	-	-	-	-
Sub Total (A)(1)	12	4, 62, 85, 483	-	-	4, 62, 85, 483	55.07	4, 62, 85, 483		4, 62, 85, 483	55.07	-	55.07	4, 69, 633	1			-	4, 62, 85, 483	-	-	-
Foreign																					
Individual (Non Resident Individuals/ Foreign Individuals)	-	-	-	-	-	-	-	-	-	-	-	-	-	-			-	-	-	-	-
Government	-	-	-	-	-	-	-	-	-	-	-	-	-	-			-	-	-	-	-
Institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-			-	-	-	-	-
Foreign Portfolio Investor	-	-	-	-	-	-	-	-	-	-	-	-	-	-			-	-	-	-	-
Any other (Specify)	-	-	-	-	-	-	-	-	-	-	-	-	-	-			-	-	-	-	-
Sub Total (A)(2)	-	-	-	-	-	-	-		-	-	-	-	-	-			-	-	-	-	-
Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	12	4, 62, 85, 483	-	-	4, 62, 85, 483	55.07	4, 62, 85, 483		4, 62, 85, 483	55.07	-	55.07	4, 69, 633	1.01			-	4, 62, 85, 483	-	-	-

Table III - Statement showing shareholding pattern of the public shareholder

Category & Name of the Shareholder	No of Shareholders	No of fully paid up equity shares held	No of Partly paid-up equity shares held	No of Shares Underlying Depository Receipts	Total No of Shares Held (IV+V+VI)	Shareholding as a % of total no of shares (A+B+C2)	Number of Voting Rights held in each class of securities				No of Shares Underlying Outstanding convertible securities (Including Warrants)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form	Sub-categorization of shares		
							No of Voting Rights			Total as a % of (A+B+C)			No.	As a % of total Shares held	No.	As a % of total Shares held		Shareholding (No. of shares) under		
							Class X	Class Y	Total									Sub-category	Sub-category	Sub-category
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)				(IX)	(X)	(XI)		(XII)		(XIII)	(i)	(ii)	(iii)
Institutions (Domestic)												-	-		-		-		-	-
Mutual Funds	4	1,37,134	-	-	1,37,134	0.16	1,37,134	1,37,134	0.16		0.16	-	-		-		-	1,37,134	-	-
Venture Capital Funds			-	-								-	-		-		-		-	-
Alternate Investment Funds	7	3,22,482	-	-	3,22,482	0.38	3,22,482	3,22,482	0.38		0.38	-	-		-		-	3,22,482	-	-
Banks	1	35	-	-	35	0	35	35	0		0	-	-		-		-	35	-	-
Insurance Companies	1	23,77,299	-	-	23,77,299	2.83	23,77,299	23,77,299	2.83		2.83	-	-		-		-	23,77,299	-	-
Provident Funds/ Pension Funds	-	-	-	-	-	-	-	-	-	-	-	-	-		-		-	-	-	-
Asset reconstruction companies	-	-	-	-	-	-	-	-	-	-	-	-	-		-		-	-	-	-
Sovereign Wealth Funds	-	-	-	-	-	-	-	-	-	-	-	-	-		-		-	-	-	-
NBFCs registered with RBI	1	1,030			1,030	0	1,030	1,030	0		0	-	-		-		-	1,030	-	-
Other Financial Institutions		-	-	-	-	-	-	-	-	-	-	-	-		-		-	-	-	-
Any Other (specify)		-	-	-	-	-	-	-	-	-	-	-	-		-		-	-	-	-
Subtotal	**14**	**28,37,980**			**28,37,980**	**3.38**	**28,37,980**		**28,37,980**		**3.38**							**28,37,980**		
Institutions (Foreign)																				
Foreign Direct Investment	-	-	-	-	-	-	-	-	-	-	-	-	-		-		-	-	-	-
Foreign	-	-	-	-	-	-	-	-	-	-	-	-	-		-		-	-	-	-

Category & Name of the Shareholder	No of Shareholders	No of fully paid up equity shares held	No of Partly paid-up equity shares held	No of Shares Underlying Depository Receipts	Total No of Shares Held (IV+V+VI)	Shareholding as a % of total no of shares (A+B+C2)	Number of Voting Rights held in each class of securities: No of Voting Rights: Class X	Class Y	Total	Total as a % of (A+B+C)	No of Shares Underlying Outstanding convertible securities (Including Warrants)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital)	Number of Locked in Shares: No.	As a % of total Shares held	Number of Shares pledged or otherwise encumbered: No.	As a % of total Shares held	Number of equity shares held in dematerialized form	Sub-categorization of shares: Shareholding (No. of shares) under: Sub-category	Sub-category	Sub-category
Venture Capital Investors																				
Sovereign Wealth Funds																				
Foreign Portfolio Investors Category I	60	20,98,328			20,98,328	2.5	20,98,328	20,98,328	2.5		2.5							20,98,328		
Foreign Portfolio Investors Category II	13	4,92,953			4,92,953	0.59	4,92,953	4,92,953	0.59		0.59							4,92,953		
Overseas Depositories (holding DRs) (balancing figure)	-	-	-	-	-	-	-	-	-	-	-	-		-		-	-	-	-	-
Any other (specify)	-	-	-	-	-	-	-	-	-	-	-	-		-		-	-	-	-	-
Subtotal	**73**	**25,91,281**			**25,91,281**	**3.08**	**25,91,281**	**25,91,281**	**3.08**		**3.08**							**25,91,281**		
Institutions																				
Central Government/ President of India	-	-	-	-	-	-	-	-	-	-	-	-		-		-	-	-	-	-
State Government/ Governor	-	-	-	-	-	-	-	-	-	-	-	-		-		-	-	-	-	-
Shareholding by Companies or bodies Corporate where Central/ State Government is promoter	-	-	-	-	-	-	-	-	-	-	-	-		-		-	-	-	-	-
Subtotal	**0**	**0**			**0**	**0**	**0**	**0**	**0**		**0**							**0**		
Non-institutions																				

Category & Name of the Shareholder	No of Shareholders	No of fully paid up equity shares held	No of Partly paid-up equity shares held	No of Shares Underlying Depository Receipts	Total No of Shares Held (IV+V+VI)	Shareholding as a % of total no of shares (A+B+C2)	Number of Voting Rights held in each class of securities				No of Shares Underlying Outstanding convertible securities (Including Warrants)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form	Sub-categorization of shares		
							No of Voting Rights			Total as a % of (A+B+C)			No.	As a % of total Shares held	No.	As a % of total Shares held		Shareholding (No. of shares) under		
							Class X	Class Y	Total									Sub-category	Sub-category	Sub-category
Associate Companies/ subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-		-		-	-	-	-	-
Directors and their relatives (excluding independent directors and nominee directors)	-	-	-	-	-	-	-	-	-	-	-	-		-		-	-	-	-	-
Key Managerial Personnel	-	-	-	-	-	-	-	-	-	-	-	-		-		-	-	-	-	-
Relatives of promoters (other than 'immediate relatives' of promoters disclosed under 'promoter and promoter group' category)	-	-	-	-	-	-	-	-	-	-	-	-		-		-	-	-	-	-
Trusts where any person belonging to 'promoter and promoter group' category is 'trustee', 'beneficiary' or 'author of the trust'	-	-	-	-	-	-	-	-	-	-	-	-		-		-	-	-	-	-
Investor education and protection fund (IEPF)	1	1,30,805			1,30,805	0.16	1,30,805	1,30,805	0.16		0.16							1,30,805		
Resident individuals	1,94,752	2,57,69,046			2,57,69,046	30.66	2,57,69,046	2,57,69,046	30.66		30.66							2,56,64,776		

Category & Name of the Shareholder	No of Shareholders	No of fully paid up equity shares held	No of Partly paid-up equity shares held	No of Shares Underlying Depository Receipts	Total No of Shares Held (IV+V+VI)	Shareholding as a % of total no of shares (A+B+C2)	Number of Voting Rights held in each class of securities				No of Shares Underlying Outstanding convertible securities (Including Warrants)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form	Sub-categorization of shares		
							No of Voting Rights			Total as a % of (A+B+C)			No.	As a % of total Shares held	No.	As a % of total Shares held		Shareholding (No. of shares) under		
							Class X	Class Y	Total									Sub-category	Sub-category	Sub-category
holding nominal share capital upto ₹ 2, 00, 000 lakhs																				
Resident individuals holding nominal share capital in excess of ₹ 2, 00, 000 lakhs	2	6,37,700			6,37,700	0.76	6,37,700	6,37,700	0.76		0.76							6,37,700		
Non-Resident Indians (NRIs)	3,518	14,90,449			14,90,449	1.77	14,90,449	14,90,449	1.77		1.77							14,90,449		
Foreign Nationals	1	25			25	0	25	25	0		0							25		
Foreign Companies	-	-	-	-	-	-	-	-	-	-	-	-		-		-	-	-	-	-
Bodies corporate	710	30,94,587			30,94,587	3.68	30,94,587	30,94,587	3.68		3.68							30,94,587		
Any other (specify)	2127	7,65,544			7,65,544	0.91	7,65,544	7,65,544	0.91		0.91							7,65,544		
Sub Total	2,01,111	3,18,88,156			3,18,88,156	37.94	3,18,88,156	3,18,88,156	37.94		37.94							3,18,88,156		
Total	**2,01,198**	**3,73,17,417**			**3,73,17,417**	**44.4**	**3,73,17,417**	**3,73,17,417**	**44.4**		**44.4**							**3,73,17,417**		

Table IV - Statement showing shareholding pattern of the Non-Promoter -Non Public Shareholder

Category	Category & Name of the Shareholder	No of Shareholders	No of fully paid up equity shares held	No of Partly paid-up equity shares held	No of Shares Underlying Depository Receipts	Total No of Shares Held (IV+V+VI)	Shareholding as a % of total no of shares (A+B+C2)	Number of Voting Rights held in each class of securities				No of Shares Underlying Outstanding convertible securities (Including Warrants)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form	Sub-categorization of shares		
								No of Voting Rights			Total as a % of (A+B+C)			No.	As a % of total Shares	No.	As a % of total Shares		Shareholding (No. of shares) under		
								Class X	Class Y	Total									Sub-category	Sub-category	Sub-category
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)				(IX)	(X)	(XI)		(XII)		(XIII)	(i)	(ii)	(iii)
	Custodian/DR Holder-Name of DR Holders (if available)																				
	Employee benefit trust/ employee welfare trust under SEBI (share based employee benefits and sweat equity)Regulations, 2021	1	4,41,360			4,41,360	0.53	4,41,360		4,41,360	0.53		0.53					4,41,360			
	Total non-promoter- non public shareholding (C)=(C)(1)+(C)(2)	1	4,41,360			4,41,360		4,41,360		4,41,360	0.53							4,41,360			
	Total (A+B+C2)	2,01,211	8,40,44,260			8,40,44,260	100	8,40,44,260		8,40,44,260	100		100	4,69,633	0.56			8,39,39,990			
	Total (A+B+C)	2,01,211	8,40,44,260			8,40,44,260	100	8,40,44,260		8,40,44,260	100		99	4,69,633	0.56			8,39,39,990			

ISSUE PROCEDURE

*The following is a summary intended to present a general outline of the procedure relating to the bidding application, payment of Bid Amount, Allocation and Allotment of the Equity Shares. The procedure followed in the Issue may differ from the one mentioned below and investors are assumed to have apprised themselves of the same from our Company or the Lead Managers. Bidders that apply in the Issue will be required to confirm and will be deemed to have represented to our Company, the Lead Managers and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Investors are advised to inform themselves of any restrictions or limitations that may be applicable to them and are required to consult their respective advisers in this regard. Also see "****Selling Restrictions****" and "****Transfer Restrictions****" on pages 163 and 172, respectively.*

Our Company, the Lead Managers and their respective directors, shareholders, employees, counsels, officers, agents, advisors, affiliates and representatives are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Preliminary Placement Document. Eligible QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Eligible QIBs are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Preliminary Placement Document. Further, Eligible QIBs are required to satisfy themselves that their Bids would not ultimately result in triggering an open offer under the SEBI Takeover Regulations and shall be solely responsible for compliance with all the applicable provisions of the SEBI Takeover Regulations, the SEBI Insider Trading Regulations, and other applicable laws.

Qualified Institutional Placement

THE ISSUE IS MEANT ONLY FOR ELIGIBLE QIBs ON A PRIVATE PLACEMENT BASIS AND IS NOT AN OFFER TO THE PUBLIC OR TO ANY OTHER CLASS OF INVESTORS.

This Preliminary Placement Document and the Placement Document has not been, and will not be, filed as a prospectus with the RoC and no Equity Shares will be offered in India or overseas to the public or any members of the public or any other class of investors, other than Eligible QIBs.

The Issue is being made to Eligible QIBs in reliance upon Chapter VI of the SEBI ICDR Regulations and Section 42 and other applicable provisions of the Companies Act, 2013 through the mechanism of a QIP. Under Chapter VI of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013 read with Rule 14 of the PAS Rules and other applicable provisions of the Companies Act, 2013, our Company, being a listed company in India may issue Equity Shares to Eligible QIBs provided that certain conditions are met by such company. Some of these conditions are set out below:

- the Shareholders have passed a special resolution approving the Issue. Such special resolution must *inter alia* specify that, (a) the allotment of Equity Shares is proposed to be made pursuant to the QIP; and (b) the Relevant Date for the QIP;

- the explanatory statement to the notice to the Shareholders for convening the general meeting must disclose, among other things, the particulars of the Issue including the date of passing the board resolution, the kind of securities being offered and the price at which they are offered, amount which our Company intends to raise by way of such securities and the material terms of raising such securities, proposed issue schedule, the purpose or objects of the Issue, the contribution made by the Promoters or Directors either as part of the Issue or separately in furtherance of the objects, and the basis or justification for the price (including premium, if any) at which the offer or invitation is being made;

- under Regulation 172(1)(b) of the SEBI ICDR Regulations, the Equity Shares of the same class of our Company, which are proposed to be allotted through the QIP, are listed on Stock Exchanges for a period of at least one year prior to the date of issuance of notice to its Shareholders for convening the meeting to seek approval of the Shareholders for the above-mentioned special resolution. This is not applicable to such companies who propose to undertake a QIP for complying with the minimum public shareholding requirements specified in the SCRR;

- The "Equity Shares of the same class" shall mean Equity Shares which rank *pari passu* in relation to rights as to the dividend, voting otherwise of our Company.

- invitation to apply in the Issue must be made through a private placement offer-cum-application form (i.e., this Preliminary Placement Document and an Application Form) serially numbered and addressed specifically to the Eligible QIBs to whom the QIP is made either in writing or in electronic mode, within 30 days of recording the name of such person in accordance with applicable law;

- the Issuer shall not make any subsequent QIP until the expiry of two weeks from the date of the previous QIP;

- the Issuer shall have completed allotments with respect to any earlier offer or invitation made by the Issuer or shall have withdrawn or abandoned such invitation or offer, made by the Issuer, except as permitted under the Companies Act, 2013. However, subject to the limits prescribed under the applicable law, the Issuer may, at any time, make more than one issue of securities to such class of identified persons as may be prescribed;

- an offer to Eligible QIBs will not be subject to a limit of 200 persons. Prior to circulating the private placement offer-cum-application (i.e., this Preliminary Placement Document and Application Form), the Issuer shall prepare and record a list of Eligible QIBs to whom the Issue will be made. The Issue must be made only to such Eligible QIBs whose names are recorded by the Issuer prior to the invitation to subscribe;

- our Company acknowledges that the offering of securities by issue of public advertisements or utilisation of any media, marketing or distribution channels or agents to inform the public about the Issue is prohibited. In accordance with the SEBI ICDR Regulations, Equity Shares will be issued and Allotment shall be made only in dematerialized form to the Allottees;

- the Promoters and Directors of the Issuer are not Fugitive Economic Offenders and have not been declared as Wilful Defaulters;

- the Equity Shares issued through the QIP shall be listed on the Stock Exchanges where the Equity Shares of our Company are listed and our Company shall seek approval under rule 19(7) of the SCRR, if applicable; and

- the Directors of the Issuer are not declared as 'Fraudulent Borrower' by the lending banks or financial institution or consortium, in terms of RBI master circular dated July 1, 2016.

At least 10% of the Equity Shares issued to Eligible QIBs shall be available for Allocation to Mutual Funds, provided that, if this portion, or any part thereof to be allotted to Mutual Funds remains unsubscribed, it may be allotted to other Eligible QIBs.

Bidders are not allowed to withdraw or revise downwards their Bids after the Bid/Issue Closing Date.

Additionally, there is a minimum pricing requirement under the SEBI ICDR Regulations. The Floor Price of the Equity Shares issued under the QIP shall not be less than the average of the weekly high and low of the closing prices of the Issuer's equity shares of the same class quoted on the Stock Exchanges during the two weeks preceding the Relevant Date as calculated in accordance with Chapter VI of the SEBI ICDR Regulations. However, a discount of not more than 5% of the Floor Price is permitted in accordance with the provisions of the SEBI ICDR Regulations. Our Board through its resolution dated January 27, 2024 and our Shareholders by way of a special resolution through postal ballot on March 8, 2024, have authorised our Board to decide the quantum of discount up to 5% of the Floor Price at the time of determination of the Issue Price. The Issue Price shall be subject to appropriate adjustments, if our Company makes any alteration to its share capital as per the provisions under Regulation 176(4) of the SEBI ICDR Regulations.

The "Relevant Date" mentioned above in case of allotment of Equity Shares, refers to the date of the meeting in which the Board or the committee of Directors duly authorised by the board of the Issuer decides to open the Issue and "Stock Exchange" means any of the recognised stock exchanges in India on which the Equity Shares of the Issuer of the same class are listed and on which the highest trading volume in such shares has been recorded during the two weeks immediately preceding the Relevant Date.

The Equity Shares must be Allotted within 365 days from the date of passing of the Shareholders' resolution approving the Issue, being March 8, 2024 and also within 60 days from the date of receipt of Application Amount from the Successful Bidders, failing which our Company shall refund the Bid Amount in accordance with applicable laws.

The Equity Shares issued pursuant to the Issue must be issued on the basis of this Preliminary Placement Document and the Placement Document that shall contain all material information required under applicable laws including the information specified in Schedule VII of the SEBI ICDR Regulations and the requirements prescribed under PAS Rules and Form PAS-4. This Preliminary Placement Document and the Placement Document are private documents provided to only select Eligible QIBs through serially numbered copies and are required to be placed on the website of the concerned Stock Exchanges and of our Company with a disclaimer to the effect that it is in connection with an issue to Eligible QIBs and no offer is being made to the public or to any other category of investors. Please note that if you do not receive a serially numbered copy of this Preliminary Placement Document addressed to you, you may not rely on this Preliminary Placement Document or Placement Document uploaded on the website of the Stock Exchanges or our Company for making an application to subscribe to Equity Shares pursuant to the Issue.

The minimum number of allottees for the QIP shall at least be:

- two, where the issue size is less than or equal to ₹ 25, 000 lakhs; and
- five, where the issue size is greater than ₹ 25, 000 lakhs.

No single Allottee shall be Allotted more than 50% of the Issue Size. Eligible QIBs that belong to the same group or that are under common control shall be deemed to be a single Allottee for the purpose of the Issue. For details of what constitutes "same group" or "common control", see "***Bid Process – Application Form***" on page 156.

Equity Shares being Allotted pursuant to the Issue shall not be sold for a period of one year from the date of Allotment, except on the floor of a recognised stock exchange.

We have applied for and received the in-principle approval of the Stock Exchanges under Regulation 28(1)(a) of the SEBI Listing Regulations for listing of the Equity Shares to be issued pursuant to the Issue on the Stock Exchanges on August 21, 2024. We have filed a copy of this Preliminary Placement Document and will file a copy of the Placement Document with the Stock Exchanges.

We shall also make the requisite filings with the RoC within the stipulated period as required under the Companies Act, 2013 and the PAS Rules.

The Issue has been authorised and approved by our Board on January 27, 2024 and our Shareholders by way of a special resolution through postal ballot on March 8, 2024.

Allotments made to VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirement. VCFs and AIFs should independently consult their own counsel and advisors as to investment in and related matters concerning the Issue.

The Equity Shares offered in this Issue have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and, unless so registered, may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold only outside the United States in "offshore transactions" as defined in and in reliance on Regulations S and the applicable laws of the jurisdictions where those offers and sales are made. The Equity Shares are transferable only in accordance with the restrictions described under "***Selling Restrictions***" and "***Transfer Restrictions***" on pages 163 and 172, respectively.

The Equity Shares issued pursuant to this Issue have not been and will not be registered, listed, or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Issue Procedure

1. On the Issue Opening Date, our Company in consultation with the LMs, shall circulate serially numbered copies of this Preliminary Placement Document and the serially numbered Application Form, either in electronic or physical form to Eligible QIBs and the Application Form will be specifically addressed to such Eligible QIBs. In terms of Section 42(3) of the Companies Act, 2013, our Company shall maintain

complete records of such Eligible QIBs in the form and manner prescribed under the PAS Rules, to whom this Preliminary Placement Document and the serially numbered Application Form have been dispatched or circulated, as the case may be. Our Company will make the requisite filings with the RoC within the stipulated time period as required under the Companies Act, 2013 and the PAS Rules.

2. **The list of Eligible QIBs to whom this Preliminary Placement Document and the Application Form is delivered shall be determined by our Company in consultation with the LMs, at their sole discretion. Unless a serially numbered Preliminary Placement Document along with the serially numbered Application Form, which includes the details of the bank account wherein the Bid Amount is to be deposited, is addressed to a particular Eligible QIB, no invitation to make an offer or to subscribe shall be deemed to have been made to such Eligible QIB. Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such person and any application that does not comply with this requirement shall be treated as invalid. The Application Form may be signed physically or digitally, if required under applicable law in the relevant jurisdiction applicable to each Eligible QIB and as permitted under such applicable law. An Eligible QIB may submit an unsigned copy of the Application Form, as long as the Bid Amount is paid along with submission of the Application Form within the Issue Period. Once a duly filled Application Form is submitted by an Eligible QIB, whether signed or not, and the Bid Amount has been transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Issue Closing Date. In case Bids are being made on behalf of the Eligible QIB and this Application Form is unsigned, it shall be assumed that the person submitting the Application Form and providing necessary instructions for transfer of the Bid Amount to the Escrow Account, on behalf of the Eligible QIB is authorised to do so.**

3. Eligible QIBs may submit an Application Form, including any revisions thereof, along with the Bid Amount transferred to the Escrow Account specified in the Application Form and a copy of the PAN card or PAN allotment letter (as applicable) and/or any other documents mentioned in the Application Form, during the Issue Period to the LMs.

4. Bidders will be required to indicate the following in the Application Form:

   - full official name of the Bidder to whom Equity Shares are to be Allotted, complete address, e-mail id, PAN details (if applicable), phone number and bank account details;
   - number of Equity Shares Bid for;
   - price at which they are agreeable to subscribe to the Equity Shares and the aggregate Bid Amount for the number of Equity Shares Bid for;
   - details of the depositary/ beneficiary account maintained by the Depository Participant to which the Equity Shares should be credited pursuant to the Issue;
   - Equity Shares held by the Bidder in our Company prior to the Issue; and
   - it has agreed to certain other representations set forth in the Application Form and this Preliminary Placement Document.
   - a representation that it is outside the United States and it has agreed to certain other representations set forth in this Preliminary Placement Document and in the Application Form.

   NOTE**:** *Eligible FPIs are required to indicate their SEBI FPI registration number in the Application Form. The Bids made by the asset management companies or custodian of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made. Application by various schemes or funds of a Mutual Fund will be treated as one application from the Mutual Fund. Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws.*

5. Each Bidder shall be required to make the entire payment of the Bid Amount for the Equity Shares Bid for, along with the Application Form, only through electronic transfer to the Escrow Account opened in the name of “ZEN TECHNOLOGIES LIMITED-QIP ESCROW ACCOUNT 2024” with the Escrow Agent, within the Issue Period as specified in the Application Form sent to the respective Bidders. Please note that any payment of Bid Amount for the Equity Shares shall be made from the bank accounts of the relevant Bidders and our Company shall keep a record of the bank account from where such payment has been received. No payment shall be made in the Issue by the Bidders in cash. Bid Amount payable on Equity Shares to be held by joint holders shall be paid from the bank account of the person whose name appears first in the Application Form. On receipt of final listing and trading approvals from the Stock Exchanges, the Net Proceeds deposited in the Escrow Account, shall be transferred to a separate bank account with a scheduled bank as agreed between our Company and the Monitoring Agency. Notwithstanding the above, in the event (a) any Bidder is not allocated Equity Shares in the Issue, (b) the number of Equity Shares Allotted to a Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Bid Amount has been paid by such Bidder, (c) the Bid Amount has been arrived at using an indicative price higher than the Issue Price, or (d) any Eligible QIB lowers or withdraws their Bid after submission of the Application Form but on or prior to the Issue Closing Date, the excess Bid Amount will be refunded to the same bank account from which it was remitted, in the form and manner set out in “***Issue Procedure – Refunds***” on page 159.

6. Once a duly completed Application Form is submitted by a Bidder, whether signed or not, and the Bid Amount is transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and the Bid cannot be withdrawn or revised downwards after the Bid/ Issue Closing Date. In case of an upward revision before the Bid/ Issue Closing Date, an additional amount shall be required to be deposited towards the Bid Amount in the Escrow Account along with the submission of such revised Bid. The Issue Closing Date shall be notified to the Stock Exchanges and the Eligible QIBs shall be deemed to have been given notice of such date after receipt of the Application Form.

7. The Eligible QIBs acknowledge that in accordance with the requirements of the Companies Act, 2013, upon Allocation, our Company will be required to disclose the names of proposed Allottees and the percentage of their post Issue shareholding in the Placement Document and any other regulatory filing and consents to such disclosure, if any Equity Shares are allocated to it.

8. Upon receipt of the duly completed Application Form, whether signed or not and the Bid Amount in the Escrow Account on or after the Issue Closing Date, our Company shall, in consultation with LMs determine the final terms, including the Issue Price of the Equity Shares to be issued pursuant to the Issue and Allocation. In case of Bids being made on behalf of the Eligible QIB where the Application Form is unsigned, it shall be assumed that the person submitting the Application Form and providing necessary instructions for transfer of the Application Amount to the Escrow Account, on behalf of the Eligible QIB is authorised to do so. The Issue Closing Date shall be notified to the Stock Exchanges and the Eligible QIBs shall be deemed to have been given notice of such date after receipt of the Application Form. Upon such determination, the LMs, on behalf of our Company, will send the serially numbered CAN and the Placement Document to the Successful Bidders. The dispatch of a CAN and the Placement Document (when dispatched) to a Successful Bidder shall be deemed a valid, binding and irrevocable contract for the Successful Bidders to subscribe to the Equity Shares Allocated to such Successful Bidders at an aggregate price equivalent to the product of the Issue Price and Equity Shares Allocated to such Successful Bidders. The CAN shall contain details such as the number of Equity Shares Allocated to the Successful Bidders, Issue Price and the aggregate amount received towards the Equity Shares Allocated. **Please note that the Allocation will be at the absolute discretion of our Company and shall be in consultation with the LMs.**

9. Upon determination of the Issue Price and the issuance of the CAN and before Allotment of Equity Shares to the Successful Bidders, the LMs, shall, on our behalf, send a serially numbered Placement Document either in electronic form or through physical delivery to each of the Successful Bidders who have been Allocated Equity Shares pursuant to dispatch of a serially numbered CAN.

10. Upon dispatch of the serially numbered Placement Document, our Company shall Allot Equity Shares as per the details in the CANs sent to the Successful Bidders. Our Company will inform the Stock Exchanges of the details of the Allotment.

11. After passing the resolution by the Board or its committee approving the Allotment and prior to crediting the Equity Shares into the beneficiary account of the Successful Bidders maintained by the Depository

Participant, as specified in the records of the depositories or as indicated in their respective Application Form, our Company shall apply to the Stock Exchanges for listing approvals in respect of the Equity Shares Allotted pursuant to the Issue.

12. After receipt of the listing approvals of the Stock Exchanges, our Company shall credit the Equity Shares Allotted pursuant to this Issue into the beneficiary accounts of the respective Allottees.

13. Our Company will then apply for the final trading approvals from the Stock Exchanges.

14. The Equity Shares that would have been credited to the beneficiary account with the Depository Participant of the Successful Bidders shall be eligible for trading on the Stock Exchanges only upon the receipt of final listing and trading approvals from the Stock Exchanges.

15. As per applicable law, the Stock Exchanges will notify the final listing and trading approvals, which are ordinarily available on their websites, and our Company may communicate the receipt of the listing and trading approvals to those Successful QIBs to whom the Equity Shares have been Allotted. Our Company and the LMs shall not be responsible for any delay or non-receipt of the communication of the final listing and trading permissions from the Stock Exchanges or any loss arising from such delay or non-receipt. Bidders are advised to apprise themselves of the status of the receipt of the permissions from the Stock Exchanges or our Company.

Eligible QIBs

16. Only Eligible QIBs as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations, and not otherwise restricted from participating in the Issue under the applicable law, will be considered as Eligible QIBs. However, with respect to FPIs, only Eligible FPIs applying under Schedule II of the FEMA Rules will be considered as Eligible QIBs. FVCIs are not permitted to participate in the Issue. Currently, QIBs, who are eligible to participate in the Issue and also as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations, are set forth below:

    - Eligible FPIs;
    - insurance companies registered with the Insurance Regulatory and Development Authority of India;
    - insurance funds set up and managed by army, navy or air force of the Union of India;
    - insurance funds set up and managed by the Department of Posts, India.
    - multilateral and bilateral development financial institutions eligible to invest in India;
    - Mutual Funds, VCFs, AIFs, each registered with SEBI;
    - pension funds with minimum corpus of ₹ 2,500 lakhs registered with the Pension Fund Regulatory and Development Authority established under sub-section (1) of section 3 of the Pension Fund Regulatory and Development Authority Act, 2013;
    - provident funds with minimum corpus of ₹ 2,500 lakhs;
    - public financial institutions as defined under Section 2(72) of the Companies Act, 2013;
    - scheduled commercial banks;
    - state industrial development corporations;
    - systemically important non-banking financial companies;
    - the National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government published in the Gazette of India; and
    - subject to such QIB not being excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations.

ELIGIBLE FPIS ARE PERMITTED TO PARTICIPATE UNDER SCHEDULE II OF FEMA RULES IN THIS ISSUE. ELIGIBLE FPIS ARE PERMITTED TO PARTICIPATE IN THE ISSUE SUBJECT TO COMPLIANCE WITH ALL APPLICABLE LAWS AND CONDITIONS AND RESTRICTIONS WHICH MAY BE SPECIFIED BY THE GOVERNMENT FROM TIME TO TIME, AND SUCH THAT THE SHAREHOLDING OF THE FPIS DO NOT EXCEED SPECIFIED LIMITS AS PRESCRIBED UNDER APPLICABLE LAWS IN THIS REGARD. FVCI'S ARE NOT PERMITTED TO PARTICIPATE IN THIS ISSUE.

Other eligible non-resident QIBs shall participate in the Issue under Schedule I of the FEMA Rules.

In terms of the SEBI FPI Regulations, the Equity Shares issued to a single Eligible FPI or an investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than fifty per cent or common control) should not exceed 10% of post-Issue Equity Share capital of our Company on a fully diluted basis, and the total holding of all FPIs, collectively, shall not exceed 24% of the paid-up Equity Share capital of our Company. Further, in terms of the FEMA Rules, the total holding of each FPI or its investor group shall be below 10% of the total post issue paid-up Equity Share capital of our Company on a fully diluted basis. With effect from April 1, 2020, the aggregate limit for FPI investments is the sectoral cap applicable to our Company i.e. 100% on a fully diluted basis. Hence, Eligible FPIs may invest in such number of Equity Shares in the Issue such that the individual investment of the FPI in our Company does not exceed 10% of the post -Issue paid-up capital of our Company on a fully diluted basis.

In case the holding of an FPI including its investor group increases to 10% or more of the total post-Issue paid-up equity capital, on a fully diluted basis, the FPI including its investor group is required to divest the excess holding within five trading days from the date of settlement of the trades resulting in the breach. In the event that such divestment of excess holding is not done within the above prescribed time, the total investment made by such FPI together with its investor group will be re-classified as FDI as per procedure specified by SEBI and the FPI and its investor group will be prohibited from making any further portfolio investment in our Company under the SEBI FPI Regulations. However, in accordance with Regulation 22(4) of the SEBI FPI Regulations, the FPIs who are: (i) appropriately regulated public retail funds; (b) public retail funds where the majority is owned by appropriately regulated public retail fund on look through basis; or I public retail funds and investment managers of such foreign portfolio investors are appropriately regulated, the aggregation of the investment limits of such FPIs having common control, shall not be applicable. Further, the aggregate permissible limit of all FPIs investments, with effect from April 1, 2020, is the sectoral cap applicable to the sector in which our Company operates.

Pursuant to the SEBI Circular dated April 5, 2018 (Circular No: IMD/FPIC/CIR/P/2018/61), our Company has appointed National Securities Depository Limited as the designated depository to monitor the level of FPI / NRI shareholding in our Company on a daily basis and once the aggregate foreign investment of a company reaches a cut-off point, which is 3% below the overall limit a red flag shall be activated. SEBI however, pursuant to its Circular dated May 17, 2018 (Circular No: SEBI/HO/IMD/FPIC/CIR/P/2018/81), directed that this system of monitoring foreign investment limits in Indian listed companies be made operational with effect from June 1, 2018. The depository is then required to inform the Stock Exchanges about the activation of the red flag. The Stock Exchanges are then required to issue the necessary circulars/ public notifications on their respective websites. Once a red flag is activated, the FPIs must trade cautiously, because in the event that there is a breach of the sectoral cap, the FPIs will be under an obligation to disinvest the excess holding within five trading days from the date of settlement of the trades.

Eligible FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

In terms of the FEMA Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included. For a description of the restrictions applicable to the offer and sale of the Equity Shares in the Issue in certain jurisdictions, see "***Selling Restrictions***" and "***Transfer Restrictions***" on pages 163 and 172, respectively.

Restriction on Allotment

Pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations, no Allotment shall be made pursuant to the Issue, either directly or indirectly, to any Eligible QIB being a Promoter, or any person related to, the Promoter. QIBs, which have all or any of the following rights, shall be deemed to be persons related to the Promoters:

- rights under a shareholders' agreement or voting agreement entered into with the Promoters or members of the Promoter Group;

- veto rights; or

- a right to appoint any nominee director on the Board.

Provided, however, that an Eligible QIB which does not hold any Equity Shares and which has acquired the aforesaid rights in the capacity of a lender shall not be deemed to be related to the Promoters.

Our Company, the LMs and any of their respective shareholders, employees, counsel, officers, directors, representatives, agents, advisors or affiliates shall not be liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Preliminary Placement Document. Eligible QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Eligible QIBs are advised to ensure that any single application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Preliminary Placement Document.

A minimum of 10.00% of the Equity Shares offered in the Issue shall be Allotted to Mutual Funds. In case of undersubscription in such portion, such portion or part thereof may be Allotted to other Eligible QIBs.

Note: *Affiliates or associates of the LMs who are Eligible QIBs may participate in the Issue in compliance with applicable laws.*

Further, Eligible QIBs are required to satisfy themselves that their Bids would not eventually result in triggering an open offer under the SEBI Takeover Regulations and ensure compliance with applicable laws.

BID PROCESS

Application Form

Bidders shall only use the serially numbered Application Forms (which are addressed to them) supplied by our Company and/or the LMs in either electronic form or by physical delivery for the purpose of making a Bid (including revision of a Bid) in terms of this Preliminary Placement Document and the Placement Document. The Application Form may be signed physically or digitally, if required under applicable law in the relevant jurisdiction applicable to each Eligible QIB and as permitted under such applicable law. An Eligible QIB may submit an unsigned copy of the Application Form, as long as the Bid Amount is paid along with submission of the Application Form within the Issue Period.

By making a Bid (including the revision thereof) for Equity Shares through Application Forms and pursuant to the terms of this Preliminary Placement Document, the Bidder will be deemed to have made all the representations, warranties, acknowledgments and agreements set forth in "***Notice to Investors***", "***Representations by Investors***", "***Selling Restrictions***" and "***Transfer Restrictions***" on pages 1, 4, 163 and 172, respectively, including without limitation:

- The Eligible QIB confirms that it is a QIB in terms of Regulation 2(1)(ss) of the SEBI ICDR Regulations and is not excluded under Regulation 179(2)(b) of the SEBI ICDR Regulations, has a valid and existing registration under the applicable laws in India (as applicable) and is eligible to participate in this Issue;

- The Eligible QIB confirms that it is not a Promoter and is not a person related to the Promoters, either directly or indirectly and its Application Form does not directly or indirectly represent the Promoters or members of the Promoter Group or persons related to the Promoters;

- The Eligible QIB confirms that it has no rights under a shareholders' agreement or voting agreement with the Promoter(s) or members of the Promoter Group, no veto rights or right to appoint any nominee director on the Board other than those acquired in the capacity of a lender not holding any Equity Shares which shall not be deemed to be a person related to the Promoter(s);

- The Eligible QIB confirms that in the event it is resident outside India, it is an Eligible FPI, having a valid and existing registration with SEBI under the applicable laws in India or a multilateral or bilateral development financial institution, and is eligible to invest in India under applicable law, including the

FEMA Rules, and has not been prohibited by SEBI or any other regulatory authority, from buying, selling, dealing in securities or otherwise accessing the capital markets and is not an FVCI;

- The Eligible QIB acknowledges that it has no right to withdraw or revise its Bid downwards after the Bid / Issue Closing Date;
- The Eligible QIB confirms that if Equity Shares are Allotted through this Issue, it shall not, for a period of one year from Allotment, sell such Equity Shares otherwise than on the Stock Exchange;
- The Eligible QIB confirms that the Bidder is eligible to Bid and hold Equity Shares so Allotted together with any Equity Shares held by it prior to the Issue, if any. The Bidder further confirms that the holding of the Bidder, does not and shall not, exceed the level permissible as per any applicable regulations applicable to the Bidder;
- The Bidder confirms that in the event it is resident outside India, it is not an FVCI;
- The Eligible QIB confirms that its Bids would not eventually result in triggering an open offer under the SEBI Takeover Regulations;
- The Eligible QIB agrees that it will make payment of its Bid Amount along with submission of the Application Form within the Issue Period. The Bidder agrees that once a duly filled Application Form is submitted by a Bidder, whether signed or not, and the Bid Amount has been transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Bid/Issue Closing Date;
- The Eligible QIB agrees that although the Bid Amount is required to be paid by it along with the Application Form within the Issue Period in terms of provisions of the Companies Act, 2013, our Company reserves the right to Allocate and Allot Equity Shares pursuant to this Issue on a discretionary basis in consultation with the LMs. The Bidder further acknowledges and agrees that the payment of Bid Amount does not guarantee Allocation and/or Allotment of Equity Shares Bid for in full or in part;
- The Eligible QIB acknowledges that in terms of the requirements of the Companies Act, 2013, upon Allocation, our Company will be required to disclose names as "proposed Allottees" and percentage of post-Issue shareholding of the proposed Allottees in the Placement Document and such QIB consents of such disclosure, if any Equity Shares are Allocated to it. However, the Bidder further acknowledges and agrees that, disclosure of such details as "proposed Allottees" in the Placement Document will not guarantee Allotment to them, as Allotment in the Issue shall continue to be at the sole discretion of our Company, in consultation with the LMs;
- The Eligible QIB confirms that the number of Equity Shares Allotted to it pursuant to the Issue, together with other Allottees that belong to the same group or are under common control, shall not exceed 50% of the Issue. For the purposes of this representation:

  (a) QIBs "belonging to the same group" shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and Independent Directors, amongst an Bidder, its subsidiary or holding company and any other Bidder; and

  (b) 'Control' shall have the same meaning as is assigned to it by Regulation 2(1)(e) of the SEBI Takeover Regulations;
- The Eligible QIB acknowledges that no Allocation shall be made to it if the price at which it has Bid for in the Issue is lower than the Issue Price.
- The Eligible QIB confirms that it shall not undertake any trade in the Equity Shares credited to its beneficiary account maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges.

- Each Eligible FPI, confirms that it will participate in the Issue only under and in conformity with Schedule II of FEMA Rules. Further, each Eligible FPI acknowledges that Eligible FPIs may invest in such number of Equity Shares such that the individual investment of the Eligible FPI or its investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than fifty per cent or common control) in our Company does not exceed 10% of the post-Issue paid-up capital of our Company on a fully diluted basis. The Bidder confirms that it, individually or together with its investor group, is not restricted from making further investments in our Company through the portfolio investment route, in terms of Regulation 22(3) of the SEBI FPI Regulations.

- The Bidder is located outside the United States and purchasing Equity Shares in accordance with the applicable laws of the jurisdiction where those offers and sales are made and is not an affiliate of our Company or a person acting on behalf of such an affiliate and it has agreed to certain other representations set forth in the Application Form.

ELIGIBLE QIBs MUST PROVIDE THEIR NAME, COMPLETE ADDRESS, PHONE NUMBER, EMAIL ID, BANK ACCOUNT DETAILS, BENEFICIARY ACCOUNT DETAILS, PAN OR PAN ALLOTMENT LETTER, DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. ELIGIBLE QIBs MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THEIR BENEFICIARY ACCOUNT IS HELD.

IF SO REQUIRED BY THE LMs, THE ELIGIBLE QIBs SUBMITTING A BID, ALONG WITH THE APPLICATION FORM, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO THE LMs TO EVIDENCE THEIR STATUS AS A "ELIGIBLE QIB" AS DEFINED HEREINABOVE.

IF SO REQUIRED BY THE LMs, ESCROW AGENT OR ANY STATUTORY OR REGULATORY AUTHORITY IN THIS REGARD, INCLUDING AFTER ISSUE CLOSING DATE, THE ELIGIBLE QIBs SUBMITTING A BID AND/OR BEING ALLOTTED EQUITY SHARES IN THE ISSUE, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO FULFILL THE APPLICABLE KNOW YOUR CUSTOMER (KYC) NORMS.

Demographic details such as address and bank account will be obtained from the Depositories as per the Depository Participant account details provided in the Application Form. However, for the purposes of refund of all or part of the Bid Amount submitted by the Bidder, the bank details as mentioned in the Application Form from which the Bid Amount shall be remitted for the Equity Shares applied for in the Issue, will be considered.

The submission of an Application Form whether signed or not, and payment of the Bid Amount pursuant to the Application Form by a Bidder shall be deemed a valid, binding and irrevocable offer for such Bidder to pay the entire Issue Price for the Equity Shares and becomes a binding contract on a Successful Bidder upon issuance of the CAN and the Placement Document (when dispatched) by our Company (by itself or through the LMs) in favour of the Successful Bidder.

Submission of Application Form

All Application Forms must be duly completed with information including the number of Equity Shares applied for along with proof payment and a copy of the PAN card or PAN allotment letter (as applicable). The Bid Amount shall be deposited in the Escrow Account as is specified in the Application Form and the Application Form shall be submitted to the LMs either through electronic form or through physical delivery at either of the following addresses:

Name	Address	Contact Person	Website and e-mail	Phone (Telephone)
Motilal Oswal Investment Advisors Limited	Motilal Oswal Tower Rahimtullah Sayani Road Opposite Parel ST Depot, Prabhadevi Mumbai – 400 025 Maharashtra, India	Subodh Mallya/ Sankita Ajinkya	Website: www.motilaloswalgroup.com Email: zenqip@motilaloswal.com	+91 22 7193 4380

Name	Address	Contact Person	Website and e-mail	Phone (Telephone)
ICICI Securities Limited	ICICI Venture House Appasaheb Marathe Marg Prabhadevi, Mumbai 400 025 Maharashtra, India	Gunesh Wagh	www.icicisecurities.com deallakshya@icicisecurities.com	+91 22 6807 7100
Nuvama Wealth Management Limited (*Formerly known as Edelweiss Securities Limited*)	801 - 804, Wing A, Building No 3, Inspire BKC, G Block Bandra Kurla Complex, Bandra East, Mumbai 400 051 Maharashtra, India	Lokesh Shah/Aayushi Gandhi	www.nuvama.com zen@nuvama.com	+91 22 4009 4400

The LMs shall not be required to provide any written acknowledgement of the receipt of the Application Form and the Bid Amount.

All Application Forms shall be duly completed, and Bidders Bidding in the Issue shall pay the entire Bid Amount along with the submission of the Application Form, within the Issue Period.

Bank account for Payment of Bid Amount

Our Company has opened the Escrow Account in the name of Axis Bank Limited with the Escrow Agent, in terms of the Escrow Agreement. Each Bidder will be required to deposit the Bid Amount payable for the Equity Shares Bid by it along with the submission of the Application Form and during the Bidding Period. Bidders can make payment of the Bid Amount only through electronic transfer of funds from their own bank account.

Note: Payments are to be made only through electronic fund transfer. Payments made through cash, demand draft or cheques are liable to be rejected. Further, if the payment is not made favouring the Escrow Account, the Application Form is liable to be rejected.

Pending Allotment, our Company undertakes to utilise the amount deposited in *"*ZEN TECHNOLOGIES LIMITED – ESCROW ACCOUNT – QIP2024*"* only for the purposes of (i) adjustment against Allotment of Equity Shares in the Issue; or (ii) repayment of Bid Amount if our Company is not able to Allot Equity Shares in the Issue. Notwithstanding the above, in the event a Bidder is not Allocated Equity Shares in the Issue, or the number of Equity Shares Allocated to a Bidder, is lower than the number of Equity Shares applied for through the Application Form and towards which Application Amount has been paid by such Bidder, the excess Application Amount will be refunded to the same bank account from which Application Amount was remitted, in the form and manner set out in "***Refunds***" on page 159.

Bank Account Details

Each Bidder shall mention the details of the bank account from which the payment of Bid Amount has been made along with confirmation that such payment has been made from such account.

Pricing and Allocation

There is a minimum pricing requirement under the SEBI ICDR Regulations. The Floor Price shall not be less than the average of the weekly high and low of the closing prices of the Equity Shares quoted on the Stock Exchanges during the two weeks preceding the Relevant Date. However, our Company may offer a discount of not more than 5% of the Floor Price in accordance with the Board of Directors on January 27, 2024 and approved by our Shareholders through a special resolution (*passed through postal ballot*) on March 8, 2024 and in terms of the SEBI ICDR Regulations.

Our Company, in consultation with the LMs, shall determine the Issue Price, which shall be at or above the Floor Price.

Build-up of the Book

The Bidders shall submit their Bids (including any revision thereof) through the Application Forms within the Issue Period to the LMs. Such Bids cannot be withdrawn or revised downwards after the Issue Closing Date. The book shall be maintained by the LMs.

Method of Allocation

Our Company shall determine the Allocation in consultation with the LMs on a discretionary basis and in compliance with Chapter VI of the SEBI ICDR Regulations.

Application Forms received from the Bidders at or above the Issue Price shall be grouped together to determine the total demand. The Allocation to all such Bidders will be made at the Issue Price. Allocation to Mutual Funds for up to a minimum of 10% of the Issue Size shall be undertaken subject to valid Bids being received at or above the Issue Price.

In case of cancellations or default by the Bidders, our Company, in consultation with LMs, has the right to reallocate the Equity Shares at the Issue Price among existing or new Bidders at their sole and absolute discretion subject to the applicable laws.

THE DECISION OF OUR COMPANY IN CONSULTATION WITH THE LMs IN RESPECT OF ALLOCATION SHALL BE FINAL AND BINDING ON ALL ELIGIBLE QIBs. ELIGIBLE QIBs MAY NOTE THAT ALLOCATION OF EQUITY SHARES IS AT THE SOLE AND ABSOLUTE DISCRETION OF OUR COMPANY IN CONSULTATION WITH THE LMs AND ELIGIBLE QIBs MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATION FORMS AND PAID THE ENTIRE BID AMOUNT AT OR ABOVE THE ISSUE PRICE WITHIN THE ISSUE PERIOD. NEITHER OUR COMPANY NOR THE LMs ARE OBLIGED TO ASSIGN ANY REASON FOR ANY NON-ALLOCATION.

CAN

Based on receipt of the serially numbered Application Forms and Bid Amount, our Company, in consultation with the LMs, in their sole and absolute discretion, shall decide the Successful Bidders. Our Company will dispatch a serially numbered CAN to all such Successful Bidders pursuant to which the details of the Equity Shares Allocated to them, the Issue Price and the Bid Amount for the Equity Shares Allocated to them shall be notified to such Successful Bidders. The CAN shall also include details of amount to be refunded, if any, to such Bidders. Additionally, the CAN will include the probable Designated Date, being the date of credit of the Equity Shares to the Bidders' account, as applicable to the respective Bidder.

The Successful Bidders would also be sent a serially numbered Placement Document (which will include the names of the proposed Allottees along with the percentage of their post-Issue Shareholding in our Company) either in electronic form or by physical delivery.

The dispatch of the serially numbered CAN and the Placement Document (when dispatched), to the Eligible QIBs shall be deemed a valid, binding and irrevocable contract for the Eligible QIBs to subscribe to the Equity Shares Allocated to such Successful Bidders. Subsequently, our Board/its committee will approve the Allotment of the Equity Shares to the Allottees in consultation with the LMs.

Eligible QIBs are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to the Issue.

By submitting the Application Form, an Eligible QIB would have deemed to have made the representations and warranties as specified in section "***Notice to Investors***" on page 1 and further that such Eligible QIB shall not undertake any trade on the Equity Shares credited to its Depository Participant account pursuant to the Issue until such time as the final listing and trading approval is issued by Stock Exchanges.

Designated Date and Allotment of Equity Shares

1. Subject to the satisfaction of the terms and conditions of the Placement Agreement, our Company will ensure that the Allotment of the Equity Shares is completed by the Designated Date provided in the respective CANs.

2. In accordance with the SEBI ICDR Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialized form to the Allottees. Allottees will have the option to re-materialize the Equity Shares, if they so desire, as per the provisions of the Companies Act, 2013, and the Depositories Act. However, transfer of securities of listed companies in physical form is not permitted pursuant to Regulation 40 of the SEBI Listing Regulations.

3. Our Company, at its sole discretion (in consultation with the LMs), reserves the right to cancel the Issue at any time up to Allotment without assigning any reasons whatsoever.

4. Following the Allotment of the Equity Shares pursuant to the Issue, our Company shall apply to the Stock Exchanges for listing approvals and post receipt of the listing approvals from the Stock Exchanges, our Company shall credit the Equity Shares into the beneficiary accounts of the Eligible QIBs.

5. Following the credit of Equity Shares into the Successful Bidders' beneficiary accounts with the Depository Participants, our Company will apply for the final listing and trading approvals from the Stock Exchanges.

6. The monies lying to the credit of the Escrow Account shall not be released until the final listing and trading approvals for the listing and trading of the Equity Shares issued pursuant to this Issue are received by our Company from the Stock Exchanges and our Company files the return of Allotment in connection with the Issue with the RoC within the prescribed timelines under the Companies Act, 2013.

7. After finalization of the Issue Price, our Company shall update this Preliminary Placement Document with the Issue details and file it with the Stock Exchanges as the Placement Document, which will include names of the proposed Allottees and the percentage of their post-Issue shareholding in our Company. Pursuant to a circular dated March 5, 2010 issued by the SEBI, Stock Exchanges are required to make available on their websites the details of those Allottees in Issue who have been allotted more than 5% of the Equity Shares offered in the Issue, namely, names of the Allottees, and number of Equity Shares Allotted to each of them, pre and post Issue shareholding pattern of our Company along with the Placement Document.

8. Our Company shall make the requisite filings with the RoC within the stipulated period as required under the Companies Act, 2013 and the PAS Rules. Further, as required in terms of the PAS Rules, names of the proposed Allottees, and the percentage of their post-Issue shareholding in our Company is required to be disclosed in the Placement Document.

Refunds

In the event that the number of Equity Shares Allocated to a Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Bid Amount has been paid by such Bidder, or the Bidder has deposited the Bid Amount arrived at using a price higher than the Issue Price or Equity Shares are not Allocated to a Bidder for any reasons or the Issue is cancelled prior to Allocation, or a Bidder lowers or withdraws the Bid prior to the Issue Closing Date, any excess Bid Amount paid by such Bidder will be refunded to the same bank account from which Bid Amount was remitted as set out in the Application Form, in the form and manner set out in the Refund Intimation Letter. The Refund Amount will be transferred to the relevant Bidders within two Working Days from the issuance of the CAN. In the event we are unable to issue and Allot the Equity Shares offered in the Issue or within 60 days from the date of receipt of Bid Amount, our Company shall repay the Bid Amount within 15 days from the expiry of 60 days, failing which our Company shall repay that monies with interest at the rate of 12% p.a. form the expiry of the sixtieth day and in such manner as prescribed under the Companies Act, 2013. The Bid Amount to be refunded by us shall be refunded to the same bank account from which application monies was remitted by the Bidders, as mentioned in the Application Form.

In accordance with the SEBI ICDR Regulations, Equity Shares will be issued and Allotment shall be made only in dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act, 2013, the Depositories Act and other applicable laws.

We, at our sole discretion (in consultation with the LMs), reserve the right to cancel the Issue at any time up to Allotment without assigning any reason whatsoever.

Following the credit of Equity Shares into the Eligible QIBs' Depository Participant accounts, we will apply for final trading and listing approvals from the Stock Exchanges. In the event of any delay in the Allotment or credit of Equity Shares, or receipt of trading or listing approvals or cancellation of the Issue, no interest or penalty would be payable by us.

Release of Funds to our Company

The monies lying to the credit of the Escrow Account shall not be released until the final listing and trading approvals of the Stock Exchanges for the Equity Shares offered pursuant to this Issue are received by our Company and our Company files the return of Allotment under Form PAS-3 in connection with the Issue with the RoC, whichever is later.

Provided that upon receipt of the listing and trading approval from Stock Exchanges, our Company files the return of Allotment in connection with the Issue with the RoC, upon which, the Net Proceeds deposited in the Escrow Bank Account, shall be transferred to a separate bank account with a scheduled bank or any other account as may be mutually agreed between our Company and the Monitoring Agency.

Other Instructions

Submission of Documents

A physical copy of the Application Form and relevant documents as required to be provided along with the Application Form shall be submitted with our Company/ LMs as soon as practicable.

Permanent Account Number or PAN

Each Bidder should mention its PAN (except Bids from any category of Bidders, which may be exempted from specifying their PAN for transacting in the securities market) allotted under the IT Act. A copy of PAN card is required to be submitted with the Application Form. Further, the Application Forms without this information will be considered incomplete and are liable to be rejected. It is to be specifically noted that applicants should not submit the GIR number instead of the PAN as the Application Form is liable to be rejected on this ground.

Bank account details

Each Bidder shall mention the details of the bank account from which the payment of Bid Amount has been made along with confirmation that such payment has been made from such account.

Right to Reject Applications

Our Company, in consultation with the LMs, may reject Bids, in part or in full, without assigning any reason whatsoever. The decision of our Company in consultation with the LMs in relation to the rejection of Bids shall be final and binding. In the event the Bid is rejected by our Company, the Bid Amount paid by the Bidder shall be refunded to the same bank account from which the Bid Amount was remitted by such Bidder as set out in the Application Form. For details, see " ***Issue Procedure - Bid Process***" and "***Issue Procedure - Refunds***" on pages 154 and 159, respectively.

Equity Shares in dematerialised form with NSDL or CDSL

The Allotment of the Equity Shares in this Issue shall be only in dematerialised form (i.e., not in physical certificates but be fungible and be represented by the statement issued through the electronic mode).

An Eligible QIB applying for Equity Shares to be issued pursuant to the Issue must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the Bid. Equity Shares Allotted to a Successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Successful Bidder, as indicated in the Application Form.

Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges have electronic connectivity with NSDL and CDSL.

The trading of the Equity Shares to be issued pursuant to the Issue would be in dematerialised form only for all QIBs in the demat segment of the respective Stock Exchanges.

Our Company and the LMs shall not be responsible or liable for the delay in the credit of Equity Shares to be issued pursuant to the Issue due to errors in the Application Form or otherwise on the part of the Bidders.

PLACEMENT AND LOCK-UP

Placement Agreement

The Lead Manager and our Company have entered into the Placement Agreement dated August 21, 2024 ("**Placement Agreement**"), pursuant to which the Lead Managers have agreed, subject to certain conditions, to use its reasonable efforts to place the Equity Shares with Eligible QIBs to subscribe to such number of our Equity Shares as may be agreed among our Company and the Lead Managers, pursuant to Chapter VI of the SEBI ICDR Regulations, the Companies Act, 2013 read with Rule 14 of the PAS Rules, and other applicable provisions of the Companies Act, 2013 and the rules made thereunder.

The Placement Agreement contains customary representations and warranties, as well as indemnity from our Company and the Issue is subject to the satisfaction of certain conditions and subject to the termination of the Placement Agreement in accordance with the terms contained therein.

Applications shall be made to list the Equity Shares issued pursuant to this Issue and admit them to trading on the Stock Exchanges. No assurance can be given as to the liquidity or sustainability of the trading market for such Equity Shares, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which holders of the Equity Shares will be able to sell their Equity Shares.

This Preliminary Placement Document has not been, and will not be, filed as a prospectus with the Registrar of Companies, and no Equity Shares will be offered in India or overseas to the public or any members of the public in India or any other class of investors, other than Eligible QIBs.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in "offshore transactions" as defined in and in reliance on Regulations S. For a description of the restrictions applicable to the offer and sale of the Equity Shares in the Issue in certain other jurisdictions. see "***Selling Restrictions***" on page 163.

Relationship with the Lead Managers

In connection with the Issue, the Lead Managers (or their affiliates) may, for their own account, subscribe to the Equity Shares or enter into asset swaps, credit derivatives or other derivative transactions relating to the Equity Shares to be issued pursuant to the Issue at the same time as the offer and sale of the Equity Shares or in secondary market transactions. As a result of such transactions, the Lead Managers may hold long or short positions in the Equity Shares. These transactions may comprise a substantial portion of the Issue and no specific disclosure will be made of such positions. Affiliates of the Lead Managers may purchase or subscribe to the Equity Shares or be Allotted Equity Shares for proprietary purposes and not with a view to distribute or in connection with the issuance of P-Notes. See "***Representations by Investors***" and "***Offshore Derivative Instruments***" on pages 4 and 10 respectively.

From time to time, the Lead Managers and their respective affiliates, associates, etc. may engage in transactions with and perform services for our Company or its affiliates in the ordinary course of business and have engaged, or may in the future engage, in commercial banking, investment banking and other banking transactions with our Company, its affiliates or shareholders, for which they have received compensation and may in the future receive compensation.

Lock-Up

In terms of the Placement Agreement, our Company will not, for a period of 60 days from the date of Allotment, under the Issue, without the prior written consent of the LMs, directly or indirectly, (a) offer, issue, contract to issue, grant any option, right or warrant for the issuance and allotment, or otherwise dispose, or establish or increase a put equivalent position or liquidate or decrease a call equivalent position with respect to, any Equity Shares or securities convertible into or exchangeable or exercisable for Equity Shares (including any warrants or other rights to subscribe for any Equity Shares) or publicly announce an intention with respect to any of the foregoing, (b) deposit Equity Shares with any other depositary in connection with a depositary receipt facility or (c) publicly disclose the intention to make any such offer, issuance and allotment or disposition, or to enter into any such transaction falling within (a) and (b) above (including swap, hedge or other arrangement). However, the foregoing restriction shall not be applicable to the (i) the issuance of the Issue Shares pursuant to the Issue; (ii) issuance of non-convertible debentures; (iii) the issue of Equity Shares pursuant to offer made in terms of any employee stock option/ purchase scheme of the Company; and (iv) any transaction required by law or an order of a court of law or a statutory authority.

Lock-up by Promoter

Under the Placement Agreement, our Promoters agree that they will not, announce any intention to enter into any transaction whether any such transaction which is to be settled by delivery of Equity Shares, or such other securities, in cash or otherwise, during the period commencing on the date hereof and ending 60 days after the date of Placement Document (the "**Lock-up Period**"), directly or indirectly:

(a) offer, sell, pledge, issue, encumber, contract to issue, grant any option, right or warrant for the issuance and allotment, or otherwise dispose of or transfer, or establish or increase a put equivalent position or liquidate or decrease a call equivalent position with respect to, any Equity Shares or securities convertible into or exchangeable or exercisable for Equity Shares (including any warrants or other rights to subscribe for any Equity Shares) or publicly announce an intention with respect to any of the foregoing;

(b) enter into a transaction which would have the same effect, or enter into any swap, hedge or other arrangement that transfers, directly or indirectly, in whole or in part, any of the economic consequences of ownership of any Equity Shares, whether any such aforementioned transaction is to be settled by allotment of any Equity Shares, in cash or otherwise or any securities convertible into or exercisable or exchangeable for Equity Shares;

(c) deposit Equity Shares with any other depositary in connection with a depositary receipt facility; or

(d) publicly disclose the intention to make any such offer, issuance and allotment or disposition, or to enter into any such transaction falling within (a) to (c) above (including swap, hedge or other arrangement).

However, the foregoing restrictions shall not be applicable if any of the actions mentioned above are required to be undertaken pursuant to any inter-se transfers between the Promoters or any change in Applicable Law, post the date of execution of the Placement Agreement.

Provided, however, that none of the foregoing or below restrictions shall apply

i. any sale, transfer or disposition of any of the Lock-up Shares by the undersigned with prior written consent of the Lead

ii. Manager to the extent such sale, transfer or disposition is required by Applicable Law; and

iii. any bona fide pledge or non-disposal undertaking of any of the Lock-up Shares held by the undersigned as collateral for loans on normal commercial terms entered or to be entered into in the ordinary course of business of the undersigned, the Company.

SELLING RESTRICTIONS

The distribution of this Preliminary Placement Document, the Placement Document or any offering material and the offering, sale or delivery of Equity Shares is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Preliminary Placement Document, the Placement Document or any offering material are advised to consult with their own legal advisors as to what restrictions may be applicable to them and to observe such restriction.

General

The Issue is being made only to Eligible QIBs through a QIP, in reliance upon Chapter VI of the SEBI ICDR Regulations and the Companies Act, 2013. This Preliminary Placement Document may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised. No action has been taken or will be taken by our Company or the LMs that would permit a public offering of the Equity Shares to occur in any jurisdiction, or the possession, circulation or distribution of this Preliminary Placement Document and the Placement Document or any other material relating to our Company or the Equity Shares in any jurisdiction where action for such purpose is required (including filing of prospectus in India with SEBI or any other authority in connection with the Issue). Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and none of this Preliminary Placement Document and the Placement Document, any offering materials and any advertisements in connection with the offering of the Equity Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. The Issue will be made in compliance with the applicable SEBI ICDR Regulations. Each purchaser of the Equity Shares in this Issue will be deemed to have made acknowledgments and agreements as described under "***Notice to Investors outside India***", "***Representations by Investors***" and "***Transfer Restrictions***" on pages 5, 4 and 171, respectively.

Republic of India

This Preliminary Placement Document may not be distributed directly or indirectly in India or to residents of India and any Equity Shares may not be offered or sold directly or indirectly in India to, or for the account or benefit of, any resident of India except as permitted by applicable Indian laws and regulations, under which an offer is strictly on a private and confidential basis and is limited to Eligible QIBs and is not an offer to the public. This Preliminary Placement Document has not been and will not be filed as a prospectus with the RoC and will not be circulated or distributed to the public in India or any other jurisdiction and will not constitute a public offer in India or any other jurisdiction.

Australia

This Preliminary Placement Document is not a disclosure document or a prospectus under Chapter 6D.2 of the Corporations Act 2001 (Cth) ("**Corporations Act**") and has not been lodged with the Australian Securities and Investments Commission and it does not purport to include the information required of a disclosure document under Chapter 6D.2 of the Corporations Act.

No offer will be made under this Preliminary Placement Document to investors to whom disclosure is required to be made under Chapter 6D of the Corporations Act. Each purchaser of the Equity Shares offered in the Issue in Australia shall be deemed to represent and warrant that it is either a "sophisticated investor" or a "professional investor" and that not it is not a "retail client" within the meaning of those terms in the Corporations Act.

The Equity Shares acquired in the Issue in Australia must not be offered for sale in Australia in the period of 12 months after the date of the Allotment, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under Section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document that complies with Chapter 6D of the Corporations Act. Each purchaser of the Equity Shares offered in the Issue in Australia shall be deemed to undertake to our Company that it will not, for a period of 12 months from the date of issue of the Equity Shares, offer, transfer, assign or otherwise alienate those Equity Shares to investors in Australia except in circumstances where disclosure to investors is not required under Chapter 6D.2 of the Corporations Act or where or where the offer is pursuant to a disclosure document that complies with Chapter 6D of the Corporations Act.

No financial product advice is provided in this Preliminary Placement Document and nothing in this Preliminary Placement Document should be taken to constitute a recommendation or statement of opinion that is intended to influence a person or persons in making a decision to invest in the Equity Shares offered in the Issue.

This Preliminary Placement Document does not take into account the objectives, financial situation or needs of any particular person. Before acting on the information contained in this Preliminary Placement Document, or making a decision to invest in the Equity Shares offered in the Issue, prospective investors should seek professional advice as to whether investing in the Equity Shares is appropriate in light of their own circumstances.

None of the Lead Managers or any of their respective affiliates is the holder of an Australian Financial Services Licence.

Bahrain

All marketing and offering of the Equity Shares in the Issue has been made and will be made outside the Kingdom of Bahrain. This Preliminary Placement Document and the Equity Shares offered in the Issue have not been registered, filed, approved or licensed by the Central Bank of Bahrain ("**CBB**"), the Bahrain Bourse, the Ministry of Industry, Commerce and Tourism ("**MOICT**") or any other relevant licensing authorities in the Kingdom of Bahrain.

The CBB, the Bahrain Bourse and the MOICT of the Kingdom of Bahrain takes no responsibility for the accuracy of the statements and information contained in this Preliminary Placement Document, nor shall they have any liability to any person, investor or otherwise for any loss or damage resulting from reliance on any statements or information contained herein. This Preliminary Placement Document is only intended for Accredited Investors as defined by the CBB and the Equity Shares offered by way of private placement may only be offered in minimum subscriptions of USD 100,000 (or equivalent in other currencies). No invitation to the public in the Kingdom of Bahrain to subscribe to the Equity Shares is being made and this Preliminary Placement Document will not be issued to, passed to, or made available to the public generally in the Kingdom of Bahrain. The CBB has not reviewed, nor has it approved this Preliminary Placement Document and any related offering documents or the marketing thereof in the Kingdom of Bahrain. The CBB is not and will not be responsible for the performance of the Equity Shares.

Cayman Islands

The Preliminary Placement Document does not constitute an offer or invitation to the public in the Cayman Islands to subscribe for Equity Shares in the Issue.

People's Republic of China

This Preliminary Placement Document does not constitute an offer of the Equity Shares offered in the Issue, whether by way of sale or subscription, in the People's Republic of China (the "**PRC**"). The Equity Shares are not being offered and may not be offered or sold, directly or indirectly, in the PRC to or for the benefit of, legal or natural persons of the PRC. According to legal and regulatory requirements of the PRC, the Equity Shares may, subject to the laws and regulations of the relevant jurisdictions, only be offered or sold to non-PRC natural or legal persons in any country other than the PRC.

European Economic Area

In relation to each Member State of the European Economic Area (each a "**Relevant State**"), an offer to the public of any Equity Shares in the Issue may not be made in that Relevant State, except if the Equity Shares are offered to the public in that Relevant State at any time under the following exemptions under the Prospectus Regulation (EU) 2017/1129 (and any amendment thereto) (the "**Prospectus Regulation**"):

- to any legal entity that is a qualified investor, as defined in the Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the Lead Managers for any such offer;
- or in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Equity Shares shall result in a requirement for the publication by the Company or the Lead Managers of a prospectus pursuant to Article 3 of the Prospectus Regulation.

For the purposes of this section, the expression an "offer of Equity Shares to the public" in relation to any Equity Shares in any Relevant State means a communication to persons in any form and by any means presenting sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Equity Shares.

Each person in a Relevant State who acquires Equity Shares in the Issue or to whom any offer is made shall be deemed to have represented that it is a "qualified investor" as defined in the Prospectus Regulation.

In the case of any Equity Shares being offered to a financial intermediary, as that term is used in Article 5 of the Prospectus Regulation, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Equity Shares subscribed for or acquired by it in the Issue have not been subscribed for or acquired on a non-discretionary basis on behalf of, nor have they been subscribed for or acquired with a view to their offer or resale to persons in circumstances which may give rise to an offer of any Equity Shares to the public other than their offer or resale in a Relevant State to qualified investors (as so defined) or in circumstances in which the prior consent of the Lead Managers has been obtained to each such proposed offer or resale.

Our Company, the Lead Managers and their affiliates and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements.

Hong Kong

The Preliminary Placement Document has not been reviewed or approved by any regulatory authority in Hong Kong. In particular, the Preliminary Placement Document has not been, and will not be, registered as a "prospectus" in Hong Kong under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap 32) ("**CO**") nor has it been authorised by the Securities and Futures Commission ("**SFC**") in Hong Kong pursuant to the Securities and Futures Ordinance (Cap 571) ("**SFO**"). Recipients are advised to exercise caution in relation to the Issue. If recipients are in any doubt about any of the contents of the Preliminary Placement Document, they should obtain independent professional advice.

The Preliminary Placement Document does not constitute an offer or invitation to the public in Hong Kong to acquire any Equity Shares nor an advertisement of the Equity Shares in Hong Kong. The Preliminary Placement Document must not be issued, circulated or distributed in Hong Kong other than:

- to "professional investors" within the meaning of the SFO and any rules made under that ordinance ("**Professional Investors**"); or
- in other circumstances which do not result in the Preliminary Placement Document being a prospectus as defined in the CO nor constitute an offer to the public which requires authorization by the SFC under the SFO.

Unless permitted by the securities laws of Hong Kong, no person may issue or have in its possession for issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Equity Shares, which is directed at, or the content of which is likely to be accessed or read by, the public of Hong Kong other than with respect to the Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to Professional Investors.

Any offer of the Equity Shares will be personal to the person to whom relevant offer documents are delivered, and a subscription for the Equity Shares will only be accepted from such person. No person who has received a copy of the Preliminary Placement Document may issue, circulate or distribute the Preliminary Placement Document in Hong Kong or make or give a copy of the Preliminary Placement Document to any other person. No person allotted Equity Shares may sell, or offer to sell, such Shares to the public in Hong Kong within six months following the date of issue of such Equity Shares.

Japan

No securities registration statement in relation to the solicitations of the Equity Shares offered in the Issue in Japan (the "**Solicitations**") has been or will be filed pursuant to Article 4, Paragraph 1 of the Financial Instrument and Exchange Law of Japan (the "**FIEL**"). The Solicitations shall only be made (i) to Qualified Institutional Investors and (ii) to no more than 49 persons (excluding any Qualified Institutional Investors) during the six-month period prior to the contemplated date of the allotment of the Equity Shares in the Issue.

Any Qualified Institutional Investors who acquire Equity Shares in the Issue (a) may not, directly or indirectly, resell, assign, transfer, or otherwise dispose of the Equity Shares to any person in Japan or to or for the benefit of any resident of Japan, including any corporation or other entity organised under the laws of Japan, except to Qualified Institutional Investors; and (b) shall deliver a notification indicating (a) and (b) herein to any transferee of the Equity Shares.

Capitalized terms used in this sub-section and not defined in this Preliminary Placement Document have the meanings given to those terms in the FIEL.

Jordan

The Equity Shares offered in the Issue have not been and will not be offered, sold or delivered at any time, directly or indirectly, in the Hashemite Kingdom of Jordan in a manner that would constitute a public offering. This Preliminary Placement Document has not been and will not be reviewed or approved by, or registered with, the Jordan Securities Commission in accordance with its regulations and any other regulations in the Hashemite Kingdom of Jordan. The Equity Shares are not and will not be traded on the Amman Stock Exchange. The Equity Shares have not been and will not be offered, sold or promoted or advertised in Jordan other than in compliance with the Securities Law No. (76) of 2002, as amended, the Law Regulating Dealings in Foreign Exchange No. (50) of 2008, and regulations issued pursuant thereto governing the issue of offering and sale of securities. Without limiting the foregoing, the Equity Shares have not been and will not, in any manner, be offered, sold, promoted or advertised to more than thirty (30) persons in Jordan, without complying with the required approval and notification requirements set-out under the above-referenced laws and the regulations issued pursuant to them

Kuwait

This Preliminary Placement Document has not been licensed for the offering, promotion, marketing, advertisement or sale of the Equity Shares offered in the Issue in the State of Kuwait by the Capital Markets Authority or any other relevant Kuwaiti government agency. The offering, promotion, marketing, advertisement or sale of the Equity Shares offered in the Issue in the State of Kuwait on the basis of a private placement or public offering is, therefore, prohibited in accordance with Law No. 7 of 2010 and the Executive Bylaws for Law No. 7 of 2010, as amended, which govern the issue, offer, marketing and sale of securities in the State of Kuwait ("**Kuwait Securities Laws**"). Therefore, in accordance with the Kuwait Securities Laws, no private or public offering of the Equity Shares is or will be made in the State of Kuwait, no agreement relating to the sale of the Equity Shares will be concluded in the State of Kuwait and no marketing or solicitation or inducement activities are being used to offer or market the Equity Shares in the State of Kuwait.

Malaysia

This Preliminary Placement Document has not been and will not be registered as a prospectus with the Securities Commission Malaysia ("**SC**") under the Malaysian Capital Markets and Services Act 2007 (as amended) ("**CMSA**"). No prospectus or other offering material or document in connection with the offer and sale of the Equity Shares offered in the Issue which complies with the requirements of the CMSA and the guidelines of the SC has been or will be registered with the SC under the CMSA or with any other regulatory body in Malaysia. Also, no approval or authorisation of the SC has been granted for making available, offering for subscription or purchase, or issuing an invitation to subscribe for or purchase the Equity Shares offered in the Issue in Malaysia. This Preliminary Placement Document does not constitute and may not be used for the purpose of a public offering or an issue, offer for subscription or purchase, invitation to subscribe for or purchase any securities requiring the registration of a prospectus with the SC under the CMSA. None of the Lead Managers or any of their respective affiliates is the holder of a Capital Markets Services License in Malaysia who carries on the business of dealing in securities. Accordingly, this Preliminary Placement Document and any other document or material in connection with the Issue may not be circulated or distributed, nor may the Equity Shares offered in the Issue be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Malaysia.

Mauritius

In accordance with The Securities Act 2005 of Mauritius, no offer of the Equity Shares offered in the Issue may be made to the public in Mauritius without, amongst other things, the prior approval of the Mauritius Financial Services Commission. This Preliminary Placement Document has not been approved or registered by the Mauritius Financial Services Commission. Accordingly, this Preliminary Placement Document does not constitute a public offering. The Preliminary Placement Document is for the exclusive use of the person to whom it has been given by a Book Running Lead Manager and is a private concern between the sender and the recipient.

New Zealand

This Preliminary Placement Document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "**FMA Act**"). The Equity Shares offered in the Issue may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who: (a) is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act; (b) meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act; (c) is large within the meaning of clause 39 of Schedule 1 of the FMC Act; (d) is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or (e) is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Oman

This Preliminary Placement Document does not constitute an offer to sell or the solicitation of any offer to buy non-Omani securities in the Sultanate of Oman. This Preliminary Placement Document is strictly private and confidential and is being provided to a limited number of sophisticated investors solely to enable them to decide whether or not to invest in the Equity Shares outside of the Sultanate of Oman, upon the terms and subject to the restrictions set out herein and may not be reproduced or used for any other purpose or provided to any person other than the original recipient.

This Preliminary Placement Document has not been approved by the Capital Market Authority of Oman (the "**CMA**") or any other regulatory body or authority in the Sultanate of Oman ("**Oman**"), nor have the Lead Managers or any placement agent acting on their behalf received authorisation, licensing or approval from the CMA or any other regulatory authority in Oman, to market, offer, sell, or distribute the Equity Shares in Oman.

No marketing, offering, selling or distribution of any Equity Shares has been or will be made from within Oman and no subscription for any Equity Shares may or will be consummated within Oman. Neither the Lead Managers nor any placement agent acting on their behalf is a company licensed by the CMA to provide investment advisory, brokerage, or portfolio management services in Oman, nor a bank licensed by the Central Bank of Oman to provide investment banking services in Oman. Neither the Lead Managers nor any placement agent acting on their behalf advise persons or entities resident or based in Oman as to the appropriateness of investing in or purchasing or selling securities or other financial products.

The Equity Shares offered in the Issue have not and will not be listed on any stock exchange in the Sultanate of Oman.

Nothing contained in this Preliminary Placement Document is intended to constitute Omani investment, legal, tax, accounting or other professional advice. This Preliminary Placement Document is for your information only, and nothing herein is intended to endorse or recommend a particular course of action. You should consult with an appropriate professional for specific advice on the basis of your situation.

Qatar (excluding the Qatar Financial Centre)

This Preliminary Placement Document does not, and is not intended to, constitute an invitation or an offer of Equity Shares in the State of Qatar and accordingly should not be construed as such. The Equity Shares offered in the Issue have not been, and shall not be, offered, sold or delivered at any time, directly or indirectly, in the State of Qatar. Any offering of the Equity Shares shall not constitute a public offer of securities in the State of Qatar.

By receiving this Preliminary Placement Document, the person or entity to whom it has been provided to understands, acknowledges and agrees that: (a) neither this Preliminary Placement Document nor the Equity Shares have been registered, considered, authorised or approved by the Qatar Central Bank, the Qatar Financial Markets Authority, or any other authority or agency in the State of Qatar; (b) our Company and the Lead Managers are not authorised or licensed by the Qatar Central Bank, the Qatar Financial Markets Authority or any other authority or agency in the State of Qatar, to market or sell the Equity Shares within the State of Qatar; (c) this Preliminary Placement Document may not be provided to any person other than the original recipient and is not for general circulation in the State of Qatar; and (d) no agreement relating to the sale of the Equity Shares shall be consummated within the State of Qatar.

No marketing of the Issue has been or will be made from within the State of Qatar and no subscription to the Equity Shares may or will be consummated within the State of Qatar. Any applications to invest in the Equity Shares shall be received from outside of Qatar. This Preliminary Placement Document shall not form the basis of, or be relied on in connection with, any contract in Qatar. Our Company and the Lead Managers are not, by distributing this Preliminary Placement Document, advising individuals resident in the State of Qatar as to the appropriateness of purchasing Equity Shares in the Offer. Nothing contained in this Preliminary Placement Document is intended to constitute investment, legal, tax, accounting or other professional advice in, or in respect of, the State of Qatar.

Qatar Financial Centre

This Preliminary Placement Document does not, and is not intended to, constitute an invitation or offer of Equity Shares from or within the Qatar Financial Centre ("**QFC**"), and accordingly should not be construed as such. The Preliminary Placement Document has not been reviewed or approved by or registered with the Qatar Financial Centre Authority, the Qatar Financial Centre Regulatory Authority or any other competent legal body in the QFC. The Preliminary Placement Document is strictly private and confidential, and may not be reproduced or used for any other purpose, nor provided to any person other than the recipient thereof. Our Company has not been approved or licenced by or registered with any licensing authorities within the QFC.

Singapore

This Preliminary Placement Document has not been and will not be registered as a prospectus with the Monetary Authority of Singapore ("**MAS**") under the Securities and Futures Act (Chapter 289) of Singapore ("**SFA**"). Accordingly, the Equity Shares offered in the Issue may not be offered or sold, or made the subject of an invitation for subscription or purchase nor may this Preliminary Placement Document or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the Equity Shares be circulated or distributed, whether directly or indirectly, in Singapore other than (i) to an "institutional investor" within the meaning of Section 274 of the SFA and in accordance with the conditions of an exemption invoked under Section 274, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) other pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Equity Shares are purchased under Section 275 of the SFA by a relevant person which is: (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Equity Shares pursuant to an offer made under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights or interest in that trust are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for a corporation, in accordance with the conditions specified in Section 275 of the SFA; (2) where no consideration is or will be given for the transfer; or (3) where the transfer is by operation of law.

In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), our Company has determined, and hereby notifies all relevant persons (as defined in Section 309(A)(1) of the SFA) that the Equity Shares are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

South Africa

In South Africa, the offering of the Equity Shares in the Issue will only be made by way of private placement to:

(a) selected persons falling within one of the specified categories listed in section 96(1)(a) of the South African Companies Act of 2008, as amended (the "**South African Companies Act**"); and

(b) selected persons, acting as principal, acquiring Equity Shares for a total acquisition cost of ZAR1,000,000 or more, as contemplated in section 96(1)(b) of the South African Companies Act,

and in each case to whom the offer of the Equity Shares will specifically be addressed, and only by whom the offer will be capable of acceptance (the "**South African Qualifying Investors**"). This Preliminary Placement Document is being made available only to such South African Qualifying Investors. The information contained in this Preliminary Placement Document does not constitute, nor form part of, any offer or invitation to sell or issue, an advertisement or any solicitation of any offer or invitation to purchase or subscribe for any Equity Shares or any other securities and is not an "offer to the public" as contemplated in the South African Companies Act. This Preliminary Placement Document does not, nor does it intend to, constitute a "registered prospectus" or an "advertisement", as contemplated by the South African Companies Act and no prospectus has been filed with the Companies and Intellectual Property Commission (the "**CIPC**") in respect of the Issue of the Equity Shares. As a result, this Preliminary Placement Document does not comply with the substance and form requirements for a prospectus set out in the South African Companies Act and the South African Companies Regulations of 2011, and has not been approved by, and/or registered with, the CIPC.

The information contained in this Preliminary Placement Document constitutes factual information as contemplated in section 1(3)(a) of the South African Financial Advisory and Intermediary Services Act of 2002, as amended (the "**FAIS Act**") and should not be construed as an express or implied recommendation, guide or proposal that any particular transaction in respect of the Equity Shares or in relation to the business or future investments of the Bank is appropriate to the particular investment objectives, financial situation or needs of a prospective investor, and nothing in this Preliminary Placement Document should be construed as constituting the canvassing for, or marketing or advertising of, financial services in South Africa. Our Company is not a financial services provider licenced as such under the FAIS Act.

South Korea

No securities registration statement in relation to the Solicitations (as defined under Financial Investment Services and Capital Markets Act of the Republic of Korea ("**South Korea**") (the "**FISCMA**")) of the Equity Shares offered in the Issue in South Korea has been or will be filed pursuant to the FISCMA. The Solicitations shall only be made (i) to certain professionals as prescribed in the FISCMA and the enforcement decree promulgated thereunder ("**Professional Investors**") and (ii) to no more than 49 persons (excluding any Professional Investors) during the six-month period prior to the contemplated date of the allotment of the Equity Shares in the Issue.

Furthermore, the Equity Shares may not be offered, sold, transferred or delivered for reoffering or resale, directly or indirectly, in South Korea or to, or for the account or benefit of, any resident (as defined under the Foreign Exchange Transactions Act of South Korea and the decree, rules and regulations promulgated thereunder) thereof for a period of one year from the date of the issuance of the Equity Shares, except as otherwise permitted under applicable South Korean laws and regulations.

Switzerland

The offering of the Equity Shares offered in the Issue in Switzerland is exempt from the requirement to prepare and publish a prospectus under the Swiss Financial Services Act ("**FinSA**") because such offering in Switzerland is directed only at investors classified as "professional clients" within the meaning of the FinSA and the Equity Shares offered in the Offer will not be admitted to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. This document does not constitute a prospectus pursuant to the FinSA, and no such prospectus has been or will be prepared for or in connection with the Issue.

No key information document under article 58 of the FinSA or article 59(2) of the FinSA in respect of the Issue has been prepared and published. Accordingly, the Equity Shares offered in the Issue may not be offered to "private clients" within the meaning of the FinSA in Switzerland.

Each person in Switzerland who acquires Equity Shares in the Issue shall be deemed to have represented to our Company and the Lead Managers that it is a "professional client" within the meaning of the FinSA and that it has not opted-in to be treated as a "private client" on the basis of article 5(5) of the FinSA.

This document is not intended to constitute an advertising document within the meaning of article 68 of the FinSA and article 95 of the Swiss Federal Financial Services Ordinance.

The Equity Shares do not constitute a participation in a collective investment scheme within the meaning of the Swiss Federal Act on Collective Investment Schemes and are not licensed by the Swiss Financial Market Supervisory Authority ("**FINMA**") thereunder. Accordingly, neither the Equity Shares nor the Shareholders benefit from protection under the Swiss Federal Act on Collective Investment Schemes or supervision by FINMA.

United Arab Emirates (excluding the Dubai International Financial Centre)

No offering, marketing, promotion, advertising or distribution (collectively, "**Promotion"**) of the Preliminary Placement Document or the Equity Shares may be made in the United Arab Emirates (the "**UAE**") unless: (a) such Promotion has been approved by the UAE Securities and Commodities Authority (the "**SCA**") and is made in accordance with the laws and regulations of the UAE, including SCA Board of Directors' Chairman Decision no. (3/R.M.) of 2017 (the "**Promotion and Introduction Regulations**"), and is made by an entity duly licensed to conduct such Promotion activities in the UAE; or (b) such Promotion is conducted by way of private placement made: (i) only to Qualified Investors who are not High Net Worth Individuals (as such terms are defined in the Promotion and Introduction Regulations); or (ii) otherwise in accordance with the laws and regulations of the UAE; or (c) such Promotion is carried out by way of reverse solicitation only upon an initiative made in writing by an investor in the UAE.

The Promotion of the Preliminary Placement Document and the Equity Shares has not been and will not be approved by the SCA and, as such, the Preliminary Placement Document does not constitute an offer to the general public in the UAE to acquire any Equity Shares. Except where the Promotion of the Preliminary Placement Document and the Equity Shares is carried out by way of reverse solicitation only upon an initiative made in writing by an investor in the UAE, the Promotion of the Preliminary Placement Document and the Equity Shares in the UAE is being made only to Qualified Investors who are not High Net Worth Individuals (as such terms are defined in the Promotion and Introduction Regulations).

None of the SCA, the Central Bank of the United Arab Emirates or any other regulatory authority in the UAE has reviewed or approved the contents of the Preliminary Placement Document and nor does any such entity accept any liability for the contents of the Preliminary Placement Document.

Dubai International Financial Centre

The Equity Shares offered in the Issue are not being offered to any persons in the Dubai International Financial Centre except on that basis that an offer is: (i) an "Exempt Offer" in accordance with the Markets Rules (MKT) (the "**Markets Rules**") adopted by the Dubai Financial Services Authority (the "**DFSA**"); and (ii) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the DFSA Conduct of Business Module of the DFSA rulebook and are not natural Persons. The Preliminary Placement Document must not be delivered to, or relied on by, any other person. The DFSA has not approved the Preliminary Placement Document nor taken steps to verify the information set out in it, and has no responsibility for it. Capitalised terms not otherwise defined in the Preliminary Placement Document have the meaning given to those terms in the Markets Rules.

The Equity Shares may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Equity Shares offered in the Issue should conduct their own due diligence on the Equity Shares. If you do not understand the contents of the Preliminary Placement Document, you should consult an authorised financial adviser.

United Kingdom

No Equity Shares have been offered or will be offered pursuant to the Issue to the public in the United Kingdom prior to the publication of a prospectus in relation to the Equity Shares which is to be treated as if it had been approved by the Financial Conduct Authority in accordance with the transitional provisions in Article 74 (transitional provisions) of the Prospectus (Amendment etc.) (EU Exit) Regulations 2019/1234, except that it may make an offer to the public in the United Kingdom of any Equity Shares at any time:

(a) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the Lead Managers for any such offer; or

(c) in any other circumstances falling within Article 1(4) of the UK Prospectus Regulation,

provided that no such offer of the Equity Shares shall require our Company or the Lead Managers to publish a prospectus pursuant to Article 3 of the UK Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation. For the purposes of this provision, the expression an "offer to the public" in relation to the Equity Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Equity Shares and the expression "UK Prospectus Regulation" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

This Preliminary Placement Document may not be distributed or circulated to any person in the United Kingdom other than to (i) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Financial Promotion Order**"); and (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Financial Promotion Order (all such persons together being referred to as "relevant persons"). This Preliminary Placement Document is directed only at relevant persons. Other persons should not act on this Preliminary Placement Document or any of its contents. This Preliminary Placement Document is confidential and is being supplied to you solely for your information and may not be reproduced, redistributed or passed on to any other person or published, in whole or in part, for any other purpose.

United States

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in "offshore transactions" as defined in and in reliance on Regulation S. To help ensure compliance with Regulation S, each purchaser of Equity Shares in the Issue will be deemed to have made the representations, warranties, acknowledgements and agreements set forth in "***Transfer Restrictions***" on page 238. The Equity Shares purchased in the Issue are transferable only in accordance with the restrictions described in "***Transfer Restrictions***" on page 238.

Until the expiry of 40 days after the commencement of the Issue, an offer or sale of Equity Shares offered in the Issue within the United States by a dealer (whether or not it is participating in the Issue) may violate the registration requirements of the U.S. Securities Act.

TRANSFER RESTRICTIONS

Due to the following restrictions, investors are advised to consult legal counsel prior to purchasing Equity Shares offered in the Issue or making any resale, pledge or transfer of Equity Shares purchased in the Issue.

Purchasers are not permitted to sell the Equity Shares Allotted pursuant to the Issue, for a period of one year from the date of Allotment, except on the BSE or the NSE. Allotments made to Eligible FPIs in the Issue are subject to the rules and regulations that are applicable to them, including in relation to lock-in requirements. Additional transfer restrictions applicable to the Equity Shares are listed below. The Equity Shares Allotted in the Issue are also subject to the resale restrictions in "***Selling Restrictions***" on page 230 and the following resale restrictions.

United States Transfer Restrictions

Each purchaser of the Equity Shares offered in the Issue shall be deemed to have represented, warranted and acknowledged to and agreed with our Company and the Lead Managers as follows:

- It understands that the Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and are being offered and sold to it in reliance on Regulation S.

- It was outside the United States at the time the offer of the Equity Shares offered in the Issue was made to it and it was outside the United States when its buy order for the Equity Shares offered in the Issue was originated.

- It did not purchase the Equity Shares offered in the Issue as a result of any "directed selling efforts" (as defined in Regulation S).

- It is buying the Equity Shares offered in the Issue for investment purposes and not with a view to the distribution thereof. If in the future it decides to offer, resell, pledge or otherwise transfer any of the Equity Shares offered in the Issue, it agrees that it will not offer, sell, pledge or otherwise transfer the Equity Shares offered in the Issue except in transactions complying with Rule 903 or Rule 904 of Regulation S or an available exemption from registration under the U.S. Securities Act and in accordance with all applicable securities laws of the states of the United States and any other jurisdiction, including India.

- Where it is subscribing to the Equity Shares offered in the Issue as fiduciary or agent for one or more investor accounts, it has sole investment discretion with respect to each such account and it has full power to make the representations, warranties, agreements and acknowledgements herein.

- Where it is subscribing to the Equity Shares offered in the Issue for one or more managed accounts, it represents and warrants that it was authorised in writing by each such managed account to subscribe to the Equity Shares offered in the Issue for each managed account and to make (and it hereby makes) the representations, warranties, agreements and acknowledgements herein for and on behalf of each such account, reading the reference to "it" to include such accounts.

- It agrees to indemnify and hold our Company and the Lead Managers harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of these representations, warranties or agreements. It agrees that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares purchased in the Issue.

- It acknowledges that our Company, the Book Running Lead Manager and their respective affiliates and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements.

Our Company, our representatives and our agents will not be obligated to recognize any acquisition, transfer or resale of the Equity Shares purchased in the Issue made other than in compliance with the restrictions set forth herein.

THE SECURITIES MARKET OF INDIA

The information in this section has been extracted from documents available on the website of SEBI and the Stock Exchanges and has not been prepared or independently verified by our Company or the Lead Managers or any of their respective affiliates or advisors.

The Indian Securities Market

India has a long history of organized securities trading. In 1875, the first stock exchange was established in Mumbai. BSE and NSE are the significant stock exchanges in terms of the number of listed companies, market capitalisation and trading activity.

Indian Stock Exchanges

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government of India acting through the Ministry of Finance, Capital Markets Division, under the Securities Contracts (Regulation) Act, 1956 ("**SCRA**") and the SCRR. On October 3, 2018, SEBI, in exercise of its powers under the SCRA and the SEBI Act, notified the **SCR (SECC) Regulations**, which regulate *inter alia* the recognition, ownership and internal governance of stock exchanges and clearing corporations in India together with providing for minimum capitalisation requirements for stock exchanges. The SCRA, the SCRR and the SCR (SECC) Regulations along with various rules, bye-laws and regulations of the respective stock exchanges, regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner, in which contracts are entered into, settled and enforced between members of the stock exchanges.

The SEBI Act empowers SEBI to regulate the Indian securities markets, including stock exchanges and intermediaries in the capital markets, protect the interests of investors in securities, promote and monitor self-regulatory organisations and prohibit fraudulent and unfair trade practices. Regulations concerning minimum disclosure requirements by public companies, rules and regulations concerning investor protection, insider trading, substantial acquisitions of shares and takeover of companies, buy-backs of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, foreign institutional investors, credit rating agencies and other capital market participants have been notified by the relevant regulatory authority.

BSE

Established in 1875, it is the oldest stock exchange in India. In 1956, it became the first stock exchange in India to obtain permanent recognition from the Government under the SCRA. Pursuant to the BSE (Corporatization and Demutualization) Scheme 2005 of the SEBI, with effect from August 19, 2005, the BSE was incorporated as a company under the Companies Act, 1956. BSE was listed on NSE with effect from February 3, 2017.

NSE

NSE was established by financial institutions and banks to provide nationwide online, satellite-linked, screen-based trading facilities with market-makers and electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. The NSE was recognised as a stock exchange under the SCRA in April 1993 and commenced operations in the wholesale debt market segment in June 1994. The capital market (equities) segment commenced operations in November 1994 and operations in the derivatives segment commenced in June 2000. NSE launched the NSE 50 Index, now known as S&P CNX NIFTY, on April 22, 1996 and the Mid-cap Index on January 1, 1996.

Listing and Delisting of Securities

The listing of securities on a recognised Indian stock exchange is regulated by the applicable Indian laws including the Companies Act, 2013, the SCRA, the SCRR, the SEBI Act and various guidelines and regulations issued by the SEBI including the SEBI ICDR Regulations and the SEBI Listing Regulations. The SCRA empowers the governing body of each recognised stock exchange to suspend trading of or withdraw admission to dealings in a listed security for breach of or non-compliance with any conditions or breach of company's obligations under the SEBI Listing Regulations or for any reason, subject to the issuer receiving prior written notice of the intent of the exchange and upon granting of a hearing in the matter. SEBI also has the power to amend the SEBI Listing Regulations and bye-laws of the stock exchanges in India, to overrule a stock exchange's governing body and withdraw recognition of a recognized stock exchange.

SEBI has notified the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021, as amended (the "Delisting Regulations") to govern the voluntary and compulsory delisting of equity shares from the stock exchanges. Following a compulsory delisting of equity shares, a company, its whole-time directors, its promoters, person(s) responsible for ensuring compliance with the securities laws and the companies promoted by any of them cannot directly or indirectly access the securities market or seek listing of any equity shares for a period of 10 years from the date of such delisting. In addition, certain amendments to the SCRR have also been notified in relation to delisting.

Minimum Level of Public Shareholding

All listed companies (except public sector undertakings) are required to maintain a minimum public shareholding of 25%. In this regard, SEBI has provided several mechanisms to comply with this requirement. Where the public shareholding in a listed company falls below 25% at any time, such company shall bring the public shareholding to 25% within a maximum period of 12 months from the date of such public shareholding having fallen below the 25% threshold. However, every listed public sector company whose public shareholding falls below 25% at any time, such company shall increase its public shareholding to at least 25%, within a period of twelve months from the date of such fall, respectively, in the manner specified by SEBI. Further, every listed public sector company whose public shareholding falls below 25% at any time after the commencement of the Securities Contracts (Regulation) (Second Amendment) Rules, 2018, shall increase its public shareholding to at least 25%, within a period of two years from the date of such fall, in the manner specified by SEBI. Consequently, a listed company may be delisted from the Stock Exchanges for not complying with the above-mentioned requirements. Our Company is in compliance with this minimum public shareholding requirement.

Index-Based Market-Wide Circuit Breaker System

In order to restrict abnormal price volatility in any particular stock, the SEBI has instructed stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. The index-based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement, at 10%, 15% and 20%. The Stock Exchanges on a daily basis translate the circuit breaker limits based on previous day's closing level of the index. These circuit breakers, when triggered, bring about a co-ordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of the BSE or the CNX NIFTY of the NSE, whichever is breached earlier.

In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise price bands. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available.

The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by the stockbrokers.

Internet-based Securities Trading and Services

Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stockbrokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated by SEBI and other applicable laws. NSE became the first exchange to grant approval to its members for providing internet-based trading services. Internet trading is possible on both the "equities" as well as the "derivatives" segments of the NSE.

Trading Hours

Trading on both, the NSE and the BSE occurs from Monday to Friday, between 9:15 a.m. and 3:30 p.m. IST (excluding the 15 minutes pre-open session from 9:00 a.m. to 9:15 a.m.). The BSE and the NSE are closed on public holidays. The recognised stock exchanges have been permitted to set their own trading hours (in the cash and derivatives segments) subject to the condition that (i) the trading hours are between 9.00 a.m. and 5.00 p.m.; and (ii) the stock exchange has in place a risk management system and infrastructure commensurate to the trading hours.

Trading Procedure

In order to facilitate smooth transactions, the BSE replaced its open outcry system with the BSE on-line trading facility in 1995. This totally automated screen based trading in securities was put into practice nation-wide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work. In the year 2014, BSE introduced its new generation fully automated BSE on-line trading platform (**"BOLT+"**) through which all trades on the equity cash, equity derivatives and currency segments of the exchange are executed.

The NSE has introduced a fully automated trading system called National Exchange for Automated Trading ("**NEAT**"), which operates on strict time/ price priority besides enabling efficient trade. NEAT has provided depth in the market by enabling large number of members all over India to trade simultaneously, narrowing the spreads.

Disclosures under the Companies Act and securities regulations

Under the Companies Act, 2013, a public offering of securities in India must be made by means of a prospectus, which must contain information specified in the Companies Act, 2013, the PAS Rules and the SEBI ICDR Regulations. The prospectus must be filed with the relevant registrar of companies having jurisdiction over the place where a company's registered office is situated. A company's directors and promoters shall be subject to civil and criminal liability for misrepresentation in a prospectus. The Companies Act, 2013, also sets forth procedures for the acceptance of subscriptions and payment of commission rates for the sale of securities. Pursuant to the provisions of the SEBI Act, SEBI has issued detailed guidelines concerning disclosures by public companies and to further investor protection. The SEBI ICDR Regulations permit companies to price their domestic issues of securities in consultation with the lead merchant banker or through the book building process.

Public limited companies are required under the Companies Act, 2013, and other applicable guidelines to prepare, file with the RoC and circulate to their shareholders audited annual accounts which comply with the Companies Act's disclosure requirements and regulations governing their manner of presentation and which include sections pertaining to corporate governance, related party transactions and the management's discussion and analysis as required under the SEBI Listing Regulations. In addition, a listed company is subject to continuing disclosure requirements pursuant to the terms of the SEBI Listing Regulations. Accordingly, companies are required to publish unaudited financial statements (subject to a limited review by the company's auditors) on a quarterly basis and are required to inform stock exchanges immediately regarding any unpublished price sensitive information.

SEBI Listing Regulations

Public listed companies are required under the SEBI Listing Regulations to prepare and circulate to their shareholders audited annual accounts which comply with the disclosure requirements and regulations governing their manner of presentation and which include sections relating to corporate governance, related party transactions and management's discussion and analysis as required under the SEBI Listing Regulations. In addition, a listed company is subject to continuing disclosure requirements pursuant to the terms of the SEBI Listing Regulations.

SEBI Takeover Regulations

Disclosure and mandatory bid obligations for listed Indian companies are governed by the SEBI Takeover Regulations which provide specific regulations in relation to substantial acquisition of shares and takeover. Once the equity shares of a company are listed on a stock exchange in India, the provisions of the SEBI Takeover Regulations will apply to any acquisition of the company's shares/voting rights/control. The SEBI Takeover Regulations prescribe certain thresholds or trigger points in the shareholding a person or entity (along with persons acting in concert with such person or entity) has in the listed Indian company, which give rise to certain obligations on part of the acquirer. Acquisitions up to a certain threshold prescribed under the SEBI Takeover Regulations mandate specific disclosure requirements, while acquisitions (direct or indirect along with persons acting in concert with such acquirer) crossing particular thresholds may result in the acquirer having to make an open offer of the shares of the target company. The SEBI Takeover Regulations also provide for the possibility of indirect acquisitions, imposing specific obligations on the acquirer in case of such indirect acquisition. The SEBI Takeover Regulations also provides certain general exemptions which exempt certain acquisitions from the obligation to make an open offer.

The SEBI Takeover Regulations were further amended on June 22, 2020 to exempt any acquisitions by way of preferential issue from the obligation to make an open offer. Subsequently, the SEBI Takeover Regulations were amended on August 13, 2021 exempting (a) persons, together with persons acting in concert with him, holding shares or voting rights entitling him to exercise twenty-five per cent or more of the voting rights in a target company; and (b) promoter of the target company, together with persons acting in concert with him, from making continual disclosures in relation to aggregate shareholding and voting rights in the target company. Further, the amendment has also removed certain disclosure obligations for acquirers/promoters, pertaining to acquisition or disposal of shares aggregating to 5% and any change of 2% thereafter, annual shareholding disclosure and creation/invocation/release of encumbrance registered in depository systems under the SEBI Takeover Regulations. These relaxations have been given on account of implementation of the System Driven Disclosures.

SEBI Insider Trading Regulations

The SEBI Insider Trading Regulations were notified on January 15, 2015 and came into effect on May 15, 2015, which repealed the regulations of 1992. The SEBI Insider Trading Regulations prohibit and penalize insider trading in India and impose certain restrictions on the communication of information by listed companies. An insider is, among other things, prohibited from dealing in the securities of a listed company when in possession of unpublished price sensitive information ("**UPSI**"), subject to certain limited exceptions. Under the SEBI Insider Trading Regulations, (i) no insider shall communicate, provide or allow access to any UPSI relating to such companies and securities to any person including other insiders; and (ii) no person shall procure or cause the communication by any insider of UPSI relating to such companies and securities, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations. However, UPSI may be communicated, provided or allowed access to or procured, under certain circumstances specified in the SEBI Insider Trading Regulations.

Further, the SEBI Insider Trading Regulations makes it compulsory for listed companies and certain other entities that are required to handle UPSI in the course of business operations to establish an internal code of practices and procedures for fair disclosure of UPSI and to regulate, monitor and report trading by insiders. To this end, the SEBI Insider Trading Regulations provide principles of fair disclosure for purposes of code of practices and procedures for fair disclosure of UPSI and minimum standards for code of conduct to regulate, monitor and report trading by insiders.

The SEBI Insider Trading Regulations also provides for initial and continuing disclosure obligations for shareholders holding more than a pre-defined percentage, and directors and officers, with respect to their shareholding in the company, and the changes therein. Initial disclosures are required from promoters, key managerial personnel, directors as well as continual disclosures by every promoter, employee or director in case value of trade exceed monetary threshold of ₹ 1 lakhs over a calendar quarter, within two days of reaching such threshold. The board of directors of all listed companies are required to formulate and publish on the company's website a code of procedure for fair disclosure of UPSI along with a code of conduct for its employees for compliances with the SEBI Insider Trading Regulations. The definition of "insider" includes any person who has received or has had access to unpublished price sensitive information in relation to securities of a company or any person reasonably expected to have access to unpublished price sensitive information in relation to securities of a company and who is or was connected with the company or is deemed to have been connected with the company. On July 17, 2020, SEBI amended the SEBI Insider Trading Regulations to prescribe that the board of directors or head(s) of listed companies shall ensure that a structured digital database containing the nature of unpublished price sensitive information, the names and details of persons who have shared the information and the names and details persons with whom information is shared shall be maintained.

Depositories

The Depositories Act provides a legal framework for the establishment of depositories to record ownership details and effect transfer in book-entry form. Further, SEBI has framed regulations in relation to, among other things, the formation and registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets.

Derivatives (Futures and Options)

Trading in derivatives is governed by the SCRA, the SCRR and the SEBI Act. The SCRA was amended in February 2000 and derivatives contracts were included within the term "securities", as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange. The derivatives exchange or derivatives segment of a stock exchange functions as a self-regulatory organisation under the supervision of the SEBI.

Buy-back

A company may buy-back its shares subject to compliance with the requirements of Section 68 of the Companies Act, 2013 and the SEBI (Buy-back of Securities) Regulations 2018, as amended. Under Section 68 of the

Companies Act, 2013, a company may buy-back its shares out of its free reserves or securities premium account or the proceeds of the issue of any shares or other specified securities, other than proceeds of an earlier issue of the same kind of shares or same kind of other specified securities.

Settlement

Pursuant to a circular dated September 7, 2021, SEBI provided flexibility to the stock exchanges to offer either T+1, or T+2 rolling settlement system cycle. Thereafter, the Stock Exchanges transitioned into T+1 rolling settlement cycle with effect from January 27, 2023, and all trades executed in any securities in the equity segment are to be settled on a T+1 basis. Further, pursuant to a circular dated March 21, 2024, SEBI issued the framework for implementing the beta version of the T+0 rolling settlement cycle on optional basis in addition to the existing T+1 settlement cycle for certain stocks with a limited number of brokers.

DESCRIPTION OF THE EQUITY SHARES

The following is the information relating to the share capital of our Company, including a brief summary of certain provisions of our Company's Memorandum and Articles of Association and the Companies Act, 2013 and certain related legislations of India, all as currently in effect. Prospective investors are urged to read the Memorandum and Articles of Association carefully, and consult with their advisers, as the Memorandum and Articles of Association and applicable Indian law, and not this summary, govern the rights attached to the Equity Shares.

General

The authorized share capital of our Company as of the date of this Preliminary Placement Document is ₹ 20,00,00,000 divided into 20,00,00,000 Equity Shares of ₹1 each. Our issued, subscribed and paid-up share capital as of the date of this Preliminary Placement Document is ₹8,40,44,260. For further details please see "***Capital Structure***" on page 67.

Dividends

Under the Companies Act, 2013, an Indian company pays dividend upon a recommendation by its board of directors and subject to approval by a majority of the shareholders. The dividend on equity shares can be declared/paid only after declaration/payment of applicable dividend on preference shares. Unless the board of directors of a company recommends the payment of a dividend, the shareholders at a general meeting have no power to declare any dividend. Subject to certain conditions laid down by Section 123 of the Companies Act, 2013, no dividend can be declared or paid by a company for any fiscal except, among other things, out of the profits of the company for that year, calculated in accordance with the provisions of the Companies Act, 2013 or out of the profits of the company for any previous fiscal arrived at as laid down by the Companies Act, 2013. Further, under the Companies Act, 2013, a company is not permitted to declare any dividends unless carried over previous losses and depreciation not provided in previous year or years are set off against the profit of the company for the current year.

According to the Articles of Association, our Company in a general meeting may declare dividends, but no dividend shall exceed the amount recommended by our Board. Subject to the applicable provisions of the Companies Act, 2013, our Board may from time to time pay to the Shareholders such interim dividends as appear to it to be justified by the profits of our Company. Our Board may, before recommending any dividend, set aside out of the profits of our Company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of our Board, be applicable for any purpose to which the profits of our Company may be properly applied, including provision for meeting contingencies or for equalizing dividends; and pending such application, may, at the like discretion, either be employed in the business of our Company or be invested in such investments (other than Equity Shares of our Company) as our Board may, from time to time, think fit. Our Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.

Under the Companies Act, 2013, dividends must be paid within 30 days from the date of its declaration. Where our Company has declared dividend, but which has not been paid or claimed within 30 days from the date of declaration, our Company shall, within seven days from the date of expiry of the said period of 30 days, transfer the total amount of the unpaid or unclaimed dividend to the unpaid dividend account. All Equity Shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be transferred by our Company in the name of Investor Education and Protection Fund, established by the Central Government.

Issue of Bonus Shares and Capitalization of Reserves

In addition to permitting dividends to be paid out of current or retained earnings as described above, the Companies Act, 2013 permits the board of directors, if so approved by the shareholders in a general meeting, to distribute an amount transferred in the free reserves, the securities premium account or the capital redemption reserve account, to its shareholders, in the form of fully paid up bonus shares. Bonus shares are distributed to shareholders in the proportion of the number of ordinary shares owned by them as recommended by the board of directors. The shareholders on record on a fixed record date are entitled to receive such bonus shares. Any issue of bonus shares is subject to regulations issued by SEBI. Further, as per the Companies Act, 2013, bonus shares can only be issued if the company has not defaulted in payments of statutory dues of the employees, such as, contribution to provident fund, gratuity and bonus or principal/ interest payments on fixed deposits or debt securities issued by it. The bonus issue must be made out of free reserves built out of profits or share premium account collected in cash only and not from reserves created by revaluation of fixed assets. Further, bonus shares cannot be issued in lieu of dividend.

Pre-Emptive Rights and Alteration of Share Capital

Under Section 62(1)(a) of the Companies Act, 2013, the shareholders have the pre-emptive right to subscribe for new shares in proportion to the amount paid up on those shares at that date. The offer shall be made by notice specifying the number of shares offered and the date (being not less than 15 days and not exceeding 30 days from the date of the offer) within which the offer, if not accepted, will be deemed to have been declined. The offer shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him in favour of any person, and the notice shall contain a statement of this right. The board of directors is authorized to distribute any new shares not purchased by the pre-emptive rights holders in a manner which is not disadvantageous to the shareholders and the company.

Our Articles of Association provide that our Company may, from time to time, by ordinary resolution in its general meetings, undertake any of the following:

- increase the share capital by such amount, as it thinks expedient;
- sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association so however;
- cancel shares which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person;
- consolidate and divide all or any of its share capital into shares of larger amount than its existing shares. Provided that any consolidation and division which results in changes in the voting percentage of members shall require applicable approvals under the Act;
- convert all or any of its fully paid-up shares into stock and reconvert that stock into fully paid-up shares of any denomination.

General meetings of Shareholders

There are two types of general meetings of the Shareholders:

(i) Annual General Meeting, and

(ii) Extraordinary General Meeting.

As per the provisions of our Articles of Association, all general meetings other than Annual General Meetings shall be called Extraordinary General Meetings.

In accordance with Section 96 of the Companies Act, 2013, a company must hold its annual general meeting within six months after the expiry of each fiscal provided that not more than 15 months shall elapse between the annual general meeting and the next one, unless extended by the Registrar of Companies at its request for any special reason for a period not exceeding three months. Our Company shall, in addition to any other meetings, hold a general meeting which shall be styled as an Annual General Meeting at intervals and in accordance with the following provisions: (a) our Company shall hold its Annual General Meetings within such intervals as are specified in Section 96 read with Section 129 of the Companies Act, 2013 and subject to the provisions of Section 96(2) of the Companies Act, 2013 at such times and places as may be determined by our Board.

Our Board may, whenever it thinks fit, call an Extraordinary General Meeting. Further, our Board may call an Extraordinary General Meeting on requisition in compliance with the provisions of the Companies Act, 2013.

Whenever our Company proposes to undertake any action that statutorily requires the approval of the Shareholders of our Company, our Company shall call for an Extraordinary General Meeting in accordance with the provisions of the Companies Act, 2013 by serving at least 21 days' written notice to all Shareholders, with an explanatory statement containing all relevant information relating to the agenda for the Extraordinary General Meeting. Unless waived in writing by all the Shareholders, any item not specifically included in the agenda of a Shareholders' meeting shall not be considered or voted upon at that meeting of the Shareholders (including at any adjournments thereof).

Our Company may also pass resolutions by means of postal ballot and/or other ways as may be prescribed under Section 110 of the Companies Act, 2013 and/or other applicable provisions, if any, and any future amendments or re-enactments, in respect of any business that can be transacted by our Company in a general meeting, instead of transacting the business therein. Further, in the case of resolutions relating to such business as the Government of India may prescribe, to be conducted only by postal ballot and/or other ways as may be prescribed, our Company shall get such resolutions passed only by postal ballot and/or other ways as may be prescribed, instead of transacting the business in a general meeting of our Company.

Voting rights

Subject to the provisions of the Companies Act, 2013 and our Articles of Association, votes may be given either personally or by proxy, and in the case of a body corporate, a duly authorized representative under Section 113 of the Companies Act, 2013 shall be entitled to exercise the same powers on behalf of the corporation as if it were an individual member of our Company.

Save as provided in the Articles of Association, on a poll the voting rights of a holder of Equity Shares shall be as specified in Section 47 of the Act. Any Person entitled to transfer any shares of our Company may vote at any general meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that forty-eight hours at least before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote, he shall satisfy the Board of his right to such shares and give such indemnity (if any) as the Board may require unless the Board shall have previously admitted his right to vote at such meeting in respect thereof.

A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal, or revocation of the proxy or of any power of attorney under which such proxy was signed, or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death, revocation or transfer shall have been received at the office before the meeting.

The chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The chairman present at the taking of a poll shall be in the sole judge of the validity of every vote tendered at such poll.

Transfer and Transmission of Equity Shares

Equity shares held through depositories are transferred in the form of book entries or in electronic form in accordance with the regulations laid down by SEBI. These regulations provide the regime for the functioning of the depositories and the depository participants and set out the manner in which the records are to be kept and maintained and the safeguards to be followed in this system. Transfers of beneficial ownership of shares held through a depository are subject to securities transaction tax (levied on and collected by the stock exchanges on which such equity shares are sold). Further, SEBI has mandated that securities of listed companies can be transferred only in dematerialized form with effect from April 1, 2019.

The executor or administrator of a deceased member (not being one of the several joint-holders) shall be the only person recognised in the name of such member, and in case of the death of anyone or more of the joint holders of any registered Equity Share, the survivor shall be the only person recognised by our Company as having any title to or interest in such Equity Share. However, the above stated shall not release the estate of a deceased joint holder from any liability in respect of any Equity Share which had been jointly held by him with other persons.

If any person becoming entitled to Equity Shares in consequence of the death of a Shareholder, elects to be registered as holder of the Equity Share himself, he shall deliver or send to our Company, a notice signed by him stating that he so elects. If the said person elects to transfer the Equity Shares, he shall testify his election by executing an instrument of transfer of the Equity Shares. Our Board shall, in either case, have the same right to decline or suspend registration as it would have had if the deceased, lunatic, insolvent, bankrupt shareholder had transferred the Equity Share(s) before his death, lunacy, bankruptcy or insolvency.

Any person becoming entitled to Equity Shares by reason of the death, lunacy, bankruptcy or insolvency of a Shareholder shall, subject to Section 123 of the Companies Act, 2013, be entitled to the same dividends and other advantages as he would be entitled to if he were the registered holder of the Equity Shares.

Acquisition by our Company of its own Equity Shares

Our Company is permitted to buy-back its securities including shares in accordance with the provisions of Sections

68, 69 and 70 and other applicable provisions, if any, of the Companies Act, 2013 (including any future amendments or re-enactments) and as per the rules and procedures prescribed therein and in compliance with the prevailing regulatory provisions and guidelines.

Winding up

As per the provisions of our Articles of Association, if our Company shall be wound up, the liquidator may with the sanction of special resolution of our Company and any other sanctions as required by the Companies Act, 2013 divide amongst the shareholders, in specie or kind the whole or any part of the assets of our Company.

TAXATION

To,

The Board of Directors
Zen Technologies Limited
B-42, Industrial Estate,
Sanathnagar, Hyderabad – 500 018,
Telangana, India
("Company")

Motilal Oswal Investment Advisors Limited
Motilal Oswal Tower,
Rahimtullah Sayani Road,
Opposite Parel ST Depot,
Prabhadevi,
Mumbai – 400 025,
Maharashtra, India

ICICI Securities Limited
ICICI Venture House,
Appasaheb Marathe Marg,
Prabhadevi, Mumbai – 400 025,
Maharashtra, India
Nuvama Wealth Management Limited
801 - 804, Wing A, Building No 3,
Inspire BKC,
G Block, Bandra Kurla Complex,
Bandra East Mumbai – 400 051,
Maharashtra, India

(Motilal Oswal Investment Advisors Limited, ICICI Securities Limited and Nuvama Wealth Management Limited will collectively be referred to as **"Lead Managers"** or **"LMs")**

Dear Sirs,

Subject: Qualified institutions placement of equity shares of face value ₹ 1 each ("Equity Shares") by Zen Technologies Limited (the "Company") under Chapter VI of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended, and Section 42 and 62 of the Companies Act, 2013, as amended, read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended (the "Issue").

We, **Ramasamy Koteswara Rao and Co LLP**, Chartered Accountants, Firm Registration Number **010396S/S200084**, hereby report the possible tax benefits available to the Company, its shareholders and its material subsidiary (Unistring Tech Solutions Private Limited) identified in accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, under the Income Tax Act, 1961, as amended (the "**IT Act**") , the rules, regulations, circulars and notifications issued thereon, as applicable to the assessment year 2025-26 relevant to the financial year 2024-25, presently in force in India, in the enclosed statement at **Annexure A**.

Several of these stated tax benefits/consequences are dependent on the Company and/or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Therefore, the ability of the Company and/or its shareholders to derive the tax benefits is dependent on fulfilling such conditions.

The benefits discussed in the enclosed annexure are not exhaustive.

In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Issue. Neither are we suggesting nor advising the investor to invest money based on this statement.

We do not express any opinion or provide any assurance as to whether:

i) the Company, its shareholders and its material subsidiary will continue to obtain these benefits in future; or
ii) the conditions prescribed for availing the benefits have been/would be met with; or
iii) the revenue authorities / courts will concur with the views expressed herein.

We also consent to the references to us as "Experts" under section 26 of the Companies Act, 2013 to the extent of the certification provided hereunder and included in the Placement Documents of the Company or in any other documents in connection with the Issue.

We confirm that the information in this certificate is true, correct, complete, accurate and there is no untrue statement or omission which would render the contents of this certificate misleading in its form or context.

We consent to the inclusion of the above information in the Preliminary Placement Document and the Placement Document (together as the "**Placement Documents**") to be filed by the Company with the stock exchanges on which the Equity Shares of the Company are listed (the "**Stock Exchanges**"), and the Registrar of Companies, Telangana at Hyderabad and any other authority and such other documents as may be prepared in connection with the Issue.

This certificate may be disclosed by the Lead Managers, if required, (i) by reason of any law, regulation or order of a court or by any governmental or competent regulatory authority, or (ii) in seeking to establish a defense in connection with, or to avoid, any actual, potential or threatened legal, arbitral or regulatory proceeding or investigation.

This statement is prepared for inclusion in the Placement Documents in connection with the Issue, to be filed by the Company with the National Stock Exchange of India Limited and BSE Limited.The aforesaid information contained herein and in **Annexure A** may be relied upon by the Lead Managers and legal counsel appointed pursuant to the Issue and may be submitted to the stock exchanges, SEBI, and any other regulatory or statutory authority in respect of the Issue and for the records to be maintained by the Lead Managers in connection with the Issue and we undertake to immediately inform in writing to the Lead Managers and legal counsel in case of any changes to the above until the date when the Equity Shares issued pursuant to the Issue commence trading on the Stock Exchanges. In the absence of any such communication, you may assume that there is no change in respect of the matters covered in this certificate.

Capitalized terms used herein, unless otherwise specifically defined, shall have the same meaning as ascribed to them in the Placement Documents.

For **Ramasamy Koteswara Rao and Co LLP**,
Chartered Accountants
Firm Registration Number: 010396S/S200084

Murali Krishna Reddy Telluri
(Partner)
(Membership Number: 223022)

Date: August 21, 2024

UDIN: 24223022BKARRL3285

Annexure A

THE STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY, TO MATERIAL SUBSIDIARY OF THE COMPANY AND COMPANY'S SHAREHOLDERS UNDER THE DIRECT TAX LAW IN INDIA

Under The Income-Tax Act, 1961 as amended by the Finance Act 2024 read with the Income-tax Rules, 1962.i.e. applicable for the Financial Year 2024-25 relevant to the Assessment Year 2025-26 (hereinafter referred to as "**Act**")

1. GENERAL TAX BENEFITS AVAILABLE TO THE COMPANY & ITS MATERIAL SUBSDIAIRY (UNISTRING TECH SOLUTIONS PRIVATE LIMITED) UNDER THE ACT

1.1. Lower corporate tax rate under Section 115BAA

A new Section 115BAA has been inserted by the Taxation Laws (Amendment) Act, 2019 ("the Amendment Act, 2019") w.e.f. April 1, 2020 granting an option to domestic companies to compute corporate tax at a reduced rate of 25.168% (22% plus surcharge of 10% and cess of 4%), provided such companies do not avail specified exemptions/incentives (e.g. deduction under Section 10AA, 32(1)(iia), 33ABA, 35(2AB), 80-IA etc.) and subject to other conditions as laid down under the relevant provisions.

The Amendment Act, 2019 further provides that domestic companies availing such option will not be subject to Minimum Alternate Tax ("**MAT**") under Section 115JB. A corporate taxpayer is required to exercise its option of being governed under concessional tax regime as per applicable rules on or before the due date of filing of its tax return. Once exercised, the option cannot be withdrawn and is applicable to all subsequent tax years. This is effective from 1 April 2019.

1.2. The Company and its material subsidiary are entitled to claim depreciation on specified tangible and intangible assets owned by it and used for the purpose of its business as per provisions of Section 32 of the Act. The depreciation rates in respect of Motor Cars, Plant and Machinery and Office Equipment are 15%, furniture & fittings and electrical fittings is 10%, Intangible assets is 25% (does not include goodwill of business or profession), Computers is 40%, Buildings (Residential) is 5% and Buildings (Others) is 10%. Allowance for depreciation is in general available and hence may not be treated as a possible tax benefit.

1.3. Deduction in respect of donations under section 80G of the Act

Deductions in respect of donations subject to conditions prescribed in the Act, the Company is entitled to claim deduction, under the provisions of section 80G of the Act, of an amount equal to hundred per cent or fifty percent (as applicable as per the provisions of the Act) of the amount of donations made by the Company in the relevant previous year.

However, where the Company opts for special rate of tax under section 115BAA of the Act, such deduction shall not be allowed in computation of total income in the relevant previous year. Further, it may be pertinent to note that deductions under section 80G cannot be in excess of the Gross Total Income of the Company. However, deduction under section 80G is not available to the Company in a scenario where the Company opts for section 115BAA and pay corporate tax @ 22% plus applicable surcharge and cess.

1.4. Deduction in respect of employment of new employees under section 80JJAA of the Act

As per the provisions of section 80JJAA of the Act, a company subject to tax audit under section 44AB of the Act and whose gross total income includes any profit and gains derived from business shall be entitled to claim a deduction of an amount equal to thirty percent of additional employee cost incurred in the course of such business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided.

Deduction is available in respect of cost incurred on any employee whose total emoluments are less than or equal to INR 25,000 per month and where the minimum number of days of employment in a financial year is 240 days.

However, it may be pertinent to note that deductions under section 80JJAA cannot be in excess of the Gross Total

Income of the Company. Further, it is worthwhile to note that deduction under section 80JJAA is available to the Company even in a scenario if the Company opts for section 115BAA, wherein the Company can pay corporate tax @ 22% plus applicable surcharge and cess.

1.5. Deduction available under Section 80M - Deduction in respect of inter-corporate dividends

A new Section 80M has been inserted by the Finance Act, 2020 w.e.f. April 1, 2020 providing for deduction from gross total income of a domestic company, of an amount equal to dividends received by such company from another domestic company or a foreign company or a business trust as does not exceed the amount of dividend distributed by it on or before one month prior to the date of filing its tax return as prescribed under Section 139(1) of the Act.

Where the Company including any material subsidiary receives any such dividend during a Financial Year and also, distributes dividend to its shareholders before the aforesaid date, as may be relevant to the said Financial Year, it shall be entitled to the deduction under Section 80M of the Act.

The above general direct tax benefits are captured to the extent the same are relevant to the Company and its material subsidiary.

2. GENERAL TAX BENEFITS AVAILABLE TO THE SHAREHOLDERS UNDER THE ACT

2.1. Resident shareholders (general provisions)

Income arising from transfer of shares of the company held for more than 12 months and subject to securities transaction tax, shall be considered as long-term capital Gains. The shares which are not considered as long-term capital assets shall be considered as short-term capital assets.

The Finance (No. 2) Bill, 2024 amends Section 112A to provide for income-tax at the rate of 12.5% (plus applicable surcharge and cess) on long-term capital gains exceeding ₹.1,25,000 from any transfer of equity shares which takes place on or after July 23, 2024, if securities transaction tax has been paid on both acquisition and transfer of such equity shares effective from July 23, 2024.

As per section 112A (4) of the Act read with Notification No. 60/2018/F. No.370142/9/2017-TPL dated October 01, 2018, the Central Government has specified that following transactions of acquisition of equity shares which shall be exempt from the condition of payment of STT:

a) share acquisitions undertaken prior to October 1, 2004;
b) share acquisitions undertaken on or after October 1, 2004, subject to certain specified exceptions.

The benefit of indexation under the second proviso to section 48 of the Act shall not be applicable for computing long term capital gains taxable under section 112A of the Act.

Short-term capital gains arising on transfer of the shares of the Company will be chargeable to tax at the rate of 20% (plus applicable surcharge and cess) as per the provisions of section 111A of the Act if such transaction is chargeable to securities transaction tax. The requirement of chargeability to STT is not applicable to transactions undertaken on a recognized stock exchange located in International Financial Services Centre and where the consideration for such transactions is payable in foreign currency.

Please note there may be other general benefits available to resident shareholders.

2.2. Non-resident shareholders (general provisions)

In respect of non-residents shareholders, applicable tax rates and consequential taxation will be subject to any benefits available under the relevant Double Taxation Avoidance Agreement, if any, entered into between India and the country in which the non-resident has fiscal domicile.

Please note there may be other general benefits available to non-resident shareholders.

B. NOTES

- The above statement of possible tax benefits sets out the provisions of Tax Laws in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership or disposal of shares.

- The above statement covers only certain possible direct tax benefits under the Act, read with the relevant rules, circulars and notifications and does not cover any benefit under any other law in force in India. This statement also does not discuss any tax consequences, in the country outside India, of an investment in the shares of an Indian company.

- The above statement of possible tax benefits is as per the current direct tax laws relevant for the assessment year 2025- 26 to the extent not amended by future amendments to the Act. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Tax Laws.

- This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his or her tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company.

- No assurance is given that the revenue authorities/courts will concur with the views expressed herein. The views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

C. THE STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY, TO ITS MATERIAL SUBSIDIARY AND TO COMPANY'S/ MATERIAL SUBSIDIARY'S SHAREHOLDERS UNDER THE APPLICABLE INDIRECT TAX LAWS IN INDIA

Under the Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017**,** the relevant State Goods and Services Tax Act read with rules, circulars, and notifications ("**GST law**")**,** the Customs Act, 1962, the Customs Tariff Act, 1975**,** related rules and regulations ("**Customs law**") and Foreign Trade Policy 2023 ("**FTP**"), presently in force in India (herein collectively referred as "**indirect tax laws**")

<u>Indirect tax benefits available to the Company and its material Indian subsidiary (Unistring Tech Solutions Private Limited)</u>

1. TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS MATERIAL INDIAN SUBSIDIARY UNDER GST LAW

a) Benefits under the GST Law

Under the GST regime, supplies of goods or services which qualify as 'export' of goods or services are zero-rated which can be supplied either with or without payment of Integrated Goods and Services Tax (IGST) subject to fulfilment of conditions prescribed. The exporter has the option to either undertake exports under cover of a Bond/ Letter of Undertaking (LUT) without payment of IGST and claim refund of accumulated input tax credit subject to fulfilment of conditions prescribed for export or the exporter may export with payment of IGST and claim refund of IGST paid on such exports as per the provisions of Section 54 of Central Goods and Services Tax Act, 2017. Thus, the Integrated Goods and Service Tax Act, 2017 permits a supplier undertaking zero rated supplies (which will include the supplier making supplies to SEZ) to claim refund of tax paid on exports as IGST (by undertaking exports on payment of tax using ITC) or export without payment of tax by executing a Bond/ LUT and claim refund of related ITC of taxes paid on inputs and input services used in making zero rated supplies.

2. TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS MATERIAL INDIAN SUBSIDIARY

UNDER CUSTOMS LAW

b) Benefits of Duty Drawback scheme under Section 75 of Customs Act, 1962

As per Section 75 of the Customs Act, the Central Government is empowered to allow duty drawback on export of goods, where the imported materials are used in the manufacture of such goods. The Company avails duty drawback benefit equal to or less than the duty paid, as applicable, on imported material when it undertakes export of goods.

c) Benefit under Export Promotion Capital Goods Scheme (EPCG)

Chapter-3 of The Foreign Trade Policy, 2023 contain provision of this scheme. The objective of the Export Promotion Capital Goods (EPCG) Scheme is to facilitate import of capital goods for producing quality goods and services and enhance manufacturing competitiveness. EPCG Scheme allows import of capital goods that are used in pre-production, production and post-production without the payment of customs duty. The benefit under the scheme is subject to an export value equivalent to 6 times of duty saved on the importation of such capital goods within 6 years from the date of issuance of the authorization. EPCG scheme covers manufacturer exporters with or without supporting manufacturer(s), merchant exporters tied to supporting manufacturer(s) and service providers.

d) Benefits of Remission of Duties and Taxes on Export Products ("RoDTEP") Scheme

Under the Foreign Trade (Development and Regulation) Act, 1992 (read with Foreign Trade Policy 2015- The Government of India by making amendment in the Foreign Trade Policy 2015-20 vide DGFT Notification No. 19/2015-20 dated 17.08.2021 introduced this scheme with the objective of refunding the un-refunded duties/taxes/levies at the Central, State, and Local level borne on the exported goods including prior stage cumulative indirect taxes on goods and services used in the production and distribution of the exported product. The Company avails RoDTEP benefit as notified, on exported products

e) Benefit under Advance Authorization

Chapter-3 of The Foreign Trade Policy, 2023 contain provision of this scheme. Advance Authorization Scheme allows duty free import of inputs, which are physically incorporated in an export product. In addition to any inputs, packaging material, fuel, oil, catalyst which is consumed / utilized in the process of production of export product, is also be allowed.

f) Exemption from Customs Duties

The Government under section 25 (1) of the Customs Act, 1962 is empowered to exempt either absolutely or subject to such conditions as may be specified in the notification, goods of any specified description from the whole or any part of duty of customs leviable thereon.

Special Tax Benefits available to the Company & its Material Subsidiary

There are no special tax benefits as such available to the Company & its material subsidiary under Direct and Indirect Tax Laws.

Special tax benefits available to Shareholders

The Shareholders of the Company and its material subsidiary are not entitled to any special tax benefits under indirect tax laws.

[Remainder of the page left blank on purpose]

LEGAL PROCEEDINGS

We are involved in various legal proceedings from time to time, including those which arise in the ordinary course of business. These legal proceedings are primarily in the nature of, amongst others, tax disputes, criminal proceedings, regulatory actions and civil proceedings, which are pending before various adjudicating forums.

*As on the date of this Preliminary Placement Document, except as disclosed below, there are no outstanding legal proceeding which have been considered material in accordance with our Company's 'Policy for determination of materiality of events / information to be disclosed to the Stock Exchange' framed in accordance with Regulation 30 of the SEBI Listing Regulations and adopted by our Board pursuant to its resolution dated August 3, 2019 (the "**Materiality Policy**"). In accordance with the Materiality Policy, all outstanding legal proceedings involving (which includes cases filed by and against) our Company and/or its Subsidiaries, where the amount involved exceeds ₹ 303.47 lakhs (being 5% of the average absolute value of profit or loss after tax as per the last Audited Consolidated Financial Statements) (the "**Materiality Threshold**" and such proceedings "**Material Civil Proceedings**") is disclosed in this section.*

For the purpose of identification of material litigation, pursuant to the terms of the approach approved by the Board in its meeting held on July 28, 2024, solely for the purpose of the Issue, our Company has disclosed in this section, to the extent applicable: (i) any outstanding actions (including show-cause notices) initiated by any regulatory and/or statutory authorities such as SEBI or such similar authorities or stock exchanges, involving our Company and / or its Subsidiaries; (ii) any outstanding criminal proceedings filed by and against our Company and / or its Subsidiaries; (iii) consolidated disclosure of all claims related to direct and indirect taxes (including show cause notices) involving our Company and its Subsidiaries; (iv) all outstanding civil proceedings, including arbitration proceedings involving (which includes cases filed by and against) our Company and its Subsidiaries, where the amount involved exceeds the Materiality Threshold; and (v) any other outstanding litigation involving our Company, and its Subsidiaries, wherein the amount involved cannot be determined or is below the Materiality Threshold, but an adverse outcome of which could, individually or in the aggregate, materially and adversely affect the reputation, operations or financial position of our Company on a consolidated basis.

Further, we have also disclosed:(i) details of any inquiries, inspections or investigations initiated or conducted (for which notices have been issued) under the Companies Act, 2013, as amended, or any previous companies law, in the last three years immediately preceding the year of issue of this Preliminary Placement Document, against our Company and its Subsidiaries and any prosecutions filed (whether pending or not) fines imposed, compounding offences in the last three years immediately preceding the year of issue of this Preliminary Placement Document for our Company and its Subsidiaries; (ii) details of material frauds committed against the Company in the last three years, and if so, the action taken by our Company; (iii) details of significant and material orders passed by the regulators, courts and tribunals impacting the going concern status of our Company and its future operations ; (iv) details of default, if any, by our Company (on a consolidated basis) and its Subsidiaries, including therein the amount involved, duration of default and present status, in repayment of: (a) statutory dues; (b) debentures and interest thereon; (c) deposits and interest thereon; or (d) loan from any bank or financial institution and interest thereon (e) Direct and Indirect tax disputes; (v) details of default in annual filing of our Company under the Companies Act, 2013, as amended or the rules made thereunder; (vi) all litigation or legal actions, pending or taken, by any ministry or department of the government or a statutory authority against the Promoters of our Company during the last three years immediately preceding the year of issue of this Preliminary Placement Document and any direction issued by such ministry or department or statutory authority upon conclusion of such litigation or legal action, if any; and (vii) reservations, qualifications or adverse remarks of auditors in the last five Fiscals immediately preceding the year of this issue and their impact on the financial statements and financial position of our Company and the corrective steps taken and proposed to be taken by our Company for each of the said reservations or qualifications or adverse remarks.

It is clarified that for the purposes of the above, pre-litigation notices received by our Company, its Subsidiaries (excluding those notices issued by statutory/regulatory authorities) shall, unless otherwise decided by the Board, not be considered as material until such time that the parties, as applicable, is impleaded as defendant or respondent in litigation proceedings before any judicial or quasi-judicial forum including court, tribunal or governmental authority, or is notified by any governmental, statutory or regulatory authority of any such proceeding that may be commenced.

A. Litigation involving our Company

Litigation against our Company

Criminal proceedings against our Company

1. Sanjay Kamalakar Pande ("**Complainant**") filed a petition dated December 19, 2023 under section of the 482 Code of Criminal Procedure, 1973 before the High Court of the State of Telangana, Hyderabad for quashing of the

complaint filed by our Company before the Metropolitan Magistrate Cyberabad at Kukatpally alleging, *inter alia*, cheating, misusing the confidential information of our Company such as client data base, plans, new product concepts etc., thereby committing theft, breach of trust and misappropriation. The matter is currently pending for adjudication.

Material Civil Proceedings against our Company

Nil

Actions by statutory or regulatory authorities involving our Company

Nil

Material Direct Tax Proceedings against our Company

Direct Tax

1. Our Company received an assessment order ("**Assessment Order**") dated September 26, 2022 under Section 143(3) read with section 144B of the Income-tax Act, 1961 ("**IT Act**") alleging that our Company has incurred ₹ 139.71 lakhs and claimed excess expenditure under Section 35(2AB) of the IT Act amounting to ₹857.00 lakhs for the assessment year ("**AY**") 2020-21. Further, there has been a disallowance in respect of deduction claimed under Section 80G of the IT Act for alleged non verification of donor statements received from the charitable organizations. Aggrieved by the Assessment Order. Our Company filed an appeal dated October 6, 2022 ("**Appeal**") before the Commissioner of Income-Tax (Appeals) ("**CIT(A)**"), Hyderabad, *inter alia,* on the grounds that the want of the report to be submitted by the prescribed authority to the Director General (Income tax exemptions) under Section 35(2AB) of the IT Act in Form No 3CL in spite of furnishing Form No. 3CLA is not justified and the want of a valid 80G deduction eligibility certificate in spite of furnishing of documentary evidences is not justified. The Appeal is currently pending for adjudication.

Litigation by our Company

Criminal proceedings by our Company

1. Our Company filed a criminal complaint under Section 200 of the Code of Criminal Procedure, 1973 against Sanjay Kamalkar Pande, former vice-president of our Company, Gurmeet Singh and Ashutosh Srivastava, former managers ("**Accused**") dated November 14, 2012, before the Metropolitan Magistrate Cyberabad at Kukatpally alleging, *inter alia*, cheating, misusing the confidential information of our Company such as client data base, plans, new product concepts etc., thereby committing theft, breach of trust and misappropriation . This matter is currently pending for adjudication.

Material Civil Proceedings initiated by our Company

Nil

B. Litigation involving our Subsidiaries

Litigation against our Subsidiaries

Criminal proceedings against our Subsidiaries

Nil

Material Civil Proceedings against our Subsidiaries

Nil

Actions by statutory or regulatory authorities involving our Subsidiaries

Nil

Litigation by our Subsidiaries

Criminal proceedings by our Subsidiaries

Nil

Material Civil Proceedings by our Subsidiaries

Nil

C. Litigation or legal action pending or taken by any ministry or department of the Government or a statutory authority against our Promoters during the last three years

Nil

D. Inquiries, inspections, or investigations initiated or conducted under the Companies Act initiated or conducted in the last three years against our Company and its Subsidiaries

Nil

E. Details of acts of material frauds committed against our Company in the last three years, if any, and if so, the action taken by our Company

Nil

F. Details of default, if any, by our Company and its Subsidiaries including therein the amount involved, duration of default and present status, in repayment of: (a) statutory dues; (b) debentures and interests thereon; (c) deposits and interest thereon; or (d) loan from any bank or financial institution and interest thereon

Nil

G. Details of defaults in annual filing of our Company under the Companies Act, 2013 and the rules made thereunder

Nil

H. Details of significant and material orders passed by the regulators, courts and tribunals impacting the going concern status of our Company and its future operations

Nil

I. Reservations, qualifications or adverse remarks of auditors in the last five Fiscals immediately preceding the year of issue of this Preliminary Placement Document and their impact on the financial statements and financial positions of our Company and the corrective steps taken and proposed to be taken by our Company for each of the said reservations or qualifications or adverse remarks

There are no reservations, qualifications or adverse remarks of our Auditors in last five Fiscals immediately preceding the year of issue of this Preliminary Placement Document or adverse remarks of our Auditors in the last five Fiscals.

J. Tax Claims

Except as disclosed below, there are no claims related to direct and indirect taxes, involving our Company and its Subsidiaries.

Nature of case	Number of cases	Amount involved (in ₹ lakhs)*
	Company	
Direct Tax	3	441.48
Indirect Tax	1	823.40
Sub total (A)	**4**	**1,264.88**
	Subsidiaries	

Nature of case	Number of cases	Amount involved (in ₹ lakhs)*
Direct Tax	Nil	Nil
Indirect Tax	Nil	Nil
Sub total (B)	Nil	Nil
Total (A+B)	**4**	**1264.88**

** To the extent quantifiable*

OUR STATUTORY AUDITORS

In terms of the provisions of Section 139(8) of the Companies Act, 2013, Ramasamy Koteswararao and Co LLP, Chartered Accountants, were appointed as our Company's Statutory Auditors pursuant to 26th Annual General Meeting ("**AGM**") held on September 21, 2019 for a period of five years to conduct statutory audit from the conclusion of that AGM for Fiscal 2020 till the conclusion of 31st AGM to be held in Fiscal 2025.

Ramasamy Koteswararao & Co LLP, Chartered Accountants, our Company's Statutory Auditors have audited the Audited Consolidated Financial Statements and have issued their audit reports which are included in this Preliminary Placement Document in the "***Financial Information***" on page 193.

The peer review certificate of our Statutory Auditors is valid as of the date of this Preliminary Placement Document.

Independent Auditor's Review Report on the Quarterly Unaudited Consolidated Financial Results of Zen Technologies Limited Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (as amended)

To
The Board of Directors
Zen Technologies Limited

1. We have reviewed the accompanying statement of unaudited consolidated financial results for the quarter ended 30 June 2024 (the "Statement") of Zen Technologies Limited ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") attached herewith, being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations,2015, as amended (the "Listing Regulations").

2. The Holding Company's Management is responsible for the preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting", prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The Statement has been approved by the Holding Company's Board of Directors. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

   We also performed procedures in accordance with the Circular No. CIR/CFD/CMD1/44/2019 dated March 29, 2019 issued by the Securities and Exchange Board of India under Regulation 33(8) of the Listing Regulations, to the extent applicable.

4. The Statement includes the results of the following entities:

   Holding Company:
   a) Zen Technologies Limited

   Subsidiaries:
   a) Unistring Tech Solutions Private Limited
   b) Zen Technologies Inc, USA
   c) Zen Medical Technologies Private Limited
   d) Zen Defence Technologies L.L.C, UAE
   e) Aituring Technologies Private Limited

Ramasamy Koteswara Rao and Co LLP * Chartered Accountants * Firm Regn: 010396S/S200084 Hyderabad

5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of other auditors referred to in paragraph 6 below, nothing has come to our attention that causes us to believe that the accompanying statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. The accompanying Statement includes the unaudited interim financial results and other financial information, in respect of 2 subsidiaries, whose unaudited interim financial results and other financial information are as follows:

Sl.No	Name of the Company	Quarter ended 30/06/2024 (Rs. In Lakhs)
1	Unistring Tech Solutions Pvt Ltd	
	-Revenue From Operations	4215.45
	-Net Profit/(Loss)	562.25
	-Comprehensive Income/(Loss)	562.25
2	Zen Medical Technologies Pvt Ltd	
	-Revenue From Operations	Nil
	-Net Profit/(Loss)	(0.54)
	-Comprehensive Income/(Loss)	(0.54)

The independent auditor's reports on interim financial results of above entities have been furnished to us by the Management and our conclusion on the Statement, in so far as it related to the amounts and disclosures in respect of these subsidiaries is based solely on the reports of such auditors and procedures performed by us as stated in paragraph 3 above

7. The accompanying statement includes the unaudited interim financial results and other financial information, in respect of 3 subsidiaries whose unaudited interim financial results and other financial information are as follows:

Sl.No	Name of the Company	Quarter ended 30/06/2024 (Rs. In Lakhs)
1	Zen Technologies Inc, USA	
	-Revenue From Operations	Nil
	-Net Profit/(Loss)	(34.93)
	-Comprehensive Income/(Loss)	(34.72)
2	Zen Defence Technologies L.L.C, UAE	
	-Revenue From Operations	Nil
	-Net Profit/(Loss)	(0.17)
	-Comprehensive Income/(Loss)	(0.17)
3	Aituring Technologies Private Limited	
	-Revenue From Operations	Nil
	-Net Profit/(Loss)	(16.56)
	-Comprehensive Income/(Loss)	(16.56)

Ramasamy Koteswara Rao and Co LLP Firm Reg 010396S/ S200084 Hyderabad Chartered Accountants

As considered in the Statement which have not been reviewed by their auditors and have been approved and furnished to us by the management and our conclusion on the Statement, in so far as it relates to the affairs of these subsidiaries, is based solely on such unaudited interim financial results and other unaudited financial information.

Our conclusion on the Statement in respect of matters stated in paragraph 6 and 7 above is not modified with respect to our reliance on the work done and the reports of the other auditors and the financial results and other financial information certified by the Management.

For Ramasamy Koteswara Rao and Co LLP
Chartered Accountants
ICAI Firm registration number: 010396S/S200084

Murali Krishna Reddy Telluri
Partner
Membership No: 223022
UDIN: 24223022BKARPX3180

Place: Hyderabad
Date: 28-07-2024

Zen Technologies Limited
B -42 Industrial Estate, Sanathnagar Hyderabad - 500 018, Telangana, India
CIN:L72200TG1993PLC015939

Statement of Unaudited Consolidated financial results for the Quarter ended 30th June 2024

(Rs. In lakhs)

S No	Particulars	Quarter ended 30 June 2024	Quarter ended 31 Mar 2024	Quarter ended 30 June 2023	Year ended 31 Mar 2024
		Un-audited	Audited	Un-audited	Audited
1	**Income**				
	a) Revenue from Operations	25,461.57	14,138.58	13,244.74	43,985.20
	b) Other Income	310.97	266.00	268.34	1,492.26
	Total Income	25,772.54	14,404.59	13,513.07	45,477.46
2	**Expenses**				
	(a) Cost of materials Consumed	11,016.60	8,963.29	594.96	17,174.68
	(b) Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	(718.64)	(4,254.11)	2,261.18	(5,372.80)
	(c) Manufacturing Expenses	330.75	331.41	193.69	1,066.69
	(d) Employee benefits expense	1,962.36	1,880.01	1,364.24	5,907.18
	(e) Finance costs	119.93	80.25	42.24	228.13
	(f) Depreciation and amortization expense	301.05	292.40	191.10	967.96
	(g) Other expenses	1,735.54	2,176.29	1,939.58	7,131.14
	Total Expenses (a to g)	14,747.59	9,469.55	6,587.00	27,102.97
3	**Profit/(loss) before exceptional items and tax (1-2)**	11,024.95	4,935.04	6,926.07	18,374.49
4	**Exceptional Items**	-	240.90	-	240.90
5	**Profit / (Loss) before Tax (3+4)**	11,024.95	5,175.94	6,926.07	18,615.39
6	**Tax expenses**				
	(i) Current tax	2,891.94	1,172.19	1,268.22	3,664.93
	(ii) Prior period taxes	-	(44.68)	-	(44.68)
	(iii) Deferred tax	184.43	289.82	813.99	2,044.70
7	**Net Profit for the period (5-6)**	7,948.57	3,758.62	4,843.87	12,950.44
	Attributable to:				
	Shareholders of the Company	7,681.19	3,494.38	4,708.73	12,788.46
	Non Controlling interest	267.39	264.24	135.14	161.98
8	**Other comprehensive income**				
	a) (i) Items that will not be reclassified to profit or loss	6.33	(41.37)	-	(41.37)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	(1.84)	12.15	-	12.15
	b) (i) Items that will be reclassified to profit or loss	(9.72)	101.71	6.41	118.47
	(ii) Income tax relating to items that will be reclassified to profit or loss	2.83	(29.62)	(1.87)	(34.50)
	Total other comprehensive income/(loss) net of tax	(2.40)	42.87	4.54	54.75
9	**Total Comprehensive income/(loss) (7+8)**	7,946.18	3,801.49	4,848.41	13,005.19
	Attributable to:				
	Shareholders of the Company	7,678.79	3,536.29	4,713.28	12,842.25
	Non Controlling interest	267.39	265.20	135.14	162.95
10	**Paid-up Equity Share Capital** (Re.1/- per Equity Share)	840.44	840.44	840.44	840.44
11	**Other Equity excluding Non-controlling interest**				44,022.37
12	**Earnings per share** (Face Value of Rs.1/- each)				
	(a) Basic (In Rs.)	9.19	4.19	5.81	15.45
	(b) Diluted (In Rs.)	9.19	4.19	5.65	15.34
		(Not Annualised)	(Not Annualised)	(Not Annualised)	Annualised
13	**Weighted average equity shares used in computing earnings per equity share**				
	Basic	8,35,74,907	8,34,38,387	8,10,89,792	8,27,81,872
	Diluted	8,35,74,907	8,34,38,387	8,34,57,103	8,33,70,465

Amalkani

Notes to Consolidated Un-Audited Financial Results for the Quarter ended June 30, 2024.

1. The Financial results of the company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified by the Companies (Indian Accounting Standard) rules 2015 as amended.

2. The aforementioned results have been reviewed & recommended by the Audit Committee and subsequently approved by the Board of Directors at its meeting held on July 28, 2024.

3. The Group's operations predominantly consist of Defence and Homeland. The Group's Chief Operating decision Maker (CODM) review the operations of the Group as a single reportable segment and operations from other than Training & Simulation does not qualify as a reportable segment as these operations are not material. Hence there are no reportable segments under Ind AS 108.

4. During the quarter ended June 30, 2024, the Company granted (Third grant) 5,000 shares to eligible employees of the Company and transferred 76,350 equity shares of face value of Re.1/- each, to the eligible employees of the Company, to whom the grants were issued earlier under Zen Technologies Limited Employee Stock Option Plan-2021("the Scheme"), from Zen Technologies Limited Employees Welfare Trust established for the purpose of implementing the scheme, upon completion of respective vesting period as may be applicable as per the scheme.

For and on behalf of the Board

Place: Hyderabad
Date: July 28, 2024

ASHOK ATLURI
Chairman and Managing Director
DIN: 00056050

Independent Auditor's Review Report on the Quarterly Unaudited Consolidated Financial Results of Zen Technologies Limited Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (as amended)

Review Report to
The Board of Directors
Zen Technologies Limited

1. We have reviewed the accompanying statement of unaudited consolidated financial results for the quarter ended 30 June 2023 (the "Statement") of Zen Technologies Limited (the "Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") attached herewith, being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations,2015, as amended (the "Listing Regulations").

2. The Holding Company's Management is responsible for the preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting", prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The Statement has been approved by the Holding Company's Board of Directors. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

   We also performed procedures in accordance with the Circular No. CIR/CFD/CMD1/44/2019 dated March 29, 2019 issued by the Securities and Exchange Board of India under Regulation 33(8) of the Listing Regulations, to the extent applicable.

4. The Statement includes the results of the following entities:
   Holding Company:
   a) Zen Technologies Limited

   Subsidiaries:
   a) Unistring Tech Solutions Private Limited
   b) Zen Technologies Inc, USA
   c) Zen Medical Technologies Private Limited
   d) Zen Defence Technologies L.L.C, UAE

5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of other auditors referred to in paragraph 7 below, nothing has come to our attention that causes us to believe that the accompanying statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian

Ramasamy Koteswara Rao and Co LLP
Firm Re: 010396S/S200084
Hyderabad
Chartered Accountants

Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. Attention is drawn to the fact that the figures for the three months ended 31 March 2023 as reported in the Unaudited standalone financial results are the balancing figures between audited figures in respect of the full previous financial year and the published year to date figures up to the third quarter of the previous financial year. The figures up to the end of the third quarter of previous financial year had only been reviewed and not subjected to audit.

7. The accompanying Statement includes the unaudited interim financial results and other financial information, in respect of 2 subsidiaries, whose unaudited interim financial results and other financial information are as follows:

Sl.No	Name of the Company	Quarter ended 30/06/2023 (Rs. In Lakhs)
1	Unistring Tech Solutions Pvt Ltd	
	-Revenue From Operations	1,407.50
	-Net Profit/(Loss)	275.79
	-Comprehensive Income/(Loss)	275.79
2	Zen Medical Technologies Pvt Ltd	
	-Revenue From Operations	-
	-Net Profit/(Loss)	(3.62)
	-Comprehensive Income/(Loss)	(3.62)

The independent auditor's reports on interim financial results of above entities have been furnished to us by the Management and our conclusion on the Statement, in so far as it related to the amounts and disclosures in respect of these subsidiaries is based solely on the reports of such auditors and procedures performed by us as stated in paragraph 3 above

8. The accompanying statement includes the unaudited interim financial results and other financial information, in respect of 2 subsidiaries whose unaudited interim financial results and other financial information are as follows:

Sl.No	Name of the Company	Quarter ended 31/12/2022 (Rs. In Lakhs)
1	Zen Technologies Inc, USA	
	-Revenue From Operations	-
	-Net Profit/(Loss)	(28.22)
	-Comprehensive Income/(Loss)	(1.73)
2	Zen Defence Technologies L.L.C, UAE	
	-Revenue From Operations	-
	-Net Profit/(Loss)	(0.12)
	-Comprehensive Income/(Loss)	(0.12)

Ramasamy Koteswara Rao and Co LLP
Firm Reg. 010396S/S200084
Hyderabad
Chartered Accountants

As considered in the Statement which have not been reviewed by their auditors and have been approved and furnished to us by the management and our conclusion on the Statement, in so far as it relates to the affairs of these subsidiaries, is based solely on such unaudited interim financial results and other unaudited financial information.

Our conclusion on the Statement in respect of matters stated in paragraph 7 and 8 above is not modified with respect to our reliance on the work done and the reports of the other auditors and the financial results and other financial information certified by the Management.

For Ramasamy Koteswara Rao and Co LLP
Chartered Accountants
ICAI Firm registration number: 010396S/S200084

Ramasamy Koteswara Rao and Co LLP * Chartered Accountants * Firm Re: 010396S/S200084 Hyderabad

Murali Krishna Reddy Telluri
Partner
Membership No: 223022
UDIN: 23223022BGQJPV1397

Place: Hyderabad
Date: 05-08-2023

Zen Technologies Limited
B -42 Industrial Estate, Sanathnagar Hyderabad - 500 018, Telangana, India
CIN:L72200TG1993PLC015939

Statement of Un-Audited Consolidated financial results for the Quarter Ended 30th June 2023

(Rs. In lakhs)

S No	Particulars	Quarter ended 30 June 2023	Quarter ended 31 March 2023	Quarter ended 30 June 2022	Year ended 31 Mar 2023
		Unaudited	Audited	Unaudited	Audited
1	**Income**				
	a) Revenue from Operations	13,244.74	9,587.88	3,706.88	21,884.62
	b) Other Income	268.34	(1.61)	217.09	724.74
	Total Income	13,513.07	9,586.27	3,923.97	22,609.36
2	**Expenses**				
	(a) Cost of materials Consumed	594.96	2,552.86	920.23	7,853.05
	(b) Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	2,261.18	121.93	65.30	(1,989.86)
	(c) Manufacturing Expenses	193.69	302.30	122.97	760.34
	(d) Employee benefits expense	1,364.24	1,349.35	709.88	3,592.13
	(e) Finance costs	42.24	62.63	65.00	407.55
	(f) Depreciation and amortization expense	191.10	152.01	162.61	605.65
	(g) Other expenses	1,939.58	1,743.06	809.26	4,407.82
	Total Expenses (a to g)	6,587.00	6,284.16	2,855.25	15,636.70
3	**Profit/(loss) before exceptional items and tax (1-2)**	6,926.07	3,302.11	1,068.71	6,972.66
4	**Exceptional Items**	-	-	-	200.00
5	**Profit / (Loss) before Tax (3+4)**	6,926.07	3,302.11	1,068.71	7,172.66
6	**Tax expenses**				
	(i) Current tax	1,268.22	709.09	207.36	1,548.71
	(ii) Prior period taxes	-	-	-	-
	(iii) Deferred tax	813.99	255.69	158.57	627.14
7	**Net Profit for the period (5-6)**	4,843.87	2,337.34	702.78	4,996.82
	Attributable to:				
	Shareholders of the Company	4,708.73	2,019.66	745.65	4,273.81
	Non Controlling interest	135.14	317.68	(42.87)	723.00
8	**Other comprehensive income**				
	a) (i) Items that will not be reclassified to profit or loss	-	-	-	(28.02)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	7.80
	b) (i) Items that will be reclassified to profit or loss	6.41	14.93	(1.12)	63.84
	(ii) Income tax relating to items that will be reclassified to profit or loss	(1.87)	2.35	-	(3.10)
	Total other comprehensive income/(loss) net of tax	4.54	17.28	(1.12)	40.51
9	**Total Comprehensive income/(loss) (7+8)**	4,848.41	2,354.62	701.66	5,037.33
	Attributable to:				
	Shareholders of the Company	4,713.28	2,040.35	744.53	4,317.74
	Non Controlling interest	135.14	314.27	(42.87)	719.59
10	**Paid-up Equity Share Capital** (Re.1/- per Equity Share)	840.44	795.10	795.10	795.10
11	**Earnings per share** (Face Value of Rs.1/- each)				
	(a) Basic (In Rs.)	5.81	2.55	0.94	5.39
	(b) Diluted (In Rs.)	5.65	2.43	0.91	5.20
12	**Weighted average equity shares used in computing earnings per equity share**				
	Basic	81,089,792	79,248,634	79,510,000	79,248,634
	Diluted	83,457,103	83,313,261	83,574,627	83,313,261

ZEN TECHNOLOGIES LTD. HYD.

Notes to Consolidated Un-audited Financial Results for Quarter ended June 30, 2023.

1. The Financial results of the company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified by the Companies (Indian Accounting Standard) rules 2015 as amended.

2. The aforementioned results have been reviewed & recommended by the Audit Committee and subsequently approved by the Board of Directors at its meeting held on August 5, 2023.

3. The Group's operations predominantly consist of Defence and Homeland. The Group's Chief Operating decision Maker (CODM) review the operations of the Group as a single reportable segment and operations from other than Training & Simulation does not qualify as a reportable segment as these operations are not material. Hence there are no reportable segments under Ind AS 108.

4. Compulsory Convertible Debentures (CCDs) Numbers 40,64,627 have been converted into equity shares on May 24,2023, allotted one equity share of Re.1 to each and weighted average number of shares outstanding have been considered for Basic EPS (post conversion) and Diluted EPS (pre-conversion).

5. Share Warrants Numbers 4,69,633 have been converted into equity shares on May 24, 2023, allotted one equity share of Re.1 each, relating to this 25% option premium were received earlier and the balance 75% of the issue price were received on converted date respectively and weighted average number of shares outstanding have been considered the same for Basic EPS.

6. During the quarter ended June 30, 2023 under the Zen Technologies Limited Employee Stock option Plan-2021, the company has further purchased 1,59,876 shares from the secondary market.

   Consequent to accounting for treasury shares in the standalone financial statements, the weighted average number of shares considered for computation of earnings per share (EPS) has reduced resulting into increase in basic and diluted EPS of consolidated results.

7. The figures for previous periods/ Year have been Re-casted and Regrouped, wherever necessary.

For and on behalf of the Board

ASHOK ATLURI
Chairman and Managing Director
DIN: 00056050

Place: Hyderabad
Date: August 5, 2023

Independent Auditor's Report

TO THE MEMBERS OF ZEN TECHNOLOGIES LIMITED

Report on the Audit of the Consolidated Financial Statements

OPINION

We have audited the accompanying consolidated financial statements of ZEN TECHNOLOGIES LIMITED (hereinafter referred to as the "Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the consolidated Balance Sheet as at March 31, 2024, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policies and other explanatory information (hereinafter referred to as the "consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013, as amended (the "Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2024, its consolidated profit including total other comprehensive income, its consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year ended March 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and informing our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters.

Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures performed by us, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key Audit Matters	How our audit addressed the key audit matter
Revenue from operations (As described in Note 25 of the consolidated financial statements)	
During the year, the Group's revenue from operations increased by 100.99%. Revenue is recognized when control of the underlying products has been transferred and the performance obligations have been satisfied. The terms of sales arrangements, including the timing of the transfer of control and delivery specifications, create complexity and require significant judgment in determining the point of time at which sales revenues should be recognized. Due to the judgment involved in determining the point in time when the performance obligations are satisfied, this matter is considered a key audit matter.	**Our audit procedures included the following:** a) We have evaluated the appropriateness of the Group's accounting policies for revenue recognition and assessed compliance with relevant accounting standards. b) We have reviewed the terms of significant sales arrangements to understand the timing of transfer of control and delivery specifications. c) We have assessed the design and operating effectiveness of key controls over revenue recognition processes, including controls over the timing of transfer of control and the satisfaction of performance obligations.

Key Audit Matters	How our audit addressed the key audit matter
Revenue from operations (As described in Note 25 of the consolidated financial statements)	
	d) We have performed substantive testing on a sample of revenue transactions by inspecting supporting documentation, such as contracts, invoices, and delivery notes, to verify the timing of revenue recognition. e) We have reviewed management's judgments and estimates in determining the point of time for the satisfaction of performance obligations, including any contractual terms that could impact the timing of revenue recognition. f) We have evaluated the adequacy of disclosures related to revenue recognition in the financial statements to ensure they are complete and provide relevant information about the Group's revenue recognition policies and judgements.

Key Audit Matters	How our audit addressed the key audit matter
Receipts from Insurance Claims (Exceptional item) (As described in Note 46 of the consolidated financial statements)	
We have identified the exceptional item as a key audit matter due to the significance of the project to the consolidated financial statements and the fact that the integral part of Maheshwaram Building was damaged as a result of a fire during the year ended March 31, 2022. As disclosed in note 4C to the financial statements, the carrying value of CWIP (Construction Work in Progress) of Maheshwaram Plant was approximately ₹ 154.89 Lakhs at March 31, 2022 which were incurred as a part of renovation to damaged building due to fire accident. The relevant accounting policies in relation to capitalization of additions to CWIP are set out in Note 3I. The management performed an assessment of the damage of building, plant & Machinery on account of fire accident and likelihood of recoverability of damages based on the reports from the Group's project management team and external quantity surveyors and the analysis from the Group's in-house legal counsels, and considered that there will be an exceptional item of amount ₹ 27.96 Lakhs due to derecognition of damaged PPE (Property, Plant, and Equipment) for the year ended March 31, 2022. In the financial year F.Y.2022-23, the management has filed a total insurance claim of ₹ 712.00 Lakhs out of which it received an ad-hoc amount of ₹ 200.00 Lakhs and the total insurance claim was subsequently revised to ₹ 656.00 Lakhs, with a balance of ₹ 456.00 Lakhs yet to be received by the Group as on March 31, 2023. During the current financial year 2023-24, the Holding Company received the full and final settlement of ₹ 240.90 Lakhs. Thus, the Holding Company received a total claim of ₹ 440.90 Lakhs from the insurance Company.	**Our audit procedures included the following:** a) Obtaining an understanding of the progress of Maheshwaram Plant by inquiring the Company's project management team, external quantity surveyors and architects. b) Evaluating the appropriateness of the Group's construction costs and borrowing costs capitalization policies by analysing the nature of those costs capitalized against the requirements of Ind AS 16 "Property, Plant and Equipment". c) Checking, on a sample basis, the number of additions capitalized with reference to the contractors' invoices, and quantity surveyors' and architects' certificates of the construction contract works capitalized in CWIP of Maheshwaram Plant. d) Obtaining an understanding from the Group's project management team and external quantity surveyors in relation to the damage caused by the fire to PPE of Maheshwaram Plant and the management's assessment of the impact of the fire on the future economic performance and useful lives of the PPE of Maheshwaram Plant. e) Evaluating the analysis performed by the Company's management in respect of the contractual performance obligations of the contractors arising from the fire under the terms of construction contracts; and f) Evaluating the overall appropriateness of the Group's management's assessment of the financial effect of the fire on the carrying values of the respective PPE in Maheshwaram Plant. g) Confirmed the amounts received from the insurance Company and verified the adequacy of the disclosure in the financial statements.

Key Audit Matters	How our audit addressed the key audit matter
Receipts from Insurance Claims (Exceptional item) (As described in Note 46 of the consolidated financial statements)	
	h) Reviewed the subsequent events and adjustments made by management to ensure the completeness and accuracy of the exceptional item and insurance recoveries. i) Evaluating the total amount spend by the Company on renovation of factory building at Maheshwaram and the same has been accounted as capital work in progress (refer note 4C) after capitalisation of identifiable items which are ready for intended use by the management.

Key Audit Matters	How our audit addressed the key audit matter
Accounting for Employee Stock Option Plan-2021 (As described in 45 of the consolidated financial statements)	
We identified Material transactions related to the Employee Stock Option Plan (ESOP) during the year: During the Annual General meeting held on August 28, 2021, Zen technologies limited issued the Employee stock option plan-2021 (ESOP), which was subsequently ratified by the shareholders on September 29, 2022 in accordance with SEBI Regulations. As disclosed in the note-45 the management decided to grant the ESOP shares on February 21, 2023, with the exercise price set at ₹ 100/- per option. As of March 31, 2023, the ESOP Trust purchased 4,81,524 shares from the secondary market for an aggregate consideration of ₹ 966.13 Lakhs. The management has adopted the policy of treating the shares purchased by the ESOP Trust as treasury shares under "Other Equity" in the consolidated financial statements. As of March 31, 2023, the management has considered an amount of ₹ 44.21 Lakhs as share-based payments expenses (refer Note-30 & Note-45). During the year, the management has granted additional ESOP shares on October 30, 2023, with an exercise price of ₹ 100/- per option. As of March 31, 2024, the management has considered an amount of ₹ 437.69 Lakhs as share-based payment expenses (refer Note-30 & Note-45). Additionally, during the year, the Trust repaid an amount of ₹ 127.6 Lakhs from the proceeds realized on the exercise of options.	**Our audit procedures include the following:** a) We have assessed the appropriateness of the accounting policies regarding the recognition and measurement of share-based payments of employee stock option plan is in compliance with applicable Indian accounting standards. b) We have assessed whether all the statutory regulations and rules governing the Company regarding employee stock option plan have been complied and verified the authorization and approval process of the ESOP scheme during the Annual General Meeting and its subsequent ratification by the shareholders. c) We have assessed the fair value calculation of the ESOPs granted, including the assumptions and valuation models used by management. d) Verified the share-based payment expenses recognized in the financial statements for the years ended March 31, 2023, and March 31, 2024, and reconciled these with the underlying records and calculations. e) Evaluated the adequacy and completeness of disclosures related to the ESOP transactions in the financial statements, including Notes 30 and 45 in the financial statements.

Key Audit Matters	How our audit addressed the key audit matter
Business Combination (As described in Note 51 of the consolidated financial statements)	
During the year, the Holding Company has completed the acquisition of Aituring Technologies Private Limited a) The Holding Company has accounted for such acquisition as a business combination as per Ind AS 103, "Business Combinations" by recognizing identifiable assts and liabilities at fair value. b) The measurement of the identifiable assets and liabilities acquired at fair value is inherently judgmental. c) Fair value was determined by the Company with the assistance of the external valuation expert using various valuation models, which were applied according to the assets and liabilities being measured. d) Given the Complexity and judgement involved in fair value measurements and magnitude of the acquisition made by the Company, this is a key audit matter.	a) We assessed and tested the design and operating effectiveness of the Holding Company's key controls over the accounting of business combination. b) We have evaluated the competence, capabilities and objectivity of the management's expert, obtained an understanding of the work of the expert, and evaluated the appropriateness of the expert's work as audit evidence. c) We have also assessed the Group's determination of the fair value of the remaining assets and liabilities having regard to the completeness of assets and liabilities identified and the reasonableness of any underlying assumptions in their respective valuations. d) We have also verified the management's computation of goodwill. e) We have assessed the adequacy of the Company's disclosure in respect of the acquisition in accordance with the requirements of Ind AS 103.

OTHER INFORMATION

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and auditor's report(s) thereon. The annual report is expected to be made available to us after the date of this auditor's report.

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

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

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the Companies included in the Group are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on the internal financial controls with reference to the consolidated financial statements and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are independent auditors, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statement of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the financial year ended March 31, 2024 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTER

We did not audit the financial statements and other financial information, in respect of four Subsidiaries, whose financial information are as follows:

Sr. No.	Name of the Company	Year ended March 31, 2024 (₹ in Lakhs)
1.	**Unistring Tech Solutions Private Limited**	
	- Total Assets	966.77
	- Revenue from Operations	5,296.05
	- Net profit/(Loss) (PBT)	478.03
	- Net Cash Inflow/(Outflow)	(1,201.27)
2.	**Zen Medical Technologies Private Limited**	
	- Total Assets	3.48
	- Revenue from Operations	-
	- Net profit/(Loss) (PBT)	(4.65)
	- Net Cash Inflow/(Outflow)	(1.00)
3.	**Zen Technologies Inc, USA**	
	- Total Assets	2.81
	- Revenue from Operations	-
	- Net profit/(Loss) (PBT)	(145.01)
	- Net Cash Inflow/(Outflow)	(152.71)
4.	**Aituring Technologies Private Limited**	
	- Total Assets	683.51
	- Revenue from Operations	172.91
	- Net profit/(Loss) (PBT)	8.44
	- Net Cash Inflow/(Outflow)	493.63

These financial statements and other financial information have been audited by other auditors, whose financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of such other auditors.

The accompanying statement includes the unaudited financials of one subsidiary only whose financial information includes details as follows:

Sr. No.	Name of the Company	Year ended March 31, 2024 (₹ in Lakhs)
1	**Zen Defence Technologies L.L.C, UAE**	
	- Total Assets	-
	- Revenue from Operations	-
	- Net profit/(Loss) (PBT)	(2.58)
	- Net Cash Inflow/(Outflow)	33.57

Two of these subsidiaries is located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and one of them (Zen Technologies Inc, USA) have been audited by other auditor under generally accepted auditing standards applicable in their respective country and the other (Zen Defence Technologies L.L.C, UAE) during the current financial year for which audit is not mandated as per laws governing the country. The Holding Company's management has converted the financial statements of such subsidiary located outside India from accounting principles generally accepted in their respective country to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiary located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of other auditors and the financial statements and other financial information certified by the Management.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;

    b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and reports of other auditors;

    c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;

    d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

    e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2024 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, none of the directors of the Group's companies, incorporated in India, is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164(2) of the Act;

    f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in **"Annexure A"** to this report;

    g) In our opinion and based on the consideration of the reports of other statutory auditors of the subsidiaries, the managerial remuneration for the year ended March 31, 2024 has been paid/provided by the Holding Company and its subsidiaries to their directors is in accordance with the provisions of Section 197 read with Schedule V to the Act;

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

        i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group in its consolidated financial statements – Refer Note 38(a) to the consolidated financial statements;

        ii. The Group did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses;

        iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company.

        iv. (a) The respective managements of the Holding Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and other auditors of such subsidiaries respectively that, to the best of its knowledge and belief, as disclosed in note-50 to the financial statements, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective holding Company or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The respective managements of the Holding Company and of its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and other auditors of such subsidiaries respectively that, to the best of its knowledge and belief, as disclosed in note-50 to the financial statements, no funds (which are material either individually or in the aggregate) have been received by the respective Holding Company or any of such subsidiaries from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries ") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. The final dividend paid by the Holding Company during the year in respect of the same declared for the previous year is in accordance with Section 123 of the Act to the extent it applies to payment of dividend.

As stated in note 47 to the consolidated financial statements, Board of Directors of the Holding Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend proposed is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.

vi. Based on our examination which included test checks, performed by us on the Company and its subsidiaries incorporated in India, except for the instances mentioned below, have used accounting software's for maintaining their respective books of account for the financial year ended March 31, 2024 which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software's. Further, during the course of audit, we have not come across any instance of the audit trail feature being tampered with.

The financial statements of one subsidiary that are in the consolidated financial statements of the Group, have not been audited under the provisions of the Act as of the date of this report. Therefore, we are unable to comment on the reporting requirement under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 in respect of this one subsidiary.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.

2. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/"CARO") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Holding Company and its subsidiaries included in the Consolidated financial statements of the Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports.

For Ramasamy Koteswara Rao and Co LLP
Chartered Accountants
ICAI Firm Registration Number: 010396S/S200084

Murali Krishna Reddy Telluri
Partner
Membership No: 223022
UDIN: 24223022BKARLE5877

Place: Hyderabad
Date: May 4, 2024

Annexure 'A'

Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Zen Technologies Limited of even date

Report on the Internal Financial Controls under Clause (i) of sub section 3 of Section 143 of the Companies Act, 2013 (the "Act")

We have audited the internal financial controls with reference to consolidated financial statements of ZEN TECHNOLOGIES LIMITED (hereinafter referred to as "the Holding Company") and its subsidiary companies, which are companies incorporated in India, as of March 31, 2024 in conjunction with our audit of the consolidated financial statements of the Holding Company for the year ended on that date. Further, as two of the subsidiary companies and two branch's is located outside India, the provisions of clause (i) of sub-section 3 of Section 143 of the Act are not applicable to them.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the internal financial controls over financial reporting with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to these consolidated financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THESE CONSOLIDATED FINANCIAL STATEMENTS

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO CONSOLIDATED FINANCIAL STATEMENTS

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

OPINION

In our opinion, to the best of our information and according to the explanations given to us, the Holding Company and its subsidiary companies incorporated in India, have in all material respects, an adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2024, based on the criteria for internal financial control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For Ramasamy Koteswara Rao and Co LLP
Chartered Accountants
ICAI Firm Registration Number: 010396S/S200084

Murali Krishna Reddy Telluri
Partner
Membership No: 223022
UDIN: 24223022BKARLE5877

Place: Hyderabad
Date: May 04, 2024

Consolidated Balance Sheet

As at March 31, 2024

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Sr. No.	Particulars	Note. No.	As at March 31, 2024	As at March 31, 2023
I	**ASSETS**			
(1)	**Non-current assets**			
	(a) Property,Plant and Equipment	4A	8,067.37	6,798.72
	(b) Capital work-in-progress	4C	1,006.05	191.73
	(c) Right-of-use asset	4D	590.00	162.72
	(d) Goodwill	4E	301.70	115.80
	(e) Intangible assets	4B	378.89	447.20
	(f) Intangible assets under development	4F	82.29	-
	(g) Financial assets			
	(i) Investments	5	-	224.22
	(ii) Other Financial Assets	6A	2,656.00	4,746.61
	(h) Deferred Tax Assets (Net)	7	-	1,405.44
	(i) Other non-current assets	8	133.68	73.53
			13,215.98	**14,165.96**
(2)	**Current assets**			
	(a) Inventories	9	16,907.87	4,899.96
	(b) Financial assets			
	(i) Trade receivables	10	18,450.15	8,539.24
	(ii) Cash and cash equivalents	11	3,670.85	11,025.36
	(iii) Bank balances other than (ii) above	12	12,146.50	5,710.99
	(iv) Loans	13	79.94	-
	(v) Other financial assets	6B	999.08	1,043.52
	(c) Current Tax Assets (Net)	14	265.49	88.66
	(d) Other current assets	15	9,314.38	1,895.84
			61,834.27	**33,203.57**
	Total Assets		**75,050.25**	**47,369.53**
II	**EQUITY AND LIABILITIES**			
	Equity			
	(a) Equity Share Capital	16	840.44	795.10
	(b) Other Equity	17	44,022.37	30,822.05
	Equity attributable to equity holders of the parent		**44,862.81**	**31,617.15**
	(c) Non-controlling interests	17	1,766.36	1,410.82
	Total Equity		**46,629.17**	**33,027.97**
	Liabilities			
(1)	**Non-current liabilities**			
	(a) Financial Liabilities			
	(i) Borrowings	18	-	-
	(ii) (a) Lease liabilities	19.1	413.53	43.38
	(b) Deferred Govt. Grant		15.00	-
	(b) Provisions	20	379.53	282.96
	(c) Deferred Tax Liability	7	622.37	-
			1,430.43	**326.34**
(2)	**Current liabilities**			
	(a) Financial Liabilities			
	(i) Borrowings	21	61.50	589.47
	(ii) Lease Liabilities	19.1	128.35	42.57
	(iii) Trade Payables	22		
	Dues to micro enterprises and small enterprises		2,102.42	74.03
	Dues to creditors other than micro and small enterprises		1,107.70	599.41
	(iv) Other Financial Liabilities	19.2	2,033.39	1,009.91
	(b) Provisions	20	279.53	760.73
	(c) Other Current Liabilities	23	20,579.34	10,939.10
	(d) Current Tax Liabilities (Net)	24	698.43	-
			26,990.66	**14,015.21**
	Total Equity and Liabilities		**75,050.25**	**47,369.53**

Summary of Material Accounting Policy Information. 3

The accompanying notes form an integral part of the consolidated financial statements

As per our report attached of even date

For **Ramasamy Koteswara Rao and Co LLP**
Chartered Accountants
Firm Registration Number: 010396S/S200084

For and on behalf of the Board of Directors of
Zen Technologies Limited

Murali Krishna Reddy Telluri
Partner
Membership Number: 223022

Ashok Atluri
Chairman & Managing Director
DIN: 00056050

M. Ravi Kumar
Whole-Time Director
DIN: 00089921

Afzal Harunbhai Malkani
Chief Financial Officer

M. Raghavendra Prasad
Company Secretary
M.No.: A41798

Place: Hyderabad
Date: May 4, 2024

Place: Hyderabad
Date: May 4, 2024

Consolidated Statement of Profit and Loss

For the Year ended March 31, 2024

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Sr. No.	Particulars	Note. No.	For the year ended March 31, 2024	For the year ended March 31, 2023
1	**Income**			
	Revenue from operations	25	43,985.20	21,884.62
	Other Income	26	1,492.26	724.74
	Total Income		**45,477.46**	**22,609.36**
2	**Expenses**			
	Cost of Materials and Components consumed	27	17,174.68	7,853.05
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	28	(5,372.80)	(1,989.86)
	Manufacturing expenses	29	1,066.69	760.34
	Employee benefits expense	30	5,907.18	3,604.13
	Finance Costs	31	228.13	407.55
	Depreciation and Amortization Expense	32	967.96	605.65
	Other expenses	33	7,131.14	4,395.82
	Total Expenses		**27,102.97**	**15,636.70**
3	**Profit/(Loss) before exceptional items and tax(1 - 2)**		**18,374.49**	**6,972.68**
4	Exceptional Items	46	240.90	200.00
5	**Profit/(Loss) before tax (3+4)**		**18,615.39**	**7,172.66**
6	**Tax expense**	35		
	(i) Current tax		3,664.93	1,548.71
	(ii) Adjustment of tax relating to earlier years		(44.68)	-
	(iii) Deferred tax		2,044.70	627.14
	Total Tax expense		**5,664.95**	**2,175.85**
7	**Profit for the year (5-6)**		**12,950.44**	**4,996.82**
8	**Other Comprehensive Income**	34		
	Items that will be reclassified to profit or loss		118.47	63.84
	Income tax relating to items that will be reclassified to profit or loss		(34.50)	(3.10)
	Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**83.97**	**60.74**
	Items that will not be reclassified to profit or loss		(41.37)	(28.02)
	Income tax relating to items that will not be reclassified to profit or loss		12.15	7.80
	Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**(29.22)**	**(20.23)**
	Other Comprehensive Income for the year, net of tax		**54.75**	**40.51**
9	**Total Comprehensive Income for the year (7+8)**		**13,005.19**	**5,037.33**
	Profit/(loss) for the year is attributable to			
	Equity holders of the parent		12,788.46	4,273.81
	Non-Controlling interests		161.98	723.00
	Other comprehensive income/(loss) is attributable to			
	Equity holders of the parent		53.78	43.93
	Non-Controlling interests		0.97	(3.42)
	Total comprehensive income is attributable to			
	Equity holders of the parent		12,842.25	4,317.74
	Non-Controlling interests		162.95	719.59
10	**Earning per Share**	36		
	(Face Value of ₹ 1/- Each)			
	Basic earnings per share (In ₹)		15.45	5.39
	Diluted earnings per share (In ₹)		15.34	5.20

Summary of Material Accounting Policy Information 3

The accompanying notes form an integral part of the consolidated financial statements

As per our report attached of even date

For **Ramasamy Koteswara Rao and Co LLP**
Chartered Accountants
Firm Registration Number: 010396S/S200084

Murali Krishna Reddy Telluri
Partner
Membership Number: 223022

For and on behalf of the Board of Directors of
Zen Technologies Limited

Ashok Atluri
Chairman & Managing Director
DIN: 00056050

M. Ravi Kumar
Whole-Time Director
DIN: 00089921

Afzal Harunbhai Malkani
Chief Financial Officer

M. Raghavendra Prasad
Company Secretary
M.No.: A41798

Place: Hyderabad
Date: May 4, 2024

Place: Hyderabad
Date: May 4, 2024

Consolidated Statement of Cash Flows

For the Year ended March 31, 2024

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
A. Cash Flows from Operating Activities		
Net profit before tax	**18,615.39**	**7,172.66**
Adjustments to reconcile profit before tax to net cash flows		
Depreciation and amortization expense	970.14	605.65
Profit on Sale of Property,Plant and Equipment	(0.42)	(0.93)
Provision for impairment of investments	138.35	-
Trade payables written back	(7.23)	-
Provision for impairment of investments	224.22	-
Expected Credit Loss allowance	352.34	38.83
Other non-cash items	14.68	(31.43)
Interest Income	(1,095.42)	(642.05)
Finance Cost	156.26	345.64
Interest on lease liability	4.97	-
Gratuity expense	57.07	-
Share based Payment Expenses	437.69	44.21
Foreign Exchange Fluctuation	(51.06)	37.27
Operating profit before working capital changes	**19,816.98**	**7,569.85**
Changes in Working Capital		
(Increase)/Decrease in Trade Receivables	(7,738.24)	(4,555.54)
(Increase)/Decrease in Other financial assets	1,949.79	6,282.07
(Increase)/Decrease in Inventories	(12,007.91)	(2,404.85)
(Increase)/Decrease in Other Current Assets	(6,835.68)	275.32
(Increase)/Decrease in Other Non-Current Assets	(93.15)	167.33
Increase/(Decrease) in Trade Payables	100.00	(561.74)
Increase/(Decrease) in Other financial liabilities	(338.08)	424.64
Increase/(Decrease) in Other Current liabilities	10,208.02	5,202.88
Increase/(Decrease) in Provisions	(422.43)	675.88
Cash generated from/(used in) operating activities	**4,639.30**	**13,075.84**
Income tax paid	(3,297.57)	(1,439.65)
Net Cash from/(used in) operating activities (A)	**1,341.73**	**11,636.19**
B. Cash flows from Investing Activities		
Purchase of property, plant and equipment and CWIP	(2,979.09)	(1,314.89)
Proceeds from sale of Property,Plant and Equipment	0.47	1.10
Advance for Acquisition of shares	-	(252.84)
Interest received	914.42	646.94
Capital Advances	(34.59)	-
Purchase of Investments	(387.00)	-
(Increase)/Decrease in Other Bank Balances	(6,037.98)	550.62
Net Cash from/(used in) Investing Activities (B)	**(8,523.77)**	**(369.07)**
C. Cash flows from Financing Activities		
Increase in share capital	386.30	-
Proceeds/(Repayment) of Long-term borrowings	(582.31)	(758.18)
Proceeds/(Repayment) of Short-term borrowings	7.85	-
Purchase of Treasury shares by Zen technologies welfare trust	(477.09)	(966.13)
Dividend paid	(166.81)	(79.23)
Finance costs paid	(229.81)	(345.64)
Amount received towards share warrants	750.24	-
Amount received towards Compulsory Convertible Debentures	-	-
Principal portion of the lease liability	(17.93)	(39.14)
Net Cash from/(used in) Financing Activities (C)	**(329.55)**	**(2,188.31)**
Net Increase in cash and cash equivalents (A+B+C)	**(7,511.59)**	**9,078.81**
Cash and Cash equivalents at the beginning of the year	11,182.44	2,103.63
Cash and Cash equivalents at the end of the year	**3,670.85**	**11,182.44**
Components of Cash and Cash equivalents		
Cash on hand	9.64	11.21
Balance with banks:		
In current accounts	1,960.92	7,952.18
In overdraft accounts	199.26	1,415.54
In fixed deposits with original maturity less than 3 months	1,501.03	1,646.42

a) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS-7) - Statement of Cash Flows.

b) Cash and Cash equivalents include following for the Cash flow purpose

	For the year ended March 31, 2024	For the year ended March 31, 2023
Cash and Cash Equivalents as per Balance sheet	**3,670.85**	**11,025.36**
Less: OD/CC accounts forming part of Cash & Cash Equivalents	-	(157.08)
Cash and Cash Equivalents for the Cash flow statement	**3,670.85**	**11,182.44**

Summary of Material Accounting Policy Information - Refer Note 3

The accompanying notes referred to above form an integral part of the consolidated financial statements

As per our report attached of even date

For **Ramasamy Koteswara Rao and Co LLP**
Chartered Accountants
Firm Registration Number: 010396S/S200084

For and on behalf of the Board of Directors of
Zen Technologies Limited

Murali Krishna Reddy Telluri
Partner
Membership Number: 223022

Ashok Atluri
Chairman & Managing Director
DIN: 00056050

M. Ravi Kumar
Whole-Time Director
DIN: 00089921

Afzal Harunbhai Malkani
Chief Financial Officer

M. Raghavendra Prasad
Company Secretary
M.No.: A41798

Place: Hyderabad
Date: May 4, 2024

Place: Hyderabad
Date: May 4, 2024

Consolidated Statement of Changes in Equity

For the Year ended March 31, 2024

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

(A) SHARE CAPITAL

	Number of shares	Amount
As at April 1, 2022	**7,95,10,000**	**795.10**
Issued during the year	-	-
Redeemed/transferred during the year	-	-
As at March 31, 2023	**7,95,10,000**	**795.10**
Issued during the year	45,34,260	45.34
Redeemed/transferred during the year	-	-
As at March 31, 2024	**8,40,44,260**	**840.44**

(B) OTHER EQUITY (REFER NOTE NO.17)

Particulars	Reserves and Surplus							Equity Component of Compound Financial Instruments	Other Comprehensive Income		Equity attributable to the shareholders of the holding Company	Non-Controlling interests	Total Equity
	Securities Premium	Capital Redemption Reserve	General Reserve	Retained Earnings	Share Warrants	Share based payment reserve	Treasury Shares	Compulsory Convertible Debentures (CCD)	Re Measurements of Defined Benefit Plans	Foreign Currency Translation Reserve			
Balances as at April 1, 2022	**2,654.31**	**117.24**	**3,525.01**	**13,421.81**	**-**	**-**	**-**	**-**	**55.38**	**3.46**	**19,777.21**	**687.81**	**20,465.02**
Profit for the Year	-	-	-	4,272.55	-	-	-	-	-	-	4,272.55	723.00	4,995.56
Amount received on account of allotment of share warrants	-	-	-	-	250.08	-	-	-	-	-	250.08	-	250.08
Issue of equity shares	-	-	-	-	-	-	-	-	-	-	-	-	-
Allotment of equity Shares pursuant to conversion of share warrants	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Comprehensive income (net of tax)	-	-	-	-	-	-	-	-	(20.23)	64.26	44.03	-	44.03
Dividend paid	-	-	-	(79.23)	-	-	-	-	-	-	(79.23)	-	(79.23)
Share based payment charge on account of options granted during the year	-	-	-	-	-	44.21	(966.13)	-	-	-	(921.92)	-	(921.92)
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity component of Compulsorily Convertible Debentures (CCD) issued	-	-	-	-	-	-	-	7,479.32	-	-	7,479.32	-	7,479.32
Balance as at March 31, 2023	**2,654.31**	**117.24**	**3,525.01**	**17,615.13**	**250.08**	**44.21**	**(966.13)**	**7,479.32**	**35.16**	**67.72**	**30,822.05**	**1,410.82**	**32,232.87**
Balances as at April 1, 2023	2,654.31	117.24	3,525.01	17,615.13	250.08	44.21	(966.13)	7,479.32	35.16	67.72	30,822.05	1,410.82	32,232.87
Profit for the Year	-	-	-	12,788.46	-	-	-	-	-	-	12,788.46	161.98	12,950.44
Additions to Busniess Combination (Refer Note:51)	-	-	-	-	-	-	-	-	-	-	-	193.56	193.56
Amount received on account of allotment of share warrants	-	-	-	-	750.24	-	-	-	-	-	750.24	-	750.24
Issue of equity shares	8,434.29	-	-	-	-	-	-	-	-	-	8,434.29	-	8,434.29
Exercise of Share Options	-	-	-	-	-	(195.96)	-	-	-	-	(195.96)	-	(195.96)
Issue of Treasury Shares	-	-	-	-	-	-	177.87	-	-	-	177.87	-	177.87
Allotment of equity Shares pursuant to conversion of share warrants	-	-	-	-	(1,000.32)	-	-	-	-	-	(1,000.32)	-	(1,000.32)
Other Comprehensive income (net of tax)	-	-	-	-	-	-	-	-	(29.22)	(39.52)	(68.74)	-	(68.74)
Dividend paid	-	-	-	(166.81)	-	-	-	-	-	-	(166.81)	-	(166.81)
Share based payment charge on account of options granted during the year	-	-	-	-	-	437.69	-	-	-		437.69	-	437.69
Purchase of treasury shares	-	-	-	-	-	-	(477.09)	-	-		(477.09)	-	(477.09)
Equity component of Compulsorily Convertible Debentures (CCD) issued	-	-	-	-	-	-	-	(7,479.32)	-	-	(7,479.32)	-	(7,479.32)
Balance as at March 31, 2024	**11,088.60**	**117.24**	**3,525.01**	**30,236.79**	**-**	**285.94**	**(1,265.34)**	**-**	**5.94**	**28.20**	**44,022.37**	**1,766.36**	**45,788.73**

Summary of Material Accounting Policy Information - Refer Note 3

The accompanying notes form an integral part of the consolidated financial statements

As per our report attached of even date

For **Ramasamy Koteswara Rao and Co LLP**
Chartered Accountants
Firm Registration Number: 010396S/S200084

Murali Krishna Reddy Telluri
Partner
Membership Number: 223022

Place: Hyderabad
Date: May 4, 2024

For and on behalf of the Board of Directors of
Zen Technologies Limited

Ashok Atluri
Chairman & Managing Director
DIN: 00056050

M. Ravi Kumar
Whole-Time Director
DIN: 00089921

Afzal Harunbhai Malkani
Chief Financial Officer

M. Raghavendra Prasad
Company Secretary
M.No.: A41798

Place: Hyderabad
Date: May 4, 2024

Notes to the consolidated financial statements

For the Year ended March 31, 2024

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

1. CORPORATE INFORMATION

The consolidated financial statements (CFS) comprise financial statements of Zen Technologies Limited (the Holding Company) and its subsidiaries (collectively, the Group) for the year ended March 31, 2024.

The Holding Company is a Public Limited Company domiciled in India and incorporated under the provisions of the Companies Act, 1956 having corporate office at B-42, Industrial Estate, Sanathnagar, Hyderabad-500018, Telangana, India. The Equity Shares of the Holding Company are listed on BSE Ltd and National Stock Exchange of India Ltd (NSE) in India

The group is principally engaged in design, development and manufacture of Training Simulators, Anti Drone Systems and operations for Para-military Forces, Armed Forces, Security Forces,Police and Government Departments like Transport, Mining, Infrastructure and Civilian market. The group caters to both domestic and international market. Information on the Group's structure is provided in Note 52.

The consolidated financial statements for the year ended March 31, 2024, were approved by the Board of Directors and authorised for issue on May 4, 2024.

2. BASIS OF PREPARATION AND MEASUREMENT

(i) Statement of compliance & Basis for preparation

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) as prescribed under Section 133 of Companies Act, 2013, (the 'Act') read with Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013,as applicable to the CFS and other relevant provisions of the Act.

The consolidated financial statements have been prepared on a going concern basis. The accounting policies are applied consistently to all the periods presented in the consolidated financial statements except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires change in accounting policy hitherto in use.

The Consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at March 31, 2024. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over investee.

Specifically, the Group controls an investee if and only if the Group has:

a) Power over the investee (i.e, existing rights that give its, the current ability to direct the relevant activities of the investee);

b) Exposure, or rights, to variable returns from its involvement with the investee; and

c) The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

a) The contractual arrangement with the other vote holders of the investee;

b) Rights arising from other contractual arrangements;

c) The Group's voting rights and potential voting rights;

d) The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent Company, i.e., year ended on March 31. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure

a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

b) Offset (eliminate) the carrying amount of the holding Company's investment in each subsidiary and the holding Company's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Holding Company of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

a) Derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;

b) Derecognises the carrying amount of any non-controlling interests;

c) Derecognises the cumulative translation differences recorded in equity;

d) Recognises the fair value of the consideration received;

e) Recognises the fair value of any investment retained;

f) Recognises any surplus or deficit in profit or loss;

g) Recognise that distribution of shares of subsidiary to Group in Group's capacity as owners;

h) Reclassifies the holding Company's share of components previously recognised in OCI to profit or loss or transferred directly to retained earnings, if required by other Ind ASs as would be required if the Group had directly disposed of the related assets or liabilities.

(ii) Functional and presentation currency

These consolidated financial statements are presented in Indian Rupees (INR), which is also the Holding Company's functional currency. All financial information presented in Indian rupees have been rounded-off to two decimal places to the nearest Lakhs unless otherwise stated.

(iii) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following assets and liabilities which have been measured at fair value:

- Certain financial assets and liabilities: Measured at fair value;
- Net defined benefit (asset)/liability: Fair value of plan assets less present value of defined benefit obligations;
- Borrowings: Amortised cost using effective interest rate method.

(iv) Use of estimates and judgements

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 3(M) - lease classification;
- Note 3(M) - leases: whether an arrangement contains a lease and lease classification.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 3(L) - measurement of defined benefit obligations: key actuarial assumptions;
- Note 3(O) - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 3(K) - impairment of financial assets;

- Note 7 & 3(N) - Recoverability/recognition of deferred tax assets;
- Note 3(G) - determining an asset's expected useful life and the expected residual value at the end of its life.

(v) Measurement of fair values

Accounting polices and disclosures require measurement of fair value for both financial and non-financial assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in the measuring fair values is included in the following notes:

- Note 42 - Financial instruments

(vi) Current and non-current classification

The Schedule III to the Act requires assets and liabilities to be classified as either current or non-current. The Group presents assets and liabilities in the balance sheet based on current/ non-current classification.

Assets

An asset is classified as a current when:

- it is expected to be realised in, or is intended for sale or consumption in normal operating cycle;
- it is expected to be realised within twelve months from the reporting date;
- it is held primarily for the purposes of being traded; or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets are classified as non current.

Liabilities

A liability is classified as a current when:

- it expects to settle the liability in its normal operating cycle;
- it is due to be settled within twelve months from the reporting date;
- it is held primarily for the purposes of being traded;
- there is no unconditional right to defer settlement of liability for atleast twelve months from the reporting date. All other liabilities are classified as non-current.

Deferred tax assets/liabilities are classified as non-current.

Operating Cycle

Operating cycle is the time between the acquisition of assets for processing and realisation in cash or cash equivalents. The group has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

A. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

a) Deferred tax assets or liabilities, and the liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.

b) Potential tax effects of temporary differences and carry forwards of an acquiree that exist at the acquisition date or arise as a result of the acquisition are accounted in accordance with Ind AS 12.

c) Liabilities or equity instruments related to share based payment arrangements of the acquiree or share-based payments arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.

d) Assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

e) Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognised in profit or loss in accordance with Ind AS 109. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS and shall be recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

B. Revenue from contracts with customers

Revenue from contracts with customers is recognized, when the group satisfies a performance obligation by transferring a promised good or service to its customers at an amount that reflects the consideration to which the group expects to be entitled upon satisfying those performance obligations.

Revenue from sale of products

Revenue from sale of products is recognised at the point in time when control of the product is transferred to the customer, generally on delivery of the product. The group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of product, the group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration and consideration payable to the customer (if any).

If the consideration in a contract includes a variable amount, the group estimates the amount of consideration to which it will be entitled in exchange for transferring the products to customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associates uncertainty with the variable consideration is subsequently resolved.

Revenue from rendering of services

Group provides Annual Maintenance Contract (AMC) services that are either sold separately or bundled together with the sale of product to a customer. The AMC services do not significantly customise or modify the product.

Contracts for bundled sale of products and AMC services are comprised of two performance obligations because the equipment and AMC services are both sold on a standalone basis and are distinct within the context of the contract. Accordingly, the group allocates the transaction price based on the relative standalone selling prices of the products and AMC services.

The group recognises the revenue from rendering AMC services over time because the customer simultaneously receives and consumes the benefits provided to them. The group uses an output method in measuring progress of the AMC services because there is a direct relationship between the transfer of service to the customer and the time elapsed in the contract term.

Contract Balances

Contract Asset:

In a contract, if the entity performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, it shall be presented as a contract asset, excluding any amounts presented as receivable. A contract asset is an entity's right to consideration in exchange for goods and services that the entity has transferred to the customer.

A Contract asset is initially recognised for revenue earned from AMC services because the receipt of consideration is conditional on successful completion of remaining period of service. Upon completion of the AMC service period and acceptance by the customer, the amount recognised as contract assets is reclassified to trade receivables. Contract assets are subject to impairment assessment. Refer accounting policies on impairment of financial assets in Note K below.

Contract Liability:

If a customer pays consideration, or an entity has a right to an amount of consideration that is unconditional (i.e a receivable), before the entity transfers a good or service to the customer, it shall be presented as a contract liability when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the group performs the contract (i.e, transfers control of the related goods or services to the customer).

Trade Receivables:

A receivable is recognised if an amount of consideration that is unconditional (i.e, only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Note F below.

C. Recognition of Other income

i) Interest income

Interest Income mainly comprises of interest on Margin money deposit relating to bank guarantee, Deposits against Bank Overdraft with banks and other fixed deposits. Interest income should be recorded using the effective interest rate (EIR). However, the amount of margin money deposits relating to bank guarantee and Over draft are purely current in nature, hence effective interest rate has not been applied. Interest is recognized using the time-proportion method, based on rates implicit in the transactions.

ii) Export incentives

The group receives export incentives in the form of MEIS (Merchandise Exports from India Scheme) scripts which do not fall under the scope of Ind AS 115 and are accounted for in accordance with the provisions of Ind AS 20 considering such incentives as Government Assistance. Accordingly government grant relating to Income is recognised on accrual basis when the relevant expense has been charged to statement of Profit and Loss.

D. Borrowing cost

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition, construction or production of an asset which necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

E. Foreign currency transactions and translation

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Group uses average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of the following:

a) Exchange differences arising on monetary items that forms part of a reporting entity's net investment in a foreign operation are recognised in profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity (e.g., consolidated financial statements when the foreign operation is a subsidiary), such exchange differences are recognised initially in OCI. These exchange differences are reclassified from equity to profit or loss on disposal of the net investment.

b) Exchange differences arising on monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss.

c) Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

Group Companies

On consolidation, the assets and liabilities of foreign operations are translated into INR at the rate of exchange prevailing at the reporting date and their statements of profit and loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit and loss.

Any goodwill arising in the acquisition/business combination of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Any goodwill or fair value adjustments arising in business combinations/acquisitions, which occurred before the date of transition to Ind AS (April 1, 2015), are treated as assets and liabilities of the entity rather than as assets and liabilities of the foreign operation. Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the parent and no further translation differences occur.

Gain or loss on a subsequent disposal of any foreign operation excludes translation differences that arose before the date of transition but includes only translation differences arising after the transition date.

F. Financial instruments

A financial instrument is any contract that gives rise to a Financial Asset of one entity and Financial liability or equity instrument of another entity.

Financial assets

i) Initial Recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the group has applied the practical expedient, the group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the group has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in Section (A) Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

ii) Classification and subsequent measurement

All financial assets except Trade receivables are initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

Subsequent measurement: For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through other comprehensive income (FVTOCI) with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- Financial assets at fair value through profit or loss.

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the group changes its business model for managing financial assets.

Financial assets at amortised cost (debt instruments)

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

– the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

– the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category is the most relevant to the group. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. The group's financial assets at amortised cost includes trade receivables, deposits and other non-current and current financial assets.

Financial assets at fair value through OCI (FVTOCI) (debt instruments)

A 'financial asset' is classified as at the FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and

- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. For debt instruments, at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value changes recognised in OCI is reclassified from the equity to profit or loss.

There are no group's debt instruments which are stated at fair value through OCI.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit and loss when the right of payment has been established, except when the group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The group has elected not to classify its investments in equity investments under this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognised in the statement of profit and loss.

This category includes derivative instruments and listed equity investments which the group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised in the statement of profit and loss when the right of payment has been established.

Since the group does not hold any derivative and listed equity investments, there are no financial assets classified at fair value through profit or loss.

Derecognition

A Financial asset is primarily derecognised when the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial Liabilities

i) Initial Recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

ii) Subsequent measurement:

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss;
- Financial liabilities at amortised cost (loans and borrowings).

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to P&L. However, the group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss. The group has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost (Loans and borrowings)

This is the category most relevant to the group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss. This category generally applies to borrowings.

iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

iv) Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if there is a currently and legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

v) Compulsorily Convertible Debentures

Compulsorily Convertible debentures are separated into liability and equity components based on the terms of the contract.

On issuance of the Compulsorily Convertible debentures, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity since conversion option meets Ind AS 32 criteria for fixed to fixed classification. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the Compulsorily Convertible debentures based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

vi) Reclassification of financial Instruments

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. If the Group reclassifies financial assets, it applies the reclassification prospectively.

G. Property, plant and equipment

i) Recognition and measurement

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment loss, if any. Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs (Present Value) of dismantling and removing the item and restoring the site on which it is located. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to statement of profit or loss during the reporting period in which they are incurred. If an item of property, plant and equipment is purchased with deferred credit period from supplier, such asset is recorded at its cash price equivalent value.

ii) Depreciation

Depreciation is recognized in the statement of profit and loss on a straight line basis over the estimated useful lives of property, plant and equipment based on to the Companies Act, 2013 ("Schedule II"), which prescribes the useful lives for various classes of tangible assets. For assets acquired or disposed off during the year, depreciation is provided on pro rata basis. Land is not depreciated.

The group, based on technical assessment and management estimate, depreciates certain items of property, plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Act. The Management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. The group has estimated the following useful lives to provide depreciation on its property, plant and equipment:

Asset category	Useful life as per Schedule II	Management estimate of useful life
Buildings (Other than Factory Buildings)	60 years	60 years
Factory Buildings	30 years	30 years
Plant and Equipment	15 years	15 years
Furniture and Fixtures	10 years	10 years
Motor Vehicles	10 years	10 years
Testing Equipment's	10 years	10 years
Office Equipment's	5 years	5 years
Demo Equipment	5 years	5 years
Computers		
- Servers and networks	6 years	6 years
- End user devises such as laptops, etc.	3 years	3 years

In case of Building on leasehold land, the depreciation is charged based on useful life of the building or the lease period whichever is lower. In the case of leased hold building improvements, the depreciation is charged based on useful life of the improvements which is 10 years or lease period including expected renewal period which ever is lower.

Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date is disclosed as capital advances under other non-current assets.

The group assesses at each balance sheet date, whether there is objective evidence that an asset or a group of assets is impaired. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Recoverable amount is higher of the value in use or fair value less cost to sell.

H. Intangible assets

i) Recognition and measurement

Intangible assets that are acquired, are recognized at cost initially and carried at cost less accumulated amortization and accumulated impairment loss, if any. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

An intangible asset is derecognised upon disposal (i.e, at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss, when the asset is derecognised.

ii) Amortisation

Amortisation is calculated to write off the cost of intangible assets over their estimated useful lives using the "Straight line method" (SLM) method, and is included in depreciation and amortisation in statement of profit and loss.

The estimated useful lives are as follows:

- Software - 3 years

Amortisation method and useful lives are reviewed at the end of each financial year and adjusted if appropriate.

I. Capital work-in-progress

Capital work-in-progress is recognized at cost, net of accumulated impairment loss, if any. It comprises of property, plant and equipment that are not yet ready for their intended use at the reporting date.

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

J. Inventories

Inventories consist of raw materials, stores and spares, work-in-progress and finished goods and are measured at the lower of cost or net realizable value. However raw materials which are used in the process of production are not written down below the cost if the finished goods produced from consumption of such material are sold at or above the cost.

The cost of all categories of inventories is based on the weighted average method. Cost includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of finished goods and work-in-progress, cost includes an appropriate share of overheads based on normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

K. Impairment of assets

i) Impairment of financial instruments

The group recognises loss allowances for expected credit losses on financial assets measured at amortised cost and trade receivables. At each reporting date, the group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The group measures loss allowances at an amount equal to lifetime expected credit losses.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12 months expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the group's historical experience and informed credit assessment and including forward-looking information.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the group in accordance with the contract and the cash flows that the group expects to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the group's procedures for recovery of amounts due.

ii) Impairment of non-financial assets

The group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the group operates, or for the market in which the asset is used.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

The group's corporate assets (e.g., central office building for providing support to various CGUs) do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss.

In respect of assets for which impairment loss has been recognised in prior periods, the group reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

L. Employee benefits

(i) Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services upto the end of the reporting period and are measured on an undiscounted basis at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The group makes specified monthly contributions towards Government administered provident fund scheme and other funds. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in statement of profit and loss in the periods during which the related services are rendered by employees.

(iii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability or asset recognised in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by a qualified actuary using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

(iv) Termination benefits

Termination benefits are recognized as an expense when the group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

(v) Other long-term employee benefits

The group's net obligation in respect of other long term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and previous periods. That benefit is discounted to determine its present value. Re-measurements are recognized in the statement of profit and loss in the period in which they arise

(vi) Employee Share Based Payments

Equity Settled Transactions

Equity-settled share-based payments to employees are measured by reference to the fair value of the equity instruments at the grant date using Intrinsic value method.

The fair value, determined at the grant date of the equity-settled share-based payments, is charged to Statement of Profit and Loss on a systematic basis over the vesting period of the option s in accordance with Ind AS 102 Share-based Payment, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in other equity.

In case of forfeiture/lapse stock option, which is not vested, amortised portion is reversed by credit to share based payment expenses. In a situation where the stock option expires unexercised, the related balance standing to the credit of the Share-based Payment Reserve Account is transferred within other equity.

M. Leases

The group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a Lessor

Leases for which the group is a lessor are classified as a finance or operating lease. Whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Rental income from operating leases are recognised on straight line basis over the term of relevant lease.

Group as a Lessee

The group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The group determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the group is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the group is reasonably certain not to exercise that option. In assessing whether the group is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the group to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The group revises the lease term if there is a change in the non-cancellable period of a lease.

Right of use asset

The group recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

Lease Liability

The group measures the lease liability at present value of the future lease payments at the commencement date of the lease. In calculating the present value of lease payments, the group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable.. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The group recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the group recognises any remaining amount of the re-measurement in statement of profit and loss.

Short-term leases and leases of low-value assets

The group applies the short-term lease recognition exemption to its short-term leases of buildings, machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

N. Income taxes

Taxes comprises Current Tax, Deferred tax and MAT credit. It is recognised in profit or loss except to the extent that it relates to an item recognised directly in equity or in other comprehensive income.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretations and considers whether it is probable that a taxation authority will accept an uncertain tax treatment.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction; and

- temporary differences related to investments in subsidiaries to the extent that the group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences, the carry forwards of unused tax credits and unused tax losses. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the group recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/reduced to the extent that it is probable/no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognised within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date. If the carrying amount of goodwill is zero, any remaining deferred tax benefits are recognised in OCI/capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realised are recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(iii) Minimum Alternate Tax (MAT) Credit

Minimum alternate tax (MAT) credit is recognised in accordance with tax laws in India as an asset only when and to the extent there is convincing evidence that the group will pay normal income tax during the specified period. The group reviews the MAT credit at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the group will pay normal income tax during the specified period.

O. Provision, contingent liabilities and contingent assets

Provision

A provision is recognised if, as a result of a past event, the group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised under finance costs. Expected future operating losses are not provided for. Provision in respect of loss contingencies relating to claims, litigations, assessments, fines and penalties are recognised when it is probable that a liability has been incurred and the amount can be estimated reliably.

Contingent liabilities and contingent assets

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.

Contingent assets are not recognised in financial statement. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognised as an asset.

Contingent Liabilities/Assets to the extent the Management is aware, are disclosed by way of notes to the financial statements.

P. Government grants

Grants & Subsidies received from the Governments are recognised only when there is reasonable assurance that:

a. The group will comply with the conditions attached to the grant;

b. There is a reasonable certainty that the grant will be received.

Government grants related to assets are treated as deferred income and are recognized in net profit in the statement of Profit & Loss on a systematic and rational basis over the useful life of the asset. Government grants related to revenue are recognized on a systematic basis in net profit in the Statement of Profit & Loss over the periods necessary to match them with the related costs which they are intended to compensate.

When loans or similar assistance are provided by Governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a Government grant. The loan or assistance is initially recognized and measured at fair value and the Government grant is measured as the difference between the fair value of the loan and the proceeds received. It is recognized as deferred income and released to statement of Profit & Loss in proportionate over the loan tenure and presented within other income. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

Q. Earnings per share

Basic Earnings Per Share ('EPS') is computed by dividing the net profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the period excluding the treasury shares in accordance with Ind AS 33 Earnings per share.

Diluted earnings per share is computed by dividing the net profit by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a later date. In computing diluted earnings per share, only potential equity shares that are dilutive and that either reduces earnings per share or increases loss per share are included. The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for the share splits.

R. Statement of cash flow

Cash flows are reported using the indirect method, whereby net profit/(loss) before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating (operating activities), investing and financing activities of the group are segregated.The Group considers all highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value to be cash equivalents.

S. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts and Cash Credit that are repayable on demand and form an integral part of our cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.Whereas they are classified as borrowings under current liabilities in the balance sheet.

T. Research and Development Costs (Product Development)

Research expenditure is recognized as an expense when it is incurred. Development expenditure on an individual project are recognised as an intangible asset when the group can demonstrate:

a) The technical feasibility of completing the intangible asset so that the asset will be available for use or sale;

b) Its intention to complete and its ability and intention to use or sell the product;

c) How the asset will generate future economic benefits;

d) The availability of resources to complete the asset;

e) The ability to measure reliably the expenditure during development.

Expenditure on development which does not meet the criteria for recognition as an intangible asset is recognized as an expense when it is incurred.

Items of property, plant and equipment and acquired Intangible Assets utilized for Research and Development are capitalized and depreciated in accordance with the policies stated for Property, Plant and Equipment and Intangible Assets.

U. Events after reporting date

Where events occurring after the balance sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the balance sheet date of material size or nature are only disclosed.

V. Treasury shares

The Group has formed an Employee Welfare Trust (EWT) for providing share-based payment to its employees. The Group uses EWT as a vehicle for distributing shares to employees under the Employee Stock Option Plan-2021. The EWT purchase shares of the Holding Company from the secondary market, for giving shares to employees. The Group treats EWT as its extension and shares held by EWT are treated as treasury shares.

Own equity instruments that are re-acquired (treasury shares) are recognised at cost and deducted from other equity. No gain or loss is recognised on the purchase, sale, issue, or cancellation of the Group's own equity instruments. Share options whenever exercised, would be settled from such treasury shares.Any difference between the carrying amount and the consideration,if reissued/sold, is recognised in other equity (General Reserve).

W. Cash dividend to equity holders

The Group recognises a liability to make cash distributions to the equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in other equity.

X. Errors and estimates

The Group revises it's accounting policies if the change is required due to a change in Ind AS or if the change will provide more relevant and reliable information to the users of the financial statements. Changes in accounting policies are applied retrospectively, unless it is impracticable to apply.

A change in an accounting estimate that results in changes in the carrying amounts of recognised assets or liabilities or to statement of profit and loss is applied prospectively in the period(s) of change.

Y. Recent pronouncements

Ministry of Corporate Affairs ('MCA') notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

NOTE 4A. PROPERTY, PLANT AND EQUIPMENT

Particulars	Land	Building	Computers	Plant & Machinery	Office Equipment	Testing Equipment	Shed	Demo Equipment	Furniture & Fixtures	Vehicles	Total
Cost											
As at April 1, 2022	**648.95**	**5,552.40**	**590.44**	**313.86**	**621.34**	**84.92**	**-**	**441.40**	**625.86**	**361.49**	**9,240.65**
Additions during the year	-	11.91	172.88	36.82	80.03	334.01	-	660.09	50.68	21.50	1,367.91
Deletions/adjustments	-	-	-	-	(0.30)	-	-	-	-	(13.00)	(13.30)
As at March 31, 2023	**648.95**	**5,564.31**	**763.31**	**350.68**	**701.07**	**418.93**	**-**	**1,101.48**	**676.53**	**369.99**	**10,595.27**
Additions during the year	-	335.30	374.09	317.06	35.15	590.41	10.74	322.97	69.77	23.24	2,078.74
Deletions/adjustments	-	-	-	-	-	-	-	(38.55)	-	(15.71)	(54.26)
As at March 31, 2024	**648.95**	**5,899.61**	**1,137.41**	**667.75**	**736.22**	**1,009.34**	**10.74**	**1,385.91**	**746.31**	**377.52**	**12,619.75**
Accumulated Depreciation											
As at April 1, 2022	**-**	**1,180.00**	**488.78**	**205.11**	**519.53**	**67.98**	**-**	**296.13**	**321.74**	**247.01**	**3,326.27**
For the Year	-	128.67	87.16	16.72	55.65	37.61	-	73.69	55.03	28.76	483.28
Deletions/adjustments	-	-	-	-	(0.01)	-	-	-	-	(13.00)	(13.01)
Exchange Difference	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2023	**-**	**1,308.67**	**575.94**	**221.83**	**575.17**	**105.59**	**-**	**369.82**	**376.76**	**262.76**	**3,796.55**
For the Year	-	135.32	159.43	25.80	39.11	110.57	0.07	221.22	57.74	30.06	779.32
Deletions/adjustments	-	-	-	-	-	-	-	(7.82)	-	(15.66)	(23.48)
Exchange Difference											-
As at March 31, 2024	**-**	**1,443.99**	**735.37**	**247.63**	**614.28**	**216.16**	**0.07**	**583.22**	**434.50**	**277.16**	**4,552.38**
Carrying Value											
As at March 31, 2023	**648.95**	**4,255.64**	**187.38**	**128.85**	**125.90**	**313.34**	**-**	**731.66**	**299.77**	**107.23**	**6,798.72**
As at March 31, 2024	**648.95**	**4,455.62**	**402.04**	**420.12**	**121.94**	**793.18**	**10.67**	**802.69**	**311.80**	**100.36**	**8,067.37**

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

NOTE 4B. INTANGIBLE ASSETS

Particulars	Computer Software	Other Intangible Assets	Total
Cost			
As at April 1, 2022	**1,046.64**	**696.02**	**1,742.66**
Additions during the year	24.53	-	24.53
Deletions/Adjustments	-	-	-
As at March 31, 2023	**1,071.16**	**696.02**	**1,767.18**
Additions during the year	12.75	-	12.75
Deletions/Adjustments	-	-	-
As at March 31, 2024	**1,083.91**	**696.02**	**1,779.93**
Accumulated Ammortization			
As at April 1, 2022	**1,038.27**	**201.75**	**1,240.02**
For the Year	10.36	69.60	79.96
Deletions/Adjustments	-	-	-
As at March 31, 2023	**1,048.63**	**271.35**	**1,319.98**
For the Year	11.26	69.79	81.06
Deletions/Adjustments	-	-	-
As at March 31, 2024	**1,059.89**	**341.14**	**1,401.04**
Carrying value			
As at March 31, 2023	**22.53**	**424.67**	**447.20**
As at March 31, 2024	**24.02**	**354.88**	**378.89**

NOTE 4C. CAPITAL WORK-IN-PROGRESS

Particulars	March 31, 2024	March 31, 2023
Opening Balance	191.73	252.28
Add: Additions during the year	1,244.52	257.96
Less: Capitalisations during the year	(430.20)	(318.51)
Closing Balance	**1,006.05**	**191.73**

Ageing Schedule of Capital work-in-progress:

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at March 31, 2024					
- Projects in progress	1,006.05	-	-	-	**1,006.05**
- Projects temporarily suspended	-	-	-	-	-
As at March 31, 2023					
- Projects in progress	100.96	90.77	-	-	**191.73**
- Projects temporarily suspended	-	-	-	-	-

NOTE 4D. RIGHT-OF-USE ASSETS

The Company's lease asset consists of leases of land and buildings and vehicle having the various lease terms. Accordingly, the Company has adopted Ind AS 116 "Leases" to all lease contracts:

Particulars	Right-of-use assets	Total
Cost		
As at April 1, 2022	**214.15**	**214.15**
Additions during the year	-	-
Deletions/Adjustments	-	-
As at March 31, 2023	**214.15**	**214.15**
Additions during the year	535.96	535.96
Deletions/Adjustments	-	-
As at March 31, 2024	**750.11**	**750.11**
Accumulated Depreciation		
As at April 1, 2022	**9.02**	**9.02**
For the Year	42.41	42.41
Deletions/Adjustments	-	-
As at March 31, 2023	**51.43**	**51.43**
For the Year	108.68	108.68
Deletions/Adjustments	-	-
As at March 31, 2024	**160.12**	**160.12**
Carrying Value		
As at March 31, 2023	**162.72**	**162.72**
As at March 31, 2024	**590.00**	**590.00**

The following amounts related to Right-of-use assets were recognised in the statement of profit or loss:

Particulars	March 31, 2024	March 31, 2023
Interest expense	7.69	0.77
Amortisation expense	108.68	3.01
Total	**116.37**	**3.78**

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

NOTE 4E. GOODWILL

Particualrs	March 31, 2024	March 31, 2023
Opening balance	115.80	115.80
Add/(Less): Acquisition/(Sale) of subsidiaries	185.90	-
Closing balance	**301.70**	**115.80**

1. During the FY 2019-20, the holding Company has acquired 51% of control through purchase of equity shares of Unistring Tech Solutions Private Limited. The Group has accounted for business combination based on fair value of the identified assets, liabilities and contingent liabilities as on date of acquisition and recognised goodwill of ₹ 115.80 Lakhs.

2. During the Current Finanical Year, the holding Company has acquired 51% of control through purchase of equity shares of Aituring Technologies Private Limited. The Group has accounted for business combination based on fair value of the identified assets, liabilities and contingent liabilities as on date of acquisition and recognised goodwill of ₹ 185.90 Lakhs.

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

NOTE 4F. INTANGIBLE ASSETS UNDER DEVELOPMENT

Particualrs	Project in Progress	Total
As at April 1, 2022		
Additions during the year	-	-
Capitalisation/adjustments	-	-
As at March 31, 2023	**-**	**-**
Additions during the year	82.29	82.29
Capitalisation/adjustments	-	-
As at March 31, 2024	**82.29**	**82.29**

Ageing Schedule of Intangible assets under development

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at March 31, 2024					
- Projects in progress	82.29	-	-	-	**82.29**
- Projects temporarily suspended	-	-	-	-	-
As at March 31, 2023					
- Projects in progress	-	-	-	-	-
- Projects temporarily suspended	-	-	-	-	-

5. INVESTMENTS (NON-CURRENT)

Particulars	March 31, 2024	March 31, 2023
Investment in Others:		
17,500 (31 Mar 2022 - 17,500) Equity shares and 2,139 (31 Mar 2022 - 2,139) Class Seed Preferred shares of Paladin AI INC.,*	224.22	224.22
Less: Provision for Impairment of Investments	(224.22)	-
	-	**224.22**

*Investment in Paladin AI Inc is measured at cost as it approximates the fair value.

6. OTHER FINANCIAL ASSETS

6A. Other financial assets (Non-current) (Unsecured, considered good)

Particulars	March 31, 2024	March 31, 2023
Security Deposits	61.64	29.02
Deposits with government, public bodies and others	14.31	14.31
Bank Deposits maturity more than 12 Months	2,280.25	4,450.43
Others	46.96	-
Advance for acquisition of Shares*	252.84	252.84
	2,656.00	**4,746.61**

*Advance for Acquisition for investments are in Paladin AI INC., which is yet to allot the Shares.

6B. Other Financial assets (Current)

Particulars	March 31, 2024	March 31, 2023
Unsecured, Considered good		
Accrued Income but not due	818.09	895.08
Interest accrued but not due on deposits	180.99	148.44
	999.08	**1,043.52**

Note: Refer Note 42 for Classification of financial instruments.

7. DEFERRED TAX LIABILITIES/(ASSETS) - (NET)

Particulars	March 31, 2024	March 31, 2023
Deferred Tax Asset		
Deferred Tax Asset on MAT credit entitlement	-	(1,886.92)
Deferred Tax Asset on Gratuity	(72.34)	(154.65)
Deferred Tax Asset on Leases	(2.75)	(0.16)
Disallowances under Income Tax Act, 1961,allowed on payment basis	-	-
Deferred Tax Liability		
Accelerated depreciation for tax purposes	719.78	644.07
On Other comprehensive income	(22.33)	(7.79)
Net Deferred tax Asset	**622.37**	**(1,405.44)**

Note: Refer Note 35 for further details.

8. OTHER NON-CURRENT ASSETS

Particulars	March 31, 2024	March 31, 2023
Prepaid expenses#	62.11	15.55
Capital Advances	6.13	6.13
Others##	65.44	51.84
	133.68	**73.53**

#represents amount paid in advance for the items that had not yet occurred as of the end of the financial year, including Bank Guarantee Commission, Employees Health Insurance and General Insurance expenses.

##represents the cost of articles owned by the group for the purpose of business promotion.

9. INVENTORIES (VALUED AT LOWER OF COST AND NET REALISABLE VALUE)

Particulars	March 31, 2024	March 31, 2023
Raw material	8,252.54	1,247.79
Work-in-progress	8,636.34	3,367.00
Finished Goods	19.00	285.17
	16,907.87	**4,899.96**

Note:

- Valuation of Inventories has been made as per Company's Accounting Policy No 3J
- Cost of inventories (including cost of purchased products) recognized as expense during the year ended March 31, 2024 and March 31, 2023 amounted to ₹ 11,801.88 Lakhs and ₹ 5,863.20 Lakhs, respectively.
- For details of hypothecation of inventory, refer Note No 21(i).

10. TRADE RECEIVABLES

Particulars	March 31, 2024	March 31, 2023
Unsecured, considered good		
Trade Receivables	18,802.49	8,585.26
Less: Allowance for Expected Credit Loss	(352.34)	(46.02)
	18,450.15	**8,539.24**

Note:

- Receivables do not include any amount due and recoverable from directors or other officers of the Holding Company, or Companies under the same management.
- Trade Receivables are Non Interest Bearing.
- For details of hypothecation of trade receivables, refer Note No 21(i).

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

10A. Ageing Schedule of Trade receivables:

As at March 31, 2024

Particulars	Outstanding for the following periods from the due date of payment						Total
	Not Due	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables - considered good	12,444.77	3,190.54	2,414.38	275.86	399.20	77.73	18,802.49
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - Credit Impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
(v) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
	12,444.77	**3,190.54**	**2,414.38**	**275.86**	**399.20**	**77.73**	**18,802.49**
Less: Allowance for Expected Credit Loss							(352.34)
Total	**12,444.77**	**3,190.54**	**2,414.38**	**275.86**	**399.20**	**77.73**	**18,450.15**

As at March 31, 2023

Particulars	Outstanding for the following periods from the due date of payment						Total
	Not Due	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables - considered good	7,629.81	300.21	121.19	399.38	-	-	8,450.59
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	3.02	131.65	134.67
(iii) Undisputed Trade Receivables - Credit Impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
(v) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
	7,629.81	**300.21**	**121.19**	**399.38**	**3.02**	**131.65**	**8,585.26**
Less: Allowance for Expected Credit Loss							(46.02)
Total	**7,629.81**	**300.21**	**121.19**	**399.38**	**3.02**	**131.65**	**8,539.24**

11. CASH AND CASH EQUIVALENTS

Particulars	March 31, 2024	March 31, 2023
Cash on hand	9.64	11.21
Balances with banks		
- In current accounts	1,960.92	7,952.18
- In Overdraft accounts	199.26	1,415.54
- In Fixed Deposits with original maturity Less than 3 months	1,501.03	1,646.42
	3,670.85	**11,025.36**

Note:

- There is no restriction with regard to cash and cash equivalents as at the end of each reporting period and prior period.
- Refer Note 42 for Classification of financial instruments.

12. OTHER BANK BALANCES

Particulars	March 31, 2024	March 31, 2023
Balances with banks for unclaimed dividend	6.45	7.10
Fixed Deposits with original maturity More than 3 months & Less than 12 months	5,320.93	2.05
Deposits against Bank Guarantee's*	6,748.32	5,514.68
- Deposits against OD's		
Other Fixed Deposits	70.80	187.15
	12,146.50	**5,710.99**

Note:

- All Fixed deposits were kept with Scheduled banks only.
- There are no amounts due and outstanding to be credited to the Investors Education and Protection Fund as at March 31, 2024 and March 31, 2023.
- Refer Note 42 for Classification of financial instruments.

*These deposits are held as margin money against bank guarantee.

13. LOANS

Particulars	March 31, 2024	March 31, 2023
Unsecured-Considered Good		
Others	79.94	-
	79.94	**-**

14. CURRENT TAX ASSETS (NET)

Particulars	March 31, 2024	March 31, 2023
Taxes Paid	265.49	88.66
	265.49	**88.66**

15. OTHER CURRENT ASSETS

Particulars	March 31, 2024	March 31, 2023
Unsecured, considered good		
Prepaid Expenses	279.66	191.81
Office Rent Advance	15.53	14.72
Balance with Statutory Authorities	4,818.31	953.19
Captail Advance	34.59	-
Advance to material suppliers(Creditors)	4,148.41	700.83
Duty Credit Scripts under MEIS scheme	0.41	-
Advances to Employees	17.48	35.30
	9,314.38	**1,895.84**

16. EQUITY SHARE CAPITAL

Particulars	Equity Shares	
	No. of shares	Amount in Lakhs
(i) Authorised share capital		
As at April 1, 2022	**20,00,00,000**	**2,000.00**
Increase/(Decrease) during the year	-	-
As at March 31, 2023	**20,00,00,000**	**2,000.00**
Increase/(Decrease) during the year	-	-
As at March 31, 2024	**20,00,00,000**	**2,000.00**

Particulars	Equity Shares	
	No. of shares	Amount in Lakhs
(ii) Issued share capital		
Equity share of ₹ 1 each issued, subscribed and fully paid up		
As at April 1, 2022	**7,95,10,000**	**795.10**
Increase/(Decrease) during the year	-	-
As at March 31, 2023	**7,95,10,000**	**795.10**
Increase/(Decrease) during the year	45,34,260	45.34
As at March 31, 2024	**8,40,44,260**	**840.44**

(iii) Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 1/- each. Each equity share holder is entitled to one vote per equity share held.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(iv) The details of shares held by shareholder holding more than 5% of shares in the Company

Particulars	March 31, 2024		March 31, 2023	
	Number of shares held	% of holding	Number of shares held	% of holding
Equity shares of ₹ 1/- each fully paid up				
Ashok Atluri	2,15,46,103	25.64%	2,13,11,220	26.80%
Kishore Dutt Atluri	1,57,40,970	18.73%	1,57,56,220	19.82%

(v) For Compulsorily Convertible Debentures (CCDs) refer Note 48.

(vi) Shares held by promoters

As at March 31, 2024

Promoter Name	Class of Equity share	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total shares	% Change during the year
Ashok Atluri	Equity share of ₹ 1 each	2,13,11,220	2,34,883	2,15,46,103	25.64%	1.10%
Kishore Dutt Atluri	Equity share of ₹ 1 each	1,57,56,220	(15,250)	1,57,40,970	18.73%	(0.10%)
Tara Dutt Atluri	Equity share of ₹ 1 each	33,89,756	(15,00,000)	18,89,756	2.25%	(44.25%)
Rama Devi Atluri	Equity share of ₹ 1 each	26,70,000	-	26,70,000	3.18%	0.00%
Satish Atluri	Equity share of ₹ 1 each	11,84,000	-	11,84,000	1.41%	0.00%
Anisha Atluri	Equity share of ₹ 1 each	10,00,000	-	10,00,000	1.19%	0.00%
Arjun Dutt Atluri	Equity share of ₹ 1 each	10,00,000	-	10,00,000	1.19%	0.00%
Ravi Kumar Midathala	Equity share of ₹ 1 each	7,50,000	(2,50,000)	5,00,000	0.59%	(33.33%)
Beena Atluri	Equity share of ₹ 1 each	4,34,364	-	4,34,364	0.52%	0.00%
Nagarjunudu Kilari	Equity share of ₹ 1 each	1,50,290	-	1,50,290	0.18%	0.00%
Indira Garapati	Equity share of ₹ 1 each	1,20,000	-	1,20,000	0.14%	0.00%
Nandita Sethi	Equity share of ₹ 1 each	50,000	-	50,000	0.06%	0.00%

As at March 31, 2023

Promoter Name	Class of Equity share	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total shares	% Change during the year
Ashok Atluri	Equity share of ₹ 1 each	2,13,11,220	-	2,13,11,220	26.80%	0.00%
Kishore Dutt Atluri	Equity share of ₹ 1 each	1,57,56,220	-	1,57,56,220	19.82%	0.00%
Tara Dutt Atluri	Equity share of ₹ 1 each	34,19,756	(30,000)	33,89,756	4.26%	(0.88%)
Rama Devi Atluri	Equity share of ₹ 1 each	26,70,000	-	26,70,000	3.36%	0.00%
Satish Atluri	Equity share of ₹ 1 each	11,84,000	-	11,84,000	1.49%	0.00%
Anisha Atluri	Equity share of ₹ 1 each	10,00,000	-	10,00,000	1.26%	0.00%
Arjun Dutt Atluri	Equity share of ₹ 1 each	10,00,000	-	10,00,000	1.26%	0.00%
Ravi Kumar Midathala	Equity share of ₹ 1 each	7,90,000	(40,000)	7,50,000	0.94%	(5.06%)
Beena Atluri	Equity share of ₹ 1 each	4,04,364	30,000	4,34,364	0.55%	7.42%
Nagarjunudu Kilari	Equity share of ₹ 1 each	1,50,290	-	1,50,290	0.19%	0.00%
Indira Garapati	Equity share of ₹ 1 each	1,20,000	-	1,20,000	0.15%	0.00%
Nandita Sethi	Equity share of ₹ 1 each	50,000	-	50,000	0.06%	0.00%

(vii) Shares Reserved for issue under options

For details of shares reserved for issue under the employee stock option ("ESOP") plan of the Company, please refer note 45.

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

17. OTHER EQUITY

Particulars	Note No.	March 31, 2024	March 31, 2023
Securities premium	17.1	11,088.60	2,654.31
Capital redemption reserve	17.2	117.24	117.24
General reserve	17.3	3,525.01	3,525.01
Retained earnings	17.4	30,236.79	17,615.13
Share Warrants	17.5	-	250.08
Other Comprehensive Income	17.6	34.14	102.88
Equity Component of Compound Financial Instruments	17.7	-	7,479.32
Share Based Payments Reserve	17.8	285.94	44.21
Treasury Shares	17.9	(1,265.34)	(966.13)
		44,022.37	**30,822.05**
Non-Controlling Interests (NCI)	17.10	1,766.36	1,410.82
		45,788.73	**32,232.87**

17.1 Securities premium

Particulars	March 31, 2024	March 31, 2023
Opening balance	2,654.31	2,654.31
Add: Additions during the year	8,434.29	-
	11,088.60	**2,654.31**

Amount received on issue of shares in excess of the face value has been classified as securities premium. This reserve will be utilised in accordance with provisions of Section 52 of the Companies Act, 2013.

17.2 Capital redemption reserve

Particulars	March 31, 2024	March 31, 2023
Opening balance	117.24	117.24
Add: Additions during the year	-	-
	117.24	**117.24**

As per the Companies Act, 2013 Capital Redemption Reserve is created when Company purchases its own shares out of free reserves or securities premium. A sum equal to the nominal value of shares so purchased during the FY 13-14 is transferred to capital redemption reserve. The reserve is utilised in accordance with the provisions of Section 69 of the Companies Act, 2013.

17.3 General reserve

Particulars	March 31, 2024	March 31, 2023
Opening balance	3,525.01	3,525.01
Add: Additions during the year	-	-
	3,525.01	**3,525.01**

The Company has transferred a portion of the net profit of the Company before declaring dividend to general reserve pursuant to the earlier provisions of the Companies Act, 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013.

17.4 Retained earnings

Particulars		March 31, 2024	March 31, 2023
Opening balance		17,615.13	13,421.81
Add: Net profit for the year		12,788.46	4,272.55
	(A)	**30,403.59**	**17,694.36**
Less: Dividend distributed to equity shareholders	(B)	(166.81)	(79.23)
	(A-B)	**30,236.79**	**17,615.13**

Retained earnings are the profits that the Group has earned till date, less any transfers to general reserve, dividends or other distributions to shareholders.

17.5 Share Warrants

Particulars		March 31, 2024	March 31, 2023
Opening balance		250.08	250.08
Add: Amount received on account of allotment of share warrants		750.24	
	(A)	**1,000.32**	**250.08**
Less: Allotment of equity Shares pursuant to conversion of share warrants	(B)	1,000.32	-
	(A-B)	**-**	**250.08**

During the FY 2021-22, the Company has issued share warrants and 25% of the subscription amount was received at the time of allotment of share warrants. Balance amount (75%) will be received pursuant to duly conversion of share warrants into equity shares.

17.6 Other Comprehensive Income

Particulars	March 31, 2024	March 31, 2023
Actuarial Gain or Loss		
Opening balance	35.16	55.38
Add: Additions during the year	(29.22)	(20.23)
Closing Balance	**5.94**	**35.16**
Foreign Currency Translation Reserve		
Opening balance	67.72	3.46
Add: Additions during the year	(39.52)	64.26
Closing Balance	**28.20**	**67.72**
	34.14	**102.88**

Other Comprehensive Income (OCI) represents the amount recognised in other equity consequent to remeasurement of Defined Benefit Plan and Exchange differences arising on translation of the foreign operations

17.7 Equity Component of Compound Financial Instruments

Particulars		March 31, 2024	March 31, 2023
Opening balance		7,479.32	7,479.32
Add: Equity component of Compulsorily Convertible Debentures (CCD) issued		-	-
	(A)	**7,479.32**	**7,479.32**
Less: Allotment of equity Shares pursuant to conversion of CCD's	(B)	7,479.32	-
	(A-B)	**-**	**7,479.32**

Refer Note 48 for further details.

17.8 Share Based Payments Reserve

Particulars	March 31, 2024	March 31, 2023
Opening balance	44.21	-
Add: Share based payment charge on account of options granted during the year	437.69	44.21
	481.90	**44.21**
Less: Exercise of Share Options	195.96	-
	285.94	**44.21**

The share options based payment reserve is used to recognise the grant date fair value of options issued to employees under Employee stock option plan.

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

17.9 Treasury Shares

Particulars	March 31, 2024	March 31, 2023
Opening balance	(966.13)	-
Add: Amount on account of purchase of treasury shares	(477.09)	(966.13)
	(1,443.22)	**(966.13)**
Less: Issue of Treasury Shares	(177.87)	-
	(1,265.34)	**(966.13)**

Treasury Shares: The reserve for shares of the parent Company held by the Zen Technologies Limited Employees Welfare Trust (ESOP Trust). The parent Company has issued employees stock option scheme for its employees. The shares of the parent Company have been purchased and held by ESOP Trust to issue and allot to employees at the time of exercise of ESOP by Employees.

17.10 Non-Controlling interests (NCI)

Particulars	March 31, 2024	March 31, 2023
Opening balance	1,410.82	687.81
Add: Additions to Busniess Combination (Refer Note:51)	193.56	-
Add: Net profit/(loss) attributable to NCI	161.98	723.00
	1,766.36	**1,410.82**

It represents the difference between the consideration paid and the carrying value of non-controlling interest acquired in subsidiaries.

- Refer Note 51 for additions to Business Combination.

18. BORROWINGS (NON-CURRENT)

Particulars	March 31, 2024	March 31, 2023
Secured (at amortized cost)		
Vehicle loans from banks		
(a) Yes Bank	-	-
Unsecured (at amortized cost)		
(b) Compulsory Convertible Debentures (CCDs)	-	-
(c) Others	-	-

Details of borrowings:

(i) Borrowings mentioned in (a) are secured by the hypothecation of respective vehicles for which loans are availed.

(ii) Borrowings mentioned in (b) is the financial liability component of CCDs issued during the year which is carried at interest rate of 8.50% p.a.

19.1 LEASE LIABILITIES

Particulars	March 31, 2024	March 31, 2023
Non-Current		
At amortised cost		
Lease Liability	413.53	43.38
	413.53	**43.38**
Current		
At amortised cost		
Lease Liability	128.35	42.57
	128.35	**42.57**

Particulars	March 31, 2024	March 31, 2023
Deferred Govt. Grant (IDEX SPARK Grant)	15.00	-
	15.00	**-**

19.2 OTHER FINANCIAL LIABILITIES

Particulars	March 31, 2024	March 31, 2023
Unclaimed dividends	6.45	7.10
Provision for expenses	695.80	520.25
Salaries and benefits	354.78	227.65
Bonus and incentives	136.45	102.53
Other payables	839.91	152.38
	2,033.39	**1,009.91**

Note: Refer Note 42 for classification of financial instruments.

20. PROVISIONS

Particulars	March 31, 2024	March 31, 2023
Non-Current		
- Provision for gratuity	379.53	282.96
	379.53	**282.96**
Current		
- Provision for Income Tax	141.40	599.71
- Other Provisions	6.76	6.18
- Provision for QPA & Bonus	131.36	154.84
	279.53	**760.73**

21. BORROWINGS (CURRENT)

Particulars	March 31, 2024	March 31, 2023
Secured		
(a) CC account forming part of Cash and Cash equivalents	-	-
(b) OD account forming part of Cash and Cash equivalents	-	157.08
(c) Current maturities of vehicle loans	-	3.09
Unsecured		
(d) Credit card	53.57	5.05
(e) Compulsory Convertible Debentures (CCDs)	-	424.25
(f) Loans from Related Parties	7.93	-
(g) Others	-	-
	61.50	**589.47**

Details of borrowings:

(i) Cash Credit (CC) mentioned in (a) amounting to ` Nil (March 31, 2023: ` Nil) and Over draft (OD) mentioned in (b) amounting to ` Nil Lakhs (March 31, 2023: ` 157.08 obtained from Indian Bank (` 26.24 Lakhs) and from HDFC Bank (` 130.84Lakhs)) are secured by way of:

Details of Securities of holding Company (Zen Technnologies Limited)

Primary Security: Inventories, Other Current Assets and Trade Receivables

Collateral Security:

HDFC Bank

- Signature Building, 11 Kothaguda Village and 12 floor of Signature building of 25000 Sq Ft, SY No:6 Kondapur, Kothaguda - 500084.
- Delhi 1, Apartment NH 24 adjacent to Alshardham No. T-27-06-04, Fifth floor of 1969 Sq Ft, Common Wealth Games, Village - 110092.
- Delhi 2, Apartment NH 24 adjacent to Alshardham No. T-27-01-03, Ground floor of 2654.3 Sq Ft, Common Wealth Games, Village - 110092.
- Delhi 3, Apartment NH 24 adjacent to Alshardham No. T-20-07-04, Sixth floor of 1969.52 Sq Ft, Common Wealth Games, Village - 110092.
- Delhi 4, Apartment NH 24 adjacent to Alshardham No. T-20-01-02, Ground floor of 2654.32 Sq Ft, Common Wealth Games, Village - 110092.

Indian Bank

- Corporate Office/Building Admeasuring 2540 Sq Ft, Located at B-42, Industrial Estate, Sanath nagar, Hyderabad-500018.

EXIM Bank

- Industrial Plot of Land Admeasuring 2034.10 Sq Meters located at Plot No 99/2, IDA Cherlapally, Cherlapally village, Kapra Mandal, Medchal, Telangana.

ICICI Bank

- Plot No: 35,36,37 Hardware Park, Maheshwaram Mandal, Raviyala Village, Hyderabad - 501510.

AXIS Bank

- First Pari Passu charge on entire Current Assets of the Company, both Present and Future and the First Pari Passu charge on Collateral Property shared along with ICICI.

Details of Securities of Subsidiary Company (Unistring Tech Solutions Private Limited)

- The working capital facilities (₹ 75,00,000) from City Union Bank are secures equitable mortgage of immovable properties and other fixed assets. The above Overdraft facility is secured inter - alia by suitable charge on 02 Properties locatedMunicipal No.35-6-2 (G.P.No.6-2) (Constructed in Sy No.70 of (V) Gopalpur) located at Gpolapur, Hanamakonda, Warrangal & new door no. 21-93, old no. 18-115, at Survey no. 24/9, Muppavarapu Vari Street, Bhaghath Singh Nagar, Main Road, Yanamalakuduru, Vijayawada, Krishna District which are offered as collateral securities.

Other Details:

The Avg. Rate of Interest of CC is 9.73% p.a of and Cash credit is the sub-limit of ₹ 3,000 Lakhs of total limits of ₹ 25,600 Lakhs which consists of Bank Guarantee, Letter of Credit, Pre and Post Shipment Credit, PSR and Corporate Card Limits.

(ii) Overdraft (OD) mentioned in (b) amounting to ` Nil (March 31, 2023: ` Nil) obtained from City Union Bank by Unistring Tech Solutions Private Limited is secured by way of:

The working capital facilities from City Union Bank are secures equitable mortgage of immovable properties and other fixed assets.

Collateral Security:

- Municipal No. 35-6-2 (G.P.No.6-2) constructed in Sy No.70 of (V) Gopalpur located at Gopalpur, Hanamakonda, Warangal.
- New Door No.21-93, Old No. 18-115, at Sy No. 24/9, Muppavarapu Vari Street, Bhagath Singh Nagar, Main Road, Yanamalakuduru, Vijayawada, Krishna District.

(ii) Borrowings mentioned in (c) are secured by the hypothecation of respective vehicles for which loans are availed.

(ii) Borrowings mentioned in (e) is the financial liability component of CCDs issued during the previous year which is carried at interest rate of 8.50% p.a.For further Details refer Note 48.

22. TRADE PAYABLES

Particulars	March 31, 2024	March 31, 2023
Trade payables		
- Dues to Micro and Small Enterprises	2,102.42	74.03
- Dues to creditors other than micro and small enterprises	1,107.70	599.41
	3,210.12	**673.44**

Note: Trade payable are non interest bearing and normally settled in 30 - 45 days

22A. Ageing Schedule of Trade Payables:

As at March 31, 2024

Particulars	Not Due	Outstanding for the following periods from the due date of payment				Total
		<1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	2,102.42	-	-	-	2,102.42
(ii) Others	-	1,083.51	23.29	0.62	0.28	1,107.70
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
	-	**3,185.93**	**23.29**	**0.62**	**0.28**	**3,210.12**

As at March 31, 2023

Particulars	Not Due	Outstanding for the following periods from the due date of payment				Total
		<1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	52.19	2.36	0.05	0.40	19.04	74.03
(ii) Others	176.34	375.34	13.27	1.33	33.13	599.41
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
	228.53	**377.71**	**13.32**	**1.73**	**52.17**	**673.44**

23. OTHER CURRENT LIABILITIES

Particulars	March 31, 2024	March 31, 2023
Income billed but not due	325.41	3.48
Taxes payable	2,916.21	815.03
Advance from customers	17,058.43	9,858.35
Audit Fee Payable	-	1.75
Other payables	279.29	260.49
	20,579.34	**10,939.10**

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

24. CURRENT TAX LIABILITIES (NET)

Particulars	March 31, 2024	March 31, 2023
Provision for Income Tax	698.43	-
	698.43	**-**

25. REVENUE FROM OPERATIONS

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
(a) Revenue from sale of products	40,664.31	18,294.77
(b) Revenue from rendering of services	3,320.89	3,589.85
	43,985.20	**21,884.62**

Contract balances:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
(a) Receivables		
Trade Receivables (gross) (refer note 10)	18,802.49	8,585.26
Less: Allowances for Doubtful debts	(352.34)	(46.02)
Net Receivables	**18,450.15**	**8,539.24**
(b) Contract Liabilities		
Advances received from customers (refer note 23)	17,058.43	9,858.35
Income billed but not due (refer note 23)	325.41	3.48
	17,383.84	**9,861.83**
(c) Contract Assets		
Unbilled revenue for other than passage of time (refer note 6B)	818.09	895.08
	818.09	**895.08**

26. OTHER INCOME

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest income	1,085.33	631.65
Foreign exchange fluctuation gain (net)	58.25	22.08
Interest on Income Tax Refund	0.00	10.59
Profit on sale of Property, Plant and Equipment	-	0.93
Miscellaneous income	348.67	59.49
	1,492.26	**724.74**

Note: Foreign Exchange fluctuation gain (net) - The Foreign Exchange Gain/Loss is on account of rate variations arising on transactions in foreign currency between the date of recording of such transactions and the settlement/reporting date.

27. COST OF MATERIALS AND COMPONENTS CONSUMED

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Opening stock of raw materials	1,247.79	600.70
Add: Purchases	23,752.12	8,268.04
	24,999.91	**8,868.74**
Less: Closing stock of raw materials	(7,825.23)	(1,015.69)
	17,174.68	**7,853.05**

28. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Opening work-in-progress	3,620.17	5,203.03
Closing work-in-progress	8,992.97	7,192.88
Net (increase)/decrease in stock	**(5,372.80)**	**(1,989.86)**

29. MANUFACTURING EXPENSES

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Power and Fuel	36.08	29.95
Spares and Stores	45.41	47.74
Material Handling Charges	9.37	13.82
Travel expenses - Production	8.12	12.52
System Installation & Maintenance	-	-
Factory Maintenance	559.11	355.90
Training Charges	0.43	3.71
Factory Wages	408.17	296.70
	1,066.69	**760.34**

30. EMPLOYEE BENEFITS EXPENSE

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Salaries, wages and bonus	5,078.27	3,289.95
Contribution to provident and other funds	112.06	87.41
Salary arrears	22.59	12.33
Director sitting fee	10.50	12.00
Gratuity expense (Refer Note-38(b))	85.25	65.02
Share based Payment Expenses	437.69	44.21
Staff welfare expenses	160.82	93.21
	5,907.18	**3,604.13**

Note: Refer Note 39 for Remuneration to key Managerial Personnel.

31. FINANCE COSTS

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Bank Charges	34.33	33.11
BG Commission	118.58	88.20
Processing Charges	29.32	18.19
Interest on borrowings		
- interest on cash credit account	0.05	1.56
- interest on vehicle loan	0.07	0.68
- interest on Lease Liability	7.69	-
- interest on MSME	0.19	-
- interest others	37.90	265.82
	228.13	**407.55**

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

32. DEPRECIATION AND AMORTISATION

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Depreciation of property plant & equipment	779.31	493.65
Amortisation of Intangible Assets	79.96	69.60
Depreciation on Right-of-use assets	108.68	42.41
	967.96	**605.65**

33. OTHER EXPENSES

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Business Promotion	144.40	245.03
Exhibition expenses	217.70	259.81
Commission on Sales	1,234.92	464.38
System Installation & Maintenance	127.61	93.55
Freight	167.26	82.51
Domestic Travel	438.71	428.07
Foreign Travel	332.91	245.86
Advertisement	140.09	117.12
Conveyance	113.97	105.94
Consumables	33.93	22.42
Repairs and maintenance	1.67	-
Corporate Social Responsibility Expense	55.85	44.79
Electricity Charges	82.60	60.76
Insurance	55.40	42.12
Membership & Subscription	1.45	0.11
Office Maintenance	328.73	205.03
Postage & Telephone	40.24	44.70
Printing & Stationary	28.09	18.56
Professional Charges	1,078.26	661.58
Rates & Taxes	71.70	77.61
Rent	182.61	187.90
Security expenses	58.70	53.76
Vehicle Maintenance	34.33	35.22
Computer Maintenance	2.22	20.86
License and software	15.19	-
Spares & Stores	733.29	663.64
Provision for Impairment	224.22	-
Provision for Expected Credit loss	363.21	42.10
Advances written off	115.50	-
Payment to Auditor	8.85	5.65
Provision for Advances	23.47	-
Provision for Warranties	206.14	-
Telephone and Internet Expenses	1.31	1.11
Testing Charges	41.52	0.08
Miscellaneous expenses	425.09	165.54
	7,131.14	**4,395.82**

34. COMPONENTS OF OTHER COMPREHENSIVE INCOME

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Items that will be reclassified to profit or loss		
Exchange differences on translation of foreign operations	118.47	63.84
Deferred tax on exchange differences	(34.50)	(3.10)
	83.97	**60.74**
Items that will not be reclassified to profit or loss		
Re-measurement gains/(losses) on defined benefit plans	(41.37)	(28.02)
Deferred tax on remeasured gain/(loss)	12.15	7.80
	(29.22)	**(20.23)**

35. INCOME TAX

The major components of income tax expenses for the year ended March 31, 2024 and March 31, 2023 are as follows:

Profit or loss section

Particulars	March 31, 2024	March 31, 2023
Current tax expense	3,664.93	1,548.71
Adjustment of tax relating to earlier periods	(44.68)	-
MAT credit utilisation	(1,886.92)	609.50
Deferred tax	3,931.61	17.64
Total income tax expense recognised in Statement of Profit and Loss	**5,664.95**	**2,175.84**

OCI section

Particulars	March 31, 2024	March 31, 2023
Tax Effect on OCI items	(22.35)	4.70
Income tax charged to OCI	**(22.35)**	**4.70**

a) Reconciliation of tax expense to the accounting profit is as follows:

Particulars	March 31, 2024	March 31, 2023
Profit before tax	18,615.39	7,172.66
At India's statutory income tax rate of 29.12%	5,420.80	2,088.68
Adjustments in respect of current income tax of previous years	-	-
Add/(Less): Tax effect on account of:		
Items which are not tax deductible for computing taxable income	59.08	47.34
Effect of change in income tax rate for deferred tax recognised	38.74	68.33
Effect of items which are not taxable for computing taxable income	50.95	(58.24)
Others	95.38	29.74
Income tax expense recognised in the Statement of Profit and Loss	**5,664.95**	**2,175.84**

Deferred tax

Particulars	March 31, 2024	March 31, 2023
Deferred tax asset/(liability) (net)	622.37	(481.48)
MAT credit entitlement	-	1,886.92
Deferred tax asset (net)	**622.37**	**1,405.44**

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

(b) Deferred tax (liabilities)/assets (net) as at March 31, 2024, as detailed below reflect the quantum of tax liabilities/ (assets) accrued up to March 31, 2024

2023-24

Particulars	Opening balance	Recognised in Statement of profit and loss	Recognised in other comprehensive income	MAT Credit availed/ (utilization)	Closing balance
Deferred tax (liabilities)/assets in relation to:					
MAT credit	1,886.92	-	-	(1,886.92)	-
Timing difference on					
- Property, plant and equipment	(645.50)	(75.71)	-	-	(721.20)
- Disallowances under Income Tax Act, 1961, allowed on payment basis	155.04	(79.72)	-	-	75.31
- Remeasurement of defined benefit plans	7.47	-	(4.36)	-	3.12
- Exchange difference on translation of foreign operation	-	-	31.40	-	31.40
- Others	4.61	(15.60)	-	-	(10.99)
Deferred tax (liabilities)/assets (Net)	**1,408.54**	**(171.03)**	**27.04**	**(1,886.92)**	**(622.37)**

(c) Deferred tax (liabilities)/assets (net) as at March 31, 2023, as detailed below reflect the quantum of tax liabilities/ (assets) accrued up to March 31, 2023

2022-23

Particulars	Opening balance	Recognised in Statement of profit and loss	Recognised in other comprehensive income	MAT Credit availed/ (utilization)	Closing balance
Deferred tax (liabilities)/assets in relation to:					
MAT credit	2,496.42	-	-	(609.50)	1,886.92
Timing difference on					
- Property, plant and equipment	(553.61)	(91.88)	-	-	(645.50)
- Disallowances under Income Tax Act, 1961, allowed on payment basis	78.45	76.59	-	-	155.04
- Remeasurement of defined benefit plans	(0.32)	-	7.80	-	7.47
- Exchange difference on translation of foreign operation	-	-	(3.10)	-	(3.10)
- Others	0.16	4.45	-	-	4.61
Deferred tax (liabilities)/assets (Net)	**2,021.09**	**(10.85)**	**4.70**	**(609.50)**	**1,405.44**

36. EARNINGS PER SHARE

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of Equity shares outstanding during the year.

Diluted earnings per share is calculated by dividing the profit/(loss) attributable to equity holders (after adjusting for interest on the Compulsory convertible debentures) by the weighted average number of equity shares outstanding during the period/year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Earnings per equity share		
Profit attributable to equity shareholders of the holding Company	12,788.46	4,273.81
Add: Interest on Compulsory Convertible Debentures (CCD)	3.59	54.65
Adjusted earnings	**12,792.05**	**4,328.46**
Weighted average number of equity shares outstanding (Nos.) of Face Value of ₹ 1/-each	**7,95,10,000**	**7,95,10,000**
Add: Post converion of CCD's on allotment of ordinary shares (Nos. 40,64,627) of face value of ₹ 1/- each	34,76,033	-

36. EARNINGS PER SHARE (Contd.)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Add: Conversion of share warrants on allotment of ordinary shares (Nos. 4,69,633) of face value of ₹ 1/- each	4,01,626	-
Less: Weighted average number of equity shares held by ESOP trust (Nos.) of Face value of ₹ 1/-each*	(6,05,788)	(2,61,366)
Weighted average number of equity shares for Basic EPS (Nos.)	**8,27,81,872**	**7,92,48,634**
Effect of dilutive equivalent Compulsorily convertible debentures	5,88,594	40,64,627
Weighted average number of equity shares for dilutive EPS (Nos.)	**8,33,70,465**	**8,33,13,261**
Face value per equity share (₹)	1.00	1.00
Earning per share - Basic (₹)	**15.45**	**5.39**
Earning per share - Diluted (₹)#	**15.34**	**5.20**

37. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS

(a) Defined contribution plan

The following amount recognised as an expense in Statement of profit and loss on account of provident fund and other funds. There are no other obligations other than the contribution payable to the respective authorities.

Particulars	March 31, 2024	March 31, 2023
Contribution to provident fund recognised as expense in the Statement of Profit and Loss	112.06	87.41

(b) Defined benefit plan

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of continuous service gets a gratuity on retirement at 15 days last drawn basic salary for each completed year of service. The scheme is funded with an insurance Company in the form of a qualifying insurance policy.

The following table's summaries the components of net benefit expense recognised in the Statement of profit and loss and the funded status and amounts recognised in the balance sheet for the gratuity plan:

Particulars	March 31, 2024	March 31, 2023
Statement of profit and loss		
Net employee benefit expense recognised in the employee cost		
Current service cost	69.10	53.80
Past service cost	-	-
Interest cost on defined benefit obligation	25.60	19.03
Interest income on plan assets	(9.46)	(7.82)
Other adjustments	-	-
Net benefit expense	**85.25**	**65.01**
Re measurement during the period/year due to		
Actuarial loss/(gain) arising from change in financial assumptions	(58.60)	(8.73)
Actuarial loss/(gain) arising from change in demographic assumptions	7.04	(1.55)
Actuarial loss/(gain) arising on account of experience changes	92.56	37.85
Return on plan assets excluding interest income	0.38	0.45
Amount recognised in OCI outside profit and loss statement	**41.38**	**28.02**
Balance Sheet		
Reconciliation of net liability/asset		
Closing Present Value of Defined Benefit Obligation	536.15	405.62
Closing Fair Value of Plan Assets	(151.40)	122.65
Closing net defined benefit liability	**687.56**	**282.96**

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

(b) Defined benefit plan (Contd.)

Particulars	March 31, 2024	March 31, 2023
Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	282.96	205.02
Current service cost	69.10	53.80
Past service cost	-	-
Interest cost	16.14	11.21
Adjustment to opening balance	-	-
Re measurement during the period due to		
Actuarial loss/(gain) arising from change in financial assumptions	(58.60)	(8.73)
Actuarial loss/(gain) arising from change in demographic assumptions	7.04	(1.55)
Actuarial loss/(gain) arising on account of experience changes	92.56	37.85
Return on plan assets excluding interest income	0.38	0.45
Benefits paid	(24.84)	(15.10)
Closing defined benefit obligation	**384.75**	**282.96**
Change in fair value of plan assets during the year		
Opening Fair Value of Plan Assets	122.65	121.89
Adjustment to opening balance	-	-
Contributions paid by the employer	24.84	15.10
Return plan assets (Excluding interest income)	(0.38)	(0.45)
Benefits paid	(5.17)	(21.71)
Interest income on Plan Assets	9.46	7.82
Closing Fair Value of Plan Assets	**151.40**	**122.65**

The principal assumptions used in determining gratuity benefit obligation for the Company's plans are shown below:

Particulars	March 31, 2024	March 31, 2023
Discount rate (p.a.)	6.97%	7.14%
Salary escalation rate (p.a.)	6.00%	6.00%
Mortality rate	IALM (2012-14) Ult	IALM (2012-14) Ult
Disability rate	0.00%	0.00%
Withdrawal rate (Past service (PS))	PS:0 to 42 : 15%	PS:0 to 42 : 15%
Normal retirement age (in years)	60	60
Adjusted average future service	5.22	5.14

A quantitative analysis for significant assumptions is as shown below:

Particulars	March 31, 2024	March 31, 2023
Assumptions - Discount rate		
Sensitivity Level (a hypothetical increase/(decrease) by)		
Impact of Increase in 1% on defined benefit obligation	437.89	337.67
Impact of Decrease in 1% on defined benefit obligation	477.15	366.90
Assumptions - Salary Escalation rate		
Sensitivity Level (a hypothetical increase/(decrease) by)		
Impact of Increase in 1% on defined benefit obligation	472.31	363.54
Impact of Decrease in 1% on defined benefit obligation	441.54	340.14

Asset Liability Comparisons

Year	March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023	March 31, 2024
PVO at the end of the period	252.00	270.39	304.27	351.58	456.57
Plan Assets	95.23	104.36	121.89	122.65	151.40
Surplus/(Deficit)	(156.77)	(166.03)	(182.38)	(228.92)	(305.17)
Experience adjustment on plan assets	16.48	1.63	1.39	-	(0.38)

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors. Such as supply and demand in the employment market.

The following payments are expected contributions to the defined benefit plan in future years:

Particulars	March 31, 2024	March 31, 2023
Expected future benefit payments		
Within the next 12 months (next annual reporting period)	122.42	81.81
Between 2 and 5 years	245.14	132.91
Between 6 and 10 years	200.88	113.50
Total expected payments	**568.44**	**328.22**

The weighted average duration of the defined benefit plan obligation at the end of the reporting period (based on discounted cash flows 4.26 years. (March 31, 2023:4.17 years).

38. CONTINGENT LIABILITIES AND COMMITMENTS

(a) Contingent liabilities

I) Claims against the Group not acknowledged as debts:

i) On account of Direct Tax matters - ₹ 441.48 Lakhs (March 31, 2023: ₹ 441.48 Lakhs)

ii) On account of Indirect Tax matters - Central Excise Duty - ₹ 823.40 Lakhs (March 31, 2023: ₹ 823.40 Lakhs)

The Group is contesting the demands and the management, including its tax advisors, believe that its position will likely be upheld in the appellate process with respect to Direct Tax and Indirect tax matters. No tax expense has been accrued in the financial statements for the tax demand raised. The Management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the Company's financial position and results of operations.

II) Guarantees

Particulars	March 31, 2024	March 31, 2023
Corporate Guarantee issued in favour of customer(s) of		
Unistring Tech Solutions Private Limited	-	1,012.44

(b) Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for:

At March 31, 2024, the Company has commitments of ₹ 412.96 Lakhs relating to construction of new factory building at Maheswaram (March 31, 2023: ₹ 36.32 Lakhs relating to renovation of factory buildings at Maheswaram).

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

39. RELATED PARTY TRANSACTIONS

Information on names of related parties and nature of relationship as required by Ind AS 24 on related party disclosures are given below:

A) Nature of relationship and names of related parties

Name of the party	Nature of relationship
(a) Key Managerial Personnel (KMP):	
Mr. Ashok Atluri	Chairman & Managing Director
Mr. Kishore Dutt Atluri	President & Joint Managing Director
Mr. M Ravi Kumar	Whole-Time Director
Ms. Shilpa Choudari	Whole-Time Director
Dr. Ravindra Kumar Tyagi	Independent Director
Mr. Amreek Singh Sandhu	Independent Director (Till February 2, 2024)
Ms. Sirisha Chintapalli	Independent Director
Dr. Ajay Kumar Singh	Independent Director
Mr. Sanjay V Jesrani	Independent Director (w.e.f January 27, 2024)
Mr. Raghavendra Prasad Movva	Company Secretary & Compliance Officer
Mr. Afzal Harunbhai Malkani	Chief Financial Officer
Mr. Komal Bhangale	Whole-Time Director - Aituring Technologies Limited
Mr. Tushar Hindlekar	Whole-Time Director - Aituring Technologies Limited
Mr. Srinivasa Raju Kolahalam	CEO & Director - Unistring Tech Solutions Private Limited
Mr. S Nagendra Babu	Managing Director - Unistring Tech Solutions Private Limited
Dr. Ajay Kumar Singh	Director - Unistring Tech Solutions Pvt.Ltd
(b) Relatives of Key Managerial Personnel	
Mr. Arjun Dutt Atluri	Vice President, Son of Mr. Kishore Dutt Atluri
Mrs. Rama Devi Atluri	Spouse of Mr. Kishore Dutt Atluri
Ms. Anisha Atluri	Manager - HR & Admin, Daughter of Mr. Kishore Dutt Atluri
Ms. Abhilasha Atluri	Process Innovator - Daughter of Mr. Ashok Atluri (w.e.f January 27, 2024)
(c) Other related firms & associates	
Veer Sammaan Foundation	Founder Trustee
Zen Technologies Limited Employee Welfare Trust	Entity under the control of the Company
(d) Entities controlled by persons having control/significant influence over Company	
Indigenous Defence Equipment Exporters Association	Entity accustomed to act in accordance with the advice, directions or instructions of a Director.

B) Following are the transactions with related parties during the year:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
i) Remuneration to KMP		
Mr. Ashok Atluri	236.30	61.22
Mr. Kishore Dutt Atluri	200.19	69.24
Mr. M Ravi Kumar	74.47	69.79
Ms. Shilpa Choudari	39.50	24.39
Mr. Raghavendra Prasad Movva-CS	18.18	-
Mr. Afzal Harunbhai Malkani-CFO	64.78	66.52
Mr. Komal Bhangale	4.50	-
Mr. Tushar Hindlekar	4.50	-
Mr. Srinivasa Raju Kolahalam	111.89	88.11
Mr. S Nagendra Babu	112.13	66.85

B) Following are the transactions with related parties during the year: (Contd.)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
v) Commission to KMP		
Mr. Ashok Atluri	553.24	115.36
Mr. Kishore Dutt Atluri	430.28	161.44
vi) Remuneration to relatives of KMP		
Mr. Arjun Dutt Atluri	23.98	22.78
Ms. Anisha Atluri	13.28	11.33
Ms. Abhilasha Atluri	2.12	0
vii) Sitting Fee to Independent Directors		
Ms. Sirisha Chintapalli	1.50	3.00
Mr. Sanjay V Jesrani	1.00	-
Mr. Amreek Singh Sandhu	4.00	4.50
Dr. Ravindra Kumar Tyagi	4.00	4.50
Dr. Ajay Kumar Singh	-	-
viii) Rent		
Mrs. Ramadevi Atluri	7.04	6.70
ix) CSR Expenditure		
Veer Sammaan Foundation	40.50	44.79
x) Corporate Guarantee		
Corporate Guarantee issued infavour of customer(s) of Unistring Tech Solutions Private Limited (Guarantee Given by the Company's Bankers)	90.23	-

C) Balances with the related parties are summarised below:

Particulars	March 31, 2024	March 31, 2023
i) Related party receivables grouped under		
a) Other current assets		
Mr. Arjun Dutt Atluri (Advances to Employees)	2.15	-
Ms. Anisha Atluri (Advances to Employees)	0.04	-
b) Other Current Liabilities		
Mr. Ashok Atluri	570.74	119.56
Mr. Kishore Dutt Atluri	447.78	165.64
Mr. M Ravi Kumar	6.05	6.05
Ms. Shilpa Choudari	4.92	2.00
Mr. Raghavenda Prasad Movva	1.68	-
Mr. Afzal Harunbhai Malkani	4.98	8.32
Mr. Arjun Dutt Atluri	2.18	1.98
Ms. Anisha Atluri	1.48	0.98
Ms. Abhilasha Atluri	0.98	-
Mr. Srinivasa Raju Kolahalam (Salary Payable)	33.47	-
Mr. S Nagendra Babu (Salary Payable)	32.68	-
ii) Corporate Guarantee		
Corporate Guarantee issued infavour of customer(s) of Unistring Tech Solutions Private Limited (Guarantee Given by the Company's Bankers)	-	1,012.44

Key managerial personnel of the Company is covered by the Company's gratuity policy and is eligible for compensated absences along with other employees of the Company. The proportionate amount of gratuity and compensated absences cost pertaining to them have not been included in the aforementioned disclosure as these can not be determined on an individual basis.

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. Outstanding balances at the year-end are unsecured.

40. THE DISCLOSURE PURSUANT TO THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006, (MSMED ACT) FOR DUES TO MICRO ENTERPRISES AND SMALL ENTERPRISES AS AT MARCH 31, 2024 AND MARCH 31, 2023 IS AS UNDER

Particulars		March 31, 2024	March 31, 2023
a)	the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year	2,102.42	74.03
b)	Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	0.19	-
c)	The amount of Interest paid, along with the amounts of the payment made to the supplier beyond the appointed day	-	-
d)	The amount of Interest due and payable for the year	-	-
e)	The amount of interest accrued and remaining unpaid at the end of the accounting year	0.19	-
f)	The amount of Further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

Note: The list of undertakings covered under MSMED Act was determined by the Group on the basis of information available with the Group.

41. DISCLOSURE PURSUANT TO INDIAN ACCOUNTING STANDARD (IND AS) 108 "OPERATING SEGMENTS"

Operating Segments

The Group's operations predominantly consist of Military Training & Operations. The Group's Chief Operating Decision Maker (CODM) review the operations of the Group as a single reportable segment and operations from other than Training & Simulation does not qualify as a reportable segment as these operations are not material. Hence there are no reportable segments under Ind AS 108. Accordingly, the Group has only one operating and reportable segment, the disclosure requirements specified in paragraphs 22 to 30 are not applicable.

Geographical Information

Revenue	For the year ended March 31, 2024	For the year ended March 31, 2023
Domestic	35,973.66	16,201.74
Overseas	8,011.54	5,682.88
Total revenue per statement of profit or loss	**43,985.20**	**21,884.62**

The revenue information above is based on the locations of the customers.

Non-current operating assets

Particulars	March 31, 2024	March 31, 2023
India	133.68	73.53
Outside India	-	-
Total non-current operating assets	**133.68**	**73.53**

Non-current assets for this purpose excludes financial assets and deferred tax assets.

Information about major customers

During FY 2023-24, total revenue consists of 61.51% from single customer.

42. FINANCIAL INSTRUMENTS

A. Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

Particulars	Note no.	March 31, 2024		March 31, 2023		Fair value level
		Amortised cost	Fair value	Amortised cost	Fair value	
Financial assets						
Trade receivables	10	18,450.15	-	8,539.24	-	-
Cash and cash equivalents	11	3,670.85	-	11,025.36	-	-
Other bank balances	12	12,146.50	-	5,710.99	-	-
Loans	13	79.94	-	-	-	-
Other financial assets (Current)	6B	999.08	-	5,493.96	-	-
Other financial assets (Non-current)	6A	2,656.00	-	296.17	-	-
Total financial assets		**38,002.53**	**-**	**31,065.71**	**-**	**-**
Financial liabilities						
Borrowings	18 & 21	61.50	-	589.47	-	-
Lease liabilities	19.1	541.88	-	85.95	-	-
Trade payables	22	3,210.12	-	673.44	-	-
Other financial liabilities	19.2	2,033.39	-	1,009.91	-	-
Total financial liabilities		**5,846.89**	**-**	**2,358.77**	**-**	**-**

The fair value of trade receivables, loans, other financial assets, cash and cash equivalents, other bank balances, borrowings, trade payables and other financial liabilities approximate their carrying amount largely due to short-term nature of these instruments.

B. Measurement of fair values

i. Transfer between Level 1 and 2

There have been no transfers from Level 2 to Level 1 or vice-versa in the current year and no transfers in either direction in previous year.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial liabilities comprise mainly of borrowings, trade payables and other payables. The Group's financial assets comprise mainly of investments, cash and cash equivalents, other balances with banks, loans, trade receivables and other receivables.

The Group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Board of Directors of the holding Group has overall responsibility for the establishment and oversight of the Group's risk management framework. In performing its operating, investing and financing activities, the group is exposed to the Credit risk and Liquidity risk.

i) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Group's exposure to market risk is primarily on account of interest rate risk. Financial instruments affected by market risk include loans, borrowings and deposits.

a. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The group's exposure to the risk of changes in market interest rates relates primarily to the debt obligations with floating interest rates.

The group is having current borrowings in the form of working capital, Compulsory Convertible Debentures (CCDs) and current maturities of vehicle loan. There is a fixed rate of interest in case of vehicle loan, Compulsory Convertible Debentures (CCDs) hence, there is no interest rate risk associated with these borrowings. The group is exposed to interest rate risk associated with working capital facility and credit card facility due to floating rate of interest.

The following analysis is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax. The correlation of variables will have significant effect in determining the ultimate impact of interest rate risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non–linear. The method used for deriving sensitivity information and significant variables have not changed from the previous period.

As at March 31, 2024 and March 31,2023, Current borrowings (Working capital facility, Credit card facility) of ₹ 53.57 Lakhs and ₹ 162.13 Lakhs, respectively, were subject to variable interest rates.

Change in Interest Rate

Particulars	Impact on Profit Before Tax	
	For the year ended March 31, 2024	For the year ended March 31, 2023
Increase in 100 basis points	(0.54)	(1.62)
Decrease in 100 basis points	0.54	1.62

b. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency). Considering the countries and economic environment in which the group operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries.

Any movement in the functional currency of the various operations of the group against major foreign currencies may impact the Group's revenue in international business. The group evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks.

Expenditure in foreign currency

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Raw Materials and Components	4,258.55	2,417.25
Capital Goods	85.54	-
Stores and Spares	-	1.59
Foreign Travel (Exclusive of Tickets Purchased)	332.93	278.91
Membership	-	1.05
Professional Charges	10.89	1.28
Exhibition Expenses	145.32	18.17
Employee benefits expense	-	219.46
Others	34.88	694.72

Receivables/(Payables) in Foreign Currency

Particulars	March 31, 2024	March 31, 2023
Advance from customers	(10,252.94)	5,979.14
Trade payables	(272.40)	115.37
Trade Receivables	754.82	3,208.67
Advance to Material suppliers	89.08	257.51

Exchange gain of ₹ 58.25 Lakhs and ₹ 22.08 Lakhs has been recognised in the consolidated statement of profit and loss for the years ended March 31, 2024 and March 31, 2023 respectively.

ii) Credit Risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the group. Credit risk arises from credit exposures from trade receivables, advances given to suppliers (for procurement of goods, services and capital goods), cash and cash equivalent with banks, security deposits and loans.

Trade Receivables

The credit risk of the group is managed at a corporate level by the risk management committee which has established the credit policy norms for its customers. The group expects to continue to derive most of its revenue from the Indian Defence Services under the contracts of the Ministry of Defence (MoD),consequent to which the Company has a negligible credit risk associated with such receivables.

Provision for Credit Impaired Receivables

As the debtors are predominantly the Government of India (Indian Defence Services, Ministry of Home Affairs), Public Sector Undertakings where the counter-parties have sufficient capacity to meet the obligations and where the risk of default is negligible. Accordingly, impairment on account of expected credit losses is being assessed on a case to case basis in respect of dues outstanding for significant period of time as per the accounting policy. Further, management believes that the unimpaired amounts that are due is collectable in full, based on historical payment behaviour and extensive analysis of customer credit risk.

In a few cases credit is extended to customers based on market conditions after assessing the solvency of the customer and the necessary due diligence to determine credit worthiness. Advance payments are made against bank guarantee which safeguards the credit risk associated with such payments. Impairment losses on financial assets have been made after factoring contractual terms and other indicators.

Financial instruments and cash deposits

The cash and cash equivalent with banks are in the form of short term deposits with maturity period of up to 1 year. The group has a well structured Risk Mitigation Policy whereby there are present limits for each bank based on its net worth and earning capacity which is reviewed on a periodic basis. The group has not incurred any losses on account of default from banks on deposits.

The credit risk in respect of other financial assets is negligible as they are mostly due from government department/parties.

Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the top management on an annual basis, and may be updated throughout the year subject to approval of the group's Board of Directors.

The limits are set to minimize the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

iii) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group has an established liquidity risk management framework for managing its short term, medium term and long term funding and liquidity management requirements. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group manages the liquidity risk by maintaining adequate funds in cash and cash equivalents. The Group also has adequate credit facilities agreed with banks to ensure that there is sufficient cash to meet all its normal operating commitments in a timely and cost-effective manner.

The table below analyses derivative and non-derivative financial liabilities of the group into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Particulars	Carrying Value	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years
As at March 31, 2024						
Borrowings	61.50		61.50			-
Other financial liabilities	2,575.27	6.45	1,890.49	136.45	541.88	
Trade payables	3,210.12		3,210.12			-
As at March 31, 2023						
Borrowings	589.47	-	589.47	-	-	-
Other financial liabilities	1,095.86	7.10	900.28	102.53	85.95	
Trade payables	673.44	-	673.44	-	-	-

At present, the group does expects to repay all liabilities at their contractual maturity. In order to meet such cash commitments, the operating activity is expected to generate sufficient cash inflows

44. CAPITAL MANAGEMENT

For the purpose of the Group's capital management, capital includes issued capital, non-controlling interest and all other equity reserves attributable to the equity shareholders of the holding Group. The primary objective of the Group when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value.

Particulars	March 31, 2024	March 31, 2023
Gearing ratio		
Borrowings (non-current and current, including current maturities of non-current borrowings, interest accrued and due, Interest accrued but not due)	61.50	589.47
Less: Cash and cash equivalents (including balances at bank other than cash and cash equivalents and margin money deposits with banks)	(18,097.60)	(4,450.43)
Net debt (A)	**(18,036.10)**	**(3,860.96)**
Equity (B)	46,629.17	33,027.97
Gearing ratio (%) {A/(A+B)}*	-	-

Gearing ratio:

The group monitors capital using gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio within 50%. In order to achieve this overall objective, the group makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The group aims to ensure that it meets the financial covenants attached to the interest bearing loans and borrowings that define the capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowings in the current year.

*As at March 31, 2024 and March 31, 2023, Gearing Ratio is negative on hence represented as Nil.

45. EMPLOYEE STOCK OPTION SCHEME

a) The objective of the Employee Stock Option Scheme is to attract and retain talent and align the interest of employees with the Zen Technologies Limited as well as to motivate them to contribute to its growth and profitability. The Company adopts Senior Executive Plan in granting Stock options to its Senior Employees. (Employee Stock Option Plan-2021).

During the Annual General Meeting held on 28 August 2021, Zen Technologies Limited introduced the Employee Stock Option Plan-2021, which was subsequently ratified by the shareholders on September 29, 2022, in accordance with SEBI Regulations. The plan received in-principle approval from the National Stock Exchange of India Limited and BSE Limited to issue a maximum of 4,000,000 equity shares with a face value of ₹ 1/- each, under the Zen Technologies Limited Employee Stock Option Plan-2021

To facilitate the implementation of the ESOP scheme, the ESOS trust borrowed funds of ₹ 10 Crores from the parent, as approved by the Board of Directors on 30 October 2021. The trust utilized these funds to purchase 4,81,524 shares from the secondary market, with a total consideration of ₹ 966.13 Lakhs, for allocation to eligible employees under the ESOS scheme. And trust further borrowed as of March 31, 2023, these shares were acquired. During the year, ESOS trust borrowed funds of ₹ 5.75 Crores and utilised such funds to Purchase 1,59,876 shares from secondary Market with total consideration of ₹ 601.53 Lakhs.

During the Nomination and Remuneration Committee meeting on October 28, 2023, it was decided, in compliance with the Zen Technologies Limited Employee Stock Option Plan-2021 and relevant laws and regulations, to grant 22,500 Employee Stock Options (ESOPs) to eligible employees as identified and determined by the committee. The exercise price for these options is set at ₹ 100/- (Rupees Hundred Only) per option.

In the standalone financial statements of the Parent, the Parent had adopted the policy of consolidating the ESOP Trust, the related loan and advances appearing in the standalone financial statements of the Parent were eliminated and investment in own shares the Company held by the trust is shown as treasury shares in "other equity".

As at March 31, 2024, the ESOP Trust purchased 6,41,400 shares from secondary market for an aggregate consideration of ₹ 1567.66 Lakhs.

During the year, Trust has repaid amount of ₹ 127.6 Lakhs from the proceeds realised on exercise of options.

b) The nature and extent of share-based payment arrangements that existed during the period.

Summary of options granted under plan:

Particulars	March 31, 2024	March 31, 2023
Options Outstanding at the beginning of the year	2,70,900	-
No. of Options Granted during the Year	22,500	2,70,900
No. of Options Exercised during the year	1,23,690	-
No. of Options Forfeited/Cancelled/Expired during the year	10,000	-
Options Outstanding at the ending of the year	1,59,710	2,70,900
Vested and Exercisable	1,18,710	-

The fair value of the share-based payment options granted on is determined using the black scholes model using the following inputs at the grant date which takes in to account the exercise price, the term of the option, the share price at the grant date, and the expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

46. EXCEPTIONAL ITEMS

During the F.Y.2021-22 the Group filed total insurance claim of ₹ 712.00/-Lakhs, Out of which entity received an ad-hoc amount of ₹ 200.00/- Lakhs in the previous year and the total insurance claim has been revised to a total of ₹ 656 Lakhs under the assessment with Insurance Company against the claim lodged with reference to a loss of property, plant and equipment that were destroyed due to a fire at the Group's Demonstration Centre located at Maheshwaram Hardware Park near Shamshabad Airport on November 30, 2021.During the year the Group had additoinally received ₹ 240.90/- Lakhs as full and final settlement from the insurance Company.

The Group has recognised the expenditure incurred in the process of replacing the assets lost and renovation of building which is damaged and the same has been accounted as Capital work in progress (Refer Note 4C) after capitalization of identifiable items which are ready for intended use by the management.

Further, Group has recognised the loss of ₹ 27.96 Lakhs pertaining to a loss of property plant and equipment under exceptional items in the Statement of Profit and Loss during the previous year 2021-22.

During the Current financial year the Group has received an amount of ₹ 240.90/- Lakhs as full and final settlement from the insurance claim out of total revised claim of ₹ 656 Lakhs and thus the Group has received ₹ 440.90/- Lakhs as a total claim from the insurance Company.

47. DIVIDEND PROPOSED AND PAID

The final dividend on shares is recorded as a liability on the date of the approval by the shareholders. The Holding Group declares and pays dividends in Indian Rupees. Companies are required to pay/ distribute dividend after deducting applicable withholding income taxes. The remittance of dividends outside India is governed by Indian law on foreign exchange and is also subject to withholding tax at applicable rates.

The amount of per share dividend recognised as distribution to equity shareholders in accordance with Companies Act 2013 is as follows:

Particulars	March 31, 2024	March 31, 2023
Final Dividend for the Financial Year 2021-22	-	79.23
Final Dividend for the Financial Year 2022-23	166.81	-
	166.81	**79.23**

Net after elimination of amount of ₹ 1.28 Lakhs (₹ 0.28 Lakhs in March 31, 2023) pertaining to purchase of shares (Treasury Shares) held by Zen Technologies Limited Employee Welfare Trust for ESOP Scheme-2021.

During the year ended March 31, 2024, on account of final dividend for FY 2022-23, the Company has incurred a net cash outflow of ₹ 166.81 Lakhs. The Board of Directors at its meeting on May 4, 2024, recommended a final dividend of ₹ 1/- per equity share for the financial year ended March 31, 2024. This payment is subject to the approval of shareholders in the ensuing Annual General Meeting (AGM) to be held in September 2024 and if approved, equity shares for considering dividend which would result in a net cash outflow of approximately ₹ 840.44 Lakhs.

48. COMPULSORILY CONVERTIBLE DEBENTURES

On 25 November 2021, the Group has made a preferential allotment of 40,64,267 10% Compulsorily convertible debentures having face value of ₹ 213/- each, for cash, for an aggregate amount of up to ₹ 86,57,65,551/-, which shall be converted into equal number of equity shares of ₹ 1/- each at a premium of ₹ 212/- with in a period of 18 months.

We have accounted this instrument as per Ind AS 109. Financial Instruments, by considering the same as Compound Financial Instrument. This instrument consists of 2 components.

1) Mandatory interest payment by the Group for a fixed amount at a fixed future date and this component is treated as a Financial liability - Borrowings (Note-18 & 21). The financial liability is done by measuring the net present value of the discounted cashflows of interest payment. The discount rate we have considered is HDFC Bank's CC Rate of interest which is 8.50% p.a as the same have tenure near to the CCD.

2) As the holder of the instrument has the option to convert the CCDs into Equity shares on or before 18 months and even in case of holder not exercising the conversion option before 18 months, each CCD shall be automatically be converted into Equity share of ₹ 1/- each at a premium of ₹ 212/- on the last date of the 18th month i.e., May 24, 2023 without any action of the investor. Hence we have treated this component as a equity and presented the same under "Other Equity" in Note 17.7. The carrying amount of the equity instrument is determined by deducting the fair value of the financial liability from the fair value of the CCDs as a whole.

On May 24, 2023, as the period of 18 months ends the CCDs has been converted in to the Equity Shares of ₹ 1/- each at a premium of ₹ 212/-, as a result of which there is an increase in the Share capital (Note-16).

49. RESEARCH & DEVELOPMENT EXPENSES

There are 2 units in which Research & Development operations were conducted by the Company. Location of the units were as follows:

Unit - I: B-42 Industrial Estate, Sanath Nagar, Hyderabad - 500018.

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Unit - II: Signature Towers, Opposite Botanical Garden, Kondapur, Hyderabad - 500084

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Employee Benefits expense	1,080.14	687.19
Electricity Charges	28.90	25.29
Travelling expenses	40.57	58.27
Spares & Stores	733.29	669.75
Consultancy Fee	75.17	103.61
Depreciation	26.17	28.90
Rates & Taxes	0.06	0.03
Repairs & Maintenance	5.56	5.00
Others	54.33	23.57
R&D Expenses for Unit-I	**2,044.19**	**1,601.60**
Employee Benefits expense	513.90	298.52
Electricity Charges	10.02	6.92
Depreciation	85.70	90.00
Repairs & Maintenance	11.53	13.68
Others	-	10.40
R&D Expenses for Unit-II	**621.15**	**419.52**
R&D Expenses for Unit I & Unit II	**2,665.34**	**2,021.13**

Note: The above expenditure of research & development has been determined on the basis of information available with the Company and as certified by the management.

The following are the details of the assets related to R&D division.

Unit-1, B-42,Sanath Nagar

Particulars	Gross block				Accumulated depreciation				Net block	
	As at April 1, 2023 Balance	Additions	Sales/ Adjustments	As at March 31, 2024	As at April 1, 2023 Balance	Additions	Sales/ Adjustments	As at March 31, 2024	As at March 31, 2024	As at March 31, 2023
Tangible Assets (A)	**1,084.24**	**84.29**	**-**	**1168.52**	**564.60**	**26.18**	**-**	**590.77**	**577.76**	**519.64**
Land	51.50	-	-	51.50	-	-	-	-	51.50	51.50
Building - Sanathnagar	481.88	0.41	-	482.29	96.89	8.10	-	104.99	377.31	384.99
Shed - B42	5.12	-	-	5.12	0.72	0.09	-	0.81	4.31	4.40
Shed - CNC- B 42	-	10.74		10.74	-	0.07		0.07	10.67	-
Computers	106.74	-	-	106.74	106.74	-	-	106.74	0.00	0.00
Plant and machinery	141.55	71.80	-	213.35	124.64	5.50	-	130.14	83.21	16.91
Office Equipment	84.74	0.83	-	85.56	84.29	0.47	-	84.76	0.81	0.45
Furniture & Fixtures	148.51	0.51	-	149.02	95.26	10.90	-	106.16	42.86	53.25
Testing Equipment	64.20	-	-	64.20	56.06	1.05	-	57.10	7.09	8.14
Intangible (B)	**907.82**	**-**	**-**	**907.82**	**907.82**	**-**	**-**	**907.82**	**-**	**-**
Software	306.01	-	-	306.01	306.01	-	-	306.01	-	-
Software (RKT)	601.81	-	-	601.81	601.81	-	-	601.81	-	-
Total (A+B)	**1,992.06**	**84.29**	**-**	**2076.34**	**1,472.42**	**26.18**	**-**	**1,498.59**	**577.76**	**519.64**

Unit-2, Signature Towers, Kondapur

Particulars	Gross block				Accumulated depreciation				Net block	
	As at April 1, 2023 Balance	Additions	Sales/ Adjustments	As at March 31, 2024	As at April 1, 2023 Balance	Additions	Sales/ Adjustments	As at March 31, 2024	As at March 31, 2024	As at March 31, 2023
Tangible Assets (A)	**2,178.00**	**25.60**	**-**	**2,203.60**	**402.68**	**85.70**	**-**	**488.38**	**1,715.23**	**1,775.32**
Land	199.15	-	-	199.15	-	-	-	-	199.15	199.15
Building	1,459.39	-	-	1,459.39	116.22	24.32	-	140.54	1,318.85	1,343.17
Computers	75.28	24.37	-	99.65	29.85	24.94	-	54.79	44.86	45.43
Office Equipment	104.68	1.03	-	105.70	96.63	2.47	-	99.10	6.60	8.05
Furniture & Fixtures	339.50	0.20	-	339.70	159.98	33.96	-	193.94	145.77	179.52
R&D Total Assets for Unit I & Unit II	**4,170.06**	**109.89**	**-**	**4,279.94**	**1,875.10**	**111.87**	**-**	**1,986.97**	**2,292.98**	**2,294.96**

50. OTHER STATUTORY INFORMATION

(i) The Group does not hold any Investment Property.

(ii) The Group has not revalued its property, plant and equipment and intangible assets during the year.

(iii) The Group do not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

(iv) The Group has not been declared as wilful Defaulter by any bank or financial institution or other lender.

(v) The Group do not have any transactions with companies struck off under Section 248 of the Companies Act, 2013 or Section 560 of Companies Act, 1956.

(vi) The Group do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

(vii) The Group have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries); or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(viii) The Group have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries); or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(ix) The Group have not traded or invested in Crypto currency or Virtual Currency during the financial year.

(x) The Group have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

(xi) The Group has borrowings from banks, secured by hypothecation of inventories and by charge on book debts and other assets of the Company, and quarterly returns or statements of current assets filed by the Company are in agreement with books of accounts without any material discrepancies.

51. BUSINESS COMBINATION

(i) The Holding Company, pursuant to the approval of the Board, has acquired 51% of shares in Aituring Technologies Private Limited with a consideration of ₹ 387.00 Lakhs on March 30, 2024.

(ii) Assets acquired and liabilities recognised as on date of acquisition are as follows:

Unit - II: Signature Towers, Opposite Botanical Garden, Kondapur, Hyderabad - 500084

Particulars	March 31, 2024
Assets	
Non-current assets	
Other non-current assets	13.6
	13.6
Current assets	
Inventories	57.68
Trade Receivables	15.42
Cash and Cash Equivalents	493.63
Loans	79.93
Other Current assets	36.86
	683.52
Total Assets	**697.12**
Liabilities	
Current liabilities	
Borrowings	7.93
Trade payables	11.88
Other current liabilities	279.29
Provisions	1.57
Current tax liabilities (net)	2.12
Total Liabilities	**302.79**
Net Assets	**394.33**

(iii) Calculation of Goodwill

Particulars	March 31, 2024
Purchase Consideration paid for 51% Stake	387.00
Add: Non-Controlling Interest	193.21
Less: Fair Value of Net Assets Acquired	(394.31)
Goodwill	**185.90**

(iv) Goodwill is attributable to future growth of business out of synergies from this acquisition and assembled workforce. The goodwill is not deductible for income tax purposes.

(v) Non-Controlling Interest (49% ownership in Aituring Technologies Private Limited) recognized at acquisition date was measured at proportionate share of Aituring Technologies Net Assets.

52. GROUP INFORMATION

Information about subsidiaries

The consolidated financial statements of the Group include subsidiaries listed in the table below:

Name of the entity	Principal activities	As at March 31, 2024							
		Net Assets i.e., total assets minus total liabilities		Share in profit and loss		Share in Other Comprehensive income		Share in Total Comprehensive income	
		%	Amount	%	Amount	%	Amount	%	Amount
Holding Company									
Zen Technologies Limited	Military Training & operations	97.18%	45,312.84	99.79%	12,923.45	(102.23%(	(55.97)	98.94%	12,867.48
Indian Subsidiaries									
Unistring Tech Solutions Private Limited	Development of electronic warfare solutions	5.55%	2,586.06	2.55%	330.57	3.60%	1.97	2.56%	332.55
Zen Medical Technologies Private Limited	Manufacturing of medical devices	0.09%	42.40	(0.04%)	(4.62)	0.00%	-	(0.04%)	(4.62)
Aituring Technologies Private Limited	Manufacturing of Electronics and Electrical instruments	0.85%	394.31	0.00%	-	0.00%	-	0.00%	-
Foreign Subsidiaries									
Zen Technologies USA, INC	Training Simulators manufacturing	0.68%	318.52	(1.12%)	(145.01)	198.63%	108.75	(0.28%)	(36.26)
Foreign Subsidiaries									
Zen Defence Technologies L.L.C, UAE	Training Simulators manufacturing	0.07%	30.63	(0.02%)	(2.58)	0.00%	-	(0.02%)	(2.58)
Total		**104.41%**	**48,684.77**	**101.17%**	**13,101.81**	**100.00%**	**54.75**	**101.16%**	**13,156.56**
Consolidation adjustments		(4.41%)	(2,055.61)	(1.17%)	(151.37)	0.00%	-	(1.16%)	(151.37)
Net amount		**100.00%**	**46,629.17**	**100.00%**	**12,950.44**	**100.00%**	**54.75**	**100.00%**	**13,005.19**

(All amounts in Indian Rupees in Lakhs, unless otherwise stated)

Name of the entity	Principal activities	As at March 31, 2023							
		Net Assets i.e., total assets minus total liabilities		Share in profit and loss		Share in Other Comprehensive income		Share in total Comprehensive income	
		%	Amount	%	Amount	%	Amount	%	Amount
Holding Company									
Zen Technologies Limited	Military Training & operations	96.64%	31,919.23	75.32%	3,763.51	(32.71%)	(13.25)	74.45%	3,750.26
Indian Subsidiaries									
Unistring Tech Solutions Private Limited	Development of electronic warfare solutions	6.82%	2,251.62	29.53%	1,475.52	(17.22%)	(6.98)	29.15%	1,468.54
Zen Medical Technologies Private Limited	Manufacturing of medical devices	0.14%	47.03	(0.04%)	(2.14)	0.00%	-	(0.04%)	(2.14)
Foreign Subsidiaries									
Zen Technologies USA, INC	Training Simulators manufacturing	1.40%	461.77	(3.40%)	(169.68)	149.92%	60.74	(2.47%)	(124.43)
Zen Defence Technologies L.L.C, UAE	Training Simulators manufacturing	0.00%	(0.80)	(0.02%)	(0.80)	0.00%	-	(0.02%)	(0.80)
Total		**105.00%**	**34,678.86**	**101.39%**	**5,066.42**	**100.00%**	**40.51**	**101.07%**	**5,091.44**
Consolidation adjustments		(5.00%)	(1,650.89)	(1.39%)	(69.60)	0.00%	-	(1.07%)	(54.11)
Net amount		**100.00%**	**33,027.97**	**100.00%**	**4,996.82**	**100.00%**	**40.51**	**100.00%**	**5,037.33**

As per our report attached of even date

For **Ramasamy Koteswara Rao and Co LLP**
Chartered Accountants
Firm Registration Number: 010396S/S200084

Murali Krishna Reddy Telluri
Partner
Membership Number: 223022

Place: Hyderabad
Date: May 4, 2024

For and on behalf of the Board of Directors of
Zen Technologies Limited

Ashok Atluri
Chairman & Managing Director
DIN: 00056050

M. Ravi Kumar
Whole-Time Director
DIN: 00089921

Afzal Harunbhai Malkani
Chief Financial Officer

M. Raghavendra Prasad
Company Secretary
M.No.: A41798

Place: Hyderabad
Date: May 4, 2024

Independent Auditor's Report

TO THE MEMBERS OF ZEN TECHNOLOGIES LIMITED

Report on the Audit of the Consolidated financial statements

OPINION

We have audited the accompanying Consolidated Financial Statements of **ZEN TECHNOLOGIES LIMITED** (hereinafter referred to as the "Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the consolidated Balance Sheet as at 31 March 2023, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013, as amended (the "Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2023, its consolidated profit including total other comprehensive income, its consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements for the financial year ended 31 March 2023. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Consolidated Financial Statements section of our report, including in relation to these matters.

Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material mis-statement of the Consolidated Financial Statements. The results of our audit procedures performed by us, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Consolidated Financial Statements.

Key Audit Matters	How our audit addressed the key audit matter
Exceptional item (As described in Note 46 of the Consolidated Financial Statements)	
We have identified the exceptional item as a key audit matter due to the significance of the project to the Consolidated Financial Statements and the fact that the integral part of Maheshwaram Building was damaged as a result of a fire during the year ended 31 March 2022. As disclosed in note 46 to the Consolidated Financial Statements, the carrying value of CWIP of Maheshwaram Plant was approximately ₹ 154.89 lakhs at 31 March 2022 which were incurred as a part of renovation to damaged building due to fire accident. The relevant accounting policies in relation to capitalization of additions to CWIP are set out in Note 3I. The management performed an assessment of the damage from the fire and likelihood of recoverability of damages based on the reports from the Company's project management team and external quantity surveyors and the analysis from the Company's in-house legal counsels, and considered that there will be an exceptional item of amount ₹ 27.96 lakhs due to derecognition of damaged PPE and the same was disclosed under Note 46 to the Consolidated Financial Statements.	Our audit procedures included the following: a) Obtaining an understanding of the progress of Maheshwaram Plant by inquiring the Company's project management team, external quantity surveyors and architects; b) Evaluating the appropriateness of the Company's construction costs and borrowing costs capitalization policies by analysing the nature of those costs capitalized against the requirements of Ind AS 16 "Property, Plant and Equipment"; c) Checking, on a sample basis, the number of additions capitalized with reference to the contractors' invoices, and quantity surveyors' and architects' certificates of the construction contract works capitalized in CWIP of Maheshwaram Plant; d) Obtaining an understanding from the Company's project management team and external quantity surveyors in relation to the damage caused by the fire to PPE of Maheshwaram Plant and the management's assessment of the impact of the fire on the future economic performance and useful lives of the PPE of Maheshwaram Plant;

Key Audit Matters	How our audit addressed the key audit matter
During the current financial year (F.Y.2022-23) the management has filed an total insurance claim of ₹ 712.00 lakhs out of which it received an ad-hoc amount of ₹ 200.00 lakhs and the total insurance claim has been revised to ₹ 656 lakhs and the balance is yet to receive by the group amounting to ₹ 456.00 lakhs.	e) Evaluating the analysis performed by the Company's management in respect of the contractual performance obligations of the contractors arising from the fire under the terms of construction contracts; and f) Evaluating the overall appropriateness of the Company's management's assessment of the financial effect of the fire on the carrying values of the respective PPE in Maheshwaram Plant. g) Evaluating the total amount spend by the Company on renovation of factory building at Maheshwaram and the same has been accounted as capital work in progress (refer note 4C) after capitalisation of identifiable items which are ready for intended use by the management.
Accounting for Employee Stock Option Plan (As described in Note 45 of the Consolidated financial statements)	
We identified significant transaction which occurred during the year: During the Annual General meeting of parent Company held on 28 August 2021, Zen technologies limited has issued the Employee stock option plan-2021 (ESOP) which was subsequently ratified by the on 29 September 2022 in accordance with SEBI Regulations As disclosed in the note-45 the management has decide to grant the ESOP shares on 2 February 2023. The exercise price for these options is set as ₹ 100/- per option. As at 31 March 2023, the ESOP Trust purchased 4,81,524 shares from secondary market for an aggregate consideration of ₹ 966.13 lakhs. The parent Company management has adopted the policy of treating the shares purchased by ESOP trust as treasury shares under "other equity" in the parent's Company financial statements. As at 31 March 2023, the management has considered an amount of ₹ 44.21 lakhs as share-based payments expenses (refer Note-30 & Note-45)	Our audit procedures include the following: a) We have assessed the appropriateness of the accounting of employee stock option plan is in compliance with applicable Indian accounting standards. b) We have assessed whether all the statutory regulations and rules governing the Company regarding employee stock option plan have been complied. c) We have examined the relevant disclosures made in the financial statements. d) We have examined the general resolution and the board resolution approving the Employee stock option plan.
Revenue from operations (As described in Note 25 of the Consolidated Financial Statements)	
During the year, the Group's revenue from operation has been increased by 213.75%. Revenue is recognized when control of the underlying products have been transferred along the satisfaction of performance obligation. The terms of sales arrangements, including the timing of transfer of control and delivery specifications, create complexity and judgment in determining sales revenues. Due to the judgement relating to determination of point of time in satisfaction of performance obligations, this matter is considered as key audit matter.	We assessed the Company's processes and controls for recognizing revenue as part of our audit. Our audit procedures included the following: a) We have assessed the appropriateness of the revenue recognition policies by comparing with the applicable Indian accounting standards (Ind AS 115). b) We understood the nature of goods sold/services rendered to the customers, assessed the design and tested the operating effectiveness of internal controls related to the revenue recognition. c) We performed the following tests for a sample of transactions pertaining to sale of goods or services during the year. - Tested supporting documentation including sale invoices, customer contracts/sales orders, shipping documents and other related records. - Verified the terms of contracts and confirmed whether the performance obligations stipulated under the contract are the same as identified by the Company. - Verified whether the amount of revenue recognized is based on the transaction price identified to the performance obligation satisfied as per the contract.

Key Audit Matters	How our audit addressed the key audit matter
	-Verified whether the revenue recognized by the management is in line with the conditions for revenue recognition. -Tested the supporting documentation for significant value of sale transactions recorded during the period closer to the year end to ensure revenue recognition criteria is met as per Ind AS 115. -Examined the relevant disclosures made in the financial statements

OTHER INFORMATION

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility & Sustainability Report (BRSR), Corporate Governance and Shareholder's Information, but does not include the Consolidated Financial Statements and our auditor's report thereon.

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

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

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

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these Consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material mis-statement, whether due to fraud or error, which have been used for the purpose of preparation of Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the Companies included in the Group are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material mis-statement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material mis-statement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on the internal

financial controls with reference to the Consolidated Financial Statements and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are independent auditors, to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statement of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements for the financial year ended 31 March 2023 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTER

We did not audit the financial statements and other financial information, in respect of three Subsidiaries, whose financial statements are as follows

(₹ In lakhs)

Sl. No	Name of the Company	Year ended 31-03-2023
1.	Unistring Tech Solutions Pvt Ltd	
	- Total Assets	4,603.32
	- Revenue from Operations	6,583.05
	- Net profit/(Loss)	1,475.52
	- Net Cash Inflow/(Outflow)	1,370.77
2.	Zen Medical Technologies Pvt Ltd	
	- Total Assets	47.34
	- Revenue from Operations	-
	- Net profit/(Loss)	(2.14)
	- Net Cash Inflow/(Outflow)	(0.46)
3.	Zen Technologies Inc, USA	
	- Total Assets	489.30
	- Revenue from Operations	-
	- Net profit/(Loss)	(169.68)
	- Net Cash Inflow/(Outflow)	(109.22)

These financial statements and other financial information have been audited by other auditors, whose financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections(3) of section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of such other auditors.

The accompanying statement includes the unaudited financials of one subsidiary which was incorporated during the year only whose financial statements includes are as follows

(₹ In lakhs)

Sl. No	Name of the Company	Year ended 31-03-2023
1	Zen Defence Technologies L.L.C, UAE	
	- Total Assets	-
	- Revenue from Operations	-
	- Net profit/(Loss)	(0.80)
	- Net Cash Inflow/(Outflow)	(0.80)

Two of these subsidiaries is located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and one of them (Zen Technologies Inc, USA) have been audited by other auditor under generally accepted auditing standards applicable in their respective country and the other (Zen Defence Technologies L.L.C, UAE) is newly incorporated during the current financial year for which audit is not mandated as per laws governing the country. The Holding Company's management has converted the financial statements of such subsidiary located outside India from accounting principles generally accepted in their respective country to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiary located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Our opinion above on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of other auditors and the financial statements and other financial information certified by the Management.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements;

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and reports of other auditors;

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the Consolidated Financial Statements;

d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2023 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, none of the directors of the Group's companies, incorporated in India, is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act;

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" to this report;

g) In our opinion and based on the consideration of the reports of other statutory auditors of the subsidiaries, the managerial remuneration for the year ended 31 March 2023 has been paid/provided by the Holding Company and its subsidiaries to their directors is in accordance with the provisions of section 197 read with Schedule V to the Act;

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

i. The Consolidated Financial Statements disclose the impact of pending litigations on its consolidated financial position of the Group in its Consolidated Financial Statements – Refer Note 38(a) to the Consolidated Financial Statements;

ii. The Group did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company;

iv. (a) The respective managements of the Holding Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and other auditors of such subsidiaries respectively that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective holding Company or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The respective managements of the Holding Company and of its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and other auditors of such subsidiaries respectively that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the respective Holding Company or any of such subsidiaries from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.

v. The final dividend paid by the Holding Company during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

As stated in note 47 to the Consolidated Financial Statements, Board of Directors of the Holding Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend proposed is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from 1 April 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended 31 March 2023.

2. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/"CARO") issued by the Central Government in terms of sub-section (11) of section 143 of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Holding Company and its subsidiaries included in the Consolidated financial statements of the Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports.

For **Ramasamy Koteswara Rao and Co LLP**
Chartered Accountants
ICAI Firm Registration Number: 010396S/S200084

Murali Krishna Reddy Telluri
Partner
Membership No: 223022
UDIN:23223022BGQJLS9647

Place: Hyderabad
Date: 06 May 2023

Annexure A referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Zen Technologies Limited of even date

Report on the Internal Financial Controls under Clause (i) of sub section 3 of Section 143 of the Companies Act, 2013 (the "Act")

We have audited the internal financial controls with reference to Consolidated Financial Statements of **ZEN TECHNOLOGIES LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiary companies, which are companies incorporated in India, as of 31 March 2023 in conjunction with our audit of the Consolidated Financial Statements of the Holding Company for the year ended on that date. Further, as two of the subsidiary companies and branch is located outside India, the provisions of clause (i) of sub-section 3 of Section 143 of the Act are not applicable to them.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITOR'S RESPONSIBILITY

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these Consolidated Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Consolidated Financial Statements included obtaining an understanding of internal financial controls with reference to Consolidated Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material mis-statement of the Consolidated Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to these Consolidated Financial Statements.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THESE CONSOLIDATED FINANCIAL STATEMENTS

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO CONSOLIDATED FINANCIAL STATEMENTS

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

OPINION

In our opinion, to the best of our information and according to the explanations given to us, the Holding Company and its subsidiary companies incorporated in India, have in all material respects, an adequate internal financial controls with reference to Consolidated Financial Statements and such internal financial controls with reference to Consolidated Financial Statements were operating effectively as at 31 March 2023, based on the criteria for internal financial control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For **Ramasamy Koteswara Rao and Co LLP**
Chartered Accountants
ICAI Firm Registration Number: 010396S/S200084

Murali Krishna Reddy Telluri
Partner
Membership No: 223022
UDIN:23223022BGQJLS9647

Place: Hyderabad
Date: 06 May 2023

Consolidated Balance Sheet

As at 31 March 2023

(₹ In lakhs)

Sl. No	Particulars	Note No.	As at 31 March 2023	As at 31 March 2022
I	**ASSETS**			
(1)	**Non-current assets**			
	(a) Property, Plant and Equipment	4A	6,798.72	5,914.38
	(b) Capital work-in-progress	4C	191.73	252.28
	(c) Right-of-use asset	4D	162.72	205.12
	(d) Goodwill	4E	115.80	115.80
	(e) Intangible assets	4B	447.20	502.64
	(f) Financial assets			
	(i) Investments	5	224.22	224.22
	(ii) Other Financial Assets	6	296.17	48.25
	(g) Deferred Tax Assets (Net)	7	1,405.44	2,021.09
	(h) Other non-current assets	8	73.53	106.28
			9,715.53	**9,390.06**
(2)	**Current assets**			
	(a) Inventories	9	4,899.96	2,495.11
	(b) Financial assets			
	(i) Trade receivables	10	8,539.24	3,168.72
	(ii) Cash and cash equivalents	11	11,025.36	2,104.79
	(iii) Bank balances other than (ii) above	12	5,710.99	6,182.55
	(iv) Other financial assets	13	5,493.96	11,843.19
	(c) Current Tax Assets (Net)	14	88.66	205.28
	(d) Other current assets	15	1,895.84	1,505.87
			37,654.00	**27,505.50**
	Total Assets		**47,369.53**	**36,895.56**
II	**EQUITY AND LIABILITIES**			
	Equity			
	(a) Equity Share Capital	16	795.10	795.10
	(b) Other Equity	17	30,822.05	27,506.62
	Equity attributable to equity holders of the parent		**31,617.15**	**28,301.72**
	(c) Non-controlling interests	17	1,410.82	687.81
	Total Equity		**33,027.97**	**28,989.53**
	Liabilities			
(1)	**Non-current liabilities**			
	(a) Financial Liabilities			
	(i) Borrowings	18	-	419.80
	(ii) Lease liabilities	19.1	43.38	85.19
	(b) Provisions	20	282.96	205.02
			326.34	**710.02**
(2)	**Current liabilities**			
	(a) Financial Liabilities			
	(i) Borrowings	21	589.47	931.42
	(ii) Lease Liabilities	19.1	42.57	39.13
	(iii) Trade payables	22		
	Dues to micro enterprises and small enterprises		74.03	107.59
	Dues to creditors other than micro and small enterprises		599.41	285.58
	(iv) Other Financial liabilities	19.2	1,009.91	402.14
	(b) Provisions	20	760.73	-
	(c) Other current liabilities	23	10,939.10	5,338.53
	(d) Current Tax Liabilities (Net)	24	-	91.62
			14,015.21	**7,196.01**
	Total Equity and Liabilities		**47,369.53**	**36,895.56**

Summary of Significant Accounting Policies 3

The accompanying notes form an integral part of the Consolidated Financial Statements

As per our report attached of even date

For **Ramasamy Koteswara Rao and Co LLP**
Chartered Accountants
Firm Registration Number: 010396S/S200084

For and on behalf of the Board of Directors of
Zen Technologies Limited

Murali Krishna Reddy Telluri
Partner
Membership Number: 223022

Ashok Atluri
Chairman & Managing Director
DIN: 00056050

M. Ravi Kumar
Whole-Time Director
DIN: 00089921

Afzal Harunbhai Malkani
Chief Financial Officer

M. Raghavendra Prasad
Company Secretary
M.No.: A41798

Place: Hyderabad
Date: 06 May 2023

Place: Hyderabad
Date: 06 May 2023

Consolidated Statement of Profit and Loss

For the year ended 31 March 2023

(₹ In lakhs)

Sl. No	Particulars	Note No.	For the year ended 31 March 2023	For the year ended 31 March 2022
1	**Income**			
	Revenue from operations	25	21,884.62	6,975.24
	Other Income	26	724.74	537.83
	Total Income		**22,609.36**	**7,513.07**
2	**Expenses**			
	Cost of Materials and Components consumed	27	7,853.05	2,458.63
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	28	(1,989.86)	(1,144.98)
	Manufacturing expenses	29	760.34	405.00
	Employee benefits expense	30	3,592.13	2,100.85
	Finance Costs	31	407.55	153.05
	Depreciation and Amortization Expense	32	605.65	483.35
	Other expenses	33	4,407.82	2,698.89
	Total Expenses		**15,636.70**	**7,154.79**
3	**Profit/(Loss) before exceptional items and tax(1 - 2)**		**6,972.66**	**358.28**
4	**Exceptional Items**	46	200.00	(27.96)
5	**Profit/(Loss) before tax (3+4)**		**7,172.66**	**330.32**
6	**Tax expense**	**35**		
	(i) Current tax		1,548.71	127.95
	(ii) Adjustment of tax relating to earlier years		-	(92.84)
	(iii) Deferred tax		627.14	34.24
	Total Tax expense		**2,175.84**	**69.35**
7	**Profit for the year (5-6)**		**4,996.82**	**260.96**
8	**Other Comprehensive Income**	34		
	Items that will be reclassified to profit or loss		63.84	1.53
	Income tax relating to items that will be reclassified to profit or loss		(3.10)	(0.42)
	Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**60.74**	**1.10**
	Items that will not be reclassified to profit or loss		(28.02)	3.30
	Income tax relating to items that will not be reclassified to profit or loss		7.80	(0.92)
	Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**(20.23)**	**2.38**
	Other Comprehensive Income for the year, net of tax		**40.51**	**3.48**
9	**Total Comprehensive Income for the year (7+8)**		**5,037.33**	**264.45**
	Profit/(loss) for the year is attributable to:			
	Equity holders of the parent		4,273.81	198.51
	Non-Controlling interests		723.00	62.45
	Other comprehensive income/(loss) is attributable to:			
	Equity holders of the parent		43.93	3.48
	Non-Controlling interests		(3.42)	-
	Total comprehensive income is attributable to:			
	Equity holders of the parent		4,317.74	201.99
	Non-Controlling interests		719.59	62.45
10	**Earning per Share**	**36**		
	(Face Value of ₹ 1/- Each)			
	Basic earnings per share (In ₹)		5.39	0.25
	Diluted earnings per share (In ₹)		5.20	0.25

Summary of Significant Accounting Policies 3

The accompanying notes form an integral part of the consolidated financial statements

As per our report attached of even date

For **Ramasamy Koteswara Rao and Co LLP**
Chartered Accountants
Firm Registration Number: 010396S/S200084

For and on behalf of the Board of Directors of
Zen Technologies Limited

Murali Krishna Reddy Telluri
Partner
Membership Number: 223022

Ashok Atluri
Chairman & Managing Director
DIN: 00056050

M. Ravi Kumar
Whole-Time Director
DIN: 00089921

Afzal Harunbhai Malkani
Chief Financial Officer

M. Raghavendra Prasad
Company Secretary
M.No.: A41798

Place: Hyderabad
Date: 06 May 2023

Place: Hyderabad
Date: 06 May 2023

Consolidated Statement of Cash Flows

For the year ended 31 March 2023

(₹ In lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
A. Cash Flows from Operating Activities		
Net profit before tax	**7,172.66**	**330.32**
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortization expense	605.65	483.35
Profit on Sale of Property,Plant and Equipment	(0.93)	-
Expected Credit Loss allowance	38.83	7.19
Other non-cash items	(31.43)	(5.25)
Interest Income	(642.05)	(429.31)
Finance Cost	345.64	128.19
Share based Payment Expenses	44.21	-
Foreign Exchange Fluctuation	37.27	(5.76)
Operating profit before working capital changes	**7,569.84**	**508.73**
Changes in Working Capital		
(Increase)/Decrease in Trade Receivables	(4,555.54)	(1,300.62)
(Increase)/Decrease in Other financial assets	6,282.07	(6,663.01)
(Increase)/Decrease in Inventories	(2,404.85)	(1,046.37)
(Increase)/Decrease in Other Current Assets	275.32	(1,065.24)
(Increase)/Decrease in Other Non-Current Assets	167.33	(15.85)
Increase/(Decrease) in Trade Payables	(561.74)	92.42
Increase/(Decrease) in Other financial liabilities	424.64	(26.94)
Increase/(Decrease) in Other Current liabilities	5,202.88	5,134.92
Increase/(Decrease) in Provisions	675.88	171.55
Cash generated from/(used in) operating activities	**13,075.84**	**(4,210.40)**
Income tax paid	(1,439.65)	(215.43)
Net Cash from/(used in) operating activities (A)	**11,636.19**	**(4,425.83)**
B. Cash flows from Investing Activities		
Purchase of property, plant and equipment and CWIP	(1,314.89)	(430.57)
Proceeds from sale of Property,Plant and Equipment	1.10	-
Advance for Acquisition of shares	(252.84)	-
Interest received	646.94	381.41
(Increase)/Decrease in Other Bank Balances	550.62	(4,311.33)
Net Cash from/(used in) Investing Activities (B)	**(369.08)**	**(4,360.50)**
C. Cash flows from Financing Activities		
Increase in share capital	-	-
Proceeds/(Repayment) of Long term borrowings	(758.18)	63.62
Purchase of Treasury shares by Zen technologies welfare trust	(966.13)	
Dividend paid	(79.23)	(79.51)
Finance costs paid	(345.64)	(93.61)
Amount received towards share warrants	-	250.08
Amount received towards Compulsory Convertible Debentures	-	8,657.66
Principal portion of the lease liability	(39.14)	-
Net Cash from/(used in) Financing Activities (C)	**(2,188.31)**	**8,798.23**
Net Increase in cash and cash equivalents (A+B+C)	**9,078.81**	**11.91**
Cash and Cash equivalents at the beginning of the year	2,103.63	2,092.88
Cash and Cash equivalents at the end of the year	**11,182.44**	**2,104.79**

a) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS-7) - Statement of Cash Flows.

b) Cash and Cash equivalents include following for the Cash flow purpose

(₹ In lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Cash and Cash Equivalents as per Balance sheet	**11,025.36**	**2,104.79**
Less: OD/CC accounts forming part of Cash & Cash Equivalents	(157.08)	-
Cash and Cash Equivalents for the Cash flow statement	**11,182.44**	**2,104.79**

Summary of significant accounting policies - Refer Note 3

The accompanying notes referred to above form an integral part of the Consolidated Financial Statements

As per our report attached of even date

For **Ramasamy Koteswara Rao and Co LLP**
Chartered Accountants
Firm Registration Number: 010396S/S200084

For and on behalf of the Board of Directors of
Zen Technologies Limited

Murali Krishna Reddy Telluri
Partner
Membership Number: 223022

Ashok Atluri
Chairman & Managing Director
DIN: 00056050

M. Ravi Kumar
Whole-Time Director
DIN: 00089921

Afzal Harunbhai Malkani
Chief Financial Officer

M. Raghavendra Prasad
Company Secretary
M.No.: A41798

Place: Hyderabad
Date: 06 May 2023

Place: Hyderabad
Date: 06 May 2023

Consolidated Statement of Changes in Equity

For the year ended 31 March 2023

(A) SHARE CAPITAL

(₹ In lakhs)

Particulars	Number of shares	Amount
As at 01 April 2021	**7,95,10,000**	**795.10**
Issued during the year	-	-
Redeemed/transferred during the year	-	-
As at 31 March 2022	**7,95,10,000**	**795.10**
Issued during the year	-	-
Redeemed/transferred during the year	-	-
As at 31 March 2023	**7,95,10,000**	**795.10**

(B) OTHER EQUITY (REFER NOTE NO.17)

(₹ In lakhs)

Particulars	Reserves and Surplus							Equity Component of Compound Financial Instruments	Other Comprehensive Income		Equity attributable to the shareholders of the holding Company	Non-Controlling interests	Total Equity
	Securities Premium	Capital Redemption Reserve	General Reserve	Retained Earnings	Treasury Shares	Share Based Payment Reserve	Share Warrants	Compulsory Convertible Debentures (CCD's)	Re-Measurements of Defined Benefit Plans	Foreign Currency Translation Reserve			
Balances as at 01 April 2021	**2,654.31**	**117.24**	**3,525.01**	**13,302.81**	**-**	**-**	**-**	**-**	**53.00**	**(7.11)**	**19,645.26**	**625.36**	**20,270.62**
Profit for the Year	-	-	-	198.51	-	-	-	-	-	-	198.51	62.45	260.96
Amount received on account of allotment of share warrants	-	-	-	-	250.08	-	-	-	-	-	250.08	-	250.08
Issue of equity shares	-	-	-	-	-	-	-	-	-	-	-	-	-
Allotment of equity Shares pursuant to conversion of share warrants	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Comprehensive income (net of tax)	-	-	-	-	-	-	-	-	2.38	10.57	12.95	-	12.95
Dividend paid	-	-	-	(79.51)	-	-	-	-	-	-	(79.51)	-	(79.51)
Share based payment charge on account of options granted during the year	-	-	-	-	-	-	-	-	-	-	-	-	-
purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity component of Compulsorily Convertible Debentures (CCD's) issued	-	-	-	-	-	-	-	7,479.32	-	-	7,479.32	-	7,479.32
Balance as at 31 March 2022	**2,654.31**	**117.24**	**3,525.01**	**13,421.81**	**250.08**	**-**	**-**	**7,479.32**	**55.39**	**3.46**	**27,506.61**	**687.81**	**28,194.43**
Balances as at 01 April 2022	**2,654.31**	**117.24**	**3,525.01**	**13,421.81**	**250.08**	**-**	**-**	**7,479.32**	**55.39**	**3.46**	**27,506.61**	**687.81**	**28,194.43**
Profit for the Year	-	-	-	4,272.55	-	-	-	-	-	-	4,272.55	723.00	4,995.56
Amount received on account of allotment of share warrants	-	-	-	-	-	-	-	-	-	-	-	-	-
Issue of equity shares	-	-	-	-	-	-	-	-	-	-	-	-	-
Allotment of equity Shares pursuant to conversion of share warrants	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Comprehensive income (net of tax)	-	-	-	-	-	-	-	-	(20.23)	64.26	44.03	-	44.03
Dividend paid	-	-	-	(79.23)	-	-	-	-	-	-	(79.23)	-	(79.23)
Share based payment charge on account of options granted during the year	-	-	-	-	-	44.21	-	-	-	-	44.21	-	44.21
purchase of treasury shares	-	-	-	-	-	-	(966.13)	-	-	-	(966.13)	-	(966.13)
Equity component of Compulsorily Convertible Debentures (CCD's) issued	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2023	**2,654.31**	**117.24**	**3,525.01**	**17,615.13**	**250.08**	**44.21**	**(966.13)**	**7,479.32**	**35.16**	**67.72**	**30,822.05**	**1,410.82**	**32,232.87**

Summary of Significant Accounting Policies - refer note 3
The accompanying notes form an integral part of the consolidated financial statements

As per our report attached of even date

For **Ramasamy Koteswara Rao and Co LLP**
Chartered Accountants
Firm Registration Number: 010396S/S200084

Murali Krishna Reddy Telluri
Partner
Membership Number: 223022

Place: Hyderabad
Date: 06 May 2023

For and on behalf of the Board of Directors of
Zen Technologies Limited

Ashok Atluri
Chairman & Managing Director
DIN: 00056050

M. Ravi Kumar
Whole-Time Director
DIN: 00089921

Afzal Harunbhai Malkani
Chief Financial Officer

M. Raghavendra Prasad
Company Secretary
M.No.: A41798

Place: Hyderabad
Date: 06 May 2023

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

(All amounts in Indian Rupees in lakhs, unless otherwise stated)

1. CORPORATE INFORMATION

The Consolidated Financial Statements (CFS) comprise financial statements of **Zen Technologies Limited** (the Holding Company) and its subsidiaries (collectively, the Group) for the year ended 31 March 2023.

The Holding Company is a Public Company incorporated under the provisions of the Companies Act, 1956 having corporate office at B-42, Industrial Estate, Sanathnagar, Hyderabad-500018, Telangana, India. The Equity Shares of the Holding Company are listed on BSE Ltd and National Stock Exchange of India Ltd (NSE) in India.

The group is principally engaged in design, development and manufacture of Training Simulators, Anti Drone Systems and operations for Para-military Forces, Armed Forces, Security Forces,Police and Government Departments like Transport, Mining, Infrastructure and Civilian market. The group caters to both domestic and international market. Information on the Group's structure is provided in Note 51.

The Consolidated Financial Statements for the year ended 31 March 2023, were approved by the Board of Directors and authorised for issue on 06 May 2023.

2. BASIS OF PREPARATION AND MEASUREMENT

(i) Statement of compliance & Basis for preparation

The Consolidated Financial Statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) notified under Section 133 of Companies Act, 2013, (the 'Act') and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant schedule III), as applicable to the CFS and other relevant provisions of the Act.

The Consolidated Financial Statements have been prepared on a going concern basis. The accounting policies are applied consistently to all the periods presented in the Consolidated Financial Statements except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires change in accounting policy hitherto in use.

The Consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over investee.

Specifically, the Group controls an investee if and only if the Group has:

a) Power over the investee (i.e, existing rights that give it the current ability to direct the relevant activities of the investee)

b) Exposure, or rights, to variable returns from its involvement with the investee, and

c) The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

a) The contractual arrangement with the other vote holders of the investee.

b) Rights arising from other contractual arrangements.

c) The Group's voting rights and potential voting rights.

d) The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the year are included in the Consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the Consolidated Financial Statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the Consolidated Financial Statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent Company, i.e., year ended on 31 March. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:

a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the Consolidated Financial Statements at the acquisition date.

b) Offset (eliminate) the carrying amount of the holding Company's investment in each subsidiary and the holding Company's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the Consolidated Financial Statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Holding Company of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

a) Derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;

b) Derecognises the carrying amount of any non-controlling interests;

c) Derecognises the cumulative translation differences recorded in equity;

d) Recognises the fair value of the consideration received;

e) Recognises the fair value of any investment retained;

f) Recognises any surplus or deficit in profit or loss;

g) Recognise that distribution of shares of subsidiary to Group in Group's capacity as owners;

h) Reclassifies the holding Company's share of components previously recognised in OCI to profit or loss or transferred directly to retained earnings, if required by other Ind ASs as would be required if the Group had directly disposed off the related assets or liabilities.

(ii) Functional and presentation currency

These Consolidated Financial Statements are presented in Indian Rupees (INR), which is also the Holding Company's functional currency. All financial information presented in Indian rupees have been rounded-off to two decimal places to the nearest lakhs unless otherwise stated.

(iii) Basis of measurement

The Consolidated Financial Statements have been prepared on the historical cost basis except for the following assets and liabilities which have been measured at fair value:

- Certain financial assets and liabilities: Measured at fair value.
- Net defined benefit (asset)/liability: Fair value of plan assets less present value of defined benefit obligations.
- Borrowings: Amortised cost using effective interest rate method.

(iv) Use of estimates and judgements

In preparing these Consolidated Financial Statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the Consolidated Financial Statements is included in the following notes:

- Note 3(M) - lease classification.
- Note 3(M) - leases: whether an arrangement contains a lease and lease classification.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 3(L) – measurement of defined benefit obligations: key actuarial assumptions;
- Note 3(O) – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 3(K) – impairment of financial assets;
- Note 7 & 3(N) – Recoverability/recognition of deferred tax assets;
- Note 3(G) – determining an asset's expected useful life and the expected residual value at the end of its life.

(v) Measurement of fair values

Accounting polices and disclosures require measurement of fair value for both financial and non-financial assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in the measuring fair values is included in the following notes:
Note 42 - Financial instruments.

(vi) Current and non-current classification:

The Schedule III to the Act requires assets and liabilities to be classified as either current or non-current. The Group presents assets and liabilities in the balance sheet based on current/non-current classification.

Assets

An asset is classified as a current when it is:

- it is expected to be realised in, or is intended for sale or consumption in normal operating cycle;
- it is expected to be realised within twelve months from the reporting date;
- it is held primarily for the purposes of being traded; or
- is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for atleast twelve months after the reporting date.

All other assets are classified as non current

Liabilities

A liability is classified as a current when:

- it expects to settle the liability in its normal operating cycle;
- it is due to be settled within twelve months from the reporting date;
- it is held primarily for the purposes of being traded;
- there is no unconditional right to defer settlement of liability for atleast twelve months from the reporting date.

All other liabilities are classified as non-current.

Deferred tax assets/liabilities are classified as non-current.

Operating Cycle

Operating cycle is the time between the acquisition of assets for processing and realisation in cash or cash equivalents. The group has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

a) Deferred tax assets or liabilities, and the liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.

b) Potential tax effects of temporary differences and carry forwards of an acquiree that exist at the acquisition date or arise as a result of the acquisition are accounted in accordance with Ind AS 12.

c) Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.

d) Assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

e) Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognised in profit or loss in accordance with Ind AS 109. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS and shall be recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed off, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

B. Revenue from contracts with customers

Revenue from contracts with customers is recognized, when the group satisfies a performance obligation by transferring a promised good or service to its customers at an amount that reflects the consideration to which the group expects to be entitled upon satisfying those performance obligations.

Revenue from sale of products

Revenue from sale of products is recognised at the point in time when control of the product is transferred to the customer, generally on delivery of the product. The group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of product, the group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration and consideration payable to the customer (if any).

If the consideration in a contract includes a variable amount, the group estimates the amount of consideration to which it will be entitled in exchange for transferring the products to customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associates uncertainty with the variable consideration is subsequently resolved.

Revenue from rendering of services

Group provides Annual Maintenance Contract (AMC) services that are either sold separately or bundled together with the sale of product to a customer. The AMC services do not significantly customise or modify the product.

Contracts for bundled sale of products and AMC services are comprised of two performance obligations because the equipment and AMC services are both sold on a standalone basis and are distinct within the context of the contract. Accordingly, the group allocates the transaction price based on the relative standalone selling prices of the products and AMC services.

The group recognises the revenue from rendering AMC services over time because the customer simultaneously receives and consumes the benefits provided to them. The group uses an output method in measuring progress of the AMC services because there is a direct relationship between the transfer of service to the customer and the time elapsed in the contract term.

Contract Balances

Contract Asset:

In a contract, if the entity performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, it shall be presented as a contract asset, excluding any amounts presented as receivable. A contract asset is an entity's right to consideration in exchange for goods and services that the entity has transferred to the customer. "

A Contract asset is initially recognised for revenue earned from AMC services because the receipt of consideration is conditional on successful completion of remaining period of service. Upon completion of the AMC service period and acceptance by the customer, the amount recognised as contract assets is reclassified to trade receivables. Contract assets are subject to impairment assessment. Refer accounting policies on impairment of financial assets in Note K below.

Contract Liability:

If a customer pays consideration, or an entity has a right to an amount of consideration that is unconditional (i.e a receivable), before the entity transfers a good or service to the customer, it shall be presented as a contract liability when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the group performs the contract (i.e, transfers control of the related goods or services to the customer).

Trade Receivables:

A receivable is recognised if an amount of consideration that is unconditional (i.e, only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Note F below."

C. Recognition of Other income

i) Interest income

Interest Income mainly comprises of interest on Margin money deposit relating to bank guarantee, Deposits against Bank Overdraft with banks and other fixed deposits. Interest income should be recorded using the effective interest rate (EIR). However, the amount of margin money deposits relating to bank guarantee and Over draft are purely current in nature, hence effective interest rate has not been applied. Interest is recognized using the time-proportion method, based on rates implicit in the transactions.

ii) Export Incentives

The group receives export incentives in the form of MEIS (Merchandise Exports from India Scheme) scripts which do not fall under the scope of Ind AS 115 and are accounted for in accordance with the provisions of Ind AS 20 considering such incentives as Government Assistance. Accordingly government grant relating to Income is recognised on accrual basis when the relevant expense has been charged to statement of Profit and Loss.

D. Borrowing cost

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition, construction or production of an asset which necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

E. Foreign Currency Transactions and Translation

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Group uses average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of the following:

a) Exchange differences arising on monetary items that forms part of a reporting entity's net investment in a foreign operation are recognised in profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity (e.g., Consolidated Financial Statements when the foreign operation is a subsidiary), such exchange differences are recognised initially in OCI. These exchange differences are reclassified from equity to profit or loss on disposal of the net investment.

b) Exchange differences arising on monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed-off, at which time, the cumulative amount is reclassified to profit or loss.

c) Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

Group Companies:

On consolidation, the assets and liabilities of foreign operations are translated into INR at the rate of exchange prevailing at the reporting date and their statements of profit and loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit and loss.

Any goodwill arising in the acquisition/business combination of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Any goodwill or fair value adjustments arising in business combinations/acquisitions, which occurred before the date of transition to Ind AS (1 April 2015), are treated as assets and liabilities of the entity rather than as assets and liabilities of the foreign operation. Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the parent and no further translation differences occur.

Gain or loss on a subsequent disposal of any foreign operation excludes translation differences that arose before the date of transition but includes only translation differences arising after the transition date.

F. Financial instruments

A financial instrument is any contract that gives rise to a Financial Asset of one entity and Financial Liability or equity instrument of another entity.

Financial assets

i) Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the group has applied the practical expedient, the group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the group has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section (A) Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling."

ii) Classification and subsequent measurement

All financial assets except Trade receivables are initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

Subsequent measurement: For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through other comprehensive income (FVTOCI) with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the group changes its business model for managing financial assets.

Financial assets at amortised cost (debt instruments)

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category is the most relevant to the group. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. The group's financial assets at amortised cost includes trade receivables, deposits and other non-current and current financial assets.

Financial assets at fair value through OCI (FVTOCI) (debt instruments)

A 'financial asset' is classified as at the FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. For debt instruments, at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value changes recognised in OCI is reclassified from the equity to profit or loss.

There are no group's debt instruments which are stated at fair value through OCI.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit and loss when the right of payment has been established, except when the group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The group has elected not to classify its investments in equity investments under this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognised in the statement of profit and loss.

This category includes derivative instruments and listed equity investments which the group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised in the statement of profit and loss when the right of payment has been established.

Since the group does not hold any derivative and listed equity investments, there are no financial assets classified at fair value through profit or loss.

Derecognition

A Financial asset is primarily derecognised when the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial Liabilities

i) Initial Recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

ii) Subsequent measurement: For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to P&L. However, the group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss. The group has not designated any financial liability as at fair value through profit or loss."

Financial liabilities at amortised cost (Loans and borrowings)

This is the category most relevant to the group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss. This category generally applies to borrowings.

iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

iv) Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet, if there is a currently and legally enforceable right to set-off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

v) Compulsorily Convertible Debentures

Compulsorily Convertible debentures are separated into liability and equity components based on the terms of the contract.

On issuance of the Compulsorily Convertible debentures, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity since conversion option meets Ind AS 32 criteria for fixed to fixed classification. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the Compulsorily Convertible Debentures based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised."

vi) Reclassification of financial Instruments

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. If the Group reclassifies financial assets, it applies the reclassification prospectively.

G. Property, plant and equipment

i) Recognition and measurement

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment loss, if any. Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs (Present Value) of dismantling and removing the item and restoring the site on which it is located. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to statement of profit or loss during the reporting period in which they are incurred. If an item of property, plant and equipment is purchased with deferred credit period from supplier, such asset is recorded at its cash price equivalent value.

ii) Depreciation

Depreciation is recognized in the statement of profit and loss on a straight line basis over the estimated useful lives of property, plant and equipment based on to the Companies Act, 2013 ("Schedule II"), which prescribes the useful lives for various classes of tangible assets. For assets acquired or disposed off during the year, depreciation is provided on pro-rata basis. Land is not depreciated.

The group, based on technical assessment and management estimate, depreciates certain items of property, plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Act. The Management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. The group has estimated the following useful lives to provide depreciation on its property, plant and equipment:

Asset category	Useful life as per Schedule II	Management estimate of useful life
Buildings (Other than Factory buildings)	60 years	60 years
Factory Buildings	30 years	30 years
Plant and equipment	15 years	15 years
Furniture and fixtures	10 years	10 years
Motor Vehicles	10 years	10 years
Testing equipment's	10 years	10 years
Office equipment's	5 years	5 years
Demo Equipment	5 years	5 years
Computers		
- Servers and networks	6 years	6 years
- End user devises such as laptops, etc.	3 years	3 years

In case of Building on leasehold land, the depreciation is charged based on useful life of the building or the lease period whichever is lower. In the case of leased hold building improvements, the depreciation is charged based on useful life of the improvements which is 10 years or lease period including expected renewal period which ever is lower.

Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date is disclosed as capital advances under other non-current assets.

The group assesses at each balance sheet date, whether there is objective evidence that an asset or a group of assets is impaired. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Recoverable amount is higher of the value in use or fair value less cost to sell.

H. Intangible assets

i) Recognition and measurement

Intangible assets that are acquired, are recognized at cost initially and carried at cost less accumulated amortization and accumulated impairment loss, if any. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

An intangible asset is derecognised upon disposal (i.e, at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss, when the asset is derecognised.

ii) Amortisation

Amortisation is calculated to write-off the cost of intangible assets over their estimated useful lives using the "Straight line method" (SLM) method, and is included in depreciation and amortisation in statement of profit and loss.

The estimated useful lives are as follows:

- Software - 3 years

Amortisation method and useful lives are reviewed at the end of each financial year and adjusted if appropriate.

I. Capital work in progress

Capital work-in-progress is recognized at cost, net of accumulated impairment loss, if any. It comprises of property, plant and equipment that are not yet ready for their intended use at the reporting date.

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

J. Inventories

Inventories consist of raw materials, stores and spares, work-in-progress and finished goods and are measured at the lower of cost or net realizable value. However raw materials which are used in the process of production are not written down below the cost if the finished goods produced from consumption of such material are sold at or above the cost.

The cost of all categories of inventories is based on the weighted average method. Cost includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of finished goods and work-in-progress, cost includes an appropriate share of overheads based on normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses"

K. Impairment of assets

i) Impairment of financial instruments

The group recognises loss allowances for expected credit losses on financial assets measured at amortised cost and trade receivables. At each reporting date, the group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The group measures loss allowances at an amount equal to lifetime expected credit losses.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the group's historical experience and informed credit assessment and including forward-looking information.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the group in accordance with the contract and the cash flows that the group expects to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written-off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written-off could still be subject to enforcement activities in order to comply with the group's procedures for recovery of amounts due.

ii) Impairment of non-financial assets

The group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the group operates, or for the market in which the asset is used.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

The group's corporate assets (e.g., central office building for providing support to various CGUs) do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss.

In respect of assets for which impairment loss has been recognised in prior periods, the group reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

L. Employee benefits

(i) Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services upto the end of the reporting period and are measured on an undiscounted basis at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The group makes specified monthly contributions towards Government administered provident fund scheme and other funds. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in statement of profit and loss in the periods during which the related services are rendered by employees.

(iii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability or asset recognised in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by a qualified actuary using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

(iv) Termination benefits

Termination benefits are recognized as an expense when the group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

(V) Other long-term employee benefits

The group's net obligation in respect of other long term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and previous periods. That benefit is discounted to determine its present value. Re-measurements are recognized in the statement of profit and loss in the period in which they arise

(vi) Employee Share Based Payments

Equity Settled Transactions

Equity-settled share-based payments to employees are measured by reference to the fair value of the equity instruments at the grant date using Intrinsic value method.

The fair value, determined at the grant date of the equity-settled share-based payments, is charged to Statement of Profit and Loss on a systematic basis over the vesting period of the option's in accordance with Ind AS 102 Share-based Payment, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in other equity.

In case of forfeiture/lapse stock option, which is not vested, amortised portion is reversed by credit to share based payment expenses. In a situation where the stock option expires unexercised, the related balance standing to the credit of the Share Based Payment Reserve Account is transferred within other equity."

M. Leases

The group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a Lessor:

Leases for which the group is a lessor are classified as a finance or operating lease. Whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Rental income from operating leases are recognised on straight line basis over the term of relevant lease.

Group as a Lessee:

The group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The group determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the group is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the group is reasonably certain not to exercise that option. In assessing whether the group is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the group to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The group revises the lease term if there is a change in the non-cancellable period of a lease.

Right of use asset:

The group recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

Lease Liability:

The group measures the lease liability at present value of the future lease payments at the commencement date of the lease. In calculating the present value of lease payments, the group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable.. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The group recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the group recognises any remaining amount of the re-measurement in statement of profit and loss.

Short-term leases and leases of low-value assets The group applies the short-term lease recognition exemption to its short-term leases of buildings, machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

N. Income Taxes

Taxes comprises Current Tax, Deferred tax and MAT credit. It is recognised in profit or loss except to the extent that it relates to an item recognised directly in equity or in other comprehensive income.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretations and considers whether it is probable that a taxation authority will accept an uncertain tax treatment.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set-off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction; and
- temporary differences related to investments in subsidiaries to the extent that the group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

Deferred tax assets are recognised for deductible temporary differences, the carry forwards of unused tax credits and unused tax losses. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the group recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/reduced to the extent that it is probable/no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognised within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date. If the carrying amount of goodwill is zero, any remaining deferred tax benefits are recognised in OCI/capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realised are recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set-off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(iii) Minimum Alternate Tax (MAT) Credit

Minimum alternate tax (MAT) credit is recognised in accordance with tax laws in India as an asset only when and to the extent there is convincing evidence that the group will pay normal income tax during the specified period. The group reviews the MAT credit at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the group will pay normal income tax during the specified period.

O. Provision, contingent liabilities and contingent assets

Provision

A provision is recognised if, as a result of a past event, the group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised under finance costs. Expected future operating losses are not provided for. Provision in respect of loss contingencies relating to claims, litigations, assessments, fines and penalties are recognised when it is probable that a liability has been incurred and the amount can be estimated reliably.

Contingent liabilities and contingent assets:

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.

Contingent assets are not recognised in financial statement. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognised as an asset.

Contingent Liabilities/Assets to the extent the Management is aware, are disclosed by way of notes to the financial statements.

P. Government Grants

Grants & Subsidies received from the Governments are recognised only when there is reasonable assurance that:

a. The group will comply with the conditions attached to the grant

b. There is a reasonable certainty that the grant will be received.

Government grants related to assets are treated as deferred income and are recognized in net profit in the statement of Profit & Loss on a systematic and rational basis over the useful life of the asset. Government grants related to revenue are recognized on a systematic basis in net profit in the Statement of Profit & Loss over the periods necessary to match them with the related costs which they are intended to compensate.

When loans or similar assistance are provided by Governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a Government grant. The loan or assistance is initially recognized and measured at fair value and the Government grant is measured as the difference between the fair value of the loan and the proceeds received. It is recognized as deferred income and released to statement of Profit & Loss in proportionate over the loan tenure and presented within other income. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

Q. Earnings per share

Basic Earnings Per Share ('EPS') is computed by dividing the net profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the period excluding the treasury shares in accordance with Ind AS 33 Earnings per share.

Diluted earnings per share is computed by dividing the net profit by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a later date. In computing diluted earnings per share, only potential equity shares that are dilutive and that either reduces earnings per share or increases loss per share are included. The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for the share splits.

R. Statement of cash flow

Cash flows are reported using the indirect method, whereby net profit/(loss) before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating (operating activities), investing and financing activities of the group are segregated. The Group considers all highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value to be cash equivalents.

S. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts and Cash Credit that are repayable on demand and form an integral part of our cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.Whereas they are classified as borrowings under current liabilities in the balance sheet.

T. Research and Development Costs (Product Development):

Research expenditure is recognized as an expense when it is incurred. Development expenditure on an individual project are recognised as an intangible asset when the group can demonstrate:

a) The technical feasibility of completing the intangible asset so that the asset will be available for use or sale.

b) Its intention to complete and its ability and intention to use or sell the product.

c) How the asset will generate future economic benefits

d) The availability of resources to complete the asset

e) The ability to measure reliably the expenditure during development.

Expenditure on development which does not meet the criteria for recognition as an intangible asset is recognized as an expense when it is incurred.

Items of property, plant and equipment and acquired Intangible Assets utilized for Research and Development are capitalized and depreciated in accordance with the policies stated for Property, Plant and Equipment and Intangible Assets

U. Events after reporting date

Where events occurring after the balance sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the balance sheet date of material size or nature are only disclosed.

V Treasury Shares

The Group has formed an Employee Welfare Trust (EWT) for providing share-based payment to its employees. The Group uses EWT as a vehicle for distributing shares to employees under the Employee Stock Option Plan-2021. The EWT purchase shares of the Holding Company from the secondary market, for giving shares to employees. The Group treats EWT as its extension and shares held by EWT are treated as treasury shares.

Own equity instruments that are re-acquired (treasury shares) are recognised at cost and deducted from other equity. No gain or loss is recognised on the purchase, sale, issue, or cancellation of the Group's own equity instruments. Share options whenever exercised, would be settled from such treasury shares.Any difference between the carrying amount and the consideration,if reissued/sold, is recognised in other equity (General Reserve). "

W. Cash Dividend to Equity Holders

The Group recognises a liability to make cash distributions to the equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in other equity.

X. Errors and Estimates

The Group revises it's accounting policies if the change is required due to a change in Ind AS or if the change will provide more relevant and reliable information to the users of the financial statements. Changes in accounting policies are applied retrospectively, unless it is impracticable to apply.

A change in an accounting estimate that results in changes in the carrying amounts of recognised assets or liabilities or to statement of profit and loss is applied prospectively in the period(s) of change."

Y. Recent pronouncements:

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA issued the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

Ind AS 1 – Presentation of Financial Statements

The amendments require companies to disclose the material accounting policies rather than significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general-purpose financial statements

Ind AS 12 – Income Taxes

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.

The Group is assessing the impact of these changes and will accordingly incorporate the same in the financial statements for the year ending March 31, 2024.

NOTE 4A. PROPERTY, PLANT AND EQUIPMENT

(₹ In lakhs)

Particulars	Land	Building	Computers	Plant & Machinery	Office Equipment	Testing Equipment	Demo Equipment	Furniture & Fixtures	Vehicles	Total
Gross Block										
As at 01 April 2021	**648.95**	**5,565.59**	**489.13**	**341.52**	**583.69**	**76.51**	**441.40**	**611.87**	**361.49**	**9,120.15**
Additions during the year	-	0.84	101.31	9.86	40.95	8.41	-	15.40	-	176.77
Sales/adjustments	-	(14.03)	-	(37.52)	(3.30)	-	-	(1.42)	-	(56.27)
As at 31 March 2022	**648.95**	**5,552.40**	**590.44**	**313.86**	**621.34**	**84.92**	**441.40**	**625.86**	**361.49**	**9,240.65**
Additions during the year	-	11.91	172.88	36.82	80.03	334.01	660.09	50.68	21.50	1,367.91
Sales/adjustments	-	-	-	-	(0.30)	-	-	-	(13.00)	(13.30)
As at 31 March 2023	**648.95**	**5,564.31**	**763.31**	**350.68**	**701.07**	**418.93**	**1,101.48**	**676.53**	**369.99**	**10,595.27**
Depreciation										
As at 01 April 2021	**-**	**1,056.07**	**439.59**	**205.75**	**463.51**	**63.33**	**236.50**	**264.68**	**218.93**	**2,948.37**
For the Year	-	129.44	52.29	20.36	56.92	4.65	59.63	53.37	28.08	404.72
Sales/adjustments	-	(5.50)	-	(21.00)	(0.90)	-	-	3.69	-	(23.72)
Exchange Difference	-	-	(3.10)	-	-	-	-	-	-	(3.10)
As at 31 March 2022	**-**	**1,180.00**	**488.78**	**205.11**	**519.53**	**67.98**	**296.13**	**321.74**	**247.01**	**3,326.27**
For the Year	-	128.67	87.16	16.72	55.65	37.61	73.69	55.03	28.76	483.28
Sales/adjustments	-	-	-	-	(0.01)	-	-	-	(13.00)	(13.01)
Exchange Difference	-	-	-	-	-	-	-	-	-	-
As at 31 March 2023	**-**	**1,308.67**	**575.94**	**221.83**	**575.17**	**105.59**	**369.82**	**376.76**	**262.76**	**3,796.55**
Net Block										
As at 31 March 2022	**648.95**	**4,372.40**	**101.66**	**108.75**	**101.81**	**16.94**	**145.27**	**304.12**	**114.48**	**5,914.38**
As at 31 March 2023	**648.95**	**4,255.64**	**187.38**	**128.85**	**125.90**	**313.34**	**731.66**	**299.77**	**107.23**	**6,798.72**

NOTE 4B. INTANGIBLE ASSETS

(₹ In lakhs)

Particulars	Computer Software	Other Intangible Assets	Total
Gross Block			
As at 01 April 2021	**1,045.03**	**696.02**	**1,741.05**
Additions during the year	1.60	-	1.60
Sales/adjustments	-	-	-
As at 31 March 2022	**1,046.64**	**696.02**	**1,742.66**
Additions during the year	24.53	-	24.53
Sales/adjustments	-	-	-
As at 31 March 2023	**1,071.16**	**696.02**	**1,767.18**
Amortization			
As at 01 April 2021	**1,032.25**	**132.15**	**1,164.40**
For the Year	6.02	69.60	75.62
Sales/adjustments	-	-	-
As at 31 March 2022	**1,038.27**	**201.75**	**1,240.02**
For the Year	10.36	69.60	79.96
Sales/adjustments	-	-	-
As at 31 March 2023	**1,048.63**	**271.35**	**1,319.98**
Net Block			
As at 31 March 2022	**8.37**	**494.27**	**502.64**
As at 31 March 2023	**22.53**	**424.67**	**447.20**

NOTE 4C. CAPITAL WORK-IN-PROGRESS

(₹ In lakhs)

Particulars	31 March 23	31 March 22
Opening Balance	252.28	**-**
Add: Additions during the year	257.96	252.28
Less: Capitalisations during the year	(318.51)	**-**
Closing Balance	**191.73**	**252.28**

Ageing Schedule of Capital work-in-progress:

(₹ In lakhs)

Particulars	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
As at 31 March 2023					
- Projects in progress	100.96	90.77	-	-	**191.73**
- Projects temporarily suspended	-	-	-	-	-
As at 31 March 2022					
- Projects in progress	252.28	-	-	-	**252.28**
- Projects temporarily suspended	-	-	-	-	-

NOTE 4D. RIGHT-OF-USE ASSETS

The Company has entered into lease agreement for land and building. These lease have a lease term of 33 years(Holding Company) & 3 years (Subsidiary Company) respectively.

(₹ In lakhs)

Particulars	Right-of-use assets	Total
Gross Block		
As at 01 April 2021	**214.15**	**214.15**

NOTE 4D. RIGHT-OF-USE ASSETS (Contd.)

The Company has entered into lease agreement for land and building. These lease have a lease term of 33 years(Holding Company) & 3 years (Subsidiary Company) respectively.

(₹ In lakhs)

Particulars	Right-of-use assets	Total
Additions during the year	-	-
Sales/adjustments	-	-
As at 31 March 2022	**214.15**	**214.15**
Additions during the year	-	-
Sales/adjustments	-	-
As at 31 March 2023	**214.15**	**214.15**
Depreciation		
As at 01 April 2021	**6.02**	**6.02**
For the Year	3.01	3.01
Sales/adjustments	-	-
As at 31 March 2022	**9.02**	**9.02**
For the Year	42.41	42.41
Sales/adjustments	-	-
As at 31 March 2023	**51.43**	**51.43**
Net Block		
As at 31 March 2022	**205.12**	**205.12**
As at 31 March 2023	**162.72**	**162.72**

The following amounts related to Right-of-use assets were recognised in the statement of profit or loss:

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
Interest expense	5.25	0.77
Amortisation expense	42.41	3.01
Total	**47.66**	**3.78**

Note 4E. Goodwill

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
Opening balance	115.80	115.80
Add/(Less): Acquisition/(Sale) of subsidiaries	-	-
Closing balance	**115.80**	**115.80**

During the FY 2019-20, the holding Company has acquired 51% of control through purchase of equity shares of Unistring Tech Solutions Private Limited. The Group has accounted for business combination based on fair value of the identified assets, liabilities and contingent liabilities as on date of acquisition and recognised goodwill of ₹115.80 lakhs.

5. INVESTMENTS (NON-CURRENT)

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
Unquoted investments:		
Investment in Others:		
17,500 (31 Mar 2022 - 17,500) Equity shares and 2,139 (31 Mar 2022 - 2,139) Class Seed Preferred shares of Paladin AI INC.,*	224.22	224.22
	224.22	**224.22**

*Investment in Paladin AI INC., is valued at cost as in accordance to information available it is the fair value/amortised cost.

6. DEPOSITS (UNSECURED, CONSIDERED GOOD)

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
Security Deposits	29.02	34.21
Deposits with government, public bodies and others	14.31	14.04
Advance for acquisition of Shares*	252.84	-
	296.17	**48.25**

*Advance for Acquisition for investments are in Paladin AI INC., which is yet to allot the Shares.

7. DEFERRED TAX ASSETS (NET)

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
Deferred Tax Asset		
Deferred Tax Asset on MAT credit entitlement	1,886.92	2,496.42
Deferred Tax Asset on Gratuity	154.65	78.06
Deferred Tax Asset on Leases	0.16	0.17
Disallowances under Income Tax Act, 1961,allowed on payment basis	-	-
Deferred Tax Liability		
Accelerated depreciation for tax purposes	(644.07)	(552.19)
On Other comprehensive income	7.79	(1.37)
Net Deferred tax Asset	**1,405.44**	**2,021.09**

Note: Refer Note 35 for further details.

8. OTHER NON CURRENT ASSETS

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
Prepaid expenses#	15.55	48.31
Capital Advances	6.13	6.13
Others##	51.84	51.84
	73.53	**106.28**

represents amount paid in advance for the items that had not yet occurred as of the end of the financial year, including Bank Guarantee Commission, Employees Health Insurance and General Insurance expenses.

represents the cost of articles owned by the group for the purpose of business promotion.

9. INVENTORIES (VALUED AT LOWER OF COST AND NET REALISABLE VALUE)

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
Raw material	1,247.79	744.91
Work in progress	3,367.00	1,046.35
Finished Goods	285.17	703.86
	4,899.96	**2,495.11**

Note:

'- Valuation of Inventories has been made as per Company's Accounting Policy No 3J

- Cost of inventories (including cost of purchased products) recognized as expense during the year ended 31 March 2023 and 31 March 2022 amounted to ₹ 5,683.20 lakhs and ₹ 1,313.65 lakhs, respectively.

'- For details of hypothecation of inventory, refer Note No 21(i).

10. TRADE RECEIVABLES

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
Unsecured, considered good		
Trade Receivables	8,585.26	3,175.91
Less: Allowance for expected credit losses	(46.02)	(7.19)
	8,539.24	**3,168.72**

Note:

- Receivables do not include any amount due and recoverable from directors or other officers of the Holding Company, or Companies under the same management.

- Trade Receivables are Non Interest Bearing.

'- For details of hypothecation of trade receivables, refer Note No 21(i).

10A. Ageing Schedule of Trade receivables:

As at 31 March 2023

(₹ In lakhs)

Particulars	Outstanding for the following periods from the due date of payment				Total
	6 Months- 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables-considered good	121.19	399.38	-	-	8,450.59
(ii) Undisputed Trade Receivables -which have significant increase in credit risk	-	-	3.02	131.65	134.67
(iii) Undisputed Trade Receivables-Credit Impaired	-	-	-	-	-
(iv) Disputed Trade Receivables considered good	-	-	-	-	-
(v) Undisputed Trade Receivables -which have significant increase in credit risk	-	-	-	-	-
(vi) Undisputed Trade Receivables-credit impaired	-	-	-	-	-
	121.19	**399.38**	**3.02**	**131.65**	**8,585.26**
Less: Allowance for expected credit losses					(46.02)
Total	**121.19**	**399.38**	**3.02**	**131.65**	**8,539.24**

As at 31 March 2022

(₹ In lakhs)

Particulars	Outstanding for the following periods from the due date of payment				Total
	6 Months- 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables-considered good	94.98	321.15	10.25	24.08	3,051.81
(ii) Undisputed Trade Receivables -which have significant increase in credit risk	-	0.63	3.77	119.70	124.10
(iii) Undisputed Trade Receivables-Credit Impaired	-	-	-	-	-
(iv) Disputed Trade Receivables-considered good	-	-	-		-
(v) Undisputed Trade Receivables -which have significant increase in credit risk	-	-	-	-	-
(vi) Undisputed Trade Receivables-credit impaired	-	-	-	-	-
	94.98	**321.78**	**14.02**	**143.78**	**3,175.91**
Less: Allowance for expected credit losses	-	-	-	-	(7.19)
Total	**94.98**	**321.78**	**14.02**	**143.78**	**3,168.72**

11. CASH AND CASH EQUIVALENTS

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
Cash on hand	11.21	2.15
Balances with banks:		
- In current accounts	7,952.18	1,088.65
- In Overdraft accounts	1,415.54	51.55
- In Fixed Deposits with original maturity Less than 3 months	1,646.42	962.44
	11,025.36	**2,104.79**

Note:

-There is no restriction with regard to cash and cash equivalents as at the end of each reporting period and prior period.

-Refer Note 43 for Classification of financial instruments.

12. OTHER BANK BALANCES

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
Balances with banks for unclaimed dividend	7.10	8.08
Fixed Deposits with original maturity More than 3 months & Less than 12 months	2.05	-
Deposits against Bank Guarantee's*	5,514.68	6,064.96
Other Fixed Deposits	187.15	109.51
	5,710.99	**6,182.55**

Note:

- All Fixed deposits were kept with Scheduled banks only.
- There are no amounts due and outstanding to be credited to the Investors Education and Protection Fund as at 31st March 2023 and 31st March 2022.
- Refer Note 42 for Classification of financial instruments.

*These deposits are held as margin money against bank guarantee.

13. OTHER FINANCIAL ASSETS (CURRENT)

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
Unsecured, Considered good		
Accrued Income but not due	895.08	968.99
Current Investments at amortised cost	4,450.43	10,731.09
Interest accrued but not due on deposits	148.44	143.11
	5,493.96	**11,843.19**

Note: -Refer Note 42 for Classification of financial instruments.

14. CURRENT TAX ASSETS (NET)

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
Advance Income Tax (Net of Provision)	88.66	205.28
	88.66	**205.28**

15. OTHER CURRENT ASSETS

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
Unsecured, considered good		
Prepaid Expenses	191.81	157.91
Office Rent Advance	14.72	-
Balance with Statutory Authorities	953.19	655.01
Advance to material suppliers(Creditors)	700.83	647.84
Duty Credit Scripts under MEIS scheme	-	14.78
Advances to Employees	35.30	30.33
	1,895.84	**1,505.87**

16. EQUITY SHARE CAPITAL

(₹ In lakhs)

Particulars	Equity Shares	
	No.of shares	Amount
(i) Authorised share capital		
As at 01 April 2021	20,00,00,000	2,000.00
Increase/(Decrease) during the year	-	-
As at 31 March 2022	**20,00,00,000**	**2,000.00**
Increase/(Decrease) during the year	-	-
As at 31 March 2023	**20,00,00,000**	**2,000.00**

(ii) Issued share capital

(₹ In lakhs)

Particulars	Equity Shares	
	No.of shares	Amount
Equity share of ₹ 1 each issued, subscribed and fully paid up		
As at 01 April 2021	7,95,10,000	795.10
Increase/(Decrease) during the year	-	-
As at 31 March 2022	**7,95,10,000**	**795.10**
Increase/(Decrease) during the year	-	-
As at 31 March 2023	**7,95,10,000**	**795.10**

(iii) Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 1/- each. Each equity share holder is entitled to one vote per equity share held. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(iv) The details of shares held by shareholder holding more than 5% of shares in the Company

Particulars	31 March 2023		31 March 2022	
	Number of shares held	% of holding	Number of shares held	% of holding
Equity shares of ₹ 1/- each fully paid up				
Ashok Atluri	2,13,11,220	26.80%	2,13,11,220	26.80%
Kishore Dutt Atluri	1,57,56,220	19.82%	1,57,56,220	19.82%

(v) For Compulsorily Convertible Debentures (CCD's) refer Note 49

(vi) Shares held by promoters

As at 31 March 2023

(₹ In lakhs)

Promoter Name	Class of Equity share	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total shares	% Change during the year
Ashok Atluri	Equity share of ₹ 1 each	2,13,11,220	-	2,13,11,220	26.80%	0.00%
Kishore Dutt Atluri	Equity share of ₹ 1 each	1,57,56,220	-	1,57,56,220	19.82%	0.00%
Tara Dutt Atluri	Equity share of ₹ 1 each	34,19,756	(30,000)	33,89,756	4.26%	-0.88%
Rama Devi Atluri	Equity share of ₹ 1 each	26,70,000	-	26,70,000	3.36%	0.00%
Satish Atluri	Equity share of ₹ 1 each	11,84,000	-	11,84,000	1.49%	0.00%
Anisha Atluri	Equity share of ₹ 1 each	10,00,000	-	10,00,000	1.26%	0.00%
Arjun Dutt Atluri	Equity share of ₹ 1 each	10,00,000	-	10,00,000	1.26%	0.00%

As at 31 March 2023

(₹ In lakhs)

Promoter Name	Class of Equity share	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total shares	% Change during the year
Ravi Kumar Midathala	Equity share of ₹ 1 each	7,90,000	(40,000)	7,50,000	0.94%	-5.06%
Beena Atluri	Equity share of ₹ 1 each	4,04,364	30,000	4,34,364	0.55%	7.42%
Nagarjunudu Kilaru	Equity share of ₹ 1 each	1,50,290	-	1,50,290	0.19%	0.00%
Indira Garapati	Equity share of ₹ 1 each	1,20,000	-	1,20,000	0.15%	0.00%
Nandita Sethi	Equity share of ₹1 each	50,000	-	50,000	0.06%	0.00%

As at 31 March 2022

(₹ In lakhs)

Promoter Name	Class of Equity share	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total shares	% Change during the year
Ashok Atluri	Equity share of ₹ 1 each	2,13,11,220	-	2,13,11,220	26.80%	0.00%
Kishore Dutt Atluri	Equity share of ₹ 1 each	1,77,56,220	(20,00,000)	1,57,56,220	19.82%	-11.26%
Tara Dutt Atluri	Equity share of ₹ 1 each	34,19,756	-	34,19,756	4.30%	0.00%
Rama Devi Atluri	Equity share of ₹ 1 each	26,70,000	-	26,70,000	3.36%	0.00%
Satish Atluri	Equity share of ₹ 1 each	11,84,000	-	11,84,000	1.49%	0.00%
Anisha Atluri	Equity share of ₹ 1 each	-	10,00,000	10,00,000	1.26%	100.00%
Arjun Dutt Atluri	Equity share of ₹ 1 each	-	10,00,000	10,00,000	1.26%	100.00%
Ravi Kumar Midathala	Equity share of ₹ 1 each	7,94,000	(4,000)	7,90,000	0.99%	-0.50%
Beena Atluri	Equity share of ₹ 1 each	4,02,364	2,000	4,04,364	0.51%	0.50%
Nagarjunudu Kilaru	Equity share of ₹ 1 each	1,48,290	2,000	1,50,290	0.19%	1.35%
Indira Garapati	Equity share of ₹ 1 each	1,20,000	-	1,20,000	0.15%	0.00%
Nandita Sethi	Equity share of ₹ 1 each	50,000	-	50,000	0.06%	0.00%

(vii) Shares Reserved for issue under options

For details of shares reserved for issue under the employee stock option ("ESOP") plan of the Company, please refer note 46.

17. OTHER EQUITY

(₹ In lakhs)

Particulars	Note no	31 March 2023	31 March 2022
Securities premium	17.1	2,654.31	2,654.31
Capital redemption reserve	17.2	117.24	117.24
General reserve	17.3	3,525.01	3,525.01
Retained earnings	17.4	17,615.13	13,421.81
Share Warrants	17.5	250.08	250.08
Other Comprehensive Income	17.6	102.88	58.84
Equity Component of Compound Financial Instruments	17.7	7,479.32	7,479.32
Share Based Payments Reserve	17.8	44.21	-
Treasury Shares	17.9	(966.13)	-
		30,822.05	**27,506.62**
Non-Controlling Interests (NCI)	17.10	1,410.82	687.81
		32,232.87	**28,194.43**

17.1 Securities premium

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
Opening balance	2,654.31	2,654.31
Add: Additions during the year	-	-
	2,654.31	**2,654.31**

Amount received on issue of shares in excess of the face value has been classified as securities premium. This reserve will be utilised in accordance with provisions of Section 52 of the Companies Act, 2013.

17.2 Capital redemption reserve

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
Opening balance	117.24	117.24
Add: Additions during the year	-	-
	117.24	**117.24**

As per the Companies Act, 2013 Capital Redemption Reserve is created when Company purchases its own shares out of free reserves or securities premium. A sum equal to the nominal value of shares so purchased during the FY 13-14 is transferred to capital redemption reserve. The reserve is utilised in accordance with the provisions of section 69 of the Companies Act, 2013.

17.3 General reserve

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
Opening balance	3,525.01	3,525.01
Add: Additions during the year	-	-
	3,525.01	**3,525.01**

The Company has transferred a portion of the net profit of the Company before declaring dividend to general reserve pursuant to the earlier provisions of the Companies Act, 1956. Mandatory transfer to general reserve is not required under the Companies Act,2013.

17.4 Retained earnings

(₹ In lakhs)

Particulars		31 March 2023	31 March 2022
Opening balance		13,421.81	13,302.81
Add: Net profit for the year		4,272.55	198.51
	(A)	**17,694.36**	**13,501.32**
Less: Dividend distributed to equity shareholders	(B)	(79.23)	(79.51)
	(A-B)	**17,615.13**	**13,421.81**

Retained earnings are the profits that the Group has earned till date, less any transfers to general reserve, dividends or other distributions to shareholders.

17.5 Share Warrants

(₹ In lakhs)

Particulars		31 March 2023	31 March 2022
Opening balance		250.08	-
Add: Amount received on account of allotment of share warrants		-	250.08
	(A)	**250.08**	**250.08**
Less: Allotment of equity Shares pursuant to conversion of share warrants	(B)	-	-
	(A-B)	**250.08**	**250.08**

During the FY 2021-22, the Company has issued share warrants and 25% of the subscription amount was received at the time of allotment of share warrants. Balance amount (75%) will be received pursuant to duly conversion of share warrants into equity shares.

17.6 Other Comprehensive Income

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
Actuarial Gain or Loss:		
Opening balance	55.38	53.00
Add: Additions during the year	(20.23)	2.38
Closing Balance	**35.16**	**55.38**
Foreign Currency Translation Reserve:		
Opening balance	3.46	(7.11)
Add: Additions during the year	64.26	10.57
Closing Balance	**67.72**	**3.46**
	102.88	**58.84**

Other Comprehensive Income (OCI) represents the amount recognised in other equity consequent to remeasurement of Defined Benefit Plan and Exchange differences arising on translation of the foreign operations.

17.7 Equity Component of Compound Financial Instruments

(₹ In lakhs)

Particulars		31 March 2023	31 March 2022
Opening balance		7,479.32	-
Add: Equity component of Compulsorily Convertible Debentures (CCD's) issued		-	7,479.32
	(A)	7,479.32	7,479.32
Less: Allotment of equity Shares pursuant to conversion of CCD's	(B)	-	-
	(A-B)	**7,479.32**	**7,479.32**

Refer Note 49 for further details

17.8 Share based payment reserve

(₹ In lakhs)

Particulars		31 March 2023	31 March 2022
Opening balance		-	-
Add: Share based payment charge on account of options granted during the year	44.21	44.21	-
		44.21	**-**

The share options based payment reserve is used to recognise the grant date fair value of options issued to employees under Employee stock option plan.

17.9 Treasury Shares

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
Opening balance	-	-
Add: Amount on account of purchase of treasury shares	(966.13)	-
	(966.13)	**-**

Treasury Shares: The reserve for shares of the parent Company held by the Zen Technologies Limited Employees Welfare Trust (ESOP Trust).The parent Company has issued employees stock option scheme for its employees. The shares of the parent Company have been purchased and held by ESOP Trust to issue and allot to employees at the time of exercise of ESOP by Employees.

17.10 Non-Controlling interests (NCI)

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
Opening balance	687.81	625.36
Add: Net profit/(loss) attributable to NCI	723.00	62.45
	1,410.82	**687.81**

It represents the difference between the consideration paid and the carrying value of non- controlling interest acquired in subsidiaries.

18. BORROWINGS (NON CURRENT)

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
Secured (at amortized cost)		
Vehicle loans from banks		
(a) Yes Bank	-	3.05
Unsecured (at amortized cost)		
(b) Compulsory Convertible Debentures (CCDs)	-	298.34
(c) Others	-	118.41
	-	**419.80**

Details of borrowings:

(i) Borrowings mentioned in (a) are secured by the hypothecation of respective vehicles for which loans are availed.

(ii) Borrowings mentioned in (b) is the financial liability component of CCDs issued during the year which is carried at interest rate of 8.50% p.a.

19.1 Lease liabilities

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
Non Current		
At amortised cost		
'Lease Liability	43.38	85.19
	43.38	**85.19**
Current		
At amortised cost		
'Lease Liability	42.57	39.13
	42.57	**39.13**

19.2 Other financial liabilities

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
Unclaimed dividends	7.10	8.08
Provision for expenses	520.25	112.60
Salaries and benefits	227.65	174.22
Bonus and incentives	102.53	77.04
Other payables	152.38	30.19
	1,009.91	**402.14**

Note: Refer Note 42 for classification of financial instruments.

20. PROVISIONS

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
Non-Current		
- Provision for gratuity	282.96	205.02
	282.96	**205.02**
Current		
Provision for Income Tax	599.71	-
Other Provisions	6.18	-
Provision for QPA & Bonus	154.84	-
	760.73	**-**

Note: Refer Note 37 for further details of Gratuity.

21. BORROWINGS (CURRENT)

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
Secured		
(a) CC account forming part of Cash and Cash equivalents	-	-
(b) OD account forming part of Cash and Cash equivalents	157.08	-
(c) Current maturities of vehicle loans	3.09	8.22
Unsecured		-
(d) Credit card	5.05	8.63
(e) Compulsory Convertible Debentures (CCDs)	424.25	914.57
(f) Others	-	-
	589.47	**931.42**

Details of borrowings:

(i) Cash Credit (CC) mentioned in (a) amounting to ₹ Nil (31 March 2022: ₹ Nil) and Over draft (OD) mentioned in (b) amounting to ₹ 157.08 lakhs (31 March 2022: ₹ Nil) obtained from Indian Bank (₹ 26.24 lakhs) and from HDFC Bank (₹ 130.84 lakhs) are secured by way of:

Details of Securities of holding Company (Zen Technnologies Limited)

Primary Security: Inventories, Other Current Assets and Trade Receivables

Collateral Security:

-HDFC Bank

- Signature Tower Building, 11 Kothaguda Village and 12 floor of Signature building of 25000 Sq Ft, SY No:6 Kondapur, Kothaguda-500084
- Delhi 1, Apartment NH 24 adjacent to Akshardham No. T-27-06-04, Fifth floor of 1969 Sq Ft, Common Wealth Games Village - 110092
- Delhi 2, Apartment NH 24 adjacent to Akshardham No. T-27-01-03, Ground floor of 2654.3 Sq Ft, Common Wealth Games Village - 110092
- Delhi 3, Apartment NH 24 adjacent to Akshardham No. T-20-07-04, Sixth floor of 1969.52 Sq ft, Common Wealth Games Village - 110092
- Delhi 4, Apartment NH 24 adjacent to Akshardham No. T-20-01-02, Ground floor of 2654.32 Sq Ft, Common Wealth Games Village - 110092

-Indian Bank

- Corporate Office/Building Admeasuring 2540 Sq Ft Located at B-42, Industrial Estate, Sanath nagar, Hyderabad-500018

-EXIM Bank

- Industrial Plot of Land Admeasuring 2034.10 Sq Meters located at Plot No 99/2, IDA Cherlapally, Cherlapally village, Kapra Mandal, Medchal, Telangana.

-ICICI Bank

- Plot No: 35,36,37 Hardware Park, Maheshwaram Mandal, Ravirala Village, Hyderabad - 501510

-AXIS Bank

- First Pari Passu charge on entire Current Assets of the Company, both Present and Future and the First Pari Passu charge on Collateral Property shared along with ICICI.

Details of Securities of Subsidiary Company (Unistring Tech Solutions Private limited

-The working capital facilities (₹ 75,00,000) from City Union Bank are secures equitable mortgage of immovable properties and other fixed assets. 'The above Overdraft facility is secured inter - alia by suitable charge on 02 Properties locatedMunicipal No.35-6-2 (G.P.No.6-2) (Constructed in Sy No.70 of (V) Gopalpur) located at Gopalpur, Hanamakonda, Warrangal & new door no. 21-93, old no. 18-115, at Survey no. 24/9, Muppavarapu Vari Street, Bhaghath Singh Nagar, Main Road, Yanamalakuduru, Vijayawada, Krishna District which are offered as collateral securities.

Other Details:

The Avg.Rate of Interest of CC is 9.83% p.a of and Cash credit is the sub-limit of ₹ 1500 lakhs of total limits of ₹ 21,100 lakhs which consists of Bank Guarantee, Letter of Credit, Pre and Post Shipment Credit, PSR and Corporate Card Limits.

(ii) Borrowings mentioned in (c) are secured by the hypothecation of respective vehicles for which loans are availed.

(ii) Borrowings mentioned in (e) is the financial liability component of CCDs issued during the previous year which is carried at interest rate of 8.50% p.a.For further Details refer Note 48.

22. TRADE PAYABLES

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
Trade payables		
- Dues to Micro and Small Enterprises	74.03	107.59
Dues to creditors other than micro and small enterprises	599.41	285.58
	673.44	**393.17**

Note: Trade payable are non interest bearing and normally settled in 30 - 45 days

22A. Ageing Schedule of Trade Payables:

As at 31 March 2023

(₹ In lakhs)

Particulars	Outstanding for the following periods from the due date of payment					
	Not Due	<1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	52.19	2.37	0.05	0.40	19.04	74.03
(ii) Others	176.34	375.34	13.27	1.33	33.13	599.41
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
	228.53	**377.71**	**13.32**	**1.73**	**52.17**	**673.44**

As at 31 March 2022

(₹ In lakhs)

Particulars	Outstanding for the following periods from the due date of payment					
	Not Due	<1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	80.61	4.16	1.68	12.73	8.41	107.59
(ii) Others	166.94	82.32	2.40	6.80	27.12	285.58
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
	247.55	**86.48**	**4.08**	**19.53**	**35.53**	**393.17**

23. OTHER CURRENT LIABILITIES

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
Income billed but not due	3.48	49.76
Taxes payable	815.03	164.36
Advance from customers	**9,858.35**	**5,124.40**
Audit Fee Payable	1.75	-
Other payables	260.49	-
	10,939.10	**5,338.53**

24. CURRENT TAX LIABILITIES (NET)

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
Provision for Income Tax	-	91.62
	-	**91.62**

25. REVENUE FROM OPERATIONS

(₹ In lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
(a) Revenue from sale of products	18,294.77	3,666.95
(b) Revenue from rendering of services	3,589.85	3,308.29
	21,884.62	**6,975.24**

Contract balances:

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
(a) Receivables		
Trade Receivables (gross) (refer note 10)	8,585.26	3,175.91
Less: Allowances for Doubtful debts	(46.02)	(7.19)
Net Receivables	**8,539.24**	**3,168.72**
(b) Contract Liabilities		
Advances received from customers (refer note 23)	9,858.35	5,124.40
Income billed but not due (refer note 23)	3.48	49.76
	9,861.83	**5,174.16**
(c) Contract Assets		
Unbilled revenue for other than passage of time (refer note 13)	895.08	968.99
	895.08	**968.99**

26. OTHER INCOME

(₹ In lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Interest income	631.65	430.39
Foreign exchange fluctuation gain (net)	22.08	49.77
Interest on Income Tax Refund	10.59	-
Profit on sale of Property, Plant and Equipment	0.93	-
Miscellaneous income	59.49	57.68
	724.74	**537.83**

Note: Foreign Exchange fluctuation gain (net) - The Foreign Exchange Gain/Loss is on account of rate variations arising on transactions in foreign currency between the date of recording of such transactions and the settlement/reporting date.

27. COST OF MATERIALS CONSUMED

(₹ In lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Opening stock of raw materials	600.70	667.32
Add: Purchases	8,268.04	2,392.01
	8,868.74	**3,059.33**
Less: Closing stock of raw materials	(1,015.69)	(600.70)
	7,853.05	**2,458.63**

28. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

(₹ In lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Opening work in progress	5,203.03	196.74
Opening Finished Good	-	552.69
Opening stock-in-trade	-	-
	5,203.03	**749.43**
Closing work in progress	7,192.88	(1,190.55)
Closing Finished Good	-	-
Closing stock-in-trade	-	(703.86)
	7,192.88	**(1,894.41)**
Net (increase)/decrease in stock	**(1,989.86)**	**(1,144.98)**

29. MANUFACTURING EXPENSES

(₹ In lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Power and fuel	29.95	21.56
Spares and Stores	47.74	59.52
Material Handling Charges	13.82	8.96
Travel expenses - Production	12.52	3.13
System Installation & Maintenance	-	-
Factory Maintenance	355.90	148.48
Training Charges	3.71	0.96
Factory Wages	296.70	162.39
	760.34	**405.00**

30. EMPLOYEE BENEFITS EXPENSE

(₹ In lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Salaries, wages and bonus	3,289.95	1,944.35
Contribution to provident and other funds	87.41	60.19
Salary arrears	12.33	-
Gratuity expense (Refer Note-38(b))	65.02	57.65
Share based Payment Expenses	44.21	-
Staff welfare expenses	93.21	38.66
	3,592.13	**2,100.85**

Note: Refer Note 39 for Remuneration to key Managerial Personnel.

31. FINANCE COSTS

(₹ In lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Bank Charges	33.11	12.47
BG Commission	88.20	86.90
Processing Charges	18.19	5.75
Interest on borrowings		
- interest on cash credit account	1.56	10.71
- interest on Vehicle loan	0.68	1.37
- interest Others	265.82	35.85
	407.55	**153.05**

32. DEPRECIATION AND AMORTISATION

(₹ In lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Depreciation of property plant & equipment	493.65	410.75
Amortisation of Intangible Assets	69.60	69.60
Depreciation on Right-of-use assets	42.41	3.01
	605.65	**483.35**

33. OTHER EXPENSES

(₹ In lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Business Promotion	245.03	114.57
Exhibition expenses	259.81	212.49
Commission on Sales	464.38	99.25
System Installation & Maintenance	93.55	80.55
Freight	82.51	72.27
Domestic Travel	428.07	282.53
Foreign Travel	245.86	137.87
Advertisement	117.12	112.89
Bad debts written off	3.27	15.93
Books & periodicals	-	0.32
Conveyance	105.94	45.38
Consumables	22.42	18.67

33. OTHER EXPENSES

(₹ In lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Directors' sitting fees	12.00	11.25
Donations	-	-
CSR expenditure	44.79	55.00
Electricity Charges	60.76	39.95
Insurance	42.12	18.16
Membership & Subscription	0.11	0.09
Office Maintenance	205.03	126.30
Postage & Telephone	44.70	35.33
Printing & Stationary	18.56	7.72
Professional Charges	661.58	503.29
Rates & Taxes	77.61	35.33
Rent	187.90	50.18
Security expenses	53.76	35.39
Vehicle Maintenance	35.22	18.11
Computer Maintenance	20.86	4.85
Liquidated Damages	21.94	-
Spares & Stores	663.64	409.55
Provision for bad and doubtful debts	38.83	7.19
Payment to Auditor	5.65	4.00
Telephone and Internet Expenses	1.11	-
Annual subscriptions and periodicals	0.08	-
Miscellaneous expenses	143.61	140.82
	4,407.82	**2,698.89**

34. COMPONENTS OF OTHER COMPREHENSIVE INCOME

(₹ In lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Items that will be reclassified to profit or loss		
Exchange differences on translation of foreign operations	63.84	1.53
Deferred tax on exchange differences	(3.10)	(0.42)
	60.74	**1.10**
Items that will not be reclassified to profit or loss		
Re-measurement gains/(losses) on defined benefit plans	(28.02)	3.30
Deferred tax on remeasured gain/(loss)	7.80	(0.92)
	(20.23)	**2.38**

35. INCOME TAX

The major components of income tax expenses for the year ended 31 March 2023 and 31 March 2022 are as follows:

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
Profit or loss section		
Current tax expense	1,548.71	127.95
Adjustment of tax relating to earlier periods	**-**	**(92.84)**
MAT credit utilisation	609.50	41.37
Deferred tax	17.64	(7.13)
Total income tax expense recognised in Statement of Profit and Loss	**2,175.84**	**69.35**

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
OCI section		
Tax Effect on OCI items	4.70	(1.34)
Income tax charged to OCI	**4.70**	**(1.34)**

(a) The income tax expense for the year can be reconciled to the accounting profit as follows:

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
Profit before tax	7,172.66	330.32
At India's statutory income tax rate of 29.12% (31 March 2022: 27.82%)	2,088.68	91.89
Adjustments in respect of current income tax of previous years	-	(92.84)
Add/(Less): Tax effect on account of:		
Items which are not tax deductible for computing taxable income	47.34	18.94
Effect of change in income tax rate for deferred tax recognised	68.33	-
Effect of items which are not taxable for computing taxable income	(58.24)	0.78
Others	29.74	50.58
Income tax expense recognised in the Statement of Profit and Loss	**2,175.84**	**69.35**

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
Deferred tax		
Deferred tax asset/(liability) (net)	(481.48)	(475.33)
MAT credit entitlement	1,886.92	2,496.42
Deferred tax asset (net)	**1,405.44**	**2,021.09**

(b) Deferred tax (liabilities)/assets (net) as at 31 March 2023, as detailed below reflect the quantum of tax liabilities/(assets) accrued up to 31 March 2023

2022-23

(₹ In lakhs)

Particulars	Opening balance	Recognised in Statement of profit and loss	Recognised in other comprehensive income	MAT Credit availed/ (utilization)	Closing balance
Deferred tax (liabilities)/assets in relation to:					
MAT credit	2,496.42	-	-	(609.50)	1,886.92
Timing difference on:					-
-Property, plant and equipment	(553.61)	(91.88)	-	-	(645.50)
-Disallowances under Income Tax Act, 1961, allowed on payment basis	78.45	76.59	-	-	155.04
-Remeasurement of defined benefit plans	(0.32)	-	7.80	-	7.47
-Exchange difference on translation of foreign operation	-	-	(3.10)	-	(3.10)
-Others	0.16	4.45	-	-	4.61
Deferred tax (liabilities)/assets (Net)	**2,021.09**	**(10.85)**	**4.70**	**(609.50)**	**1,405.44**

(c) Deferred tax (liabilities)/assets (net) as at 31 March 2022, as detailed below reflect the quantum of tax liabilities/ (assets) accrued up to 31 March 2022

2021-22

(₹ In lakhs)

Particulars	Opening balance	Recognised in Statement of profit and loss	Recognised in other comprehensive income	MAT Credit availed/ (utilization)	Closing balance
Deferred tax (liabilities)/assets in relation to:					
MAT credit	2,537.78	-	-	(41.37)	2,496.42
Timing difference on:					
-Property, plant and equipment	(549.68)	(3.93)	-	-	(553.61)
-Disallowances under Income Tax Act, 1961, allowed on payment basis	67.47	10.98	-	-	78.45
-Remeasurement of defined benefit plans	1.02	-	(1.34)	-	(0.32)
-Others	0.11	0.06	-	-	0.16
Deferred tax (liabilities)/assets (Net)	**2,056.70**	**7.10**	**(1.34)**	**(41.37)**	**2,021.09**

36. EARNINGS PER SHARE

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the holding Company by the weighted average number of Equity shares outstanding during the year excluding the treasury shares as per Ind AS 33 Earnings per share.

Diluted earnings per share is calculated by dividing the profit/(loss) attributable to equity holders of the holding Company (after adjusting for interest on the Compulsory convertible debentures) by the weighted average number of equity shares outstanding during the period/ year used for computing Basic EPS plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

(₹ In lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Earnings per equity share		
Profit attributable to equity shareholders of the holding Company	4,273.81	198.51
Add: Interest on Compulsorily Convertible Debentures (CCD's)	54.65	24.96
Adjusted earnings	**4,328.46**	**223.47**
Weighted average number of equity shares outstanding (Nos.) of Face Value of ₹ 1/-each	**7,95,10,000**	**7,95,10,000**
Less: Weighted average number of equity shares held by ESOP trust (Nos.) of Face value of ₹ 1/-each*	2,61,366	-
Weighted average number of equity shares for Basic EPS (Nos.)	**7,92,48,634**	**7,95,10,000**
Effect of dilutive equivalent Compulsorily convertible debentures (CCD's)	40,64,627	13,54,876
Weighted average number of equity shares for dilutive EPS (Nos.)	**8,33,13,261**	**8,08,64,876**
Face value per equity share (₹)	1.00	1.00
Earning per share - Basic (₹)	**5.39**	**0.25**
Earning per share - Diluted (₹)#	**5.20**	**0.25**

*The Weighted average Number of Equity Shares takes into account the weighted average effect of treasury shares transaction during the year as per Ind AS 33 Earnings per Share.

#The conversion of above mentioned potential equity shares (CCDs) would increase the earnings per share, these are anti-dilutive in nature and thus the effects of anti-dilutive potential equity shares are not considered in calculating the diluted equity per share.

During the FY 2021-22, the Group has issued 4,69,633 share warrants to the promotors of the holding-Company at the market price. Therefore, these share warrants are assumed to be fairly priced and they are not considered in calculating Dilutive EPS (DEPS) as per Ind AS 33.Earnings per share.

37. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS

(a) Defined contribution plan

The following amount recognised as an expense in Statement of profit and loss on account of provident fund and other funds. There are no other obligations other than the contribution payable to the respective authorities.

(₹ In lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Contribution to provident fund recognised as expense in the Statement of Profit and Loss	87.41	60.19

(b) Defined benefit plan

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of continuous service gets a gratuity on retirement at 15 days last drawn basic salary for each completed year of service. The scheme is funded with an insurance Company in the form of a qualifying insurance policy.

The following table's summaries the components of net benefit expense recognised in the Statement of profit and loss and the funded status and amounts recognised in the balance sheet for the gratuity plan:

(₹ In lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Statement of profit and loss		
Net employee benefit expense recognised in the employee cost		
Current service cost	53.80	39.17
Past service cost	-	13.46
Interest cost on defined benefit obligation	19.03	15.55
Interest income on plan assets	(7.82)	(6.15)
Other adjustments	-	(4.38)
Net benefit expense	**65.01**	**57.65**
Re measurement during the period/year due to:		
Actuarial loss/(gain) arising from change in financial assumptions	(8.73)	(3.24)
Actuarial loss/(gain) arising from change in demographic assumptions	(1.55)	-
Actuarial loss/(gain) arising on account of experience changes	37.85	1.33
Return on plan assets excluding interest income	0.45	(1.39)
Amount recognised in OCI outside profit and loss statement	**28.02**	**(3.30)**
Balance Sheet		
Reconciliation of net liability/asset		
Closing Present Value of Defined Benefit Obligation	405.62	326.91
Closing Fair Value of Plan Assets	122.65	121.89
Closing net defined benefit liability	**282.96**	**205.02**
Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	205.02	166.03
Current service cost	53.80	39.17
Past service cost	-	13.46
Interest cost	11.21	9.40
Adjustment to opening balance	-	(5.09)
Re measurement during the period due to:		
Actuarial loss/(gain) arising from change in financial assumptions	(8.73)	(3.24)
Actuarial loss/(gain) arising from change in demographic assumptions	(1.55)	-
Actuarial loss/(gain) arising on account of experience changes	37.85	1.33
Return on plan assets excluding interest income	0.45	(1.39)
Benefits paid	(15.10)	(14.65)
Closing defined benefit obligation	**282.96**	**205.02**

(Contd.)

(₹ In lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Change in fair value of plan assets during the year		
Opening Fair Value of Plan Assets	121.89	104.36
Adjustment to opening balance	-	5.09
Contributions paid by the employer	15.10	14.65
Return plan assets (Excluding interest income)	(0.45)	1.39
Benefits paid	(21.71)	(9.75)
Interest income on Plan Assets	7.82	6.15
Closing Fair Value of Plan Assets	**122.65**	**121.89**

The principal assumptions used in determining gratuity benefit obligation for the Company's plans are shown below:

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
Discount rate (p.a.)	7.14%	6.59%
Salary escalation rate (p.a.)	6.00%	6.00%
Mortality rate	IALM (2012-14) Ult	IALM (2012-14) Ult
Disability rate	0.00%	0.00%
Withdrawal rate (Past service (PS))	PS:0 to 42: 15%	PS: 0 to 42: 12%
Normal retirement age (in years)	60	60
Adjusted average future service	5.14	6.49

A quantitative analysis for significant assumptions is as shown below:

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
Assumptions - Discount rate		
Sensitivity Level (a hypothetical increase/(decrease) by)		
Impact of Increase in 1% on defined benefit obligation	337.67	289.78
Impact of Decrease in 1% on defined benefit obligation	366.90	320.51
Assumptions - Salary Escalation rate		
Sensitivity Level (a hypothetical increase/(decrease) by)		
Impact of Increase in 1% on defined benefit obligation	363.54	317.23
Impact of Decrease in 1% on defined benefit obligation	340.14	292.06

Asset Liability Comparisons

(₹ In lakhs)

Year	31 March 2019	31 March 2020	31 March 2021	31 March 2022	31 March 2023
PVO at the end of the period	257.77	252.00	270.39	304.27	351.58
Plan Assets	117.17	95.23	104.36	121.89	122.65
Surplus/(Deficit)	(140.60)	(156.77)	(166.03)	(182.38)	(228.92)
Experience adjustment on plan assets	0.06	16.48	1.63	1.39	(0.45)

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors. Such as supply and demand in the employment market.

The following payments are expected contributions to the defined benefit plan in future years:

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
Expected future benefit payments		
Within the next 12 months (next annual reporting period)	102.52	81.81
Between 2 and 5 years	188.43	132.91
Between 6 and 10 years	151.00	113.50
Total expected payments	**441.95**	**328.22**

The weighted average duration of the defined benefit plan obligation at the end of the reporting period (based on discounted cash flows 4.17 years. (31 March 2022:5.09 years).

38. CONTINGENT LIABILITIES AND COMMITMENTS

(a) Contingent liabilities

I)Claims against the Group not acknowledged as debts:

i) On account of Direct Tax matters - ₹ 441.48 lakhs (31 March 2022: ₹ 54.04 lakhs)

ii) On account of Indirect Tax matters (Central Excise Duty) - ₹ 823.40 lakhs (31 March 2022: ₹ 823.40 lakhs)

The Group is contesting the demands and the management, including its tax advisors, believe that its position will likely be upheld in the appellate process with respect to Direct Tax and Indirect tax matters. No tax expense has been accrued in the financial statements for the tax demand raised. The Management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the Company's financial position and results of operations.

II) Guarantees

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
Corporate Guarantee issued in favour of customer(s) of		
'Unistring Tech Solutions Private Limited	1,012.44	1,234.61

(b) Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for:

At 31 March 2023, the Company has commitments of ₹ 36.32 lakhs (31 March 2022: ₹ 45.79 lakhs) relating to renovation of factory buildings at Maheswaram.

39. RELATED PARTY TRANSACTIONS

Information on names of related parties and nature of relationship as required by Ind AS 24 on related party disclosures are given below:

A) Nature of relationship and names of related parties:

Name of the party	Nature of relationship
(a) Key Managerial Personnel (KMP):	
Mr. Ashok Atluri	Chairman & Managing Director
Mr. Kishore Dutt Atluri	President & Joint Managing Director (w.e.f 01-08-2022)
Mr. M Ravi Kumar	Whole Time Director
Ms. Shilpa Choudari	Whole Time Director
Dr. Ravindra Kumar Tyagi	Independent Director
Mr. Venkata Samir Kumar Oruganti	Independent Director (till 13-08-2021)
Mr. Amreek Singh Sandhu	Independent Director
Ms. Sirisha Chintapalli	Independent Director
Dr. Ajay Kumar Singh	Independent Director
Ms.Devraj Shravani	Managing Director - Unistring Tech Solutions Pvt.Ltd
Mr. Srinivasa Raju Kolahalam	CEO & Director - Unistring Tech Solutions Pvt.Ltd
Mr. S Nagendra Babu	Vice President - Unistring Tech Solutions Pvt.Ltd
Mr. Hansraj Singh Rajput	Company Secretary & Compliance Officer (till 14-12-2022)

39. RELATED PARTY TRANSACTIONS

Information on names of related parties and nature of relationship as required by Ind AS 24 on related party disclosures are given below:

A) Nature of relationship and names of related parties:

Name of the party	Nature of relationship
Mr. Raghavendra Prasad Movva	Company Secretary & Compliance Officer (w.e.f 06-05-2023)
Mr. Afzal Harunbhai Malkani	Chief Financial Officer (w.e.f 01-08-2022)
(b) Relatives of Key Managerial Personnel	
Mr. Arjun Dutt Atluri	Management Engineer, Son of Mr. Kishore Dutt Atluri
Mrs. Rama Devi Atluri	Spouse of Mr. Kishore Dutt Atluri
Ms. Anisha Atluri	Manager - HR & Admin, Daughter of Mr. Kishore Dutt Atluri
(c) Other related firms & Associates	
Veer Sammaan Foundation	Founder Trustee
Zen Technolgies Limited Employee Welfare Trust	Entity under the control of the Company
(d) Entities controlled by persons having control/significant influence over Company	
Indigenous Defence Equipment Exporters Association	Entity accustomed to act in accordance with the advice, directions or instructions of a Director.

B) Following are the transactions with related parties during the year:

(₹ In lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
i) Remuneration to KMP		
Mr. Ashok Atluri	61.22	60.83
Mr. Kishore Dutt Atluri	69.24	48.23
Mr. M Ravi Kumar	69.79	53.59
Ms. Shilpa Choudari	24.39	25.04
Mrs.Devraj Shravani	24.75	-
Mr. Srinivasa Raju Kolahalam	88.11	-
Mr. S Nagendra Babu	66.85	-
Mr. Hansraj Singh Rajput-CS	11.25	15.02
Mr. Raghavendra Prasad Movva-CS	-	-
Mr. Afzal Harunbhai Malkani-CFO	66.52	-
ii) Commission to KMP		
Mr. Ashok Atluri	115.36	5.82
Mr. Kishore Dutt Atluri	161.44	18.10
iii) Remuneration to relatives of KMP		
Mr. Arjun Dutt Atluri	22.78	11.78
Ms. Anisha Atluri	11.33	6.38
iv) Sitting Fee to Independent Directors		
Ms. Sirisha Chintapalli	3.00	1.75
Mr. O Venkata Samir Kumar	-	1.25
Mr. Amreek Singh Sandhu	4.50	2.75
Dr. Ravindra Kumar Tyagi	4.50	2.75
Dr. Ajay Kumar Singh	-	2.75
v) Rent		
Mrs. Ramadevi Atluri	6.70	6.38
vi) CSR Expenditure		
Veer Sammaan Foundation	44.79	55.00
vii) Corporate Guarantee		
Corporate Guarantee issued infavour of customer(s) of Unistring Tech Solutions Pvt Ltd(Guarantee Given by the Company's Bankers)	-	1,234.61

C) Balances with the related parties are summarised below:

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
i) Related party receivables grouped under		
a) Other current assets		
Mr. Arjun Dutt Atluri (Advances to Employees)	-	6.81
Ms. Anisha Atluri (Advances to Employees)	-	0.01
b) Other current liabilities		
ii) Related party payables grouped under:		
a) Other current liabilities		
Mr. M Ravi Kumar (Other Payables)	-	0.04
iii) Corporate Guarantee		
Corporate Guarantee issued infavour of customer(s) of Unistring Tech Solutions Pvt Ltd (Guarantee Given by the Company's Bankers)	1,012.44	1,234.61

Key managerial personnel of the Company is covered by the Company's gratuity policy and is eligible for compensated absences along with other employees of the Company. The proportionate amount of gratuity and compensated absences cost pertaining to them have not been included in the aforementioned disclosure as these cannot be determined on an individual basis.

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. Outstanding balances at the year-end are unsecured.

40. THE DISCLOSURE PURSUANT TO THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT,2006, (MSMED ACT) FOR DUES TO MICRO ENTERPRISES AND SMALL ENTERPRISES AS AT MARCH 31, 2023 AND MARCH 31, 2022 IS AS UNDER

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
a) the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year;	74.03	107.59
b) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
c) the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
d) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

Note: The list of undertakings covered under MSMED Act was determined by the Group on the basis of information available with the Group.

41. DISCLOSURE PURSUANT TO INDIAN ACCOUNTING STANDARD (IND AS) 108 "OPERATING SEGMENTS"

Operating Segments

The Group's operations predominantly consist of Military Training & Operations. The Group's Chief Operating Decision Maker (CODM) review the operations of the Group as a single reportable segment and operations from other than Training & Simulation does not qualify as a reportable segment as these operations are not material. Hence there are no reportable segments under Ind AS 108. Accordingly, the Group has only one operating and reportable segment, the disclosure requirements specified in paragraphs 22 to 30 are not applicable.

Geographical Information

(₹ In lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Revenue		
Domestic	10,460.71	6,610.27
Overseas	11,423.91	364.97
Total revenue per statement of profit or loss	**21,884.62**	**6,975.24**

The revenue information above is based on the locations of the customers.

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
Non-current operating assets:		
India	73.53	106.28
Outside India	-	-
Total non-current operating assets	73.53	106.28

Non-current assets for this purpose excludes financial assets and deferred tax assets.

Information about major customers

During FY 2022-23, total revenue consists of 35.67% from single customer.

42. FINANCIAL INSTRUMENTS

A. Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy:

(₹ In lakhs)

Particulars	Note no.	31 March 2023		31 March 2022		Fair value level
		Amortised cost	Fair value	Amortised cost	Fair value	
Financial assets						
Trade receivables	10	8,539.24	-	3,168.72	-	
Cash and cash equivalents	11	11,025.36	-	2,104.79	-	
Other bank balances	12	5,710.99	-	6,182.55	-	
Other financial assets (Current)	13	5,493.96	-	48.25	-	
Other financial assets (Non current)	6	296.17	-	11,843.19	-	
Total financial assets		**31,065.71**	**-**	**23,347.50**		
Financial liabilities						
Borrowings	18 & 21	589.47	-	1,351.23	-	
Lease liabilities	19.1	85.95	-	124.33	-	
Trade payables	22	673.44	-	393.17	-	
Other financial liabilities	19.2	1,009.91	-	402.14	-	
Total financial liabilities		**2,358.77**	**-**	**2,270.86**	**-**	

The fair value of trade receivables, other financial assets, cash and cash equivalents, other bank balances, borrowings, trade payables and other financial liabilities approximate their carrying amount largely due to short-term nature of these instruments.

B. Measurement of fair values

i. Transfer between Level 1 and 2

There have been no transfers from Level 2 to Level 1 or vice-versa in the current year and no transfers in either direction in previous year.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial liabilities comprise mainly of borrowings, trade payables and other payables. The Group's financial assets comprise mainly of investments, cash and cash equivalents, other balances with banks, loans, trade receivables and other receivables.

The Group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Board of Directors of the holding Group has overall responsibility for the establishment and oversight of the Group's risk management framework. In performing its operating, investing and financing activities, the group is exposed to the Credit risk and Liquidity risk.

i) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Group's exposure to market risk is primarily on account of interest rate risk. Financial instruments affected by market risk include loans, borrowings and deposits.

a. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The group's exposure to the risk of changes in market interest rates relates primarily to the debt obligations with floating interest rates.

The group is having current borrowings in the form of working capital, Compulsory Convertible Debentures (CCDs) and current maturities of vehicle loan. There is a fixed rate of interest in case of vehicle loan, Compulsory Convertible Debentures (CCDs) hence, there is no interest rate risk associated with these borrowings. The group is exposed to interest rate risk associated with working capital facility and credit card facility due to floating rate of interest.

The following analysis is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax. The correlation of variables will have significant effect in determining the ultimate impact of interest rate risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non–linear. The method used for deriving sensitivity information and significant variables have not changed from the previous period.

As at March 31, 2023 and March 31,2022,Current borrowings (Working capital facility, Credit card facility) of ₹ 162.13 lakhs and ₹ 8.63 lakhs, respectively, were subject to variable interest rates.

(₹ In lakhs)

Particulars	Impact on Profit Before Tax	
	For the Year ended 31 March 2023	For the Year ended 31 March 2022
Change in Interest Rate		
Increase in 100 basis points	(1.62)	(0.09)
Decrease in 100 basis points	1.62	0.09

b. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency). Considering the countries and economic environment in which the group operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries.

Any movement in the functional currency of the various operations of the group against major foreign currencies may impact the Group's revenue in international business. The group evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks.

(₹ In lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Expenditure in foreign currency		
Raw Materials and Components	2,417.25	936.96
Stores and Spares	1.59	6.96
Foreign Travel (Exclusive of Tickets Purchased)	278.91	110.18
Membership	1.05	3.16
Professional Charges	1.28	12.78
Exhibition Expenses	18.17	140.17
Employee benefits expense	219.46	116.90
Others	694.72	57.67

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
Receivables/(Payables) in Foreign Currency		
Advance from customers	5,979.14	(2,362.22)
Trade payables	115.37	14.47
Trade Receivables	3,208.67	234.31
Advance to Material suppliers	257.51	25.10

Exchange gain of ₹ 22.08 lakhs and ₹ 49.77 lakhs has been recognised in the standalone statement of profit and loss for the years ended 31 March 2023 and 31 March 2022 respectively.

ii) Credit Risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the group. Credit risk arises from credit exposures from trade receivables, advances given to suppliers (for procurement of goods, services and capital goods), cash and cash equivalent with banks, security deposits and loans.

Trade Receivables

The credit risk of the group is managed at a corporate level by the risk management committee which has established the credit policy norms for its customers. The group expects to continue to derive most of its revenue from the Indian Defence Services under the contracts of the Ministry of Defence (MoD),consequent to which the Company has a negligible credit risk associated with such receivables.

Provision for Credit Impaired Receivables

As the debtors are predominantly the Government of India (Indian Defence Services, Ministry of Home Affairs),Public Sector Undertakings where the counter-parties have sufficient capacity to meet the obligations and where the risk of default is negligible. Accordingly, impairment on account of expected credit losses is being assessed on a case to case basis in respect of dues outstanding for significant period of time as per the accounting policy. Further, management believes that the unimpaired amounts that are due is collectable in full, based on historical payment behaviour and extensive analysis of customer credit risk.

In a few cases credit is extended to customers based on market conditions after assessing the solvency of the customer and the necessary due diligence to determine credit worthiness. Advance payments are made against bank guarantee which safeguards the credit risk associated with such payments. Impairment losses on financial assets have been made after factoring contractual terms and other indicators.

Financial instruments and cash deposits

The cash and cash equivalent with banks are in the form of short term deposits with maturity period of up to 1 year. The group has a well structured Risk Mitigation Policy whereby there are present limits for each bank based on its net worth and earning capacity which is reviewed on a periodic basis. The group has not incurred any losses on account of default from banks on deposits.

The credit risk in respect of other financial assets is negligible as they are mostly due from government department/parties.

Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. counterparty credit limits are reviewed by the top management on an annual basis, and may be updated throughout the year subject to approval of the group's board of directors.

The limits are set to minimize the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

iii) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group has an established liquidity risk management framework for managing its short term, medium term and long term funding and liquidity management requirements. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group manages the liquidity risk by maintaining adequate funds in cash and cash equivalents. The Group also has adequate credit facilities agreed with banks to ensure that there is sufficient cash to meet all its normal operating commitments in a timely and cost-effective manner.

The table below analyses derivative and non-derivative financial liabilities of the group into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

(₹ In lakhs)

Particulars	Carrying Value	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years
As at 31 March 2023						
Borrowings	589.47	-	589.47	-	-	-
Other financial liabilities	1,095.86	7.10	824.87	102.53	85.95	-
Trade payables	673.44	-	673.44	-	-	-

(Contd.)

(₹ In lakhs)

Particulars	Carrying Value	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years
As at 31 March 2022						
Borrowings	1,351.23	-	129.27	920.57	301.39	-
Other financial liabilities	526.47	8.08	392.85	116.17	9.36	-
Trade payables	393.17	-	393.17	-	-	-

At present, the group does expects to repay all liabilities at their contractual maturity. In order to meet such cash commitments, the operating activity is expected to generate sufficient cash inflows.

44. CAPITAL MANAGEMENT

For the purpose of the Group's capital management, capital includes issued capital, non-controlling interest and all other equity reserves attributable to the equity shareholders of the holding Group. The primary objective of the Group when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value.

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
Gearing ratio		
Borrowings (non-current and current, including current maturities of non-current borrowings, interest accrued and due, Interest accrued but not due)	589.47	1,351.23
Less: Cash and cash equivalents (including balances at bank other than cash and cash equivalents and margin money deposits with banks)	(21,186.78)	(19,018.43)
Net debt (A)	**(20,597.30)**	**(17,667.20)**
Equity (B)	33,027.97	28,989.53
Gearing ratio (%) {A/(A+B)}*	-	-

Gearing ratio:

The group monitors capital using gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio within 50%. In order to achieve this overall objective, the group makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The group aims to ensure that it meets the financial covenants attached to the interest bearing loans and borrowings that define the capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowings in the current year.

*As at 31st March 2023 and 31st March 2022, Gearing Ratio is negative on hence represented as Nil

45. EMPLOYEE STOCK OPTION SCHEME

a) The objective of the Employee Stock Option Scheme is to attract and retain talent and align the interest of employees with the Zen Technologies Limited (ZTL) as well as to motivate them to contribute to its growth and profitability. The Group adopts Senior Executive Plan in granting Stock options to its Senior Employees. (Employee Stock Option Plan – 2021).

During the Annual General Meeting held on August 28, 2021, Zen Technologies Limited introduced the Employee Stock Option Plan - 2021, which was subsequently ratified by the shareholders on September 29, 2022, in accordance with SEBI Regulations. The plan received in-principle approval from the National Stock Exchange of India Limited and BSE Limited to issue a maximum of 4,000,000 equity shares with a face value of ₹ 1/- each, under the Zen Technologies Limited Employee Stock Option Plan - 2021.

To facilitate the implementation of the ESOP scheme, the ESOS trust borrowed funds of ₹ 10 Crores from the parent Company, as approved by the Board of Directors on October 30, 2021. The trust utilized these funds to purchase 4,81,524 shares from the secondary market, with a total consideration of ₹ 966.13 lakhs, for allocation to eligible employees under the ESOS scheme. As of March 31, 2023, these shares were acquired.

During the Nomination and Remuneration Committee meeting on February 2, 2023, it was decided, in compliance with the Zen Technologies Limited Employee Stock Option Plan-2021 and relevant laws and regulations, to grant 2,70,900 Employee Stock Options (ESOPs) to eligible employees as identified and determined by the committee. The exercise price for these options is set at ₹ 100/- (Rupees Hundred Only) per option.

In the standalone financial statements of the parent Company, the Company had adopted the policy of consolidating the ESOP Trust, the related loan and advances appearing in the standalone financial statements of the Company were eliminated and investment in own shares the Company held by the trust is shown as treasury shares in "other equity"

As at 31 March 2023, the ESOP Trust purchased 4,81,524 shares from secondary market for an aggregate consideration of ₹ 966.13 lakhs.

b) The nature and extent of share-based payment arrangements that existed during the period.

Summary of options granted under plan:

Particulars	31 March 2023	31 March 2022
Options Outstanding at the beginning of the year	-	-
No. of Options Granted during the Year	2,70,900	-
No.of Options Exercised during the year	-	-
No. of Options Forfeited/Expired during the year	-	-
Options Outstanding at the ending of the year	2,70,900	-
Vested and Exercisable	-	-
c) The Model Inputs for the options as at 31st March,2023 Included:		
Grant Date	21-02-2023	
Grant price	₹ 100	
Vesting period	1 year from the date of Grant	
Market price at Grant date	₹ 256.75/- (Grant day closing price on the Recognised Stock Exchange)	
Exercise Period	1 year from the date of vesting	
Fair value of the option on Grant Date	₹ 156.75	
Method of Accounting	Intrinsic value	
Method of Settlement	Equity	

d) The Company has estimated fair value of options on grant date is determined using Intrinsic value method.

e) The effect of expenses arising from equity settled share based payments on the entity's profit or loss for the period is ₹ 44.21 lakhs.

46. EXCEPTIONAL ITEMS

During the previous year, Group filed total insurance claim of ₹ 712 lakhs, Out of which entity received an ad-hoc amount of ₹ 200 lakhs and the total insurance claim has been revised to a total of ₹ 656 lakhs under the assessment with Insurance Company against the claim lodged with reference to a loss of property, plant and equipment that were destroyed due to a fire at the parent Company's Demonstration Centre located at Maheshwaram Hardware Park near Shamshabad Airport on November 30, 2021. As on 31 March 2023, Group has not received any approval/acknowledgement of claim from Insurer for the balance amount of ₹ 456 lakhs. Hence, the claim receivable from the insurer is not accounted which is in line with the provisions of Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets.

The Group has recognised the expenditure incurred in the process of replacing the assets lost and renovation of building which is damaged and the same has been accounted as Capital work in progress (Refer Note 4C) after capitalization of identifiable items which are ready for intended use by the management.

Further, Group has recognised the loss of ₹ 27.96 lakhs pertaining to a loss of property plant and equipment under exceptional items in the Statement of Profit and Loss during the previous year 2021-22.

47. DIVIDEND PROPOSED AND PAID

The final dividend on shares is recorded as a liability on the date of the approval by the shareholders. The Holding Group declares and pays dividends in Indian Rupees. Companies are required to pay/distribute dividend after deducting applicable withholding income taxes. The remittance of dividends outside India is governed by Indian law on foreign exchange and is also subject to withholding tax at applicable rates.

The amount of per share dividend recognised as distribution to equity shareholders in accordance with Companies Act 2013 is as follows:

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
Final Dividend for the Financial Year 2020-21	-	79.51
Final Dividend for the Financial Year 2021-22*	79.23	-
	79.23	**79.51**

*Net after elimination of amount of ₹ 0.28 lakhs pertaining to purchase of shares (Treasury Shares) held by Zen Technologies Limited Employee Welfare Trust for ESOP Scheme-2021

During the year ended 31 March 2023, on account of final dividend for FY 2021-22, the Group has incurred a net cash outflow of ₹ 79.23 lakhs. The Board of Directors at its meeting on 06 May 2023, recommended a final dividend of ₹ 0.20/- per equity share for the financial year ended 31 March 2023. This payment is subject to the approval of shareholders in the ensuing Annual General Meeting (AGM) to be held in september 2023 and if approved, equity shares for considering dividend would include conversion of Compulsorily Covertible Debentures (CCD's) & Convertible warrants. which is due on or before 24 May 2023 as stated in Note-48 which would result in a net cash outflow of approximately ₹ 168.09 lakhs.

48. COMPULSORILY CONVERTIBLE DEBENTURES

On 25 November 2021, the Group has made a preferential allotment of 40,64,267, 10% Compulsorily convertible debentures having face value of ₹ 213/- each, for cash, for an aggregate amount of up to ₹ 86,57,65,551/-, which shall be converted into equal number of equity shares of ₹ 1/- each at a premium of ₹ 212/- within a period of 18 months.

We have accounted this instrument as per Ind AS 109. Financial Instruments, by considering the same as Compound Financial Instrument. This instrument consists of 2 components.

1) Mandatory interest payment by the Group for a fixed amount at a fixed future date and this component is treated as a Financial liability - Borrowings (Note-18 & 21). The financial liability is done by measuring the net present value of the discounted cashflows of interest payment. The discount rate we have considered is HDFC Bank's CC Rate of interest which is 8.50% p.a as the same have tenure near to the CCD's.

2) As the holder of the instrument has the option to convert the CCDs into Equity shares on or before 18 months and even in case of holder not exercising the conversion option before 18 months, each CCD's shall be automatically be converted into Equity share of ₹ 1/- each at a premium of ₹ 212/- on the last date of the 18^{th} month i.e., 24 May 2023 without any action of the investor. Hence we have treated this component as a equity and presented the same under "Other Equity" in Note 17.7. The carrying amount of the equity instrument is determined by deducting the fair value of the financial liability from the fair value of the CCDs as a whole.

49. RESEARCH & DEVELOPMENT EXPENSES

There are 2 units in which Research & Development operations were conducted by the Company. Location of the units were as follows:

Unit - I: B-42 Industrial Estate, Sanath Nagar, Hyderabad - 500018

Unit - II: Signature Towers, Opposite Botanical Garden, Kondapur, Hyderabad - 500084

(₹ In lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Employee Benefits expense	687.19	467.88
Electricity Charges	25.29	23.35
Travelling expenses	58.27	49.64
Spares & Stores	669.75	412.00
Consultancy Fee	103.61	81.68
Depreciation	28.90	30.73
Rates &Taxes	0.03	0.05
Repairs & Maintenance	5.00	4.98
Others	23.57	15.70
R&D Expenses for Unit-I	**1,601.59**	**1,086.02**
Employee Benefits expense	298.52	195.96
Electricity Charges	6.92	3.30
Depreciation	90.00	81.22

49. RESEARCH & DEVELOPMENT EXPENSES (Contd.)

(₹ In lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Repairs & Maintenance	13.68	0.62
Others	10.40	12.95
R&D Expenses for Unit-II	**419.52**	**294.05**
R&D Expenses for Unit I & Unit II	**2,021.11**	**1,380.07**

Note: The above expenditure of research & development has been determined on the basis of information available with the Company and as certified by the management

The following are the details of the assets related to R & D division

Unit-1, B-42, Sanath Nagar

(₹ In lakhs)

Particulars	Gross block				Accumulated depreciation				Net block	
	As at 01 April 2022 Balance	Additions	Sales/ Adjustments	As at 31 March 2023	As at 01 April 2022 Balance	Additions	Sales/ Adjustments	As at 31 March 2023	As at 31 March 2023	As at 31 March 2022
Tangible Assets (A)	**1,084.24**	**-**	**-**	**1,084.24**	**535.70**	**28.90**	**-**	**564.60**	**519.64**	**548.54**
Land	51.50	-	-	51.50	-	-	-	-	51.50	51.50
Building - Sanathnagar	481.88	-	-	481.88	88.80	8.09	-	96.89	384.99	393.09
Shed -B42	5.12	-	-	5.12	0.64	0.09	-	0.72	4.40	4.48
Computers	106.74	-	-	106.74	106.74	-	-	106.74	0.00	0.00
Plant and machinery	141.55	-	-	141.55	120.07	4.58	-	124.64	16.91	21.49
Office Equipment	84.74	-	-	84.74	80.22	4.07	-	84.29	0.45	4.51
Furniture & fixtures	148.51	-	-	148.51	84.31	10.95	-	95.26	53.25	64.20
Testing Equipment	64.20	-	-	64.20	54.93	1.13	-	56.06	8.14	9.27
INTANGIBLE (B)	**907.82**	**-**	**-**	**907.82**	**907.82**	**-**	**-**	**907.82**	**-**	**-**
Software	306.01	-	-	306.01	306.01	-	-	306.01	-	-
Software (RKT)	601.81	-	-	601.81	601.81	-	-	601.81	-	-
Total (A+B)	**1,992.06**	**-**	**-**	**1,992.06**	**1,443.52**	**28.90**	**-**	**1,472.42**	**519.64**	**548.54**

Unit-2, Signature Towers, Kondapur

(₹ In lakhs)

Particulars	Gross block				Accumulated depreciation				Net block	
	As at 01 April 2022 Balance	Additions	Sales/ Adjustments	As at 31 March 2023	As at 01 April 2022 Balance	Additions	Sales/ Adjustments	As at 31 March 2023	As at 31 March 2023	As at 31 March 2022
Tangible Assets (A)	**2,120.31**	**57.70**	**-**	**2,178.00**	**312.68**	**90.00**	**-**	**402.68**	**1,775.32**	**1,807.62**
Land	199.15	-	-	199.15	-	-	-	-	199.15	199.15
Building	1,459.39	-	-	1,459.39	91.90	24.32	-	116.22	1,343.17	1,367.50
Computers	29.31	45.96	-	75.28	17.92	11.93	-	29.85	45.43	11.39
Office Equipment	98.69	5.98	-	104.68	76.36	20.27	-	96.63	8.05	22.34
Furniture & fixtures	333.75	5.75	-	339.50	126.51	33.47	-	159.98	179.52	207.25
R&D Total Assets for Unit I & Unit II	**4,112.37**	**57.70**	**-**	**4,170.06**	**1,756.20**	**118.90**	**-**	**1,875.10**	**2,294.96**	**2,356.16**

50. OTHER STATUTORY INFORMATION:

(i) The Group does not hold any Investment Property.

(ii) The Group has not revalued its property, plant and equipment and intangible assets during the year.

(iii) The Group do not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

(iv) The Group has not been declared as wilful Defaulter by any bank or financial institution or other lender.

(v) The Group do not have any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

(vi) The Group do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

(vii) The Group have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(viii) The Group have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(ix) The Group have not traded or invested in Crypto currency or Virtual Currency during the financial year.

(x) The Group have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

(xi) The Group has borrowings from banks, secured by hypothecation of inventories and by charge on book debts and other assets of the Company, and quarterly returns or statements of current assets filed by the Company are in agreement with books of accounts without any material discrepancies.

51. GROUP INFORMATION

Information about subsidiaries

The Consolidated Financial Statements of the Group include subsidiaries listed in the table below:

(₹ In lakhs)

Name of the entity	As at 31 March 2023								
	Principal activities	Net Assets i.e., total assets minus total liabilities		Share in profit and loss		Share in Other Comprehensive income		Share in total Comprehensive income	
		%	Amount	%	Amount	%	Amount	%	Amount
Holding Company									
Zen Technologies Limited	Military Training & operations	96.64%	31,919.23	75.32%	3,763.51	(32.71%)	(13.25)	74.45%	3,750.26
Indian Subsidiaries									
Unistring Tech Solutions Private Limited	Development of electronic warfare solutions	6.82%	2,251.62	29.53%	1,475.52	(17.22%)	(6.98)	29.15%	1,468.54
Zen Medical Technologies Pvt Ltd	Manufacturing of medical devices	0.14%	47.03	(0.04%)	(2.14)	-	-	(0.04%)	(2.14)
Foreign Subsidiaries									
Zen Technologies USA, INC	Training Simulators manufacturing	1.40%	461.77	(3.40%)	(169.68)	149.92%	60.74	(2.47%)	(124.43)
Foreign Subsidiaries									
Zen Defence Technologies L.L.C, UAE	Training Simulators manufacturing	-	(0.80)	(0.02%)	(0.80)	-	**-**	(0.02%)	(0.80)
Total		105.00%	34,678.86	**101.39%**	5,066.42	100.00%	**40.51**	101.09%	5,091.44
Consolidation adjustments		(5.00%)	(1,650.89)	(1.39%)	(69.60)	-	-	(1.07%)	(54.11)
Net amount		100.00%	33,027.97	**100.00%**	4,996.82	100.00%	**40.51**	100.02%	5,037.33

Name of the entity	As at 31 March 2022								
	Principal activities	Net Assets i.e., total assets minus total liabilities		Share in profit and loss		Share in Other Comprehensive income		Share in total Comprehensive income	
		%	Amount	%	Amount	%	Amount	%	Amount
Holding Company									
Zen Technologies Limited	Military Training & operations	100.62%	29,169.85	77.55%	202.37	68.33%	2.38	77.43%	204.75
Indian Subsidiaries									
Unistring Tech Solutions Private Limited	Development of electronic warfare solutions	4.41%	1,277.35	75.51%	197.05	-	-	73.50%	194.38
Zen Medical Technologies Pvt Ltd	Manufacturing of medical devices	0.17%	49.16	(3.55%)	(9.27)	-	-	(3.51%)	(9.27)
Foreign Subsidiaries									
Zen Technologies USA, INC	Training Simulators manufacturing	2.03%	587.30	(22.83%)	(59.59)	31.58%	1.10	(22.12%)	(58.49)
Total		**107.22%**	**31,083.66**	**126.67%**	**330.56**	**99.91%**	**3.48**	**125.31%**	**331.37**
Consolidation adjustments		(7.22%)	(2,094.13)	(26.67%)	(69.60)	0.09%	-	(25.31%)	(66.92)
Net amount		**100.00%**	**28,989.53**	**100.00%**	**260.96**	**100.00%**	**3.48**	**100.00%**	**264.45**

52. Previous year figures have been reclassified/regrouped to confirm to those of current year.

As per our report attached of even date

For **Ramasamy Koteswara Rao and Co LLP**
Chartered Accountants
Firm Registration Number: 010396S/S200084

For and on behalf of the Board of Directors of
Zen Technologies Limited

Murali Krishna Reddy Telluri
Partner
Membership Number: 223022

Ashok Atluri
Chairman & Managing Director
DIN: 00056050

M. Ravi Kumar
Whole-Time Director
DIN: 00089921

Afzal Harunbhai Malkani
Chief Financial Officer

M. Raghavendra Prasad
Company Secretary
M.No.: A41798

Place: Hyderabad
Date: 06 May 2023

Place: Hyderabad
Date: 06 May 2023

Independent Auditor's Report

TO THE MEMBERS OF ZEN TECHNOLOGIES LIMITED

Report on the Audit of the Consolidated financial statements

OPINION

We have audited the accompanying consolidated financial statements of **ZEN TECHNOLOGIES LIMITED** (hereinafter referred to as the "Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the consolidated Balance Sheet as at 31 March 2022, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013, as amended (the "Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2022, its consolidated profit including total other comprehensive income, its consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year ended 31 March 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and informing our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters.

Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures performed by us, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key Audit Matters	How our audit addressed the key audit matter
Exceptional item (As described in Note 47 of the consolidated financial statements)	
We identified the exceptional item as a key audit matter due to the significance of the project to the consolidated financial statements and the fact that the integral part of Maheshwaram Building was damaged as a result of a fire during the year ended 31 March 2022. As disclosed in note 47 to the consolidated financial statements, the carrying value of CWIP of Maheshwaram Plant was approximately ₹ 154.89 lakhs at 31 March 2022 which were incurred as a part of renovation to damaged building due to fire accident and accounted for 0.43% of the company's total assets as at 31 March 2022. The relevant accounting policies in relation to capitalization of additions to CWIP are set out in Note 3I. The management performed an assessment of the damage from the fire and likelihood of recoverability of damages based on the reports from the Group's project management team and external quantity surveyors and the analysis from the Group's in-house legal counsels, and considered that there will be an exceptional item of amount ₹ 27.96 lakhs due to derecognition of damaged PPE and the same was disclosed under Note 47 to the consolidated financial statements.	**Our audit procedures included the following:** a) Obtaining an understanding of the progress of Maheshwaram Plant by inquiring the Company's project management team, external quantity surveyors and architects; b) Evaluating the appropriateness of the Group's construction costs and borrowing costs capitalization policies by analyzing the nature of those costs capitalized against the requirements of Ind AS 16 "Property, Plant and Equipment"; c) Checking, on a sample basis, the amount of additions capitalized with reference to the contractors' invoices, and quantity surveyors' and architects' certificates of the construction contract works capitalized in CWIP of Maheshwaram Plant; d) Obtaining an understanding from the Group's project management team and external quantity surveyors in relation to the damage caused by the fire to PPE of Maheshwaram Plant and the management's assessment of the impact of the fire on the future economic performance and useful lives of the PPE of Maheshwaram Plant; e) Evaluating the analysis performed by the Group's management in respect of the contractual performance obligations of the contractors arising from the fire under the terms of construction contracts; and f) Evaluating the overall appropriateness of the Group's management's assessment of the financial effect of the fire on the carrying values of the respective PPE in Maheshwaram Plant.
Accounting of Compulsorily Convertible Debentures (CCD's) (As described in Note 49 of the consolidated financial statements)	
We identified significant transaction which occurred during the year: the issuance of compulsorily convertible debentures (CCD's) on preferential basis. Accounting for these transactions and related disclosures requires the exercise of significant judgement. During the year ended 31 March 2022 the group has issued ₹ 8,657.65 lakhs of CCD's. There is significant judgement on the accounting classification of the convertible debentures. The debentures are classified as compound financial instrument and ₹ 1,178.35 lakhs has been recognized within liabilities and ₹ 7,479.31 lakhs within equity. Refer Note 49 to the consolidated financial statements.	**Our audit procedures included the following:** a) Evaluating the design and implementation of controls in respect of issuance of CCD's; and b) Evaluating management's accounting papers on how Ind AS have been applied to the issuance of the CCD's. c) Reviewed the key terms within the debentures contract to conclude that the designation as a compound financial instrument was appropriate and no separately accountable embedded derivatives were present; d) Assessed the appropriateness of the liability and equity split;

OTHER INFORMATION

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

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

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

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

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls , that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the Companies included in the Group are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section l43(3)(i) of the Act, we are also responsible for expressing our opinion on the internal financial controls with reference to the consolidated financial statements and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are independent auditors, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statement of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the financial year ended 31 March 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTER

We did not audit the financial statements and other financial information, in respect of three Subsidiaries, whose financial statements include total assets of ₹ 3,277 lakhs as at 31 March, 2022, and total revenue of ₹ 1,702 lakhs, net profit of ₹ 59 lakhs, total comprehensive income of ₹ 60 lakhs and net cash outflows of ₹ 82 lakhs for the year ended on that date. These financial statements and other financial information have been audited by other auditors, whose financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections(3) of section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of such other auditors.

One of these subsidiaries is located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditor under generally accepted auditing standards applicable in their respective country. The Holding Company's management has converted the financial statements of such subsidiary located outside India from accounting principles generally accepted in their respective country to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiary located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of other auditors and the financial statements and other financial information certified by the Management.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;

    b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and reports of other auditors;

    c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;

    d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

    e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2022 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section

139 of the Act, of its subsidiary companies, none of the directors of the Group's companies, incorporated in India, is disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164(2) of the Act;

f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "**Annexure A**" to this report;

g) In our opinion and based on the consideration of the reports of other statutory auditors of the subsidiaries, the managerial remuneration for the year ended 31 March 2022 has been paid/provided by the Holding Company and its subsidiaries to their directors is in accordance with the provisions of section 197 read with Schedule V to the Act;

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

i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group in its consolidated financial statements – Refer Note 39(a) to the consolidated financial statements;

ii. The Group did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company.

iv. (a) The respective managements of the Holding Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and other auditors of such subsidiaries respectively that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective holding Company or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The respective managements of the Holding Company and of its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and other auditors of such subsidiaries respectively that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the respective Holding Company or any of such subsidiaries from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act,, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. The final dividend paid by the Holding Company during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

As stated in note 48 to the consolidated financial statements, Board of Directors of the Holding Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend proposed is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

2. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/"CARO") issued by the Central Government in terms of sub-section (11) of section 143 of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Holding Company and its subsidiaries included in the Consolidated financial statements of the Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports.

For Ramasamy Koteswara Rao and Co LLP
Chartered Accountants
ICAI Firm Registration Number: 010396S/S200084

Murali Krishna Reddy Telluri
Partner
Membership No: 223022
UDIN: 22223022AIOTYC8447

Place: Hyderabad
Date: 07 May 2022

Annexure 'A' referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Zen Technologies Limited of even date

Report on the Internal Financial Controls under Clause (i) of sub section 3 of Section 143 of the Companies Act, 2013 (the "Act")

We have audited the internal financial controls with reference to consolidated financial statements of **ZEN TECHNOLOGIES LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiary companies, which are companies incorporated in India, as of 31 March 2022 in conjunction with our audit of the consolidated financial statements of the Holding Company for the year ended on that date. Further, as one of the subsidiary company and branch is located outside India, the provisions of clause (i) of sub-section 3 of Section 143 of the Act are not applicable to them.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITOR'S RESPONSIBILITY

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

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

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to these consolidated financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THESE CONSOLIDATED FINANCIAL STATEMENTS

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO CONSOLIDATED FINANCIAL STATEMENTS

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

OPINION

In our opinion, to the best of our information and according to the explanations given to us, the Holding Company and its subsidiary companies incorporated in India, have in all material respects, an adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at 31 March 2022, based on the criteria for internal financial control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For Ramasamy Koteswara Rao and Co LLP
Chartered Accountants
ICAI Firm Registration Number: 010396S/S200084

Place: Hyderabad
Date: 07 May 2022

Murali Krishna Reddy Telluri
Partner
Membership No: 223022
UDIN: 22223022AIOTYC8447

Consolidated Balance Sheet
as at 31 March 2022

(₹ in lakhs)

S. No.	Particulars	Note No	As at 31 March 2022	As at 31 March 2021
I	**ASSETS**			
	Non-current assets			
	(a) Property,Plant and Equipment	4A	5,914.38	6,171.78
	(b) Capital work-in-progress	4C	252.28	-
	(c) Right-of-use asset	4D	90.22	93.23
	(d) Goodwill	4E	115.80	115.80
	(e) Intangible assets	4B	502.64	576.66
	(f) Financial assets			
	(i) Investments	5	224.22	224.22
	(ii) Deposits	6	48.25	50.20
	(g) Deferred Tax Assets (Net)	7	2,021.09	2,056.79
	(h) Other non-current assets	8	106.28	32.05
			9,275.16	**9,320.74**
II	**Current assets**			
	(a) Inventories	9	2,495.11	1,468.59
	(b) Financial assets			
	(i) Trade receivables	10	3,168.72	1,860.45
	(ii) Cash and cash equivalents	11	2,104.79	2,154.40
	(iii) Bank balances other than (ii) above	12	6,182.55	1,873.86
	(iv) Other financial assets	13	11,958.09	5,135.10
	(c) Current Tax Assets (Net)	14	205.28	21.03
	(d) Other current assets	15	1,505.87	497.68
			27,620.41	**13,011.11**
	Total Assets (I + II)		**36,895.56**	**22,331.85**
I	**EQUITY AND LIABILITIES**			
	Equity			
	(a) Equity Share Capital	16	795.10	795.10
	(b) Other Equity	17	27,506.62	19,645.26
	Equity attributable to equity holders of the parent		**28,301.72**	**20,440.36**
	(c) Non-controlling interests	17	687.81	625.36
	Total Equity		**28,989.53**	**21,065.72**
II	**Liabilities**			
	Non-current liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	18	419.80	119.68
	(ii) Lease liabilities	19.1	85.19	8.59
	(b) Provisions	20	205.02	166.03
	(c) Deferred Tax Liability	21	-	0.09
			710.02	**294.38**
	Current liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	22	931.42	68.13
	(ii) Lease Liabilities	19.1	39.13	-
	(iii) Trade payables	23		
	Dues to micro enterprises and small enterprises		107.59	85.54
	Dues to creditors other than micro and small enterprises		285.58	233.95
	(iii) Other Financial liabilities	19.2	402.14	354.26
	(b) Other current liabilities	24	5,338.53	226.97
	(c) Current Tax Liabilities (Net)	25	91.62	2.89
			7,196.01	**971.75**
	Total Equity and Liabilities (I + II)		**36,895.56**	**22,331.85**

Summary of Significant Accounting Policies 3

The accompanying notes form an integral part of the consolidated financial statements

As per our report attached of even date

For and on behalf of the Board of Directors of **Zen Technologies Limited**

For Ramasamy Koteswara Rao and Co LLP
Chartered Accountants
FRN: 010396S/S200084

Murali Krishna Reddy Telluri
Partner
MNo: 223022

Ashok Atluri
Managing Director & CFO
DIN: 00056050

M.Ravi Kumar
Whole Time Director
DIN: 00089921

Place: Hyderabad
Date: 07 May 2022

Hansraj Singh Rajput
Company Secretary
M.No: F11438

Place: Hyderabad
Date: 07 May 2022

Consolidated Statement of Profit and Loss

for the year ended 31 March 2022

(₹ in lakhs)

S. No.	Particulars	Note No	For the year ended 31 March 2022	For the year ended 31 March 2021
1	**Income**			
	Revenue from operations	26	6,975.24	5,463.96
	Other Income	27	537.83	302.18
	Total Income		**7,513.07**	**5,766.14**
2	**Expenses**			
	Cost of Materials and Components consumed	28	2,458.63	1,021.64
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	29	(1,144.98)	(141.25)
	Manufacturing expenses	30	405.00	417.19
	Employee benefits expense	31	2,100.85	1,559.93
	Finance Costs	32	153.05	109.15
	Depreciation and Amortization Expense	33	483.35	495.22
	Other expenses	34	2,698.89	1,868.13
	Total Expenses		**7,154.79**	**5,330.01**
3	**Profit/(Loss) before exceptional items and tax (1 - 2)**		**358.28**	**436.13**
4	Exceptional Items	47	27.96	-
5	**Profit/(Loss) before tax (3-4)**		**330.32**	**436.13**
6	**Tax expense**	**36**		
	(i) Current tax		127.95	186.17
	(ii) Prior period taxes		(92.84)	-
	(iii) Deferred tax		34.24	(27.41)
	Total Tax expense		**69.35**	**158.76**
7	**Profit for the year (5-6)**		**260.96**	**277.36**
8	Other Comprehensive Income	35		
	Items that will be reclassified to profit or loss		1.53	(16.84)
	Income tax relating to items that will be reclassified to profit or loss		(0.42)	4.69
	Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**1.10**	**(12.15)**
	Items that will not be reclassified to profit or loss		3.30	13.18
	Income tax relating to items that will not be reclassified to profit or loss		(0.92)	(3.67)
	Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**2.38**	**9.51**
	Other Comprehensive Income for the year, net of tax		**3.48**	**(2.64)**
9	**Total Comprehensive Income for the year (7+8)**		**264.45**	**274.72**
	Profit/(loss) for the year is attributable to:			
	Equity holders of the parent		198.51	311.13
	Non-Controlling interests		62.45	(33.77)
	Other comprehensive income/(loss) is attributable to:			
	Equity holders of the parent		3.48	(2.64)
	Non-Controlling interests		-	-
	Total comprehensive income is attributable to:			
	Equity holders of the parent		201.99	308.49
	Non-Controlling interests		62.45	(33.77)
10	**Earning per Share**	**37**		
	(Face Value of ₹ 1/- Each)			
	Basic earnings per share (In ₹)		0.25	0.39
	Diluted earnings per share (In ₹)		0.25	0.39
	Summary of Significant Accounting Policies	3		

The accompanying notes form an integral part of the consolidated financial statements

As per our report attached of even date

For and on behalf of the Board of Directors of
Zen Technologies Limited

For Ramasamy Koteswara Rao and Co LLP
Chartered Accountants
FRN: 010396S/S200084

Murali Krishna Reddy Telluri
Partner
MNo: 223022

Ashok Atluri
Managing Director & CFO
DIN: 00056050

M.Ravi Kumar
Whole Time Director
DIN: 00089921

Place: Hyderabad
Date: 07 May 2022

Hansraj Singh Rajput
Company Secretary
M.No: F11438

Place: Hyderabad
Date: 07 May 2022

Consolidated Statement of Cashflows

for the year ended 31 March 2022

(₹ in lakhs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
A. Cash Flows from Operating Activities		
Net profit before tax	**330.32**	**436.12**
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortization expense	483.35	495.22
Exceptional item	27.96	-
Expected Credit loss allowance	7.19	-
Other non-cash items	(5.25)	-
Interest Income	(429.31)	(254.05)
Finance Cost	128.19	105.43
Foreign Exchange Fluctuation	(5.76)	42.00
Operating profit before working capital changes	**536.70**	**824.73**
Changes in Working Capital		
(Increase)/Decrease in Trade Receivables	(1,300.62)	3,010.74
(Increase)/Decrease in Other financial assets	(6,663.01)	(3,339.73)
(Increase)/Decrease in Inventories	(1,046.37)	(64.25)
(Increase)/Decrease in Other Current Assets	(1,065.24)	908.69
(Increase)/Decrease in Other Non Current Assets	(15.85)	9.91
Increase/(Decrease) in Trade Payables	92.42	(354.82)
Increase/(Decrease) in Other financial liabilities	(26.94)	21.75
Increase/(Decrease) in Other Current liabilities	5,106.96	(148.58)
Increase/(Decrease) in Provisions	171.55	4.60
Cash generated from /(used in) operating activities	**(4,210.40)**	**873.03**
Income tax paid	(215.43)	(283.21)
Net Cash from/(used in) operating activities (A)	**(4,425.82)**	**589.82**
B. Cash flows from Investing Activities		
Purchase of property, plant and equipment and CWIP	(430.57)	(198.40)
Interest received	381.41	254.05
(Increase)/Decrease in Other Bank Balances	(4,311.33)	(1,093.77)
Advance for Fixed Assets	-	61.59
Net Cash Used In Investing Activities (B)	**(4,360.50)**	**(976.54)**
C. Cash flows from Financing Activities		
Proceeds/(Repayment) of Long term borrowings	63.62	(17.53)
Dividend paid	(79.51)	(318.04)
Finance costs paid	(93.61)	(105.43)
Amount received towards share warrants	250.08	1,339.46
Amount received towards Compulsory Convertible Debentures	8,657.66	-
Net Cash From Financing Activities (C)	**8,798.23**	**898.46**
Net Increase in cash and cash equivalents (A+B+C)	**11.91**	**511.74**
Cash and Cash equivalents at the beginning of the year	2,092.88	1,581.14
Cash and Cash equivalents at the end of the year	**2,104.79**	**2,092.88**

a) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS-7) - Statement of Cash Flows.

b) Cash and Cash equivalents include following for the Cash flow purpose

(₹ in lakhs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Cash and Cash Equivalents as per Balance sheet	**2,104.79**	**2,154.40**
Less: OD/CC accounts forming part of Cash & Cash Equivalents	-	(61.52)
Cash and Cash Equivalents for the Cash flow statement	**2,104.79**	**2,092.88**

Summary of significant accounting policies - Refer Note 3

The accompanying notes referred to above form an integral part of the consolidated financial statements

As per our report attached of even date

For and on behalf of the Board of Directors of
Zen Technologies Limited

For Ramasamy Koteswara Rao and Co LLP
Chartered Accountants
FRN: 010396S/S200084

Murali Krishna Reddy Telluri
Partner
MNo: 223022

Ashok Atluri
Managing Director & CFO
DIN: 00056050

M.Ravi Kumar
Whole Time Director
DIN: 00089921

Place: Hyderabad
Date: 07 May 2022

Hansraj Singh Rajput
Company Secretary
M.No: F11438

Place: Hyderabad
Date: 07 May 2022

Consolidated Statement of Changes in Equity
for the year ended 31 March 2022

(A) SHARE CAPITAL

(₹ in lakhs)

Particulars	Number of shares	Amount (₹)
As at 01 April 2020	**7,71,60,060**	**771.60**
Issued during the year	23,49,940	23.50
Redeemed/transferred during the year	-	-
As at 31 March 2021	**7,95,10,000**	**795.10**
Issued during the year	-	-
Redeemed/transferred during the year	-	-
As at 31 March 2022	**7,95,10,000**	**795.10**

(B) OTHER EQUITY (REFER NOTE NO.17)

(₹ in lakhs)

Particulars	Reserves and Surplus					Equity Component of Compound Financial Instruments	Other Comprehensive Income		Equity attributable to the shareholders of the holding company	Non-Controlling interests	Total Equity
	Securities Premium	Capital Redemption Reserve	General Reserve	Retained Earnings	Share Warrants	Compulsory Convertible Debentures (CCD's)	Re Measurements of Defined Benefit Plans	Foreign Currency Translation Reserve			
Balances as at 01 April 2020	**891.85**	**117.24**	**3,525.01**	**13,313.08**	**446.49**	**-**	**43.49**	**8.72**	**18,345.88**	**659.13**	**19,005.01**
Profit for the Year	-	-	-	311.13	-	-	-	-	311.13	(33.77)	277.36
Amount received on account of allotment of share warrants	-	-	-	-	1,339.46	-	-	-	1,339.46	-	1,339.46
Issue of equity shares	1,762.46	-	-	-	-	-	-	-	1,762.46	-	1,762.46
Allotment of equity Shares pursuant to conversion of share warrants	-	-	-	-	(1,785.95)	-	-	-	(1,785.95)	-	(1,785.95)
Other Comprehensive income (net of tax)	-	-	-	-	-	-	9.51	(15.83)	(6.31)	-	(6.31)
Dividend paid	-	-	-	(318.04)	-	-	-	-	(318.04)	-	(318.04)
Adjustment of UTS	-	-	-	(3.36)	-	-	-	-	(3.36)	-	(3.36)
Equity component of Compulsorily Convertible Debentures (CCD's) issued	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2021	**2,654.31**	**117.24**	**3,525.01**	**13,302.81**	**-**	**-**	**53.00**	**(7.11)**	**19,645.26**	**625.36**	**20,270.62**
Balances as at 01 April 2021	**2,654.31**	**117.24**	**3,525.01**	**13,302.81**	**-**	**-**	**53.00**	**(7.11)**	**19,645.26**	**625.36**	**20,270.62**
Profit for the Year	-	-	-	198.51	-	-	-	-	198.51	62.45	260.96
Amount received on account of allotment of share warrants	-	-	-	-	250.08	-	-	-	250.08	-	250.08
Issue of equity shares	-	-	-	-	-	-	-	-	-	-	-
Allotment of equity Shares pursuant to conversion of share warrants	-	-	-	-	-	-	-	-	-	-	-
Other Comprehensive income (net of tax)	-	-	-	-	-	-	2.38	10.57	12.95	-	12.95
Dividend paid	-	-	-	(79.51)	-	-	-	-	(79.51)	-	(79.51)
Equity component of Compulsorily Convertible Debentures (CCD's) issued	-	-	-	-	-	7,479.32	-	-	7,479.32	-	7,479.32
Balance as at 31 March 2022	**2,654.31**	**117.24**	**3,525.01**	**13,421.81**	**250.08**	**7,479.32**	**55.39**	**3.46**	**27,506.61**	**687.80**	**28,194.43**

Summary of Significant Accounting Policies - Refer Note 3

The accompanying notes form an integral part of the consolidated financial statements

As per our report attached of even date

For Ramasamy Koteswara Rao and Co LLP
Chartered Accountants
FRN: 010396S/S200084
Murali Krishna Reddy Telluri
Partner
MNo: 223022

Place: Hyderabad
Date: 07 May 2022

For and on behalf of the Board of Directors of
Zen Technologies Limited

Ashok Atluri
Managing Director & CFO
DIN: 00056050

Hansraj Singh Rajput
Company Secretary
M.No: F11438

M.Ravi Kumar
Whole Time Director
DIN: 00089921

Place: Hyderabad
Date: 07 May 2022

Notes to Consolidated Financial Statements

for the year ended 31 March 2022

1. CORPORATE INFORMATION

The consolidated financial statements (CFS) comprise financial statements of Zen Technologies Limited (the Holding Company) and its subsidiaries (collectively, the Group) for the year ended 31 March 2022. The Holding company is a Public Company incorporated under the provisions of the Companies Act, 1956 having corporate office at B-42, Industrial Estate, Sanathnagar, Hyderabad-500018, Telangana, India. The Equity Shares of the Holding Company are listed on BSE Ltd and National Stock Exchange of India Ltd (NSE) in India. The group is principally engaged in design, development and manufacture of Training Simulators for Police and Para-military Forces, Armed Forces, Security Forces, Government Departments like Transport, Mining, Infrastructure and Civilian market. The group caters to both domestic and international market. Information on the Group's structure is provided in Note 41.

The consolidated financial statements for the year ended 31 March 2022, are approved by the Board of Directors and authorised for issue on 07 May 2022.

2. BASIS OF PREPARATION AND MEASUREMENT

(i) Statement of compliance & Basis for preparation

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) notified under Section 133 of Companies Act, 2013, (the 'Act') and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant schedule III), as applicable to the CFS and other relevant provisions of the Act.

The consolidated financial statements have been prepared on a going concern basis. The accounting policies are applied consistently to all the periods presented in the standalone financial statements except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires change in accounting policy hitherto in use.

The Consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over investee.

Specifically, the Group controls an investee if and only if the Group has:

a) Power over the investee (i.e, existing rights that give it the current ability to direct the relevant activities of the investee)

b) Exposure, or rights, to variable returns from its involvement with the investee, and

c) The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

a) The contractual arrangement with the other vote holders of the investee.

b) Rights arising from other contractual arrangements.

c) The Group's voting rights and potential voting rights.

d) The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March.When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:

a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

b) Offset (eliminate) the carrying amount of the holding company's investment in each subsidiary and the holding company's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Holding company of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

a) Derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost.

b) Derecognises the carrying amount of any non-controlling interests.

c) Derecognises the cumulative translation differences recorded in equity.

d) Recognises the fair value of the consideration received.

e) Recognises the fair value of any investment retained.

f) Recognises any surplus or deficit in profit or loss.

g) Recognise that distribution of shares of subsidiary to Group in Group's capacity as owners.

h) Reclassifies the holding company's share of components previously recognised in OCI to profit or loss or transferred directly to retained earnings, if required by other Ind ASs as would be required if the Group had directly disposed of the related assets or liabilities.

(ii) Functional and presentation currency

These consolidated financial statements are presented in Indian Rupees (INR), which is also the Holding Company's functional currency. All financial information presented in Indian rupees have been rounded-off to two decimal places to the nearest lakhs except share data or as otherwise stated.

(iii) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items:

- Certain financial assets and liabilities : Measured at fair value.
- Net defined benefit (asset)/ liability : Fair value of plan assets less present value of defined benefit obligations.
- Borrowings : Amortised cost using effective interest rate method.

(iv) Use of estimates and judgements

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 3(M) - lease classification.
- Note 3(M) - leases: whether an arrangement contains a lease and lease classification.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 3(L) – measurement of defined benefit obligations: key actuarial assumptions;
- Note 3(O) – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 3(K) – impairment of financial assets;

- Note 3(G) - determining an asset's expected useful life and the expected residual value at the end of its life.

(v) Measurement of fair values

Accounting polices and disclosures require measurement of fair value for both financial and non-financial assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in the measuring fair values is included in the following notes:

- **Note 43** - Financial instruments.

(vi) Current and non-current classification:

The Schedule III to the Act requires assets and liabilities to be classified as either current or non-current. The Group presents assets and liabilities in the balance sheet based on current/ non-current classification.

Assets

An asset is classified as a current when it is:

- it is expected to be realised in, or is intended for sale or consumption in normal operating cycle;
- it is expected to be realised within twelve months from the reporting date;
- it is held primarily for the purposes of being traded; or
- is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets are classified as non current.

Liabilities

A liability is classified as a current when:

- it is expected to be realised in, or is intended for sale or consumption in normal operating cycle;
- it is due to be settled within twelve months from the reporting date;
- it is held primarily for the purposes of being traded;
- there is no unconditional right to defer settlement of liability for atleast twelve months from the reporting date. All other liabilities are classified as non-current.

Deferred tax assets/liabilities are classified as non-current.

Operating Cycle

Operating cycle is the time between the acquisition of assets for processing and realisation in cash or cash equivalents. The group has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

a) Deferred tax assets or liabilities, and the liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.

b) Potential tax effects of temporary differences and carry forwards of an acquiree that exist at the acquisition date or arise as a result of the acquisition are accounted in accordance with Ind AS 12.

c) Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.

d) Assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

e) Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognised in profit or loss in accordance with Ind AS 109. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS and shall be recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

B. Revenue from contracts with customers

Revenue from contracts with customers is recognized, when the group satisfies a performance obligation by transferring a promised good or service to its customers at an amount that reflects the consideration to which the group expects to be entitled upon satisfying those performance obligations.

Revenue from sale of products

Revenue from sale of products is recognised at the point in time when control of the product is transferred to the customer, generally on delivery of the product. The group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of product, the group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration and consideration payable to the customer (if any).

If the consideration in a contract includes a variable amount, the group estimates the amount of consideration to which it will be entitled in exchange for transferring the products to customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associates uncertainty with the variable consideration is subsequently resolved.

Revenue from rendering of services

Group provides Annual Maintenance Contract (AMC) services that are either sold separately or bundled together with the sale of product to a customer. The AMC services do not significantly customise or modify the product.

Contracts for bundled sale of products and AMC services are comprised of two performance obligations because the equipment and AMC services are both sold on a standalone basis and are distinct within the context of the contract. Accordingly, the group allocates the transaction price based on the relative standalone selling prices of the products and AMC services.

The group recognises the revenue from rendering AMC services over time because the customer simultaneously receives and consumes the benefits provided to them. The group uses an output method in measuring progress of the AMC services because there is a direct relationship between the transfer of service to the customer and the time elapsed in the contract term.

Contract Balances

Contract Asset:

In a contract, if the entity performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, it shall be presented as a contract asset, excluding any amounts presented as receivable. A contract asset is an entity's right to consideration in exchange for goods and services that the entity has transferred to the customer.

A Contract asset is initially recognised for revenue earned from AMC services because the receipt of consideration is conditional on successful completion of remaining period of service. Upon completion of the AMC service period and acceptance by the customer, the amount recognised as contract assets is reclassified to trade receivables. Contract assets are subject to impairment assessment. Refer accounting policies on impairment of financial assets in Note K below.

Contract Liability:

If a customer pays consideration, or an entity has a right to an amount of consideration that is unconditional (i.e a receivable), before the entity transfers a good or service to the customer, it shall be presented as a contract liability when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the group performs the contract i.e, transfers control of the related goods or services to the customer).

Trade Receivables:

A receivable is recognised if an amount of consideration that is unconditional (i.e, only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Note F below.

C. Recognition of Other income

i) Interest income

Interest Income mainly comprises of interest on Margin money deposit relating to bank guarantee, Deposits against Bank Overdraft with banks and other fixed deposits. Interest income should be recorded using the effective interest rate (EIR). However, the amount of margin money deposits relating to bank guarantee and Over draft are purely current in nature, hence effective interest rate has not been applied. Interest is recognized using the time-proportion method, based on rates implicit in the transactions.

ii) Export Incentives

The group receives export incentives in the form of MEIS (Merchandise Exports from India Scheme) scripts which do not fall under the scope of Ind AS 115 and are accounted for in accordance with the provisions of Ind AS 20 considering such incentives as Government Assistance. Accordingly government grant relating to Income is recognised on accrual basis when the relevant expense has been charged to Profit and Loss statement.

D. Borrowing cost

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition, construction or production of an asset which necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

E. Foreign Currency Transactions

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Group uses average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of the following:

a) Exchange differences arising on monetary items that forms part of a reporting entity's net investment in a foreign operation are recognised in profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity (e.g., consolidated financial statements when the foreign operation is a subsidiary), such exchange differences are recognised initially in OCI. These exchange differences are reclassified from equity to profit or loss on disposal of the net investment.

b) Exchange differences arising on monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed off, at which time, the cumulative amount is reclassified to profit or loss.

c) Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

Group Companies:

On consolidation, the assets and liabilities of foreign operations are translated into INR at the rate of exchange prevailing at the reporting date and their statements of profit and loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit and loss.

Any goodwill arising in the acquisition/ business combination of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Any goodwill or fair value adjustments arising in business combinations/ acquisitions, which occurred before the date of transition to Ind AS (1 April 2015), are treated as assets and liabilities of the entity rather than as assets and liabilities of the foreign operation. Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the parent and no further translation differences occur.

Gain or loss on a subsequent disposal of any foreign operation excludes translation differences that arose before the date of transition but includes only translation differences arising after the transition date.

F. Financial instruments

A financial instrument is any contract that gives rise to a Financial Asset of one entity and Financial liability or equity instrument of another entity.

Financial assets

i) Initial Recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the group has applied the practical expedient, the group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the group has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section (A) Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

ii) Classification and subsequent measurement

All financial assets except Trade receivables are initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

Subsequent measurement: For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments).
- Financial assets at fair value through other comprehensive income (FVTOCI) with recycling of cumulative gains and losses (debt instruments).
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).
- Financial assets at fair value through profit or loss.

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the group changes its business model for managing financial assets.

Financial assets at amortised cost (debt instruments)

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

– the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

– the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category is the most relevant to the group. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. The group's financial assets at amortised cost includes trade receivables, deposits and other non-current and current financial assets.

Financial assets at fair value through OCI (FVTOCI) (debt instruments)

A 'financial asset' is classified as at the FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. For debt instruments, at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value changes recognised in OCI is reclassified from the equity to profit or loss.

There are no group's debt instruments which are stated at fair value through OCI.

Financial assets designated at fair value through OCI (equity instruments)
Upon initial recognition, the group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit and loss when the right of payment has been established, except when the group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The group has elected not to classify its investments in equity investments under this category.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognised in the statement of profit and loss.

This category includes derivative instruments and listed equity investments which the group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised in the statement of profit and loss when the right of payment has been established.

Since the group does not hold any derivative and listed equity investments, there are no financial assets classified at fair value through profit or loss.

Derecognition
A Financial asset is primarily derecognised when the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial Liabilities

i) Initial Recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

ii) Subsequent measurement: For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss.
- Financial liabilities at amortised cost (loans and borrowings).

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.
Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to P&L. However, the group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss. The group has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost (Loans and borrowings)
This is the category most relevant to the group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss. This category generally applies to borrowings.

iii) Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an

existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

iv) Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if there is a currently and legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

v) Compulsorily Convertible Debentures

Compulsorily Convertible debentures are separated into liability and equity components based on the terms of the contract.

On issuance of the Compulsorily Convertible debentures, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity since conversion option meets Ind AS 32 criteria for fixed to fixed classification. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the Compulsorily Convertible debentures based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

G. Property, plant and equipment

i) Recognition and measurement

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment loss, if any. Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs (Present Value) of dismantling and removing the item and restoring the site on which it is located. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to statement of profit or loss during the reporting period in which they are incurred. If an item of property, plant and equipment is purchased with deferred credit period from supplier, such asset is recorded at its cash price equivalent value.

ii) Depreciation

Depreciation is recognized in the statement of profit and loss on a straight line basis over the estimated useful lives of property, plant and equipment based on to the Companies Act, 2013 ("Schedule II"), which prescribes the useful lives for various classes of tangible assets. For assets acquired or disposed off during the year, depreciation is provided on pro rata basis. Land is not depreciated.

The group, based on technical assessment and management estimate, depreciates certain items of property, plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Act. The Management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. The group has estimated the following useful lives to provide depreciation on its property, plant and equipment:

Asset category	Management estimate of useful life& Useful life as per Schedule II
Buildings (Other than Factory buildings)	60 years
Factory Buildings	30 years
Plant and equipment	15 years
Electrical equipments	10 years
Furniture and fixtures	10 years
Office equipments	5 years
Testing equipments	10 years
Computers	
- Servers and networks	6 years
- End user devises such as laptops, etc.	3 years
Motor Vehicles	10 years

In case of Building on leasehold land, the depreciation is charged based on useful life of the building or the lease period whichever is lower. In the case of leased hold building improvements, the depreciation is charged based on useful life of the improvements which is 10 years or lease period including expected renewal period which ever is lower.

Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date is disclosed as capital advances under other noncurrent assets.

The group assesses at each balance sheet date, whether there is objective evidence that an asset or a group of assets is impaired. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Recoverable amount is higher of the value in use or fair value less cost to sell.

H. Intangible assets

i) Recognition and measurement

Intangible assets that are acquired, are recognized at cost initially and carried at cost less accumulated amortization and accumulated impairment loss, if any. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

An intangible asset is derecognised upon disposal (i.e, at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss, when the asset is derecognised.

ii) Amortisation

Amortisation is calculated to write off the cost of intangible assets over their estimated useful lives using the "Straight line method" (SLM) method, and is included in depreciation and amortisation in statement of profit and loss.

The estimated useful lives are as follows:

- Software - 3 years

Amortisation method and useful lives are reviewed at the end of each financial year and adjusted if appropriate.

I. Capital work in progress

Capital work-in-progress is recognized at cost, net of accumulated impairment loss, if any. It comprises of property, plant and equipment that are not yet ready for their intended use at the reporting date.

J. Inventories

Inventories consist of raw materials, stores and spares, work-in-progress and finished goods and are measured at the lower of cost or net realizable value. However raw materials which are used in the process of production are not written down below the cost if the finished goods produced from consumption of such material are sold at or above the cost. The cost of all categories of inventories is based on the weighted average method. Cost includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of finished goods and work-in-progress, cost includes an appropriate share of overheads based on normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

K. Impairment of assets

i) Impairment of financial instruments

The group recognises loss allowances for expected credit losses on financial assets measured at amortised cost and trade receivables. At each reporting date, the group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The group measures loss allowances at an amount equal to lifetime expected credit losses.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the group's historical experience and informed credit assessment and including forward-looking information.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the group in accordance with the contract and the cash flows that the group expects to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the group's procedures for recovery of amounts due.

ii) Impairment of non-financial assets

The group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the group operates, or for the market in which the asset is used.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

The group's corporate assets (e.g., central office building for providing support to various CGUs) do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss.

In respect of assets for which impairment loss has been recognised in prior periods, the group reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

L. Employee benefits

(i) Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services upto the end of the reporting period and are measured on an undiscounted basis at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The group makes specified monthly contributions towards Government administered provident fund scheme and other funds. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in statement of profit and loss in the periods during which the related services are rendered by employees.

(iii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability or asset recognised in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by a qualified actuary using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

(iv) Termination benefits

Termination benefits are recognized as an expense when the group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

(V) Other long-term employee benefits

The group's net obligation in respect of other long term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and previous periods. That benefit is discounted to determine its present value. Re-measurements are recognized in the statement of profit and loss in the period in which they arise.

M. Leases

The group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a Lessor:

Leases for which the group is a lessor are classified as a finance or operating lease. Whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Rental income from operating leases are recognised on straight line basis over the term of relevant lease.

Group as a Lessee:

The group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The group determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the group is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the group is reasonably certain not to exercise that option. In assessing whether the group is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the group to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The group revises the lease term if there is a change in the non-cancellable period of a lease.

Right of use asset:

The group recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

Lease Liability:

The group measures the lease liability at present value of the future lease payments at the commencement date of the lease. In calculating the present value of lease payments, the group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable.. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The group recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the group recognises any remaining amount of the re-measurement in statement of profit and loss.

Short-term leases and leases of low-value assets:

The group applies the short-term lease recognition exemption to its short-term leases of buildings, machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

N. Taxes

Taxes comprises Current Tax, Deferred tax and MAT credit. It is recognised in profit or loss except to the extent that it relates to an item recognised directly in equity or in other comprehensive income.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretations and considers whether it is probable that a taxation authority will accept an uncertain tax treatment.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction; and
- temporary differences related to investments in subsidiaries to the extent that the group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

Deferred tax assets are recognised for deductible temporary differences, the carry forwards of unused tax credits and unused tax losses. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the group recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognised within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date. If the carrying amount of goodwill is zero, any remaining deferred tax benefits are recognised in OCI/ capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realised are recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(iii) Minimum Alternate Tax (MAT) Credit

Minimum alternate tax (MAT) credit is recognised in accordance with tax laws in India as an asset only when and to the extent there is convincing evidence that the group will pay normal income tax during the specified period. The group reviews the MAT credit at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the group will pay normal income tax during the specified period.

O. Provision, contingent liabilities and contingent assets

A provision is recognised if, as a result of a past event, the group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised under finance costs. Expected future operating losses are not provided for. Provision in respect of loss contingencies relating to claims, litigations, assessments, fines and penalties are recognised when it is probable that a liability has been incurred and the amount can be estimated reliably.

Contingent liabilities and contingent assets:

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.

Contingent assets has to be recognised in the financial statements in the period in which if it is virtually certain that an inflow of economic benefits will arise. Contingent assets are assessed continually and no such benefits were found for the current financial year.

P. Government Grants

Grants & Subsidies received from the Governments are recognised only when there is reasonable assurance that:

a. The group will comply with the conditions attached to the grant.

b. There is a reasonable certainty that the grant will be received.

Government grants related to assets are treated as deferred income and are recognized in net profit in the statement of Profit & Loss on a systematic and rational basis over the useful life of the asset. Government grants related to revenue are recognized on a systematic basis in net profit in the Statement of Profit & Loss over the periods necessary to match them with the related costs which they are intended to compensate.

When loans or similar assistance are provided by Governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a Government grant. The loan or assistance is initially recognized and measured at fair value and the Government grant is measured as the difference between the fair value of the loan and the proceeds received. It is recognized as deferred income and released to statement of Profit & Loss in proportionate over the loan tenure and presented within other income. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

Q. Earnings per share

Basic Earnings Per Share ('EPS') is computed by dividing the net profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a later date. In computing diluted earnings per share, only potential equity shares that are dilutive and that either reduces earnings per share or increases loss per share are included. The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for the share splits.

R. Cash flow statement

Cash flows are reported using the indirect method, whereby net profit/ (loss) before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating (operating activities), investing and financing activities of the group are segregated.

S. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts and Cash Credit that are repayable on demand and form an integral part of our cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

T. Research and Development Costs (Product Development):

Research expenditure is recognized as an expense when it is incurred. Development expenditure on an individual project are recognised as an intangible asset when the group can demonstrate:

a) The technical feasibility of completing the intangible asset so that the asset will be available for use or sale.

b) Its intention to complete and its ability and intention to use or sell the product.

c) How the asset will generate future economic benefits.

d) The availability of resources to complete the asset.

e) The ability to measure reliably the expenditure during development.

Expenditure on development which does not meet the criteria for recognition as an intangible asset is recognized as an expense when it is incurred.

Items of property, plant and equipment and acquired Intangible Assets utilized for Research and Development are capitalized and depreciated in accordance with the policies stated for Property, Plant and Equipment and Intangible Assets"

U. Events after reporting date

Where events occurring after the balance sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the balance sheet date of material size or nature are only disclosed.

V. Recent pronouncements:

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1, 2022, as below:

IND AS 103 - Reference to Conceptual Framework

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The group does not expect the amendment to have any significant impact in its financial statements.

Ind AS 16 – Proceeds before intended use

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the group is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The group does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the group does not expect the amendment to have any significant impact in its financial statements.

Ind AS 109 – Annual Improvements to Ind AS (2021)

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The group does not expect the amendment to have any significant impact in its financial statements.

Ind AS 116 – Annual Improvements to Ind AS (2021)

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The group does not expect the amendment to have any significant impact in its financial statements.

NOTE 4 A. PROPERTY, PLANT AND EQUIPMENT

(₹ in lakhs)

Particulars	Land	Building	Computers	Plant & Machinery	Office Equipment	Testing Equipment	Demo Equipment	Furniture & Fixtures	Vehicles	Total
Gross Block										
As at 01 April 2020	**648.95**	**5,465.69**	**454.37**	**341.52**	**548.42**	**76.51**	**441.40**	**598.66**	**357.35**	**8,932.87**
Additions during the year	-	99.90	34.75	-	35.27	-	-	13.21	4.14	187.27
Deletions/adjustments	-	-	-	-	-	-	-	-	-	-
As at 31 March 2021	**648.95**	**5,565.59**	**489.13**	**341.52**	**583.69**	**76.51**	**441.40**	**611.87**	**361.49**	**9,120.15**
Additions during the year	-	0.84	101.31	9.86	40.95	8.41	-	15.40	-	176.77
Deletions/adjustments	-	(14.03)	-	(37.52)	(3.30)	-	-	(1.42)	-	(56.27)
As at 31 March 2022	**648.95**	**5,552.40**	**590.44**	**313.86**	**621.34**	**84.92**	**441.40**	**625.86**	**361.49**	**9,240.65**
Depreciation										
As at 01 April 2020	**-**	**929.91**	**392.94**	**187.76**	**410.76**	**57.48**	**148.22**	**212.04**	**191.15**	**2,530.26**
For the Year	-	126.16	46.65	17.99	52.75	5.85	88.28	52.65	27.78	418.11
Deletions/adjustments	-	-	-	-	-	-	-	-	-	-
As at 31 March 2021	**-**	**1,056.07**	**439.59**	**205.75**	**463.51**	**63.33**	**236.50**	**264.68**	**218.93**	**2,948.37**
For the Year	-	129.44	52.29	20.36	56.92	4.65	59.63	53.37	28.08	404.72
Deletions/adjustments	-	(5.50)	-	(21.00)	(0.90)	-	-	3.69	-	(23.72)
Exchange Difference	-	-	(3.10)	-	-	-	-	-	-	(3.10)
As at 31 March 2022	**-**	**1,180.00**	**488.78**	**205.11**	**519.53**	**67.98**	**296.13**	**321.74**	**247.01**	**3,326.27**
Net Block										
As at 31 March 2021	**648.95**	**4,509.52**	**49.54**	**135.77**	**120.18**	**13.18**	**204.89**	**347.19**	**142.56**	**6,171.78**
As at 31 March 2022	**648.95**	**4,372.40**	**101.66**	**108.75**	**101.81**	**16.94**	**145.27**	**304.12**	**114.48**	**5,914.38**

NOTE 4B. INTANGIBLE ASSETS

(₹ in lakhs)

Particulars	Computer Software	Other Intangible Assets	Total
Gross Block			
As at 01 April 2020	**1,033.90**	**696.02**	**1,729.92**
Additions during the year	11.13	-	11.13
Deletions/adjustments	-	-	-
As at 31 March 2021	**1,045.03**	**696.02**	**1,741.05**
Additions during the year	1.60	-	1.60
Deletions/adjustments	-	-	-
As at 31 March 2022	**1,046.64**	**696.02**	**1,742.66**
Amortization			
As at 01 April 2020	**1,027.40**	**62.55**	**1,089.95**
For the Year	4.85	69.60	74.45
Deletions/adjustments	-	-	-
As at 31 March 2021	**1,032.25**	**132.15**	**1,164.40**
For the Year	6.02	69.60	75.62
Deletions/adjustments	-	-	-
As at 31 March 2022	**1,038.27**	**201.75**	**1,240.02**
Net Block			
As at 31 March 2021	**12.78**	**563.87**	**576.66**
As at 31 March 2022	**8.37**	**494.27**	**502.64**

NOTE 4C. CAPITAL WORK-IN-PROGRESS

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
Opening Balance	**-**	**-**
Add: Additions during the year	252.28	-
Less: Capitalisations during the year	-	-
Closing Balance	**252.28**	**-**

Ageing Schedule of Capital work-in-progress:

(₹ in lakhs)

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at 31 March 2022					
- Projects in progress	252.28	-	-	-	**252.28**
- Projects temporarily suspended	-	-	-	-	-
As at 31 March 2021					
- Projects in progress	-	-	-	-	-
- Projects temporarily suspended	-	-	-	-	-

NOTE 4D. RIGHT-OF-USE ASSETS

The Company has entered into lease agreement for land and building. These lease have a lease term of 33 years.

(₹ in lakhs)

Particulars	Right-of-use assets	Total
Gross Block		
As at 01 April 2020	**99.24**	**99.24**
Additions during the year	-	-
Deletions/adjustments	-	-
As at 31 March 2021	**99.24**	**99.24**
Additions during the year	-	-
Deletions/adjustments	-	-
As at 31 March 2022	**99.24**	**99.24**
Depreciation		
As at 01 April 2020	**3.01**	**3.01**
For the Year	3.01	3.01
Deletions/adjustments	-	-
As at 31 March 2021	**6.02**	**6.02**
For the Year	3.01	3.01
Deletions/adjustments	-	-
As at 31 March 2022	**9.02**	**9.02**
Net Block		
As at 31 March 2021	**93.23**	**93.23**
As at 31 March 2022	**90.22**	**90.22**

The following amounts related to Right-of-use assets were recognised in the statement of profit or loss:

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
Interest expense	0.77	0.77
Amortisation expense	3.01	3.01
Total	**3.78**	**3.78**

NOTE 4E. GOODWILL

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
Opening balance	115.80	115.80
Add/(Less): Acquisition/(Sale) of subsidiaries	-	-
Closing balance	**115.80**	**115.80**

During the FY 2019-20, the holding company has acquired 51% of control through purchase of equity shares of Unistring Tech Solutions Private Limited. The Group has accounted for business combination based on fair value of the identified assets, liabilities and contingent liabilities as on date of acquisition and recognised goodwill of ₹ 115.80 lakhs.

5. INVESTMENTS (NON CURRENT)

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
Unquoted investments:		
Investment in Others:		
17,500 (31 March 2021 - 17,500) Equity shares and 2,139 (31 March 2021 - 2,139) Class Seed Preferred shares of Paladin Paradigm Knowledge Solutions INC.,*	224.22	224.22
	224.22	**224.22**

*Investment in Paladin Paradigm Knowledge Solutions INC., is valued at cost as in accordance to information available it is the fair value/ amortised cost.

6. OTHER FINANCIAL ASSETS (UNSECURED, CONSIDERED GOOD)

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
Security deposits	34.21	34.11
Deposits with government, public bodies and others	14.04	16.09
	48.25	**50.20**

7. DEFERRED TAX ASSETS (NET)

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
Deferred Tax Asset		
Deferred Tax Asset on MAT credit entitlement	2,496.42	2,537.78
Deferred Tax Asset on Gratuity	78.06	67.47
Deferred Tax Asset on Leases	0.17	0.11
Deferred Tax Liability		
Accelerated depreciation for tax purposes	(552.19)	(548.57)
On Other comprehensive income	(1.37)	-
Net Deferred tax Asset	**2,021.09**	**2,056.79**

Note: Refer Note 36 for further details

8. OTHER NON-CURRENT ASSETS

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
Prepaid expenses#	48.31	32.06
Capital Advances	6.13	-
Others##	51.84	-
	106.28	**32.06**

represents amount paid in advance for the items that had not yet occurred as of the end of the financial year, including Bank Guarantee Commission, Employees Health Insurance and General Insurance expenses.

represents the cost of articles owned by the group for the purpose of business promotion.

9. INVENTORIES (VALUED AT LOWER OF COST AND NET REALISABLE VALUE)

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
Raw material	600.70	667.32
Work in progress	1,190.56	196.74
Finished goods	703.86	552.69
Inventory - Others	-	51.84
	2,495.11	**1,468.59**

10. TRADE RECEIVABLES

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
Unsecured, considered good		
Trade Receivables	3,175.91	1,860.45
Less: Expected Credit Loss allowance	(7.19)	-
	3,168.72	**1,860.45**

Note:

- Receivables do not include any amount due and recoverable from directors or other officers of the Holding Company, or Companies under the same management.
- Trade Receivables are Non Interest Bearing.

10A. Ageing Schedule of Trade receivables:

As at 31 March 2022

(₹ in lakhs)

Particulars	Outstanding for the following periods from the due date of payment						
	Not Due	<6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables - considered good	1,213.02	1,388.33	94.98	321.15	10.25	24.08	3,051.81
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	0.63	3.77	119.70	124.10
(iii) Undisputed Trade Receivables - Credit Impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
	1,213.02	**1,388.33**	**94.98**	**321.78**	**14.02**	**143.78**	**3,175.91**
Less: Expected credit loss Allowance	-	-	-	-	-	-	(7.19)
Total	**1,213.02**	**1,388.33**	**94.98**	**321.78**	**14.02**	**143.78**	**3,168.72**

As at 31 March 2021

(₹ in lakhs)

Particulars	Not Due	Outstanding for the following periods from the due date of payment					
		<6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables - considered good	1,211.90	241.77	19.58	234.77	5.06	19.36	1,732.45
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	7.41	80.10	40.49	128.00
(iii) Undisputed Trade Receivables - Credit Impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
	1,211.90	**241.77**	**19.58**	**242.18**	**85.16**	**59.85**	**1,860.45**
Less: Expected credit loss Allowance	-	-	-	-	-	-	-
Total	**1,211.90**	**241.77**	**19.58**	**242.18**	**85.16**	**59.85**	**1,860.45**

11. CASH AND CASH EQUIVALENTS

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
Cash on hand	2.15	11.78
Balances with banks:		
- In current accounts	1,088.65	1,382.62
- In Overdraft accounts	51.55	-
- In Fixed Deposits with original maturity Less than 3 months	962.44	760.00
	2,104.79	**2,154.40**

12. OTHER BANK BALANCES

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
Balances with banks for unclaimed dividend	8.08	8.42
Fixed Deposits with original maturity More than 3 months & Less than 12 months	-	47.86
Deposits against BG's	6,064.96	1,705.34
Other Fixed Deposits	109.51	112.24
	6,182.55	**1,873.86**

Note: All Fixed deposits were kept with Scheduled commercial banks only

13. OTHER FINANCIAL ASSETS (CURRENT)

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
Unsecured, Considered good		
Accrued Income but not due	968.99	824.04
Current Investments at amortised cost	10,845.99	4,213.04
Interest accrued but not due on deposits	143.11	98.02
	11,958.09	**5,135.10**

14. CURRENT TAX ASSETS (NET)

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
Income Tax Refund for earlier years	106.85	-
Advance Income Tax (Net of Provision)	98.43	21.03
	205.28	**21.03**

15. OTHER CURRENT ASSETS

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
Unsecured, considered good		
Prepaid Expenses	157.91	81.40
Balance with Statutory Authorities	655.01	218.36
Advance to material suppliers (Creditors)	647.84	181.36
Duty Credit Scripts under MEIS scheme	14.78	-
Advances to Employees	30.33	16.56
	1,505.87	**497.68**

16. EQUITY SHARE CAPITAL

Particulars	Equity Shares	
	No.of shares	Amount in lakhs
(i) Authorised share capital		
As at 01 April 2020	**20,00,00,000**	**2,000.00**
Increase/(Decrease) during the year	-	-
As at 31 March 2021	**20,00,00,000**	**2,000.00**
Increase/(Decrease) during the year	-	-
As at 31 March 2022	**20,00,00,000**	**2,000.00**

(ii) Issued share capital

Particulars	Equity Shares	
	No.of shares	Amount in lakhs
Equity share of ₹ 1 each issued, subscribed and fully paid up		
As at 01 April 2020	**7,71,60,060**	**771.60**
Increase/(Decrease) during the year	23,49,940	23.50
As at 31 March 2021	**7,95,10,000**	**795.10**
Increase/(Decrease) during the year	-	-
As at 31 March 2022	**7,95,10,000**	**795.10**

(iii) Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 1/- each. Each equity share holder is entitled to one vote per equity share held.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(iv) The details of shares held by shareholder holding more than 5% of shares in the Company

Particulars	31 March 2022		31 March 2021	
	Number of shares held	% of holding	Number of shares held	% of holding
Equity shares of ₹ 1/- each fully paid up				
Ashok Atluri	2,13,11,220	26.80%	2,13,11,220	26.80%
Kishore Dutt Atluri	1,57,56,220	19.82%	1,77,56,220	22.33%

(v) For Compulsorily Convertible Debentures (CCD's) refer Note 49

(vi) Shares held by promoters

As at 31 March 2022

Promoter Name	Class of Equity share	No.of shares at the beginning of the year	Change during the year	No.of shares at the end of the year	% of Total shares	% Change during the year
Ashok Atluri	Equity share of ₹ 1 each	2,13,11,220	-	2,13,11,220	26.80%	0.00%
Kishore Dutt Atluri	Equity share of ₹ 1 each	1,77,56,220	(20,00,000)	1,57,56,220	19.82%	-11.26%
Tara Dutt Atluri	Equity share of ₹ 1 each	34,19,756	-	34,19,756	4.30%	0.00%
Rama Devi Atluri	Equity share of ₹ 1 each	26,70,000	-	26,70,000	3.36%	0.00%
Satish Atluri	Equity share of ₹ 1 each	11,84,000	-	11,84,000	1.49%	0.00%
Anisha Atluri	Equity share of ₹ 1 each	-	10,00,000	10,00,000	1.26%	100%
Arjun Dutt Atluri	Equity share of ₹ 1 each	-	10,00,000	10,00,000	1.26%	100%
Ravi Kumar Midathala	Equity share of ₹ 1 each	7,94,000	(4,000)	7,90,000	0.99%	-0.50%
Beena Atluri	Equity share of ₹ 1 each	4,02,364	2,000	4,04,364	0.51%	0.50%
Nagarjunudu Kilaru	Equity share of ₹ 1 each	1,48,290	2,000	1,50,290	0.19%	1.35%
Indira Garapati	Equity share of ₹ 1 each	1,20,000	-	1,20,000	0.15%	0.00%
Nandita Sethi	Equity share of ₹ 1 each	50,000	-	50,000	0.06%	0.00%

As at 31 March 2021

Promoter Name	Class of Equity share	No.of shares at the beginning of the year	Change during the year	No.of shares at the end of the year	% of Total shares	% Change during the year
Ashok Atluri	Equity share of ₹ 1 each	2,02,11,250	10,99,970	2,13,11,220	26.80%	5.44%
Kishore Dutt Atluri	Equity share of ₹ 1 each	1,75,56,250	1,99,970	1,77,56,220	22.33%	1.14%
Tara Dutt Atluri	Equity share of ₹ 1 each	28,20,756	5,99,000	34,19,756	4.30%	21.24%
Rama Devi Atluri	Equity share of ₹ 1 each	26,70,000	-	26,70,000	3.36%	0.00%
Satish Atluri	Equity share of ₹ 1 each	11,84,000	-	11,84,000	1.49%	0.00%

Ravi Kumar Midathala	Equity share of ₹ 1 each	7,94,000	-	7,94,000	1.00%	0.00%
Beena Atluri	Equity share of ₹ 1 each	4,01,864	500	4,02,364	0.51%	0.12%
Nagarjunudu Kilaru	Equity share of ₹ 1 each	1,45,440	2,850	1,48,290	0.19%	1.96%
Indira Garapati	Equity share of ₹ 1 each	1,20,000	-	1,20,000	0.15%	0.00%
Nandita Sethi	Equity share of ₹ 1 each	50,000	-	50,000	0.06%	0.00%

17. OTHER EQUITY

(₹ in lakhs)

Particulars	Note no	31 March 2022	31 March 2021
Securities premium	17.1	2,654.31	2,654.31
Capital redemption reserve	17.2	117.24	117.24
General reserve	17.3	3,525.01	3,525.01
Retained earnings	17.4	13,421.81	13,302.81
Share Warrants	17.5	250.08	-
Other Comprehensive Income	17.6	58.84	45.89
Equity Component of Compound Financial Instruments	17.7	7,479.32	-
Attributable to owners of parent		**27,506.62**	**19,645.26**
Non-Controlling Interests (NCI)	17.8	687.81	625.36
		28,194.43	**20,270.62**

17.1 Securities premium

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
Opening balance	2,654.31	891.85
Add: Additions during the year	-	1,762.46
	2,654.31	**2,654.31**

Amount received on issue of shares in excess of the face value has been classified as securities premium. This reserve will be utilised in accordance with provisions of Section 52 of the Companies Act, 2013.

17.2 Capital redemption reserve

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
Opening balance	117.24	117.24
Add: Additions during the year	-	-
	117.24	**117.24**

As per the Companies Act, 2013 Capital Redemption Reserve is created when company purchases its own shares out of free reserves or securities premium. A sum equal to the nominal value of shares so purchased during the FY 13-14 is transferred to capital redemption reserve. The reserve is utilised in accordance with the provisions of section 69 of the Companies Act, 2013.

17.3 General reserve

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
Opening balance	3,525.01	3,525.01
Add: Additions during the year	-	-
	3,525.01	**3,525.01**

The company has transferred a portion of the net profit of the Company before declaring dividend to general reserve pursuant to the earlier provisions of the Companies Act, 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013.

17.4 Retained earnings

(₹ in lakhs)

Particulars		31 March 2022	31 March 2021
Opening balance		13,302.81	13,313.08
Add: Net profit for the year		198.51	311.13
	(A)	**13,501.32**	**13,624.21**
Less: Dividend distributed to equity shareholders **(Refer Note-48)**	(B)	(79.51)	(318.04)
Adjustment of Unistring Tech Solutions Pvt Ltd		-	(3.36)
	(A-B)	**13,421.81**	**13,302.81**

Retained earnings are the profits that the company has earned till date, less any transfers to general reserve, dividends or other distributions to shareholders.

17.5 Share Warrants

(₹ in lakhs)

Particulars		31 March 2022	31 March 2021
Opening balance		-	446.49
Add: Amount received on account of allotment of share warrants		250.08	1,339.46
	(A)	**250.08**	**1,785.95**
Less: Allotment of equity Shares pursuant to conversion of share warrants	(B)	-	(1,785.95)
	(A-B)	**250.08**	**-**

During the FY 2021-22, the company has issued share warrants and 25% of the subscription amount was received at the time of allotment of share warrants. Balance amount (75%) will be received pursuant to duly conversion of share warrants into equity shares.

17.6 Other Comprehensive Income

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
Actuarial Gain or Loss:		
Opening balance	53.00	43.49
Add: Additions during the year	2.38	9.51
Closing Balance	**55.38**	**53.00**
Foreign Currency Translation Reserve:		
Opening balance	(7.11)	8.72
Add: Additions during the year	10.57	(15.83)
Closing Balance	**3.46**	**(7.11)**
	58.84	**45.89**

17.7 Equity Component of Compound Financial Instruments

(₹ in lakhs)

Particulars		31 March 2022	31 March 2021
Opening balance		**-**	**-**
Add: Equity component of Compulsorily Convertible Debentures (CCD’s) issued		7,479.32	-
	(A)	**7,479.32**	**-**
Less: Allotment of equity Shares pursuant to conversion of CCD's	(B)	-	-
	(A-B)	**7,479.32**	**-**

Refer Note 49 for further details.

17.8 Non-Controlling interests (NCI)

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
Opening balance	625.36	659.13
Add: Net profit/(loss) attributable to NCI	62.45	(33.77)
	687.81	**625.36**

18. BORROWINGS (NON CURRENT)

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
Secured (at amortized cost)		
Vehicle loans from banks		
(a) Yes Bank	3.05	11.26
Unsecured (at amortized cost)		
(b) Compulsory Convertible Debentures (CCD's)	298.34	-
(c) Others	118.41	108.42
	419.80	**119.68**

Details of borrowings:

(i) Borrowings mentioned in (a) are secured by the hypothecation of respective vehicles for which loans are availed.

(ii) Borrowings mentioned in (b) is the financial liability component of CCD's issued during the year which is carried at interest rate of 8.50% p.a. Refer Note 49 for further details.

19.1 OTHER FINANCIAL LIABILITIES

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
Non Current		
At amortised cost		
Lease Liability	85.19	8.59
	85.19	**8.59**
Current		
At amortised cost		
Lease Liability	39.13	-
19.2 Other Financial Liabilities		
Unclaimed dividends	8.08	8.42
Provision for expenses	112.60	89.68
Salaries and benefits	174.22	132.63
Bonus and incentives	77.04	84.11
Other payables	30.19	39.42
	402.14	**354.26**

20. PROVISIONS

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
- Provision for gratuity (Refer Note-37(b))	205.02	166.03
	205.02	**166.03**

21. DEFERRED TAX LIABILITY

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
On account of Depreciation	-	0.09
	-	**0.09**

22. BORROWINGS (CURRENT)

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
Secured		
(a) CC account forming part of Cash and Cash equivalents	-	53.49
(b) OD account forming part of Cash and Cash equivalents	-	8.03
(c) Current maturities of vehicle loans	8.22	7.52
Unsecured		
(d) Credit card	8.63	(0.91)
(e) Compulsory Convertible Debentures (CCD's) (Refer Note 49)	914.57	-
	931.42	**68.13**

Details of borrowings:

(i) Cash Credit (CC) mentioned in (a) amounting to ₹ Nil (31 March 2021: ₹ 53.49 lakhs) obtained from HDFC Bank by holding company is secured by way of:

Primary Security: Stocks and Debtors

Collateral Security:

- Signature Building, 11 Kothaguda Village and 12 floor of Signature building of 25000 Sq Ft, SY No:6 Kondapur, Kothaguda-500084.
- Delhi 1, Apartment NH 24 adjacent to Akshardham No. T-27-06-04, Fifth floor of 1969 Sq Ft, Common Wealth Games Village - 110092.
- Delhi 2, Apartment NH 24 adjacent to Akshardham No. T-27-01-03, Ground floor of 2654.3 Sq Ft, Common Wealth Games Village - 110092.
- Delhi 3, Apartment NH 24 adjacent to Akshardham No. T-20-07-04, Sixth floor of 1969.52 Sq ft, Common Wealth Games Village - 110092.
- Delhi 4, Apartment NH 24 adjacent to Akshardham No. T-20-01-02, Ground floor of 2654.32 Sq Ft, Common Wealth Games Village - 110092.

Other Details:

The Rate of Interest is 8.5% p.a and Cash credit is the sub-limit of ₹ 1500 lakhs of total limits of ₹ 9850 lakhs which consists of Bank Guarantee, Letter of Credit, Pre and Post Shipment Credit, PSR and Corporate Card Limits.

(ii) Overdraft (OD) mentioned in (b) amounting to ₹ Nil (31 March 2021: ₹ Nil) obtained from City Union Bank by Unistring Tech Solutions Private Limited is secured by way of:

The working capital facilities from City Union Bank are secures equitable mortgage of immovable properties and other fixed assets.

Collateral Security:

- Municipal No. 35-6-2 (G.P.No.6-2) consturcted in Sy No.70 of (V) Gopalpur located at Gopalpur, Hanamakonda, Warangal.
- New Door No. 21-93, Old No. 18-115, at Sy No. 24/9, Muppavarapu Vari Street, Bhagath Singh Nagar, Main Road, Yanamalakuduru, Vijayawada, Krishna District.

(iii) Compulsory Convertible Debentures (CCD's) mentioned in (e) amounting to ₹ 914.57 lakhs (31 march 2021: Nil) - Refer Note 49.

23. TRADE PAYABLES

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
Trade payables		
- Dues to Micro and Small Enterprises	107.59	85.54
- Dues to creditors other than micro and small enterprises	285.58	233.95
	393.17	**319.49**

23A. Ageing Schedule of Trade Payables:

As at 31 March 2022

(₹ in lakhs)

Particulars	Not Due	Outstanding for the following periods from the due date of payment				
		<1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	80.61	4.16	1.68	12.73	8.41	107.59
(ii) Others	166.94	82.32	2.40	6.80	27.12	285.58
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
	247.55	**86.48**	**4.08**	**19.53**	**35.53**	**393.17**

As at 31 March 2021

(₹ in lakhs)

Particulars	Not Due	Outstanding for the following periods from the due date of payment				
		<1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	71.64	6.27	4.08	2.54	1.01	85.54
(ii) Others	113.70	19.14	73.65	7.74	19.72	233.95
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
	185.34	**25.41**	**77.73**	**10.28**	**20.73**	**319.49**

24. OTHER CURRENT LIABILITIES

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
Income billed but not due	49.76	70.48
Taxes payable	164.36	44.12
Advance from customers	5,124.40	112.37
	5,338.53	**226.97**

25. CURRENT TAX LIABILITIES (NET)

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
Provision for Income Tax	91.62	2.89
	91.62	**2.89**

26. REVENUE FROM OPERATIONS

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
(a) Revenue from sale of products	3,666.95	3,568.78
(b) Revenue from rendering of services	3,308.29	1,895.18
	6,975.24	**5,463.96**

Contract balances:

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
(a) Receivables		
Trade Receivables (gross) (refer note 10)	3,175.91	1,860.45
Less: Expected credit loss Allowance	(7.19)	-
Net Receivables	**3,168.72**	**1,860.45**
(b) Contract Liabilities		
Advances received from customers (refer note 24)	5,124.40	112.37
Income billed but not due (refer note 24)	49.76	70.48
	5,174.16	**182.85**
(c) Contract Assets		
Accrued income but not due (refer note 13)	968.99	824.04
	968.99	**824.04**

27. OTHER INCOME

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
Interest income	430.39	254.05
Foreign exchange fluctuation gain (net)	49.77	16.69
Miscellaneous income	57.68	31.44
	537.83	**302.18**

28. COST OF MATERIALS AND COMPONENTS CONSUMED

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
Opening stock of raw materials	667.32	744.33
Add: Purchases	2,392.01	944.63
	3,059.33	**1,688.96**
Less: Closing stock of raw materials	(600.70)	(667.32)
	2,458.63	**1,021.64**

29. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
Opening work in progress	196.74	608.18
Opening finished goods	552.69	-
	749.43	**608.18**
Closing work in progress	(1,190.55)	(196.74)
Closing finished goods	(703.86)	(552.69)
	(1,894.41)	**(749.43)**
Net (increase) / decrease in stock	**(1,144.98)**	**(141.25)**

30. MANUFACTURING EXPENSES

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
Power and fuel	21.56	22.83
Spares and Stores	59.52	12.94
Material Handling Charges	8.96	13.37
Travel expenses - Production	3.13	0.75
System Installation & Maintenance	-	75.54
Factory Maintenance	148.48	121.42
Training Charges	0.96	0.24
Salaries - Production	162.39	170.10
	405.00	**417.19**

31. EMPLOYEE BENEFITS EXPENSE

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
Salaries, wages and bonus	1,944.35	1,419.73
Contribution to provident and other funds	60.19	52.91
Gratuity expense (Refer Note-38(b))	57.65	49.18
Staff welfare expenses	38.66	38.11
	2,100.85	**1,559.93**

32. FINANCE COSTS

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
Bank Charges	12.47	26.67
BG Commission	86.90	66.93
Processing Charges	5.75	3.57
Interest on borrowings		
- interest on cash credit account	10.71	6.82
- interest on Vehicle loan	1.37	1.83
- interest Others	35.85	3.33
	153.05	**109.15**

33. DEPRECIATION AND AMORTISATION

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
Depreciation and Amortization Expense	480.35	492.21
Depreciation on Right-of-use assets	3.01	3.01
	483.35	**495.22**

34. OTHER EXPENSES

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
Business Promotion	213.82	305.19
Exhibition expenses	212.49	5.29
System Installation & Maintenance	80.55	-
Freight	72.27	17.42

Domestic Travel	282.53	202.28
Foreign Travel	137.87	22.08
Advertisement	112.89	109.15
Bad debts written off	15.93	-
Books & periodicals	0.32	0.36
Conveyance	45.38	7.49
Consumables	18.67	-
Directors' sitting fees	11.25	8.50
CSR expenditure	55.00	48.65
Electricity Charges-General	39.95	35.56
Insurance	18.16	21.60
Membership & Subscription	0.09	0.08
Office Maintenance	126.30	117.24
Postage & Telephone	35.33	26.96
Printing & Stationary	7.72	7.62
Professional Charges	503.29	286.95
Rent on Machinery on R&D	3.65	2.75
Rates & Taxes	35.33	44.04
Rent	50.18	35.87
Security expenses	35.39	32.89
Vehicle Maintenance	18.11	16.24
Computer Maintenance	4.85	8.53
Spares & Stores-R&D	409.55	428.48
Expected credit loss Allowance	7.19	-
Payment to Auditor	4.00	4.00
Other Expenses	140.82	72.91
	2,698.89	**1,868.13**

35. COMPONENTS OF OTHER COMPREHENSIVE INCOME

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
Items that will be reclassified to profit or loss		
Exchange differences on translation of foreign operations	1.53	(16.84)
Deferred tax on exchange differences	(0.42)	4.69
	1.10	**(12.15)**
Items that will not be reclassified to profit or loss		
Re-measurement gains/ (losses) on defined benefit plans	3.30	13.18
Deferred tax on remeasured gain/(loss)	(0.92)	(3.67)
	2.38	**9.51**

36. INCOME TAX

The major components of income tax expenses for the year ended 31 March 2022 and 31 March 2021 are as follows:

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
Profit or loss section		
Current tax expense	127.95	186.17
Adjustment of tax relating to earlier periods	(92.84)	-
MAT credit utilisation	41.37	6.43
Deferred tax	(7.13)	(33.83)
Total income tax expense recognised in Statement of Profit and Loss	**69.35**	**158.76**

OCI section

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
Tax Effect on OCI items	(1.34)	1.02
Income tax charged to OCI	**(1.34)**	**1.02**

(a) The income tax expense for the year can be reconciled to the accounting profit as follows:

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
Profit before tax	330.32	436.13
Enacted income tax rate in India	27.82%	27.82%
Computed expected tax expense	91.89	121.33
Add/(Less): Tax effect on account of:		
Items which are not tax deductible for computing taxable income	18.94	14.33
Adjustments for prior periods	(92.84)	-
Effect of items which are not taxable for computing taxable income	0.78	1.00
Others	50.58	22.10
Income tax expense recognised in the Statement of Profit and Loss	**69.35**	**158.76**

Deferred tax

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
Deferred tax asset/(liability) (net)	(475.33)	(481.08)
MAT credit entitlement	2,496.42	2,537.78
Deferred tax asset (net)	**2,021.09**	**2,056.70**

(b) Deferred tax (liabilities)/assets (net) as at 31 March 2022, as detailed below reflect the quantum of tax liabilities/(assets) accrued upto 31 March 2022

(₹ in lakhs)

2021-22	Opening balance	Recognised in Statement of profit and loss	Recognised in other comprehensive income	MAT Credit availed/ (utilization)	Closing balance
Deferred tax (liabilities) /assets in relation to:					
MAT credit	2,537.78	-	-	(41.37)	2,496.42
Timing difference on:					
- Property, plant and equipment	(549.68)	(3.93)	-	-	(553.61)
- Disallowances under Income Tax Act, 1961, allowed on payment basis	67.47	10.98	-	-	78.45
- Remeasurement of defined benefit plans	1.02	-	(1.34)	-	(0.32)
- Others	0.11	0.06	-	-	0.16
Deferred tax (liabilities) /assets (Net)	**2,056.70**	**7.10**	**(1.34)**	**(41.37)**	**2,021.09**

(c) Deferred tax (liabilities)/assets (net) as at 31 March 2021, as detailed below reflect the quantum of tax liabilities/(assets) accrued upto 31 March 2021

(₹ in lakhs)

2020-21	Opening balance	Recognised in Statement of profit and loss	Recognised in other comprehensive income	MAT Credit availed/ (utilization)	Closing balance
Deferred tax (liabilities) /assets in relation to:					
MAT credit	2,544.21	-	-	(6.43)	2,537.78
Timing difference on:					
- Property, plant and equipment	(561.90)	12.22	-	-	(549.68)
- Disallowances under Income Tax Act, 1961, allowed on payment basis	45.65	21.82	-	-	67.47
- Remeasurement of defined benefit plans	-	-	1.02	-	1.02
- Others	0.05	0.05	-	-	0.11
Deferred tax (liabilities) /assets (Net)	**2,028.02**	**34.09**	**1.02**	**(6.43)**	**2,056.70**

37. EARNINGS PER SHARE

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the holding company by the weighted average number of Equity shares outstanding during the year.

Diluted earnings per share is calculated by dividing the profit/(loss) attributable to equity holders of the holding company (after adjusting for interest on the Compulsory convertible debentures) by the weighted average number of equity shares outstanding during the period/year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

Particulars	31 March 2022	31 March 2021
Earnings per equity share		
Profit attributable to equity shareholders of the holding company (₹ in lakhs)	198.51	311.13
Add: Interest on Compulsory Convertible Debentures (CCD's)	24.96	-
Adjusted earnings	**223.47**	**311.13**
Weighted average number of equity shares for Basic EPS (Nos.)	**7,95,10,000**	**7,95,10,000**
Effect of dilutive equivalent Compulsorily convertible debentures	13,54,876	-
Weighted average number of equity shares for dilutive EPS (Nos.)	**8,08,64,876**	**7,95,10,000**
Face value per equity share (₹)	1.00	1.00
Earning per share - Basic (₹)	**0.25**	**0.39**
Earning per share - Diluted (₹)[#]	**0.25**	**0.39**

[#] The conversion of above mentioned potential equity shares (CCD's) would increase the earnings per share, these are anti-dilutive in nature and thus the effects of anti-dilutive potential equity shares are not considered in calculating the diluted equity per share.

During the FY 2021-22, the company has issued 4,69,633 share warrants to the promotors of the holding company at the market price. Therefore, these share warrants are assumed to be fairly priced and they are not considered in calculating Dilutive EPS (DEPS) as per Ind AS 33 Earnings per share.

38. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS

(a) Defined contribution plan

The following amount recognised as an expense in Statement of profit and loss on account of provident fund and other funds. There are no other obligations other than the contribution payable to the respective authorities.

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
Contribution to provident fund recognised as expense in the Statement of Profit and Loss	60.19	52.91

(b) Defined benefit plan

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of continuous service gets a gratuity on retirement at 15 days last drawn basic salary for each completed year of service. The scheme is funded with an insurance Company in the form of a qualifying insurance policy.

The following table's summaries the components of net benefit expense recognised in the Statement of profit and loss and the funded status and amounts recognised in the balance sheet for the gratuity plan:

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
Statement of profit and loss		
Net employee benefit expense recognised in the employee cost		
Current service cost	39.17	28.14
Past service cost	13.46	-
Interest cost on defined benefit obligation	15.55	15.26
Interest income on plan assets	(6.15)	(5.97)
Other adjustments	(4.38)	11.75
Net benefit expense	**57.65**	**49.18**
Re measurement during the period/year due to :		
Actuarial loss / (gain) arising from change in financial assumptions	(3.24)	0.97
Actuarial loss / (gain) arising from change in demographic assumptions	-	-
Actuarial loss / (gain) arising on account of experience changes	1.33	(12.52)
Return on plan assets excluding interest income	(1.39)	(1.63)
Amount recognised in OCI outside profit and loss statement	**(3.30)**	**(13.18)**
Balance Sheet		
Reconciliation of net liability / asset		
Closing Present Value of Defined Benefit Obligation	326.91	270.39
Closing Fair Value of Plan Assets	121.89	104.36
Closing net defined benefit liability	**205.02**	**166.03**
Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	166.03	156.77
Current service cost	39.17	28.14
Past service cost	13.46	-
Interest cost	9.40	9.29
Adjustment to opening balance	(5.09)	-
Re measurement during the period due to:		
Actuarial loss/(gain) arising from change in financial assumptions	(3.24)	0.97
Actuarial loss/(gain) arising from change in demographic assumptions	-	-
Actuarial loss/(gain) arising on account of experience changes	1.33	(12.52)
Return on plan assets excluding interest income	(1.39)	(1.63)

Benefits paid	(14.65)	(14.99)
Closing defined benefit obligation	**205.02**	**166.03**
Change in fair value of plan assets during the year		
Opening Fair Value of Plan Assets	104.36	95.23
Adjustment to opening balance	5.09	-
Contributions paid by the employer	14.65	14.99
Return plan assets (Excluding interest income)	1.39	1.63
Benefits paid	(9.75)	(13.46)
Interest income on Plan Assets	6.15	5.97
Closing Fair Value of Plan Assets	**121.89**	**104.36**

The principal assumptions used in determining gratuity benefit obligation for the Company's plans are shown below:

Particulars	31 March 2022	31 March 2021
Discount rate (p.a.)	6.59%	6.44%
Salary escalation rate (p.a.)	6.00%	6.00%
Mortality rate	IALM (2012-14) Ult	IALM (2012-14) Ult
Disability rate	0.00%	0.00%
Withdrawal rate (Past service (PS))	PS: 0 to 42: 12%	PS: 0 to 42: 12%
Normal retirement age (in years)	60	60
Adjusted average future service	6.49	6.53

A quantitative analysis for significant assumptions is as shown below:

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
Assumptions - Discount rate		
Sensitivity Level (a hypothetical increase/(decrease) by)		
Impact of Increase in 1% on defined benefit obligation	289.78	257.22
Impact of Decrease in 1% on defined benefit obligation	320.51	285.18
Assumptions - Salary Escalation rate		
Sensitivity Level (a hypothetical increase/(decrease) by)		
Impact of Increase in 1% on defined benefit obligation	317.23	282.49
Impact of Decrease in 1% on defined benefit obligation	292.06	259.17

Asset Liability Comparisons

(₹ in lakhs)

Year	31 March 2018	31 March 2019	31 March 2020	31 March 2021	31 March 2022
PVO at the end of the period	258.47	257.77	252.00	270.39	304.27
Plan Assets	128.53	117.17	95.23	104.36	121.89
Surplus/(Deficit)	(129.94)	(140.60)	(156.77)	(166.03)	(182.38)
Experience adjustment on plan assets	1.75	0.06	16.48	1.63	1.39

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors. Such as supply and demand in the employment market.

The following payments are expected contributions to the defined benefit plan in future years:

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
Expected future benefit payments		
Within the next 12 months (next annual reporting period)	81.81	57.95
Between 2 and 5 years	132.91	116.20
Between 6 and 10 years	113.50	96.22
Total expected payments	**328.22**	**270.37**

The weighted average duration of the defined benefit plan obligation at the end of the reporting period (based on discounted cash flows 5.09 years. (31 March 2021:5.14 years).

39. CONTINGENT LIABILITIES AND COMMITMENTS

(a) Contingent liabilities

Claims against the Company not acknowledged as debts:

I) On account of Direct Tax matter - ₹ 54.04 lakhs (31 March 2021: ₹ Nil)

II) On account of Indirect Tax matter (Central Excise Duty) - ₹ 877.44 lakhs (31 March 2021: ₹ 877.44 lakhs)

The Group is contesting the demands and the management, including its tax advisors, believe that its position will likely be upheld in the appellate process with respect to Direct Tax and Indirect tax matters. No tax expense has been accrued in the financial statements for the tax demand raised. The Management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the Company's financial position and results of operations.

(b) Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for:

At 31 March 2022, the Group has commitments of ₹ 45.79 lakhs (31 March 2021: ₹ 4.60 lakhs) relating to renovation of factory buildings at Maheswaram.

40. RELATED PARTY TRANSACTIONS

A) Nature of relationship and names of related parties

Name of the party	Nature of relationship
(a) Key Managerial Personnel (KMP):	
Mr. Ashok Atluri	Managing Director & CFO
Mr. Kishore Dutt Atluri	President
Mr. M Ravi Kumar	Whole Time Director
Mrs. Shilpa Choudari	Whole Time Director
Dr. Ravindra Kumar Tyagi	Independent Director
Mr. Venkata Samir Kumar Oruganti	Independent Director (retired w.e.f 14 August 2021)
Mr. Amreek Singh Sandhu	Independent Director
Ms. Sirisha Chintapalli	Independent Director
Dr. Ajay Kumar Singh	Independent Director
Mr. Hansraj Singh Rajput	Company Secretary & Compliance Officer
(b) Relatives of Key Managerial Personnel	
Mr. Arjun Dutt Atluri	Management Engineer, Son of Mr. Kishore Dutt Atluri
Mrs. Rama Devi Atluri	Spouse of Mr. Kishore Dutt Atluri
Ms. Anisha Atluri	Manager - HR & Admin, Daughter of Mr. Kishore Dutt Atluri
Veer Sammaan Foundation	Founder Trustee
(c) Entities controlled by persons having control / significant influence over group	
Indigenous Defence Equipment Exporters Association	Entity accustomed to act in accordance with the advice, directions or instructions of a Director.

B) Following are the transactions with related parties during the year:

(₹ in lakhs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
i) Remuneration to KMP		
Mr. Ashok Atluri	60.83	51.38
Mr. Kishore Dutt Atluri	48.23	35.47
Mr. M Ravi Kumar	53.59	52.94
Mrs. Shilpa Choudari	25.04	10.00
Mr. Hansraj Singh Rajput-CS	15.02	12.74
ii) Commission to KMP		
Mr. Ashok Atluri	5.82	17.12
Mr. Kishore Dutt Atluri	18.10	30.61
iii) Remuneration to relatives of to KMP		
Mr. Arjun Dutt Atluri	11.78	11.78
Ms. Anisha Atluri	6.38	2.64
iv) Sitting Fee to Independent Directors		
Ms. Sirisha Chintapalli	1.75	0.50
Mr. O Venkata Samir Kumar	1.25	2.00
Mr. Amreek Singh Sandhu	2.75	2.00
Dr. Ravindra Kumar Tyagi	2.75	2.00
Dr. Ajay Kumar Singh	2.75	2.00
v) Rent		
Mrs. Ramadevi Atluri	6.38	6.64
vi) Donation		
Veer Sammaan Foundation	-	48.65

C) Balances with the related parties are summarised below:

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
i) Related party receivables grouped under		
a) Other current assets		
Arjun Dutt Atluri (Advances to Employees)	6.81	0.32
Hansraj Singh (Advances to Employees)	-	0.03
Ms. Anisha Atluri (Advances to Employees)	0.01	-
ii) Related party payables grouped under:		
a) Other current liabilities		
Mr. M Ravi Kumar (Other Payables)	0.04	0.09

Key managerial personnel of the Company is covered by the Group's gratuity policy and is eligible for compensated absences along with other employees of the Group. The proportionate amount of gratuity and compensated absences cost pertaining to them have not been included in the aforementioned disclosure as these cannot be determined on an individual basis.

41. THE DISCLOSURE PURSUANT TO THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006, (MSMED ACT) FOR DUES TO MICRO ENTERPRISES AND SMALL ENTERPRISES AS AT MARCH 31, 2022 AND MARCH 31, 2021 IS AS UNDER

(₹ in lakhs)

Particulars		31 March 2022	31 March 2021
a)	the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year;	107.59	85.54
b)	the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
c)	the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
d)	the amount of interest accrued and remaining unpaid at the end of each accounting year; and the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest	-	-
e)	dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

Note: The list of undertakings covered under MSMED Act was determined by the Group on the basis of information available with the Group.

42. DISCLOSURE PURSUANT TO INDIAN ACCOUNTING STANDARD (IND AS) 108 "OPERATING SEGMENTS"

Operating Segments

The Group's operations predominantly consist of Training & Simulation. The Group's Chief Operating Decision Maker (CODM) review the operations of the Group as a single reportable segment and operations from other than Training & Simulation does not qualify as a reportable segment as these operations are not material. Hence there are no reportable segments under Ind AS 108. Accordingly, the Group has only one operating and reportable segment, the disclosure requirements specified in paragraphs 22 to 30 are not applicable.

Geographical Information

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
Revenue		
Domestic	6,610.27	4,429.15
Overseas	364.97	1,034.81
Total revenue per statement of profit or loss	**6,975.24**	**5,463.96**

The revenue information above is based on the locations of the customers.

Non-current operating assets:

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
India	106.28	32.05
Outside India	-	-
Total non-current operating assets	**106.28**	**32.05**

Non-current assets for this purpose excludes financial assets and deferred tax assets.

Information about major customers

During FY 2021-22, total revenue consists of 46.05% from single customer.

43. FINANCIAL INSTRUMENTS

A. Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

(₹ in lakhs)

Particulars	Note no.	31 March 2022		31 March 2021		Fair value level
		Amortised cost	Fair value	Amortised cost	Fair value	
Financial assets						
Trade receivables	10	3,168.72	-	1,860.45	-	
Cash and cash equivalents	11	2,104.79	-	2,154.40	-	
Other bank balances	12	6,182.55	-	1,873.86	-	
Deposits	6	48.25	-	50.20	-	
Other financial assets	13	11,958.09	-	5,135.10	-	
Total financial assets		**23,462.40**	**-**	**11,074.01**		
Financial liabilities						
Borrowings	18 & 22	1,351.23	-	187.81	-	
Lease liabilities	19.1	124.33	-	8.59	-	
Trade payables	23	393.17	-	319.49	-	
Other financial liabilities	19.2	402.14	-	354.26	-	
Total financial liabilities		**2,270.86**	**-**	**870.15**	**-**	

The fair value of trade receivables, other financial assets, cash and cash equivalents, other bank balances, borrowings, trade payables and other financial liabilities approximate their carrying amount largely due to short-term nature of these instruments.

B. Measurement of fair values

i. Transfer between Level 1 and 2

There have been no transfers from Level 2 to Level 1 or vice-versa in the current year and no transfers in either direction in previous year.

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial liabilities comprise mainly of borrowings, trade payables and other payables. The Group's financial assets comprise mainly of investments, cash and cash equivalents, other balances with banks, loans, trade receivables and other receivables.

The Group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Board of Directors of the holding Group has overall responsibility for the establishment and oversight of the Group's risk management framework. In performing its operating, investing and financing activities, the group is exposed to the Credit risk and Liquidity risk.

i) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Group's exposure to market risk is primarily on account of interest rate risk. Financial instruments affected by market risk include loans, borrowings and deposits.

a. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

b. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency). Considering the countries and economic environment in which the group operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries.

Any movement in the functional currency of the various operations of the group against major foreign currencies may impact the Group's revenue in international business. The group evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks.

Expenditure in foreign currency

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
Raw Materials and Components	412.80	37.50
Stores and Spares	6.96	2.91
Foreign Travel (Exclusive of Tickets Purchased)	110.18	23.07
Membership	3.16	0.05
Professional Charges	12.78	17.11
Exhibition Expenses	140.17	-
Employee benefits expense	116.90	-
Others	57.67	142.74

Receivables/ (Payables) in Foreign Currency

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
Advance from customers	(2,362.22)	(54.00)
Trade payables	3.34	1.54
Trade Receivables	234.31	130.32
Advance to Material suppliers	16.34	-

Exchange gain of ₹ 49.77 lakhs and ₹ 16.69 lakhs has been recognised in the consolidated statement of profit and loss for the years ended 31 March 2022 and 31 March 2021 respectively.

ii) Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade Receivables

Credit risk with respect to trade receivables is limited, based on our historical experience of collecting receivables, supported by the level of default.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Holding Group's top management in accordance with the Group's policy.

Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the top management on an annual basis, and may be updated throughout the year subject to approval of the Group board of directors.

The limits are set to minimize the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

iii) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group has an established liquidity risk management framework for managing its short term, medium term and long term funding and liquidity management requirements. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group manages the liquidity risk by maintaining adequate funds in cash and cash equivalents. The Group also has adequate credit facilities agreed with banks to ensure that there is sufficient cash to meet all its normal operating commitments in a timely and cost-effective manner.

The table below analyses derivative and non-derivative financial liabilities of the group into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

(₹ in lakhs)

Particulars	Carrying Value	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years
As at 31 March 2022						
Borrowings	1,351.23	-	129.27	920.57	301.39	-
Other financial liabilities	526.47	8.08	392.85	116.17	9.36	-
Trade payables	393.17	-	393.17	-	-	-
As at 31 March 2021						
Borrowings	187.81	65.81	105.44	5.30	11.26	-
Other financial liabilities	362.85	8.42	261.73	84.11	8.59	-
Trade payables	319.49	-	319.49	-	-	-

At present, the group does expects to repay all liabilities at their contractual maturity. In order to meet such cash commitments, the operating activity is expected to generate sufficient cash inflows.

45. CAPITAL MANAGEMENT

For the purpose of the Group's capital management, capital includes issued capital, non-controlling interest and all other equity reserves attributable to the equity shareholders of the holding Group. The primary objective of the Group when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value.

Gearing ratio

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
Borrowings (non-current and current, including current maturities of non-current borrowings, interest accrued and due, Interest accrued but not due)	1,351.23	187.81
Less: Cash and cash equivalents (including balances at bank other than cash and cash equivalents and margin money deposits with banks)	(19,133.33)	(8,241.29)
Net debt (A)	**(17,782.11)**	**(8,053.49)**
Equity (B)	28,989.53	21,065.72
Gearing ratio (%) {A/(A+B)}	-159%	-62%

Gearing ratio:

The group monitors capital using gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio within 50%. In order to achieve this overall objective, the group makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The group aims to ensure that it meets the financial covenants attached to the interest bearing loans and borrowings that define the capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowings in the current year.

46. EMPLOYEE STOCK OPTION SCHEME

The Holding Group has passed special resolution at the 28th Annual General Meeting held on 28 August 2021 towards issuance of 40.00 lakhs Employee stock options (ESOPs) exercisable into 40 lakh equity shares of Face Value of ₹ 1/- each to eligible employees as defined under **"Zen Technologies Limited Employee Stock Option Plan - 2021"** through **"Zen Technologies Limited Employee Welfare Trust."**

The Holding Group has applied towards the In-principle approval from the stock exchanges for the issuance of the ESOPs and subsequently received approval from BSE & NSE on 10 February 2022 and 31 January 2022. There is no activity as at the year end 31 March 2022.

47. EXCEPTIONAL ITEMS

On 30 November 2021, fire accident was occurred at Demonstration Centre located at Maheshwaram Hardware Park near Shamshabad Airport. The facility is Insured and claim was lodged against the fire accident on 02 December 2021. The value of assets damaged are given below:

(₹ in lakhs)

Asset Description	Gross Block	Accumulated Depreciation*	Net Block
Buildings	14.03	(5.50)	8.52
Plant and Machinery	37.52	(21.00)	16.52
Furniture and Fixtures	1.42	(0.90)	0.51
Office equipment	3.30	(0.90)	2.40
	56.27	**(28.31)**	**27.96**

* Accumulated depreciation was considered till the date of fire accident i.e, 30 November 2021.

Insurance Surveyor has visited three times to the fire accident premises to gather information. As on 31 March 2022, Group has not received any approval/acknowledgement of claim from Insurer. Hence, the claim receivable from the insurer is not accounted which is in line with the provisions of Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets.

The Group is in the process of replacing the assets lost and renovation of building which is damaged and it has spent an amount of ₹ 154.89 lakhs for the purpose of replacement and renovation till 31 March 2022. The same has classified as Capital work in progress (Refer Note 4C) since the same were not ready for intended use as on reporting date.

Further, Group has recognised the above loss of ₹ 27.96 lakhs under exceptional items in the Statement of Profit and Loss.

48. DIVIDEND

The final dividend on shares is recorded as a liability on the date of the approval by the shareholders. The Holding Group declares and pays dividends in Indian Rupees. Companies are required to pay / distribute dividend after deducting applicable withholding income taxes. The remittance of dividends outside India is governed by Indian law on foreign exchange and is also subject to withholding tax at applicable rates.

The amount of per share dividend recognised as distribution to equity shareholders in accordance with Companies Act 2013 is as follows:

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
Final Dividend for the Financial Year 2019-20	-	318.04
Final Dividend for the Financial Year 2020-21	79.51	-
	79.51	**318.04**

During the year ended 31 March 2022, on account of final dividend for FY 2020-21, the Group has incurred a net cash outflow of ₹ 79.51 lakhs. The Board of Directors at its meeting on 07 May 2022, recommended a final dividend of ₹ 0.10/- per equity share for the financial year ended 31 March 2022. This payment is subject to the approval of shareholders in the ensuing Annual General Meeting (AGM) and if approved, would result in a net cash outflow of approximately ₹ 79.51 lakhs.

49. COMPULSORILY CONVERTIBLE DEBENTURES

On 25 November 2021, the Group has made a preferential allotment of 40,64,267 10% Compulsorily convertible debentures having face value of ₹ 213/- each, for cash, for an aggregate amount of up to ₹ 86,57,65,551/-, which shall be converted into equal number of equity shares of ₹ 1/- each at a premium of ₹ 212/- within a period of 18 months.

We have accounted this instrument as per Ind AS 109. Financial Instruments, by considering the same as Compound Financial Instrument. This instrument consists of 2 components.

1) Mandatory interest payment by the Group for a fixed amount at a fixed future date and this component is treated as a Financial liability - Borrowings (Note-18 & 22). The financial liability is done by measuring the net present value of the discounted cashflows of interest payment. The discount rate we have considered is HDFC Bank's CC Rate of interest which is 8.50% p.a as the same have tenure near to the CCD's.

2) As the holder of the instrument has the option to convert the CCD's into Equity shares on or before 18 months and even in case of holder not exercising the conversion option before 18 months, each CCD's shall be automatically be converted into Equity share of ₹ 1/- each at a premium of ₹ 212/- on the last date of the 18th month without any action of the investor. Hence we have treated this component as a equity and presented the same under **"Other Equity"** in Note 15.7. The carrying amount of the equity instrument is determined by deducting the fair value of the financial liability from the fair value of the CCD's as a whole.

50. OTHER STATUTORY INFORMATION:

(i) The Group do not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.

(ii) The Group do not have any transactions with companies struck off.

(iii) The Group do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

(iv) The Group have not traded or invested in Crypto currency or Virtual Currency during the financial year.

(v) The Group have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(vi) The Group have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(vii) The Group have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.)

51. RESEARCH & DEVELOPMENT EXPENSES

There are 2 units in which Research & Development operations were conducted by the company. Location of the units were as follows:

Unit - I: B-42 Industrial Estate, Sanath Nagar,Hyderabad - 500018

Unit - II: Signature Towers, Opposite Botanical Garden, Kondapur, Hyderabad - 500084

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
Employee Benefits expense	467.88	676.50
Electricity Charges	23.35	21.71
Travelling expenses	49.64	7.62
Spares & Stores	412.00	433.19
Consultancy Fee	81.68	10.78
Depreciation	30.73	33.03
Rates &Taxes	0.05	-
Repairs & Maintenance	4.98	4.45
Others	15.70	-
R&D Expenses for Unit-I	**1,086.02**	**1,187.28**
Employee Benefits expense	195.96	2.87
Electricity Charges	3.30	2.32
Depreciation	81.22	81.39
Repairs & Maintenance	0.62	0.19
Others	12.95	13.48
R&D Expenses for Unit-II	**294.05**	**100.25**
R&D Expenses for Unit I & Unit II	**1,380.07**	**1,287.53**

Note: The above expenditure of research & development has been determined on the basis of information available with the company and as certified by the management.

The following are the details of the assets related to R & D division.

Unit - I: B-42, Sanath Nagar

(₹ in lakhs)

Particulars	Gross block				Accumulated depreciation				Net block	
	As at 01 April, 2021 Balance	Additions	Sales/ Adjustments	As at 31 March 2022	As at 01 April, 2021 Balance	Additions	Sales/ Adjustments	As at 31 March 2022	As at 31 March 2022	As at 31 March 2021
Tangible Assets(A)	**1,075.83**	**8.41**	**-**	**1,084.24**	**504.97**	**30.73**	**-**	**535.70**	**548.54**	**570.86**
Land	51.50	-	-	51.50	-	-	-	-	51.50	51.50
Building -Sanathnagar	481.88	-	-	481.88	80.70	8.09	-	88.80	393.09	401.18
Shed -B42	5.12	-	-	5.12	0.55	0.09	-	0.64	4.48	4.57
Computers	106.74	-	-	106.74	106.74	-	-	106.74	0.00	0.00
Plant and machinery	141.55	-	-	141.55	115.49	4.58	-	120.07	21.49	26.06
Office Equipment	84.74	-	-	84.74	75.83	4.39	-	80.22	4.51	8.91
Furniture & fixtures	148.51	-	-	148.51	73.32	10.99	-	84.31	64.20	75.19
Testing Equipment	55.79	8.41	-	64.20	52.33	2.59	-	54.93	9.27	3.45
INTANGIBLE (B)	**907.82**	**-**	**-**	**907.82**	**907.82**	**-**	**-**	**907.82**	**-**	**-**
Software	306.01	-	-	306.01	306.01	-	-	306.01	-	-
Software (RKT)	601.81	-	-	601.81	601.81	-	-	601.81	-	-
Total (A+B)	**1,983.65**	**8.41**	**-**	**1,992.06**	**1,412.79**	**30.73**	**-**	**1,443.52**	**548.54**	**570.86**

Unit - II: Signature Towers, Kondapur

(₹ in lakhs)

Particulars	Gross block				Accumulated depreciation				Net block	
	As at 01 April, 2021 Balance	Additions	Sales/ Adjustments	As at 31 March 2022	As at 01 April, 2021 Balance	Additions	Sales/ Adjustments	As at 31 March 2022	As at 31 March 2022	As at 31 March 2021
Tangible Assets(A)	**2,098.30**	**22.01**	**-**	**2,120.31**	**231.46**	**81.22**	**-**	**312.68**	**1,807.62**	**1,866.83**
Land	199.15	-	-	199.15	-	-	-	-	199.15	199.15
Building	1,459.39	-	-	1,459.39	67.57	24.32	-	91.90	1,367.50	1,391.82
Computers	16.00	13.31	-	29.31	13.46	4.46	-	17.92	11.39	2.54
Office Equipment	95.68	3.01	-	98.69	56.92	19.44	-	76.36	22.34	38.77
Furniture & fixtures	328.07	5.69	-	333.75	93.51	33.00	-	126.51	207.25	234.56
R&D Total Assets for Unit I & Unit II	**4,081.95**	**30.42**	**-**	**4,112.37**	**1,644.25**	**111.95**	**-**	**1,756.20**	**2,356.16**	**2,437.70**

NOTE 52: GROUP INFORMATION

Information about subsidiaries

The consolidated financial statements of the Group include subsidiaries listed in the table below:

(₹ in lakhs)

Name of the entity	As at 31 March 2022								
	Principal activities	Net Assets i.e., total assets minus total liabilities		Share in profit and loss		Share in Other Comprehensive income		Share in total Comprehensive income	
		%	Amount	%	Amount	%	Amount	%	Amount
Holding company									
Zen Technologies Limited	Training Simulators manufacturing	100.62%	29,169.85	77.55%	202.37	68.33%	2.38	77.43%	204.75

Indian Subsidiaries									
Unistring Tech Solutions Private Limited	Development of electronic warfare solutions	4.41%	1,277.35	74.49%	194.38	0.00%	-	73.50%	194.38
Zen Medical Technologies Pvt Ltd	Manufacturing of medical devices	0.17%	49.16	-3.55%	(9.27)	0.00%	-	-3.51%	(9.27)
Foreign Subsidiaries									
Zen Technologies USA ,INC	Training Simulators manufacturing	2.03%	587.30	-22.83%	(59.59)	31.58%	1.10	-22.12%	(58.49)
Total		**107.22%**	**31,083.66**	**125.65%**	**327.89**	**99.91%**	**3.48**	**125.31%**	**331.37**
Consolidation adjustments		-7.22%	(2,094.13)	-25.65%	(66.93)	0.09%	0.00	-25.31%	(66.92)
Net amount		**100.00%**	**28,989.53**	**100.00%**	**260.96**	**100.00%**	**3.48**	**100.00%**	**264.45**

(₹ in lakhs)

Name of the entity	**As at 31 March 2021**								
	Principal activities	**Net Assets i.e., total assets minus total liabilities**		**Share in profit and loss**		**Share in Other Comprehensive income**		**Share in total Comprehensive income**	
		%	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**
Holding company									
Zen Technologies Limited	Training Simulators manufacturing	101.18%	21,315.22	93.94%	409.69	-360%	9.51	152.59%	419.20
Indian Subsidiaries									
Unistring Tech Solutions Private Limited	Development of electronic warfare solutions	5.47%	1,152.57	0.16%	0.68	0%	-	0.25%	0.68
Zen Medical Technologies Pvt Ltd	Manufacturing of medical devices	0.16%	33.43	-3.82%	(16.68)	0%	-	-6.07%	(16.68)
Foreign Subsidiaries									
Zen Technologies USA ,INC	Training Simulators manufacturing	3.01%	633.64	-10.71%	(46.72)	461%	(12.16)	-21.43%	(58.88)
Total		**110%**	**23,134.86**	**80%**	**346.97**	**100%**	**(2.65)**	**125.33%**	**344.32**
Consolidation adjustments		-10%	(2,069.14)	20%	89.16	0%	0.01	-25.33%	(69.60)
Net amount		**100.00%**	**21,065.72**	**100.00%**	**436.13**	**100.38%**	**(2.64)**	**100.00%**	**274.72**

53. Previous year figures have been reclassified/ regrouped to confirm to those of current year.

As per our report attached of even date

For and on behalf of the Board of Directors of
Zen Technologies Limited

For Ramasamy Koteswara Rao and Co LLP
Chartered Accountants
FRN: 010396S/S200084

Murali Krishna Reddy Telluri
Partner
MNo: 223022

Ashok Atluri
Managing Director & CFO
DIN: 00056050

M.Ravi Kumar
Whole Time Director
DIN: 00089921

Place: Hyderabad
Date: 07 May 2022

Hansraj Singh Rajput
Company Secretary
M.No: F11438

Place: Hyderabad
Date: 07 May 2022

GENERAL INFORMATION

1. Our Company was originally incorporated as “Zen Technologies and Computers Limited” on June 29, 1993, under the Companies Act 1956, pursuant to a certificate of incorporation granted by the Registrar of Companies, Andhra Pradesh at Hyderabad. Pursuant to a resolution passed by our Board on October 31, 1994 and a shareholder’s resolution dated November 26, 1994 the name of our Company was changed to “Zen Technologies Limited” and a fresh certificate of incorporation issued by the RoC on February 22, 1995.

2. Our Company’s Registered and Corporate Office is located at B-42, Industrial Estate, Sanath Nagar, Hyderabad 500 018, Telangana, India.

3. The CIN of our Company is L72200TG1993PLC015939.

4. The website of our Company is www.zentechnologies.com.

5. The authorized share capital of our Company as of the date of this Preliminary Placement Document is ₹20,00,00,000 divided into 20,00,00,000 Equity Shares of ₹1 each.

6. This Issue was authorized and approved by our Board of Directors on January 27, 2024 and approved by our Shareholders through a special resolution (*passed through postal ballot*) on March 8, 2024.

7. Our Company has received in-principle approvals under Regulation 28(1)(a) of the SEBI Listing Regulations to list the Equity Shares, issued pursuant to the Issue, on NSE and BSE each dated August 21, 2024. Our Company will make applications to the respective Stock Exchanges to obtain final listing and trading approvals for the Equity Shares after Allotment of the Equity Shares in the Issue.

8. Copies of the Memorandum and Articles of Association will be available for inspection during usual business hours between 10.00 A.M. to 5.00 P.M. any weekday (except Saturdays and public holidays) during Issue Period at our Registered and Corporate Office.

9. No change in the control of our Company will occur consequent to the Issue.

10. Our Company has obtained necessary consents, approvals and authorizations required in connection with the Issue.

11. Except as disclosed in this Preliminary Placement Document, there has been no material change in financial or trading position of our Company since the date of the latest financial statements prepared and included herein.

12. There have been no defaults in the annual fillings of our Company under the Companies Act, 2013 or the rules made thereunder.

13. Except as disclosed in this Preliminary Placement Document, there are no material litigation or arbitration proceedings pending against or affecting us, or our assets or revenues, nor are we aware of any pending or threatened litigation or arbitration proceedings, which may have a material adverse effect on the Issue. For further details, see “***Legal Proceedings***” on page 188.

14. Our Company is in compliance with the minimum public shareholding requirements as required under the SEBI Listing Regulations and Rule 19A of the SCRR.

15. In compliance with Regulation 173A of the SEBI ICDR Regulations, our Company has appointed the CRISIL Ratings Limited as Monitoring Agency for monitoring the utilisation of the proceeds in relation to this Issue. The Monitoring Agency will submit its report to us on a quarterly basis in accordance with the SEBI ICDR Regulations.

16. The Floor Price for the Issue is ₹ 1,685.18 per Equity Share, calculated in accordance with Regulation 176 of Chapter VI of the SEBI ICDR Regulations, as certified by Ramasamy Koteswararao and Co LLP, Chartered Accountants.

17. Our Company and the LMs accept no responsibility for statements made otherwise than in this Preliminary Placement Document and anyone placing reliance on any other source of information, including the websites of our Company, our Subsidiary, or any other website linked (directly or indirectly) to the websites of our Company and our Subsidiary, would be doing it at his or her own risk.

18. Our Company Secretary and Compliance Officer is Raghavendra Prasad Movva. His contact details are as follows:

B-42, Industrial Estate, Sanath Nagar,
Hyderabad 500 018, Telangana, India
Tel: +91 40 2381 3281
E-mail: cosec@zentechnologies.com

DETAILS OF PROPOSED ALLOTTEES

In compliance with the requirements of Chapter VI of the SEBI ICDR Regulations, Allotment of Equity Shares pursuant to this Issue shall be made at the sole and absolute discretion of our Company, in consultation with the Lead Managers, to Eligible QIBs only.

The names of the proposed Allottees and the percentage of post-Issue share capital that may be held by them, is set forth below. The details of the proposed Allottees, assuming that the Equity Shares are Allotted to them pursuant to the Issue, will be included in the Preliminary Placement Document to be sent to such proposed Allottees.

S. No.	Name of the proposed Allottee#	Percentage of the post-Issue share capital held (%)*^
1.	[●]	[●]
2.	[●]	[●]
3.	[●]	[●]
4.	[●]	[●]
5.	[●]	[●]

* *Based on the beneficiary position as on [●], 2024 (adjusted for Equity Shares Allocated in the Issue).*

The details of the proposed Allottees have been intentionally left blank and will be filled in before filing the Placement Document with the Stock Exchanges.

^ *The post-Issue shareholding (in percentage terms) of the proposed Allottees will be disclosed on the basis of their respective PAN, except in case of Mutual Funds, insurance companies, and Eligible FPIs (investing through different sub accounts having common PAN across such sub accounts) wherein their respective DP ID and Client ID will be considered.*

DECLARATION

Our Company certifies that all relevant provisions of Chapter VI read with Schedule VII of the SEBI ICDR Regulations have been complied with and no statement made in this Preliminary Placement Document is contrary to the provisions of Chapter VI and Schedule VII of the SEBI ICDR Regulations and that all approvals and permissions required to carry on our Company's business have been obtained, are currently valid and have been compiled with. Our Company further certifies that all the statements in this Preliminary Placement Document are true and correct.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS:

____

Authorised Signatory
Ashok Atluri
Chairman and Managing Director
DIN: 00056050
Date: August 21, 2024
Place: Hyderabad

DECLARATION

We, the Board of Directors of the Company, certify that:

(i) the Company has complied with the provisions of the Companies Act, 2013 and the rules made thereunder;

(ii) the compliance with the Companies Act, 2013 and the rules thereunder does not imply that payment of dividend or interest or repayment of preference shares or debentures, if applicable, is guaranteed by the Central Government; and

(iii) the monies received under the Issue shall be used only for the purposes and objects indicated in this Preliminary Placement Document (which includes disclosures prescribed under Form PAS-4).

FOR AND BEHALF OF THE BOARD OF DIRECTORS:

Authorised Signatory
Ashok Atluri
Chairman and Managing Director
DIN: 00056050
Date: August 21, 2024
Place: Hyderabad

I am authorized by the Fund Raising Committee, a committee constituted by the Board of Directors, *vide* resolution dated July 28, 2024, to sign this form and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and the Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

Signed by:

Authorised Signatory
Ashok Atluri
Chairman and Managing Director
DIN: 00056050
Date: August 21, 2024
Place: Hyderabad

ZEN TECHNOLOGIES LIMITED
CIN: L72200TG1993PLC015939
Registered and Corporate Office:

B-42, Industrial Estate, Sanath Nagar,
Hyderabad 500 018, Telangana, India

Tel: +91 40 2381 3281 **Website:** www.zentechnologies.com

Contact Person: Raghavendra Prasad Movva, Company Secretary and Compliance Officer
Address: B-42, Industrial Estate, Sanath Nagar, Hyderabad 500 018, Telangana, India
Email: cosec@zentechnologies.com
Tel: +91 40 2381 3281

LEAD MANAGERS

Motilal Oswal Investment Advisors Limited
Motilal Oswal Tower, Rahimtullah Sayani Road
Opposite Parel ST Depot, Prabhadevi,
Mumbai 400 025,
Maharashtra, India

ICICI Securities Limited
ICICI Venture House, Appasaheb Marathe Marg,
Prabhadevi, Mumbai 400 025,
Maharashtra, India

Nuvama Wealth Management Limited
801 - 804, Wing A, Building No 3,
Inspire BKC, G Block Bandra Kurla Complex,
Bandra East Mumbai 400 051,
Maharashtra, India

LEGAL COUNSEL TO THE COMPANY

Shardul Amarchand Mangaldas & Co.
Amarchand Towers 216, Okhla Industrial Estate Phase III
New Delhi 110 020, Delhi, India

LEGAL COUNSELS TO THE LEAD MANAGERS

As to Indian Law

Economic Laws Practice
9th floor, Berger TowerSector 16B, Noida – 201 301
Uttar Pradesh, India

Special International Legal Counsel

Duane Morris & Selvam LLP
16 Collyer Quay, # 17-00
Singapore 049318

STATUTORY AUDITORS

Ramasamy Koteswara Rao and Co LLP
Sri Ramchandra Arcade #8-2-293/82/Jiii/573/M/1f,

SAMPLE APPLICATION FORM

"An indicative form of the Application Form is set forth below:"

(Note: The format of the Application Form included herein above is indicative and for illustrative purposes only and no Bids in this Issue can be made through the sample Application Form. The Company, in consultation with the LMs, shall identify Eligible QIBs and circulate serially numbered copies of this Preliminary Placement Document and the Application Form, specifically addressed to such Eligible QIBs. Any application to be made in the Issue should be made only upon receipt of serially numbered copies of this Preliminary Placement Document and the Application Form and not on the basis of the indicative format below.)

ZEN TECHNOLOGIES LIMITED

being there...

ZEN TECHNOLOGIES LIMITED

(Incorporated in the Republic of India under the provisions of the Companies Act, 1956)
CIN: L72200TG1993PLC015939;
Registered and Corporate Office: B-42, Industrial Estate, Sanath Nagar, Hyderabad 500 018, Telangana, India;
Contact Person: Raghavendra Prasad Movva, Company Secretary and Compliance Officer
Telephone: +9140 2381 3281;
Email: cosec@zentechnologies.com;
Website: www.zentechnologies.com;
LEI Code: 335800LESMFKPK45XK09; **ISIN:** INE251B01027

APPLICATION FORM

Form No.:

Date:

Name of the Bidder: ____

QUALIFIED INSTITUTIONS PLACEMENT OF [●] EQUITY SHARES OF FACE VALUE OF ₹1 EACH OF ZEN TECHNOLOGIES LIMITED (THE "COMPANY") (THE "EQUITY SHARES") BY THE COMPANY FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE, INCLUDING A PREMIUM OF ₹ [●] PER EQUITY SHARE (THE "ISSUE PRICE"), AGGREGATING UP TO ₹ [●] LAKHS UNDER SECTION 42 OF THE COMPANIES ACT, 2013 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013, AND THE RULES MADE THEREUNDER, EACH AS AMENDED (THE "COMPANIES ACT, 2013"), READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, AS AMENDED (THE "PAS RULES"), AND CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018 (THE "SEBI ICDR REGULATIONS") (HEREINAFTER REFERRED TO AS THE "ISSUE").

THE APPLICABLE FLOOR PRICE OF THE EQUITY SHARES IS ₹ 1,685.18 PER EQUITY SHARE AND OUR COMPANY MAY OFFER A DISCOUNT OF NOT MORE THAN 5% OR SUCH PERCENTAGE AS PERMITTED UNDER THE SEBI ICDR REGULATIONS ON THE FLOOR PRICE.

Only Qualified Institutional Buyers ("QIBs") as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations and which (i) are not, (a) excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations; (b) are not prohibited or debarred by any regulatory authority for buying or selling or dealing in securities or restricted from participating in the Issue under the SEBI ICDR Regulations and other applicable laws; (c) hold a valid and existing registration under the applicable laws in India (as applicable); (d) are eligible to invest in the Issue and submit this Application Form, and; (e) are resident in India; (f) a multilateral or bilateral development financial institution eligible to participate in the Issue under applicable laws, including the FEMA Rules (defined below) or a (g) Eligible FPIs (as defined herein below) participating through Schedule II of the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 ("FEMA Rules"), the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019 (the "SEBI FPI Regulations") and any other applicable law (other than individuals, corporate bodies and family offices), that are eligible to participate in the Issue ("Eligible FPIs), can submit this Application Form. Further, in terms of the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended, foreign venture capital investors ("FVCIs") are not permitted to participate in the Issue.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any state of the United States and may not be or offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in "offshore transactions" as defined in and in reliance on Regulation S under the U.S. Securities Act ("Regulation S") and in accordance with the applicable laws of the jurisdictions where those offers and sales are made. For the selling restrictions in certain other jurisdictions, see "*Selling Restrictions*" in the accompanying preliminary placement document dated August 21**, 2024 (the "PPD"). The Equity Shares sold in the Issue are subject to the transfer restrictions set forth in "*Selling Restrictions*" and "*Transfer Restrictions*" in the PPD.**

ONLY ELIGIBLE QIBs ARE PERMITTED TO PARTICIPATE IN THE ISSUE. ELIGIBLE FPIs ARE PERMITTED TO PARTICIPATE UNDER SCHEDULE II OF THE FOREIGN EXCHANGE MANAGEMENT (NON-DEBT INSTRUMENTS) RULES, 2019 ("FEMA RULES") IN THIS ISSUE, THROUGH THE PORTFOLIO INVESTMENT SCHEME UNDER SCHEDULE II OF THE FEMA RULES, SUBJECT TO COMPLIANCE WITH ALL APPLICABLE LAWS AND SUCH THAT THE SHAREHOLDING OF ELIGIBLE FPIs DO NOT EXCEED SPECIFIED LIMITS AS PRESCRIBED UNDER APPLICABLE LAWS IN THIS REGARD. PURSUANT TO PRESS NOTE NO. 3 (2020 SERIES), DATED APRIL 17, 2020, ISSUED BY THE DEPARTMENT FOR PROMOTION OF INDUSTRY AND INTERNAL TRADE, GOVERNMENT OF INDIA, AND RULE 6 OF THE FEMA RULES, INVESTMENTS BY AN ENTITY OF A COUNTRY WHICH SHARES LAND BORDER WITH INDIA OR WHERE THE BENEFICIAL OWNER OF SUCH INVESTMENT IS SITUATED IN OR IS A CITIZEN OF SUCH COUNTRY, MAY ONLY BE MADE THROUGH THE GOVERNMENT APPROVAL ROUTE. ALLOTMENTS MADE TO AIFS AND VCFs IN THE ISSUE SHALL REMAIN SUBJECT TO THE RULES AND REGULATIONS APPLICABLE TO EACH OF THEM RESPECTIVELY, INCLUDING THE FEMA RULES. OTHER ELIGIBLE NON-RESIDENT QIBs SHALL PARTICIPATE IN THE ISSUE UNDER SCHEDULE I OF FEMA RULES. FVCIs ARE NOT PERMITTED TO PARTICIPATE IN THE ISSUE.

To,

The Board of Directors
Zen Technologies Limited
B-42, Industrial Estate, Sanath Nagar,
Hyderabad 500 018, Telangana, India

STATUS (Please ✓ for applicable category)			
FI	Scheduled Commercial Banks and Financial Institutions	**AIF**	Alternative Investment Funds**
MF	Mutual Funds		
FPI	Eligible Foreign Portfolio Investors*	**NIF**	National Investment Fund
VCF	Venture Capital Funds**	**SI-NBFC**	Systemically Important NBFC
IC	Insurance Companies	**IF**	Insurance Funds
OTH	Others (Please Specify)		

**Foreign portfolio investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, other than individuals, corporate bodies and family offices who are not allowed to participate in the Issue.*
*** Sponsor and Manager should be Indian owned and controlled.*

Dear Sirs,

On the basis of the serially numbered PPD and subject to the terms and conditions contained therein, and in this Application Form, we hereby submit our Application Form for the Allotment of the Equity Shares in the Issue, on the terms and price indicated below. We confirm that we have a valid and existing registration under applicable laws and regulations of India, and undertake to acquire, hold, manage or dispose of any Equity Shares that are Allotted to us in accordance with Chapter VI of the SEBI ICDR Regulations and undertake to comply with the SEBI ICDR Regulations, and all other applicable laws, including any reporting obligations and the terms and conditions mentioned in the PPD and this Application Form. We confirm that we are an Eligible QIB as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations and are not: (a) excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations; and (b) restricted from participating in the Issue under the applicable laws, including SEBI ICDR Regulations. We are not a promoter of the Company (as defined in the SEBI ICDR Regulations), or any person related to the promoters of the Company, directly or indirectly and this Application Form does not directly or indirectly represent the Promoter or promoter group or persons related to the Promoter. Further, we confirm that we do not have any right under a shareholders' agreement or voting agreement entered into with promoters or persons related to promoter of the Company, veto rights or right to appoint any nominee director on the board of directors of the Company. We confirm that we are either a QIB which is resident in India, or an Eligible FPI, participating through Schedule II of the FEMA Rules or a multilateral or bilateral development financial institution eligible to invest in India under applicable law. We confirm that we are not an FVCI. We specifically confirm that our Bid for the Allotment of the Equity Shares is not in violation to the amendment made to Rule 6(a) of the FEMA Rules by the Central Government on April 22, 2020. We confirm that we are neither an AIF or VCF whose sponsor and manager is not Indian owned and controlled in terms of the FEMA Rules, nor an FVCI. We confirm that the signatory is authorized to apply on behalf of the Bidder and the Bidder has all the relevant approvals for applying in the Issue.

We confirm that the Bid size / aggregate number of the Equity Shares applied for by us, and which may be Allocated to us thereon will not exceed the relevant regulatory or approved limits and further confirm that our Bid will not result in triggering an open offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended (the "**Takeover Regulations**"). We confirm that, in relation to our application, each foreign portfolio investor ("**FPI**") as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended (other than individuals, corporate bodies and family offices), and including persons who have been registered under these regulations (such FPIs, "**Eligible FPIs**"), have submitted separate Application Forms, and asset management companies or custodians of mutual funds have specified the details of each scheme for which the application is being made along with the Bid Amount and number of Equity Shares to be Allotted under each such scheme. We undertake that we will sign all such documents, provide such documents and do all such acts, if any, necessary on our part to enable us to be registered as the holder(s) of the Equity Shares that may be Allotted to us. We confirm that the signatory is authorized to apply on behalf of the Bidder and the Bidder has all the relevant authorisations. We note that the Board of Directors of the Company, or any duly authorised committee thereof, is entitled, in consultation with Motilal Oswal Investment Advisors Limited, Nuvama Wealth Management Limited (*formerly known as Edelweiss Securities Limited*) and ICICI Securities Limited (collectively, the "**Lead Managers**"), in their sole discretion, to accept or reject this Application Form without assigning any reason thereof.

We hereby agree to accept the Equity Shares applied for, or such lesser number of Equity Shares as may be Allocated to us, subject to the provisions of the memorandum of association and articles of association of the Company, applicable laws and regulations, the terms of the PPD, the Placement Document (when issued) and the confirmation of allocation note ("**CAN**") (when issued) and the terms, conditions and agreements mentioned therein and request you to credit the same to our beneficiary account with the Depository Participant as per the details
given below, subject to receipt of Application Form and the Bid Amount towards the Equity Shares that may be allocated to us. The amount payable by us as Bid Amount for the Equity Shares applied for in the Issue has been/will be remitted to the designated bank account set out in this Application Form through electronic mode, along with this duly completed Application Form prior to the Issue Closing Date and such Bid Amount has been /will be transferred from a bank account maintained in our name. We acknowledge and agree that we shall not make any payment in cash or cheque. We are aware that (i) Allocation and Allotment in the Issue shall be at the sole discretion of the Company, in consultation with the Lead Managers; and (ii) in the event that Equity Shares that we have applied for are not Allotted to us in full or at all, and/or the Bid Amount is in excess of the amount equivalent to the product of the Equity Shares that will be Allocated to us and the Issue Price, or the Company is unable to issue and Allot the Equity Shares offered in the Issue or if there is a cancellation of the Issue, or in case of rejection of Bids or non-allocation of Equity Shares or the listing of the Equity Shares does not occur in the manner described in the PPD, the Placement Document, the SEBI ICDR Regulations and other applicable laws, the Bid Amount or a portion thereof, as applicable, will be refunded to the same bank account from which the Bid Amount was paid by us. Further, we agree to comply with the rules and regulations that are applicable to us, including in relation to the lock-in and transferability requirements. In this regard, we authorize the Company to issue instructions to the depositories for such lock-in and transferability requirements, as may be applicable to us.

We further understand, agree and consent that (i) our names, address, contact details, PAN, bank account details, email- id, and the number of Equity Shares Allotted, along with other relevant information as may be required, will be recorded by the Company in the format prescribed in terms of the PAS Rules; (ii) in the event that any Equity Shares are Allocated to us in the Issue, we are aware pursuant to the requirements under Form PAS-4 of the PAS Rules that our names (as proposed Allottees) and the percentage of our post-Issue shareholding in the Company will be disclosed in the Placement Document, and we are further aware that disclosure of such details in relation to us in the Placement Document will not guarantee Allotment to us, as Allotment in the Issue shall continue to be at the sole discretion of the Company, in consultation with the Lead Managers; and; and (iii) in the event that Equity Shares are Allotted to us in the Issue, the Company will place our name in the register of members of the Company as a holder of such Equity Shares that may be Allotted to us and in the Form PAS-3 filed by the Company with the Registrar of Companies, Telangana at Hyderabad (the "**RoC**") as required in terms of the PAS Rules. Further, we are aware and agree that if we, together with any other QIBs belonging to the same group or under common control, are Allotted more than 5% of the Equity Shares in the Issue, the Company shall be required to disclose our name, along with the names of such other Allottees and the number of Equity Shares Allotted to us and to such other Allottees, on the websites of National Stock Exchange of India Limited and BSE Limited (together, the "**Stock Exchanges**"), and we consent to such disclosures. In addition, we confirm that we are eligible to invest in Equity Shares under the SEBI ICDR Regulations, circulars issued by the RBI and other applicable laws. We specifically confirm that our Bid for the Allotment of the Equity Shares is not in violation to the amendment made to Rule 6(a) of the FEMA Rules by the Central Government on April 22, 2020.

By signing and submitting this Application Form, we hereby confirm and agree that the representations, warranties, acknowledgements and agreements as provided in the sections "***Notice to Investors***", "***Representations by Investors***", "***Issue Procedure***", "***Selling Restrictions***" and "***Transfer Restrictions***" sections of the PPD and the terms, conditions and agreements mentioned herein are true and correct and acknowledge and agree that these representations and warranties are given by us for the benefit of the Company and the Lead Managers, each of whom is entitled to rely on, and is relying on, these representations, undertakings and warranties in consummating the Issue.

By signing and/or submitting this Application Form, we hereby represent, warrant, acknowledge and agree as follows: (1) we have been provided with a serially numbered copy of the PPD and the Application Form and have read it in its entirety including in particular, the section titled "***Risk Factors***" therein and we have relied only on the information contained in the PPD and not on any other information obtained by us either from the Company, the Lead Managers or from any other source, including publicly available information; (2) we will abide by the PPD and the Placement Document (when provided), this Application Form, the CAN, when issued, and the terms, conditions and agreements contained therein; (3) that if Equity Shares are Allotted to us pursuant to the Issue, we shall not sell such Equity Shares, otherwise than on the floor of a recognised stock exchange in India for a period of one year from the date of Allotment; (4) we will not have the right to withdraw our Bid or revise our Bid downwards after the Bid/Issue Closing Date; (5) we will not trade in the Equity Shares credited to our beneficiary account maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges; (6) Equity Shares shall be Allocated and Allotted at the sole and absolute discretion of the Company, in consultation with the Lead Managers, and the submission of this Application Form and payment of the corresponding Bid Amount by us does not guarantee any Allocation or Allotment of Equity Shares to us in full or in part; (7) in terms of the requirements of the Companies Act, 2013, upon Allocation, the Company will be required to disclose names and percentage of our post-Issue shareholding of the proposed Allottees in the Placement Document; however, disclosure of such details in relation to us in the Placement Document will not guarantee Allotment to us, as Allotment in the Issue shall continue to be at the sole discretion of the Company, in consultation with the Lead Managers; (8) the number of Equity Shares Allotted to us pursuant to the Issue, together with other Allottees that belong to the same group or are under common control as us, shall not exceed 50% of the Issue and we shall provide all necessary information in this regard to the Company and the Lead Managers. For the purposes of this representation: The expression 'belong to the same group' shall derive meaning from Regulation 180(2) of the SEBI ICDR Regulations, i.e., entities where (i) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (ii) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (iii) there is a common director, excluding nominee and independent directors, among the Eligible QIBs, its subsidiary or holding company and any other QIB; and 'control' shall have the same meaning as is assigned to it under Regulation 2(1)(e) of the Takeover Regulations; (9) We agree to accept the Equity Shares applied for, or such lesser number of Equity Shares as may be Allocated to us, subject to the provisions of the memorandum of association and articles of association of the Company, applicable laws and regulations, the terms of the PPD and the Placement Document, this Application Form, the CAN upon its issuance and the terms, conditions and agreements mentioned therein and request you to credit the same to our beneficiary account with the Depository Participant as per the details given below; (10) we have such knowledge and experience in financial and business matters that we are capable of evaluating the merits and risks of the prospective investment in the Equity Shares and we understand the risks involved in making an investment in the Equity Shares; (11) we have the ability to bear the economic risk of our investment in the Equity Shares, have adequate means of providing for our current and contingent needs, have no need for liquidity with respect to our investment in Equity Shares and are able to sustain a complete loss of our investment in the Equity Shares; (12) no action has been taken by us or any of our affiliates or representatives to permit a public offering of the Equity Shares in any jurisdiction; (13) we satisfy any and all relevant suitability standards for investors in Equity Shares; (14) we acknowledge that the Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws and that the Equity Shares are being offered and sold only outside the United States in "offshore transactions" as defined in and in reliance on Regulation S; and (15) we are located outside the United States (as defined in Regulation S) and we are not submitting this Application Form as a result of any "directed selling" efforts (as defined in Regulation S).

We acknowledge that once a duly filled Application Form, whether signed or not is submitted by an Eligible QIB, and the Bid Amount has been transferred to the Escrow Account (as detailed below), such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Bid/Issue Closing Date. In case Bids are being made on behalf of the Eligible QIB and this Application Form is unsigned, we confirm that we are authorized to submit this Application Form and provide necessary instructions for transfer of the Bid Amount to the Escrow Account, on behalf of such Eligible QIB.

BIDDER DETAILS (In Block Letters)			
NAME OF BIDDER*			
NATIONALITY			
REGISTERED ADDRESS			
CITY AND CODE			
COUNTRY			
PHONE NO.		**FAX NO.**	
MOBILE NO.			
EMAIL ID			
FOR ELIGIBLE FPIs**	SEBI FPI REGISTRATION NO.		

BIDDER DETAILS (In Block Letters)		
FOR MF	SEBI MF REGISTRATION NO.	
FOR AIFs* **	SEBI AIF REGISTRATION NO.	
FOR VCFs* **	SEBI VCF REGISTRATION NO.	
FOR SI-NBFC	RBI REGISTRATION DETAILS	
FOR INSURANCE COMPANIES	IRDAI REGISTRATION DETAILS.	
FOR PENSION FUNDS	PFRDA REGISTRATION DETAILS.	

*Name should exactly match with the name in which the beneficiary account is held. Application Amount payable on Equity Shares applied for by joint holders shall be paid from the bank account of the person whose name appears first in the application. Mutual Fund Bidders are requested to provide details of the bids made by each scheme of the Mutual Fund. Each Eligible FPI is required to fill a separate Application Form. Further, any discrepancy in the name as mentioned in this Application Form with the depository records would render the application invalid and liable to be rejected at the sole discretion of the Company and the BRLM.
** In case you are an Eligible FPI holding a valid certificate of registration and eligible to invest in the Issue, please mention your SEBI FPI Registration Number.
*** Allotments made to AIFs and VCFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirement. AIFs and VCFs should independently consult their own counsel and advisors as to investment in and related matters concerning the Issue.

We are aware that the number of Equity Shares in the Company held by us, together with the number of Equity Shares, if any, Allocated to us in the Issue will be aggregated to disclose the percentage of our post-Issue shareholding in the Company in the Placement Document in line with the requirements under Form PAS-4 of the PAS Rules. For such information, the Lead Managers will rely on the information provided by the Registrar for obtaining details of our shareholding and we consent and authorize such disclosure in the Placement Document.

ESCROW ACCOUNT – BANK ACCOUNT DETAILS FOR PAYMENT OF AMOUNT THROUGH ELECTRONIC FUND TRANSFER REMITTANCE BY WAY OF ELECTRONIC FUND TRANSFER	
BY 3:30 P.M. (IST), [•], 2024	
Name of the Account	ZEN TECHNOLOGIES LIMITED – QIP ESCROW ACCOUNT 2024
Name of the Bank	Axis Bank Limited
Address of the Branch of the Bank	6 - 3 - 879/B FIRST FLOOR, G PULLA BUILDING GREENLANDS, BEGUMPET ROAD, 500016
Account Type	Escrow Account
Account Number	924020046168839
IFSC	UTIB0001634
LEI Number	335800LESMFKPK45XK09
Email and telephone no.	Vishal.lade@axisbank.com +91 22 24253672

The Bid Amount should be transferred pursuant to the Application Form. All payments must be made only by way of electronic funds transfer, in favour of "ZEN TECHNOLOGIES LIMITED – QIP ESCROW ACCOUNT 2024". Payment of the entire Bid Amount should be made along with the Application Form on or before the closure of the Issue Period, i.e., prior to the Bid/Issue Closing Date. **The payment for subscription to the Equity Shares Allotted in the Issue shall be made only from the bank account of the person subscribing to the Equity Shares and in case of joint holders, from the bank account of the person whose name appears first in the Application Form.**

DEPOSITORY ACCOUNT DETAILS																									
Depository Name (Please ✓)		National Security Depository Limited								Central Depository Services (India) Limited															
Depository Participant Name																									
DP – ID	I	N																							
Beneficiary Account Number									(16-digit beneficiary account. No. to be mentioned above)																

The demographic details like address, bank account details, etc., will be obtained from the Depositories as per the beneficiary account given above. However, for the purpose of refund, if any, only the bank details as mentioned below, from which the Application Amount has been remitted for the Equity Shares applied for in the Issue, will be considered.

You are responsible for the accuracy of the bank account details mentioned below. You are aware that the successful processing of refunds, if any, shall be dependent on the accuracy of the bank details provided by you. The Company and the Lead Managers shall not be liable in any manner for refunds that are not processed due to incorrect bank account details.

RUPEE BANK ACCOUNT DETAILS (FOR REMITTANCE)

Bank Account Number		IFSC Code	
Bank Name		Bank Branch Address	

DETAILS OF CONTACT PERSON			
Name:			
Address:			
Tel. No:		Fax No:	
Mobile No.	____ Email: ____		

OTHER DETAILS	
PAN	
Date of Application	
Signature of Authorised Signatory (may be signed either physically of digitally)	

ENCLOSURES ATTACHED

- ☐ Copy of PAN Card or PAN allotment letter**
- ☐ FIRC
- ☐ Copy of the SEBI registration certificate as a Mutual Fund
- ☐ Copy of the SEBI registration certificate as an Eligible FPI
- ☐ Copy of the SEBI registration certificate as an AIF
- ☐ Copy of the SEBI registration certificate as a VCF
- ☐ Certified copy of certificate of registration issued by the RBI as an SI-NBFC/ a scheduled commercial bank
- ☐ Copy of the IRDAI registration certificate
- ☐ Intimation of being part of the same group
- ☐ Certified true copy of the power of attorney
- ☐ Other, please specify __________________

**It is to be specifically noted that the Bidder should not submit the GIR Number or any other identification number instead of the PAN as the applications are liable to be rejected on this ground, unless the Bidder is exempted from the requirement of obtaining a PAN number under the Income-tax Act, 1961.*

***A physical copy of the Application Form and relevant documents as required to be provided along with the Application Form shall be submitted as soon as practical.*

Note:

(1) Capitalized terms used but not defined herein shall have the same meaning as ascribed to them in the PPD, unless specifically defined herein.

(2) The Application Form is liable to be rejected if any information provided is incomplete or inadequate at the discretion of the Company, in consultation with the Lead Managers.

(3) The duly filed Application Form along with all enclosures shall be submitted to the Lead Managers either through electronic form at the email mentioned in the PPD or through physical delivery at the address mentioned in the PPD.

This Application Form, the PPD sent to you and the Placement Document which will be sent to you, either in physical form or both, are specific to you and you may not distribute or forward the same and are subject to disclaimer and restrictions contained in or accompanying these documents.