being there...

ZEN TECHNOLOGIES LIMITED
Certified ISO 9001:2015, ISO 27001:2013, ISO 14001:2015, CMMI ML5
Regd. Office : B-42, Industrial Estate, Sanathnagar
Hyderabad – 500 018, Telangana, India
Phone: +91 40 23813281, Fax No: +91 40 23813694
Email: info@zentechnologies.com Website: www.zen.in
Corporate Identity Number : L72200TG1993PLC015939

Date: 27 August 2020

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

Security Code: 533339

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

Symbol/Security ID: ZENTEC

Dear Sir/Madam,

Sub: 1. Intimation of Notice of 27th Annual General Meeting, e-Voting and Record Date
2. Annual Report for the Financial Year 2019-2020

In continuation to our letter dated August 26, 2020 and pursuant to Regulation 30 read with Para A of Part A of Schedule III and Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), please find enclosed herewith, the Annual Report of the Company for the Financial Year 2019-20, containing inter alia, the Notice of the **27th (Twenty Seventh) Annual General Meeting ("AGM")** of the Company scheduled to be held on **Saturday, September 19, 2020 at 10.00 a.m. (IST)** through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM").

The Annual Report of the Company for the Financial Year 2019-20 [comprising of, inter alia, Audited Standalone and Consolidated Financial Statements, Reports of the Board of Directors and the Statutory Auditors for the Financial Year ended March 31, 2020, Notice of the AGM], is also available on the website of the Company, viz., www.zentechnologies.com.

We further wish to inform that pursuant to Regulation 42 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the company has fixed **Friday, 11 September 2020, as the record date** for the purpose of determining entitlement of members to dividend for the financial year ended March 31, 2020 and also for the purposes of the AGM.

Dividend (if declared at the ensuing 27th AGM), will be paid to the Shareholders whose names appear in the Register of Members of the Company as on **Friday, 11 September 2020** and in respect of shares held in dematerialized form, it will be paid to Shareholders whose names are furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), as the beneficial owners as on that date.

ZEN TECHNOLOGIES LIMITED

The remote e-voting period commences on **Monday, 14 September 2020 (at 9.00 a.m. IST) and ends on Friday, 18 September 2020 (at 5.00 p.m. IST)**. During this period, the Shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date for the purpose of E-voting, i.e., **Friday, 11 September 2020,** may cast their votes by remote e-voting.

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

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

27th ANNUAL REPORT 2019-20

THE WAY IS IN THE TRAINING

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ZEN TECHNOLOGIES LIMITED

The Way is in the Training

Zen (zen) n. [[Jpn <Chin ch'an, ult. <Sans dhyāna, thinking, meditation]] a sect of Buddhism, seeks to attain an intuitive illumination of mind and spirit through meditation.

- From Webster's New World Dictionary

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Our training simulators project situations realistically. The combat situations are patterned in such a way that the trainee benefits immensely. It is said that the best training is actual combat experience in a battlefield. Zen simulators artificially duplicate the actual combat scenarios so realistically that personnel trained get the feeling of actually **being there...**

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Our products

Zen has been at the forefront of applying new technologies and developing new products and is actively involved in the indigenisation of technologies, which are helpful for security forces in India and other friendly countries.

Defence

- 81mm Mortar Integrated Simulator
- Zen Advanced Weapons Simulator (Zen AWeSim®)
- Air-to-Ground Firing Range Scoring System
- Zen Integrated Air Defence Combat Simulator (IADCS)
- Zen Anti-Aircraft Air Defence Simulator (Zen 3ADS)
- Zen Anti-Tank Guided Missile Simulator (Zen ATGM® Sim)
- Zen Armour Combat Training System (ZEN ACTS™)
- Zen Artillery Forward Observers Simulator (Zen ArtyFOS)
- Zen Automatic Grenade Launcher Simulator (Zen AGL Sim)
- Zen Infantry Combat Vehicle Driving Simulator (Zen BMP II DS)
- Zen BMP II Integrated Missile Simulator (Zen BMP II IMS)
- Zen Carrier Mortar Tracked Simulator (Zen CMT Sim)
- Zen Combat Training Centre (Zen CTC)
- Zen Combat Training Simulation System (Zen CTSS)
- Zen Containerised Indoor Shooting Range (Zen CISR)
- Zen Containerised Tubular Shooting Range (Zen CTSR)
- Zen Driver Aptitude Testing System (ZEN DATS™)
- Zen Driving Training Simulator (ZEN DTS®)
- Zen Hand Grenade Simulator (Zen HE36S®)
- Zen Infantry Weapons Training Simulator (Zen IWTS®)
- Zen Master Control Station for Live-Firing Ranges (Zen MCS)
- Zen Medium Machine Gun Simulator (Zen MMG Sim)
- Zen Multi-Functional Target System (Zen MFTS®)
- Zen Robotic Targets
- Zen Rotary Wing Simulator (Zen RWS)
- Zen ShootEdge®
- Zen Shoot House for Live and Simulated Indoor Tactical Training
- Zen Small Arms Training Simulator - Stand Alone (Zen SATS® SL)
- Zen Smart Target System (ZEN STS®) - LOMAH®
- Zen Tactical Engagement Simulator (Zen TacSim®)
- Zen TacSim® with Indoor Tracking System (ITS)
- Tank Simulators
  - Tank Targets
  - T72 Crew Gunnery Simulator
  - T72 Tank Driving Simulator
  - T72 Tank Gunnery Simulator
  - T90 Crew Gunnery Simulator
  - T90 Tank Driving Simulator
  - T90 Tank Gunnery Simulator
- Zen Tank Zeroing System (Zen TZS)
- Zen UAV Mission Simulator (Zen UAV Sim)
- Zen War Gaming Solutions (Zen WGS)

Homeland security

- Zen 81mm Mortar Integrated Simulator (Zen 81mm MIS)
- Zen Advanced Weapons Simulator(Zen AWeSim®)
- Zen Air-to-Ground Firing Range Scoring System
- Zen Artillery Forward Observers Simulator (Zen ArtyFOS)
- Zen Automatic Grenade Launcher Simulator (Zen AGL Sim)
- Zen Carrier Mortar Tracked Simulator (Zen CMT Sim)
- Zen Combat Training Centre (Zen CTC)
- Zen Containerised Indoor Shooting Range (Zen CISR)
- Zen Containerised Tubular Shooting Range (Zen CTSR)
- Zen Driver Aptitude Testing System (ZEN DATS™)
- Zen Driving Training Simulator (ZEN DTS®)
- Zen Hand Grenade Simulator (ZEN HE36S®)
- Zen Master Control Station for Live-Firing Ranges (Zen MCS)
- Zen Medium Machine Gun Simulator (Zen MMG Sim)
- Zen Multi-Functional Target System (Zen MFTS®)
- Zen Robotic Targets
- Zen Rotary Wing Simulator (Zen RWS)
- Zen ShootEdge®
- Zen Shoot House for Live and Simulated Indoor Tactical Training
- Zen Small Arms Training Simulator - SL (Zen SATS® SL)
- Zen Smart Target System (ZEN STS®) - LOMAH ®
- Zen Tactical Engagement Simulator (Zen TacSim®)
- Zen TacSim® with Indoor Tracking System (ITS)
- Zen UAV Mission Simulator (Zen UAV Sim)

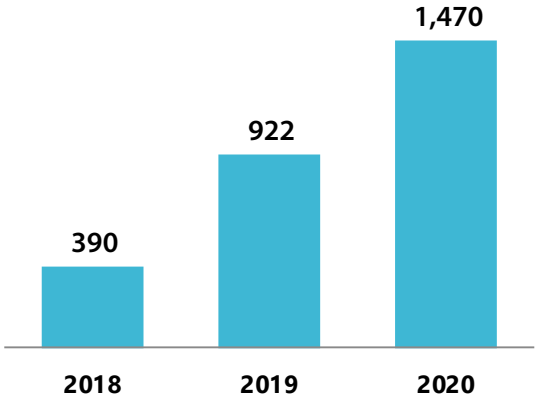
Driving

- Zen Automated Driving Simulator (ZEN ADS™)
- Zen Driving Simulator (Zen DS)
- Zen Bus Driving Simulator (Zen BusSim)
- Zen Driver Aptitude Testing System (ZEN DATS™)
- Zen Driving Training Simulator (ZEN DTS®)
- Zen Tatra Driving Simulator (Zen TDS)

Performance of the Company at a Glance

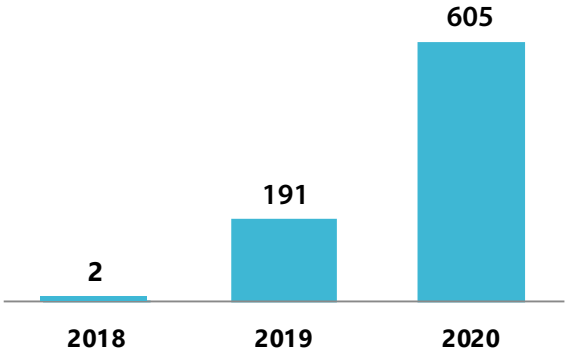
SALES

Figures in INR Millions



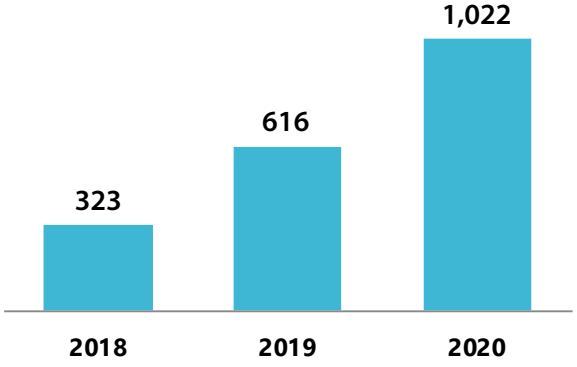
PAT

Figures in INR Millions



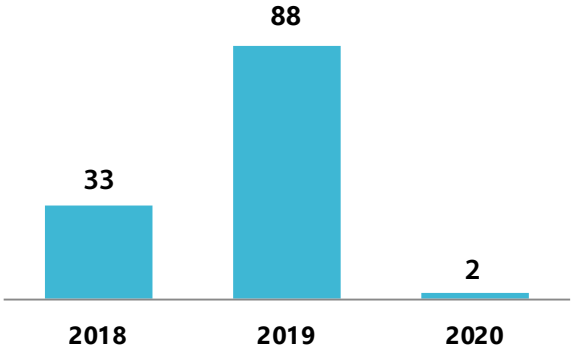
GROSS MARGINS

Figures in INR Millions



LONG TERM DEBT

Figures in INR Millions



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Chairman's Letter to Fellow Shareholders

27 Years of Service to Nation

Dear Fellow Shareholders

The financial year 2019-20 witnessed phenomenal growth and delivered historically highest turnover, profitability and cash inflows for your Company and it has become debt free. Amidst such immense enthusiasm, last week of the financial year started with series of lock downs posing serious challenges and disruption in commutation, logistics and operations of the Company. The silver lining in such turbulence has been Modi Government's direction to the Government departments to expedite payments due to MSME. As a result, the payments from Ministry of Defence accelerated and your Company could build up adequate cash reserves to cushion the impact of the pandemic. This crucial action from the Central Government has saved thousands of MSMEs from a certain financial ruin.

Overview

The Wuhan-originated Chinese COVID Pandemic has disturbed geopolitical equations causing threat of wars and need of increasing defence, training and security. The pandemic has also caused significant unrest and regrouping of anti-national forces world-wide. For handling such anti-national forces Governments will need to spend considerable resources on training. Currently, COVID-19 has refocused the efforts of the State Governments and Foreign Governments in to a crisis fighting mode to arrest the pandemic. In the short-term, this has delayed the orders that we were expecting from overseas customers and state Governments.

The Government's stance and inclination towards procurement of indigenous systems remains very strong. Indian IDDM (Indigenously Designed, Developed and Manufacturing) policy change will provide the much-needed push. The scenario of very large foreign purchases which used to drain the defence budgets, leaving very little on the table for Indian players is likely to considerably change with Hon'ble Defence Minister's announcement of a list of 101 items which will be exclusively procured from domestic defence industry. The list includes 9 simulators which are designed, developed and manufactured by your Company. The central government's this policy support will immensely benefit Indian defence industry including your Company.

Positioning

Over the years, Zen has focused on security training solutions niche that is core to the security preparedness of any country – few meters wide and a mile-deep positioning, which is in contrast to the inch-deep and mile-wide strategy of other Defence players. For almost three decades, we have adhered to the Zen philosophy of 'Less is More'. Having established ourselves deeply in training solutions for defence forces, Zen is now ready to explore non-training segments. In addition to adjacent defence segment it also includes non-defence segments like medical devices. We have conviction that medical devices is a field in which your Company can establish itself well. As usual, it will be a convex bet - small investment with a potential upside which is very huge. To ensure that such a venture doesn't dilute our current efforts and prospects, the medical devices venture will be a distinct and separate effort.

With full support from the management, we hope that medical devices industry will be a faster and predictable and sustainable revenue generator and our venture into this field will be very fruitful.

COVID-19: Opportunity in Crisis

COVID-19 has expanded the thinking within your Company. Almost all key employees did few online courses to deepen the understanding of the theoretical underpinning for the work we do. This has resulted in better understanding and the team coming to the same page. Also, we have done innovations in marketing that has improved our customer reach significantly. While our revenues may take a temporary dip, our optimism is at its highest today. We expect big orders to materialize in the coming months, especially after the COVID-19 panic is over.

COVID-19 has completely reinforced, the once optional, but now almost mandatory work option: Work-from-home. Or the more aggressive, work-from-anywhere. For knowledge workers this will become the new 5-day week. Companies that don't offer WFH will have to forego a huge talent pool. Companies like Zen, that do extremely sensitive work, are finding it challenging to give WFH to some employees. However, newer technologies are helping us realise what was till now thought impossible. As of now, we are in transition, and expect to make some progress during the year.

While the Government announced a slew of measures to delay the pain of MSMEs, your Company did not need to take advantage of restructuring of loans, or moratorium on repayments offered by the banks. In fact, one long-term loan which your Company availed was prepaid and foreclosed out of internal accruals. Your Company has become Zero debt. We have seen that some banks have become very predatory in nature and are asking for their pound of flesh even during

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these trying times. Given the fact, that primary creation of wealth happens only in industries (and farms), the attitude towards MSMEs is baffling. It is said, only where the businesses and industries are revered, the country flourishes.

Capitalism is the cure for many ills that befall a country. Crony capitalism and socialism, two sides of the same coin (those closer to power get all the benefits), are the cause of many ills the country is facing today.

Presently your Company doesn't have any fund-based debt on the books. Financially, your Company is on very sound footing and can withstand many storms. The question of raising funds will be examined by doing a cost benefit analysis. Only long-term raise - debt or equity - makes sense for Zen. This will be primarily to fund aggressive expansion overseas, marketing, R&D, and foray into non-training segments.

Customer Value

Zen provides value to the customer by stressing *"The more you sweat in peace, the less you bleed in war."* Relentless training, not only for war, but in every other segment, is the surest way to win. The value of Zen's training solutions has been tested repeatedly. Proof: the same customers keep coming back to us asking for more training solutions - for the last 27 years. We hope to create deeper connections with the customers in the forthcoming years and hope to create and sustain a win-win situation.

Global Market

Due to COVID, the export market has slowed down but the conversations continue with the customers. Due to COVID related stress, Governments are trying to cut down their budgets on training. This is creating huge opportunities for your Company. The existing players are being asked to renegotiate the prices down, and many players are refusing the re-negotiation. This is creating a vacuum that can be filled by Zen, which offers high-quality yet reasonably priced solutions. The ticket size of some of these opportunities is expected to be very big. We expect some significant orders from overseas customers during the year. The support from the Indian Govt continues to be very encouraging for export opportunities.

Your Company continues to focus on the growing opportunities arising out of India, the Middle East, CIS and Africa. Besides, the Company is engaging with small countries where solutions like Combat Training Centres (CTC) are being welcomed. Combat Training Centres are big-ticket scalable solutions which include everything from basic soldier training up to a full-fledged war. These effective CTCs can be achieved by providing superior technologies at a price point acceptable to customers. One of the roadblocks for such proposals is usually the upfront payment that is required from the customers. To overcome it, Your Company is approaching the customer with very attractive financing options including EXIM bank to export defence training solutions from India .The Company expects ride the wave of growing global credibility of Indian Defence vendors, with active Indian government support.

Indian Market

The usual delays that plague the Indian market now have a scapegoat also - COVID-19. Some state Govts have used their security modernisation fund for tackling COVID and are awaiting fresh fund allocation. We do see that the funds are coming and some of the customers are going ahead with their acquisition plans. Overall, we expect the normalcy to return by FY21-22.

IP-Play

The world of products has a spectrum of products - from pure hardware to pure software. By pure hardware, I mean, hardware with no IP content, like nuts and bolts, where the bill of materials is almost equivalent to the selling cost with very slim margin. And, on the other end of the spectrum, take cloud-based software, where the bill of materials and true variable costs are almost zero, and the sales are all contribution. Your Company is attractively placed towards the software end of the spectrum. Most of the hardware that we need to supply to the customers, though designed and prototyped in-house, is outsourced for manufacturing. Therefore, the plant & machinery investment required for incremental orders is negligible. Over the years, the Company has strengthened its business around such asset-lightness. This approach makes it possible to ramp up its production with reasonable flexibility without a corresponding increase in the capex. The Company's business growth has been facilitated by a robust eco-system of component and sub-system vendors in and around Hyderabad. More than 85 per cent of the Company's manufacturing can be outsourced, thus transforming a fixed cost into a variable expense. Besides, this dependable eco-system has adequate spare capacity, making it possible for the Company to accept large orders while promising aggressive delivery schedules.

Annuity Revenue Stream

Our niche market is distinguished by its lumpy revenues. At Zen, we recognise that such lumpiness can severely impact company's liquidity when order inflows are low. Over the years, the Company has strengthened revenues derived from annual maintenance contracts. These AMC contracts provide the Company with annuity revenues. While only a subset of customers enter into AMC contracts, they can potentially generate revenues upto 120 per cent of the initial product revenue. Lifecycle of a product is between 10- to 15-years. Ideal situation for the company would be when the AMC would cover the fixed costs. We expect to reach this situation by FY22. In addition, we at Zen have been relentless at eliminating unnecessary costs and spending more on profit generating avenues.

Optimism

The global addressable market of more than US$ 8 bn with a relatively few high-quality players ensures that your Company has a large sustainable business opportunity. As the world invests more in training and preparedness, preferring eco-friendly and effective methodologies over crude and environment destructive training methodologies, the market for our products has immense potential. The performance of the company for FY19-20 has been the best so far, both in terms of top-line and bottom-line in line with the last year's letter however due to global pandemic COVID-19 we expect the coming quarters to be subdued but for Long-term, your Company is very positive and optimistic.

We are thankful to all the stakeholders for reposing confidence into the Company's business model and its management.

Ashok Atluri
Chairman and Managing Director
Zen Technologies Limited

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CORPORATE INFORMATION

CIN	L72200TG1993PLC015939	
Board Of Directors	Mr Ashok Atluri (DIN: 00056050)	- Chairman and Managing Director & Chief Financial Officer
	Mr Midathala Ravi Kumar (DIN: 00089921)	- Whole Time Director
	Mr Venkat Samir Kumar Oruganti (DIN: 06699271)	- Independent Director
	Ms Sridevi Madati (DIN: 02446610)	- Independent Director (retired w.e.f. May 28, 2020)
	Mr Amreek Singh Sandhu (DIN: 08064880)	- Independent Director
	Dr Ravindra Kumar Tyagi (DIN: 01509031)	- Independent Director
	Dr Ajay Kumar Singh (DIN: 08532830)	- Independent Director (Co-opted w.e.f. November 02, 2019)
	Ms Sirisha Chintapalli (DIN: 08407008)	- Independent Director (Co-opted w.e.f. August 08, 2020)
President	Mr Kishore Dutt Atluri	
Company Secretary	CS Hansraj Singh Rajput	
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	
Statutory Auditors	M/s. Ramasamy Koteswara Rao and Co LLP Chartered Accountants Hyderabad (Appointed w.e.f. June 28, 2019)	
Secretarial Auditors	M/s. P. S. Rao & Associates Company Secretaries Hyderabad	
Internal Auditors	M/s. NSVR & Associates LLP Chartered Accountants Hyderabad	
Banker	HDFC Bank Limited	
Registrar and Share Transfer Agents	KFin Technologies Private Limited (formerly known as Karvy Fintech 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	
Listed With	BSE Limited, Mumbai (BSE) National Stock Exchange of India Limited, Mumbai (NSE)	

BOARD COMMITTEES

Audit Committee	Mr Amreek Singh Sandhu	-	Chairman
	Mr Venkat Samir Kumar Oruganti	-	Member
	Mr Ashok Atluri	-	Member
	Dr Ajay Kumar Singh	-	Member
	Dr Ravindra Kumar Tyagi	-	Member
Stakeholders' Relationship Committee	Mr Venkat Samir Kumar Oruganti	-	Chairman
	Mr Ashok Atluri	-	Member
	Mr Amreek Singh Sandhu	-	Member
Nomination and Remuneration Committee	Mr Venkat Samir Kumar Oruganti	-	Chairman
	Mr Amreek Singh Sandhu	-	Member
	Dr Ajay Kumar Singh	-	Member
Corporate Social Responsibility Committee	Dr Ravindra Kumar Tyagi	-	Chairman
	Mr Ashok Atluri	-	Member
	Mr M Ravi Kumar	-	Member
Risk Management Committee	Mr Ashok Atluri	-	Chairman
	Mr M Ravi Kumar	-	Member

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ZEN TECHNOLOGIES LIMITED

CIN: L72200TG1993PLC015939
Registered Office: B-42, Industrial Estate, Sanath Nagar
Hyderabad – 500 018, Telangana, India

NOTICE TO SHAREHOLDERS

Notice is hereby given that the 27th Annual General Meeting (AGM) of the members of **Zen Technologies Limited** (CIN: L72200TG1993PLC015939) (the Company) will be held on **Saturday** the **19 September 2020** 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 March 31, 2020 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 31 March 2020 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 31 March 2020 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 31 March 2020 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 31 March 2020 and in this regard, pass the following resolution as an Ordinary Resolution:

   "**RESOLVED THAT** a dividend at the rate of ₹ 0.40/- (Forty Paisa Only) per equity share of ₹ 1/- (one rupee) each fully paid-up equity share be and is hereby declared for the financial year ended 31 March 2020 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 31 March 2020."

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. Appointment of Dr. Ajay Kumar Singh as an Independent Director 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 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, Dr. Ajay Kumar Singh (DIN: 08532830), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 02 November 2019 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 appointment, be and is hereby appointed as an Independent Director of the Company to hold office for 3 (Three) consecutive years i.e., from 02 November 2019 to 01 November 2022."

6. Appointment of Ms. Sirisha Chintapalli as an Independent Director 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 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, Ms. Sirisha Chintapalli (DIN: 08407008), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 08 August 2020 and who has submitted a declaration that she meets the criteria of Independence under Section 149 of the Companies Act, 2013 and is eligible for appointment, be and is hereby appointed as an Independent Director of the Company to hold office for 3 (Three) consecutive years i.e., from 08 August 2020 to 07 August 2023."

7. Re-appointment of Mr. Ashok Atluri as the Managing 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 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, Mr. Ashok Atluri (DIN: 00056050) be and is hereby reappointed as the Managing Director of the Company for a period of Three (3) years from 01 October 2020 to 30 September 2023 on the terms and conditions and at a remuneration as set out in the statement herein below:

A. SALARY: ₹ 3,00,000/- (Rupees Three Lakh only) per month.

B. PERQUISITES: In addition to the aforesaid salary, Mr. Ashok Atluri shall also 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 ₹ 22,00,000/- (Rupees Twenty Two 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 or any modification thereof subject to a ceiling of ten percent of the salary (10%).

b) Medical Insurance: 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) 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 Managing Director and will pay the bills on actual basis. Personal long distance telephone calls shall be borne by Mr Ashok Atluri.

C. OTHER TERMS:

1) 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.

2) Reimbursement of reasonable entertainment and other expenses actually and properly incurred in connection with the business of the Company.

3) Mr. Ashok Atluri shall not, so long as he functions as the Managing Director, be entitled to receive any fee for attending any meeting of the Board or Committee thereof.

4) Notice period and other terms regarding cessation of employment shall be governed as per the rules of the company.

D. COMMISSION: In addition to the above, commission @3% on the net profits of the Company calculated as per the provisions of Section 198 of the Companies Act, 2013, be paid to the Managing Director subject to the condition that the total remuneration for each year shall not exceed the overall limit as provided under Section 197 of the Companies Act, 2013 read with schedule V of the Companies Act, 2013.

E. INCREMENTS: Increments may be given subject to the overall limits specified under Section 197 read with Schedule V of the Companies Act, 2013.

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

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

RESOLVED FURTHER THAT the aggregate remuneration inclusive of salary and other benefits to Mr. Ashok Atluri shall always be within the overall ceiling laid down in Section 197 and other applicable provisions of the Companies Act, 2013 read with Schedule V to the said Act, for the time being in force.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits, in any financial year during the tenure of Managing 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. Re-appointment 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 re-appointment of 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 01 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** – ₹ 1,78,000/- (Rupees One Lakh Seventy Eight Thousand only) per month

B. **House Rent Allowance (HRA)** – At the rate of 40% of Basic Salary – ₹ 71,200/- (Rupees Seventy One Thousand Two Hundred only) per month

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, HRA and Incentive, Mr. Kishore Dutt Atluri will also be entitled to the following perquisites and allowances restricted to a maximum amount of ₹ 6,00,000/- (Rupees Six Lakhs only) per annum :

i. **Mediclaim 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.

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. Alteration of the Object Clause of the Memorandum of Association 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 Section 4, 13 and all other applicable provisions, if any, of the Companies Act, 2013 (the "Act") read with applicable rules and regulations made thereunder (including any statutory modification(s) or reenactment(s) thereof for the time being in force), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and such other rules/regulations as may be applicable in this regard and subject to such approvals, permissions and sanctions of Registrar of Companies, appropriate authorities, departments or bodies as and to the extent necessary, the existing Object Clause III of the Memorandum of Association (the "MOA") be and is hereby altered as under : -

(i) The existing heading of Clause III (A) **"THE MAIN OBJECTS TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION ARE:"** be substituted by the new heading titled as **"THE OBJECTS TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION ARE AS UNDER:"**

(ii) The existing heading of Clause III (B) **"THE OBJECTS ANCILLARY OR INCIDENTAL TO ATTAINMENT OF MAIN OBJECT ARE:"** be substituted by the new heading titled as **"MATTERS WHICH ARE NECESSARY FOR FURTHERANCE OF THE OBJECTS SPECIFIED IN CLAUSE III (A) ARE AS UNDER:"**

(iii) The title of the existing Clause III (C) of the Objects Clause of the Memorandum of Association of the Company i.e. **"THE OTHER OBJECTS OF THE COMPANY ARE:"** be deleted and the objects mentioned in Clause III (C) be included under the ambit of Clause III (B) and be serially re-numbered as sub-clauses 30 to 38.

RESOLVED FURTHER THAT the words 'Companies Act, 1956' in the existing MOA shall be substituted with the words 'Companies Act, 2013', wherever required and reference to various Sections of the Companies Act, 1956 in the existing MOA, be replaced with the reference to the corresponding Sections of the Companies Act, 2013.

RESOLVED FURTHER THAT since the Andhra Pradesh state is divided and the registered office of the company falls in the state of Telangana, the same be rectified in the MOA of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, to settle any questions, difficulties or doubts that may arise in this regard and accede to such modifications and alterations to the aforesaid resolution as may be suggested by the Registrar of Companies or such other authority arising from or incidental to the said amendment without requiring the Board to secure any further consent or approval of the members of the Company."

10. Alteration of the Liability Clause of the Memorandum of Association 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 Section 4, 13 and all other applicable provisions, if any, of the Companies Act, 2013 (the "Act") read with applicable rules and regulations made thereunder (including any statutory modification(s) or reenactment(s) thereof for the time being in force), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and such other rules/regulations as may be applicable in this regard and subject to such approvals, permissions and

sanctions of Registrar of Companies, appropriate authorities, departments or bodies as and to the extent necessary, consent of the members of the Company be and is hereby accorded for effecting the following alterations in the existing Clause IV (Liability Clause) of the Memorandum of Association (the "MOA") of the Company by replacing and substituting the same with the following new clause: -

"IV. The liability of the members is limited and this liability is limited to the amount unpaid, if any, on the shares held by them."

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, to settle any questions, difficulties or doubts that may arise in this regard and accede to such modifications and alterations to the aforesaid resolution as may be suggested by the Registrar of Companies or such other authority arising from or incidental to the said amendment without requiring the Board to secure any further consent or approval of the members of the Company."

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

Hansraj Singh Rajput
Company Secretary
M. No. A38213

Place: Hyderabad
Date: 08 August 2020

Notes

1. Considering the present Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated May 5, 2020 read together with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") permitted convening the Annual General Meeting ("AGM" / "Meeting") through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM"), without the physical presence of the members at a common venue. In accordance with the MCA Circulars, provisions of the Companies Act, 2013 ('the Act') and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the AGM of the Company is being held through VC / OAVM (hereinafter referred to as "AGM' or "e-AGM"). In accordance with the Secretarial Standard-2 on General Meeting issued by the Institute of Company Secretaries of India (ICSI) read with Guidance/Clarification dated April, 15, 2020 issued by ICSI, the proceedings of the AGM shall be deemed to be conducted at the Registered Office of the Company which shall be the deemed Venue of the e-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@karvy.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, 14 September 2020 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 May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depositories. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website https://www.zentechnologies.com/, websites of the Stock Exchanges, i.e., 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.karvy.com
10. For receiving all communication (including Annual Report) from the Company electronically:

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

b. 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.

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

Members are requested to follow the procedure given below:

i. Launch internet browser (chrome/firefox/safari) by typing the URL: https://emeetings.kfintech.com

ii. Enter the login credentials (i.e., User ID and password for e-voting).

iii. After logging in, click on "Video Conference" option.

iv. Then click on camera icon appearing against AGM event of Zen Technologies Limited, to attend the Meeting.

b) Members who do not have User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the procedure given in the E-voting instructions.

c) Members who would like to express their views or ask questions during the AGM may register themselves by logging on to https://emeetings.kfintech.com and clicking on the 'Speaker Registration' option available on the screen after log in. The Speaker Registration will be open during **Thursday, 10 September 2020 to Thursday, 17 September 2020.** 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 numbers 1800-425-8998/1800-345-4001. 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").

Further, the facility for voting through electronic voting system will also be made available at the Meeting ("Insta Poll") and members attending the Meeting who have not cast their vote(s) by remote e-voting will be able to vote at the Meeting through Insta Poll.

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.

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

Commencement of remote e-voting: 9:00 a.m. on Monday, 14 September 2020

End of remote e-voting: 5:00 p.m. on Friday, 18 September 2020

The remote e-voting will not be allowed beyond the aforesaid date and time and the remote e-voting module shall be forthwith disabled by KFinTech upon expiry of the aforesaid period.

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, 11 September 2020.

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.

Information and instructions relating to e-voting are as under :

i. 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.

ii. 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".

iii. 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, 11 September 2020** 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.

iv. Any person, who acquires shares and becomes Member of the Company after the dispatch of the Notice and holds shares as on the Cut-off date i.e. **Friday, 11 September 2020** may write to Karvy on the email Id: evoting@karvy.com or to Mr V Raghunath, Deputy Manager Ph: 040-67161606, at KFin Technologies Private Limited, Selenium Tower B, Plot Nos. 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad – 500032, India, requesting for User ID and Password.

v. 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.

vi. Information and instructions for remote e-voting:

I. A) In case a member receives an e-mail from KFinTech [for members whose e-mail addresses are registered with the Company/Depository Participant(s)]:

(a) Launch internet browser by typing the URL: https:// evoting. karvy.com.

(b) 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 Karvy for e-voting, you can use your existing User ID and password for casting your vote. If required, please visit https://evoting.karvy.com or contact toll free number 1-800-3454-001 for your existing password.

(c) After entering these details appropriately click on "LOGIN".

(d) 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.**

(e) You need to login again with the new credentials.

(f) On successful login, the system will prompt you to select the e-voting event number for the Company i.e. Zen Technologies Limited.

(g) On the voting page, enter the number of shares (which represents the number of votes) as on the cut-off date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed your total shareholding as on the cutoff date. You may also choose the option "ABSTAIN". If the shareholder does not include either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.

(h) 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 27th AGM separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.

(i) You may then cast your vote by selecting an appropriate option and click on "Submit".

(j) 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. During the voting period, members can login any number of times till they have voted on the resolution(s).

(k) 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@karvy.com and may also upload the same in the e-voting in their login. The scanned image of the above mentioned documents should be in the naming format "ZENTECHNOLOGIES_EVENT NO."

B) In case of a member whose e-mail address is not registered / updated with the Company / KFinTech / Depository Participant(s), please follow the following steps to generate your login credentials :

(a) Members holding shares in physical mode, who have not registered / updated their email addresses 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 to KFinTech at einward.ris@kfintech.com

(b) Members holding shares in dematerialised mode who have not registered their e-mail addresses with their Depository Participant(s) are requested to register / update their email addresses with the Depository Participant(s) with whom they maintain their demat accounts.

(c) After due verification, the Company / KFinTech will forward your login credentials to your registered email address.

(d) Please follow all steps from sr. no. (a) to (k) as mentioned in I.(A). above, to cast your vote.

II. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending further communication(s).

III. In case of any query pertaining to e-voting, please visit help & FAQ's section available at Karvy's website https://evoting.karvy.com or contact KFinTech as per the details given under sub-point no. IV below

IV. 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, Ph: 040-67161606, Toll-free No.: 1800-425-8998/1800-345-4001, email: evoting@karvy.com

vii. 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.

viii. 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 forty-eight hours of the conclusion of the Meeting and the same, along with the consolidated Scrutiniser's Report, will be placed on the website of the Company: www.zentechnologies.com and on the website of KFinTech at: https://evoting.karvy.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.

ix. 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, 19 September 2020.

PROCEDURE FOR INSPECTION OF DOCUMENTS:

16. 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@zentechnologies.com.

IEPF RELATED INFORMATION:

17. The Company has transferred the unpaid or unclaimed dividends declared up to financial years 2011-12, 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

18. The unclaimed equity dividend for the year ended 31 March 2013 will be transferred on 03 November, 2020 to the 'Investor Education and Protection Fund (IEPF)' on expiry of 7 years from the date of transfer to the Unpaid Dividend Account, pursuant to Section 124 of the Companies Act, 2013. Members who have not encashed their Dividend Warrants for the said financial year or subsequent year(s) are requested to send the same to the Company or its Registrars and Share Transfer Agents for issue of fresh demand drafts.

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

20. 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 2019-20, 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 02, 2019. 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:

21. The Company has fixed **Friday, 11 September 2020** as the **'Record Date'** for the purpose of AGM and for determining entitlement of Members to dividend for the financial year ended March 31, 2020.

22. The dividend for the year ended 31 March 2020 as recommended by the Board, i.e. 40% @ ₹ 0.40 (Forty paisa 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.

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

24. 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.

25. 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.

26. 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 (1)	Particulars (2)	Withholding Tax Rate (3)	Documents required (if any) (4)
1.	Submission of form 15G/15H.	NIL.	Declaration in Form No. 15G (applicable to any person other than a company or a firm) / Form 15H (applicable to an Individual who is 60 years and above), fulfilling certain conditions.
2.	Shareholders to whom section 194 of the Income Tax, 1961 does not apply such as LIC, GIC, etc.	NIL.	Documentary evidence that the said provisions are not applicable.
3.	Shareholder covered u/s 196 of Income Tax Act, 1961 such		Documentary evidence for coverage.

	as Government, RBI, corporations established by Central Act & mutual funds.	NIL.	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.	• 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 (1)	Particulars (2)	Withholding Tax Rate (3)	Documents required (if any) (4)
1.	Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs).	20% (plus applicable surcharge and cess).	FPI registration number / certificate.
2.	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.
3.	Other Non-resident shareholders.	20% (plus applicable surcharge and cess) or tax treaty rate whichever is beneficia.	To avail beneficial rate of tax treaty following tax documents would be required: 1. Tax Residency certificate issued by revenue authority of country of residence of shareholder for the year in which dividend is received. 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).
4.	Availability of Lower/ NIL tax deduction certificate issued by Income Tax Department u/s 197 of Income Tax Act, 1961.	Rate specified in certificate.	Lower tax deduction certificate obtained from Income Tax Authority.

Notes :

i. The Company will issue soft copy of the TDS certificate to its shareholders through email registered with the Company / KFinTech post payment of the dividend. Shareholders will also be able to download the TDS certificate from the Income Tax Department's website https://incometaxindiaefiling.gov.in (refer to Form 26AS).

ii. The aforesaid documents such as Form 15G/ 15H, documents under section 196, 197A, FPI Registration Certificate, Tax Residency Certificate, Lower Tax certificate etc. can be sent to the email ID of the company at investors@zentechnologies.com or to the KFinTech at einward.ris@kfintech.com on or **before Friday, 4 September 2020** to enable the Company to determine the appropriate TDS / withholding tax rate applicable. Any communication on the tax determination/deduction received post Friday, 4 September 2020 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:

27. 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.

28. 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.

29. 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.

30. 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.

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

Item No. 5: Appointment of Dr. Ajay Kumar Singh as an Independent Director of the Company.

Dr. Ajay Kumar Singh was appointed as an Additional Director (Independent Director) of the Company with effect from 02 November 2019 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) has recommended appointment of Dr. Ajay Kumar Singh as an Independent Director of the Company.

The Board on the recommendation of NRC, proposed to appoint Dr. Ajay Kumar Singh as an independent Director of the Company, for a period of 3 (three) years on the Board.

Dr. Ajay Kumar Singh 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 Dr. Ajay Kumar Singh 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 Dr. Ajay Kumar Singh are provided in the **'Annexure-A'** to the Notice. The terms and conditions of appointment of Dr. Ajay Kumar Singh 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. Ajay Kumar Singh as an Independent Director of the Company as detailed in the resolution.

Dr. Ajay Kumar Singh is interested in the resolution set out at Item No. 5 of the Notice with regard to his 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 Resolution set out at Item No. 5 of the notice for approval by the members.

Item No. 6: Appointment of Ms. Sirisha Chintapalli as Independent Director of the Company.

Ms. Sirisha Chintapalli was appointed as Additional Director (Independent Director) of the Company with effect from 08 August 2020 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) has recommended appointment of Ms. Sirisha Chintapalli as Independent Director of the Company.

The Board on the recommendation of NRC, proposed to appoint Ms. Sirisha Chintapalli as an independent Director of the Company, for a period of 3 (three) years on the Board.

Ms. Sirisha Chintapalli has given her consent to act as director and declaration to the effect that she is not disqualified under Sub-section (2) of Section 164 of the Companies Act, 2013. She further submitted a declaration that she 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 Ms. Sirisha Chintapalli are of the opinion that she fulfills the conditions specified in the Companies Act, 2013 and Listing Regulations and she is independent of the Management.

Details of Ms. Sirisha Chintapalli are provided in the **'Annexure-A'** to the Notice. The terms and conditions of appointment of Ms. Sirisha Chintapalli 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 Ms. Sirisha Chintapalli as Independent Director of the Company as detailed in the resolution.

Ms. Sirisha Chintapalli is interested in the resolution set out at Item No. 6 of the Notice with regard to her 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 Resolution set out at Item No. 6 of the notice for approval by the members.

Item No. 7: Re-appointment of Mr. Ashok Atluri as the Managing Director and fixing remuneration.

Mr. Ashok Atluri is the Promoter of the company and is also the Chairman and Managing Director of the company since more than two decades and has played an instrumental role in the growth of the company. During his tenure as Managing Director of the Company, he has made significant contribution to the growth of the Company in terms of business and profitability.

Mr. Ashok Atluri, a Bachelor of Commerce and a PG Diploma holder in Applied Computer Science also has experience in the field of Business Management, Strategy, Finance and Administration. He has been instrumental in helping to design the simulators so that they would be simple to use, and ensured that the products would be based on industry standards, by developing the software on the Windows-Intel platforms. He is also a recipient of the "Small Scale Entrepreneur of the Year" award from Hyderabad Management Association in 1998.

As the term of Mr. Ashok Atluri as the Managing Director would end on 30 September 2020, the Board opined that considering his immense contribution and in the interest of efficient management, his services should continue to be available to the Company to achieve still greater heights, by reappointing him as the Managing Director, for a period of 3 years w.e.f 1 October 2020 on the terms and conditions as set out in the resolution at Item No 7. The Board of Directors at their meeting held on 08 August 2020 has reappointed Mr. Ashok Atluri as the Managing Director of the Company based on the recommendations of Nomination and Remuneration Committee subject to the approval of shareholders. The said appointment and remuneration are within the stipulations of Section 196, 197, 198 and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Schedule V and other applicable provisions, if any, of the Companies Act, 2013 as amended from time to time. In the previous year, he was paid ₹ 51.92 Lakhs as remuneration and ₹ 132.21 Lakhs as commission and taking into consideration the duties and responsibilities of the Managing Director, the prevailing managerial remuneration in industry and on the recommendations of the Nomination and Remuneration Committee, the Board at their meeting held on 08 August 2020, approved the remuneration, terms and conditions of the re-appointment of Mr. Ashok Atluri, subject to approval of the shareholders.

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

Mr. Ashok Atluri holds 2,02,11,250 equity shares individually. He has attended all the 5 (five) Board meetings held during the financial year 2019-2020. He is also a Director on the Board of Zen Skillproc Private Limited and Version 2 Games Limited (under process of striking off). He does not have Directorships in any other company. He is the member of Audit Committee, Stakeholder Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee. Other details of Mr. Ashok Atluri are provided in the '**Annexure-A'** to the Notice.

As required by the Companies Act, 2013, approval of the members is being sought, for the re-appointment and remuneration of Mr. Ashok Atluri, Managing Director.

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

The Board recommends the Resolution set out at Item No. 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	2017-18	2018-19	2019-20
Turnover (₹ in lakhs)	3,896.00	9,222.00	14,698.00
Net profit /(loss) as per profit and loss account (₹ in lakhs)	21.00	1,906.00	6052.60
Amount of dividend paid (excluding dividend tax) (₹ in lakhs)	115.74	77.16	231.48
Rate of dividend declared	15%	10%	30%

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

II. INFORMATION ABOUT THE APPOINTEE:

(1) Background details:

Mr. Ashok Atluri, aged 54 years is a PG Diploma holder in Applied Computer Science also has experience in the field of Business Management, Strategy, Finance and Administration. He has been instrumental in designing the simulators on the Windows-Intel platforms to ensure the products are simple to use and meet industry standards.

(2) Past remuneration: ₹ 51.92 Lakhs as remuneration and ₹ 132.21 Lakhs as commission

(3) Recognition or awards: He received the "Small Scale Entrepreneur of the Year" award from Hyderabad Management Association in 1998.

(4) Job profile and suitability:

Mr. Ashok Atluri is the Chairman and Managing Director since more than two decades and has played an important role in the growth of Zen Technologies Limited. The position requires deep understanding of the customer and procurement process. Understanding the customer helps in deciding how to address the needs and understanding the process helps in delivering the developed equipment to the customer. Mr. Ashok Atluri has deep experience with the customer and has deep grasp of the procurement process.

(5) Remuneration proposed:

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

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

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

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

Mr. Ashok Atluri is Chairman and Managing Director of the Company and holds 2,02,11,250 equity shares.

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 2019-2020.

Item No. 8: Re-appointment of Mr. Kishore Dutt Atluri, to office or place of profit 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 22nd Annual General Meeting held on 26 September 2015, 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 2015 at such remuneration and terms and conditions as contained therein.

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 and as also the term would end on 30 September 2020, the Nomination and Remuneration Committee, the Audit Committee and the Board of Directors of the Company at respective meetings held on 08 August 2020 approved, 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 appointment and remuneration payable to Mr. Kishore Dutt Atluri w.e.f. 1 October 2020.

The particulars of the transaction pursuant to Rule 15 of Companies (Meeting of Board and its Powers) Rules, 2014 and amendments.

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 appointment and revision in remuneration payable to Mr. Kishore Dutt Atluri w.e.f. 1 October 2020, 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 No. 9: Alteration of the Object Clause of the Memorandum of Association of the Company.

Upon enactment of the Companies Act, 2013, ("Act"), it is necessary to align the MOA of the Company as per the provisions of the new Act. As per the Companies Act, 2013, a Company can have only following objects clause in its MOA.

1. The objects to be pursued by the company on its incorporation i.e. main objects.

2. Matters which are necessary for furtherance of the main objects.

In view of the said requirements, the Objects Clause is proposed to be amended as follows:

i. The Objects Clause will now have 2 parts viz. **Part A – "The Objects to be pursued by the Company on its incorporation"** and **Part B – "Matters which are necessary for furtherance of the Objects specified in Clause III (A)".**

ii. The existing Part B of Clause III of the MOA is proposed to be retained except that the reference to various sections of the Companies Act, 1956 are proposed to be replaced with the reference to the corresponding sections of the Companies Act, 2013.

iii. The title of the existing **Part C – "Other Objects"** is proposed to be deleted and the sub-clauses falling under the existing Part C are to be included under the ambit of Part B of Clause III and are to be re-numbered.

The alteration of objects clause of the MOA is an item required to be transacted by means of postal ballot under the provisions of section 110 of the Companies Act, 2013 read with Rules 20 and 22 of the Companies (Management and Administration) Rules, 2014. However, in terms of the proviso to section 110 of the Companies Act, 2013 introduced as per the Companies (Amendment) Act, 2017, read with Rule 20 and 22 of the Companies (Companies Management and Administration) Rules, 2014 including any statutory modifications and amendments thereto, approval of shareholders for any item of business required to be transacted by means of postal ballot may be transacted at a general meeting by a company which is required to provide the facility of voting by electronic means to its shareholders. The Company, being a listed Company is required to provide the facility of voting by electronic means to its shareholders and hence, may obtain the approval of its shareholders to the alteration of the objects clause of the MOA at the Annual General Meeting. The Board of Directors at their meeting held on 08 August 2020 had approved (subject to the approval of members) the amendment in the MOA of the Company as aforesaid.

In terms of Section 4 and Section 13 of the Companies Act, 2013, alteration of the Objects Clause of the MOA of the Company requires approval of the Shareholders of the Company by way of a Special Resolution.

Therefore, the Board of Directors of your Company recommends the passing of Special Resolution as set out at Item No. 09 of the Notice.

None of the Directors or Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the passing of the above resolution as set out in Item No. 09 of the notice.

Inspection of Documents:

Copies of the amended MOA will be available for inspection in electronic form by shareholders of the Company 21 days before the Annual General Meeting and can be viewed on the Company's website at https://www.zentechnologies.com/investor-information .

Item No. 10: Alteration of the Liability Clause of the Memorandum of Association of the Company.

It is proposed to replace the 'liability clause' of the MOA of the Company by substituting the same with existing Clause IV to re-word the same appropriately and make it in line with the requirements of the Companies Act, 2013.

It is proposed to alter the existing Clause IV of the MOA of the Company by substituting with the following new clause:

"IV. The liability of the members is limited and this liability is limited to the amount unpaid, if any, on the shares held by them."

The Board of Directors had at their meeting held on 08 August 2020 had approved (subject to the approval of members) the amendment in the MOA of the Company as aforesaid.

In terms of Section 4 and 13 of the Act, the consent of the Members by way of a Special Resolution is required for change in liability clause of the MOA of the Company.

The Board recommends for approval by the members the resolution as set out at Item No. 10 of the Notice as a Special Resolution.

None of the Directors or Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the passing of the above resolution as set out in Item No. 10 of the notice.

Inspection of Documents:

Copies of the amended MOA will be available for inspection in electronic form by shareholders of the Company 21 days before the Annual General Meeting and can be viewed on the Company's website at https://www.zentechnologies.com/investor-information.

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

Hansraj Singh Rajput
Company Secretary
M.No. A38213

Registered Office:
B-42, Industrial Estate
Sanathnagar, Hyderabad-500 018, Telangana, INDIA
CIN: L72200TG1993PLC015939
Phone: +91- 40 - 23813281, 23812894
Fax: +91- 40 – 23813694
Email id: info@zentechnologies.com
Website: www.zentechnologies.com

Place: Hyderabad
Date: 08 August 2020

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	Dr. Ajay Kumar Singh	Ms. Sirisha Chintapalli
Date of Birth	31 December 1965	04 August 1976	04 June 1980
Date of Appointment	01 October 2007	02 November 2019	08 August 2020
Relationship with Directors	Not related to any Director	Not related to any Director	Not related to any Director
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.	A recipient of prestigious "The Rashtrapati Rovers Award" in the year 2000, Dr. Singh has joined Indian School of Business (ISB) in the year 2007 and at presently working in Centre for Executive Education at Indian School of Business-Hyderabad. His expertise lies in the area of social marketing. He applies his research in this area to address social entrepreneur, branding, advertising, customer relationship management and customer centricity. In his previous stint, He has worked with J P Associates (P) Ltd. Crompton Greaves Limited, SIVA Institute and Apeejay School of Marketing. He holds extensive years of experience across different functionalities, ranging from leadership role, with experience in program planning and design, implementation, teaching, monitoring and evaluation, business development to consulting. Dr. Singh has received Grant £4,000 for sponsorship study "Review of social marketing activity in India form 2000-2008" by Dr. Jeff French-Director, National Social Marketing Centre, London, UK. He has designed Mid-Career Training Programmes for The Ministry of External Affairs-Senior Indian Foreign Service Officer, the Ministry of Home -Senior IPS Officers, The Ministry of Finance-Senior IRS Custom & Excise Officers, the Ministry of Indian Railways (Senior Officers - IRAS, IRPS, IRTS, IRSE, IRSEE, IRSSE, IRSME, RPF and IRMS) to name a few.	She is having more than 11 years of good exposure and experience in the fields of legal, financial, secretarial, insolvency and other regulatory compliance matters particularly in relation to the Companies Act, laws applicable to the Capital Markets and other statutes. She has successfully handled and completed various issues / assignments / mergers and got well-versed with various statutes involved in the day-to-day operations of the Company. She was associated with L&T Shipbuilding Ltd., Chennai - Renowned Shipbuilding Company – engaged in construction of Defence Vehicles, Interceptor Boats, Offshore Patrol Vessels, Floating Dock; International Seaport Dredging Limited, Chennai, a joint venture dredging between Larsen & Toubro Ltd and Dredging International – DEME Group, Belgium and CCL Products (India) Ltd, Hyderabad - Instant Coffee manufacturing Company as a Company Secretary.

Qualification	PG Diploma holder in Applied Computer Science, Bachelor's degree in Commerce.	He is a Post-Doctoral Fellow in Social Marketing from ISB, Hyderabad apart from Ph.D. and an MBA in marketing from Varanasi.	Ms. Sirisha is an Associate Member of the Institute of Company Secretaries of India and the Institute of Cost Accountants of India. She is a registered Insolvency Professional. Further, she is a semi qualified Chartered Accountant from the Institute of Chartered Accountants of India. She bagged all India 7th Rank and South India 1st Rank in the Company Secretary Final level exams.
@Board Membership of other companies	1. Version 2 Games Limited (under process of striking-off) 2. Zen SkillProc Private Limited 3. Zen Medical Technologies Private Limited.	Innexico Technology Private Limited.	1. Shilpa Medicare Limited 2. Brahmani Infratech Private Limited 3. Sai Silks (Kalamandir) Limited 4. Shilpa Biologicals Private Limited.
Chairman/ Member of the Committee of the Board of Directors	Member of Audit, Stakeholders Relationship & CSR Committees.	Member of Audit & Nomination and Remuneration Committees.	Nil.
Chairman/ Member of the committee of Directors of other companies in which he/she is a director.			
a) Audit Committee	Nil.	Nil.	Member - Sai Silks (Kalamandir) Limited Member – Shilpa Biologicals Private Limited.
b) Stakeholders' Relationship Committee	Nil.	Nil.	Nil.
c) Nomination and Remuneration Committee	Nil.	Nil.	Member – Shilpa Medicare Limited Member – Sai Silks (Kalamandir) Limited Member – Shilpa Biologicals Private Limited.
Number of shares held in the Company as on 31 March 2020	2,02,11,250 equity shares.	Nil.	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.

Director's 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 31 March, 2020. The consolidated performance of your Company and its Subsidiaries has been referred to wherever required.

FINANCIAL HIGHLIGHTS

The financial highlights of the Company are as follows:

(₹ in lakhs)

Particulars	Consolidated		Standalone	
	2019-20	2018-19	2019-20	2018-19
Total Income	15,132.51	9,532.84	14,899.86	9,532.84
Total Operating Expenditure	8,667.28	7,554.79	8,350.12	6,967.54
Operating Profit (PBIDT)	6465.23	1,978.05	6,549.74	2,565.30
Less: Interest	334.98	481.12	318.23	478.88
Less: Depreciation & Amortization	456.78	379.69	375.25	376.81
Profit/(Loss) before tax	5,673.47	1,117.24	5,856.26	1,709.61
Current Tax	1,024.57	368.40	1,021.20	368.40
Deferred Tax	(1,215.78)	(582.50)	(1,215.63)	(582.50)
Share of Profit / (Loss) from Associates	(1.28)	0.35	--	--
Add: Other Comprehensive Income / (Expense)	8.85	(16.35)	1.91	(18.13)
Profit after Tax	5,872.24	1,315.34	6,052.60	1,905.58
Earnings per Share (₹) (face value ₹ 1/- per share)	7.62	1.73	7.84	2.49

GLOBAL PANDEMIC - COVID-19

The outbreak of Coronavirus (COVID-19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. In many countries, businesses are being forced to cease or limit their operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown.

Due to COVID-19, some Governments have refocused their priorities to limit the damage caused by the virus. This has led to some training funds to be delayed or reallocated. Due to such actions, we expect the coming quarters to be very subdued in terms of turnover and profit. However, we continue to have a positive outlook for the long term.

Although there are uncertainties due to the pandemic, the strong balance sheet position, best-in-class profitability and inherent resilience of the business model position the Company well to navigate the challenges ahead and gain market share.

DIVIDEND

The Board of Directors of your Company in its meeting held on 06 June 2020 recommended a final dividend @ 40% on the paid-up equity share capital i.e., ₹ 0.40 per equity share of ₹ 1/- each, for the year 2019-20. 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.

STATE OF THE COMPANY'S AFFAIRS

During the year under review, your Company achieved total income of ₹ 14,899.86 lacs as against ₹ 9,532.84 lacs during the previous year. The Net profit after tax stood at ₹ 6,052.60 lacs as against ₹ 1,905.58 lacs for the previous year.

The order book size as on 31 March 2020 is around ₹ 160.79 Crores, including AMCs of worth ₹ 94.83 Crores, as against ₹ 282.20 Crores, including AMCs of worth ₹ 111.17 Crores for the previous year.

During the year, the R&D expenditure (capital and revenue) is ₹ 14.82 Crores (previous year ₹ 12.33 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.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES

The Company has two (2) subsidiaries as on March 31, 2020. 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.

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).

EXTRACT OF ANNUAL RETURN

In accordance with Section 92(3) of the Companies Act, 2013, read with Companies (Management and Administration) Rules, 2014, an extract of the Annual Return in Form MGT-9 is annexed as **Annexure – II.**

NUMBER OF MEETINGS OF THE BOARD

The Board met five (5) times during the year 2019-20 viz on 18 May 2019, 28 June 2019, 03 August 2019, 02 November 2019, and 01 February 2020.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134 of the Companies Act, 2013, the Directors confirm that:

i. In the preparation of Annual Accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departures.

ii. they had 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 and loss of the Company for that period.

iii. they had 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 had prepared the annual accounts on a going concern basis.

v. they had 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 had 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 or will register 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 one year, 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 2019-2020, 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 III** 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.zentechnologies.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 IV** to this Report.

DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY

The Board has formulated a Risk Management Policy which includes identification therein of various elements of risk, including those that may threaten the existence of the Company, and the measures adopted to contain and mitigate such risks.

A Risk management process has been established across the organization and is designed to identify, assess and frame a response to threats that affect the achievement of its objectives.

The Board has constituted a Risk Management Committee which meets regularly to monitor and review the Risk Management Policy. The Audit Committee and Board reviews and evaluates the internal financial controls and risk management systems of the Company.

Mitigation plans are finalized, owners are identified and the progress of mitigation actions are monitored and reviewed.

The Risk Management Policy is also posted under the Investors' section of the Company's website at: https://www.zentechnologies.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 activities mentioned in the CSR Policy.

CSR Committee met once during the year under review on 03 August 2019.

The category and composition of the committee is as follows: -

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

**Appointed as the Chairman of this Committee w.e.f. June 06, 2020.*
***Ceased to be a Chairman of this Committee w.e.f. May 28, 2020.*

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

The brief outline of the CSR Policy of the Company as adopted by the Board and the initiatives undertaken by the Company on CSR activities during the year under review are set out in **Annexure V** of this

report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014.

ANNUAL EVALUATION OF PERFOMANCE OF BOARD, COMMITTEES AND INDIVIDUAL DIRECTORS

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 01 February, 2020 to review the performance of the Non-Independent Directors and the Board as a whole, review the performance of Chairperson of the Company and assess the quality, quantity and timeliness of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties. All the independent directors were present at the meeting.

CRITERIA FOR PERFORMANCE EVALUATION

a. Ability of the candidate to devote sufficient time and attention to his professional obligations as Independent Director for informed and balanced decision making.

b. Adherence to the Code of Conduct in letter and in spirit by the Independent Directors.

c. Bringing objectivity and independence of view to the Board's discussions in relation to the Company's strategy, performance, and risk management.

d. Statutory compliance and ensuring high standards of financial probity and Corporate Governance.

e. 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.zentechnologies.com/investor-information.

DIRECTORS

The Board of Directors consists of seven directors, five of whom are independent directors and the remaining two, 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 aforesaid appointment/reappointment as Chairman and Managing Director is subject to the shareholders' approval. Further, the tenure of Mr. Ashok Atluri as the Managing Director of the company is ending on 30 September 2020, the Board reappointed him w.e.f. 01 October 2020, which is subject to the approval of the shareholders at the ensuing Annual General Meeting.

Dr. Ajay Kumar Singh & Ms. Sirisha Chintapalli have been co-opted as the Additional Directors w.e.f. 02 November 2019 & 08 August 2020, respectively, to act as the Independent Directors, subject to the approval of shareholders by way of a resolution at the ensuing Annual General Meeting.

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

- Dr. Ravindra Kumar Tyagi, was appointed as the Independent Director of the company to hold office for Three (3) consecutive years i.e., from 01 April 2019 to 31 March 2022.
- Mr. Ravi Kumar Midathala, was reappointed as the Whole-Time Director of the company for a period of Three (3) years from 29 June 2019 to 28 June 2022.
- Dr. Ajay Kumar Singh was co-opted as an Additional Director to act as Independent Director w.e.f. 02 November 2019.
- Mr. M. Ravi Kiran resigned as the Chief Financial Officer of the Company w.e.f. 31 December 2019 and Mr. Ashok Atluri, Chairman and Managing Director, was designated to act as the Chief Financial Officer of the company w.e.f. June 06, 2020.
- Ms. Sridevi Madati retired as a Non-Executive Independent Director of the Company, effective May 28, 2020 upon completion of her second consecutive tenure as Independent Director in the company. The Board places on record its appreciation for her invaluable contribution and guidance.
- Ms. Sirisha Chintapalli was co-opted as an Additional Director to act as Independent Director w.e.f. 08 August 2020.
- 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.
- Mr. Ashok Atluri was re-appointed as the Managing Director w.e.f. 01 October 2020 for a period of 3 years which is subject to approval of the shareholders in the ensuing Annual General Meeting.
- Mr. Kishore Dutt Atluri was re-appointed to office or place of profit as the President of the company w.e.f. 01 October 2020 for a period of 5 years which is subject to approval of the shareholders in the ensuing Annual General Meeting.
- Mr. M. Satish Choudhury resigned as Company Secretary w.e.f. 09 July 2019 and consequently Mr. Hansraj Singh Rajput was appointed as Company Secretary w.e.f. 03 August 2019.

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 :

Unistring Tech Solutions Private Limited became a subsidiary of the Company during the year.

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 March 31, 2020, 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 31 March 2020, the Company has received and disposed-off two (2) 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.

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 (htttp://www.zentechnologies.com).

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 ₹ 3,20,203/- pertaining to the FY 2011-12.

Further, 9,940 corresponding shares were also transferred as per the requirement of IEPF Rules. The details are also available on the Company's website i.e. www.zentechnologies.com.

AUDITORS

a) STATUTORY AUDITORS:

At the twenty-sixth AGM held on September 21, 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 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 2019-2020. Pursuant to Section 204 of the Companies Act, 2013 and Rules made thereunder, the Secretarial Audit Report for the financial year ended 31 March 2020, in Form MR-3, is annexed to this Annual Report as **Annexure VI**. The Board has appointed M/s P S Rao & Associates, Practicing Company Secretaries, as the Secretarial Auditors of the Company for the financial year 2020-2021.

The Secretarial Audit Report does not contain any qualifications, reservations, or adverse remarks or disclaimer. Secretarial audit report is attached to this report.

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. During the year under review, the Board has accepted all the recommendations of the Audit Committee.

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 –VII** 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 2019-2020 forms part of this Annual Report as required under Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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. 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.
10. There were no material changes/commitments affecting the financial position of your Company between the end of the financial year (March 31, 2020) and the date of this Report (08 August 2020).

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

Ashok Atluri
Chairman and Managing Director
DIN: 00056050

Place: Hyderabad
Date: 08 August 2020

Annexure-I

Form No. AOC – 1

Statement containing salient features of the financial statement of Subsidiaries/Associate Companies/Joint Ventures
(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Part "A": Subsidiaries

(₹ In lakhs)

1	Name of the subsidiary	Zen Technologies USA, INC.	Unistring Tech Solutions Private Limited (UTS)
2	Date since it is subsidiary	09 May 2018	08 May 2019
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA	NA
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	USD = INR 75.38	NA
5	Share capital	665.99	56.63
6	Reserves & surplus	(742.15)	1171.82
7	Total assets	700.27	1606.26
8	Total Liabilities	7.76	377.82
9	Investments	0.00	0.00
10	Turnover	0.00	503.75
11	Profit before taxation	(158.50)	(24.29)
12	Provision for taxation	0.00	3.22
13	Profit after taxation	(158.50)	(27.51)
14	Proposed Dividend	0.00	0.00
15	% of shareholding	100%	51%

Notes:

1. Names of subsidiaries which are yet to commence operations: Zen Technologies USA, Inc.
2. 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

The Company has no Associate Company or Joint Venture.

For and on behalf of the Board

Ashok Atluri
Chairman and Managing Director
DIN: 00056050

Place: Hyderabad
Date: 08 August 2020

Annexure-II

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31 March 2020

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN:	L72200TG1993PLC015939
ii)	Registration Date:	29 June 1993
iii)	Name of the Company:	Zen Technologies Limited
iv)	Category / Sub-Category of the Company:	Company Limited by Shares
v)	Address of the Registered office and contact details:	B-42, Industrial Estate, Sanathnagar, Hyderabad - 500018, Telangana Ph: 040-23813281; Fax: 040-23813694 Email: investors@zentechnologies.com Website: www.zentechnologies.com
vi)	Whether listed company	Yes BSE Limited National Stock Exchange of India Limited
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	KFin Technologies Private Limited (Formerly known as Karvy Fintech Private Limited) Unit: Zen Technologies Limited Selenium Tower B, Plot No 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad - 500 032 Ph: 040-67161605 Fax: 040-23001153 Email id: einward.ris@kfintech.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Sale of Simulators	8549	86.76
2	Sale of Product Services	8549	13.24

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	**Zen Technologies USA INC.** 3500, South DuPont Highway Dover, DE 19901, Kent County	Foreign Company	Subsidiary	100	Section 2(87)
2	**Unistring Tech Solutions Private Limited*** 8th Floor, SLN Terminus, Survey No.133 Beside Botanical Gardens, Gachibowli, Hyderabad – 500032, Telangana, India	U72200TG2007PTC052628	Subsidiary	51	Section 2(87)

* *Unistring Tech Solutions Private Limited became a subsidiary of the Company w.e.f. 08 May 2019 upon acquisition of 51% of shareholding.*

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	4,59,02,340	0	4,59,02,340	59.49	4,59,53,560	0	4,59,53,560	59.56	+0.07
b) Central Government	0	0	0	0.00	0	0	0	0.00	0
c) State Government(s)	0	0	0	0.00	0	0	0	0.00	0
d) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0
e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0
f) Any Other	0	0	0	0.00	0	0	0	0.00	0
Sub-total (A) (1):-	4,59,02,340	0	4,59,02,340	59.49	4,59,53,560	0	4,59,53,560	59.56	+0.07
(2) Foreign									
a) NRIs - Individuals	0	0	0	0.00	0	0	0	0.00	0
b) Other – Individuals	0	0	0	0.00	0	0	0	0.00	0
c) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0
d) Banks / FI	0	0	0	0.00	0	0	0	0.00	0
e) Any Other	0	0	0	0.00	0	0	0	0.00	0
Sub-total (A) (2):-	0	0	0	0.00	0	0	0	0.00	0
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	4,59,02,340	0	4,59,02,340	59.49	4,59,53,560	0	4,59,53,560	59.56	+0.07
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	0	0	0	0.00	0	0	0	0.00	0
b) Banks / FI	61,691	0	61,691	0.08	1,85,549	0	1,85,549	0.24	+0.16
c) Central Government	0	0	0	0.00	0	0	0	0.00	0
d) State Government(s)	0	0	0	0.00	0	0	0	0.00	0
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0
g) FIIs	0	0	0	0.00	0	0	0	0.00	0
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0
i) Others a)Foreign Portfolio Investors	8,350	0	8,350	0.01	1,715	0	1,715	0.01	-0.11
b) Foreign Nationals	0	0	0	0.00	0	0	0	0.00	0
Sub-total (B)(1):-	70,041	0	70,041	0.09	1,87,264	0	1,87,264	0.24	+0.15
2. Non-Institutions									
a) Bodies Corporate									
i) Indian	49,79,305	0	49,79,305	6.45	53,77,800	0	53,77,800	6.97	+0.52
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
b) Individuals i) Individual shareholders holding nominal share capital upto ₹ 2 lakh	1,80,49,676	2,14,300	1,82,63,976	23.67	1,89,96,120	1,98,300	1,91,94,420	24.88	+1.21
ii) Individual shareholders holding nominal share capital in excess of ₹ 2 lakh	66,38,452	5,000	66,43,452	8.61	50,48,710	0	50,48,710	6.54	-2.07
c) Others (NBFC Registered with RBI)	27,419	0	27,419	0.04	4,000	0	4,000	0.01	-0.03
Clearing Members	99,333	0	99,333	0.13	2,20,542	0	2,20,542	0.29	+0.16
Non Resident Indians	7,02,135	0	7,02,135	0.91	6,93,489	0	6,93,489	0.90	-0.01
NRI-non repatriable	3,96,149	0	3,96,149	0.51	4,00,925	0	4,00,925	0.52	+0.01
IEPF	75,910	0	75,910	0.10	79,350	0	79,350	0.10	0.00
Sub-total (B)(2):-	3,09,68,379	2,19,300	3,11,87,679	40.42	3,08,20,936	1,98,300	3,10,19,236	40.20	-0.22
Total Public Shareholding (B)=(B)(1)+ (B)(2)	3,10,38,420	2,19,300	3,12,57,720	40.51	3,10,08,200	1,98,300	3,12,06,500	40.44	-0.07
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0
Grand Total (A+B+C)	**7,69,40,760**	**2,19,300**	**7,71,60,060**	**100**	**7,69,61,760**	**1,98,300**	**7,71,60,060**	**100**	**0**

ii) Shareholding of Promoters (including Promoter Group):

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	Mr Ashok Atluri	2,02,11,250	26.19	19.44	2,02,11,250	26.19	0	0
2	Mr Kishore Dutt Atluri	1,75,56,250	22.75	0	1,75,56,250	22.75	0	0
3	Ms Tara Dutt Atluri	28,00,000	3.63	0	28,20,756	3.66	0	+0.03
4	Ms A Rama Devi	26,70,000	3.46	0	26,70,000	3.46	0	0
5	Mr Satish Atluri	11,84,000	1.53	0	11,84,000	1.53	0	0
6	Mr Ravi Kumar Midathala	7,94,000	1.03	0	7,94,000	1.03	0	0
7	Ms Beena Atluri	3,95,000	0.51	0	4,01,864	0.52	0	+0.01
8	Mr Nagarjunudu Kilaru	1,21,840	0.16	0	1,45,440	0.19	0	+0.03
9	Ms Indira Garapati	1,20,000	0.16	0	1,20,000	0.16	0	0
10	Ms Nandita Sethi	50,000	0.06	0	50,000	0.06	0	0
	Total	**4,59,02,340**	**59.49**	**19.44**	**4,59,53,560**	**59.56**	**0**	**+0.07**

iii) Change in Promoters (including Promoter Group) Shareholding (please specify, if there is no change).

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total Shares of the company	No. of shares	% of total Shares of the company
1	At the beginning of the year	4,59,02,340	59.49	4,59,02,340	59.49
2	Changes during the year	51,220	+0.07	4,59,53,560	59.56
3	At the end of the year	4,59,53,560	59.56	4,59,53,560	59.56

iv) Shareholding Pattern of top ten Shareholders:

(Other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total Shares of the company	No. of shares	% of total Shares of the company
1	**Ravi Kamepalli**				
	At the beginning of the year	21,44,951	2.78	21,44,951	2.78
	Changes during the year	-	-	-	-
	At the end of the year	-	-	21,44,951	2.78
2	**Barclays Wealth Trustees India Private Limited**				
	At the beginning of the year	-	-	-	-
	Changes during the year				
	27/03/2020	13,00,000	1.68	13,00,000	1.68
	At the end of the year	-	-	13,00,000	1.68
3	**Ajay Upadhyaya**				
	At the beginning of the year	12,50,000	1.62	12,50,000	1.62
	Changes during the year				
	14/06/2019	15,000	0.02	12,65,000	1.64
	27/09/2019	40,000	0.05	13,05,000	1.69
	27/09/2019	-40,000	0.05	12,65,000	1.64
	04/10/2019	12,65,000	1.64	25,30,000	3.28
	04/10/2019	-12,65,000	1.64	12,65,000	1.64
	10/01/2020	12,65,000	1.64	25,30,000	3.28
	10/01/2020	-12,65,000	1.64	12,65,000	1.64
	14/02/2020	12,494	0.02	12,77,949	1.66
	14/02/2020	-12,494	0.02	12,65,000	1.64
	20/03/2020	42,494	0.06	13,07,494	1.69
	20/03/2020	-12,494	0.02	12,95,000	1.68
	27/03/2020	-12,95,000	1.68	0	0.00
	At the end of the year	-	-	0	0.00
4	**Logical Solutions Ltd**				
	At the beginning of the year	12,34,640	1.60	12,34,640	1.60
	Changes during the year				
	20/09/2019	1,09,305	0.14	13,43,945	1.74

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total Shares of the company	No. of shares	% of total Shares of the company
	At the end of the year	-	-	13,43,945	1.74
5	**Navin Sood**				
	At the beginning of the year	3,57,400	0.46	3,57,400	0.46
	Changes during the year				
	02/08/2019	14,400	0.02	3,71,800	0.48
	06/03/2020	26,882	0.03	3,98,682	0.52
	13/03/2020	7,500	0.01	4,06,182	0.53
	20/03/2020	34,000	0.04	4,40,182	0.57
	27/03/2020	2,600	0.00	4,42,782	0.57
	At the end of the year	-	-	4,42,782	0.57
6	**Sanjay Jagdish Poddar**				
	At the beginning of the year	3,40,000	0.44	3,40,000	0.44
	Changes during the year	-	-	-	-
	At the end of the year	-	-	3,40,000	0.44
7	**Nitin Radheshyam Agarwal**				
	At the beginning of the year	3,26,805	0.42	3,26,805	0.42
	Changes during the year				
	07/02/2020	1,26,805	0.16	4,53,610	0.59
	07/02/2020	-1,26,805	0.16	3,26,805	0.42
	At the end of the year	-	-	3,26,805	0.42
8	**Moturu Chandra Sekhar**				
	At the beginning of the year	3,16,352	0.41	3,16,352	0.41
	Changes during the year	-	-	-	-
	At the end of the year	-	-	3,16,352	0.41
9	**Deepti Agrawal**				
	At the beginning of the year	3,00,000	0.39	3,00,000	0.39
	Changes during the year				
	27/03/2020	-3,00,000	0.39	0	0.00
	At the end of the year	-	-	0	0.00
10	**Pigeon Exports International Private Limited**				
	At the beginning of the year	0	0.00	0	0.00
	Changes during the year				
	31/03/2020	2,98,938	0.39	2,98,938	0.39
	At the end of the year	-	-	2,98,938	0.39
11	**Nilu Poddar**				
	At the beginning of the year	2,98,000	0.39	2,98,000	0.39

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total Shares of the company	No. of shares	% of total Shares of the company
	Changes during the year	-	-	-	-
	At the end of the year	-	-	2,98,000	0.39
12	**Dowell Fiscal Services Pvt Ltd**				
	At the beginning of the year	2,68,437	0.35	2,68,437	0.35
	Changes during the year				
	12/07/2019	-25,000	0.03	2,43,437	0.32
	26/07/2019	-30,995	0.04	2,12,442	0.28
	02/08/2019	-22,339	0.03	1,90,103	0.25
	09/08/2019	-32,278	0.04	1,57,825	0.20
	30/08/2019	-32,431	0.04	1,25,394	0.16
	30/09/2019	-1,25,394	0.16	0	0.00
	At the end of the year	-	-	0	0.00
13	**Ghisulal D Rathod**				
	At the beginning of the year	2,62,000	0.34	2,62,000	0.34
	Changes during the year	-	-	-	-
	At the end of the year	-	-	2,62,000	0.34

v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Change in shareholding and reason	Cumulative Shareholding during the year		Shareholding at the end of the year	
		No. of shares	% of total Shares of the company		No. of shares	% of total Shares of the company	No. of shares	% of total Shares of the company
	Directors							
1	Mr Ashok Atluri	2,02,11,250	26.19	0	2,02,11,250	26.19	2,02,11,250	26.19
2	Mr M Ravi Kumar	7,94,000	1.03	0	7,94,000	1.03	7,94,000	1.03
3	Ms Sridevi Madati	0	0.00	0	0	0.00	0	0.00
4	Mr Venkat Samir Oruganti	0	0.00	0	0	0.00	0	0.00
5	Mr Amreek Singh Sandhu	0	0.00	0	0	0.00	0	0.00
6	Dr Ravindra Kumar Tyagi	0	0.00	+4,400 (Purchase)	4,400	0.00	4,400	0.00
7	Dr Ajay Kumar Singh	0	0.00	0	0	0.00	0	0.00
	Key Managerial Personnel							
3	Mr M Satish Choudhury, Company Secretary (Resigned w.e.f. 09/07/2019)	0	0.00	0	0	0.00	0	0.00
4	Mr Hansraj Singh Rajput, Company Secretary (Appointed w.e.f. 03/08/2019)	0	0.00	0	1	0.00	1	0.00
5	Mr M Ravi Kiran, CFO (Resigned w.e.f. 31/12/2019)	0	0.00	0	0	0.00	0	0.00

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(₹ in lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	4,157.10	-	-	4,157.10
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	22.55	-	-	22.55
Total (i+ii+iii)	**4,179.65**	**-**	**-**	**4,179.65**
Change in Indebtedness during the financial year				
Addition	-			-
Reduction	4091.83	-	-	4091.83
Net Change	**-4091.83**	**-**	**-**	**-4091.83**
Indebtedness at the end of the financial year				
i) Principal Amount	87.82	-	-	87.82
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**87.82**	**-**	**-**	**87.82**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:-

(₹ in lakhs)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Ashok Atluri	M Ravi Kumar	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	50.40	48.51	98.91
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	1.52	1.17	2.69
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	- as 3 % of net profits (Calculated as per Section 198 of the Companies Act, 2013)	132.21	-	132.21
	- Others, specify	-	-	-
5	Others, please specify	-	-	-
	Total (A)	**184.13**	**49.68**	**233.81**
	Ceiling as per Section 197 of the Companies Act, 2013			**609.01**

B. Remuneration to other directors

(In ₹)

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount
		Venkat Samir Kumar Oruganti	Sridevi Madati	Amreek Singh Sandhu	Dr Ravindra Kumar Tyagi	Dr Ajay Kumar Singh	
1	Independent Directors						
	Fee for attending board & committee meetings	2,00,000	2,50,000	2,50,000	2,50,000	1,00,000	10,50,000
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (1)	2,00,000	2,50,000	2,50,000	2,50,000	1,00,000	10,50,000
2	Other Non-Executive Directors	-	-	-	-	-	-
	Fee for attending board & committee meetings	-	-	-	-	-	-
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (2)	-	-	-	-	-	-
	Total (B)=(1+2)	2,00,000	2,50,000	2,50,000	2,50,000	1,00,000	10,50,000

Notes: -

1. Ms. Sridevi Madati retired as an Independent Director of the company w.e.f. May 28, 2020 upon completion of her tenure.
2. Dr. Ajay Kumar Singh was co-opted as an Additional Director to act as Independent Director w.e.f. 02 November 2019.

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(₹ in lakhs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		Company Secretary		Chief Financial Officer	Total
		M Satish Choudhury	Hansraj Singh Rajput	M Ravi Kiran	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	3.51	9.56	8.28	21.35
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-		-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-		-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	Others, specify	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	3.51	9.56	8.28	21.35

Notes:

1. Mr M Satish Choudhury ceased w.e.f. 09/07/2019 and Mr Hansraj Singh Rajput was appointed as the Company Secretary of the Company w.e.f. 03/08/2019.
2. Mr. M Ravi Kiran resigned w.e.f. 31/12/2019 as the Chief Financial Officer of the company.

VII. PENALTIES/PUNISHMENTS/COMPOUNDING OF OFFENCES:

There were no penalties, Punishment or Compounding of offences during the year ended March 31, 2020.

For and on behalf of the Board

Place: Hyderabad
Date: 08 August 2020

Ashok Atluri
Chairman and Managing Director
DIN: 00056050

Annexure-III

Form No. AOC-2

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

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

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 2019-20, he received remuneration ₹ 32.51 lacs (including perks) and Incentive of ₹ 126.43 lacs.	14-08-2016	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 2019-20, ₹ 6.37 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 2019-20, he received remuneration of ₹ 9.28 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 2019-20, she received remuneration of ₹ 3.19 lacs (including perks).	26-05-2018	Nil
5.	Unistring Tech Solutions Private Limited (UTS), Subsidiary Company.	Purchase of goods viz., Communication Surveillance Simulator for Combat Training Centre.	One-time arrangement	The value of the simulator is ₹ 231.50 lacs plus GST and warranty shall be 1 year from the date of delivery	01-02-2020	50% advance paid during the period under review.
6.	Indigenous Defence Equipment Exporters Association (Section 8 non-profit company), other related party	Supply of Services.	One-time arrangement	During the year 2019-20, the company paid an amount of ₹ 5 lacs plus GST towards sponsorship services and ₹ 4 lacs plus GST towards business promotion expenses.	02-11-2019	Nil

*Ms Anisha Atluri resigned from the company w.e.f. 30 September 2019.

For and on behalf of the Board

Place: Hyderabad
Date: 08 August 2020

Ashok Atluri
Chairman and Managing Director
DIN: 00056050

Annexure-IV

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

A. Conservation of Energy

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

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

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

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

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

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

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

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

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

g. The street lights at the Hardware Park are replaced with LED bulbs.

h. The company is certified with ISO 14001:2015 latest version of Environmental Management system. And as part of EMS we had 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 ₹ 14.82 Crores as R&D expenditure (capital and revenue) for the financial year 2019-20 for the development of various products. The Company has incurred 10.08% 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.

B. Foreign Exchange Earnings and Outgo

(₹ in lakhs)

Particulars	FY 2019-2020	FY 2018-2019
Earned during the year	Nil	475.93
Used during the year	244.67	511.64

For and on behalf of the Board

Place: Hyderabad
Date: 08 August 2020

Ashok Atluri
Chairman and Managing Director
DIN: 00056050

Annexure-V

Annual Report on CSR Activities for the FY 2019-20

(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.

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

2. **Composition of the CSR Committee :**

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

**Appointed as the Chairman of this Committee w.e.f. June 06, 2020.*

***Ceased to be a Chairman of this Committee w.e.f. May 28, 2020.*

3. Average net profit of the Company for the last three financial years: ₹ 7,80,32,905/-
4. Prescribed CSR expenditure (2% of Average Net Profits): ₹ 15,60,658/-
5. Details of CSR spent during the financial year 2019-20:
   (a) Total amount to be spent for the financial year: ₹ 15,60,658/-
   (b) Amount unspent, if any: Nil
   (c) Manner in which the amount spent during the financial year is detailed below:

   - **CSR project or activity dentified:** Contribution to Foundation/Trusts

   - **Sector in which the project is covered:** Various sectors covered by Schedule VII of the Companies Act, 2013.

   - **Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken:** Pan India.

   - **Amount outlay (budget) project or program wise:** ₹ 16,30,158*.

   - **Amount spent on the projects or programs Subheads: (1) Direct expenditure on projects or programs (2) Overheads:** Direct expenditure on projects or programs.

   - **Cumulative expenditure up to the reporting period:** ₹ 16,30,158*

   - **Amount spent: Direct or through implementing agency:** Spent through the CSR Trust of the Company i.e., Veer Sammaan Foundation. During the year, Veer Sammaan Foundation contributed the CSR funds to PM CARES.

Notes:
*The financial assistance of ₹ 16,30,158/- include ₹ 69,500/- accumulated amount available with Veer Sammaan Foundation and ₹ 15,60,658/- CSR amount transferred by the Company to the Trust for the FY 2019-20.

The CSR amounts are being transferred from time to time 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. Veer Sammaan Foundation reports to the Company periodically on the activities taken-up from time to time.

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report: Not Applicable

7. Responsibility Statement: The CSR Committee confirms that the implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and policy of the Company.

For and on behalf of Corporate Social Responsibility Committee

Ashok Atluri
Chairman and Managing Director
DIN: 00056050

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

Place: Hyderabad
Date : 08 August 2020

Annexure-VI

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, 2020,** 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, 2020 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;

(c) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and

(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, SS-2 and SS-3 with respect to Meetings of the Board of Directors, General Meetings and Dividend, 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:

a) **Dr. Ajay Kumar Singh:** Appointed as Additional Director under the category of Independent Director w.e.f. 02nd November, 2020 for a period of Three consecutive years subject to the approval of shareholders.

b) **Dr. Ravindra Kumar Tyagi**: Approved the appointment as an Independent Director by the shareholders at the 26th Annual General Meeting held on 21st September, 2019, for a period of Three consecutive years w.e.f 01st April, 2019.

c) **Mr. Ravi Kumar Midathala**: Reappointed as a Whole-time Director w.e.f 29th June, 2019 for a period of Three consecutive years.

d) **Ms. Sridevi Madati**: Ceased to be Woman Independent Director w.e.f 28th May 2020 upon expiry of her second consecutive tenure as an Independent Director in the company.

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, as per the provisions of Section 124(6) of the Act, 9,940 equity shares of ₹1/- each held by 10 shareholders were transferred to the Investor Education and Protection Fund.

We further report that the Company, during the financial under review, ₹ 15,60,658/- CSR amount transferred to the Veer Sammaan Foundation (A Trust formed for the purpose of taking-up CSR activities of the Company) for the FY 2019-20 in terms of provisions of section 135 of the Act and spent ₹ 16.30 lakhs including ₹ 0.70 lakhs balance amount of previous year.

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

Place: Hyderabad
Date: 08 August 2020

N. Vanitha
Company Secretary
M. No: 26859
C P No: 10573
UDIN: A026859B000563802

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.

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

Place: Hyderabad
Date: 08th August, 2020

N. Vanitha
Company Secretary
M. No: 26859
C P No: 10573
UDIN: A026859B000563802

Annexure-VII

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	54.89:1	NA*
2	Mr M Ravi Kumar, Whole-time Director	14.81:1	27.27%
3	Ms Sridevi Madati, Independent Director	Nil	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	Mr M Ravi Kiran, Chief Financial Officer#	NA	10%
9	Mr. Hansraj Singh Rajput, Company Secretary@	NA	NA

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 during the financial year 2019-2020.

Mr. M Ravi Kiran resigned as the Chief Financial Officer of the Company w.e.f. 31 December 2019.

@ Mr. Hansraj Singh Rajput was appointed as the Company Secretary of the Company w.e.f. 03 August 2019.

(ii) **The percentage increase in the median remuneration of employees in the financial year:** 3%

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

There are 213 permanent employees on the rolls of the Company.

(iv) **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year:** 4.37%

Percentile increases in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration: Mr. M Ravi Kumar last remuneration was fixed in the year 2016 at the time of his re-appointment. He was again reappointed for a further period of 3 years in the year 2019 and accordingly his remuneration was increased after a period of 3 years. The percentage of increase in the remuneration is in line with the current market trends and the operations of the company.

(v) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy of 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	54 yrs	Over 28 yrs	29-Jun-93	184.13	Nil	2,02,11,250 equity shares	Promoter & Managing Director
2	Kishore Dutt Atluri	President on Contractual employment	Master of Computer Application	59 yrs	35 yrs	29-Jun-93	158.95	Nil	1,75,56,250 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	58 yrs	Around 31 yrs	29-Jun-93	49.68	Nil	77,94,000 equity shares	Promoter & Whole-time Director
4	M Vijaya Rama Rao	Sr Manager (R&D-Electronics), Permanent Employee	BE – Electronics	42 yrs	17 yrs	03-Apr-02	27.38	-	4,000 equity shares	-
5	Surya Prakash Koti	Project Lead (Software), Permanent Employee	M.Sc – Electronics	38 yrs	14 yrs	26-Dec-05	27.39	-	1,008 equity shares	-
6	AVM Arvind Verma	Advisor	M Sc Military Sciences	62 yrs	40 yrs	4-Oct-16	21.00	Indian Air Force from 1978 to 2015	-	-
7	J Sudhakar	Sr Manager (R&D)	Diploma in Electronics	48 yrs	28 yrs	01-Aug-97	17.38	Twin Data Systems Pvt. Ltd. as R&D Engineer	3,000 equity shares	-
8	Binu Raj Balakrishnan	Sr Software Engineer	B. Arch	42 yrs	16 yrs	01-Jan-13	17.37	Fxlabs as Sr Game Programmer	-	-
9	D Ramesh Babu	Sr Technical Lead	MCA	39 yrs	14 yrs	17-Oct-11	15.04	Kensium Solution Pvt. Ltd. as Analyst	-	-
10	K Vasu	Manager - R&D	M. Sc	37 yrs	11 yrs	04-Sep-17	15.00	Analogic Controls India Limited as Sr Engineer -	-	-

For and on behalf of the Board

Place: Hyderabad
Date: 08 August 2020

Ashok Atluri
Chairman and Managing Director
DIN: 0005605

Management Discussion and Analysis

Financial Highlights FY 2019-20

- The Company achieved historically highest turnover, profitability and cash inflows during the financial year.
- The Company prepaid Term Loan and became Debt free during the year.
- Company has built adequate cash reserves and conserve it to withstand serious crisis situations. The Company's surplus funds are parked in fixed deposit with prestigious Banks.
- Company executed the order from Ministry of Defence 18 months ahead of schedule.
- The Company declares 40% dividend.

Global economic overview and outlook

Conventionally, a handful of countries were only considered as defence exporters. But the situation has evolved and off late there is more receptivity to alternate sources for defence equipment from various countries including India. The traditional view that defence equipment needs to be sourced only from well-known defence vendors and the developed countries is no longer a norm. And for good reasons - the quality, the price, and the after-sales support from the well-known players has been dismal. The failure of the old eco-system has created opportunity for companies from countries like India which have cutting-edge defence products at great prices. Also security concerns arising due to COVID will incentivize Governments to invest on training of its security forces which will increase opportunities for companies like Zen.

Indian economic overview and outlook

We felt that the outlook in India was improving till COVID hit the world. If we exclude the impact due to COVID, Indian outlook is very bright, barring a couple of quarters of subdued revenues.

Currently, the Indian Govt is inclined towards indigenous products and stresses buying products which are Designed, Developed and Manufactured in India. We feel the outlook for Indian defence industry is very favourable. In fact, we continue to be very optimistic about Indian economy. New policy initiatives under the Government will help companies like Zen that have created world-class products.

India's defence industry

India's defence industry, under the aggressive policies favouring indigenization, is expected to grow leaps and bounds in the next few years. The Ministry of Defence has started aggressively promoting schemes that help the defence sector indigenize the defence equipment rapidly. This indigenization is happening at component, sub-system and system level.

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

- Defence Acquisition Procedure (DAP) draft has been circulated in March/April of 2020 wherein specific provisions have been introduced for stimulating growth of the domestic defence industry.
- A new category of procurement 'Buy {Indian-IDDM (Indigenously Designed, Developed and Manufactured)}' was introduced in DPP-2016 to promote indigenous design and development of defence equipment. This is expected to be further strengthened in DAP 2020. It has been accorded top most priority for procurement of capital equipment.
- Government has notified a Policy for indigenisation of components and spares used in Defence Platforms in March 2019 with the objective to create an industry ecosystem which is able to indigenize the imported components (including alloys & special materials) and sub-assemblies for defence equipment and platform manufactured in India.
- FDI Policy has been revised and under the revised policy, FDI is allowed under automatic route upto 74% and beyond 74% through Government route wherever it is likely to result in access to modern technology or for other reasons to be recorded.
- The process for export clearance has been streamlined and made transparent & online.
- Government has set up the Technology Development Fund (TDF) to encourage participation of public/private industries

especially MSMEs, through provision of grants, so as to create an eco–system for enhancing cutting edge technology capability for defence applications.

Simulation industry structure and developments

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

In India alone, the size of the simulators market is estimated at Rs 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 indigenization 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 to friendly foreign countries, thus increasing the opportunity size.

The Indian Armed Forces' are fully supporting the indigenization programs and are keen to induct as much of Indian made defence equipment as possible. They are working hard to balance the near-term security concerns with long-term defence self-reliance objectives.

Opportunities and threats

Simulators and other advanced training equipment are becoming increasingly critical in national defence preparedness. Simulators spare real-world equipment from wear and tear and exposure to the elements, as well as enable training in situations that would be difficult to practice in the field.

For example, the engine life of a tank has a limited number of hours. After the said hours the engine needs overhaul, which could cost upto a million dollars. As per Wikipedia, India has about 4,000 tanks, which means an expenditure of 4 Billion dollars. Zen tank solutions can easily replace at least 80% of the training time with simulators. That is Zen solutions can save as much as 3.2 Billion dollars. And the investment required is less than $100 Mn. Multiply this solution across the spectrum of all defence equipment to understand the significant savings that will result due to modernization of training equipment. Obviously, there are entrenched interests that don't want such savings to happen. Some right-thinking officers have started pushing for modern training equipment, and we expect that will help Indian forces train better.

Moreover, solutions like virtual simulators can be used in all weather conditions and around the clock. Faster learning curve, cost-effectiveness and personnel safety are some of the key benefits of these modern training solutions, which have led to wider acceptance of simulation based training solutions.

Market size for simulators is dependent on current stock and future acquisition of defense equipment. Increasing equipment purchase will translate into higher demand for simulators over time and these simulators also need to adequately maintained and periodically upgraded to incorporate 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 entry of foreign defense companies in India through alliances could help widen the market but such increased competition may also reduce the profit margins. While increasing competition is a threat, the company is addressing them through customized features, a superior leverage of technological advancements and faster deployment and delivery.

The company is further pro-actively expanding its horizon by-

- Focusing on the large export opportunities in Middle East, CIS and Africa
- Dedicated team to pursue business opportunities in USA and friendly countries
- Growing the AMC revenue stream which is non-cyclical

Product-wise performance

Zen Technologies has been engaged in the development and manufacture of training simulators utilizing cutting-edge technology for over a quarter of a century. The Company developed expertise in the design, development and manufacture of simulators addressing the training requirements of defense, homeland security and driving sectors. These cost-effective solutions are delivered to customers across the country's defense, services, state police forces, para-military forces and navy. Simulators that have done extremely well in the current year pertain to tanks and we expect that there is lot of mileage we can still derive from these simulators.

Over the years, products that attracted the highest traction comprised the proprietary 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), and Tactical Engagement Simulator (Zen TacSim®), among others.

Zen's latest development which is attracting customers is Zen Combat Training Centre (Zen CTC). This is a one-stop training solution for Armed Forces and State police. It is designed as a secure facility with modern combat training infrastructure to provide the best possible performance-oriented training in a safe, productive and realistic environment. Combining live-fire, instrumented training and virtual training, the set-up is designed as an all-encompassing solution which enable co-ordinated team training under various realistic threat scenarios. Such integrated solutions capability has increased the competitive edge company has over its domestic and international

competitors. Zen is amongst a handful of global players who can offer such tailored training solution and we are hopeful that this product would generate significant revenues in coming years.

Your company achieved a turnover of ₹ 148.99 Cr (previous year ₹ 95.32 Cr) and Profit after tax of Rs 60.52 Cr (PY ₹ 19.05 Cr). The major contribution of the revenues came from Tank simulators. Annual maintenance contracts (AMCs) are increasingly emerging as an important contributor to overall revenues and we expect increasing contribution from AMCs going into the future. Sale of simulators carries a potential of generating up to 120% of the equipment sale value as AMC revenues over the product lifespan. AMC revenues would continue to grow as installation base of simulators increase and these steady revenues would help decrease the volatility in annual revenues.

Outlook

Simulators and defence training present an attractive and growing opportunity for the company and we are well placed to fully capitalise on these opportunities. Our business model stands validated and we feel optimistic about the future for several reasons.

In domestic markets, conducive regulatory regime has opened erstwhile closed single vendor opportunities where we earlier struggled due to absence of other vendors in those niche segments. Government's IDDM policy that explicitly prefers indigenously designed and developed equipment will benefit players like Zen, which invest in R&D and develop their own IP and products. Offset clauses in defence procurement also forces global players to partner with domestic manufacturers and this could continue to boost company's prospects.

Exports represent a large opportunity for us. With proactive support from Indian Government, the company will continue to focus on potentially underserved export markets in the Middle-East, CIS and African countries. Company is creating tailored solutions to address the training requirements of these countries by providing superior technologies at an acceptable price point. We are also looking at supporting such sales through attractive financing options, with the help of Govt of India.

Conclusion: Zen expects orders from exports, Indian armed forces, Central Police Organizations, and State police organizations during FY21. Due to COVID our expectations for FY21 are a bit subdued but we expect FY22 to be an extraordinary year.

Risks and Mitigations

The principal risk faced by Zen is that of increasing competition from international players which may bid at predatory pricing to gain the share in Indian market which may lead to drop in margins. Your Company is committed to developing cutting-edge simulators for Security Forces. These simulators have been typically developed with feedback from the end-users but with no commitment from them to buy the resulting system. Such a line of action, where you develop critical training technologies for security forces entails definite expenditure and no promise of matching income. The government's policy of buying the system from the lowest bidder may harm us if any foreign supplier, with the development costs already amortized, competes with us and dumps the simulators at a cost far below what they have charged overseas.

The above risk is mitigated by the Government of India by having the Buy Indian, IDDM (Indigenously Designed, Developed and Manufactured) policy (Defence Procurement Procedures, 2016), that explicitly prefers indigenously designed and developed equipment. We feel companies like Zen, which invest in R&D and develop their own IP and products, rather than just contract manufacturers, will benefit tremendously from this initiative. As part of our business contract, we give performance guarantee to our clients. In the unlikely event that such a claim for guarantee is invoked, adequate provision for the same will be required. Some of the other risks that your Company faces are dependence on Government for substantial portion of business, high R&D costs with no certainty that the product will be accepted by the customer, stricter user acceptance and high marketing costs.

Financial and operational performance

During FY20, the Company's total income stood at ₹ 148.99 Crores as against ₹ 95.32 Crores in FY19. Net profit stood at ₹ 60.52 Crores compared to ₹ 19.05 Crores FY19. Zen has an order book of ₹ 160.79 Crores as on 31st March 2020 compared with ₹ 282.20 Crores as on 31st March 2019.

Key Financial Ratios

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

S. No	Particulars	2020	2019
1.	Operating Profit Margin (%)	50.72%	33.67%
2.	Net Profit Margin (%)	41.18%	20.66%
3.	Debtors Turnover (no of times)	2.50	1.92
4.	Inventory Turnover	6.44	3.94
5.	Current Ratio *	8.05	1.84
6.	Return on Net worth (%)	30.46%	13.51%
7.	Interest Coverage Ratio *	19.40	4.57
8.	Debt Equity Ratio	0.07	0.59

* FY - 2019-2020, the company has repaid all its long-term financial borrowings.

Internal control systems and its adequacy

Your 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 your 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 entirely, 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 2020, your Company has conducted an assessment of 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 213 people compared to 237 people in FY19. 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 Governance Report

This report is prepared in accordance with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), and the report contains the details of Corporate Governance systems and processes at Zen Technologies Limited ('Zen' or 'the Company').

Corporate governance is the set of processes, customs, policies, laws and institutions affecting the way a company is directed, administered or controlled.

It is a system of structuring, operating and controlling a company with a view to achieve long term strategic goals to satisfy shareholders, creditors, employees, customers and suppliers.

Corporate governance is based on principles such as conducting the business with all integrity and fairness, being transparent with regard to all transactions, making all the necessary disclosures and decisions, complying with all the laws of the land, accountability and responsibility towards the stakeholders and commitment to conducting business in an ethical manner.

The Company is in compliance with the requirements stipulated under Regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations, as applicable, with regard to corporate governance.

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 of the Company consists of seven (7) Directors. To ensure transparent and professional conduct of board procedures in all aspects and related thereto, more than fifty percent i.e., 5 out of 7 Directors are Independent Directors. The Chairman of the Board is an Executive Director. The composition of the Directors is in accordance with Regulation 17 of the Listing Regulations. The brief profiles of the Directors can be found on the Company's website www.zentechnologies.com.

The constitution of the Board is as follows:

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 Sridevi Madati	02446610	Director	05-02-2014[&]	Independent Non-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	Additional Director	02-11-2019*	Independent Director	Non-Executive
8	Ms Sirisha Chintapalli	08407008	Additional Director	08-08-2020#	Independent Director	Non-Executive

& Retired as an Independent Director upon completion of tenure w.e.f. 28 May 2020.

**Appointed as Independent Director w.e.f 02 November 2019.*

#Appointed as Independent Director w.e.f 08 August 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 five (5) Board Meetings held during the year 2019-20 and the last Annual General Meeting (AGM) held on 21 September 2019:

Name of the Director	Number of Board meetings attended		Attendance at AGM held on 21 September 2019
	Held / Eligible to attend	Attended	
Mr Ashok Atluri	5	5	Yes
Mr M Ravi Kumar	5	4	Yes
Ms Sridevi Madati	5	5	Yes
Mr Venkat Samir Kumar Oruganti	5	4	Yes
Mr Amreek Singh Sandhu	5	5	Yes
Dr Ravindra Kumar Tyagi	5	5	Yes
Dr Ajay Kumar Singh	2	2	NA

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	-	-	-	-
2	Mr M Ravi Kumar	-	-	-	-
3	Ms Sridevi Madati	-	-	-	-
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	2	-	Shilpa Medicare Limited (Non-Executive, Independent)

*Excluding Private Limited Companies, Foreign Companies and Section 8 Companies.

**Only membership of Audit and Shareholders Grievances Committees are considered.

None of the Directors on the Board is a member on more than 10 committees or Chairman of more than 5 committees as specified in the Listing Regulations, across all the Companies in which he/she is a Director. Necessary disclosures regarding Committee positions have been made by the Directors.

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

Five Board Meetings were held during the financial year ended 31 March 2020. The maximum gap between any two consecutive meetings did not exceed 120 days.

The dates on which the Board meetings were held are 18 May 2019, 28 June 2019, 03 August 2019, 02 November 2019 and 01 February 2020. The necessary quorum was present for all the meetings.

e. Meeting of Independent Directors.

A separate meeting of Independent Directors was held on 01 February 2020 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.

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.

None of the 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	Ms Sridevi Madati	Nil
2	Mr Venkat Samir Kumar Oruganti	Nil
3	Mr Amreek Singh Sandhu	Nil
4	Dr Ravindra Kumar Tyagi	4,400
5	Dr Ajay Kumar Singh	Nil
6	Ms Sirisha Chintapalli	Nil

h. The detail of Familiarization programmes imparted to Independent Directors is given below.

The details of programs for familiarization of the Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters are available on the website of the Company at the Web link: https://www.zentechnologies.com/investor-information

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 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

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 http://www.zentechnologies.com/about_us/zen-code-of-conduct.php. 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 31 March 2020 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	5	5
2	Mr Venkat Samir Kumar Oruganti	Member	5	4
3	Mr Ashok Atluri	Member	5	5
4	Ms Sridevi Madati*	Member	5	5
5	Dr Ravindra Kumar Tyagi	Member	5	5
6	Dr Ajay Kumar Singh**	Member	5	2

**Ceased as a member w.e.f. May 28, 2020, upon retirement.*

***Appointed as Audit Committee member w.e.f 02 November 2019.*

During the Financial Year 2019-20, the Audit Committee met 5 times on the following dates:

18 May 2019, 28 June 2019, 03 August 2019, 02 November 2019 and 01 February 2020.

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.

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 2019-20 Nomination and Remuneration committee met three (3) times on 18 May 2019, 03 August 2019 and 02 November 2019.

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	Ms Sridevi Madati*	Member	3	3
3	Mr Amreek Singh Sandhu	Member	3	3
4	Dr Ajay Kumar Singh**	Member	3	NA

*Ceased as a member w.e.f. May 28, 2020, upon retirement.

**Appointed as Nomination and Remuneration Committee member w.e.f 06 June 2020

iii. Nomination and Remuneration policy:

The Nomination and Remuneration Policy is available on the Company's website at http://www.zentechnologies.com/investor_relations/Nomination-Remuneration-Policy.pdf.

The Policy ensures that:

- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully.
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks and
- Remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

iv. Performance Evaluation:

Pursuant to the provisions of the Companies Act, 2013 and the Listing Regulations, the Board has carried out an annual evaluation of its own performance and that of its Committees as well as performance of the Directors individually. The performance evaluation of the Non-Independent Directors and the Board as a whole was carried out by the Independent Directors. The performance evaluation of the Chairman of the Company was also carried out by the Independent Directors, taking into account the views of the Executive Director and Non-Executive Directors. The Directors expressed their satisfaction with the evaluation process.

5) Remuneration of Directors.

a. There are no pecuniary transactions with any non-executive director of the Company.

b. Non-Executive Directors are paid sitting fee for attending the Board and Committee meetings.

Name of the Director	Amount (₹)
Mr Venkat Samir Kumar Oruganti	2,00,000
Ms Sridevi Madati	2,50,000
Mr Amreek Singh Sandhu	2,50,000
Dr Ravindra Kumar Tyagi	2,50,000
Dr Ajay Kumar Singh	1,00,000

The details of remuneration paid to Executive Directors during the year are as follows:

Amount (₹)

Name of the Director and Designation	Salary	Benefits	Bonus	Pension	Commission	Service Contracts	Notice Period
Mr Ashok Atluri, Chairman and Managing Director	50,40,000	1,52,008	-	-	1,32,20,820	Appointed for a period of 3 years w.e.f 1 October 2017*	As per the Company Rules
Mr M Ravi Kumar, Whole Time Director	48,51,000	1,17,444	-	-	-	Appointed for a period of 3 years w.e.f 29 June 2019	As per the Company Rules

* Recommended for the reappointment as the Managing Director for a period of 3 years w.e.f. 01 October 2020 by the Board of Directors in their meeting held on 08 August 2020 and the same is subject to approval of shareholders in the ensuing AGM.

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	Ms Sridevi Madati*	Member
4	Mr Amreek Singh Sandhu**	Member

**Ceased as a member w.e.f. May 28, 2020, upon retirement.*

***Appointed as Stakeholders Relationship Committee member w.e.f 06 June 2020.*

During financial year 2019-20 SRC met two (2) times on 02 November 2019 and 01 February 2020. 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	Chairperson	2	2
2	Ms Sridevi Madati	Member	2	2
3	Mr Ashok Atluri	Member	2	2

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:

In pursuance of the resignation of Mr. M Satish Choudhury, Company Secretary & Compliance Officer w.e.f July 9, 2019 (Close of Business Hours), the Board of Directors appointed Mr. Hansraj Singh Rajput, a qualified Company Secretary, as the Compliance Officer of the company w.e.f. July 10, 2019, as per Regulation 6 of the Listing Regulations.

Email id for investor grievances: investors@zentechnologies.com

iii. Number of shareholders' complaints received so far:

During the year ended 31 March 2020, 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

7) 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
2016-17	28-09-2017	9.30 a.m.	B - 42, Industrial Estate, Sanathnagar, Hyderabad – 500018, Telangana, India
2017-18	29-09-2018	9.00 a.m.	11th Floor, Signature Towers, Opp. Botanical Garden, Kondapur, Hyderabad – 5000084, Telangana, India
2018-19	21-09-2019	10.00 a.m.	11th Floor, Signature Towers, Opp. Botanical Garden, Kondapur, Hyderabad – 5000084, Telangana, India

ii. Special Resolutions passed in the previous three AGMs:

1) 24th AGM: 1. Reappointment of Ms Sridevi Madati as Independent director for second term of 3 years; 2. Alteration of Articles of Association; 3. Reappointment of Mr Ashok Atluri as Managing Director for 3 years.

2) 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, gurantees, 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 (RFPIs) 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%.

3) 26th AGM: Re-appointment of Mr M. Ravi Kumar as Whole-Time director and fixing Remuneration.

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

There was no Special Resolution passed during the year 2019-20 through Postal ballot.

8) Means of Communication.

i. **Quarterly results:**

The quarterly results of the Company are published in accordance with the requirements of the Listing Regulations.

ii. **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).

iii. **Any website, where displayed:**

Quarterly / Half Yearly / Annual Audited Results, Annual Reports, Announcements, Investor information, Policies etc. are displayed on the Company's website : www.zentechnologies.com under the Investors section.

iv. **Whether it also displays official news releases:**

Official news releases along with the quarterly results are displayed on the Company's website : www.zentechnologies.com.

v. **Presentations made to institutions investors or to the analysts:**

The presentations made to the investors/ analysts are placed on the Company's website www.zentechnologies.com. Investors Presentations are hosted on the website under Investors Section.

9) General Shareholder Information.

a. **Annual General Meeting:** 27th Annual General Meeting

Day, Date, Time & Venue: Saturday the 19 September 2020 at 10.00 a.m. IST. The Company is conducting meeting through VC /OAVM pursuant to the MCA Circular dated 5 May 2020 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, 14 September 2020 from 09.00 a.m. to Friday, 18 September 2020 up to 5.00 p.m.

b. **Financial Year:** 1 April 2019 to 31 March 2020.

c. **Record Date for the purpose of Dividend & AGM:**

Friday, 11 September 2020

d. **Dividend Payment Date:**

Within 30 days from the date of declaration of dividend in AGM i.e., on or before 19 October 2020

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 2020-2021.

f. **Stock Code:**

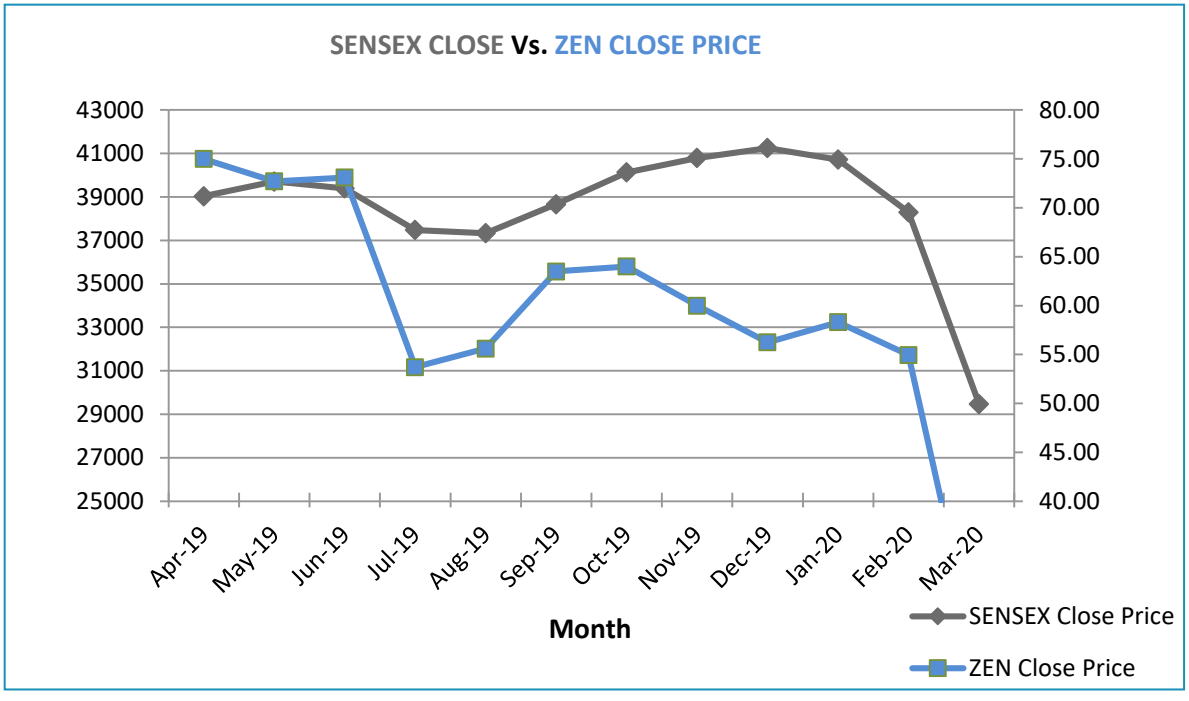
Demat ISIN No. for NSDL & CDSL: INE251B01027

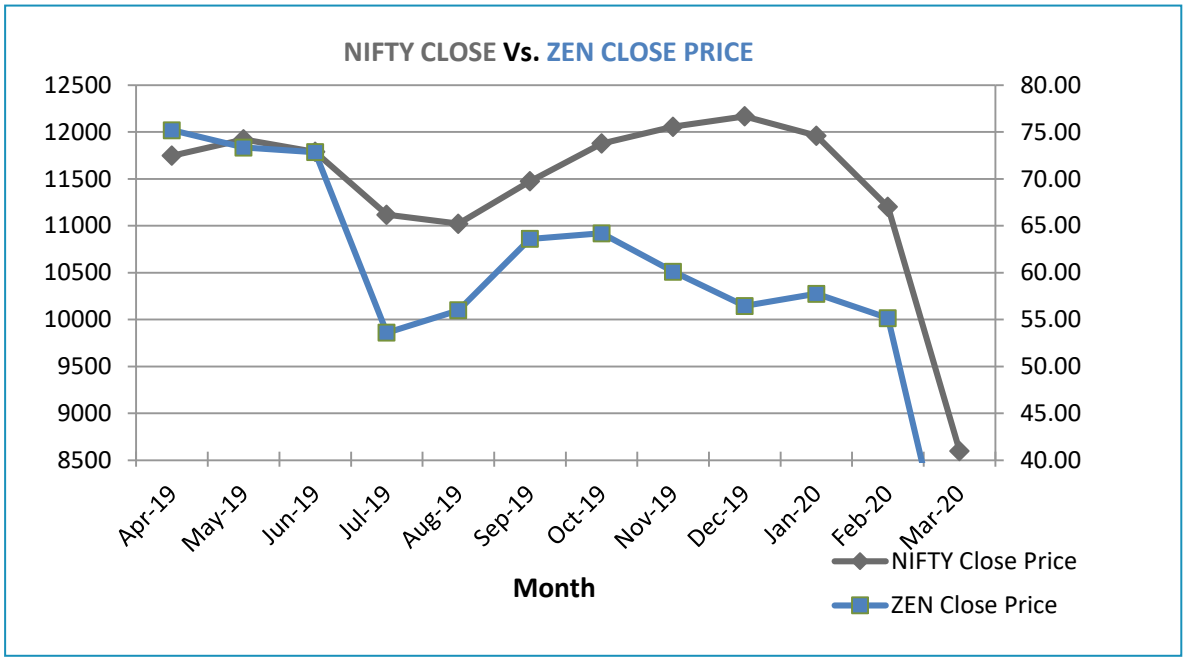
Name of the Stock Exchange	Stock / Scrip Code
BSE Limited	533339
National Stock Exchange of India Limited	ZENTEC

g. Market Price Data: High, Low during each month in financial year 2019-2020:

Month	BSE			NSE		
	High (₹)	Low (₹)	No. of Shares traded	High (₹)	Low (₹)	No. of Shares traded
Apr-19	81.10	72.50	73,068	81.25	72.00	10,35,005
May-19	80.00	68.90	1,14,726	79.25	68.85	8,86,797
Jun-19	78.90	69.20	98,929	79.20	69.90	15,07,260
Jul-19	74.60	49.20	98,534	74.50	49.00	11,99,833
Aug-19	60.80	50.20	1,07,256	61.90	51.00	10,83,826
Sep-19	74.70	53.00	1,64,690	72.00	53.20	10,42,304
Oct-19	67.00	58.75	72,469	67.50	57.05	6,03,320
Nov-19	78.00	56.00	1,93,271	78.00	59.00	15,56,138
Dec-19	65.00	53.85	60,917	61.95	53.50	5,00,453
Jan-20	67.50	55.80	84,624	67.40	54.30	11,46,195
Feb-20	63.00	53.40	84,970	63.90	53.40	8,45,346
Mar-20	57.00	22.40	16,09,652	57.40	21.30	21,25,276

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

*Name of Karvy Fintech Private Limited changed to KFin Technologies Private Limited w.e.f. 5th December, 2019

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 31 March 2020 is as follows:

Shareholding of nominal value of (₹)		Shareholders		Share Amount	
		Number	% to Total	In (₹)	% to Total
1	5,000	11,282	93.50	68,46,959.00	8.87
5,001	10,000	349	2.90	26,47,558.00	3.43
10,001	20,000	197	1.63	28,57,034.00	3.70
20,001	30,000	86	0.71	21,23,637.00	2.75
30,001	40,000	34	0.28	11,79,039.00	1.53
40,001	50,000	24	0.20	11,00,861.00	1.43
50,001	1,00,000	42	0.35	29,55,135.00	3.83
1,00,001 and Above		52	0.43	5,74,49,837.00	74.46
TOTAL		**12,066**	**100.00**	**7,71,60,060.00**	**100.00**

Shareholding Pattern as on 31 March 2020:

S. No	Description	Shares	% Equity
1	Promoter Individuals	4,59,53,560	59.56
2	Resident Individuals	2,32,05,182	30.07
3	Bodies Corporates	53,77,800	6.97
4	H U F	10,37,948	1.35
5	Non Resident Indians (NRIs)	6,93,489	0.90
6	NRI Non-Repatriation	4,00,925	0.52

7	Clearing Members	2,20,542	0.29
8	I E P F	79,350	0.10
9	Indian Financial Institutions	1,75,514	0.23
10	NBFC	4,000	0.01
11	Foreign Portfolio Investors	1,715	0.00
12	Banks	10,035	0.01
	Total:	**7,71,60,060**	**100.00**

m. Dematerialization of shares and liquidity:

The Company has made necessary arrangements with National Securities Depository Limited (NSDL) and Central Depository Services (In dia) Limited (CDSL) for dematerialization facility. As on 31 March 2020, a total of 7,69,61,760 equity shares were dematerialized which consti tute 99.74% 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 has issued 23,49,940 convertible warrants pursuant to preferential issue approved by the shareholders in the Extra-ordinary General Meeting held on 22 January 2019. The Warrants were allotted to the respective allottee mentioned in the EGM resolution on 04 Feb ruary 2019. The Warrants are convertible into 1 equity share each on payment of the exercise money within a period of 18 months from the date of allotment of the Warrants.

The pre and post shareholding pattern considering full conversion of the said Warrants is as follows:

S. No	Category of Shareholder	Pre-Issue		Post-Issue	
		Shares held	% of Total Holding	Shares held	% of Total Holding
1	Promoters and Promoter Group	4,59,02,340	59.49	4,81,02,280	60.50
2	Public holding	3,12,57,720	40.51	3,14,07,720	39.50
	Total	7,71,60,060	100.00	7,95,10,000	100.00

o. Commodity Price Risk or Foreign Exchange risk and hedging activities :

The Company is not carrying on any Commodity Business and has also not undertaken any hedging activities; hence same are not applicable to the Company.

p. Plant Locations :

Maheswaram Manufacturing Unit:
Plot No.35, 36 & 37, Kancha Imarath,
Near Ravirala Village, Hardware Park,
Ranga Reddy District - 501 510, Telangana, India

q. Address for Correspondence :

Company:

The Company Secretary,
Zen Technologies Limited, B-42, Industrial Estate,
Sanathnagar, Hyderabad - 500 018, Telangana, India
Phone: +91-40 - 23814894, 23813294
Fax: +91-40 – 23813694
Email id: cosec@zentechnologies.com

Registrar and Share Transfer Agents:

KFin Technologies 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

s. Credit Rating:

The Company obtained credit rating from Infomerics 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
At the beginning of year	CARE BBB; Stable (Triple B; Outlook-Stable)	CARE A3 + (A Three Plus)	CARE BBB; Stable/CARE A3+ (Triple B; Outlook-Stable / A Three Plus)
Changes during the 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)
At the end of the financial 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)

**Credit rating upgraded w.e.f. 10 December 2019.*

10) Disclosures.

i. Disclosures on materially significant related party transactions that may have potential conflict with the interests of company at large:

During the year 2019-2020, there was no materially significant related party transaction which had potential conflict with the interests of the Company at large. The details of the related party transactions are disclosed in the notes on accounts forming part of the Annual Report. In terms of Regulation 23 of the Listing Regulations, the Board has formulated a Related Party Transaction Policy.

The Related Party Transaction Policy is uploaded on the website of the Company at https://www.zentechnologies.com/policies-and-code-of-conduct.

ii. Details of Non-Compliance and Penalties:

TThere were no instances of non-compliance, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets during the last three years.

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.zentechnologies.com/policies-and-code-of-conduct

The Whistle Officer has not received any complaint for the financial year ended 31 March 2020.

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 weblink of Policy for determining Material Subsidiaries updated on the website of the Company is https://www.zentechnologies.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 2019-2020.

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-imbursement 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 2019-2020, the Company has received and disposed-off two (2) complaints pertaining to Sexual Harassment. Further there were no cases / complaints pending disposal as at the end of the financial year.

xi. **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.

xii. **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.zentechnologies.com/policies-and-code-of-conduct

xiii. **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.

xiv. **Proceeds from public issues, rights issue, preferential issues, etc.**
The Company issued 23,49,940 convertible warrants on preferential basis to promoters and other than promoters. The Company received an amount of Rs. 4,46,48,860/- towards warrant subscription at the time of allotment of warrants, which is used towards research and development (R&D), acquisitions and working capital.

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

xv. **Disclosures in respect of demat suspense account/unclaimed suspense account as on 31.03.2020** – 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 31 March 2020.

Place: Hyderabad
Date: 08 August 2020

Ashok Atluri
Chairman and Managing Director
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 31 March 2020, 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 judgment, 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 31March 2020.

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

D.S. RAO
Company Secretary
ACS No: 12394
CP No: 14487
UDIN: A012394B000563626

Place: Hyderabad
Date: 08 August 2020

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 31 March 2020 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**

Ashok Atluri
Chairman and Managing Director & Chief Financial Officer
DIN: 00056050

Place: Hyderabad
Date : 06 June 2020

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 31 March 2020, 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	Sridevi Madati	Independent Director	02446610
5	Oruganti Venkat Samir Kumar	Independent Director	06699271
6	Amreek Singh Sandhu	Independent Director	08064880
7	Ajay Kumar Singh	Independent Director	08532830

Ensuring eligibility for the appointment/ continuity of every director on the Board is the responsibility of the management of the Company. Our responsibility is to express and opinion on these, based on our verification. This certificate is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

D.S. RAO
Company Secretary
ACS No.: 12394
CP. No.: 14487
UDIN: A012394B000563615

Place: Hyderabad
Date : 08 August 2020

being there...

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 2019 to March 2020
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	**National:** **1. Corporate & Head Office (Research & Development Unit):** Zen Technologies Limited B-42, Industrial Estate, Sanathnagar, Hyderabad-500018, Telangana, India **2. Manufacturing & Production Facility (Work Unit):** Zen Technologies Limited Plot No. 34 part (35, 36 and 37), Hardware Park, Kancha Imarat, Near Ravirala Village, Maheswaram, Near Shamshabad International Airport, Telangana-501510, India **3. Branch Office / Software Division:** Zen Technologies Limited D. No: 2-91/77/2/ST/11&12, Signature Towers, Opp. Botanical Gardens, Kondapur, Serilingampally, Hyderabad-500084, Telangana, India **International:** **1. Zen Technologies USA, Inc.** 3500, South DuPont Highway Dover, DE 19901, Kent County
10.	Markets served by the Company – Local/ State/National/International	All over India & International

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1.	Paid up Capital (INR)	₹ 771.60/- Lakhs
2.	Total Turnover (INR)	₹ 14,899.86/- Lakhs
3.	Total profit after taxes (INR)	₹ 6,052.60/- Lakhs
4.	Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	0.27%
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 ₹ 16.30 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?	www.zentechnologies.com								
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?	N	N	N	N	N	N	N	N	N

* 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:** Annually

(b) **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

The Company published its BR report for the first time for the financial year ended on March 31, 2020 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) 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.

b) 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.

c) 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 : 213 as on March 31, 2020.

2. Please indicate the total number of employees hired on temporary/contractual/casual basis : 111 as on March 31, 2020.

3. Please indicate the number of permanent women employees : 32 as on March 31, 2020

4. Please indicate the number of permanent employees with disabilities : Nil as on March 31, 2020

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 2020, the Company has received and disposed-off two (2) 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 IV - 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), The Federation of Telangana Chambers of Commerce And Industry (Formerly known as FTAPCCI) and Electronics and Computer Software Export Promotion Council (ESC).

2. Have you advocated/lobbied through the above associations for the advancement or improvement of public good? Yes/No :

No.

Principle 8: Businesses should support inclusive growth and equitable development:

1. Does the Company have specified programs/ initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

Pertaining to the purchases and procurement, the implementation is overseen by the purchase department. The Company oversees the remaining initiatives of Principle 8 through 'Veer Sammaan Foundation', which undertakes CSR initiatives.

2. Are the programs/projects undertaken through in-house team/ own foundation/external NGO/ government structures/any other organization?

The Company has undertaken most of its programs/ projects directly through 'Veer Sammaan Foundation'.

3. Have you done any impact assessment of your initiative?

Yes.

4. What is your Company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken?

₹ 16.30/- Lakhs. For more details, Please refer to Annexure V 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.

Standalone Financial Statements

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, 2020, 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 a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (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, 2020, the profit and 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 judgment, 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	**Non-Current Investments:** **Investment in Unistring Tech Solutions Private Limited** Company has acquired equity shares vide Share Purchase agreement with Unistring Tech Solutions Private Limited. During the year it has acquired 15% shares and total equity share holding increased from 36% to 51% and became subsidiary company w.e.f 08-05-2019.	Our audit procedures amongst others included the following: • Obtained the details of transaction. • Reviewed the share purchase agreement and verified the terms agreed. • Verified the dates of acquisition and transaction completed on 08-05-2019. • Verified the accounting treatment and disclosures under Ind AS 109 Financial Instruments. • Reviewed the financial statements of Unistring Tech Solutions Private Limited.
	Investment in Zen Technologies USA Inc. During the year the company has invested ₹ 14,34,66,958 in Zen Technologies USA Inc, of which ₹ 6,65,98,458 shares were allotted and for balance ₹7,68,68,500 shares were yet to be allotted.	Our audit procedures amongst others included the following: • 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.	**Revenue From Operations:** Revenue from operations from a single contract is ₹ 10161.84 Lakhs, which constitute 69% of total revenue from operation during the year. We considered this as key audit matter due to the materiality of the amount.	Our audit procedures amongst others included the following: • We understood and tested on a sample basis the design and operating effectiveness of management control over the recognition of revenue as per Ind AS 115 Revenue from Contracts with Customers. • We have reviewed the contract document between the parties to ensure for compliance of terms and conditions.
3.	**Disputed statutory dues:** There were disputed statutory dues pending disposal before CESTAT and CIT (Appeals), Hyderabad. Total disputed statutory dues were ₹825.02 Lakhs as on 31.03.2020.	Our audit procedures amongst others included the following: • Obtained the case details and reviewed the status of case at various forums and had discussion with management. • Company has recognized the disputed liabilities as contingent liabilities in the financial statements as per Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets.
4.	**Leases:** The company has entered into lease agreement with Co-Developer, Samuha Engineering Industries Limited for a period of 33 years for taking 2 Acres plot of land on lease, which is situated in the Special Economic Zone (SEZ) at Adibatla, Hyderabad. The company has obtained license form VSEZ for setting up of a SEZ unit for manufacture of equipment.	Our audit procedures amongst others included the following: • Reviewed lease agreement and test checked transactions. • Leases were accounted as per principals laid down in Ind AS 116 Leases.

Information Other than the Financial Statements and Auditor's Report Thereon:

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

  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. 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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 has made provisions, as required under the applicable law or accounting standards, for material foreseeable losses, if any, 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 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.

For **RAMASAMY KOTESWARA RAO AND CO LLP**
Chartered Accountants
(Firm's Registration No. 010396S/S200084)

Place: Hyderabad
Date: 06 June 2020

C .V. Koteswara Rao
Partner
(Membership No. 028353)
UDIN: 20028353AAAACD8893

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, 2020 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, 2020, 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)

C.V. Koteswara Rao
Partner
(Membership No. 028353)
UDIN: 20028353AAAACD8893

Place: Hyderabad
Date: 06 June 2020

being there...

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. As explained to us, the management has conducted physical verification of inventory at reasonable intervals.

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 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. The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company. Thus reporting under clause vi of the order is not applicable to the Company.

vii. 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.

viii. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause ix of the Order is not applicable to the Company.

ix. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.

x. 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.

xi. The Company is not a Nidhi Company and hence reporting under clause xii of the Order is not applicable to the Company.

xii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

xiii. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause xiv of the Order is not applicable to the Company.

xiv. 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.

xv. 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.

xvi. 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, ncome Tax, Goods and Service Tax, Customs Duty, Cess and other material 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 other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.

(c) Details of dues of Income Tax, Sales Tax, Service Tax, Excise Duty and Value Added Tax which have not been deposited as at March 31, 2020 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 ₹
The Income Tax Act, 1961	Income Tax	CIT (Appeals), Hyderabad	AY 2017-18	1,59,742
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

For **RAMASAMY KOTESWARA RAO AND CO LLP**
Chartered Accountants
(Firm's Registration No.010396S/S200084)

C.V. Koteswara Rao
Partner
(Membership No. 028353)
UDIN: 20028353AAAACD8893

Place: Hyderabad
Date: 06 June 2020

Standalone Balance Sheet as at 31 March 2020

(₹ In lakhs)

S. No	Particulars	Note No	As at 31 March 2020	As at 31 March 2019
I	**ASSETS**			
	Non-current assets			
	(a) Property plant and Equipment	3	6,436.13	6,276.94
	(b) Intangible assets	3	6.50	9.89
	(c) Capital Work Inprogress	3	-	40.40
	(d) Financial assets			
	(i) Investments	4	1,590.28	1,335.65
	(ii) Other financial assets	5	818.81	57.30
	(e) Deferred Tax Assets (Net)	6	2,028.02	812.40
	(f) Other non current assets	7	141.16	483.15
	Total Non Current Assets		**11,020.90**	**9,015.73**
II	Current assets			
	(a) Inventories	8	1,035.30	3,528.38
	(b) Financial assets			
	(i) Trade receivables	9	4,437.82	7,335.27
	(ii) Cash and cash equivalent	10	1,024.91	368.76
	(iii) Bank Balances Other Than Cash and Cash Equivalent	11	827.44	888.94
	(iv) Other financial assets	12	1,697.43	729.87
	(c) Other current assets	13	1,295.85	486.25
	Total Current Assets		**10,318.75**	**13,337.47**
	Total Assets (I+II)		**21,339.65**	**22,353.20**
I	**EQUITY AND LIABILITIES**			
	Equity			
	(a) Equity Share Capital	14	771.60	771.60
	(b) Other Equity	15	19,103.00	13,329.47
	Total Equity		**19,874.60**	**14,101.07**
II	**Liabilities**			
	Non-current liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	16	18.78	880.15
	(ii) Others financial liabilities	17	7.01	-
	(b) Long Term Provisions	18	156.77	140.60
	Total Non Current Liabilities		**182.56**	**1,020.75**
	Current liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	19	62.16	2,613.63
	(ii) Trade payables	20	512.61	752.58
	(iii) Other Financial liabilities	21	33.93	740.94
	(b) Other current liabilities	22	572.84	2,906.49
	(c) Short Term Provisions	23	100.95	217.74
	Total Current Liabilities		**1,282.49**	**7,231.38**
	Total Equity and Liabilities (I+II)		**21,339.65**	**22,353.20**
	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 & Co LLP**
Chartered Accountants
FRN:010396S/S200084

C.V. Koteswara Rao
Partner
MNo: 028353

Place: Hyderabad
Date: 06 June, 2020

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

Statement of Profit and Loss for the year ended 31 March 2020

(₹ In lakhs)

S. No	Particulars	Note No	Year ended 31 March 2020	Year ended 31 March 2019
1	**Income**			
	Revenue From Operations	24	14,698.00	9,222.06
	Other Income	25	201.86	310.78
	Total Income		**14,899.86**	**9,532.84**
2	**Expenses**			
	Cost of Materials and Components consumed	26	2,509.13	3,756.08
	Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	27	1,385.73	(1,160.99)
	Manufacturing Expenses	28	580.41	470.83
	Employee Benefits Expense	29	1,667.97	1,566.42
	Finance Costs	30	318.23	478.88
	Depreciation and Amortization Expense	3	375.25	376.81
	Other Expenses	31	2,206.88	2,335.21
	Total Expenses		**9,043.60**	**7,823.23**
3	**Profit/(Loss) before exceptional and extraordinary items (1 - 2)**		**5,856.26**	**1,709.61**
4	Exceptional Items		-	-
5	**Profit /(Loss) before extra-ordinary items and tax (3-4)**		**5,856.26**	**1,709.61**
6	Extraordinary items		-	-
7	**Profit / (Loss) before Tax (5-6)**		**5,856.26**	**1,709.61**
8	**Tax expense**			
	(i) Current tax		1,021.20	368.40
	(ii) Deferred tax		(1,215.63)	(582.50)
	Total Tax		**(194.43)**	**(214.10)**
9	**Net Profit/(Loss) from continuing operations (7- 8)**	6	**6,050.69**	**1,923.71**
10	Profit / (Loss) from discontinuing operations		-	-
11	Tax expense of discontinuing operations		-	-
12	**Net Profit /(Loss) from discontinuing operations (10 - 11)**		**-**	**-**
13	**Net Profit /(Loss) for the period (9+ 12)**		**6,050.69**	**1,923.71**
14	**Other Comprehensive Income**			
	Items that will not be reclassified subsequently to statement of profit or loss		2.70	(18.13)
	Income tax relating to items that will not be reclassified to profit / loss		(0.79)	-
	Total Other Comprehensive Income		**1.91**	**(18.13)**
15	**Total Comprehensive Income for the year (13+14)**		**6,052.60**	**1,905.58**
	Earning per Equity Share of Face Value of ₹ 1/- Each	32		
	Basic (In ₹) -		7.84	2.49
	Diluted (In ₹) -		7.84	2.49
	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 & Co LLP**
Chartered Accountants
FRN: 010396S/S200084

C.V. Koteswara Rao
Partner
MNo: 028353

Place: Hyderabad
Date: 06 June, 2020

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

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Standalone Cash Flow Statement for the year ended 31 March 2020

(₹ In lakhs)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Cash Flows from Operating Activities		
Net profit before tax (A)	5,856.26	1,709.61
Adjustments for:		
Depreciation and amortization expense	375.25	373.94
Provision for doubtful debts/advances/ impairment	-	2.87
Profit/ Loss on Sale of Vehicle	11.25	(4.41)
Interest Income	(87.18)	(96.76)
Deferred Income Grant Benefit	-	(24.00)
Finance Cost	318.23	478.88
Other Comprehensive Income	2.70	(18.13)
Operating profit before working capital changes (B)	**6,476.51**	**2,422.00**
Movements in Working Capital:		
(Increase)/Decrease in Trade Receivables	2,897.45	(5,074.14)
(Increase)/Decrease in Other financial assets	(960.38)	189.58
(Increase)/Decrease in Inventories	2,493.08	(2,372.91)
(Increase)/Decrease in Other Current Assets	(809.60)	119.05
(Increase)/Decrease in Other Non Current Assets	65.37	29.45
Increase/(Decrease) in Trade Payables	(239.97)	405.83
Increase/(Decrease) in Other financial liabilities	(21.01)	231.82
Increase/(Decrease) in Other Current liabilities	(2,333.65)	(186.57)
Increase/(Decrease) in Provisions	16.17	10.66
Changes in Working Capital (C)	**1,107.46**	**(6,647.22)**
Cash generated from operations (B+C)	**7,583.97**	**(4,225.22)**
Direct Taxes Paid (Advance Tax)	**(1,138.78)**	**(150.66)**
Net Cash from operating activities (D)	**6,445.19**	**(4,375.88)**
Cash flows from Investing Activities (E)		
Purchase of Fixed Assets (Including CWIP)	(508.40)	(225.13)
Sale of Fixed Assets	6.50	12.56
Investment in Subsidiary companies	(254.63)	(1,171.88)
Interest Income	87.18	96.76
(Increase)/Decrease in Other Bank Balances	61.50	2,262.83
Loans given to subsidiary companies	(768.69)	-
Advance for Fixed Assets	276.63	(246.21)
Net Cash From/ (Used In) Investing Activities	**(1,099.91)**	**728.94**

Standalone Cash Flow Statement for the year ended 31 March 20

(₹ In lakhs)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Cash flows from Financing Activities (F)		
Proceeds from Long term borrowings	(1,540.36)	576.29
Dividend paid	(231.48)	(77.16)
Corporate Dividend tax	(47.59)	(15.86)
Finance Cost	(318.23)	(478.88)
Amount received towards Share warrants	-	446.49
Net Cash From/ (Used In) Financing Activities	**(2,137.66)**	**450.88**
Net Increase/(Decrease) in cash and cash equivalents (D+E+F)	**3,207.62**	**(3,196.07)**
Cash and Cash equivalents at the beginning of the year	(2,244.87)	951.20
Cash and Cash equivalents at the ending of the year (Refer Note 11)	**962.75**	**(2,244.87)**

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 cash flows.

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 & Co LLP**
Chartered Accountants
FRN: 010396S/S200084

C.V. Koteswara Rao
Partner
MNo: 028353

Place: Hyderabad
Date: 06 June, 2020

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

Notes on Financial Statements for the year ended 31 March 2020

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, Sanath Nagar, Hyderabad-500018, Telangana, India. The Equity Shares of the Company are listed on Bombay Stock Exchange (BSE) and National Stock Exchange 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.

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 per the Companies (Indian Accounting Standards) Rules, 2015 and other relevant rules as notified by SEBI as required under Section 133 of the Companies Act, 2013 ("The Act")]. The presentation of financial statements is based upon Ind AS Schedule III of Companies Act, 2013.

Except for the changes below, the Company has consistently applied accounting policies to all applicable periods.

Ind AS 116, Leases:

Effective April 1, 2019, the Company has adopted Ind AS 116 "Leases" and applied to its Lease contracts existing on April 1, 2019, using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. The Company has evaluated the effect of this amendment on the financial statements and concluded that there is no significant impact.

Amendment to Ind AS 12 'Income Taxes':

The Ministry of Corporate Affairs has notified limited amendments to Ind AS 12 'Income Taxes' with effect from April 1, 2019. The amendments require an entity to recognise the income tax consequences of dividends as defined in Ind AS 109 when it recognises a liability to pay a dividend. The income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. Since Dividend Distribution Tax is not applicable with effective from April 1, 2020, this amendment will have no impact on the financial statements.

Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments:

The Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments which clarifies the application and measurement requirements in Ind AS 12 when there is uncertainty over income tax treatments. The current and deferred tax asset or liability shall be recognized and measured by applying the requirements in Ind AS 12 based on the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this appendix. The amendment is effective from April 1, 2019. The Company has evaluated the effect of this amendment on the financial statements and concluded that there is no significant impact.

Amendment to Ind AS 19 'Employee Benefits':

The Ministry of Corporate Affairs has notified limited amendments to Ind AS 19 'Employee Benefits' in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendment is effective from April 1, 2019 the Company has evaluated the effect of this amendment on the financial statements and concluded that this amendment is currently not applicable.

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:

a. Certain financial assets & liabilities are measured either at fair value or at amortized cost depending on the classification;

b. 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.

Notes on Financial Statements for the year ended 31 March 2020

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.

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

The Financials statements were authorized for issue in accordance with a resolution of the board of directors on 6th June, 2020.

2.3 Use of Estimates and Judgements:

The preparation of the financial statements in conformity with Ind AS requires the management to make estimates, judgments and assumptions. These estimates, judgments 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 judgments 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:

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.

2.6 Current Vs 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, 2013and Ind AS 1, Presentation of financial statements.

Assets:

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

a. It is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;

b. It is held primarily for the purpose of being traded;

c. It is expected to be realized within twelve months after the reporting date; or

d. 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:

a. It is expected to be settled in the Company's normal operating cycle;

b. It is held primarily for the purpose of being traded;

c. It is due to be settled within twelve months after the reporting date; or

d. 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 counter party, 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 non-current. 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 currencies of entities within 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). 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.

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 mount is higher of the value in use or fair value less cost to sell.

Notes on Financial Statements for the year ended 31 March 2020

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
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.

De-recognition

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 reconises 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 :

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.

Notes on Financial Statements for the year ended 31 March 2020

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 (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.

Notes on Financial Statements for the year ended 31 March 2020

Export Benefits

Export Incentives:

The company receives export incentives in the form of MEIS 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.

Operating Lease:

Where an operating lease is defined as a lease that does not transfers substantially all the risks and rewards incidental to ownership of an underlying asset.

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.

Notes on Financial Statements for the year ended 31 March 2020

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.

2.27 Recent Accounting Pronouncements:

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

2.28 Impact on account of COVID-19 Key accounting judgements, estimates and assumptions:

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

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 judgments, 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 inventories 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.

Notes on Financial Statements for the year ended 31 March 2020

3. Property, Plant & Equipment

(₹ In lakhs)

Particulars	Property, Plant and Equipment										Intangible Assets	
	Land	Buildings	Computers	Plant & Machinery	Office Equipment	Testing Equipment	Demo equipment	Furniture & Fixtures	Vehicles	Total	Computer Software	Total
Gross Block												
As at 01 April 2019	**648.95**	**5,310.19**	**374.84**	**300.89**	**531.61**	**74.35**	**192.23**	**591.32**	**381.00**	**8,405.38**	**1,027.84**	**1,027.84**
Additions	99.24	155.49	16.04	-	14.21	2.16	249.16	0.08	6.35	542.73	6.06	6.06
Deductions/Retirement During the Year	-	-	-	0.50	-	-	-	-	30.00	30.50	-	-
Balance As at 31 March 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**
Accumulated Depreciation/ Amortization												
Balance As at 01 April 2019	**-**	**806.06**	**324.38**	**164.33**	**351.76**	**49.22**	**105.44**	**153.44**	**173.83**	**2,128.44**	**1,017.95**	**1,017.95**
For the year	3.01	123.85	32.05	15.44	57.27	8.25	42.78	53.09	30.06	365.80	9.45	9.45
Deductions/Adjustments During the Year	-	-	-	0.03	-	-	-	-	12.73	12.76	-	-
Balance As at 31 March 2020	**3.01**	**929.91**	**356.42**	**179.74**	**409.02**	**57.48**	**148.22**	**206.53**	**191.15**	**2,481.49**	**1,027.40**	**1,027.40**
Net Carrying Amount												
Balance As at 01 April 2019	648.95	4,504.14	50.46	136.56	179.85	25.12	86.79	437.88	207.17	6,276.94	9.89	9.89
Balance As at 31 March 2020	**745.19**	**4,535.78**	**34.45**	**120.65**	**136.79**	**19.03**	**293.17**	**384.87**	**166.19**	**6,436.13**	**6.50**	**6.50**

Notes on Financial Statements for the year ended 31 March 2020

3 - Capital Work-In-Progress

(₹ In lakhs)

Description	Buildings	Total
Deemed Cost		
Balance as at 01 April 2019	40.40	40.40
Additions	-	-
Deletions / Transfer	40.40	40.40
Balance as at 31 March 2020	-	-
Accumulated Depreciation		
Balance as at 01 April 2019	-	-
Depreciation charge during the year	-	-
Deletions / Transfer	-	-
Balance as at 31 March 2020	-	-
Net carrying amount	-	-
Balance as at 01 April 2019	40.40	40.40
Balance as at 31 March 2020	-	-

Net Book Value

(₹. In lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Property, Plant & Equipment and Intangible Assets	6,442.63	6,286.83
Capital Work in Progress	-	40.40

4 Investments (Non Current)

(₹ In lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Unquoted investments:		
Investment in Subsidiaries:		
Zen Technologies USA ,INC	665.99	561.43
9,50,001 Equity shares (31 March 2020)		
Investment in Subsidiaries:		
Unistring Tech Solutions Pvt Ltd	700.07	550.00
2,88,794 Equity shares of ₹10/- each, fully paid up (31 March 2020)		
Investment in Others:		
Paladin Paradigm Knowledge Solutions INC.,	224.22	224.22
17,500 Equity shares (31 March 2020)		
2,139 Class Seed Preferred shares (31 March 2020)		
Aggregated Value of Unquoted investments	1,590.28	1,335.65

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

Notes on Financial Statements for the year ended 31 March 2020

5 Other Financial Assets

(Unsecured, considered good) (₹ In lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Security deposits	33.21	40.63
Deposits with government, public bodies and others	16.91	16.67
Adavances to subsidiaries	768.69	-
	818.81	**57.30**

6 Deferred Tax Asset / (Liability) (NET)

(₹ In lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Deferred Tax Asset		
Tax on Losses Carry Forward	-	256.56
Deferred Tax Asset on MAT credit entitlement	2,544.22	1,110.48
Deferred Tax on Gratuity	45.65	-
Deferred Tax on Leases	0.05	-
Deferred Tax Liability		
Accelerated depreciation for tax purposes	(561.90)	(554.64)
Net Deferred tax Asset	**2,028.02**	**812.40**

7 Other Non Current Assets

(₹ In lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Prepaid expenses	22.40	43.65
Capital Advances	61.59	338.21
Loans and Advances to Employees	12.10	13.17
Income Tax refund	45.07	88.12
	141.16	**483.15**

8 Inventories

(₹ In lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Raw material	744.33	1,827.64
Work in progress	239.13	1,624.86
Inventory Others	51.84	75.88
	1,035.30	**3,528.38**

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

Notes on Financial Statements for the year ended 31 March 2020

9 Trade Receivables (Unsecured)

(₹ In lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Unsecured, considered good		
Trade Receivables	4,437.82	7,335.27
Receivables from Related Parties	-	-
Less :Allowances for credit Losses	-	-
Total	**4,437.82**	**7,335.27**
Current Portion	3,447.67	6,283.97
Non Current Portion:	990.15	1,051.30
Total	**4,437.82**	**7,335.27**

Note: Trade Receivables are Non Interest Bearing

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

Breakup of Security Details of Trade receivables:

(₹ In lakhs)

Particulars	As at 31 March 20	As at 31 March 2019
Trade Receivables considered good - Secured	-	-
Trade Receivables considered good - Unsecured	4,437.82	7,335.27
Trade Receivables - credit impaired	-	-
Less: Allowance	-	-
Total	**4,437.82**	**7,335.27**

10 Cash and Cash Equivalents

(₹ In lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Cash on hand	15.55	18.53
Balances with banks:		
- In current accounts	**449.36**	**350.23**
- In Fixed Deposits with original maturity Less than 3 months	560.00	-
	1,024.91	**368.76**

Notes on Financial Statements for the year ended 31 March 2020

11 Other Bank Balances:

(₹ In lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Balances with banks for unclaimed dividend	6.62	8.13
- Fixed Deposits with original maturity More than 3 months & Less than 12 months	-	-
- Deposits against BG's	593.81	606.64
- Deposits against OD's	-	100.00
- Other Fixed Deposits	148.64	144.06
Interest accrued but not due on deposits	78.37	30.11
	827.44	**888.94**

Note : All Fixed deposits were kept with Scheduled banks only.

Cash and Cash Equivalents include the following for Cash flow purpose

(₹ In lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Cash and Cash Equivalents/ Bank Balances	1024.91	368.76
Less: OD/CC accounts forming part of Cash & Cash Equivalents	(62.16)	(2613.63)
Cash and Cash Equivalents/ Bank Balances	**962.75**	**(2244.87)**

12 Other Financial Assets (Current)

(₹ In lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
To Others - Unsecured, Considered good		
Accrued Income but not due	547.43	729.87
Current Investments at amortised cost	1,150.00	-
	1,697.43	**729.87**

13. Other Current Assets

(₹ In lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
To Others- Unsecured, considered good		
Prepaid Expenses	67.12	64.90
Balance with Statutory Authorities	1,039.72	76.26
Advance to material suppliers(Creditors)	155.16	299.26
Other Assets (Duty Scripts)	33.85	45.83
	1,295.85	**486.25**

Notes on Financial Statements for the year ended 31 March 2020

14 Share Capital

(₹ In lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
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		
7,71,60,060 Equity shares of ₹ 1/- each fully paid-up	771.60	771.60
	771.60	**771.60**

a) **Reconciliation of the shares and amount outstanding at the beginning and at the end of the reporting year.**

(₹ In lakhs)

Particulars	As at 31 March 2020		As at 31 March 2019	
	No of Shares	Amount	No of Shares	Amount
At the beginning of the Year	77,160,060	771.60	77,160,060	771.60
Add/Less: Changes During the year	-	-	-	-
Outstanding at the end of the year	**77,160,060**	**771.60**	**77,160,060**	**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) **List of Persons holding more than 5 Percent equity shares in the Company**

Name of the share holder	As at 31 March 2020		As at 31 March 2019	
	No of Shares	%	No of Shares	%
Ashok Atluri	20,211,250	26.19	20,211,250	26.19
Kishore Dutt Atluri	17,556,250	22.75	17,556,250	22.75

15 Statement of Other Equity

Other Equity

(₹ In lakhs)

Particulars	Note no	As at 31 March 2020	As at 31 March 2019
Securities premium reserve	15.1	891.85	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	14,078.92	8,307.30
Share Warrants	15.5	446.49	446.49
Other Comprehensive Income	15.6	43.49	41.58
		19,103.00	**13,329.47**

Notes on Financial Statements for the year ended 31 March 2020

15.1 Securities Premium Reserve

(₹ In lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Opening balance	891.85	891.85
Add: Additions during the year	-	-
less: Utilised for issue expenses		
	891.85	**891.85**

Amount received on issue of shares in excess of the par value has been classified as security share premium

15.2 Capital Redemption Reserve

(₹ In lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Opening balance	117.24	117.24
Add: Additions during the year		-
	117.24	**117.24**

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

15.3 General Reserve

(₹ In lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Opening balance	3,525.01	3,525.01
Add: Additions during the year		
	3,525.01	**3,525.01**

15.4 Retained Earnings

(₹ In lakhs)

Particulars		As at 31 March 2020	As at 31 March 2019
Opening balance		8,307.30	6,476.61
Add: Net profit for the year		6,050.69	1,923.71
	(A)	14,357.99	8,400.32
Less: Allocations/ Appropriations			
Transfer to General reserve			
Dividend distributed to equity shareholders		231.48	77.16
Dividend distribution tax on dividend		47.59	15.86
	(B)	279.07	93.02
	(A-B)	**14,078.92**	**8,307.30**

15.5 Share Warrants

(₹ In lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Opening balance	446.49	-
Add: Additions during the year	-	446.49
	446.49	**446.49**

Notes on Financial Statements for the year ended 31 March 2020

15.6 Other Comprehensive Income

(₹ In lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Acturial Gain or Loss:		
Opening balance	41.58	59.71
Add: Additions during the year	1.91	(18.13)
	43.49	**41.58**

16. Borrowings (Non Current)

(₹ In lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Secured		
- Vehicle loan	18.78	25.66
SBI Term Loan A/c	-	843.68
- Deferred Revenue TDB (Govt. grant)	-	10.81
	18.78	**880.15**

17. Other Financial Liabilties

(₹ In lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Lease Liability	7.01	-
	7.01	**-**

(₹ In lakhs)

18. Long Term Provisions

Particulars	As at 31 March 2020	As at 31 March 2019
- Provision for gratuity (Ref Note)	156.77	140.60
- Provision for decline, other than temporary, in the value of long term investments	-	-
	156.77	**140.60**

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). The provision is estimated by an independent consulting actuary as per requirements of IND AS 19 which is as follows:

Notes on Financial Statements for the year ended 31 March 2020

(₹ In lakhs)

S.No	Particulars	As at 31 March 2020	As at 31 March 2019
I	Changes in present value of obligations		
	PVO at beginning of the period	257.77	258.47
	Interest cost	17.15	16.9
	Current Service Cost	30.48	32.84
	Past service Cost - (Vested Benefits)	-	-
	Benefits Paid	-67.17	-39.42
	Benefits Paid directly by the company	-	-29.21
	Actuarial (Gain)/ Loss on Obligation	13.78	18.19
	PVO at end of the period	252	257.77
II	**Changes in Fair Value of plan Assets**		
	Fair value of plan assets beginning of the period	117.17	128.53
	Adjustment to Opening Fair value plan of asset	-	-0.58
	Return on Plan assets excluding Interest Income	16.48	0.06
	Interest Income	8.06	8.90
	Contribution by Employer	20.70	19.67
	Contribution by Employee	-	-
	Benefits Paid	-67.17	-39.42
	Fair Value of plan Assets at end of the period	95.23	117.16
III	Net Status of Plan	-156.77	-140.61
IV	Net Amount Recognised	-156.77	-140.61
V	Actual return on plan assets	24.53	8.96
	Less Interest income included above	8.06	8.90
	Return on plan assets excluding interest income	16.48	0.06
VI	Expenses recognised in the Statement of Profit and Loss Account		
	Current service cost	30.48	32.83
	Interest cost	9.09	8.00
	Past Service Cost -(vested benefits)	-	-
	Expense recognized in the statement of Profit and loss Account	39.57	40.83
VII	**Other Comprehensive Income (OCI)**		
	Actuarial (Gain)/Loss recognized for the period	13.78	18.19
	Return on Plan Assets excluding net interest	-16.48	-0.06
	Total Actuarial (Gain)/Loss recognized in (OCI)	-2.70	18.13

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 frame work 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.

Notes on Financial Statements for the year ended 31 March 2020

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 lakhs).

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	As at 31 March 2020	As at 31 March 2019
Mortality	IALM (2012-14)Ult	IALM (2006-08)Ult
Increase / discount Rate	6.51%	7.32%
Rate of Increase in Compensation	6.00%	6.00%
Expected Average remaining Service	6.62	6.59
Employee Attrition Rate (Past Service (PS))	PS: 0 to 42: 12%	PS: 0 to 42: 12%

Sensitivity Analysis

	Discount Rate (DR)		Salary Escalation Rate (ER)	
	PVO DR +1%	PVO DR -1%	PVO ER +1%	PVO ER -1%
PVO	239.26	266.29	263.4	241.43

Expected Payouts

(₹ In lakhs)

Year	First	Second	Third	Fourth	Fifth	Six - Ten
Payouts	35.11	46.89	38.42	23.05	22.01	89.68

Asset Liability Comparisons

(₹ In lakhs)

Year	31.03.2016	31.03.2017	31.03.2018	31.03.2019	31.03.2020
PVO at the end of period	221.63	262.52	258.47	257.77	252
Plan Assets	136.05	130.63	128.53	117.17	95.23
Surplus/(Deficit)	(85.57)	(131.89)	(129.94)	(140.60)	(156.77)
Experience adjustment on plan assets	(0.07)	1.03	1.75	0.06	16.47

19. Short Term Borrowings

(₹ In lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Bank Over Draft part of Cash & Cash Equivalents (Ref Note)	62.16	2,613.63
	62.16	**2,613.63**

Notes on Financial Statements for the year ended 31 March 2020

Overdrafts

(₹ In lakhs)

Particulars	For the Year Ended 31 March	
	2020	2019
Indian Bank Account	2.86	-
11.30% (PY 10%) Indian Bank OCC account	20.21	1,299.19
9.5% (PY Nil) HDFC OCC account	39.09	-
SBI OCC account	-	1,314.44
Total Over Drafts	**62.16**	**2,613.63**

Details of security:

'The working capital facilities (₹ 30 Crs) from Indian Bank & HDFC are secures aganist hypothecation of Stocks and Book Debts 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, B-42 Sanathnagar & Plot no.36 Hardware Park - Hyderabad properties which are offered as collateral securities.

20. Trade Payables

(₹ In lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Trade payables		
- Dues to Micro and Small Enterprises	-	-
- Trade Payables Others	512.61	752.58
	512.61	**752.58**

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

(i) The amount remaining unpaid as at 31 March 2020 in respect of enterprises covered under the "Micro, Small and Medium Enterprises Development Act, 2006" (MSMED) is ₹ 2.41 lakhs (31 March 2019: ₹ 6.6 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 2019: ₹ Nil).

21. Other Financial Liabilities (Current)

(₹ In lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Current maturities of long-term debts (Ref Note)	6.88	685.87
Unclaimed dividends	6.62	8.13
Provision for expenses	20.43	46.94
	33.93	**740.94**

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

Notes on Financial Statements for the year ended 31 March 2020

22. Other Current Liabilities

(₹ In lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Income billed but not due	61.23	374.38
Salaries and benefits	9.39	111.46
Bonus and incentives	68.72	150.25
Taxes payable	161.37	452.57
Advance from customers	115.90	1,723.31
Other Payables	156.23	94.52
	572.84	**2,906.49**

23. Short Term Provisions

(₹ In lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Provision for Income Tax	100.95	217.74
	100.95	217.74

24. Revenue From Operations

(₹ In lakhs)

Particulars	Year ended March 31st, 2020	Year ended March 31st, 2019
a) Sale of Products	12,752.48	6,988.83
b) Sale of Product Services	1,945.52	2,233.23
	14,698.00	9,222.06

25. Other Income

(₹ In lakhs)

Particulars	Year ended March 31st, 2020	Year ended March 31st, 2019
Interest income	87.18	96.76
Net gain/(loss) on foreign currency exchange fluctuation	51.10	51.24
Profit/(Loss) on Sale of Assets	-	4.41
Deferred Income (Grant)-Benefit	10.81	24.00
Miscellaneous income	52.77	134.37
	201.86	**310.78**

26. Cost Of Materials And Components Consumed

(₹ In lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Opening stock of raw materials	1,827.64	615.72
Add: Purchases	1,425.82	4,968.00
	3,253.46	**5,583.72**
Less: Closing stock	744.33	1,827.64
	2,509.13	**3,756.08**

Notes on Financial Statements for the year ended 31 March 2020

27. Changes In Inventories Of Finished Goods,Work-In-Progress and Stock-In-Trade

(₹ In lakhs)

Particulars	Year ended March 31st, 2020	Year ended March 31st, 2019
Opening work in progress	1,624.86	463.87
Opening traded goods	-	-
	1,624.86	**463.87**
Closing work in progress	239.13	1,624.86
	239.13	1,624.86
Net (increase) / decrease in stock	**1,385.73**	**(1,160.99)**

28. Manufacturing Expenses

(₹ In lakhs)

Particulars	Year ended March 31st, 2020	Year ended March 31st, 2019
Power and fuel	33.99	34.63
Spares and Stores	19.24	17.28
Material Handling Charges	29.27	55.24
Travel expenses - Production	4.39	5.51
System Installation & Maintenance	116.23	79.58
Factory Maintenance	297.18	203.47
Training Charges	0.95	1.47
Salaries -Production	79.16	73.65
	580.41	**470.83**

29. Employee Benefits Expense

(₹ In lakhs)

Particulars	Year ended March 31st, 2020	Year ended March 31st, 2019
Salaries, wages and bonus	1,481.56	1,375.66
Contribution to provident and other funds	49.51	55.12
Gratuity expense	53.79	12.59
Staff welfare expenses	83.11	123.05
	1,667.97	**1,566.42**

30. Finance Costs

(₹ In lakhs)

Particulars	Year ended March 31st, 2020	Year ended March 31st, 2019
Bank Charges	13.39	18.98
BG Commission	41.78	70.86
Processing Charges	17.26	62.78
Interest on borrowings		
- interest on bank OD loans	166.22	273.57
- interest on TDB loan	7.20	46.54
- interest on Vehicle loan	3.15	6.15
- interest Others	0.77	-
- interest on Income Tax	68.46	-
	318.23	**478.88**

Notes on Financial Statements for the year ended 31 March 2020

3 Depreciation & Amortisation

(₹ In lakhs)

Particulars	Year ended March 31st, 2020	Year ended March 31st,2019
Depreciation on Fixed Assets	375.25	376.81
Impairment on Assets	-	-
	375.25	**376.81**

31. Other Expenses

(₹ In lakhs)

Particulars	Year ended March 31st, 2020	Year ended March 31st,2019
Selling & Distribution expenses		
Business Promotion	94.86	97.37
Exhibition expenses	135.11	469.32
Freight	73.67	62.89
	303.64	**629.58**

(₹ In lakhs)

Travelling expenses	Year ended March 31st, 2020	Year ended March 31st,2019
Domestic Travel	273.79	289.68
Foreign Travel	122.49	110.09
Total Travel expenses	**396.28**	**399.77**

(₹ In lakhs)

Administrative & General expenses	Year ended March 31st, 2020	Year ended March 31st,2019
Advertisement	52.50	65.18
Loss on sale of assets	11.25	-
Conveyance	25.49	41.67
Donation CSR	16.3	-
Electricity Charges-General	35.37	38.24
Insurance	31.52	27.38
Office Maintenance	119.25	124.29
Postage & Telephone	32.31	37.13
Printing & Stationary	14.30	28.54
Professional Charges	275.24	436.85
Rates & Taxes	69.98	37.21
Rent	35.32	64.39
Security expenses	36.63	32.68
Vehicle Maintenance	23.92	30.04
Computer Maintenance	2.46	6.85
Spares & Stores-R&D	541.33	275.95
Other Expenses	179.79	55.01
Payment to auditors		
For Statutory Audit fee (Net of GST)	4.00	3.00
For Other Services	-	1.45

Notes on Financial Statements for the year ended 31 March 2020

(₹ In lakhs)

Administrative & General expenses	Year ended March 31st, 2020	Year ended March 31st,2019
Total of Administrative & General expenses	1,506.96	1,305.86
Total of Other Expenses	2,206.88	2,335.21

32. Earnings per Share

(₹ In lakhs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Earnings		
Profit attributable to equity holders	6050.69	1923.71
Shares		
Number of shares at the beginning of the year	771.60	771.60
Add: Equity shares issued	-	-
Less: Buy back of equity shares	-	-
Total number of equity shares outstanding at the end of the year	771.60	771.60
Weighted average number of equity shares outstanding during the year – Basic	771.60	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	771.60	771.60
Earnings per share of par value ₹ 1/- – Basic(₹)	7.84	2.49
Earnings per share of par value ₹1/- – Diluted (₹)	7.84	2.49

* During the Year 2019-20, The Company did not issue any share warrants

32. Related Party Disclosure

List of Subsidiaries:

Zen Technologies USA Inc

Unistring Tech Solutions Private Limited

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
- Mr. Kishore Dutt Atluri, President
- Mr. M Ravi Kumar, Whole Time Director
- Dr. Ravindra Kumar Tyagi, Independent Director
- Mrs. Sridevi Madati, Independent Director
- Mr. O Venkata Samir Kumar, Independent Director
- Mr. Amreek Singh Sandhu, Independent Director
- Mr. M Ravi Kiran, Chief Financial Officer
- Mr. M Satish Choudhury, Company Secretary

Notes on Financial Statements for the year ended 31 March 2020

- Dr. Ajay kumar singh,Independent Director
- Mr. Hansraj Singh Rajput,Company Secretary

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, HR Manager, Daughter of Mr. Kishore Dutt Atluri
- Veer Sammaan Foundation, Founder Trustee

The following is a summary of significant related party transactions:

(₹ in lakhs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
a) Key managerial personnel		
Remuneration & Commission		
Mr. Ashok Atluri	51.92	51.78
Mr. Ashok Atluri	132.21	30.55
Mr. Kishore Dutt Atluri	32.51	31.37
Mr. Kishore Dutt Atluri	126.43	72.27
Mr. M Ravi Kumar	49.68	40.52
Mr. M Ramesh Kumar-CFO@	-	18.00
Mr. M Ravi Kiran-CFO#	8.28	1.39
Mr. M Satish Choudhury-CS*	3.51	12.28
Mr. Hansraj Singh Rajput-CS**	9.56	-
b) Non-whole time Directors		
Sitting Fee		
Mrs. Sridevi Madati	2.50	2.50
Mr. O Venkata Samir Kumar	2.00	2.50
Mr. Amreek Singh Sandhu	2.50	2.50
Dr. Ravindra Kumar Tyagi***	2.50	-
Dr.Ajay kumar Singh	1.00	-
c) Relatives of Key Managerial Personnel		
Remuneration		
Mr. Arjun Dutt Atluri	9.28	5.78
Ms. Anisha Atluri@@	3.19	5.30
Rent		
Mrs. Rama Devi Atluri	6.37	6.08
Donation		
Veer Sammaan Foundation	16.31	-
TOTAL	459.75	282.82

Note:

@Ceased with effect from 01 February 2019.

Notes on Financial Statements for the year ended 31 March 2020

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.

Transactions with Subsidiaries& Associates:

(₹ in lakhs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Zen Technologies USA Inc		
Equity Investment	873.24	561.43
TOTAL	**873.24**	**561.43**
Unistring Tech Solutions Private Limited		
Equity Investment	150.07	550.50
Purchases	231.50	133.34
Sales	-	-
TOTAL	**381.57**	**683.34**

Other Related Parties:

Indigenous Defence Equipment Exporters Association		
Services	9.00	-
Sales	-	-
TOTAL	**9.00**	**-**

34. Earnings/expenditure in foreign currency and Value of Raw materials Consumed

a) Expenditure in Foreign currency:

(₹ in lakhs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Capital goods	1.03	3.00
Raw Materials and Components	77.66	19.87
Stores & Spares	27.55	58.00
Foreign Travel (Exclusive of tickets purchased)	85.09	44.56
Professional charges	21.41	26.00
Exhibition Expenses	21.52	299.76
Others	10.41	60.45
Total	**244.67**	**511.64**

Notes on Financial Statements for the year ended 31 March 2020

b) *Earnings in Foreign currency:* (₹ in lakhs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
FOB Value of Exports	-	332.17
Dividend	-	-
Total	-	332.17

c) *Value of Raw Material Consumed:* (₹ in lakhs)

Particulars	2019-20		2018-19	
	Amount	%	Amount	%
Indigenous raw materials and stores	2,403.92	95.81	3,705.74	99.47
Imported raw materials and stores	105.21	4.19	19.87	0.53

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. During FY 2019-20 Total revenue from the single customer is 69.14% from single customer.

36. Employee 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).

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	For the Year Ended 31 March	
	2020	2019
Current taxes expense		
Domestic	1021.20	368.40
Deferred taxes expense/(benefit)		
Domestic	(1215.63)	(582.50)
Total income tax expense/(benefit) recognized in the statement of profit and loss	(194.43)	(214.10)

Notes on Financial Statements for the year ended 31 March 2020

b. Reconciliation of Effective tax rate:

(₹ in lakhs)

Particulars	For the Year Ended 31 March	
	2020	2019
Profit before income taxes	**5856.26**	**1709.61**
Enacted tax rate in India	29.12%	**21.55%**
Computed expected tax (benefit)/expense	**1,705.34**	**368.40**
Effect of:		
Expenses not deductible for Tax purposes	139.12	0.00
Expenses deductible for Tax purposes	1,110.70	0.00
Taxable at Special Rates	0.00	0.00
Others	0.00	0.00
Income tax (benefit)/expense	**733.76**	**368.40**
Effective tax rate	**12.53%**	**21.55%**

The Company's average effective tax rate for the years ended 31 March 2020 and 2019 were 12.53% and 21.55%, respectively. During the year the company pays the tax as per the provisions of section 115JBof the Income Tax Act and the tax liability of the company is ₹ 1021.20 Lakhs.

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	For the Year Ended 31 March	
	2020	2019
Deferred tax assets/(liabilities):		
Property, plant and equipment	(561.90)	(554.64)
Carry Forward Losses	-	256.56
MAT credit entitlement	2544.21	1110.48
Deferred Tax on Gratuity	45.65	-
Deferred Tax on Leases	0.05	-
Net deferred tax assets/(liabilities)	**2,028.02**	**812.40**

38. Contract Asset & Contract Liability:

a). Contract Asset:

(₹ in lakhs)

Particulars	For the Year Ended 31 March	
	2020	2019
(a) Contract Assets	625.80	759.98
Total	**625.80**	**759.98**

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

Notes on Financial Statements for the year ended 31 March 2020

b). Contract Liability: (₹ in lakhs)

Particulars	For the Year Ended 31 March	
	2020	2019
(a) Contract Liability	115.90	1723.31
Total	**115.90**	**1723.31**

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

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	1,066.95	1,457.19	-	910.93	3,435.06
On Services	523.34	362.30	37.89	79.22	1,002.76
Total	**1,590.29**	**1,819.49**	**37.89**	**990.15**	**4,437.82**

***Note:** There are no indicators for impairment in trade receivables during the FY 2019-20.

Notes on Financial Statements for the year ended 31 March 2020

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 2020 the Company have following unutilized credit limits. (₹ in lakhs)

Name of the Bank	Sanctioned Credit Limits	Unutilized credit Limits
Indian Bank OCC Account	1,500.00	1479.79
HDFC OCC Account	1,500.00	1460.91
Total	**3,000.00**	**2940.70**

As of 31 March 2020, the Company had working capital (current assets less current liabilities) of ₹ 9036.27 Lakhs including cash and cash equivalents of ₹ 1024.91Lakhs. As of 31 March 2019, the Company had working capital (current assets less current liabilities) of ₹ 6106.69 Lakhs including cash and cash equivalents of ₹ 368.76 Lakhs.

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2020: (₹ in lakhs)

Particulars	2020	2021	2022	Thereafter	Total
Trade payables	512.61	-	-	-	512.61
Long term borrowings	-	7.52	8.21	3.05	18.78
Bankoverdraft,short-termloansandborrowings*	62.16	-	-	-	62.16
Other liabilities*	707.72	-	-	-	707.72

* 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	For the year ended 31 March 2020	For the year ended 31 March 2019
Total Debt	1,465.05	8,252.13
Less: Cash and Cash equivalents	1,024.91	368.76
Adjusted Net Debt (A)	**440.14**	**7,883.37**
Total Equity	19,874.60	14,101.07
Adjusted Net Equity (B)	**19,874.60**	**14,101.07**
Adjusted Net Debt to Adjusted Net Equity (A/B)	**0.02:1**	**0.56:1**

Notes on Financial Statements for the year ended 31 March 2020

40. Contingent Liabilities and Commitments:

The following are the details of contingent liabilities and commitments:

(₹ in lakhs)

Particulars	For the Year Ended 31 March	
	2020	2019
Contingent Liabilities		
a) Claims against the company/disputed liabilities not acknowledged as debts		
Income Tax		
Central Excise (Refer note below)	749.43	749.43
b) Guarantees		
Bank Guarantees/Letter of Credits	5065.58	4820.18
Total	**5815.01**	**5569.61**

Note:

a. The above Excise Duty case pertains to demands raised by the Excise Department 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.

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 meet the applicability criteria as set out in section 135(1) of Companies Act 2013 as amended by Companies (Amendment) Act 2017 notified on 19.09.2018, provision for CSR is to be made for FY 2019-20 is ₹ 16.30 Lakhs.

42. Research & Development Expenditure:

(₹ in lakhs)

Particulars	For the Year Ended 31 March	
	2020	2019
Expenditure incurred on Research & Development:		
Salaries	637.38	660.80
Bonus & Gratuity	185.71	116.91
Electricity Charges	27.34	25.08
Travelling Expenses	14.81	17.64
Spares & Stores	542.59	277.23
Consultancy Charges	23.03	30.45
Depreciation	40.53	46.36
Interest on TDB loan	7.20	46.54
Training Charges	-	-
Rates & Taxes	0.01	0.94
Repairs & Maintenance	2.98	5.46
Total Research & Development Expenses	**1481.58**	**1227.41**

Notes on Financial Statements for the year ended 31 March 2020

Note : The above expenditure of research and 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, 2019 Balance	Additions	Sales/ Adjust-ments	As at 31st Mar 2020	As at 01 April, 2019 Balance	Additions	Sales/ Adjust-ments	As at 31st Mar 2020	As at 31st Mar 2020	As at 31 March 2019
Land	51.50	-	-	51.50	-	-	-	-	51.50	51.50
Building - Sanathnagar	481.88	-	-	481.88	64.50	8.11	-	72.61	409.27	417.39
Shed -B42	5.12	-	-	5.12	0.38	0.09	-	0.47	4.65	4.74
Computers	106.74	-	-	106.74	103.71	2.37	-	106.08	0.66	3.03
Plant and machinery	141.55	-	-	141.55	106.32	4.59	-	110.91	30.64	35.23
Office Equipment	84.74	-	-	84.74	65.89	5.14	-	71.03	13.70	18.85
Furniture, fixtures	148.51	-	-	148.51	51.28	11.04	-	62.32	86.20	97.23
Testing Equipment	55.79	-	-	55.79	42.35	6.18	-	48.53	7.25	13.43
B) INTANGIBLE										
Software	306.01	-	-	306.01	306.01	-	-	306.01	-	-
Software (RKT)	601.81	-	-	601.81	598.79	3.01	-	601.80	0.01	3.02
Total	**1,983.65**	**-**	**-**	**1,983.65**	**1,339.23**	**40.53**	**-**	**1,379.76**	**603.89**	**644.42**

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For Ramasamy Koteswara Rao & Co LLP
Chartered Accountants
FRN: 010396S/S200084

C.V. Koteswara Rao
Partner
MNo: 028353

Place: Hyderabad
Date: 06 June 2020

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 Financial Statements

Independent Auditor's Report

To
The Members of **Zen Technologies Limited**

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of ZEN TECHNOLOGIES LIMITED (the "Company") and its subsidiaries, (the Company and its subsidiaries together referred to as the "Group") which comprise the Consolidated Balance Sheet as at March 31, 2020, 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 ended on that date, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements, give the information required by the Companies Act, 2013 (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 the consolidated state of affairs of the Group as at March 31, 2020, the consolidated profit, consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing ("SA"s) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Companies Act, 2013 and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements 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	**Revenue From Operations :** Revenue from operations from a single contract is ₹ 101,61.84 Lakhs, which constitute 68% of group total revenue from operation during the year. We considered this as key audit matter due to the materiality of the amount.	Our audit procedures amongst others included the following : • We understood and tested on a sample basis the design and operating effectiveness of management control over the recognition of revenue as per Ind AS 115 Revenue from Contracts with Customers. • We have reviewed the contract document between the parties to ensure for compliance of terms and conditions.
2.	**Disputed statutory dues :** There were disputed statutory dues pending disposal before CESTAT and CIT (Appeals), Hyderabad. Total disputed statutory dues were ₹ 825.02 Lakhs as on 31.03.2020.	Our audit procedures amongst others included the following : • Obtained the case details and reviewed the status of case at various forums and had discussion with management. • Company has recognized the disputed liabilities as contingent liabilities in the

		financial statements as per Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets.
3.	**Leases :** The company has entered into lease agreement with Co-Developer, Samuha Engineering Industries Limited for a period of 33 years for taking 2 Acres plot of land on lease, which is situated in the Special Economic Zone (SEZ) at Adibatla, Hyderabad. The company has obtained permission from **TSIIC** for setting up of a SEZ unit for manufacture of equipment.	Our audit procedures amongst others included the following : • Reviewed lease agreement and test checked transactions. • Leases were accounted as per principals laid down in Ind AS 116 Leases.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements, standalone 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 Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated 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; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 Boards of Directors of the companies included in the Group are responsible for assessing the ability of the respective entities 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 intend to liquidate their respective entities 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks,

and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal 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 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 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.

  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 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/ information of Zen Technologies USA Inc. and Unistring Tech Solutions Private Limited included in the consolidated financial statements of the company whose financial statements/financial information reflect total assets of USD.9,28,916 and ₹ 9,65,32,698/- respectively as at 31 March 2020 and the total revenue of USD. Nil and ₹ 5,49,01,959/- respectively for the year ended on that date, as considered in the standalone financial statements/ information of Zen Technologies USA Inc. and Unistring Tech Solutions Private Limited have been audited by the other auditors whose report has been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in Zen Technologies USA Inc. and Unistring Tech Solutions Private Limited is based solely on the report of such auditors.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, 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 have been kept by the Company 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 Company as on March 31, 2020 taken on record by the Boards of Directors of the 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, 2020 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 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 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 consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.

ii) Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, 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 Company.

For **RAMASAMY KOTESWARA RAO AND CO LLP**
Chartered Accountants
(Firm's Registration No. 010396S/S200084)

C .V. Koteswara Rao
Partner
Place: Hyderabad (Membership No. 028353)
Date: 06 June 2020 UDIN: 20028353AAAACE2188

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 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, 2020, we have audited the internal financial controls over financial reporting of ZEN TECHNOLOGIES LIMITED (hereinafter referred to as the "Company").

Management's Responsibility for Internal Financial Controls

The Boards of Directors of the 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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the 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 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 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 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 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 and to the best of our information and according to the explanations given to us, the 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 and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal financial control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **RAMASAMY KOTESWARA RAO AND CO LLP**
Chartered Accountants
(Firm's Registration No.010396S/S200084)

C.V. Koteswara Rao
Partner
(Membership No. 028353)
UDIN: 20028353AAAACE2188

Place: Hyderabad
Date: 06 June 2020

Consolidated Balance Sheet as at 31 March 2020

(₹ in lakhs)

	Particulars	Note.No	As at 31 March 2020	As at 31 March 2019
I	**ASSETS**			
	Non-current assets			
	(a) Property plant and Equipment	3	6,498.83	6,296.44
	(b) Intangible assets	3	755.77	9.89
	(c) Capital Work-In-progress	3	-	40.40
	(d) Financial assets			
	(i) Investments	4	224.22	774.57
	(ii) Other financial assets	5	104.69	57.30
	(e) Deferred Tax Assets(Net)	6	2,036.32	812.40
	(f) Other non current assets	7	141.16	483.15
	Total Non Current Assets		**9,760.99**	**8,474.15**
II	**Current assets**			
	(a) Inventories	8	1,404.35	3,528.38
	(b) Financial assets			
	(i) Trade receivables	9	4,650.94	7,335.27
	(ii) Cash and cash equivalent	10	1,679.66	370.47
	(iii) Bank Balances Other Than Cash and Cash Equivalent	11	827.97	858.83
	(iv) Other financial assets	12	1,697.43	759.98
	(c) Other current assets	13	1,385.38	520.86
	Total Current Assets		**11,645.73**	**13,373.80**
	Total Assets (I + II)		**21,406.72**	**21,847.95**
I	**EQUITY AND LIABILITIES**			
	Equity			
	(a) Equity Share Capital	14	771.60	771.60
	(b) Other Equity			
	Equity attributable to owners of Company	15	18,345.88	12,739.24
	Non Controlling interest		659.13	-
	Total Equity		**19,776.61**	**13,510.84**
II	**Liabilities**			
	Non-current liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	16	137.20	880.15
	(ii) Other financial liabilities	17	7.01	-
	(b) Long Term Provisions	18	156.77	140.60
	Total Non Current Liabilities		**300.98**	**1,020.75**
	Current liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	19	108.48	2,613.63
	(ii) Trade payables	20	454.06	813.97
	(iii) Other Financial liabilities	21	33.93	740.94
	(b) Other current liabilities	22	631.71	2,930.09
	(c) Short Term Provisions	23	100.95	217.74
	Total Current Liabilities		**1,329.13**	**7,316.36**
	Total Equity and Liabilities (I+II)		**21,406.72**	**21,847.95**

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 & Co LLP**
Chartered Accountants
FRN: 010396S/S200084

C.V Koteswara Rao
Partner
MNo: 028353

Place: Hyderabad
Date : 06 June 2020

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 Profit and Loss for the Year Ended 31 March 2020

(₹ in lakhs)

S.No	Particulars	Notes.No	Year ended 31 March 2020	Year ended 31 March 2019
1	**Income**			
	Revenue From Operations	24	14,928.58	9,222.06
	Other Income	25	203.93	310.78
	Total Income		**15,132.51**	**9,532.84**
2	**Expenses**			
	Cost of Materials and Components consumed	26	2,637.00	3,756.08
	Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	27	1,103.19	(1,160.99)
	Manufacturing Expenses	28	581.70	470.83
	Employee Benefits Expense	29	1,963.72	1,661.45
	Finance Costs	30	334.98	481.12
	Depreciation and Amortization Expense	3	456.78	379.69
	Other Expenses	31	2,381.67	2,827.42
	Total Expenses		**9,459.04**	**8,415.60**
3	**Profit before tax before profit or loss from investment in Associate (1-2)**		**5,673.47**	**1,117.24**
4	Share of Profit/(loss) from an Associate		**(1.28)**	**0.35**
5	**Profit / (Loss) before Tax (3+/-4)**		**5,672.19**	**1,117.59**
6	**Tax expense**			
	(i) Current tax		1,024.57	368.40
	(ii) Deferred tax		(1,215.78)	(582.50)
	Total Tax		**(191.21)**	**(214.10)**
7	**Net Profit/(Loss) for the period**		**5,863.40**	**1,331.69**
8	Attributable to :		-	-
	Shareholders of the Company		5,876.88	1,331.69
	Non Controlling interest		(13.48)	-
9	**Other Comprehensive Income**			
	a) (i) Items that will not be reclassified to profit or loss		9.64	(16.35)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		**(0.79)**	**-**
	b) (i) Items that will be reclassified to profit or loss		-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
	Total Other Comprehensive Income		**8.85**	**(16.35)**
10	**Total Comprehensive Income for the year (7+9)**		**5,872.24**	**1,315.34**
11	Attributable to :			
	Shareholders of the Company		5,885.73	1,315.34
	Non Controlling interest		(13.48)	-
12	Earning per Equity Share of Face Value of Rs. 1/- Each	32		
	Basic Value (In ₹)		7.62	1.73
	Diluted (In ₹)		7.62	1.73

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 & Co LLP**
Chartered Accountants
FRN: 003695-S

C.V. Koteswara Rao
Partner
MNo: 028353

Place: Hyderabad
Date: 06 June 2020

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

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Consolidated Cash Flow Statement for the Year ended 31 March 2020

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Cash Flows from Operating Activities		
Net profit before tax (A)	5,673.47	1,117.24
Adjustments for :		
Depreciation and amortization expense	456.78	376.78
Provision for doubtful debts/advances/ impairment	-	2.87
Profit/ Loss on Sale of Vehicle	11.25	(4.41)
Interest Income	(89.25)	(96.76)
Deferred Income Grant Benefit	-	(24.00)
Finance Cost	334.98	478.88
Other Comprehensive Income	9.64	(16.35)
Operating profit before working capital changes (B)	**6,396.87**	**1,834.25**
Movements in Working Capital :		
(Increase)/Decrease in Trade Receivables	3,082.15	(5,074.14)
(Increase)/Decrease in Other financial assets	(995.39)	189.58
(Increase)/Decrease in Inventories	2,210.54	(2,372.91)
(Increase)/Decrease in Other Current Assets	(862.58)	84.44
(Increase)/Decrease in Other Non Current Assets	65.37	29.45
Increase/(Decrease) in Trade Payables	(188.59)	467.22
Increase/(Decrease) in Other financial liabilities	(21.01)	231.82
Increase/(Decrease) in Other Current liabilities	(2,321.99)	(162.97)
Increase/(Decrease) in Provisions	16.17	10.66
Changes in Working Capital (C)	**984.67**	**6596.85**
Cash generated from operations (B+C)	**7,381.54**	**(4,762.60)**
Direct Taxes Paid (Advance Tax)	(1,138.78)	(150.66)
Net Cash from operating activities (D)	**6,242.76**	**(4,913.26)**
Cash flows from Investing Activities (E)		
Purchase of Fixed Assets (Including CWIP)	(521.06)	(247.47)
Sale of Fixed Assets	6.50	12.56
Investment in Subsidiaries	(254.63)	(610.44)
Cash/short term borrowings acquired through investment in subsidairy	(65.47)	-
Interest Income	89.25	96.76
(Increase)/Decrease in Other Bank Balances	61.50	2,262.83
Loans given to subsidiary companies	(768.69)	-
Advance for Fixed Assets	276.63	(246.21)
Net Cash From/ (Used In) Investing Activities	**(1,175.97)**	**1,268.03**

Consolidated Cash Flow Statement for the Year ended 31 March 2020

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Cash flows from Financing Activities (F)		
Proceeds from Long term borrowings	(1,501.68)	576.29
Dividend paid	(231.48)	(77.16)
Corporate Dividend tax	(47.59)	(15.86)
Finance Cost	(334.98)	(478.88)
Amount received towards Share capital	873.24	446.49
Net Cash From/ (Used In) Financing Activities	**(1,242.49)**	**450.88**
Net Increase/(Decrease) in cash and cash equivalents (D+E+F)	**3,824.29**	**(3,194.35)**
Cash and Cash equivalents at the beginning of the year	(2,243.15)	951.20
Cash and Cash equivalents at the ending of the year (Ref Note No. 11)	**1,581.14**	**(2,243.15)**

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 cash flows.

Significant Accounting Policies Note No: 2

The accompanying notes are an integral part of the financial statements

As per our report of even date

For **Ramasamy Koteswara Rao & Co LLP**
Chartered Accountants
FRN: 010396S/S200084

C.V. Koteswara Rao
Partner
MNo: 028353

Place: Hyderabad
Date: 06 June, 2020

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

Notes on Financial Statements for the year ended 31 March 2020

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 Bombay Stock Exchange (BSE) and National Stock Exchange 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.

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 per the Companies (Indian Accounting Standards) Rules, 2015 and other relevant rules as notified by SEBI as required under Section 133 of the Companies Act, 2013 ("The Act")]. The presentation of financial statements is based upon Ind AS Schedule III of Companies Act, 2013.

Except for the changes below, the Company has consistently applied accounting policies to all applicable periods.

Ind AS 116, Leases:

Effective April 1, 2019, the Company has adopted Ind AS 116 "Leases" and applied to its Lease contracts existing on April 1, 2019, using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. The Company has evaluated the effect of this amendment on the financial statements and concluded that there is no significant impact

Amendment to Ind AS 12 'Income Taxes':

The Ministry of Corporate Affairs has notified limited amendments to Ind AS 12 'Income Taxes' with effect from April 1, 2019. The amendments require an entity to recognise the income tax consequences of dividends as defined in Ind AS 109 when it recognises a liability to pay a dividend. The income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. Since Dividend Distribution Tax is not applicable with effective from April 1, 2020, this amendment will have no impact on the financial statements.

Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments:

The Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments which clarifies the application and measurement requirements in Ind AS 12 when there is uncertainty over income tax treatments. The current and deferred tax asset or liability shall be recognized and measured by applying the requirements in Ind AS 12 based on the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this appendix. The amendment is effective from April 1, 2019. The Company has evaluated the effect of this amendment on the financial statements and concluded that there is no significant impact.

Amendment to Ind AS 19 'Employee Benefits':

The Ministry of Corporate Affairs has notified limited amendments to Ind AS 19 'Employee Benefits' in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendment is effective from April 1, 2019 the Company has evaluated the effect of this amendment on the financial statements and concluded that this amendment is currently not applicable.

Notes on Financial Statements for the year ended 31 March 2020

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:

a. Certain financial assets & liabilities are measured either at fair value or at amortized cost depending on the classification;

b. 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.

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

The Financials statements were authorized for issue in accordance with a resolution of the board of directors on 06th June, 2020.

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%

2.4 Use of Estimates and Judgements:

The preparation of the financial statements in conformity with Ind AS requires the management to make estimates, judgments and assumptions. These estimates, judgments 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 judgments 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.

Notes on Financial Statements for the year ended 31 March 2020

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 vs 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, 2013and Ind AS 1, Presentation of financial statements.

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

a. It is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;

b. It is held primarily for the purpose of being traded;

c. It is expected to be realized within twelve months after the reporting date; or

d. 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:

a. It is expected to be settled in the Company's normal operating cycle;

b. It is held primarily for the purpose of being traded;

c. It is due to be settled within twelve months after the reporting date; or

d. 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.

Notes on Financial Statements for the year ended 31 March 2020

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 & 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 lacs).

b. Foreign Currency Transactions:

Transactions in foreign currencies are translated to the respective functional currencies of entities within 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). 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.

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 mount 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
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

Notes on Financial Statements for the year ended 31 March 2020

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.

De-recognition

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 reconises 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

Notes on Financial Statements for the year ended 31 March 2020

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

Notes on Financial Statements for the year ended 31 March 2020

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.

Operating Lease:

Where an operating lease is defined as a lease that does not transfers substantially all the risks and rewards incidental to ownership of an underlying asset.

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.

2.26 Recent Accounting Pronouncements:

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

2.27 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 judgments, 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 of ₹ 1,404.35 in Lakhs. 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.

3. Property, Plant & Equipment

(₹ in lakhs)

Particulars	Property, Plant and Equipment										Intangible Assets			
	Land	Buildings	Computers	Plant & Machinery	Office Equipment	Testing Equipment	Demo equipment	Furniture & Fixtures	Vehicles	Total	Computer Software	Goodwill	Other Intangible Assets	Total
Gross Block														
As at 01April 2019	648.95	5,310.19	427.49	342.02	534.21	74.35	192.23	597.32	381.00	8,507.76	1,027.84	-	-	1,027.84
Additions	99.24	155.49	26.89	-	14.21	2.16	249.16	1.33	6.35	554.83	6.06	115.80	696.02	817.88
Deduction/Retirement during the year	-	-	-	0.50	-	-	-	-	30.00	30.50	-	-	-	-
Balance as at 31 March 2020	**748.19**	**5,465.69**	**454.37**	**341.52**	**548.42**	**76.51**	**441.40**	**598.66**	**357.35**	**9,032.10**	**1,033.90**	**115.80**	**696.02**	**1,845.72**
Accumulated Depreciation/Amortization														
Balance as at 01April 2019	-	806.06	344.06	169.75	354.55	49.22	105.44	158.36	173.83	2,161.25	1,017.95	-	-	1,017.95
For the Year	3.01	123.85	48.89	18.04	56.22	8.25	42.78	53.68	30.06	384.78	9.45	-	62.55	72.00
Deductions/Adjustments during the year	-	-	-	0.03	-	-	-	-	12.73	12.76	-	-	-	-
Balance as at 31 March 2020	**3.01**	**929.91**	**392.94**	**187.76**	**410.76**	**57.48**	**148.22**	**212.04**	**191.15**	**2,533.28**	**1,027.40**	**-**	**62.55**	**1,089.95**
Net Carrying Amount														
Balance as at 01 April 2019	**648.95**	**4,504.14**	**83.43**	**172.27**	**179.66**	**25.12**	**86.79**	**438.96**	**207.17**	**6,346.51**	**9.89**	**-**	**-**	**9.89**
Balance as at 31 March 2020	**745.19**	**4,535.78**	**61.43**	**153.76**	**137.65**	**19.03**	**293.17**	**386.61**	**166.19**	**6,498.82**	**6.50**	**115.80**	**633.47**	**755.77**

Notes on Financial Statements for the year ended 31 March 2020

3. Capital Work-in-progress

(₹ in lakhs)

Description	Buildings	Total
Deemed Cost		
Balance as at 01 April 2019	40.40	40.40
Additions	-	-
Deletions / Transfer	40.40	40.40
Balance as at 31March 2020	-	-
Accumulated Depreciation		
Balance as at 01 April 2019	-	-
Depreciation charge during the year	-	-
Deletions / Transfer		
Balance as at 31 March 2020	-	-
Net carrying amount		
Balance as at 01 April 2019	40.40	40.40
Balance as at 31 March 2020	-	-

Net Book Value

(₹ in lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Property, Plant & Equipment and Intangible Assets	7,254.59	6,306.33
Capital Work in Progress	-	40.40

4. Investments (Non Current)

(₹ in lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Unquoted investments:		
Investment in Associates:		
Unistring Tech Solutions Pvt Ltd	-	550.35
2,88,794 Equity shares of ₹ 10/- each, ₹ 10 fully paid up(31 March 2020)		
Investment in Others:		
Paladin Paradigm Knowledge Solutions INC.,	224.22	224.22
17,500 Equity shares (31 March 2020)		
2,139 Class Seed Preferred shares (31 March 2020)		
Aggregated Value of Unquoted investments	**224.22**	**774.57**

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

5. Other financial assets

(Unsecured, considered good)

(₹ in lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Security deposits	87.78	40.63
Deposits with government, public bodies and others	16.91	16.67
	104.69	**57.30**

Notes on Financial Statements for the year ended 31 March 2020

6. Deferred Tax Asset / (Liability) (NET)

(₹ in lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Deferred Tax Asset		
Deffered Tax on Losses Carry Forward	-	256.56
Deferred Tax Asset on Gratuity	45.65	-
Deferred Tax Asset on Leases	0.05	-
Deferred Tax Asset on MAT credit Entitlement	2,544.21	1,110.48
Deferred Tax Liability		
Accelerated depreciation for tax purposes	(553.59)	(554.64)
Net Deferred tax Asset	**2,036.32**	**812.40**

7. Other Non Current Assets

(₹ in lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Prepaid expenses-	**22.4**	**43.65**
Capital Advances	**61.59**	**338.21**
Loans and Advances to Employees	**12.10**	**13.17**
Income Tax refund	**45.07**	**88.12**
	141.16	**483.15**

8. Inventories

(₹ in lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Raw material	744.33	1,827.64
Work in progress	239.13	1,624.86
Stock-in-trade	369.05	-
Inventory Others	51.84	75.88
	1,404.35	**3,528.38**

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

9. Trade receivables

(₹ in lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Unsecured, considered good		
Trade Receivables	4,650.94	7,335.27
Receivables from Related Parties	-	-
Less : Allowances for credit Losses	-	-
Total	4,650.94	7,335.27
Current Portion	3620.38	6,283.97
Non Current Portion:	1030.56	1,051.30
Total	**4,650.94**	**7,335.27**

Note:

- Receivables do not include any amount due and recoverable from directors or other officers of the Company, or Companies under the same management.

Notes on Financial Statements for the year ended 31 March 2020

- Trade Receivables are Non Interest Bearing

Breakup of Security Details of Trade Receivables: (₹ in lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Trade Receivables considered good - Secured	-	-
Trade Receivables considered good - Unsecured	4,650.94	7,335.27
Trade Receivables - credit impaired	-	-
Less: Allowance	-	-
Total	**4,650.94**	**7,335.27**

10. Cash and Cash Equivalents

(₹ in lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Cash on hand	17.99	20.24
Balances with banks:		
- In current accounts	1,101.67	350.23
- In Fixed Deposits with original maturity Less than 3 months	560.00	-
	1,679.66	**370.47**

11. Other bank balances:

(₹ in lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Balances with banks for unclaimed dividend	6.62	8.13
- Fixed Deposits with original maturity More than 3 months & Less than 12 months	-	-
- Deposits against BG's	593.81	606.64
- Deposits against OD's	-	100.00
- Other Fixed Deposits	148.64	144.06
Interest accrued but not due on deposits	78.90	-
	827.97	**858.83**

Note : All Fixed deposits were kept with Scheduled banks only.

Cash and Cash Equivalents include the following for Cash flow purpose

(₹ in lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Cash and Cash Equivalents/ Bank Balances	1679.66	370.47
Less: OD/CC accounts forming part of Cash & Cash Equivalents	(98.52)	(2613.63)
Cash and Cash Equivalents/ Bank Balances	**1581.14**	**(2243.16)**

Notes on Financial Statements for the year ended 31 March 2020

12. Other Financial assets (Current)

(₹ in lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
To Others - Unsecured, Considered good		
Interest accrued but not due on deposits	-	30.11
Accrued Income but not due	547.43	729.87
Current Investments at amortised cost	1,150.00	-
	1,697.43	**759.98**

13. Other Current Assets

(₹ in lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
To Others- Unsecured, considered good		
Prepaid Expenses	104.81	99.51
Balance with Statutory Authorities	1,091.56	76.26
Advance to material suppliers(Creditors)	155.16	299.26
Other Assets (Duty Scripts)	33.85	45.83
	1,385.38	**520.86**

14. Share Capital

(₹ in lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
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		
7,71,60,060 Equity shares of ₹ 1/- each fully paid-up	771.60	771.60
	771.60	**771.60**

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

Particulars	31-Mar-20		31-Mar-19	
	No of Shares	Amount	No of Shares	Amount
At the beginning of the Year	77,160,060	771.60	77,160,060	771.60
Add/Less: Changes During the year	-	-	-	-
Outstanding at the end of the year	**77,160,060**	**771.60**	**77,160,060**	**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.

Notes on Financial Statements for the year ended 31 March 2020

c) List of Persons holding more than 5 % equity shares in the Company

Name of the share holder	As at 31 March 2020		As at 31 March 2019	
	No of Shares	%	No of Shares	%
Ashok Atluri	20,211,250	26.19	20,211,250	26.19
Kishore Dutt Atluri	17,556,250	22.75	17,556,250	22.75

15 . Other Equity

(₹ in lakhs)

Particulars	Note no	As at 31 March 2020	As at 31 March 2019
Securities premium reserve	15.1	891.85	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	13,313.08	7,715.28
Share Warrants	15.5	446.49	446.49
Other Comprehensive Income	15.6	52.21	43.36
Attributable to owners of parent		18,345.88	12,739.23
Non controlling Interest	15.7	659.13	-
		19,005.01	12,739.23

15.1. Securities Premium Reserve

(₹. In lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Opening balance	891.85	891.85
Add: Additions during the year	-	-
less: Utilised for issue expenses		
	891.85	891.85

Amount received on issue of shares in excess of the par value has been classified as security share premium

15.2 Capital Redemption Reserve

(₹. In lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Opening balance	117.24	117.24
Add: Additions during the year		-
	117.24	117.24

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

15.3 . General Reserve

(₹. In lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Opening balance	3,525.01	3,525.01
Add: Additions during the year		

Notes on Financial Statements for the year ended 31 March 2020

		3,525.01	3,525.01

15.4 Retained Earnings

(₹ In lakhs)

Particulars		As at 31 March 2020	As at 31 March 2019
Opening balance		7,715.28	6,476.61
Add: Net profits attributable to owners of parent		5,876.87	1,331.69
	(A)	13,592.15	7,808.30
Less: Allocations/ Appropriations			
Transfer to General reserve			
Dividend distributed to equity shareholders		231.48	77.16
Dividend distribution tax on dividend		47.59	15.86
Accurued but not due adjustment on 01-04-2018		-	
	(B)	279.07	93.02
	(A-B)	13,313.08	7,715.28

15.5 Share Warrants

(₹ In lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Opening balance	446.49	-
Add: Additions during the year	-	446.49
	446.49	446.49

15.6 Other Comprehensive Income

(₹ In lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Acturial Gain or Loss:		
Opening balance	41.58	59.71
Add: Additions during the year	1.91	(18.13)
Closing Balance	43.49	41.58
Foreign Currency Transaltion Reserve:		
Opening balance	1.78	-
Add: Additions during the year	6.94	1.78
Closing Balance	8.72	1.78

	52.21	43.36

15.6 Non Controlling Interest

(₹. In lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Opening balance	-	-
Retained earnings of NCI at acquistion date	672.61	
Add: Net profit attributable to NCI	(13.48)	
	659.13	-

16. Long Term Borrowings

(₹. In lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Secured		
- Vehicle loan	18.78	25.66
SBI Term Loan A/c	-	843.68
- Deferred Revenue TDB (Govt. grant)	-	10.81
Unsecured		
- Related party loan	118.42	-
	137.20	880.15

17. Other Financial Liability (Non Current)

(₹ In lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Lease Liability	7.01	-
	7.01	-

18. Long Term Provisions

(₹ In lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
- Provision for gratuity (Ref Note)	156.77	140.60
- Provision for decline, other than temporary, in the value of long term investments	-	-
	156.77	140.60

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). The provision is estimated by an independent consulting actuary as per requirements of IND AS 19 which is as follows:

Notes on Financial Statements for the year ended 31 March 2020

S. No	Particulars	As at 31 March 2020	As at 31 March 2019
I	**Changes in present value of obligations**		
	PVO at beginning of the period	257.77	258.47
	Interest cost	17.15	16.90
	Current Service Cost	30.48	32.84
	Past service Cost - (Vested Benefits)		-
	Benefits Paid	-67.17	-39.42
	Benefits Paid by directly by the company	-	-29.21
	Acturial (Gain)/ Loss on Obligation	13.78	18.19
	PVO at end of the period	252.00	257.77
II	**Changes in Fair Value of paln Assets**		
	Fair value of plan assets beginning of the period	117.17	128.53
	Adjustment to Opening Fair value paln of asset	-	-0.58
	Retun on Plan assets excluding Interest Income	16.48	0.06
	Interest Income	8.06	8.90
	Contribution by Employer	20.70	19.67
	Contribution by Employee		
	Benefits Paid	-67.17	-39.42
	Fair Value of paln Assets at end of the period	95.23	117.16
III	**Net Status of Plan**	**-156.77**	**-140.61**
IV	**Net Amount Recognised**	**-156.77**	**-140.61**
V	**Actual return on plan assets**	**24.53**	**8.96**
	Less Interest income included above	8.06	8.90
	Return on plan assets excluding interest income	16.48	0.06
VI	**Expenses recognised in the Statement of Profit and Loss Account**		
	Current service cost	30.48	32.83
	Interest cost	9.09	8.00
	Past Service Cost -(vested benefits)	-	-
	Expense recognized in the statement of Profit and loss Account	39.57	40.83
VII	**Other Comprehensive Income (OCI)**		
	Actuarial (Gain)/Loss recognized for the period	13.78	18.19
	Return on Plan Assets excluding net interest	-16.48	-0.06
	Total Actuarial (Gain)/Loss recognized in (OCI)	-2.70	18.13

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 frame work 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.

Notes on Financial Statements for the year ended 31 March 2020

'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	As at 31 March 2020	As at 31 March 2019
Mortality	IALM (2012-14)Ult	IALM (2006-08)Ult
Increase / discount Rate	6.51%	7.32%
Rate of Increase in Compensation	6.00%	6.00%
Expected Average remaining Service	6.62	6.59
Employee Attrition Rate (Past Service (PS))	PS: 0 to 42: 12%	PS: 0 to 42: 12%

Sensitivity Analysis

	Discount Rate (DR)		Salary Escalation Rate (ER)	
	PVO DR +1%	PVO DR -1%	PVO ER +1%	PVO ER -1%
PVO	239.26	266.29	263.4	241.43

Expected Payouts

(₹ In lakhs)

Year	First	Second	Third	Fourth	Fifth	Sixth
Payouts	35.11	46.89	38.42	23.05	22.01	89.68

Asset Liability Comparisons

(₹ In lakhs)

Year	31.03.2016	31.03.2017	31.03.2018	31.03.2019	31.03.2020
PVO at the end of period	221.63	262.52	258.47	257.77	252
Plan Assets	136.05	130.63	128.53	117.17	95.23
Surplus/(Deficit)	(85.57)	(131.89)	(129.94)	(140.60)	(156.77)
Experience adjustment on plan assets	(0.07)	1.03	1.75	0.06	16.47

Notes on Financial Statements for the year ended 31 March 2020

19. Short Term Borrowings

(₹ In lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Bank Over Draft part of Cash & Cash Equivalents (Ref Note)	98.52	2,613.63
HDFC Loan	7.75	-
American Express credit card	2.21	-
	108.48	**2,613.63**

Overdrafts

(₹ In lakhs)

Particulars	For the Year Ended 31 March 2020	For the Year Ended 31 March 2019
Indian Bank Account	2.86	-
11.30% (PY 10%) Indian Bank OCC account	20.21	1,299.19
9.5% HDFC OCC account	39.09	
Bank OD account City Union Bank A/c.	36.36	
SBI OCC account	-	1,314.44
Total Over Drafts	**98.52**	**2,613.63**

Details of security:

'The working capital facilities (Rs. 30 Crs) from Indian Bank & HDFC are secures aganist hypothecation of Stocks and Book Debts 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, B-42 Sanathnagar & Plot no.36 Hardware Park - Hyderabad properties which are offered as collateral securities.

20. Trade Payables

(₹ In lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Trade payables		
- Dues to Micro and Small Enterprises	-	-
- Trade Payables Others	454.06	813.97
	454.06	**813.97**

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

(i) The amount remaining unpaid as at 31 March 2020 in respect of enterprises covered under the "Micro, Small and Medium Enterprises Development Act, 2006" (MSMED) is ₹ 2.41 lakhs (31 March 2019: ₹ 6.6 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 2019: ₹ Nil).

Notes on Financial Statements for the year ended 31 March 2020

21. Other Finanacial Liabilities (Current)

(₹ In lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Current maturities of long-term debts (Ref. note 21(a))	6.88	685.87
Unclaimed dividends	6.62	8.13
Provision for expenses	20.43	46.94
	33.93	**740.94**

Note: 21 (a): Current maturities of long term debts includes Vehicle Loan payable within one year.

22. Other Current Liabilities

(₹ In lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Income billed but not due	61.23	374.38
Salaries and benefits	11.32	135.06
Bonus and incentives	68.72	150.25
Taxes payable	206.74	452.57
Advance from customers	115.90	1,723.31
Other Payables	167.80	94.52
	631.71	**2,930.09**

(₹ In lakhs)

23. Short Term Provisions

Particulars	As at 31 March 2020	As at 31 March 2019
Provision for Income Tax	100.95	217.74
	100.95	**217.74**

24. Revenue From Operations

(₹ In lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
a) Sale of Products	12983.06	6,988.83
b) Sale of Product Services	1945.52	2,233.23
	14,928.58	**9,222.06**

25. Other Income

(₹ In lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Interest income	89.25	96.76
Net gain/(loss) on foreign currency exchange fluctuation	51.10	51.24
Profit on Sale of Asset	-	4.41
Deferred Income (Grant)-Benefit	10.81	24.00
Miscellaneous income	52.77	134.37
	203.93	**310.78**

Notes on Financial Statements for the year ended 31 March 2020

26. Cost Of Materials And Components Consumed

(₹ In lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Opening stock of raw materials	1827.64	615.72
Add: Purchases	1,553.69	4,968.00
	3,381.33	**5,583.72**
Less: Closing stock	744.33	1,827.64
	2,637.00	**3,756.08**

27. Changes In Inventories Of Finished Goods, Work-In-Progress And Stock-In-Trade

(₹ In lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Opening work in progress	1711.37	463.87
Opening traded goods	-	-
	1,711.37	**463.87**
Closing work in progress	239.13	1,624.86
Inventory-Demo Systems	369.05	-
Closing traded goods	-	-
	608.18	**1,624.86**
Net (increase) / decrease in stock	**1,103.19**	**(1,160.99)**

28. Manufacturing Expenses

(₹ In lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Power and fuel	33.99	34.63
Spares and Stores	20.53	17.28
Material Handling Charges	29.27	55.24
Travel expenses - Production	4.39	5.51
System Installation & Maintenance	116.23	79.58
Factory Maintenance	297.18	203.47
Training Charges	0.95	1.47
Salaries -Production	79.16	73.65
	581.70	**470.83**

29. Employee Benefits Expense

(₹ In lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Salaries, wages and bonus	1,758.84	1,410.13
Contribution to provident and other funds	56.11	55.12
Gratuity expense	53.79	12.59
Staff welfare expenses	85.85	183.61
Internship Expenses	9.13	-
	1,963.72	**1,661.45**

Notes on Financial Statements for the year ended 31 March 2020

30. Finance Costs

(₹ In lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Bank Charges	16.35	21.22
BG Commission	44.60	70.86
Processing Charges	17.26	62.78
Interest on borrowings		
- interest on bank OD loans	170.20	273.57
- interest on TDB loan	7.20	46.54
- interest on Vehicle loan	3.15	6.15
- interest Others	7.76	-
- interest on Income Tax	68.46	-
	334.98	**481.12**

3. Depreciation & Amortisation

(₹ In lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation on Fixed Assets	394.23	379.69
Amortisation on Assets	62.55	-
	456.78	**379.69**

31. Other Expenses

(₹ In lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Selling & Distribution expenses		
Business Promotion	105.85	433.46
Exhibition expenses	137.87	469.32
Freight	73.98	62.89
Service Charges	0.20	-
	317.89	**965.67**

(₹ In lakhs)

Travelling expenses	Year ended March 31, 2020	Year ended March 31, 2019
Domestic Travel	273.79	346.64
Foreign Travel	122.49	110.09
Travel expenes - others	14.47	-
Total Travel expenses	**410.75**	**456.73**

Notes on Financial Statements for the year ended 31 March 2020

(₹ In lakhs)

Administrative & General expenses	Year ended March 31, 2020	Year ended March 31, 2019
Advertisement	82.61	120.60
Loss on sale of assets	11.25	-
Conveyance	44.87	41.67
Donation CSR	16.30	-
Electricity Charges-General	41.90	38.24
Insurance	34.18	35.29
Membership & Subscription	1.54	-
Office Maintenance	123.31	125.56
Postage & Telephone	35.26	37.30
Printing & Stationary	15.67	28.54
Professional Charges	330.55	459.94
Rates & Taxes	69.98	37.21
Rent	38.84	68.06
Security expenses	36.63	32.68
Vehicle Maintenance	23.92	30.04
Computer Maintenance	2.46	6.85
Spares & Stores-R&D	541.33	275.95
Other Expenses	196.85	62.64
Payment to auditors		-
For Statutory Audit fee (Net of GST)	5.58	3.00
For Other Services		1.45
Out of pocket expenses		-
Total of Administrative & General expenses	**1,653.03**	**1,405.02**
Total of Other Expenses	**2,381.67**	**2,827.42**

32. Earnings per Share

(₹ in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Earnings		
Profit attributable to equity holders	**5876.87**	**1331.69**
Shares		
Number of shares at the beginning of the year	771.60	771.60
Add: Equity shares issued	-	-
Less: Buy back of equity shares	-	-
Total number of equity shares outstanding at the end of the year	771.60	771.60
Weighted average number of equity shares outstanding during the year – Basic	**771.60**	**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	**771.60**	**771.60**
Earnings per share of par value ₹1/- – Basic (₹)	7.62	1.73
Earnings per share of par value ₹ 1/- – Diluted (₹)	7.62	1.73

* During the Year 2019-20, The Company did not issue any share warrants.

Notes on Financial Statements for the year ended 31 March 2020

33. 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
- Mr. Kishore Dutt Atluri, President
- Mr. M Ravi Kumar, Whole Time Director
- Dr. Ravindra Kumar Tyagi, Independent Director
- Mrs. Sridevi Madati, Independent Director
- Mr. O Venkata Samir Kumar, Independent Director
- Mr. Amreek Singh Sandhu, Independent Director
- Mr. M Ravi Kiran, Chief Financial Officer
- Mr. M Satish Choudhury, Company Secretary
- Dr. Ajay kumar singh,Independent Director
- Mr. Hansraj Singh Rajput,Company Secretary

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, HR Manager, Daughter of Mr. Kishore Dutt Atluri
- Veer Sammaan Foundation, Founder Trustee

The following is a summary of significant related party transactions: (₹ in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
a) Key managerial personnel		
Remuneration & Commission		
Mr. Ashok Atluri	51.92	51.78
Mr. Ashok Atluri	132.21	30.55
Mr. Kishore Dutt Atluri	32.51	31.37
Mr. Kishore Dutt Atluri	126.43	72.27
Mr. M Ravi Kumar	49.68	40.52
Mr. M Ramesh Kumar-CFO@	-	18.00
Mr. M Ravi Kiran-CFO#	8.28	1.39
Mr. M Satish Choudhury-CS*	3.51	12.28
Mr. Hansraj Singh Rajput-CS**	9.56	-
b) Non-whole time Directors		
Sitting Fee		
Mrs. Sridevi Madati	2.50	2.50
Mr. O Venkata Samir Kumar	2.00	2.50
Mr. Amreek Singh Sandhu	2.50	2.50
Dr. Ravindra Kumar Tyagi* **	2.50	-

Notes on Financial Statements for the year ended 31 March 2020

Dr.Ajay kumar Singh	1.00	-
c) Relatives of Key Managerial Personnel		
Remuneration		
Mr. Arjun Dutt Atluri	9.28	5.78
Ms. Anisha Atluri @@	3.19	5.30
Rent		
Mrs. Rama Devi Atluri	6.37	6.08
Donation		
Veer Sammaan Foundation	**16.31**	-
TOTAL	**459.75**	**282.82**

Note:
@Ceased with effect from 01 February 2019.

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.

34. Earnings/expenditure in foreign currency and Value of Materials Consumed:

a) Expenditure in Foreign currency: (₹ in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Capital goods	1.03	3.00
Raw Materials and Components	86.42	19.87
Stores & Spares	27.55	58.00
Foreign Travel (Exclusive of tickets purchased)	85.09	44.56
Membership	0.34	-
Professional charges	21.41	26.00
Exhibition Expenses	21.52	299.76
Training charges	-	-
Others	10.41	60.45
Total	**253.77**	**511.64**

b) Earnings in Foreign currency: (₹ in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
FOB Value of Exports	-	332.17
Dividend	-	-
Total	-	**332.17**

Notes on Financial Statements for the year ended 31 March 2020

c) *Value of Raw Material Consumed* (₹ in lakhs)

Particulars	2019-20		2018-19	
	Amount	%	Amount	%
Indigenous raw materials and stores	2,523.03	95.68	3705.74	99.47
Imported raw materials and stores	113.97	4.32	19.87	0.53

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 Compay. Accordingly, the Company has only one operating and reportable segment, the disclosure requirements specified in paragraphs 22 to 30 are not applicable. During FY 2019-20 Total revenue consists of 68.07% from single customer.

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).

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 March 31, 2020	Year ended March 31, 2019
Current taxes expense	2020	2019
Domestic	1024.57	368.40
Deferred taxes expense/(benefit)		
Domestic	(1215.78)	(582.50)
Total income tax expense/(benefit) recognized in the statement of profit and loss	**(191.21)**	**(214.10)**

b. *Reconciliation of Effective tax rate:* (₹ in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Profit before income taxes	**5,672.18**	**1117.24**
Enacted tax rate in India	29.12%	21.55%
Computed expected tax expense/(benefit)	**1651.73**	**368.40**
Effect of:		
Expenses not deductible for Tax purposes	139.12	0.00
Expenses deductible for Tax purposes	1,110.70	0.00
Others	3.36	0.00
Income tax expense/(benefit)	**744.89**	**368.40**
Effective tax rate	**13.13%**	**21.55%**

The Company's average effective tax rate for the years ended 31 March 2020 and 2019 were 13.13% and 21.55%, respectively.

Notes on Financial Statements for the year ended 31 March 2020

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 March 31, 2020	Year ended March 31, 2019
Deferred tax assets/(liabilities)		
Property, plant and equipment	(553.60)	(554.64)
Carry Forward Losses	-	256.56
Deferred Tax Asset on Gratuity	45.65	-
Deferred Tax Asset on Leases	0.05	-
MAT credit entitlement	2544.21	1110.48
Net deferred tax assets/(liabilities)	**2036.32**	**812.40**

38. Contract Asset & Contract Liability:

a) Contract Asset:

(₹ in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Contract Assets	626.33	759.98
Total	**626.33**	**759.98**

b) Contract Liability:

(₹ in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Contract Liability	115.90	1723.31
Total	**115.90**	**1723.31**

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 rate	0%	0%	0%	0%	0%
On supply	1,234.20	1,458.44	4.23	951.35	3,648.21
On Service	523.32	362.30	37.89	79.22	1,002.73
Total	**1,757.52**	**1,820.74**	**42.12**	**1030.57**	**4,650.94**

*Note: There are no indicators for impairment in trade receivables during the FY 2019-20.

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 2019,the Company have the following unutilized credit limits: (₹ in lakhs)

Name of the Bank	Sanctioned Credit Limits	Unutilized credit Limits
Indian Bank OCC Account	1,500.00	1479.79
HDFC OCC Account	1,500.00	1460.91
TOTAL	**3,000.00**	**2940.70**

As of 31 March 2020, the Company had working capital (current assets less current liabilities) of ₹ 10316.61 Lakhs including cash and cash equivalents of ₹ 1679.66Lakhs. As of 31 March 2019, the Company had working capital (current assets less current liabilities) of ₹ 6057.44 Lakhs including cash and cash equivalents of ₹ 370.47 Lakhs

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2020. (₹ in lakhs)

Particulars	2020	2021	2022	Thereafter	Total
Trade payables	454.06	-	-	-	454.06
Long term borrowings	102.70	23.24	8.21	3.05	137.20
Bank overdraft, short-term loans and borrowings*	108.48	-	-	-	108.48
Other liabilities*	766.58	-	-	-	766.58

* 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.

Notes on Financial Statements for the year ended 31 March 2020

The company's Debt Equity ratio is as follows: (₹ in lakhs)

Particulars	2020	2019
Total Debt	1630.11	8337.11
Less: Cash and Cash equivalents	1,679.66	370.47
Adjusted Net Debt (A)	**(49.55)**	**7966.64**
Total Equity	19,776.61	13510.83
Adjusted Net Equity (B)	**19,776.61**	**13510.83**
Adjusted Net Debt to Adjusted Net Equity (A/B)	**(0.0025):1**	**0.59:1**

40. Contingent Liabilities and Commitments:

The following are the details of contingent liabilities and commitments: (₹ in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Contingent Liabilities		
a) Claims against the company/disputed liabilities not acknowledged as debts		
Income Tax		
Central Excise (Refer note below)	749.43	749.43
b) Guarantees		
Bank Guarantees/Letter of Credits	5090.08	4820.18
Total	**5839.51**	**5569.61**

Note:

a. The above Excise Duty case pertains to demands raised by the Excise Department 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.

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 meet the applicability criteria as set out in section 135(1) of Companies Act 2013 as amended by Companies (Amendment) Act 2017 notified on 19.09.2018, provision for CSR is to be made for FY 2019-20 is ₹16.30 Lacs.

42. Research & Development Expenditure:

(₹ in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Expenditure incurred on Research & Development:		
Salaries	637.38	660.80
Bonus & Gratuity	185.71	116.91
Electricity Charges	27.34	25.08
Travelling Expenses	14.81	17.64
Spares & Stores	542.59	277.23

Consultancy Charges	23.03	30.45
Depreciation	40.53	46.36
Interest on TDB loan	7.20	46.54
Training Charges	-	-
Rates & Taxes	0.01	0.94
Repairs & Maintenance	2.98	5.46
Total Research & Development Expenses	**1481.58**	**1227.41**

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, 2019 Balance	Additions	Sales/ Adjust-ments	As at 31st Mar 2020	As at 01 April, 2019 Balance	Additions	Sales/ Adjust-ments	As at 31st Mar 2020	As at 31st Mar 2020	As at 31 March 2019
Tangible Assets (A)										
Land	51.50	-	-	51.50	-	-	-	-	51.50	51.50
Building – Sanathnagar	481.88	-	-	481.88	64.50	8.11	-	72.61	409.27	417.39
Shed -B42	5.12	-	-	5.12	0.38	0.09	-	0.47	4.65	4.74
Computers	106.74	-	-	106.74	103.71	2.37	-	106.08	0.66	3.03
Plant and machinery	141.55	-	-	141.55	106.32	4.59	-	110.91	30.64	35.23
Office Equipment	84.74	-	-	84.74	65.89	5.14	-	71.03	13.70	18.85
Furniture, fixtures	148.51	-	-	148.51	51.28	11.04	-	62.32	86.20	97.23
Testing Equipment	55.79	-	-	55.79	42.35	6.18	-	48.53	7.25	13.43
Intangible Assets (B)										
Software	306.01	-	-	306.01	306.01	-	-	306.01	-	-
Software (RKT)	601.81	-	-	601.81	598.79	3.01	-	601.80	0.01	3.02
TOTAL (A+B)	**1,983.65**	**-**	**-**	**1,983.65**	**1,339.23**	**40.53**	**-**	**1,379.76**	**603.89**	**644.42**

The accompanying notes are an integral part of the financial statements

As per our report of even date

For **Ramasamy Koteswara Rao & Co LLP**
Chartered Accountants
FRN: 010396S/S200084

C.V. Koteswara Rao
Partner
MNo: 028353

Place: Hyderabad
Date: 06 June 2020

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

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