



ZEN TECHNOLOGIES LIMITED

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Corporate Identity Number : L72200TG1993PLC015939

Date: 07th September 2022

To
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai- 400001
Through: BSE Listing Centre
Security Code: 533339

To
National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex,
Bandra (E), Mumbai – 400 051
Through: NEAPS
Symbol/Security ID: ZENTEC

Dear Sir/Madam,

Sub: Zen Technologies Limited – Annual Report for the FY 2021-2022 along with the Notice of the 29th Annual General Meeting

We hereby inform you that the Twenty-Ninth (29th) Annual General Meeting ("AGM") of the members of the Company will be held on **Thursday, 29th September 2022 at 11:00 A.M. IST** through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM"), in accordance with the relevant circulars issued by the Ministry of Corporate Affairs and the Securities and Exchange Board of India (SEBI).

Pursuant to Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith the Annual Report for the year 2021-2022 (including Notice of the AGM to be held on 29th September 2022 and Business Responsibility Report).

We also wish to inform you that 29th Annual Report (including Notice of the AGM) has been sent, through email to the members on 07th September 2022.

The Annual Report including Notice is also uploaded on the Company's website and can be accessed at: <https://www.zentechnologies.com/investors>

Kindly take the above information on your record.

Thanking you.

Yours sincerely,

For Zen Technologies Limited


Hansraj Singh Rajput
Company Secretary & Compliance Officer
M. No. F11438



Works : Plot 36, Hardware Park, Near Shamshabad International Airport, Hyderabad - 501 510, Telangana, India



CMMI DEV / 5SM
Exp. 03-02-2025 / Appraisal # 58014



Making Ideas Happen

Inside this document

STRATEGIC REVIEW

About the Company	02
Our Journey	04
Product Offerings	06
Business Canvas	16
Chairman's Communique	18
Board of Directors	22
Corporate Social Responsibility	24
Management Discussion and Analysis	26

STATUTORY REPORTS

Notice	35
Director's Report & Annexures	67
Corporate Governance Report	88
Business Responsibility Report	107

FINANCIAL STATEMENTS

Standalone Independent Auditor's Report	113
Standalone Financial Statements Consolidated Independent Auditor's Report	123
Consolidated Financial Statements	172
Consolidated Financial Statements	180

FY22 in Review

(₹ IN CRORE)

69.75

Revenue from Operations

4.56

EBITDA

2.61

PAT

430.72

Order Book
(as at 31st March 2022)

Making Ideas Happen

In the last 29 years, Zen Technologies has strategized and prepared for the long haul. The Company has explored ideas and concepts, which have fructified to form elegant solutions for its esteemed clientele. Moreover, its quest for knowledge and superior product development has led it to invest heavily in R&D, enabling it to manufacture world-class simulation technologies thereby enabling it in making ideas happen.

Zen has achieved all of its success by focusing intensively on R&D, and in recent years it has invested significantly in anti-drone technology. During the year, the Company received orders that validated Zen's technology and product and was a testament to its superior R&D capabilities.

However, Zen is far from done. It raised funds in FY22 to further strengthen its R&D capabilities enhance its product offerings, and expand its geographical presence.

The Company has and will continue to scout for ideas it can explore and give meaning to, leveraging its innate ability to turn those ideas into concrete reality. The Company hopes to continue on this trajectory to unlock greater milestones in the years ahead.

Forward looking Message

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

At Zen Technologies, we are aware of what the future of defence looks like and are prepared to take up the challenge head-on.

A three decade legacy of embracing the new



Zen Technologies Limited ('Zen' or 'the Company') is a pioneer and leader in developing defence training, drones and anti-drones solutions. With a rich experience of almost three decades, the Company specialises in developing state-of-the art simulation solutions that cater to the armed forces, security forces and paramilitary forces. Zen enjoys the privilege of serving the Ministry of Defence and the Government of India, hence its contributions also help serve the nation.

Training is imperative for a soldier, it makes them combat ready, and a well-trained soldier increases the chances of a successful mission by multifold. Zen designs and develops training solutions that create combat ready soldiers.

The Company indigenously designs, develops and manufactures defence training systems, based on sensors and simulators technology. Its broad category of products include, land based military training simulators, driving simulators, live range equipment and anti-drone systems. The Company also has a training platform in Hyderabad, with an integration of its complete product range, that provides a realistic battle experience. Till date, Zen has served over a 100+ institutional customers.



Vision

To be a leading global defence training solutions provider



Mission

To provide training solutions through innovative and cost-effective solutions

Zen has a solid track record of creating training systems that foster trust amongst its customers

Zen in a nutshell

29+
Years of solid experience

100+
Customers served till date

220+
Team Strength

~431
Of Order Book as of March 31, 2022 (₹ in Crores)

Zen's R&D facility in Hyderabad is recognised by the Ministry of Science and Technology, Government of India. Uptil FY22, the Company has applied for over 112 patents and has shipped more than 1000 training systems across the globe.

71
Invested in R&D in the last 5 years (₹ in Crores)

13.80
Invested in R&D in FY22 (₹ in Crores)

Tracking our journey through the years

The Company has continually focused on innovation-led growth and delivering long-term value for its stakeholders over the years. The foray into anti-drone technology marked the beginning of a new chapter in the Company's growth story. With this, Zen has positioned itself to capitalise on emerging market opportunities by leveraging its inherent capabilities.



1993
Zen Technologies was incorporated



1998
Zen's research and development efforts were recognised by the Government of India



2002
Launched Advanced Warfare Weapons Simulator (AweSim®)



2009
Zen commissioned the Maheshwaram unit



2008
Launched Live Simulation



2006
Launched the BMP Driving and Integrated Missile Simulator



2004
Zen was listed on the Bombay Stock Exchange



2011
Launched the Tank Simulator



2012
Launched the UAV Simulator



2013
Launched the IWTS, ACTS, TZS, MMG & AGL Simulators



2015
Launched the flagship Zen Combat Training Centre (CTC)

Zen was listed on the National Stock Exchange of India (NSE)



2019
Established a wholly-owned subsidiary in the USA to foray into the American and South American markets



2018
Commissioned new technology centre in Kondapur, Hyderabad



2016
Launched the Containerised Tubular Shooting Range



2020
Zen achieved historically highest turnover and profitability and also achieved the status of a debt-free company



2021
Launched Anti-Drone System and Established branch office in the emirate of Abu Dhabi, UAE



2022
Received first order for Anti-Drone System and successfully integrated hard-kill technology in the anti-drone offering

PRODUCT OFFERINGS

Zen relies on its R&D team to develop world class products for its customers. The Company's ability to deliver cutting-edge products for diverse needs of defence trainings has solidified its position in the industry. **Today, the Company prides itself in being the pioneer of many simulator-based technologies which have revolutionised defence and other security training.** Zen has now forayed into drones and anti-drones systems for security forces of India and other nations.

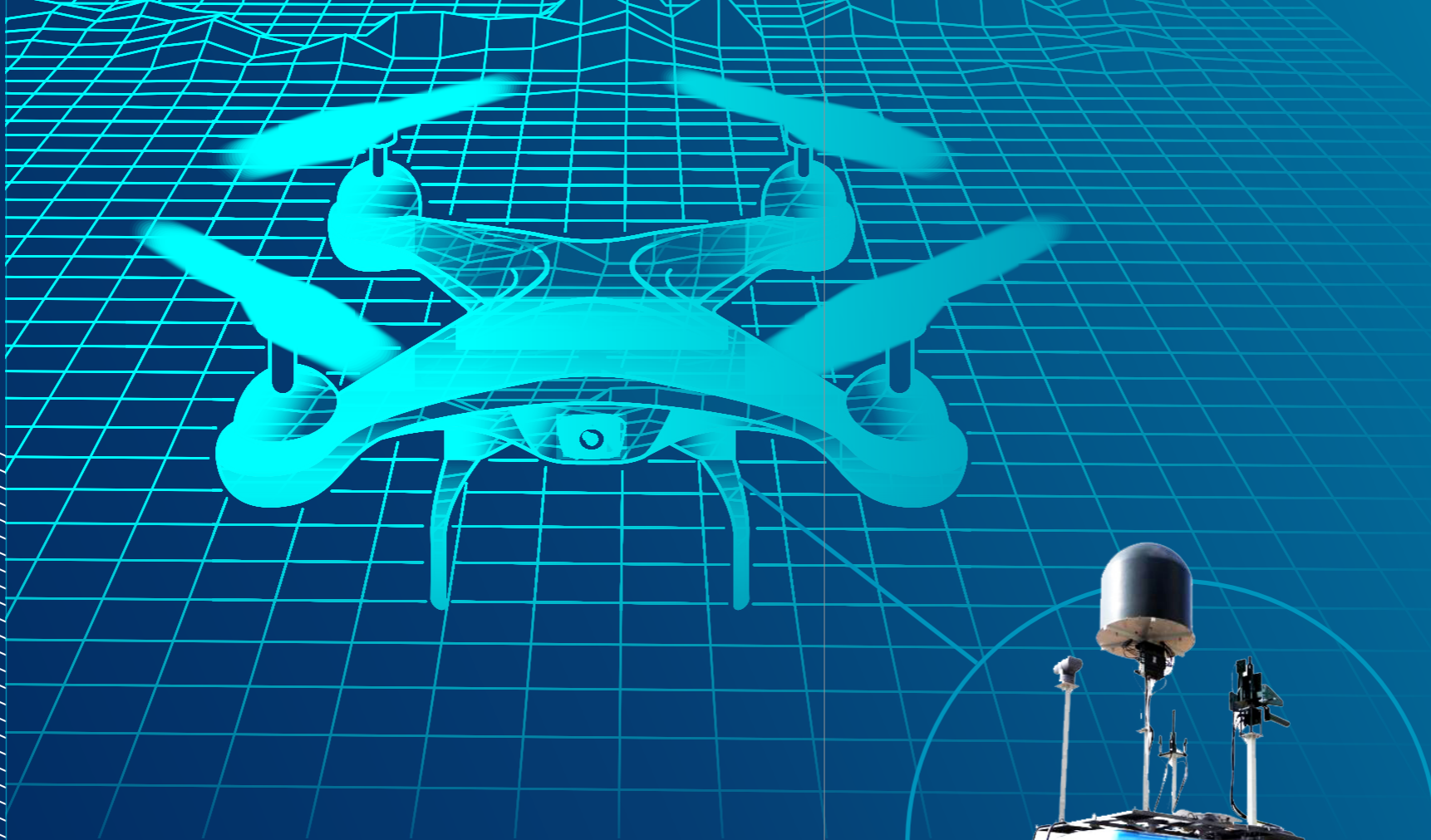
Powered by an innovative product basket

Product Offerings

- Drone Solutions
- Live Ranges
- Live Simulation
- Virtual Simulation
- Combat Training Centre



New Products



Drone & Anti-Drone Solutions

Our superior quality anti-drone systems are a revolutionary new product addition to our basket. With the advent of drone technology in warfare, there is a huge scope of developing anti-drone technologies to neutralise and track down drones from enemy nations.

- With changing warfare dynamics, drones have become a major threat to any country's security.
- Authorities across the globe are investing in technologies to neutralize this threat.
- Drones have a much wider application beyond military training. It can be used commercially for business purposes as well, and the world is geared in that direction.
- This proves to be a huge opportunity for us as we have the first movers advantage in this space.
- New products such as heavy lift logistics drones and anti-drone solutions will contribute significantly to the revenues and profitability of the company in the coming years.



ANTI-DRONE SYSTEM (ZADS)

This system works on drone detection, classification and tracking on passive surveillance, camera sensors and neutralization of threat by jamming drone communication. This is a multi-layer, multi-sensor system aimed at providing comprehensive security against drone attacks.

HEAVY LIFT LOGISTICS DRONES

Heavy lift logistics drones (HLLDs) offer the most advanced capabilities to fulfil the role of providing reliable logistics support in typically challenging environments. These drones are intended to be used in the environment of the 'front line' and can be handled by the soldiers, even in very difficult circumstances.

Integrated Air Defence Combat Simulator (Zen IADCS)

Part of the virtual simulation offering, IADCS is a state-of-the-art virtual simulator for training of L 70 and ZU 23-2 guns crews with enhanced realism in weapon handling combined with realistic battle scenarios.

Which results in



Reduced wear and tear of combat equipment



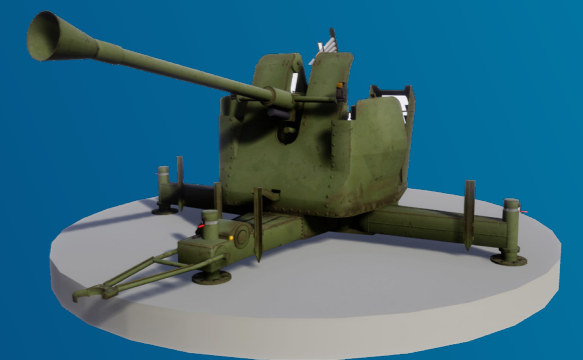
Huge savings in overall costs of training



Quantified assessment



Progressive skill development



Live Ranges



Containerised Indoor Shooting Range

This is a self-contained, transportable, live-fire shooting facility which is designed and built to include the target retrieval system/firearm judgmental training video simulator or to serve as a forensic ballistic test facility. Latest acoustic and ricochet materials have been used inside the Shooting Range to create a clean, safe and discreet environment to carry out the live-fire requirements.

Containerised Tubular Shooting Range

This is a secure indoor substitute for live firing. It is self-contained, transportable and reduces the area required for a range considerably.

Hand Grenade Simulator (HE36S®)

This is a patented hand grenade simulator that helps trainees develop a high degree of mind-body coordination which is essential for effectively firing hand grenades and preventing accidents.

Smart Target System (Zen STS®) - LOMAHTM

This is an electro-mechanical, software-driven, acoustical projectile detection and reporting system designed to be used at outdoor ranges for live small arms firing. The equipment is rugged, light-weight and easy to assemble and operate.

Shoot House For Live And Simulated Indoor Tactical Training

This is a safe indoor facility built to meet the training needs of security personnel involved in operations to eliminate enemy/terrorist threat in closed environment of a built-up area.

Master Control Station For Live-Firing Ranges (MCS)

This is a live firing range control system that enables display and control for all targets in the range.

Tank Targets

These tank targets are ideal for range firing and for tactical firing practices. We offer both static and moving tank target systems.

Air-To-Ground Firing Range Scoring System

This has been designed to provide training for air-to-ground weapons delivery, wherein a variety of targets can be deployed, tracked and hit and miss scores of the exercise can be recorded.

Tank Zeroing System (TZS)

This is an accurate system for bore-sighting and zeroing in on the main gun of tanks and other Armoured Fighting Vehicles (AFV). It ensures a speedy and reliable process, with savings in man-power and ammunition.

Shootedge® (CSWS)

This is an advance corner shot weapon system that facilitates shooting around corners, over the top or over the walls, without exposing the shooter. It helps fire accurately in darkness and low light conditions and also facilitates firing in various positions.

This system was developed by Zen Technologies in association with DRDO for which TOT has been awarded to Zen Technologies.

Multi-Functional Target System (MFTS®)

This is an electro-mechanical system for versatile targets which are programmable from the shooters end to perform various movements for firing practices. This portable and easy to operate system is designed for use both at outdoor and indoor shooting ranges.

Live Simulation

Armour Combat Training System (Zen ACTSTM)

This is designed to meet the training requirements of the mechanised forces in field craft, battle drills, tactical and gunnery procedures. It is ideal for force-on-force tactical training including simulated battle engagements.

Tacsim® Indoor Tracking System

This system is designed to meet the training needs of armed forces tasked to combat enemy/terrorists operating from built-up area/buildings, by physical intervention. The system is akin to the Zen outdoor Tactical Engagement Simulator (TacSim®) with additional features that enable its functioning indoors, where GPS does not work.

Tacsim® Tactical Engagement Simulator

This simulator trains soldiers to utilize the skills acquired during training in field craft, battle drills and live-fire practice while carrying out operational exercises. It is ideal for 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.



Virtual Simulation



81mm Mortar Integrated Simulator (81mm MIS)

This simulator is designed to enable the soldier to gain proficiency in operating and firing the 81 mm Mortar.

Anti-Aircraft Air Defence Simulator (3ADS)

This light-weight and user-friendly simulator is designed to train operators on laying procedures in both simulated and field conditions as well as psycho-physiological training, experienced at the time of launch. It provides data of missile launch, details of target movements and hit and miss information for analysis.

Anti-Tank Guided Missile Simulator (ATGM® Sim)

This is an indoor simulator, designed and developed to meet the challenging training requirements of missile pilots. This simulator trains recruits and hones the skills of trained pilots in handling and firing missiles. The guided missile simulator enables instructor to track the performance of trainees in real time.

Artillery Forward Observers Simulator (ARTYFOS)

This simulator trains observation post officers, forward observers of the artillery and other officers of combat wings of army; who may be required to fire long-range, indirect fire weapons like mortars, guns, howitzers, rockets and missiles.

Automatic Grenade Launcher Simulator (AGL Sim)

This simulator offers complete training solutions to the crew of an automatic grenade launcher. The trainee-in-loop gets the benefit of life-like environment of terrain, combat situation and weapon.

Carrier Mortar Tracked Simulator (CMT Sim)

This is a fully integrated state-of-the-art in-door simulator, designed to seek total realism for operational training needs of mechanised forces.

Infantry Weapons Training Simulator (IWTS®)

This modularly-designed wireless system facilitates marksmanship training and battle handling of weapons, both individually and up to a section of recruits/soldiers in tactical scenarios of conventional and unconventional operations.

Uav Mission Simulator (UAV Sim)

This is a comprehensive system developed to train external and internal pilots, mission commanders, observers/special payload operators and image interpreters.

Rotary Wing Simulator (RWS)

In partnership with Rockwell Collins, Zen has developed a full mission rotary wing simulator that is fully configurable to meet the varying training needs of the Indian Armed Forces. This can facilitate ab initio training, conversion training, mission training and high-fidelity Level-D training.

Medium Machine Gun Simulator (MMG Sim)

This is an interactive indoor training aid to train MMG detachment numbers in techniques of engagement of various targets, fire control and tactical employment of the weapon system.

Integrated Air Defence Combat Simulator (Zen IADCS)

This is a state-of-the-art 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.

Infantry Combat Vehicle Driving Simulator (Bmp li DS)

This simulator has been developed to train recruits as well as special drivers to drive Infantry Combat Vehicle (ICV) or the Armoured Personnel Carrier (APC) in operational and peace time scenarios.

Crew Gunnery Simulator for T-72 Tank (T-72 CGS)

This is a comprehensive simulator designed to train both commanders and gunners of Tank T-72, thus enabling skill development from basic to advanced levels.

Driving Simulator for T-72 Tank (T-72 DS)

This is a holistic driving simulator that provides training features that enable skill development from basic to advance levels. Features include, interactive controls familiarisation, starting and stopping drills and procedures, driving techniques, instructor and driver stations and motion platform.

Gunnery Simulator for T-72 Tank (T-72 GS)

This simulator is for gunner trainees of Tank T-72. It provides multiple features such as, interactive controls familiarisation, gunnery drills and procedures, target acquisition and engagement etc. that enable skill development from basic to advance levels.

Crew Gunnery Simulator for T-90 Tank (T-90 CGS)

This is a crew gunnery training simulator for both commander and gunner trainees of Tank T-90. It provides multiple features such as, interactive controls familiarisation, gunnery drills and procedures, target acquisition and engagement, etc. that enable skill development from basic to advance levels.

Driving Simulator for T-90 Tank (T-90 DS)

This simulator provides training features such as interactive controls familiarisation, starting and stopping drills and procedures, driving techniques, instructor and driver stations and motion platform etc. that enable skill development from basic to advance levels.



Virtual Simulation



Gunnery Simulator for T-90 Tank (T-90 GS)

This is a gunnery training simulator for gunner trainees of Tank T-90. It provides multiple features such as, interactive controls familiarisation, gunnery drills and procedures, target acquisition and engagement etc. that enable skill development from basic to advance levels.

BMP II Integrated Missile Simulator (BMP II IMS)

This simulator has been developed to meet the training requirements of gunners and commanders of Infantry Combat Vehicle (ICV)/Armoured Personnel Carrier (APC). It trains recruits and hones the skills of trained gunners in handling and firing different types of weapon systems.

Advanced Weapons Simulator (AWESIM®)

This is a state-of-the-art firearms simulator that recreates small arms firing range indoors and is aimed at training recruits to Special Forces and Commandos. The simulator can be adapted to a number of firearms to impart basic training, hone firing skills, improve weapon handling skills and tests the skill level of trainees in complex and war-like scenarios.

Driver Aptitude Testing System (Zen DATSTM)

This is a reflex testing system that tests a driver's alertness, depth perception, peripheral vision, night vision and ability to recover quickly from the effects of glare. The system identifies individuals prone to accidents by exposing psycho-motor deficiencies.

Driving Training Simulator (Zen DTS®)

This is a versatile, indoor training system for light, medium and heavy vehicle drivers. The simulator facilitates training in a 'to-scale' vehicle cabin with actual indicators and controls.

Automated Driving Simulator (Zen ADSTM)

This is a standalone, versatile, indoor, classroom driver training simulator for light, medium and heavy vehicles. The simulator facilitates training in a mock-up vehicle cabin with actual indicators and controls, thereby creating a realistic driving environment.

Driving Simulator (DS)

This is a dynamic indoor, classroom driver training simulator for light, medium and heavy vehicles. The basic system is supplied with a single instructor station and a driver

station but it has the facility to control up to 10 driver stations of various combinations of vehicles, individually or simultaneously.

Bus Driving Simulator (BUSSIM)

This is a versatile indoor training system that trains bus drivers of varied skill-sets and experience. The simulator uses 'to-scale' bus cabin with all gauges, controls, transmission systems and indicators found in a bus. This software has been specially developed to recreate the real-life environment in which bus drivers operate.

Tatra Driving Simulator (TDS)

This is an indoor system that transforms recruits into skilled drivers through various levels of complex exercises, in all kinds of terrain, visibility and weather conditions, using 3D computer-generated visuals.

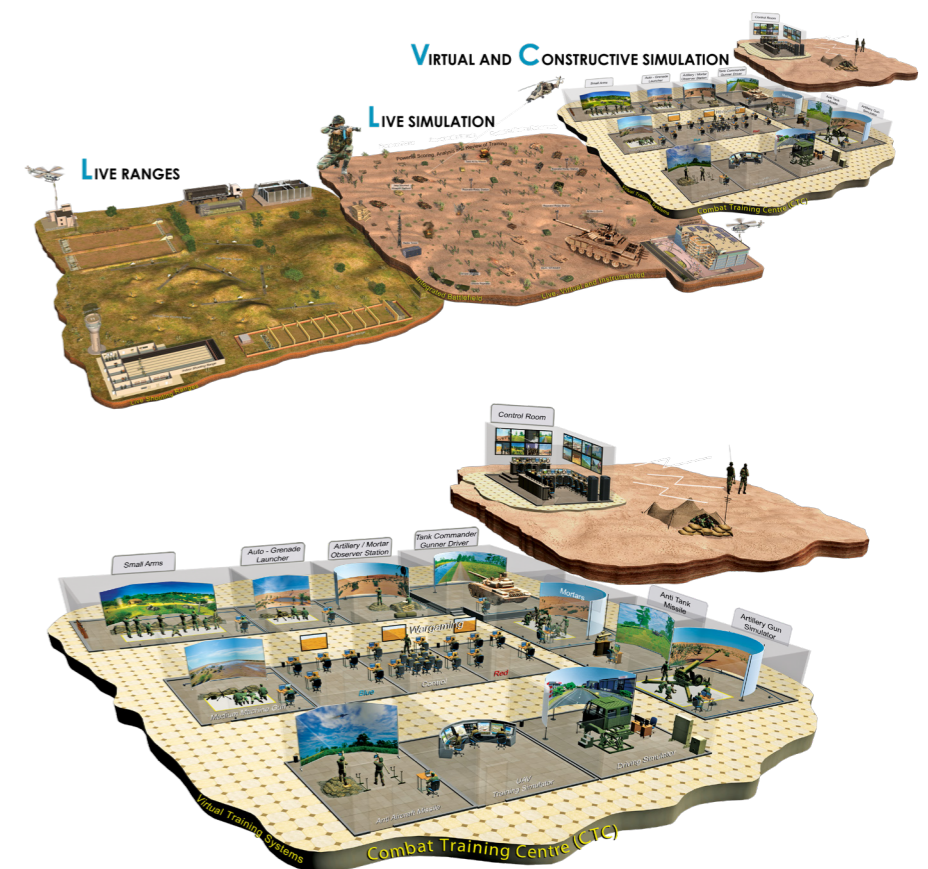
Combat Training Centre

Combat Training Centre (CTC)

A soldier must always be prepared for battle and must be well-trained to do so. At Zen, we create an expansive portfolio of live, virtual, constructive and mixed reality combat training systems to develop and maintain combat-ready soldiers.

War Gaming Solutions (WGS)

Zen WGS is a gen-next constructive simulation supporting conventional and non-conventional operations. It provides doctrine-neutral solutions for joint-services/combined and standalone operations. The models consist of Air, Land, Naval exercises along with MOOTW and NBC operations in limited capacity.



Designed to create long term value



India is pushing for a self-reliable defence ecosystem, procuring and modernising indigenous equipment, leading to a massive build-up in demand for quality live and training equipment. At Zen, we are expanding our capabilities to improve our competitiveness in this external environment to meet evolving priorities.

Our asset-light business model supports our core strategy of profitable growth based on innovative and scalable offerings:



Sale of Equipment

A leader in manufacturing defence training solutions with over 95% market share in tank simulators.

Infrequent but large order size with long closing cycles is an inherent characteristic of this segment.

Huge opportunity size in existing products with strong focus on R&D for continuous new additions to product basket.

Focus on Anti-Drone Simulators.



Combat Training Centre

A training platform to provide realistic battle experiences by integrating Zen's entire range of product offerings.

Big ticket size offerings with potential order wins worth \$ 25 Million for single installation.

Expected growth in the export market on the back of attractive EXIM financing options.



Annual Maintenance Contract

AMC revenues start kicking in after 3 years of equipment installation.

A recurring revenue stream with exceptional profitability margins.

Addition in the simulator installation base leads to growth in revenues from AMC.

Growing service revenue from AMC ensures profitability even in the absence and lumpiness of the new equipment orders.

R&D Initiatives

Our commitment to R&D ensures that we are constantly searching for new technologies and updating our skill sets. Our business model, which accommodates a constant revenue stream by integrating annual maintenance contracts for the equipment we sell, gives us a strong footing. We believe that we are prepared for the challenges and equipped to deal with the rapidly changing nature of this industry.

~₹71 crores
Investments in R&D in last 5 years

~18%
Cumulative sales invested in R&D in the last 5 years

112
Patents filed

The Company not only believes in its R&D capabilities but it also excels every step of the way with its unique positioning and well-placed strategies.

- IP-driven business with the bill of materials not contributing to more than 10%-30% of the final product cost.
- Investments in R&D over the last years have resulted in continuous product additions. The Company has recently launched its Anti-Drone system technology and is investing further in developing Air Defence Gun Simulators.
- The mindset and the willingness to withstand short-term pains with the possibility of long-term gains.
- Investments made in R&D are written off in P&L.
- Heavy investments made in R&D throughout the Company's lifetime create high entry barriers for a new entrant in this industry.

Strategic Focus Areas

Zen Technologies' business model is strategically positioned to reduce lumpiness and enhance the profitability of the Company going forward.

To continue to grow equipment sales and expand the product portfolio with a strong focus on the emerging space of anti-drone systems.

To scale up the Annual Maintenance Contracts (AMC) business, wherein the contributions from AMC can support the fixed operating expenses.

To develop and expand global presence and ramp up exports with friendly countries.

To enhance overall financial performance and deliver sustainable shareholder value year on year.

To constantly improve on competitiveness and efficiency and to drive operational excellence.

Ahead with Clear Conviction

“We understand and acknowledge the need to invest in our business to take it to the next level. Therefore our two primary focus areas this year have been strengthening our R&D and export presence.”



Dear Shareholders,

As we begin yet another year full of opportunities and growth, I am pleased to share some insights and learnings from the year gone by, i.e., FY22, while also touching on what FY23 might look like for us at Zen Technologies. Let me begin by thanking our shareholders, team members, and other stakeholders for their continued support and encouragement. We are very grateful to have you with us all the time.

The year in retrospect

FY22 was certainly a mixed bag for us. While our revenue from operations increased this year and stood at INR 69.75 crores compared to INR 54.64 crores in FY21, our PAT declined to INR 2.61 crores compared to INR 2.77 crores in FY21. While the figures certainly don't paint a rosy picture, I would like to draw your attention to some things that worked for us this year. To begin with, our AMC contracts are starting to scale up. This is a positive sign because it covers most of our overhead expenses. This gives us the headroom to innovate and focus on R&D and exports. The other aspect I'd also like to bring out is our increased investments in R&D, which, in FY22, stood at INR 13.80 crores. In an industry like ours, R&D is the key to staying ahead of the competition curve.

This year we received our first export order for 'Live Simulators.' Moreover, our newly launched anti-drone systems embedded with hard-kill technology and heavy-lift drones were well received in the market. During the FY22, we secured two big orders, one from the export market and the other from the Indian Air Force. Both these orders are expected to be completed by the end of the fiscal year.

In addition, our subsidiary, Unistring Tech Solutions Private Limited, also secured its most significant order to date, worth ~INR 61 crores, from an Indian defence PSU.

As you all know, most industries, including ours, faced challenges in FY22, issues related to continuous supply chain disruptions, unavailability of raw material and labour, geo-political concerns, etc. It started with the second wave of COVID-19 in Q1FY22, which kept the country on tenterhooks. Healthcare was the priority of the Indian Government, and luckily, it successfully averted a medical crisis and saved our economy from worsening.

The effect of the pandemic on industries and economies worldwide is still quite palpable, even after so many months. Some of the concerns that still haunt us are supply chain disruptions, severe raw material shortages, and unavailability of semiconductor chips and other electronic components, to mention a few. However, we are much better equipped to handle such situations after adapting well to this new reality. Moreover, we failed to execute some of the big orders on time due to a global shortage of electronic components, mainly chips, which increased our lead time dramatically. In fact, due to the complete unavailability of some components, we were even forced to redesign some of our sub-systems.

We understand and acknowledge the need to invest in our business to take it to the next level. Therefore our two primary focus areas this year have been strengthening our R&D and export presence. In fact, with this in mind, we successfully raised INR 89.08 crores this year through the issuance, on a preferential basis, of Convertible Equity Share Warrants and Compulsorily Convertible Debentures to the Promoters & Non-Promoters of the Company, respectively.

Further, we also spent significantly on business development and promotion activities. It is our firm conviction that these investments were necessary and that they will pay tremendous returns in the future.

Propelled by the ongoing transformation

As stated previously, this year has been a mixed bag for us. On the one hand, we faced numerous obstacles; on the other, we received substantial government support. 'Make in India' and 'Atma Nirbhar Bharat,' which were mere 'discussion topics' for many years, began to materialize. After the outbreak of COVID-19, global events and circumstances taught us how to become self-reliant. Recent tensions between Ukraine and Russia have underscored the need for resilience and preparedness. The initiatives and programs of the Indian Government strongly suggest that we become an independent nation. As global tensions rise, India cannot remain unaffected, particularly in light of our "not so friendly" neighbors, China and Pakistan. In this context, strengthening the armed forces and the defence mechanism takes precedence. As I have always stated, Zen Technologies will collaborate with the Indian Government to train our soldiers to repel any national threat.

India's defence industry is strategically essential to the country. India is the third largest spender on the military and has the second largest army in the world.

With the Indian Government pushing for self-reliance, the Indian defence industry, too, has received a much-anticipated boost in recent years. The Government has announced various schemes and initiatives to increase indigenous defence manufacturing capability and boost defence exports.

Let me mention some of the favorable policies of the Government promulgated in the recent past.

- Most relevant for our Company, the Government, in Sept 2021, promulgated a Policy Document titled 'Framework of Simulators in the Armed Forces. This document aims to lay down the framework for synergized and enhanced exploitation of simulators by the three Services and the Indian Coast Guard (ICG). The policy framework calls for an overarching vision to encourage simulation-based training across all military domains for combatants, leaders, maintainers, administrators, life science experts, procurement, and financial agencies. This move aims to reduce live equipment utilization, thus also achieving cost-effectiveness, efficiency, safety, and fast-paced, innovative training.
- A new category of capital procurement, i.e., 'Buy Indian - Indigenously Designed, Developed and Manufactured (IDDM),' has been introduced to encourage indigenous design, development, and manufacturing of defence equipment.
- The Ministry of Defense has also notified three 'Positive Indigenisation' lists containing 310 defence equipment that are prohibited from being imported and must be manufactured indigenously.
- Keeping in mind the revolution brought about by Unmanned Aerial Systems (UAS), particularly small drones, the Government has taken several measures to promote indigenous capability for drone development in the country, both in the offensive domain and in the area of counter-drone solutions.

In addition, the Government has liberalized its Drone Rules, 2021 and developed a PLI programme for drones and drone components. All of these policies have substantially enhanced the nation's overall drone capability. In addition, counter-drone systems are anticipated to be added to the PLI programme.

- 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).

The Indian defence manufacturing industry is undergoing a rapid transformation, and an increase in demand is anticipated due to rising national security concerns. In addition, the need for current and futuristic simulators within the armed forces has increased due to various government initiatives. Zen Technologies is aware of this opportunity and is working proactively towards its fructification.

Expanding landscape of opportunities

Simulators are a great aid to effective training. Using simulators over time saves enormous costs and time without compromising the quality of training. Today, technology-enabled solutions can create realistic battlefield conditions, terrains, and environments and conduct two-way opposed training, including simulated live firing without firing a single round of ammunition. The assessment of all the training conducted is digital and quantified, letting the Commander know the true worth of his command besides identifying gaps.

The global military simulation and training market is projected to grow at a CAGR of 5.6% from 2022 to 2027, i.e., from an estimated USD 9.2 billion in 2022 to an estimated USD 12.2 billion by 2027.

This is mainly because of an ever-increasing realization of the need to include simulators for training, increasing defence spending across the world, and new technological developments, which help strengthen military capabilities and efficiency. With rising geo-political tensions across regions, defence spending across the regions has increased manifold, which in turn is incentivizing manufacturers to design and manufacture more high technology, high-resolution military simulators for defence personnel.

On the Indian front, the size of the simulator market is estimated at INR 8,000 crores, and the Indian Government, through its various policies, schemes, and announcements, is pushing for indigenous manufacturing. The Framework document, as mentioned above, will significantly enhance the utilization of simulators by the three armed forces and the ICG, thereby increasing demand for simulators. The Indian armed forces are currently working on balancing the near-term security concerns with the long-term defence self-reliance objectives.

The Company's core-competency domain of simulators will remain a high-demand area simply because there is a growing realization in the armed forces about the vital role of simulators in saving costs and providing training in multiple scenarios and terrains. It is well understood across the board that while real-world equipment is expensive, simulators are cost-effective in training personnel. For instance, the engine life of a tank is limited to several finite hours, after which it needs an overhaul which could cost up to a million dollars. This life can be preserved for a longer duration if tank simulators are used extensively. Such a growing realization and acceptance augurs well for the Company.

The Company's drones and anti-drone systems have been widely accepted and well-received.

In FY22, the anti-drones were upgraded with hard kill features and garnered a good market response. Further, heavy lift drones with the capability of handling weight over distances in high-altitude areas; have also witnessed a good response within the armed forces

A future full of opportunities

Our opportunities are not only a growing realization and acceptance by the armed forces across the board about the inevitable use of simulators in the conduct of effective training but also the hand-holding and strengthening document by the Ministry of Defence (MoD) on the Framework of the Use of Simulators in the Armed Forces. The implementation of this document itself (as a policy direction from the MoD) is bound to catalyze the demand for simulators in the Armed Forces and the ICG manifold. Moreover, with the growing demand for simulators, the need for AMCs will also increase simultaneously, making such contracts a lucrative opportunity for the Company.

Another emerging opportunity that has come our way is the Agnipath Pravesh Yojna (APY) announced by the Government on 14 June 2022, providing an opportunity for the youth of the country to serve in the Armed Forces as Agniveers for a tour-of-duty of 4 years. Since the tenure of the Agniveers is very short, there is a fundamental need to train them to an acceptable level in a much faster time compared to the duration spent for the former recruits. This is where the simulators fit in aptly since these have the intrinsic capability to conduct training in a drastically reduced time frame. The Company is fully aware of this opportunity and is working proactively to make the best of it.

An evolving opportunity steadily taking shape is the increasing acceptance of our products by foreign customers. The Company's growing visibility is also a rising demand for our products, especially in drones and counter-drone solutions.



The Company is working actively to increase its export footprint. Towards this, a dedicated core team has been earmarked.

It is expected that in times to come, we will be able to tap into more opportunities in the countries within the Middle East, CIS, and Africa regions, as also in the USA and other friendly nations. We already have a branch office in the UAE, and we are further planning to set up a demo centre and a subsidiary in the UAE to increase our business in the entire Middle East.

In this context, it is relevant to note that the Indian and the UAE Governments entered into the Comprehensive Economic Partnership Agreement (CEPA) on 18 February 2022, which operationalized on 01 May 2022. This is India's first free trade agreement to be signed in a decade. This Agreement will further help us to increase our business in the UAE.

Zen technologies pride itself on its rich wealth of Intellectual Property (IP). To date, we have filed 112 patents for our pioneering initiatives.

112

Patents filed for our pioneering initiatives. Since our business is IP-Driven and our bills of material costs are usually between 10-30% of the final price, our contribution post breakeven point is significant.

Since our business is IP-Driven and our bills of material costs are usually between 10-30% of the final price, our contribution post breakeven point is significant. The Company is not only continuing to invest significantly into R&D to keep the lead and continue to add to its IP assets, but it is also planning strategies to monetize its IP in a big way.

To capitalize on these opportunities, Zen is hiring top-of-the-line professionals to formulate a growth strategy for the Company, identify Gaps in the current strategy and suggest an implementation roadmap. For this task, negotiations are in progress with one of the Big Four firms. Besides this, two well-known and experienced consultants who worked earlier with L&T and PwC in very senior positions have been advising us on strategy.

Another factor that works to our advantage is that we do not carry too much dead weight. We are an assets-light business, outsourcing most of our manufacturing to a reliable supply chain developed over the last three decades.

While opportunities are plenty, there also exist some threats to our business, the most significant one being competition from foreign companies and companies within India. However, Zen Technologies is well-suited to tackle such a situation. Our biggest strength continues to be our IP, not to mention our signature and customized products, which are gold-class and feature cutting-edge technological muscle. All this is duly backed up with ease-of-doing business, fast deployment, and quick deliveries. Also, our high investment in R&D throughout our Company's lifetime creates a high entry barrier for any new entrant, making it a competitive advantage.

Outlook for FY23

The outlook for FY23 is quite robust, with multiple orders on hand. Our order book for FY23 also looks strong with a healthy balance of revenues from AMC, which stands at INR 115.63 crores, and equipment, which stands at INR 315.09 crores. Further, we expect a sizeable order book position by the end of the fiscal year through our synergistic efforts in R&D and exports. The Governmental push certainly augurs well for us, and we are confident that we will be stronger in the year ahead.

Before I end, I would like to thank each of you for your trust and faith in the Company. While we may stumble a few times, our passion and courage fuel us continuously to get up and march again with renewed zeal, confidence in our abilities, and resolve to scale greater heights.

Thank you for your support.
Regards,

Ashok Atluri
Chairman and Managing Director

Steering our futuristic vision



1 **Mr Kishore Dutt Atluri**
Founder & Joint Managing Director

Mr Kishore Dutt Atluri is a Post graduate in Computer Application from University of Hyderabad. He co-founded Zen Technologies in 1993 with primary objective of designing and developing training simulators for defence and security forces. Since the inception of Zen he has been responsible in designing and delivering state-of-the-art training solutions and simulators to the defence and security forces. He has a deep insight of simulation technology and its application for defence and the homeland security. Under his guidance, Zen has grown manifold to become one of the prime contractors to the Indian Army. He has over 21 patents in his name and he is also in-charge of all defence marketing activities at Zen, both domestically and internationally.

He has been instrumental in development of Zen's range of Virtual, Live Simulation systems, including simulators for Infantry, Armoured Corps, Mech Forces, and Air Defence which cater to the needs of Police Forces, Central Police Organization, Civilian and Miners. His primary roles include technology direction and product development aligned with company's strategy.

2 **Ms Shilpa Choudari**
Whole Time Director

Ms Shilpa Choudari holds a Bachelor's Degree in Technology from Jawaharlal Nehru Technological University (JNTU) and a Master's degree from Badruka Institute of Foreign Trade with specialisation in Finance and Foreign Trade.

She has a rich experience within Zen Technologies as she has worked as a research associate and later as an AGM Sales and Marketing which has given her a deep insight into Zen's products and processes. Before joining Zen Technologies Limited, Shilpa worked for ICFAI Research Centre wherein she published many articles in over 10 books on different subjects. She has also worked as a personal banker with HDFC in the past.

Board Committee's Key: ■ Chairman ■ Members

- A** Audit Committee
- N** Nomination and Remuneration Committee
- C** Corporate Social Responsibility Committee
- S** Stakeholder Relationship Committee
- R** Risk Management Committee

3 **Mr Ashok Atluri**
Chairman & Managing Director

Mr Ashok Atluri is a PG Diploma holder in Applied Computer Science. His contribution has been instrumental in designing simulators on the Windows-Intel platform which ensured product simplicity and compliance to industry standards. He was awarded the title of "Small Scale Entrepreneur of the Year" by the Hyderabad Management Association in 1998.

4 **Mr Ajay Kumar Singh**
Independent Director

Dr. Ajay Kumar Singh has extensive years of experience across functions ranging from leadership roles, program planning and designing, implementation, teaching, monitoring and evaluation, business development and consulting. A recipient of the prestigious "The Rashtrapati Rovers Award" in the year 2000, Dr. Singh joined the Indian School of Business (ISB) in the year 2007 and at present works as the Associate Director at Indian School of Business- Hyderabad. He is a Post-Doctoral Fellow in Social Marketing from ISB, Hyderabad and holds a Ph.D. from Chaudhary Charan Singh University and an MBA degree in marketing from RSMT Purvanchal University.

His expertise lies in the area of social marketing and he has applied his research in the areas of social entrepreneurship, branding, advertising, customer relationship management and customer centricity. He has previously worked with J P Associates (P) Limited, Crompton Greaves Limited, SIVA Institute and Apeejay School of Marketing.

He has engaged with government, public sector, and corporate sector organizations to help them in conceiving transformation journey through focused education and training programs. He has designed and delivered more than 1000 days of Mid-Career Training Programs for State Bank of India, Bank of Baroda, NTPC, ONGC, IndiGo, Tata Steel, ITC, Sun Pharma among various others.

Dr. Singh is also a member of the Academic Advisory Council of the Institute of Public Enterprise, Hyderabad Telangana and Honorary Academic Advisor in Capital University of District Kodarma, Jharkhand.

5 **Ms Sirisha Chintapalli**
Independent Director

Ms Sirisha Chintapalli is an Associate Member of the Institute of Company Secretaries of India and the Institute of Cost Accountants of India. She is also a registered Insolvency Professional. In her past experience, she has worked with She was associated with L&T Shipbuilding Limited, International Seaport Dredging Limited and CCL Products (India) Limited. She is also a member of the Managing Committee of Hyderabad Chapter of the Institute of Cost Accountants of India.

She has more than 11 years of exposure and experience in the fields of legal, finance, secretarial, insolvency and other regulatory compliance matters particularly in relation to the Companies Act, laws applicable to the Capital Markets and other statutes. She has successfully handled and completed various issues / assignments / mergers and is well-versed with various statutes involved in the day-to-day operations of the Company.

6 **Dr. Ravindra Kumar Tyagi**
Independent Director

Dr. R.K. Tyagi is a Ph.D (Doctorate in Management Studies) from Agra University, U.P. He completed his Engineering (Electronics & Communication) from IIT, Roorkee, MBA (Marketing) from IGNOU, New Delhi, and Advanced Leadership Course from Indian School of Business (I.S.B.), Hyderabad. He has 46 years plus experience including 14 years of board level positions in various organisations. He served as Chairman of Hindustan Aeronautics Limited (a Navratna company) from March 2012 to Jan 2015, as Chairman and Managing Director of Pawan Hans Helicopters Limited (a Mini Navratna company) from May 2007 to Mar 2012. He served ONGC in various fields like IT Networks, Setcom, Infocom, Marketing and rose to the position of Head Marketing and Head Air Logistics (from April, 1976 to May 2007).

His strengths are organisational strategy and building strategical alliance, leadership and team development, growth/turnaround specialist in business operations, corporate governance and CSR, R&D, technology, Investment and risk management.

7 **Mr M. Ravi Kumar**
Whole Time Director

Mr M. Ravi Kumar has 20 plus years of experience in the software industry. He worked in Bureau of Data Processing Services (BDPS) (1979-85), Nova Computers Private Limited (1986-90) and as Director at the Institute of Engineers. He is a technocrat and an expert in systems programming and robotics. He is actively involved in the design and development of the present range of simulators for the company in his role as Head, R&D Division. He is the person behind the successful development of Zen SATS@ SL, Zen AWeSim@, Zen TacSim@ and ACTS.

8 **Mr Amreek Singh Sandhu**
Independent Director

Mr. Amreek Singh Sandhu is a finance and secretarial professional. He is an M.Com, LL.B., MBA, FCS, FCMA, EPAF-IIM@, with over 27 years of industry experience in various facets of finance, accounts & secretarial - like corporate finance, treasury, audit, M & A, public issues, secretarial & compliances matters, HR, administration & legal functions.

He has served in various reputed companies like Herman Milkfoods Limited, Gati Limited, Ybrant Digital Limited, AMR India Limited etc. He has been engaged in the fields of manufacturing (electronics, consumer goods, dairy products etc.), cargo, logistics, shipping, power, digital media, infrastructure and mining in his previous stints.

He was recognised with best CFO award by 9.9 Group (CFO India) in the year 2017 (Risk Management) and 2018 (Cash Management). He has attended and addressed many seminars and conferences in India and Abroad on various professional and educational topics like corporate social responsibility, corporate governance, maximising shareholders value, strategic finance, business strategies for economic revival, combating risk of corporate frauds, compliances, GST, digitalization etc. organized by CII, CFO forums, ICSI, ICWAI, Dun & Bradstreet etc.

He also published an Article on Inflation and Economic Recession by "CFO Asia" before economic recession in 2007.

The concept of servitude is pivotal to Zen Technologies. The Company is strongly committed to giving back to the communities it serves and the nation at large. Veer Sammaan Foundation, the corporate social responsibility arm of Zen Technologies, was established in 2016 to further this mission.

Zen realises that the deeper wounds of war are often hidden, and healing them takes more than technological innovation; it requires the human touch. The Company believes that it is its duty to step up and answer to the soldiers when needed. Therefore, the Company, through Veer Sammaan Foundation has been working relentlessly to provide aid and assistance to the soldiers' family members and ensure their dignity is preserved as it should be.

During the year, the Company, in pursuance of its Corporate Social Responsibility (CSR), contributed ₹ 55 Lacs to the Air Force Wives Welfare Association (AFWWA) with the aim of providing assistance to the families of deceased/disabled/retired/serving personnel of the Indian Air Force and to provide a shelter of welfare to the families of Air Force Personnel. The main focus of the Association is on family welfare and rehabilitation/care of widows and special children.

Standing Strong Together

"It is our mission to honour and support the families of warriors fallen in combat and work towards the welfare of the veterans."

Kishore Dutt Atluri



Management Discussion and Analysis

Economy and Outlook

Global Economy

The escalation of geo-political tensions and rising prices due to sticky inflation marked a rather uncondusive growth environment, globally. In the post-pandemic era, macroeconomic factors are significantly impeding global financial growth. The world witnessed an uneven and divergent recovery in FY22, with nations ramping up vaccination drives and attempting to escape the pandemic. Supply chain disruptions, rising input costs, and the unavailability of raw materials all contributed to a challenging year. As the world and the economies were still grappling with the aftermath of the pandemic, the Russia-Ukraine war further toppled the situation. It added to the existing woes of inflation, created rifts between many nations, and made businesses suffer a great deal. While governments worldwide are attempting to strengthen their economies, the future remains quite uncertain. The global growth is projected to slow down from an estimated 6.1% in 2021 to 3.6% in 2022 and 2023, which is 0.8% and 0.2% points, lower than projected in January 2022 before the Russia-Ukraine crisis. Going forward, the global economy is projected to recover on the back of a strong capital expense, improved supply chains, and cooling of inflation.



Latest World Economic Outlook Projections

	2021 (%)	2022 (%)	2023 (%)
World Output	6.1	3.6	3.6
Advanced Economies	5.2	3.3	2.4
United States	5.7	3.7	2.3
Euro Area	5.3	2.8	2.8
Japan	1.6	2.4	2.3
UK	7.4	3.7	1.2
Canada	4.6	3.9	2.8
Other Advanced Economy	5.0	3.1	3.0
Emerging market and Developed Economies	6.8	3.8	4.4
Emerging and Developing Asia	7.3	5.4	5.6
China	8.1	4.4	5.5
India	8.9	8.2	6.9

Source - IMF world Economic Outlook

Indian Economy

After a disrupting second wave of the pandemic in Q1FY22, India recovered well due to its widespread and successful vaccination drive. The financial markets remained robust, and capital inflows supported reserve build-up. However, the rising inflation due to supply chain issues soon became a cause of concern. Moreover, in February 2022 the Russia-Ukraine war escalated, leaving India and the globe behind again.

However, India's institutions are fairly strong, and the RBI is resolute on acting forcefully if an increment in global commodity prices negatively influences wages and core prices in the country. In addition, the Indian government's commitment to investing in social and physical infrastructure, including reducing impertinent regulations in product and labour markets, accelerating the sale of public companies in non-strategic sectors, and restructuring state-owned banks, among other measures, is expected to boost investment and employment within the country.

IMF's India GDP Estimates: October 2021 Vs January 2022

	2022 (%)	2023 (%)	2024 (%)
October Forecast	9.5	8.5	6.6
January Forecast	9.0	9.0	7.1

Key: October 21 forecast, January 22 forecast

FY23 Forecast by various Agencies

Agency	FY23 real GDP forecast (%)
RBI	7.3
IMF	9.0
World Bank	8.7
India Rating	7.6
SBI Research	8.0
Moody's	7.9
Barclays	7.3

Source: IMF World Economic Outlook

Indian Defence Industry

India's defence industry is strategically essential to the country. India is the third largest spender on the military and has the second largest army in the world. Given the escalating risks, the defence manufacturing industry is poised for substantial growth, boosting the demand for defence equipment.

2.1%

GDP spent on Defence 2021-22

USD 11.3 Billion

Indian Defence sector market size

15%

Share of Global arms import

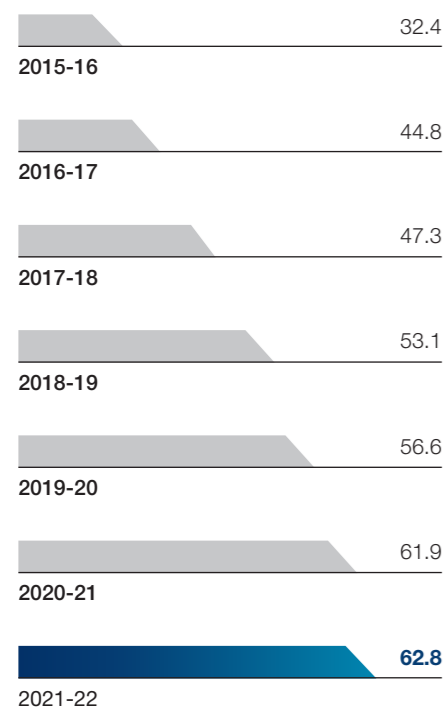
Largest military spender in the world

Increase in Defence Capital Expenditure

The Make in India initiative of the Indian government focuses on reducing import dependence, increasing domestic capacity, and modernising the military. It plans to accomplish these objectives by increasing domestic manufacturing capacity, promoting local Micro, Small, and Medium Enterprises (MSMEs), and encouraging foreign manufacturers to establish operations in India.

Increasing Budget Allocation to Defence

(In US\$ billion)



In FY22, several major initiatives have been introduced in a bid to make India self-reliant in defence manufacturing, which is aimed at not only enhancing domestic indigenous manufacturing but also making the country a net exporter in this field.

Government Initiatives

With the Indian government pushing for self-reliance, the Indian defence industry, too, has received a much anticipated boost in the recent years. The government announced various schemes and initiatives to increase indigenous defence manufacturing capability and boost defence exports, which are listed below:

- Most relevant for our Company, the Government, in Sept 2021, promulgated a Policy Document titled 'Framework of Simulators in the Armed Forces'. This document lays down the framework for synergized and enhanced exploitation of simulators by the three Services and the Indian Coast Guard (ICG). The policy framework calls for an overarching vision to encourage simulation-based training across all military domains for combatants, leaders, maintainers, administrators, life science experts, procurement, and financial agencies. This move aims to reduce live equipment utilization, thus also achieving cost-effectiveness, efficiency, safety, and fast-paced, innovative training.
- A new category of capital procurement, i.e., 'Buy Indian - Indigenously Designed, Developed and Manufactured (IDDM),' has been introduced to encourage indigenous design, development, and manufacturing of defence equipment.
- The Ministry of Defense has also notified three 'Positive Indigenisation' lists containing 310 defence equipment that are prohibited from being imported and must be manufactured indigenously.
- For FY23, the total budget allocation to the Ministry of Defence (Civil) stood at ₹ 20,100 crores, and the total budget allocation towards capital outlay on defence services stood at ₹ 1,52,370 crores.

The government's commitment to reduce imports and promote self-reliance in equipment for armed forces has pushed it to 68% of its capital procurement budget in FY23, compared to 64% in FY22.

- Keeping in mind the revolution brought about by Unmanned Aerial Systems (UAS), particularly small drones, the Government has taken several measures to promote indigenous capability for drone development in the country, both in the offensive domain and in the area of counter-drone solutions. In addition, the Government has liberalized its Drone Rules, 2021 and developed a PLI programme for drones and drone components. All of these policies have substantially enhanced the nation's overall drone capability. In addition, counter-drone systems are anticipated to be added to the PLI programme.
- 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).
- The government has also announced two 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.
- The Indian government aims to achieve a turnover of USD 25 billion, which includes anticipated exports of USD 5 Billion in Defence goods and services by 2025. Further, defence exports of the country have grown by 334% in the last five years, and at present India exports to about 75 countries.

The Indian defence manufacturing industry is undergoing a rapid transformation, and an increase in demand is anticipated due to rising national security concerns. In addition, the need for current and futuristic simulators within the armed forces has increased due to various government initiatives. Zen Technologies is aware of this opportunity and is working proactively towards its fructification.

Simulation Industry: Structure and Developments

Simulators are a great aid to effective training. Using simulators over time saves enormous costs and time without compromising the quality of training. Today, technology-enabled solutions can create realistic battlefield conditions, terrains, and environments and conduct two-way opposed training, including simulated live firing without firing a single round of ammunition. The assessment of all the training conducted is digital and quantified, letting the Commander know the true worth of his command besides identifying gaps.

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On the Indian front, the size of the simulator market is estimated at ₹ 8,000 crores, and the Indian Government, through its various policies, schemes, and announcements, is pushing for indigenous manufacturing. The Framework document, as mentioned above, will significantly enhance the utilization of simulators by the three armed forces and the ICG, thereby increasing demand for simulators. The Indian armed forces are currently working on balancing the near-term security concerns with the long-term defence self-reliance objectives. Source: <https://www.marketsandmarkets.com/Market-Reports/military-simulation-virtual-training-market-661.html>

Opportunities and Threats

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The implementation of this document itself (as a policy direction from the MoD) is bound to catalyse the demand for simulators in the Armed Forces and the ICG manifold. Moreover, with the growing demand for simulators, the need for AMCs will also increase simultaneously; making such contracts a lucrative opportunity for the Company.

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The Company's drones and anti-drone systems have been widely accepted and well-received. In FY22, the anti-drones were upgraded with hard kill features which garnered a good response from the market. Zen Technologies is driven to make further progress in its export market by tapping into opportunities within the Middle East, CIS, and African regions, and dedicating a core team to pursue business opportunities in the USA and other friendly nations.

In this context, it is relevant to note that the Indian and the UAE Governments entered into the Comprehensive Economic Partnership Agreement (CEPA) on 18 February 2022, which operationalized on 01 May 2022. This is India's first free trade agreement to be signed in a decade. This Agreement will further help us to increase our business in the UAE.

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While opportunities are plenty, there also exist some threats to our business, the most significant one being competition from foreign companies and companies within India. However, Zen Technologies is well-suited to tackle such a situation. Our biggest strength continues to be our IP, not to mention our signature and customized products, which are gold-class and feature cutting-edge technological muscle. All this is duly backed up with ease-of-doing business, fast deployment, and quick deliveries. Also, our high investment in R&D throughout our Company's lifetime creates a high entry barrier for any new entrant, making it a competitive advantage.

Company Overview

With almost three decades of experience in the industry, Zen Technologies Limited is a pioneer and leader in providing world-class state-of-the-art defence training solutions, drones and anti-drones solutions. Having served over 100+ institutional customers, the Company is engaged in indigenous design, development and manufacturing of defence training systems based on sensors and simulation technology. Zen Technologies has relentlessly served the Ministry of Defence, the Government of India and its Armed Forces, Security Forces and Paramilitary Forces.

The Company is engaged in manufacturing land-based military training simulators, driving simulators, live-range equipment, and anti-drone systems. Zen Technologies also has its own training platform to provide a realistic battle experience by integrating its entire range of product offerings. With a dedicated R&D (recognized by the Ministry of Science and Technology, Government of India) and production facility in Hyderabad, the Company has applied for over 112 patents and shipped more than 1000 training systems across the globe.

Product Performance

Technology being such an important facet of today's fast-paced world, newer technologies constantly keep pushing out the old ones. There is a growing need to innovate and create new products with advanced new technology. To that extent, in the last couple of years, Zen Technologies has ramped up its efforts in terms of product innovation. Apart from the tank simulators, shooting ranges, and other simulators, the focus on drones seems to be the need of the hour. Starting from drones and anti-drone systems to drone systems with hard kill features and heavy lift drones - this new technology has seen many variations.

Annual Maintenance Contracts (AMC) has proven to be a considerable contributor to the Company's revenues, and with time, its share of contribution is increasing, covering larger amounts of Zen Technologies' operational overhead costs. AMCs can potentially generate around 120% of the equipment sale value as revenues over the product lifespan. AMC revenues will continue to grow as the installation base of simulators increase and these steady revenues will help reduce the unevenness in the Company's annual performance.

Financial and Operational Performance

During FY 2021-2022, the Company's total income stood at ₹ 58.99 Crores compared to ₹ 52.49 Crores in FY 2020-2021. The Net profit stood at ₹ 2.05 Crores compared to ₹ 4.19 Crores FY 2020-2021. Zen has an order book of ₹ 430.72 Crores as on 31st March 2022 compared with ₹ 192.67 Crores as on 31st March 2021.

Key Financial Ratios

[Pursuant to Schedule V (B) to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended]

Particulars	2022	2021	% Change
Operating Profit Margin (%)	22.47%	31.54%	(28.75%)
Net Profit Margin (%)	3.81%	8.46%	(54.96%)
Debtors Turnover (no of times)	2.91	1.60	81.87%
Inventory Turnover	4.71	5.08	(0.07%)
Current Ratio	4.09	13.44	(69.56%)
Return on Net worth (%)	0.70%	1.98%	(64.64%)
Interest Coverage Ratio	2.53	6.71	(62.30%)
Debt Equity Ratio	0.04	0.05	(20%)



- **Operating Profit Margin & Net Profit Margins** – Higher selling and administration expenses due to increased participation in foreign exhibitions and foreign travel for development of export business resulted in lower operating and net profitability margins of the Company.
- **Debtors Turnover** – Faster realisation of dues from Ministry of Defence resulted in improvement of debtors' turnover ratio.
- **Current Ratio** – The advance received from customers along with the interest provisioning on CCDs in accordance with IND-AS led to higher current liabilities resulting in lower current ratio.
- **Return on Net Worth** – The increase in net worth on account of fund raised by way of preferential issue led to a decline in return on net worth.
- **Interest Coverage Ratio** - The decline in EBIT on account of higher business development expense coupled with higher interest expenses during the year resulted in lower interest coverage ratio.



Risks and Concerns

Competition Risk

Increasing competition and predatory pricing by international players, who reduce their prices significantly in order to gain market share in India, can pose a serious risk to the Company's operations and potentially hit our margins.

Foreign Exchange Risk

With growing export sales, the Company is also exposed to risks from foreign currency exchange fluctuations.

Macroeconomic Risk

Any sort of adverse macroeconomic conditions, such as the pandemic, may pose a risk to the Company. In these events, governments tend to focus on the matter at hand and may de-prioritize defence training.

Client Commitment Risk

Most of the Company's simulators are built in accordance with specific feedback from the clients, without any guarantee of buying the resultant end-product, putting the Company at a significant risk financially.

Bidding Risk

The Government's standard policy of buying from the lowest bidder could be potentially harmful to the Company. Sometimes other vendors, whose development costs are already amortized, provide cheaper solutions due to their greater bandwidth.

Government Dependence Risk

Zen Technologies is heavily dependent on the Indian Government for a large part of its business, whether through policies or for actual product sales.

The way forward and the outlook

Besides the Company's mainstay, anti-drone systems, drones and training simulations, going forward it will also focus on products that use Artificial Intelligence to amp up its product portfolio. Further, the Indian government's push towards the adoption of more simulations across the armed forces augurs impressively for Zen Technologies. It opens up the avenues to support the nation's security as well as heighten the company's own business and profitability. In the past, the Company has submitted multiple Suo Moto proposals to the Ministry of Defence, and in fact a few of them have been accepted for procurement as well. Zen Technologies will continue to remain on track with this, while also focusing on upgrading and innovating. The Company is also diversifying its business to explore areas other than training simulators, and as such, it is participating in the design and developmental projects of the Ministry of Defence under the MAKE categorisation. These are high-value projects and the Company is implementing some of them in collaboration with foreign OEMs of repute.

The outlook for FY23 is quite robust, with multiple orders on hand. Our order book for FY23 also looks strong with a healthy balance of revenues from AMC, which stands at ₹ 115.63 crores, and equipment, which stands at ₹ 315.09 crores. The Indian government's focus on ramping up its national security through technological advancement, mass recruitment and training comes as positive news for Zen Technologies. On the export front, a similar sentiment is expressed worldwide regarding tightening of national security, which will add further mileage to Zen Technologies' export endeavours as well. The Company will continue to address the export market with new and innovative solutions, and going forward will sharpen its export presence as well. Overall, FY23 does present a promising opportunity for the Company.

Human Resource Development and Industrial Relations

At Zen Technologies, like for any other company, the team and its people are one of its most critical assets that drive growth for the Company. Over the years, Zen Technologies has honed its talent and upskilled its employees through training and workshops, to provide them with avenues for professional growth. It has also worked towards attracting and retaining high-performing team members. In FY22, the Company engaged with various industries, suppliers, partners, customers, workers and employees, and maintained cordial and harmonious relations with them. As of 31st March 2022, the Company's employee strength stood at 224, wherein the average employee age stood at 34 years, indicating a healthy balance of young and experienced professionals.

Internal Control Systems and their Adequacy

Zen Technologies has an adequate system of internal controls, which is commensurate with its size and nature of operations. It has put into place a well-defined organization structure with pre-defined delegation of authority for all its corporate functions, and has documented policy guidelines and procedures outlining the Company's objectives and operational metrics. These internal controls and systems are designed to provide reasonable assurance regarding the effectiveness and efficiency of operations, the adequacy of protecting Zen Technologies' assets from unauthorized use or losses, the reliability of financial controls, and are in compliance with applicable laws and regulations.

The Company's internal control systems are in line with its size, operations and complexity.

These systems, encompassing all key business areas, are periodically verified and tested by certified external auditors as well as the internal audit team. An internal audit system reviews the effectiveness and adequacy of the control environment and manages appropriate safeguards. The Company conducts routine audits in compliance with certifications AS9100C from DQS Inc., ISO 9001:2008 (QMS), ISO 14001:2004 (EMS), ISO/IEC 27001:2013 (ISMS). An ongoing monitoring system ensures that all data or information is secured from unauthorized access.

The effectiveness of internal controls is reviewed through the internal audit process, which is undertaken for and all major corporate support functions under the direction of the Head Internal Audit. The reviews are focused around:

- Identifying weaknesses and areas of improvement
- Checking for compliance with defined policies and processes
- Safeguarding of tangible and intangible assets
- Managing business and operational risks
- Checking for compliance with applicable statutes
- Checking for compliance with the Zen Code of Conduct

The Audit Committee, composed of Zen Technologies' Board of Directors, oversees the adequacy of the internal control environment through regular reviews of the audit findings and monitoring implementations of internal audit recommendations through the action taken reports submitted to them. A summary of the significant features of the internal controls is as follows:

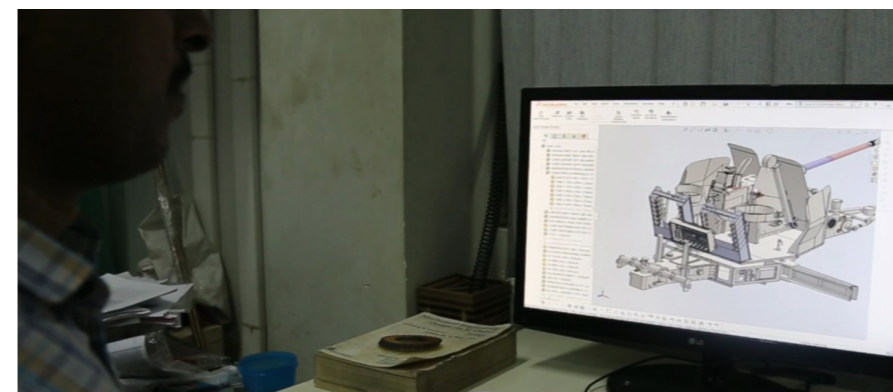
- The Audit Committee comprising of Independent Directors regularly reviews the audit plans, significant audit findings, implementations of internal audit recommendations, adequacy of internal controls, compliance with accounting standards as well as reasons for changes in accounting policies and practices, if any;
- An independent Internal Audit team, consisting of professionally qualified accountants and functional specialists, are entrusted with examining/auditing the adequacy, checking for relevance and effectiveness of the control systems, compliance with policies, plans and statutory requirements;
- Zen Technologies' Code of Conduct is continuously reiterated across the organization, through regular programs



Zen Technologies' Board is responsible for the overall process of risk management for the Company. In FY22, the Company assessed the effectiveness of its internal financial control over financial reporting, and put in place adequate internal financial controls with reference to financial statements, commensurate with the size, scale and complexity of the Company's operations. During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed.

Cautionary Statement

This statement made in this section describes the Company's objectives, projections, expectations and estimations which may be 'forward looking statements' within the meaning of applicable Securities Laws and Regulations. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised by the Company. The actual results could differ materially from those expressed in the statements or implied due to the influence of external factors which are beyond the control of the Company. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements on the basis of any subsequent development, information or events.



Corporate Information

CIN

L72200TG1993PLC015939

BOARD OF DIRECTORS

Mr Ashok Atluri

(DIN: 00056050)

Chairman and Managing Director

Mr Kishore Dutt Atluri

(DIN: 09691242)

Joint Managing Director

(Appointed w.e.f. 1st August 2022)

Mr Ravi Kumar Midathala

(DIN: 00089921)

Whole Time Director

Ms Shilpa Choudari

(DIN: 06646539)

Whole Time Director

Mr Amreek Singh Sandhu

(DIN: 08064880)

Independent Director

Dr Ravindra Kumar Tyagi

(DIN: 01509031)

Independent Director

Dr Ajay Kumar Singh

(DIN: 08532830)

Independent Director

Ms Sirisha Chintapalli

(DIN: 08407008)

Independent Director

CHIEF FINANCIAL OFFICER

Mr Afzal Harunbhai Malkani

(Appointed w.e.f. 1st August 2022)

COMPANY SECRETARY

CS Hansraj Singh Rajput

REGISTERED OFFICE

B-42, Industrial Estate

Sanathnagar, Hyderabad-500018, Telangana, India

Phone: +91- 40 - 23813281, 23812894

Fax: +91- 40 – 23813694

Email id: info@zentechnologies.com

Website: www.zentechnologies.com

MANUFACTURING & PRODUCTION FACILITY (WORK UNIT):

Plot No. 34 part (35, 36 and 37), Hardware Park, Kancha Imarat, Near Ravirala Village, Maheswaram, Near Shamshabad International Airport, Telangana-501510, India

STATUTORY AUDITORS

Ramasamy Koteswara Rao and Co LLP

Chartered Accountants

Hyderabad

SECRETARIAL AUDITORS

Ms. Vanitha Nagulavari (ACS No. 26859/CP No. 10573)

Company Secretary in Practice

Hyderabad

INTERNAL AUDITORS

NSVR & Associates LLP

Chartered Accountants

Hyderabad

BANKER

HDFC Bank Limited

Indian Bank

REGISTRAR AND SHARE TRANSFER AGENTS

KFin Technologies Limited

Unit: Zen Technologies Limited

Selenium Tower B, Plot No 31 & 32,

Gachibowli, Financial District, Nanakramguda,

Serilingampally Mandal, Hyderabad – 500 032

Telangana, India

Toll free number - 1800-309-4001

Email id: einward.ris@kfintech.com

LISTED WITH

BSE Limited, Mumbai (BSE)

National Stock Exchange of India Limited, Mumbai (NSE)

Notice to Shareholders

Notice is hereby given that the 29th Annual General Meeting (AGM) of the members of Zen Technologies Limited (CIN: L72200TG1993PLC015939) (the Company) will be held on **Thursday, the 29th day of September, 2022** at **11:00 a.m.** IST through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business(s):

ORDINARY BUSINESS:

1. Adoption of Audited Standalone Financial Statements.

To receive, consider and adopt the audited financial statements of the Company for the financial year ended 31st March, 2022 and the Reports of the Board of Directors and Auditors thereon and in this regard, pass the following resolution as **Ordinary Resolution**:

"RESOLVED THAT the audited financial statements of the Company for the financial year ended 31st March, 2022 and the reports of the Board of Directors and Auditors thereon laid before this meeting, be and are hereby considered and adopted."

2. Adoption of Audited Consolidated Financial Statements.

To receive, consider and adopt the audited consolidated financial statements of the Company for the financial year ended 31st March, 2022 and the Report of the Auditors thereon and in this regard, pass the following resolution as **Ordinary Resolution**.

"RESOLVED THAT the audited consolidated financial statements of the Company for the financial year ended 31st March, 2022 and the report of Auditors thereon laid before this meeting, be and are hereby considered and adopted."

3. Declaration of Dividend on the equity shares.

To declare Dividend on equity shares for the financial year ended 31st March, 2022 and in this regard, pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT a dividend at the rate of Re. 0.10/- (Ten Paise Only) per equity share of Re. 1/- (one rupee) each fully paid-up equity share be and is hereby declared for the financial year ended 31st March, 2022 and the same be paid as recommended by the Board of Directors of the Company, out of the profits of the Company for the financial year ended 31st March, 2022."

4. Appointment of Ms Shilpa Choudari as Director, liable to retire by rotation.

To appoint a director in place of Ms. Shilpa Choudari (DIN: 06646539), who retires by rotation and being eligible, offers herself for re-appointment and in this regard, pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 152 of the Companies Act, 2013, Ms. Shilpa Choudari (DIN: 06646539), who retires by rotation at this meeting and being

eligible offers herself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."

SPECIAL BUSINESS:

5. Appointment of Branch Auditors.

To consider and, if thought fit, to pass the following Resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 143(8) and other applicable provisions, if any, of the Companies Act, 2013 ('Act') read with the Companies (Audit and Auditors) Rules, 2014 [including any statutory modification(s) or re-enactment(s) thereof for the time being in force], the Board of Directors be and is hereby authorised to appoint Branch Auditor(s) of any Branch Office of the Company, whether existing or which may be opened/acquired hereafter, outside India, any firm(s) and/or person(s) qualified to act as Branch Auditors within the provisions of Section 143(8) of the Act and to fix their remuneration, in consultation with the Statutory Auditors of the Company."

6. Re-appointment of Dr. Ajay Kumar Singh (DIN: 08532830) as an Independent Director of the Company for the second term.

To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions of the Companies Act, 2013 ('Act'), if any, read with Schedule IV to the Act and the Companies (Appointment and Qualification of Directors), Rules, 2014 [including any statutory modification(s) or re-enactment(s) thereof for the time being in force], Regulation 17 and any other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), as amended from time to time, and the Articles of Association of the Company, as well as based on the recommendation of the Nomination and Remuneration Committee, Dr. Ajay Kumar Singh (DIN: 08532830), who was appointed as an Independent Director of the Company at the 27th Annual General Meeting of the Company for a period of three years, i.e., from 02nd November 2019 to 01st November 2022, and who is eligible for re-appointment and who meets the criteria for independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations and who has submitted a declaration to that effect and in respect of whom the Company has received a Notice in writing from a Member under Section 160(1) of the Act proposing his candidature for the office of Director, be and is hereby

re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for the second consecutive term of three years, i.e., from 02nd November 2022 to 01st November 2025 (both days inclusive).”

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

7. Re-appointment of Mr. M Ravi Kumar as Whole-time Director and fixing remuneration.

To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to Sections 196, 197, 198, 203 and all other applicable provisions of the Companies Act, 2013 and rules made thereunder, read with Schedule V to the said Act, Regulation 17(6) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and recommendation of the Nomination and Remuneration Committee, Mr. M Ravi Kumar (DIN: 00089921) be and is hereby appointed as the Whole Time Director of the Company for a period of Three (3) years from 29th June 2022 to 28th June 2025, on the terms and conditions and at a remuneration as set out in the statement herein below:

A. SALARY: ₹ 4,00,000/- (Rupees Four Lakh Only) per month.

B. PERQUISITES: In addition to the above, he shall be entitled to the following perquisites classified into three categories I, II & III as follows:

Category – I

The following perquisites given in this Category will be allowed in addition to the salary and restricted to a maximum amount of ₹ 27,00,000/- (Rupees Twenty Seven Lakhs only) per annum.

- a) House Rent Allowance: House Rent Allowance at the rate of forty percent of salary (40%). The expenditure incurred by the Company on gas, electricity, water and furnishing shall be evaluated as per the Income Tax Rules, 1962 subject to a ceiling of ten percent of the salary (10%).
- b) Medical Reimbursement: Expenses incurred for self and family, subject to a ceiling of one month's salary in a year or three month's salary over a period of three years or as is provided by the companies' group medical insurance policy.
- c) Leave Travel Concession: For self and family, once in a year incurred in accordance with the rules specified by the Company.

d) Club Fee: Fee of clubs subject to maximum of two clubs. This will not include admission and life membership fees.

e) Personal Accident Insurance: As per Company's policy.

Category – II

f) The Company's contribution to provident fund, superannuation fund or annuity fund shall be in accordance with the rules and regulations of the Company. Such contribution will not be included in the computation of the ceiling on perquisites to the extent either singly or put together are not taxable under the Income Tax Act, 1961.

g) Gratuity as per the Gratuity Act, 1972.

Category – III

h) Car for the purpose of Company's business and telephone(s) at residence will be provided. The Company will bill personal long distance calls on the telephone(s) and use of car for personal purposes. The provisions for car and telephone will not be considered as perquisites.

C. OTHER TERMS:

- i) One month's leave with full pay and allowance for every eleven months of service. Leave accumulated but not availed in the previous financial year will be carried forward to next financial year.
- j) Reimbursement of reasonable entertainment and other expenses actually and properly incurred in connection with the business of the Company.
- k) Mr. M Ravi Kumar shall not, so long as he functions as the Whole Time Director, be entitled to receive any fee for attending any meeting of the Board or Committee thereof.
- l) Notice period and other terms regarding cessation of employment shall be governed as per the rules of the company.”

“**RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorised to take such steps and do all such acts, deeds, matters and things as may be considered necessary, proper and expedient to give effect to this resolution.”

“**RESOLVED FURTHER THAT** the aggregate remuneration inclusive of salary and other benefits to Mr. M Ravi Kumar shall always be within the overall ceiling laid down in Section 196, 197 and 203 and other applicable provisions of the Companies Act, 2013.”

“**RESOLVED FURTHER THAT** in the event of loss or inadequacy of profits, in any financial year during the tenure of Whole-Time Director, salary, perquisites and other allowances as specified above under the points “A”, “B”, “C” shall be paid as minimum remuneration, notwithstanding that the above specified remuneration may be in excess of the limits specified in Section 197 of the Companies Act, 2013 and

Section II of Part-II of Schedule V to the Companies Act, 2013 or any amendments thereto.”

“RESOLVED FURTHER THAT Mr. M Ravi Kumar shall not be subject to retirement by rotation during his tenure as Whole-time Director of the company.”

8. To ratify & approve Zen Technologies Limited Employee Stock Option Plan-2021 (“ZEN ESOS 2021”/ “Scheme”) and grant of Employee Stock Options (ESOPs) under ZEN ESOS 2021.

To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

“RESOLVED THAT in furtherance of and supplement to the Special Resolution passed in the General Meeting of the Company held on 28th August 2021 and pursuant to the provisions of Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013 read with rules framed thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), and in accordance with the relevant provisions of the Memorandum and Articles of Association of the Company, Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and shall include any alteration(s), amendment(s), addition(s), deletion(s), modification(s), or variation(s) thereof (hereinafter referred to as “SBEBASE Regulations”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**“SEBI LODR Regulations”**) as amended from time to time, and in accordance with such other circulars rules, regulations and guidelines issued or that may be issued by SEBI and/or other appropriate authorities, from time to time, and further subject to such other approvals, permissions and sanctions as may be necessary, the scheme titled as **“Zen Technologies Limited Employee Stock Option Plan-2021”** (hereinafter referred to as the **“ZEN ESOS 2021”/ “Scheme”**) as approved by the members in the Annual General Meeting held on 28th August 2021 and further amended by the Board of Directors vide its resolution dated 06th September 2021, be and is hereby ratified and the consent of the members be and is hereby accorded, to authorise the Board of Directors of the Company [hereinafter referred to as the **“Board”**, which term shall be deemed to include the Nomination and Remuneration Committee which has been duly constituted by the Board and has been designated as the Compensation Committee pursuant to Regulation 5 of SBEBASE Regulations, to exercise its powers, including the powers conferred under this resolution (hereinafter referred as **“the NRC”**), to create, issue, offer, grant, allot and/or transfer from time to time, in one or more tranches upto 40,00,000 (Forty Lakhs) Employee Stock Options (**“ESOPs”**) exercisable into 40,00,000 (Forty Lakhs) Equity Shares of face value Re. 1/- (Rupee One) each to and for the benefit of eligible persons of the Company (including the present and future employees) whether the whole-time director or not, whether in India or abroad, (other than Promoters of the Company, Independent Directors and Directors holding directly or indirectly more

than 10% of the outstanding equity shares of the Company) and to the Employee(s) of any existing and future subsidiary company(ies) of the Company whether in or outside India and such other persons as may be decided by the Board from time to time be eligible under applicable law(s) (hereinafter referred to as **“Employees”**) under **ZEN ESOS 2021** through Zen Technologies Limited Employee Welfare Trust (hereinafter referred to as **“Trust”**) to be set-up by the Company, on such terms and in such manner including the price of ESOP as the Board may decide in accordance with the provisions of the law as may be prevailing at the relevant time.”

“RESOLVED FURTHER THAT subject to the terms and salient features of the scheme mentioned in the explanatory statement to this resolution, which are hereby approved by the Members, the consent of the members of the Company be and is hereby accorded to the Board (including the NRC or such other person(s) as may be authorised by the NRC), to administer, superintendent and implement the **ZEN ESOS 2021** in due compliance and in conformity with applicable laws in this regard.”

“RESOLVED FURTHER THAT the equity shares to be transferred on exercise of stock options shall be allocated to the Employees through Zen Technologies Limited Employees Welfare Trust (hereinafter referred to as **“Trust”**) set up by the Company in permissible manner for implementation and/or administration of **ZEN ESOS 2021** and in accordance with the provisions of applicable laws and the company and/or its subsidiary(ies) may provide monies/loan to the Trust from time to time, on such terms as it may think fit, to enable the Trust to subscribe and/or purchase the equity shares of the Company.”

“RESOLVED FURTHER THAT the Equity Shares to be allotted and issued by the Company in the manner aforesaid shall rank pari-passu in all respects with the then existing Equity Shares of the Company.”

“RESOLVED FURTHER THAT the Board be and is hereby authorized to take necessary steps for listing of equity shares allotted under **ZEN ESOS 2021** on BSE Limited and National Stock Exchange of India Limited or any other Stock Exchange where the securities of the Company are listed, as per SEBI (LODR) Regulations, 2015, SBEBASE Regulations and other applicable laws and regulations.”

“RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issues, bonus issues, changes in capital structure, merger and sale of division/undertaking or any other re-organisation, if any, additional equity shares are issued by the Company to the option grantees for the purpose of making a fair and reasonable adjustment to the employee stock options granted earlier, the ceiling of 40,00,000 ESOPs shall be deemed to be increased, to the extent of such additional equity shares issued and as may be determined by the Board without affecting any other rights or obligations of the said grantees.”

“RESOLVED FURTHER THAT in case the equity shares of the Company are either subdivided or consolidated, the number of equity shares to be transferred on the exercise of options granted and/or the price of acquisition per equity share payable by the Employees under **ZEN ESOS 2021** shall automatically stand increased or reduced, as the case may be, in the same proportion as the present face value of Re. 1/- (Rupee One) per equity share bears to the revised face value of the equity shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the Employees.”

“RESOLVED FURTHER THAT the number of ESOPs that may be granted to the identified Employees, in any financial year and in aggregate under the **ZEN ESOS 2021** shall be less than 1% of the issued equity share capital (excluding outstanding warrants and conversions) of the Company.”

“RESOLVED FURTHER THAT the Company shall conform to the accounting policies prescribed under Regulation 15 of the SBEBASE Regulations and any other applicable laws and regulations to the extent relevant and applicable in connection with the implementation of **ZEN ESOS 2021**.”

“RESOLVED FURTHER THAT the Board be and is hereby authorized to make, sign, execute, submit, acknowledge, endorse, applications, deeds, documents, papers, grant letters, intimations and such other documents as may be required and/or in its absolute discretion as it may deem necessary for notification, administration, superintendence and implementation of the **ZEN ESOS 2021** and to take such steps and do all such acts, deeds things and matters in this regard including but not limited appointment of Merchant Bankers, Solicitors, Registrars and other Advisors, Consultants or Representatives, filing of necessary forms and applications, intimations and disclosures with concerned authorities, Institutions for their requisite approvals as may be required under applicable laws from time to time without being required to seek any further consent or approval of the Members of the Company.”

“RESOLVED FURTHER THAT subject to compliance with applicable laws the Board be and is hereby authorized to modify, change, vary, alter, amend, suspend or terminate the **ZEN ESOS 2021** and also to settle any issues, questions, difficulties or doubts that may arise in this regard without being required to seek any further consent or approval of the members of the Company and to execute all such deeds, documents and writings and to give such directions and/or instructions as may be necessary or expedient to give effect to such modification, change, variation, alteration, amendment, suspension or termination of the **ZEN ESOS 2021** and to do things which may be incidental and/or ancillary thereof including to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary for such purpose.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of its powers conferred in the aforesaid resolutions for administration, implementation and superintendence of the **ZEN ESOS 2021** to Committee, Trust established in this regard and shall also be authorised to nominate and appoint one or more officers of the Company for carrying out any or all of the activities that the Board is authorised to do for the purpose of giving effect to these resolutions.”

“RESOLVED FURTHER THAT all actions taken by the Board in connection with the above and all incidental and ancillary things done are hereby specifically approved and ratified.”

9. To ratify & approve grant of Employee Stock Options to the Employees of Subsidiaries of the company under “Zen Technologies Limited Employee Stock Option Plan-2021”.

To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

“RESOLVED THAT in furtherance of and supplement to the Special Resolution passed in the General Meeting of the Company held on 28th August 2021 and pursuant to the provisions of Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013, read along with rules framed there under (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), and in accordance with the relevant provisions of the Memorandum and Articles of Association of the Company, Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and shall include any alteration(s), amendment(s), addition(s), deletion(s), modification(s), or variation(s) thereof (hereinafter referred to as **“SBEBASE Regulations”**), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**“SEBI LODR Regulations”**) as amended from time to time, and in accordance with and subject to such other circulars rules, regulations and guidelines issued or that may be issued by SEBI and/or other appropriate authorities, from time to time, and subject to such other approvals, permissions and sanctions as may be necessary, the approval of the members of the Company be and is hereby accorded to the **“Board”**, which term shall be deemed to include the Nomination and Remuneration Committee of Directors which has been duly constituted by the Board and has been designated as the Compensation Committee under Regulation 5 of SBEBASE Regulations and to exercise its powers, including the powers conferred by this resolution (hereinafter referred as **“the NRC”**) to extend the benefits of the **“Zen Technologies Limited Employee Stock Option Plan-2021”** (hereinafter referred to as the **“ZEN ESOS 2021”/ “Scheme”**) and to issue create, offer, grant, allot and/or transfer of such number of Employee Stock Options (**“ESOPs”**) to the eligible employees of the Subsidiary Company(ies) of the Company (including the present and future employees), in India or abroad, as may be solely decided by the Board and to such other persons

as may from time to time be eligible under applicable law(s) and as may be decided by the Board (hereinafter referred to as “**Subsidiary Employees**”) in one or more tranches within the overall ceiling of 40,00,000 (Forty Lakhs) Employee Stock Options (“**ESOPs**”), exercisable into 40,00,000 (Forty Lakhs) Equity Shares of face value Re.1/- (Rupee One) each prescribed under the scheme titled “**Zen Technologies Limited Employee Stock Option Plan-2021**” (hereinafter referred to as the “**ZEN ESOS 2021**”/ “**Scheme**” through Zen Technologies Limited Employee Welfare Trust (herein after referred to as “**Trust**”) to be set-up by the Company, on such terms and in such manner including price of ESOP as the Board may decide in accordance with the provisions of the law as may be prevailing at the relevant time.”

“**RESOLVED FURTHER THAT** subject to the terms stated herein, the equity shares allotted to subsidiary employees pursuant to **ZEN ESOS 2021** shall rank pari-passu and with the then existing equity shares of the Company, in all respects.”

“**RESOLVED FURTHER THAT** in case of any corporate action(s) such as rights issues, bonus issues, changes in capital structure, merger and sale of division/undertaking or any other re-organisation, if any, additional equity shares are issued by the Company to the option grantees for the purpose of making a fair and reasonable adjustment to the employee stock options granted earlier, the ceiling of 40,00,000 ESOPs shall be deemed to be increased, to the extent of such additional equity shares issued and as may be determined by the Board without affecting any other rights or obligations of the said grantees.”

“**RESOLVED FURTHER THAT** in case the equity shares of the Company are either sub-divided or consolidated, the number of equity shares to be transferred on exercise of Options granted and/or the price of acquisition per equity share payable by the Subsidiary Employees under **ZEN ESOS 2021** shall automatically stand increased or reduced, as the case may be, in the same proportion as the present face value of Re. 1/- (Rupee One) per equity share bears to the revised face value of the equity shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the Employees.”

“**RESOLVED FURTHER THAT** the Board be and is hereby authorized to take necessary steps for listing of equity shares issued and allotted under **ZEN ESOS 2021 to Subsidiary Employees** on BSE Limited and National Stock Exchange of India Limited or any other Stock Exchange where the securities of the Company may be listed, as per Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015, SBEBASE Regulations and other applicable laws and regulations.”

“**RESOLVED FURTHER THAT** the Company shall conform to the accounting policies prescribed under Regulation 15 of the SBEBASE Regulations and any other applicable laws and regulations to the extent relevant and applicable in connection

with extending the benefits of **ZEN ESOS 2021 to the Subsidiary Employees.**”

“**RESOLVED FURTHER THAT** the Board be and is hereby authorized to make, sign, execute, submit, acknowledge, endorse, applications to the appropriate authorities, deeds, documents, papers, grant letters, intimations and such other documents in its absolute discretion as it may deem necessary and required to take such steps and do all such acts, deeds things and matters in this regard including but not limited appointment of Merchant Bankers, Solicitors, Registrars and other Advisors, Consultants or Representatives, filing of necessary forms and applications, intimations and disclosures with concerned authorities as may be required to extend the benefits to the employees of the Subsidiaries in compliance with applicable laws from time to time without being required to seek any further consent or approval of the members of the Company and shall also be entitled to delegate all or any of its powers to any Committee, Trust established for implementing any of the notified schemes covered by these regulations, or to one or more officers of the Company and/ or to one or more sub-committees.”

“**RESOLVED FURTHER THAT** the Board be and is hereby authorised to execute all such deeds, documents, instruments and writings for giving effect to this resolution including filing of necessary documents, intimations including e-forms with regulatory authorities.”

10. To ratify & approve implementation of “Zen Technologies Limited Employee Stock Option Plan-2021” (hereinafter referred to as the “ZEN ESOS 2021”/ “Scheme”) through trust route.

To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

“**RESOLVED THAT** in furtherance of and supplement to the Special Resolution passed in the General Meeting of the Company held on 28th August 2021 and pursuant to the provisions of Sections 62(1)(b), 67(3)(b) and all other applicable provisions, if any, of the Companies Act, 2013 (the “Act”), read with Rules framed thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), relevant provisions of the Memorandum and Articles of Association of the Company, Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and shall include any alteration(s), amendment(s), addition(s), deletion(s), modification(s), or variation(s) thereof (hereinafter referred to as “**SBEBASE Regulations**”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI LODR Regulations**”) as amended from time to time, and in accordance with and subject to such other circulars rules, regulations and guidelines issued or that may be issued by SEBI and/or other appropriate authorities, from time to time, and subject to such other approvals, permissions and sanctions as may be necessary, the approval and consent of the members of the Company be and is hereby accorded

to the **“Board”**, which term shall be deemed to include the Nomination and Remuneration Committee of Directors which has been duly constituted by the Board and has been designated as the Compensation Committee pursuant to Regulation 5 of SBEBASE Regulations and to exercise its powers, including the powers conferred under this resolution (hereinafter referred as **“the NRC”**) to implement the **“Zen Technologies Limited Employee Stock Option Plan-2021”** (hereinafter referred to as the **“ZEN ESOS 2021”/ “Scheme”**) through Zen Technologies Limited Employees Welfare Trust (herein after referred to as **“Trust”**) to be set up as per the provisions of all applicable laws, including without limitation, Indian Trusts Act, 1882, as amended, the SBEBASE Regulations and the Companies Act, 2013 and the rules made thereunder and the Trust to acquire, purchase, hold and deal in fully paid-up equity shares of the Company for the purpose of implementation of the **ZEN ESOS 2021** or for any other purpose(s) as contemplated herein and in due compliance with the provisions of the applicable laws and regulations.”

“RESOLVED FURTHER THAT for the purpose of giving effect to the above Resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary or expedient and to settle any questions, difficulty or doubts that may arise in this regard without being required to secure any further consent or approval of the Members of the Company.”

“RESOLVED FURTHER THAT all actions taken by the Board in connection with the above and all incidental and ancillary things done are hereby specifically approved and ratified.”

11. To ratify & approve the acquisition of Equity Shares of the company through Secondary Acquisition for implementation of “Zen Technologies Limited Employee Stock Option Plan-2021” (“ZEN ESOS 2021”/ “Scheme”).

To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

“RESOLVED THAT in furtherance of and supplement to the Special Resolution passed in the General Meeting of the Company held on 28th August 2021 and pursuant to applicable provisions of Companies Act, 2013 (the Act) including any statutory modifications or re-enactment of the Act, for the time being in force and the provisions of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and shall include any alteration(s), amendment(s), addition(s), deletion(s), modification(s), or variation(s) thereof (hereinafter referred to as **“SBEBASE Regulations”**) and the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**“SEBI LODR Regulations”**) including any modifications or supplements thereto and subject to such approvals, consents, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or

imposed by such authorities while granting such approvals, consents, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as **“the Board”**), consent of the members of the Company be and is hereby accorded for acquisition/purchase of Equity Shares of the Company through secondary acquisition by the **Zen Technologies Limited Employees Welfare Trust (“Trust”)** for the purpose of implementation of the **ZEN ESOS 2021/ the Scheme**, provided the secondary acquisition by the Trust shall not exceed the limits as defined under **SBEBASE Regulations.**”

“RESOLVED FURTHER THAT in case of any corporate action(s) such as bonus issue, rights issue, stock splits or consolidations or other re-organisation, if any, where additional Equity Shares are required to be issued by the Company to the members, then the maximum number of Equity Shares to be acquired by the Trust through secondary acquisition from the secondary market in any financial year as well as the maximum number of Equity Shares acquired from the secondary market and held by the Trust at any point of time, as aforesaid, shall be increased in the same proportion as the number of such additional Equity Shares issued bears to the number of Equity Shares outstanding immediately prior to such issue.”

“RESOLVED FURTHER THAT in case the equity shares of the Company are either sub-divided or consolidated, the ceiling limit of secondary acquisition as defined under **SBEBASE Regulations**, shall automatically stand increased or reduced, as the case may be, in the same proportion as the present face value of Re. 1/- per equity share bears to the revised face value of the equity shares of the Company after such sub-division or consolidation.”

“RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorized to make applications to the appropriate Authorities, for their requisite approvals and to do all such acts, deeds, matters and things as may be necessary or expedient and to settle any questions, difficulty or doubts that may arise in this regard without being required to secure any further consent or approval of the Members of the Company.”

“RESOLVED FURTHER THAT all actions taken by the Board in connection with the above and all incidental and ancillary things done are hereby specifically approved and ratified.”

12. To ratify & approve provision of money to trust by the company for the Purchase of its own shares for implementation of Zen Technologies Limited Employee Stock Option Plan-2021.

To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

“RESOLVED THAT in furtherance of and supplement to the Special Resolution passed in the General Meeting of the Company held on 28th August 2021 and pursuant to the

provisions of Sections 62(1)(b), 67 and all other applicable provisions, if any, of the Companies Act, 2013 ('the Act'), read with rules framed there under (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), in accordance with the relevant provisions of the Memorandum and Articles of Association of the Company, Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and shall include any alteration(s), amendment(s), addition(s), deletion(s), modification(s), or variation(s) thereof (hereinafter referred to as "**SBEBASE Regulations**"), Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI LODR Regulations**") as amended from time to time, and in accordance with and subject to such other circulars rules, regulations and guidelines issued or that may be issued by SEBI and/or other appropriate authorities, from time to time, and subject to such other approvals, permissions and sanctions as may be necessary the approval of the members of the Company be and is hereby accorded to the "**Board**", which term shall be deemed to include the Nomination and Remuneration Committee of Directors which has been duly constituted by the Board and has been designated as the Compensation Committee pursuant to Regulation 5 of SBEBASE Regulations and to exercise its powers, including the powers conferred by this resolution (hereinafter referred to as "**the NRC**") to grant loan, to provide guarantee or security in connection with a loan granted or to be granted to Zen Technologies Limited Employee Welfare Trust (hereinafter referred to as "**Trust**") set-up or to be set-up by the Company, in one or more tranches, not exceeding 5% (Five per cent) of the aggregate of the Paid-up Share Capital and Free Reserves of the Company or such other limits as may be prescribed under Companies (Share Capital and Debentures) Rules, 2014, for the purpose of subscription and/or purchase of Equity Shares of the Company by the Trust/ Trustees, in one or more tranches, subject to the ceiling of Equity Shares ("Shares") as may be prescribed under Zen Technologies Limited Employee Stock Option Plan-2021 ("Scheme") or any other share based employee benefit plan which may be introduced by the Company from time to time ("Employee Benefit Scheme(s)"), with a view to deal in such Shares in line with contemplated objectives of the Scheme or for any other purpose(s) as permitted under and in due compliance with the provisions of the SBEBASE Regulations, Companies Act, 2013 and any other applicable laws and regulations."

"RESOLVED FURTHER THAT any loan provided by the Company shall be repayable to and recoverable by the Company from time to time during the term of the Scheme and/or Employee Benefit Schemes, as the case may be, to the extent of exercise price paid by the Employees upon exercise of the Options and the accruals of the Trust at the time of termination of the Scheme."

"RESOLVED FURTHER THAT the Trust shall not deal in derivatives and shall undertake transactions as permitted by SBEBASE Regulations."

"RESOLVED FURTHER THAT the Trustees of the Trust shall not vote in respect of the Shares held by such Trust."

"RESOLVED FURTHER THAT for the purposes of disclosures to the stock exchange, the shareholding of the Trust shall be shown as non-promoter and non-public shareholding."

"RESOLVED FURTHER THAT the Trustees of the Trust shall ensure compliance of the provisions of the SBEBASE Regulations, Companies Act, 2013 and all other applicable laws at all times in connection with dealing with the Shares of the Company including but not limited to maintenance of proper books of account, records and documents as prescribed."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to comply with the legal provisions and do all ancillary and consequential matters and to take such steps and to do such acts, deeds, matters and things as they may deem proper and give/send such notices, directions as may be necessary to give effect to the above resolution."

"RESOLVED FURTHER THAT all actions taken by the Board in connection with the above and all incidental and ancillary things done are hereby specifically approved and ratified."

13. To approve entering into transactions with Unistring Tech Solutions Private Limited (UTS) and authorize the Board to enter into agreement(s)/contract(s) with UTS

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Regulations 2(1)(zc), 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014 as amended from time to time ("Act") and the Company's policy on the related party transactions, approval of the members of the Company be and is hereby accorded to the Board of Directors or Committee of the Board of Directors (hereinafter referred to as the "Board") for entering into contract/arrangement/ transactions with Unistring Tech Solutions Private Limited (UTS), a related party for the purchase, sale or supply of products, materials, equipment(s), goods, availing or rendering of services, or any other transaction(s) for transfer of resources, services or obligations and other reimbursements or any other obligations including leasing of property on such terms and conditions as the Board may deem fit upto a maximum amount of ₹ 200 crores in each financial year commencing from FY 2022-23 onwards, provided that the said contract(s)/ arrangement(s)/ transaction(s) so carried out shall at all times be on arm's length basis and in the ordinary course of the company's business, notwithstanding that such transactions (including existing contracts / arrangements / transactions) may exceed 10% of the consolidated turnover

of the Company in any financial year or such other threshold limits as may be specified by the Act or Listing Regulations from time to time.”

“RESOLVED FURTHER THAT the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include Audit Committee of the Board) be and is hereby authorised to decide upon the nature and value of products, materials, equipment(s), goods or services to be transacted with UTS within the aforesaid limits and to sign, execute, alter and/or negotiate all such deeds, agreements, contracts, transactions, applications, documents, papers, forms and writings that may be required, for and on behalf of the Company and to do all such acts, deeds, matters and things as it may deem fit at its absolute discretion to give effect to this Resolution and for resolving all such issues, questions, difficulties or doubts whatsoever that may arise in this regard.”

“RESOLVED FURTHER THAT the Board, be and is hereby authorised to delegate all or any of the powers herein conferred, to any Director(s) or Chief Financial Officer, Company Secretary or any other Officer(s) / Authorised Representative(s) of the Company, to do all such acts and take such steps, as may be considered necessary or expedient, to give effect to the aforesaid resolution(s).”

“RESOLVED FURTHER THAT all actions taken by the Board or any person so authorized by the Board, in connection with any matter referred to or contemplated in any of the foregoing resolutions, be and are hereby approved, ratified and confirmed in all respects.”

14. Appointment of Mr. Kishore Dutt Atluri as the Joint Managing Director and fixing remuneration.

To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of section 160, 161 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder and pursuant to any other law for the time being in force, Mr. Kishore Dutt Atluri (DIN: 09691242) who was appointed as additional director of the Company on 01st August 2022 and who holds office till the date of this Annual General Meeting and whose candidature is proposed for directorship of the Company be and is hereby appointed as director liable to retire by rotation.”

“RESOLVED FURTHER THAT pursuant to Sections 196, 197, 198, 203 and all other applicable provisions of the Companies Act, 2013 and rules made thereunder, read with Schedule V to the said Act, Regulation 17(6) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and recommendation of the Nomination and Remuneration Committee, Mr. Kishore Dutt Atluri (DIN: 09691242) be and is hereby appointed as the Joint Managing Director of the Company for a period of Three (3) years from 01st August 2022 to 31st July 2025, whose office is liable to retire by rotation, on the terms and conditions and at a remuneration as set out in the statement herein below:

A. SALARY: ₹ 4,00,000/- (Rupees Four Lakh Only) per month.

B. HOUSING –

- i) Where accommodation in the company owned house is provided, he will pay 10% of his salary towards house rent;
- ii) Where hired accommodation is provided, the expenditure incurred on hiring furnished accommodation, including maintenance cost, to him will be borne by the company;
- iii) In case, the Company does not provide accommodation, house rent allowance shall be paid @ 40% of the salary and;
- iv) The expenditure incurred by the Company on gas, electricity, water and furnishing shall be evaluated as per the Income Tax Rules, subject to a ceiling of ten percent of the salary (10%).

C. INCENTIVE – @1% based on Net Sales of the Company for each financial year.

D. PERQUISITES: In addition to the above, he shall be entitled to the following perquisites classified into three categories I, II & III as follows:

Category – I

The following perquisites given in this Category will be allowed in addition to the salary and restricted to a maximum amount of ₹ 12,00,000/- (Rupees Twelve Lakhs only) per annum.

- a) Medical Reimbursement: Expenses incurred for self and family, subject to a ceiling of one month’s salary in a year or three month’s salary over a period of three years or as is provided by the companies’ group medical insurance policy.
- b) Leave Travel Concession: For self and family, once in a year incurred in accordance with the rules specified by the Company.
- c) Club Fee: Fee of clubs subject to maximum of two clubs. This will not include admission and life membership fees.
- d) Personal Accident Insurance: As per Company’s policy.

Category – II

- e) The Company’s contribution to provident fund, superannuation fund or annuity fund shall be in accordance with the rules and regulations of the Company. Such contribution will not be included in the computation of the ceiling on perquisites to the extent either singly or put together are not taxable under the Income Tax Act, 1961.
- f) Gratuity as per the Gratuity Act, 1972.

Category – III

- g) Car with driver for the purpose of Company’s business and the Company will provide all communication facilities

like Telephone / Internet / Mobiles / Fax at residence of Mr. Kishore Dutt Atluri and will pay the bills on actual basis. The Company will bill personal long distance calls on the telephone(s) and use of car for personal purposes. The provisions for car and telephone will not be considered as perquisites.

E. OTHER TERMS:

- h) One month's leave with full pay and allowance for every eleven months of service. Leave accumulated but not availed in the previous financial year will be carried forward to next financial year.
- i) Reimbursement of reasonable entertainment and other expenses actually and properly incurred in connection with the business of the Company.
- j) Mr. Kishore Dutt Atluri shall not, so long as he functions as the Joint Managing Director, be entitled to receive any fee for attending any meeting of the Board or Committee thereof.
- k) Notice period and other terms regarding cessation of employment shall be governed as per the rules of the company.

F. INCREMENT – During his tenure as Joint Managing Director, Mr. Kishore Dutt Atluri, be paid an annual increment not exceeding 15% of the salary and allowances which shall be subject to the company's policy and the approval of the Board of Directors of the Company.”

“RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to take such steps and do all such acts, deeds, matters and things as may be considered necessary, proper and expedient to give effect to this resolution.”

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to alter and vary the terms and conditions of appointment and /or remuneration including annual increments based on the performance appraisal, provided the same are not exceeding the limits specified under Section 197 and other applicable provisions of the Companies Act, 2013 read with Schedule V thereto.”

“RESOLVED FURTHER THAT the aggregate remuneration inclusive of salary and other benefits to Mr. Kishore Dutt Atluri shall always be within the overall ceiling laid down in Section

196, 197 and 203 and other applicable provisions of the Companies Act, 2013.”

“RESOLVED FURTHER THAT in the event of loss or inadequacy of profits, in any financial year during the tenure of Joint Managing Director, salary, perquisites and other allowances as specified above under the points “A” to “F” shall be paid as minimum remuneration, notwithstanding that the above specified remuneration may be in excess of the limits specified in Section 197 of the Companies Act, 2013 and Section II of Part-II of Schedule V to the Companies Act, 2013 or any amendments thereto.”

15. Payment of Commission to Non-Executive Directors of the Company for a period of five (5) years.

To consider and, if thought fit, to pass the following resolution as a **Special Resolution:**

“RESOLVED THAT in accordance with the provisions of Sections 197, 198 and all other applicable provisions of the Companies Act, 2013, read with Schedule V and the rules made thereunder and Regulation 17(6) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and based on the recommendation of Nomination and Remuneration Committee and the Board of Directors, the approval of the members of the Company be and is hereby accorded to pay remuneration by way of commission or otherwise to the Non-Executive Directors of the Company (i.e. Directors other than the Managing Director and Whole-Time Directors) for a period of five (5) years with effect from FY 2022-23, at an amount not exceeding 1% of the net profits of the Company during that Financial year or ₹ 10.00 Crore, subject to the condition that the payment of commission shall not exceed ₹ 10.00 Crore in any financial year and the said remuneration is in addition to sitting fees and reimbursement of expenses for attending the meetings of the Board of Directors or Committees thereof and the said remuneration be paid in such amount, proportion and manner as may be decided by the Board of Directors of the Company from time to time.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to take such steps and to do all other acts, deeds and things as may be necessary or desirable to give effect to this resolution.”

By Order of the Board
For **Zen Technologies Limited**

Hansraj Singh Rajput
Company Secretary
M. No. F11438

Place: Hyderabad
Date: 06th September 2022

Notes:

1. In compliance with the applicable provisions of the Companies Act, 2013 ("Act"), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and the Circulars issued by the Ministry of Corporate Affairs and the Securities and Exchange Board of India, the Annual General Meeting of the Company ("AGM") is being held through VC / OAVM without the physical presence of the Members at a common venue. The registered office of the Company shall be deemed to be the venue for the AGM.

2. The company has appointed KFin Technologies Limited, Registrars and Transfer Agents, to provide Video Conferencing facility for the e-AGM and the attendant enablers for conducting of the e-AGM.

3. A statement pursuant to Section 102(1) of the Act, relating to the Special Business to be transacted at the AGM is annexed hereto.

4. Generally, a member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. Since this AGM is being held through VC / OAVM pursuant to the MCA / SEBI Circulars, physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed hereto.

5. Since the AGM will be held through VC / OAVM, the route map of the venue of the Meeting is not annexed hereto.

6. Additional information, pursuant to Regulation 36 of SEBI Listing Regulations and the applicable secretarial standards, in respect of the directors seeking appointment / re-appointment at the AGM is annexed as **Annexure-A** to this Notice. The Directors have furnished consent / declaration for their appointment / re-appointment as required under the Companies Act, 2013 and the Rules thereunder.

7. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address to rao_ds7@yahoo.co.in with a copy marked to evoting@kfintech.com.

8. Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested

to write to the Company on or before Monday, 19th September 2022 through email on investors@zentechnologies.com. The same will be replied by the Company suitably.

DISPATCH OF ANNUAL REPORT THROUGH ELECTRONIC MODE:

9. Pursuant to MCA Circular No. 02/2022 dated May 5, 2022 read with Circular 02/2021 dated January 13, 2021, Circular No. 20/2020 dated May 5, 2020 and SEBI Circular No. SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022, Notice of the AGM along with the Annual Report 2021-22 is being sent only through electronic mode to those Members whose e-mail address is registered with the Company/Depository Participants. Members may note that the Notice and Annual Report 2021-22 will also be available on the Company's website www.zentechnologies.com, websites of the Stock Exchanges, that is, BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com, respectively, and on the website of Company's Registrar and Transfer Agent, KFin Technologies Limited ("KFinTech") at <https://evoting.kfintech.com>

10. For receiving all communication (including Annual Report) from the Company electronically:

- a. Members holding shares in physical mode and who have not registered / updated their email address with the Company are requested to register / update the same by writing to the Company with details of folio number and attaching a self-attested copy of PAN card at investors@zentechnologies.com or to KFinTech at inward.ris@kfintech.com.
- b. Members holding shares in dematerialised mode are requested to register / update their email addresses with the relevant Depository Participant.

11. KYC – Members are requested to complete their KYC as mentioned in SEBI circular no. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/655 dated November 3, 2021 as amended from time to time. Members may download KYC forms from the Company's website at <https://www.zentechnologies.com/investor-information>.

PROCEDURE FOR JOINING THE AGM THROUGH VC / OAVM:

12. The Company will provide VC / OAVM facility to its Members for participating at the AGM.

- a) Members will be able to attend the AGM through VC / OAVM or view the live webcast at <https://emeetings.kfintech.com> by using their e-voting login credentials.

Members are requested to follow the procedure given below:

- i. Launch internet browser (chrome/firefox/safari) by typing the URL: <https://emeetings.kfintech.com>
 - ii. Enter the login credentials (i.e., User ID and password for e-voting).
 - iii. After logging in, click on "Video Conference" option.
 - iv. Then click on camera icon appearing against AGM event of Zen Technologies Limited, to attend the Meeting.
- b) Members who do not have User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the procedure given in the E-voting instructions.
- c) Members who would like to express their views or ask questions during the AGM may register themselves by logging on to <https://emeetings.kfintech.com> and clicking on the 'Speaker Registration' option available on the screen after log in. The Speaker Registration will be open during **Friday, 23rd September 2022 to Tuesday, 27th September 2022**. Only those members who are registered will be allowed to express their views or ask questions. The Company reserves the right to restrict the number of questions and number of speakers, depending upon availability of time as appropriate for smooth conduct of the AGM.
- d) As per the MCA Circulars up to 1000 members will be able to join the e-AGM on a first-come-first-served basis. However, this restriction shall not apply to large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc.
- e) Facility to join the meeting shall be opened thirty minutes before the scheduled time of the AGM and shall be kept open throughout the proceedings of the AGM.
- f) Members are encouraged to join the Meeting through Laptops with Google Chrome for better experience.
- g) Further Members will be required to allow access to the Camera, if any, and are requested to use Internet with good speed to avoid any disturbance during the meeting.
- h) Please note that participants using Mobile Devices or Tablets or Laptops and are accessing the internet via "Mobile Hotspot" may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore

recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

- i) Members, who need assistance before or during the AGM, can contact KFinTech on emeetings@kfintech.com or call on toll free number 1800-4250-999. Kindly quote your name, DP ID-Client ID / Folio no. and E-voting Event Number in all your communications.

13. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote at the AGM.

14. Members attending the AGM through VC / OAVM shall be reckoned for the purpose of quorum under Section 103 of the Act.

15. Members of the Company under the category of Institutional Investors are encouraged to attend and vote at the AGM.

PROCEDURE FOR REMOTE E-VOTING AND E-VOTING AT THE AGM:

16. Pursuant to the provisions of Section 108 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, as amended, and Regulation 44 of SEBI Listing Regulations, the Company is providing to its members facility to exercise their right to vote on resolutions proposed to be passed at AGM by electronic means ("e-voting"). Members may cast their votes remotely, using an electronic voting system on the dates mentioned herein below ("remote e-voting").

The Company has engaged the services of KFinTech as the agency to provide e-voting facility.

The manner of voting remotely by members holding shares in dematerialized mode, physical mode and for members who have not registered their email addresses is provided in the instructions given below.

INFORMATION AND INSTRUCTIONS RELATING TO E-VOTING ARE AS UNDER:

a) In case of Physical Shareholders & Non-Individual Shareholders (Physical / Demat):

- i. Initial password is provided in the body of the e-mail.
- ii. Launch internet browser and type the URL: <https://evoting.kfintech.com> in the address bar.
- iii. Enter the login credentials i.e. User ID and password which is sent separately.

The e-voting event number + Folio No. or DP ID Client ID will be your User ID. However, if you are already registered

with KFinTech for e-voting, you can use your existing User ID and password for casting your vote. If required, please visit <https://evoting.kfintech.com> or contact toll free number 1-800-4250-999 for your existing password.

- iv. After entering the details appropriately, click on LOGIN.
- v. You will now reach password change menu wherein you are required to mandatorily change your password. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$,etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
- vi. You need to login again with the new credentials.
- vii. On successful login, the system will prompt you to select the EVENT. Select Zen Technologies Limited.
- viii. On the voting page, the number of shares (which represents the number of votes) held by you as on the cut-off date will appear. If you desire to cast all the votes assenting / dissenting to the resolution, enter all shares and click 'FOR'/'AGAINST' as the case may be or partially in 'FOR' and partially in 'AGAINST', but the total number in 'FOR' and / or 'AGAINST' taken together should not exceed your total shareholding as on the cut-off date. You may also choose the option 'ABSTAIN' and the shares held will not be counted under either head.
- ix. Shareholders holding multiple folios/demat accounts shall choose the voting process separately for each of the folios/demat accounts. Voting has to be done for each resolution of the notice of 29th AGM separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.
- x. Cast your votes by selecting an appropriate option and click on 'SUBMIT'. A confirmation box will be displayed. Click 'OK' to confirm else 'CANCEL' to modify. Once you confirm, you will not be allowed to modify your vote subsequently. During the voting period, you can log in multiple times till you are confirmed that you have voted on the resolution.
- xi. In case of any queries / grievances, you may refer the Frequently Asked Questions (FAQs) for Members and e-voting User Manual available at the 'download' section of <https://evoting.kfintech.com> or call KFinTech on 1-800-4250-999 (toll free).
- xii. Corporate/Institutional members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send

scanned certified true copy (pdf format) of the Board Resolution/Power of Attorney/Authority Letter, etc., together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at e-mail ID: rao_ds7@yahoo.co.in with a copy marked to evoting@kfintech.com and may also upload the same in the e-voting in their login. The scanned image of the above mentioned documents should be in the naming format "ZENTECHNOLOGIES_EVENT NO."

- xiii. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.
- xiv. To avoid fraudulent transaction(s), the identity / signature of the Members holding shares in electronic / demat form is verified with the specimen signatures furnished by NSDL/CDSL and members holding shares in physical form is verified as per the records of the R&T Agent of the Company. Members are requested to keep the same updated.
- xv. Any person who becomes a Member of the Company after sending the Notice of the meeting but on or before the cut-off date viz. Thursday, 22nd September 2022 may obtain the USER ID and Password in the manner as mentioned below or may write an email on Einward.ris@kfintech.com for obtaining support in this regard
 - A. If the mobile number of the Member is registered against Folio No. / DP ID Client ID, the Member may send SMS: MYEPWD <space> E-Voting Event number+Folio No. (in case of physical shareholders) or DP ID Client ID (in case of Dematted shareholders) to 9212993399.

Example for NSDL	MYEPWD <SPACE> IN12345612345678
Example for CDSL	MYEPWD <SPACE> 1402345612345678
Example for Physical	MYEPWD <SPACE> XXX1234567890
 - B. If e-mail address or mobile number of the Member is registered against Folio No./ DP ID Client ID, then on the home page of <https://evoting.kfintech.com>, the Member may click "forgot password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
 - C. Member may call KFinTech toll free number 1-800-4250-999 for all e-voting related matters.
 - D. Member may send an e-mail request to Einward.ris@kfintech.com for all e-voting related matters
 - E. Members are requested to note the following contact details for addressing e-voting grievances:

Mr V Raghunath, Deputy Manager at KFin Technologies Limited, Selenium Tower B, Plot Nos. 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad – 500032, India, Toll-free No.: 1-800-4250-999, email: evoting@kfintech.com

xvi. If the member is already registered with KFinTech e-voting platform, then he can use his existing User ID and password for casting the vote through remote e-voting.

xvii. The remote e-voting facility will be available during the following voting period:

Commencement of remote e-voting: 9:00 a.m. on **Saturday, 24th September 2022**

End of remote e-voting: 5:00 p.m. on **Wednesday, 28th September 2022**

xviii. The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled/blocked by Kfin upon expiry of aforesaid period. Once the vote on a resolution is cast by the Member(s), they shall not be allowed to change it subsequently or cast the vote again.

xix. Voting rights of a member / beneficial owner (in case of electronic shareholding) shall be in proportion to his share in the paid-up equity share capital of the Company as on the cut-off date, i.e., Thursday, 22nd September 2022.

xx. The Board of Directors of the Company has appointed Mr. D S Rao, Practicing Company Secretary, (M. No. 12394), as Scrutiniser to scrutinise the remote e-voting and Insta Poll process in a fair and transparent manner and he has communicated his willingness to be appointed and will be available for the said purpose.

b) In case of Individual Shareholders having shares in electronic /demat mode:

As per the SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in Demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

NSDL	CDSL
<p>1. User already registered for IDeAS facility: **</p> <p>I. URL: https://eservices.nsdl.com</p> <p>II. Click on the “Beneficial Owner” icon under ‘IDeAS’ section.</p> <p>III. On the new page, enter existing User ID and Password. Post successful authentication, click on “Access to e-Voting”</p> <p>IV. Click on company name or e-Voting service provider and you will be re-directed to e-Voting service provider website for casting the vote during the remote e-Voting period</p> <p>2. User not registered for IDeAS e-Services</p> <p>I. To register click on link : https://eservices.nsdl.com (Select “Register Online for IDeAS”)</p> <p>or https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</p> <p>II. Proceed with completing the required fields.</p> <p>** (Post registration is completed, follow the process as stated in point no.1 above)</p> <p>3. First time users can visit the e-Voting website directly and follow the process below:</p> <p>I. URL: https://www.evoting.nsdl.com/</p> <p>II. Click on the icon “Login” which is available under ‘Shareholder/ Member’ section.</p> <p>III. Enter User ID (i.e. 16-digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen.</p> <p>IV. Post successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page.</p> <p>V. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.</p>	<p>1. Existing user who have opted for Easi / Easiest **</p> <p>i. URL: https://web.cdslindia.com/myeasi/home/login</p> <p>or URL: www.cdslindia.com</p> <p>ii. Click on New System Myeasi</p> <p>iii. Login with user id and password.</p> <p>iv. Option will be made available to reach e-Voting page without any further authentication.</p> <p>v. Click on e-Voting service provider name to cast your vote.</p> <p>2. User not registered for Easi/Easiest</p> <p>I. Option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration</p> <p>II. Proceed with completing the required fields.</p> <p>** (Post registration is completed, follow the process as stated in point no.1 above)</p> <p>3. First time users can visit the e-Voting website directly and follow the process below:</p> <p>I. URL: www.cdslindia.com</p> <p>II. Provide demat Account Number and PAN No.</p> <p>III. System will authenticate user by sending OTP on registered Mobile & Email as recorded in the demat Account.</p> <p>IV. After successful authentication, user will be provided links for the respective ESP where the e- Voting is in progress.</p> <p>V. Click on company name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.</p>

c) Individual Shareholders (holding securities in demat mode) login through their depository participants.

You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Once login, you will be able to see e-Voting option. Click on e-Voting option and you will be redirected to NSDL/CDSL Depository site after successful authentication. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.

Important note:

Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at above mentioned website.

Members facing any technical issue - NSDL	Members facing any technical issue - CDSL
Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 22-23058542-43.

17. The members who have cast their vote(s) by remote e-voting may also attend the Meeting but shall not be entitled to cast their vote(s) again at the Meeting. Once the vote on a resolution is cast by a member, whether partially or otherwise, the member shall not be allowed to change it subsequently or cast the vote again.

18. A member can opt for only single mode of voting per EVEN, i.e., through remote e-voting or voting at the Meeting (Insta Poll). If a member casts vote(s) by both modes, then voting done through remote e-voting shall prevail and vote(s) cast at the Meeting shall be treated as "INVALID".

19. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date, i.e., Thursday, 22nd September 2022 only shall be entitled to avail the facility of remote e-voting or for participation at the AGM and voting through Insta Poll. A person, who is not a member as on the cut-off date, should treat the Notice for information purpose only.

20. The Company has opted to provide the same electronic voting system at the Meeting, as used during remote e-voting, and the said facility shall be operational till all the resolutions proposed in the Notice are considered and voted upon at the Meeting and may be used for voting only by the members holding shares as on the cut-off date who are attending the Meeting and who have not already cast their vote(s) through remote e-voting.

21. Information and instructions for Insta Poll:

Facility to cast vote through Insta Poll will be made available on the Video Conferencing screen and will be activated once the Insta Poll is announced at the Meeting.

a) Only those members/shareholders who hold shares as on the cut-off date viz. Thursday, 22nd September 2022 and who have not casted their vote earlier through remote e-voting are eligible to vote through e-voting during the e-AGM.

b) Members who have voted through remote e-voting will be eligible to attend the e-AGM.

c) Upon declaration by the Chairperson about the commencement of e-voting at e-AGM, Members shall click on the "Vote" sign on the left-hand bottom corner of their video screen for voting at the e-AGM, which will take them to the 'Instapoll' page.

d) Members to click on the "Instapoll" icon to reach the resolution page and follow the instructions to vote on the resolutions.

e) The electronic voting system for e-voting at AGM, as provided by KFinTech, shall be available for 30 minutes from the time of commencement of voting declared by the Chairman at the AGM.

f) The Scrutiniser will, after the conclusion of e-voting at the Meeting, scrutinise the votes cast at the Meeting (Insta Poll) and votes cast through remote e-voting, make a consolidated Scrutiniser's Report and submit the same to the Chairman. The result of e-voting will be declared within two working days of the conclusion of the Meeting and the same, along with the consolidated Scrutiniser's Report, will be placed on the website of the Company: www.zentechnologies.com and on the website of KFinTech at: <https://evoting.kfintech.com>. The result will simultaneously be communicated to the stock exchanges. The results shall also be displayed on the Notice Board at the Registered Office of the company.

g) Subject to receipt of requisite number of votes, the Resolutions proposed in the Notice shall be deemed to be passed on the date of the Meeting, i.e., Thursday, 29th September 2022.

PROCEDURE FOR INSPECTION OF DOCUMENTS:

22. Members who wish to inspect, the Register of Directors and Key Managerial Personnel and their shareholding

maintained under section 170 of Companies Act, 2013 and Register of Contracts or arrangements in which directors are interested maintained under section 189 of the Companies Act, 2013, can send an email to cosec@zentechnologies.com.

IEPF RELATED INFORMATION:

23. The Company has transferred the unpaid or unclaimed dividends declared up to financial years 2013-14, from time to time, to the Investor Education and Protection Fund ("IEPF") established by the Central Government. Details of dividends so far transferred to the IEPF Authority are available on the website of IEPF Authority and the same can be accessed through the link: www.iepf.gov.in

24. The unclaimed equity dividend for the year ended 31st March 2015 will be transferred on 01st November, 2022 to the 'Investor Education and Protection Fund (IEPF)' on expiry of 7 years from the date of transfer to the Unpaid Dividend Account, pursuant to Section 124 of the Companies Act, 2013. Members who have not encashed their Dividend Warrants for the said financial year or subsequent year(s) are requested to send the same to the Company or its Registrars and Share Transfer Agents for issue of fresh demand drafts.

25. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts (till date of last Annual General Meeting) on the website of the Company at <https://www.zentechnologies.com/unpaid-unclaimed-dividend>.

26. As per the provisions of Section 124(6) of the Act read with Rule 6 of 'Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Amended Rules, 2017' ('the Rules'), as amended, all shares, in respect of which dividend has not been paid or claimed for seven consecutive years or more (relevant shares), will be transferred by the Company to IEPF along with statement containing such details as directed by Ministry of Corporate Affairs from time to time.

Adhering to the various requirements set out in the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, the Company has, during financial year 2021-22, transferred to the IEPF Authority all shares in respect of which dividend had remained unpaid or unclaimed for seven consecutive years or more as on the due date of transfer, i.e., November 03, 2021. Details of shares so far transferred to the IEPF Authority are available on the website of the IEPF Authority and can be accessed through the link: www.iepf.gov.in.

Members may note that shares as well as unclaimed dividends transferred to IEPF Authority can be claimed back from the IEPF Authority.

The concerned members/investors are advised to visit the weblink of the IEPF Authority <http://iepf.gov.in/IEPF/refund.html>, or contact KFinTech, for detailed procedure to lodge the claim with the IEPF Authority.

DIVIDEND RELATED INFORMATION:

27. The Company has fixed Thursday, 22nd September 2022 as the 'Record Date' for the purpose of AGM and for determining entitlement of Members to dividend for the financial year ended March 31, 2022.

28. The dividend for the year ended 31 March 2022 as recommended by the Board, i.e. 10% @ Re. 0.10/- (Ten paise only) per equity share of Re. 1/- each, if declared at the meeting, will be paid to those members whose names appear in the Company's register of members as on the Record Date. In respect of the shares held in dematerialised mode, to the Members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on that date. The dividend on equity shares, if declared at the meeting, will be credited / dispatched within 30 days from the date of this meeting.

29. Payment of dividend shall be made through electronic mode to the Shareholders who have updated their bank account details. Dividend warrants / demand drafts / cheque will be despatched to the registered address of the shareholders who have not updated their bank account details.

30. Members holding shares in physical form are requested to notify/send any change in their address and bank account details to Registrar and Share Transfer Agents, KFinTech or the Company. Members whose shareholding is in electronic mode are requested to direct change of address notifications and updates of bank account details / PAN to their respective depository participant(s). Members are encouraged to utilize Electronic Clearing System (ECS) for receiving dividends.

31. Members are requested to address all correspondence, including on dividends, to the Registrar and Share Transfer Agents, KFinTech, Unit : Zen Technologies Limited, Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad 500 032.

32. Pursuant to the amendments introduced by the Finance Act, 2020, dividends paid or distributed by a Company on or after April 1, 2020 shall be taxable in the hands of the shareholders. The Company shall therefore be required to withhold taxes at the prescribed rates on the dividend paid to its shareholders w.e.f. 1st April 2020. No tax will be deducted on payment of dividend to the resident individual shareholders if the total dividend paid does not exceed ₹ 5,000/-

The withholding tax rate would vary depending on the residential status of the shareholder and documents registered with the Company.

A. Resident Shareholders:

A.1 Tax Deductible at Source for Resident Shareholders:

S. No	Particulars	Withholding Tax Rate	Documents required (if any)
1.	Valid PAN updated in the Company's Register of Members	10%	No document required (if no exemption is sought)
2.	No PAN/Valid PAN not updated in the Company's Register of Members	20%	No document required (if no exemption is sought)
3.	Availability of lower/nil tax deduction certificate issued by Income Tax Department u/s 197 of Income Tax Act, 1961	Rate specified in the certificate	Lower tax deduction certificate obtained from Income Tax Authority

A.2 No Tax Deductible at Source on dividend payment to resident shareholders if the Shareholders submit and register following documents as mentioned in column no.4 of the below table with the Company / KFinTech:

S. No (1)	Particulars (2)	Withholding Tax Rate (3)	Documents required (if any) (4)
1.	Submission of form 15G/15H	NIL	Declaration in Form No. 15G (applicable to any person other than a company or a firm) / Form 15H (applicable to an Individual who is 60 years and above), fulfilling certain conditions.
2.	Shareholders to whom section 194 of the Income Tax, 1961 does not apply such as LIC, GIC, etc.	NIL	Documentary evidence that the said provisions are not applicable.
3.	Shareholder covered u/s 196 of Income Tax Act, 1961 such as Government, RBI, corporations established by Central Act & mutual funds.	NIL	Documentary evidence for coverage u/s 196 of Income Tax Act, 1961
4.	Category I and II Alternative Investment Fund	NIL	SEBI registration certificate to claim benefit under section 197A (1F) of Income Tax Act, 1961
5.	<ul style="list-style-type: none">Recognised provident fundsApproved superannuation fundApproved gratuity fund	NIL	Necessary documentary evidence as per Circular No. 18/2017 issued by Central Board of Direct Taxes (CBDT)
6.	National Pension Scheme	NIL	No TDS as per section 197A (1E) of Income Tax Act, 1961

B. Non-Resident Shareholders:

Withholding tax on dividend payment to non-resident shareholders if the non-resident shareholders submit and register following document as mentioned in column no.4 of the below table with the Company / KFinTech:

S. No (1)	Particulars (2)	Withholding Tax Rate (3)	Documents required (if any) (4)
1.	Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs)	20% (plus applicable surcharge and cess)	FPI registration number / certificate.
2.	Other Non-resident shareholders	20% (plus applicable surcharge and cess) or tax treaty rate whichever is beneficial	To avail beneficial rate of tax treaty following tax documents would be required: <ol style="list-style-type: none">Tax Residency certificate issued by revenue authority of country of residence of shareholder for the year in which dividend is receivedPANForm 10F filled & duly signedSelf-declaration for non-existence of permanent establishment/ fixed base in India (Note: Application of beneficial Tax Treaty Rate shall depend upon the completeness of the documents submitted by the Non-Resident shareholder and review to the satisfaction of the Company)

3.	Indian Branch of a Foreign Bank	NIL	Lower tax deduction certificate u/s 195(3) obtained from Income Tax Authority Self-declaration confirming that the income is received on its own account and not on behalf of the Foreign Bank
4.	Availability of Lower/NIL tax deduction certificate issued by Income Tax Department u/s 197 of Income Tax Act, 1961	Rate specified in certificate	Lower tax deduction certificate obtained from Income Tax Authority

Notes:

- i. The Company will issue soft copy of the TDS certificate to its shareholders through email registered with the Company / KFinTech post payment of the dividend. Shareholders will also be able to download the TDS certificate from the Income Tax Department's website <https://incometaxindiaefiling.gov.in> (refer to Form 26AS).
- ii. The aforesaid documents such as Form 15G/ 15H, documents under section 196, 197A, FPI Registration Certificate, Tax Residency Certificate, Lower Tax certificate etc. can be sent to the email ID of the company at investors@zentechnologies.com or to the KFinTech at einward.ris@kfintech.com on or before Saturday, 17th September 2022 to enable the Company to determine the appropriate TDS / withholding tax rate applicable. Any communication on the tax determination/deduction received post such date shall not be considered.
- iii. Application of TDS rate is subject to necessary verification by the Company of the shareholder details as available in Register of Members as on the Record Date, and other documents available with the Company / KFinTech.
- iv. In case TDS is deducted at a higher rate, an option is still available with the shareholder to file the return of income and claim an appropriate refund.
- v. In the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided by the Member/s, such Member/s will be responsible to indemnify the Company and also, provide the Company with all information / documents and co-operation in any appellate proceedings.
- vi. This Communication is not exhaustive and does not purport to be a complete analysis or listing of all potential tax consequences in the matter of dividend payment. Shareholders should consult their tax advisors for requisite action to be taken by them.

OTHER INFORMATION:

33. Securities and Exchange Board of India ("SEBI") has mandated that securities of listed companies can be transferred only in dematerialised form w.e.f. April 1, 2019. Accordingly, the Company / KFinTech have stopped accepting any fresh lodgement of transfer of shares in physical form. Members holding shares in physical form are advised to avail of the facility of dematerialisation.

34. Members holding shares in physical mode are:

- a. required to submit their Permanent Account Number (PAN) and bank account details to the Company / KFinTech, if not registered with the Company / KFinTech, as mandated by SEBI by writing to the Company at investors@zentechnologies.com or to KFinTech at einward.ris@kfintech.com along with the details of folio no., self-attested copy of PAN card, bank details (Bank account number, Bank and Branch Name and address, IFSC, MICR details) and cancelled cheque.
- b. advised to register nomination in respect of their shareholding in the Company.

35. Members holding shares in electronic mode are:

- a. requested to submit their PAN and bank account details to their respective Depository Participants ("DPs") with whom they are maintaining their demat accounts.
- b. advised to contact their respective DPs for registering nomination.

36. Non-Resident Indian members are requested to inform KFinTech / respective DPs, immediately of:

- a. Change in their residential status on return to India for permanent settlement.
- b. Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.

Annexure to Notice

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 read with the Rules made thereunder.

Item No. 5:

Appointment of Branch Auditors

In line with its global aspirations, the Company has undertaken /would undertake projects/establishments in and outside India for setting up manufacturing facilities, demo centers, and offices as branch offices of the Company. Whilst generally and to the extent possible, the Company would appoint its auditors for the said branch offices, in some cases/jurisdictions it may not be possible/practical to appoint them and the Company would be required to appoint an accountant or any other person duly qualified to act as an auditor of the accounts of the said branch offices in accordance with the laws of that country. To enable the Directors to appoint Branch Auditors for the purpose of auditing the accounts of the Company's Branch Offices outside India (whether now existing or as may be established), necessary authorization of the Members is being obtained in accordance with the provisions of Section 143 of the Act, in terms of the Resolution at Item No. 5 of the accompanying Notice.

The Board recommends the Ordinary Resolution set out at Item No. 5 of the accompanying Notice for approval by the Members.

None of the Directors, Key Managerial Personnel or their relatives are, in any way, concerned or interested, financially or otherwise, in the said Resolution.

Item No. 6:

Re-appointment of Dr. Ajay Kumar Singh (DIN: 08532830) as an Independent Director of the Company for the second term

Based on recommendation of the NRC, the Board re-appointed Dr. Ajay Kumar Singh (DIN: 08532830) as an Independent Director, not liable to retire by rotation, for the second consecutive term of three years, i.e., from 02nd November 2022 to 01st November 2025 (both days inclusive), subject to approval of the Members.

Dr. Singh has given his declaration to the Board, inter alia, that (i) he meets the criteria of independence as provided under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations, (ii) is not restrained from acting as a Director by virtue of any Order passed by SEBI or any such authority and (iii) is eligible to be appointed as a Director in terms of Section 164 of the Act. He has also given his consent to act as a Director.

In the opinion of the Board, Dr. Singh is a person of integrity, possesses relevant expertise/experience and fulfills the conditions specified in the Act and the SEBI Listing Regulations for re-appointment as an Independent Director

and he is independent of the management. The profile and specific areas of expertise and other details of Dr. Singh is provided in 'Annexure-A' to this Notice.

Given his experience, the Board considers it desirable and in the interest of the Company to have Dr. Singh on the Board of the Company and accordingly the Board recommends the appointment of Dr. Singh as an Independent Director as proposed in the Resolution set out at Item No. 6 for approval by the Members.

The terms and conditions of appointment of the independent directors of the company is open for inspection by the Members in electronic form 21 days before the Annual General Meeting and can be viewed on the Company's website at <https://www.zentechnologies.com/investor-information>.

Except for Dr. Singh and/or his relatives, no other Director, Key Managerial Personnel or their respective relatives are, in any way, concerned or interested, financially or otherwise, in the said Resolution.

Item No. 7:

Re-appointment of Mr. M Ravi Kumar as Whole-time Director and fixing remuneration

Mr. M Ravi Kumar, who is 61 years old and has been on the Board of the Company since incorporation, is key and instrumental in developing the technology and products of the Company. He is basically adept in systems programming, Systems Integration, robotics and main guiding force behind the progress of Zen Technologies Limited. He worked in Bureau of Data Processing Services (BDPS) (1979-85), Nova Computers Private Limited (1986-90). He also served for the Institute of Engineers as a director. He is actively involved in the design and development of the present range of simulators for the company in his role as Head, R&D Division. He is the person behind the successful development of Zen-SATS and currently administers the development of Zen TacSim® among other projects. His vision, foresightedness and planning have always been giving a good path to the Company in its new ventures.

As the term of Mr. M Ravi Kumar as the whole-time director would end on 28th June 2022 the Board opined that his services should continue to be available to the Company to achieve still greater heights, by reappointing him as whole time Director, for a period of three years w.e.f 29th June 2022. The Board of Directors at their meeting held on 07th May 2022 has reappointed Mr. M Ravi Kumar as a Whole Time Director of the Company based on the recommendations of Nomination and Remuneration Committee subject to the approval of shareholders. The said appointment and

remuneration are within the stipulations of Section 196, 197, 198, 203 and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Schedule V and other applicable provisions, if any, of the Companies Act, 2013 as amended from time to time. In the previous year, he was paid ₹ 53.59 Lakhs as remuneration and taking into consideration the duties and responsibilities of the whole time Director, the prevailing managerial remuneration in industry and on the recommendation of the Nomination and Remuneration Committee, the Board at their meeting held on 07th May 2022, approved the remuneration, terms and conditions of the re-appointment of Mr. M Ravi Kumar, subject to approval of the shareholders. Mr. M Ravi Kumar satisfies all the conditions set out in Part-I of Schedule V to the Act as also conditions set out under Section 196(3) of the Act for being eligible for re-appointment.

Notwithstanding anything contained contrary to herein, above in case, in any financial year during the tenure of Mr. M Ravi Kumar, the Company has either no profits or its profits are inadequate, the remuneration as specified in the resolution will be paid as minimum remuneration to Mr. M Ravi Kumar.

Mr M Ravi Kumar holds 7,90,000 equity shares individually. He has attended 6 (six) out of the seven (7) Board meetings held during the FY 2021-2022. He is a Director on the Board of Zen Medical Technologies Private Limited, Wholly-Owned Subsidiary. He does not have Directorships in any other company. He is the member of Corporate Social Responsibility Committee and Risk Management Committee. Other details of Mr. M Ravi Kumar are provided in the 'Annexure-A' to the Notice.

As required by the Companies Act, 2013, approval of the members is being sought, for the re-appointment and remuneration of Mr. M Ravi Kumar, Whole Time Director, of the company.

Except for Mr. M Ravi Kumar being the appointee, none of the other Directors, Key Managerial Personnel of the Company and their relatives is concerned or interested in the Resolution.

The Board commends the Resolution set out at Item No. 7 of the notice for approval by the members.

STATEMENT OF INFORMATION PURSUANT TO SCHEDULE V, PART- II OF THE COMPANIES ACT, 2013

I. General Information:

- (1) Nature of industry: Manufacturing of Training Simulators and allied products including drone and anti drone solutions.
- (2) Date of commencement of commercial production: The Company is incorporated on 29th June 1993 and started commercial production in the same year.
- (3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not Applicable
- (4) Financial performance based on given indicators:

Financial performance	2019-20	2020-21	2021-22
Turnover (₹ in lakhs)	14,698.00	4,957.03	5,370.53
Net profit /(loss) as per profit and loss account (₹ in lakhs)	6,052.60	419.20	204.74
Amount of dividend paid (excluding dividend tax) (₹ in lakhs)	231.48	318.04	79.51
Rate of dividend declared	30%	40%	10%

- (5) Foreign investments or collaborators, if any: For details in relation to foreign investment in the Company, refer to the shareholding pattern of the Company available on the website of the Company & that of the Stock Exchanges on which the Shares of the Company are listed.

development of the present range of Simulators for the company in his role as Head, R&D Division.

(2) Past remuneration: ₹ 53.59 lakhs per annum

(3) Recognition or awards: NIL

(4) Job profile and suitability:

Mr. M Ravi Kumar is one of the first directors of the Company and has been Whole Time Director since incorporation and has played an important role in the growth of Zen Technologies Limited. He has over 30 years of experience in defence Industry.

II. Information About the Appointee:

(1) Background details:

Mr. M Ravi Kumar, aged 61 years is a Diploma holder in Computer Applications. He worked in Bureau of Data Processing Services (BDPS), Nova Computers Private Limited and as Systems Director at the Institute of Engineers. He is an adept in Systems Programming, Systems Integration and Robotics. He is actively involved in the design and

(5) Remuneration proposed:

As set out in the resolution for the item No. 7 of the Notice, the remuneration was recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.

(6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)

Taking into consideration of the size of the Company, the profile of Mr. M Ravi Kumar and the responsibilities shouldered on him, the aforesaid remuneration package is commensurate with the remuneration package paid to managerial position in other companies.

(7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any:

Mr. M Ravi Kumar is holding 7,90,000 equity shares of the Company. He's not related to any of the director or key managerial personnel of the company.

III. Other Information:

(1) Reasons of loss or inadequate profits: Nil.

(2) Steps taken or proposed to be taken for improvement:

Delay in orders from the Govt. is the main cause of the low performance. We expect that orders will materialize during the current year. Additionally, the company is focusing on developing the export market to ensure continuous flow of orders.

(3) Expected increase in productivity and profits in measurable terms

It is difficult to forecast the productivity and profitability in measurable terms. However, the Company expects that productivity and profitability may improve and would be comparable with the industry average.

IV. Disclosures:

All elements of remuneration package of the Directors have been given in the Report on Corporate Governance under the head Remuneration paid to Directors for the Financial Year 2021-2022.

Item Nos. 8 to 11:

Members are hereby informed that in view of the notification of Securities And Exchange Board Of India (Share Based Employee Benefits And Sweat Equity) Regulations, 2021 (hereinafter referred as "**SBEBASE Regulations**"), w.e.f 13th August 2021 in supersession of SEBI (Share Based Employee Benefits) Regulations, 2014, the resolutions(s) passed by the board of directors of the company in their meeting held on 24th July 2021 and by the shareholders of the company in their annual general meeting held on 28th August 2021, inter-

alia to approve the Zen Technologies Limited Employee Stock Option Plan-2021 ("ZEN ESOS 2021"/ "Scheme") and to approve the grant of 40,00,000 (forty lakhs) employee stock options exercisable into 40,00,000 (forty lakhs) equity shares of face value Re. 1/- (rupee one) each under the said scheme, to and for the benefit of eligible persons of the company (including the present and future employees) is now being ratified in this forthcoming annual general meeting of the shareholders in consultation with and as per the advise of the regulatory authority(ies).

Employee Stock Option Scheme is an effective instrument in promoting the culture of employee ownership, creating long term wealth in their hands which also helps the Company to attract and motivate the best available talent in the competitive environment.

The Company is proposing to issue employee stock option under the Zen Technologies Limited Employee Stock Option Plan-2021 to motivate employees, who are consistently performing well, associated with the Company for a longer period, to provide ownership in the Company and to give them opportunity to participate and gain from the Company's performance, thereby, acting as a retention tool as well as to align the efforts of such talent towards long term value creation in the organization and to attract new talent.

With the above objective, the Board of Directors of the Company proposed "Zen Technologies Limited Employee Stock Option Plan-2021" ("**ZEN ESOS 2021**"/ "**Scheme**") to be implemented for the benefit of the Employees. The Scheme has been formulated in accordance with the SBEBASE Regulations. The terms and broad framework of the Scheme has been approved by the Board of Directors of the Company at their meeting held on July 24th 2021 and further amended in view of notification of SBEBASE Regulations at their meeting held on 06th September 2021.

The Board seeks approval of the shareholders in respect of the **ZEN ESOS 2021** and for grant of Stock Options to the eligible employees/ Directors of the Company and that of its subsidiaries, as may be decided by Board/NRC from time to time in due compliance with Companies, Act, 2013 (including rules framed thereunder), the SBEBASE Regulations and other applicable laws and regulations.

The salient features, relevant disclosures and details of the Scheme are as follows:

a. Brief Description of the Scheme:

The Zen Technologies Limited Employee Stock Option Plan-2021 provides for grant of Employee Stock Options (ESOPs) to the eligible persons of the Company (including the present and future employees) a whether whole-time director or not, whether in India or abroad, (other than Promoters of the Company, Independent Directors and Directors holding directly or indirectly more than 10% of the outstanding equity shares of the Company) and to the Employee(s) of any

existing and future subsidiary company(ies) of the Company and such other persons as may from time to time be eligible under applicable law(s) and as may be decided solely by the Board (“the Board” which term shall be deemed to include the Nomination and Remuneration Committee of Directors which has been duly constituted by the Board and has been designated as the Compensation Committee pursuant to Regulation 5 of SBEBASE Regulations.)

- To motivate the Employees to contribute to the growth and profitability of the Company.
- To retain the Employees and reduce the attrition rate of the Company.
- To achieve sustained growth and the creation of Shareholder value by aligning the interests of the Employees with the long term interests of the Company.
- To create a sense of ownership and participation amongst the Employees to share the value they create for the Company in the years to come, and
- To provide additional deferred rewards to Employees.

The maximum number of Equity Shares to be issued and allotted under the **ZEN ESOS 2021** shall be limited to 40,00,000 (Forty Lakhs).

The Nomination and Remuneration Committee of the Board of Directors (“Committee”) shall act as Compensation Committee for the administration and superintendence of **ZEN ESOS 2021**. All questions on the interpretation of the **ZEN ESOS 2021** shall be determined by the Committee and such determination shall be final and binding upon all persons having an interest in **ZEN ESOS 2021**. ZEN ESOS 2021 shall be implemented through Trust Route.

b. Total number of options to be granted

The total number of employee stock options to be granted under **ZEN ESOS 2021** shall not exceed 40,00,000 (Forty Lakhs) options in one or more tranches, from time to time, exercisable into the equal number of Equity Shares of the Company.

Pursuant to SBEBASE Regulations, in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division, and others, a fair and reasonable adjustment needs to be made to the Options granted. Accordingly, subject to applicable law, in case of any corporate action(s) such as rights issues, bonus issues, merger, sale of division or other reorganisation of capital structure of the Company, as the case may be, the number of Stock Options and / or the Equity Shares to be allotted upon exercise of Options shall be reasonably adjusted as per the provisions of the Scheme and in case of subdivision or consolidation of shares then the number of shares and the exercise price shall automatically stand augmented or reduced, as the case may be, in the

same proportion as the present face value of Re.1/- per Equity Share bears to the revised face value of the Equity Shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the eligible employees who have been granted Stock Options under the Scheme.

Vested Options lapsed due to non-exercise and/or unvested Options that get cancelled due to resignation/termination of the employees or otherwise, Stock Options not vested due to non-fulfilment of the vesting conditions, Stock Options which the grantees expressly refuse to exercise, would be available for being re-granted at a future date. The Board/Committee is authorised to re-grant such lapsed/cancelled options as per the provisions of **ZEN ESOS 2021**.

c. Identification of classes of employees entitled to participate in ESOS

Following classes of employees shall be eligible to participate in the Scheme:

- i. Permanent employees of the Company working with the Company or on deputation with any other company in India or out of India;
- ii. Director of the Company, whether a Whole Time Director or not; and
- iii. Permanent employees and Directors of the Subsidiaries of the Company, working with the respective subsidiary or on deputation with any other company.

Following persons are not entitled to participate in the Scheme:

- i. an employee who is a promoter or a person belonging to the promoter group; or
- ii. a Director who either himself/herself or through his relative or through anybody corporate, directly or indirectly, holds more than 10% (ten percent) of the outstanding Equity Shares of the Company; and
- iii. An Independent Director within the meaning of the Companies Act, 2013.

The identification and eligibility of the employees for the scheme shall be determined by the Nomination & Remuneration Committee based on the eligibility criteria as may be determined by the Board in compliance with the applicable laws.

d. Requirements of vesting, period of vesting and maximum period within which the Options shall be vested

The Options granted shall vest in accordance with the terms of each grant under the ZEN ESOS 2021, so long as an employee continues to be in the employment of the Company or the subsidiary company, if any, as the case may

be. The Committee may, at its discretion, lay down certain performance metrics on the achievement of which such Options would vest, the detailed terms and conditions relating to such performance-based vesting.

As per requirements of the SBEBASE Regulations, the gap between the date of grant and first date of vesting of options shall be minimum of 1 (One) year and it may extend upto maximum of 5 (five) years from the grant date, at the discretion of and in the manner prescribed by the Committee.

Subject to minimum vesting period, the vesting dates/vesting schedule in respect of the options granted under the ZEN ESOS 2021 shall be determined by the Committee and may vary from employee to employee or any class thereof and/or in respect of the number or percentage of options to be vested.

e. Maximum period within which the Options shall be vested

Options granted under ZEN ESOS 2021 would vest in accordance with the terms of each grant, subject to maximum period of 5 (Five) years from the date of grant of such Options.

f. Exercise price or pricing formula

Subject to SBEBASE Regulations and other provisions of applicable law if any, the Nomination & Remuneration Committee shall determine the Exercise Price of the Options Granted under the Scheme, as it may deem appropriate in conformity with the applicable accounting policies, if any,

Provided that the exercise price per Option shall not be less than face value of equity shares and shall not exceed market price of the equity share of the Company as on date of grant of Option which may be decided by the Committee.

The Committee can vary the discount rates from Grantee to Grantee as per its discretion.

Market price in this context refers to the meaning assigned to it under the SBEBASE Regulations.

Exercise Price will be intimated to the Option Holder through the Grant Letter/Award Agreement. No amount shall be payable at the time of Grant of Options. The Exercise Price shall be subject to any fair and reasonable adjustments that may be made on account of Corporate Actions of the Company in order to comply with the SEBI Regulations.

g. Exercise period and the process of exercise

The exercise period may commence from the date of vesting and will expire on completion of 2 years from the date of vesting of options, or such other period as may be decided by the NRC at its sole discretion from time to time. If the Options are not exercised within the exercise period they shall lapse and be cancelled forthwith. The Company shall not have any obligations to the Option holder towards such lapsed Options.

The vested option shall be exercised when the Company receives the written notice of exercise of options in the manner and as per the prescribed format which is complete in all respects from the concerned option grantee (or his/her legal heir/ nominee in case of death of option grantee) entitled to exercise the options along with full payment of the exercise price for the equity shares underlying such vested options subject to payment/ recovery of applicable tax, if any. The vested options shall lapse if not exercised within the specified exercise period.

An employee may also opt for Cashless Exercise by making an application in such manner and on such format as may be prescribed by the Committee, from time to time, directing the Trust to sell the requisite number of Shares in lieu of Options exercised and crediting the sale proceeds after adjustment of Exercise Price, applicable income tax amounts and other amounts, if any, in accordance with the terms and conditions of the Scheme.

The option will lapse if not exercised within the exercise period, as specified. The option may also lapse under certain circumstances as determined by the NRC even before expiry of the specified exercise period.

h. Appraisal process for determining eligibility of the employees

The appraisal process for determining the eligibility of the employees will be decided by the Committee from time to time. The employees would be granted Options under the ZEN ESOS 2021 based on various parameters such as performance rating, period of service, rank or designation, loyalty, present and potential contributions of the employee to the success of the company, and such other parameters as may be decided by the Committee in consultation with Board of Directors from time to time.

The Board or the nomination & Remuneration Committee may decide to extend the benefits of the ESOP Scheme to new entrants or to existing eligible employees on such basis as it may deem fit, in accordance with applicable law.

i. Maximum number of Stock Options to be issued per employee and in aggregate

The maximum number of Stock Options to be granted to any eligible employee shall be decided by the Board or Nomination & Remuneration Committee.

The maximum number of options that may be granted per employee and in aggregate shall vary depending upon the designation and the appraisal/ assessment process,

However, the number of Stock Options that may be granted to identified employees, under the Scheme during any particular financial year shall be less than 1% of the paid-up equity share capital at the time of grant of Stock Options (which shall be adjusted in lieu of adjustments/ re-organisation of capital structure or corporate actions of the Company from time to time).

The Board/Committee reserves the right to decide the number of options to be granted and the maximum number of options that can be granted to each employee within this ceiling.

j. Maximum quantum of benefits to be provided per employee under the Scheme

The maximum quantum of benefits that will be provided to every eligible Employee under the Scheme will be the difference between the market value of Company's Share on the Stock Exchanges as on the date of exercise of Options and the Exercise Price paid by the Employee.

k. Lock-in period, if any

The Shares transferred to the Grantees pursuant to exercise of Options will be subject to lock-in period from the date of exercise of options by the Grantee as the Committee may in its absolute discretion decide. The Committee may prescribe different lock in period for Grantee to Grantee as per its discretion

l. Whether the ESOP Scheme is to be implemented and administered directly by the Company or through a trust

The Company proposes to implement and administer the Scheme through Trust Route wherein the Trust shall acquire the Shares by:

- i. Direct allotment from the Company and/or
- ii. From secondary acquisition from the market

The Shares so acquired by the Trust will either be:

- i. transferred to the Grantees as and when the Options are exercised and/or
- ii. Will be sold by the Trust and the sale proceeds after adjustment of Exercise Price, applicable income tax amounts and other amounts, if any will be transferred to the Grantees in accordance with the terms and conditions of the Scheme.

The Scheme shall be administered by the Nomination and Remuneration Committee which shall delegate some or all of its power to the Trust or any other Committee or Persons for proper administration of the Scheme.

m. Whether the ESOP Scheme involves issue of new Equity Shares by the Company or secondary acquisition or both

The Scheme involves both i.e. new issue of Equity Shares by the Company and/or Secondary Acquisition of Equity Shares by the Trust.

n. The amount of loan to be provided for implementation of the scheme(s) by the company to the trust, its tenure, utilization, repayment terms, etc.

Amount of loan: Shall not exceed 5% of the aggregate paid up Equity Capital and Free Reserves of the Company or such other limits as may be prescribed under Companies (Share Capital and Debentures) Rules, 2014.

Tenure: Till the objects of the Trust are accomplished or the repayment of loan is made, whichever is earlier.

Utilization: For the objects of the Trust as mentioned in the Trust Deed including the implementation of the ZEN ESOS 2021 wherein it will acquire Equity Shares of the Company from the market.

Repayment Terms: The Trust shall repay the loan to the company by utilising the proceeds realised from Exercise of Options by the Employees and the accruals of the Trust at the time of termination of the Scheme or in such other permissible manner.

o. Maximum percentage of secondary acquisition (subject to limits specified under the regulations) that can be made by the trust for the purposes of the scheme(s)

The total number of Shares under secondary acquisition held by the Trust shall at no time exceed 5 (Five) percent of paid up equity capital as at the end of the financial year immediately prior to the year in which the Shareholder approval is obtained for such secondary acquisition.

Further, the secondary acquisition in a financial year by the Trust shall not exceed 2 (Two) percent of the Paid up Equity Capital as at the end of the previous financial year.

p. Method of Stock Options' valuation

The Company shall use the fair value method or such valuation method as may be prescribed from time to time in accordance with applicable laws for valuation of the Stock Options granted, to calculate the employee compensation cost (or)

As the company is adopting fair value method, presently there is no requirement for disclosure in director's report. However, if in future, the Company opts for expensing of share based employee benefits using the intrinsic value, then the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value, shall be disclosed in the Directors' report and the impact of this difference on profits and on earnings per share ("EPS") of the company shall also be disclosed in the Directors' report.

q. Accounting policies

The Company shall follow the Guidance Note on accounting for employee share based payments and/ or any relevant Accounting Standards as may be prescribed by the Institute of Chartered Accountants of India (ICAI) from time to time, including the disclosure requirements prescribed therein. In case, the existing Guidance Note or Accounting Standards do not prescribe accounting treatment or disclosure requirements, any other Accounting Standard that may be issued by ICAI or any other competent authority shall be adhered to in due compliance with the requirements of Regulation 15 of SBEBASE Regulations.

r. The conditions under which option vested in employees may lapse e.g., in case of termination of employment for misconduct and the specified time period within which the employee shall exercise the vested options in the event of a proposed termination of employment or resignation of employee.

- i. The Options which get lapsed due to eligibility Criteria in any of the vesting, if any, will get lapsed from the hands of the Grantee.
- ii. In the event of the Option holder being found to be involved in fraud, misfeasance, gross negligence, breach of trust or like event(s) and in such an event(s) the rights under the Options (whether vested or not) shall lapse, forthwith, without any claim on, or recourse to the Company.
- iii. Further, in the event of cessation of employment due to resignation or termination (not due to misconduct or ethical/ compliance violations)
 - a) All unvested Options, on the date of cessation, shall expire and stand terminated with effect from that date unless otherwise determined by the Committee whose decision will be final and binding.
 - b) The Options which get lapsed due to eligibility Criteria in any of the vesting, if any, will get lapsed from the hands of the Grantee.

s. Transferability of Stock Options

The Stock Options granted to an eligible employee will not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner. However, in the event of the death of a Stock Option holder while in employment, the right to exercise all the Stock Options granted to him till such date shall vest in the legal heir(s) or nominee(s) of such Stock Option holder, in accordance with the provisions of the ESOP Scheme.

It is proposed to extend the benefits of the **“ZEN ESOS 2021”/ “Scheme”** to the eligible employees of any existing and future subsidiary company(ies) of the Company.

“ZEN ESOS 2021”/ “Scheme”, involves both i.e. new issue of Equity Shares by the Company and/or Secondary Acquisition of Equity Shares. Hence your Board contemplates to implement the **“ZEN ESOS 2021”/ “Scheme”**, through an Employee Welfare Trust (**“Trust”**) with a view to efficiently manage the scheme.

In light of above, your board recommends resolutions as set out in **Item No's 8 to 11** for approval of the members being sought for these resolutions by way of **Special Resolutions**.

None of the Directors, Key Managerial Personnel of the Company including their relatives are interested or concerned in the resolutions, except to the extent of their entitlements, if any, under the **ZEN ESOS 2021**.

Item No. 12:

In order to execute Zen Technologies Limited Employee Stock Option Plan-2021 through Trust Route, the company need to make provisioning of funds to the Trust so as to enable it to subscribe/acquire Shares of the Company. Accordingly, Item No. 12 which is proposed for approval of the Shareholders is set out in this Notice.

The disclosures as per Rule 16 of the Chapter IV of the Companies Act, 2013, are as under:

1. The class of Employees for whose benefit the Scheme is being implemented and money is being provided for purchase of or subscription to Shares	<p>The class of Employees for whose benefit the Scheme is being implemented and money is being provided for purchase of or subscription to Shares is as follow:</p> <ol style="list-style-type: none"> a. A permanent Employee of the Company who has been working in India or outside India; or b. a Director of the Company, whether a Whole Time Director or not but excluding an Independent Director and Non-Executive Director; or c. an Employee as defined in clause (a) or (b) of a Subsidiary, in India or outside India, or of a Holding Company of the Company <p>But does not include:</p> <ol style="list-style-type: none"> a. an Employee who is a Promoter or a person belonging to the Promoter Group; or b. A Director who either himself or through his Relative or through any Body Corporate, directly or indirectly, holds more than ten percent of the outstanding Shares of the Company.
2. The particulars of the Trustee or Employees in whose favor such Shares are to be registered	<p>Name of the Trustees:</p> <ol style="list-style-type: none"> 1. Ms. Sujana Baru 2. Mr. Maddipatla Vijaya Rama Rao 3. Mr. Gadde Vamsi Kumar

3. Particulars of Trust	Name of the Trust: Zen Technologies Limited Employees Welfare Trust Address of the Trust: The Principal/Registered Office of the Trust will be located at B-42, Industrial Estate, Sanath Nagar, Hyderabad-500018, Telangana, India
4. Name, Address, Occupation and Nationality of Trustees	1. Name: Ms. Sujana Baru Address: 221/b, SR Nagar, Ameerpet, Hyderabad-500038, Telangana Occupation: Service Nationality: Indian 2. Name: Mr. Maddipatla Vijaya Rama Rao Address: Flat No. 301, Plot No. 450, Treasure Hill Apt, Road No. 2/3, Matrusri Nagar, Miyapur, Hyderabad-500049, Telangana Occupation: Service Nationality: Indian 3. Name: Mr. Gadde Vamsi Kumar Address: 2-3-364/1, Sainagar Colony Road No. 7, Reliance Tower, Nagole, LB Nagar, Rangareddi-500068, Telangana Occupation: Service Nationality: Indian
5. Relationship of Trustees with Promoters, Directors or Key Managerial Personnel, if any.	None
6. Any interest of Key Managerial Personnel, Directors or Promoters in such Scheme or Trust and effect thereof.	The Key Managerial personnel and Directors are interested in the Zen Technologies Limited Employee Stock Option Plan-2021 only to the extent, to the Options that may be granted to them, if any, under the Scheme.
7. The detailed particulars of benefits which will accrue to the Employees from the implementation of the Scheme	a) To motivate the Employees to contribute to the growth and profitability of the Company. b) To retain the Employees and reduce the attrition rate of the Company. c) To achieve sustained growth and the creation of Shareholder value by aligning the interests of the Employees with the long term interests of the Company. d) To create a sense of ownership and participation amongst the Employees to share the value they create for the Company in the years to come, and e) To provide additional deferred rewards to Employees.
8. The details about who would exercise and how the voting rights in respect of the shares to be purchased or subscribed under the scheme would be exercised	The Trust would be considered as the registered Shareholder of the Company till the date of transfer of Shares to the Employees. However, the Trustees will not have any right to vote on the Equity Shares held by the Trust. Once the shares are transferred to the Employees upon their Exercise, then the Employees will be treated as the Shareholder of the Company and shall exercise the right to vote in respect of such shares.

In terms of the Companies Act, 2013, read with Rule 16 of Chapter IV of the Companies Act, 2013, the approval of the Shareholders is sought by way of Special Resolution for the approval for the provisioning of money to the Trust to fulfil the requirements of Zen Technologies Limited Employee Stock Option Plan-2021. Therefore, your Directors recommend the Resolutions as set out at Item No. 12 for your approval by way of Special Resolution.

None of the Directors and any Relatives of such Director, Key Managerial Personnel is in anyway concerned or interested in the resolution except to the extent of Equity Shares held by them in the Company. However, Directors / Key Managerial Personnel may be deemed as interested upto the amount of Options/ Shares that may be granted to them under the Zen Technologies Limited Employee Stock Option Plan-2021.

Item No. 13:**To approve entering into transactions with Unistring Tech Solutions Private Limited (UTS) and authorize the Board to enter into agreement(s)/contract(s) with UTS**

Unistring Tech Solutions Private Limited (UTS) is the subsidiary company of Zen Technologies Limited (Zen) and Zen holds 51% of the paid up equity share capital of UTS and the balance 49% is held by the other promoters of UTS. UTS is a related party as per Section 2 (76) of the Companies Act, 2013 and Regulation 2(zb) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("Listing Regulations").

UTS, established in 2007, is a company engaged in the business of development of electronic warfare (EW) solutions, advanced communication systems for defence, telemetry systems and Simulators for radar and EW system evaluation. The core focus of UTS has been in-house design and development of products in Electronic warfare systems, Communication systems, Telemetry Systems, Telecommand Systems, RADAR systems, Simulators (RADAR and EW), Anti-Drone Sub Systems for RF Detection, RF Jammers, UAV based COMINT & ELINT systems etc. Zen invested in UTS in the year 2019 as a means to source quality components / sub-components, products, etc., for its simulators. Out of the total transactions, purchase of quality products / components from UTS needed for the simulators, drone and anti-drone solutions and other related parts forms major part of the transactions with UTS.

The pricing of the components is competitive and are at an arm's length basis. The Audit Committee review all the transactions with the related parties on a quarterly basis and an independent third party review of all related party transactions is in place to ensure that all the transactions are at an arm's length basis.

Regulation 23 of the SEBI Listing Regulations, inter alia, states that effective from April 1, 2022, all Material Related Party Transactions ('RPT') shall require prior approval of the shareholders by means of an Ordinary Resolution, even if such transaction(s) are in the ordinary course of business and at an arm's length pricing basis. A transaction with a Related Party shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds ₹ 1,000 crore or 10% of the annual consolidated turnover of a listed entity as per the last audited financial statements of the listed entity, whichever is lower. Regulation 2(1)(zc) of the SEBI Listing Regulations defines related party transaction to mean a transaction involving transfer of resources, services or obligations between a listed entity or any of its subsidiaries on one hand and a related party of the listed entity, regardless of whether a price is charged or not.

Details of the proposed RPTs between Zen and UTS, including the information required to be disclosed in the Explanatory Statement pursuant to the SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2021/662 dated November 22, 2021, are as follows:

S. No	Description	Details of proposed RPTs between Zen and UTS
1.	Summary of information provided by the Management to the Audit Committee for approval of the proposed RPTs.	
a.	Name of the Related Party and its relationship with the Company or its subsidiary, including nature of its concern or interest (financial or otherwise).	Unistring Tech Solutions Private Limited (UTS), Subsidiary Company (51%)
b.	Type, material terms and particulars of the proposed RPTs.	i. Purchase, sale or supply of products, materials, equipment(s), goods, components or sub-components. ii. Availing or rendering of services, or iii. Any other transaction(s) for transfer of resources, services or obligations and other reimbursements or any other obligations including leasing of property.
c.	Tenure of the proposed transaction	Recurring Transactions every year commencing from financial year 2022-23
d.	Value of the proposed Transaction	Not exceeding ₹ 200 crores in a financial year
e.	Percentage of the Company's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed RPTs.	290% (approx.)

2.	Justification for the proposed RPTs.	<p>Zen invested in UTS in the year 2019 as a means to source quality components / sub-components, products, etc., for its simulators. Out of the total transactions, purchase of quality products / components from UTS needed for the simulators, drone and anti-drone solutions and other related parts forms major part of the transactions with UTS.</p> <p>This helps the Company achieve its commitments while sourcing quality products at market competitive rates.</p> <ul style="list-style-type: none"> • Quality and Innovation: Backward integration and flexibility in blends provides assured quality and speed of innovation. • Competitive Pricing: Rates are competitive and at arm's length while providing the assurance of quality and sustainability. • Resilience backup: UTS also provides flexibility to our sourcing plans and works as resilience backup during supply volatility.
3.	Details of proposed RPTs relating to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary.	
a.	Details of the source of funds in connection with the proposed transaction.	Not applicable
b.	Where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments: - Nature of indebtedness, - Cost of funds and - Tenure.	Not applicable
c.	Applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security.	Not applicable
d.	The purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.	Not applicable
4.	Arm's length pricing and a statement that the valuation or other external report, if any, relied upon by the listed entity in relation to the proposed transaction will be made available through registered email address of the shareholder.	<p>Arm's length pricing; combination of cost-plus markup and market benchmarking</p> <p>Valuation or other external report – Not applicable</p>
5.	Name of the Director or Key Managerial Personnel ("KMP") who is related, if any, and the nature of their relationship.	Ms. Shilpa Choudari, Whole-Time Director of the company is also appointed as the Nominee Director on the Board of UTS pursuant to the shareholders and share subscription agreement entered between Zen & UTS.
6.	Any other information that may be relevant.	All relevant information is mentioned in the Explanatory Statement setting out material facts, pursuant to Section 102(1) of the Act, forming part of this Notice.

In view of the aforementioned regulatory changes the Resolution No. 13 is placed for approval by the Members by way of an ordinary resolution to authorize the Board or Committee of the Board to enter into transactions with UTS upto ₹ 200 crores for each of the financial year commencing from 2022-23 onwards.

None of the other Directors, KMPs and/ or their respective relatives is in any way, concerned or interested, financially or otherwise, in the Resolution mentioned at Item No. 13 of the Notice.

Based on the recommendation of the Audit Committee, the Board recommends the Ordinary Resolution set forth at Item No. 13 of the Notice for approval by the Members.

The Members may note that in terms of the provisions of the SEBI Listing Regulations, no Related Party shall vote to approve the Ordinary Resolution set forth at Item No. 13 of the Notice, whether the entity is a Related Party to the particular transaction or not.

Item No. 14:
Appointment of Mr. Kishore Dutt Atluri as the Joint Managing Director and fixing remuneration

A Post graduate in Computer Application from University of Hyderabad, Mr. Kishore Dutt Atluri started his career at Zenith Computers Limited in 1986 and worked on Unix and PC platforms for 2 ½ years. In 1989, he started his own firm and developed software solutions for a number of companies developing along the way mapping skills till he co-founded Zen in 1993.

Since the inception of Zen in 1993, Mr. Kishore Dutt Atluri has been responsible for designing and delivering state of the art training solutions and simulators to the end user. He has a deep insight into simulation with specific knowledge about the defense and the homeland security. Under his guidance, Zen has grown manifold to become one of the prime contractors to the Indian Army. He has over 21 patents in his name and he is also in-charge of all marketing activities at Zen, both domestically and internationally.

The Board of Directors at its meeting held on 30th July 2022, after considering the recommendation of Nomination and Remuneration Committee, and subject to the approval of shareholders has approved and appointed, Mr. Kishore Dutt Atluri as an Additional Director [Category – Managing Director] of the Company, liable to retire by rotation, to hold the office till the conclusion of the 29th Annual General Meeting of the Company on the terms and conditions as set out in the resolution at Item No. 14.

Mr. Kishore Dutt Atluri is the brother of Mr. Ashok Atluri, Chairman and Managing Director of the company. Other

details of Mr. Kishore Dutt Atluri are provided in ‘Annexure-A’ to the Notice.

The said appointment and remuneration are within the stipulations of Section 196, 197, 198 and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Schedule V and other applicable provisions, if any, of the Companies Act, 2013 as amended from time to time. After taking into consideration the duties and responsibilities of the Managing Director, the prevailing managerial remuneration in industry and on the recommendations of the Nomination and Remuneration Committee, the Board at their meeting held on 30th July 2022 approved the remuneration, terms and conditions of the appointment of Mr. Kishore Dutt Atluri, subject to approval of the shareholders.

Notwithstanding anything contained contrary to herein, above in case, in any financial year during the tenure of Mr. Kishore Dutt Atluri, the Company has either no profits or its profits are inadequate, the remuneration as specified in the resolution will be paid as minimum remuneration to Mr. Kishore Dutt Atluri.

As required by the Companies Act, 2013, approval of the members is being sought, for the appointment and remuneration of Mr. Kishore Dutt Atluri as the Joint Managing Director.

Except Mr. Kishore Dutt Atluri being the appointee and his relatives, none of the other Directors, Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the Resolution.

The Board recommends the Resolution set out at Item No. 14 of the notice for approval by the members.

STATEMENT OF INFORMATION PURSUANT TO SCHEDULE V, PART- II OF THE COMPANIES ACT, 2013

I. General Information:

- (1) Nature of industry: Manufacturing of Training Simulators and allied products including drone and anti-drone solutions.
- (2) Date of commencement of commercial production: The Company is incorporated on 29th June 1993 and started commercial production in the same year.
- (3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not Applicable
- (4) Financial performance based on given indicators:

Financial performance	2019-20	2020-21	2021-22
Turnover (₹ in lakhs)	14,698.00	4,957.03	5,370.53
Net profit /(loss) as per profit and loss account (₹ in lakhs)	6,052.60	419.20	204.74
Amount of dividend paid (excluding dividend tax) (₹ in lakhs)	231.48	318.04	79.51
Rate of dividend declared	30%	40%	10%

(5) Foreign investments or collaborators, if any: For details in relation to foreign investment in the Company, refer to the shareholding pattern of the Company available on the website of the Company & that of the Stock Exchanges on which the Shares of the Company are listed.

II. Information About the Appointee:

(1) Background details:

A Post graduate in Computer Application from University of Hyderabad, Mr. Kishore Dutt Atluri started his career at Zenith Computers Limited in 1986 and worked on Unix and PC platforms for 2 ½ years. In 1989, he started his own firm and developed software solutions for a number of companies developing along the way mapping skills till he co-founded Zen in 1993.

Since the inception of Zen in 1993, Mr. Kishore Dutt Atluri has been responsible for designing and delivering state of the art training solutions and simulators to the end user. He has a deep insight into simulation with specific knowledge about the defense and the homeland security. Under his guidance, Zen has grown manifold to become one of the prime contractors to the Indian Army. He has over 21 patents in his name and he is also in-charge of all marketing activities at Zen, both domestically and internationally.

(2) **Past remuneration:** ₹ 66.33 lakhs per annum (In the capacity as the President of the company)

(3) **Recognition or awards:** NIL

(4) Job profile and suitability:

Mr. Kishore Dutt Atluri is the brain behind Zen's range of products, including Small Arms Training Simulator, Advanced Weapons Simulator, Driving Training Simulator, 81mm Mortar Simulator, BMP II Integrated Missile Simulator, Mining Equipment Training, Simulator, which cater to the needs of Police Forces, Central Police Organization, Civilian and Miners. He excels in conceiving the product and ensures the simulator is close to reality physically as well as functionally. He also directs the software department towards product realization in time.

Mr. Kishore has been a member of the Confederation of Indian Industry (CII), Defence delegation to International forum. He has also participated in a number of Defence Seminars organized by Federation of Indian Chambers of Commerce and Industry (FICCI) and CII.

(5) Remuneration proposed:

As set out in the resolution for the item No. 14 of the Notice, the remuneration was recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.

(6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)

Taking into consideration of the size of the Company, the profile of Mr. Kishore Dutt Atluri and the responsibilities shouldered on him, the aforesaid remuneration package is commensurate with the remuneration package paid to managerial position in other companies.

(7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any:

Mr. Kishore Dutt Atluri is holding 1,57,56,220 equity shares of the Company. Mr. Kishore Dutt Atluri is the brother of Mr. Ashok Atluri, Chairman and Managing Director of the company.

III. Other Information:

(1) **Reasons of loss or inadequate profits:** Nil.

(2) Steps taken or proposed to be taken for improvement:

Delay in orders from the Govt. is the main cause of the low performance. We expect that orders will materialize during the current year. Additionally, the company is focusing on developing the export market to ensure continuous flow of orders.

(3) Expected increase in productivity and profits in measurable terms:

It is difficult to forecast the productivity and profitability in measurable terms. However, the Company expects that productivity and profitability may improve and would be comparable with the industry average.

IV. Disclosures:

All elements of remuneration package of the Directors have been given in the Report on Corporate Governance under the head Remuneration paid to Directors for the Financial Year 2021-2022.

Item No. 15:

Payment of Commission to Non-Executive Directors of the Company for a period of five (5) years

Several changes have been brought in by Regulatory Authorities to ensure good Corporate Governance, in the interest of Investors and other Stakeholders, by making Independent Directors and Non-Executive Directors responsible for Compliance of good Corporate Governance by the Company. As a result, the responsibilities of the Independent Directors and Non-Executive Directors increasing manifold requiring them to not only keeping themselves abreast of the ever changing Company law and other statutory requirements to be followed by the Company. These Directors are required to devote significant time and energy to study, understand and pursue companies for implementation of these regulations strictly.

The Board, therefore, considers that it is necessary to compensate the Independent Directors and Non-Executive Directors for their time and efforts for formulating the policies and implementing at the board level in accordance with

practices of good Corporate Governance. The limit of commission payable to Non-Executive Directors is retained at 1% with a proposal to pay a commission of maximum ₹ 10.00 Crore during any financial year and for a period of five (5) years with effect from FY 2022-23 and the said remuneration be paid in such amount, proportion and manner as may be decided by the Board of Directors of the Company from time to time.

In view of the above, the Resolution No. 15 is placed for approval by the Members by way of a special resolution to authorize the Board or Committee of the Board to pay commission to Non-Executive Directors for a period of five (5) years commencing from FY 2022-23 onwards.

Based on the recommendation of the Nomination and Remuneration Committee, the Board recommends the Special Resolution set forth at **Item No. 15** of the Notice for approval by the Members.

None of the other Directors, KMPs and/ or their respective relatives is in any way, concerned or interested, financially or otherwise, in the Resolution mentioned at Item No. 15 of the Notice.

By Order of the Board
For **Zen Technologies Limited**

Registered Office:

B-42, Industrial Estate
Sanathnagar, Hyderabad-500018, Telangana, INDIA
CIN: L72200TG1993PLC015939
Phone: +91 40 23813281, 23812894
Fax: +91 40 23813694
Email id: info@zentechnologies.com
Website: www.zentechnologies.com

Place: Hyderabad

Date: 06th September 2022

Hansraj Singh Rajput

Company Secretary
M. No. F11438

Annexure A

Details of Directors seeking appointment /re-appointment at the forthcoming Annual General Meeting

(Pursuant to Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Clause 1.2.5 of the Secretarial Standard-2)

Name of the Director	Ms. Shilpa Choudari (DIN: 06646539)	Dr. Ajay Kumar Singh (DIN: 08532830)	Mr. M Ravi Kumar (DIN: 00089921)	Mr. Kishore Dutt Atluri (DIN: 09691242)
Date of Birth / Age	16 th April 1981	04 th August 1976	12 th August 1961	01 st March 1962
Date of first appointment on the Board	01 st November 2020	02 nd November 2019	29 th June 2008	01 st August 2022
Disclosure of Relationship with other Directors, Manager and Key Managerial Personnel of the Company	Ms. Shilpa Choudari is the Spouse of Mr. Ashok Atluri (Chairman and Managing Director of the company)	Not inter-se related to any other Director, or Key Managerial Personnel. The Company does not have a Manager.	Not inter-se related to any other Director, or Key Managerial Personnel. The Company does not have a Manager.	Mr. Kishore Dutt Atluri is the brother of Mr. Ashok Atluri (Chairman and Managing Director of the company)
Number of meetings of the Board of Directors attended during the F.Y. 2021-22	7/7	7/7	6/7	Not Applicable
@Other Directorships held as on 31 st March 2022	1. Anvizen Consultants Private Limited 2. Vensam Infrastructure (India) Pvt Ltd 3. Unistring Tech Solutions Private Limited	Innexico Technology Private Limited	Zen Medical Technologies Private Limited	Nil
Name of listed entities from which the person has resigned in the past three years (excluding foreign Companies)	Nil	Nil	Nil	Nil
Chairman/ Member of the Committee of the Board of Directors	Nil	Member of Audit, Nomination and Remuneration & Risk Management Committees	Member of Corporate Social Responsibility and Risk Management Committees	Nil
a) Audit Committee	Nil	Nil	Nil	Nil
b) Stakeholders' Relationship Committee	Nil	Nil	Nil	Nil
c) Nomination and Remuneration Committee	Nil	Nil	Nil	Nil

Experience/ Expertise in specific functional areas/ Brief resume of the Director	<p>Ms. Shilpa Choudari has Bachelors Degree of Technology from JNTU and a Master's degree from Badruka Institute of Foreign Trade with specialisation in Finance and Foreign Trade. She later joined HDFC Bank as a Personal Banker where she worked for a year.</p> <p>Ms. Shilpa Choudari also worked as Research Associate and AGM Sales and Marketing for Zen Technologies Limited from 2009 to 2015 and hence has deep knowledge of Zen's products, processes and work culture. Before joining Zen Technologies Limited, Shilpa worked for ICFAI Research Centre from 2007 to 2009 wherein she published many articles in over 10 books on different subjects. She is also a director at Anvizen Consultants Private Limited which are into AI powered video surveillance solutions.</p>	<p>A recipient of prestigious "The Rashtrapati Rovers Award" in the year 2000, Dr. Singh has joined Indian School of Business (ISB) in the year 2007 and at presently working in Centre for Executive Education at Indian School of Business-Hyderabad. His expertise lies in the area of social marketing. He applies his research in this area to address social entrepreneur, branding, advertising, customer relationship management and customer centricity. In his previous stint, He has worked with J P Associates (P) Ltd. Crompton Greaves Limited, SIVA Institute and Apeejay School of Marketing. He holds extensive years of experience across different functionalities, ranging from leadership role, with experience in program planning and design, implementation, teaching, monitoring and evaluation, business development to consulting. Dr. Singh has received Grant £4,000 for sponsorship study "Review of social marketing activity in India form 2000-2008" by Dr. Jeff French-Director, National Social Marketing Centre, London, UK. He has designed Mid- Career Training Programmes for The Ministry of External Affairs-Senior Indian Foreign Service Officer, the Ministry of Home -Senior IPS Officers, The Ministry of Finance-Senior IRS Custom & Excise Officers, the Ministry of Indian Railways (Senior Officers - IRAS, IRPS, IRTS, IRSE, IRSEE, IRSSE, IRSME, RPF and IRMS) to name a few.</p>	<p>He has over 30 years of experience in the defence industry. He is basically an adept in Systems Programming and Robotics. He is actively involved in the design and development of the present range of simulators for the company in his role as Head, R&D Division.</p>	<p>Since the inception of Zen in 1993, Mr. Kishore Dutt Atluri has been responsible for designing and delivering state of the art training solutions and simulators to the end user. He has a deep insight into simulation with specific knowledge about the defense and the homeland security. Under his guidance, Zen has grown manifold to become one of the prime contractors to the Indian Army. He has over 21 patents in his name and he is also in-charge of all marketing activities at Zen, both domestically and internationally.</p> <p>He is the brain behind Zen's range of products, including Small Arms Training Simulator, Advanced Weapons Simulator, Driving Training Simulator, 81mm Mortar Simulator, BMP II Integrated Missile Simulator, Mining Equipment Training Simulator, which cater to the needs of Police Forces, Central Police Organization, Civilian and Miners. He excels in conceiving the product and ensures the simulator is close to reality physically as well as functionally. He also directs the software department towards product realization in time.</p> <p>Mr. Kishore has been a member of the Confederation of Indian Industry (CII), Defence delegation to International forum. He has also participated in a number of Defence Seminars organized by Federation of Indian Chambers of Commerce and Industry (FICCI) and CII.</p>
Number of shares held in the Company as on 31 st March 2022	Nil	Nil	7,90,000 equity shares	1,57,56,220 equity shares

Note: @ - This does not include position in foreign companies, position as an advisory board member and position in companies under section 8 of Companies Act, 2013.

Directors' Report

Dear Members,

Your Directors have great pleasure in presenting the report on the Business and Operations of your Company ('the Company' or 'Zen'), along with the audited financial statements, for the financial year ended 31st March, 2022. The consolidated performance of your Company and its Subsidiaries has been referred to wherever required.

FINANCIAL HIGHLIGHTS

The financial highlights of the Company are as follows:

(₹ in lakhs)

Particulars	Consolidated		Standalone	
	2021-22	2020-21	2021-22	2020-21
Total Income	7513.07	5766.14	5898.63	5248.51
Total Operating Expenditure	6518.39	4725.64	5170.50	4181.60
Operating Profit (PBIDT)	994.68	1040.50	728.13	1066.91
Less: Interest	153.05	109.15	140.38	99.56
Less: Depreciation & Amortization	483.35	495.22	373.40	399.15
Less: Exceptional Items	27.96	--	27.96	--
Profit/(Loss) before tax	330.32	436.13	186.39	568.20
Current Tax	127.95	186.17	36.33	186.17
Prior Period Taxes	(92.84)	--	(92.84)	--
Deferred Tax	34.24	(27.41)	40.54	(27.66)
Share of Profit / (Loss) from Associates	--	--	--	--
Add: Other Comprehensive Income / (Expense)	3.48	(2.64)	2.38	9.51
Profit after Tax	264.45	274.73	204.74	419.20
Earnings per Share (₹) (face value ₹ 1/- per share)	0.25	0.39	0.25	0.52

DIVIDEND

The Board of Directors of your Company in its meeting held on 07th May 2022 recommended a dividend @ 10% on the paid-up equity share capital i.e., Re. 0.10/- per equity share of Re. 1/- each, for the year 2021-22. Dividend is subject to approval of members at the ensuing Annual General Meeting (AGM) and shall be subject to deduction of income tax at source.

Pursuant to Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations"), as amended, the Dividend Distribution Policy duly approved by the Board is available on the website of the Company and can be accessed at https://www.zentechnologies.com/investor_relations/zen-dividend-distribution-policy.pdf

STATE OF THE COMPANY'S AFFAIRS

During the year under review, your Company achieved total income of ₹ 5898.63 lacs as against ₹ 5,248.51 lacs during the previous year. The Net profit after tax stood at ₹ 204.74 lacs as against ₹ 419.20 lacs for the previous year.

The order book size as on 31st March 2022 is around ₹ 430.72 Crores, including AMCs of worth ₹ 115.63 Crores,

as against ₹ 192.67 Crores, including AMCs of worth ₹ 120.37 Crores for the previous year.

During the year, the R&D expenditure (capital and revenue) is ₹ 13.80 Crores (previous year ₹ 12.88 Crores).

PREFERENTIAL ISSUE

During the period under review, the Board of Directors approved:

- Allotment of 4,064,627 (forty lakh sixty four thousand six hundred twenty seven) 10% Compulsorily Convertible Debentures ("CCDs") having face value of ₹ 213/- each, for cash, for an aggregate amount of up to ₹ 865,765,551/-, 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, on a preferential basis to certain persons belonging to "Public Category".
- Allotment of 4,69,633 Convertible Warrants, convertible into each warrant into one equity share of ₹ 1/- each at a premium of ₹ 212/- upon exercising the Warrant, so as to raise up to ₹ 10,00,31,829/- on a preferential basis to certain persons belonging to "Promoter Category".

The amount so raised as per the above preferential issue is being utilized as per the objects approved by the shareholders at their meeting held on 11th November 2021. During the period under review, there has been no deviation or variation in the utilization of the proceeds of the preferential issue.

SHARE CAPITAL

The Paid-up Equity Share Capital of the Company stood at ₹ 7.95 crore comprising of 7,95,10,000 equity shares of Re. 1/- each as on 31st March 2022.

The Company has paid Listing Fees for the Financial Year 2022-23, to each of the Stock Exchanges, where its equity shares are listed.

ZEN TECHNOLOGIES LIMITED EMPLOYEE STOCK OPTION PLAN- 2021

The Board of Directors and the shareholders of the company at their meetings held on 24th July 2021 and 28th August 2021, respectively, and further amended by the Board of Directors vide its resolution dated 06th September 2021, approved the **Zen Technologies Limited Employee Stock Option Plan-2021 (“ZEN ESOS 2021”/ “Scheme”)** to create, issue, offer, grant, allot and/or transfer from time to time, in one or more tranches upto 40,00,000 (Forty Lakhs) Employee Stock Options (“ESOPs”) exercisable into 40,00,000 (forty lakhs) equity shares of face value Re. 1/- (rupee one) each under the said scheme, to and for the benefit of eligible employees/ persons of the Company and or its subsidiary(ies) as may be determined by the board/committee and implementation of the same through a Trust set up by the company namely “**Zen Technologies Limited Employees Welfare Trust**”, with an objective of enabling the Company to attract and retain talented human resources by offering them the opportunity to acquire a continuing equity interest in the Company, which will reflect their efforts in building the growth and the profitability of the Company. These ESOP Plan involve acquisition of shares from the secondary market.

The company has also obtained the in-principle approval from both the stock exchanges viz., BSE Limited and the National Stock Exchange of India Limited towards the implementation of the said scheme.

The Scheme is in compliance with the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and the Disclosures pursuant to Regulation 14 read along with Part F of Schedule-I of Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 are placed on the Company's Website: <https://www.zentechnologies.com/investor-information>

During the period under review, the company has not granted any ESOPs to the employees of the company and nor acquired any shares from the secondary market.

Further the certificate from the Secretarial Auditors of the Company certifying that the Company's Stock Option Plan is being implemented in accordance with the ESOP Regulations and the resolution passed by the Members, is also placed on the Company's Website: <https://www.zentechnologies.com/investor-information>

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES

The Company has three (3) subsidiaries as on 31st March 2022, which are as follows. There are no associate or joint venture companies within the meaning of Section 2(6) of the Companies Act, 2013 (“Act”). There has been no material change in the nature of the business of the subsidiaries:

- a. Zen Medical Technologies Private Limited
- b. Zen Technologies USA, Inc
- c. Unistring Tech Solutions Private Limited

Pursuant to the provisions of Section 129(3) of the Act, a statement containing the salient features of the financial statements of the Company's subsidiaries, in Form AOC-1, is attached as **Annexure I** to this report.

Further, pursuant to the provisions of Section 136 of the Act, the financial statements of the Company, including the consolidated financial statements, along with the relevant documents and the separate audited financial statements in respect of subsidiaries, are available on the website of the Company <https://www.zentechnologies.com/investor-information>.

Further, the Company's policy on determining the material subsidiaries, as approved by the Board is uploaded on the Company's website at <https://www.zentechnologies.com/policies-and-code-of-conduct>.

CONSOLIDATED FINANCIAL STATEMENTS (CFS)

During the year, the Board of Directors reviewed the affairs of its subsidiaries. Your Company has prepared its consolidated financial statements in accordance with the requirements of IND AS-27 issued by the Institute of Chartered Accountants of India (ICAI) and as per the provisions of Section 129(3) of the Companies Act, 2013. The Consolidated Financial Statements together with the Auditors' Report form part of this Annual Report.

In accordance with Section 136 of the Companies Act, 2013, the financial statements of the Company, including the consolidated financial statements, and all other documents required to be attached to this report are available for inspection by the members at the registered office of the Company during the business hours on all days, except Saturdays, Sundays and public holidays, up to the date of the Annual General Meeting ('AGM'). Any member desirous of obtaining a copy of the said financial statements may write to the Company Secretary of the Company. The above-

mentioned documents have also been uploaded on the website of the Company (www.zentechnologies.com).

ANNUAL RETURN

Pursuant to Section 92(3) read with Section 134(3)(a) of the Act, the Annual Return as on 31st March 2022 is available on the Company's website at <https://www.zentechnologies.com/investor-information>

NUMBER OF MEETINGS OF THE BOARD

The Board met seven (7) times during the year 2021-2022 viz on 01st May 2021, 06th July 2021, 24th July 2021, 06th September 2021, 16th October 2021, 30th October 2021 and 29th January 2022.

The details of the composition of the Board and its Committees and the number of meetings held and attendance of Directors at such meetings are provided in the Corporate Governance Report, which forms part of the Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 134, sub-section 3(c) and sub-section 5 of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability, state and confirm that:

- i. In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed, along with proper explanation relating to material departures;
- ii. Such accounting policies have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent to give a true and fair view of the Company's state of affairs as on March 31, 2022 and of the Company's profit or loss for the year ended on that date;
- iii. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. they have prepared the annual accounts on a going concern basis;
- v. they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- vi. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTORS UNDER SECTION 149

As required under Section 149 of the Companies Act, 2013, the Independent Directors have submitted the declaration

affirming that they meet the criteria of independence as provided in Section 149(6) of the Act and Regulation 25 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. There has been no change in the circumstances affecting their status as independent directors of the Company.

The Board is of the opinion that all the Independent Directors appointed during the year under review are persons of integrity and possess relevant expertise and experience to act as Independent Director of the Company. The Independent Directors of the Company have confirmed that they have registered themselves with the Indian Institute of Corporate Affairs, Manesar and have included their name in the databank of Independent Directors within the statutory timeline and they have also appeared and qualified for the online proficiency test, wherever applicable.

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION AND OTHER DETAILS

Matching the needs of the Company and enhancing the competencies of the Board are the basis for the Nomination and Remuneration Committee to select a candidate for appointment to the Board.

The current policy is to have a balanced mix of executive and non-executive Independent Directors to maintain the independence of the Board and separate its functions of governance and management. As at March 31, 2022 the Board of Directors comprised of 7 Directors, of which 4 are non-executive and 3 executive, including 2 women directors. The number of Independent Directors is 4.

The policy of the Company on Directors' appointment, including criteria for determining qualifications, positive attributes, independence of a Director and other matters, as required under sub-section (3) of Section 178 of the Companies Act, 2013, is governed by the Nomination Policy. The remuneration paid to the directors is in accordance with the remuneration policy of the Company.

The Company's policy on directors' appointment and remuneration and other matters provided in Section 178(3) of the Act has been disclosed in the Corporate Governance Report forming part of this Report and is also available on <https://www.zentechnologies.com/investors>.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Particulars of loans given, guarantees provided and investments made by the Company during the year 2021-2022, as required under the provisions of Section 186 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014, are disclosed in the notes to Financial Statements which may be read as a part of this Report.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All Related Party Transactions (RPT) that were entered into during the financial year were at arm's length basis and predominantly in the ordinary course of business. Specific approvals as required under the Companies Act 2013 has been obtained for transactions that are not in the ordinary course of business.

All Related Party Transactions were placed before the Audit Committee and the Board for approval. The Board of Directors has framed a policy on Related Party Transactions to ensure a process for approval and reporting of transactions between the Company and its related parties. The policy is posted under the Investors section of the Company's website at: <https://www.zentechologies.com/policies-and-code-of-conduct>.

SEBI carried out amendments to the SEBI (LODR) Regulations, 2015 (SEBI Listing Regulations) vide the SEBI (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021 wherein certain amendments into force from April 1, 2022 while remaining would come into force from April 1, 2023.

Regulation 23(4) states that all RPTs with an aggregate value exceeding ₹ 1,000 crores or 10% of annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower, shall be treated as Material Related Party Transaction (MRPTs) and shall require approval of shareholders by means of an ordinary resolution. The provisions of Regulations 23(4) requiring approval of the shareholders are not applicable for the RPTs entered into between a holding company and its wholly owned subsidiary and RPT transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

The said limits are applicable, even if the transactions are in the ordinary course of business of the concerned company and at an arm's length basis. The amended Regulation 2(1) (zc) of the SEBI Listing Regulations has also enhanced the definition of related party transactions which now includes a transaction involving a transfer of resources, services or obligations between a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand, regardless of whether a price is charged or not.

The disclosure of Material RPT is required to be made under Section 134(3)(h) read with Section 188(2) of the Companies Act, 2013 in Form AOC 2. The details of the material RPT & other RPTs, entered into during the year by the Company as per the policy on RPTs approved by the Board, in the prescribed Form AOC-2, is appended as **Annexure II** to this Report.

The Company is seeking Shareholders approval for Material Related Party transactions (MRPTs) to be entered by the Company as set out in the accompanying Notice to the shareholders for approval. The Audit Committee of the Company has approved these MRPTs and further noted that these MRPTs transactions are at an arms' length basis and in the ordinary course of business of the Company. Accordingly, basis the approval of the Audit Committee, the Board of Directors recommend the resolutions contained in the Notice for approval of the shareholders.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars as prescribed under Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 with respect to Conservation of Energy, Technology Absorption, and Foreign Exchange Earnings and Outgo are provided in **Annexure III** to this Report.

DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY

The Company has constituted a Risk Management Committee which has been entrusted with the responsibility to assist the Board in (a) approving the Company's Risk Management Framework and (b) Overseeing all the risks that the organization faces such as strategic, financial, liquidity, security, regulatory, legal, reputational and other risks that have been identified and assessed to ensure that there is a sound Risk Management Policy in place to address such concerns / risks. The Risk Management process covers risk identification, assessment, analysis and mitigation. Incorporating sustainability in the process also helps to align potential exposures with the risk appetite and highlight risks associated with chosen strategies.

The Audit Committee has additional oversight in the area of financial risks and controls. Major risks identified by the business and functions are systematically addressed through mitigating actions on a continuing basis.

The Company has adopted a Risk Management Policy in accordance with the provisions of the Act and Regulation 21 of the Listing Regulations. The Risk Management Policy is also posted under the Investors' section of the Company's website at: <https://www.zentechologies.com/policies-and-code-of-conduct>.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Corporate Social Responsibility Committee (CSR Committee) constituted by the Board has formulated a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company. The CSR Committee monitors the CSR Policy and recommends the amount of expenditure to be incurred on the activities mentioned in the CSR Policy.

CSR Committee met once during the year under review on 24th July 2021.

The category and composition of the committee is as follows:

S. No	Name	Category
1.	Dr. Ravindra Kumar Tyagi, Chairman	Independent, Non-Executive
2.	Mr. Ashok Atluri	Non-Independent, Executive
3.	Mr. Ravi Kumar Midathala	Non-Independent, Executive

The Corporate Social Responsibility Policy is posted under the Investors section of the Company's website at: <https://www.zentechologies.com/policies-and-code-of-conduct>.

The Annual Report on CSR activities in terms of the requirements of Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed as **Annexure IV**, which forms part of this Report.

BOARD EVALUATION

The Board of Directors evaluated the annual performance of the Board as a whole, its Committees and the directors individually, in accordance with the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, with specific focus on the performance and effective functioning of the Board and individual directors.

A separate meeting of Independent Directors was held on 29th January 2022 to review the performance of the Non-Independent Directors and the Board as a whole, review the performance of Chairperson of the Company and assess the quality, quantity and timeliness of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties. All the Independent Directors were present at the meeting.

CRITERIA FOR PERFORMANCE EVALUATION

- Ability of the candidate to devote sufficient time and attention to his professional obligations as Independent Director for informed and balanced decision making.
- Adherence to the Code of Conduct in letter and in spirit by the Independent Directors.
- Bringing objectivity and independence of view to the Board's discussions in relation to the Company's strategy, performance, and risk management.
- Statutory compliance and ensuring high standards of financial probity and Corporate Governance.
- Responsibility towards requirements under the Companies Act, 2013, responsibilities of the Board and accountability under the Director's Responsibility Statement.

FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS

The Independent Directors attend a Familiarization / Orientation Program on being inducted into the Board. Further, various other programmes are conducted for the benefit of Independent Directors to provide periodical updates on regulatory front, industry developments and any other significant matters of importance. The Company issues a formal letter of appointment to the Independent Directors, outlining their role, function, duties and responsibilities, the format of which is available on the Company's Website.

The details of training and familiarization program are available on the website at <https://www.zentechologies.com/investor-information>.

DIRECTORS

The Board of Directors consists of seven (7) directors, four (4) of whom are independent directors and the remaining three (3), executive directors.

In accordance with the provisions of Companies Act, 2013 and the Articles of Association of the Company, Ms. Shilpa Choudari, who is the Whole-Time Director, retires by rotation at the ensuing Annual General Meeting and, being eligible, offers herself for re-appointment. The Board recommends her re-appointment.

The Directors have devised proper systems and processes for complying with the requirements of applicable Secretarial Standards issued by the Institute of Company Secretaries of India and that such systems were adequate and operating effectively.

DIRECTORS OR KEY MANAGERIAL PERSONNEL (KMP) WHO WERE APPOINTED OR HAVE RESIGNED OR CEASED DURING THE YEAR

- In accordance with the provisions of Section 152 of the Companies Act, 2013, Ms. Shilpa Choudari, Whole-Time Director, retires by rotation and being eligible, offers herself for re-appointment.
- Retirement of Mr. Venkat Samir Kumar Oruganti (DIN: 06699271) as a Non-Executive Independent Director of the Company, effective 13th August 2021 (close of business hours) upon completion of his second consecutive tenure as Independent Director in the company. His second term of appointment was from 14th August 2018 till 13th August 2021.
- Re-appointment of Dr. Ravindra Kumar Tyagi (DIN: 01509031) as the Non-Executive Independent Director of the company for a second and final term of Three (3) Years w.e.f. 01st April 2022 till 31st March 2025, which was approved by the shareholders of the company at the 28th Annual General Meeting of the company held on 28th August 2021.

- Pursuant to the recommendation of Nomination and Remuneration Committee, the Board of Directors at its meeting held on 07th May, 2022, has subject to the approval of the members at the ensuing Annual General Meeting of the Company, approved the re-appointment of Mr. M Ravi Kumar (DIN: 00089921) as the Whole-Time Director of the Company, not liable to retire by rotation, for a period of three years, with effect from 29th June 2022.
- Pursuant to the recommendation of Nomination and Remuneration Committee, the Board of Directors at its meeting held on 30th July, 2022, has subject to the approval of the members at the ensuing Annual General Meeting of the Company, approved the re-appointment of Dr. Ajay Kumar Singh (DIN: 08532830) as the Non-Executive Independent Director of the Company, for the second consecutive term of three years, w.e.f 02nd November 2022 to 01st November 2025 (both days inclusive).
- Mr. Kishore Dutt Atluri (Brother of Mr. Ashok Atluri, Chairman and Managing Director) was appointed as the Additional director in the category Managing Director w.e.f. 01st August 2022 for a period of 3 years which is subject to approval of the shareholders in the ensuing Annual General Meeting.

In compliance with Regulation 36(3) of the Listing Regulations, brief resume of all the directors proposed to be appointed / re-appointed are attached along with the Notice of the ensuing Annual General Meeting.

During the year under review, the non-executive directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees, and reimbursement of expenses, if any, incurred by them for the purpose of attending meetings of the Board / Committee of the Company.

Apart from the above, there have been no changes in Directors and KMP.

KEY MANAGERIAL PERSONNEL (KMP)

In terms of Section 203 of the Act, the following are the Key Managerial Personnel of the Company:

- Mr. Ashok Atluri, Chairman and Managing Director & CFO
- Mr. Ravi Kumar Midathala, Whole-Time Director
- Mr. Hansraj Singh Rajput, Company Secretary & Chief Compliance officer

NAMES OF COMPANIES WHICH HAVE BECOME OR CEASED TO BE ITS SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES

Nil during the period under review.

DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

Your Company has established and maintained a framework of internal financial controls and compliance systems. Based on the framework of internal financial controls and compliance systems established and maintained by the Company, the work performed by the internal, statutory and secretarial auditors and external consultants, including the audit of internal financial controls over financial reporting by the statutory auditors and the reviews performed by management and the relevant board committees, including the audit committee, the Board is of the opinion that the Company's internal financial controls were adequate and your Company is constantly endeavoring to improve the standards of internal control in various areas and taking steps to strengthen the internal control system to make it commensurate and effective with the nature of its business.

Further, the statutory auditors of your Company have also issued an attestation report on internal control over financial reporting (as defined in section 143 of Companies Act, 2013) for the financial year ended 31st March 2022, which forms part to the Statutory Auditor's Report.

VIGIL MECHANISM

The Board of Directors, on the recommendation of the Audit Committee, established a vigil mechanism for directors and employees called "Whistle Blower Policy", pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, to report genuine concerns or grievances about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy and to provide adequate safeguards against victimization of persons who use such mechanism and to provide direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases.

The Whistle Blower Policy is posted under the Investors section of the Company's website at: <https://www.zentechologies.com/policies-and-code-of-conduct>.

SEXUAL HARASSMENT POLICY

The Company has adopted a policy on Prevention of Sexual Harassment of Women at Workplace in accordance with The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company has taken several initiatives across the organization to build awareness amongst employees about the Policy and the provisions of the Prevention of Sexual Harassment of Women at Workplace Act.

During the financial year ended 31st March 2022, there was no cases received pertaining to Sexual Harassment. Further there were no cases / complaints pending disposal as at the

end of the financial year. The Company has also complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

ZEN TECHNOLOGIES LIMITED'S CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

The Board of Directors has adopted the Insider Trading Policy in accordance with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 2015. The Insider Trading Policy of the Company lays down guidelines and procedures to be followed and disclosures to be made while in possession of Unpublished Price Sensitive Information and while dealing in the shares of the Company, as well as the consequences of violations. The Policy has been formulated to regulate, monitor and ensure reporting of trading by insiders by employees and to maintain the highest ethical standards while dealing in the company's securities.

The Insider Trading Policy of the Company, covering the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information and Code of Conduct for prevention of insider trading is available on our website - <https://www.zentechnologies.com/policies-and-code-of-conduct>.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

A Report on Management Discussion & Analysis forms part of the Annual Report as per the requirements of Regulation 34 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015.

INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to the applicable provisions of the Companies Act, 2013, read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('the Rules'), all unpaid or unclaimed dividend are required to be transferred by the Company to the IEPF established by the Central Government, after the completion of seven years. Further, according to the Rules, the shares in respect of which dividend has not been paid or claimed by the shareholders for seven consecutive years or more shall also be transferred to the demat account created by the IEPF Authority. Accordingly, the Company has transferred the unclaimed and unpaid dividend of ₹ 67,324/- pertaining to the FY 2013-2014. Further, 5,500 corresponding shares were also transferred as per the requirement of IEPF Rules. The details are also available on the Company's website i.e. <https://www.zentechnologies.com/unpaid-unclaimed-dividend>.

AUDITORS

a) Statutory Auditors:

At the twenty-sixth (26th) AGM held on 21st September 2019 the Members approved appointment of Ramasamy Koteswara Rao and Co LLP., Chartered Accountants (Firm Registration No. 010396S/S200084) as Statutory Auditors of

the Company to hold office for a period of five years from the conclusion of that AGM till the conclusion of the thirty-first (31st) AGM, subject to ratification of their appointment by Members at every AGM, if so required under the Act. The requirement to place the matter relating to appointment of auditors for ratification by Members at every AGM has been done away by the Companies (Amendment) Act, 2017 with effect from May 7, 2018. Accordingly, no resolution is being proposed for ratification of appointment of statutory auditors at the ensuing AGM.

The Auditor's Report on the financial statements of the Company does not contain any qualifications, reservations, or adverse remarks or disclaimer and the Notes on the financial statements referred to therein are self-explanatory, thereby not requiring any further comments on the same.

b) Secretarial Auditors:

M/s. P S Rao & Associates, Practicing Company Secretaries were appointed to conduct the secretarial audit for the financial year 2021-2022. Pursuant to Section 204 of the Companies Act, 2013 and Rules made thereunder, the Secretarial Audit Report for the financial year ended 31st March 2022, in Form MR-3, is annexed to this Annual Report as **Annexure V**. The Board has appointed Ms. Vanitha Nagulavari (ACS No. 26859/CP No. 10573), Company Secretary in Practice, from M/s P S Rao & Associates, Practicing Company Secretaries, as the Secretarial Auditor of the Company for the financial year 2022-2023.

The Secretarial Audit Report does not contain any qualifications, reservations, or adverse remarks or disclaimer, thereby not requiring any further comments on the same.

AUDIT COMMITTEE

The details of the composition of the Audit Committee as required under the provisions of Section 177(8) of the Companies Act, 2013 is given in the Corporate Governance Report furnished as part of the Annual Report. There have been no instances during the year where recommendations of the Audit Committee were not accepted by the Board.

NOMINATION AND REMUNERATION COMMITTEE

The details of the composition of the Committee are given in the Corporate Governance Report furnished as a part of the Annual Report.

STAKEHOLDERS RELATIONSHIP COMMITTEE

The detail of the composition of the Committee is given in the Corporate Governance Report furnished as part of the Annual Report.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The remuneration paid to your directors is in accordance with the Nomination and Remuneration Policy formulated in

accordance with Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations.

The information required under Section 197 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) in respect of directors/employees of the Company is appended as **Annexure –VI** to this Report.

CORPORATE GOVERNANCE

Your Company is committed to maintain high standards of corporate governance and adhere to the corporate governance requirements set out by Securities and Exchange Board of India. The Report on Corporate Governance as stipulated under the Listing Regulations, forms part of the Annual Report. The requisite certificate from the Practicing Company Secretary confirming compliance with the conditions of corporate governance as stipulated under the aforesaid Regulations forms part of this Report.

BUSINESS RESPONSIBILITY REPORT

The Business Responsibility Report (BRR) of your Company for the financial year 2021-2022 forms part of this Annual Report as required under Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

GREEN INITIATIVES

In commitment to keep in line with the Green Initiatives and going beyond it, electronic copy of the Notice of 29th Annual General Meeting of the Company including the Annual Report for FY 2021-2022 are being sent to all Members whose e-mail addresses are registered with the Company / Depository Participant(s).

SECRETARIAL STANDARDS

The Company has complied with Secretarial Standards, i.e. SS-1, SS-2 and SS-3, relating to Meetings of the Board of Directors, General Meetings and Dividend, respectively, issued by the Institute of Company Secretaries of India.

GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the financial year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.

2. Issue of shares (including sweat equity shares) to employees of your Company under any scheme, save and except ESOPs referred to in this Report.
3. The company did not transfer any amount to the reserves.
4. Your Company has not accepted any fixed deposits and, as such, no amount of principal or interest was outstanding on the date of the Balance Sheet.
5. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
6. Neither the Managing Director nor the Whole-time Directors of the Company receive any remuneration or commission from any of its subsidiaries.
7. The requirement of cost audit is not applicable to the Company.
8. There is no change in the nature of the business of the Company.
9. During the period under review, none of the Auditors of the Company have reported any fraud as specified under the second proviso of Section 143 (12) of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force).
10. There were no material changes/commitments affecting the financial position of your Company between the end of the financial year (31st March 2022) and the date of this Report (06th September 2022).

ACKNOWLEDGMENTS

Your directors thank various departments of Central and State Government, Organizations and Agencies for the continued help and co-operation extended by them to your Company. Your directors also gratefully acknowledge all stakeholders of the Company viz. members, customers, dealers, vendors, financial institutions, banks and other business partners for the excellent support received from them during the year.

The Directors regret the loss of life due to the continuing COVID-19 pandemic and are deeply grateful and have immense respect for every person whose risking their life and safety to fight this pandemic.

Your directors place on record their sincere appreciation to all employees of the Company for their unstinted commitment and continued contribution to the Company.

For and on behalf of the Board

Place: Hyderabad
Date: 06th September 2022

Ashok Atluri
Chairman and Managing Director
DIN: 00056050

Annexure-I

FORM NO. AOC – 1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of Subsidiaries/Associate Companies/Joint Ventures

PART “A”: SUBSIDIARIES

(₹ in lakhs)

1	Name of the subsidiary	Zen Technologies USA, Inc.	Unistring Tech Solutions Private Limited (UTS)	Zen Medical Technologies Private Limited
2	Date since it is subsidiary	09 th May 2018	08 th May 2019	29 th September 2020
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA	NA	NA
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	USD = INR 75.81	NA	NA
5	Share capital	1434.67	56.63	75.20
6	Reserves & surplus	(847.37)	1220.72	(26.04)
7	Total assets	602.29	3,227.72	49.45
8	Total Liabilities	14.99	1,950.37	0.28
9	Investments	--	--	--
10	Turnover	--	1,701.48	0.58
11	Profit before taxation	(59.59)	212.83	(9.32)
12	Provision for taxation	--	85.38	(0.06)
13	Profit after taxation	(59.59)	127.45	(9.27)
14	Proposed Dividend	--	--	--
15	% of shareholding	100%	51%	100%

Notes:

- Names of subsidiaries which are yet to commence operations: Zen Technologies USA, Inc.
- Names of subsidiaries which have been liquidated or sold during the year: None

PART “B”: ASSOCIATES AND JOINT VENTURES

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

The Company has no Associate Company or Joint Venture.

For and on behalf of the Board

Place: Hyderabad
Date: 06th September 2022

Ashok Atluri
Chairman and Managing Director
DIN: 00056050

M Ravi Kumar
Whole-Time Director
DIN: 00089921

Hansraj Singh Rajput
Company Secretary
M. No. F11438

Annexure-II

FORM NO. AOC-2

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

Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. There are no contracts or arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 which are not at arm's length basis.

2. Contracts or arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 which are at arm's length basis:

S. No	(a) Name(s) of the related party and nature of relationship	(b) Nature of contracts/ arrangements/ transactions	(c) Duration of the contracts / arrangements/ transactions	(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	(e) Date(s) of approval by the Board, if any:	(f) Amount paid as advances, if any:
1.	Mr Kishore Dutt Atluri - Brother of Mr Ashok Atluri, Chairman and Managing Director of the Company	Appointed to office or place of profit in the Company as President	Ongoing	During the year 2021-22, he received remuneration ₹ 48.23 lacs (including perks) and Incentive of ₹ 18.10 lacs.	08-08-2020 & 24-07-2021	Nil
2.	Mrs A Rama Devi	Leasing of property of any kind	01 June 2022 to 31 May 2025 (Renewal with mutual consent of the parties)	Taking on lease 3 bedroom fully furnished flat jointly owned by Mr Kishore Dutt Atluri, President of the Company and his wife Mrs A Rama Devi for use as Guest House for Company executives and business clients for ₹ 56,284/- per month plus maintenance charges as per actuals with an annual escalation on tariff at 5%. During the year 2021-22, ₹ 6.38 Lacs was paid as the rent to the related party.	07-05-2022	Security deposit – lease rent of two months
3.	Mr Arjun Atluri, Son of Mr. Kishore Dutt Atluri, President of the company	Appointed to office or place of profit in the Company	Ongoing	During the year 2021-22, he received remuneration of ₹ 11.78 lacs (including perks).	07-05-2022	Nil
4.	Ms Anisha Atluri, Daughter of Mr. Kishore Dutt Atluri, President of the company	Appointed to office or place of profit in the Company	Ongoing	During the year 2021-22, she received remuneration of ₹ 6.38 lacs (including perks).	07-05-2022	Nil

5.	Unistring Tech Solutions Private Limited (UTS), Subsidiary Company	Purchase of goods viz., Anti-Drone Systems	One-time arrangement	During the year 2021-22, ₹ 97.35 Lacs was paid to UTS.	30-10-2021	Nil
6.	Zen Medical Technologies Private Limited, Wholly Owned Subsidiary Company	Leasing of property of any kind	01 November 2020 to 31 October 2023 (Renewal with mutual consent of the parties)	Given on lease a part of plant area at TacSim section, admeasuring in aggregate 230 Sq.fts at Hardware Park owned by the company for use as registered office of the company for ₹ 10,000/- per month plus maintenance charges ₹ 1,000/- per month with an annual escalation on tariff at 5%. During the year 2021-22, ₹ 1.18 Lac was received as the rent income from the company.	31-10-2020	Nil

For and on behalf of the Board

Place: Hyderabad
Date: 06th September 2022

Ashok Atluri
Chairman and Managing Director
DIN: 00056050

Annexure-III

Statement of particulars of Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo pursuant to the provisions of Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of Companies (Accounts) Rules, 2014

A. CONSERVATION OF ENERGY

(i) The steps taken or impact on conservation of energy:

The Company does not use energy-intensive equipment for its operations. Besides, due to significant awareness campaigns within the Company, the employees are averse to wasting power. Consequently, power consumption is one of the lowest per employee. The computers, air-conditioners and other equipment being used by the Company are energy-efficient and environment-friendly.

(ii) The steps taken by the company for utilizing alternate sources of energy:

a. The Company is energy conscious. All types of driving simulators manufactured by the Company work with high-rated, power-saving servo motors.

b. The employees are disciplined on saving energy. Systems are switched on only when it is to be used and switched off as soon as the scheduled work is completed.

c. The Company has made a policy decision of buying systems that are rated high in power saving. Employees work on LED monitors. Their energy consumption is less. They also release less heat compared to CRT and LCD monitors enabling the centralized air-conditioner maintain the temperature with ease. The air-conditioner too has a regulator to save power.

d. Plans are afoot to buy eco-friendly vehicles for intra-office movement at the Hardware Park Plant and between the research wing and production wings.

e. Also there is a move to harness solar energy for lighting and wire fencing. The roof of the plant is about 70 feet from ground and there are enough provisions for the day light to seep into the plant to enable technical hands to work without switching on electrical lights especially in day time.

f. Air conditioners are fitted with controllers to cut off power at the set temperature. The present MH lamps and mercury lamps are replaced with LED lamps which consume only 40% of CFL and its minimum life is 50,000 burning hours.

g. The street lights and the complete indoor lights at the Hardware Park are replaced with LED bulbs towards efficient energy consumption.

h. The company has installed motion sensor based lights in the corporate & head office and the Hardware Park.

i. We had also installed energy meters to our 40 Kva & 60 Kva UPS for monitoring Electric consumption for our IT infrastructure.

(iii) The capital investment on energy conservation equipments: The capital investment was made on controllers used for air conditioners and LED bulbs.

B. TECHNOLOGY ABSORPTION

(i) The efforts made towards technology absorption:

The Company has indigenously developed significant technologies that are useful in various products. The technologies nurtured within the Company have been incorporated into various products.

(ii) The benefits derived like product improvement, cost reduction, product development or import substitution:

We expect such technologies will give us an unbeatable edge in evolving our products into advanced, reliable, and robust simulators.

(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):

The Company has not imported any technology during the past 3 years.

(iv) The expenditure incurred on Research and Development:

The Company has incurred ₹ 13.80 Crores as R&D expenditure (capital and revenue) for the financial year 2021-22 for the development of various products. The Company has incurred 25.70% as R&D expenditure of Sales Turnover. The Company will continue to make big bets for long-term national interests which may impact short-term profitability of the Company.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(₹ in lakhs)

Particulars	FY 2021-2022	FY 2020-2021
Earned during the year	2590.09	1810.28
Used during the year	860.64*	235.50

*During FY 2021-2022 Out of ₹ 860.64 lacs, ₹156.42 lacs was spent towards Zen Technologies Limited – Abu Dhabi branch Expenses.

For and on behalf of the Board

Place: Hyderabad
Date: 06th September 2022

Ashok Atluri
Chairman and Managing Director
DIN: 00056050

Annexure-IV

ANNUAL REPORT ON CSR ACTIVITIES FOR THE FY 2021-2022

(As per Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014)

1. A brief outline of the Company's CSR policy:

On the recommendations of the Corporate Social Responsibility Committee, the Board approved and adopted the Corporate Social Responsibility Policy of the Company. The Company proposes to adopt projects or programmes under one or more of the activities as prescribed under Schedule VII of the Companies Act, 2013, as amended from time to time and as stated in the Corporate Social Responsibility Policy.

2. Composition of the CSR Committee:

S. No	Name	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Dr. Ravindra Kumar Tyagi	Chairman, Independent – Non-Executive	1	1
2.	Mr. Ashok Atluri	Member, Non-Independent – Executive	1	1
3.	Mr. Ravi Kumar Midathala	Member, Non-Independent – Executive	1	1

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

Composition of the CSR committee shared above and is available on the Company's website on – <https://www.zentechnologies.com/leader/board-committees>

CSR Policy – <https://www.zentechnologies.com/policies-and-code-of-conduct>

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report).

Not Applicable.

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

S. No	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
-		Nil	Nil

6. Average net profit of the company as per section 135(5): ₹ 2,738.91 Lacs

7. (a) Two percent of average net profit of the company as per section 135(5): ₹ 54.78 Lacs

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil

(c) Amount required to be set off for the financial year, if any: Nil

(d) Total CSR obligation for the financial year (7a+7b-7c): ₹ 54.78 Lacs

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of Transfer.	Name of the Fund	Amount.	Date of Transfer.
₹ 55.00 Lacs	Nil	-	-	Nil	-

(b) Details of CSR amount spent against ongoing projects for the financial year: Nil

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)		
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Amount spent for the project (₹ Lakh)	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency.		
			State		District				Name	CSR Registration number
1	Contribution for Schedule VII activities	(i), (ii), (vi), (vii)	No	Pan India		55.00	No	Air Force Wives Welfare Association		CSR00012273
Total						55.00				

(d) Amount spent in Administrative Overheads: Nil

(e) Amount spent on Impact Assessment, if applicable: Not Applicable

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ 55.00 Lacs

(g) Excess amount for set off, if any

S. No	Particular	Amount (₹ Lakh)
i.	Two percent of average net profit of the company as per section 135(5)	54.78
ii.	Total amount spent for the Financial Year	55.00
iii.	Excess amount spent for the financial year [(ii)-(i)]	0.22
iv.	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
v.	Amount available for set off in succeeding financial years [(iii)-(iv)]	0.22

9. (a) Details of Unspent CSR amount for the preceding three financial years: Nil

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): Nil

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: Nil

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): Not Applicable

Ashok Atluri
Chairman and Managing Director
DIN: 00056050

Place: Hyderabad
Date: 06th September 2022

Dr. Ravindra Kumar Tyagi
Chairman of the Committee
DIN: 01509031

Annexure-V

FORM NO. MR-3

Secretarial Audit Report

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Zen Technologies Limited
Hyderabad

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Zen Technologies Limited** (hereinafter referred to as "the Company"). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of the Secretarial Audit, we hereby report that, in our opinion, the company has, during the audit period covering the financial year ended **31st March, 2022**, complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended **31st March, 2022** according to the provisions of:

- (i) The Companies Act, 2013 (the Act) (applicable sections as on date) and the Rules made thereunder;
 - (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
 - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder by the Securities and Exchange Board of India (SEBI);
 - (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment;
 - (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (e) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996;
 - (f) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
 - (vi) Provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') were not applicable to the Company during the financial year under report:-
 - (a) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (b) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - (c) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
 - (vii) The industry specific laws that are applicable to the company are as follows:
 - a) The Factories Act, 1948
 - b) The Employees Provident Fund and other miscellaneous provisions Act, 1952
 - c) The Bonus Act, 1965
 - d) The Employees' State Insurance Act, 1948
 - e) The Information Technology Act, 2008
 - f) The e-waste (Management and Handling) Rules, 2011
 - g) The Official Secrets Act, 1923
 - h) Security Manual, Category B, Ministry of Defence
 - i) The Drone Rules, 2021
- We have also examined compliance with the applicable clauses of the following:

- a. Secretarial Standards SS-1 and SS-2 with respect to Meetings of the Board of Directors and General Meetings respectively, issued by The Institute of Company Secretaries of India and notified by the Ministry of Corporate Affairs.

During the period under review, the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. mentioned hereinabove.

We further report that

The Board of Directors of the Company is duly constituted with a proper balance of Executive, Non-Executive and Independent Directors. During the year under review:

Sl. No.	Name of the Director	Appointment/ Cessation/ Reappointment	Our Comments
1	Mr.Ashok Atluri	Reappointment	Reappointed as a director at the 28 th AGM held on August 28, 2021 upon the retirement by rotation in accordance with the provisions of section 152 of the Act
2	Ms.Shilpa Choudari	Appointment	Approved the appointment as a Whole-time Director from November 01, 2020 to October 31, 2023 by the shareholders at the 28 th AGM.
3	Amreek Singh Sandhu	Reappointment	Approved the reappointment as an Independent Director from February 3, 2021 to February 3, 2024 by the shareholders at the 28 th AGM.
4	Ravindra Kumar Tyagi	Reappointment	Approved the reappointment as an Independent Director from April 1, 2022 to March 31, 2025 by the shareholders at the 28 th AGM.

Adequate notice has been given to all the directors to schedule the Board meetings. Agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As a general practice of the Board, decisions were taken on unanimous consent.

We further report that based on our verifications and the declarations received from the respective directors, the directors were not disqualified to act as such as per the provisions of Companies Act, Rules, Orders/ Circulars/ Regulations issued by SEBI or such other acts for the time being enforceable.

We further report that no prosecutions were initiated and no fines or penalties were imposed during the year under the Companies Act, SEBI Act, SCRA Act or other SEBI Regulations on the Company or its Directors and officers of the Company.

We further report that there are adequate systems and processes in the Company, commensurate with its size and operations, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the year under review Approval of Zen Technologies Limited Employees Stock Option Plan - 2021 and grant of stock options to Eligible Employees through Trust. Authorization was granted to the Trust to undertake secondary acquisition of as well as subscribe to the equity shares of the Company for implementation of the Zen Technologies Limited Employees Stock Option Plan – 2021 and approval was also granted for provision of money by the Company for purchase of its own shares by the Trust for the benefit of eligible employees under the Zen Technologies Limited Employees Stock Option Plan – 2021.

We further report that, during the year under review 40,64,627 Compulsorily Convertible Debentures (CCDs) of ₹213/- each were issued which would convert into equal number of equity shares of Re.1/- each upon conversion.

We further report that, during the year under review 469,633 share warrants of ₹213/- each were issued which would convert into equal number of equity shares of Re.1/- each upon exercising the conversion option.

We further report that, during the year under review, in terms of the provisions of Section 124(5) of the Act, an amount of ₹67,324/- being the Unclaimed Dividend paid for the FY 2013-14, was transferred to the Investor Education and Protection Fund.

We further report that, during the year under review, in terms of provisions of Section 124(6) of the Act, 5,500 equity shares of Re.1/- each belonging to 3 shareholders were transferred to the Investor Education and Protection Fund.

We further report that, during the financial under review, ₹55.00 lakhs has been spent in terms of the provisions of section 135 of the Act, against actual obligation of ₹54.78 Lakhs.

CS N. Vanitha; PCS

M. No: A26859

C P No: 10573

UDIN: A026859D000713314

PEER REVIEW CER No.1890/2022

Place: Hyderabad

Date: 30-07-2022

Note: This report is to be read with our letter of even date which is annexed as '**Annexure A**' and forms an integral part of this report.

'Annexure A'

To
The Members
Zen Technologies Limited
Hyderabad

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, we have obtained Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations and standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
7. Owing to the lockdown measure imposed by the Government in the wake of the Covid-19 pandemic, for certain verifications and cross checks, we have relied on the information/ documents and assurances received from the respective officials of the Company for forming our opinion and for eventual reporting thereof.

CS N. Vanitha; PCS

M. No: A26859

C P No: 10573

UDIN: A026859D000713314

PEER REVIEW CER No.1890/2022

Place: Hyderabad

Date: 30-07-2022

Annexure-VI

Details in accordance with the provisions of Section 197(12) of the Companies Act, 2013, read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

(i) The ratio of remuneration of each director to the median remuneration of the employees and the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary of the Company for the financial year:

S. No	Name of the Director/KMP, Designation	Ratio of remuneration to the median remuneration of the employees	Percentage increase in remuneration
1.	Mr. Ashok Atluri, Chairman and Managing Director	11.96:1	---*
2.	Mr. M Ravi Kumar, Whole-time Director	11.96:1	---*
3.	Ms. Shilpa Choudari, Whole-time Director	5.69:1	---*
4.	Mr. Amreek Singh Sandhu, Independent Director	Nil	Nil
5.	Dr. Ravindra Kumar Tyagi, Independent Director	Nil	Nil
6.	Dr. Ajay Kumar Singh, Independent Director	Nil	Nil
7.	Ms. Sirisha Chintapalli, Independent Director	Nil	Nil
8.	Mr. Hansraj Singh Rajput, Company Secretary	Nil	15.75%

Note: Independent Directors were paid sitting fees for attending the Meetings.

*There was no increase in the remuneration paid to Mr. Ashok Atluri, Chairman and Managing Director, Mr. M Ravi Kumar and Ms. Shilpa Choudari, Whole-Time Directors during the financial year 2021-2022.

(ii) The percentage increase in the median remuneration of employees in the financial year: 17%

(iii) The number of permanent employees on the rolls of company:

There are 224 permanent employees on the rolls of the Company.

(iv) Average percentile increases already made in the salaries of employees other than the managerial personnel in the last financial year: 20.23%

Percentile increases in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration: Not Applicable. Since there was no increase in the managerial remuneration during the year under review.

(v) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy, applicable for Directors, Key Managerial Personnel and other employees, adopted by the Company.

(vi) Particulars of Employees in accordance with the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment of Remuneration of Managerial Personnel) Rules, 2014:

S. No	Employee Name	Designation & Nature of Employment	Educational Qualifications	Age	Experience	Date of Joining	Gross Remuneration Paid (₹ In Lacs)	Previous Employment and Designation, if any	No. of share held, if any	Remarks
1.	Ashok Atluri	Chairman and Managing Director on Contractual employment	B.Com, PG Diploma	56 yrs	Over 31 yrs	29-Jun-93	66.65	Nil	2,13,11,220 equity shares	Promoter & Managing Director

2.	Kishore Dutt Atluri	President on Contractual employment	Master of Computer Application	60 yrs	37 yrs	29-Jun-93	66.33	Nil	1,57,56,220 equity shares	Promoter and Brother of Mr Ashok Atluri, Chairman and Managing Director
3.	M Ravi Kumar	Whole-time Director on Contractual employment	PG Diploma in computer science	60 yrs	Around 33 yrs	29-Jun-93	53.59	Nil	7,90,000 equity shares	Promoter & Whole-time Director
4.	M Vijaya Rama Rao	Sr Manager (R&D-Electronics), Permanent Employee	BE – Electronics	44 yrs	19 yrs	03-Apr-02	32.30	-	4,312 equity shares	-
5.	Suhruth Taduri	Software Head, Permanent Employee	M Sc.	43 yrs	17 yrs	01-Sep-21	31.50	Zen Technologies & Game Shahstra	-	-
6.	Surya Prakash Koti	Project Lead (Software), Permanent Employee	M.Sc – Electronics	40 yrs	16 yrs	26-Dec-05	28.48	-	1,008 equity shares	-
7.	Ravi Kumar Mummadi	Sr Technical Lead, Permanent Employee	M Tech	46 yrs	26 yrs	16-Jul-20	22.75	DRDL,DMRL, Logical Solutions	-	-
8.	Venkatapathi Raju	Sr Technical Lead, Permanent Employee	M Tech	45 yrs	21 yrs	2-Jul-20	22.75	RCI-DRDO, Logical Solutions	-	-
9.	AVM Arvind Verma	Advisor	M Sc Military Sciences	63 yrs	41 yrs	04-Oct-16	21.00	Indian Air Force from 1978 to 2015	-	-
10.	J Sudhakar	Sr Manager (R&D)	Diploma in Electronics	49 yrs	29 yrs	01-Aug-97	18.68	Twin Data Systems Pvt. Ltd. as R&D Engineer	3,000 equity shares	-

For and on behalf of the Board

Place: Hyderabad
Date: 06th September 2022

Ashok Atluri
Chairman and Managing Director
DIN: 00056050

Corporate Governance Report

This report is prepared in accordance with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), and the report contains the details of Corporate Governance systems and processes at Zen Technologies Limited ('Zen' or 'the Company').

Corporate governance is the set of processes, customs, policies, laws and institutions affecting the way a company is directed, administered or controlled. It is a system of structuring, operating and controlling a company with a view to achieve long term strategic goals to satisfy shareholders, creditors, employees, customers and suppliers.

Corporate governance is based on principles such as conducting the business with all integrity and fairness, being transparent with regard to all transactions, making all the necessary disclosures and decisions, complying with all the laws of the land, accountability and responsibility towards the stakeholders and commitment to conducting business in an ethical manner.

The Company is in compliance with the requirements stipulated under Regulation 17 to 27 read with Schedule V and clauses (b) to (j) of sub-regulation (2) of Regulation 46 of the Listing Regulations as applicable, with regard to corporate governance and also the Guidance Note on Board Evaluation as prescribed by the Securities and Exchange Board of India (SEBI).

1) COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Zen is committed to good corporate governance. Zen aims to achieve the objective of enhancing the shareholders' value by ensuring effective relationship with stakeholders and protecting their interests. Zen believes that the Company's

business strategy and plans should be consistent with the welfare of all its stakeholders which will bring sustained corporate growth and long term benefit to all.

Zen has been practicing the principles of good corporate governance with a great zeal of commitment and sincerity. Zen's principle of corporate governance comes from the belief that the high standards of ethics, timely disclosures, accountability and transparency go a long way in preserving shareholders' trust and creating wealth.

2) BOARD OF DIRECTORS

a. Composition and Category of Directors.

The Board of Directors along with its Committees provides leadership and guidance to the Management and directs and supervises the performance of the Company, thereby enhancing stakeholder value. The Board has a fiduciary relationship in ensuring that the rights of all stakeholders are protected. Your Company has an engaged and well-informed Board with qualifications and experience in diverse areas. The Board composition is in conformity with Regulation 17 of Listing Regulations read with Section 149 of the Companies Act, 2013 ("the Act").

The Company's Board has an optimum combination of Executive and Non-Executive Directors including a Woman Director. The Board of Directors of the Company consists of Seven (7) Directors. To ensure transparent and professional conduct of board procedures in all aspects and related thereto, more than fifty percent i.e., 4 out of 7 Directors are Independent Directors. The Chairman of the Board is an Executive Director. The brief profiles of the Directors can be found on the Company's website: <https://www.zentechnologies.com/leader/board-of-directors>.

The Composition of the Board as of 31st March 2022 is given below:

S. No	Name of the Director	DIN	Designation	Date of Appointment	Category
1.	Mr Ashok Atluri	00056050	Chairman and Managing Director	14-06-1994	Promoter & Executive Director
2.	Mr M Ravi Kumar	00089921	Whole Time Director	29-06-1993	Promoter & Executive Director
3.	Ms Shilpa Choudari	06646539	Whole Time Director	01-11-2020	Executive Director
4.	Mr Amreek Singh Sandhu	08064880	Director	03-02-2018	Independent Non-Executive Director
5.	Dr Ravindra Kumar Tyagi	01509031	Director	01-04-2019	Independent Non-Executive Director
6.	Dr Ajay Kumar Singh	08532830	Director	02-11-2019	Independent Non-Executive Director
7.	Ms Sirisha Chintapalli	08407008	Director	08-08-2020	Independent Non-Executive Director

b. Attendance of each Director at the Board Meetings and the last AGM

The table hereunder gives the attendance record of the Directors at the seven (7) Board Meetings held during the year 2021-22 and the last Annual General Meeting (AGM) held on 28th August 2021:

Name of the Director	Number of Board meetings attended		Attendance at AGM held on 28 th August 2021
	Held / Eligible to attend	Attended	
Mr Ashok Atluri	7	7	Yes
Mr M Ravi Kumar	7	6	Yes
Ms Shilpa Choudari	7	7	Yes
Mr Venkat Samir Kumar Oruganti [§]	3	3	Not Applicable
Mr Amreek Singh Sandhu	7	7	Yes
Dr Ravindra Kumar Tyagi	7	7	Yes
Dr Ajay Kumar Singh	7	7	Yes
Ms Sirisha Chintapalli	7	7	Yes

[§]Retired from the company w.e.f. 13th August 2021

c. Number of other Boards or Board Committees in which the director of the company is a member or Chairperson.

S. No	Name of the Director	Number of other Directorships*	Board Committees**		Directorship in other listed entity (Category of Directorship)
			Membership	Chairmanship	
1.	Mr Ashok Atluri	1	-	-	-
2.	Mr M Ravi Kumar	1	-	-	-
3.	Ms Shilpa Choudari	1	-	-	-
4.	Mr Amreek Singh Sandhu	-	-	-	-
5.	Dr Ravindra Kumar Tyagi	-	-	-	-
6.	Dr Ajay Kumar Singh	-	-	-	-
7.	Ms Sirisha Chintapalli	4	4	2	Shilpa Medicare Limited (Non-Executive, Independent)

*Excluding Private Limited Companies, Foreign Companies and Section 8 Companies.

**Only membership of Audit and Shareholders Grievances Committees are considered.

None of the Directors on the Board is a Director in more than 7 listed entities. None of the Non – Executive Directors is an Independent Director in more than 7 listed entities as required under the Listing Regulations. Further, the Managing Director and the Executive Director do not serve as Independent Directors in any listed company. None of the Directors held Directorships in more than 20 Indian companies, with more than 10 public limited companies. None of the Directors on the Board is a member of more than ten Committees or Chairman of five Committees (committees being Audit Committee and Stakeholders Relationship Committee) across all Public Companies in India, in which he/she is a Director. Necessary disclosures regarding their Committee positions have been made by all the Directors.

All Directors are in compliance with the limit on Directorships /Independent Directorships of listed companies as prescribed under Regulation 17A of the Listing Regulations.

The Company has received declarations on criteria of independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations from the Directors of the Company who have been classified as Independent Directors as on March 31, 2022.

d. Number of Board meetings held, dates on which held.

Seven (7) Board Meetings were held during the financial year ended 31st March 2022. The maximum gap between any two consecutive meetings did not exceed 120 days.

Due to the exceptional circumstances caused by the COVID-19 pandemic and consequent relaxations granted by MCA and SEBI, all Board meetings in FY 2022 were held through Video Conferencing. The minutes of the meetings of all the Board and Committees are circulated to all the Directors after incorporating the comments of the Directors.

The dates on which the Board meetings were held are 01st May 2021, 06th July 2021, 24th July 2021, 06th September 2021, 16th October 2021, 30th October 2021 and 29th January 2022. The necessary quorum was present for all the meetings. Minutes of the meetings of all the Board and Committees are circulated to all the Directors.

During FY 2022, information as mentioned in Part A of Schedule II of the SEBI Listing Regulations, has been placed before the Board for its consideration.

The Board periodically reviews the compliance reports of all laws applicable to the Company.

e. Meeting of Independent Directors.

A separate meeting of Independent Directors was held on 29th January 2022 inter-alia to review the performance of the Non-Independent Directors and the Board as a whole, review the performance of Chairperson of the Company and assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

i. The Board has identified the following skills/expertise/competencies fundamental for the effective functioning of the Company which are currently available with the Board:

As required under the Listing Regulations, the list of core skills/expertise/competencies as identified by the Board of Directors in the context of its business and sector for it to function effectively and those available with the Board are as under:

Matrix of skills/expertise/competencies:

Knowledge	Understanding of the Company's business, policies and culture (including its mission, vision, values, goals, current strategic plan, governance structure, major risks and threats and potential opportunities) and knowledge of the industry in which the Company operates.
Behavioral Skills	Attributes and competencies to use their knowledge and skills to function well as team-members and to interact with key stakeholders.
Strategic thinking and Planning	Appreciation of long-term trends, strategic choices, and experience in guiding and leading management teams to make decisions in uncertain environments.
Leadership	Leadership Skill to ensure effective guidance to and monitoring of the management and to set a corporate culture and the values by which executives throughout the group should behave.

All the Independent Directors were present at the meeting. The Independent Directors expressed their satisfaction to the desired level on the governance of the Board.

f. Disclosure of relationship between Directors inter-se.

Mr Ashok Atluri, Chairman and Managing Director, is the brother of Mr Kishore Dutt Atluri who has been appointed as President of the Company as per the provisions of Section 188 of the Companies Act.

Further Ms. Shilpa Choudari is the spouse of Mr. Ashok Atluri, Chairman and Managing Director, who was appointed as the Whole-Time Director w.e.f 01st November 2020.

None of the other Directors are related to each other.

g. Shares and Convertible Instruments held by Non-Executive Directors.

S. No.	Name of the Director	Number of Equity Shares (face value of ₹ 1/- each held in the Company)
1.	Mr Amreek Singh Sandhu	Nil
2.	Dr Ravindra Kumar Tyagi	250
3.	Dr Ajay Kumar Singh	Nil
4.	Ms Sirisha Chintapalli	Nil

h. The detail of Familiarization programmes imparted to Independent Directors is given below.

The details of programs for familiarization of the Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters are available on the website of the Company at the Web link: <https://www.zentechnologies.com/investor-information>

Financial Discipline and Risk Oversight	Understanding of Financial Management, Financial Reporting Process and Financial & Operational controls. Ensuring focus on returns. Understand and Oversee internal and external risks associated with the Business and to put in place appropriate policies and procedures to effectively manage such risks.
Corporate Governance	Experience in implementation of the statutory laws, rules, regulations etc. for effective implementation and ensuring proper corporate governance.

The Board of the Company is highly structured to ensure a high degree of diversity by age, education/qualifications, professional background, sector expertise and special skills.

The eligibility of a person to be appointed as a Director of the Company is dependent on whether the person possesses the requisite skill sets identified by the Board as above and whether the person is a proven leader in running a business that is relevant to the Company's business or is a proven academician in the field relevant to the Company's business. The Directors so appointed are drawn from diverse backgrounds and possess special skills with regard to the industries / fields from where they come.

The details of Directors of the Company who possess the above referred skills/expertise/competencies are as given below:

Director	Knowledge of the Company's business	Behavioral Skills	Strategic thinking and Planning	Financial Skills	Governance Skills	Technical/ Professional skills and specialized Knowledge
Mr Ashok Atluri	Y	Y	Y	Y	Y	Y
Mr M Ravi Kumar	Y	Y	Y	Y	Y	Y
Ms Shilpa Choudari	Y	Y	Y	Y	Y	Y
Mr Amreek Singh Sandhu	Y	Y	Y	Y	Y	Y
Dr Ravindra Kumar Tyagi	Y	Y	Y	Y	Y	Y
Dr Ajay Kumar Singh	Y	Y	Y	Y	Y	Y
Ms Sirisha Chintapalli	Y	Y	Y	Y	Y	Y

j. Independent Directors are non-executive directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act along with rules framed thereunder. In terms of Regulation 25(8) of SEBI Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Based on the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations and that they are independent of the management.

In terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment & Qualification of Directors) Rules, 2014, the Independent Directors have confirmed that they have enrolled themselves in the Independent Directors' Databank maintained with the Indian Institute of Corporate Affairs.

No Independent Director had resigned during the Financial Year 2021-22.

k. Code of Conduct.

The Board has laid down two separate Codes of Conduct, one for all the Board Members and the other for Senior

Management of the Company. These Codes have been posted on the Company's website <https://www.zentechologies.com/policies-and-code-of-conduct>. All the Board Members and Senior Management Personnel have affirmed compliance with these Codes. A declaration signed by the Chairman and Managing Director to this effect is enclosed at the end of this Report. The Code of Conduct for the Board Members of the Company has been amended in line with the provisions of the Companies Act, 2013, which includes Code for Independent Directors, which is a guide to professional conduct for Independent Directors of the Company pursuant to section 149(8) and Schedule IV of the Companies Act, 2013.

I. CEO/CFO Certification.

As required under the Listing Regulations, the Chairman and Managing Director and CFO of the Company have certified the Financial Statements for the year ended 31st March 2022 before their submission to the Board. The Chairman and Managing Director and CFO also furnish quarterly certification on Financial Statements while placing the Financial Statements before the Board in terms of Regulation 17(8). The Annual Certificate given by the Chairman and Managing Director and CFO forms part of the Annual Report.

3) AUDIT COMMITTEE.

i. Brief description of terms of reference.

The Committee is empowered with the role and powers as prescribed under Regulation 18 of the Listing Regulations and section 177 of the Companies Act, 2013. The Committee also acts in terms of reference and directions of the Board from time to time.

ii. Composition, Name of Members and Chairperson.

The Audit Committee of the Board is constituted with four (4) Directors comprising of three (3) Independent Directors forming a majority. All of the members of the Committee are financially literate and have adequate accounting knowledge. Accordingly, the Composition of the Audit Committee is in conformity with Regulation 18 of the Listing Regulations.

The Composition, Meetings and Attendance of Members of Audit Committee, is given below:

S. No	Name of the Director	Designation	No. of meetings held	No. of meetings attended
1.	Mr Amreek Singh Sandhu	Chairman	4	4
2.	Mr Venkat Samir Kumar Oruganti ^{&}	Member	4	2
3.	Mr Ashok Atluri	Member	4	4
4.	Dr Ravindra Kumar Tyagi	Member	4	4
5.	Dr Ajay Kumar Singh	Member	4	4

[&]Retired from the company w.e.f. 13th August 2021

During the Financial Year 2021-22, the Audit Committee met 4 times on the following dates:

01st May 2021, 24th July 2021, 30th October 2021 and 29th January 2022.

The Statutory Auditor, Internal Auditor, Chief Financial Officer and Senior Manager (Finance and Accounts) are invited to the meetings of the Audit Committee. The Company Secretary acts as the Secretary to the Audit Committee.

All the recommendations of the Audit Committee have been accepted by the Board of Directors.

The Chairman of the Audit Committee is always present at the Annual General Meeting (AGM) to give clarifications, if any, required by the members.

4) NOMINATION AND REMUNERATION COMMITTEE.

i. Brief description of terms of reference.

The Committee is empowered with the role and powers as prescribed under Regulation 19 of the Listing Regulations, section 178 of the Companies Act, 2013 and in the Nomination & Remuneration Policy of the Company. The Committee also acts in terms of reference and directions of the Board from time to time.

ii. Composition, name of members and Chairperson.

The Nomination and Remuneration Committee of the Board is constituted with three Independent Directors. During financial year 2021-22 Nomination and Remuneration committee met two (2) times on 01st May 2021 and 24th July 2021.

The Composition, Meetings and Attendance of Members of Nomination and Remuneration Committee, is given below:

S. No	Name of the Director	Designation	No. of meetings held	No. of meetings attended
1.	Mr Venkat Samir Kumar Oruganti ^{&}	Chairman	2	2
2.	Mr Amreek Singh Sandhu	Chairman	2	2
3.	Dr Ajay Kumar Singh	Member	2	2
4.	Dr Ravindra Kumar Tyagi	Member	2	0

[&]Retired from the company w.e.f. 13th August 2021

iii. Nomination and Remuneration policy.

The Nomination and Remuneration Policy is available on the Company's website at <https://www.zentechologies.com/policies-and-code-of-conduct>.

The Policy ensures that:

- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully.
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks and
- Remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

iv. Performance Evaluation.

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

performance evaluation of the Non-Independent Directors and the Board as a whole was carried out by the Independent Directors. The performance evaluation of the Chairman of the Company was also carried out by the Independent Directors, taking into account the views of the Executive Director and Non-Executive Directors. The Directors expressed their satisfaction with the evaluation process.

5) REMUNERATION OF DIRECTORS.

- a. There are no pecuniary transactions with any non-executive director of the Company.
- b. Non-Executive Directors are paid sitting fee for attending the Board and Committee meetings.

The details of sitting fee paid to the Independent Directors during the financial year 2021-22 are as follows:

Name of the Director	Amount (₹)
Mr Venkat Samir Kumar Oruganti	1,25,000
Ms Sirisha Chintapalli	1,75,000
Mr Amreek Singh Sandhu	2,75,000
Dr Ravindra Kumar Tyagi	2,75,000
Dr Ajay Kumar Singh	2,75,000

The details of remuneration paid to Executive Directors during the year are as follows:

Name of the Director and Designation	Salary	Benefits	Bonus	Pension	Commission	Service Contracts	Amount (₹)
							Notice Period
Mr Ashok Atluri, Chairman and Managing Director	60,83,224	-	-	-	5,81,969	Appointed for a period of 3 years w.e.f 1 October 2020	As per the Company Rules
Mr M Ravi Kumar*, Whole Time Director	53,58,641	-	-	-	-	Appointed for a period of 3 years w.e.f 29 June 2022*	As per the Company Rules
Ms Shilpa Choudari, Whole Time Director	25,04,090	-	-	-	-	Appointed for a period of 3 years w.e.f 01 November 2020	As per the Company Rules

*Re-appointment w.e.f. 29 June 2022 subject to the shareholders' approval at the ensuing annual general meeting of the company.

There were no severance fees, stock option plan or performance linked incentive for Executive / Non-Executive Directors. The Chairman and Managing Director was appointed for a period of 3 years and the Whole Time Director for a period of 3 years as per the terms and conditions mentioned in the respective resolutions passed by the Members of the Company in the General Meetings.

6) STAKEHOLDERS RELATIONSHIP COMMITTEE.

i. Composition

The Stakeholders Relationship Committee (SRC) of the Board is constituted with the following Directors:

S. No	Name of the Director	Designation
1.	Ms Sirisha Chintapalli	Chairperson
2.	Mr Ashok Atluri	Member
3.	Mr Amreek Singh Sandhu	Member

During the financial year 2021-22, SRC met only once on 29th January 2022. The Attendance of Members of SRC is given below:

S . No	Name of the Director	Designation	No. of meetings held	No. of meetings attended
1.	Ms Sirisha Chintapalli	Chairperson	1	1
2.	Mr Amreek Singh Sandhu	Member	1	1
3.	Mr Ashok Atluri	Member	1	1

The Committee has been delegated with following powers:

- To review and redress shareholder / investor's complaints etc. relating to transfer of shares, non-receipt of balance sheet/ annual reports, non-receipt of declared dividends etc.
- To approve transfer and transmission and issue of duplicate/fresh share certificates.
- To consolidate and sub-division of share certificates etc.
- To redress, approve and dispose of any other complaint, transaction and request etc. received from any shareholder of the Company and investor in general

KFin Technologies Limited, the Registrar and Share Transfer Agents have been delegated the power to process the transfer and transmission of shares.

ii. Name and designation of Compliance Officer

Name – Mr. Hansraj Singh Rajput

Designation – Company Secretary and Compliance Officer

Email id for investor grievances: cosec@zentechnologies.com

iii. Number of shareholders' complaints received so far

During the year ended 31 March 2022, the Company has not received any Investor Complaints and there were no pending complaints as at the year end.

iv. Number not solved to the satisfaction of shareholders: Nil

v. Number of pending complaints: Nil

7) RISK MANAGEMENT COMMITTEE.

The Risk Management Committee of the Company is constituted in line with the provisions of Regulation 21 of the Listing Regulations.

Brief description of terms of reference

The Risk Management Committee of the Board of Directors has been entrusted with the responsibility to assist the Board in overseeing and approving the Company's risk management framework. The Company has a comprehensive Risk Policy and a Risk Register detailing the risks that the Company faces under various categories like strategic, financial, commercial, operational, IT, legal, regulatory, people, reputational and other risks and these have been identified and suitable mitigation measures have also been formulated. The functions of the Risk Management Committee shall inter-alia includes cyber security. The Risk Management Committee reviews the key risks and the Risk Register and the mitigation measures periodically.

The roles of the Committee are as below:

- i. Assessing the risk management procedures relating to identification and evaluation of all types of risks, namely, strategic, operational, legal and regulatory, Information systems and external risks that the Company / Group is exposed to;
- ii. Review and oversee the risk management, compliance, and control procedures;
- iii. Review the risk assessment and mitigation procedures;
- iv. Recommend to the Board a risk management plan for the Company and monitor the functioning of the said plan;
- v. Determine and finalize the risks that the Company and that of its subsidiaries is exposed to and review their mitigation measures;
- vi. Review the legal compliance system;
- vii. Such other terms as the Board may indicate from time to time.

The composition of the Risk Management Committee is as follows: -

S. No	Name of the Director	Designation
1.	Mr Amreek Singh Sandhu	Chairman
2.	Mr Ashok Atluri	Member
3.	Mr Ravi Kumar Midathala	Member
4.	Dr Ajay Kumar Singh	Member

During the financial year 2021-22, RMC met twice on 30th October 2021 and 29th January 2022. The Attendance of Members of SRC is given below:

Sr. No	Name of the Director	Designation	No. of meetings held	No. of meetings attended
1.	Mr Amreek Singh Sandhu	Chairman	2	2
2.	Mr Ashok Atluri	Member	2	2
3.	Mr Ravi Kumar Midathala	Member	2	2
4.	Dr Ajay Kumar Singh	Member	2	1

8) GENERAL BODY MEETINGS.

i. Location and time, where last three AGMs held:

The following are the details of the last three Annual General Meetings held:

Financial Year	Date	Time	Venue
2018-19	21-09-2019	10.00 a.m.	11 th Floor, Signature Towers, Opp. Botanical Garden, Kondapur, Hyderabad – 5000084, Telangana, India
2019-20	19-09-2020	10.00 a.m.	Meeting held through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”)
2020-21	28-08-2021	10.00 a.m.	Meeting held through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”)

ii. Special Resolutions passed in the previous three AGMs:

- **26th AGM:** Re-appointment of Mr M. Ravi Kumar as Whole-Time director and fixing Remuneration.
- **27th AGM:** 1. Re-appointment of Mr. Ashok Atluri as the Managing Director and fixing remuneration; 2. Alteration of the Object Clause of the Memorandum of Association of the Company; 3. Alteration of the Liability Clause of the Memorandum of Association of the Company.
- **28th AGM:** 1. Consideration and approval of Re-appointment of Mr. Amreek Singh Sandhu as an Independent Director of the Company; 2. Consideration and approval of Re-appointment of Dr. Ravindra Kumar Tyagi as an Independent Director of the Company; 3. Consideration and approval of the Appointment of Ms. Shilpa Choudari as the Whole-Time Director and fixing remuneration; 4. Consideration and approval of Zen Technologies Limited Employee Stock Option Plan-2021 (“ZEN ESOS 2021”/ “Scheme”) and grant of Employee Stock Options (ESOPs) under ZEN ESOS 2021. 5. Consideration and approval for grant of Employee Stock Options to the Employees of Subsidiaries of the company under “Zen Technologies Limited Employee Stock Option Plan-2021”; 6. Consideration and approval for implementation of “Zen Technologies Limited Employee Stock Option Plan-2021” (hereinafter referred to as the “ZEN ESOS 2021”/ “Scheme”) through trust route; 7. Consideration and approval for the acquisition of Equity Shares of the company through Secondary Acquisition for implementation of “Zen Technologies Limited Employee Stock Option Plan-2021” (“ZEN ESOS 2021”/ “Scheme”). 8. Consideration and approval for the provision of money to trust by the company for the Purchase of its own shares

for implementation of Zen Technologies Limited Employee Stock Option Plan-2021.

iii. Special Resolution passed last year through postal ballot – details of voting pattern

There was no Special Resolution passed during the year 2021-22 through Postal ballot.

However, an Extraordinary General Meeting of the shareholders of the company was held on 11th November 2021 through Video Conferencing (“VC”) / Other Audio-Visual Means (“OAVM”) and the following special resolutions were passed:

1. To Consider and approve the Issuance of Compulsorily Convertible Debentures (CCD’s) on a preferential basis; and
2. To Consider and approve the Issuance of Warrants convertible into Equity Shares to Promoter(s) of the company on a Preferential Basis.

iv. Person who conducted the postal ballot exercise – Not Applicable

v. Whether any special resolution is proposed to be conducted through postal ballot – At present,

there is no proposal to pass any special resolution through Postal Ballot.

vi. Procedure for Postal Ballot – Not Applicable

9) MEANS OF COMMUNICATION.

1. Quarterly results:

The quarterly results of the Company are published in accordance with the requirements of the Listing Regulations.

2. Newspapers wherein results normally published:

Quarterly / Half Yearly / Annual Audited Results are generally published in widely circulated newspapers viz., Business Standard / Financial Express (English daily) and Nava Telangana (Regional Newspaper – Telugu Daily).

3. Any website, where displayed:

Quarterly / Half Yearly / Annual Audited Results, Annual Reports, Announcements, Investor information, Policies etc. are displayed on the Company's website: <https://www.zentechnologies.com/investors>.

4. Annual Report

Pursuant to the MCA circulars and SEBI Circulars, the Annual Report for FY 2021-22 containing the Notice of AGM

was sent through e-mails to all those Members whose e-mail IDs were registered with the Company/ Depository Participants.

5. Whether it also displays official news releases:

Official news releases along with the quarterly results are displayed on the Company's website: <https://www.zentechnologies.com/press-releases>.

6. Presentations made to institutions investors or to the analysts:

The presentations made to the investors/ analysts are placed on the Company's website <https://www.zentechnologies.com/calls-and-conferences>. Investors Presentations are hosted on the website under Investors Section.

10) GENERAL SHAREHOLDER INFORMATION.

- a. Annual General Meeting** : 29th Annual General Meeting
Day, Date, Time & Venue : Thursday, the 29th day of September 2022 at 11:00 a.m. IST.
The Company is conducting AGM through VC / OAVM pursuant to the relevant circulars issued by the MCA and SEBI and as such there is no requirement to have a venue for the AGM. For details, please refer to the Notice of this AGM.
Period Date for exercising e-voting : from Saturday, 24th September 2022 from 09.00 a.m. to Wednesday, 28th September 2022 up to 5.00 p.m.
- b. Financial Year** : 1 April 2021 to 31 March 2022.
- c. Record Date for the purpose of Dividend & AGM** : Wednesday, 28th September 2022
- d. Dividend Payment Date** : Within 30 days from the date of declaration of dividend in AGM i.e., on or before Saturday, 29th October 2022
- e. Listing on Stock Exchanges** : BSE Limited
P. J. Towers, Dalal Street, Mumbai 400 001
National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex
Bandra (East), Mumbai 400 051

The Equity Shares of the Company are listed on BSE Limited, Mumbai and National Stock Exchange of India Limited, Mumbai. The Company confirms that it has paid annual listing fees to the Stock Exchanges for the year 2022-2023.

f. Stock Code:

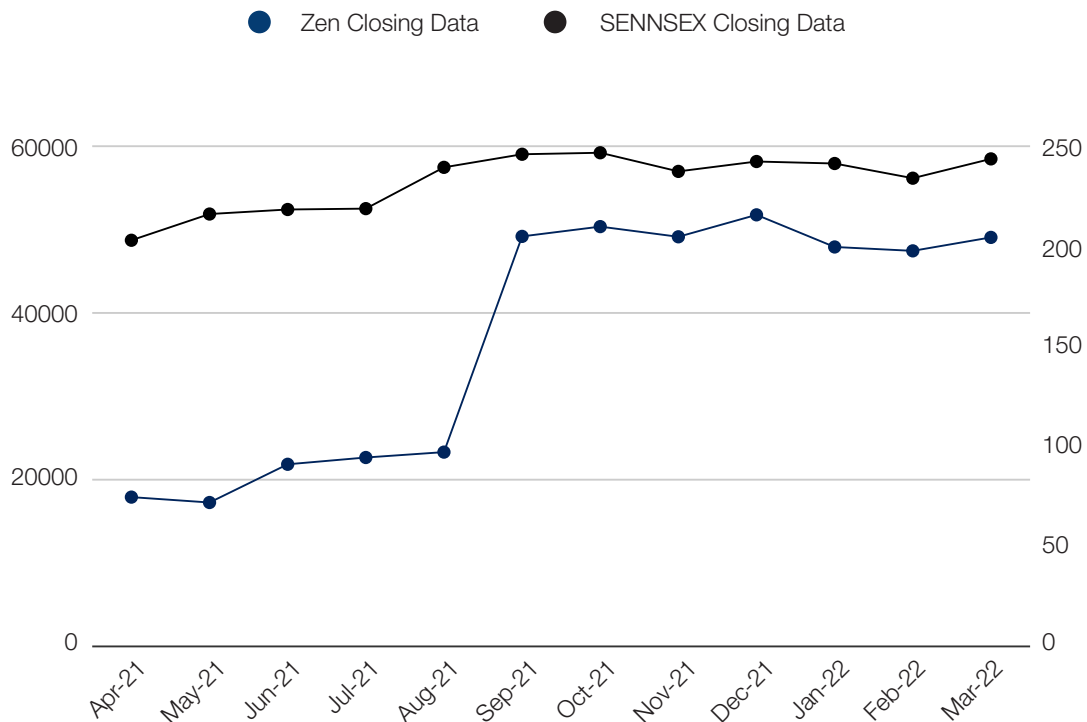
Demat ISIN No. for NSDL & CDSL: INE251B01027

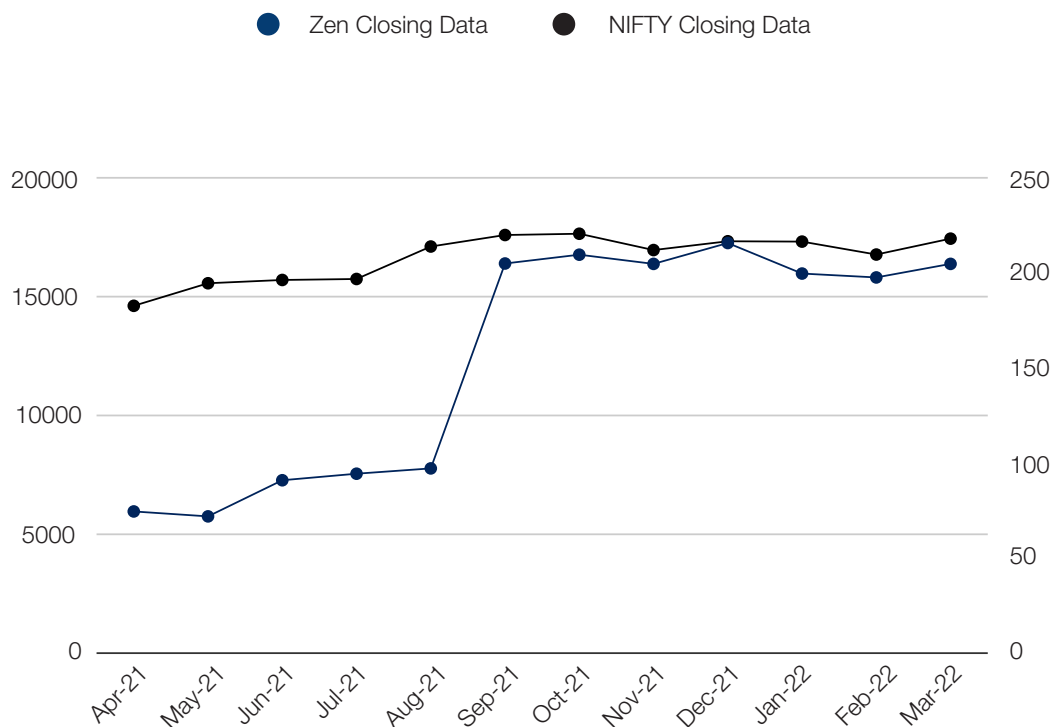
Name of the Stock Exchange	Stock / Scrip Code
BSE Limited	533339
National Stock Exchange of India Limited	ZENEC

g. Market Price Data: High, Low during each month in financial year 2021-2022.

Month	BSE			NSE		
	High (₹)	Low (₹)	No. of Shares traded	High (₹)	Low (₹)	No. of Shares traded
Apr-21	83.50	72.65	3,85,408	83.55	66.80	23,15,017
May-21	76.00	65.00	6,00,349	75.50	71.55	34,47,089
Jun-21	95.80	69.45	37,69,482	95.60	70.15	2,67,49,391
Jul-21	106.85	91.60	50,17,763	106.90	91.60	3,33,44,845
Aug-21	107.75	79.00	29,22,721	107.75	78.10	1,81,42,837
Sep-21	237.35	98.00	80,08,947	237.40	97.30	7,63,02,992
Oct-21	249.50	201.25	35,99,591	249.70	202.30	2,30,69,835
Nov-21	227.75	200.95	14,20,228	227.70	200.60	92,90,035
Dec-21	257.70	202.55	20,16,706	257.75	202.30	1,58,41,657
Jan-22	236.60	194.55	10,44,313	235.90	195.30	73,43,454
Feb-22	228.00	184.00	13,49,500	228.00	185.50	75,31,965
Mar-22	211.90	189.70	7,47,739	211.45	190.00	54,92,556

h. Performance of the share price of the Company in comparison to the broad based indices BSE SENSEX and NSE NIFTY:





i. There was no suspension of trading in Securities of the Company during the year under review.

j. Registrars and Share Transfer Agents:

KFin Technologies Limited

Unit: Zen Technologies Limited
 Selenium Tower B, Plot No 31 & 32,
 Gachibowli, Financial District, Nanakramguda,
 Serilingampally Mandal, Hyderabad – 500 032
 Phone: +91 -40 - 67161605
 Fax: + 91- 40 - 23001153
 Email id: inward.ris@kfinotech.com

k. Share Transfer system

The Company has appointed KFin Technologies Limited, Hyderabad as Registrar and Share Transfer Agents for the purpose of carrying on the work relating to share transfers both physical and demat form. The requests received for transfer of shares from the shareholders are normally completed within prescribed time, subject to the documents being valid and complete in all respects. The Company obtains from Mr. DS Rao, Practicing Company Secretary, Hyderabad, Certificate of Compliance with share transfer formalities as required under Regulation 40(9) of the Listing Regulations, and files a copy of the said Certificate with BSE Ltd and National Stock Exchange of India Limited.

As per the Listing Regulations, requests for effecting transfer of equity shares in physical form shall not be accepted by KFin Technologies Limited, Registrars and Transfer Agents/Company, w.e.f. 01.04.2019 unless the equity shares are held in the dematerialized form with a Depository. This was communicated to the members who hold the shares in physical form. The shareholders need to convert the shares to demat form compulsorily, if they wish to effect any transfer. However, the restriction is not applicable to the requests received for transmission or transposition of physical shares. All the shareholders, who hold the shares in physical form, are requested to dematerialize the shares at the earliest to avoid inconvenience in future, for transferring the shares.

I. Distribution of Shareholding

Distribution of Shareholding as on 31st March 2022 is as follows:

Shareholding of nominal value of (₹)		Shareholders		Share Amount	
		Number	% to Total	In (₹)	% to Total
1	5,000	1,15,551	99.46	1,50,57,163.00	18.94
5,001	10,000	283	0.24	21,52,846.00	2.71
10,001	20,000	150	0.13	21,99,498.00	2.77
20,001	30,000	64	0.06	16,15,603.00	2.03
30,001	40,000	26	0.02	9,31,749.00	1.17
40,001	50,000	25	0.02	11,71,608.00	1.47
50,001	1,00,000	34	0.03	25,68,623.00	3.23
1,00,001 and Above		41	0.04	5,38,12,910.00	67.68
TOTAL		1,16,174	100.00	7,95,10,000.00	100.00

Shareholding Pattern as on 31st March 2022:

S. No	Description	Shares	% Equity
1.	Promoter Individuals	4,78,55,850	60.19
2.	Resident Individuals	2,53,44,618	31.88
3.	Bodies Corporates	39,31,671	4.94
4.	H U F	7,49,452	0.94
5.	Non Resident Indians (NRIs)	5,81,052	0.73
6.	NRI Non-Repatriation	4,82,836	0.61
7.	Clearing Members	1,38,356	0.17
8.	IEPF	1,09,550	0.14
9.	Foreign Portfolio Investors	2,30,413	0.29
10.	Alternative Investment Fund	85,000	0.11
11.	Trusts	272	0.00
12.	Banks	35	0.00
13.	Directors and Relatives	870	0.00
14.	Foreign Nationals	25	0.00
Total:		7,95,10,000	100.00

m. Dematerialization of shares and liquidity

The process of conversion of shares from physical form to electronic form is known as dematerialization. For dematerializing the shares, the Shareholder has to open a demat account with a Depository Participant (DP). The Shareholder is required to fill in a Demat Request Form and submit the same along with the Share Certificate(s) to the DP. The DP will allocate a demat request number and shall forward the request physically and electronically, through NSDL/CDSL to the R&T Agent. On receipt of the demat request, both physically and electronically and after verification, the Shares are dematerialized, and an electronic credit of shares is given in the account of the Shareholder.

The Company has made necessary arrangements with National Securities Depository Limited (NSDL) and Central

Depository Services (India) Limited (CDSL) for dematerialization facility. As on 31st March 2022, a total of 7,93,34,700 equity shares were dematerialized which constitute 99.78% of the total paid up capital. The ISIN No/Code for the Company's Equity Shares is INE251B01027.

n. Outstanding ADRs/GDRs/Warrants or any convertible instruments, conversion date and likely impact on equity:

During the period under review, the Board of Directors approved:

- Allotment of 4,064,627 (forty lakh sixty four thousand six hundred twenty seven) 10% Compulsorily Convertible Debentures ("CCDs") having face value of ₹ 213/- each, for cash, for an aggregate amount of up to ₹ 865,765,551/-,

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, on a preferential basis to certain persons belonging to “Public Category”.

- b) Allotment of 4,69,633 Convertible Warrants, convertible into each warrant into one equity share of ₹ 1/- each at a premium of ₹ 212/- upon exercising the Warrant, so as to raise up to ₹ 10,00,31,829/- on a preferential basis to certain persons belonging to “Promoter Category”.

The amount so raised as per the above preferential issue is being utilized as per the objects approved by the shareholders at their meeting held on 11th November 2021. During the period under review, there has been no deviation or variation in the utilization of the proceeds of the preferential issue.

The pre and post shareholding pattern considering full conversion of the CCDs and Convertible Warrants is as follows:

S. No	Category of Shareholder	Pre-Issue		Post-Issue	
		Shares held	% of Total Holding	Shares held	% of Total Holding
1	Promoters and Promoter Group	4,78,55,850	60.19%	4,83,25,483	57.50%
2	Public holding	3,16,54,150	39.81%	3,57,18,777	42.50%
	Total	7,95,10,000	100.00%	8,40,44,260	100.00%

o. Commodity Price Risk or Foreign Exchange risk and hedging activities:

The Company is not carrying on any Commodity Business and has also not undertaken any hedging activities; hence same are not applicable to the Company.

p. Plant Locations:

Maheswaram Manufacturing Unit:
Plot No.35, 36 & 37, Kancha Imarath,
Near Ravirala Village, Hardware Park,
Ranga Reddy District - 501 510, Telangana, India

q. Address for correspondence Company:

The Company Secretary,
Zen Technologies Limited, B-42, Industrial Estate,
Sanathnagar, Hyderabad - 500 018, Telangana, India
Phone: +91-40 - 23814894, 23813294
Fax: +91-40 - 23813694
Email id: cosec@zentechnologies.com

Registrar and Share Transfer Agents:

KFin Technologies Limited
Unit: Zen Technologies Limited
Selenium Tower B, Plot No 31 & 32,
Gachibowli, Financial District, Nanakramguda,
Serilingampally Mandal, Hyderabad – 500 032
Phone: +91 -40 - 67161606
Fax: + 91- 40 - 23001158
Email id: einward.ris@kfintech.com

r. Corporate Identity Number:

L72200TG1993PLC015939

s. Credit rating: The Company was not required to obtain any Credit rating during the FY 2021-22.

11) DISCLOSURES.

i. Disclosures on materially significant related party transactions that may have potential conflict with the interests of company at large.

During the year 2021-2022, there was no materially significant related party transaction which had potential conflict with the interests of the Company at large. The details of the related party transactions are disclosed in the notes on accounts forming part of the Annual Report. In terms of Regulation 23 of the Listing Regulations, the Board has formulated a Related Party Transaction Policy.

The Related Party Transaction Policy is uploaded on the website of the Company at <https://www.zentechnologies.com/policies-and-code-of-conduct>

ii. Details of Non-Compliance and Penalties.

The Company has complied with the requirements of the Stock Exchanges / SEBI and Statutory Authorities on all matters related to the capital markets during the last three years. No penalty or strictures were imposed on the Company by any of these authorities. None of the Company's listed securities is suspended from trading.

iii. Whistle Blower policy and affirmation that no personnel have been denied access to the Audit Committee.

The Company has framed a Whistle Blower Policy with a view to provide a vigil mechanism for Directors and Employees of the Company to report genuine concerns about unethical behavior, any wrongdoings, actual or suspected fraud or violation of the Company's Code of Conduct, legal or regulatory requirements and to provide direct access to the Chairperson of the “Audit Committee” in appropriate or exceptional cases, to provide adequate safeguards for protection of Employees and Directors from victimization or unfair treatment and ensure that frivolous accusations are not made.

The Audit Committee periodically reviews the functioning of the Whistle Blower Mechanism.

No personnel have been denied access to the Audit Committee. Whistle Blower Policy is uploaded on the website of the Company at: <https://www.zentechologies.com/policies-and-code-of-conduct>

The Whistle Officer has not received any complaint for the financial year ended 31st March 2022.

iv. Details of compliance with mandatory requirements and adoption of the non-mandatory requirements

The Company has complied with all the mandatory requirements of the Listing Regulations entered into with the Stock Exchanges. During the year under review, there is no audit qualification in your Company's financial statements. Your Company continues to adopt best practices to ensure regime of unqualified financial statements from non-mandatory requirements.

v. Policy for determining 'material subsidiaries'

Regulation 16(1)(c) of the Listing Regulations defines a "material non-listed Indian subsidiary" as an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid-up capital and free reserves) exceeds 10% of the consolidated income or net worth respectively, of the listed holding Company and its subsidiaries in the immediately preceding accounting year. Under this definition, the Company did not have any "material non-listed Indian subsidiary" during the year under review.

The web link of Policy for determining Material Subsidiaries updated on the website of the Company is <https://www.zentechologies.com/policies-and-code-of-conduct>

vi. SEBI Complaints Redress System (SCORES):

The investors' complaints are also being processed through the centralized web base complaint Redressal system of SEBI. The salient features of SCORES are availability of centralized database of the complaints, uploading online action taken reports by the Company. Through SCORES the investors can view online, the action taken and current status of the complaints. SEBI vide its Circular dated 26th March, 2018 have streamlined the process of filing investor grievances in the SCORES in order to ensure speedy and effective resolution of complaints filed therein. The said Circular can be accessed on the website of SEBI at https://www.sebi.gov.in/legal/circulars/mar-2018/investor-grievance-redressmechanism-new-policy-measures_38481.html.

vii. A certificate has been received from M/s. P.S. Rao and Associates, Practicing Company Secretaries, that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority.

viii. The Board has accepted the recommendations of all the Committees during the year 2021-2022.

ix. Ramasamy Koteswara Rao and Co LLP, Chartered Accountants (ICAI Firm Registration No. 010396S/S200084) have been appointed as the Statutory Auditors of the Company. The particulars of payment of Statutory Auditors' fees, on consolidated basis is given below:

Particulars	Amount (₹ In lakhs)
Services as statutory auditors	3.00
Other matters (including quarterly audits)	1.00
Re-imbursment of out-of-pocket expenses	--
Total	4.00

x. The Company has adopted a policy on prevention, prohibition and Redressal of Sexual harassment at workplace and has duly constituted an Internal Complaints Committee in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder. During FY 2021-2022, the Company has not received any complaints pertaining to Sexual Harassment. Further there were no cases / complaints pending disposal as at the end of the financial year.

xi. Disclosure by listed entity and its subsidiaries of 'Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount'- No such transactions during the year under review.

xii. Particulars of Directors seeking appointment / re-appointment at the ensuing Annual General Meeting have been provided in the Notice of the Annual General Meeting.

xiii. As required under Regulation 36(3) of the SEBI Listing Regulations and Secretarial Standard 2 on General Meetings, particulars of Directors seeking appointment / re-appointment at this AGM are given in the Annexure to the Notice of this AGM.

xiv. Disclosure of Accounting Treatment in preparation of Financial Statements:

The Company has followed the Indian Accounting Standards and Accounting Principles Generally Accepted in India in preparation of its Financial Statements.

xv. Code for Prevention of Insider Trading Practices

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has formulated a Code of Fair Disclosure and Code of Conduct to Regulate, Monitor and Report Trading by Insiders. The Code has been formulated to regulate, monitor and ensure reporting of trading by the Employees and Connected Persons designated on the basis of their functional role in the Company towards achieving compliance with the Regulations and is designed to maintain

the highest ethical standards of trading in Securities of the Company by persons to whom it is applicable.

The Code of Conduct is posted on the website of the Company under Investors Section at: <https://www.zentechnologies.com/policies-and-code-of-conduct>

xvi. Management Discussion and Analysis Report

The Report on Management Discussion and Analysis is annexed to the Directors' Report and forms part of this Annual Report.

xvii. Proceeds from public issues, rights issue, preferential issues, etc.

During the period under review, the Board of Directors approved:

- a) Allotment of 4,064,627 (forty lakh sixty four thousand six hundred twenty seven) 10% Compulsorily Convertible Debentures ("CCDs") having face value of ₹ 213/- each, for cash, for an aggregate amount of up to ₹ 865,765,551/-, 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, on a preferential basis to certain persons belonging to "Public Category".

- b) Allotment of 4,69,633 Convertible Warrants, convertible into each warrant into one equity share of ₹ 1/- each at a premium of ₹ 212/- upon exercising the Warrant, so as to raise up to ₹ 10,00,31,829/- on a preferential basis to certain persons belonging to "Promoter Category".

The amount so raised as per the above preferential issue is being utilized as per the objects approved by the shareholders at their meeting held on 11th November 2021. During the period under review, there has been no deviation or variation in the utilization of the proceeds of the preferential issue. The unutilized amounts have been temporarily deployed in fixed deposit with Scheduled Banks.

Except the above, there were no proceeds from public issues, rights issues, etc.

xviii. Disclosures in respect of demat suspense account/unclaimed suspense account as on 31.03.2022
– Nil.

DECLARATION BY THE MANAGING DIRECTOR UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To
The Members of Zen Technologies Limited

I, Ashok Atluri, Chairman and Managing Director of Zen Technologies Limited declare that all Board Members and Senior Management personnel have affirmed compliance with the Code of Conduct for Directors and Senior Management for the year ended 31st March 2022.

For and on behalf of the Board

Place: Hyderabad
Date: 06th September 2022

Ashok Atluri
Chairman and Managing Director
DIN: 00056050

Certificate of Non-Disqualification of Directors

[Pursuant to Regulation 34(3) read with clause (10)(i) of Para C of Schedule V to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To

The Members

ZEN TECHNOLOGIES LIMITED

B-42, Industrial Estate, Sanathnagar

Hyderabad- 500018

We have examined the relevant registers, records, forms, returns and disclosures received from the directors of Zen Technologies Limited having CIN: L72200TG1993PLC015939 and having registered office at B-42, Industrial Estate, Sanathnagar, Hyderabad, Telangana- 500018 (hereinafter referred to as "the Company"), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Clause 10(i) of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Director Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the directors on the Board of the Company as stated below, for the financial year ending on 31st March, 2022, have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other statutory authority.

Sr. No.	Name of Director	Nature/ Category of Directorship	Director Identification Number (DIN)
1.	Ashok Atluri	Managing Director	00056050
2.	Ravi Kumar Midathala	Whole-time Director	00089921
3.	Ravindra Kumar Tyagi	Independent Director	01509031
4.	Sirisha Chintapalli	Independent Director	08407008
5.	Oruganti Venkat Samir Kumar [®]	Independent Director	06699271
6.	Amreek Singh Sandhu	Independent Director	08064880
7.	Ajay Kumar Singh	Independent Director	08532830
8.	Shilpa Choudari	Whole-time Director	06646539

[®] Retired as Director w.e.f August 13, 2021

Ensuring eligibility for the appointment/ continuity of every director on the Board is the responsibility of the management of the Company. Our responsibility is to express and opinion on these, based on our verification. This certificate is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **P.S. Rao & Associates**
Company Secretaries

Place: Hyderabad
Date: 06th September 2022

CS P.S. Rao, PCS
FCS No.: 10322
CP. No.: 3829
UDIN: F010322D000919747

Compliance Certificate

CERTIFICATION BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

We, Chairman and Managing Director and Chief Financial Officer of Zen Technologies Limited, certify that:

1. We have reviewed financial statements and the cash flow statement of the company, both Standalone and Consolidated, for the financial year ended 31st March 2022 and that to the best of our knowledge and belief:
 - These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - These statements together present a true and fair view of Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or in violation of Company's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated to the Auditors and Audit Committee:
 - a) Significant changes in internal control over financial reporting during the year.
 - b) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements and
 - c) That there have been no instances of significant fraud of which we have become aware, involving of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For Zen Technologies Limited

Place: Hyderabad
Date: 07th May 2022

Ashok Atluri
Managing Director and Chief Financial Officer
DIN: 00056050

Practicing Company Secretaries' Certificate on Corporate Governance

To
The Members
ZEN TECHNOLOGIES LIMITED
B-42, Industrial Estate, Sanathnagar
Hyderabad- 500018

We have examined the compliance of the conditions of Corporate Governance by Zen Technologies Limited (hereinafter referred to as "the Company") for the year ended March 31, 2022, as stipulated in Chapter IV of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We conducted our examination of the Corporate Governance Report in accordance with the established systems and procedures selected by us depending on our judgement, including assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. The procedures include, but are not limited to, verification of secretarial records and other information of the Company, as we deem necessary to arrive at an opinion.

Based on the procedures performed by us as mentioned above and according to the information and explanations provided to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations as applicable for the year ended March 31, 2022.

We further state that such compliance is neither an assurance as to the financial viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **P.S. Rao & Associates**
Company Secretaries

Place: Hyderabad
Date: 06th September 2022

CS P.S. Rao, PCS
FCS No.: 10322
CP. No.: 3829
UDIN: F010322D00919659

Business Responsibility Report

This section is as per Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company	L72200TG1993PLC015939
2. Name of the Company	Zen Technologies Limited
3. Registered address	B-42, Industrial Estate, Sanathnagar, Telangana, 500018, India
4. Website	www.zentechnologies.com
5. E-mail id	info@zentechnologies.com
6. Financial Year reported	April 2021 to March 2022
7. Sector(s) that the Company is engaged in (industrial activity code-wise)	1. Manufacturing and Sale of Simulators: NIC 5 digit code 26700 2. Providing of Training and other Services: NIC 5 digit code 85499
8. List three key products/services that the Company manufactures/provides	1. Manufacturing of Simulators for Defence & Homeland Security 2. Manufacturing of Driving Simulators 3. Providing Training Solutions and other services
9. Total number of locations where business activity is undertaken by the Company	National:
(a) Number of International Locations (Provide details of major 5)	1. Corporate & Head Office (Research & Development Unit): Zen Technologies Limited B-42, Industrial Estate, Sanathnagar, Hyderabad-500018, Telangana, India
(b) Number of National Locations	2. Manufacturing & Production Facility (Work Unit): Zen Technologies Limited Plot No. 34 part (35, 36 and 37), Hardware Park, Kancha Imarat, Near Ravirala Village, Maheswaram, Near Shamshabad International Airport, Telangana-501510, India
	3. Branch Office / Software Division: Zen Technologies Limited D. No: 2-91/77/2/ST/11&12, Signature Towers, Opp. Botanical Gardens, Kondapur, Serilingampally, Hyderabad-500084, Telangana, India
	International:
	1. Zen Technologies USA, Inc. 301 N Hartz Rd, Coppell TX 75019, USA.
	2. Zen Technologies Limited - Abu Dhabi 2 nd Floor, Office #220, Al Fahim Group HQ Building, Plot 810 th Street / 17 th Street intersection, Musaffah M-4, Industrial City - Abu Dhabi, P.O. Box 778398 MBZ City, Abu Dhabi.
10. Markets served by the Company – Local/ State/ National/International	All over India & International

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital (INR)	₹ 795.10/- Lakhs
2. Total Turnover (INR)	₹ 5,898.63/- Lakhs
3. Total profit after taxes (INR)	₹ 204.74/- Lakhs

4.	Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	26.88%
5.	List of activities in which expenditure in 4 above has been incurred:-	Zen Technologies Limited has transferred CSR amount to 'Air Force Wives Welfare Association', a public Charitable Trust created for conducting CSR activity for the purpose of taking up various activities as part of its services to the society and the activities of the said trust are covered under the Schedule VII of the Companies Act, 2013. During the year, CSR amount of ₹ 55.00 Lakhs has been given to the said trust.

SECTION C: OTHER DETAILS

1.	Does the Company have any Subsidiary Company/ Companies?	Yes
2.	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	No
3.	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with; participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	No

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR

(a) Details of the Director/Directors responsible for implementation of the BR policy/policies:

- DIN : 00056050
- Name : Mr. Ashok Atluri
- Designation : Chairman and Managing Director

(b) Details of the BR head:

No.	Particulars	Details
1.	DIN Number (if applicable)	00056050
2.	Name	Mr. Ashok Atluri
3.	Designation	Chairman and Managing Director
4.	Telephone number	+91 40 23813281
5.	e-mail id	info@zentechnologies.com

2. Principle-wise (as per National Voluntary Guidelines) BR Policy/policies

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These briefly are as follows:

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability (P1).

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle (P2).

Principle 3: Businesses should promote the wellbeing of all employees (P3).

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized (P4).

Principle 5: Businesses should respect and promote human rights (P5).

Principle 6: Businesses should respect, protect and make efforts to restore the environment (P6).

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner (P7).

Principle 8: Businesses should support inclusive growth and equitable development (P8).

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner (P9).

(a) Details of compliance (Reply in Y/N)

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/ policies for principles stated above	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national / international standards? If yes, specify?	Y	Y	Y	Y	Y	Y	Y	Y	Y
4.	Has the policy been approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*	Y*
6.	Indicate the link for the policy to be viewed online?	https://www.zentechnologies.com/policies-and-code-of-conduct								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a Grievance Redressal Mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	All policies are monitored, reviewed, benchmarked with the industry players by respective policy owners. Our management systems are also externally certified. Our policies comply with all applicable local laws. They are also aligned with the principles of the National Voluntary Guidelines.								

* Policies conform to applicable laws and the national standards. Implementation of the Policies lies with the respective functional Heads and reviewed by the Management.

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: Not Applicable

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The company has not understood the Principles	-	-	-	-	-	-	-	-	-
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the Policies on specified principles.	-	-	-	-	-	-	-	-	-
3.	The company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4.	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5.	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6.	Any other reason (please specify)	-	-	-	-	-	-	-	-	-

3. Governance related to BR

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year:

Seven Board Meetings were held during the year and the gap between two meetings did not exceed one hundred and twenty days. The Board at its meetings reviews points on sustainability, CSR, environment, health, and safety.

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

Yes, the Company publishes its Business Responsibility Report annually and which is part of the Annual Report of the Company. The report is published on annual basis and can be viewed on the website of the Company i.e. www.zentechnologies.com.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability:

1. Does the policy relating to ethics, bribery and corruption cover only the company? No

Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs /Others? Yes

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

We have not received any significant complaints from stakeholders in the last financial year.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle:

Zen Technologies Limited designs, develops and manufactures state-of-the-art combat training solutions for the training of defence and security forces worldwide. Zen Technologies produces over 40 different Live Fire, Live Instrumented, Virtual and Constructive training systems to support individual and collective training capabilities. With over 1,000 training systems shipped around the world, Zen Technologies is a proven leader in building training systems for developing and measuring Combat Readiness.

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities:

- a) Zen Anti-Drone System (ZADS) - Anti Drone System from Zen Technologies works on drone detection, Classification and tracking on passive surveillance, camera sensors and neutralization of the threat through jamming the Drone communication. ZADS is a multi-layer multi sensor architecture aimed at providing comprehensive security against drone attacks.
- b) Advanced Weapons Simulator (AWeSim®) - Zen AWeSim® is a state-of-the-art firearms simulator that recreates Small Arms firing range indoors. It is aimed at training recruits to Special Forces and Commandos. The simulator can be adapted to a number of firearms to impart basic training, hone firing skills, improve weapon handling skills and tests the skill level of trainees in complex and war-like scenarios.
- c) Containerised Tubular Shooting Range (CTSR) - Zen CTSR is a secure indoor substitute for live firing. It is self-contained, transportable and reduces considerably the area required for a range. It can also be used to test weapons or as a forensic ballistic test facility. Two trainees can fire at a time. There is no injury-risk for the shooters,

even from accidental fire as each shooter is confined to a tubular booth. The design of the tubular booth is such it does not allow the fired bullets escape from it. Fire retardant materials have been used to ensure the range is safe for training and testing and it is fitted with emergency lighting.

- d) TacSim® Tactical Engagement Simulator - Zen TacSim® trains soldiers to utilize the skills acquired during training in field craft, battle drills and live-fire practice while carrying out operational exercises. The simulator assimilates lasers fired from different weapon systems and effectively records the result of the engagement. This combat simulator is designed for transparency and takes soldiers as close to the experience of actual combat. It enables the use of personal weapons, Battalion-support weapons, and all major combat firing weapon systems in actual/simulated form. As an optional feature, it simulates Artillery fire and minefield in designated regions. Zen TacSim® is ideal for Commando Units, Special Operation Groups, Special Task Forces, Special Forces, Training Centres, Armed Battalions of Police and all Law Enforcement Agencies. It enables training in near-real scenarios and training of large troops in a cohesive manner in complete confidentiality.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

a) Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?

The Company monitors consumption of resources such as Energy, Water, Raw materials, etc. with reasonable targets to reduce their consumption.

b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

Not Applicable.

3. Does the Company have procedures in place for sustainable sourcing (including transportation)?

a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

The Company has always believed in localized procurements and development of immediate vicinity. All resources which can be locally procured are given priority so that an equitable opportunity for sustainable development is given to the local community.

4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

a) If yes, what steps have been taken to improve the capacity and capability of local and small vendors?

Yes, the Company has a continued focus on buying from local suppliers, geographically nearest to the Company's manufacturing facility and do take steps in improving their capacity and capability as per the business requirement.

5. Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%)? Also, provide details thereof, in about 50 words or so. No. The Company does not have any mechanism to recycle the products and waste. All the wastes are being sold as scrap.

Principle 3: Businesses should promote the wellbeing of all employees:

- 1. Please indicate the total number of employees:** 224 as on March 31, 2022
- 2. Please indicate the total number of employees hired on temporary/contractual/casual basis:** 0 Temporary, 95 Contractual as on March 31, 2022
- 3. Please indicate the number of permanent women employees:** 27 as on March 31, 2022
- 4. Please indicate the number of permanent employees with disabilities:** Nil as on March 31, 2022
- 5. Do you have an employee association that is recognized by management?** Zen does not have any employee association or a trade union of workers.
- 6. What percentages of your permanent employees are members of this recognized employee association?** Not Applicable.
- 7. Please indicate the number of complaints relating to Child Labour, Forced Labour, Involuntary Labour and Sexual Harassment in the last financial year and pending, as on the end of the financial year.**

The company has adopted a policy on Prevention, Prohibition and Redressal of Sexual Harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (India) and the Rules thereunder.

During the financial year ended 31 March 2022, the Company has not received any complaints pertaining to Sexual Harassment. Further there were no cases / complaints pending disposal as at the end of the financial year. The Company has also complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

There have been no complaints in other areas.

- 8. What percentages of your under-mentioned employees were given safety & skill up-gradation training in the last year?**

All permanent employees and contract labor of manpower contractor undergo safety training. Development

opportunities for our employees are customized as per their functional needs. We have in-house skill enhancement programs and externally supported skill up-gradation programs for employees. All employees attend our Health & Safety training programmes.

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized:

- 1. Has the Company mapped its internal and external stakeholders?** Yes
- 2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders?** Yes
- 3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so**

Yes, as a part of the CSR activities, the Company is engaged in diverse CSR activities to create a positive social impact by helping the disadvantaged, vulnerable and marginalized stakeholders. The activities are primarily focused on education, health, community development & environment. The Company does its CSR activities through its CSR Trust i.e. 'Veer Sammaan Foundation'.

Principle 5: Businesses should respect and promote human rights:

- 1. Does the policy of the Company on human rights cover only the Company or extend to the Group/ Joint Ventures / Suppliers / Contractors / NGOs/ Others?**
- 2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

The principles stated in our code and policies which include respect for human rights and dignity of all stakeholders, extend to the group, joint venture, suppliers and all those who work with us.

We have not received any stakeholder complaints pertaining to this principle, during the financial year.

Principle 6: Businesses should respect, protect and make efforts to restore the environment:

- 1. Does the policy related to Principle 6 cover only the company or extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/others:** Applicable only to the Company.
- 2. Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.** No

3. Does the Company identify and assess potential environmental risks? Y/N. Yes.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed? Not Applicable.

5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc.? Y/N. If yes, please give hyperlink for web page etc.

Yes. Please refer Annexure III - Statement of particulars of Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo, forming part of the Directors Report in this Annual Report.

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported? Yes.

7. Number of show cause/ legal notices received from CPCB/SPCB which is pending (i.e. not resolved to satisfaction) as on end of Financial Year. There were no show cause/ legal notices received from CPCB/SPCB in the reporting year.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner:

1. Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

Yes. The Confederation of Indian Industry (CII), Federation of India Chambers of Commerce and Industry (FICCI) and The Federation of Telangana Chambers of Commerce and Industry (Formerly known as FTAPCCI).

2. Have you advocated/lobbied through the above associations for the advancement or improvement of public good? Yes/No: No.

Principle 8: Businesses should support inclusive growth and equitable development:

1. Does the Company have specified programs/ initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

Pertaining to the purchases and procurement, the implementation is overseen by the purchase department. The Company oversees the remaining initiatives of

Principle 8 through 'Veer Sammaan Foundation', which undertakes CSR initiatives.

2. Are the programs/projects undertaken through in-house team/own foundation/external NGO/ government structures/any other organization?

The Company has undertaken most of its programs/projects directly through 'Veer Sammaan Foundation'.

3. Have you done any impact assessment of your initiative? Yes.

4. What is your Company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken? ₹ 55.00/- Lakhs. For more details, Please refer to Annexure IV of Directors Report in this Annual Report.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community?

Yes, the Company's CSR initiatives are rolled out through its foundation which ensures that the CSR initiatives are well reached, as well as successfully adopted by the community. The Corporate Social Responsibility Committee, at its meetings, reviews the programs/ initiatives/ projects undertaken and spending of amount in relation thereto.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible Manner:

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year? Nil.

2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information): N.A.

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so. No.

4. Did your Company carry out any consumer survey/ consumer satisfaction trends? Yes, customer feedback is taken and evaluated periodically.

Independent Auditor's Report

TO THE MEMBERS OF ZEN TECHNOLOGIES LIMITED **Report on the Audit of the Standalone Financial Statements**

OPINION

We have audited the accompanying standalone financial statements of **ZEN TECHNOLOGIES LIMITED** (the "Company"), which comprise the Balance Sheet as at 31 March 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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

state of affairs of the Company as at 31 March 2022, its profit including total other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

BASIS FOR OPINION

We conducted our audit of the standalone 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 Standalone Financial Statements" section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the standalone 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 standalone 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 standalone financial statements for the financial year ended 31 March 2022. These matters were addressed in the context of our audit of the standalone 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 standalone 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 standalone financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone financial statements.

Key Audit Matters	How our audit addressed the key audit matter
Exceptional item (As described in Note 46 of the standalone financial statements)	
<p>We identified the exceptional item as a key audit matter due to the significance of the project to the standalone 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.</p> <p>As disclosed in note 46 to the standalone financial statements, the carrying value of CWIP 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 and accounted for 0.43% of the company's total assets as at March 31, 2022. The relevant accounting policies in relation to capitalization of additions to CWIP are set out in Note 3H.</p> <p>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 standalone financial statements.</p>	<p>Our audit procedures included the following:</p> <ol style="list-style-type: none"> 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 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 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; 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.
Accounting of Compulsorily Convertible Debentures (CCD's) (As described in Note 49 of the standalone financial statements)	
<p>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.</p> <p>During the year ended March 31, 2022 the company 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 standalone financial statements.</p>	<p>Our audit procedures included the following:</p> <ol style="list-style-type: none"> 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 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 standalone financial statements and our auditor's report thereon.

Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone 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 STANDALONE FINANCIAL STATEMENTS

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

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate

the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are also responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone 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 standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial 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 whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the

audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone 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 of one branch included in the accompanying standalone financial statements of the Company whose financial statements and other financial information reflect total assets of ₹ 54.02 lakhs as at 31 March 2022 and total revenues of ₹ Nil for the year ended on that date, as considered in the financial statements of these branch have been audited by branch auditor whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of branch, is based solely on the report of such branch auditor. Our opinion is not modified in respect of these matters.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branch not visited by us;
- c) The report on the accounts of the branch office of the Company audited under Section 143(8) of the Act by branch auditor have been sent to us and have been properly dealt with by us in preparing this report;
- d) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account and with the returns received from the branch not visited by us;
- e) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- f) On the basis of the written representations received from the directors as on 31 March 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164(2) of the Act;
- g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**" to this report;
- h) In our opinion, the managerial remuneration for the year ended 31 March 2022 has been paid/provided by the Company to its directors is in accordance with the provisions of section 197 read with Schedule V to the Act;
- i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 38(a) to the standalone financial statements;
 - ii. The Company 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 Company.

iv. (a) The Management has represented 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 Company 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 Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The Management has represented 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 Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company 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 such audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. The final dividend paid by the 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 standalone financial statements, Board of Directors of the 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. As required by the Companies (Auditor's Report) Order, 2020 (the "Order") issued by the Central Government in terms of sub-section (11) of section 143 of the Act, we give in "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Ramasamy Koteswara Rao and Co LLP

Chartered Accountants
ICAI Firm Registration Number: 010396S/S200084

Murali Krishna Reddy Telluri

Partner
Membership No: 223022
UDIN: 22223022AIOTQM3013

Place: Hyderabad

Date: 07 May 2022

Annexure 'A' referred to in paragraph 2 under the heading 'Report on Other Legal and Regulatory Requirements' of our report to the Members of Zen Technologies Limited of even date

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

- i. (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) The Company has a program of physical verification to cover all the items of Property, Plant and Equipment in a phased manner over a period of every three years which, in our opinion is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain Property, Plant and Equipment were physically verified by the management during the year and no material discrepancies were noticed on such verification.
- (c) Title deeds of all the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.
- (d) The Company has not revalued its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year ended 31 March 2022.
- (e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.
- ii. (a) The management has conducted physical verification of inventory at reasonable intervals during the year. In our opinion the coverage and the procedure of such verification by the management is appropriate. There were no material discrepancies noticed on such physical verification.

(b) As disclosed in note 21 to the standalone financial statements, the Company has been sanctioned working capital limits in excess of ₹ Five crores from HDFC bank during the year on the basis of security of current assets of the Company. Based on the records examined by us in the normal course of audit of the financial statements, the quarterly returns/statements filed by the Company with such bank are in agreement with the books of accounts of the Company.
- iii. (a) During the year, the company has not provided loans, advances in the nature of loans, stood guarantee or provided security to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(a) of the Order are not applicable to the Company.
- (b) During the year, the Company has made further investment in Zen Medical Technologies Private Limited, wholly owned subsidiary of amount ₹25.00 lakhs and the terms and conditions of the investment are not prejudicial to the company's interest.
- (c) The Company has not granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(c) of the Order is not applicable to the Company.
- (d) The Company has not granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(d) of the Order is not applicable to the Company.
- (e) There were no loans or advance in the nature of loan granted to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(e) of the Order is not applicable to the Company.
- (f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.
- iv. Loans, investments, guarantees and securities in respect of which provisions of Section 185 and 186 of the Companies Act, 2013 are applicable have been complied with by the Company.
- v. The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended), to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order are not applicable to the Company.
- vi. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, and are of the opinion that prima facie, the specified

accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

- vii. (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Goods and Services Tax, Provident Fund, Employees 'State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Custom, Duty of Excise, Value Added Tax, Cess and other statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31, 2022 on account of disputes are given below:

Name of the statute	Nature of the dues	Amount (₹ in lakhs)	Period to which the amount relates FY	Forum where the dispute is pending
The Income Tax Act, 1961	Income Tax	54.04	2017-18	Commissioner of Income Tax (Appeals), Hyderabad
Central Excise Act, 1944	Excise Duty	244.75	2006-07	CESTAT, Hyderabad
Central Excise Act, 1944	Excise Duty	186.72	2007-08	CESTAT, Hyderabad
Central Excise Act, 1944	Excise Duty	107.92	2008-09	CESTAT, Hyderabad
Central Excise Act, 1944	Excise Duty	150.89	2009-10	CESTAT, Hyderabad
Central Excise Act, 1944	Excise Duty	59.12	2010-11	CESTAT, Hyderabad
Central Excise Act, 1944	Penalty on Excise Duty	25.00	2006-07	CESTAT, Hyderabad
Central Excise Act, 1944	Penalty on Excise Duty	18.00	2007-08	CESTAT, Hyderabad
Central Excise Act, 1944	Penalty on Excise Duty	10.00	2008-09	CESTAT, Hyderabad
Central Excise Act, 1944	Penalty on Excise Duty	15.00	2009-10	CESTAT, Hyderabad
Central Excise Act, 1944	Penalty on Excise Duty	6.00	2010-11	CESTAT, Hyderabad

- viii. The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income-tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.
- ix. (a) The company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- (b) The Company has not been declared a wilful defaulter by any bank or financial institution or government or any government authority.
- (c) The Company has not taken any term loans during the year and there are no unutilized term loans at the beginning of the year and hence, reporting under clause 3(ix)(c) of the Order is not applicable.
- (d) On an overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the company.
- (e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries as defined under the Companies Act, 2013.
- (f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries as defined under the Companies Act, 2013. Hence, the requirement to report on clause 3(ix)(f) of the Order is not applicable to the Company.
- x. (a) The Company has not raised any money during the year by way of initial public offer/further public offer (including debt instruments) and hence, the requirement to report on under clause 3(x)(a) of the Order is not applicable to the Company.
- (b) The Company has complied with provisions of sections 42 and 62 of the Companies Act, 2013 in respect of the preferential allotment of Compulsorily Convertible Debentures and share warrants during the year. The amount raised, have been used for the purposes for which the funds were raised except for idle/surplus funds amounting to ₹ 5,519.13 lakhs which were

not required for immediate utilization and which have been gainfully invested in liquid investments payable on demand. The maximum amount of idle/surplus funds invested during the year was ₹ 5,500.23 lakhs, of which ₹ 5,575 lakhs was outstanding at the end of the year.

xi. (a) No fraud by the Company or no fraud on the Company has been noticed or reported during the year.

(b) During the year, no report under sub-section (12) of Section 143 of the Companies Act, 2013 has been filed by secretarial auditor or by us in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

xii. The Company is not a Nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a), (b) and (c) of the Order is not applicable to the Company.

xiii. Transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013, where applicable, and the details of the related party transactions have been disclosed in the notes to the standalone financial statements as required by the applicable accounting standards.

xiv. (a) The Company has an internal audit system commensurate with the size and nature of its business.

(b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.

xv. The Company has not entered into any non-cash transactions with its Directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.

xvi. (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company. Accordingly, the requirement to report on clause 3(xvi)(a) of the Order is not applicable to the Company.

(b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly,

the requirement to report on clause 3(xvi)(b) of the Order is not applicable to the Company.

(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India (RBI). Accordingly, the requirement to report on clause 3(xvi)(c) of the Order is not applicable to the Company.

(d) There is no Core Investment Company as a part of the group. Accordingly, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company.

xvii. The Company has not incurred cash losses in the current year and in the immediately preceding financial year.

xviii. There has been no resignation of the statutory auditors during the year and accordingly requirement to report on clause 3(xviii) of the Order is not applicable to the Company.

xix. On the basis of the financial ratios disclosed in Note 47 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xx. (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of Section 135 of the Act. This matter has been disclosed in note 33(ii) to the financial statements.

(b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act. This matter has been disclosed in note 33 (ii) to the financial statements.

For Ramasamy Koteswara Rao and Co LLP

Chartered Accountants
ICAI Firm Registration Number: 010396S/S200084

Murali Krishna Reddy Telluri

Partner

Membership No: 223022

UDIN: 22223022AIOTQM3013

Place: Hyderabad
Date: 07 May 2022

Annexure 'B' referred to in paragraph 1(g) 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 standalone financial statements of **ZEN TECHNOLOGIES LIMITED** (the "Company") as of March 31, 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Management of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (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 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 Company's internal financial controls with reference to these standalone 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 standalone 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 standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone 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 standalone 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 standalone financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THESE STANDALONE FINANCIAL STATEMENTS

A company's internal financial controls with reference to standalone 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 standalone 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 financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO STANDALONE FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls with reference to standalone 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 standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone 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 Company has, in all material respects, an adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone 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 Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the 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: 22223022AIOTQM3013

Standalone 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	5,811.52	6,100.52
(b)	Capital work-in-progress	4C	252.28	-
(c)	Right-of-use asset	4D	90.22	93.23
(d)	Intangible assets	4B	8.37	12.78
(e)	Financial assets			
(i)	Investments	5	2,434.16	2,409.16
(ii)	Deposits	6	48.15	50.20
(f)	Deferred Tax Assets (Net)	7	2,014.21	2,055.67
(g)	Other non-current assets	8	100.15	83.91
			10,759.07	10,805.48
II	Current assets			
(a)	Inventories	9	1,417.32	864.06
(b)	Financial assets			
(i)	Trade receivables	10	1,954.53	1,739.25
(ii)	Cash and cash equivalents	11	1,470.48	1,502.49
(iii)	Bank balances other than (ii) above	12	6,139.39	1,826.00
(iv)	Other financial assets	13	11,843.19	5,132.29
(c)	Current Tax Assets (Net)	14	194.33	21.03
(d)	Other current assets	15	2,006.91	471.19
			25,026.14	11,556.31
	Total Assets (I + II)		35,785.21	22,361.79
I	EQUITY AND LIABILITIES			
	Equity			
(a)	Equity Share Capital	16	795.10	795.10
(b)	Other Equity	17	28,374.75	20,520.12
	Total Equity		29,169.85	21,315.22
II	Liabilities			
	Non-current liabilities			
(a)	Financial Liabilities			
(i)	Borrowings	18	301.39	11.26
(ii)	Lease liabilities	19.1	9.36	8.59
(b)	Provisions	20	182.38	166.03
			493.13	185.88
	Current liabilities			
(a)	Financial Liabilities			
(i)	Borrowings	21	922.79	73.33
(ii)	Trade payables	22		
	Dues to micro enterprises and small enterprises		107.59	85.54
	Dues to creditors other than micro and small enterprises		224.47	163.20
(iii)	Other Financial liabilities	19.2	332.74	313.86
(b)	Other current liabilities	23	4,534.63	217.18
(c)	Current Tax Liabilities (Net)	24	-	7.57
			6,122.22	860.69
	Total Equity and Liabilities (I + II)		35,785.21	22,361.79

Summary of Significant Accounting Policies 3
The accompanying notes form an integral part of the standalone 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

Standalone 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	25	5,370.53	4,957.03
	Other Income	26	528.10	291.48
	Total Income		5,898.63	5,248.51
2	Expenses			
	Cost of Materials and Components consumed	27	1,446.87	753.62
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	28	(619.88)	42.39
	Manufacturing expenses	29	405.00	331.61
	Employee benefits expense	30	1,482.29	1,273.23
	Finance Costs	31	140.38	99.56
	Depreciation and Amortization Expense	32	373.40	399.15
	Other expenses	33	2,456.22	1,780.76
	Total Expenses		5,684.28	4,680.31
3	Profit/(Loss) before exceptional items and tax (1 - 2)		214.35	568.20
4	Exceptional Items	46	27.96	-
5	Profit /(Loss) before tax (3-4)		186.39	568.20
6	Tax expense	35		
	(i) Current tax		36.33	186.17
	(ii) Prior period taxes		(92.84)	-
	(iii) Deferred tax		40.54	(27.66)
	Total Tax expense		(15.97)	158.51
7	Profit for the year (5-6)		202.36	409.69
8	Other Comprehensive Income			
	Items that will not be reclassified subsequently to statement of profit or loss	34	3.30	13.18
	Income tax relating to items that will not be reclassified to profit or loss		(0.92)	(3.67)
	Other Comprehensive Income for the year, net of tax		2.38	9.51
9	Total Comprehensive Income for the year (7+8)		204.74	419.20
10	Earning per Share (Face Value of ₹ 1/- Each)	36		
	Basic earnings per share (In ₹)		0.25	0.52
	Diluted earnings per share (In ₹)		0.25	0.52

Summary of Significant Accounting Policies 3

The accompanying notes form an integral part of the standalone 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
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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

Standalone 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	186.39	568.20
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortization expense	373.40	399.15
Exceptional item	27.96	-
Expected Credit loss allowance	7.19	-
Interest Income	(425.15)	(251.34)
Finance Cost	124.94	99.56
Operating profit before working capital changes	294.73	815.56
Changes in Working Capital		
(Increase)/Decrease in Trade Receivables	(222.47)	2,698.57
(Increase)/Decrease in Other financial assets	(6,663.01)	(2,571.04)
(Increase)/Decrease in Inventories	(553.26)	119.39
(Increase)/Decrease in Other Current Assets	(1,535.72)	788.21
(Increase)/Decrease in Other Non Current Assets	(15.85)	9.91
Increase/(Decrease) in Trade Payables	83.32	(263.87)
Increase/(Decrease) in Other financial liabilities	18.88	73.27
Increase/(Decrease) in Other Current liabilities	4,317.45	(139.89)
Increase/(Decrease) in Provisions	18.73	22.46
Cash generated from /(used in) operating activities	(4,257.20)	1,552.57
Income tax paid	(123.81)	(283.21)
Net Cash from/(used in) operating activities (A)	(4,381.01)	1,269.36
B. Cash flows from Investing Activities		
Purchase of property, plant and equipment and CWIP	(357.23)	(163.05)
Investment in Subsidiary companies	(25.00)	(818.89)
Interest received	377.25	234.50
(Increase)/Decrease in Other Bank Balances	(4,311.33)	(1,076.93)
Advance for Fixed Assets	-	61.59
Net Cash Used In Investing Activities (B)	(4,316.31)	(1,762.78)
C. Cash flows from Financing Activities		
Repayment of Long term borrowings	(6.75)	(7.52)
Dividend paid	(79.51)	(318.04)
Finance costs paid	(90.36)	(46.55)
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)	8,731.12	967.35
Net Increase in cash and cash equivalents (A+B+C)	33.80	473.93
Cash and Cash equivalents at the beginning of the year	1,436.68	962.75
Cash and Cash equivalents at the end of the year	1,470.48	1,436.68

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 includes 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	1,470.48	1,502.49
Less: OD/CC accounts forming part of Cash & Cash Equivalents	-	(65.81)
Cash and Cash Equivalents for the Cash flow statement	1,470.48	1,436.68

Summary of significant accounting policies - Refer Note 3

The accompanying notes referred to above form an integral part of the standalone 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

Ashok Atluri
Managing Director & CFO
DIN: 00056050

Hansraj Singh Rajput
Company Secretary
M.No: F11438

For and on behalf of the Board of Directors of
Zen Technologies Limited

M.Ravi Kumar
Whole Time Director
DIN: 00089921

Place: Hyderabad
Date: 07 May 2022

Standalone 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	Total Equity
	Securities Premium	Capital Redemption Reserve	General Reserve	Retained Earnings	Share Warrants	Compulsory Convertible Debentures (CCD's)	Re Measurements of Defined Benefit Plans	
Balances as at 1 April 2020	891.85	117.24	3,525.01	14,078.91	446.49	-	43.49	19,102.99
Profit for the Year	-	-	-	409.69	-	-	-	409.69
Amount received on account of allotment of share warrants	-	-	-	-	1,339.46	-	-	1,339.46
Issue of equity shares	1,762.46	-	-	-	-	-	-	1,762.46
Allotment of equity Shares pursuant to conversion of share warrants	-	-	-	-	(1,785.95)	-	-	(1,785.95)
Other Comprehensive income (net of tax)	-	-	-	-	-	-	9.51	9.51
Dividend paid	-	-	-	(318.04)	-	-	-	(318.04)
Equity component of Compulsorily Convertible Debentures (CCD's) issued	-	-	-	-	-	-	-	-
Balance as at 31 March 2021	2,654.31	117.24	3,525.01	14,170.56	-	-	53.00	20,520.12
Balances as at 1 April 2021	2,654.31	117.24	3,525.01	14,170.56	-	-	53.00	20,520.12
Profit for the Year	-	-	-	202.36	-	-	-	202.36
Amount received on account of allotment of share warrants	-	-	-	-	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	2.38
Dividend paid	-	-	-	(79.51)	-	-	-	-	(79.51)
Equity component of Compulsorily Convertible Debentures (CCD's) issued	-	-	-	-	-	-	7,479.32	-	7,479.32
Balance as at 31 March 2022	2,654.31	117.24	3,525.01	14,293.41	250.08	7,479.32	55.39	28,374.75	28,374.75

Summary of Significant Accounting Policies - Refer Note 3

The accompanying notes form an integral part of the standalone 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

Place: Hyderabad
Date: 07 May 2022

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 the Standalone Financial Statements

for the year ended March 31, 2022 (Except for share data or as otherwise stated)

1. CORPORATE INFORMATION

Zen Technologies Limited 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 Company are listed on BSE Ltd and National Stock Exchange of India Ltd (NSE) in India.

The company 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 products of the company are divided into 3 major categories viz. Land-based Military Simulators, Driving Simulators and Mining & Special Equipment Simulators. The company caters to both domestic and international market. The Company's manufacturing unit is located at Hardware Park, Maheswaram Mandal, Telangana, India.

The standalone 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 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 except share data or as otherwise stated.

(iii) Basis of measurement

The standalone 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 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(K) – 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 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 policies 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.

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 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 is expected to be realised in, or is intended for sale or consumption in, the Company's 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.

3. 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 Profit and Loss statement.

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

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 Indian Rupees 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.

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.

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 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

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 Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company 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 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.

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	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 devices 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 non-current 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.

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.

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.

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. 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.

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 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.

M. 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 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 Company 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 Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

(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

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 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.

O. Government Grants

Grants & Subsidies received from the Governments are recognised only when there is reasonable assurance that:

- 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 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.

Q. 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 Company are segregated.

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.

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. 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 Company 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 company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company 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 Company 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 Company 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 Company does not expect the amendment to have any significant impact in its financial statements.

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 2020	648.95	5,465.69	390.87	300.39	545.82	76.51	441.40	591.41	357.35	8,818.38
Additions during the year	-	99.90	13.89	-	25.26	-	-	8.71	4.14	151.92
Deletions/adjustments	-	-	-	-	-	-	-	-	-	-
As at 31 March 2021	648.95	5,565.59	404.77	300.39	571.08	76.51	441.40	600.12	361.49	8,970.29
Additions during the year	-	0.84	38.89	-	40.19	8.41	-	15.01	-	103.35
Deletions/adjustments	-	(14.03)	-	(37.52)	(3.30)	-	-	(1.42)	-	(56.27)
As at 31 March 2022	648.95	5,552.40	443.66	262.87	607.97	84.92	441.40	613.71	361.49	9,017.37
Depreciation										
As at 01 April 2020	-	929.91	356.42	179.74	409.02	57.48	148.22	206.53	191.15	2,478.48
For the Year	-	126.16	24.04	15.39	52.03	5.85	88.28	51.76	27.78	391.29
Deletions/adjustments	-	-	-	-	-	-	-	-	-	-
As at 31 March 2021	-	1,056.07	380.46	195.13	461.06	63.33	236.50	258.30	218.93	2,869.77
For the Year	-	129.44	20.84	14.29	54.78	4.65	59.63	52.66	28.08	364.37
Deletions/adjustments	-	(5.50)	-	(21.00)	(0.90)	-	-	(0.88)	-	(28.29)
As at 31 March 2022	-	1,180.00	401.31	188.42	514.93	67.98	296.13	310.08	247.01	3,205.85
Net Block										
As at 31 March 2021	648.95	4,509.52	24.30	105.26	110.03	13.18	204.89	341.83	142.56	6,100.52
As at 31 March 2022	648.95	4,372.40	42.35	74.45	93.05	16.94	145.27	303.64	114.48	5,811.52

NOTE 4B. INTANGIBLE ASSETS

(₹ in lakhs)

Particulars	Computer Software	Total
Gross Block		
As at 01 April 2020	1,033.90	1,033.90
Additions during the year	11.13	11.13
Deletions/adjustments	-	-
As at 31 March 2021	1,045.03	1,045.03
Additions during the year	1.60	1.60
Deletions/adjustments	-	-
As at 31 March 2022	1,046.64	1,046.64
Amortization		
As at 01 April 2020	1,027.40	1,027.40
For the Year	4.85	4.85
Deletions/adjustments	-	-
As at 31 March 2021	1,032.25	1,032.25
For the Year	6.02	6.02
Deletions/adjustments	-	-
As at 31 March 2022	1,038.27	1,038.27
Net Block		
As at 31 March 2021	12.78	12.78
As at 31 March 2022	8.37	8.37

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
Gross Block	
As at 01 April 2020	99.24
Additions during the year	-
Deletions/adjustments	-
As at 31 March 2021	99.24
Additions during the year	-
Deletions/adjustments	-
As at 31 March 2022	99.24
Depreciation	
As at 01 April 2020	3.01
For the Year	3.01
Deletions/adjustments	-
As at 31 March 2021	6.02
For the Year	3.01
Deletions/adjustments	-
As at 31 March 2022	9.02
Net Block	
As at 31 March 2021	93.23
As at 31 March 2022	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

5. INVESTMENTS (NON CURRENT)

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
Unquoted investments:		
Investment in Subsidiaries (At cost unless otherwise stated)		
19,80,001 (31 March 2021 - 19,80,001) Equity shares of \$1/- each, fully paid up of Zen Technologies USA ,INC	1,434.67	1,434.67
2,88,794 (31 March 2021 - 2,88,794) Equity shares of ₹10/- each, fully paid up of Unistring Tech Solutions Pvt Ltd	700.07	700.07
75,20,000 (31 March 2021 - 50,20,000) Equity shares of ₹1/- each fully paid up of Zen Medical Technologies Pvt Ltd**	75.20	50.20
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
	2,434.16	2,409.16

*Investment in Paladin Paradigm Knowledge Solutions INC., is valued at cost as in accordance to information available it is the fair value/ amortised cost.

** During the FY 2021-22, Zen Medical Technologies Pvt Ltd has allotted additional 25,00,000 equity shares to the Company at Face value of ₹ 1/- for consideration of amount ₹ 25 lakhs.

6. DEPOSITS (UNSECURED, CONSIDERED GOOD)

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
Security deposits	34.11	34.11
Deposits with government, public bodies and others	14.04	16.09
	48.15	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 on Gratuity and Bonus	72.17	67.47
Deferred Tax on Leases	0.15	0.11
Deferred Tax Liability		
Accelerated depreciation for tax purposes	(553.61)	(549.69)
On Other comprehensive income items	(0.92)	-
	2,014.21	2,055.67

Note: Refer Note 35 for further details.

8. OTHER NON CURRENT ASSETS

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
Prepaid expenses#	48.31	32.07
Others##	51.84	51.84
	100.15	83.91

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 company 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	816.62	196.74
	1,417.32	864.06

10. TRADE RECEIVABLES

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
Trade Receivables	1,961.72	1,739.25
Less: Expected credit loss Allowance	(7.19)	-
	1,954.53	1,739.25

Note:

- Receivables do not include any amount due and recoverable from directors or other officers of the 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						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	1,213.02	200.77	94.98	294.52	10.25	24.08	1,837.62
(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	200.77	94.98	295.15	14.02	143.78	1,961.72
Less: Expected credit loss Allowance	-	-	-	-	-	-	(7.19)
Total	1,213.02	200.77	94.98	295.15	14.02	143.78	1,954.53

As at 31 March 2021

(₹ in lakhs)

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	1,211.90	147.98	19.58	207.37	5.06	19.36	1,611.25
(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	147.98	19.58	214.78	85.16	59.85	1,739.25
Less: Expected credit loss Allowance	-	-	-	-	-	-	-
Total	1,211.90	147.98	19.58	214.78	85.16	59.85	1,739.25

11. CASH AND CASH EQUIVALENTS

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
Cash on hand	0.55	10.14
Balances with banks:		
- In current accounts	509.93	732.35
- In Fixed Deposits with original maturity Less than 3 months	960.00	760.00
	1,470.48	1,502.49

11A. Reconciliation of liabilities from financing activities

(₹ in lakhs)

Particulars	As at 31 March 2021	Cash flows		Non-Cash Transactions		As at 31 March 2022
		Proceeds	Repayment	Finance Cost*	Equity Portion of CCD's	
(a) Long-term borrowings (including current maturities)	18.78	8,657.66	(6.75)	33.81	(7,479.32)	1,224.18
(b) Lease liabilities	8.59	-	-	0.77	-	9.36
(c) Short-term borrowings	65.81	-	(65.81)	-	-	-
	93.18	8,657.66	(72.56)	34.58	(7,479.32)	1,233.54

*Excluding BG commission charges.

12. OTHER BANK BALANCES

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
Balances with banks for unclaimed dividend	8.08	8.42
Deposits against BG's	6,064.86	1,705.34
Other Fixed Deposits	66.45	112.24
	6,139.39	1,826.00

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	10,731.09	4,213.04
Interest accrued but not due on deposits	143.11	95.21
	11,843.19	5,132.29

14. CURRENT TAX ASSETS (NET)

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
Income Tax Refund for earlier years	106.85	21.03
Advance Income Tax (Net of Provision)	87.48	-
	194.33	21.03

15. OTHER CURRENT ASSETS

(₹ in lakhs)

Particulars	31 March 2022		31 March 2021	
Unsecured, considered good				
Prepaid Expenses		133.54		77.79
Balance with Statutory Authorities		597.98		195.48
Advance to material suppliers (Creditors)		1,232.03		181.36
Duty Credit Scripts under MEIS scheme		14.78		-
Advances to Employees		28.58		16.56
		2,006.91		471.19

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		
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	14,293.41	14,170.56
Share Warrants	17.5	250.08	-
Other Comprehensive Income	17.6	55.38	53.00
Equity Component of Compound Financial Instruments	17.7	7,479.32	-
		28,374.75	20,520.12

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	14,170.56	14,078.91
Add: Net profit for the year	202.36	409.69
(A)	14,372.92	14,488.60
Less: Dividend distributed to equity shareholders (Refer Note-48)	(79.51)	(318.04)
(A-B)	14,293.41	14,170.56

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
	55.38	53.00

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.

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	-
	301.39	11.26

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	9.36	8.59
	9.36	8.59
19.2 Other Financial Liabilities		
Current		
Unclaimed dividends	8.08	8.42
Provision for expenses	110.38	89.68
Salaries and benefits	116.82	105.18
Bonus and incentives	77.04	84.11
Other Payables	20.42	26.47
	332.74	313.86

20. PROVISIONS

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
Non current		
- Provision for gratuity (Refer note-37(b))	182.38	166.03
	182.38	166.03

21. 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	-	12.32
(c) Current maturities of vehicle loans	8.22	7.52
Unsecured		
(d) Compulsory Convertible Debentures (CCD's)	914.57	-
	922.79	73.33

Details of borrowings:

(i) Cash Credit (CC) mentioned in (a) amounting to ₹ Nil (31 March 2021: ₹ 53.49 lakhs) obtained from HDFC Bank 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 8.50% 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) Compulsory Convertible Debentures (CCD's) mentioned in (d) amounting to ₹ 914.57 lakhs (31 March 2021: ₹ Nil) - Refer Note 49.

22. TRADE PAYABLES

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
Trade payables		
- Dues to Micro and Small Enterprises (refer note 40)	107.59	85.54
- Dues to creditors other than micro and small enterprises	224.47	163.20
	332.06	248.74

22A. 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				Total
		<1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	80.48	19.29	2.68	3.73	1.41	107.59
(ii) Others	166.94	21.49	2.12	6.80	27.12	224.47
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
	247.42	40.78	4.80	10.53	28.53	332.06

As at 31 March 2021

(₹ in lakhs)

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	71.64	6.27	4.08	2.54	1.01	85.54
(ii) Others	113.70	14.62	7.42	7.74	19.72	163.20
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
	185.34	20.89	11.50	10.28	20.73	248.74

23. OTHER CURRENT LIABILITIES

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
Income billed but not due	49.76	70.48
Taxes payable	149.44	40.75
Advance from customers	4,335.43	105.95
	4,534.63	217.18

24. CURRENT TAX LIABILITIES (NET)

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
Provision for Income Tax	-	7.57
	-	7.57

25. REVENUE FROM OPERATIONS

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
(a) Revenue from sale of products	2,062.24	3,061.85
(b) Revenue from rendering of services	3,308.29	1,895.18
	5,370.53	4,957.03

Contract balances:

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
(a) Receivables		
Trade Receivables (gross) (refer note 10)	1,961.72	1,739.25
Less: Expected credit loss Allowance	(7.19)	-
Net Receivables	1,954.53	1,739.25
(b) Contract Liabilities		
Advances received from customers (refer note 23)	4,335.43	105.95
Income billed but not due (refer note 23)	49.76	70.48
	4,385.19	176.43
(c) Contract Assets		
Accrued Income but not due (refer note 13)	968.99	824.04
	968.99	824.04

26. OTHER INCOME

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
Interest income	425.15	251.34
Foreign exchange fluctuation gain (net)	49.77	16.69
Miscellaneous income	53.18	23.45
	528.10	291.48

27. 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	1,380.25	676.61
	2,047.57	1,420.94
Less: Closing stock of raw materials	(600.70)	(667.32)
	1,446.87	753.62

28. 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	239.13
Closing work in progress	(816.62)	(196.74)
Net (increase) / decrease in stock	(619.88)	42.39

29. 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
Factory Maintenance	148.48	121.42
Training Charges	0.96	0.24
Factory Wages	162.39	160.06
	405.00	331.61

30. EMPLOYEE BENEFITS EXPENSE

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
Salaries, wages and bonus	1,366.94	1,154.97
Contribution to provident and other funds	46.58	34.64
Gratuity expense (Refer note-37(b))	35.01	49.18
Staff welfare expenses	33.76	34.43
	1,482.29	1,273.23

31. FINANCE COSTS

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
Bank Charges	9.69	24.45
BG Commission	80.26	65.70
Processing Charges	5.75	3.57
Interest on borrowings		
- interest on cash credit account	7.96	3.24
- interest on Vehicle loan	1.37	1.83
- interest Others	35.35	0.77
	140.38	99.56

32. DEPRECIATION AND AMORTISATION

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
Depreciation and Amortization Expense	370.39	396.14
Depreciation on Right-of-use assets	3.01	3.01
	373.40	399.15

33. OTHER EXPENSES

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
Business Promotion	210.59	267.10
Exhibition expenses	212.49	5.29
System Installation & Maintenance	80.45	75.54
Freight	68.10	17.33
Domestic Travel	280.22	175.44
Foreign Travel	137.87	22.08
Advertisement	112.89	109.15
Conveyance	13.21	7.48
Directors' sitting fees	11.25	8.50
CSR expenditure (refer details below (ii))	55.00	48.65
Electricity Charges-General	29.08	27.27
Insurance	18.16	21.60
Office Maintenance	114.30	111.10
Postage & Telephone	26.22	24.86
Printing & Stationery	5.64	6.72
Professional Charges	415.72	236.77
Rates & Taxes	33.72	41.95
Rent	46.82	34.48
Security expenses	35.39	32.89
Vehicle Maintenance	17.76	16.04
Computer Maintenance	4.85	3.21
Rent on Machinery-R&D	3.65	2.75
Spares & Stores-R&D	409.55	428.48
Expected credit loss Allowance	7.19	-
Payment to Auditors (refer details below (i))	4.00	4.00
Other Expenses	102.10	52.07
	2,456.22	1,780.76
(i) Payment to auditors		
For Statutory Audit	4.00	4.00
For Other Services	-	-
Out of pocket expenses	-	-
	4.00	4.00
(ii) Details of CSR expenditure		
a) Gross amount required to be spent by the company during the year	55.00	48.65
b) Amount approved by the board to be spent during the year	55.00	48.65
i) Construction/ acquisition of any asset	-	-
ii) On purposes other than (i) above	55.00	48.65

Amount spent during the year ending on 31 March 2022:

(₹ in lakhs)

Particulars	In Cash	Yet to be paid in Cash	Total
i) Construction/acquisition of any asset	-	-	-
ii) On purpose other than (i) above	55.00	-	55.00

Amount spent during the year ending on 31 March 2021:

(₹ in lakhs)

Particulars	In Cash	Yet to be paid in Cash	Total
i) Construction/acquisition of any asset	-	-	-
ii) On purpose other than (i) above	48.65	-	48.65

Details of spent/unspent obligations:

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
i) Contribution to Public Trust	-	-
ii) Contribution to Charitable trust	55.00	48.65
iii) unspent amount in relation to :		
- Ongoing Project	-	-
- Other than Ongoing Project	-	-
	55.00	48.65

34. COMPONENTS OF OTHER COMPREHENSIVE INCOME

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
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

35. 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	36.33	186.17
Adjustment of tax relating to earlier periods	(92.84)	-
MAT credit utilisation	41.37	6.43
Deferred tax	(0.83)	(34.09)
Total income tax expense recognised in Statement of Profit and Loss	(15.97)	158.51
OCI section		
Tax Effect on remeasurement of defined benefit plans	(0.92)	(3.67)
Income tax charged to OCI	(0.92)	(3.67)

(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	186.39	568.20
Enacted income tax rate in India	27.82%	27.82%
Computed expected tax expense	51.85	158.07
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	5.30	(14.89)
Income tax expense recognised in the Statement of Profit and Loss	(15.97)	158.51

Deferred tax

(₹ in lakhs)

Particulars	31 March 2022	31 March 2021
Deferred tax asset/(liability) (net)	(482.20)	(482.11)
MAT credit entitlement	2,496.42	2,537.78
Deferred tax asset (net)	2,014.21	2,055.67

(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	71.13	4.70	-	-	75.84
-Remeasurement of defined benefit plans	(3.67)	-	(0.92)	-	(4.58)
-Others	0.10	0.06	-	-	0.15
Deferred tax (liabilities) /assets (Net)	2,055.67	0.83	(0.92)	(41.37)	2,014.21

(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	25.48	-	-	71.13
- Remeasurement of defined benefit plans	-	-	(3.67)	-	(3.67)
- Others	0.05	0.04	-	-	0.10
Deferred tax (liabilities) /assets (Net)	2,028.02	37.74	(3.67)	(6.43)	2,055.67

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	31 March 2022	31 March 2021
Earnings per equity share		
Profit attributable to equity shareholders (₹ in lakhs)	202.36	409.69
Add: Interest on Compulsory Convertible Debentures (CCD's)	24.96	-
Adjusted earnings	227.32	409.69
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	0.52
Earning per share - Diluted (₹)#	0.25	0.52

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 promoters of the 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	31 March 2022	31 March 2021
Contribution to provident fund recognised as expense in the Statement of Profit and Loss	46.58	34.64

(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	29.99	28.14
Past service cost	-	-
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	35.01	49.18
Re measurement during the period/year due to :		
Actuarial loss / (gain) arising from change in financial assumptions	(2.32)	0.97
Actuarial loss / (gain) arising from change in demographic assumptions	-	-
Actuarial loss / (gain) arising on account of experience changes	0.41	(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	304.27	270.39
Closing Fair Value of Plan Assets	(121.89)	(104.36)
Closing net defined benefit liability	182.38	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	29.99	28.14
Past service cost	-	-
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	(2.32)	0.97
Actuarial loss/(gain) arising from change in demographic assumptions	-	-
Actuarial loss/(gain) arising on account of experience changes	0.41	(12.52)
Return on plan assets excluding interest income	(1.39)	(1.63)

Benefits paid	(14.65)	(14.99)
Closing defined benefit obligation	182.38	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:

Particulars	31 March 2022	31 March 2021
(₹ in lakhs)		
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

Year	31 March 2018	31 March 2019	31 March 2020	31 March 2021	31 March 2022
(₹ in lakhs)					
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)	81.78	57.95
Between 2 and 5 years	123.09	116.20
Between 6 and 10 years	101.29	96.22
Total expected payments	306.17	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).

38. 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 Company 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 Company has commitments of ₹ 45.79 lakhs (31 March 2021: ₹ 4.60 lakhs) relating to renovation of factory buildings at Maheswaram.

39. RELATED PARTY TRANSACTIONS

A) Nature of relationship and names of related parties

Name of the party	Nature of relationship
(a) Parties where control exists:	
Zen Technologies USA Inc	Subsidiary company
Unistring Tech Solutions Private Limited	Subsidiary company
Zen Medical Technologies Private Limited	Subsidiary company
(b) 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
(c) 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

(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.
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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) Purchase of equity shares		
Zen Medical Technologies Private Limited	25.00	50.20
ii) Lease Rental Income of office premises		
Zen Medical Technologies Private Limited	1.18	0.55
iii) Purchases		
Unistring Tech Solutions Private Limited	97.35	229.89
iv) Remuneration to KMP		
Mr. Ashok Atluri	60.83	51.39
Mr. Kishore Dutt Atluri	48.23	35.48
Mr. M Ravi Kumar	53.59	52.94
Mrs. Shilpa Choudari	25.04	10.00
Mr. Hansraj Singh Rajput-CS	15.02	12.74
v) Commission to KMP		
Mr. Ashok Atluri	5.82	17.12
Mr. Kishore Dutt Atluri	18.10	30.62
vi) Remuneration to relatives of to KMP		
Mr. Arjun Dutt Atluri	11.78	11.78
Ms. Anisha Atluri	6.38	2.64
vii) 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
viii) Rent		
Mrs. Ramadevi Atluri	6.38	6.65
ix) Donation		
Veer Sammaan Foundation	-	48.65

C) Balances with the related parties are summarised below:

(₹ in lakhs)

Particulars	As at 31 March 2022	As at 31 March 2021
i) Related party receivables grouped under		
a) Other current assets		
Unistring Tech Solutions Private Limited (Advance to material suppliers(Creditors))	674.97	-
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	-

b) Investments		
Zen Technologies USA Inc	1,434.67	1,434.67
Unistring Tech Solutions Private Limited	700.07	700.07
Zen Medical Technologies Private Limited	75.20	50.20
ii) Related party payables grouped under:		
a) Other current liabilities		
Mr. M Ravi Kumar (Other Payables)	0.04	0.09
b) Trade Payables		
Unistring Tech Solutions Private Limited	-	0.26

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.

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, 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 Company on the basis of information available with the Company.

41. DISCLOSURE PURSUANT TO INDIAN ACCOUNTING STANDARD (IND AS) 108 “OPERATING SEGMENTS”

Operating Segments

The Company concluded that there is only one operating segment i.e, Training & Simulation. Hence, the same becomes the reportable segment for the Company. Accordingly, the Company 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	5,005.56	3,922.22
Overseas	364.97	1034.81
Total revenue per statement of profit or loss	5,370.53	4,957.03

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	100.15	83.91
Outside India	-	-
Total non-current operating assets	100.15	83.91

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.

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 2022		31 March 2021		Fair value level
		Amortised cost	Fair value	Amortised cost	Fair value	
Financial assets						
Trade receivables	10	1,954.53	-	1,739.25	-	-
Cash and cash equivalents	11	1,470.48	-	1,502.49	-	-
Other bank balances	12	6,139.39	-	1,826.00	-	-
Deposits	6	48.15	-	50.20	-	-
Other financial assets	13	11,843.19	-	5,132.29	-	-
Total financial assets		21,455.75	-	10,250.23		
Financial liabilities						
Borrowings	18 & 21	1,224.18	-	84.59	-	-
Lease liabilities	19.1	9.36	-	8.59	-	-
Trade payables	22	332.06	-	248.74	-	-
Other financial liabilities	19.2	332.74	-	313.86	-	-
Total financial liabilities		1,898.34	-	655.78	-	-

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.

Investment in subsidiaries have been accounted at historical cost. Since, these are scoped out of Ind AS 109 for the purpose of measurement, the same are not disclosed in the table above.

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 Company's financial liabilities comprise mainly of borrowings, trade payables and other payables. The Company's financial assets comprise mainly of investments, cash and cash equivalents, other balances with banks, loans, trade receivables and other receivables.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, 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 Company's activities.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. In performing its operating, investing and financing activities, the Company 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 Company'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 Company's exposure to the risk of changes in market interest rates relates primarily to the Company'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 Company exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency). Considering the countries and economic environment in which the Company 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 Company against major foreign currencies may impact the Company's revenue in international business. The Company 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 standalone 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 Company 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 Company's top management in accordance with the Company'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 Company 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 Company 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 Company has an established liquidity risk management framework for managing its short term, medium term and long term funding and liquidity management requirements. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company manages the liquidity risk by maintaining adequate funds in cash and cash equivalents. The Company 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 Company 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	1,224.18	-	2.22	920.57	301.39	-
Other financial liabilities	342.10	8.08	247.62	77.04	9.36	-
Trade payables	332.06	-	332.06	-	-	-

As at 31 March 2021						
Borrowings	84.59	65.81	2.22	5.30	11.26	-
Other financial liabilities	322.45	8.42	221.33	84.11	8.59	-
Trade payables	248.74	-	248.74	-	-	-

At present, the Company 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 Company's capital management, capital includes issued capital and all other equity reserves attributable to the equity shareholders of the Company. The primary objective of the Company 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)

Gearing ratio	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)	1,224.18	84.59
Less: Cash and cash equivalents (including balances at bank other than cash and cash equivalents and margin money deposits with banks)	(18,340.96)	(7,541.53)
Net debt (A)	(17,116.78)	(7,456.94)
Equity (B)	29,169.85	21,315.22
Gearing ratio (%) $\{A/(A+B)\}$	-142%	-54%

Gearing ratio:

The company monitors capital using gearing ratio, which is net debt divided by total capital plus net debt. The company's policy is to keep the gearing ratio within 50%. In order to achieve this overall objective, the Company makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Company 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.

45. EMPLOYEE STOCK OPTION SCHEME

The Company 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 Company 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.

46. 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, Company 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 Company 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, Company has recognised the above loss of ₹27.96 lakhs under exceptional items in the Statement of Profit and Loss.

47. RATIO ANALYSIS AND ITS ELEMENTS

Ratio	Numerator	Denominator	31 March 2022	31 March 2021	% change	Reason for variance
Current ratio	Current Assets	Current Liabilities	4.09	13.43	-69.56%	Note A
Debt- Equity Ratio	Total Debt	Shareholder's Equity	0.04	0.00	957.50%	Note B
Debt Service Coverage ratio	Earnings for debt service = Net profit after taxes + Non-cash operating	Debt service = Interest & Lease Payments + Principal Repayments	13.72	71.41	-80.79%	Note B
Return on Equity ratio	Net Profits after taxes – Preference Dividend	Average Shareholder's Equity	0.01	0.02	-59.70%	Note C
Inventory Turnover ratio	Cost of goods sold	Average Inventory	0.72	0.84	-13.50%	
Trade Receivable Turnover Ratio	Net credit sales = Gross credit sales - sales return	Average Trade Receivable	2.90	1.60	80.83%	Note D
Trade Payable Turnover Ratio	Net credit purchases = Gross credit purchases - purchase return	Average Trade Payables	14.61	7.33	99.36%	Note E
Net Capital Turnover Ratio	Net sales = Total sales - sales return	Working capital = Current assets – Current liabilities	0.28	0.46	-38.70%	Note D
Net Profit ratio	Net Profit	Net sales = Total sales - sales return	0.04	0.08	-54.41%	Note F
Return on Capital Employed	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability	0.01	0.03	-66.66%	Note G
Return on Investment	Interest (Finance Income)	Investment	NA	NA	NA	

Note A: There is an increase in advances received from customers. As a result, there is an increase in Current Liabilities and decrease the current ratio from Previous year.

Note B: Due to debt component of Compulsory Convertible Debentures (CCD's) which were issued during the FY 2021-22, there is an increase the Debt Equity Ratio and decrease in Debt service coverage ratio.

Note C: Due to issue of share warrants and equity component of Compulsory Convertible Debentures (CCD's) which were issued during the year FY 2021-22, there is a decrease in Return on Equity.

Note D: Average collection time is reduced and long pending receivables collected during this year. As a result there is an increase in the Trade Receivable turnover ratio.

Note E: Due to new orders, there was in increase in purchases and the increase in trade payables is low when compared with purchases. As a result there is an increase in Trade payable turnover ratio.

Note F: As part of Global outreach, Participated in Foreign Exhibitions and Incurred more amount in Export Business Development, foreign travel, etc which resultant to decrease in the Net Profit in spite of increase in turnover.

Note G: Due to decrease in EBIT, there is a decrease in Return on Capital employed.

48. DIVIDEND

The final dividend on shares is recorded as a liability on the date of the approval by the shareholders. The Company 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	(₹ in lakhs)	
	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 Company 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 Company 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 Company 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 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. 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

Particulars	(₹ in lakhs)	
	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	-	-
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

51. OTHER STATUTORY INFORMATION:

- (i) The Company do not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- (ii) The Company do not have any transactions with companies struck off.
- (iii) The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period,
- (iv) The Company have not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (v) The Company 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.
- (vi) The Company 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.
- (vii) The Company 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.)

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
FRN: 010396S/S200084

Murali Krishna Reddy Telluri
Partner
MNo: 223022

Place: Hyderabad
Date: 07 May 2022

Ashok Atluri
Managing Director & CFO
DIN: 00056050

Hansraj Singh Rajput
Company Secretary
M.No: F11438

For and on behalf of the Board of Directors of
Zen Technologies Limited

M.Ravi Kumar
Whole Time Director
DIN: 00089921

Place: Hyderabad
Date: 07 May 2022

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
<p>Exceptional item (As described in Note 47 of the consolidated financial statements)</p> <p>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.</p> <p>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 31.</p> <p>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.</p>	<p>Our audit procedures included the following:</p> <ol style="list-style-type: none"> 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)	How our audit addressed the key audit matter
<p>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.</p> <p>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.</p>	<p>Our audit procedures included the following:</p> <ol style="list-style-type: none"> 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 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 independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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

Place: Hyderabad
Date: 07 May 2022

Murali Krishna Reddy Telluri
Partner
Membership No: 223022
UDIN: 22223022AIOTYC8447

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
	Total 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 Ramasamy Koteswara Rao and Co LLP

Chartered Accountants
FRN: 010396S/S200084

Murali Krishna Reddy Telluri

Partner
MNo: 223022

Place: Hyderabad
Date: 07 May 2022

Ashok Atluri
Managing Director & CFO
DIN: 00056050

Hansraj Singh Rajput
Company Secretary
M.No: F11438

For and on behalf of the Board of Directors of
Zen Technologies Limited

M.Ravi Kumar
Whole Time Director
DIN: 00089921

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)

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	Convertible Debentures (CCD's)	Re Measurements of Defined Benefit Plans	Foreign Currency Translation Reserve				
	891.85	117.24	3,525.01	13,313.08	446.49							
Balances as at 01 April 2020							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

Ashok Atiuri

Managing Director & CFO

DIN: 00056050

Hansraj Singh Rajput

Company Secretary

M.No: F11438

For and on behalf of the Board of Directors of
Zen Technologies Limited

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 Paramilitary 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 policies 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 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 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						Total
	Not Due	<6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
(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	Outstanding for the following periods from the due date of payment						Total
	Not Due	<6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
(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 secured by 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.

(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				Total
		<1 year	1-2 years	2-3 years	More than 3 years	
(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				Total
		<1 year	1-2 years	2-3 years	More than 3 years	
(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 promoters 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:

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

(₹ in lakhs)

* 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:

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

(₹ in lakhs)

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	Principal activities	As at 31 March 2021							
		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



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