



being there...

ZEN TECHNOLOGIES LIMITED

Certified ISO 9001:2015, ISO 27001:2013, CMMI ML5
Regd. Office : B-42, Industrial Estate, Sanathnagar,
Hyderabad - 500 018, Telangana, India.
Phone: +91 40 23813281/3294/2894/4894
Fax No: +91 40 23813694
Email: info@zentechnologies.com Website: www.zen.in
Corporate Identity Number : L72200TG1993PLC015939

Date: 03rd August 2021

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

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

Security Code: 533339

Symbol/Security ID: ZENTEC

Dear Sir/Madam,

Sub: Zen Technologies Limited – Annual Report for FY 2020-2021 along with the Notice of the 28th Annual General Meeting.

We hereby inform you that the Twenty-Eighth (28th) Annual General Meeting ("AGM") of the members of the Company will be held on **Saturday, 28th August 2021 at 10:00 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 2020-2021 (including Notice of the AGM to be held on 28-08-2021 and Business Responsibility Report).


We're to inform you that 28th Annual Report (including Notice of the AGM) has been sent, through email to the members on 03rd August 2021.

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

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. A38213



Encl.: As Above

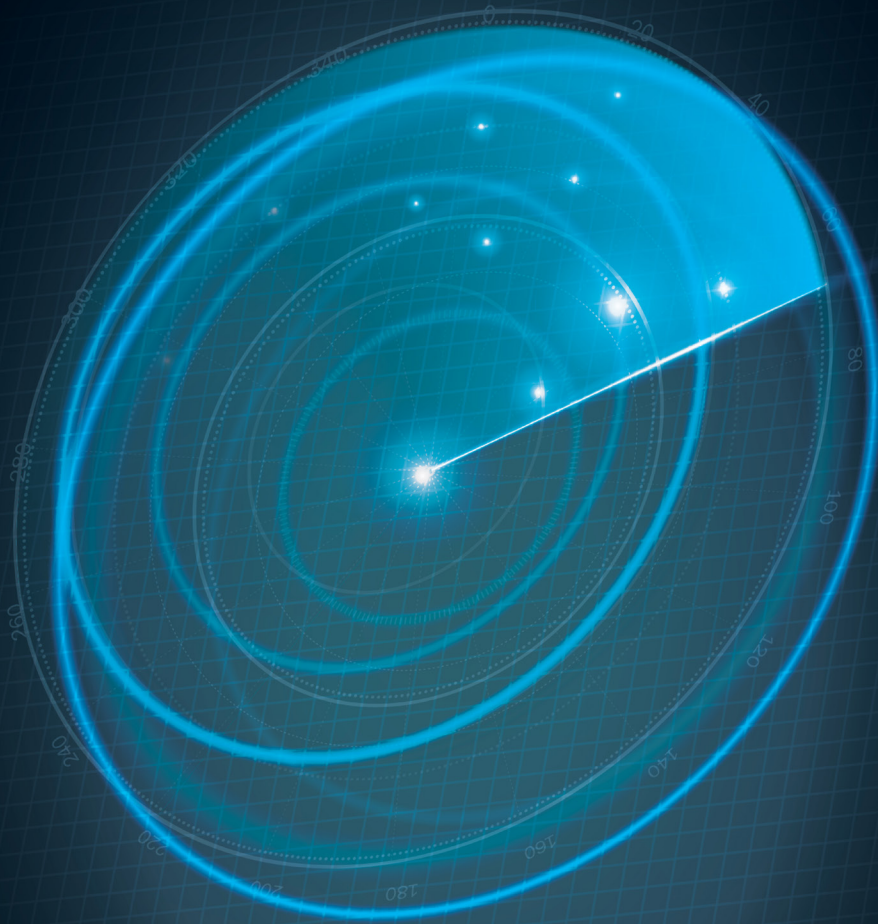
Works : Plot 36, Hardware Park, Near Shamshabad International Airport, Hyderabad - 501 510, Telangana, India



CMMI DEV / 5SM
Exp. 2022-01-30 / Appraisal #2306

CC to:

- 1. National Securities Depository Limited**
Trade World, A wing, 4th Floor,
Kamala Mills Compound, Lower Parel, Mumbai - 400013
- 2. Central Depository Services (India) Limited**
Marathon Futurex, A-Wing, 25th floor,
NM Joshi Marg, Lower Parel, Mumbai 400013
- 3. KFin Technologies Private Limited**
Selenium Tower B, 6th Floor, Plot 31-32, Gachibowli
Financial District, Nanakramguda, Hyderabad- 500 032



*Making
Ideas Happen*

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.

Financial Highlights

Revenue from Operations (₹ in Crores)

49.57



Profit After Tax (₹ in Crores)

4.09



Order Book as at 31st March 2021 (₹ in Crores)

192.67



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Further information can be found online by visiting zentechologies.com

Making Ideas Happen

*After almost 28 years of being in this industry we often ask ourselves - What have we really achieved? What have we really done all these years? And every time we ask ourselves this question, we know what the answer is - **we made ideas happen.***

What seemed like small ideas, tossed around in our office and meetings, have turned into milestone achievements today, and that's what we have done. We took the smallest of ideas, the most challenging and unachievable thoughts, and molded them to make them into a reality. Our robust R&D, our willingness to take the plunge, and our indomitable spirit is what has made this possible.

We at Zen Technologies firmly believe in innovation, and we are willing to sacrifice for the larger picture. While our customers or even our peers sometimes fail to see what the future holds, we never fail to believe and hope that the future is nothing but bountiful.

We are strongly invested in the future of our industry, our business, our people, and most importantly our capabilities, and that's what makes us unique. We never shun away even the smallest of feedback, and we don't shy away from researching and developing until we are satisfied with what we have. It is our strong resolve which keeps us going and our belief in ourselves.

We know that we can make ideas happen!

About Zen Technologies

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.



Combat ready soldiers save lives and increase the chance of a successful mission. Zen Technologies creates training solutions that develop combat ready soldiers.



The Company has an impeccable track record in creating training systems to facilitate defense training and measure combat readiness of the armed forces.

Having served over 100+ institutional customers the Company is engaged in indigenous design, development and manufacturing of defence training systems based on sensors and simulators technology. Zen Technologies has relentlessly served the Ministry of Defence, Government of India and its Armed Forces, Security Forces and Paramilitary Forces, thus having the privilege of serving the nation at large. 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 109 patents and shipped more than 1,000 training systems across the globe.



Vision

To be a leading global defence training solutions provider



Mission

To provide training solutions through innovative and cost-effective solutions

Years of experience



27+

Customers served



100+

Patents filed



109

Order book
(₹ in Crores)



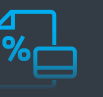
192+

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



~67

Cumulative sales
invested in R&D
in the last 5 years
(in %)



~17%

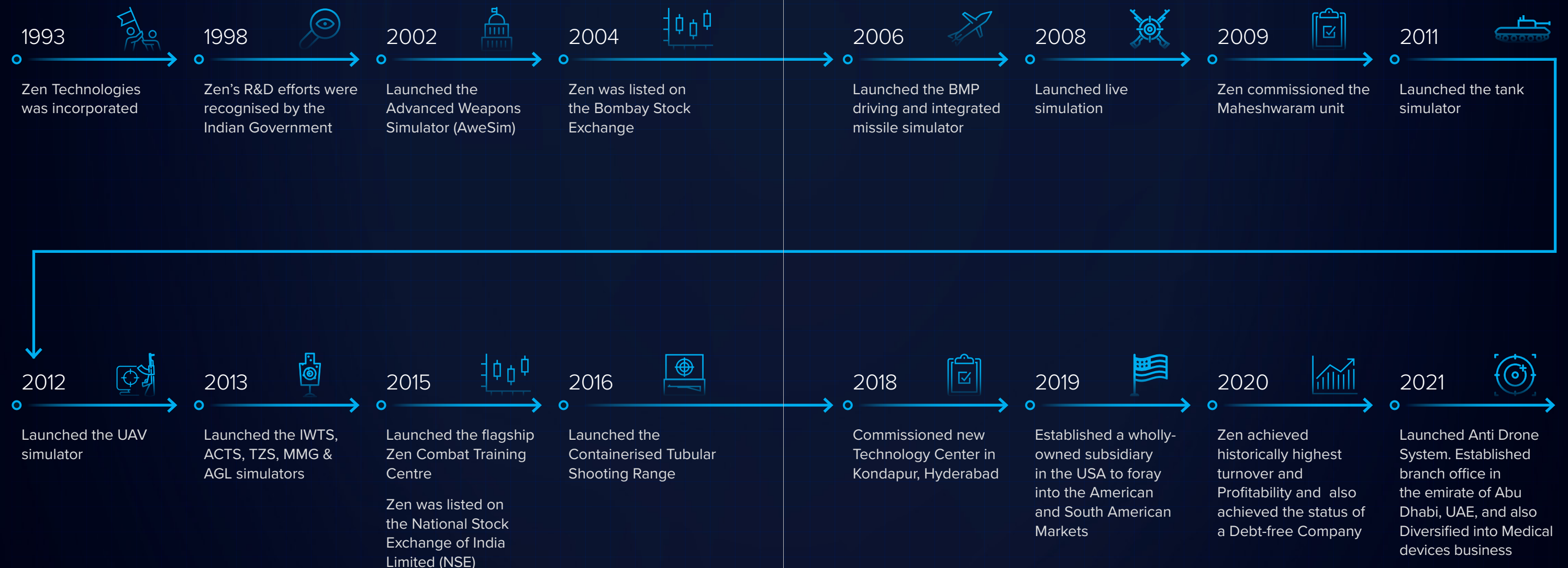
Employees



200+

Our Journey so far

In the last almost three decades of Zen Technologies journey, the Company has achieved many a milestones with its revolutionary innovations for the defence industry. Zen has launched many simulators in these years and has partnered with the armed forces, thus enabling the safety of the nation. From building training simulators for the armed forces to developing drones and anti-drones systems for actual warfare to foraying into medical technologies, Zen has truly come a long way.



Our Product Portfolio

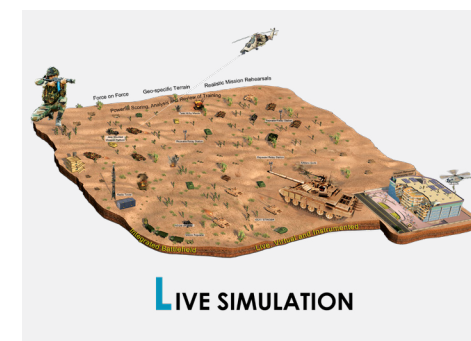


Zen Technologies prides itself in being the pioneer of many simulator-based technologies, which has revolutionized defence and other security training. With years of research knowledge, Zen has now forayed into drones and anti-drones systems for the security forces of India and other nations.



ANTI-DRONE

- 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.



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.



DIGITAL BEAMFORMING SOLUTIONS

- MULTI-CHANNEL PHASED ARRAY DIGITAL MODULE**
 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.



LIVE RANGES

- CONTAINERISED INDOOR SHOOTING RANGE (CISR)**
 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 (CTSR)**
 This is a secure indoor substitute for live firing. It is self-contained, transportable and reduces the area required for a range considerably.

Total Product Offerings

40+



- **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[®]) - LOMAH[™]**
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 ACTS[™])**
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 II 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.

- **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 DATS™)**

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 ADS™)**

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)**

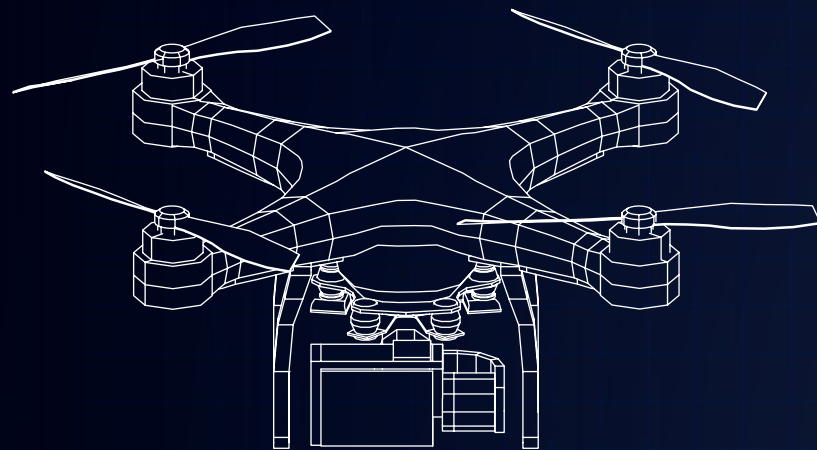
This is a versatile indoor training system that trains bus drivers of varied skill-sets and experience. The simulator uses 'to-scale' bus cabin with all gauges, controls, transmission systems and indicators found in a bus. This software has been specially developed to recreate the real-life environment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

Our Product Portfolio

New product additions

**ANTI-DRONE**

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



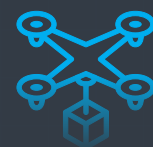
Anti-drone systems



Anti-drone simulators and drone simulators



Integrated air defence combat simulators



Logistic drones

**ZEN MEDICAL TECHNOLOGIES**

At Zen Technologies, we are not limited or restricted with our offerings. We have recently delved into medical simulator solutions which could potentially revolutionise the medical industry as we know it. The Company has also received transfer of technology for the oxygen enrichment unit.

We are currently focused on developing medical simulators and have developed a medical ventilator as well. Zen Technologies plans to introduce at least 2-3 new products in this segment by the end of FY 2021-2022. This foray into medical technologies is expected to add further value to the Company. We will also be buying technologies, both from domestic and foreign sources, for quicker development of products.

- With changing warfare dynamics, drones have become a major threat to any country's security. Not only does it pose a harm to the integrity of a nation but it could potentially be a huge security and information breach, which is crucial for any nation.
- 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 logistic drones and anti-drone solutions will contribute significantly to the revenues and profitability of the Company in the coming years.

Chairman's Communique



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.

ASHOK ATLURI

CHAIRMAN AND
MANAGING DIRECTOR

Our Company has always been at the helm of innovation and has always paved the way for advanced research in military solutions.

Dear Fellow Shareholders,

It gives me immense pleasure to present our annual report for the financial year 2020-2021. This was a challenging year for Zen Technologies for many reasons. As goes the saying, to never waste a crisis - and we didn't waste this opportunity. We adapted, unlearned, re-learned, and kept trying new ideas.

Throughout the COVID-19 crisis, the Company stood strong. In addition, we continued to innovate both at the process and product level. For instance, one of the challenges we faced during our sales and marketing endeavour was getting our customers to the demo location. Our products are to be seen and tested, it can be very difficult to communicate the essence of our products virtually or through other medias. Just talking about our products may not translate into our customers believing in its efficacy.

**Pre-Covid
physical customer
demonstrations
(per month)**

2

Therefore, having a proper demo is crucial, and even before the pandemic we barely had two demos a month. Simply speaking, the demos improve our chance of sales. But with the advent of COVID-19 our customer visits were reduced to none and we had to do some introspection, and it is then that we had an epiphany. We thought to ourselves, how can we take our demos to the customers if they are unable to visit the demo centre? With this larger question in mind, we finally embarked on a journey to create a world-class remote demonstration facility. This was an extremely successful initiative as it had its intended effect – the number of potential customers going through the product demo shot from twice in a month to an average of four times in a week. These demos were given to both our national and international customers. At Zen, we expect such innovations to result in huge increase in orders in the near future.

**Customer
demonstrations
post advent
of remote
demonstration
facility
(per week)**

4

During the crisis, we also expanded our range of products to include drone and anti-drone solutions. We believe that in the anti-drone space we enjoy a privileged position and are in the top of the list of companies providing such solutions. Our solutions were developed completely in-house and are used for identifying and jamming drones in all bands (not restricted to 2.8Ghz or 5.6-5.8Ghz, which most of our competitors solutions are restricted to). We have integrated a camera to this solution as well and are just a few months away from developing our own radar solution. Currently, we offer off-the-shelf radars along with our system. Finally, in the space of hard kill, we are partnering with companies that have hard kill equipment like laser, micro-missiles, guns, etc. At the moment we have an integrated solution but just in a few months we should be in a position to offer a range of hard-kill options tailor made to customer requirements.

Another product that we have developed during the crisis is the logistic drone, which is capable of taking 20kgs of weight over 10kms distance in high altitude areas. This product has a tremendous demand within the armed forces. In addition to the armed forces, we expect lots of non-military applications for this product as well. Other areas that we are focusing on include anti-drone and drone simulators, and integrated air defence combat simulators.



Our Company is unique and one of a kind in the defence industry. The number of players in this space is very limited, and our experience of three decades puts us at the leading position within this industry in India. Moreover, with respect to some of our products, Zen Technologies enjoys a very deep and meaningful position with the customers. This puts our Company on a great footing to remain the industry leader in the future. In addition, our years of experience inspire further confidence and trust from our customers, thus making our Company stronger.

At Zen Technologies, our consistent research efforts have resulted in the creation of diverse technological solutions and a corresponding patent portfolio. To date, our Company has filed about 109 patents for the pioneering initiatives undertaken by us. Since our business is IP-driven and our bill of materials costs usually between 10-30% of the final price, our contribution post break-even point is significant. We are also a highly asset-light business entity as we outsource most of our manufacturing to a reliable supply chain which we have developed over the last three decades. Further, our high investments in R&D throughout our Company's lifetime create a high entry barrier for any new entrant, making it a competitive advantage for us.

Our Company has always been at the helm of innovation and has always paved the way for advanced research in training solutions for military forces. We saw a huge opportunity in the anti-drone technologies and are proud to share that we have invested heavily in these new technologies as we strongly believe that this is the future of warfare.



Drones have been used to locate hidden units and people, and therefore it is a great strategic tool for anyone using them, as we have seen in multiple instances in the past couple of years. With drones being a self-sufficient tool, which requires remote handling and minimal human interference, it is indeed an individual technological soldier in the military forces. Drones are therefore a considerable threat to the integrity and security of any nation. Therefore, anti-drone systems are crucial to ensure that such threats are neutralized and save a country from any security or information breach. Authorities across the globe are investing heavily in such technologies. These new products are expected to contribute significantly to the revenues and profitability in the years ahead. Our Company is poised to be the forerunner in this industry in India. With the right training equipment and tools, Indian armed forces will be geared to fight such battles. Our Company is aiding and partnering with the Indian Government to ensure that our nation is protected and safe from any external threat.

We are also pleased to inform that Zen Technologies, through its medical devices subsidiary is focusing its R&D on medical devices. We have already received the transfer of technology for the oxygen enrichment unit. This foray into medical technologies is expected to add further value to our Company. We will also be buying technologies, both from domestic and foreign sources, for quicker development of products.

The defence business is a highly regulated one, which is largely impacted by Government policies and budget allocation to the sector. Needless to say, that the COVID-19 spectre has brought in budgetary cuts and re-allocation of funds towards the medical crisis that India is facing at the moment. This has reduced the funds for police and military modernisation, especially with regards to training. According to Covey matrix, training would fall in the second quadrant – which makes it important

but not urgent. Many decision makers in the Government fail to understand the importance of training. Without proper training one cannot undertake any mission at hand and it might render a disadvantageous position as well. We hope that the decision makers take cognizance of this issue during the coming months.

Given the recent turmoil with China with regard to the border issues in Galwan valley (Ladakh), India has taken a strict stance to reduce import of Chinese made goods. To that effect many emergency procurements were made from foreign countries instead of purchasing from the Indian industries. That seemed like a lost opportunity, as many companies would have benefitted from the inflow of cash and could have strengthened their indigenous R&D. If such opportunities are lost in the future then the budding defence industry will wither away.

At Zen Technologies, we amplify the thoughts of Mr. Benjamin Netanyahu (Leader of the Opposition in Israel) who said that even if Israeli companies have a 60% capability, it still makes more sense to buy home-made Israeli products rather than buying superior 100% defence equipment from a foreign Company. He believes that the Israeli companies will then be incentivised to spend more on R&D which will enhance its capabilities and the companies will be able to make far more superior defence equipment. This thought could potentially radicalise the defence industry in India, and companies such as ours can hugely benefit from it.

GOVERNMENT INITIATIVES

The Indian Government's keen focus on the 'Make in India' and 'Atmanirbhar Bharat' campaigns has created a conducive environment for Zen Technologies and has also opened up a huge array of opportunities for us. The Indian Government is promoting and supporting these initiatives with favourable policies and simpler procedures that encourage indigenous development, exports while discouraging imports. The Ministry of Defence (MoD) has formulated policies that promote and support self-reliance, simplify procedures and provide serious impetus to defence export.

- The focus of the MoD has now shifted from procurement of equipment to acquisition of equipment. It implies that efforts will be taken to procure from an Indian vendor and even if the equipment is procured from a foreign OEM, there will still be lot of work that will be undertaken by the Indian Industry.

MoD has put over 200 defence items under import embargo

- For modernization of armed forces under the Capital Acquisition Schemes, MoD favours procurement under the categorisation of 'Buy Indian (IDDM)', 'Buy Indian', 'Buy & Make Indian' and discourages procurement from foreign sources under 'Buy and Make' and 'Buy Global' categories, which are relegated to least preferred options.
- MoD is seriously pushing for indigenous design, development and manufacture of defence Equipment under 'MAKE Categorisation' and the list of such products is ever-growing. Only Indian Defence Industry can participate in these developmental projects and orders for such products will be given to them.
- MoD has put over 200 defence items under import embargo. It implies that these items can no longer be procured from a foreign OEM in a fully finished state. They would either be designed, developed and manufactured by Indian Defence Industry or they will be manufactured in India by the foreign OEM in collaboration with an Indian Company. This applies to many simulators as well, which are in the Import Embargo list now.



The Ministry of Defence (MoD) has formulated policies that promote and support self-reliance, simplify procedures and provide serious impetus to defence export.

- MoD is encouraging innovation and any innovation by the industry can now be shared with them through suo moto proposals. These proposals will be holistically analysed by MoD and user directorates in a time bound manner. If found useful, procurement action for such products will be initiated by the Government. MoD has also allocated funds to DRDO and Service HQs to support such innovations.
- MoD is encouraging export of defence equipment and is supporting export through suitable strategy for the same, simpler procedures particularly for issue of NOC, defence diplomacy, export financing and other incentives and also through the Defence Offset Policy.
- One noteworthy policy by MoD that would positively impact the growth of Zen, is about

greater involvement of simulators in training of officers and men of the armed forces, which will significantly cut down the cost incurred by the armed forces presently. This will imply that the armed forces will have to buy simulators for all their legacy equipment and that all future acquisitions of weapons, platforms, equipment and systems will be done along with the simulators which will further improve the business prospects of Zen.

We are certain that our Company is well-positioned to use this opportunity and make the most of it. This strong regulatory tailwind will push our Company to do its absolute best and further encourage our position as an industry leader with a rich experience of almost three decades.

WAY FORWARD

Anti-drone systems, drones, and training solutions will continue to be the core business of Zen Technologies Limited and we have all the simulators required for the legacy equipment used by the Indian Army. At Zen, we will also focus on products embedded with Artificial Intelligence, so that we continue to provide state-of-the-art equipment to our users.

As far as our export business goes, we have many equipments that are of interest to friendly foreign nations and over the years we have had modest success in selling of some of these equipments to them. We will continue to ramp up our efforts to sell these products to them and utilise such export opportunities.

With respect to the new policy from MoD about greater dependence on simulators for training of officers and men of the armed forces, we need to work towards ensuring a bigger share of this emerging huge business. We have submitted many suo moto proposals of our products to MoD and a few of them have been accepted and are being procured as well. We endeavour to continue to work in this direction as we develop more products in the future.

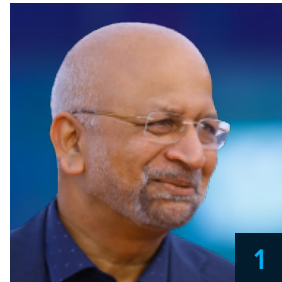
We are diversifying our defence business in areas other than training simulators and are participating in design and developmental projects of MoD under MAKE Categorisation. These are high value projects and we are implementing some of them in collaboration with foreign OEMs of repute.

ASHOK ATLURI

CHAIRMAN AND MANAGING DIRECTOR

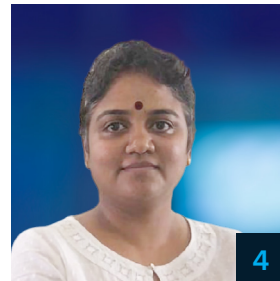
Asset Light business operations with bill of materials being 10-30% of final product price

Leadership Team



1. MR. KISHORE DUTT ATLURI FOUNDER PRESIDENT

Since the inception of Zen in 1993, he has been responsible for designing and delivering state-of-the-art training solutions and simulators to the end user. 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. MR. ASHOK ATLURI CHAIRMAN AND MANAGING DIRECTOR

He 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.

3. MR. M. RAVI KUMAR WHOLE TIME DIRECTOR

He has over 20 years of experience in the software industry and is actively involved in the design and development of the present range of simulators for Zen Technologies in his role as the Head, R&D Division. He spearheaded the development of Zen SATS® SL in the past and is currently administering the development of Zen AWeSim® and Zen TacSim®.

In the past he has worked with the Bureau of Data Processing Services (BDPS), Nova Computers Private Limited and has also served as a Director at the Institute of Engineers. He is a technocrat and an expert in Systems Programming and Robotics.

4. MS. SHILPA CHOUDARI WHOLE TIME DIRECTOR

She 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.

5. DR. AJAY KUMAR SINGH INDEPENDENT DIRECTOR

Dr. 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 Indian School of Business (ISB) in the year 2007 and at present works in the Centre for Executive Education 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) Ltd., Crompton Greaves Limited, SIVA Institute and Apeejay School of Marketing.

Dr. Singh received a grant of £4,000 for a study in "Review of social marketing activity in India from 2000-2008" from Dr. Jeff French-Director, National Social Marketing Centre, London. He has also designed mid-career training programmes for senior officers from The Ministry of External Affairs, The Ministry of Home, The Ministry of Finance, The Ministry of Indian Railways among others.

6. MS. SIRISHA CHINTAPALLI INDEPENDENT DIRECTOR

She has ample 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 successfully handles and manages mergers and assignments and is well-versed with various statutes involved in the daily operations of the Company.

Ms. Sirisha is an associate member with the Institute of Company Secretaries of India and the Institute of Cost Accountants of India and is a registered insolvency professional. She bagged an all India rank of 7 and South India rank of 1 in the year where she completed her Company Secretary final level exams. She is also a member of the Managing Committee of Hyderabad Chapter of the Institute of Cost Accountants of India and is also acting as treasurer for 2021-22.

In the past she has been associated with L&T Shipbuilding Ltd. (Chennai), International Seaport Dredging Ltd. (Chennai) and Belgium and CCL Products (India) Ltd. as a Company Secretary.

7. DR. R. K. TYAGI INDEPENDENT DIRECTOR

Dr. Tyagi is an expert in organisational strategy, building strategic alliances and leadership and team development. He is also a turnaround specialist in business operations, corporate governance and CSR, R&D, technology, investments and risk management.

He holds a bachelor's degree in electronics and communications engineering from IIT Roorkee and a Ph.D in Management Studies from Agra University. He has also pursued an MBA in marketing from IGNOU and an Advanced Leadership Course from Indian School of Business, Hyderabad.

With over 42 years of experience including 8 years of experience in leading boards and organisations, he has served as the Chairman of Hindustan Aeronautics Ltd. and as the Chairman and Managing Director of Pawan Hans Helicopters Ltd. He has also worked with ONGC in the past and has worked across divisions such as IT networks, setcom, infocom, and marketing.

8. MR. AMREEK SINGH SANDHU INDEPENDENT DIRECTOR

Mr. Sandhu is a financial professional with M.Com, LL.B. and MBA degrees along with certifications from FCS, FCMA and EAPAF-IIM©. With over 27 years of experience spanning across various aspects of finance and accounts such as corporate finance, treasury, audit, mergers & acquisitions, public issues, secretarial matters, HR, administration and legal, he is an asset to Zen Technologies.

He has worked with various reputed companies before such as Organic Chemicals Ltd., Herman Milkfoods Ltd., Gati Ltd., Ybrant Digital Ltd. and AMR India Ltd. to name a few. He has been engaged in the field of manufacturing (electronics, consumer goods, dairy products etc.), cargo, logistics, shipping, power, digital media, infrastructure and mining in his previous stints.

9. MR. VENKAT SAMIR KUMAR ORUGANTI INDEPENDENT DIRECTOR

With over 30 years of experience in the field of project management, marketing and Government relations, Mr. Oruganti brings rich experience to Zen Technologies. He holds a B.Tech degree from IIT, Kharagpur and a PGDM from IIM, Calcutta.

He has worked with MECON (India) Ltd. as a techno-commercial engineer and as a trainee engineer at Tata Motors. He also worked on a fertilizer project with Nagarjuna Fertilizers from the stage of concept up to commissioning and with Reliance Industries Limited in their natural gas division.



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

Business Canvas

The Indian defence Industry's niche characteristic makes it one of the toughest industries to survive in. The constant dependence on Government regulations, the ever-changing landscape of modern warfare along with the continuous need to be innovative and remain updated, make it a challenging space.

However, at Zen Technologies our strong focus on R&D ensures that we are constantly on the lookout for new technologies while updating our skill sets. Our favourable business model that accommodates a constant revenue stream by adding annual maintenance contracts for our sold equipment, along with conducive Government policies, puts Zen at the forefront of this niche market. We believe that we are ready to take on the challenges and are well-equipped to handle the quick changing dynamic of this industry.

Investments in R&D in last 5 years (₹ in Crores)

~67

Cumulative sales invested in R&D in the last 5 years

~17%

Patents filed

109

R&D AND PATENTS

Zen Technologies believes in striving towards excellence and the only possible way to achieve excellence in this line of work is through rigorous R&D. With continuous research over the decades, Zen Technologies has been able to produce multifold technological solutions and a diverse patent portfolio. The Company has filed over 109 patents for their pioneering initiatives, of which 27 have been granted.

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 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 making further investments in the development of Air Defence Gun Simulators.
- Willingness to withstand short-term pains with the possibility of long-term gains. Investments made in R&D written off in P&L.
- Heavy investments made in R&D throughout the lifetime of the Company creates high entry barriers for a new entrant in this industry.



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.

REGULATORY TAILWINDS

The defence industry is largely regulated and Government policies, budgets and structural changes have a deep impact in how Zen Technologies does its business. Lately, the Indian Government has been focused on its agenda of 'Make in India' and 'Atmanirbhar Bharat' which has positively impacted the Company as these agendas push for indigenous design, development and manufacturing of products. This puts Zen Technologies in a very suitable position as the Company is invested in its own R&D and it strives to bring excellence in its products through rigorous iterations.

The Ministry of Defence (MoD), Indian Government has formulated several measures along with strict implementation timelines which has created a conducive environment for companies like Zen Technologies. The aggregate of all these factors provide for a strong regulatory tailwind for the Indian defence space.

- MoD is making efforts to procure from Indian vendors and even if the equipment is procured from a foreign OEM, there will still be lot of work that will be undertaken by the Indian Industry.
- For modernization of armed forces under the Capital Acquisition Schemes,

MoD favours procurement under the categorisation of 'Buy Indian (IDDM)', 'Buy Indian', 'Buy & Make Indian' and discourages procurement from foreign sources under 'Buy and Make' and 'Buy Global' categories, which are relegated to least preferred options.

- MoD is pushing for indigenous design, development and manufacture of defence Equipment under 'MAKE Categorisation'.
- MoD has put over 200 defence items under import embargo. This applies to many simulators as well, which are in the Import Embargo list now.
- MoD is encouraging innovation and any innovation by the industry can now be shared with them through suo moto proposals.
- MoD is encouraging export of defence equipment and is supporting export through suitable strategy for the same, simpler procedures particularly for issue of NOC, defence diplomacy, export financing and other incentives and also through the Defence Offset Policy.
- Pushing for greater involvement of simulators in training of officers and men of the armed forces, which will significantly cut down the cost incurred by the armed forces presently.

STRATEGIC PRIORITIES

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

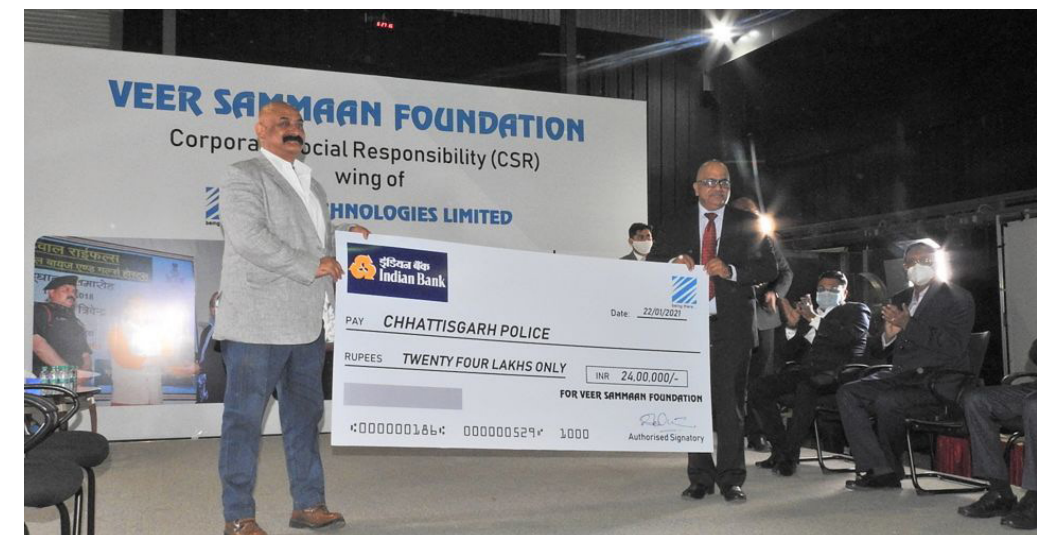
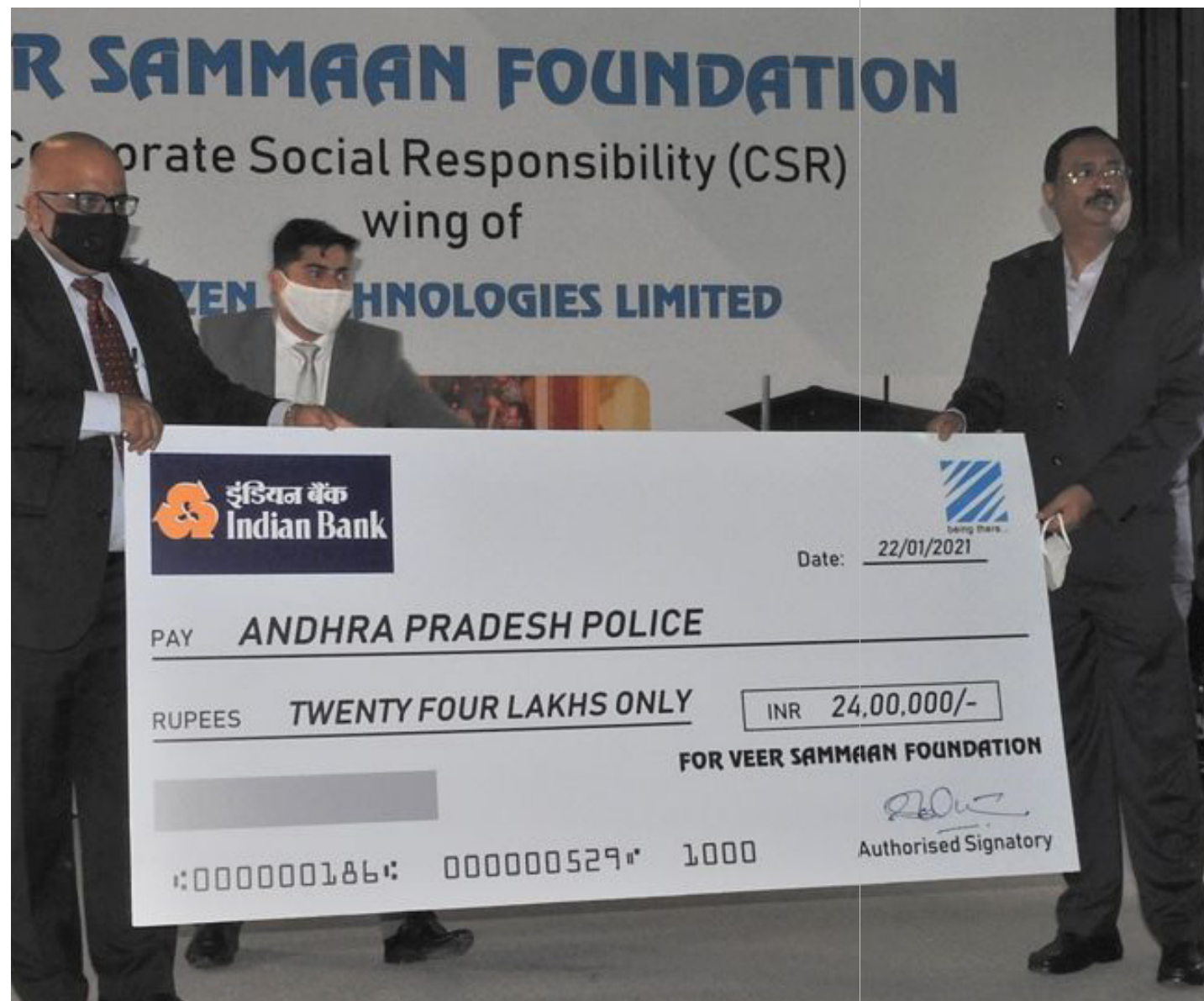
- To continue to grow the sales of equipment and expand the product portfolio with a strong focus on the emerging space of anti-drone systems.
- To scale up the Annual Maintenance Contracts (AMC) business, wherein the contributions from AMC can support the fixed operating expenses.
- To develop and expand 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.

Corporate Social Responsibility

Servitude is at the core of our value system at Zen Technologies. We strongly believe in supporting our communities and our nation at large in everything we do. With this mission in mind, Zen Technologies' CSR arm Veer Sammaan Foundation was created in the year 2016 as a registered trust.

While we are aware of the pitfalls of a war and its huge impact on our soldiers' family members, we also understand that this community often requires a healing touch. Therefore, at Veer Sammaan Foundation, we have been working relentlessly to provide aid and assistance to our soldiers' family members and ensure that their dignity is preserved like it rightly should be.

Our mission is to honour and support the families of warriors fallen in combat and work towards the welfare of the veterans. In furtherance of this, the foundation has undertaken the following initiatives for the benefit of the community.



CSR spends during the year (₹ in Crores)

0.49

STANDING WITH OUR COMMUNITIES DURING COVID-19

While it is true that COVID-19 has seriously impaired many industries including ours, it is also true that this indeed is the time to join hands and defeat the virus together. At Zen Technologies, we believe in sharing and empathising every step of the way. To that extent, we have undertaken the following initiatives to combat the spectre of COVID-19 along with our national heroes.

- Donated ₹ 48 lakhs to the Andhra Pradesh police and Chhattisgarh police for the welfare of the departments and to carry out activities like promoting education and providing healthcare to the families of martyred soldiers.
- The second wave of COVID-19 in India brought with itself a dire need for medical supplies and especially of ventilators. We dedicated a small R&D team to develop a prototype of a ventilator for India. The certification for the same is awaited. There is a keen interest for this product, both in India and abroad. The Company is exploring options for commercial manufacturing and is considering the possibility of outsourcing the manufacturing aspect.

Management Discussion and Analysis



GLOBAL ECONOMIC OVERVIEW AND OUTLOOK

For decades there have been a few countries that have led the defence exports industry. The world believed that defence equipment must be sourced from developed nations and well-established players only. However, with the world becoming more global, there is a positive attitude towards vendors from various parts of the world, putting India on a good footing. The world has become more receptive to procuring defence equipment from alternate sources. There has been an overall lag in the quality, price, and after-sales support provided by some established vendors, which has opened up a plethora of opportunities for smaller players across the globe, including Zen Technologies. The failure of the old ecosystem has boosted sales of companies from countries such as India, who pride themselves on providing cutting-edge defence products at attractive prices. Furthermore, security concerns arising due to the COVID-19 crisis will incentivise some Governments to invest in their security forces, improving opportunities for companies like Zen.

As seen during FY 2020-2021, there was a brewing tension between India and China, and many predicted that a war was on the horizon. While the issues persist and no war has taken place, the countries will have to strengthen their capabilities and invest in the training of their security forces to be well-equipped to handle any future blows. Zen Technologies is poised to stand by their nation should such a crisis occur and provide the latest technological solutions to equip Indian soldiers to brave it out.

INDIAN ECONOMIC OVERVIEW AND OUTLOOK

The Indian outlook is quite hopeful, and there is a push towards more indigenous sourcing of defence equipment echoed through the 'Make in India' initiative and 'Atmanirbhar Bharat' campaigns. The Government is stressing towards procurement of products that are designed, developed, and manufactured in India. These favourable conditions make Zen Technologies very optimistic about the Indian economy. These new policies will prove extremely beneficial for homegrown companies like Zen Technologies with world-class products to offer.

The Indian outlook was improving until the COVID-19 crisis hit, and the nation had to divert its attention to the medical emergency at hand. There have been significant budgetary cuts from across ministries, and it has impacted the defence ministry to an extent as well. However, on the brighter side, the crisis seems to have been averted for now, and India appears to be better prepared than earlier.

INDIA'S DEFENCE INDUSTRY MARKET DYNAMICS

India's defence manufacturing sector witnessed a CAGR of 3.9% between 2016 and 2020. The Indian Government has set the defence production target at US\$ 25.00 billion by 2025 (including US\$ 5 billion from exports by 2025). Defence exports in India were estimated at US\$ 1.29 billion in FY 2019-20. India's defence import value stood at US\$ 463 million for FY 2019-2020 and was expected to be at US\$ 469.5 million in

FY2020-2021. Defence exports in the country witnessed strong growth in the last two years. India targets to export military equipment worth US\$ 5 billion (₹ 35,000 crore) in the next five years.

GOVERNMENT INITIATIVES

India's defence industry is well-positioned to grow leaps and bounds at the backing of the aggressive policies that favour indigenous sourcing. The Ministry of Defence, through its various schemes, has boosted this process and indigenization is taking place at a component, system, and subsystem level.

In pursuance of the 'Make in India' initiative of the Government, the following measures have been taken to achieve substantive self-reliance in defence production and to accelerate indigenization in the Indian defence industry:

- The focus of the MoD has now shifted from procurement of equipment to acquisition of equipment. It implies that efforts will be taken to procure from an Indian vendor and even if the equipment is procured from a foreign OEM, there will still be lot of work that will be undertaken by the Indian Industry.
- For modernization of armed forces under the Capital Acquisition Schemes, MoD favours procurement under the categorisation of 'Buy Indian (IDDM)', 'Buy Indian', 'Buy & Make Indian' and discourages procurement from foreign sources under 'Buy and Make' and 'Buy Global' categories, which are relegated to least preferred options.

- MoD is seriously pushing for indigenous design, development and manufacture of defence Equipment under 'MAKE Categorisation' and the list of such products is ever-growing. Only Indian Defence Industry can participate in these developmental projects and orders for such products will be given to them.
- MoD has put over 200 defence items under import embargo. It implies that these items can no longer be procured from a foreign OEM in a fully finished state. They would either be designed, developed and manufactured by Indian Defence Industry or they will be manufactured in India by the foreign OEM in collaboration with an Indian Company. This applies to many simulators as well, which are in the Import Embargo list now.
- MoD is encouraging innovation and any innovation by the industry can now be shared with them through suo moto proposals. These proposals will be holistically analysed by MoD and user directorates in a time bound manner. If found useful, procurement action for such products will be initiated by the Government. MoD has also allocated funds to DRDO and Service HQs to support such innovations.
- MoD is encouraging export of defence equipment and is supporting export through suitable strategy for the same, simpler procedures particularly for issue of NOC, defence diplomacy, export financing and other incentives and also through the Defence Offset Policy.
- One noteworthy policy by MoD that would positively impact the growth of Zen, is about greater involvement of simulators in training of officers and men of the armed forces, which will significantly cut down the cost incurred by the armed forces presently. This will imply that the armed forces will have to buy simulators for all their legacy equipment and that all future acquisitions of weapons, platforms, equipment and systems will be done along with the simulators which will further improve the business prospects of Zen.

WAY FORWARD

Anti-drone systems, drones, and training solutions will continue to be the core business of Zen Technologies Limited and we have all the simulators required for the legacy equipment used by the Indian Army. At Zen, we will also focus on products embedded with Artificial Intelligence, so that we continue to provide state-of-the-art equipment to our users.

As far as our export business goes, we have many equipments that are of interest to friendly foreign nations and over the years we have had modest success in selling of some of these equipments to them. We will continue to ramp up our efforts to sell these products to them and utilise such export opportunities.

With respect to the new policy from MoD about greater dependence on simulators for training of officers and men of the armed forces, we need to work towards ensuring a bigger

Size of Simulators market in India (₹ in Crores)

8,000

The drone and anti-drone system being developed by Zen Technologies will open up a world of opportunities for us.



share of this emerging huge business. We have submitted many suo moto proposals of our products to MoD and a few of them have been accepted and are being procured as well. We endeavour to continue to work in this direction as we develop more products in the future.

We are diversifying our defence business in areas other than training simulators and are participating in design and developmental projects of MoD under MAKE Categorisation. These are high value projects and we are implementing some of them in collaboration with foreign OEMs of repute.

SIMULATION INDUSTRY STRUCTURE AND DEVELOPMENTS

Simulators represent a combination of equipment, controlled environments and specially developed implements or modules to recreate or imitate scenarios to help users learn, train, and equip themselves to address real-life situations.

The size of the simulators market in India alone is estimated at ₹ 8,000 Crores. The Make II policy (DPP 2016) initiatives, in which Indian companies can suo motu propose development projects to the Armed Forces, are expected to put India's indigenisation efforts on fast track. The concept of Make II procedure is proving to be catalytic for the defence sector. Products developed under Make II get tremendous testing and validation support from the armed forces. Once proven, in addition to the Indian armed forces, these products can be marketed and sold to friendly foreign countries, thus increasing the opportunity size.

The Indian Armed Forces' are in complete support of the indigenisation programs and are keen to induct as much Indian made defence equipment as possible. They are relentlessly working to balance the near-term security concerns with the long-term defence self-reliance objectives.

OPPORTUNITIES AND THREATS

As we all know, practice makes a man perfect and our simulators and other advanced training equipment do just that. Preparation for national defence requires hours of training and expensive real-world equipment stand the chance of going through wear and tear and exposure to harsh elements. Our simulators enable training in situations that would be difficult to practice in the field.

For instance, the engine life of a tank is limited to a number of hours. After the said hours the engine needs overhaul, which could cost up to a million dollars. India has about 4,730 tanks as of 2021, which means an expenditure of over 4 Billion dollars. Zen tank solutions can easily replace at least 80% of the training time with simulators, effectively saving as much as 3.2 Billion dollars, and the investment required for this is less than 100 Million dollars. Now if we apply this solution across the spectrum of all defence equipment then the savings are quite significant thereby also resulting in modernization of training equipment. There have been hurdles in the past with this idea because of vested interests of certain parties. However, there has been a change in the attitude of officers who now recommend modern training equipment. We believe that this change could be monumental for the armed forces.

Besides, solutions like virtual simulators can be used in the harshest of weather conditions and throughout the year. A faster learning curve, cost-effectiveness, and personnel safety are some of the key benefits offered by these modern training solutions, leading to a wider acceptance of simulation-based training solutions.

Market size for simulators is dependent on current stock and future acquisition of defence equipment. Increasing equipment purchase will translate into higher demand for simulators over time and these simulators also need adequate maintenance and periodic upgradation to integrate technology advancements. Given an average simulator life-span of about 10-15 years, Annual Maintenance Contracts (AMC), where contracted by the customer with the Company, are also becoming an increasingly lucrative opportunity.

The drone and anti-drone system being developed by Zen Technologies will open up a world of opportunities for us. Ever since drones have made an entry as defence equipment, its highly technological advancement is a boon and bane both, depending on whether the drone is released by the host nation or enemy nation. Anti-drone systems are used to track down and destroy such drones that enter unchartered territory. Currently, our anti-drone system uses off-the-shelf radars, but we are in the process of a breakthrough and will soon be in a place to offer our in-house radar solution integrated within the system apart from the interface for hard kill as well. We will be partnering with companies that provide hard kill and integrate them to our anti-drone system. Our indigenous technology is a pioneer in this segment, and we expect a massive uptick in the years to come.

Another product that we have developed during the crisis is the logistic drone, which is capable of taking 20kgs of weight over 10kms distance in high altitude areas. This product has a tremendous demand within the armed forces and we foresee non-military applications for this product as well.

With the entry of foreign defence companies in India, the market size could further widen. However, this could lead to a surge in the competition, thereby significantly hindering the growth of profits margins. Zen Technologies is well-prepared for such an event, and we aim to address this issue with our customised features, faster deployment and delivery, and our superior leverage of technological advancements. Our focus on export markets for drones and anti-drone solutions is expected to lead to quick sales because of being the most frictionless product in our portfolio.

The Company expects its exports to accelerate hereon, as the efforts made in the past few years will finally render its effect. Apart from this, Zen Technologies is driven to make further progress by,

- Focusing on large export opportunities within the Middle East, CIS, and Africa.
- Dedicating a core team to pursue business opportunities in the USA and other friendly countries.
- Enhancing the AMC revenue stream, which is non-cyclical.

PRODUCT-WISE PERFORMANCE

Our Company has been involved in developing and manufacturing training simulators through innovative technology for about three decades now. We are an expert in designing, developing, and manufacturing simulators that address the training needs of defence, homeland security, and driving sectors. Our solutions are cost-effective, and they cater to customers across the nation's defence, services, state police forces, paramilitary forces, and the navy. Our tank simulators have performed exceptionally well in the last few years, and we believe that we can derive a lot of mileage from it still.

Over the years, products that attracted the highest traction are:

- Zen Tank Simulators
- Zen Smart Target Systems
- Zen Multi-Function Target Systems
- Zen Shooting Ranges
- Zen Containerised Tubular Shooting Range (Zen CTSR)
- Zen Containerised Indoor Shooting Range (Zen CISR)
- Indoor Shooting Ranges
- Outdoor Shooting Ranges
- Hand Grenade Simulator (Zen HE36S)
- Advanced Weapons Simulator (Zen AWeSim)
- Tactical Engagement Simulator (Zen TacSim)

Our Zen Combat Training Centre (Zen CTC) has been an attractive offering in the last few years. Zen CTC is a one-stop training solution for armed forces and state police designed as a secure facility with modern combat training infrastructure to provide the best in class performance-oriented training in a safe, productive and realistic environment. In combination with live-fire, instrumented training, and virtual training, the set-up is designed as an all-encompassing solution that enables coordinated team training under various realistic threat scenarios. Such integrated solutions capability has increased the competitive edge our Company has over its domestic and international competitors. Zen Technologies is one of the few companies that offer such tailor-made training solutions, and we believe that this product would generate substantial revenues in the coming years.

Our Company achieved a turnover of ₹ 52.49 Crores in FY 2020-2021 as against ₹ 148.99 Crores in FY 2019-2020. Our Profit after tax in FY 2020-2021 stood at ₹ 4.09 Crores as against ₹ 60.52 Crores in FY 2019-2020. The dip in the numbers can be attributed to the macro factors encompassing us today. FY 2020-2021 has been a challenge for us, with COVID-19 being a looming factor and the Government's focus shift to public health.

Annual maintenance contracts (AMCs) are emerging as an important contributor to our overall revenues, and we expect an increasing contribution from AMCs in the years to come.

Sale of simulators carry a potential of generating up to 120% of the equipment sale value as AMC revenues over the product lifespan. AMC revenues will continue to grow as the installation base of simulators increase and these steady revenues will help decrease the volatility in our annual revenues. Zen Technologies is geared to uptick its AMC contracts which could be an advantage for us going forward.

OUTLOOK

Zen Technologies is well-placed to utilise the opportunities that are presented by simulators and defence training. We believe that our business model is in line with the development of this space, which makes us optimistic about the future.

The Indian Government's regulatory updates have opened up more opportunities for companies like us, who earlier struggled due to the absence of other vendors in certain niche segments. The Government's IDDM policy outlines the preference given to indigenously designed, developed, and manufactured equipment. Zen Technologies is a pioneer in defence training solutions and will be able to capitalise on such opportunities since we invest in R&D and develop our own IP and products. Offset clauses in defence procurement also forces global players to partner with domestic manufacturers and this could boost the Company's prospects further.

Exports are a largely untapped market for us and it represents a large opportunity for us as well. With Government backing on export related benefits, Zen Technologies will continue to focus on underserved markets in the Middle-East, CIS and African countries. We create tailored solutions which will address the training requirements of these countries by providing superior technologies at an affordable price point. We would also like to provide suitable financing options to such markets, with the help of the Indian Government.

While FY 2020-2021 has been a year of uncertainties therefore resulting in lower revenues for our Company, we strongly believe that the coming year will be a year full of prospects and opportunities.

POTENTIAL RISKS AND MITIGATION STRATEGIES

Zen Technologies primary risk lies in increasing competition and predatory pricing put forward by international players. Such players in order to gain market share in India drop their prices, which leads Companies like ours to have a dip in margins. Our Company is committed to provide revolutionary simulators for the Security Forces, and mostly these simulators are built keeping in mind the feedback from the end-users. However, there is no commitment from them to buy the resulting end-product. It is needless to say that developing such critical training solutions is cost intensive and there is no promises made to match the costs incurred. The Government's standard policy of buying from the lowest bidder could potentially be harmful for us if other vendors whose development costs are already amortized provide cheaper solutions, simply because they have the bandwidth to do so.

To mitigate this risk, the Indian Government has introduced a 'Buy Indian, IDDM (Indigenously Designed, Developed and Manufactured) policy'. This policy provides preferential treatment to companies who have indigenously designed developed and manufactured equipment. Companies like Zen Technologies stand to gain from this initiative because of our heavy investment in R&D and development of our own IP and products, rather than hiring contract manufacturers for equipment. We also extend performance guarantee to our customers which emboldens their trust in our products. In the unlikely event that such a claim for guarantee is invoked, adequate provision for the same is made.

One of the risks that Zen Technologies faces is the dependence on Government for a large part of the business, be it in terms of policies or buying products. Apart from that cost intensive R&D with no guarantee of product purchase, stricter user acceptance and high marketing costs are a few other risks of being in this business.

FINANCIAL AND OPERATIONAL PERFORMANCE

During FY 2020-2021, the Company's total income stood at ₹ 52.49 Crores as against ₹ 148.99 Crores in FY 2019-2020. Net profit stood at ₹ 4.09 Crores compared to ₹ 60.52 Crores FY 2019-2020. Zen has an order book of ₹ 192.67 Crores as on 31st March 2021 compared with ₹ 160.79 Crores as on 31st March 2020.

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]

S. NO	FINANCIAL RATIOS	FY21	FY20
1.	Operating Profit Margin (%)	31.54%	50.72%
2.	Net Profit Margin (%)	8.46%	41.18%
3.	Debtors Turnover (no of times)	1.60	2.50
4.	Inventory Turnover	5.08	6.44
5.	Current Ratio	13.44	8.05
6.	Return on Net worth (%)	1.98%	30.46%
7.	Interest Coverage Ratio	6.71	19.40
8.	Debt Equity Ratio	0.05	0.07

A decline in sales due to a series of lockdown and disruption in supply chain led to lower sales which further resulted in a decline in operating profit net profit margins and consequent decline in return on networth.

During the financial year, the Company paid off its borrowings which resulted in a lower debt-equity ratio.

Though payments from the Ministry of Defence accelerated, the series of lockdowns and consequent delays in sanctioning the budget from State Government Authorities lead to delayed collections. This resulted in a decline in the debtors turnover ratio. The cash and cash equivalents were parked in Fixed Deposits resulting in a higher current ratio.

INTERNAL CONTROL SYSTEMS AND ITS ADEQUACY

Our Company has in place an adequate system of internal controls commensurate with its size & nature of operations, along with well-defined organization structure & documented policy guidelines & procedures, predefined delegation of authority covering all corporate functions. These internal controls are designed to provide reasonable assurance regarding the effectiveness and efficiency of operations, the adequacy of protecting our Companies assets from unauthorized use or losses, the reliability of financial controls, and compliance with applicable laws and regulations.

Zen's internal control systems are in line with its size, operations and complexity. These systems are verified and tested routinely by certified auditors as well as internal audits, covering all key business areas. An internal audit system reviews the effectiveness and adequacy of the control environment and manages appropriate safeguards. The Company conducts periodic 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 focus of these reviews is as follows:

- Identify weaknesses and areas of improvement
- Compliance with defined policies and processes
- Safeguarding of tangible and intangible assets
- Management of business and operational risks
- Compliance with applicable statutes
- Compliance with the Zen Code of Conduct

The Audit Committee of the Board 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 gist 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;
- A well-established and independent Internal Audit team consisting of professionally qualified accountants and functional specialists who are empowered to examine/audit the adequacy, relevance and effectiveness of the control systems, compliance with policies, plans and statutory requirements;
- Continual programmes to reinforce the Code of Conduct are done regularly across the organisation.

The Board takes responsibility for the overall process of risk management throughout the organisation. During the financial reporting period ending March 2021, our Company has assessed the effectiveness of the internal financial control over financial reporting and it has in place, adequate internal financial controls with reference to financial statements, commensurate with the size, scale and complexity of its operations. During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed.

HUMAN RESOURCE DEVELOPMENT AND INDUSTRIAL RELATIONS

People form the foundation of organisations and their growth. The Company engages in developing its talent pool through training and workshops, strengthening core competence and performance. Over the year under review, the Company engaged with various industries, suppliers, partners, customers, workers and employees; relations remained harmonious. The total employee strength stood at 209 people compared to 213 people in FY20. The average employee age stood at 33, indicating a prudent balance of the young and the experienced.

CAUTIONARY STATEMENT

This statement made in this section describes the Company's objectives, projections, expectation 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. 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 & Chief Financial Officer

Mr Ravi Kumar Midathala (DIN: 00089921) - Whole Time Director

Ms Shilpa Choudari (DIN: 06646539) - Whole Time Director

Mr Venkat Samir Kumar Oruganti (DIN: 06699271) - Independent 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

FOUNDER PRESIDENT

Mr Kishore Dutt Atluri

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

M/s. P. S. Rao & Associates
Company Secretaries
Hyderabad

INTERNAL AUDITORS

NSVR & Associates LLP
Chartered Accountants
Hyderabad

BANKER

HDFC Bank Limited

REGISTRAR AND SHARE TRANSFER AGENTS

KFin Technologies Private 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 28th Annual General Meeting (AGM) of the members of **Zen Technologies Limited** (CIN: L72200TG1993PLC015939) (the Company) will be held on Saturday, the 28th day of August, 2021 at 10:00 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, 2021 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, 2021 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, 2021 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, 2021 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, 2021 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, 2021 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, 2021."

4. Appointment of Mr Ashok Atluri as Director, liable to retire by rotation.

To appoint a director in place of Mr. Ashok Atluri (DIN: 00056050), who retires by rotation and being eligible, offers himself 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, Mr. Ashok Atluri (DIN: 00056050), who retires by rotation at this meeting and being eligible offers himself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."

SPECIAL BUSINESS:

5. Re-appointment of Mr. Amreek Singh Sandhu as an Independent Director of the Company.

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152, 160 and other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder read with Schedule IV

to the Act and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and recommendation of Nomination and Remuneration Committee, Mr. Amreek Singh Sandhu (DIN: 08064880), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 03rd February, 2021 and who has submitted a declaration that he meets the criteria of Independence under Section 149 of the Companies Act, 2013 and is eligible for re-appointment, be and is hereby reappointed as an Independent Director of the Company to hold office for second and final term of 3 (Three) consecutive years i.e., from 03rd February, 2021 to 03rd February, 2024."

"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."

6. Re-appointment of Dr. Ravindra Kumar Tyagi as an Independent Director of the Company.

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder read with Schedule IV to the Act and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and recommendation of Nomination and Remuneration Committee, Dr. Ravindra Kumar Tyagi (DIN: 01509031) who was appointed as an Independent Director of the Company for a term of 3 (three) years upto 31st March 2022 by the shareholders and in respect of whom the Company has received a notice in writing from the Director under Section 160 of the Companies Act, 2013 proposing his candidature for the office of a Director be and is hereby re-appointed as an Independent Director of the Company for a second and final term of 3 (three) consecutive years effective immediately after expiry of his current term on 31st March 2022 i.e. from 01st April, 2022 till 31st March, 2025."

"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. Appointment of Ms. Shilpa Choudari as the Whole-Time Director and fixing remuneration.

To consider and if thought fit, to pass, with or without modification(s), 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, **Ms. Shilpa Choudari (DIN: 06646539)** who was appointed as additional director of the Company on 01st November, 2020 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, 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)(e) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and recommendation of the Nomination and Remuneration Committee, **Ms. Shilpa Choudari (DIN: 06646539)** be and is hereby appointed as the Whole Time Director of the Company for a period of Three (3) years from 01st November 2020 to 31st October 2023, 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: ₹ 1,42,857/- (Rupees One Lakh Forty Two Thousand Eight Hundred and Fifty Seven Only) per month.

B. PERQUISITES: In addition to the above, she 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) 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: As provided by the company 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) Use of Car with Driver: The Company shall provide a car with driver for business use. The Company will bill use of car for personal purposes.

i) Communication facilities: The Company will provide all communication facilities like Telephone / Internet / Mobiles / Fax at residence of the Whole-Time Director and will pay the bills on actual basis. Personal long distance telephone calls shall be borne by Ms. Shilpa Choudari.

C. OTHER TERMS:

- a) Encashment of Leave at the end of tenure shall be allowed as per the Company Rules. Leave accumulate but not availed in the previous financial year will be carried forward to next financial year as per the Company Rules.
- b) Reimbursement of reasonable entertainment and other expenses actually and properly incurred in connection with the business of the Company.
- c) Ms. Shilpa Choudari shall not, so long as she functions as the Whole Time Director, be entitled to receive any fee for attending any meeting of the Board or Committee thereof.
- d) 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 Ms. Shilpa Choudari 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 in accordance with the provisions of Schedule V read with Sections 197 of the Companies Act, 2013.

8. Revision in Remuneration of Mr. Kishore Dutt Atluri, to office as President of the Company.

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

"RESOLVED THAT pursuant to the provisions of section 188 of the Companies Act, 2013 read with rules made there under and other applicable provisions, if any, of the Companies Act, 2013 and also pursuant to the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and pursuant to recommendation of Audit and Nomination and Remuneration Committees, consent of the members be and is hereby accorded for revision of remuneration payable to Mr. Kishore Dutt Atluri, brother of Mr. Ashok Atluri, Chairman and Managing Director of the Company, to hold and continue to hold office as President of the Company for a period of five years with effect from 01st October 2020 on the following terms and conditions and remuneration and/or upon such revised terms and conditions as

recommended by the Nomination and Remuneration Committee and approved by the Board from time to time:

A. Basic Salary – ₹ 3,00,000/- (Rupees Three 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. Other Perquisites and Allowances – In addition to the prescribed Basic Salary, Housing and Incentive, Mr. Kishore Dutt Atluri will also be entitled to the following perquisites and allowances restricted to a maximum amount of ₹ 12,00,000/- (Rupees Twelve Lakhs only) per annum:

- i. **Mediclaime Insurance:** As provided by the company group medical insurance policy.
- ii. **Club Fee:** Fee of clubs subject to maximum of two clubs. This will not include admission and life membership fees.
- iii. **Personal Accident Insurance:** As per the Company's policy.
- iv. **Gratuity:** As per the Gratuity Act, 1972.
- v. **Use of Car with Driver:** The Company shall provide a car with driver for business use. The Company will bill use of car for personal purposes.
- vi. **Communication facilities:** 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.

E. Increment – During his tenure as President, 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 of the Company (hereinafter referred to as the "Board", which term shall be deemed to include any Committee, including the Nomination and Remuneration Committee to exercise its powers including the powers conferred by this resolution) be and is hereby

authorized to alter or vary the terms relating to the payment of remuneration as it may deem fit in the interest of the Company and to do and perform or cause to be done all such acts, deeds, matters and things, as may be required or deemed necessary or incidental thereto, and to settle and finalize all issues that may arise in this regard, without further referring to the Members of the Company, including without limitation to finalizing and executing any agreement, deeds and such other documents as may be necessary and to delegate all or any of the powers vested or conferred herein to any Director(s) or Officer(s) of the Company as may be required to give effect to this resolution."

9. To 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, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT 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) Regulations, 2014 (hereinafter referred to as "**SEBI (SBEB) Regulations**"), Securities Exchange Board of India (**SEBI**) Circular No. CIR/CFD/POLICY CELL/2/2015 dated 16 June 2015 ("Circular"), 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 approval of the members of the Company be and is hereby accorded to introduce, approve, notify and implement the scheme titled as "**Zen Technologies Limited Employee Stock Option Plan-2021**" (hereinafter referred to as the "**ZEN ESOS 2021**"/ "**Scheme**"), 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 SEBI (SBEB) 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 a Trust, which shall be set up by the Company in any permissible manner for implementation and/or administration of 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, SEBI (SBEB) 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 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 SEBI (SBEB) 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.”

10. To 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, with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT 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) Regulations, 2014 (hereinafter referred to as **“SEBI (SBEB) Regulations”**), Securities Exchange Board of India (SEBI) Circular No. CIR/CFD/POLICY CELL/2/2015 dated 16 June 2015 (**“Circular”**), 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 SEBI (SBEB) 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, SEBI (SBEB) Regulations and other applicable laws and regulations.”

“RESOLVED FURTHER THAT the Company shall conform to the accounting policies prescribed under Regulation 15 of the SEBI (SBEB) 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 may be required and necessary 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 under 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.”

11. To 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, with or without modification(s), the following resolution as a Special Resolution:

RESOLVED THAT 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) Regulations, 2014 (hereinafter referred to as **“SEBI (SBEB) Regulations”**), Securities Exchange Board of India (SEBI) Circular No. CIR/CFD/POLICY CELL/2/2015 dated 16 June 2015 (**“Circular”**), 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 SEBI (SBEB) 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 SEBI (SBEB) 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.”

12. To 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, with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT 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) Regulations, 2014 (**“SEBI (SBEB) Regulations”**) (including any statutory modifications or re-enactment(s) thereof for the time being in force) 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 **SEBI (SBEB) 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 **SEBI (SBEB) 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.”

13. To 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, with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT 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) Regulations, 2014 (hereinafter referred to as **“SEBI (SBEB) Regulations”**), Securities Exchange Board of India (**SEBI**) Circular No. CIR/CFD/POLICY CELL/2/2015 dated 16 June 2015 (**“Circular”**), 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 SEBI (SBEB) Regulations and to exercise its powers, including the powers conferred by this resolution (hereinafter referred 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 SEBI (SBEB) 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 SEBI (SBEB) 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 SEBI (SBEB) 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.”

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

Hansraj Singh Rajput
Company Secretary
M. No. A38213

Dated: 24th July 2021
Place: Hyderabad

Notes

1. In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular nos. 14/2020 and 17/2020 dated April 8, 2020 and April 13, 2020 respectively, in relation to "Clarification on passing of ordinary and special resolutions by companies under the Companies Act, 2013 and the rules made thereunder on account of the threat posed by Covid-19", circular no. 20/2020 dated May 5, 2020 in relation to "Clarification on holding of annual general meeting (AGM) through video conferencing (VC) or other audio visual means (OAVM)" and Circular no. 02/2021 dated January 13, 2021 in relation to "Clarification on holding of annual general meeting (AGM) through video conferencing (VC) or other audio visual means (OAVM)" (collectively referred to as "MCA Circulars") and Securities and Exchange Board of India ("SEBI") vide its circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 in relation to "Additional relaxation in relation to compliance with certain provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 – Covid-19 pandemic" and circular no. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 in relation to "Relaxation from compliance with certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 due to the COVID -19 pandemic" (collectively referred to as "SEBI Circulars") permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the MCA Circulars and SEBI Circulars, the AGM of the members of the Company is being held through VC / OAVM. The registered office of the Company shall be deemed to be the venue for the AGM.

2. The company has appointed KFin Technologies Private 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 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, 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, 23rd August 2021 through email on investors@zentechnologies.com. The same will be replied by the Company suitably.

DISPATCH OF ANNUAL REPORT THROUGH ELECTRONIC MODE:

9. In compliance with the MCA Circulars and SEBI Circular dated January 15, 2021 read with Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2020-21 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 2020-21 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 Private Limited ("KFinTech") at <https://evoting.kfintech.com>

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

- 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 einward.ris@kfintech.com.
- Members holding shares in dematerialised mode are requested to register / update their email addresses with the relevant Depository Participant.

PROCEDURE FOR JOINING THE AGM THROUGH VC / OAVM:

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

- 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:

- Launch internet browser (chrome/firefox/safari) by typing the URL: <https://emeetings.kfintech.com>
- Enter the login credentials (i.e., User ID and password for e-voting).
- After logging in, click on "Video Conference" option.
- 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 Thursday, 19th August 2021 to Thursday, 26th August 2021. 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 Circular 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 1800-309-4001. Kindly quote your name, DP ID-Client ID / Folio no. and E-voting Event Number in all your communications.

12. 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.

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

14. 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:

15. 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 1-800-3094-001 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 28th 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 1800 309 4001 (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 "ZEN TECHNOLOGIES_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. Friday, 20th August 2021 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.
- 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 1-800-3094-001 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 Private Limited, Selenium Tower B, Plot Nos. 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad – 500032, India, Toll-free No.: 1800-309-4001, 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 Monday, 23rd August 2021
- End of remote e-voting: 5:00 p.m. on Friday, 27th August 2021
- 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., Friday, 20th August 2021.
- 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.

Example for NSDL	MYEPWD <SPACE> IN12345612345678
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Example for CDSL	MYEPWD <SPACE> 1402345612345678
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Example for Physical	MYEPWD <SPACE> XXX1234567890
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NSDL	CDSL
<p>1. User already registered for IDeAS facility: **</p> <ol style="list-style-type: none"> I. URL: https://eservices.nsdl.com II. Click on the “Beneficial Owner” icon under ‘IDeAS’ section. III. On the new page, enter existing User ID and Password. Post successful authentication, click on “Access to e-Voting” 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>2. User not registered for IDeAS e-Services</p> <ol style="list-style-type: none"> I. To register click on link : https://eservices.nsdl.com (Select “Register Online for IDeAS”) or https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp II. Proceed with completing the required fields. **(Post registration is completed, follow the process as stated in point no.1 above) <p>3. First time users can visit the e-Voting website directly and follow the process below:</p> <ol style="list-style-type: none"> I. URL: https://www.evoting.nsdl.com/ II. Click on the icon “Login” which is available under ‘Shareholder/Member’ section. 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. IV. Post successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. 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>1. Existing user who have opted for Easi / Easiest **</p> <ol style="list-style-type: none"> I. URL: https://web.cdslindia.com/myeasi/home/login or URL: www.cdslindia.com II. Click on New System Myeasi III. Login with user id and password. IV. Option will be made available to reach e-Voting page without any further authentication. V. Click on e-Voting service provider name to cast your vote. <p>2. User not registered for Easi/Easiest</p> <ol style="list-style-type: none"> I. Option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration II. Proceed with completing the required fields. **(Post registration is completed, follow the process as stated in point no.1 above) <p>3. First time users can visit the e-Voting website directly and follow the process below:</p> <ol style="list-style-type: none"> I. URL: www.cdslindia.com II. Provide demat Account Number and PAN No. III. System will authenticate user by sending OTP on registered Mobile & Email as recorded in the demat Account. IV. After successful authentication, user will be provided links for the respective ESP where the e- Voting is in progress. 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.

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 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 - CDSL

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.

16. 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.

17. 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".

18. 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., Friday, 20th August 2021 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.

19. 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.

20. 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. Friday, 20th August 2021 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.zentechologies.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., Saturday, 28th August 2021.

PROCEDURE FOR INSPECTION OF DOCUMENTS:

21. 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 investors@zentechologies.com.

IEPF RELATED INFORMATION:

22. The Company has transferred the unpaid or unclaimed dividends declared up to financial years 2012-13, 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

23. The unclaimed equity dividend for the year ended 31 March 2014 will be transferred on 02 November, 2021 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 cashed 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.

24. 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.zentechologies.com/unpaid-unclaimed-dividend>.

25. 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 2020-21, 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, 2020. 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:

26. The Company has fixed Friday, 20th August 2021 as the 'Record Date' for the purpose of AGM and for determining entitlement of Members to dividend for the financial year ended March 31, 2021.

27. The dividend for the year ended 31 March 2021 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.

28. 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 dispatched to the registered address of the shareholders who have not updated their bank account details, after normalisation of the postal service.

29. 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.

30. 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.

31. 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	7.5%	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	Particulars	Withholding Tax Rate	Documents required (if any)
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 funds • Approved superannuation fund • Approved 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	Particulars	Withholding Tax Rate	Documents required (if any)
(1)	(2)	(3)	(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"> 1. Tax Residency certificate issued by revenue authority of country of residence of shareholder for the year in which dividend is received 2. PAN 3. Form 10F filled & duly signed 4. Self-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 inward.ris@kfinotech.com on or before Friday, 13th August 2021 to enable the Company to determine the appropriate TDS / withholding tax rate applicable. Any communication on the tax determination/ deduction received post Friday, 13th August 2021 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:

32. 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.

33. 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.

34. 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.

35. 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:

Re-appointment of Mr Amreek Singh Sandhu as an Independent Director of the Company.

Mr Amreek Singh Sandhu was appointed as Independent Director of the Company for a period of 3 years i.e., from 03 February 2018 to 02 February 2021, by the members in the 25th Annual General Meeting of the Company held on 29 September 2018. After completion of the aforesaid period he was co-opted by the Board as Additional Director with effect from 03rd February, 2021 pursuant to Section 161 of the Companies Act, 2013 read with Articles of Association of the Company and holds office up to the date of ensuing Annual General Meeting.

The Nomination and Remuneration Committee (NRC) on the basis of the report of performance evaluation, has recommended reappointment of Mr Amreek Singh Sandhu as an Independent Director for a second term of 3 (three) consecutive years on the Board of the Company.

The Board, based on the performance evaluation and as per the recommendation of NRC, proposed to re-appoint Mr Amreek Singh Sandhu as an independent Director of the Company, not liable to retire by rotation, for a second term of 3 (three) consecutive years on the Board of the Company, subject to approval of the members by way of a special resolution.

Mr Amreek Singh Sandhu has given his consent to act as director and declaration to the effect that he is not disqualified under Sub-section (2) of Section 164 of the Companies Act, 2013. He further submitted a declaration that he meets the criteria of independence as prescribed under both Section 149(6) of the Companies Act, 2013 and under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The Board of Directors of the Company, after reviewing the documents submitted by Mr Amreek Singh Sandhu are of the opinion that he fulfills the conditions specified in the Companies Act, 2013 and Listing Regulations and he is independent of the Management.

Details of Mr Amreek Singh Sandhu are provided in the 'Annexure-A' to the Notice. The terms and conditions of appointment of Mr Amreek Singh Sandhu as the Independent Director 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>

The resolution seeks the approval of members for the appointment of Mr Amreek Singh Sandhu as an Independent Director of the Company as detailed in the resolution.

Mr Amreek Singh Sandhu is interested in the resolution set out at Item No. 5 of the Notice with regard to his re-appointment. Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives is interested in or concerned, financially or otherwise, with the said Resolution.

The Board recommends the Special Resolution set out at Item No. 5 of the notice for approval by the members.

ITEM NO. 6:

Reappointment of Dr. Ravindra Kumar Tyagi as Independent Director of the Company.

As per the provisions of Sections 149, 152, 160 & Schedule IV of the Companies Act, 2013 read with the relevant Rules thereunder as amended, the Company had appointed Dr. Ravindra Kumar Tyagi as Independent Directors as per the requirements of the Companies Act, 2013 at the Annual General Meeting held on 21 September 2019 to hold office upto 31st March 2022 for a first term of 3 (three) consecutive years.

Dr. Ravindra Kumar Tyagi shall be completing his first term of appointment upon completion of 3 (three) years from the date his appointment during the current financial year, He is eligible for re-appointment for another term of 3 (three) consecutive years subject to approval of the Members by way of passing a Special Resolution.

Dr. Ravindra Kumar Tyagi have consented to his re-appointment and confirmed that he do not suffer from any disqualifications which stand in the way of his re-appointment as Independent Directors.

The performance evaluation of the Independent Directors was conducted by the entire Board of Directors (excluding the Director being evaluated) on the basis of a structured questionnaire which was prepared after taking into consideration inputs received from the Directors covering various aspects of the Board's functioning viz. adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

Accordingly, based on the performance evaluation of Dr. Ravindra Kumar Tyagi, the Nomination & Remuneration Committee and the Board of Directors of the Company at their Meetings held on 24th July 2021, respectively have recommended the re-appointment of Dr. Ravindra Kumar Tyagi as Independent Director for a second term of 3 (three) consecutive years immediately after expiry of his current term on 31st March 2022 i.e. from 01st April, 2022 till 31st March, 2025

During his tenure of appointment, he shall not be liable to retire by rotation as provided under Section 152(6) of the Companies Act, 2013.

The Company has received declaration from Dr. Ravindra Kumar Tyagi confirming that he meets the criteria of independence as prescribed under sub-section 6 of Section 149 of the Act and as per Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations). In the opinion of the Board, he fulfills the conditions for re-appointment as Independent Director.

Details of Dr. Ravindra Kumar Tyagi are provided in the 'Annexure-A' to the Notice. The terms and conditions of appointment of Dr. Ravindra Kumar Tyagi as the Independent Director 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>

The resolution seeks the approval of members for the appointment of Dr. Ravindra Kumar Tyagi as an Independent Director of the Company as detailed in the resolution.

Dr. Ravindra Kumar Tyagi is interested in the resolution set out at Item No. 6 of the Notice with regard to his re-appointment. Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives is interested in or concerned, financially or otherwise, with the said Resolution.

The Board recommends the Special Resolution set out at Item No. 6 of the notice for approval by the members.

ITEM NO. 7:

Appointment of Ms. Shilpa Choudari as the Whole-Time Director and fixing remuneration.

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.

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.

The Board of Directors at its meeting held on 31st October 2021, after considering the recommendation of Nomination and Remuneration Committee of its meeting held on 31st October 2021, and subject to the approval of shareholders has approved and appointed, Ms. Shilpa Choudari as an Additional Director [Category – Whole Time Director] of the Company, liable to retire by rotation, to hold the office till the conclusion of the 28th Annual General Meeting of the Company on the terms and conditions as set out in the resolution at Item No. 7.

Ms. Shilpa Choudari is the wife of Mr. Ashok Atluri, Chairman and Managing Director of the company. Other details of Ms. Shilpa Choudari are provided in the '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 Whole-Time Director, the prevailing managerial remuneration in industry and on the recommendations of the Nomination and Remuneration Committee, the Board at their meeting held on 31st October 2021, approved the remuneration, terms and conditions of the appointment of Ms. Shilpa Choudari, subject to approval of the shareholders.

Notwithstanding anything contained contrary to herein, above in case, in any financial year during the tenure of Ms. Shilpa Choudari, 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 Ms. Shilpa Choudari.

As required by the Companies Act, 2013, approval of the members is being sought, for the appointment and remuneration of Ms. Shilpa Choudari as the Whole-Time Director.

Except Ms. Shilpa Choudari being the appointee and her 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. 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.
- (2) Date of commencement of commercial production: 9 July 1993
- (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	2018-19	2019-20	2020-21
Turnover (₹ in lakhs)	9,222.00	14,698.00	4957.03
Net profit /(loss) as per profit and loss account (₹ in lakhs)	1,906.00	6052.60	419.20
Amount of dividend paid (excluding dividend tax) (₹ in lakhs)	77.16	231.48	318.04
Rate of dividend declared	10%	30%	40%

- (5) Foreign investments or collaborators, if any: NIL

II. INFORMATION ABOUT THE APPOINTEE:

- (1) Background details:

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. 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.

- (2) Past remuneration: Nil
- (3) Recognition or awards: Nil

(4) Job profile and suitability:

Ms. Shilpa Choudari 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.

(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 Ms. Shilpa Choudari and the responsibilities shouldered on her, 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:

Ms. Shilpa Choudari is the wife 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 2020-2021.

ITEM NO. 8:**Revision in Remuneration of Mr. Kishore Dutt Atluri, to office as President of the Company.**

In accordance with the provisions of Section 188 of the Companies Act, 2013 and the Rules made thereunder, as amended, the members of the company at its 27th Annual General Meeting held on 19th September 2020, had approved

the office or place of profit of Mr. Kishore Dutt Atluri, to hold and continue to hold office as the President of the company for a period of five (5) years with effect from 1 October 2020 at such remuneration and terms and conditions as contained therein.

Further, in accordance with the provisions of Section 188 of the Companies Act, 2013 and the Rules made thereunder, the Board in its meeting held on 24th July 2021, the board recommended the remuneration payable to Mr Kishore Dutt Atluri as mentioned in the above resolution, as recommended by the Nomination and Remuneration Committee and approved by the Audit Committee.

Mr. Kishore Dutt Atluri has deep insight into the science of simulation industry. Under his guidance, the Company has grown manifold to become one of the prime equipment suppliers of Army. Considering the growth oriented performance of Mr. Kishore Dutt Atluri, the Nomination and Remuneration Committee, the Audit Committee and the Board of Directors of the Company at respective meetings held on 24th July 2021 has approved the revision in remuneration payable to Mr. Kishore Dutt Atluri, subject to approval of the members pursuant to Section 188 of the Companies Act, 2013, and rules made thereunder and pursuant to such other law for the time being in force.

The particulars of the transaction pursuant to Rule 15 of Companies (Meeting of Board and its Powers) Rules, 2014 and amendments thereto, are as under:

Name of the related party	Mr. Kishore Dutt Atluri
Name of the director or key managerial personnel who is related, if any.	Mr. Ashok Atluri, Chairman and Managing Director of the Company
Nature of relationship	Mr. Kishore Dutt Atluri is the brother of Mr. Ashok Atluri
Nature, material terms, monetary value and particulars of the contract or arrangements	Mr. Kishore Dutt Atluri had been holding the office or place of profit as President of the Company. His remuneration is proposed as per the terms set out in the resolution given at item no. 8
Any other information relevant or important for the members to take a decision on the proposed resolution	Nil

In terms of the provisions of Section 188 of the Companies Act, 2013 and amendments thereto and pursuant to such other law for the time being in force, approval of the members is being sought by way of an Ordinary Resolution for revision in remuneration payable to Mr. Kishore Dutt Atluri w.e.f. 01st August 2021, as he is a related party being brother of Mr. Ashok Atluri, Chairman and Managing Director of the Company.

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.

No member of the Company who is related party shall vote to approve the ordinary resolution.

The Board recommends the Resolution set out at Item No. 8 of the notice for approval by the members.

ITEM NOS. 9 TO 12:

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 SEBI (SBEB) 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.

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 SEBI (SBEB) 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 SEBI (SBEB) 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 SEBI (SBEB) 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 SEBI (SBEB) 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 SEBI (SBEB) 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 SEBI (SBEB) 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 a single eligible employee, 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 SEBI (SBEB) 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.

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 9 to 12** 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**.

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.

ITEM NO. 13:

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. 13 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	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: 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 But does not include: 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	Name of the Trustees: 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 tranr 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. 13** 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.

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

Hansraj Singh Rajput
Company Secretary
M. No. A38213

Dated: 24th July 2021

Place: Hyderabad

Annexure A

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

(Pursuant to Regulation 36 of SEBI (Listing obligations and disclosure Requirements) Regulations, 2015)

Name of the Director	Mr. Ashok Atluri	Mr Amreek Singh Sandhu	Dr Ravindra Kumar Tyagi	Ms. Shilpa Choudari
Date of Birth	31 st December 1965	24 th March 1960	06 th January 1955	16 th April 1981
Date of Appointment	01 st October 2007	03 rd February 2018	01 st April 2019	01 st November 2020
Relationship with Directors	Mr. Ashok Atluri, (Chairman and Managing Director) is the Spouse of Ms. Shilpa Choudari	Not related to any Director	Not related to any Director	Ms. Shilpa Choudari is the Spouse of Mr. Ashok Atluri, (Chairman and Managing Director of the company)
Expertise in specific functional Area	He served the Company for more than two decades as CMD and he has exceptional knowledge of all functional and marketing areas. He has been instrumental in the growth of the Company over the years and key management decisions, including helping in designing the simulators from the users prospective.	He has over 30 years of experience in various facets of Finance & Accounts – Corporate Finance, Treasury, Audit, M & A, Public Issues, Secretarial matters, HR, Administration & Legal function	He has 44 years of experience including 8 years of leading the boards/ organisations including as 1) Chairman, Hindustan Aeronautics Ltd. (a Navratna company) from March 2012 to Jan 2015; 2) CMD, Pawan Hans Helicopters Ltd. (a Mini Navratna company) from May 2007 to Mar 2012; 3) 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).	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. 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.
Qualification	PG Diploma holder in Applied Computer Science, Bachelor's degree in Commerce	Qualified Cost & Management Accountant. Qualified Company Secretary Executive Program in Applied Finance, IIM Calcutta Master degree in Commerce Law graduate MBA from IGNOU	Ph.D (Doctorate in Management Studies), Advanced Leadership Course, (I.S.B.), Hyderabad, MBA (Marketing), B.Engg. (Electronics & Communication) – I.I.T., Roorkee.	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

@Board Membership of other companies	1. Zen SkillProc Private Limited 2. Zen Medical Technologies Private Limited	Nil	Indamer Mjets Airport Services Private Limited	1. Anvizen Consultants Private Limited 2. Vensam Infrastructure (India) Pvt Ltd 3. Unistring Tech Solutions Private Limited
Chairman/ Member of the Committee of the Board of Directors	Member of Audit, Stakeholders Relationship, Risk Management and CSR Committees	Chairman of Audit and Risk Management, Member of Stakeholders Relationship and Nomination & Remuneration Committees	Chairman of Corporate Social Responsibility and Member of Audit Committee	Nil
Chairman/ Member of the committee of Directors of other companies in which he/she is a director.				
a) Audit Committee	Nil	Nil	Nil	Nil
b) Stakeholders' Relationship Committee	Nil	Nil	Nil	Nil
c) Nomination and Remuneration Committee	Nil	Nil	Nil	Nil
Number of shares held in the Company as on 31 March 2021	2,13,11,220 equity shares	Nil	250 Shares	Nil

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, 2021. 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:

Particulars	₹ in Lakhs			
	Consolidated		Standalone	
	2020-21	2019-20	2020-21	2019-20
Total Income	5766.14	15,132.51	5248.51	14,899.86
Total Operating Expenditure	4725.64	8,667.28	4181.60	8,350.12
Operating Profit (PBIDT)	1040.50	6465.23	1066.91	6,549.74
Less: Interest	109.15	334.98	99.56	318.23
Less: Depreciation & Amortization	495.22	456.78	399.15	375.25
Profit/(Loss) before tax	436.13	5,673.47	568.20	5,856.26
Current Tax	186.17	1,024.57	186.17	1,021.20
Deferred Tax	(27.41)	(1,215.78)	(27.66)	(1,215.63)
Share of Profit / (Loss) from Associates	--	(1.28)	--	--
Add: Other Comprehensive Income / (Expense)	(2.64)	8.85	9.51	1.91
Profit after Tax	274.73	5,872.24	419.20	6,052.60
Earnings per Share (₹) (face value ₹ 1/- per share)	0.39	7.62	0.52	7.84

DIVIDEND

The Board of Directors of your Company in its meeting held on 01st May 2021 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 2020-21. 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 ₹ 5,248.51 lacs as against ₹ 14,888.61 lacs during the previous year. The Net profit after tax stood at ₹ 419.20 lacs as against ₹ 6,052.60 lacs for the previous year.

The order book size as on 31st March 2021 is around ₹ 192.67 Crores, including AMCs of worth ₹ 120.37 Crores, as against ₹ 160.79 Crores, including AMCs of worth ₹ 94.83 Crores for the previous year.

During the year, the R&D expenditure (capital and revenue) is ₹ 11.87 Crores (previous year ₹ 14.82 Crores). The R&D products developed during the year have substantial scope for revenue generation and are expected to become commercially viable in the next few years.

SHARE CAPITAL

The Board of Directors vide circular resolution passed on 03rd September 2020 has allotted 23,49,940 equity shares each to Mr. Ashok Atluri, Mr. Kishore Dutt Atluri and Mr. Naveen Sood pursuant to the conversion of their warrants.

Further to the above allotment, the Paid-up Equity Share Capital of the Company has increased from ₹ 7.72 crore comprising of 7,71,60,060 equity shares of Re. 1/- each as on 31st March 2020 to ₹ 7.95 crore comprising of 7,95,10,000 equity shares of Re. 1/- each as on 31st March 2021.

The Company has paid Listing Fees for the Financial Year 2021-22, to each of the Stock Exchanges, where its equity shares are listed.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES

The Company has three (3) subsidiaries as on 31st March 2021. 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.

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>.

ZEN MEDICAL TECHNOLOGIES PRIVATE LIMITED

During the year under review, the company invested in Zen Medical Technologies Private Limited, a company engaged in the manufacturing of cutting edge medical devices in critical care, remote diagnostics and monitoring, training medical simulators etc.

The Company completed acquiring 20,000 (no. of equity shares) aggregating to 100% of shareholding of Zen Medical Technologies Private Limited on 29th September 2020 and accordingly, Zen Medical Technologies Private Limited became a wholly owned subsidiary of the Company w.e.f. 29th September 2020.

ZEN TECHNOLOGIES LIMITED – ABU DHABI, UNITED ARAB EMIRATES (UAE)

During the year under review, the company successfully established a branch office in the emirate of Abu Dhabi, UAE, towards exploring various business opportunities.

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 2021 is available on the Company's website at <https://www.zentechnologies.com/investor-information>

NUMBER OF MEETINGS OF THE BOARD

The Board met four (4) times during the year 2020-2021 viz on 06th June 2020, 08th August 2020, 31st October 2020, and 30th January 2021.

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 requirement under Section 134 of the Companies Act, 2013, the Board of Directors, to the best of its knowledge and ability, confirm that:

- i. In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed and there are no material departures;
- ii. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- 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 will also appear for the online proficiency test within a period of two years, wherever applicable.

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION AND OTHER DETAILS

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 2020-2021, 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

Particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013, in the prescribed **Form AOC-2**, is appended as **Annexure II** to this Report.

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>.

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 08th August 2020.

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 30th January 2021 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 except for Ms. Sirisha Chintapalli, who could not attend the meeting due to her ill-health.

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

All Independent Directors inducted into the Board attended an orientation programme. 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 eight (8) directors, five (5) 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, Mr. Ashok Atluri, who is the Chairman and Managing Director, retires by rotation at the ensuing Annual General Meeting and, being eligible, offers himself for re-appointment. The Board recommends his 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, Mr. Ashok Atluri, Managing Director, retires by rotation and being eligible, offers himself for re-appointment.
- Ms. Shilpa Choudari (wife of Mr. Ashok Atluri, Chairman and Managing Director) was appointed as the Additional director in the category Whole-Time Director w.e.f. 01st November 2020 for a period of 3 years which is subject to approval of the shareholders in the ensuing Annual General Meeting.
- Mr. Amreek Singh Sandhu, Independent Director, was reappointed for a second term of three (3) consecutive year's w.e.f. 03rd February 2021 to 02nd February 2024, which is subject to approval of the shareholders in the ensuing Annual General Meeting.
- Dr. Ravindra Kumar Tyagi, Independent Director, was reappointed for a second term of three (3) consecutive year's i.e., from 01st April 2022 to 31st March 2025, 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.

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

Zen Medical Technologies Private Limited became a wholly-owned subsidiary of the Company during the year w.e.f. 29th September 2020.

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 2021, 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.zentechnologies.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 2021, 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 ₹ 45,712/- pertaining to the FY 2012-2013. Further, 24,700 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 2020-2021. Pursuant to Section 204 of the Companies Act, 2013 and Rules made thereunder, the Secretarial Audit Report for the financial year ended 31st March 2021, in Form MR-3, is annexed to this Annual Report as **Annexure V**. The Board has appointed M/s P S Rao & Associates, Practicing Company Secretaries, as the Secretarial Auditors of the Company for the financial year 2021-2022.

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 2020-2021 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 28th Annual General Meeting of the Company including the Annual Report for FY 2020-2021 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.
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. The maintenance of cost records is not applicable to the Company.
7. There is no change in the nature of the business of the Company.

8. 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).

9. There were no material changes/commitments affecting the financial position of your Company between the end of the financial year (31st March 2021) and the date of this Report (24th July 2021).

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 COVID-19 pandemic and are deeply grateful and have immense respect for every person who risked 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
Dated: 24th July 2021

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 Lacs)

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 = ₹ 73.5047	NA	NA
5	Share capital	1434.67	56.63	50.20
6	Reserves & surplus	(801.03)	532.07	(16.77)
7	Total assets	637.66	802.86	35.05
8	Total Liabilities	4.02	214.16	1.62
9	Investments	--	--	--
10	Turnover	--	506.93	--
11	Profit before taxation	(58.88)	0.93	(16.68)
12	Provision for taxation	--	(0.26)	0.09
13	Profit after taxation	(58.88)	1.19	(16.77)
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
Dated: 24th July 2021

Ashok Atluri
Chairman and Managing Director
DIN: 00056050

M Ravi Kumar
Whole-Time Director
DIN: 00089921

Hansraj Singh Rajput
Company Secretary
M. No. A38213

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 2020-21, he received remuneration ₹ 35.48 lacs (including perks) and Incentive of ₹ 30.62 lacs.	08-08-2020	Nil
2.	Mrs A Rama Devi	Leasing of property of any kind	01 June 2019 to 31 May 2022 (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 ₹ 53,555/- per month plus maintenance charges ₹ 4,700/- per month with an annual escalation on tariff at 5%. During the year 2020-21, ₹ 6.65 Lacs was paid as the rent to the related party.	03-08-2019	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 2020-21, he received remuneration of ₹ 11.78 lacs (including perks).	03-08-2019	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 2020-21, she received remuneration of ₹ 2.64 lacs (including perks).	31-10-2020	Nil
5.	Unistring Tech Solutions Private Limited (UTS), Subsidiary Company	Purchase of goods viz., Anti-Drone System	One-time arrangement	The value of the Anti-Drone System is ₹ 353.92 lacs plus GST and the delivery shall be 5 months after the release of the purchase order. During the year 2020-21, ₹ 229.89 Lacs was paid to UTS.	30-01-2021	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.ft.s 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 2020-21, ₹ 0.55 Lac was received as the rent income from the company.	31-10-2020	Nil
7.	Zen Medical Technologies Private Limited, Wholly Owned Subsidiary Company	Licensing Agreement for Transfer of Technology developed by Zen Viz., Zen Lung Ventilators: Zen Harmony R200	01 November 2020 to 31 October 2030 (Renewal with mutual consent of the parties)	The Annual Royalty payable to Zen by Zen Medical shall be as follows: a. Royalty on Net Sales to customers in India: 3% of value assessable for calculation of GST. b. Royalty on Net Sales to Export Market: 5% of invoice value declared to Customs/ GST authorities.	31-10-2020	Nil

*Ms Anisha Atluri was reappointed to office or place of profit as Manager (HR & Admin) of the company w.e.f. 01st November 2020.

For and on behalf of the Board

Place: Hyderabad
Dated: 24th July 2021

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:

- The Company is energy conscious. All types of driving simulators manufactured by the Company work with high-rated, power-saving servo motors.
- 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.
- 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.
- 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.
- 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.
- 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 at the Hardware Park are replaced with LED bulbs.

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 30Kva, 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 ₹11.87 Crores as R&D expenditure (capital and revenue) for the financial year 2020-21 for the development of various products. The Company has incurred 23.95 % 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 2020-2021	FY 2019-2020
Earned during the year	1810.28	Nil
Used during the year	235.50*	244.67

*Out of ₹ 235.50 lacs, ₹ 80.72 lacs was spent towards Zen Technologies Limited – Abu Dhabi branch Expenses.

For and on behalf of the Board

Place: Hyderabad
Dated: 24th July 2021

Ashok Atluri
Chairman and Managing Director
DIN: 00056050

Annexure-IV

ANNUAL REPORT ON CSR ACTIVITIES FOR THE FY 2020-2021

(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.zentechologies.com/leader/board-committees>

CSR Policy – <https://www.zentechologies.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): ₹ 2,432.36 Lacs

7. (a) Two percent of average net profit of the company as per section 135(5): ₹ 48.65 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): ₹ 48.65 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.
₹ 48.65 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) Sl. No.	(2) Name of the Project	(3) Item from the list of activities in schedule VII to the Act.	(4) Local area (Yes/No).	(5) Location of the project.		(6) Amount spent for the project (₹ Lakh)	(7) Mode of implementation - Direct (Yes/No).	(8) Mode of implementation - Through implementing agency.	
				State	District			Name	CSR Registration number
1	Contribution for Schedule VII activities	(i), (ii), (vi), (vii)	Yes	Pan India		48.65	No	Veer Sammaan Foundation	CSR00000420
Total						48.65			

(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): ₹ 48.65 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)	48.65
ii.	Total amount spent for the Financial Year	48.65
iii.	Excess amount spent for the financial year [(ii)-(i)]	---
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)]	Nil

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

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

Place: Hyderabad
Date: 24th July 2021

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, 2021**, 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, 2021** 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;
- (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;
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (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

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 AGM held on September 19, 2020 upon the retirement by rotation in accordance with the provisions of section 152 of the Act
2.	Dr. Ajay Kumar Singh	Appointment	Appointed as an Independent Director w.e.f. November 2, 2019 for a period of Three years i.e. up to November 1, 2022.
3.	Ms. Sirisha Chintapalli	Appointment	Appointed as an Independent Director w.e.f. August 8, 2020 for a period of Three years i.e. up to August 7, 2023.
4.	Mr. Ashok Atluri	Reappointment	Reappointed as a Managing Director w.e.f. October 1, 2020 for a period of Three consecutive years.
5.	Ms. Shilpa Choudari	Appointment	Appointed as Whole-time Director by co-opting as Additional Director w.e.f. November 01, 2020 subject to the approval of shareholder.
6.	Mr. Amreek Singh Sandhu	Reappointment	Reappointed as an Independent Director w.e.f. February 3, 2021 subject to the approval of shareholders.

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, 23,49,940 shares of Re.1/- each were allotted upon the conversion of share warrants issued.

We further report that, during the year under review, as per the provisions of Section 124(6) of the Act, 24,700 equity shares of ₹ 1/- each held by 14 shareholders were transferred to the Investor Education and Protection Fund.

We further report that the Company, during the financial under review, ₹ 48.65 Lakhs amount to be spent in terms of the provisions of section 135 of the Act, has been transferred to Veer Sammaan Foundation (A Trust formed for the purpose of taking-up CSR activities of the Company) and spent in pursuance of its Corporate Social Responsibility Policy.

Place: Hyderabad
Dated: 23rd July 2021

For **P.S. Rao & Associates**
Company Secretaries
N. Vanitha
Company Secretary
M. No: 26859
C P No: 10573
UDIN: A026859C000677949

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.

Place: Hyderabad
Dated: 23rd July 2021

For **P.S. Rao & Associates**
Company Secretaries

N. Vanitha
Company Secretary
M. No: 26859
C P No: 10573
UDIN: A026859C000677949

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	19.06:1	---*
2	Mr. M Ravi Kumar, Whole-time Director	14.73:1	---*
3	Ms. Shilpa Choudari, Whole-time Director@	2.78:1	Nil
4	Mr. Venkat Samir Kumar Oruganti, Independent Director	Nil	Nil
5	Mr. Amreek Singh Sandhu, Independent Director	Nil	Nil
6	Dr. Ravindra Kumar Tyagi, Independent Director	Nil	Nil
7	Dr. Ajay Kumar Singh, Independent Director	Nil	Nil
8	Ms. Sirisha Chintapalli, Independent Director	Nil	Nil
9	Mr. Hansraj Singh Rajput, Company Secretary	Nil	---#

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 and Mr. M Ravi Kumar, Whole-Time Director during the financial year 2020-2021.

@Ms. Shilpa Choudari was appointed as the Additional director in the category Whole-Time Director w.e.f. 01st November 2020.

#There was no increase in the remuneration paid to Mr. Hansraj Singh Rajput, Company Secretary during the financial year 2020-2021.

(ii) The percentage increase in the median remuneration of employees in the financial year: 7.23%

(iii) The number of permanent employees on the rolls of company:

There are 209 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 and its comparison with the percentile increases in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

There was no increase in the salaries of employees other than Managerial Personnel in the Financial Year 2020-21.

(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, P G Diploma	55 yrs	Over 30 yrs	29-Jun-93	68.51	Nil	2,13,11,220 equity shares	Promoter & Managing Director
2	Kishore Dutt Atluri	President on Contractual employment	Master of Computer Application	59 yrs	36 yrs	29-Jun-93	66.10	Nil	1,77,56,220 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	59 yrs	Around 32 yrs	29-Jun-93	52.94	Nil	7,94,000 equity shares	Promoter & Whole-time Director
4	M Vijaya Rama Rao	Sr Manager (R&D- Electronics), Permanent Employee	BE – Electronics	43 yrs	18 yrs	03-Apr-02	27.38	-	4,000 equity shares	-
5	Surya Prakash Koti	Project Lead (Software), Permanent Employee	M.Sc – Electronics	39 yrs	15 yrs	26-Dec-05	27.39	-	1,008 equity shares	-
6	Vamsikrishna Seethamsetty	Technical – Manager	M.Sc. (Computers)	39 yrs	13 yrs	18-May-20	22.90	-CMC Ltd., HCL, Verizon, People Tech group	-	-
7	Ravi Kumar Mummadi	Sr Technical Lead	M Tech	45 yrs	25 yrs	16-Jul-20	22.75	DRDL,DMRL, Logical Solutions	50 equity shares	-
8	Venkatapathi Raju	Sr Technical Lead	M Tech	44 yrs	20 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	17.38	Twin Data Systems Pvt. Ltd. as R&D Engineer	3,000 equity shares	-

For and on behalf of the Board

Place: Hyderabad
Dated: 24th July 2021

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.

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 Eight (8) Directors. To ensure transparent and professional conduct of board procedures in all aspects and related thereto, more than fifty percent i.e., 5 out of 8 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 2021 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 Venkat Samir Kumar Oruganti	06699271	Director	14-08-2015	Independent Non-Executive Director
5	Mr Amreek Singh Sandhu	08064880	Director	03-02-2018	Independent Non-Executive Director
6	Dr Ravindra Kumar Tyagi	01509031	Director	01-04-2019	Independent Non-Executive Director
7	Dr Ajay Kumar Singh	08532830	Director	02-11-2019	Independent Non-Executive Director
8	Ms Sirisha Chintapalli	08407008	Director	08-08-2020	Independent Non-Executive Director

& Appointed as the Additional director in the category of Whole-Time Director w.e.f. 01st November 2020.

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 four (4) Board Meetings held during the year 2020-21 and the last Annual General Meeting (AGM) held on 19th September 2020:

Name of the Director	Number of Board meetings attended		Attendance at AGM held on 19 th September 2020
	Held / Eligible to attend	Attended	
Mr Ashok Atluri	4	4	Yes
Mr M Ravi Kumar	4	4	Yes
Ms Shilpa Choudari	2	2	NA
Mr Venkat Samir Kumar Oruganti	4	4	Yes
Mr Amreek Singh Sandhu	4	4	Yes
Dr Ravindra Kumar Tyagi	4	4	Yes
Dr Ajay Kumar Singh	4	4	No
Ms Sirisha Chintapalli	3	2	Yes

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	-	-	-	-
4	Mr Venkat Samir Kumar Oruganti	-	-	-	-
5	Mr Amreek Singh Sandhu	-	-	-	-
6	Dr Ravindra Kumar Tyagi	-	-	-	-
7	Dr Ajay Kumar Singh	-	-	-	-
8	Ms Sirisha Chintapalli	4	3	-	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, 2021.

d. Number of Board meetings held, dates on which held.

Four (4) Board Meetings were held during the financial year ended 31st March 2021. 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 2021 were held through Video Conferencing.

The dates on which the Board meetings were held are 06th June 2020, 08th August 2020, 31st October 2020, and 30th January 2021. 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 2021, 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 30th January 2021 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.

All the Independent Directors were present at the meeting except for Ms. Sirisha Chintapalli, who could not attend the meeting due to her ill-health. 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 Additional Director in the category of Whole-Time Director w.e.f 01st November 2020.

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:

Understanding about the Business and simulators industry	Understanding about the dynamics of the Simulation and training industry.
Research and Development	Understanding about the technology in the industry and focusing on next-gen technologies for simplifying the simulation and training solutions developed.
Marketing and Strategy	Understanding about the marketing model and strategy planning for tapping untapped markets and exploring further opportunities in the existing markets.
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.
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 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.

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

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 Venkat Samir Kumar Oruganti	Nil
2	Mr Amreek Singh Sandhu	Nil
3	Dr Ravindra Kumar Tyagi	250
4	Dr Ajay Kumar Singh	Nil
5	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.zentechologies.com/investor-information>

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 2020-21.

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.zentechnologies.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.

l. 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 2021 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 five (5) Directors comprising of four (4) 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	4
3.	Mr Ashok Atluri	Member	4	4
4.	Dr Ravindra Kumar Tyagi	Member	4	4
5.	Dr Ajay Kumar Singh	Member	4	4

During the Financial Year 2020-21, the Audit Committee met 4 times on the following dates:

06th June 2020, 08th August 2020, 31st October 2020, and 30th January 2021.

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 2020-21 Nomination and Remuneration committee met three (3) times on 06th June 2020, 08th August 2020, and 31st October 2020.

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	Chairperson	3	3
2.	Mr Amreek Singh Sandhu	Member	3	3
3.	Dr Ajay Kumar Singh	Member	3	2

iii. Nomination and Remuneration policy.

The Nomination and Remuneration Policy is available on the Company's website at <https://www.zentechnologies.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.

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	46,20,000	5,18,992	-	-	17,12,092	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	50,40,000	2,54,253	-	-	-	Appointed for a period of 3 years w.e.f 29 June 2019	As per the Company Rules	
Ms Shilpa Choudari, Whole Time Director	10,00,000	-	-	-	-	Appointed for a period of 3 years w.e.f 01 November 2020	As per the Company Rules	

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.	Mr Venkat Samir Kumar Oruganti	Chairman
2.	Mr Ashok Atluri	Member
3.	Mr Amreek Singh Sandhu	Member

During the financial year 2020-21, SRC met only once on 30th January 2021. 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	Mr Venkat Samir Kumar Oruganti	Chairman	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 Private 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: investors@zentechnologies.com

iii. Number of shareholders' complaints received so far

During the year ended 31 March 2021, the Company has received and resolved 4 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

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
2017-18	29-09-2018	9.00 a.m.	11 th Floor, Signature Towers, Opp. Botanical Garden, Kondapur, Hyderabad – 5000084, Telangana, India
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")

ii. Special Resolutions passed in the previous three AGMs:

- 25th AGM: 1. Appointment of Mr Venkat Samir Kumar Oruganti as Independent Director of the Company for a second term of 3 years; 2. Approval of loans, guarantees, security and investment by the Company as per section 186 of the Companies Act, 2013 upto an amount of ₹ 500 crores; 3. Consent of members for allocation of sub-limits for Portfolio Investment for Registered Foreign Portfolio Investor/s (RFPs) including Qualified Foreign Investor/s (QFIs) and Foreign Institutional Investor/s (FIIs), Foreign Venture Capital Investor/s (FVCIs) and Non Resident Indian/s (NRIs) upto 49%.

7) RISK MANAGEMENT COMMITTEE.

In view of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021 which came into force from 6th May 2021, the applicability of the constitution of the Risk Management Committee is now made applicable to top 1000 listed companies as per market cap as at the end of the immediate preceding financial year.

Since your company is under top 1000 listed companies as per market cap as on 31st March 2021, the Board of Directors have constituted the Risk Management Committee at its meeting held on 01st May 2021 in line with the provisions of Regulation 21 of the Listing Regulations.

The Risk Management Committee is responsible for framing, implementing and monitoring the Risk Management Plan for the Company. The Committee is also responsible for reviewing the Risk Management Plan and ensuring its effectiveness. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

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

Since the applicability of the Risk Management Committee is from this financial year onwards, the committee shall meet at regular intervals as may be required pursuant to regulation 21 and comply with such other requirements in a timely and well compliant manner.

- 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.

iii. Special Resolution passed last year through postal ballot – details of voting pattern

There was no Special Resolution passed during the year 2020-21 through Postal ballot.

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.zentechologies.com/investors>.

4. Whether it also displays official news releases:

Official news releases along with the quarterly results are displayed on the Company's website: <https://www.zentechologies.com/press-releases>.

5. 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.zentechologies.com/calls-and-conferences>. Investors Presentations are hosted on the website under Investors Section.

10) GENERAL SHAREHOLDER INFORMATION.

a. Annual General Meeting : 28th Annual General Meeting

Day, Date, Time & Venue : Saturday, the 28th August 2021 at 10:00 a.m. IST.

The Company is conducting AGM through VC / OAVM pursuant to the MCA Circular dated January 13, 2021 (General Circular No. 02/21) read with circulars dated April 8, 2020, April 13, 2020 and May 5, 2020 (collectively referred to as "MCA Circulars") 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 Monday, 23rd August 2021 from 09.00 a.m. to Friday, 27th August 2021 up to 5.00 p.m.

b. Financial Year : 1 April 2020 to 31 March 2021.

c. Record Date for the purpose of Dividend & AGM: Friday, 20th August 2021

d. Dividend Payment Date:

Within 30 days from the date of declaration of dividend in AGM i.e., on or before Monday, 27th September 2021

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 2021-2022.

f. Stock Code:

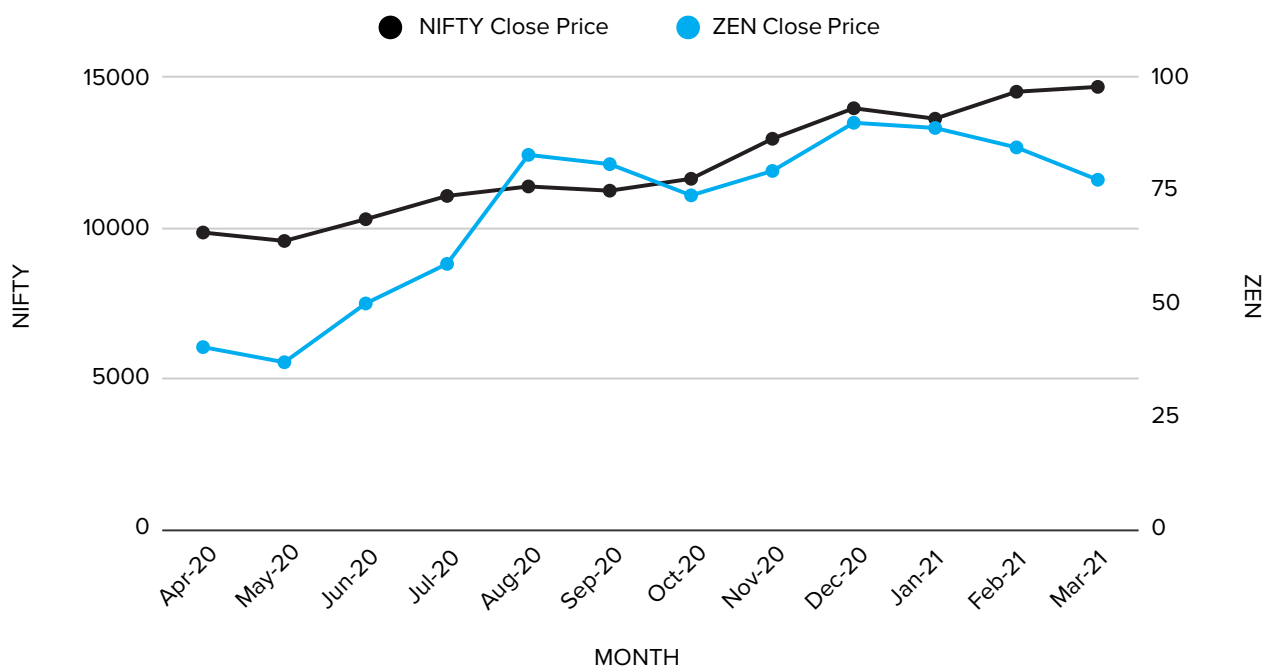
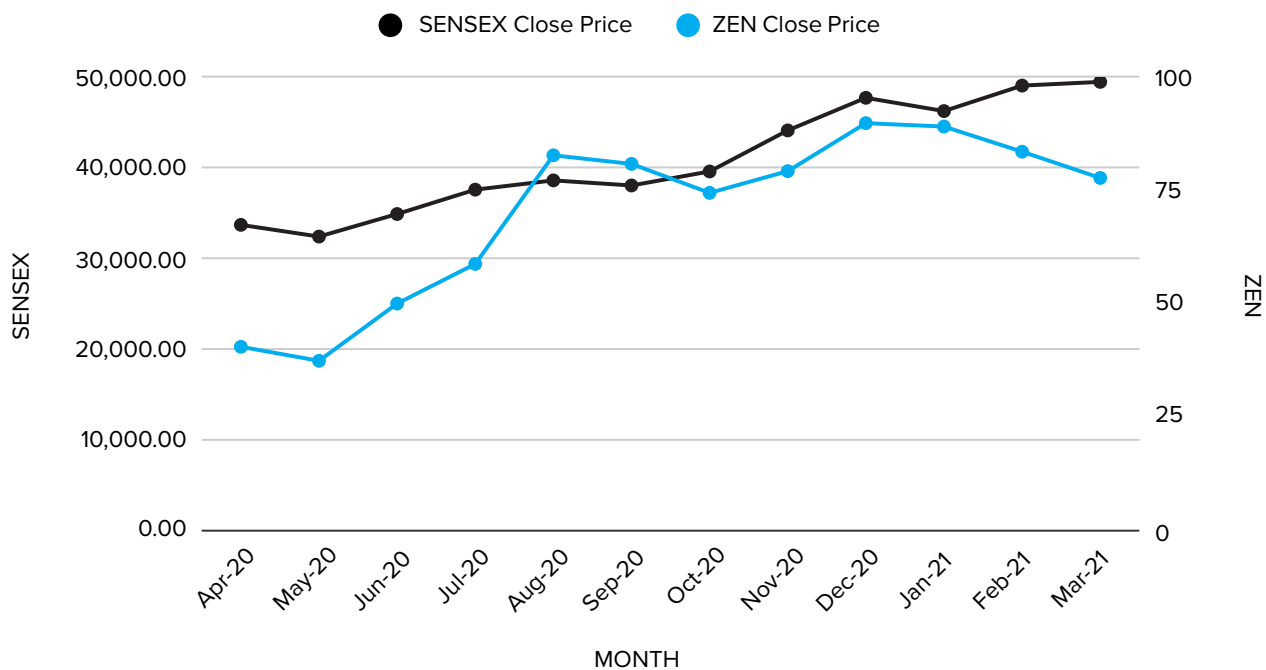
Demat ISIN No. for NSDL & CDSL: INE251B01027

Name of the Stock Exchange	Stock / Scrip Code
BSE Limited	533339
National Stock Exchange of India Limited	ZENTEC

g. Market Price Data: High, Low during each month in financial year 2020-2021.

Month	BSE			NSE		
	High (₹)	Low (₹)	No. of Shares traded	High (₹)	Low (₹)	No. of Shares traded
Apr-20	46.65	22.95	2,21,618	46.90	22.00	21,82,709
May-20	43.40	32.60	1,47,697	42.85	32.25	15,23,743
Jun-20	59.60	37.50	7,79,109	59.70	37.40	71,87,226
Jul-20	63.95	47.00	9,19,104	64.00	48.80	96,10,396
Aug-20	97.00	58.30	27,08,608	97.00	58.40	2,51,61,698
Sep-20	85.45	62.40	29,73,771	85.70	62.50	1,18,54,840
Oct-20	89.00	71.50	7,28,173	89.25	71.75	53,53,651
Nov-20	82.40	66.10	5,69,649	82.40	69.00	55,80,132
Dec-20	96.15	73.35	14,21,444	96.00	73.50	1,37,40,995
Jan-21	103.80	84.60	21,81,927	103.90	84.65	1,66,19,786
Feb-21	92.15	81.80	7,05,736	92.90	81.80	36,79,863
Mar-21	93.00	76.55	9,70,327	93.15	71.55	72,35,409

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 Private 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: einward.ris@kfintech.com

k. Share Transfer system

The Company has appointed KFin Technologies Private 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, half-yearly 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 Private 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.

l. Distribution of Shareholding

Distribution of Shareholding as on 31st March 2021 is as follows:

Shareholding of nominal value of (₹)		Shareholders		Share Amount	
		Number	% to Total	In (₹)	% to Total
1	5,000	34,081	97.98	1,05,00,366	13.21
5,001	10,000	332	0.95	25,08,646	3.16
10,001	20,000	167	0.48	24,74,851	3.11
20,001	30,000	65	0.19	16,44,965	2.07
30,001	40,000	27	0.08	9,54,992	1.20
40,001	50,000	29	0.08	13,63,511	1.71
50,001	1,00,000	33	0.09	23,57,247	2.96
1,00,001 and Above		51	0.15	5,77,05,422	72.58
TOTAL		34,785	100.00		100.00

SHAREHOLDING PATTERN AS ON 31st MARCH 2021:

S. No	Description	Shares	% Equity
1	Promoter Individuals	4,78,55,850	60.19
2	Resident Individuals	2,41,70,860	30.40
3	Bodies Corporates	50,79,126	6.39
4	H U F	10,51,492	1.32
5	Non Resident Indians (NRIs)	6,47,379	0.81
6	NRI Non-Repatriation	4,07,204	0.51
7	Clearing Members	1,83,368	0.23
8	I E P F	1,04,050	0.13
9	Indian Financial Institutions	1,351	0.00
10	NBFC	4,000	0.01
11	Foreign Portfolio Investors	4,415	0.01
12	Banks	35	0.00
13	Directors and Relatives	870	0.00
Total:		7,95,10,000	100.00

m. Dematerialization of shares and liquidity

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 2021, a total of 7,93,32,700 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: The Company does not have any outstanding ADRs /GDRs /Warrants or any Convertible instruments.

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

s. Credit rating:

The Company obtained credit rating from Infomercs Valuation and Rating Private Limited (IVR) for bank facilities of the Company. The following is the ratings assigned along with revisions thereto during the financial year and status as on the date of this report:

Facilities/Instruments	Long-term Bank Facilities	Short-term Bank Facilities	Long-term/Short-term Bank Facilities
At the beginning of year	IVR BBB+ /Stable Outlook (IVR Triple B plus with Stable Outlook)	IVR A2 (IVR A Two)	IVR BBB+ /Stable Outlook (IVR Triple B plus with Stable Outlook); IVR A2 (IVR A Two)
Changes during the year		Nil	
At the end of the financial year		Not renewed. Hence not applicable	

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 2020-2021, 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.zentechologies.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.

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@zentechologies.com

Registrar and Share Transfer Agents:

KFin Technologies Private 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

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 2021.

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 2020-2021.

ix. M/s. 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-imbusement 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 2020-2021, 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. Particulars of Directors seeking appointment / re-appointment at the ensuing Annual General Meeting have been provided in the Notice of the Annual General Meeting.

xii. 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.

xiii. 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.

xiv. Code for Prevention of Insider Trading Practices

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015 (Regulations), 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.zentechologies.com/policies-and-code-of-conduct>

xv. 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.

xvi. Proceeds from public issues, rights issue, preferential issues, etc.

During the year under review, the Company raised funds through the allotment of 23,49,940 equity shares to the Promoters and Non-Promoters of the company towards subscription of equity shares pursuant to exercise of right for conversion of share warrants.

The Company received an amount of ₹ 13,39,46,580/- towards warrant conversion at the time of allotment of equity shares. The proceeds have been utilized towards research and development (R&D), potential acquisitions, export promotion, working capital, capital expenditure and general corporate purposes. The unutilized amounts have been temporarily deployed in fixed deposit with Scheduled Banks.

The company further affirms that there has been no deviation or variation in utilization of such proceeds raised through the warrants conversion.

Except the above, there were no proceeds from public issues, rights issues, etc.

xvii. Disclosures in respect of demat suspense account/ unclaimed suspense account as on 31.03.2021 – 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 2021.

Place: Hyderabad
Dated: 24th July 2021

Ashok Atluri
Chairman and Managing Director
DIN: 00056050

Certificate of Non-Disqualification of Directors

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (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, 2021, 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

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 an 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
Dated: 26th July 2021

D.S. Rao
Company Secretary
ACS No.: 12394
CP. No.: 14487
UDIN: A012394C000660976

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 2021 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
Dated: 01st May 2021

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, 2021**, 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, 2021**.

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
Dated: 26th July 2021

D.S. Rao
Company Secretary
ACS No.: 12394
CP. No.: 14487
UDIN: A012394C000660943

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 2020 to March 2021
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 (a) Number of International Locations (Provide details of major 5) (b) Number of National Locations	<p>National:</p> <p>1. Corporate & Head Office (Research & Development Unit): Zen Technologies Limited B-42, Industrial Estate, Sanathnagar, Hyderabad-500018, Telangana, India</p> <p>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</p> <p>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, I</p> <p>International:</p> <p>1. Zen Technologies USA, Inc. 301 N Hertz Rd, Coppell TX 75019, USA.</p> <p>2. Zen Technologies Limited - Abu Dhabi 2nd Floor, Office #220, Al Fahim Group HQ Building, Plot 810th Street / 17th Street intersection, Musaffah M-4, Industrial City - Abu Dhabi, P.O. Box 778398 MBZ City, Abu Dhabi.</p>
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 (₹)	₹ 795.10/- Lakhs
2.	Total Turnover (₹)	₹ 5,248.51/- Lakhs
3.	Total profit after taxes (₹)	₹ 419.20/- Lakhs
4.	Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	11.61%
5.	List of activities in which expenditure in 4 above has been incurred:-	Zen Technologies Limited has been transferring CSR amount to 'Veer Sammaan Foundation', 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 ₹ 48.65 Lakhs has been given to 'Veer Sammaan Foundation'.

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:**

1. DIN	:	00056050
2. Name	:	Mr. Ashok Atluri
3. 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:

Four 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: 209 as on March 31, 2021

2. Please indicate the total number of employees hired on temporary/contractual/casual basis: 38 Temporary, 70 Contractual as on March 31, 2021

3. Please indicate the number of permanent women employees: 31 as on March 31, 2021

4. Please indicate the number of permanent employees with disabilities: Nil as on March 31, 2021

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 2021, 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?

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.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

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 ₹ and the details of the projects undertaken? ₹ 48.65/- 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 March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (collectively 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 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021 and its profit, total comprehensive income, changes in equity and its cash flows 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 we have obtained 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 judgement, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

S.No.	Key Audit Matter	Auditor's Response
1	<p>Non-Current Investments: Investment in Zen Technologies USA Inc.</p> <p>During the FY 2019-20, the company has invested ₹ 1,434.66 lakhs in Zen Technologies USA Inc, of which ₹ 665.98 lakhs, the shares were allotted in FY 2019-20 and for balance ₹ 768.68 lakhs, shares were allotted in FY 2020-21.</p>	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"> • Obtained the details of transaction. • Reviewed the documents submitted to regulatory authorities. • Verified the accounting treatment and disclosures under Ind AS 109 Financial Instruments. • Reviewed the financial statements of Zen Technologies USA Inc.
2	<p>Foreign Operation:</p> <p>The company has registered a Foreign Branch on 09-09-2020 in the country of United Arab Emirates.</p>	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"> • Obtained the details of transaction. • Reviewed the documents submitted to regulatory authorities. • Verified the accounting treatment and disclosures under Ind AS 21 The Effects of Changes in Foreign Exchange Rates. • Reviewed the financial statements of Foreign Branch.
3	<p>Disputed statutory dues:</p> <p>There were disputed statutory dues pending disposal before CESTAT, Hyderabad. Total disputed statutory dues were ₹ 823.42 Lakhs as on 31.03.2021.</p>	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"> • Obtained the case details and reviewed the status of case at various forums and had discussion with management. • Company has disclosed the disputed liabilities as contingent liabilities in the financial statements as per Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the 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.

MANAGEMENT'S RESPONSIBILITIES 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 of these standalone financial statements that give a true and fair view of the financial position, financial performance, including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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.

The Board of Directors are 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 judgement 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.

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143(3) of the Act, based on our audit we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.

- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.
 - ii. The Company did not have any long-term contracts including derivative 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.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

For **Ramasamy Koteswara Rao and CO LLP**,
Chartered accountants
(Firm's registration no.010396S/S200084)

Murali Krishna Reddy Telluri
Partner
(Membership No.223022)
UDIN: 21223022AAAALT3384

Place: Hyderabad
Date: May 1, 2021

Annexure “A” to the Independent Auditor’s Report

(Referred to in paragraph 1 (f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of ZEN TECHNOLOGIES LIMITED of even date)

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

We have audited the internal financial controls over financial reporting of ZEN TECHNOLOGIES LIMITED (the “Company”) as of March 31, 2021 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 Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (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 Companies Act, 2013.

AUDITOR’S RESPONSIBILITY

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

OPINION

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the 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
(Firm’s registration no.010396S/S200084)

Murali Krishna Reddy Telluri
Partner
(Membership No.223022)
UDIN: 21223022AAAAALT3384

Place: Hyderabad
Date: May 1, 2021

Annexure “B” to the Independent Auditor’s Report

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of ZEN TECHNOLOGIES LIMITED of even date)

- i. In respect of the Company’s fixed assets:
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - (c) According to the information and explanations given to us, the records examined by us and based on the examination of the conveyance deeds / registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land and building that have been taken on lease and disclosed as fixed assets in the standalone financial statements, the lease agreements are in the name of the Company.
- ii. The inventory has been physically verified during the year by the management. In our opinion, the frequency of the verification is reasonable. No material discrepancies were noticed on such verification between the physical stock and the book records.
- iii. The company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act 2013. Accordingly the provisions of paragraph 3 clause iii (a) to (c) of the Order are not applicable to Company and hence not commented upon.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- v. The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under with regard to the deposits accepted from the public are not applicable.
- vi. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant as specified by the Central Government for the maintenance of cost records under Section 148(1) of the Act and we are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii. According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and any other statutory dues applicable to it with the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees’ State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and any other statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income Tax and Excise Duty which have not been deposited as at March 31, 2021 on account of dispute are given below:

Nature of the statute	Nature of dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount ₹
Central Excise Act, 1944	Excise Duty	CESTAT, Hyderabad.	2006-07	2,44,75,909
Central Excise Act, 1944	Excise Duty	CESTAT, Hyderabad.	2007-08	1,86,72,446
Central Excise Act, 1944	Excise Duty	CESTAT, Hyderabad.	2008-09	1,07,92,000
Central Excise Act, 1944	Excise Duty	CESTAT, Hyderabad.	2009-10	1,50,89,488
Central Excise Act, 1944	Excise Duty	CESTAT, Hyderabad.	2010-11	59,12,527
Central Excise Act, 1944	Penalty on Excise Duty	CESTAT, Hyderabad.	2006-07	25,00,000
Central Excise Act, 1944	Penalty on Excise Duty	CESTAT, Hyderabad.	2007-08	18,00,000
Central Excise Act, 1944	Penalty on Excise Duty	CESTAT, Hyderabad.	2008-09	10,00,000
Central Excise Act, 1944	Penalty on Excise Duty	CESTAT, Hyderabad.	2009-10	15,00,000
Central Excise Act, 1944	Penalty on Excise Duty	CESTAT, Hyderabad.	2010-11	6,00,000

- viii. Based on our audit procedures and according to information and explanations given to us, the company has not defaulted in repayment of loans or borrowings to financial institutions, banks, Government and there were no dues to debenture holders.
- ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, the provisions stated in paragraph 3 (ix) of the Order are not applicable to the company.
- x. During the course of our audit, examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across an instance of material fraud by the company nor on the Company by its officers or employees.
- xi. In our opinion and according to the information and explanations given to us, the Company has paid or provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the provisions stated in paragraph 3(xii) of the order are not applicable to the company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable and the details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has converted share warrants issued on preferential basis to fully paid-up equity shares during the year and the requirements of Section 42 of the Act have been complied with. The amount raised has been used for the purposes for which they were raised.
- xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi. In our opinion, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause xvi of the order are not applicable to the company and hence not commented upon.

For **Ramasamy Koteswara Rao and CO LLP**,
Chartered accountants
(Firm's registration no.010396S/S200084)

Place: Hyderabad
Date: May 1, 2021

Murali Krishna Reddy Telluri
Partner
(Membership No.223022)
UDIN: 21223022AAAALT3384

Standalone Balance Sheet

As at 31 March 2021

(₹ in Lakhs)

Sr. No.	Particulars	Note No.	As at 31.03.21	As at 31.03.20
I	ASSETS			
	Non-current assets			
	(a) Property plant and Equipment	3	6,193.76	6,436.13
	(b) Intangible assets	3	12.78	6.50
	(c) Financial assets			
	(i) Investments	4	2,409.16	1,590.28
	(ii) Other financial assets	5	50.20	818.81
	(d) Deferred Tax Assets(Net)	6	2,055.67	2,028.02
	(e) Other non current assets	7	69.66	141.16
	Total Non Current Assets		10,791.23	11,020.90
II	Current assets			
	(a) Inventories	8	915.90	1,035.30
	(b) Financial assets			
	(i) Trade receivables	9	1,739.25	4,437.82
	(ii) Cash and cash equivalents	10	1,502.49	1,024.91
	(iii) Bank Balances Other Than Cash and Cash Equivalents	11	1,921.21	827.44
	(iv) Other financial assets	12	5,037.08	1,697.43
	(c) Other current assets	13	454.63	1,295.85
	Total Current Assets		11,570.56	10,318.75
	Total Assets (I + II)		22,361.79	21,339.65
I	EQUITY AND LIABILITIES			
	Equity			
	(a) Equity Share Capital	14	795.10	771.60
	(b) Other Equity	15	20,520.12	19,103.00
	Total Equity		21,315.22	19,874.60
II	Liabilities			
	Non-current liabilities			
	(a) Financial Liabilities			
	(i) Long Term Borrowings	16	11.26	18.78
	(ii) Other financial liabilities	17	8.59	7.01
	(b) Long Term Provisions	18	166.03	156.77
	Total Non Current Liabilities		185.88	182.56
	Current liabilities			
	(a) Financial Liabilities			
	(i) Short Term Borrowings	19	65.81	62.16
	(ii) Trade payables	20	248.74	512.61
	(iii) Other Financial liabilities	21	105.62	33.93
	(b) Other current liabilities	22	432.95	572.84
	(c) Short Term Provisions	23	7.57	100.95
	Total Current Liabilities		860.69	1,282.49
	Total Equity and Liabilities (I + II)		22,361.79	21,339.65
	Significant Accounting Policies	2		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For and on behalf of the Board

For **Ramasamy Koteswara Rao and CO LLP**Chartered Accountants
FRN: 010396S/S200084**Murali Krishna Reddy Telluri**
Partner
MNo: 223022
UDIN:21223022AAAALT3384Place: Hyderabad
Date: 01 May, 2021**Ashok Atluri**
Managing Director & CFO
DIN: 00056050**Hansraj Singh Rajput**
Company Secretary
M.No.A38213**M. Ravi Kumar**
Whole Time
Director
DIN: 00089921

Standalone Statement of Profit and Loss

For the Year ended 31 March, 2021

(₹ in Lakhs)

Sr. No.	Particulars	Note No.	For the Year ended 31 March 2021	For the Year ended 31 March 2020
1	Income			
	Revenue From Operations	24	4,957.03	14,698.00
	Other Income	25	291.48	190.61
	Total Income		5,248.51	14,888.61
2	Expenses			
	Cost of Materials and Components consumed	26	753.62	2,509.13
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	27	42.39	1,385.73
	Manufacturing Expenses	28	322.85	580.41
	Employee Benefits Expense	29	1,357.53	1,667.97
	Finance Costs	30	99.56	318.23
	Depreciation and Amortization Expense	3	399.15	375.25
	Other Expenses	31	1,705.22	2,195.63
	Total Expenses		4,680.31	9,032.35
3	Profit before tax (1 - 2)		568.20	5,856.26
4	Tax expense			
	(i) Current tax		186.17	1,021.20
	(ii) Deferred tax		(27.66)	(1,215.63)
	Total Tax		158.51	(194.43)
5	Profit for the year (3- 4)		409.69	6,050.69
6	Other Comprehensive Income			
	Items that will not be reclassified subsequently to statement of profit or loss		13.18	2.70
	Income tax relating to items that will not be reclassified to profit / loss		(3.67)	(0.79)
	Total Other Comprehensive Income, net of tax		9.51	1.91
7	Total Comprehensive Income for the year (5+6)		419.20	6,052.60
8	Earning per Equity Share	32		
	Equity share of par value ₹ 1/- each			
	Basic (In ₹)		0.52	7.84
	Diluted (In ₹)		0.52	7.84
9	Weighted average equity shares used in computing earnings per equity share			
	Basic		7,95,10,000	7,71,60,060
	Diluted		7,95,10,000	7,71,60,060

Significant Accounting Policies

2

The accompanying notes are an integral part of the financial statements

As per our report of even date

For and on behalf of the Board

For **Ramasamy Koteswara Rao and CO LLP**

Chartered Accountants
FRN: 010396S/S200084

Murali Krishna Reddy Telluri
Partner
MNo: 223022
UDIN:21223022AAAALT3384

Ashok Atluri
Managing Director & CFO
DIN: 00056050

M. Ravi Kumar
Whole Time
Director
DIN: 00089921

Place: Hyderabad
Date: 01 May, 2021

Hansraj Singh Rajput
Company Secretary
M.No.A38213

Standalone Statement of Cashflows

For the Year ended 31 March, 2021

(₹ in Lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Cash Flows from Operating Activities		
Net profit before tax (A)	568.20	5,856.26
Adjustments for :		
Depreciation and amortization expense	399.15	375.25
(Profit) /Loss on Sale of Assets	-	11.25
Interest Income	(251.34)	(87.18)
Finance Cost	99.56	318.23
Other Comprehensive Income	13.18	2.70
Operating profit before working capital changes (B)	828.75	6,476.51
Movements in Working Capital		
(Increase)/Decrease in Trade Receivables	2,698.57	2,897.45
(Increase)/Decrease in Other financial assets	(2,571.04)	(960.38)
(Increase)/Decrease in Inventories	119.40	2,493.08
(Increase)/Decrease in Other Current Assets	841.22	(809.60)
(Increase)/Decrease in Other Non Current Assets	9.91	65.37
Increase/(Decrease) in Trade Payables	(263.87)	(239.97)
Increase/(Decrease) in Other financial liabilities	73.27	(21.01)
Increase/(Decrease) in Other Current liabilities	(139.89)	(2,333.65)
Increase/(Decrease) in Provisions	9.27	16.17
Changes in Working Capital (C)	776.84	1,107.46
Cash generated from operations (B+C)	1,605.58	7,583.97
Direct Taxes Paid (Advance Tax)	(283.21)	(1,138.78)
Net Cash generated from operating activities (D)	1,322.37	6,445.19
Cash flows from Investing Activities (E)		
Purchase of Fixed Assets (Including CWIP)	(163.05)	(508.40)
Sale of Fixed Assets	-	6.50
Investment in Subsidiary companies	(818.89)	(254.63)
Interest Income	251.34	87.18
(Increase)/Decrease in Other Bank Balances	(1,093.77)	61.50
Loans given to subsidiary companies	-	(768.69)
Advance for Fixed Assets	61.59	276.63
Net Cash From/ (Used In) Investing Activities	(1,762.78)	(1,099.91)
Cash flows from Financing Activities (F)		
Proceeds from Long term borrowings	(7.52)	(1,540.36)
Dividend paid	(318.04)	(231.48)
Corporate Dividend tax	-	(47.59)
Finance Cost	(99.56)	(318.23)
Proceeds from Share Capital issued during the year	1,785.95	-
Conversion of share warrants	(446.49)	
Net Cash From/ (Used In) Financing Activities	914.34	(2,137.66)
Net Increase/(Decrease) in cash and cash equivalents (D+E+F)	473.93	3,207.62
Cash and Cash equivalents at the beginning of the year	962.75	(2,244.87)
Cash and Cash equivalents at the ending of the year (Refer Note 10)	1,436.68	962.75

Note:

1. The above cash flow statement has been prepared under "indirect method" as set out in Indian Accounting Standard (Ind AS 7) - "Statement of Cash Flows"

2. Under Ind AS, the Bank overdrafts repayable on demand and which form an integral part of the cash management process are included in cash and cash equivalents for the purpose of presentation of statement of cashflows.

See accompanying notes to the Standalone Financial Statements

The accompanying notes are an integral part of the Standalone Financial Statements

Cash and Cash Equivalents include the following for Cash flow purpose

₹ in Lakhs

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Cash and Cash Equivalents/ Bank Balances	1,502.49	1,024.91
Less: OD/CC accounts forming part of Cash & Cash Equivalents	65.81	62.16
Cash and Cash Equivalents/ Bank Balances	1,436.68	962.75

As per our report of even date

For and on behalf of the Board

For **Ramasamy Koteswara Rao and CO LLP**

Chartered Accountants
FRN: 010396S/S200084

Murali Krishna Reddy Telluri

Partner
MNo: 223022
UDIN:21223022AAAALT3384

Place: Hyderabad
Date: 01 May, 2021

Ashok Atluri

Managing Director & CFO
DIN: 00056050

Hansraj Singh Rajput

Company Secretary
M.No.A38213

M. Ravi Kumar

Whole Time
Director
DIN: 00089921

Notes to the Standalone Financial Statements

For the year ended 31 March 2021

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 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 Financials statements are approved for issue by the Company's Board of Directors on May 01, 2021.

2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS:

2.1 STATEMENT OF COMPLIANCE:

These financial statements are prepared in accordance with Indian Accounting Standards ("Ind AS"), as notified under Section 133 of the Companies Act, 2013 ("The Act") read with the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter. The presentation of financial statements is based upon Division II – Ind AS Schedule III to the Act.

Accounting policies have been consistently applied to all the years presented except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

2.2 BASIS FOR MEASUREMENT:

These financial statements have been prepared on the historical cost convention and on an accrual basis, except for the following material items in the balance sheet:

- Certain financial assets & liabilities are measured either at fair value or at amortized cost depending on the classification;
- Employee defined benefit assets/(liability) are recognized as the net total of the fair value of plan assets, plus actuarial losses, less actuarial gains and the present value of the defined benefit obligation.

All assets and liabilities are classified into current and non-current based on the operating cycle of less than twelve months or based on the criteria of realization/settlement within twelve months period from the balance sheet date.

2.3 USE OF ESTIMATES AND JUDGEMENTS:

The preparation of the financial statements in conformity with Ind AS requires the management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and

the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. The application of accounting policies that require critical accounting estimates involving complex and subjective judgements and the use of assumptions in these financial statements have been disclosed in Note no. 2.4. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

2.4 CRITICAL ACCOUNTING ESTIMATES:

a. Employee Benefits

The present value of the employee benefits obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) includes the discount rate, wage escalation and employee attrition. The discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligations.

b. Depreciation & Amortisation

Depreciation and amortization is based on management estimates of the future useful lives of certain class of property, plant and equipment and intangible assets.

c. Provisions & Contingencies

Provisions and contingencies are based on the Management's best estimate of the liabilities based on the facts known at the balance sheet date.

d. Fair Valuation:

All financial instruments are required to be fair valued as at the balance sheet date, as provided in Ind AS 109 and Ind AS 113. Being a critical estimate, judgement is exercised to determine the carrying values. The fair value of financial instruments that are unlisted and not traded in an active market is determined at fair values assessed based on recent transactions entered into with third parties, based on valuation done by external appraisers etc., as applicable.

2.5 FUNCTIONAL & PRESENTATION CURRENCY:

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). These financial statements are presented in Indian rupee (₹), which is the Company's functional and presentation currency. All financial information presented in Indian rupees has been rounded to the nearest lakhs.

2.6 CURRENT AND NON -CURRENT CLASSIFICATION:

All the assets and liabilities have been classified as current or noncurrent as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013 and Ind AS 1, Presentation of Financial Statements.

Assets:

An asset is classified as current when it satisfies any of the following criteria:

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

Liabilities:

A liability is classified as current when it satisfies any of the following criteria:

- It is expected to be settled in the Company's normal operating cycle;
- It is held primarily for the purpose of being traded;
- It is due to be settled within twelve months after the reporting date; or
- The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current assets/ liabilities include the current portion of non-current assets/ liabilities respectively. All other assets/ liabilities are classified as noncurrent. Deferred tax assets and liabilities are always disclosed as non-current.

2.7 FOREIGN CURRENCY TRANSACTION:

Transactions in foreign currencies are translated to the respective 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.

2.8 PROPERTY, PLANT & EQUIPMENT:**Recognition & Measurement**

Property, Plant and Equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment loss, if any. Cost includes expenditures that are directly

attributable to the acquisition of the asset i.e., freight, duties and taxes applicable and other expenses related to acquisition and installation. The cost of self-constructed assets includes the cost of materials and other costs directly attributable to bringing the asset to a working condition for its intended use. Borrowing costs that are directly attributable to the construction or production of a qualifying asset are capitalized as part of the cost of that asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses upon disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized net within in the statement of profit and loss.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part will be derecognized. The costs of repairs and maintenance are recognized in the statement of profit and loss as incurred.

Items of property, plant and equipment acquired through exchange of non-monetary assets are measured at fair value, unless the exchange transaction lacks commercial substance or the fair value of either the asset received or asset given up is not reliably measurable, in which case the asset exchanged is recorded at the carrying amount of the asset given up.

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.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted prospectively, if appropriate.

The estimated useful lives are as follows:

Type of Asset	Estimated useful life in years
Buildings	
i) Factory Buildings	30
ii) Other Buildings	60
iii) Lease Buildings	6
Plant & Machinery	15
Office Equipment	5
Furniture & Fixtures	10
Testing Equipment	10
Vehicles	10
Computers	3

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 cost of property, plant and equipment not ready to use before such date are disclosed under capital work-in-progress. Assets not ready for use are not depreciated.

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.

2.9 INTANGIBLE ASSET:

Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. The Intangible assets that are acquired by the Company and that have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

Amortization

Amortization is recognized in the statement of profit and loss on a straight-line basis over the estimated useful lives of intangible assets or on any other basis that reflects the pattern in which the asset's future economic benefits are expected to be consumed by the entity. Intangible assets that are not available for use are amortized from the date they are available for use. The estimated useful lives are as follows:

Type of Asset	Estimated useful life in years
Intangible Assets	
Computer Software	3

The amortization period and the amortization method for intangible assets with a finite useful life are reviewed at each reporting date.

2.10 FINANCIAL INSTRUMENTS:

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

a. Financial assets

INITIAL RECOGNITION AND MEASUREMENT

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

SUBSEQUENT MEASUREMENT

Debt instrument at FVTPL

Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss. The Company has not designated any debt instrument as at FVTPL.

INVESTMENT IN EQUITY INSTRUMENTS

All equity investments in scope of Ind AS 109 are measured at Fair Value. Equity instruments which are held for trading and contingent consideration recognized by an acquirer in a

business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to the statement of profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

Investments in subsidiaries and associates are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries and associates, the difference between net disposal proceeds and the carrying amounts are recognized in the statement of profit and loss.

DERECOGNITION

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

IMPAIRMENT OF TRADE RECEIVABLES

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18. Expected credit loss model takes into consideration the present value of all the cash shortfalls over the expected life of a financial instrument. In simple terms, it is weighted average of credit losses with the respective risks of default occurring as weights. The credit loss is the difference between all contractual cash flows that are due to an- entity as per the contract and all the contractual cash flows that the entity expects to receive,

discounted to the effective interest rate. The Standard presumes that entities would suffer credit loss even if the entity expects to be paid in full but later than when contractually due. In other words, it simply focuses on DELAYS in collection of receivables.

For the purpose of identifying the days of delay, the Company took into consideration the weighted average number of delays taking into consideration the date of billing, the credit period and the collection days.

b. Financial liabilities

INITIAL RECOGNITION AND MEASUREMENT

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value i.e., loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized 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, financial guarantee contracts.

SUBSEQUENT MEASUREMENT

The measurement of financial liabilities depends on their classification, as described below:

LOANS AND BORROWINGS

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the statement of profit and loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized 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 amortization is included as finance costs in the statement of profit and loss.

FAIR VALUE MEASUREMENT

The Company classifies the fair value of its financial instruments in the following hierarchy, based on the inputs used in their valuation:

i) Level 1: The fair value of financial instruments quoted in active markets is based on their quoted closing price at the balance sheet date.

ii) Level 2: The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques using observable market data. Such valuation techniques include discounted cash flows, standard valuation models based on market parameters for interest rates, yield curves or foreign exchange rates, dealer quotes for similar instruments and use of comparable arm's length transactions.

iii) Level 3: The fair value of financial instruments that are measured on the basis of entity specific valuations using inputs that are not based on observable market data (unobservable inputs).

2.11 GOVERNMENT GRANTS:

Recognition & Measurement

Grants & Subsidies received from the Governments are recognised only when there is reasonable assurance that:

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

2.12 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.

2.13 IMPAIRMENT OF NON-FINANCIAL ASSETS:

The carrying amounts of 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 goodwill and intangible assets that have indefinite lives or that are not yet available for use, an impairment test is performed each year at March 31.

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are 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 asset or

the cash-generating unit. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the “cash-generating unit”).

An impairment loss is recognized in the statement of profit and loss if the estimated recoverable amount of an asset or its cash-generating unit is lower than its carrying amount. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications 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. An impairment loss is reversed 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 amortization, if no impairment loss had been recognized.

2.14 CASH & CASH EQUIVALENTS:

Cash and bank balances comprise of cash balance in hand, balance in current accounts with banks, demand deposit, short-term deposits, Margin Money deposits and unclaimed dividend accounts. For this purpose, “short-term” means investments having maturity of three months or less from the date of investment. Bank overdrafts 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. The Margin money deposits and unclaimed dividend balances shall be disclosed as restricted cash balances.

2.15 EMPLOYEE BENEFITS:

a. Short term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

b. Defined Contribution Plan

The Company’s contributions to defined contribution plans are charged to the statement of profit and loss as and when the services are received from the employees.

c. Defined Benefit Plans

The liability in respect of defined benefit plans and other post-employment benefits is calculated using the projected unit credit method consistent with the advice of qualified actuaries. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates based on prevailing market yields of Indian Government Bonds and that have terms to maturity approximating to the terms of the related defined benefit obligation. The current service cost of the defined benefit plan, recognized in the statement of profit and loss in employee benefit expense, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes,

curtailments and settlements. Past service costs are recognized immediately in income. 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. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

d. 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.

e. 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.

2.16 PROVISIONS, CONTINGENT ASSETS & CONTINGENT LIABILITIES:

A provision is recognized 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. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liabilities

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no such disclosure is made.

Contingent assets

Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

2.17 REVENUE RECOGNITION:

Sale of Goods and Service Income:

Revenue from goods and services is recognized, when the company satisfies a performance obligation by transferring a promised good or service to its customers. The company considers the terms of the contract and its customary business practices to determine the transaction price. Performance

obligations are satisfied at the point of time when the customer obtains controls of the asset.

Revenue is measured based on transaction price, which is the fair value of the consideration received or receivable, stated net of discounts, returns and Goods & services Tax. Transaction price is recognised based on the price specified in the contract, net of the estimated sales incentives/ discounts. Accumulated experience is used to estimate and provide for the discounts/ right of return, using the expected value method.

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.

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). A contract liability is an entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or an amount of consideration is due) from the customer.

Other Income

INTEREST INCOME

Interest Income mainly comprises of interest on Margin money deposit relating to bank guarantee and Deposits against Bank Overdraft with banks. 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.

Export Benefits

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.

2.18 BORROWING COST:

Borrowing costs consist of interest, ancillary and other costs that the Company incurs in connection with the borrowing of funds and interest relating to other financial liabilities. Borrowing costs also include exchange differences to the extent regarded as an adjustment to the borrowing costs. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed to Profit & Loss statement in the period in which they occur.

2.19 RESEARCH AND DEVELOPMENT COSTS (PRODUCT DEVELOPMENT):

Research and development expenditure is recognized as an expense when it is incurred. 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

2.20 TAX EXPENSE:

Tax Expense comprises of Income Tax, Deferred Tax and MAT credit

Income Tax

Income tax expense is recognized in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred Tax

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax base i.e., the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred Tax Asset is also provided on MAT tax paid during the Previous years which can be set off against future tax liability.

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.

2.21 DIVIDEND DECLARED:

The Company recognizes a liability to make cash distributions to equity holders when the distribution is Authorised and the

distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity's.

2.22 EARNINGS PER SHARE:

The Company presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic earnings per share is computed by dividing the net profit attributable to shareholders by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the net profit attributable to shareholders 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. Options and warrants are dilutive when they would result in the issue of ordinary shares for less than the average market price of ordinary shares during the period. The amount of the dilution is the average market price of ordinary shares during the period minus the issue price.

2.23 TRADE RECEIVABLES:

Trade receivables are initially recognized at fair value and subsequently measured at amortised cost using effective interest method, less provision for impairment, if any.

2.24 TRADE AND OTHER PAYABLES:

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are presented as current liabilities unless payment is not due within twelve months after the reporting period. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.25 DETERMINATION OF FAIR VALUE:

The Company's accounting policies and disclosures require the determination of fair value, for certain financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability. 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.

(i) Property, plant and equipment

Property, plant and equipment, if acquired in a business combination or through an exchange of non-monetary assets, is measured at fair value on the acquisition date. For this purpose, fair value is based on appraised market values and replacement cost.

(ii) Intangible assets

The fair value of brands, technology related intangibles, and patents and trademarks acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of these brands, technology related intangibles, patents or trademarks being owned (the "relief of royalty method"). The fair value of customer related, product related and other intangibles acquired in a business combination has been determined using the multi-period excess

earnings method after deduction of a fair return on other assets that are part of creating the related cash flows.

(iii) Inventories

The fair value of inventories acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

(iv) Investments in equity and debt securities and units of mutual funds

The fair value of marketable equity and debt securities is determined by reference to their quoted market price at the reporting date. For debt securities where quoted market prices are not available, fair value is determined using pricing techniques such as discounted cash flow analysis.

In respect of investments in mutual funds, the fair values represent net asset value as stated by the issuers of these mutual fund units in the published statements. Net asset values represent the price at which the issuer will issue further units in the mutual fund and the price at which issuers will redeem such units from the investors.

Accordingly, such net asset values are analogous to fair market value with respect to these investments, as transactions of these mutual funds are carried out at such prices between investors and the issuers of these units of mutual funds.

2.26 LEASES:

As per IND AS 116 for the purpose, a lease is defined as a contract, or part of a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes right of use assets under lease arrangements in which it is the lessee. Rights to use assets owned by third parties under lease agreements are capitalized at the inception of the lease and recognised on these financial statements. The corresponding liability to the lessor is recognised as a lease obligation within short and long-term borrowings. The carrying amount is subsequently increased to reflect interest on the lease liability and reduced by lease payments made. For calculating the discounted lease liability on leases, the incremental borrowing rate is used. The incremental borrowing rate is calculated at the rate of interest at which the company would have been able to borrow for a similar term and with a similar security the funds necessary to obtain a similar asset in a similar market. Finance costs are charged to the income statement so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

If modifications or reassessments occur, the lease liability and right of use asset are re-measured. Right of use assets are depreciated over the shorter of the useful life of the asset or the lease term.

The company has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months and low value assets. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2.27 IMPACT ON ACCOUNT OF COVID-19 KEY ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS.

The threats posed by the coronavirus outbreak are multifold. In many countries, businesses have been forced to cease or limit their operations for long or indefinite periods of time. Even in India the outbreak has been declared epidemic and on March 24, 2020, the Government of India ordered a nationwide lockdown, limiting movement of the population of India as a preventive measure against the COVID-19 pandemic. As a result, most businesses throughout the world are dealing with lost revenue and disrupted supply chains. The disruption to global supply chains due to factory shutdowns has already exposed the vulnerabilities of many organizations.

However, as the Company operates in an industry that is considered essential in India and other countries, its operations were continuing during lockdown by ensuring appropriate safety measures.

The Company considered the uncertainty relating to the COVID-19 pandemic in assessing the recoverability of receivables, goodwill, intangible assets, investments and other assets. For this purpose, the Company considered internal and external sources of information up to the date of approval of these financial statements. The Company has also used the principles of prudence in applying judgements, estimates and assumptions including sensitivity analysis. Based on its current estimates, the Company expects to fully recover the carrying amount of receivables, goodwill, intangible assets, investments and other assets.

As the outbreak continues to evolve, the Company will continue to closely monitor any material changes to future economic conditions.

The preparation of the Financial Statements required the Management to exercise judgements and to make estimates and assumptions. The Management has considered the possible effects, if any, that may result from the pandemic relating to COVID-19 on the carrying amounts of its assets. In developing the assumptions and estimates relating to the uncertainties as at the Balance Sheet date in relation to the recoverable amounts of these assets, the Management has considered the global economic conditions prevailing as at the date of approval of these financial statements and has used internal and external sources of information to the extent determined by it. The actual

outcome of these assumptions and estimates may vary in future due to the impact of the pandemic

i. Depreciation and amortisation

Depreciation and amortisation are based on management estimates of the future useful lives of the property, plant and equipment and intangible assets. Estimates may change due to technological developments, competition, changes in market conditions and other factors and may result in changes in the estimated useful life and in the depreciation and amortisation charges.

ii. Employee Benefits

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using various assumptions. The assumptions used in determining the net cost/(income) includes the discount rate, wage escalation and employee attrition. Any changes in these assumptions will impact the carrying amount of obligations. The discount rate is based on the prevailing market yields of Indian Government securities as at the Balance Sheet date for the estimated term of the obligations.

iii. Inventories

The method of valuation of Inventories has been stated in Note No. 2.12 of Significant Accounting Policies. The Company has considered the possible impact relating to COVID-19 while determining the net realisable value of inventory. Based on the available internal and external information as determined by the Management, the Company does not expect the carrying values of such inventories to be significantly impacted.

iv. Trade Receivables

The credit worthiness of Trade Receivables and the credit terms set are determined on a case to case basis and the Management has factored in the uncertainties arising out of COVID-19, as applicable. Based on the available internal and external information as determined by the Management, the Company does not expect the carrying values of such Trade Receivables to be significantly impacted.

The fair values of Trade Receivables are not considered to be significantly different from their carrying values, given their generally short period to maturity, with impairment reviews considered on an individual basis rather than when these become overdue.

NOTE NO.3 PROPERTY, PLANT & EQUIPMENT

(₹ in Lakhs)

Particulars	Property, Plant and equipment							Intangible assets				
	Land	Building	Computers	Plant & Machinery	Office Equipment	Testing Equipment	Demo Equipment	Furniture & Fixtures	Vehicles	Total	Computer Software	Total
Gross Block												
As at 01 April 2020	748.19	5,465.69	390.87	300.39	545.82	76.51	441.40	591.41	357.35	8,917.62	1,033.90	1,033.90
Additions	-	99.90	13.89	-	25.26	-	-	8.71	4.14	151.92	11.13	11.13
Deduction/Retirement during the year	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2021	748.19	5,565.59	404.76	300.39	571.08	76.51	441.40	600.12	361.49	9,069.54	1,045.03	1,045.03
Accumulated Depreciation/Amortization												
Balance as at 01 April 2020	3.01	929.91	356.42	179.74	409.02	57.48	148.22	206.53	191.15	2,481.48	1,027.40	1,027.40
For the Year	3.01	126.16	24.04	15.39	52.03	5.85	88.28	51.76	27.78	394.30	4.85	4.85
Deductions/Adjustments during the year	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2021	6.02	1,056.07	380.46	195.13	461.05	63.33	236.50	258.30	218.93	2,875.78	1,032.25	1,032.25
Net Carrying Amount												
Balance as at 01 April 2020	745.19	4,535.78	34.45	120.65	136.80	19.03	293.17	384.87	166.19	6,436.13	6.50	6.50
Balance as at 31 March 2021	742.18	4,509.52	24.30	105.26	110.03	13.18	204.89	341.83	142.56	6,193.76	12.78	12.78

NOTE NO.4 INVESTMENTS (NON CURRENT)

(₹ in Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Unquoted investments:		
Investment in Subsidiaries:		
Zen Technologies USA, INC***	1,434.67	665.99
19,80,001 Equity shares (31 March 2021)		
Investment in Subsidiaries:		
Unistring Tech Solutions Pvt Ltd	700.07	700.07
2,88,794 Equity shares of ₹ 10/- each, fully paid up (31 March 2021)		
Investment in Subsidiaries:		
Zen Medical Technologies Pvt Ltd**	50.20	-
50,20,000 Equity shares of ₹ 1/- each fully paid up (31 March 2021)		
Investment in Others:		
Paladin Paradigm Knowledge Solutions INC.,*	224.22	224.22
17,500 Equity shares (31 March 2021)		
2,139 Class Seed Preferred shares (31 March 2021)		
Aggregated Value of Unquoted investments	2,409.16	1,590.28

** Investment in Paladin Paradigm Knowledge Solutions INC., is valued at cost as in accordance to information available it is the fair value/ amortised cost.

** On 24-07-2020, the company incorporated ""Zen Medical Technologies Pvt Ltd"", wholly owned subsidiary company to enable entry into business of manufacturing of medical and hospital devices. The company subscribed the 50,20,000 equity shares at Face value of ₹ 1 amounting to ₹ 50,20,000.

*** On 12-05-2020, the ""Zen Technologies USA, INC."" has allotted additional 10,30,000 equity shares to the company at Face value of USD 1 for consideration of an amount USD 10,30,000."

NOTE NO.5 OTHER FINANCIAL ASSETS (UNSECURED, CONSIDERED GOOD)

(₹ in Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Security deposits	34.11	33.21
Deposits with government, public bodies and others	16.09	16.91
Advances to subsidiaries	-	768.69
	50.20	818.81

NOTE NO.6 DEFERRED TAX ASSET / (LIABILITY) (NET)

(₹ in Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Deferred Tax Asset		
Tax on Losses Carry Forward	-	-
Deferred Tax Asset on MAT credit entitlement	2,537.78	2,544.22
Deferred Tax on Gratuity	67.46	45.65
Deferred Tax on Leases	0.11	0.05
Deferred Tax Liability		
Accelerated depreciation for tax purposes	(549.68)	(561.90)
Net Deferred tax Asset	2,055.67	2,028.02

In accordance the accounting policy of the company & on review of the future realisability of Deferred tax asset and reversability of liability, the same are recognised in the financial statement of the current year. This recognition is in accordance with the applicable Indian Accounting Standard - Income Taxes (Ind AS-12).

NOTE NO.7 OTHER NON CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Prepaid expenses-	32.07	22.40
Capital Advances	-	61.59
Loans and Advances to Employees	16.56	12.10
Income Tax refund	21.03	45.07
	69.66	141.16

Prepaid Expenses consist of amount paid in advance for the items that had not yet occurred as of the end of the fiscal year, including Bank Guarantee Commission, Employees Health Insurance and General Insurance expenses.

NOTE NO.8 INVENTORIES

(₹ in Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Raw material	667.32	744.33
Work in progress	196.74	239.13
Inventory Others	51.84	51.84
	915.90	1,035.30

Inventories are valued at cost or net realisable value whichever is lower.

NOTE NO.9 TRADE RECEIVABLES (UNSECURED)

(₹ in Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Unsecured, considered good		
Trade Receivables	1,739.25	4,437.82
Receivables from Related Parties	-	-
Less :Allowances for credit Losses	-	-
Total	1,739.25	4,437.82

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

NOTE NO.10 CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Cash on hand	10.14	15.55
Balances with banks:		
- In current accounts	732.35	449.36
- In Fixed Deposits with original maturity Less than 3 months	760.00	560.00
	1,502.49	1,024.91

NOTE NO.11 OTHER BANK BALANCES:

(₹ in Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Balances with banks for unclaimed dividend	8.42	6.62
- Deposits against BG's	1,705.34	593.81
- Other Fixed Deposits	112.24	148.64
Interest accrued but not due on deposits	95.21	78.37
	1,921.21	827.44

Note : All Fixed deposits were kept with Scheduled banks only

NOTE NO.12 OTHER FINANCIAL ASSETS (CURRENT)

(₹ in Lakhs)

Particulars	As at 31 March 2021		As at 31 March 2020	
	No of Shares	Amount	No of Shares	Amount
To Others - Unsecured, Considered good				
Accrued Income but not due		824.04		547.43
Current Investments at amortised cost		4,213.04		1,150.00
		5,037.08		1,697.43

NOTE NO.13 OTHER CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at 31 March 2021		As at 31 March 2020	
	No of Shares	Amount	No of Shares	Amount
To Others- Unsecured, considered good				
Prepaid Expenses		77.79		67.12
Balance with Statutory Authorities		195.48		1,039.72
Advance to material suppliers(Creditors)		181.36		155.16
Other Assets (Duty Scripts)		-		33.85
		454.63		1,295.85

NOTE NO.14 SHARE CAPITAL

(₹ in Lakhs)

Particulars	As at 31 March 2021		As at 31 March 2020	
	No of Shares	Amount	No of Shares	Amount
Authorised Capital				
20,00,00,000 Equity shares of ₹ .1/- each		2,000.00		2,000.00
		2,000.00		2,000.00
Issued, subscribed and fully paid-up capital				
7,95,10,000 (7,71,60,060) Equity shares of ₹ .1/- each		795.10		771.60
		795.10		771.60

a) Reconciliation of the shares and amount outstanding at the beginning and at the end of the reporting period

(₹ in Lakhs)

Particulars	As at 31 March 2021		As at 31 March 2020	
	No of Shares	Amount	No of Shares	Amount
At the beginning of the Year	7,71,60,060	771.60	7,71,60,060	771.60
Add/(Less): Changes During the year	23,49,940	23.50	-	-
Outstanding at the end of the year	7,95,10,000	795.10	7,71,60,060	771.60

b) The company has only one class of equity shares with voting rights having par value of ₹ .1/- each. The rights, preferences and restrictions attached to such equity shares is in accordance with the terms of issue of equity shares under the Companies Act, 2013, the Articles of Association of the Company and relevant provisions of the listing agreement.

c) The details of shareholders holding more than 5 % shares in the Company

(₹ in Lakhs)

Name of the share holder	As at 31 March 2021		As at 31 March 2020	
	No of Shares	%	No of Shares	%
Ashok Atluri	2,13,11,220	26.80	2,02,11,250	26.19
Kishore Dutt Atluri	1,86,56,220	23.46	1,75,56,250	22.75

NOTE NO.15 STATEMENT OF OTHER EQUITY

(₹ in Lakhs)

Particulars	Note No.	As at 31 March 2021		As at 31 March 2020	
		No of Shares	Amount	No of Shares	Amount
Securities premium reserve	15.1		2,654.31		891.85
Capital redemption reserve	15.2		117.24		117.24
General reserve	15.3		3,525.01		3,525.01

Retained earnings	15.4	14,170.56	14,078.92
Share Warrants	15.5	-	446.49
Other Comprehensive Income	15.6	53.00	43.49
		20,520.12	19,103.00

NOTE NO.15.1 SECURITIES PREMIUM RESERVE

(₹ in Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Opening balance	891.85	891.85
Add: Additions during the year	1,762.46	-
less: Utilised for issue expenses		
	2,654.31	891.85

Amount received on issue of shares in excess of the par value has been classified as security share premium. This reserve will be utilised in accordance with provisions of Section 52 of the Companies Act, 2013

NOTE NO.15.2 CAPITAL REDEMPTION RESERVE

(₹ in Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Opening balance	117.24	117.24
Add: Additions during the year		-
	117.24	117.24

Capital Redemption Reserve represents amount transferred from profit and loss account on buy back of Equity shares during the FY 13-14.

NOTE NO.15.3 GENERAL RESERVE

(₹ in Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
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.

NOTE NO.15.4 RETAINED EARNINGS

(₹ in Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Opening balance	14,078.91	8,307.30
Add: Net profit for the year	409.69	6,050.69
	(A)	14,488.60
Less: Allocations/ Appropriations		
Transfer to General reserve		
Dividend distributed to equity shareholders	318.04	231.48
Dividend distribution tax on dividend	-	47.59
	(B)	318.04
	(A-B)	14,170.56
		14,078.92

Retained earnings are the profits that the company has earned till date, less any transfers to general reserve, dividends or other distributions to shareholders.

NOTE NO.15.5 SHARE WARRANTS

(₹ in Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Opening balance	446.49	446.49
Add: Additions during the year	1,339.46	
	1,785.95	
Less: Allotment of equity Shares pursuant to conversion of Share Warrants	1,785.95	
	-	446.49

During the FY 2018-19, the company has issued share warrants and 25% of the subscription amount was received at the time of issue of share warrants. In FY 2020-21, the balance amount has been received and the share warrants has been duly converted into equity shares.

NOTE NO.15.6 OTHER COMPREHENSIVE INCOME

(₹ in Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Actuarial Gain or Loss:		
Opening balance	43.49	41.58
Add: Additions during the year	9.51	1.91
Closing Balance	53.00	43.49

NOTE NO.16 BORROWINGS (NON CURRENT)

(₹ in Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Secured		
- Vehicle loan	11.26	18.78
	11.26	18.78

NOTE NO.17 OTHER FINANCIAL LIABILITIES (NON CURRENT)

(₹ in Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Lease Liability	8.59	7.01
	8.59	7.01

NOTE NO.18 LONG TERM PROVISIONS

(₹ in Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
- Provision for gratuity	166.03	156.77
	166.03	156.77

Defined Benefit plan – Gratuity

In accordance with applicable laws, the Company has a defined benefit plan which provides for gratuity payments (the "Gratuity Plan") and covers certain categories of employees in India. The Gratuity Plan provides a lump sum gratuity payment to eligible employees at retirement or termination of their employment. The amount of the payment is based on the respective employee's last drawn salary and the years of employment with the Company. Liabilities in respect of the Gratuity Plan are determined by an actuarial valuation, based upon which the Company makes contributions to the Life Insurance Corporation of India (LIC).

(₹ in Lakhs)

Sr. No.	Particulars	As at 31 March 2021	As at 31 March 2020
I	Changes in present value of obligations		
	PVO at beginning of the period	252.00	257.77
	Interest Cost	15.26	17.15
	Current Service Cost	28.14	30.48
	Past Service Cost - (Vested Benefits)		-

	Benefits paid	(13.46)	(67.17)
	Benefits paid directly by the company		-
	Actuarial (Gain)/Loss on obligation	(11.55)	13.78
	PVO at end of the period	270.39	252.01
II	Changes in Fair value of Plan Assets		
	Fair value of plan assets beginning of the period	95.23	117.17
	Adjustment to Opening Fair value plan of asset	-	-
	Return on Plan assets excluding Interest Income	1.63	16.48
	Interest Income	5.97	8.06
	Contribution by Employer	14.99	20.70
	Contribution by Employee	-	-
	Benefits Paid	(13.46)	(67.17)
	Fair Value of plan Assets at end of the period	104.36	95.23
III	Net Status of Plan	(166.03)	(156.77)
IV	Net Amount Recognised	(166.03)	(156.77)
V	Actual return on plan assets	7.60	24.53
	Less Interest income included above	5.97	8.06
	Return on plan assets excluding interest income	1.63	16.48
VI	Expenses recognised in the Statement of Profit and Loss Account		
	Current service cost	28.14	30.48
	Interest cost	9.29	9.09
	Current Year Adjustments	11.75	14.22
	Expense recognized in the statement of Profit and loss Account	49.18	53.79
VII	Other Comprehensive Income (OCI)		
	Actuarial (Gain)/Loss recognized for the period	(11.55)	13.78
	Return on Plan Assets excluding net interest	(1.63)	(16.48)
	Total Actuarial (Gain)/Loss recognized in (OCI)	(13.18)	(2.70)

VIII The principal assumptions used in determining Gratuity Group plan are shown below

Description of Risk Exposures

Valuations are performed on certain basic set of predetermined assumptions and other regulatory framework which may vary over time. Thus, the Company is exposed to various risks in providing the above gratuity benefit which are as follows:

'Interest Rate risk: The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability.

'Salary Escalation Risk: The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

'Demographic Risk: The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience compared to the assumption.

'Regulatory Risk: Gratuity benefit is paid in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts (e.g. if Increase in the maximum limit on gratuity of ₹ 20 lacs).

'Discount Rate: The discount rate has decreased from 7.32% to 6.51% and hence there is a increase in liability leading to actuarial loss due to change in discount rate.

'Description of Plan Assets and Reimbursement Conditions: 100% of the Plan Asset is entrusted to LIC of India under their Group Gratuity Scheme. The reimbursement is subject to LIC's Surrender Policy.

Assumption as at

Particulars	As at 31 March 2021	As at 31 March 2020
Mortality	IALM (2012-14)Ult	IALM (2012-14)Ult
Discount Rate	6.44%	6.51%
Rate of Increase in compensation	6.00%	6.00%
Expected Average remaining service	6.53	6.62
Employee Attrition Rate (Past Service (PS))	PS: 0 to 42: 12%	PS: 0 to 42: 12%

Sensitivity Analysis

Particulars	Discount Rate (DR)		Salary Escalation Rate (ER)	
	PVO DR+1%	PVO DR-1%	PVO ER+1%	PVO ER-1%
PVO	257.22	285.18	282.49	259.17

Expected Payouts

Year	(₹ in Lakhs)					
	First	Second	Third	Fourth	Fifth	Six-Ten
Payouts	57.95	43.35	25.83	24.92	22.10	96.22

Asset Liability Comparisons

Year	(₹ in Lakhs)				
	31.03.2017	31.03.2018	31.03.2019	31.03.2020	31.03.2021
PVO at end of period	262.52	258.47	257.77	252.00	270.39
Plan Assets	130.63	128.53	117.17	95.23	104.36
Surplus/(Deficit)	(131.89)	(129.94)	(140.60)	(156.77)	(166.03)
Experience Adjustments	1.03	1.75	0.06	16.48	1.63

NOTE NO.19 SHORT TERM BORROWINGS

Particulars	(₹ in Lakhs)	
	As at 31 March 2021	As at 31 March 2020
Bank Over Draft part of Cash & Cash Equivalents (Ref Note)	65.81	62.16
	65.81	62.16

Overdrafts

Particulars	(₹ in Lakhs)	
	For the Year Ended 31 March	
	2021	2020
Indian Bank Current Account	12.32	2.86
Indian Bank CC Account (11.30%)	-	20.21
HDFC CC account 9.0% (PY 9.5%)	53.49	39.09
Total Over Drafts	65.81	62.16

Details of Security:

The working capital facilities (15 Crs) from HDFC are secured against hypothecation of Stocks, Receivables and other current assets and equitable mortgage of immovable properties and other fixed assets. The above OCC is secured inter - alia by suitable charge on 04 flats located in Common wealth games village- New Delhi, 11 and 12 buildings of signature towers - Hyderabad properties which are offered as collateral securities.

NOTE NO.20 TRADE PAYABLES

(₹ in Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Trade payables		
- Dues to Micro and Small Enterprises	13.90	2.41
- Trade Payables Others	234.84	510.20
	248.74	512.61

Trade payable are non interest bearing and normally settled in 30 - 45 days

(i) The amount remaining unpaid as at 31 March 2021 in respect of enterprises covered under the "Micro, Small and Medium Enterprises Development Act, 2006" (MSMED) is ₹ 13.90 Lakhs (31 March 2020: ₹ 2.41 lakhs).

(ii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act is ₹ Nil (31 March 2020 : ₹ Nil).

NOTE NO.21 OTHER FINANCIAL LIABILITIES (CURRENT)

(₹ in Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Current maturities of long-term debts (Refer below Note)	7.52	6.88
Unclaimed dividends	8.42	6.62
Provision for expenses	89.68	20.43
	105.62	33.93

Note: Current maturities of long term debts includes Vehicle Loan payable within one year.

NOTE NO.22 OTHER CURRENT LIABILITIES

(₹ in Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Income billed but not due	70.48	61.23
Salaries and benefits	105.18	9.39
Bonus and incentives	84.12	68.72
Taxes payable	40.75	161.37
Advance from customers	105.95	115.90
Other Payables	26.47	156.23
	432.95	572.84

NOTE NO.23 SHORT TERM PROVISIONS

(₹ in Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Provision for Income Tax	7.57	100.95
	7.57	100.95

NOTE NO.24 REVENUE FROM OPERATIONS

(₹ in Lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
a) Sale of Products	3,061.85	12,752.48
b) Sale of Product Services	1,895.18	1,945.52
	4,957.03	14,698.00

NOTE NO.25 OTHER INCOME

(₹ in Lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Interest income	251.34	87.18
Net gain/(loss) on foreign currency exchange fluctuation	16.69	51.10
Profit/(Loss) on Sale of Assets	-	(11.25)
Deferred Income (Grant)-Benefit	-	10.81
Miscellaneous income	23.45	52.77
	291.48	190.61

NOTE NO.26 COST OF MATERIALS AND COMPONENTS CONSUMED

(₹ in Lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Opening stock of raw materials	744.33	1,827.64
Add : Purchases	676.61	1,425.82
	1,420.94	3,253.46
Less : Closing stock	667.32	744.33
	753.62	2,509.13

NOTE NO.27 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

(₹ in Lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Opening work in progress	239.13	1,624.86
Opening traded goods	-	-
	239.13	1,624.86
Closing work in progress	196.74	239.13
	196.74	239.13
Net (increase) / decrease in stock	42.39	1,385.73

NOTE NO.28 MANUFACTURING EXPENSES

(₹ in Lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Power and fuel	22.83	33.99
Spares and Stores	12.94	19.24
Material Handling Charges	13.37	29.27
Travel expenses - Production	0.75	4.39
System Installation & Maintenance	75.54	116.23
Factory Maintenance	121.42	297.18
Training Charges	0.24	0.95
Salaries -Production	75.76	79.16
	322.85	580.41

NOTE NO.29 EMPLOYEE BENEFITS EXPENSE

(₹ in Lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Salaries, wages and bonus	1,232.06	1,481.56
Contribution to provident and other funds	41.86	49.51
Gratuity expense	49.18	53.79
Staff welfare expenses	34.43	83.11
	1,357.53	1,667.97

NOTE NO.30 FINANCE COSTS

(₹ in Lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Bank Charges	24.45	13.39
BG Commission	65.70	41.78
Processing Charges	3.57	17.26
Interest on borrowings		
- interest on bank OD loans	3.24	166.22
- interest on TDB loan	-	7.20
- interest on Vehicle loan	1.83	3.15
- interest Others	0.77	0.77
- interest on Income tax	-	68.46
	99.56	318.23

Depreciation & Amortisation

(₹ in Lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Depreciation and Amortization Expense	399.15	375.25
	399.15	375.25

NOTE NO.31 OTHER EXPENSES

(₹ in Lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Selling & Distribution expenses		
Business Promotion	267.10	94.86
Exhibition expenses	5.29	135.11
Freight	17.33	73.67
	289.72	303.64

Travelling expenses

(₹ in Lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Domestic Travel	175.44	273.79
Foreign Travel	22.08	122.49
Total Travel expenses	197.52	396.28

Administrative & General expenses

(₹ in Lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Advertisement	109.15	52.50
Conveyance	7.48	25.49
Donation CSR	48.65	16.30
Electricity Charges-General	27.27	35.37
Insurance	21.60	31.52
Office Maintenance	111.10	119.25
Postage & Telephone	24.86	32.31
Printing & Stationery	6.72	14.30
Professional Charges	236.77	275.24

Rates & Taxes	41.95	69.98
Rent	34.48	35.32
Security expenses	32.89	36.63
Vehicle Maintenance	16.04	23.92
Computer Maintenance	3.22	2.46
Rent on Machinery-R&D	2.75	-
Spares & Stores-R&D	428.48	541.33
Other Expenses	60.57	179.79
Payment to auditors		
For Statutory Audit fee (exclusive of GST)	4.00	4.00
Total of Administrative & General expenses	1,217.98	1,495.71
Total of Other Expenses	1,705.22	2,195.63

NOTE NO.32 EARNINGS PER SHARE

(₹ in Lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Earnings		
Profit attributable to equity holders	409.69	6050.69
Shares		
Number of shares at the beginning of the year	771.60	771.60
Add: *Equity shares issued	23.50	-
Less: Buy back of equity shares	-	-
Total number of equity shares outstanding at the end of the year	795.10	771.60
Weighted average number of equity shares outstanding during the year – Basic	795.10	771.60
Add: Weighted average number of equity shares arising out of outstanding stock options (net of the stock options forfeited) that have dilutive effect on the EPS	-	-
Weighted average number of equity shares outstanding during the year – Diluted	795.10	771.60
Earnings per share of par value ₹ 1/- – Basic (₹)	0.52	7.84
Earnings per share of par value ₹ 1/- – Diluted (₹)	0.52	7.84

*During the Financial Year 2020-21, the share warrants issued by the Company in FY 2018-19 have been converted into equity shares and the entire addition to equity share capital is due to that conversion.

NOTE NO.33 RELATED PARTY DISCLOSURE**List of Subsidiaries:**

Zen Technologies USA Inc
Unistring Tech Solutions Private Limited
Zen Medical Technologies Private Limited (w.e.f. 29th September 2020)

Other Related Parties (ORP)

Indigenous Defence Equipment Exporters Association

In accordance with the provisions of Ind AS 24 “Related Party Disclosures” and the Companies Act, 2013, Company’s Directors, members of the Company’s Management Council and Company Secretary are considered as Key Management Personnel. List of Key Management Personnel of the Company is as below:

- Mr. M Ravi Kumar, Whole Time Director
- Ms. Shilpa Choudari, Whole Time Director (Appointed w.e.f Dt: 01st November 2020)
- Dr. Ravindra Kumar Tyagi, Independent Director
- Mrs. Sridevi Madati, Independent Director (Retired w.e.f dt: 28th May 2020)
- Mr. Venkata Samir Kumar Oruganti, Independent Director
- Mr. Amreek Singh Sandhu, Independent Director
- Ms. Sirisha Chintapalli, Independent Director (Appointed w.e.f dt: 08th August 2020)
- Dr. Ajay Kumar Singh, Independent Director
- Mr. Hansraj Singh Rajput, Company Secretary & Compliance Officer
- Mr. Ashok Atluri, Chairman, Managing Director & Chief Financial Officer
- Mr. Kishore Dutt Atluri, President

Relatives of Key Managerial Persons having transactions with the Company:

- 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 (Appointed w.e.f dt: 01st November 2020)
- Veer Sammaan Foundation, Founder Trustee

The following is a summary of significant related party transactions:

(₹ in Lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
a) Key managerial personnel		
Remuneration & Commission		
Mr. Ashok Atluri	51.39	51.92
Mr. Ashok Atluri	17.12	132.21
Mr. Kishore Dutt Atluri	35.48	32.51
Mr. Kishore Dutt Atluri	30.62	126.43
Mr. M Ravi Kumar	52.94	49.68
Mr. M Ravi Kiran-CFO#	-	8.28
Ms. Shilpa Choudari	10.00	-
Mr. M Satish Choudhury-CS*	-	3.51
Mr. Hansraj Singh Rajput-CS**	12.74	9.56
b) Non-whole time Directors		
Sitting Fee		
Mrs. Sridevi Madati	-	2.50
Ms. Sirisha Chintapalli	0.50	-
Mr. O Venkata Samir Kumar	2.00	2.00
Mr. Amreek Singh Sandhu	2.00	2.50
Dr. Ravindra Kumar Tyagi***	2.00	2.50
Dr. Ajay kumar Singh ##	2.00	1.00
c) Relatives of Key Managerial Personnel		
Remuneration		
Mr. Arjun Dutt Atluri	11.78	9.28
Ms. Anisha Atluri @@	2.64	3.19
Rent		
Mrs. Rama Devi Atluri	6.65	6.37
Donation		
Veer Sammaan Foundation	48.65	16.31
Total	288.51	459.75

Note:

Ceased with effect from 31 December 2019.

* Ceased with effect from 09 July 2019.

** With effect from 03 August 2019.

*** With effect from 01 April 2019.

@@ Ceased with effect from 30 Sept 2019.

With effect from 09th November, 2019.

Transactions with Subsidiaries & Associates

(₹ in Lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Zen Technologies USA Inc		
Equity Investment	-	873.24
Total	-	873.24
Unistring Tech Solutions Private Limited		
Equity Investment	-	150.07
Purchases	229.89	231.50
Sales	-	-
Total	229.89	381.57
Zen Medical Technologies Private Limited		
Equity Investment	50.20	-
Lease Rental Income of office premises	0.55	-
Total	50.75	-

Other Related Parties:

(₹ in Lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Indigenous Defence Equipment Exporters Association		
Services	-	9.00
Sales	-	-
Total	-	9.00

NOTE NO.34 EARNINGS/EXPENDITURE IN FOREIGN CURRENCY & VALUE OF RAW MATERIALS CONSUMED :

a) Expenditure in Foreign currency:

(₹ in Lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Capital goods	-	1.03
Raw Materials and Components	37.50	77.66
Stores & Spares	2.91	27.55
Foreign Travel (Exclusive of tickets purchased)	23.07	85.09
Membership	0.05	-
Professional charges	17.11	21.41
Exhibition Expenses	-	21.52
Others	142.74	10.41
Total	223.38	244.67

b) Earnings in Foreign currency:

(₹ in Lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
FOB Value of Exports	1810.28	-
Total	1810.28	-

c) Value of Raw Material Consumed

(₹ in Lakhs)

Particulars	2020-21		2019-20	
	Amount	%	Amount	%
Indigenous raw materials and stores	713.21	94.64	2,403.92	95.81
Imported raw materials and stores	40.41	5.36	105.21	4.19

NOTE NO.35 SEGMENT REPORTING:

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.

NOTE NO.36 EMPLOYEE BENEFITS:**Gratuity benefits**

In accordance with applicable laws, the Company has a defined benefit plan which provides for gratuity payments (the "Gratuity Plan") and covers certain categories of employees in India. The Gratuity Plan provides a lump sum gratuity payment to eligible employees at retirement or termination of their employment. The amount of the payment is based on the respective employee's last drawn salary and the years of employment with the Company. Liabilities in respect of the Gratuity Plan are determined by an actuarial valuation, based upon which the Company makes contributions to the Life Insurance Corporation of India (LIC).

NOTE NO.37 INCOME TAXES:**a. Income tax expense/ (benefit) recognized in the statement of profit and loss:**

Income tax expense/ (benefit) recognized in the statement of profit and loss consists of the following (₹ in Lakhs)

Particulars	Year Ended 31 March	
	2021	2020
Current taxes expense		
Domestic	186.17	1021.20
Deferred taxes expense/(benefit)		
Domestic	(27.66)	(1215.63)
Total income tax expense/(benefit) recognized in the statement of profit and loss	158.51	(194.43)

b. Reconciliation of Effective tax rate:

(₹ in Lakhs)

Particulars	Year Ended 31 March	
	2021	2020
Profit before income taxes	568.20	5856.26
Enacted tax rate in India	27.82%	29.12%
Computed expected tax (benefit)/expense	158.07	1,705.34
Effect of:		
Expenses not deductible for Tax purposes	152.16	139.12
Expenses deductible for Tax purposes	124.07	1,110.70
Taxable at Special Rates	0.00	0.00
Set off of MAT credit	89.12	0.00
Income tax (benefit)/expense	97.04	733.76
Effective tax rate	17.08%	12.53%

The Company's average effective tax rate for the years ended March 31, 2021 and 2020 were 17.08% and 12.53%, respectively. During the Current Year (FY 2020-21) the company pays the tax as per the normal provisions of the Income Tax Act, 1961 whereas the company has paid Minimum Alternate Tax (MAT) as per the Section 115JB of the Income Tax Act in the Previous Year (FY 2019-20) and the tax liability of the company for the FY 2020-21 is ₹ 97.04 Lakhs.

DEFERRED TAX ASSETS & LIABILITIES:

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities and a description of the items that created these differences is given below:

(₹ in Lakhs)

Particulars	Year Ended 31 March	
	2021	2020
Deferred tax assets/(liabilities):		
Property, plant and equipment	(549.68)	(561.90)
MAT credit entitlement	2537.78	2544.21

Deferred Tax on Gratuity	67.47	45.65
Deferred Tax on Leases	0.11	0.05
Net deferred tax assets/(liabilities)	2055.68	2,028.02

NOTE NO.38 CONTRACT ASSET & CONTRACT LIABILITY:**Contract Asset:**

(₹ in Lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
a) Contract Assets	919.25	625.80
Total	919.25	625.80

* Contract asset means asset as defined in Note 2.17 of Significant Accounting Policies

Contract Liability:

(₹ in Lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
a) Contract Liability	105.95	115.90
Total	105.95	115.90

* Contract Liability means liability as defined in Note 2.17 of Significant Accounting policies.

NOTE NO.39 FINANCIAL RISK MANAGEMENT:

The Company's activities expose it to a variety of financial risks, including credit risk, liquidity risk and Market risk. The Company's risk management assessment and policies and processes are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities. The Board of Directors, risk management committee and the Audit Committee is responsible for overseeing the Company's risk assessment and management policies and processes.

a. Market Risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, investments and financial instruments.

b. 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 exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

c. 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 operating activities (when revenue or expense is denominated in a foreign currency) and investments in foreign companies.

d. Credit Risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

e. Trade Receivables

Customer credit risk is managed subject to the Company's established policy, procedures and control relating to customer credit risk management. The Company major customers are Government, Government Bodies and Government Controlled Agencies. Delay in payment may occur on account of disbursement process. The company mitigates the above keeping regular follow up. Trade receivables are non-interest bearing and are generally on 30 days to 45 days credit term. Outstanding customer receivables are regularly monitored. Credit risk on receivables is also mitigated by securing the letter of credit and advance payment against the same.

(₹ in Lakhs)

Particulars	0-90	91-180	181-365	> 365 days	Total
Expected Credit Loss*	0%	0%	0%	0%	0%
On Supply	1,004.64	130.32	-	263.01	1397.97
On Services	209.79	15.08	19.58	96.77	341.23
Total	1,214.43	145.40	19.58	359.78	1,739.19

*Note: There are no indicators for impairment in trade receivables during the FY 2020-21

f. Liquidity Risks:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation.

As of 31 March 2021 the Company have following unutilized credit limits.

(₹ in Lakhs)

Name of the Bank	Sanctioned Credit Limits	Unutilized credit Limits
HDFC OCC Account	1,500.00	1,446.52
TOTAL	1,500.00	1,446.52

As of 31 March 2021, the Company had working capital (current assets less current liabilities) of ₹ 10,709.87 Lakhs including cash and cash equivalents of ₹ 1,502.49 Lakhs. As of 31 March 2020, the Company had working capital (current assets less current liabilities) of ₹ 9,036.27 Lakhs including cash and cash equivalents of ₹1,024.91 Lakhs.

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2021 :

(₹ in Lakhs)

Particulars	2021	2022	2023	Thereafter	Total
Trade payables	248.74	-	-	-	248.74
Long term borrowings	-	8.21	3.05	-	11.26
Bank overdraft, short-term loans and borrowings*	65.81	-	-	-	65.81
Other liabilities*	546.14	-	-	-	546.14

* Note: The bank overdraft and other liabilities are payable on demand.

g. Capital Management:

The Company's objective for capital management is to maximize shareholder wealth, safeguard business continuity and support the growth of the Company. The Company determines the capital management requirement based on annual operating plans and long term and other strategic investment plans. The funding requirement are met through equity , borrowings and operating cash flows required.

The company's Debt Equity ratio is as follows:

(₹ in Lakhs)

Particulars	2021	2020
Total Debt	1046.57	1,465.05
Less: Cash and Cash equivalents	1502.49	1,024.91
Adjusted Net Debt (A)	-455.92	440.14
Total Equity	21,315.22	19,874.60
Adjusted Net Equity (B)	21,315.22	19,874.60
Adjusted Net Debt to Total Equity (A/B)	-0.02:1	0.02:1

NOTE NO.40 CONTINGENT LIABILITIES AND COMMITMENTS:

The following are the details of contingent liabilities and commitments:

(₹ in Lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Contingent Liabilities		
a) Claims against the company/disputed liabilities not acknowledged as debts		
Central Excise (Refer note below)	749.43	749.43

b) Guarantees		
Bank Guarantees/Letter of Credits	1974.85	5065.58
Total	2724.28	5815.01

Note:

a. The above Excise Duty case pertains to demands raised by the Excise Department (exclusive of penalty on disputed excise duty of amount ₹ 76 lakhs) for subsequent periods on the issue mentioned below and the Commissioner confirmed the demand vide order number Hyd Excus- 002-Com-030-15-16 dated 27.11.2015 and the company has filed an appeal before CESTAT and is awaiting for hearing.

b. The above dispute was relating to inclusion of customized software in the valuation of simulators supplied by the company during the period from 01.04.2006 to 31.07.2011. The Commissioner confirmed the demand against the company and the company filed an appeal before CESTAT, Hyderabad and paid ₹ 56.21 lakhs and awaiting for hearing.

c. The company based on the discussions with solicitors & tax advisors believes that there is a fair chance of winning the case in its favour in the process and hence no provision has been made for the same.

NOTE NO.41 CORPORATE SOCIAL RESPONSIBILITY:

As per Section 135 of the Companies Act, 2013 ('Act'), a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. Since the company met the applicability criteria as set out in section 135(1) of Companies Act 2013 read with Companies (Corporate and Social Responsibility Policy) Rules, 2014 as amended for the FY 2020-21 had spent towards CSR an amount ₹ 48.65 Lakhs and there is no unspent amount for FY 20-21 as the company has discharged entire CSR obligation for the FY 20-21 in the same year itself. The company does not have unspent CSR amount for the preceding three financial years.

NOTE NO.42 RESEARCH & DEVELOPMENT EXPENDITURE:

(₹ in Lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Expenditure incurred on Research & Development:		
Salaries	586.18	637.38
Bonus & Gratuity	90.33	185.71
Electricity Charges	21.71	27.34
Travelling Expenses	7.62	14.81
Spares & Stores	433.19	542.59
Consultancy Charges	10.78	23.03
Depreciation	33.03	40.53
Interest on TDB loan	-	7.20
Rates & Taxes	-	0.01
Repairs & Maintenance	4.45	2.98
Total Research & Development Expenses	1187.29	1481.58

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.

(₹ in Lakhs)

Particulars	Gross block			Accumulated depreciation			Net block			
	As at 01 April, 2020 Balance	Additions	Sales/ Adjustments	As at 31 March 2021	As at 01 April, 2020 Balance	Additions	Sales/ Adjustments	As at 31 March 2021	As at 31 March 2021	As at 31 March 2020
Tangible Assets(A)										
Land	51.50	-	-	51.50	-	-	-	-	51.50	51.50
Building - Sanathnagar	481.88	-	-	481.88	72.61	8.09	-	80.70	401.18	409.27
Shed -B42	5.12	-	-	5.12	0.47	0.09	-	0.55	4.57	4.65

Computers	106.74	-	-	106.74	106.08	0.66	-	106.74	0.00	0.66
Plant and machinery	141.55	-	-	141.55	110.91	4.58	-	115.49	26.06	30.64
Office Equipment	84.74	-	-	84.74	71.03	4.80	-	75.83	8.91	13.70
Furniture & fixtures	148.51	-	-	148.51	62.32	11.01	-	73.32	75.19	86.20
Testing Equipment	55.79	-	-	55.79	48.53	3.80	-	52.33	3.45	7.25
INTANGIBLE (B)										
Software	306.01	-	-	306.01	306.01	-	-	306.01	-	-
Software (RKT)	601.81	-	-	601.81	601.80	0.01	-	601.81	0.00	0.01
Total (A+B)	1,983.65	-	-	1,983.65	1,379.76	33.03	-	1412.79	570.86	603.89

The accompanying notes are an integral part of the financial statements

As per our report of even date

For and on behalf of the Board

For **Ramasamy Koteswara Rao and CO LLP**

Chartered Accountants
FRN: 010396S/S200084

Murali Krishna Reddy Telluri

Partner
MNo: 223022
UDIN:21223022AAAALT3384

Place: Hyderabad
Date: 01 May, 2021

Ashok Atluri

Managing Director & CFO
DIN: 00056050

Hansraj Singh Rajput

Company Secretary
M.No.A38213

M. Ravi Kumar

Whole Time
Director
DIN: 00089921

Independent Auditor's Report

To
The members of zen technologies limited
Report on the Audit of the Consolidated Financial Statements

of the Group as at March 31, 2021, of consolidated profit and other comprehensive loss, consolidated changes in equity and its consolidated cash flows for the year then ended.

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") which comprise the Consolidated Balance Sheet as at March 31, 2021, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows 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, and based on consideration of reports of other auditors on separate financial statements and on the other financial information of subsidiaries, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India, of their consolidated state of affairs

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

S.No.	Key Audit Matter	Auditor's Response
1	<p>Foreign Operation: The company has registered a Foreign Branch on 09-09-2020 in the country of United Arab Emirates.</p>	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"> • Obtained the details of transaction. • Reviewed the documents submitted to regulatory authorities. • Verified the accounting treatment and disclosures under Ind AS 21 The Effects of Changes in Foreign Exchange Rates. • Reviewed the financial statements of Foreign Branch.
2	<p>Disputed statutory dues: There were disputed statutory dues pending disposal before CESTAT, Hyderabad. Total disputed statutory dues were ₹ 823.42 Lakhs as on 31.03.2021.</p>	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"> • Obtained the case details and reviewed the status of case at various forums and had discussion with management. • Company has disclosed the disputed liabilities as contingent liabilities in the financial statements as per Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Annual Report 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.

MANAGEMENT'S RESPONSIBILITIES 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 loss, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Boards 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; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the 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 the consolidated financial statements by the Directors of the 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 the respective Boards of Directors either intends to liquidate the group or to cease operations, or have no realistic alternative but to do so.

The respective Boards of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

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 Standards on Auditing ("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 judgement 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 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 Holding Company and its subsidiary companies which are companies incorporated in India, 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 ability of the Group 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 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.

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

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

OTHER MATTER

We did not audit the financial statements of three subsidiaries and UAE branch, whose financial statements reflects total assets of ₹ 2,065.54 lakhs (before consolidation adjustments) as at March 31,2021, total revenues of ₹ 506.93 lakhs (before consolidation adjustments) and net cash inflows amounting to ₹ 44.17 lakhs (before consolidation adjustments) for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss of ₹ 213.08 lakhs (before consolidation adjustments) for the year ended March 31,2021 as considered in the consolidated financial statements, in respect of three subsidiaries and one branch, whose financial statements have not been audited by us. These financial statements have been audited by another auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

One subsidiary company of the Group is located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in the respective country and which have been audited by other auditors under generally accepted auditing standards applicable in the respective country. The Company's management has converted the financial statements of the subsidiary located outside India from accounting principles generally accepted in respective country to accounting principles generally accepted in India. We have audited these conversion adjustments made by the 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 company and audited by us.

Our opinion 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 the other auditors and the financial statements certified by the management.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143(3) of the Act, based on our audit we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit 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.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant 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 Ind AS specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2021 taken on record by the Boards of Directors of the Holding Company and its subsidiaries incorporated in India and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2021 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 and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Holding Company and its subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies, for reasons stated therein.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid/provided by the Holding Company and its subsidiary companies incorporated in India to its directors during the year is in accordance with the provisions of section 197 of the Act 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 the consolidated financial position of the Group - Refer Note 40 to the Consolidated Financial Statements.
- ii) The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
- iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India.

For **Ramasamy Koteswara Rao and CO LLP**,
Chartered accountants
(Firm's registration no.010396S/S200084)

Murali Krishna Reddy Telluri
Partner
(Membership No.223022)
UDIN: 21223022AAAALU1602

Place: Hyderabad

Date: May 1, 2021

Annexure “A” to the Independent Auditor’s Report

On the Consolidated Financial Statements

(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 OVER FINANCIAL REPORTING UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 (“THE ACT”)

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2021, 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 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 Boards of Directors of the Holding Company and its subsidiary companies, which are companies 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 the 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 of the Holding Company and its subsidiary companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India (“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 over financial reporting with reference to 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 system over financial reporting with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial

reporting 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 judgement, 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 and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting with reference to consolidated financial statements of the Holding Company and its subsidiary companies incorporated in India.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING WITH REFERENCE TO CONSOLIDATED FINANCIAL STATEMENTS

A company’s internal financial control over financial reporting with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 OVER FINANCIAL REPORTING WITH REFERENCE TO CONSOLIDATED FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls over financial reporting 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting 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 and to the best of our information and according to the explanations given to us, the Holding Company and

its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting with reference to consolidated financial statements and such internal financial controls over financial reporting with reference to consolidated financial statements were operating effectively as at March 31, 2021, based on the internal financial control over financial reporting with reference to consolidated financial statements 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.

OTHER MATTERS

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements in so far as it relates to the two subsidiary companies which are companies incorporated in India is based on the corresponding reports of the auditors of such companies incorporated in India.

For **Ramasamy Koteswara Rao and CO LLP**,
Chartered accountants
(Firm's registration no.010396S/S200084)

Murali Krishna Reddy Telluri
Partner
(Membership No.223022)
UDIN: 21223022AAAALU1602

Place: Hyderabad
Date: May 1, 2021

Consolidated Balance Sheet

As at 31 March 2021

(₹ in Lakhs)

Sr. No.	Particulars	Note No.	As at 31.03.21	As at 31.03.20
I	ASSETS			
	Non-current assets			
	(a) Property plant and Equipment	3	6,265.01	6,498.83
	(b) Intangible assets	3	692.45	755.77
	(c) Financial assets			
	(i) Investments	4	224.22	224.22
	(ii) Other financial assets	5	50.20	104.69
	(d) Deferred Tax Assets	6	2,056.79	2,036.32
	(e) Other non current assets	7	69.66	141.16
	Total Non Current Assets		9,358.33	9,760.99
II	Current assets			
	(a) Inventories	8	1,468.58	1,404.35
	(b) Financial assets			
	(i) Trade receivables	9	1,860.45	4,650.94
	(ii) Cash and cash equivalents	10	2,154.40	1,679.66
	(iii) Bank Balances Other Than Cash and Cash Equivalent	11	1,971.88	827.97
	(iv) Other financial assets	12	5,037.08	1,697.43
	(c) Other current assets	13	481.12	1,385.38
	Total Current Assets		12,973.51	11,645.73
	Total Assets (I + II)		22,331.84	21,406.72
I	EQUITY AND LIABILITIES			
	Equity			
	(a) Equity Share Capital	14	795.10	771.60
	(b) Other Equity			
	Equity attributable to owners of Company	15	19,645.27	18,345.88
	Non Controlling interest		625.36	659.13
	Total Equity		21,065.73	19,776.61
II	Liabilities			
	Non-current liabilities			
	(a) Financial Liabilities			
	(i) Long Term Borrowings	16	119.66	137.20
	(ii) Other financial liabilities	17	8.59	7.01
	(b) Long Term Provisions	18	166.03	156.77
	(c) Deferred Tax Liability	19	0.09	-
	Total Non Current Liabilities		294.37	300.98
	Current liabilities			
	(a) Financial Liabilities			
	(i) Short Term Borrowings	20	60.61	108.48
	(ii) Trade payables	21	319.50	454.06
	(iii) Other Financial liabilities	22	105.62	33.93
	(b) Other current liabilities	23	483.12	631.71
	(c) Short Term Provisions	24	2.89	100.95
	Total Current Liabilities		971.74	1,329.13
	Total Equity and Liabilities (I + II)		22,331.84	21,406.72
	Significant Accounting Policies	2		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For **Ramasamy Koteswara Rao and CO LLP**

Chartered Accountants

FRN: 010396S/S200084

Murali Krishna Reddy Telluri

Partner

MNo: 223022

UDIN: 21223022AAAALU1602

Place: Hyderabad

Date: 01 May, 2021

For and on behalf of the Board

Ashok Atluri

Managing Director & CFO

DIN: 00056050

Hansraj Singh Rajput

Company Secretary

M.No.A38213

M. Ravi Kumar

Whole Time

Director

DIN: 00089921

Consolidated Statement of Profit and Loss

For the Year ended 31 March, 2021

(₹ in Lakhs)

Sr. No.	Particulars	Note No.	For the Year ended 31 March 2021	For the Year ended 31 March 2020
1	Income			
	Revenue from Operations	25	5,463.96	14,928.58
	Other Income	26	302.18	192.68
	Total Income		5,766.14	15,121.26
2	Expenses			
	Cost of Materials and Components consumed	27	1,021.64	2,637.00
	Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	28	(141.25)	1,103.19
	Manufacturing Expenses	29	322.85	581.70
	Employee benefits expense	30	1,654.27	1,963.72
	Finance costs	31	109.15	334.98
	Depreciation and Amortization Expense	3	495.22	456.78
	Other Expenses	32	1,868.13	2,370.42
	Total Expenses		5,330.01	9,447.80
3	Profit before tax before profit or loss from investment in Associate (1-2)		436.13	5,673.47
4	Share of Profit/(loss) from an Associate		-	(1.28)
5	Profit/(Loss) Before Tax (3+/-4)		436.13	5,672.18
6	Tax expenses			
	- Current Tax		186.17	1,024.57
	- Deferred Tax		(27.41)	(1,215.78)
	- Total Tax		158.76	(191.21)
7	Net Profit/(Loss) for the year (5-6)		277.37	5,863.39
8	Attributable to:			
	Shareholders of the Company		311.14	5,876.87
	Non Controlling interest		(33.77)	(13.48)
9	Other comprehensive income			
	a) (i) Items that will not be reclassified subsequently to statement of profit or loss		13.18	9.64
	(ii) Income tax relating to items that will not be reclassified to profit or loss		(3.67)	(0.79)
	b) (i) Items that will be reclassified subsequently to statement of profit or loss		(16.84)	-
	(ii) Income tax relating to items that will be reclassified to profit or loss		4.69	-
	Total other comprehensive income/(loss) net of tax		(2.64)	8.85
10	Total Comprehensive income for the year (7 +9)		274.72	5,872.24
11	Attributable to:			
	Shareholders of the Company		308.50	5,885.73
	Non Controlling interest		(33.77)	(13.48)
12	Earnings per equity share	33		
	Equity share of par value ₹ 1/- each			
	Basic (In ₹)		0.39	7.62
	Diluted (In ₹)		0.39	7.62
13	Weighted average equity shares used in computing earnings per equity share			
	Basic		7,95,10,000	7,71,60,060
	Diluted		7,95,10,000	7,71,60,060
	Significant Accounting Policies	2		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For **Ramasamy Koteswara Rao and CO LLP**Chartered Accountants
FRN: 010396S/S200084**Murali Krishna Reddy Telluri**
Partner
MNo: 223022
UDIN: 21223022AAAALU1602Place: Hyderabad
Date: 01 May, 2021

For and on behalf of the Board

Ashok Atluri
Managing Director & CFO
DIN: 00056050**M. Ravi Kumar**
Whole Time
Director
DIN: 00089921**Hansraj Singh Rajput**
Company Secretary
M.No.A38213

Consolidated Statement of Cashflows

For the Year ended 31 March, 2021

(₹ in Lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Cash Flows from Operating Activities		
Net profit before tax (A)	436.13	5,673.47
Adjustments for :		
Depreciation and amortization expense	495.22	456.78
(Profit) /Loss on Sale of Assets	-	11.25
Interest Income	(254.05)	(89.25)
Finance Cost	105.43	334.98
Other Comprehensive income	42.00	9.64
Operating profit before working capital changes (B)	824.73	6,396.87
Movements in Working Capital		
(Increase)/Decrease in Trade Receivables	3,010.74	3,082.15
(Increase)/Decrease in Other financial assets	(2,571.04)	(995.39)
(Increase)/Decrease in Inventories	(64.25)	2,210.54
(Increase)/Decrease in Other Current Assets	908.69	(862.58)
(Increase)/Decrease in Other Non Current Assets	9.91	65.37
Increase/(Decrease) in Trade Payables	(354.82)	(188.59)
Increase/(Decrease) in Other financial liabilities	21.75	(21.01)
Increase/(Decrease) in Other Current liabilities	(148.58)	(2,321.99)
Increase/(Decrease) in Provisions	4.57	16.17
Changes in Working Capital (C)	816.97	984.67
Cash generated from operations (B+C)	1,641.70	7,381.54
Direct Taxes Paid (Advance Tax)	(283.21)	(1,138.78)
Net Cash generated from operating activities (D)	1,358.49	6,242.76
Cash flows from Investing Activities (E)		
Purchase of Fixed Assets (Including CWIP)	(198.40)	(521.06)
Sale of Fixed Assets	-	6.50
Investment in Subsidiaries	(818.88)	(254.63)
Cash/short term borrowings acquired through investment in subsidiary		(65.47)
Interest Income	254.05	89.25
(Increase)/Decrease in Other Bank Balances	(1,093.77)	61.50
Creditor for Capital goods	-	(768.69)
Advance for Fixed Assets	61.59	276.63
Net Cash From/ (Used In) Investing Activities	(1,795.43)	(1,175.97)
Cash flows from Financing Activities (F)		
Proceeds from Long term borrowings	(17.52)	(1,501.68)
Dividend paid	(318.04)	(231.48)
Corporate Dividend tax	-	(47.59)
Finance Cost	(105.43)	(334.98)
Proceeds from Share Capital issued during the year	2,604.84	873.24
Conversion of share warrants	(446.49)	-
Conversion of share application money into share capital	(768.69)	-
Net Cash From/ (Used In) Financing Activities	948.67	(1,242.49)
Net Increase/(Decrease) in cash and cash equivalents (D+E+F)	511.72	3,824.29
Cash and Cash equivalents at the beginning of the year	1,581.14	(2,243.15)
Cash and Cash equivalents at the ending of the year (Refer Note 10)	2,092.87	1,581.14

Note:

1. The above cash flow statement has been prepared under "indirect method" as set out in Indian Accounting Standard (Ind AS 7) - "Statement of Cash Flows"

2. Under Ind AS, the Bank overdrafts repayable on demand and which form an integral part of the cash management process are included in cash and cash equivalents for the purpose of presentation of statement of cashflows.

See accompanying notes to the Consolidated Financial Statements

The accompanying notes are an integral part of the Consolidated Financial Statements

Cash and Cash Equivalents include the following for Cash flow purpose

₹ in Lakhs

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Cash and Cash Equivalents/ Bank Balances	2,154.40	1,679.66
Less: Change in OD/CC accounts forming part of Cash & Cash Equivalents	61.52	98.52
Cash and Cash Equivalents/ Bank Balances	2,092.88	1,581.14

As per our report of even date

For and on behalf of the Board

For **Ramasamy Koteswara Rao and CO LLP**

Chartered Accountants
FRN: 010396S/S200084

Murali Krishna Reddy Telluri
Partner
MNo: 223022
UDIN: 21223022AAAALU1602

Place: Hyderabad
Date: 01 May, 2021

Ashok Atluri
Managing Director & CFO
DIN: 00056050

Hansraj Singh Rajput
Company Secretary
M.No.A38213

M. Ravi Kumar
Whole Time
Director
DIN: 00089921

Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

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 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 Consolidated Financials statements are approved for issue by the Company's Board of Directors on May 01, 2021.

2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS:

2.1 STATEMENT OF COMPLIANCE:

These financial statements are prepared in accordance with Indian Accounting Standards ("Ind AS"), as notified under Section 133 of the Companies Act, 2013 ("The Act") read with the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter. The presentation of financial statements is based upon Division II – Ind AS Schedule III to the Act.

Accounting policies have been consistently applied to all the years presented except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

2.2 BASIS FOR MEASUREMENT:

These financial statements have been prepared on the historical cost convention and on an accrual basis, except for the following

material items in the balance sheet:

- Certain financial assets & liabilities are measured either at fair value or at amortized cost depending on the classification;
- Employee defined benefit assets/(liability) are recognized as the net total of the fair value of plan assets, plus actuarial losses, less actuarial gains and the present value of the defined benefit obligation.

All assets and liabilities are classified into current and non-current based on the operating cycle of less than twelve months or based on the criteria of realization/settlement within twelve months period from the balance sheet date.

2.3 BASIS FOR CONSOLIDATION:

The Consolidated Financial Statements have been prepared on the following basis:

Subsidiary Entity:

Subsidiary is an entity over which the Group has control. The Group controls an entity when the Group is exposed to, or has right to variable returns from its involvement with the entity and has ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is acquired by the Group and ceases to be consolidated when the Group loses control over the subsidiary. Full consolidation means recognition of like items of assets, liabilities, equity, income and expense.

Inter Company transactions, balances and unrealised gains on transactions between the group companies are eliminated. Unrealised losses are also eliminated if there is a profit on ultimate sale of goods. When necessary, amounts reported by subsidiaries have been adjusted to confirm to Groups Accounting policies.

List of Subsidiaries included in Consolidation:

(₹ in Lakhs)

Name of the Enterprise	Amount Invested	Country of Incorporation	Nature of Business	% of Share Holding
Zen Technologies USA Inc.	665.99	USA	Training Simulators	100%
Unistring Tech Solutions Private Limited	700.07	India	Development of electronic warfare (EW) solutions and Simulators for radar.	51.00%
Zen Medical Technologies Private Limited	50.20	India	Manufacture of medical and hospital devices	100%

2.4 USE OF ESTIMATES AND JUDGEMENTS:

The preparation of the financial statements in conformity with Ind AS requires the management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and

the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. The application of accounting policies that require critical accounting estimates involving complex and

subjective judgements and the use of assumptions in these financial statements have been disclosed in Note no. 2.4. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

2.5 CRITICAL ACCOUNTING ESTIMATES:

a. Employee Benefits

The present value of the employee benefits obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) includes the discount rate, wage escalation and employee attrition. The discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligations.

b. Depreciation & Amortisation

Depreciation and amortization is based on management estimates of the future useful lives of certain class of property, plant and equipment and intangible assets.

c. Provisions & Contingencies

Provisions and contingencies are based on the Management's best estimate of the liabilities based on the facts known at the balance sheet date.

d. Fair Valuation:

All financial instruments are required to be fair valued as at the balance sheet date, as provided in Ind AS 109 and Ind AS 113. Being a critical estimate, judgement is exercised to determine the carrying values. The fair value of financial instruments that are unlisted and not traded in an active market is determined at fair values assessed based on recent transactions entered into with third parties, based on valuation done by external appraisers etc., as applicable.

2.6 FUNCTIONAL & PRESENTATION CURRENCY:

These financial statements are presented in Indian rupees, which is also the functional currency of the Company. All financial information presented in Indian rupees has been rounded to the nearest lakhs.

2.7 CURRENT AND NON -CURRENT CLASSIFICATION:

All the assets and liabilities have been classified as current or noncurrent as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013 and Ind AS 1, Presentation of financial statements.

Assets:

An asset is classified as current when it satisfies any of the following criteria:

- It is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
- It is held primarily for the purpose of being traded;
- It is expected to be realized within twelve months after the reporting date; or

- It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

Liabilities:

A liability is classified as current when it satisfies any of the following criteria:

- It is expected to be settled in the Company's normal operating cycle;
- It is held primarily for the purpose of being traded;
- It is due to be settled within twelve months after the reporting date; or
- The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current assets/ liabilities include the current portion of noncurrent assets/ liabilities respectively. All other assets/ liabilities are classified as noncurrent. Deferred tax assets and liabilities are always disclosed as non-current.

2.8 FOREIGN CURRENCY TRANSACTION AND TRANSLATION:

a. Functional & Presentation Currency:

Items included in the consolidated financial statements of the group's subsidiaries are measured using the currency of the primary economic entity in which the entity operates (functional currency). the functional currency of Zen Technologies Limited, Zen Medical Technologies Pvt Ltd & Unistring Tech Solutions Pvt Ltd is the Indian rupee. The functional currency of Zen Technologies USA Inc. is its local currency i.e US Dollar. The consolidated financial statements are presented in Indian rupees (Rounded off to ₹ In lakhs).

b. Foreign Currency Transactions:

Transactions in foreign currencies are translated to the respective functional currencies 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.

c. Group Entities:

The functional currency of a foreign subsidiary is same as of the functional currency of Holding company. The results and financial position of the foreign subsidiary are translated as follows:

- Assets & Liabilities at each balance sheet date presented are translated at the closing exchange rate at the date of balance sheet.
- Each item of Statement of Profit or loss i.e., income and expenses are translated at average monthly exchange rates and
- All resulting exchange differences arising on such translation are recognised in Other Comprehensive Income.

On disposal of a foreign Operation, the associated exchange differences are reclassified to the statement of profit or loss as a part of gain or loss on disposal

2.9 PROPERTY, PLANT & EQUIPMENT:

Recognition & Measurement

Property, Plant and Equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment loss, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset i.e., freight, duties and taxes applicable and other expenses related to acquisition and installation. The cost of self-constructed assets includes the cost of materials and other costs directly attributable to bringing the asset to a working condition for its intended use. Borrowing costs that are directly attributable to the construction or production of a qualifying asset are capitalized as part of the cost of that asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses upon disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized net within in the statement of profit and loss.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part will be derecognized. The costs of repairs and maintenance are recognized in the statement of profit and loss as incurred.

Items of property, plant and equipment acquired through exchange of non-monetary assets are measured at fair value, unless the exchange transaction lacks commercial substance or the fair value of either the asset received or asset given up is not reliably measurable, in which case the asset exchanged is recorded at the carrying amount of the asset given up.

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.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted prospectively, if appropriate.

The estimated useful lives are as follows:

Type of Asset	Estimated useful life in years
Buildings	
i) Factory Buildings	30
ii) Other Buildings	60
iii) Lease Buildings	6
Plant & Machinery	15
Office Equipment	5
Furniture & Fixtures	10
Testing Equipment	10
Vehicles	10
Computers	3

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 cost of property, plant and equipment not ready to use before such date are disclosed under capital work-in-progress. Assets not ready for use are not depreciated.

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.

2.10 INTANGIBLE ASSET:

Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. The Intangible assets that are acquired by the Company and that have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

Amortization

Amortization is recognized in the statement of profit and loss on a straight-line basis over the estimated useful lives of intangible assets or on any other basis that reflects the pattern in which the asset's future economic benefits are expected to be consumed by the entity. Intangible assets that are not available for use are amortized from the date they are available for use. The estimated useful lives are as follows:

Type of Asset	Estimated useful life in years
Intangible Assets	
Computer Software	3

The amortization period and the amortization method for intangible assets with a finite useful life are reviewed at each reporting date.

2.11 FINANCIAL INSTRUMENTS:

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

a. Financial assets

INITIAL RECOGNITION AND MEASUREMENT

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit

or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

SUBSEQUENT MEASUREMENT

Debt instrument at FVTPL

Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss. The Company has not designated any debt instrument as at FVTPL.

INVESTMENT IN EQUITY INSTRUMENTS

All equity investments in scope of Ind AS 109 are measured at Fair Value. Equity instruments which are held for trading and contingent consideration recognized by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to the statement of profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

Investments in subsidiaries and associates are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries and associates, the difference between net disposal proceeds and the carrying amounts are recognized in the statement of profit and loss.

DERECOGNITION

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company's balance sheet) when:

- a. The rights to receive cash flows from the asset have expired, or
- b. The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards

of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

IMPAIRMENT OF TRADE RECEIVABLES

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18. Expected credit loss model takes into consideration the present value of all the cash shortfalls over the expected life of a financial instrument. In simple terms, it is weighted average of credit losses with the respective risks of default occurring as weights. The credit loss is the difference between all contractual cash flows that are due to an- entity as per the contract and all the contractual cash flows that the entity expects to receive, discounted to the effective interest rate. The Standard presumes that entities would suffer credit loss even if the entity expects to be paid in full but later than when contractually due. In other words, it simply focuses on DELAYS in collection of receivables.

For the purpose of identifying the days of delay, the Company took into consideration the weighted average number of delays taking into consideration the date of billing, the credit period and the collection days.

b. Financial liabilities

INITIAL RECOGNITION AND MEASUREMENT

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value i.e., loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized 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, financial guarantee contracts.

SUBSEQUENT MEASUREMENT

The measurement of financial liabilities depends on their classification, as described below:

LOANS AND BORROWINGS

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR (Effective Interest Rate) method. Gains and losses are recognized in the statement of profit and loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized 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 amortization is included as finance costs in the statement of profit and loss.

FAIR VALUE MEASUREMENT

The Company classifies the fair value of its financial instruments in the following hierarchy, based on the inputs used in their valuation:

i) Level 1: The fair value of financial instruments quoted in active markets is based on their quoted closing price at the balance sheet date.

ii) Level 2: The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques using observable market data. Such valuation techniques include discounted cash flows, standard valuation models based on market parameters for interest rates, yield curves or foreign exchange rates, dealer quotes for similar instruments and use of comparable arm's length transactions.

iii) Level 3: The fair value of financial instruments that are measured on the basis of entity specific valuations using inputs that are not based on observable market data (unobservable inputs).

2.12 GOVERNMENT GRANTS:

Recognition & Measurement

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.

2.13 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.

2.14 IMPAIRMENT OF NON FINANCIAL ASSETS:

The carrying amounts of 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 goodwill and intangible assets that have indefinite lives or that are not yet available for use, an impairment test is performed each year at March 31.

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are 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 asset or the cash-generating unit. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognized in the statement of profit and loss if the estimated recoverable amount of an asset or its cash-generating unit is lower than its carrying amount. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications 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. An impairment loss is reversed 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 amortization, if no impairment loss had been recognized.

2.15 CASH & CASH EQUIVALENTS:

Cash and bank balances comprise of cash balance in hand, balance in current accounts with banks, demand deposit, short-term deposits, Margin Money deposits and unclaimed dividend accounts. For this purpose, "short-term" means investments having maturity of three months or less from the date of investment. Bank overdrafts 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. The Margin money deposits and unclaimed dividend balances shall be disclosed as restricted cash balances.

2.16 EMPLOYEE BENEFITS:

a. Short term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

b. Defined Contribution Plan

The Company's contributions to defined contribution plans are charged to the statement of profit and loss as and when the services are received from the employees.

c. Defined Benefit Plans

The liability in respect of defined benefit plans and other post-employment benefits is calculated using the projected unit credit method consistent with the advice of qualified actuaries. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates based on prevailing market yields of Indian Government Bonds and that have terms to maturity approximating to the terms of the related defined benefit obligation. The current service cost of the defined benefit plan, recognized in the statement of profit and loss in employee benefit expense, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements. Past service costs are recognized immediately in income. 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. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

d. 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.

e. 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.

2.17 PROVISIONS, CONTINGENT ASSETS & CONTINGENT LIABILITIES:

A provision is recognized 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. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liabilities

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no such disclosure is made.

Contingent assets

Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

2.18 REVENUE RECOGNITION:

Sale of Goods and Service Income:

Revenue from goods and services is recognized, when the company satisfies a performance obligation by transferring a promised good or service to its customers. The company considers the terms of the contract and its customary business practices to determine the transaction price. Performance obligations are satisfied at the point of time when the customer obtains controls of the asset.

Revenue is measured based on transaction price, which is the fair value of the consideration received or receivable, stated net of discounts, returns and Goods & services Tax. Transaction price is recognised based on the price specified in the contract, net of the estimated sales incentives/ discounts. Accumulated experience is used to estimate and provide for the discounts/ right of return, using the expected value method.

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.

Contract Liability:

If a customer pays consideration, or an entity has a right to an amount of consideration that is unconditional (ie 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). A contract liability is an entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or an amount of consideration is due) from the customer.

Other Income

INTEREST INCOME

Interest Income mainly comprises of interest on Margin money deposit relating to bank guarantee and Deposits against Bank Overdraft with banks. 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.

Export Benefits

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.

2.19 BORROWING COST:

Borrowing costs consist of interest, ancillary and other costs that the Company incurs in connection with the borrowing of funds and interest relating to other financial liabilities. Borrowing costs also include exchange differences to the extent regarded as an adjustment to the borrowing costs. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed to Profit & Loss statement in the period in which they occur.

2.20 RESEARCH AND DEVELOPMENT COSTS (PRODUCT DEVELOPMENT)

Research and Development expenditure is recognized as an expense when it is incurred. 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

2.21 TAX EXPENSE:

Tax Expense comprises of Income Tax, Deferred Tax and MAT credit

Income Tax

Income tax expense is recognized in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred Tax

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax base i.e., the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred Tax Asset is also provided on MAT tax paid during the Previous years which can be set off against future tax liability.

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.

2.22 DIVIDEND DECLARED:

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

2.23 EARNINGS PER SHARE:

The Company presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic earnings per share is computed by dividing the net profit attributable to shareholders by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the net profit attributable to shareholders 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. Options and warrants are dilutive when they would result in the issue of ordinary shares for less than the average market price of ordinary shares during the period. The amount of the dilution is the average market price of ordinary shares during the period minus the issue price.

2.24 DETERMINATION OF FAIR VALUE:

The Company's accounting policies and disclosures require the determination of fair value, for certain financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability. 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.

(i) Property, plant and equipment

Property, plant and equipment, if acquired in a business combination or through an exchange of non-monetary assets, is measured at fair value on the acquisition date. For this purpose, fair value is based on appraised market values and replacement cost.

(ii) Intangible assets

The fair value of brands, technology related intangibles, and patents and trademarks acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of these brands, technology related intangibles, patents or trademarks being owned (the "relief of royalty method"). The fair value of customer related, product related and other intangibles acquired in a business combination has been determined using the multi-period excess earnings method after deduction of a fair return on other assets that are part of creating the related cash flows.

(iii) Inventories

The fair value of inventories acquired in a business combination is determined based on its estimated selling price in the ordinary

course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

(iv) Investments in equity and debt securities and units of mutual funds

The fair value of marketable equity and debt securities is determined by reference to their quoted market price at the reporting date. For debt securities where quoted market prices are not available, fair value is determined using pricing techniques such as discounted cash flow analysis.

In respect of investments in mutual funds, the fair values represent net asset value as stated by the issuers of these mutual fund units in the published statements. Net asset values represent the price at which the issuer will issue further units in the mutual fund and the price at which issuers will redeem such units from the investors.

Accordingly, such net asset values are analogous to fair market value with respect to these investments, as transactions of these mutual funds are carried out at such prices between investors and the issuers of these units of mutual funds.

2.25 LEASES

As per IND AS 116 For the purpose, a lease is defined as a contract, or part of a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes right of use assets under lease arrangements in which it is the lessee. Rights to use assets owned by third parties under lease agreements are capitalized at the inception of the lease and recognised on these financial statements. The corresponding liability to the lessor is recognised as a lease obligation within short and long-term borrowings. The carrying amount is subsequently increased to reflect interest on the lease liability and reduced by lease payments made. For calculating the discounted lease liability on leases, the incremental borrowing rate is used. The incremental borrowing rate is calculated at the rate of interest at which the company would have been able to borrow for a similar term and with a similar security the funds necessary to obtain a similar asset in a similar market. Finance costs are charged to the income statement so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

If modifications or reassessments occur, the lease liability and right of use asset are re-measured. Right of use assets are depreciated over the shorter of the useful life of the asset or the lease term.

The company has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months and low value assets. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2.26 KEY ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS.

The threats posed by the coronavirus outbreak are multifold. In many countries, businesses have been forced to cease or limit their operations for long or indefinite periods of time. Even in India the outbreak has been declared epidemic and on March 24, 2020, the Government of India ordered a nationwide

lockdown, limiting movement of the population of India as a preventive measure against the COVID-19 pandemic. As a result, most businesses throughout the world are dealing with lost revenue and disrupted supply chains. The disruption to global supply chains due to factory shutdowns has already exposed the vulnerabilities of many organizations.

However, as the Company operates in an industry that is considered essential in India and other countries, its operations were continuing during lockdown by ensuring appropriate safety measures.

The Company considered the uncertainty relating to the COVID-19 pandemic in assessing the recoverability of receivables, goodwill, intangible assets, investments and other assets. For this purpose, the Company considered internal and external sources of information up to the date of approval of these financial statements. The Company has also used the principles of prudence in applying judgements, estimates and assumptions including sensitivity analysis. Based on its current estimates, the Company expects to fully recover the carrying amount of receivables, goodwill, intangible assets, investments and other assets.

As the outbreak continues to evolve, the Company will continue to closely monitor any material changes to future economic conditions.

The preparation of the Financial Statements required the Management to exercise judgements and to make estimates and assumptions. The Management has considered the possible effects, if any, that may result from the pandemic relating to COVID-19 on the carrying amounts of its assets. In developing the assumptions and estimates relating to the uncertainties as at the Balance Sheet date in relation to the recoverable amounts of these assets, the Management has considered the global economic conditions prevailing as at the date of approval of these financial statements and has used internal and external sources of information to the extent determined by it. The actual outcome of these assumptions and estimates may vary in future due to the impact of the pandemic

i. Depreciation and amortisation

Depreciation and amortisation are based on management estimates of the future useful lives of the property, plant and equipment and intangible assets. Estimates may change due to technological developments, competition, changes in market conditions and other factors and may result in changes in the estimated useful life and in the depreciation and amortisation charges.

ii. Employee Benefits

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using various assumptions. The assumptions used in determining the net cost/(income) includes the discount rate, wage escalation and employee attrition. Any changes in these assumptions will impact the carrying amount of obligations. The discount rate is based on the prevailing market yields of Indian Government securities as at the Balance Sheet date for the estimated term of the obligations.

iii. Inventories

The method of valuation of Inventories has been stated in Note No. 2.13 of Significant Accounting Policies. The Company has considered the possible impact relating to COVID-19 while

determining the net realisable value of inventory. Based on the available internal and external information as determined by the Management, the Company does not expect the carrying values of such inventories to be significantly impacted.

iv. Trade Receivables

The credit worthiness of Trade Receivables and the credit terms set are determined on a case to case basis and the Management has factored in the uncertainties arising out of COVID-19,

as applicable. Based on the available internal and external information as determined by the Management, the Company does not expect the carrying values of such Trade Receivables to be significantly impacted.

The fair values of Trade Receivables are not considered to be significantly different from their carrying values, given their generally short period to maturity, with impairment reviews considered on an individual basis rather than when these become overdue.

NOTE NO.3 PROPERTY, PLANT & EQUIPMENT

(₹ in Lakhs)

	Property, Plant and equipment										Intangible Assets				
	Land	Building	Computers	Plant & Machinery	Office Equipment	Testing Equipment	Demo Equipment	Laboratory Equipment	Furniture & Fixtures	Vehicles	Total	Computer Software	Goodwill	Other Intangible Assets	Total
Gross Block															
As at 01 April 2020	748.19	5,465.69	454.37	341.52	548.42	76.51	441.40	-	598.66	357.35	9,032.11	1,033.90	115.80	696.02	1,845.72
Additions	-	99.90	34.75	-	26.43	-	-	8.84	13.21	4.14	187.27	11.13	-	-	11.13
Deduction/Retirement during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2021	748.19	5,565.59	489.13	341.52	574.85	76.51	441.40	8.84	611.87	361.49	9,219.39	1,045.03	115.80	696.02	1,856.85
Accumulated Depreciation/Amortization															
Balance as at 01 April 2020	3.01	929.91	392.94	187.76	410.75	57.48	148.22	-	212.04	191.15	2,533.26	1,027.40	-	62.55	1,089.95
For the Year	3.01	126.16	46.65	17.99	52.43	5.85	88.28	0.32	52.65	27.78	421.11	4.85	-	69.60	74.45
Deductions/Adjustments during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2021	6.01	1,056.07	439.59	205.75	463.18	63.33	236.50	0.32	264.68	218.93	2,954.38	1,032.25	-	132.15	1,164.40
Net Carrying Amount															
Balance as at 01 April 2020	745.19	4,535.78	61.43	153.76	137.67	19.03	293.17	-	386.61	166.19	6,498.84	6.50	115.80	633.47	755.77
Balance as at 31 March 2021	742.18	4,509.52	49.54	135.77	111.67	13.18	204.89	8.52	347.19	142.56	6,265.01	12.78	115.80	563.87	692.45

NOTE NO.4 INVESTMENTS (NON CURRENT)

(₹ in Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Unquoted investments:		
Investment in Others:		
Paladin Paradigm Knowledge Solutions INC., 17,500 Equity shares	224.22	224.22
2,139 Class Seed Preferred shares		
	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.

NOTE NO.5 OTHER FINANCIAL ASSETS (UNSECURED, CONSIDERED GOOD)

(₹ in Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Security deposits	34.11	87.78
Deposits with government, public bodies and others	16.09	16.91
	50.20	104.69

NOTE NO.6 DEFERRED TAX ASSET / (LIABILITY)

(₹ in Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Deferred Tax Asset		
Deferred Tax Asset on MAT credit entitlement	2,537.78	2,544.21
Deferred Tax Asset on Gratuity	67.47	45.65
Deferred Tax Asset on Leases	0.11	0.05
Deferred Tax Liability		
Accelerated depreciation for tax purposes	(548.57)	(553.59)
	2,056.79	2,036.32

NOTE NO.7 OTHER NON CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Prepaid expenses-	32.07	22.40
Capital Advances	-	61.59
Loans and Advances to Employees	16.56	12.10
Income Tax refund	21.03	45.07
	69.66	141.16

NOTE NO.8 INVENTORIES

(₹ in Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Raw material	667.32	744.33
Work in progress	196.74	239.13
Stock-in-trade	552.68	369.05
Inventory Others	51.84	51.84
	1,468.58	1,404.35

Inventories are valued at cost or net realisable value whichever is lower

NOTE NO.9 TRADE RECEIVABLES

(₹ in Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Unsecured, considered good		
Trade Receivables	1,860.45	4,650.94
Receivables from related parties	-	-
Less: Allowances for credit losses	-	-
	1,860.45	4,650.94

Note:

- 1) Trade Receivables do not include any amount due and recoverable from directors or other officers of the company, or companies under the same management.
- 2) Trade receivables are non interest bearing

NOTE NO.10 CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Cash on hand	11.78	17.99
Balances with banks:		
- In current accounts	1,382.62	1,101.67
- In Fixed Deposits with original maturity Less than 3 months	760.00	560.00
	2,154.40	1,679.66

Cash and Cash equivalents include the following for Cash flow purpose

(₹ in Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Cash and Cash Equivalents/Bank Balances	2,154.40	1,679.66
Less: OD/CC accounts forming part of Cash & Cash equivalents	61.52	(98.52)
	2,092.88	1,581.14

NOTE NO.11 OTHER BANK BALANCES

(₹ in Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Balances with banks for unclaimed dividend	8.42	6.62
- Fixed Deposits with original maturity More than 3 months & Less than 12 months	47.86	-
- Deposits against BG's	1,705.34	593.81
- Other Fixed Deposits	112.24	148.64
Interest accrued but not due on deposits	98.02	78.90
	1,971.88	827.97

Note: All fixed deposits were kept with Scheduled banks only

NOTE NO.12 OTHER FINANCIAL ASSETS (CURRENT)

(₹ in Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
To Others - Unsecured, Considered good		
Accrued Income but not due	824.04	547.43
Current Investments at amortised cost	4,213.04	1,150.00
	5,037.08	1,697.43

NOTE NO.13 OTHER CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
To Others- Unsecured, considered good		
Prepaid Expenses	81.40	104.81
Balance with Statutory Authorities	218.36	1,091.56
Advance to material suppliers(Creditors)	181.36	155.16
Other Assets (Duty Scripts)	-	33.85
	481.12	1,385.38

NOTE NO.14 SHARE CAPITAL

(₹ in Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Authorised Capital		
20,00,00,000 Equity shares of ₹ .1/- each	2,000.00	2,000.00
	2,000.00	2,000.00
Issued, subscribed and fully paid-up capital		
7,95,10,000 (7,71,60,060) Equity shares of ₹ .1/- each	795.10	771.60
	795.10	771.60

a) Reconciliation of the shares and amount outstanding at the beginning and at the end of the reporting period

(₹ in Lakhs)

Particulars	As at 31 March 2021		As at 31 March 2020	
	No of Shares	Amount	No of Shares	Amount
At the beginning of the Year	7,71,60,060	771.60	7,71,60,060	771.60
Add/(Less): Changes During the year	23,49,940	23.50	-	-
Outstanding at the end of the year	7,95,10,000	795.10	7,71,60,060	771.60

b) The company has only one class of equity shares with voting rights having par value of ₹ .1/- each. The rights, preferences and restrictions attached to such equity shares is in accordance with the terms of issue of equity shares under the Companies Act, 2013, the Articles of Association of the Company and relevant provisions of the listing agreement.

c) The details of shareholders holding more than 5 % shares in the Company

(₹ in Lakhs)

Name of the share holder	As at 31 March 2021		As at 31 March 2020	
	No of Shares	%	No of Shares	%
Ashok Atluri	2,13,11,220	26.80	2,02,11,250	26.19
Kishore Dutt Atluri	1,86,56,220	23.46	1,75,56,250	22.75

NOTE NO.15 STATEMENT OF OTHER EQUITY

(₹ in Lakhs)

Particulars	Note No.	As at 31 March 2021	As at 31 March 2020
Securities premium reserve	15.1	2,654.31	891.85
Capital redemption reserve	15.2	117.24	117.24
General reserve	15.3	3,525.01	3,525.01
Retained earnings	15.4	13,302.82	13,313.08
Share Warrants	15.5	-	446.49
Other Comprehensive Income	15.6	45.89	52.21
Attributable to owners of parent		19,645.27	18,345.88
Non controlling Interest	15.7	625.36	659.13
		20,270.63	19,005.01

NOTE NO.15.1 SECURITIES PREMIUM RESERVE

(₹ in Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Opening balance	891.85	891.85
Add: Additions during the year	1,762.46	-
less: Utilised for issue expenses	-	-
	2,654.31	891.85

Amount received on issue of shares in excess of the par value has been classified as security share premium. This reserve will be utilised in accordance with provisions of Section 52 of the Companies Act, 2013.

NOTE NO.15.2 CAPITAL REDEMPTION RESERVE

(₹ in Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Opening balance	117.24	117.24
Add: Additions during the year	-	-
	117.24	117.24

Capital Redemption Reserve represents amount transferred from profit and loss account on buy back of Equity shares during the FY 13-14.

NOTE NO.15.3 GENERAL RESERVE

(₹ in Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
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.

NOTE NO.15.4 RETAINED EARNINGS

(₹ in Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Opening balance	13,313.08	7,715.28
Add: Net profit for the year	311.14	5,876.87
	(A) 13,624.22	13,592.15
Less: Allocations/ Appropriations		
Transfer to General reserve		
Dividend distributed to equity shareholders	318.04	231.48
Dividend distribution tax on dividend	-	47.59
Adjustment of Unistring Tech Solutions Pvt Ltd	3.36	-
	(B) 321.40	279.07
	(A-B) 13,302.82	13,313.08

Retained earnings are the profits that the company has earned till date, less any transfers to general reserve, dividends or other distributions to shareholders.

NOTE NO.15.5 SHARE WARRANTS

(₹ in Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Opening balance	446.49	446.49
Add: Additions during the year	1,339.46	
	1,785.95	
Less: Allotment of equity Shares pursuant to conversion of Share Warrants	1,785.95	
	-	446.49

During the FY 2018-19, the company has issued share warrants and 25% of the subscription amount was received at the time of issue of share warrants. In FY 2020-21, the balance amount has been received and the share warrants has been duly converted into equity shares.

NOTE NO.15.6 OTHER COMPREHENSIVE INCOME

(₹ in Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Actuarial Gain or Loss:		
Opening balance	43.49	41.58
Add: Additions during the year	9.51	1.91
Closing Balance	53.00	43.49
Foreign Currency Translation Reserve:		
Opening balance	8.72	1.78
Add: Additions during the year	(15.83)	6.94
Closing Balance	(7.11)	8.72
	45.89	52.21

NOTE NO.15.7 NON CONTROLLING INTEREST

(₹ in Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Opening balance	659.13	-
Retained earnings of NCI at acquisition date	-	672.61
Add: Net profit attributable to NCI	(33.77)	(13.48)
	625.36	659.13

NOTE NO.16 LONG TERM BORROWINGS

(₹ in Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Secured		
- Vehicle loan	11.26	18.78
Unsecured		
- Related party loan	108.40	118.42
	119.66	137.20

NOTE NO.17 OTHER FINANCIAL LIABILITY (NON CURRENT)

(₹ in Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Lease Liability	8.59	7.01
	8.59	7.01

NOTE NO.18 LONG TERM PROVISIONS

(₹ in Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
- Provision for gratuity (Ref Note)	166.03	156.77
	166.03	156.77

Defined Benefit plan – Gratuity

In accordance with applicable laws, the Company has a defined benefit plan which provides for gratuity payments (the “Gratuity Plan”) and covers certain categories of employees in India. The Gratuity Plan provides a lump sum gratuity payment to eligible employees at retirement or termination of their employment. The amount of the payment is based on the respective employee’s last drawn salary and the years of employment with the Company. Liabilities in respect of the Gratuity Plan are determined by an actuarial valuation, based upon which the Company makes contributions to the Life Insurance Corporation of India (LIC).

(₹ in Lakhs)

Sr. No.	Particulars	As at 31 March 2021	As at 31 March 2020
I	Changes in present value of obligations		
	PVO at beginning of the period	252.00	257.77
	Interest Cost	15.26	17.15
	Current Service Cost	28.14	30.48
	Past Service Cost - (Vested Benefits)		-
	Benefits paid	(13.46)	(67.17)
	Benefits paid directly by the company		-
	Actuarial (Gain)/Loss on obligation	(11.55)	13.78
	PVO at end of the period	270.39	252.01
II	Changes in Fair value of Plan Assets		
	Fair value of plan assets beginning of the period	95.23	117.17
	Adjustment to Opening Fair value plan of asset	-	-
	Return on Plan assets excluding Interest Income	1.63	16.48
	Interest Income	5.97	8.06
	Contribution by Employer	14.99	20.70
	Contribution by Employee	-	-
	Benefits Paid	(13.46)	(67.17)
	Fair Value of plan Assets at end of the period	104.36	95.23
III	Net Status of Plan	(166.03)	(156.77)
IV	Net Amount Recognised	(166.03)	(156.77)
V	Actual return on plan assets	7.60	24.53
	Less Interest income included above	5.97	8.06
	Return on plan assets excluding interest income	1.63	16.48
VI	Expenses recognised in the Statement of Profit and Loss Account		
	Current service cost	28.14	30.48
	Interest cost	9.29	9.09
	Current Year Adjustments	11.75	14.22
	Expense recognized in the statement of Profit and loss Account	49.18	53.79
VII	Other Comprehensive Income (OCI)		
	Actuarial (Gain)/Loss recognized for the period	(11.55)	13.78
	Return on Plan Assets excluding net interest	(1.63)	(16.48)
	Total Actuarial (Gain)/Loss recognized in (OCI)	(13.18)	(2.70)

VIII The principal assumptions used in determining Gratuity Group plan are shown below

Description of Risk Exposures

Valuations are performed on certain basic set of predetermined assumptions and other regulatory framework which may vary over time. Thus, the Company is exposed to various risks in providing the above gratuity benefit which are as follows:

Interest Rate risk: The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability.

Salary Escalation Risk: The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan’s liability.

'Demographic Risk: The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company 'is exposed to the risk of actual experience compared to the assumption.

'Regulatory Risk: Gratuity benefit is paid in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended 'from time to time). There is a risk of change in regulations requiring higher gratuity payouts (e.g. if Increase in the maximum limit on 'gratuity of ₹ 20 lacs).

'Discount Rate: The discount rate has decreased from 7.32% to 6.51% and hence there is a increase in liability leading to actuarial loss due 'to change in discount rate.

'Description of Plan Assets and Reimbursement Conditions: 100% of the Plan Asset is entrusted to LIC of India under their Group Gratuity Scheme. The reimbursement is subject to LIC's Surrender Policy.

Assumption as at

Particulars	As at 31 March 2021	As at 31 March 2020
Mortality	IALM (2012-14)Ult	IALM (2012-14)Ult
Discount Rate	6.44%	6.51%
Rate of Increase in compensation	6.00%	6.00%
Expected Average remaining service	6.53	6.62
Employee Attrition Rate (Past Service (PS))	PS: 0 to 42: 12%	PS: 0 to 42: 12%

Sensitivity Analysis

Particulars	Discount Rate (DR)		Salary Escalation Rate (ER)	
	PVO DR+1%	PVO DR-1%	PVO ER+1%	PVO ER-1%
PVO	257.22	285.18	282.49	259.17

Expected Payouts

Year	(₹ in Lakhs)					
	First	Second	Third	Fourth	Fifth	Six-Ten
Payouts	57.95	43.35	25.83	24.92	22.10	96.22

Asset Liability Comparisons

Year	(₹ in Lakhs)				
	31.03.2017	31.03.2018	31.03.2019	31.03.2020	31.03.2021
PVO at end of period	262.52	258.47	257.77	252.00	270.39
Plan Assets	130.63	128.53	117.17	95.23	104.36
Surplus/(Deficit)	(131.89)	(129.94)	(140.60)	(156.77)	(166.03)
Experience Adjustments	1.03	1.75	0.06	16.48	1.63

NOTE NO.19 DEFERRED TAX LIABILITY

Particulars	(₹ in Lakhs)	
	As at 31 March 2021	As at 31 March 2020
On account of Depreciation	0.09	-
	0.09	-

NOTE NO.20 SHORT TERM BORROWINGS

Particulars	(₹ in Lakhs)	
	As at 31 March 2021	As at 31 March 2020
Bank Over Draft part of Cash & Cash Equivalents (Ref: Note)	61.52	98.52
HDFC Loan	-	7.75
American Express credit card	(0.91)	2.21
	60.61	108.48

Overdrafts

(₹ in Lakhs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Indian Bank Current Account	12.32	2.86
Indian Bank CC Account (11.30%)	-	20.21
HDFC CC account 9.0% (PY 9.5%) *	53.49	39.09
City Union Bank OD account 12% (PY 12%) **	(4.29)	36.36
Total Over Drafts	61.52	98.52

Details of Security:

** The working capital facilities (15 Crs) from HDFC are secured against hypothecation of Stocks, Receivables and other current assets and equitable mortgage of immovable properties and other fixed assets. The above OCC is secured inter - alia by suitable charge on 04 flats located in Common wealth games village- New Delhi, 11 and 12 buildings of signature towers - Hyderabad properties which are offered as collateral securities.

** The Working capital facilities (0.75 Cr) from City Union Bank are secured against hypothecation of RCC Building comprising of GF only bearing Municipal No.35-6-2 (G.P.No.6-2) (Constructed in Sy No.70 of (V) Gopalpur) located at Gopalpur, Hanamakonda, Warrangal to an extent of 216.33 sq.yds Warangal, Telangana India.

All that residential house new door no. 21-93, old no. 18-115, at Survey no. 24/9, Muppavarapu Vari Street, Bhagath Singh Nagar, Main Road, Yanamalakuduru, Vijayawada, Krishna District, admeasuring 194.37Sq. Yard, Vijayawada, Krishna District, Andhra Pradesh, India.

NOTE NO.21 TRADE PAYABLES

(₹ in Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Trade payables		
- Dues to Micro and Small Enterprises	13.90	2.41
- Trade Payables Others	305.60	451.65
	319.50	454.06

Trade payable are non interest bearing and normally settled in 30 - 45 days

(i) The amount remaining unpaid as at 31 March 2021 in respect of enterprises covered under the "Micro, Small and Medium Enterprises Development Act, 2006" (MSMED) is ₹ 13.90 Lakhs (31 March 2020: ₹ 2.41 lakhs).

(ii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act is ₹ Nil (31 March 2020 : ₹ Nil).

NOTE NO.22 OTHER FINANCIAL LIABILITIES (CURRENT)

(₹ in Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Current maturities of long-term debts (Ref. note.)	7.52	6.88
Unclaimed dividends	8.42	6.62
Provision for expenses	89.68	20.43
	105.62	33.93

Note: Current maturities of long term debts includes Vehicle Loan payable within one year.

NOTE NO.23 OTHER CURRENT LIABILITIES

(₹ in Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Income billed but not due	70.48	61.23
Salaries and benefits	132.63	11.32
Bonus and incentives	84.12	68.72
Taxes payable	44.12	206.74
Advance from customers	112.36	115.90
Other payables	39.41	167.80
	483.12	631.71

NOTE NO.24 SHORT TERM PROVISIONS

(₹ in Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Provision for Income Tax	2.89	100.95
	2.89	100.95

NOTE NO.25 REVENUE FROM OPERATIONS

(₹ in Lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
a) Sale of Products	3,568.78	12,983.06
b) Sale of Product Services	1,895.18	1,945.52
	5,463.96	14,928.58

NOTE NO.26 OTHER INCOME

(₹ in Lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Interest income	254.05	89.25
Net gain/(loss) on foreign currency exchange fluctuation	16.69	51.10
Profit/(Loss) on Sale of Assets	-	(11.25)
Deferred Income (Grant)-Benefit	-	10.81
Miscellaneous income	31.44	52.77
	302.18	192.68

NOTE NO.27 COST OF MATERIALS AND COMPONENTS CONSUMED

(₹ in Lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Opening stock of raw materials	744.33	1,827.64
Add : Purchases	944.63	1,553.69
	1,688.96	3,381.33
Less : Closing stock	667.32	744.33
	1,021.64	2,637.00

NOTE NO.28 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE"

(₹ in Lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Opening work in progress	608.18	1,711.37
Opening traded goods	-	-
	608.18	1,711.37
Closing work in progress	196.74	239.13
Inventory-Demo Systems	-	369.05
Closing traded goods	552.69	-
	749.43	608.18
Net (increase) / decrease in stock	(141.25)	1,103.19

NOTE NO. 29 MANUFACTURING EXPENSES

(₹ in Lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Power and fuel	22.83	33.99
Spares and Stores	12.94	20.53
Material Handling Charges	13.37	29.27
Travel expenses - Production	0.75	4.39
System Installation & Maintenance	75.54	116.23
Factory Maintenance	121.42	297.18
Training Charges	0.24	0.95
Salaries -Production	75.76	79.16
	322.85	581.70

NOTE NO. 30 EMPLOYEE BENEFITS EXPENSE

(₹ in Lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Salaries, wages and bonus	1,503.54	1,758.84
Contribution to provident and other funds	52.91	56.11
Gratuity expense	49.18	53.79
Staff welfare expenses	38.11	85.85
Internship Expenses	10.53	9.13
	1,654.27	1,963.72

NOTE NO. 31 FINANCE COSTS

(₹ in Lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Bank Charges	26.68	16.35
BG Commission	66.93	44.60
Processing Charges	3.57	17.26
Interest on borrowings		
- interest on bank OD loans	6.82	170.20
- interest on TDB loan	-	7.20
- interest on Vehicle loan	1.83	3.15
- interest Others	3.06	7.76
- interest on Income Tax	0.26	68.46
	109.15	334.98

Depreciation & Amortisation

(₹ in Lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Depreciation and Amortization Expense	495.22	456.78
	495.22	456.78

NOTE NO. 32 OTHER EXPENSES

(₹ in Lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Selling & Distribution expenses		
Business Promotion	305.19	105.85
Exhibition expenses	5.29	137.87
Freight	17.42	73.98
Hotel Boarding & Lodging	-	0.20
	327.90	317.89

Travelling expenses

(₹ in Lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Travel expenses - General	24.47	-
Domestic Travel	175.44	273.79
Travel expenses - Others	2.37	14.47
Foreign Travel	22.08	122.49
Total Travel expenses	224.36	410.75

Administrative & General expenses

(₹ in Lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Advertisement	109.15	82.61
Books & periodicals	0.36	-
Conveyance	7.49	44.87
Donation CSR	48.65	16.30
Electricity Charges-General	35.56	41.90
Insurance	21.60	34.18
Membership & Subscription	0.08	1.54
Office Maintenance	117.24	123.31
Postage & Telephone	26.96	35.26
Printing & Stationary	7.62	15.67
Professional Charges	283.50	330.55
Rent on Machinery on R&D	2.75	-
Rates & Taxes	44.03	69.98
Rent	35.87	38.84
Security expenses	32.89	36.63
Vehicle Maintenance	16.24	23.92
Computer Maintenance	8.53	2.46
Spares & Stores-R&D	428.48	541.33
Other Expenses	81.41	196.85
Payment to auditors		
For Statutory Audit fee (Net of GST)	7.45	5.58
Total of Administrative & General expenses	1,315.87	1,641.78
Total of Other Expenses	1,868.13	2,370.42

NOTE NO.33 EARNINGS PER SHARE

(₹ in Lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Earnings		
Profit attributable to equity holders	311.14	5876.87
Shares		
Number of shares at the beginning of the year	771.60	771.60
Add: * Equity shares issued	23.50	-
Less: Buy back of equity shares		-
Total number of equity shares outstanding at the end of the year	795.10	771.60
Weighted average number of equity shares outstanding during the year – Basic	795.10	771.60
Add: Weighted average number of equity shares arising out of outstanding stock options (net of the stock options forfeited) that have dilutive effect on the EPS	-	
Weighted average number of equity shares outstanding during the year – Diluted	795.10	771.60
Earnings per share of par value ₹ 1/- – Basic (₹)	0.39	7.62
Earnings per share of par value ₹ 1/- – Diluted (₹)	0.39	7.62

*During the Financial Year 2020-21, the share warrants issued by the Company in FY 2018-19 have been converted into equity shares and the entire addition to equity share capital is due to that conversion.

NOTE NO. 34 RELATED PARTY DISCLOSURE

In accordance with the provisions of Ind AS 24 “Related Party Disclosures” and the Companies Act, 2013, Company’s Directors, members of the Company’s Management Council and Company Secretary are considered as Key Management Personnel. List of Key Management Personnel of the Company is as below:

- Mr. Ashok Atluri, Chairman, Managing Director & Chief Financial Officer
- Mr. Kishore Dutt Atluri, President
- Mr. M Ravi Kumar, Whole Time Director
- Ms. Shilpa Choudari, Whole Time Director (Appointed w.e.f Dt: 01st November 2020)
- Dr. Ravindra Kumar Tyagi, Independent Director
- Mrs. Sridevi Madati, Independent Director (Retired w.e.f dt: 28th May 2020)

- Mr. Venkata Samir Kumar Oruganti, Independent Director
- Mr. Amreek Singh Sandhu, Independent Director
- Ms. Sirisha Chintapalli, Independent Director (Appointed w.e.f dt: 08th August 2020)
- Dr. Ajay Kumar Singh, Independent Director
- Mr. Hansraj Singh Rajput, Company Secretary & Compliance Officer

Relatives of Key Managerial Persons having transactions with the Company:

- 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 (Appointed w.e.f dt: 01st November 2020)
- Veer Sammaan Foundation, Founder Trustee

The following is a summary of significant related party transactions:

(₹ in Lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
a) Key managerial personnel		
Remuneration & Commission		
Mr. Ashok Atluri	51.39	51.92
Mr. Ashok Atluri	17.12	132.21
Mr. Kishore Dutt Atluri	35.48	32.51

Mr. Kishore Dutt Atluri	30.62	126.43
Mr. M Ravi Kumar	52.94	49.68
Mr. M Ravi Kiran-CFO#	-	8.28
Mr. M Satish Choudhury-CS*	-	3.51
Ms. Shilpa Choudari	10.00	-
Mr. Hansraj Singh Rajput-CS**	12.74	9.56
b) Non-whole time Directors		
Sitting Fee		
Mrs. Sridevi Madati	-	2.50
Mr. O Venkata Samir Kumar	2.00	2.00
Mr. Amreek Singh Sandhu	2.00	2.50
Dr. Ravindra Kumar Tyagi***	2.00	2.50
Dr. Ajay kumar Singh ##	2.00	1.00
Ms. Sirisha Chintapalli	0.50	-
c) Relatives of Key Managerial Personnel		
Remuneration		
Mr. Arjun Dutt Atluri	11.78	9.28
Ms. Anisha Atluri@@	2.64	3.19
Rent		
Mrs. Rama Devi Atluri	6.65	6.37
Donation		
Veer Sammaan Foundation	48.65	16.31
Total	288.51	459.75

Note:

Ceased with effect from 31 December 2019.

* Ceased with effect from 09 July 2019.

**With effect from 03 August 2019.

*** With effect from 01 April 2019.

@@ Ceased with effect from 30 Sept 2019.

With effect from 09th November, 2019.

Other Related Parties (ORP)

Indigenous Defence Equipment Exporters Association

NOTE NO.35 EARNINGS/EXPENDITURE IN FOREIGN CURRENCY:

a) Expenditure in Foreign currency:

Particulars	(₹ in Lakhs)	
	Year ended 31 March 2021	Year ended 31 March 2020
Capital goods	-	1.03
Raw Materials and Components	187.71	86.42
Stores & Spares	2.91	27.55
Foreign Travel (Exclusive of tickets purchased)	23.07	85.09
Membership	0.05	0.34
Professional charges	17.11	21.41
Exhibition Expenses	-	21.52
Others	142.74	10.41
Total	373.59	253.77

b) Earnings in Foreign currency:

(₹ in Lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
FOB Value of Exports	1810.28	-
Total	1810.28	-

c) Value of Raw Material Consumed

(₹ in Lakhs)

Particulars	2020-21		2019-20	
	Amount	%	Amount	%
Indigenous raw materials and stores	831.02	81.34	2,523.03	95.68
Imported raw materials and stores	190.62	18.66	113.97	4.32

NOTE NO.36 SEGMENT REPORTING:

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. During the year under report, substantial part of the Group's business has been carried out in India. The conditions prevailing in India being uniform, no separate geographical disclosures are considered necessary. The Group's operations outside India also do not qualify as reportable segment as the operations are not material.

NOTE NO.37 EMPLOYEE BENEFITS:**Gratuity benefits**

In accordance with applicable laws, the Company has a defined benefit plan which provides for gratuity payments (the "Gratuity Plan") and covers certain categories of employees in India. The Gratuity Plan provides a lump sum gratuity payment to eligible employees at retirement or termination of their employment. The amount of the payment is based on the respective employee's last drawn salary and the years of employment with the Company. Liabilities in respect of the Gratuity Plan are determined by an actuarial valuation, based upon which the Company makes contributions to the Life Insurance Corporation of India (LIC).

NOTE NO.38 INCOME TAXES:**a. Income tax expense/ (benefit) recognized in the statement of profit and loss:**

Income tax expense/ (benefit) recognized in the statement of profit and loss consists of the following

(₹ in Lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Current taxes expense		
Domestic	186.17	1024.57
Deferred taxes expense/(benefit)		
Domestic	(27.41)	(1215.78)
Total income tax expense/(benefit) recognized in the statement of profit and loss	158.76	(191.21)

b. Reconciliation of Effective tax rate:

(₹ in Lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Profit before income taxes	436.13	5,672.18
Enacted tax rate in India	27.82%	29.12%
Computed expected tax expense/(benefit)	121.33	1651.73
Effect of:		
Expenses not deductible for Tax purposes	152.16	139.12
Expenses deductible for Tax purposes	124.07	1,110.70
Others	0.00	3.36
Set off of MAT credit	89.12	0.00
Income tax (benefit)/expense	60.30	744.89
Effective tax rate	13.83%	13.13%

The Company's average effective tax rate for the years ended 31 March 2021 and 2020 were 13.83% and 13.13% respectively.

c. Deferred tax assets & Liabilities:

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities and a description of the items that created these differences is given below:

(₹ in Lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Deferred tax assets/(liabilities):		
Property, plant and equipment	(548.66)	(553.60)
Carry Forward Losses	-	-
Deferred Tax Asset on Gratuity	67.47	45.65
Deferred Tax Asset on Leases	0.11	0.05
MAT credit entitlement	2537.78	2544.21
Net deferred tax assets/(liabilities)	2056.70	2036.32

NOTE NO.39 CONTRACT ASSET & CONTRACT LIABILITY:**Contract Asset:**

(₹ in Lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
a) Contract Assets	922.06	626.33
Total	922.06	626.33

Contract Liability:

(₹ in Lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
a) Contract Liability	112.36	115.90
Total	112.36	115.90

NOTE NO.40 FINANCIAL RISK MANAGEMENT:

The Company's activities expose it to a variety of financial risks, including credit risk, liquidity risk and Market risk. The Company's risk management assessment and policies and processes are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities. The Board of Directors, risk management committee and the Audit Committee is responsible for overseeing the Company's risk assessment and management policies and processes.

a. Market Risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, investments and financial instruments.

b. 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 exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

c. 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 operating activities (when revenue or expense is denominated in a foreign currency) and investments in foreign companies.

d. Credit Risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

e. Trade Receivables

Customer credit risk is managed subject to the Company's established policy, procedures and control relating to customer credit risk management. The Company major customers are Government, Government Bodies and Government Controlled Agencies. Delay in payment may occur on account of disbursement process. The company mitigates the above keeping regular follow up. Trade receivables are non-interest bearing and are generally on 30 days to 45 days credit term. Outstanding customer receivables are regularly monitored. Credit risk on receivables is also mitigated by securing the letter of credit and advance payment against the same.

(₹ in Lakhs)

Particulars	0-90	91-180	181-365	> 365 days	Total
Expected Credit Loss*	0%	0%	0%	0%	0%
On Supply	1077.09	130.32	0.00	311.82	1519.23
On Services	209.79	15.08	19.58	96.77	341.22
Total	1286.88	145.40	19.58	408.59	1860.45

*Note: There are no indicators for impairment in trade receivables during the FY 2020-21

f. Liquidity Risks:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation.

As of 31 March 2021 the Company have following unutilized credit limits.

(₹ in Lakhs)

Name of the Bank	Sanctioned Credit Limits	Unutilized credit Limits
HDFC OCC Account	1,500.00	1446.52
City Union Bank	75.00	75.00
Total	1575.00	1521.52

As of 31 March 2021, the Company had working capital (current assets less current liabilities) of ₹ 12,001.79 Lakhs including cash and cash equivalents of ₹ 2,154.40 Lakhs. As of 31 March 2020, the Company had working capital (current assets less current liabilities) of ₹ 10,316.60 Lakhs including cash and cash equivalents of ₹ 1,679.66 Lakhs

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2021:

(₹ in Lakhs)

Particulars	2021	2022	2023	Thereafter	Total
Trade payables	319.49	-	-	-	319.49
Long term borrowings	108.42	8.21	3.05	-	119.68
Bank overdraft, short-term loans and borrowings*	60.61	-	-	-	60.61
Other liabilities*	591.62	-	-	-	591.62

* Note: The bank overdraft and other liabilities are payable on demand.

g. Capital Management:

The Company's objective for capital management is to maximize shareholder wealth, safeguard business continuity and support the growth of the Company. The Company determines the capital management requirement based on annual operating plans and long term and other strategic investment plans. The funding requirement are met through equity, borrowings and operating cash flows required.

The company's Debt Equity ratio is as follows:

(₹ in Lakhs)

Particulars	2021	2020
Total Debt	1266.11	1630.11
Less: Cash and Cash equivalents	2154.40	1,679.66
Adjusted Net Debt (A)	(888.29)	(49.55)
Total Equity (B)	21065.72	19,776.61
Adjusted Net Debt to Adjusted Net Equity (A/B)	(0.04):1	(0.0025):1

NOTE NO.41 CONTINGENT LIABILITIES AND COMMITMENTS:

The following are the details of contingent liabilities and commitments:

(₹ in Lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Contingent Liabilities		
a) Claims against the company/ disputed liabilities not acknowledged as debts		
Central Excise (Refer note below)	749.43	749.43
b) Guarantees		
Bank Guarantees/Letter of Credits	2045.37	5090.08
Total	2794.80	5839.51

Note:

a. The above Excise Duty case pertains to demands raised by the Excise Department (exclusive of penalty on disputed excise duty of amount ₹ 76 lakhs) for subsequent periods on the issue mentioned below and the Commissioner confirmed the demand vide order number Hyd Excus- 002-Com-030-15-16 dated 27.11.2015 and the company has filed an appeal before CESTAT and is awaiting for hearing.

b. The above dispute was relating to inclusion of customized software in the valuation of simulators supplied by the company during the period from 01.04.2006 to 31.07.2011. The Commissioner confirmed the demand against the company and the company filed an appeal before CESTAT, Hyderabad and paid ₹ 56.21 lakhs and awaiting for hearing.

c. The company based on the discussions with solicitors & tax advisors believes that there is a fair chance of winning the case in its favour in the process and hence no provision has been made for the same.

NOTE NO.42 CORPORATE SOCIAL RESPONSIBILITY:

As per Section 135 of the Companies Act, 2013 ('Act'), a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. Since the company met the applicability criteria as set out in section 135(1) of Companies Act 2013 read with Companies (Corporate and Social Responsibility Policy) Rules, 2014 as amended for the FY 2020-21 had spent towards CSR an amount ₹ 48.65 Lakhs and there is no unspent amount for FY 20-21 as the company has discharged entire CSR obligation for the FY 20-21 in the same year itself. The company does not have unspent CSR amount for the preceding three financial years.

NOTE NO.43 RESEARCH & DEVELOPMENT EXPENDITURE:

(₹ in Lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Expenditure incurred on Research & Development:		
Salaries	586.18	637.38
Bonus & Gratuity	90.33	185.71
Electricity Charges	21.71	27.34
Travelling Expenses	7.62	14.81
Spares & Stores	433.19	542.59
Consultancy Charges	10.78	23.03
Depreciation	33.03	40.53
Interest on TDB loan	-	7.20
Training Charges	-	-
Rates & Taxes	-	0.01
Repairs & Maintenance	4.45	2.98
Total Research & Development Expenses	1187.28	1481.58

The following are the details of the assets related to R & D division.

(₹ in Lakhs)

Particulars	Gross block			Accumulated depreciation			Net block			
	As at 01 April, 2020 Balance	Additions	Sales/ Adjustments	As at 31 March 2021	As at 01 April, 2020 Balance	Additions	Sales/ Adjustments	As at 31 March 2021	As at 31 March 2021	As at 31 March 2020
Tangible Assets (A)										
Land	51.50	-	-	51.50	-	-	-	-	51.50	51.50
Building - Sanathnagar	481.88	-	-	481.88	72.61	8.09	-	80.70	401.18	409.27
Shed -B42	5.12	-	-	5.12	0.47	0.09	-	0.55	4.57	4.65
Computers	106.74	-	-	106.74	106.08	0.66	-	106.74	0.00	0.66
Plant and machinery	141.55	-	-	141.55	110.91	4.58	-	115.49	26.06	30.64
Office Equipment	84.74	-	-	84.74	71.03	4.80	-	75.83	8.91	13.70
Furniture & fixtures	148.51	-	-	148.51	62.32	11.01	-	73.32	75.19	86.20
Testing Equipment	55.79	-	-	55.79	48.53	3.80	-	52.33	3.45	7.25
Intangible (B)										
Software	306.01	-	-	306.01	306.01	-	-	306.01	-	-
Software (RKT)	601.81	-	-	601.81	601.80	0.01	-	601.81	0.00	0.01
Total (A+B)	1,983.65	-	-	1,983.65	1,379.76	33.03	-	1412.79	570.86	603.89

As per our report of even date

For **Ramasamy Koteswara Rao and CO LLP**
Chartered Accountants
FRN: 010396S/S200084

Murali Krishna Reddy Telluri
Partner
MNo: 223022
UDIN: 21223022AAAALU1602

Place: Hyderabad
Date: 01 May, 2021

For and on behalf of the Board

Ashok Atluri
Managing Director & CFO
DIN: 00056050

M. Ravi Kumar
Whole Time Director
DIN: 00089921

Hansraj Singh Rajput
Company Secretary
M.No.A38213

 **Zen Technologies Limited**

Registered Office:
B-42, Industrial Estate Sanathnagar
Hyderabad-500 018, Telangana, India
CIN: L72200TG1993PLC015939
www.zentechnologies.com