



Innovating  
for ***Security***  
***and Success***

# Inside this Document

## 02-37 STRATEGIC REVIEW

Company Overview .....	02
Journey .....	04
Product Portfolio .....	06
Facilities .....	14
Message from the Chairman and Managing Director .....	16
Performance .....	20
Board of Directors .....	22
Business Canvas .....	24
Strong R&D Capabilities .....	26
Strategy .....	27
Strengths .....	28
Growth Drivers .....	29
Management Discussion & Analysis .....	30

## 38-107 STATUTORY REPORTS

Corporate Information .....	38
Notice .....	39
Directors' Report .....	54
Corporate Governance Report .....	73
Business Responsibility & Sustainability Report (BRSR) .....	87

## 108-226 FINANCIAL STATEMENTS

Standalone Financial Statements .....	108
Consolidated Financial Statements .....	167

### Forward Looking Statement

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

## FY23 IN REVIEW

(₹ IN CRORE)

# 161.44

REVENUE FROM OPERATIONS

# 58.33

EBITDA

# 37.64

PROFIT AFTER TAX

# ~473

ORDER BOOK

(AS ON MARCH 31, 2023)

# Innovating for *Security and Success*

Every day, while the world rests, a group of humble individuals diligently safeguard borders across the world and ensure safety. Our mission is to support and bolster defense and security forces, enabling them to excel in their vital roles.

At the heart of our endeavors lies a focus on innovation. Leveraging our exceptional research and development capabilities, we have recently crafted an advanced anti-drone technology, among other cutting-edge defence training solutions. Our significant investments have led to comprehensive security against drone attacks. Yet, we remain modest and recognise that there is much more to achieve.

For us, success is synonymous with safeguarding defence forces worldwide. It serves as the bedrock from which many aspects spring forth:

- A deep passion to continue innovating for their security
- A solemn commitment to transform ideas into reality and develop defence safety solutions
- A genuine desire to expand our presence to protect more regions
- A steadfast promise to deliver superior service to our esteemed clients

As we embrace this noble endeavour, our team remains resolute in the pursuit of cutting-edge solutions, ensuring that we stay ahead of emerging threats and challenges.

Through collaboration and partnership with defense organizations, we forge a collective path towards a safer world.

Guided by the principles of humility and excellence, we recognise that our journey towards innovation and success is an ongoing process, and we shall persistently strive to reach even greater heights, ensuring the security of those who matter the most.



## COMPANY OVERVIEW

# Zen Technologies - Pioneers in Defence Training Solutions

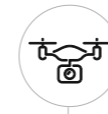
With a legacy spanning nearly three decades, Zen Technologies Limited (Zen) stands tall as a leader in the development of smart technological solutions that finds applications in the defence industry.



Soldier training is crucial, as it ensures combat readiness and significantly enhances the chances of a successful mission. At Zen, we design and develop a range of training solutions that create combat-ready soldiers. Our portfolio of cutting-edge defence training simulation solutions has earned us a trusted reputation in India and around the globe.

From land-based military training simulators and driving simulators to live range equipment and anti-drone systems, our solutions are unmatched in measuring combat readiness and creating realistic battle experiences. Our proprietary training platform integrates our entire range of products.

With a team of brilliant minds leading our R&D and state-of-the-art cutting-edge technology, recognised by the esteemed Ministry of Science and Technology, Government of India (GOI), we have applied for 130+ patents and exported over 1,000 training systems worldwide. Based in Hyderabad, we have served more than 100 institutional customers, including the Ministry of Defence, GOI, significantly contributing to the advancement of our nation's defence capabilities.



## Vision

To be a leading player globally in providing combat training and counter-drone solutions to the armed, paramilitary and police forces



## Mission

To provide combat training and anti-drone solutions through innovative and cost-effective solutions

## A GLANCE AT ZEN

# 3

DECADES OF EXPERIENCE

# 25

YEARS OF EXCLUSIVE FOCUS ON SIMULATORS AND TRAINING EQUIPMENT

# 5

YEARS OF ESTABLISHING THE COMPANY IN THE ANTI-DRONE SYSTEMS

# An IP PLAYER

# 280+

SKILLED PEOPLE ON OUR TEAM

# 1,000+

TRAINING SYSTEMS SHIPPED ACROSS THE WORLD

# ~73

(₹ IN CRORE)

INVESTED IN R&D IN THE LAST 5 YEARS

# ~473

(₹ IN CRORE)

ORDER BOOK AS ON MARCH 31, 2023

## JOURNEY

# Three Decades of Delivering Security

For the initial 25 years, Zen Technologies dedicated its efforts to creating top-notch simulators and training equipment that revolutionized the defence industry. Over the last five years, we ventured into a new realm - anti-drone systems.

Throughout this journey, we have experienced continuous learning and substantial growth, fueled by our unmatched commitment to serving those who protect us.

**1993**

Zen technologies was incorporated

**1998**

Zen's R&D efforts were recognised by the Government of India

**2002**

Launched Advanced Weapons Simulator (AweSim)

**2004**

The Company got listed on the Bombay Stock Exchange, leveraging on its strong reputation and effective business model

**2006**

Launched the BMP Driving Simulator and BMP Integrated Missile

**2008**

Launched live simulation, that further made the experience more immersive and realistic

**2016**

Launched the Containerised Tubular Shooting Range

**2015**

- The Company further launched its flagship Combat Training Centres (CTC), that is integrated with the Company's entire product range

- In the same year, Zen got listed on the National Stock Exchange (NSE), thus amplifying its visibility in a comprehensive capital market

**2013**

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

**2012**

Owing to the Company's commitment to diversify its product portfolio and offer a 360° training equipment solution, Zen launched its UAV Simulator

**2011**

Zen launched its first Tank Simulator

**2009**

The Company commissioned the Maheshwaram Unit, at Hyderabad

**2018**

In its quest to be relevant and to stay ahead of the curve, Zen commissioned its first AI centre at Hyderabad

**2019**

In addition to becoming a debt-free Company, Zen established a wholly-owned subsidiary in the USA to mark its venture into the American and South American markets

**2021**

The Company launched its Anti-Drone System, and further solidified its international presence with a Branch Office in Abu Dhabi, UAE

**2022**

Very nascent into the Anti-Drone technology, the Company received its first order of Anti-Drone System and further bolstered the product capability by successfully integrating the hard-kill technology

**2023**

The Company achieved highest ever turnover of ₹ 161.44 Crore



## PRODUCT PORTFOLIO

# Our Groundbreaking *and Cutting-edge* Solutions

From the ground-breaking anti-drone systems to cutting-edge virtual and live simulation technologies, our product portfolio showcases a deep commitment to innovation. We attribute our success to the dedicated R&D team responsible for creating top-tier products for customers.

We offer our products under four verticals:

- Anti-drone Solutions
- Live Ranges
- Live Simulation and Virtual Simulation
- Combat Training Centre

## PRODUCT PORTFOLIO

## Anti-drone Solutions

With its ability to provide real-time monitoring and surveillance through high-quality images and video footage, drone technology is transforming the way we approach security and defence. Recognising this, we have taken the lead in developing a range of superior-quality Anti-drone solutions. With its unique combination of a soft kill and hard kill facility, our anti-drone systems are designed to provide unrivalled protection to military and private organisations alike, including oil and gas industries and various other public spaces.

### Features of our Anti-drone System

- Integrates cutting-edge features, such as RF-based drone detection and radar tracking capabilities
- Can be mounted on a vehicle, providing unparalleled mobility and reach
- Equipped with a powerful drone RF jammer

#### ANTI-DRONE SYSTEMS (ZADS)

Our next-gen Anti-drone System (ZADS) is the ultimate defence against unmanned aerial threats. With a focus on drone detection, classification and tracking through advanced passive surveillance and camera sensors, ZADS neutralises potential dangers through effective communication jamming.



## Live Ranges



By providing a realistic environment to train, our Live Ranges allow troops to practice essential marksmanship, tactical situations and missions with live ammunition and ordnance, under conditions that are as close to real-world scenarios as possible.

#### CONTAINERISED INDOOR SHOOTING RANGE (CISR)

This is a self-contained, transportable live-fire shooting facility, designed with the latest acoustic and ricochet materials to create a clean, safe, and discreet environment for live-fire requirements.

#### CONTAINERISED TUBULAR SHOOTING RANGE (CTSR)

This acts as a compact and secure indoor alternative to live firing, designed to optimise space usage for a range. It additionally supports the installation of a Smart Target System and its length can be extended to add more containers, if required.

#### HAND GRENADE SIMULATOR (HE36S®)

This is a patented hand grenade simulator that trains hand grenade usage through mind-body coordination, thus reducing the risk of accidents.

#### SMART TARGET SYSTEM (ZEN STS®) – LOMAH™

This is an electro-mechanical, software-driven acoustical projectile detection and reporting system. Owing to its light-weight, user-friendly interface, it is easy to use at outdoor ranges for live small firearms shooting. The Location of Miss and Hit (LOMAH) is an advanced solution for Zen STS that addresses the challenges faced during the day and night firing.

#### SHOOT HOUSE FOR LIVE AND SIMULATED INDOOR TACTICAL TRAINING

This is a secure indoor facility designed to meet the training needs of security personnel in operations to eliminate threats in a closed environment. It is equipped with a variety of realistic features that create a dynamic and engaging training environment.

#### MASTER CONTROL STATION FOR LIVE-FIRING RANGES (MCS)

This is a live-firing range control system that displays and controls all targets in the range. With a range of advanced features, the MCS provides complete control and automation of the range, thus delivering highly efficient and effective training exercises.

#### TANK TARGETS

These are ideal for range firing and tactical firing practices. At Zen, we offer both static and moving tank target systems.

#### AIR-TO-GROUND FIRING RANGE SCORING SYSTEM

This is an innovative solution designed to provide a comprehensive training experience for air-to-ground weapons delivery. The system is capable of deploying a wide array of targets, tracking their movements and recording hit-and-miss scores, thus providing a full-spectrum evaluation of the exercise.

#### TANK ZEROING SYSTEM (TZS)

For tank and Armoured Fighting Vehicle (AVF), our TZS ensures accurate bore-sighting and zeroing in on the main gun of tanks and AVFs, thus reducing the need for manpower and conserving valuable ammunition.

#### ZEN CSWS TRIKAAL

This is an advanced corner shot weapon system that enables shooting around corners, over the top or over walls, without exposing the shooter. Equipped with cutting-edge technology, this system provides precise accuracy, even in the low light conditions, allowing shooters to train in a wide range of positions and scenarios. The system was developed in collaboration with DRDO and has been awarded the Test of Time award.

#### MULTI-FUNCTIONAL TARGET SYSTEM (MFTS®)

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

## PRODUCT PORTFOLIO

## Live Simulation



Our Live Simulation utilises smart technology and provides a realistic and immersive experience that closely mirrors real-world scenarios. Our offerings include:

**ARMOUR COMBAT TRAINING SYSTEM (ZEN ACTS)**

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

**TACSIM® INDOOR TRACKING SYSTEM**

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

**TACSIM® TACTICAL ENGAGEMENT SIMULATOR**

This simulator trains soldiers to utilise the skills acquired during training in field craft, battle drills and live-fire practice while carrying out operational exercises. It is ideal for Commando Units, Special Operation Groups, Special Task Forces, Special Forces, Training Centres, Armed Battalions of Police and all Law Enforcement Agencies. This simulator enables training in near-real life scenarios and training of large troops in a cohesive manner in complete confidentiality.

## Virtual Simulation



Virtual Simulation is a key offering in Zen's product basket, providing cutting-edge training solutions for defence personnel. With numerous benefits, including controlled environment training and cost-effective solutions, virtual simulation allows many people to be trained simultaneously without sacrificing the quality of learning.

**81MM MORTAR INTEGRATED SIMULATOR (81MM MIS)**

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

**ANTI-AIRCRAFT AIR DEFENCE SIMULATOR (3ADS)**

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

**CARRIER MORTAR TRACKED SIMULATOR (CMT SIM)**

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

**INFANTRY WEAPONS TRAINING SIMULATOR (IWTS®)**

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

**UAV MISSION SIMULATOR (UAV SIM)**

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

**ROTARY WING SIMULATOR (RWS)**

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

**MEDIUM MACHINE GUN SIMULATOR (MMG SIM)**

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

**INTEGRATED AIR DEFENCE COMBAT SIMULATOR (ZEN IADCS)**

This is a state-of-the-art virtual simulator used for the training of L 70 and ZU 23-2 gun crews, with enhanced realism in weapon handling along with realistic battle scenarios. It can transform the crews to deliver accurate fire power.

**INFANTRY COMBAT VEHICLE DRIVING SIMULATOR (BMP II DS)**

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

**BMP II INTEGRATED MISSILE SIMULATOR (BMP II IMS)**

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

**DRIVING SIMULATOR FOR T-72 TANK (T-72 DS)**

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

PRODUCT PORTFOLIO



**CREW GUNNERY SIMULATOR FOR T-72 TANK (T-72 CGS)**

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

**CREW GUNNERY SIMULATOR FOR T-90 TANK (T-90 CGS)**

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

**DRIVING SIMULATOR FOR T-90 TANK (T-90 DS)**

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

**ADVANCED WEAPONS SIMULATOR (AWESIM®)**

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

**DRIVER APTITUDE TESTING SYSTEM (ZEN DATS™)**

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

**DRIVING TRAINING SIMULATOR (ZEN DTS®)**

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

**AUTOMATED DRIVING SIMULATOR (ZEN DATS™)**

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

**DRIVING SIMULATOR (DS)**

This is a dynamic indoor, classroom driver training simulator for light, medium and heavy vehicles. The basic system is supplied with a single instructor station and a driver station but it has the facility to control up to 10 driver stations of various combinations of vehicles, individually or simultaneously.

**BUS DRIVING SIMULATOR (BUSSIM)**

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

**TATRA DRIVING SIMULATOR (TDS)**

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

Combat Training Centre (CTC)

Our Combat Training Centres are designed to deliver this critical training in a realistic and engaging environment. With the ability to simulate offence, defence, stability operations, and more, CTCs are the ideal platform for joint power projection, ground maneuver, air operations, fire supports, logistics, and other vital elements of combat readiness. These state of the art facilities feature instrumented range areas, simulation facilities, and a dedicated full-time military opposing force to provide a dynamic and capable adversary for training exercise.

**COMBAT TRAINING CENTRE (CTC)**

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

**WAR GAMING SOLUTIONS (WGS)**

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



L-LVC INTEGRATION




Zen Combat Training Centre (CTC) INTEGRATES


Live Ranges, Live, Virtual & Constructive Simulation into a Common Operating Picture


FACILITIES

# Spearheading Innovation in Defence

Zen Technologies prides itself on its state-of-the-art facilities, each designed to meet the specific needs of its business.

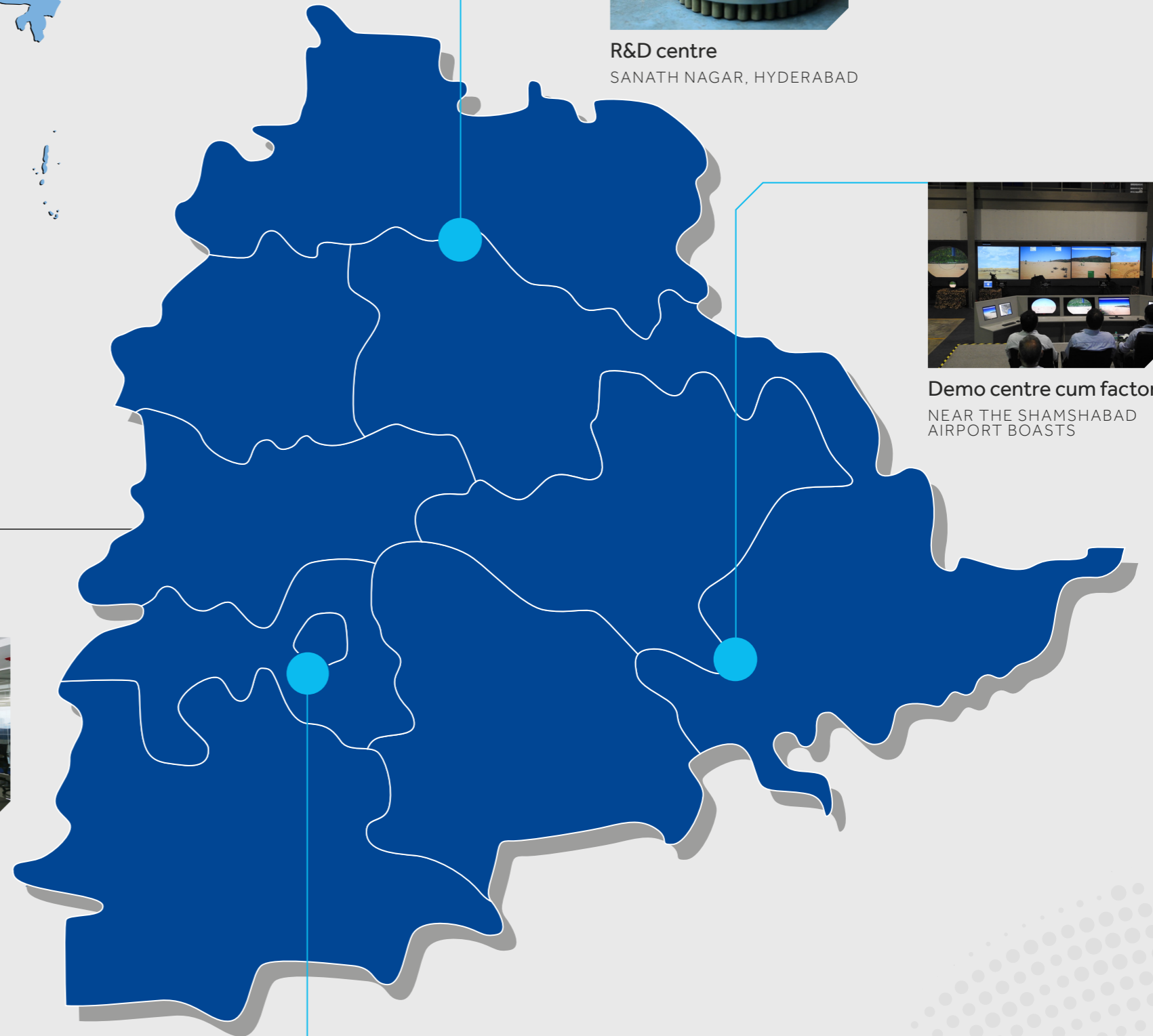
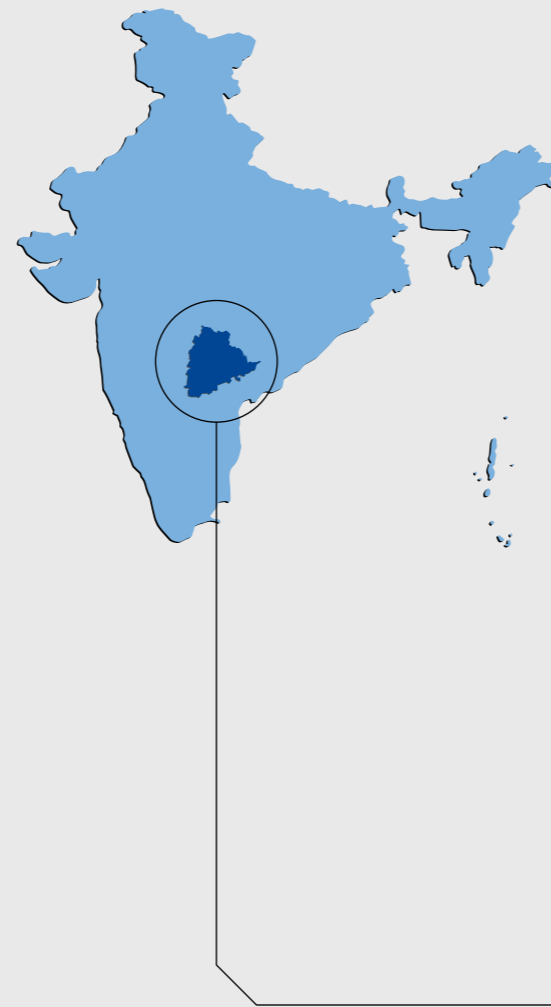
- 

Our R&D centre, in Sanath Nagar, Hyderabad is a hub of innovation, where our team of experts work tirelessly to develop cutting-edge solutions that meet the evolving needs of the defence industry.
- 

Our demo centre cum factory located near the Shamshabad Airport boasts a built-up area of about 15,000 ft<sup>2</sup>. This facility allows us to showcase our products to the world, thus taking our clients on an immersive journey that helps them understand the unique value we offer.
- 

Further, our Artificial Intelligence (AI) centre, situated in Hi-tech City in Hyderabad is a testament to our commitment to staying at the forefront of technological advancement. Here, we collaborate with the esteemed University of Hyderabad to explore the latest frontiers of AI.

With these facilities, we are well-equipped to deliver superior solutions that meet the diverse needs of our clients, thus providing them with best technology solutions that paves the way for a safe, secure and smart future.



R&D centre  
SANATH NAGAR, HYDERABAD



Demo centre cum factory  
NEAR THE SHAMSHABAD AIRPORT BOASTS



Artificial Intelligence (AI) centre  
KONDAPUR, HYDERABAD

## MESSAGE FROM THE CHAIRMAN AND MANAGING DIRECTOR

# Progressing with Foresight and Prudence



//  
*There are decades where nothing happens; and there are weeks where decades happen.*

**Ashok Atluri**  
CHAIRMAN & MANAGING  
DIRECTOR

Dear Fellow Shareholders,

In an essay, "That Which Is Seen, and That Which Is Not Seen", the French theorist Frédéric Bastiat says "...an act, ..., gives birth not only to an effect, but to a series of effects. Of these effects, the first only is immediate; it manifests itself simultaneously

Looking ahead, we are confident of securing several orders before the end of September 2023 and have already crossed the ~ ₹ 1,000 Crore mark as of August 2023.



## Embodying #Atmanirbharbharat

It was in 2015, that the late Mr. Manohar Parrikar immediately got the concept of how Indigenously Designed, Developed and Manufactured (IDDM) can completely alter the Indian defence landscape and included it in the Defence Procurement Procedure 2016 by the category Buy Indian IDDM. I think this was the seminal moment that flipped the defence efforts of the industry from only seeking foreign partnerships for #MakeInIndia and being glorified coolies to establishing indigenous innovative and IP-focused companies developing Indian-owned IP, thus symbolising true #Atmanirbharbharat (self-reliance).

This focus on IDDM has helped Zen win new tenders. The IDDM procurement process, thankfully, is very rigorous and companies that want to fake the category are backing out due to the various parameters being tested and severe possible penalties.

In many of the tenders, with few companies spending serious R&D money, Zen has emerged as a resultant single vendor. This is helping us not only win Indian orders but also establish ourselves as a global leader for army simulators. Even in the case of anti-drone systems (ADS), we have got orders after being a resultant single vendor. While we are a very serious player in ADS in India, we are putting in extraordinary efforts to gain global leadership too. We plan to continuously invest massive R&D resources in our effort to give absolutely the latest to the Indian and friendly foreign forces. We expect ADS to be a blockbuster product in the coming years.

Now that the context is set, let me take you through our performance in the year gone by.

## A strong FY2023

The year has been unusually strong and memorable for us as our efforts have resulted in your Company recording its highest-ever revenue of ₹ 161.44 Crore (standalone), marking a stellar increase of ~200% over the previous year. Exports

with its cause — it is seen. The others unfold in succession — they are not seen: ... Hence it follows that the bad economist pursues a small present good, which will be followed by a great evil to come, while the true economist pursues a great good to come, — at the risk of a small present evil." For us, at Zen Technologies, the "small present evil" has cost our shareholders, in the short term, a tremendous amount of earnings and resulted in "lost" profits as Zen deployed precious current resources in R&D.

## Emerging as trailblazers

Over the past 3 decades, we have spent hundreds of Crore in R&D to build great products and develop a unique set of capabilities that makes Zen a rare beast in Indian defence. What makes it rare is that, unlike most companies that conduct research funded by DRDO against guaranteed orders, Zen chooses its products, finances its research, and shoulders the complete risk of failure. Remarkably, the IP developed here is 100% owned by Zen. For the first 25 years of its existence, Zen remained laser-focused on simulators, cultivating exceptionally deep expertise in this domain. By contrast, in most other organizations, the IP is either owned exclusively by DRDO, shared jointly with DRDO, or held in collaboration with another partner. Today, in most categories of army simulators, Zen has arguably the world's best simulators.

These products and our capabilities are now helping us benefit from the opportunities provided by the new environment. Almost 2 decades ago, when Zen proposed that indigenously designed and manufactured products be given preference over products that were just manufactured in India, the idea was laughed at. One remark particularly stuck with me "Pehle chalna seekho, baad me udne ki baat kareng" (First learn to walk, then we will talk about flying)". When most people disagree with you, you know you are on to something.

## MESSAGE FROM THE CHAIRMAN AND MANAGING DIRECTOR



**200.58%**  
Y-O-Y GROWTH  
IN REVENUE FROM  
OPERATIONS

**701.24%**  
Y-O-Y GROWTH IN  
EBITDA

**1763.37%**  
Y-O-Y GROWTH IN PAT

contributed ~ ₹ 55.49 Crore to the revenue, with the remaining contribution came from domestic sales. Our PAT grew by ~1,750% while our EBITDA recorded a growth of ~700% over the previous year. Complimenting this is our order book, which stood at ~ ₹ 473 Crore owing to the multiple new orders worth ₹ 141.67 Crore we secured in Q4 FY2023.

Looking ahead, we are confident of securing orders worth couple of hundreds of crores before the end of September 2023 and have already crossed the ~ ₹ 1,000 Crore mark as of August 2023.

#### Focus on India

Amidst the escalating global tensions, India must maintain its preparedness, resilience and ability to respond effectively as the need arises. The mounting tensions with neighbouring countries and the ongoing conflict between Russia and Ukraine underscore the importance of India's aspirations to become a defence hub. While other countries have hegemonistic aspirations, India's self-reliance aspirations are to shore up defensive and retaliatory capabilities.

Your Company continues to excel through its asset-light business model by outsourcing most of the operations while

keeping the other aspects of the value chain - like R&D, Engineering, After Sales Service, Marketing and Sales. Leveraging a reliable supply chain built over the past three decades, we outsource a significant portion of our manufacturing, resulting in minimised capital investment and fixed assets. This approach has enabled us to maintain cost efficiency and experience improved cash flows. The AMCs have once again proven to be a robust revenue stream with consistent profitability. This fiscal year, it contributed ₹ 35.90 Crore to our total revenue. Moreover, our current liquidity position is at an all-time high, positioning us favourably to fulfill our ambitious growth plans.

Additionally, we foresee promising opportunities for the expansion and diversification of the export market

To emerge as an important defence hub, the Government of India has introduced strategic initiatives like Make in India and Atmanirbhar Bharat, leaving no stone unturned in fortifying our country's military capabilities. Agnipath Yojana, presents a valuable opportunity for the Indian youth to serve in the armed forces in a short stint and contribute to national security. Furthermore, the government has implemented several initiatives to foster the development of indigenous drone capabilities in both offensive and counter-drone domains. To facilitate this, the Drone Rules, 2021 have been liberalised and a Product Linked Incentive (PLI) program for drones and drone components has been established. Efforts are afoot currently to expand the PLI scheme to embrace more of the Drone ecosystem including ADS. These policies will collectively bolster the nation's drone ecosystem.

Additionally, in 2021, the Ministry of Defence announced a simulation framework to promote increased and accelerated utilisation of simulators by the three armed forces and the Indian Coast Guard. We have seen the beginning of serious implementation of the framework by the government.

We believe the next couple of years will see increased acquisition of simulators by the armed forces. The Ukraine-Russia war has decisively demonstrated that just having the latest equipment is not enough; you need to be trained comprehensively and quickly to be able to operate the equipment.

A recent study released by TERI in June 2023, New Delhi, has clearly demonstrated that using simulators has immense benefits - both to the forces and the environment. In fact, they have indicated that the induction of simulators to train gunnery personnel on tanks can save as much as ~ ₹ 381 Crore, including environmental costs. These savings are staggering. We expect that such studies will accelerate the path to simulation within the forces.

#### Rapidly emerging opportunities

Our counter-drone solutions have garnered significant interest from international clients, prompting us to actively pursue the expansion of our export endeavours. We are confident that in the coming years, we will be able to serve the markets in the USA, Middle East, Europe, including CIS, and Africa.

Our R&D capabilities form the bedrock of our future endeavours. To date, we have applied for 130+ patents for our pioneering initiatives and dedicated more than ~ ₹ 100 Crore to R&D efforts over the past few years. Following the successful launch of our counter-drone technology, we are deeply investing in the technology to attain global leadership in the field.

Being an IP-driven business, with bills of material costs typically accounting for 15-35% of the final price, our post-breakeven contribution is substantial. We are committed not only to continuous and significant investments in R&D to maintain our competitive edge and expand our IP portfolio but also to strategising ways to capitalise on our IP assets in a significant manner. Our sustained high investments in R&D over the lifespan of our Company create a

formidable entry barrier for potential newcomers, providing us with a distinct and sustainable competitive advantage.

With innovation at the heart of our operations, we are well-positioned to forge ahead, delivering cutting-edge solutions to meet the evolving needs of the defence industry and reinforcing our position as a leader in this space.

#### Embedding sustainability across our operations

While we prioritise innovation and profitability, we consider sustainability to be our core value and strive to embed sustainable practices and processes across our operations. We are committed to taking concrete steps in our sustainability journey focused on environmental responsibility and upholding high ethical standards.

We collaborated with the TERI (The Energy and Resources Institute) and worked jointly on overall objectives to enhance environmental awareness and promote sustainability. We also worked on an assessment of how simulators can enhance sustainability in the armed forces and released a report on 'Supporting Defence Sectors Efforts Towards Sustainability: Application of Simulators in Army Training'. This study seeks to assess and quantify the environmental and economic benefits of using simulators for training in the armed forces.

According to an analysis by TERI, the use of crew gunnery simulators has the potential to result in cost savings of ₹ 381 Crore over a span of 30 years. Additionally, the use of simulators could reduce GHG emissions. Specifically, at the implementation of simulators could potentially prevent the emission of 3,676 tCO<sub>2</sub>e over a span of 30 years.

#### Towards success

Our long-term vision is to establish ourselves as the foremost global player in training and simulation, and ADS, with a targeted growth rate of 50-60% CAGR over the next 5 years. Aligned with the burgeoning global and Indian defence

simulator market, we have committed significant resources in simulators and counter-drone systems, thereby adding value to our portfolio.

Furthermore, to fortify our capabilities, we intend to forge extended partnerships with Indian Original Equipment Manufacturers (OEMs) to collaboratively develop these cutting-edge simulators for their equipment platforms and integrate their weapon platform with our ADS.

**Q. One question we are frequently asked is: are you going beyond simulators and counter-drone solutions?**

A. The answer is there is a tremendous scope for growth in simulators and counter-drone systems. Under special circumstances, we are keen to look at other opportunities provided the technology being offered gives us a shot at being the world's best in that field and Zen has the capability to absorb the technology and undertake further research for future versions of the product and if the size of the market is reasonable.

Our accomplishments would not have been possible without the dedication of our workforce. I extend my heartfelt appreciation for the unwavering passion displayed every day. To our bankers for timely support, to regulatory authorities who are working day and night to frame enabling policies and finally, to our fellow shareholders, your trust and confidence inspire us to excel further. I express my gratitude to the Government of India for recognising the significance of defence simulators and undertaking measures to promote indigenous R&D in defence.

Together, let us continue our efforts to ensure the safety of our soldiers and pave the way for India to ascend as a global military hub. Your support and collaboration remain integral to our shared vision and success.

Best wishes,

**Ashok Atluri**  
CHAIRMAN & MANAGING DIRECTOR

## PERFORMANCE

# A Steady Rise Towards Success

During the last few years, we invested in strengthening our foundation, expanding our portfolio and understanding the needs of the niche industry we operate in. Our record performance for FY2023 is a result of this hard work, commitment and perseverance.

We believe that FY2023 has set us for a steady momentum and we look forward to delivering continuously for our customers and other stakeholders.

## REVENUE FROM OPERATIONS

(₹ IN CRORE)

<b>FY 23</b>	<b>161.44</b>
FY 22	53.71
FY 21	49.57

**₹ 161.44 CRORE**

## EBITDA

(₹ IN CRORE)

<b>FY 23</b>	<b>58.33</b>
FY 22	7.28
FY 21	10.67

**₹ 58.33 CRORE**

## PROFIT AFTER TAX

(₹ IN CRORE)

<b>FY 23</b>	<b>37.64</b>
FY 22	2.02
FY 21	4.10

**₹ 37.64 CRORE**

## EBITDA MARGIN

(IN %)

<b>FY 23</b>	<b>35%</b>
FY 22	13%
FY 21	35%

**35%**

## PAT MARGIN

(IN %)

<b>FY 23</b>	<b>23%</b>
FY 22	4%
FY 21	8%

**23%**

## RETURN ON CAPITAL EMPLOYED

(IN %)

<b>FY 23</b>	<b>17.3%</b>
FY 22	3.0%
FY 21	5.0%

**17.3%**

## R&D EXPENDITURE

(₹ IN CRORE)

<b>FY 23</b>	<b>19.09</b>
FY 22	13.80
FY 21	12.88

**₹ 19.09 CRORE**

## ORDER BOOK STATUS

(₹ IN CRORE)

<b>FY 23</b>	<b>472.82</b>
FY 22	430.72
FY 21	192.67

**₹ 472.82 CRORE**

## BOARD OF DIRECTORS

# Visionary Leadership


**Mr. Ashok Atluri**

CHAIRMAN &amp; MANAGING DIRECTOR



Mr. Ashok Atluri is a post-graduate diploma holder in applied computer science. He is instrumental in designing the simulators on the Windows-Intel platforms to ensure the products are simple to use and meet industry standards. He received the "Small Scale Entrepreneur of the Year" award from Hyderabad Management Association in 1998.


**Mr. M Ravi Kumar**

WHOLE TIME DIRECTOR



Ravi Kumar Midathala played a crucial role in shaping the success and growth of Zen Technologies over the past three decades. Serving as the Whole Time Director and Head of R&D, his contributions have been instrumental in driving innovation and excellence within the company.

Throughout his tenure he has been deeply involved in the design and development of several ground breaking products of Zen. These systems represent the forefront of technology and have helped establish Zen Technologies as a global leader in the military simulation field.

Under his adept guidance, the company has achieved remarkable accomplishments in terms of intellectual property by filing over 110 patents.


**Mr. Kishore Dutt Atluri**

FOUNDER, PRESIDENT &amp; JOINT MANAGING DIRECTOR

Mr. Kishore Dutt Atluri is a post-graduate in Computer Application from the University of Hyderabad. With over 21 patents to his name, he has a deep understanding of simulation technology and its applications for defence and homeland security. He has been instrumental in the development of Zen's range of virtual and live simulation systems, including simulators for Infantry, Armoured Corps, Mech Forces, and Air Defence; thus catering to the needs of Police Forces, Central Police Organisations, Civilians, and Miners. His primary roles at Zen include technology direction and product development, aligned with the Company's strategy.

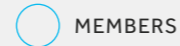
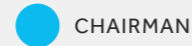

**Ms. Shilpa Choudari**

WHOLE TIME DIRECTOR

Mrs. Shilpa Choudari is a highly qualified professional with a Bachelor's degree in Technology from Jawaharlal Nehru Technological University (JNTU) and a Master's degree in Finance and Foreign Trade from Badruka Institute of Foreign Trade. Relying on her rich experience of working at Zen Technologies as a research associate, and later as an AGM, Sales & Marketing, she has gained an in-depth understanding of the Company's products and processes. Prior to joining Zen, she has published several articles in over 10 books of different subjects while working at ICFAI Research Centre. She has also worked as a professional banker with HDFC in the past.

**Board Committee's Key**

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


**Dr Ravindra Kumar Tyagi**

INDEPENDENT DIRECTOR



With more than 47 years of experience, including 15 years of board level positions, Dr Ravindra Kumar Tyagi holds a Ph.D. in Management Studies from Agra University, an Engineering degree in Electronics & Communication from IIT Roorkee, and has a MBA in Marketing from IGNOU, New Delhi. He has also completed the Advance Leadership Course from ISB, Hyderabad.

Over the course of his career, he has served in various roles like IT Networks, Setcom, Infocom, and Marketing in ONGC and rose to the position of Head Marketing and Head Air Logistics. Dr Tyagi's strengths are in organisational strategy, leadership growth/turnaround specialist, corporate governance, CSR, R&D, technology, investment and last but not the least, risk management. He served as the Chairman of Hindustan Aeronautics Limited and the Chairman and Managing Director of Pawan Hans Helicopters Limited.


**Dr Ajay Kumar Singh**

INDEPENDENT DIRECTOR



Dr Ajay Kumar Singh is a versatile professional with extensive experience in leadership, programme planning and designing, implementing teaching, monitoring and evaluation, including business development and consulting. He is the recipient of the prestigious 'The Rashtrapati Rover Award', and is currently serves as the Associate Director at the Indian School of Business, Hyderabad. He holds a Post-Doctoral Fellowship in Social Marketing from ISB, Hyderabad, a Ph.D. from Chaudhary Charan Singh University and a MBA degree in marketing from RSMT Purvanchal University.

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

Furthermore, Dr Singh has designed transformation journeys for various government and public sectors and corporate organisations through focused education and training programmes. He has delivered over 1000 days of mi-career training to top organisations, including the State Bank of India, Bank of Baroda, NTPC, ONGC, IndiGo, Tata Steel, ITC, Sun Pharma, and more. He is also a member of the Academic Advisory Council of the Institute of Public Enterprise, Hyderabad, Telangana, and Honorary Academic Advisor at Capital University of Kodarma District in Jharkhand.


**Mr. Amreek Singh Sandhu**

INDEPENDENT DIRECTOR



Mr. Amreek Singh Sandhu is a finance and secretarial professional with more than 36 years of industry experience in various areas, such as corporate finance, treasury, audit, mergers and acquisitions, public issues, secretarial and compliance matters, HR, administration, and legal functions. He holds an M. Com, LL.B., MBA, FCS, FCMA, EAPAF-IIM(C), and has served in reputed Companies, such as Herman Milkfoods Limited, Gati Limited, Ybrant Digital Limited, and AMR India Limited, with experience in manufacturing (electronics, consumers goods, dairy products, etc), cargo, logistics, shipping, power, digital media, infrastructure, and mining.

Mr. Sandhu was awarded the Best CFO award by 9.9 Group (CFO India) in the year 2017 (for Risk Management) and 2018 (for Cash Management). He has also attended and addressed numerous seminars and conferences on various professional and educational topics, such as CSR, Corporate Governance, maximising shareholder value, strategic finance, business strategies for economic revival, combating the risk of corporate frauds, compliances, GST, digitalisation, etc., organised by CII, CFO forums, ICSI, ICWAI, Dun & Bradstreet, etc. Before the recession of 2007, he has also extended some of his insights in his article on Inflation and Economic Recession, that was published in CFO Asia.


**Ms. Sirisha Chintapalli**

INDEPENDENT DIRECTOR



Ms. Sirisha Chintapalli holds an Associate Membership of the Institute of Company Secretaries of India and the Institute of Cost Accountants of India. She is also a registered Insolvency Professional. With over 14 years of experience, she has worked in legal, finance, secretarial, insolvency, and regulatory compliance matters, particularly related to the Companies Act, laws applicable to the Capital Markets, and other statutes.

Ms. Sirisha has worked with L&T Shipbuilding Limited, International Seaport Dredging Limited, and CCL Products (India) Limited. Additionally, she was a member of Managing Committee of the Institute of Cost Accountants of India during 2019-2023. She has successfully handled various assignments and mergers while being well-versed in the day-to-day operations of the Company.

## BUSINESS CANVAS

# Committed to Creating Sustainable Value

India is pursuing an ambitious goal of building a self-reliant defence ecosystem and has taken several steps to promote indigenous defence production. This has surged the demand for high-quality training equipment that can echo the adversities experienced in real-life war scenarios, thus presenting a massive opportunity for organisations like Zen. Our asset-light business model aligns with our core strategy of profitable growth, leveraging innovative and scalable offerings that meet the evolving needs of our clients.



## Sale of Equipment

A pioneer in the defence training solutions space

- Dominant market presence with over 95% market share in tank simulators, affirming Zen's expertise in the field.
- Characterised by infrequent but large order size, with long closing cycles, making each sale a significant growth opportunity.
- Strong focus on R&D leading to continuous expansion of the product basket, including emphasis on anti-drone systems.



## Combat Training Centre

A next-generation training platform

- Offers realistic battle experiences through the integration of Zen's entire range of product offerings
- Significant growth opportunity with potential to win orders worth \$ 25 Million for a single installation
- Promising EXIM financing options sets the stage for enhanced growth in the export market



## Annual Maintenance Contract

A steady stream of profitability

- Recurring revenue stream with exceptional profitability margins
- Contracts begin after 3 years of equipment installation, providing steady stream of profitability even in the absence on new equipment orders
- AMC revenues will grow with the expansion of simulator installation base, providing a stable source of income for Zen

# 327.20

(₹ IN CRORE)  
EQUIPMENT

# 145.61

(₹ IN CRORE)  
AMC

# 472.82

(₹ IN CRORE)  
TOTAL

(ORDER BOOK STATUS AS OF  
MARCH 31, 2023)

## STRONG R&amp;D CAPABILITIES

## At the Forefront of Innovation

At Zen, we are committed to driving innovation and advancing the frontiers of defence training solutions. Our unwavering focus on R&D has resulted in the creation of a robust and diverse technological landscape, characterised by a wealth of intellectual capital that differentiates us from our competitors.

### Our intellectual capital: A strong foundation for sustainable growth

The foundation of Zen's intellectual capital is built on a comprehensive patent portfolio, which has been carefully nurtured through years of investment in R&D. Our relentless pursuit of innovation has resulted in filing over 130 patents, of which 50 have been granted, providing a strong intellectual property barrier that protects our business from competition.

### Investments in R&D: A long-term play

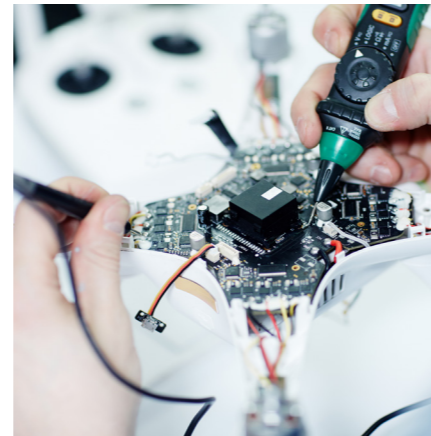
At Zen, we recognise that investments in R&D are a long-term play, but we believe that these investments are essential to our sustained growth and amplified profitability. In line with this belief, we have consistently invested in R&D over the years, continuously adding to our product basket and expanding our technology offerings. Furthermore, we have consistently expensed our R&D investments, rather than capitalising them. Consequently, these significant contributions are not reflected on our balance sheet. However, these investments have undeniably fostered a unique competitive edge for our Company. One of our recent offerings, the anti-drone system exhibits our dedication to R&D.

### The power of IP-driven business models

One of the key strengths of Zen's intellectual capital lies in the fact that our business model is driven by IP, rather than physical components. Our products are characterised by a bill of materials that contribute around 15-30% of the final product cost, a testament to the value of our intellectual property. This also means that our profitability margins are not directly impacted by fluctuations in the cost of physical components.

### High-entry barriers

The high investments that we made in R&D throughout the lifetime of our Company impose a lot of limitations for new entrants, as they would be required to invest significant resources to come at par with our offerings. This creates a strong competitive advantage for Zen and positions us as a leader in the defence training solutions space.



# ~73

(₹ IN CRORE)

INVESTMENTS IN R&D  
IN THE LAST 5 YEARS

# 17%

CUMULATIVE  
SALES INVESTED IN  
R&D OVER THE LAST  
5 YEARS

# 130+

PATENTS FILED

## STRATEGY

## Prioritising for the Future

As pioneers in the industry, we strive to set a benchmark of excellence through our active efforts of mitigating irregularities, thus enhancing our judiciousness in business operations.

Moving forward, we focus on strengthening our equipment sales and then diversifying our product basket. The rapid-growing market for the anti-drone systems sets a strong foundation for us to leverage on exciting opportunities. Additionally, we are looking to scale up our AMC business, as it plays an instrumental role in supporting our fixed operating expenses.

**01** To create new revenue streams for the Company, we are leveraging our extensive patent portfolio to monetise on our intellectual property rights. In doing so, we also encourage innovation within the industry and support overall growth.

**02** We are also working tediously to ramp up our exports and further establish strategic partnerships with key players in the international market. This will create an environment conducive for us to enhance our overall financial performance, thus delivering sustainable stakeholder value.

**03** The establishment of a state-of-the-art demo centre at Abu Dhabi is underway. The centre will provide customers with a unique and immersive experience, all of which demonstrates the Company's innovative offerings.

**04** We believe in evolving with the changing times and adapting to market conditions. Driven by improved competitiveness, we are focusing on bolstering our efficiency, coupled with advanced operational excellence, to meet the specific needs of our customers.



Moving forward with our strategic priorities, we are actively seeking to expand our outsourcing capabilities, thus reducing labour costs and optimising operations. Finally, we are looking forward to a strong financial performance for our subsidiary, Unistring Tech Solutions Pvt. Ltd, which is poised for continued growth and success with strategic initiatives underway.

## STRENGTHS

# Leveraging Our Key Strengths for Growth

 <b>01</b>	<p><b>A FOUNDATION OF EXCELLENCE</b></p> <p>At Zen, we have honed and nurtured our strengths in the course of three decades, forging a formidable reputation as a leading player in the defence training solutions space. We are continuously bolstering our innovative prowess and have filed over 130 patents to date.</p>
 <b>02</b>	<p><b>IP EDGE</b></p> <p>Our business model is predicated on intellectual property, with our product offerings having almost 70-80% IP content. This equips us to reap the benefits our pioneering innovations and acts as a significant entry barrier to potential customers.</p>
 <b>03</b>	<p><b>MANAGEMENT MASTERY</b></p> <p>Zen's technical and management teams represent a cornerstone our corporate strengths. Our team comprises seasoned professionals, who are passionate about innovating and are handpicked for their exceptional skills and expertise. It is their dedication to excellence that has helped us soar higher and achieve new heights of success.</p>
 <b>04</b>	<p><b>A SELF-SUSTAINING ECOSYSTEM</b></p> <p>As a Company committed to self-reliance and cost-efficiency, we have developed a procurement strategy that allows us to maintain an autonomous and robust supply chain. Our bill of material represents a mere 25% of total procurement, with only 25% sourced from import, ensuring we remain agile in response to changing market demands. In addition, our effective virtual visit and demo options provide a cost-effective solution to our clients, allowing us to showcase our products and capabilities without incurring unnecessary expenses.</p>
 <b>05</b>	<p><b>STRONG CLIENT-RELATIONSHIP</b></p> <p>Zen prides itself on delivering unparalleled customer service, with a significant 23% of our skilled workforce devoted exclusively to providing exceptional after-sales support. Our commitment to excellence extends beyond the sales of our products. We understand the importance of customer satisfaction and are committed to ensuring that our products operate at peak performance levels, achieving over 99% uptime in installations under AMC.</p>

## GROWTH DRIVERS

# Progressing with Tenacity

GROWTH DRIVER	IMPACT
 <p><b>FAVOURABLE GOVERNMENT POLICIES</b></p> <p>The GoI has implemented measures to increase the indigenisation of defence procurement, with a goal of 70% indigenisation by 2025. This includes allocation of almost ₹ 52,000 Crore for equipment procurement from the domestic defence industry, as well as offering attractive financing options for exports to friendly countries.</p>	<p><b>INCREASED REVENUES</b></p> <p>Zen Technologies can expect to see increased revenues as a result of the Indian Government's push for indigenisation, and its increased funding for domestic equipment procurement.</p>
 <p><b>POSITIVE INDIGENISATION LIST</b></p> <p>The Ministry of Defence has issued three 'Positive Indigenisation' lists containing import prohibition on more than 300 defence equipment.</p>	<p><b>GROWTH IN MARKET SHARE</b></p> <p>The import prohibition presents a significant opportunity for Zen Technologies to deepen its market share in the Indian Defence industry.</p>
 <p><b>IDEX AND DTIS</b></p> <p>The GoI has launched several schemes to support the development and testing of indigenous technologies, including the iDEX (Innovations for Defence Excellence) and DTIS (Defence Testing Infrastructure Scheme).</p>	<p><b>IMPROVED R&amp;D CAPABILITIES</b></p> <p>Through the iDEX and DTIS initiatives, Zen Technologies has gained access to supplementary resources for investing in its R&amp;D capabilities, paving the way for potential innovations in product offerings, and thus opening up new avenues for future growth.</p>
 <p><b>BLOOMING SIMULATOR MARKET</b></p> <p>The Indian simulator market is likely to be valued at ₹ 15,000 Crore. This can be attributed to the broadening focus on training and simulation.</p>	<p><b>HIGHER DEMAND FOR SIMULATORS</b></p> <p>Zen technologies can expect to see greater demand of its cutting-edge simulator products, thus deepening its market presence and revenue shares.</p>
 <p><b>AIMING FOR THE SKIES</b></p> <p>The GoI is aiming for a \$ 25 Billion worth of exports by 2025. With attractive financing options offered via the EXIM bank, the government's support provides a strong regulatory tailwind for the industry.</p>	<p><b>GLOBAL PRESENCE, STRONG FOOTING</b></p> <p>With exports to Nigeria, Qatar, Malaysia, UAE, Kenya and Egypt, Zen Technologies is already making a remarkable global footprint. The Company is poised to grow rapidly in the coming years, backed by its impressive track record. The conducive initiatives taken by the GoI will further bolster Zen Technologies to emerge as a key player in the global market.</p>

## MD&amp;A

# Management Discussion and Analysis



## Global Economy

The global economy experienced a period of disruption and volatility in recent years, marked by a pandemic, trade wars, rising inflation and geopolitical confrontations. As we move into mid-2023, we find ourselves facing a set of challenges that feel both unfamiliar and unprecedented.

Despite these challenges, there are reasons to be optimistic. Central Banks across the world are expected to signal interest rate cuts, which should result in a sustained recovery of asset prices and the economy by the end of 2023. In order to execute a shift in policy, a confluence of factors must arise, including a heightened state of economic vulnerability, a marked uptick in unemployment rates, intensified market turbulence, a depreciation in the value of high-risk assets, and a contraction in inflation levels. These circumstances, however, are poised to engender a variety of potential hazards in the short-term.

Amidst the persistent headwinds, the global economy has demonstrated remarkable resilience towards the end of 2022, dispelling the apprehensions of a protracted downturn. A pleasant surprise in numerous economies, including the US, the Euro areas, and major emerging markets, was the unexpected strength of the real GDP. In many cases, the

underlying sources of this robustness were domestic, driven by the remarkable resilience of private consumption and investment, along with favourable fiscal stimulus.

The tight labour market and pent-up demand for services created a unique window of opportunity, which the households were quick to capitalise on by dipping into their savings. The upward trajectory of business investment further consolidated this expansion, indicating a growing sense of confidence in the future outlook. Additionally, it is also noteworthy that the energy markets adjusted with remarkable agility to the shock from Russia's invasion of Ukraine, which further bolstered the growth momentum.

## OUTLOOK

As the global economy navigates unprecedented challenges, it is imperative that businesses adopt an informed and strategic approach to achieve sustained economic stability and growth. Policymakers are expected to prioritise disinflation and consider deploying macroprudential tools and strengthening debt restructuring frameworks. Further, the acceleration of COVID-19 vaccinations can act as a safeguard to the recovery, and enable businesses to better respond to these challenging circumstances.

The gradual withdrawal of broad-based fiscal relief, followed by focused fiscal measures, can aid those most affected by elevated food and energy prices. Moreover, stronger multilateral cooperation can help preserve the gains from the rule-based multilateral system and mitigate climate change by limiting emissions and making substantial green investments.

## MD&amp;A



## Indian Economy

Following growth of 8.7% in FY2022, the Indian economy witnessed a growth of 7.2% in FY2023, surpassing market expectations. This can be partially attributed to the high credit growth, averaging over 30.5% to the micro, small, and medium (MSME) sector. Moreover, in the first eight months of FY2023, the central government's capital expenditure surged by 63.4%, thus becoming a key growth driver.

Factors such as robust private final consumption expenditure, export incentives, heightened investment demand due to public capex, and improved bank and corporate balance sheets, which collectively fuelled industrial expansion, also contributed to the resilience of the economy.

During the fiscal year, there was a significant surge in bank credit, which grew at an impressive rate of 15.4% Y-o-Y, primarily driven by increased lending to the retail and services sectors. The strong demand for credit was evident in all segments, encompassing a mix of term loans and working capital. In contrast, deposit growth remained more subdued, registering a growth rate of 9.6% Y-o-Y. This slower growth in deposits was mainly attributed to the gradual drainage of surplus system liquidity that had been injected by the Reserve Bank of India (RBI) during the pandemic period. The combination of high credit demand and relatively restrained deposit growth posed a unique challenge for the banking sector. The banks had to carefully manage their resources and liquidity to meet the growing credit requirements while ensuring stability and financial prudence.

Even though private consumption, supported by a rebound in contact-intensive services stood, at 58.4% of GDP, the World Trade Organisation's lower growth forecast of global trade from 3.5% in 2022 to 1% in 2023 has the potential to impact the country's growth trajectory.

## OUTLOOK

The Reserve Bank of India (RBI) anticipates India's growth rate to moderate to 6.5%. This adjustment in the growth forecast is influenced by the IMF slightly lowering its growth projection for 2023. Additionally, there is an expectation of a deceleration in global trade of goods and services due to efforts to control inflation through higher interest rates.

Despite these challenges, the G-10 central banks, which are nearing the peaks of their respective rate hike cycles, are expected to have a positive impact on the Rupee's stability. This factor could potentially offset some of the adverse effects arising from the moderation in economic growth and global trade slowdown, providing some support to the country's currency and overall economic outlook.

Continued focus on capital expenditure by the government will attract private sector investment gradually. Bank credit growth is expected to moderate due to the economic slowdown, reducing the gap between credit and deposit growth. Nonetheless, deposit growth is likely to improve slightly, supported by higher interest rates as an incentive and anticipated system liquidity enhancement in the second half of the year.

(Sources: The RBI, IMF, NSO)

## Indian Defence Industry

The Indian Defence sector, recognised as the second largest armed force in the world, is on the precipice of a significant transformation. Under the visionary 'Atmanirbhar Bharat' initiative, the Government of India has singled out the defence and aerospace sector as one of the primary areas of focus. The principal objective is the creation of a robust indigenous manufacturing infrastructure that is backed by a comprehensive research and development ecosystem.

This initiative not only serves the national security objectives but also propels India into a prominent global role. The ambitious goal set by the government is to achieve a turnover of \$ 25 Billion, including export of \$ 5 Billion in aerospace and defence goods and services by 2025.

India is already on a steady path towards this goal, with defence exports reaching an unprecedented level of ~ ₹ 16,000 Crore in FY2023, marking a remarkable tenfold increase since FY2017. The massive surge in exports, alongside the government's steadfast push towards self-reliance, paints an optimistic future for the sector.

It is imperative to recognise the government's targeted financial commitments that underscore this transformation. As the third-largest military spender worldwide, India has allocated 2.15% of its GDP to its defence budget. Moreover, an increased allocation of ₹ 5.94 Lakh Crore in FY2024, marking a jump of 13% over the previous year, serves as further evidence of the government's dedicated resolve towards this sector.

Looking ahead, the Government plans a massive investment of \$ 130 Billion over the next 5-7 years for fleet modernisation across all armed services, thus demonstrating its commitment to reinforcing India's position in the global defence landscape.

Furthermore, to stimulate the domestic defence industry, the government has been proactive in ensuring an enabling environment characterised by transparency, predictability and ease of doing business. This approach is bolstered by robust policy support, as reflected in the 606 Industrial Licences issued to 369 companies operating in the Defence sector until April 2023.

# 11.3

(\$ IN BILLION)

INDIAN DEFENCE  
SECTOR MARKET SIZE

# 2.15%

INVESTMENTS IN R&D  
IN THE LAST 5 YEARS

# 15%

SHARE OF GLOBAL  
ARMS IMPORT

# 13%

INCREASE IN  
ALLOCATION  
DEFENCE BUDGET

## Sector Policies

The Government of India has further demonstrated its commitment to the defence and aerospace sector by formulating a set of comprehensive and strategic policies, aimed at bolstering the growth and development of the industry. These policies provide a structured and reliable environment, essential for the industry's progression, while also aligning with the broader national vision of self-reliance.

## PROCUREMENT POLICY

Defence procurement is regulated by the Defence Procurement Procedure (DPP). The DPP is committed to institutionalising, streamlining, and simplifying the defence procurement process to bolster the "Make in India" initiative.

## OFFSET POLICY

The primary objectives of the defence offset policy are to capitalise on capital acquisitions to cultivate the domestic defence industry. This policy requires foreign defence participants to offset a minimum of 30% of the procurement of defence equipment. This is applicable for categories of procurement where the estimated cost of the acquisition proposal is \$ 286.04 Million or higher.

## INDUSTRIAL LICENSING PROCEDURES

The duration of the initial industrial licences has been extended from 3 years to 15 years, with an option for a further extension of 3 years. Guidelines for the extension of the validity of industrial licences have been put in place. The initiation of production of any item covered by the licence is now considered as the onset of production for all items included in the licence.

## DEFENCE ACQUISITION PROCEDURE (DAP)- 2020

DAP 2020 supports the indigenous design and manufacture of defence items. The 'Make' Procedure strives to achieve self-sufficiency by promoting greater involvement of Indian industries, particularly the private sector. The 'Make-I' (Government Funded) category pertains to design and development of equipment, systems, significant platforms or their upgrades by the industry, where the Ministry provides financial backing of

up to 70% of the prototype development cost or a maximum of ₹ 250 Crore per Development Agency (DA). The 'Make-II' (Industry Funded) category encompasses design, development, and innovative solutions by an Indian vendor, with no Government funding, but an assurance of procurement upon successful prototype development.

## DEFENCE TESTING INFRASTRUCTURE SCHEME

This scheme is devised to enhance domestic defence and aerospace manufacturing by allocating ₹ 400 Crore for the creation of top-notch testing infrastructure in collaboration with the industry. The scheme was launched by the Defence Minister in May 2020.

## INNOVATIONS FOR DEFENCE EXCELLENCE (IDEX)

Introduced in April 2018, iDEX is an innovation ecosystem for Defence. It aims to nurture an environment that encourages innovation and technological progress in Defence and Aerospace. This is achieved by involving Industries, MSMEs, Start-ups, Individual Innovators, R&D institutes, and Academia and offering them grants, funding and other support for R&D that has potential for future use in the Indian defence and aerospace sectors. As of February 2023, 139 iDEX winners have received grants and funds, with an allocation of ₹ 1,000 Crore for iDEX-related purchases and an additional ₹ 500 Crore set aside to back start-ups over the subsequent five years.

## DEFENCE PRODUCTION AND EXPORT PROMOTION POLICY 2020 (DPEPP)

The Ministry of Defence (MoD) has outlined the draft DPEPP 2020 as a guiding document to provide a structured and significant impetus to the country's defence production capabilities for self-reliance and exports. This includes a focus on establishing an Aero Engine Complex for civil and military uses and developing core technologies for Aero Engines, leveraging favourable tax rationalisation measures to stimulate the Maintenance, Repairs & Overhaul (MRO) sector, and developing R&D strategies for achieving indigenisation of listed Critical Technologies and Materials.

## MD&amp;A

## Simulation Industry

Military simulation training, employing modern technology such as artificial intelligence, virtual reality, and computer-based simulations, provides an effective platform for the replication of weapon systems, combat situations, and the overall environment of warfare. These simulations offer a realistic training experience, enhancing operational readiness.

With its cost-effectiveness and relevance, simulation training is increasingly favoured for military personnel training across air force, army, and navy. It provides a secure, immersive environment that aids in honing decision-making skills and response mechanisms, preparing trainees for real-life scenarios.

The global military simulation and training market size is projected to grow at a CAGR of 6.2% from 2020 to 2030, from an estimated \$ 11.56 Billion in 2022 to an estimated \$ 20.58 Billion by 2030. This growth trajectory can be attributed to the rise in defence expenditure worldwide and technological advancements aimed at strengthening military capabilities.

In India, the simulator market is estimated at ₹ 15,000 Crore. The Indian government is taking strides to bolster indigenous manufacturing, and the Ministry of Defence's recent policy framework is a testament to this initiative. It underscores enhanced utilisation of simulators across all arms of the defence services, potentially creating a surge in demand.



## Company Overview

Zen Technologies Limited, a leader in the defence technology sector, manufactures advanced simulator training solutions and anti-drone systems. We serve a diverse range of 100+ institutional clients, including the Ministry of Defence, the Government of India, and its Armed Forces, Security Forces, and Paramilitary Forces.

Our product portfolio consists of land-based military training simulators, driving simulators, live-range equipment, and anti-drone systems. Our R&D facility has been recognised by the Ministry of Science and Technology, Government of India. Our robust R&D capabilities, coupled with our state-of-the-art production facility in Hyderabad, have enabled us to apply for over 130 patents and ship more than 1,000 training systems across the globe till date.

## Opportunities

## MILITARY TRAINING

The Ministry of Defence (MoD) rolled out a comprehensive simulation framework aimed at enhancing the utilisation of simulators by the Armed Forces and the Indian Coast Guard. The overarching objective of this initiative is to foster a shift towards simulation-based training across all military domains. This strategy is devised to achieve cost-effective, efficient, safe, and smart training, thereby boosting operational readiness while concurrently preserving equipment life and reducing expenditure.

Our products align perfectly with the MoD's new vision, making us well-positioned to contribute significantly

to this transformative shift in military training.

## AGNIPATH INITIATIVE

Agnipath represents a substantial recruitment reform for the Indian Armed Forces. This initiative encourages patriotic youth, known as 'Agniveers', to serve the country. The objective of Agnipath is to reinvigorate the Armed Forces with youth and help it transition towards enhanced technological proficiency. The programme has received a robust response, with over 54 Lakh registrations across all three Services - the Indian Army, the Navy, and the Air Force.

A crucial aspect of Agnipath is the requirement for an effective and efficient training system. To accommodate the shorter training period and still ensure comprehensive preparation, the reliance on state-of-the-art simulators and training systems is paramount.

As an industry leader in defence technology, we are perfectly poised to provide the solutions required by this program. Our expertise and experience in creating advanced training systems offer a significant advantage in seizing this opportunity. The prospect of aiding the training of Agniveers also aligns with our goal of contributing to national defence preparedness.

## DRONE THREATS

Drone technology has emerged as a game-changing factor in modern warfare and security scenarios. There's a growing trend of drone utilisation for offensive operations, posing significant threats to national security. These unmanned aerial vehicles (UAVs) have been used in numerous recent conflicts, indicating a shift in the tactics of warfare.

In this context, there's an urgent and growing demand for effective counter-drone technologies to protect important strategic assets like military bases, refineries, airports, and other critical infrastructure. Such systems are pivotal in detecting, tracking, and neutralising incoming drone threats, thus ensuring the security of our nations and their crucial installations. Given these factors, investment in developing and deploying robust counter-drone solutions represents a substantial opportunity for us.

## Financial Performance

## KEY FINANCIAL RATIOS

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

RATIO	FY23	FY22	% CHANGE	REASON FOR VARIANCE
Debtors Turnover	3.77	2.91	29.56%	Due to Significant increase in revenue from operations whereas the trade receivable ratio did not reflect a proportional rise that can be attributed to the fact that the substantial portion of the sales made during this period were covered by advance payments received from customers
Inventory Turnover	1.48	0.72	103.77%	Due to normalizing of inventories based on the increase in capacity utilisation in the current year.
Interest Coverage Ratio	26.64	2.53	952.96%	The increase in EBIT on account of higher sale during the year, with Interest expense remaining relatively similar to that of last year's expense led to such high improvement in Interest coverage ratio.
Current ratio	2.69	4.09	(34.23%)	There is an increase in advances received from customers. As a result, there is an increase in Current Liabilities and decrease the current ratio from Previous year.
Debt- Equity Ratio	0.02	0.04	(56.37%)	With the reduction in total debt during the year and increase in shareholders' equity on account of higher profits despite adjustment of treasury shares during the year, the ratio has decreased compared to previous year.
Operating Profit Margin	34.62%	22.47%	54.07%	Due to increase in revenue from operations with better operation performance lead to increase in Operating profits during the year
Net Profit Margin	23.31%	3.77%	518.75%	Due to new orders, favourable market conditions which resultant to increase in revenue from operations with better operation performance leads to increase in net profits during the year
Return on Net-worth	12.32%	0.70%	1660.00%	Improved due to increase in PAT on account of increase in Revenue from operations, relatively lower fixed overheads.



## Outlook

As of March 31, 2023, we secured contracts worth ~ ₹ 473 Crore and have already won orders worth ₹ 700 Crore in Q1 FY2024. We have also bid for several orders during FY2023 and are expecting positive confirmations before September 30, 2023. Our focus is on efficiently executing these orders within the next 18-24 months.

Over the next 5 years, we target a robust growth rate of 50-60% CAGR, aspiring to become a global leader in training and simulation, and anti-drone solutions. To achieve this, we have planned heavy investments in increasing the range of simulators on offer, achieving top-gun status in anti-drone solutions and exports initiatives. We also aim to expand our AMC business to ₹ 150 Crore by 2027, mainly driven by sales in the next couple of years.

To support our growth, we are looking to expand our footprint in global markets

and increase exports. We have already established a demo centre in the UAE and plan to invest ~ ₹ 15 Crore for another centre in the Middle East. A robust production and supply chain are essential, and we intend to invest in increasing production capacity and expanding our supplier base through outsourcing.

To attain our objectives, a strong production and supply chain is crucial. We will invest in expanding production capacity and broadening our supplier base through outsourcing to strengthen our model. R&D remains a top priority, with a focus on enhancing technical capabilities

Tentative capital expenditure, based on emerging opportunities, for both organic and inorganic growth over the next 2 years, is in place. Additionally, we are exploring opportunities to collaborate with Indian OEMs for the development of simulators.

MD&A

Threats and Mitigation

PARTICULARS	RISK	MITIGATION
<p><b>COMPETITIVE RISK</b></p> 	Our operations and profit margins might be at risk due to escalating competition and aggressive pricing strategies by international competitors. These firms may significantly drop their prices to secure a larger market share in India.	We continually strive to offer superior quality products and innovative solutions, enhancing our value proposition. We also leverage our strong, long-term relationships with our clients, focusing on their specific needs and requirements.
<p><b>MACROECONOMIC RISK</b></p> 	Unfavourable macroeconomic conditions, such as a pandemic, could pose a risk to our Company. In such circumstances, governments may shift their focus to immediate concerns and possibly deprioritise defence training.	We maintain a flexible business model, which enables us to adapt to changing macroeconomic conditions. Furthermore, our diversification into newer geographies also helps us mitigate this risk.
<p><b>CLIENT COMMITMENT RISK</b></p> 	Much of our simulator production is based on specific client feedback, with no guaranteed purchase of the end product. This scenario places us at a substantial financial risk.	We always strive to ensure clear and upfront agreements with our clients. We focus on client engagement and maintain transparent communication about the product and service expectations and terms.
<p><b>BIDDING RISK</b></p> 	The standard governmental policy of procurement from the lowest bidder could pose a threat to our Company. Occasionally, other vendors, having already amortised their development costs, can offer cheaper solutions due to their larger capacity.	We maintain a relentless focus on cost-efficiency and innovation in our operations, enabling us to compete effectively even in a low-bid scenario.
<p><b>GOVERNMENT DEPENDENCY RISK</b></p> 	We at Zen Technologies heavily rely on the Indian Government for a significant part of our business, whether it's policy-driven or pertaining to actual product sales.	We are consistently exploring and venturing into new product categories, new markets and customer segments to reduce our dependence on any single customer.



**Human Resource Development and Industrial Relations**

At Zen, we firmly believe that our employees are central to our accomplishments and progress. Over the years, we have steadfastly invested in the skill enhancement of our workforce through a myriad of training programmes and workshops, paving the way for their professional development. Alongside this, we have been proactive in attracting and preserving top talent within our ranks. Throughout the year, we have maintained productive and collaborative relationships with diverse stakeholders, such as suppliers, partners, customers, and of course, our own team members. As of March 31, 2023, we had a workforce of 280+ individuals, with an average age of 33.5 years, ensuring a beneficial blend of fresh perspectives and experienced insights.

**Internal Control Systems and Their Adequacy**

At Zen, we have established a comprehensive system of internal controls, tailored to align with the size and scope of our operations. We've laid down a clear organisational structure with defined delegations of authority across our corporate functions. These are supported by documented policies

and procedures that highlight our objectives and operational benchmarks. Our internal controls are structured to provide reasonable assurance of operational effectiveness and efficiency, safeguard our assets from unauthorised use or losses, ensure the reliability of financial controls, and maintain compliance with applicable laws and regulations.

Our internal control systems are in sync with our organisation's scale, operations, and complexity. These systems, encompassing all key business areas, are periodically verified and tested by certified external auditors, as well as our internal audit team. An internal audit system reviews the effectiveness and adequacy of the control environment and ensures proper safeguards are in place. Routine audits are conducted in compliance with certifications ISO 9001:2015 (QMS), ISO/IEC: 27001:2013 (ISMS). An ongoing monitoring system guarantees the security of all data and information against unauthorised access.

The efficiency of internal controls is evaluated via our internal audit process, which covers all major corporate support functions under the leadership of the Head Internal Audit. These reviews are centred around identifying weaknesses and areas for improvement, checking for compliance with defined policies and processes, safeguarding tangible and

intangible assets, managing business and operational risks, and ensuring compliance with applicable statutes and the Zen Code of Conduct.

Our Audit Committee, consisting of Zen Technologies' Board of Directors, regularly monitors the adequacy of the internal control. They do this by consistently reviewing audit findings and supervising the implementations of internal audit recommendations. A summary of the critical elements of the internal controls includes routine reviews by the Audit Committee comprising Independent Directors, regular examinations by an independent internal audit team, and continuous reiteration of Zen Technologies' Code of Conduct across the organisation.

Our Board is responsible for the overall process of risk management for the Company. In FY2023, we evaluated the effectiveness of our internal financial control over financial reporting and have instituted adequate internal financial controls with reference to financial statements, commensurate with the size, scale, and complexity of our operations. During the year, such controls were tested and no reportable material weaknesses in design or operation were observed.

**Cautionary statement**

The assertions presented in this section outline the Company's objectives, projections, expectations and estimations, which might be construed as 'forward-looking statements' under the applicable Securities Laws and Regulations. Such forward-looking statements are constructed upon certain presumptions and projections of forthcoming circumstances. The Company cannot assure that these presumptions and projections accurately reflect future outcomes. The actual results could significantly deviate from those mentioned or suggested in the statements due to the impact of external factors that are beyond the Company's control. The Company is not obligated to make public alterations, adjustments or revisions to any forward-looking statements based on the occurrence of any later developments, information, or events.

# Corporate Information

## CIN

L72200TG1993PLC015939

## BOARD OF DIRECTORS

### Mr Ashok Atluri

(DIN: 00056050)

Chairman and Managing Director

### Mr Kishore Dutt Atluri

(DIN: 09691242)

President and Joint Managing Director

### Mr Ravi Kumar Midathala

(DIN: 00089921)

Whole Time Director

### Ms Shilpa Choudari

(DIN: 06646539)

Whole Time Director

### Mr Amreek Singh Sandhu

(DIN: 08064880)

Independent Director

### Dr Ravindra Kumar Tyagi

(DIN: 01509031)

Independent Director

### Dr Ajay Kumar Singh

(DIN: 08532830)

Independent Director

### Ms Sirisha Chintapalli

(DIN: 08407008)

Independent Director

## CHIEF FINANCIAL OFFICER

**Mr Afzal Harunbhai Malkani (w.e.f. 01 August, 2022)**

## COMPANY SECRETARY

**CS Hansraj Singh Rajput (upto 14 December, 2022)**

**CS Movva Raghavendra Prasad (w.e.f. 06 May, 2023)**

## REGISTERED OFFICE

B-42, Industrial Estate

Sanathnagar, Hyderabad-500018, Telangana, India

Phone: +91- 40 - 23813281, 23812894

Fax: +91- 40 - 23813694

Email id: [info@zentechnologies.com](mailto:info@zentechnologies.com)

Website: [www.zentechnologies.com](http://www.zentechnologies.com)

## BRANCH OFFICE

D.No: 2-91/77/2/ST/11&12,

Signature Towers, Opp Botanical Gardens,

Kondapur, Serilingampally,

Hyderabad, Telangana,

India - 500084

## MANUFACTURING & PRODUCTION FACILITY (WORK UNIT):

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

## STATUTORY AUDITORS

### Ramasamy Koteswara Rao and Co LLP

Chartered Accountants

Hyderabad

## SECRETARIAL AUDITORS (For FY 2022-23)

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

Company Secretary in Practice

Hyderabad

## INTERNAL AUDITORS

### NSVR & Associates LLP

Chartered Accountants

Hyderabad

## BANKER

HDFC Bank Limited

Indian Bank

Axis Bank Limited

Export Import Bank of India

ICICI Bank Limited

## REGISTRAR AND SHARE TRANSFER AGENTS

### KFin Technologies Limited

Unit: Zen Technologies Limited

Selenium Tower B, Plot No 31 & 32,

Gachibowli, Financial District, Nanakramguda,

Serilingampally Mandal, Hyderabad - 500 032

Telangana, India

Toll free number - 1800-309-4001

Email id: [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com)

## LISTED WITH

BSE Limited, Mumbai (BSE)

National Stock Exchange of India Limited, Mumbai (NSE)

## Notice

Notice is hereby given that the 30<sup>th</sup> Annual General Meeting (AGM) of the members of **Zen Technologies Limited** (CIN: L72200TG1993PLCO15939) ("the Company") will be held on Saturday, 16 September 2023, at 11:00 a.m. (IST) through Video Conferencing ("VC")/Other Audio Visual Means ("OAVM") to transact the following business(s):

### ORDINARY BUSINESS:

#### Item No.1: Adoption of financial statements:

To receive, consider, approve and adopt the audited standalone and consolidated financial statements of the Company for the financial year ended 31 March 2023, and the Reports of the Board and Auditors thereon and in this regard, pass the following resolution as **Ordinary Resolution**.

**"RESOLVED THAT** pursuant to Section 134 and other applicable provisions of the Companies Act, 2013 and rules made thereunder the audited standalone and consolidated financial statements of the Company for the year ended 31 March 2023, and the reports of the Board of Directors and auditors thereon be and are hereby received, considered, approved and adopted."

#### Item No.2: Declaration of dividend on the equity shares:

To declare Dividend on equity shares for the financial year ended 31 March 2023, and in this regard, pass the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** dividend at the rate of 20% i.e. ₹ 0.20/- (Twenty Paise Only) per equity share of ₹ 1/- (one rupee) each for the financial year ended 31 March 2023, be and is hereby approved and declared."

#### Item No.3: Re-appointment of a director:

To appoint a director in place of Mr. Ashok Atluri, 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 the annual general 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:

#### Item No.4: Ratification of remuneration payable to Cost Auditors for the financial year 2023-24:

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 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the Company hereby ratifies the remuneration of ₹ 1,00,000/- (Rupees One Lakhs only) plus out of pocket expenses and applicable taxes thereon, payable to M/s. M P R & Associates., Cost Accountants (Firm Reg No: 000413) Hyderabad, who have been appointed by the Board of Directors on the recommendation of the Audit Committee of Directors as the Cost Auditors of the Company to conduct the audit of cost records being maintained by the Company in respect of the Company's products for the financial year 2023-24."

#### Item No.5: Re-appointment of and remuneration payable to Mr. Ashok Atluri as Chairman and Managing Director of the Company:

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

**"RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013, and the Rules made thereunder read with Schedule V of the Companies Act, 2013, Regulation 17(6)(e) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and other applicable rules, regulations (including any statutory modification(s) or re-enactment thereof for the time being in force), and subject to such other approvals and consents as may be required and pursuant to recommendations of Nomination and Remuneration Committee and prior approval of Audit Committee, the consent and approval of the Company be and is hereby accorded to the re-appointment of Mr. Ashok Atluri (DIN: 00056050) as Chairman and Managing Director of the Company for a further period of three (3) years with effect from 01 May 2023, in supersession to the earlier resolution passed by the shareholders of the Company in their meeting held on 19 September 2020, whose office is liable to retire by rotation, on the terms and conditions and at a remuneration as set out in the statement herein below:

- A. **SALARY:** ₹ 12,50,000/- (Rupees Twelve Lakhs and Fifty thousand only) per month.
- B. **HOUSING:**
  - i) Where accommodation in the Company owned house is provided, he will pay 10% of his salary towards house rent;
  - ii) Where hired accommodation is provided, the expenditure incurred on hiring furnished accommodation including maintenance cost will be borne by the Company;
  - iii) In case, the Company does not provide accommodation, house rent allowance shall be paid @ 40% of the salary and;
  - iv) The expenditure incurred by the Company on gas, electricity, water and furnishing shall be evaluated as per the Income Tax Rules, subject to a ceiling of ten percent (10%) of the salary.
- C. **INCENTIVE:** @3% on net profits of the Company for each financial year.
- D. **PERQUISITES:** In addition to the above, he shall be entitled to the following perquisites classified into three categories as follows:

**CATEGORY – I**

The following perquisites given in this Category will be allowed in addition to the salary:

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

**CATEGORY – II**

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

**CATEGORY – III**

- g) Car with driver for the purpose of Company's business and the Company will provide all communication facilities like Telephone/Internet/Mobiles/Fax at residence of Mr. Ashok Atluri and will pay the bills on actual basis. The provisions for car and telephone will not be considered as perquisites.

**E. OTHER TERMS:**

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

**RESOLVED FURTHER THAT** notwithstanding anything herein stated above, where in any financial year during the tenure of Mr. Ashok Atluri (DIN: 00056050) as Chairman and Managing Director of the Company, the Company incurs a loss or its profits are inadequate, the Company shall pay the above remuneration by way of salary, perquisites and other allowances as minimum remuneration.

**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."

**Item No.6: Re-appointment of and remuneration payable to Mr. Kishore Dutt Atluri as President and Joint Managing Director of the Company:**

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

**"RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013, and the Rules made thereunder read with Schedule V of the Companies Act, 2013, Regulation 17(6)(e) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable rules, regulations (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to such other approvals and consents as may be required and pursuant to recommendations of Nomination and Remuneration Committee and prior approval of Audit Committee, the consent and approval of the Company be and is hereby accorded to the re-appointment of Mr. Kishore Dutt Atluri (DIN: 09691242) as President and Joint Managing Director of the Company for a further period of three (3) years with effect from 01 May 2023, in supersession to the resolutions passed earlier by the shareholders of the Company in their meetings held on 28 August 2021 and 29 September 2022, whose office is liable to retire by rotation, on the terms and conditions and at a remuneration as set out in the statement herein below:

**A. SALARY:** ₹ 12,50,000/- (Rupees Twelve Lakhs and Fifty thousand only) per month.

**B. HOUSING:**

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

**C. INCENTIVE:** @1% on net sales of the Company for each financial year.

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

**CATEGORY – I**

The following perquisites given in this Category will be allowed in addition to the salary:

- a) **Medical Reimbursement:** Expenses incurred for self and family, subject to a ceiling of one month's salary in a year or three month's salary over a period of three years or as is provided by the companies' group medical insurance policy.

- b) **Leave Travel Concession:** For self and family, once in a year incurred in accordance with the rules specified by the Company.
- c) **Club Fee:** Fee of clubs subject to maximum of two clubs. This will not include admission and life membership fees.
- d) **Personal Accident Insurance:** As per Company's policy.

#### CATEGORY – II

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

#### CATEGORY – III

- g) Car with driver for the purpose of Company's business and the Company will provide all communication facilities like Telephone/Internet/Mobiles/Fax at residence of Mr. Kishore Dutt Atluri and will pay the bills on actual basis. The provisions for car and telephone will not be considered as perquisites.

#### E. OTHER TERMS:

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

**RESOLVED FURTHER THAT** notwithstanding anything herein stated above, where in any financial year during the tenure of Mr. Kishore Dutt Atluri (DIN: 09691242) as President and Joint Managing Director of the Company, the Company incurs a loss or its profits are inadequate, the Company shall pay the above remuneration by way of salary, perquisites and other allowances as minimum remuneration.

**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."

#### Item No.7: Re-appointment of and remuneration payable to Mrs. Shilpa Choudari as Whole-time Director of the Company:

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

**"RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder read with Schedule V of the Companies Act, 2013, Regulation 17(6)(e) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable rules, regulations (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to such other approvals and consents as may be required and pursuant to recommendations of Nomination and Remuneration Committee and prior approval of Audit Committee, the consent and approval of the Company be and is hereby accorded to the re-appointment of Mrs. Shilpa Choudari (DIN: 06646539) as Whole-time Director of the Company for a further period of three (3) years with effect from 01 November 2023, whose office is liable to retire by rotation, on the terms and conditions and at a remuneration as set out in the statement herein below:

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

In addition to the above salary, she shall also be entitled to the following allowances and other perquisites subject to a maximum amount of ₹ 24,00,000/- (Rupees Twenty-four Lakhs only) per annum.

#### B. HOUSING:

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

#### C. PERQUISITES: In addition to the above, she shall be entitled to the following perquisites classified into three categories as follows:

#### CATEGORY – I

The following perquisites given in this Category will be allowed in addition to the salary:

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

**CATEGORY – II**

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

**CATEGORY – III**

- g) Car with driver for the purpose of Company's business and the Company will provide all communication facilities like Telephone/Internet/Mobiles/Fax at residence of Mrs. Shilpa Choudari and will pay the bills on actual basis. The provisions for car and telephone will not be considered as perquisites.

**D. OTHER TERMS:**

- i) One month's leave with full pay and allowance for every eleven months of service. Leave accumulated but not availed in the previous financial year will be carried forward to next financial year.
- ii) Reimbursement of reasonable entertainment and other expenses actually and properly incurred in connection with the business of the Company.
- iii) Mrs. Shilpa Choudari shall not, so long as she functions as Whole-time Director, be entitled to receive any fee for attending any meeting of the Board or Committee thereof.
- iv) Notice period and other terms regarding cessation of employment shall be governed as per the rules of the Company.

**RESOLVED FURTHER THAT** notwithstanding anything herein stated above, where in any financial year during the tenure of Mrs. Shilpa Choudari (DIN: 06646539) as Whole-time Director of the Company, the Company incurs a loss or its profits are inadequate, the Company shall pay the above remuneration by way of salary, perquisites and other allowances as minimum remuneration.

**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."

**Item No.8: Re-appointment of Ms. Sirisha Chintapalli as an Independent Director:**

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

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Rules made thereunder, read with Schedule IV of the Act and Regulation 17 and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and pursuant to the recommendation of Nomination and Remuneration Committee, Ms. Sirisha Chintapalli (DIN: 08407008), who was appointed as an Independent Director at the 27<sup>th</sup> Annual General Meeting of the Company and who holds office up to 07 August 2023 as an Independent Director and who has submitted a declaration that she meets the criteria of independence under Section 149(6)

of the Act and Regulation 16(1)(b) of the Listing Regulations and who is eligible for re-appointment as such be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, for a second term of three (3) consecutive years with effect from 08 August 2023.

**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."

**Item No.9: Borrowing Powers and Creation of Security:**

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

**"RESOLVED THAT** in supersession of the special resolution passed by the members on 18 September 2014 in this regard through postal ballot and pursuant to the provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s), amendment or re-enactment thereof for the time being in force), and subject to the approvals, consents, permissions and sanctions, if any, required from any authority, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow periodically from time to time for and on behalf of the Company, in any manner in the form of either fund based or non-fund based facilities or otherwise in Indian Rupees or any other foreign currency as may be required for the purpose of business of the Company from any Banks and/or public financial institutions as defined under Section 2(72) of the Companies Act, 2013 and/or any foreign financial institution(s) or foreign banks and/or any entity/entities or authority/authorities and/or through long term loans, short term loans or any other instruments, etc. and/or through credit from official agencies and/or by way of commercial borrowings from the private sector window of multilateral financial institution(s), either in rupees or in such other foreign currencies as may be permitted by law from time to time, as may be deemed appropriate by the Board of Directors for an aggregate amount not exceeding ₹ 2,000 Crores (Rupees Two thousand Crores only) notwithstanding that monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may at any time exceed the aggregate of the paid-up share capital of the Company and its free reserves (reserves not set apart for any specific purpose).

**RESOLVED FURTHER THAT** pursuant to the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013, and rules made thereunder, (including any statutory modification(s), amendment or re-enactment thereof for the time being in force), and subject to the approvals, consents, permissions and sanctions, if any, required from any authority, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to create charge/mortgage/hypothecate in addition to the, charge/mortgage/hypothecation already created, in such form, manner and ranking and on such terms as the Board deems fit in the interest of the Company, on the whole or substantially the whole of the Company's any one or more of the undertakings or all of the undertakings, whether immovable and/or movable properties of the Company, both present and future and/or any other assets or properties, either tangible or intangible, of the Company as may be agreed to in favour of the bank(s), financial institution(s) or other body(ies) corporate(s), other entity(ies), firms(s), person(s) etc. in India or abroad, hereinafter referred to as the lender(s), and/or trustees

to secure the borrowings availed or to be availed by the Company, by way of loans, debentures or any other securities or otherwise, in foreign currency or in Indian rupees, together with interest at the respective agreed rates from time to time, additional interest, compound interest, liquidated charges, commitment charges or costs, charges, expenses and all other monies payable by the Company including any increase as a result of devaluation/ revaluation/fluctuation in the rate of exchange in respect of the said Loans, shall not, at any time exceed ₹ 2,000 Crores (Rupees Two thousand Crores only).

**RESOLVED FURTHER THAT** for the purpose of giving effect to this Resolution(s), the Board/Committee of Directors be and is hereby

authorised and empowered to enter into, sign, seal and execute and deliver such arrangements, assignments, conveyances, covenants, contracts and to finalise, settle and execute such documents/ deeds/writings/papers/other instruments/agreements as may be required and do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to borrowing funds by creating any mortgage/charge as aforesaid without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have been given approval thereto expressly by the authority of this resolution."

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

**M. Raghavendra Prasad**

Company Secretary and Compliance Officer  
Membership. no.: A41798

**Date:** 05 August 2023

**Place:** Hyderabad

## Notes:

- The explanatory statement in respect of the special business in the notice, pursuant to Section 102 of the Companies Act, 2013 is annexed hereto.
- The Ministry of Corporate Affairs ("MCA") has vide its circular dated 05 May 2020 read with circulars dated 08 April 2020, 13 April 2020, 13 January 2021, 08 December 2021, 14 December 2021 and 28 December 2022, (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting ("AGM") through VC/OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and MCA Circulars, the AGM of the Company shall be held through VC/OAVM. The registered office of the Company shall be deemed to be the venue for the AGM and since the AGM will be held through VC/OAVM, the route map is not annexed in this notice.
- KFin Technologies Limited (KFin) will provide the facility for voting through remote e-voting, for participation in the 30<sup>th</sup> AGM through VC/OAVM and e-voting during the AGM.
- Pursuant to MCA Circulars and SEBI Circular dated 13 May 2022, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate there at and cast their votes through e-voting.
- The register of members and share transfer books will remain closed from Saturday, 09 September 2023 to Saturday, 16 September 2023 (both days inclusive) in connection with the AGM.
- The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the meeting by following the procedure mentioned in the notice. The facility of participation in the AGM through VC/OAVM will be made available for 2,000 members on first come first served basis. This will not include 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. who are allowed to attend the AGM without restriction on account of first come first served basis.
- In compliance with the MCA and SEBI Circulars notice of the AGM along with the Annual Report 2022-23 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 2022-23 will also be available on the Company's website at <https://www.zentechnologies.com/annual-reports> and websites of the Stock Exchanges i.e., BSE Limited and National Stock Exchange of India Limited.
- As per Regulation 40 of the Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from 01 April 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's Registrars and Transfer Agents, KFin Technologies Limited ("Kfin") for assistance in this regard.
- The register of directors and key managerial personnel and their shareholding, maintained under Section 170 of the Act, and the register of contracts or arrangements in which the directors are interested, maintained under Section 189 of the Act, will be available electronically for inspection by the members during the AGM.

**DIVIDEND RELATED INFORMATION:**

- 10.** The Company has fixed 08 September 2023, as the "Record Date" for the purpose of AGM and for determining entitlement of Members to dividend for the financial year ended 31 March 2023.
- 11.** The Board has recommended the final dividend of ₹ 0.20/- per equity share of ₹ 1/- each if declared at the meeting, will be paid to those members whose names appear in the Company's register of members after effecting valid transfers received upto the close of business hours on 08 September 2023, subject to deduction of tax at source pursuant to Finance Act, 2020. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per the details provided as at the close of business hours on 08 September 2023, National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL") for this purpose. The dividend on equity shares, if declared at the meeting, will be credited/dispatched within one month from the date of this meeting.
- 12.** Members are request to note that, pursuant to Finance Act, 2020, dividend income will be taxable in the hands of the members of the Company w.e.f. 01 April 2020 and the Company is required to deduct tax at source ("TDS") on dividend to be paid to the members at rates prescribe in the Income Tax Act, 1961. No tax will be deducted on payment of dividend to the resident individual shareholders if the total dividend paid does not exceed ₹ 5,000/-
- 13.** Members whose shareholding is in electronic mode are requested to notify any change in address or bank account details to their respective depository participant(s) (DP). Members whose shareholding is in physical mode are requested to opt for the Electronic Clearing System (ECS) mode to receive dividend on time and to promote green initiative, members who have not registered their email addresses are requested to register the same with their Depository Participants, in case the shares are held by them in electronic form and with Kfin, in case the shares are held by them in physical form.
- 14.** Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/mobile numbers, mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their Depository Participants in case the shares are held by them in electronic form and to Kfin in case the shares are held by them in physical form.
- 15.** Members are requested to address all correspondence, including on dividends, to the Registrar and Share Transfer Agents, KFin Technologies Limited, Unit: **Zen Technologies Limited**, Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad 500032.

**IEPF RELATED INFORMATION:**

- 16.** The unclaimed equity dividend for the year ended 31 March 2016 will be transferred on or after 29 November 2023, 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 (Section 205A of the Companies Act, 1956). 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 ("RTA") for issue of fresh demand drafts.

- 17.** Pursuant provisions of Section 124(6) of the Act read with Rule 6 of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Amended Rules, 2017 ("the IEPF Rules"), all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more (relevant shares) upto and including the financial year 2014-15 were transferred by the Company in the name of IEPF from time to time as prescribed by the Act and rules made thereunder and the statement containing such details as may be prescribed is placed on Company's website: <https://www.zentechnologies.com/unpaid-unclaimed-dividend>

**VOTING RESULTS:**

- 18.** The Board of Directors has appointed Mr. D. S. Rao, Practicing Company Secretary as the 'Scrutinizer' to scrutinize the remote e-voting process and voting during the AGM in a fair and transparent manner.
- 19.** The Scrutinizer will submit his report to the Chairman of the Company or to any other person authorized by him after completion of scrutiny of the e-voting (votes cast during the AGM and votes cast through remote e-voting). The result declared along with the Scrutinizer's report shall be communicated to the stock exchanges, RTA, and will also be displayed on the Company's website, <https://www.zentechnologies.com>.

**OTHER INFORMATION:**

- 20.** Members can avail the facility of nomination in respect of securities held by them in physical form pursuant to the provision of Section 72 of the Act. Members desiring to avail this facility may send their nomination in the prescribed form duly filled-in to Kfin. Members holding shares in electronic mode may contact their respective Depository Participant (DP) for availing this facility.
- 21.** Members holding shares in identical order of names in more than one folio are requested to write to the Company's Registrars and Share Transfer Agents enclosing their share certificates to enable consolidation of their shareholdings in one folio. A consolidated share certificate will be issued to such members after making requisite changes.
- 22.** Pursuant to the directions/notifications of Securities and Exchange Board of India (SEBI) and Depositories, the demat account holders can operate their accounts if they had already provided Income Tax Permanent Account Number (PAN) either at the time of opening of the account or subsequently. In case they have not furnished the Income Tax Permanent Account Number to the Depository Participants, such demat account holders are requested to contact their DPs with a photocopy of the PAN Card (with original PAN Card for verification), so that the frozen demat accounts would be available for operation and further consequences of non-compliance with the aforesaid directives would be obviated. SEBI, vide Circular ref.no. MRD/Dop/Cir-05/2009 dated 20 May 2009 made it mandatory to have PAN particulars for registration of physical share transfer requests. Based on the directive contained in the said circulars, all share transfer requests are therefore to be accompanied with PAN details.

**23.** Members holding shares in physical mode are:

- a. required to submit their Permanent Account Number (PAN) and bank account details to the Company/KFin, if not registered with the Company/KFin, as mandated by SEBI by writing to the Company at [cosec@zentechnologies.com](mailto:cosec@zentechnologies.com) or to KFin at [einward.ris@kfintech.com](mailto: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.

**24.** 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.

**25.** Non-Resident Indian members are requested to inform KFin/ respective DPs, immediately for:

- 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.

**26.** 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 14 September 2023, through email to [cosec@zentechnologies.com](mailto:cosec@zentechnologies.com). The same will be replied by the Company suitably.**27.** Members at 26<sup>th</sup> AGM held on 21 September 2019 approved the appointment of M/s. Ramasamy Koteswararao & Co LLP Chartered Accountants 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 31<sup>st</sup> AGM to be held in FY 2024-25.**28.** Additional information pursuant to Regulation 26(4) and 36(3) of the Listing Regulations and Secretarial Standards on general meetings in respect of the Directors seeking appointment/re-appointment at the annual general meeting is furnished in **Annexure-A** and forms part of the notice. The Directors have furnished the requisite consent/declaration for their appointment/re-appointment.**29.** Retirement of Directors by rotation:

Mr. Ashok Atluri, Chairman and Managing Director of the Company, retires by rotation at the ensuing annual general meeting and, being eligible, offers himself for re-appointment.

The Board of directors commends the re-appointment of Mr. Ashok Atluri as a Director, liable to retire by rotation.

## PROCEDURE AND INSTRUCTIONS FOR REMOTE E-VOTING:

- i. Pursuant to SEBI circular no. SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated 09 December 2020 on "e-voting

facility provided by Listed Companies", e-voting process has been enabled to all the individual demat account holders, by way of single login credential, through their demat accounts/ websites of Depositories/DPs in order to increase the efficiency of the voting process.

- ii. In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, Regulation 44 of the SEBI Listing Regulations and in terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09 December 2020 in relation to e-voting Facility Provided by Listed Entities, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by KFin, on all the resolutions set forth in this Notice. The instructions for e-voting are given herein below.
- iii. Individual demat account holders would be able to cast their vote without having to register again with the e-voting service provider (ESP) thereby not only facilitating seamless authentication but also ease and convenience of participating in e-voting process. Shareholders are advised to update their mobile number and e-mail ID with their DPs to access e-voting facility.
- iv. The remote e-voting facility will be available during the following period:

<b>Commencement of remote e-voting</b>	<b>9.00 a.m. (IST) on Monday, 11 September 2023</b>
<b>End of remote e-voting</b>	<b>5.00 p.m. (IST) on Friday, 15 September 2023</b>

- v. The voting rights of members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date.
- vi. Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes a Member of the Company after sending of the notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at [evoting@kfintech.com](mailto:evoting@kfintech.com). However, if he/she is already registered with KFinTech for remote e-voting then he/she can use his/her existing User ID and password for casting the vote.
- vii. In case of Individual Shareholders holding securities in demat mode and who acquires shares of the Company and becomes a Member of the Company after sending of the notice and holding shares as of the cut-off date may follow steps mentioned below under "Login method for remote e-voting and joining virtual meeting for Individual shareholders holding securities in demat mode".
- viii. The details of the process and manner for remote e-voting and e-AGM are explained herein below:

**Step 1:** Access to Depositories e-voting system in case of individual shareholders holding shares in demat mode.

**Step 2:** Access to KFinTech e-voting system in case of shareholders holding shares in physical and non-individual shareholders in demat mode.

**Step 3:** Access to join virtual meetings(e-AGM) of the Company on KFinTech system to participate e-AGM and vote at the AGM.

Details on step 1 are mentioned below:

**I) Login method for remote e-voting for Individual shareholders holding securities in demat mode.**

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	<ol style="list-style-type: none"> <li><b>1. User already registered for IDeAS facility:</b> <ol style="list-style-type: none"> <li>a) Visit URL: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a></li> <li>b) Click on the "Beneficial Owner" icon under "Login" under 'IDeAS' section.</li> <li>c) On the new page, enter User ID and Password. Post successful authentication, click on "Access to e-voting"</li> <li>d) Click on Company name or e-voting service provider and you will be redirected to e-voting service provider website for casting the vote during the remote e-voting period.</li> </ol> </li> <li><b>2. User not registered for IDeAS e-Services:</b> <ol style="list-style-type: none"> <li>a) To register click on link: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a></li> <li>b) Select "Register Online for IDeAS" or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>c) Proceed with completing the required fields.</li> <li>d) Follow steps given in points 1.</li> </ol> </li> <li><b>3. Alternatively by directly accessing the eVoting website of NSDL:</b> <ol style="list-style-type: none"> <li>a) Open URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a></li> <li>b) Click on the icon "Login" which is available under 'Shareholder/Member' section.</li> <li>c) A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen.</li> <li>d) Post successful authentication, you will requested to select the name of the Company and the e-voting Service Provider name, i.e. KFin.</li> <li>e) On successful selection, you will be redirected to KFin e-voting page for casting your vote during the remote eVoting period.</li> </ol> </li> </ol>
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> <li><b>1. Existing user who have opted for Easi/Easiest:</b> <ol style="list-style-type: none"> <li>a) Visit URL: <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or URL: <a href="http://www.cdslindia.com">www.cdslindia.com</a></li> <li>b) Click on New System Myeasi</li> <li>c) Login with your registered user id and password.</li> <li>d) The user will see the e-voting menu. The menu will have links of ESP i.e. KFin e-voting portal.</li> <li>e) Click on e-voting service provider name to cast your vote.</li> </ol> </li> <li><b>2. User not registered for Easi/Easiest:</b> <ol style="list-style-type: none"> <li>a) Option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>b) Proceed with completing the required fields.</li> <li>c) Follow the steps given in point 1</li> </ol> </li> <li><b>3. Alternatively, by directly accessing the e-voting website of CDSL:</b> <ol style="list-style-type: none"> <li>a) Visit URL: <a href="http://www.cdslindia.com">www.cdslindia.com</a></li> <li>b) Provide your demat Account Number and PAN.</li> <li>c) System will authenticate user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account.</li> <li>d) After successful authentication, user will be provided links for the respective ESP, i.e., KFin where the e-voting is in progress.</li> </ol> </li> </ol>
Individual shareholder login through their demat accounts/website of Depository Participant	<ol style="list-style-type: none"> <li>1. You can also login using the login credentials of your demat account through your DP registered with NSDL/CDSL for e-voting facility.</li> <li>2. Once logged-in, you will be able to see e-voting option. Once you click on e-voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-voting feature.</li> <li>3. Click on options available against Company name or e-voting service provider – KFin and you will be redirected to e-voting website of KFin for casting your vote during the remote e-voting period without any further authentication.</li> </ol>

**Important note:** Members who are unable to retrieve User ID/Password are advised to use Forgot user ID and Forgot Password option available at respective websites. Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Securities held with NSDL	Please contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Securities held with CDSL	Please contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 or 022-23058542-43

### Details on step 2 are mentioned below:

#### II) Login method for e-voting for shareholders other than Individual's shareholders holding securities in demat mode and shareholders holding securities in physical mode.

- A. Members whose email IDs are registered with the Company/ Depository Participants (s), will receive an email from KFintech which will include details of E-Voting Event Number (EVEN), USER ID and password. They will have to follow the following process:
- Launch internet browser by typing the URL: <https://emeetings.kfintech.com/>
  - Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN (E-Voting Event Number) 7531, followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with KFintech for e-voting, you can use your existing User ID and password for casting the vote.
  - After entering these details appropriately, click on "LOGIN".
  - You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of 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.
  - You need to login again with the new credentials.
  - On successful login, the system will prompt you to select the "EVENT" i.e., "Zen Technologies Limited- AGM" and click on "Submit".
  - 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 "AGAINST" but the total number in "FOR/AGAINST" taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
  - Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat accounts.
- B. Members whose email IDs are not registered with the Company/Depository Participants(s), and consequently the Annual Report, Notice of AGM and e-voting instructions cannot be serviced, will have to follow the following process:
- Members who have not registered their email address and in consequence the Annual Report, Notice of AGM and e-voting instructions cannot be serviced, may temporarily get their email address and mobile number provided with KFin, by accessing the link: <https://ris.kfintech.com/clientservices/mobileereg/mobileemailreg.aspx>
- Members are requested to follow the process as guided to capture the email address and mobile number for sending the soft copy of the notice and e-voting instructions along with the User ID and Password. In case of any queries, member may write to [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com).
- Alternatively, member may send an e-mail request at the email id [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) along with signed scanned copy of the request letter providing the email address, mobile number, self-attested PAN copy and Client Master copy in case of electronic folio and copy of share certificate in case of physical folio for sending the Annual report, Notice of AGM and the e-voting instructions.
- After receiving the e-voting instructions, please follow all steps above to cast your vote by electronic means.
- Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.
  - You may then cast your vote by selecting an appropriate option and click on "Submit".
  - A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution (s), 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).
  - 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/Authority Letter etc., authorizing its representative to attend the AGM through VC/OAVM on its behalf and to cast its vote through remote e-voting together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at email id [rao\\_ds7@yahoo.co.in](mailto:rao_ds7@yahoo.co.in) with a copy marked to [evoting@kfintech.com](mailto:evoting@kfintech.com). The scanned image of the above-mentioned documents should be in the naming format "Corporate Name-EVEN No".

**Details on step 3 are mentioned below:****III) Instructions for all the shareholders, including Individual, other than Individual and Physical, for attending the AGM of the Company through VC/OAVM and e-voting during the meeting.**

- i. Member will be provided with a facility to attend the AGM through VC/OAVM platform provided by KFin. Members may access the same at <https://emeetings.kfintech.com/> by using the e-voting login credentials provided in the email received from the Company/KFin. After logging in, click on the Video Conference tab and select the EVEN of the Company. Click on the video symbol and accept the meeting etiquettes to join the meeting. Please note that the members who do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned above.
  - ii. Facility for joining AGM through VC/OAVM shall open atleast 15 minutes before the commencement of the Meeting.
  - iii. Members are encouraged to join the Meeting through Laptops/Desktops with Google Chrome (preferred browser), Safari, Internet Explorer, Microsoft Edge, Mozilla Firefox 22.
  - iv. Members will be required to grant access to the webcam to enable VC/OAVM. Further, Members connecting from Mobile Devices or Tablets or through Laptop connecting 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.
  - v. As the AGM is being conducted through VC/OAVM, for the smooth conduct of proceedings of the AGM, Members are encouraged to express their views/send their queries in advance mentioning their name, demat account number/folio number, email id, mobile number at [cosec@zentechnologies.com](mailto:cosec@zentechnologies.com) Questions/queries received by the Company till 14 September 2023, shall only be considered and responded during the AGM.
  - vi. The Members who have not cast their vote through remote e-voting shall be eligible to cast their vote through e-voting system available during the AGM. E-voting during the AGM is integrated with the VC/OAVM platform. The Members may click on the voting icon displayed on the screen to cast their votes.
  - vii. A Member can opt for only single mode of voting i.e., through Remote e-voting or voting at the AGM. If a Member casts votes by both modes, then voting done through Remote e-voting shall prevail and vote at the AGM shall be treated as invalid.
  - viii. Facility of joining the AGM through VC/OAVM shall be available for atleast 2000 members on first come first served basis.
  - ix. Institutional Members are encouraged to attend and vote at the AGM through VC/OAVM.
- and password provided in the mail received from KFin. On successful login, select 'Speaker Registration' which will open from 9.00 a.m. (IST) on Monday, 11 September 2023 to 5.00 p.m. (IST) on Thursday, 14 September 2023. Members shall be provided a 'queue number' before the meeting. The Company reserves the right to restrict the speakers at the AGM to only those Members who have registered themselves, depending on the availability of time for the AGM.
- ii. **Post your Question:** The Members who wish to post their questions prior to the meeting can do the same by visiting <https://emeetings.kfintech.com>. Please login through the user id and password provided in the mail received from KFin. On successful login, select "Post Your Question" option which will open from 9.00 a.m. (IST) on Monday, 11 September 2023 to 5.00 p.m. (IST) on Thursday, 14 September 2023.
  - iii. In case of any query and/or grievance, in respect of voting by electronic means, Members may refer to the Help & Frequently Asked Questions (FAQs) and E-voting user manual available at the download section of <https://evoting.kfintech.com> (KFin Website) or write at [evoting@kfintech.com](mailto:evoting@kfintech.com) or [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) or call KFin's toll free No. 1-800-309-4001 for any further clarifications.
  - iv. The Members, whose names appear in the register of members/list of Beneficial Owners as on the close of 08 September 2023, being the cut-off date, are entitled to vote on the resolutions set forth in this Notice. A person who is not a member as on the cut-off date should treat this notice for information purposes only. Once the vote on a resolution(s) is cast by the Member, the Member shall not be allowed to change it subsequently.
  - v. In case a person has become a Member of the Company after dispatch of AGM Notice but on or before the cut-off date for E-voting, he/she may obtain the User ID and Password in the manner as mentioned below:
    - a) If the mobile number of the member is registered against Folio No./DP ID Client ID, the member may send SMS: MYEPWD <space> E-Voting Event Number and Folio No. or DP ID Client ID to 9212993399
      - Example for NSDL: MYEPWD <SPACE> IN12345612345678
      - Example for CDSL: MYEPWD <SPACE> 1402345612345678
      - Example for Physical: MYEPWD <SPACE> XXXX1234567890
    - b) If e-mail address or mobile number of the member is registered against Folio No./DP ID Client ID, then on the home page of <https://evoting.kfintech.com/>, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
    - c) Members who may require any technical assistance or support before or during the AGM are requested to contact KFin at toll free number 1-800-309-4001 or write to them at [evoting@kfintech.com](mailto:evoting@kfintech.com).

**OTHER INSTRUCTIONS**

- i. **Speaker Registration:** The Members who wish to speak during the meeting may register themselves as speakers for the AGM to express their views. They can visit <https://emeetings.kfintech.com> and login through the user id

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

### **Item No.4: Ratification of remuneration payable to Cost Auditors for the financial year 2023-24:**

Pursuant to Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014, as amended from time to time for FY 2023-24, the Company is required to have the audit of its cost records conducted by a cost accountant in practice.

The Board, on the recommendation of the Audit Committee, at its meeting held on 05 August 2023, approved the appointment and remuneration payable to the cost auditors, M/s. MPR & Associates., Cost Accountants (Firm Reg. No: 000413), Hyderabad, to conduct the audit of the cost records of the Company for the financial year 2023-24 with a remuneration of ₹ 1,00,000/-.

M/s. MPR & Associates., Cost Accountants (Firm Reg. No: 000413), Hyderabad, have furnished a certificate regarding their eligibility for appointment as Cost Auditors of the Company. They have vast experience in the field of cost audit.

In accordance with the provisions of Section 148 of the Act read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors as recommended by the Audit Committee and approved by the Audit Committee and the Board of directors, needs to be ratified by the members of the Company. Accordingly, consent of the members is sought for ratification of the remuneration payable to the Cost Auditors for the financial year 2023-24.

None of the directors, key managerial personnel of the Company and their relatives are in any way deemed to be interested or concerned in this Resolution.

The Board recommends the Ordinary Resolution set out at Item no. 4 of the notice for approval by the members.

### **Item No. 5: Re-appointment of and remuneration payable to Mr. Ashok Atluri as Chairman and Managing Director of the Company:**

Mr. Ashok Atluri was reappointed as Chairman of the Company for a period of five (5) years w.e.f. 09 August 2019, by the Board at its meeting held on 18 May 2019 and Managing Director of the Company for a period of three (3) years w.e.f. 01 October 2020, by the members of the Company at their meeting held on 19 September 2020.

Mr. Ashok Atluri is one of the Promoters of the Company and is also serving the Company/Board as Chairman and Managing Director of the Company for nearly three 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.

The Board, pursuant to the recommendation of the Nomination and Remuneration Committee and prior approval of Audit Committee, at its meeting held on 06 May 2023, by taking into consideration the duties and responsibilities of the Managing Director and the prevailing managerial remuneration in the benchmarked industries, approved the re-appointment of Mr. Ashok Atluri as Chairman and Managing Director of the Company for a further period of three (3) years w.e.f. 01 May 2023, in supersession to the earlier resolution(s) passed by the Board/members of the

Company, on the remuneration as set out in the resolution, subject to approval of the shareholders.

Mr. Ashok Atluri is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given his consent to act as Chairman and Managing Director of the Company.

Pursuant to Regulation 17(6)(e) of the Listing Regulations any remuneration payable to the Executive Directors who are promoters or members of the promoter group in excess of higher of Rupees 5 Crores or 2.5% of the net profits to one such director or 5% of net profits in aggregate to all such directors requires the approval of the members of the Company by special resolution. The remuneration payable to all the Executive Directors who are promoters or members of the promoter group including Mr. Ashok Atluri are reviewed and approved, from time to time, by the Board and the members of the Company within the permissible limits as prescribed under the provisions of Section 197 of the Companies Act, 2013 read with Schedule V thereof. The aggregate remuneration payable to Executive Directors who are promoters or members of the promoter group including Mr. Ashok Atluri is exceeding the limits prescribed in aforesaid regulation. Hence, it is proposed to seek the approval of the members by special resolution in compliance with the above said Listing Regulations.

The Profile of Mr. Ashok Atluri along with details as required under Regulation 36 of the Listing Regulations and pursuant to Secretarial Standards on general meetings is furnished in **Annexure-A** to this notice.

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

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

### **Item No. 6: Re-appointment of and remuneration payable to Mr. Kishore Dutt Atluri as President and Joint Managing Director of the Company:**

Mr. Kishore Dutt Atluri was last appointed as President of the Company for a period of five (5) years w.e.f. 01 October 2020 and as Joint Managing Director of the Company for a period of three (3) years w.e.f. 01 August 2022 by the members of the Company at their meetings held on 28 August 2021 and 29 September 2022 respectively.

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

The Board, pursuant to the recommendation of the Nomination and Remuneration Committee and prior approval of Audit Committee, at its meeting held on 06 May 2023, by taking into consideration the duties and responsibilities of the Managing Director and the prevailing managerial remuneration in the benchmarked industries, approved the re-appointment of Mr. Kishore Dutt Atluri as President and Joint Managing Director of the Company for a further period of three (3) years w.e.f. 01 May 2023, in supersession to the earlier resolution passed by the members

of the Company, on the remuneration as set out in the resolution, subject to approval of the shareholders.

Mr. Mr. Kishore Dutt Atluri is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given his consent to act as President and Joint Managing Director of the Company.

Pursuant to Regulation 17(6)(e) of the Listing Regulations any remuneration payable to the Executive Directors who are promoters or members of the promoter group in excess of higher of Rupees 5 Crores or 2.5% of the net profits to one such director or 5% of net profits in aggregate to all such directors requires the approval of the members of the Company by special resolution. The remuneration payable to all the Executive Directors who are promoters or members of the promoter group including Mr. Kishore Dutt Atluri are reviewed and approved, from time to time, by the Board and the members of the Company within the permissible limits as prescribed under the provisions of Section 197 of the Companies Act, 2013 read with Schedule V thereof. The aggregate remuneration payable to Executive Directors who are promoters or members of the promoter group including Mr. Kishore Dutt Atluri is exceeding the limits prescribed in aforesaid regulation. Hence, it is proposed to seek the approval of the members by special resolution in compliance with the above said Listing Regulations.

The Profile of Mr. Kishore Dutt Atluri along with details as required under Regulation 36 of the Listing Regulations and pursuant to Secretarial Standards on general meetings is furnished in **Annexure-A** to this notice.

Except Mr. Kishore Dutt Atluri being the appointee and Mr. Ashok Atluri, Mrs. Shilpa Choudari and their 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 Special Resolution set out at Item no. 6 of the notice for approval by the members.

**Item No.7: Re-appointment of and remuneration payable to Mrs. Shilpa Choudari as Whole-time Director of the Company:**

Mrs. Shilpa Choudari was appointed as Whole-time Director of the Company for a period of three (3) years w.e.f. 01 November 2020 by the members of the Company at their meeting held on 28 August 2021.

The Board, pursuant to the recommendation of the Nomination and Remuneration Committee and prior approval of Audit Committee, at its meeting held on 05 August 2023, approved the re-appointment of Mrs. Shilpa Choudari as Whole-time Director of the Company for a further period of three (3) years w.e.f. 01 November 2023, on the remuneration as set out in the resolution, subject to approval of the shareholders.

Mrs. Shilpa Choudari is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given her consent to act as Whole-time Director of the Company.

Pursuant to Regulation 17(6)(e) of the Listing Regulations any remuneration payable to the Executive Directors who are promoters or members of the promoter group in excess of higher of Rupees 5 Crores or 2.5% of the net profits to one such director or 5% of net profits in aggregate to all such directors requires the approval of the members of the Company by special resolution.

The remuneration payable to all the Executive Directors who are promoters or members of the promoter group including Mrs. Shilpa Choudari are reviewed and approved, from time to time, by the Board and the members of the Company within the permissible limits as prescribed under the provisions of Section 197 of the Companies Act, 2013 read with Schedule V thereof. The aggregate remuneration payable to Executive Directors who are promoters or members of the promoter group including Mrs. Shilpa Choudari is exceeding the limits prescribed in aforesaid regulation. Hence, it is proposed to seek the approval of the members by special resolution in compliance with the above said Listing Regulations.

The Profile of Mrs. Shilpa Choudari along with details as required under Regulation 36 of the Listing Regulations and pursuant to Secretarial Standards on general meetings is furnished in **Annexure-A** to this notice.

Except Mrs. Shilpa Choudari being the appointee, Mr. Ashok Atluri, Mr. Kishore Dutt Atluri, and their 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 Special Resolution set out at Item no. 7 of the notice for approval by the members.

**Item No.8: Re-appointment of Ms. Sirisha Chintapalli as an Independent Director:**

Ms. Sirisha Chintapalli was appointed as an Independent Director of the Company for a period of three (3) years w.e.f. 08 August 2020, by the members of the Company at their meeting held on 19 September 2020.

The Board, pursuant to the recommendation of the Nomination and Remuneration Committee and prior approval of Audit Committee, at its meeting held on 05 August 2023, approved the re-appointment of Ms. Sirisha Chintapalli (DIN: 08407008) as an Independent Director, not liable to retire by rotation, for second consecutive term of 3 years w.e.f. 08 August 2023, subject to approval of the shareholders.

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

In the opinion of the Board, Ms. Sirisha is a person of integrity, possesses relevant expertise/experience and fulfills the conditions specified in the Act and the SEBI Listing Regulations for re-appointment as an Independent Director and she is independent of the management. The profile and specific areas of expertise and other details of Ms. Sirisha is provided in **'Annexure-A'** to this Notice.

Given her experience, the Board considers in the interest of the Company to have her on the Board of the Company.

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

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

Except for Ms. Sirisha Chintapalli and/or her relatives, no other Director, Key Managerial Personnel or their respective relatives are, in any way, concerned or interested, financially or otherwise, in the said Resolution.

**Item No.9: Borrowing Powers and Creation of Security:**

Section 180(1)(c) of the Companies Act, 2013 provides that the Board of Directors of the Company shall only with the consent of the members by a Special Resolution, borrow money where the money to be borrowed, together with the money already borrowed by the Company will exceed aggregate of its paid-up share capital and free reserves, apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business.

In view of increased scope of operations and R&D activities and the increased long term fund requirements and Working Capital Limits which may be availed by the Company from Financial Institutions and Banks in India or outside, it is felt that it may be necessary to pass enabling Special Resolution under Section 180(1)(c) of the Companies Act, 2013 to enable the Board to borrow money for an aggregate amount upto ₹ 2,000 Crores (Rupees Two thousand Crores only).

Further, to secure the borrowings availed or to be availed by the Company, for an aggregate amount upto ₹ 2,000 Crores (Rupees Two thousand Crores only) the Board needs authorization for creation of securities by suitable mortgage/charge/hypothecation on all or some of the immovable and movable properties of the Company, both present and future in favour of the lenders/trustees as per the provisions of Section 180(1)(a) of the Companies Act, 2013. The mortgage/charge/hypothecation on all or any of the movable and/or immovable properties of the Company may be deemed as disposal of the whole or substantially the whole of the undertaking of the Company, hence requires the approval from the members of the Company by way of a Special Resolution. Therefore, it is proposed to pass the Special Resolution authorising the Board to create charge on the movable or immovable properties of the Company for an aggregate amount upto ₹ 2,000 Crores (Rupees Two thousand Crores only).

The Board recommends the Special Resolution set out at Item no. 9 of the notice for approval.

None of the directors, key managerial personnel of the Company and their relatives are in any way, concerned or interested, financially or otherwise, in the said Resolution.

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

**Date:** 05 August 2023  
**Place:** Hyderabad

**M. Raghavendra Prasad**  
Company Secretary and Compliance Officer  
Membership. no.: A41798

## Annexure- A

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

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

Name of the Director	Mr. Ashok Atluri (DIN: 00056050)	Mr. Kishore Dutt Atluri (DIN: 09691242)	Mrs. Shilpa Choudari (DIN: 06646539)	Ms. Sirisha Chintapalli (DIN: 08532830)
Age	57 years	61 years	42 years	43 years
Qualification	PG Diploma holder in Applied Computer Science, Bachelor's degree in Commerce.	A Post graduate in Computer Application from University of Hyderabad.	A Bachelors Degree of Technology from JNTU and a Master's degree from Badruka Institute of Foreign Trade with specialisation in Finance and Foreign Trade	An Associate Member of the Institute of Company Secretaries of India, the Institute of Cost Accountants of India and a registered Insolvency Professional.
Date of first appointment on the Board	01 November 1994	01 August 2022	01 November 2020	08 August 2020
Relationship between Directors inter se [(As per Section 2(77) of the Companies Act, 2013 and Rule 4 of Companies (Specification of Definition Rules, 2014)]	Mr. Ashok Atluri is younger brother of Mr. Kishore Dutt Atluri (President and Joint Managing Director of the Company)	Mr. Kishore Dutt Atluri is elder brother of Mr. Ashok Atluri (Chairman and Managing Director of the Company)	Mrs. Shilpa Choudari is Spouse of Mr. Ashok Atluri (Chairman and Managing Director of the Company)	Not related to any Director
Experience/Expertise in specific functional areas/Brief resume of the Director	Mr. Ashok Atluri has been serving the Company for nearly three decades as Chairman and Managing Director and he has exceptional knowledge of all functional and marketing areas. He has been instrumental in the growth of the Company over the years and key management decisions, including helping in designing the simulators from the users prospective.  He received the "Small Scale Entrepreneur of the Year" award from Hyderabad Management Association in 1998.	Mr. Kishore Dutt Atluri has been responsible for designing and delivering state of the art training solutions and simulators to the end user. He has a deep insight into simulation with specific knowledge about the defense and the homeland security. Under his guidance, the Company has grown manifold to become one of the prime contractors to the Indian Army. He has over 21 patents in his name and he is also in-charge of all marketing activities at Zen, both domestically and internationally.	Ms. Shilpa Choudari was with HDFC Bank as a Personal Banker where she worked for a year.  She also worked as Research Associate and AGM Sales and Marketing for Zen Technologies Limited from 2009 to 2015 and hence has deep knowledge of Zen's products, processes and work culture. Before joining Zen Technologies Limited, Shilpa worked for ICFAI Research Centre from 2007 to 2009 wherein she published many articles in over 10 books on different subjects.	Ms. Sirisha Chintapalli is having more than 14 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 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,

Name of the Director	Mr. Ashok Atluri (DIN: 00056050)	Mr. Kishore Dutt Atluri (DIN: 09691242)	Mrs. Shilpa Choudari (DIN: 06646539)	Ms. Sirisha Chintapalli (DIN: 08532830)
		He has been instrumental in development of Zen's range of Virtual, Live Simulation systems, including simulators for Infantry, Armoured Corps, Mech Forces, and Air Defense which cater to the needs of Police Forces, Central Police Organization, Civilian and Miners. His primary roles include technology direction and product development aligned with company's strategy.		Hyderabad - Instant Coffee manufacturing Company as a Company Secretary. She was a member of managing committee of the Institute of Cost Accountants of India during 2019-2023.
Terms and Conditions along with details of remuneration sought to be paid	As per the resolution proposed at item no. 5 of this notice	As per the resolution proposed at item no. 6 of this notice	As per the resolution proposed at item no. 7 of this notice	As per the resolution proposed at item no. 8 of this notice without remuneration
Last Remuneration drawn (₹ In Lakhs)	176.59	211.21	24.39	Nil
Name(s) of other companies in which directorships held	<ol style="list-style-type: none"> <li>Zen SkillProc Private Limited</li> <li>Zen Medical Technologies Private Limited</li> <li>Unistring Tech Solutions Private Limited</li> </ol>	Nil	<ol style="list-style-type: none"> <li>Anvizen Consultants Private Limited</li> <li>Vensam Infrastructure (India) Private Limited</li> <li>Unistring Tech Solutions Private Limited</li> </ol>	<ol style="list-style-type: none"> <li>Brahmani Infratech Private Limited</li> <li>Bloom &amp; Blossom Projects Private Limited</li> <li>Sai Silks (Kalamandir) Limited</li> </ol>
Listed entities from which resigned in the past three years	Nil	Nil	Nil	Nil
Name(s) of other Companies in which Committee Membership(s)/ Chairmanship(s) held	Nil	Nil	Nil	<ol style="list-style-type: none"> <li>Brahmani Infratech Private Limited - Member of Nomination and Remuneration Committee and Audit Committee</li> <li>Sai Silks (Kalamandir) Limited - Chairperson of Stakeholders Relationship Committee and Member of Nomination and Remuneration Committee</li> </ol>
No. of shares of ₹ 1/- each held by				
(i) The Director	2,15,46,103	1,59,90,970		
(ii) His/her relatives	2,10,49,090	3,12,24,223	Nil	Nil
<b>Total</b>	<b>4,25,95,193</b>	<b>4,72,15,193</b>		
No. of Board Meetings attended during the year	5	3	5	4

# Directors' Report

## Dear Members,

Your Directors have great pleasure in presenting the report on the Business and Operations of your Company ('the Company' or 'Zen'), along with the audited financial statements, for the financial year ended 31 March 2023.

## FINANCIAL HIGHLIGHTS

The financial highlights of the Company are as follows:

(₹ in lakhs)

Particulars	Consolidated		Standalone	
	2022-23	2021-22	2022-23	2021-22
Total Income	22,609.36	7,513.07	16,848.90	5,898.63
Total Operating Expenditure	14,623.49	6,518.39	11,016.00	5,170.50
Operating Profit (PBIDT)	7,985.87	994.68	5,832.9	728.13
Less: Interest	407.55	153.05	202.55	140.38
Less: Depreciation & Amortization	605.65	483.35	437.62	373.40
Add/Less: Exceptional Items	200.00	(27.96)	200.00	(27.96)
Profit/(Loss) before tax	7,172.66	330.32	5,392.74	186.39
Current Tax	1,548.71	127.95	952.00	36.33
Prior Period Taxes	0	(92.84)	0	(92.84)
Deferred Tax	627.14	34.24	676.96	40.54
Net Profit after Tax	4,996.82	260.96	3,763.78	202.36
Add: Other Comprehensive Income/(Expense)	40.51	3.48	(13.25)	2.38
Total Comprehensive income	5,037.33	264.45	3,750.53	204.74
Earnings per Share (₹) (face value ₹ 1/- per share)				
Basic:	5.39	0.25	4.75	0.25
Diluted:	5.20	0.25	4.58	0.25

## REVIEW OF OPERATIONS

During the year under review, your Company achieved total income of ₹ 16,848.90 lakhs as against ₹ 5,898.63 lakhs during the previous year. The Net profit after tax stood at ₹ 3,763.78 lakhs as against ₹ 202.36 lakhs for the previous year.

During the year, the R&D expenditure (capital and revenue) is ₹ 19.09 crores (previous year ₹ 13.80 crores).

## DIVIDEND

The Board of Directors of your Company in its meeting held on 06 May 2023 recommended a dividend @ 20% (₹ 0.20/- per equity share of ₹ 1/- each) for the financial year 2022-23 after having considered ongoing and imminent commitments, subject to shareholders' approval at the ensuing annual general meeting (AGM) and shall be subject to deduction of income tax at source.

### Dividend Distribution Policy

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

## ALLOTMENT OF EQUITY SHARES

The Board of Directors of the Company on 24 May 2023, allotted 40,64,627 equity shares of ₹ 1/- each at premium of ₹ 212/-

pursuant to conversion of Compulsory Convertible Debentures (CCDs) and 4,69,633 equity shares ₹ 1/- each at premium of ₹ 212/- pursuant to conversion of Convertible Warrants.

Further, the Stock Exchanges granted trading approval for the above mentioned equity shares on 18 July 2023, which is effective from 19 July 2023.

## ZEN TECHNOLOGIES LIMITED EMPLOYEE STOCK OPTION PLAN-2021

The Board of Directors and the shareholders of the Company at their meetings held on 24 July 2021 and 28 August 2021, respectively and further amended by the Board of Directors and shareholders of the Company at their meetings held on 06 September 2022 and 29 September 2022, respectively, approved the Zen Technologies Limited Employee Stock Option Plan-2021 ("ZEN ESOS 2021"/"Scheme") to create, issue, offer, grant, allot and/or transfer from time to time, in one or more tranches up to 40,00,000 (Forty lakhs) Employee Stock Options ("ESOPs") exercisable into 40,00,000 (Forty lakhs) equity shares of face value ₹ 1/- (Rupee one) each. The scheme is being implemented through a Trust set up by the Company namely "Zen Technologies Limited Employees Welfare Trust" and involves acquisition of shares from the secondary market for which the Company has also obtained the in-principle approval from both the stock exchanges viz., BSE Limited and the National Stock Exchange of India Limited.

The Scheme is in compliance with the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

During the period under review, the Company has granted 2,70,900 (Two lakh Seventy thousand Nine hundred only) Employee Stock Options (ESOPs) convertible into 2,70,900 equity shares of face value of ₹ 1/- each under "Zen Technologies Limited Employee Stock Option Plan – 2021" at a price of ₹ 100/- per option on 21 February 2023. The said price is more than the face value of equity shares of the Company and less than the prevailing Market Price as on the date of the grant.

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

Further, the certificate from the Secretarial Auditors of the Company certifying that the Company's Scheme is being implemented in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and the resolutions passed by the Members is also placed on the Company's Website: <https://www.zentechnologies.com/investor-information>

## SHARE CAPITAL

The paid-up equity share capital of the Company stood at ₹ 7,95,10,000 comprising of 7,95,10,000 equity shares of ₹ 1/- each as on 31 March 2023.

Subsequent to the allotment of equity shares pursuant to conversion of CCDs and Warrants issued in November 2021, the paid-up equity share capital of the Company stood at ₹ 8,40,44,260 comprising of 8,40,44,260 equity shares of ₹ 1/- each w.e.f 24 May 2023.

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

## RESERVES

No amounts were proposed to be transferred to Reserves for the period under review.

## FIXED DEPOSITS

The Company has not accepted any deposits from Public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of balance sheet.

## LISTING OF EQUITY SHARES

The securities of the Company are listed at National Stock Exchange of India Limited (NSE) and BSE Limited (BSE). Further, the Company has no equity shares carrying differential rights.

The Company has paid Listing Fees for the Financial Year 2023-24, to each of the Stock Exchanges, where its equity shares are listed.

## SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES

The Company has Four (4) subsidiaries in India and overseas as mentioned below and 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:

- Unistring Tech Solutions Private Limited;
- Zen Medical Technologies Private Limited;
- Zen Technologies USA, Inc;
- Zen Defence Technologies L.L.C, UAE.

Consolidated financial statements have been prepared by the Company in accordance with the requirements of Ind AS 110 issued by Institute of Chartered Accountants of India (ICAI) and as per the provisions of the Act.

Pursuant to the provisions of Section 129(3) of the Act and Rule 8(1) of Companies (Accounts) Rules, 2014, a statement containing the salient features of the financial statements of the Company's subsidiaries, in **Form AOC-1**, is attached as **Annexure-1** 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 made available on the website of the Company at: <https://www.zentechnologies.com/investor-information>.

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

### Unistring Tech Solutions Private Limited (UTS)

UTS is a subsidiary of the Company in India with 51% of holding. UTS works for design and development of various products in Communication and RADAR applications. UTS offers services to Govt and private clients in the area of FPGA based firmware development, Embedded software development on Intel and PowerPC architectures. UTS's major products and services are targeted for military clients (DRDO, ECIL and BEL). UTS has demonstrated remarkable financial progress in the financial year 2022-23, which turned the Company as a material Subsidiary of the Company in term of the Listing Regulations and playing a significant role in shaping the consolidated financial statements.

### Zen Medical Technologies Private Limited (ZMTPL)

ZMTPL is a wholly-owned subsidiary of the Company in India. Zen Medical is primarily involved in the field of medical and hospital equipment.

### Zen Technologies USA, Inc

Zen Technologies USA is a wholly-owned subsidiary of the Company in USA. It operates within the simulator industry, which complements the parent

Company's core competencies. Zen Technologies USA is primarily dedicated to offering combat training products to defense and security customers worldwide.

### Zen Defence Technologies L.L.C, UAE (ZDT)

ZDT is a wholly-owned subsidiary in UAE, incorporated on 15 November 2022. ZDT is dedicated to the import and export of training equipment and simulators, as well as engaging in trading, development, and maintenance of defense and surveillance systems on a global scale. ZDT is yet to commence the operations.

## 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 a mail to the Company Secretary of the Company. The above-mentioned documents have also been uploaded on the website of the Company at: <https://www.zentechnologies.com/annual-reports>

## ANNUAL RETURN

Pursuant to Section 92(3) read with Section 134(3)(a) of the Act, the Annual Return as on 31 March 2023 is made available on the Company's website at: <https://www.zentechnologies.com/investor-information>

## MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis (MDA) for the year under review as stipulated under Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) 2015 ("the Listing Regulations") forms part of this Annual Report.

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

The Business and Responsibility Sustainability Report (BRSR) as stipulated under Regulation 34(2)(f) of the Listing Regulations is applicable to your Company for FY 2022-23 and the same is provided as separate section to this Annual Report which indicates the Company's performance against the principles of the 'National Guidelines on Responsible Business Conduct'. This would enable the members to have an insight into environmental, social and governance initiatives of the Company.

## CORPORATE GOVERNANCE

A separate report on Corporate Governance as required under the Listing Regulations is provided as separate section to this Annual Report.

## OUTLOOK AND FUTURE PLANS

"Management Discussion and Analysis" contains a section on the Company's outlook and future plans and members may please refer the same on this.

## DIRECTORS

The Board of Directors of the Company has an optimum combination of Executive (4), Non-Executive and Independent Directors (4) including one woman Independent Director.

### Independent and Non-executive Directors

As prescribed under Listing Regulations and pursuant to Section 149(6) of the Act, the Non-Executive and Independent Directors (as on the date of signing this report) of the Company are Mr. Amreek Singh Sandhu, Dr. Ajay Kumar Singh, Dr. Ravindra Kumar Tyagi and Ms. Sirisha Chintapalli.

All the above mentioned directors were appointed as independent directors by the shareholders in their respective meetings.

### Executive Directors

The following are the Whole-Time directors of the Company.

Mr. Ashok Atluri, Chairman and Managing Director, Mr. Kishore Dutt Atluri, President and Joint Managing Director, Mr. M Ravi Kumar, Whole-Time Director and Mrs. Shilpa Choudari, Whole-Time Director.

## CHANGES IN DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

During the year under review,

- Mr. M Ravi Kumar (DIN: 00089921) has been re-appointed as the Whole-Time Director of the Company, not liable to retire by rotation, for a period of three years, with effect from 29 June 2022.
- Mr. Afzal H. Malkani has been appointed as Chief Financial officer of the Company, in the place of Mr. Ashok Atluri, the then Chief Financial Officer of the Company, with effect from 01 August 2022.
- Dr. Ajay Kumar Singh (DIN: 08532830) has been re-appointed as the Non-executive Independent Director of the Company, for the second consecutive term of three years, with effect from 02 November 2022.
- Mr. Ashok Atluri (DIN:00056050) has been re-appointed as Chairman and Managing Director for a period of 3 years with effect from 01 May 2023, subject to approval of the shareholders in the ensuing Annual General Meeting.
- Mr. Kishore Dutt Atluri (DIN:09691242) has been re-appointed as President and Joint Managing Director for a period of 3 years with effect from 01 May 2023, subject to approval of the shareholders in the ensuing Annual General Meeting.
- Mr. Hansraj Singh Rajput, Company Secretary and Compliance officer, was resigned w.e.f. 14 December 2023.
- Mr. M. Raghavendra Prasad has been appointed as Company Secretary and Compliance Officer of the Company with effect from 06 May 2023.
- Mrs. Shilpa Choudari (DIN:06646539) has been re-appointed as the Whole-Time Director for a period of 3 years with effect from

01 November 2023, subject to approval of the shareholders in the ensuing Annual General Meeting.

- i) Ms. Sirisha Chintapalli (DIN: 08407008) has been re-appointed as the Non-Executive Independent Director of the Company, for the second consecutive term of three years, with effect from 07 August 2023 subject to approval of the shareholders in the ensuing Annual General Meeting.

### **DIRECTORS RETIRING BY ROTATION**

Pursuant to the provisions of the Act, Mr. Ashok Atluri retires at the AGM and being eligible, offers himself for re-appointment.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

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

- i. in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed, along with proper explanation relating to material departures;
- ii. such accounting policies have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent to give a true and fair view of the Company's state of affairs as on 31 March 2023 and of the Company's profit or loss for the year ended on that date;
- iii. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. they have prepared the annual accounts on a going concern basis;
- v. they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- vi. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

### **DECLARATIONS OF INDEPENDENT DIRECTORS**

All independent directors of the Company have given declaration that they meet the criteria of independence as provided in sub-section (6) of section 149 of the Act. The Company also received a declaration of compliance of sub-rule (1) and sub-rule (2) of the Rule 6 of the Companies (Appointment and Qualifications of Directors) Rules, 2014.

### **POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION AND OTHER DETAILS**

Pursuant to the provisions of the Act and the Listing Regulations, the Nomination and Remuneration committee identifies persons who are qualified to become directors in accordance with the criteria laid down and recommend to the Board for their appointment and removal.

The Company adopted a policy relating to the remuneration for Directors and Key Managerial Personnel. This Policy covers the remuneration and other terms of employment for the Company's Executive Team. The remuneration policy for members of the Board and for management, aims at improving the performance and enhancing the value of the Company by motivating and retaining them and to attract the right persons to the right jobs in the Company. The object of this Remuneration Policy is to make your Company a desirable workplace for competent employees and thereby secure competitiveness, future development and acceptable profitability. In order to achieve this, it is imperative that the Company is in a position to offer competitive remuneration in all its operational locations.

The Company's policy on directors' appointment and remuneration and other matters provided in Section 178(3) of the Act is made available on the website of the Company at: <https://www.zentechologies.com/policies-and-code-of-conduct>.

### **POLICY FOR SELECTION OF DIRECTORS AND DETERMINING DIRECTORS' INDEPENDENCE**

The Nomination and Remuneration committee (NRC) shall assess the independence of directors at the time of appointment, re-appointment and the Board shall assess the same annually based on the criteria provided by NRC. The Board shall re-assess the determination of independence when any new interests or relationships are disclosed by a Director.

The criteria of independence are as prescribed in the Act and the Listing Regulations and the independent directors shall abide by the Code specified for them in Schedule IV of the Act.

### **NUMBER OF MEETINGS OF THE BOARD**

During the financial year, five (5) meetings of the Board of Directors were held on 07 May 2022, 30 July 2022, 06 September 2022, 12 November 2022 and 28 January 2023 in compliance with provisions of the Act read with rules made thereunder, Secretarial Standards and the Listing Regulations.

### **COMMITTEES OF THE BOARD**

Currently the Board has 6 (six) committees: Audit, Nomination and Remuneration, Corporate Social Responsibility, Stakeholders' Relationship, Risk Management and Borrowing committee.

The compositions of the committees are in line with the applicable provisions of the Act, Rules and Regulations and are as given below:

Name of the Committee	Composition of the Committee	Remarks
Audit Committee	Mr. Amreek Singh Sandhu, Chairman Dr. Ajay Kumar Singh, Member Dr. R.K. Tyagi, Member Mr. Ashok Atluri, Member	The Audit committee of the Board of Directors was constituted in conformity with the requirements of Section 177 of the Act and Regulation 18 of the Listing Regulations and its role has been the same as stipulated in the Act and the Listing Regulations.  All recommendations made by the Audit committee during the year were accepted by the Board.
Nomination and Remuneration Committee	Mr. Amreek Singh Sandhu, Chairman Dr. Ajay Kumar Singh, Member Dr. R.K. Tyagi, Member	The Nomination and Remuneration committee of the Board of Directors was constituted in conformity with the requirements of Section 178 of the Act and Regulation 19 of the Listing Regulations and its role has been the same as stipulated in the Act and the Listing Regulations.
Corporate Social Responsibility Committee	Dr. R.K. Tyagi, Chairman Mr. M.Ravi Kumar, Member Mr. Ashok Atluri, Member	The Corporate Social Responsibility committee of the Board of Directors was constituted in conformity with the requirements of Section 135 of the Act.  The Committee monitored the implementation of the CSR Policy from time to time.
Stakeholders' Relationship Committee	Ms. Sirisha Chintapalli, Chairman Mr. Ashok Atluri, Member Mr. Amreek Singh Sandhu, Member	The Stakeholders' Relationship committee of the Board of Directors was constituted in conformity with the requirements of Section 178 of the Act and Regulation 20 of the Listing Regulations and its role has been the same as stipulated in the Act and the Listing Regulations.
Risk Management Committee	Mr. Amreek Singh Sandhu, Chairman Mr. Ashok Atluri, Member Mr. M. Ravi Kumar, Member Dr. Ajay Kumar Singh, Member	The Risk Management committee of the Board of Directors was constituted in conformity with the requirements of Regulation 21 of the Listing Regulations with its role as stipulated in the Listing Regulations.
Borrowing Committee	Mr. Amreek Singh Sandhu, Chairman Mr. M. Ravi Kumar, Member Mr. Kishore Dutt Atluri, Member Mrs. Shilpa Choudari, Member Mr. Ashok Atluri, Member	The Borrowing Committee of the Board of Directors was constituted pursuant the resolution passed by the Board of Directors in line with the proviso under Section 179(3) of the Companies Act, 2013.

A detailed note on the Board and its mandatory Committees is provided in the Corporate Governance Report.

## PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The particulars of contracts or arrangements with related parties referred to in sub-section (1) of Section 188 in Form AOC-2 pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014 are enclosed as **Annexure-2** to this report.

The policy on materiality of related party transactions and also on dealing with the related party transactions as approved by the Audit committee and the Board of Directors was placed on the website of the Company 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-3** to this Report.

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The details of loans given, guarantees provided and investments made, if any, during the Financial Year ended on 31 March 2023 are enclosed as **Annexure-4** to this Report in compliance with the provisions of Section 186 of the Companies Act, 2013 read with the Companies (Meetings of the Board and its Powers) Rules, 2014. The particulars of aggregate loans, guarantees and investments under Section 186 of the Act are disclosed in the notes to Financial Statements, which may be read as part of this Report.

## RISK MANAGEMENT POLICY

The Board formulated and implemented Risk Management Policy for the Company which identifies various elements of risks

which in its opinion may threaten the existence of the Company and measures to contain and mitigate risks. The Company has adequate internal control systems and procedures to combat the risk. The Risk Management procedures are reviewed by the Audit committee and the Board on periodical basis.

The Company has adopted a Risk Management Policy in accordance with the provisions of the Act and Regulation 21 of the Listing Regulations and the same is also made available on the website of the Company at: <https://www.zentechologies.com/policies-and-code-of-conduct>.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

The annual report on CSR activities, in terms of Section 135 of the Act, and the details about the policy developed and implemented by the Company on CSR initiatives taken during the year are enclosed as **Annexure-5** to this report. A detailed policy on CSR is placed on the Company's website under the web link: [https://www.zentechologies.com/investor\\_relations/CSR-Policy.pdf](https://www.zentechologies.com/investor_relations/CSR-Policy.pdf)

## BOARD EVALUATION

Pursuant to the provisions of the Act and the Listing Regulations, the Board has carried out annual performance evaluation of its own, the individual directors as well as the mandatory committees of the Board. A structured set of criteria was adopted after taking into consideration the inputs received from the directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance. Evaluation of the Board members is conducted on an annual basis by the Board, Nomination and Remuneration committee and Independent Directors with specific focus on the performance and effective functioning of the Board and individual directors.

The Nomination and Remuneration committee had specified criteria for performance evaluation of Directors, Committees and Board as a whole and recommended the same to the Board for evaluation.

## CRITERIA FOR PERFORMANCE EVALUATION

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

## FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS

The Independent Directors attend a Familiarization/Orientation Program on being inducted into the Board. Further, various other programmes are conducted for the benefit of Independent Directors to provide periodical updates on regulatory front,

industry developments and any other significant matters of importance. The Company issues a formal letter of appointment to the Independent Directors, outlining their role, function, duties and responsibilities, the format of which is available on the Company's Website.

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

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

During the year under review, Zen Defence Technologies L.L.C, UAE (ZDT) became a subsidiary of the Company and no subsidiary Company ceased to be the subsidiary of the Company during the same period.

## 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 31 March 2023, 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 Act and the Listing Regulations to report genuine concerns or grievances about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy and to provide adequate safeguards against victimization of persons who use such mechanism and to provide direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases.

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

## FRAUD REPORTING

During the Financial Year under review, the Statutory Auditors have not reported any incident of fraud to the Board of Directors of the Company, pursuant to the provisions of Section 143(12) of the Companies Act, 2013.

## DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Your Company has zero tolerance towards sexual harassment at the workplace and 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. The details of sexual harassment complaints as per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder are as follows:

No. of Complaints Received : Nil

No. of Complaints disposed off : NA

Further, during the year under review, the Company has complied with the provisions related to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

## 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 the website of the Company at: <https://www.zentechnologies.com/policies-and-code-of-conduct>.

## TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND

During the year under review, pursuant to the provisions of Section 124 (5) of the Act (section 205A of the Companies Act 1956), an amount of ₹ 1,18,157.20/- relating to FY 2014-15, which remained unclaimed for a period of 7 years was transferred to the Investor Education and Protection Fund by the Company on 11 November 2022.

## TRANSFER OF UNCLAIMED SHARES TO INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY

During the year under review, all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more (relevant shares) up to and including the financial year 2014-15 were transferred by the Company in the name of IEPF from time to time and the statement containing such details as prescribed is placed on the Company's website at: <https://www.zentechnologies.com/unpaid-unclaimed-dividend/2021-2022>

## STATUTORY AUDITORS & AUDITOR'S REPORT

At the twenty-sixth (26<sup>th</sup>) AGM held on 21 September 2019 the Members approved appointment of Ramasamy Koteswara Rao and Co LLP., Chartered Accountants (Firm Registration No. 010396S/S200084) as Statutory Auditors of the Company to hold office for a period of five years from the conclusion of that AGM till the conclusion of the thirty-first (31<sup>st</sup>) 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 therein are self-explanatory, thereby not requiring any further comments on the same.

## MAINTENANCE OF COST RECORDS

During the year under review, Section 148(1) of the Act is applicable to your Company and accordingly such accounts and records are made and maintained by the Company as specified.

## COST AUDIT

The Company is required to appoint Cost Auditors for conducting the audit of cost records being maintained by the Company for FY 2023-24 (for W 2022-23 this requirement was not applicable). Accordingly, the Board of Directors based on the recommendations of the audit committee, appointed M/s. M P R & Associates, Cost Accountants, Hyderabad, as Cost Auditors for conducting the audit of cost records for FY 2023-24, with a remuneration which is subject to ratification by the members at the ensuing AGM.

## SECRETARIAL AUDITORS AND AUDIT REPORT

During the year under review, the Company has complied with the provisions of Section 204 of the Act and Regulation 24A of the Listing Regulations.

The Secretarial Audit Report for the financial year ended 31 March 2023 issued by Mrs. Vanitha Nagulavari (ACS No. 26859/CP No. 10573) is enclosed as **Annexure-6** to this Report and it does not contain any reservation, qualification or adverse remarks.

The Board has appointed Mr. D.S. Rao (ACS no. 12394/CP no. 14487), Practising Company Secretary, as Secretarial Auditors to conduct secretarial audit, pursuant to the recommendations of the Audit committee, for the FY 2023-24.

Further, the Secretarial Audit report of Unistring Tech Solutions Private Limited (UTS), a material subsidiary of the Company, is also available on the Company's website at: <https://www.zentechnologies.com/subsidiary-Company-accounts>

## 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 enclosed as **Annexure-7** to this Report.

## INSURANCE

All the properties of the Company including buildings, plant and machinery and stocks have been adequately insured.

## INDUSTRIAL RELATIONS

Industrial relations have remained cordial during the year under review, and your directors appreciate the sincere and efficient services rendered by the employees of the Company at all levels, contributing to the successful operations of the Company.

## GREEN INITIATIVES

In commitment to keep in line with the Green Initiatives and going beyond it, electronic copy of the Notice of 30<sup>th</sup> Annual General Meeting of the Company including the Annual Report for FY 2022-23 are being sent to all members whose e-mail addresses are registered with the Company/Depository Participant(s).

## COMPLIANCE WITH SECRETARIAL STANDARDS

During the year under review, the Company has complied with secretarial standards issued by the Institute of Company Secretaries of India on Board Meetings (i.e., SS-1), General Meetings (i.e., SS-2) and on Dividend (i.e., SS-3).

## 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. 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;
3. No material changes and commitments in the business operations of the Company from the financial year ended 31 March 2023 to the date of the signing of the Directors' Report;
4. Neither the Managing Director nor the Whole-time Directors of the Company receive any remuneration or commission from any of its subsidiaries; and
5. There is no change in the nature of the business of the Company.

## 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. shareholders, customers, dealers, vendors, financial institutions, banks and other business partners for the excellent support received from them during the year.

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

For and on behalf of the Board

**Place:** Hyderabad

**Date:** 05 August 2023

**Ashok Atluri**

Chairman and Managing Director

DIN: 00056050

# Annexure-1

## FORM NO. AOC – 1

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

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

#### PART "A": SUBSIDIARIES

(₹ in lakhs)					
1	Name of the subsidiary	Unistring Tech Solutions Private Limited	Zen Medical Technologies Private Limited	Zen Technologies USA, Inc.	Zen UAE Defence LLC
2	Date since it is subsidiary	27 September 2018	24 July 2020	09 May 2018	15 November 2022
3	Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	NA	NA	NA	NA
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	NA	NA	1 USD = ₹ 82.22	1 AED = ₹ 21.75
5	Share capital	56.63	75.20	1434.67	--
6	Reserves & surplus	2195.00	(28.17)	(954.31)	(0.80)
7	Total assets	4603.32	47.34	489.30	--
8	Total Liabilities	2,264.39	0.28	8.93	0.80
9	Investments	--	--	--	--
10	Turnover	6,583.05	--	--	--
11	Profit before taxation	2022.14	(2.14)	(169.68)	(0.80)
12	Provision for taxation	546.62	--	--	--
13	Profit after taxation	1,475.52	(2.14)	(169.68)	(0.80)
14	Proposed Dividend	--	--	--	--
15	% of share/shareholding	51%	100%	100%	99%

#### Notes:

- Names of subsidiaries which are yet to commence operations: Zen Technologies USA, Inc. and Zen UAE Defence LLC.
- Names of subsidiaries which have been liquidated or sold during the year: Nil

#### PART "B": ASSOCIATES AND JOINT VENTURES

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

The Company has no Associate Company or Joint Venture.

For and on behalf of the Board

**Place:** Hyderabad  
**Date:** 05 August 2023

**Ashok Atluri**  
Chairman and Managing Director  
DIN: 00056050

## Annexure-2

### FORM NO. AOC-2

(Pursuant to Section 134(3)(h) of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

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

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

S. No	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any:	Date(s) of approval by the Board, if any:	Amount paid as advances, if any:
1	Mr. Kishore Dutt Atluri, Brother of Mr. Ashok Atluri, Chairman and Managing Director of the Company	Appointed as President and Joint Managing Director of the Company	Ongoing	During the financial year 2022-23, he received remuneration ₹ 69.24 lakhs (including perks) and Incentive of ₹ 161.44 lakhs.	24 July 2021 and 30 July 2022	Nil
2	Mrs. A Rama Devi, Wife of Mr. Kishore Dutt Atluri, President and Joint Managing Director of the Company	Leasing of property of any kind	01 June 2022 to 31 May 2025  (Renewal with mutual consent of the parties)	Taking on lease 3 bedroom fully furnished flat jointly owned by Mr. Kishore Dutt Atluri, President and Joint Managing Director of the Company and his wife Mrs. A. Rama Devi for using as Guest House for Company's executives and business clients for ₹ 56,284/- per month plus maintenance charges as per actuals with an annual escalation on tariff at 5%.  During the financial year 2022-23, ₹ 6.70 lakhs paid as a rent to the related party.	07 May 2022	Security deposit – lease rent of two months
3	Mr. Arjun Dutt Atluri, Son of Mr. Kishore Dutt Atluri, President and Joint Managing Director of the Company	Appointed to office or place of profit in the Company	Ongoing	During the financial year 2022-23, he received remuneration of ₹ 22.78 lakhs (including perks).	07 May 2022	Nil
4	Ms. Anisha Atluri, Daughter of Mr. Kishore Dutt Atluri, President and Joint Managing Director of the Company	Appointed to office or place of profit in the Company	Ongoing	During the financial year 2022-23, she received remuneration of ₹ 11.33 lakhs (including perks).	07 May 2022	Nil
5	Unistring Tech Solutions Private Limited (UTS), Subsidiary Company	Purchase of goods viz., Anti-Drone Systems	Ongoing	During the year 2022-23, ₹ 842.01 lakhs was paid to UTS.	06 September 2022	Nil

For and on behalf of the Board

Place: Hyderabad  
Date: 05 August 2023

**Ashok Atluri**  
Chairman and Managing Director  
DIN: 00056050

## Annexure-3

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, the power consumption by the employees is very low. 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 with high-rated, power-saving servo motors.
- b. The employees are disciplined on saving energy. Systems are switched on only when it is to be used and switched off as soon as the scheduled work is completed.
- c. The Company has made a policy decision of buying systems that are rated high in power saving. Employees work on LED monitors. Their energy consumption is less. They also release less heat compared to CRT and LCD monitors enabling the centralized air-conditioner maintain the temperature with ease. The air-conditioner too has a regulator to save power.
- d. Plans are afoot to buy eco-friendly vehicles for intra-office movement at the Hardware Park Plant and between the research wing and production wings.
- e. Also there is a move to harness solar energy for lighting and wire fencing. The roof of the plant is about 70 feet from ground and there are enough provisions for the day light to seep into the plant to enable technical hands to work without switching on electrical lights especially in day time.
- f. Air conditioners are fitted with controllers to cut off power at the set temperature. The present MH lamps and mercury lamps are replaced with LED lamps which consume only 40% of CFL and its minimum life is 50,000 burning hours.
- g. The street lights and the complete indoor lights at the Hardware Park are replaced with LED bulbs towards efficient energy consumption.

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

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

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

### B. TECHNOLOGY ABSORPTION

(i) The efforts made towards technology absorption:

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

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

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

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

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

(iv) The expenditure incurred on Research and Development:

The Company has incurred ₹ 19.09 crores as R&D expenditure (capital and revenue) for the financial year 2022-23 for the development of various products. The Company has incurred 12.52% as R&D expenditure of Sales Turnover. The Company will continue to make big bets for long-term national interests which may impact short-term profitability of the Company.

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(₹ In lakhs)

Particulars	FY 2022-2023	FY 2021-2022
Earned during the year	6,438.67	2,590.09
Used during the year	2,836.22	860.64

For and on behalf of the Board

**Place:** Hyderabad  
**Date:** 05 August 2023

**Ashok Atluri**  
Chairman and Managing Director  
DIN: 00056050

## Annexure-4

### PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS DURING FY 2022-23 PURSUANT TO SECTION 186 OF THE ACT:

Nature of transaction (whether loan/guarantee/security/acquisition)	Purpose	Date of making loan/acquisition/giving guarantee/providing security	Name and address of the person or body corporate to whom it is made or given or whose securities have been acquired (listed/unlisted entities)	Amount of loan/security/acquisition/guarantee ₹ in lakhs	Time period for which it is made/given	Date of passing of Board Resolution	For Loans	
							Rate of Interest	Date of maturity
Loan	To implement the Zen Technologies Limited	04 April 2022,	Zen Technologies Limited	₹ 1,000.00	Not Applicable	30 October 2021	Nil	-
	19 May 2022,	Employees Welfare Trust						
Loan	Employee Stock Option Plan – 2021 further and to acquire more shares	17 February 2023, 22 February 2023 & 24 February 2023	B-42, Industrial Estate, Sanath Nagar, Hyderabad-500018, Telangana, India					
	For making further investment in Paladin AI INC	23 September 2022	Paladin AI INC 2881, Place DU Lievre, Saint Lazare, Quebec, J7T 2M4, Canada	₹ 254.26	Not Applicable	30 July 2022	-	-

**Note:** The aggregate investments made as on 31 March 2023 has been provided in the financial statement vide note no.5

For and on behalf of the Board

**Place:** Hyderabad

**Date:** 05 August 2023

**Ashok Atluri**

Chairman and Managing Director

DIN: 00056050

## Annexure-5

### ANNUAL REPORT ON CSR ACTIVITIES FOR THE FY 2022-23

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

#### 1. Brief outline on CSR Policy of the Company

The Company has an approved Corporate Social Responsibility Policy which is placed on the website of the Company at: <https://www.zentechnologies.com/policies-and-code-of-conduct>. The Company proposes to adopt projects or programmes under one or more of the activities as prescribed under Schedule VII of the Companies Act, 2013, as amended from time to time and as stated in the Corporate Social Responsibility Policy.

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

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

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

Composition of the CSR committee is available on the Company's website on at: <https://www.zentechnologies.com/leader/board-committees> and CSR Policy at: <https://www.zentechnologies.com/policies-and-code-of-conduct>

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report): **Not Applicable.**
5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any.

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

6. Average net profit of the Company as per section 135(5): **₹ 2,239.60 lakhs**

7. (a) Two percent of average net profit of the Company as per section 135(5): **₹ 44.79 lakhs**

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

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

(d) Total CSR obligation for the financial year (7a+7b-7c): **₹ 44.79 lakhs**

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

Total Amount Spent for the Financial Year. (₹ in lakhs)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of Transfer	Name of the Fund	Amount	Date of Transfer
₹ 44.79	Nil	-	-	Nil	-

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

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

(1) Sl. No.	(2) Name of the Project	(3) Item from the list of activities in schedule VII to the Act	(4) Local area (Yes/No)	(5) Location of the project		(6) Amount spent for the project (₹ in lakhs)	(7) Mode of implementation - Direct (Yes/No)	(8) Mode of implementation - Through implementing agency	
				State	District			Name	CSR Registration number
1	Contribution for Schedule VII activities	(i), (ii), (vi), (vii)	No	Pan India		44.79	No	Veer Sammaan Foundation	CSR00000420

(d) Amount spent in Administrative Overheads: **Nil**

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

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): **₹ 44.79 lakhs**

(g) Excess amount for set off, if any: **Nil**

S. No	Particular	Amount (₹ lakhs)
i	Two percent of average net profit of the Company as per section 135(5)	44.79
ii	Total amount spent for the Financial Year	44.79
iii	Excess amount spent for the financial year [(ii)-(i)]	Nil
iv	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
v	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

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

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

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: **Not Applicable since NO capital asset was created or acquired.**

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

**Afzal Harunbhai Malkani**  
Chief Financial Officer

**Ashok Atluri**  
Chairman and Managing Director  
DIN: 00056050

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

**Place:** Hyderabad

**Date:** 05 August 2023

## Annexure-6

### 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 **31 March 2023** 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 **31 March 2023** 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) The 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, 2018;
  - (f) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.
- (vi) Provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') were not applicable to the Company during the financial year under report: -
- (a) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations 2021;
  - (b) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; and
  - (c) The Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018.
- (vii) The industry specific and other laws that are applicable to the Company are as follows:
- (a) The Information Technology Act, 2008
  - (b) The E-Waste (Management and Handling) Rules, 2011
  - (c) The Official Secrets Act, 1923
  - (d) Security Manual, Category B, Ministry of Defence
  - (e) The Indian Explosives Act, 1884
  - (f) The Explosives Rules, 2008
  - (g) The Arms Act, 1959
  - (h) The Arms Rules, 1962

We have also examined compliance with the applicable clauses of the following:

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

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

**We further report that:**

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

S. no.	Name of the Director	Appointment/Cessation/ Reappointment	Our Comments
1	Mr. Ajay Kumar Singh	Re-appointment	Re-appointed as an independent director for the second consecutive term of three years w.e.f., from 02 November 2022 to 01 November 2025 with the approval of shareholders at 29 <sup>th</sup> Annual General Meeting.
2	Mr. M Ravi Kumar	Re-appointment	Re-appointed as Whole-time director for a period of Three (3) years w.e.f., 29 June 2022 to 28 June 2025 with the approval of Shareholders at 29 <sup>th</sup> Annual General Meeting.
3	Mr. Kishore Dutt Atluri	Appointment	Appointed as a Joint Managing Director for a period of 3 years w.e.f., 01 August 2022 to 31 July 2025 with the approval of Shareholders at the 29 <sup>th</sup> Annual General Meeting
4	Mrs. Shilpa Choudari	Re-appointment	Re-appointed as a Director at the 29 <sup>th</sup> AGM held on 29 September 2022 upon retirement by rotation in accordance with the provisions of Section 152 of Companies Act, 2013.

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, the Company has granted 2,70,900 Employee Stock Options (ESOPs) at an exercise price of ₹ 100/- per option, on 21 February 2023 in terms of "Zen Technologies Limited Employee Stock Option Plan – 2021".

**We further report that**, during the year under review, in terms of the provisions of Section 124(5) of the Act, an amount of ₹ 1,18,157.20/- being the Unclaimed Dividend of FY 2014-15, was transferred to the Investor Education and Protection Fund.

**We further report that**, in terms of the provisions of section 124(6) of the Act, 4,202 equity shares belonging to 4 shareholders were transferred to the Investor Education and Protection Fund (IEPF). After affecting this transfer and claims settled, 1,13,752 shares were lying in the IEPF account as on 31 March 2023.

**We further report that**, during the financial under review, ₹ 44,79,194/- lakhs have been spent in terms of the provisions of section 135 of the Act, against actual obligation of ₹ 44,79,194/-.

**Place:** Hyderabad  
**Date:** 05 August 2023

**N. VANITHA; PCS**  
M. No: A26859  
C P No: 10573  
UDIN: A026859E000741826  
Peer Review Cer No. 1890/2022

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

**'ANNEXURE A'**

To  
The Members  
**Zen Technologies Limited**  
Hyderabad

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, we have obtained Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations and standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
7. We have relied on the information/documents received from the respective officials of the Company for forming our opinion and for eventual reporting thereof.

**Place:** Hyderabad  
**Date:** 05 August 2023

**N. VANITHA; PCS**  
M. No: A26859  
C P No: 10573  
UDIN: A026859E000741826  
Peer Review Cer No.1890/2022

## Annexure-7

### 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	*48.07	Nil
2	Mr. Kishore Dutt Atluri, President and Joint Managing Director <sup>§</sup>	*62.80	33.3%
3	Mr. M. Ravi Kumar, Whole-Time Director	19.0	33.3%
4	Mrs. Shilpa Choudari, Whole-Time Director	6.5	Nil
5	Mr. Amreek Singh Sandhu, Independent Director	Nil	Nil
6	Dr. Ravindra Kumar Tyagi, Independent Director	Nil	Nil
7	Dr. Ajay Kumar Singh, Independent Director	Nil	Nil
8	Ms. Sirisha Chintapalli, Independent Director	Nil	Nil
9	Mr. Hansraj Singh Rajput, Company Secretary (upto 14 December 2022)	3.31%	15%
10	Mr. Afzal Harunbhai Malkani, Chief Financial Officer (w.e.f. 01 August 2022)	18.13%	--

**Note:** Independent Directors were paid sitting fees for attending the Meetings.

\* Increase in ratio is due to increase in commission linked to profits/sales.

<sup>§</sup> Mr. Kishore Dutt Atluri was appointed as President and Joint Managing Director w.e.f. 01 August 2022.

(ii) The percentage increase in the median remuneration of employees in the financial year: **13%**

(iii) The number of permanent employees on the rolls of Company: There were **258** permanent employees on the rolls as on 31 March 2023.

(iv) The average percentage increase already made in the salaries of employees other than managerial personnel was **18%**

Percentile increases in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration: **16.66% (which is lower than the average percentage increase in the salaries of employees)**

(v) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy, applicable for Directors, Key Managerial Personnel and other employees, adopted by the Company.

(vi) **Particulars of Employees in accordance with the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:**

S.No	Name & Designation	Nature of Employment	Qualification and Experience	Age in years	Date of Joining	Remuneration received (₹ In lakhs)	The last employment held before joining the Company	The % of equity shares held by the employee in the Company within the meaning of clause (iii) of sub-rule(2) of Rule 5 (i.e., more than 2%)	Whether the employee is a relative of any director or manager of the Company
1	Mr. Ashok Atluri Chairman & Managing Director	Contractual	B.Com, PG Diploma Over 32 years	57	29-Jun-93	176.59	--	Not Applicable	Yes*
2	Mr. Kishore Dutt Atluri President & Joint Managing Director <sup>#</sup>	Contractual	Master of Computer Application 38 years	61	29-Jun-93	230.68	--	Not Applicable	Yes**
3	Mr. M. Ravi Kumar Whole-Time Director	Contractual	PG Diploma in Computer Science Around 34 years	61	29-Jun-93	69.79	--	Not Applicable	No
4	Mr. Afzal Harunbhai Malkani	Chief Financial Officer	B.Com, CA 20 years	44	01 Aug, 2022	66.52	Anupam Rasayan India Limited	Not Applicable	No
5	Mr. M. Vijaya Rama Rao	Sr. Manager (R&D- Electronics), Permanent Employee	BE-Electronics 21 years	45	03-Apr-02	36.91	--	Not Applicable	No
6	Mr. Suhruth Taduri	Software Head, Permanent Employee	M. Sc. 18 years	44	01-Sep-21	36.00	Zen Technologies & Game Shahstra	Not Applicable	No
7	Mr. Surya Prakash Koti	Project Lead (Software), Permanent Employee	M.Sc- Electronics 17 years	41	26-Dec-05	31.32	--	Not Applicable	No
8	Mr. Ravi Kumar Mummadi	Sr. Technical Lead, Permanent Employee	M. Tech 27 years	47	16-Jul-20	27.30	DRDL, DMRL, Logical Solutions	Not Applicable	No
9	Mr. Venkatapathi Raju	Sr Technical Lead, Permanent Employee	M. Tech 22 years	46	2-Jul-20	27.30	RCI-DRDO, Logical Solutions	Not Applicable	No
10	Mr. AVM Arvind Verma	Advisor	M.Sc (Military Sciences) 42 years	64	04-Oct-16	27.00	Indian Air Force from 1978 to 2015	Not Applicable	No

<sup>#</sup> Mr. Kishore Dutt Atluri was appointed as President and Joint Managing Director w.e.f. 01 August 2022.

\*Mr. Ashok Atluri is brother of Mr. Kishore Dutt Atluri, President & Joint Managing Director and spouse of Mrs. Shilpa Choudari, Whole-Time Director of the Company.

\*\*Mr. Kishore Dutt Atluri is brother of Mr. Ashok Atluri, Chairman and Managing Director of the Company.

For and on behalf of the Board

**Place:** Hyderabad  
**Date:** 05 August 2023

**Ashok Atluri**  
Chairman and Managing Director  
DIN: 00056050

# Corporate Governance Report

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

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 and also the Guidance Note on Board Evaluation as prescribed by the Securities and Exchange Board of India (SEBI).

## 1) COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Zen is committed to good corporate governance. Zen aims to achieve the objective of enhancing the shareholders' value by ensuring effective relationship with stakeholders and protecting their interests. Zen believes that the Company's business strategy and plans should be consistent with the welfare of all its stakeholders which will bring sustained corporate growth and long term benefit to all.

Zen has been practicing the principles of good corporate governance with a great zeal of commitment and sincerity. Zen's principle of corporate governance comes from the belief that the high standards of ethics, timely disclosures, accountability and transparency go a long way in preserving shareholders' trust and creating wealth.

## 2) BOARD OF DIRECTORS

### (a) Composition and Category of Directors:

The Board of Directors of the Company has an optimum combination of Executive, Non-Executive and Independent Directors with one woman Independent Director.

The details of the Board of Directors including their attendance at the meetings of Board and shareholders and directorships/ chairmanships/memberships on the Boards/Committees of other Companies as required under regulation no. 34 read with schedule V of Listing Regulations are as below:

Name	DIN	Category of Directorship	No. of Board Meetings		Attendance at the last AGM	No of directorships in other Companies		Committees in which a directors is a member or Chairperson in other Companies	
			Held	Attended		Private	Public	Chairmanship	Membership
Mr. Ashok Atluri	00056050	Executive Director (Promoter group)	5	5	Yes	4*	-	-	-
Mr. Kishore Dutt Atluri*	09691242	Executive Director (Promoter)	5	3	Yes	-	-	-	-
Mr. M Ravi Kumar	00089921	Executive Director (Promoter)	5	5	Yes	1	-	-	-
Mrs. Shilpa Choudari	06646539	Executive Director	5	5	Yes	3	-	-	-
Mr. Amreek Singh Sandhu	08064880	Independent Director	5	5	Yes	-	-	-	-
Dr. Ravindra Kumar Tyagi	01509031	Independent Director	5	5	Yes	2*	-	-	-
Dr. Ajay Kumar Singh	08532830	Independent Director	5	5	Yes	2	-	-	-
Ms. Sirisha Chintapalli	08407008	Independent Director	5	4	Yes	2	1	-	4

\*Mr. Kishore Dutt Atluri appointed as President and Joint Managing Director w.e.f. 01 August 2022

# includes one Not-for-Profit License Company

All Directors are in compliance with the limits and other conditions as prescribed under Regulation 16, 17A, 26 and other applicable Regulations, whichever is applicable, of the Listing Regulations and None of the Directors on the Board is a Director of any other listed entity. Necessary disclosures regarding their Committee positions have been made by all the Directors.

The Company has received declarations on criteria of independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations from the Directors of the Company who have been classified as Independent Directors as on 31 March 2023.

**(b) Number of meetings of the Board of Directors held and dates on which held:**

During the financial year, five (5) meetings of the directors were held on 07 May 2022, 30 July 2022, 06 September 2022, 12 November 2022 and 28 January 2023 in compliance with provisions of the Companies Act, 2013 ('the Act'), the Listing Regulations and Secretarial Standards.

**(c) Meeting of Independent Directors:**

A separate meeting of Independent Directors was held on 30 March 2023 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. The Independent Directors expressed their satisfaction to the desired level on the governance of the Board.

**(d) Disclosure of relationship between Directors inter-se:**

Except Mr. Ashok Atluri, Chairman and Managing Director,

- i. who is the brother of Mr. Kishore Dutt Atluri, President and Joint Managing Director of the Company; and
- ii. who is the spouse of Mrs. Shilpa Choudari, Whole-Time Director of the Company.

None of the other Directors are related to each other.

**(e) Shares and Convertible Instruments held by Non-Executive Directors:**

S.no.	Name of the Director	Number of Equity Shares (face value of ₹ 1/- each held in the Company)
1	Mr. Amreek Singh Sandhu	Nil
2	Dr. Ravindra Kumar Tyagi	2,260
3	Dr. Ajay Kumar Singh	Nil
4	Ms. Sirisha Chintapalli	Nil

**(f) The detail of Familiarization programmes**

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>

**(g) List of core skills/expertise/competencies identified by the Board of Directors:**

The Company requires skills, expertise and competencies in the areas of Leadership, Knowledge of the Company's business, Behavioural Skills, Financial Discipline and Risk Oversight, Board Service & Governance, Strategic thinking and Planning and Technical/Professional skills to effectively and efficiently carry on its core businesses.

All the members of the Board possess the relevant skills, expertise, competencies in the above mentioned areas and are well qualified

who bring in the above-mentioned required skills, expertise and competence, which allow them to make effective contributions to the Board and its Committees. The members of the Board are committed to ensuring that the Company is in compliance with the highest standards of corporate governance.

**(h)** The Board of Directors, based on the declarations received from the Independent Directors, be and is hereby confirm that in the opinion of the Board, the Independent Directors fulfil the conditions specified in the Listing Regulations and are independent of the management.

Further, pursuant to Section 150 of the Act read with Rule 6 of the Companies (Appointment & Qualification of Directors) Rules, 2014, all Independent Directors have confirmed that they have enrolled themselves in the Independent Directors' Databank maintained with the Indian Institute of Corporate Affairs and are in compliance with the related provisions from time to time.

**(i)** During the year under review, no independent director has resigned from the directorship of the Company before the expiry of his/her term of appointment.

**(j) Code of Conduct:**

The Board has laid down two separate Codes of Conduct, one for all the Board Members and the other for Senior Management of the Company. These Codes have been posted on the Company's website <https://www.zentechnologies.com/policies-and-code-of-conduct>. All the Board members and Senior Management Personnel have affirmed compliance with these Codes. A declaration signed by the Chairman and Managing Director to this effect is enclosed at the end of this Report. The Code of Conduct for the Board of Directors 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.

**(k) CEO/CFO Certification:**

As required under the Listing Regulations, the Chairman and Managing Director (CMD) and Chief Financial Officer (CFO) of the Company have certified the Financial Statements for the year ended 31 March 2023, before submitting the same to the Board. CMD 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 CMD and CFO forms part of the Annual Report.

**3) AUDIT COMMITTEE (AC):**

The Audit committee of the Board of Directors was constituted in conformity with the requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations.

**(a) Brief description of terms of reference:**

The role and responsibility of the Audit Committee is as prescribed under the Act and the Listing Regulations from time to time.

**(b) Composition, name of members and chairperson, meetings and attendance during the year 2022-23:**

The members of the Committee are financially literate and have adequate accounting knowledge and the composition of the Audit committee and the details of meetings attended by its members are given below:

The Audit Committee comprised four directors as follows:

S.no	Name of the Director	Category	Designation
1	Mr. Amreek Singh Sandhu	Independent Director	Chairman
2	Mr. Ashok Atluri	Executive Director	Member
3	Dr. Ravindra Kumar Tyagi	Independent Director	Member
4	Dr. Ajay Kumar Singh	Independent Director	Member

The Audit Committee met four (4) times during the financial year 2022-23 on 07 May 2022, 30 July 2022, 12 November 2022 and 28 January 2023 and all members of the Audit Committee attended all meetings. Further, all the recommendations of the Audit Committee have been accepted by the Board of Directors.

#### 4) NOMINATION AND REMUNERATION COMMITTEE (NRC):

The NRC of the Board of Directors was constituted in conformity with the requirements of Section 178 of the Act and Regulation 19 of the Listing Regulations.

##### (a) Brief description of terms of reference:

The Roles, Functioning and Terms of reference of the NRC are as prescribed under the Act and the Listing Regulations from time to time. NRC determines the Company's policy on all elements of the remuneration packages of the directors including the executive directors.

##### (b) Composition, name of members and chairperson, meetings and attendance during the year 2022-23:

The NRC comprised three directors as follows:

S.no	Name of the Director	Category	Designation
1	Mr. Amreek Singh Sandhu	Independent Director	Chairman
2	Dr. Ajay Kumar Singh	Independent Director	Member
3	Dr. Ravindra Kumar Tyagi	Independent Director	Member

The NRC met three (3) times during the financial year 2022-23 on 07 May 2022, 30 July 2022 and 21 February 2023 and all members of NRC attended all the meetings.

##### (c) Nomination and Remuneration policy:

The Company's remuneration policy for directors, key managerial personnel and other employees is placed on the Company's website under the web link: <https://www.zentechologies.com/policies-and-code-of-conduct>

#### (d) Performance evaluation criteria for Independent directors:

The performance evaluation of Independent Director is done by the Board annually based on criteria of attendance and contributions at Board/Committee meetings and also the roles played by them other than at meetings. The NRC had specified criteria for performance evaluation of Directors, Committees and Board as a whole and recommend the same to the Board for evaluation.

In line with Corporate Governance guidelines, evaluation of all Board members is done on an annual basis. This evaluation is done by the entire Board led by the Chairman of the Board with specific focus on the performance and effective functioning of the Board, committees of the Board and individual directors and reported to the Board. The evaluation process also considers the time spent by each of the Directors, core competencies, personal characteristics, accomplishment of specific responsibilities and expertise.

The entire Board of Directors (excluding the director being evaluated) held the performance evaluation of Independent directors and on the basis of performance evaluation, the Board decided to continue the term of appointment of Independent directors.

Performance evaluation of Independent directors for the FY 2022-23 was done by the Board on 05 May 2023.

#### 5) STAKEHOLDERS' RELATIONSHIP COMMITTEE (SRC):

The SRC of the Board of Directors was constituted in conformity with the requirements of Section 178 of the Act and Regulation 20 of the Listing Regulations.

##### (a) Brief description of terms of reference:

The role of the SRC is as prescribed under the Listing Regulations from time to time.

##### (b) Composition, name of members and chairperson, Meetings and attendance during the year 2022-23:

The SRC comprised three directors as follows:

S.no	Name of the Director	Category	Designation
1	Ms. Sirisha Chintapalli	Independent Director	Chairman
2	Mr. Ashok Atluri	Executive Director	Member
3	Mr. Amreek Singh Sandhu	Independent Director	Member

During the financial year 2022-23, SRC met only once on 28 January 2023 and all members of SRC attended the meeting.

(a)	Name of non-executive Director heading the Committee	Ms. Sirisha Chintapalli, Non-Executive and Independent Director chairs the SRC.
(b)	Name and designation of Compliance Officer	Mr. Afzal Harunbhai Malkani (upto 06 May 2023) - Chief Financial Officer Mr. M. Raghavendra Prasad (w.e.f 06 May 2023) - Company Secretary
(c)	Number of Shareholders' complaints received in FY 2022-23	During the financial year 2022-23, the Company has not received any Investor Complaints.
(d)	Number of complaints not solved to the satisfaction of shareholders	Nil
(e)	Number of pending complaints	Nil

## 6) RISK MANAGEMENT COMMITTEE (RMC):

The RMC of the Board of Directors was constituted in conformity with the requirements of Regulation 21 of the Listing Regulations.

### (a) Brief description of terms of reference:

The functioning, terms of reference and the role of the Risk Management committee are as prescribed under the Listing Regulations from time to time.

### (b) Composition, name of members and chairperson, Meetings and attendance during the year 2022-23:

The RMC comprised four directors as follows:

S.no	Name of the Director	Category	Chairman/Member
1	Mr. Amreek Singh Sandhu	Independent Director	Chairman
2	Mr. Ashok Atluri	Executive Director	Member
3	Mr. Ravi Kumar Midathala	Executive Director	Member
4	Dr. Ajay Kumar Singh	Independent Director	Member

During the financial year 2022-23, RMC met twice on 28 July 2022 and 21 January 2023.

## 7) SENIOR MANAGEMENT:

Particulars of senior management of the Company including the changes therein since the close of the previous financial year are as follows:

S.no	Name	Designation	Changes, if any
1	Mr. Kishore Dutt Atluri	President and Joint Managing Director	--
2	Mr. Ravi Kumar Midathala	Executive Director	--

S.no	Name	Designation	Changes, if any
3	Mrs. Shilpa Choudari	Executive Director	--
4	Mr. Afzal Harunbhai Malkani	Chief Financial Officer	Appointed as such w.e.f. 01 August 2022
5	Mr. Hansraj Singh Rajput	Company Secretary and Compliance Officer	Resigned w.e.f. 14 December 2022
6	Mr. M. Raghavendra Prasad	Company Secretary and Compliance Officer	Appointed as such w.e.f. 06 May 2023

## 8) REMUNERATION OF DIRECTORS:

### (a) All pecuniary relationship or transactions of the Non-Executive Directors:

During the year under review, there were no pecuniary relationships or transactions with Non-Executive Directors

### (b) Criteria of making payments to Non-Executive Directors:

The Company is paying only sitting fee, in the manner as decided by the Board from time to time, to the Non-Executive Directors for attending the Board and Audit Committee meetings.

### (c) Disclosures with respect to remuneration: in addition to disclosures required under the Companies Act, 2013:

- (i) All elements of remuneration package of individual directors summarized under major groups, such as salary, benefits, bonuses, stock options, pension etc. for the FY 2022-23:

Name of the Director	Sitting Fee (Board & Committee meetings) (₹)	Salaries (₹)	Perquisites and allowances (₹)	Commission and incentive as approved by General Body (₹)	Bonuses, stock options, pension and Other Benefits (₹)	Total (₹)
Mr. Ashok Atluri	0	36,00,000	25,22,482	1,15,36,309	0	1,76,58,791
Mr. Kishore Dutt Atluri*	0	32,00,000	17,77,723	1,61,43,580	0	2,11,21,303
Mr M Ravi Kumar	0	45,00,000	24,78,558	0	0	69,78,558
Ms Shilpa Choudari	0	17,14,284	7,24,512	0	0	24,38,796
Mr Amreek Singh Sandhu	4,50,000	0	0	0	0	4,50,000
Dr Ravindra Kumar Tyagi	4,50,000	0	0	0	0	4,50,000
Dr Ajay Kumar Singh	0	0	0	0	0	0
Ms Sirisha Chintapalli	3,00,000	0	0	0	0	3,00,000

\*Mr. Kishore Dutt Atluri appointed as President and Joint Managing Director w.e.f. 01 August 2022

- (ii) Details of fixed component and performance linked incentives, along with the performance criteria: No director was allowed any fixed or performance linked incentives.
- (iii) Service contracts, notice period, severance fees:  
There are neither specific contracts nor any severance fees. Terms of appointment are as decided by the Board and General Body from time to time.
- (iv) Stock option details, if any including issue at a discount as well as the period over which accrued and over which exercisable:  
The Company has no options outstanding as at the beginning of the year and has not granted any stock options during the financial year 2022-23.

## 9) GENERAL BODY MEETINGS.

**(a) 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	Special resolution(s)	
			Passed	Number
2021-22	29 September 2022 at 11.00 a.m. (IST)	The Company conducted this AGM through VC/OAVM pursuant to the MCA and SEBI Circulars and as such there is no requirement to have a venue for the AGM.	Yes	9
2020-21	28 August 2021 at 10.00 a.m. (IST)	The Company conducted this AGM through VC/OAVM pursuant to the MCA and SEBI Circulars and as such there is no requirement to have a venue for the AGM.	Yes	8
2019-20	19 September 2020 at 10.00 a.m. (IST)	The Company conducted this AGM through VC/OAVM pursuant to the MCA and SEBI Circulars and as such there is no requirement to have a venue for the AGM.	Yes	3

**(b) Postal Ballot:** During the year under review, no resolution(s) passed through postal ballot and there are no resolutions proposed to be passed through postal ballot now.

### **(c) Website:**

Financial Results, Annual Reports, Announcements, Investor information, Policies etc., are displayed on the Company's website: <https://www.zentechologies.com/investors>.

## 10) MEANS OF COMMUNICATION.

### **(a) Quarterly results:**

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

The Annual reports with audited financial statements are sent to the shareholders through permitted mode.

### **(b) Newspapers wherein results normally published:**

The results are normally published by the Company in the newspapers (Business Standard/Financial Express) in English version, circulating in the whole of India and in regional newspaper (Nava Telangana).

### **(d) Whether it also displays official news releases:**

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

### **(e) Presentations made to institutions investors or to the analysts:**

The presentations made to the investors/analysts are placed on the Company's website at: <https://www.zentechologies.com/calls-and-conferences>.

**11) GENERAL SHAREHOLDER INFORMATION:****(a) Annual General Meeting date, time and venue:**

Date	16 September 2023
Time	11:00 a.m. (IST)
Venue	The Company is conducting meeting through VC/OAVM pursuant to the MCA and SEBI Circulars and as such there is no requirement to have a venue for the AGM. For details please refer to the notice of this AGM.

**(b) Financial year:**

The financial year of the Company starts from 01 April every year and ends on 31 March of subsequent year.

**(c) Dividend payment date:**

The final dividend for the FY 2022-23, if approved by the members, will be paid/credited within 30 days from the date such approval.

**(d) The name and address of each stock exchange(s) at which the listed entity's securities are listed are:**

National Stock Exchange of India Ltd Exchange Plaza, 5 <sup>th</sup> Floor Plot No.C/1, 'G' Block Bandra-Kurla Complex Bandra(E), Mumbai - 400 051	BSE Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai - 400 001
--	--

The Annual Listing fee was remitted to the above stock exchanges upto FY 2023-24.

**(e) Stock Codes/Symbol:**

BSE Scrip Code/Trading Symbol	"533339/ZENTEC"
National Stock Exchange Trading Symbol	"ZENTEC"

Corporate Identity Number (CIN):

The Corporate Identity Number (CIN), allotted by the Ministry of Corporate Affairs, the Government of India is: L72200TG1993PLC015939

International Securities Identification Number (ISIN):

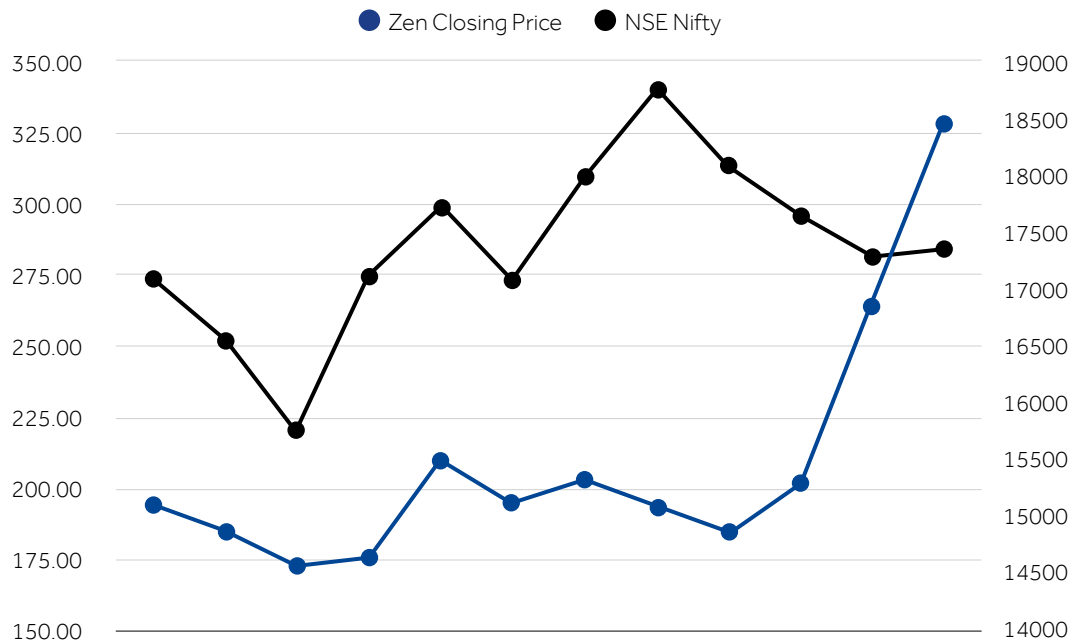
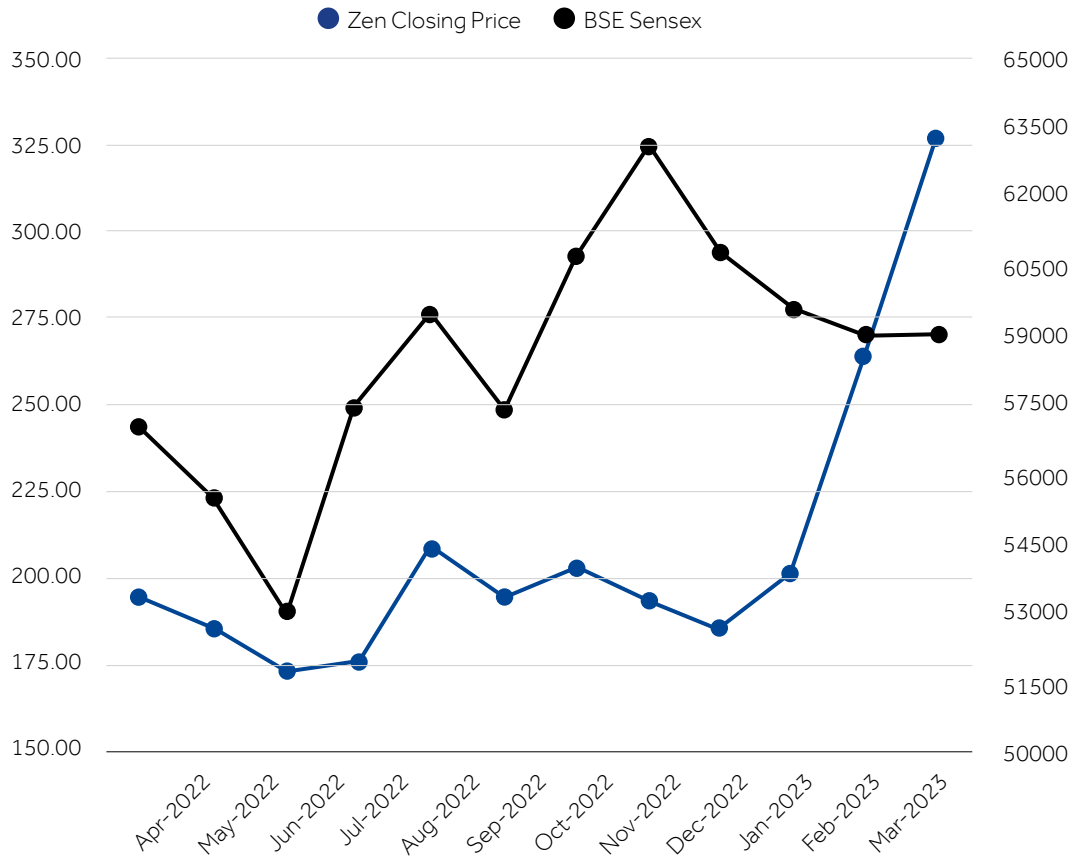
ISIN is a unique identification number allotted to dematerialised scrip. The ISIN has to be quoted in each transaction relating to dematerialised shares of the Company. The ISIN for the equity shares of the Company is INE251B01027.

**(f) Market price data- high, low during each month in last financial year:**

Market price data: Daily high and low prices on BSE Limited and National Stock Exchange of India Limited during each month in the Financial Year 2022-23 are as follows:

Month	BSE			NSE		
	High (₹)	Low (₹)	No. of Shares traded	High (₹)	Low (₹)	No. of Shares traded
Apr-22	219.25	193.25	8,86,611	219.25	193.50	50,59,055
May-22	199.10	144.45	10,03,160	198.00	144.65	55,99,636
Jun-22	214.35	162.90	9,76,958	214.10	162.95	40,08,761
Jul-22	179.00	167.05	3,10,545	179.00	167.25	18,36,183
Aug-22	214.25	180.75	13,79,183	214.30	180.05	99,83,961
Sep-22	225.95	190.00	10,97,640	226.15	189.75	78,67,976
Oct-22	217.80	190.55	6,93,244	217.85	190.65	50,82,652
Nov-22	208.00	192.00	5,00,702	208.40	191.85	35,01,825
Dec-22	204.50	175.50	5,43,179	204.40	175.15	47,72,952
Jan-23	205.00	184.70	5,59,668	205.00	184.55	58,82,919
Feb-23	274.55	190.85	27,82,028	274.60	191.00	3,73,34,611
Mar-23	331.65	256.45	51,46,952	331.75	256.9	4,01,17,385

**(g) Performance of the Share Price of the Company in Comparison to the Broad Based Indices BSE Sensex and NSE Nifty:**



**(h)** There was no suspension of trading in Securities of the Company during the year under review.

**(i) Registrars and Share Transfer Agents:****KFin Technologies Limited**

Unit: Zen Technologies Limited

Selenium Tower B, Plot No 31 &amp; 32,

Gachibowli, Financial District, Nanakramguda,

Serilingampally Mandal, Hyderabad – 500 032.

Phone: +91 -40 - 67161605

Fax: + 91 - 40 - 23001153

Email id: einward.ris@kfintech.com

**(j) Share Transfer system:**

The Company has appointed KFin Technologies Limited, Hyderabad, as Registrar and Share Transfer Agents for the purpose of carrying on the work relating to share transfers both physical and demat form. The requests received for transfer of shares from the shareholders are normally completed within prescribed time, subject to the documents being valid and complete in all respects. The Company obtains from Mr. D.S. Rao, Practicing Company Secretary, Hyderabad, Certificate of Compliance with share transfer formalities as required under Regulation 40(9) of the Listing Regulations, and submit a copy of the said Certificate with BSE Ltd and National Stock Exchange of India Limited.

As per the Listing Regulations, requests for effecting transfer of equity shares in physical form shall not be accepted by KFin Technologies Limited, Registrars and Transfer Agents/Company, w.e.f. 01 April 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.

**(k) Distribution of Shareholding as on 31 March 2023:**

Shareholding of nominal value of (₹)		Shareholders		Share Amount	
		*Number	% to Total	In (₹)	% to Total
1	5,000	1,09,234	99.41	1,40,97,444	17.73
5,001	10,000	300	0.27	22,64,118	2.85
10,001	20,000	167	0.15	24,58,869	3.09
20,001	30,000	64	0.06	15,77,938	1.99
30,001	40,000	27	0.02	9,51,600	1.20
40,001	50,000	17	0.02	7,82,476	0.98
50,001	1,00,000	35	0.03	26,08,986	3.28
1,00,001 and Above		39	0.04	5,47,68,569	68.88
<b>TOTAL</b>			<b>100.00</b>	<b>7,95,10,000.00</b>	<b>100.00</b>

\* No. of shareholders based on grouping of PAN.

**(l) Dematerialization of shares and liquidity:**

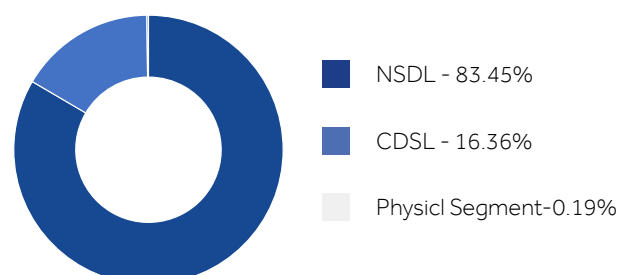
Dematerialization of shares as on 31 March 2023:

Number of shares	% of total shares	Number of shareholders
7,93,62,700	99.81	1,09,811

\* No. of shareholders based on grouping of PAN.

**The break-up of equity shares in demat and physical form as on 31 March 2023 is as follows:**

Particulars	No. of equity shares of ₹ 1/- each	% of shares
<b>Demat Segment</b>		
NSDL	6,63,52,437	83.45
CDSL	1,30,10,263	16.36
<b>Sub-total</b>		
Physical Segment	1,47,300	0.19
<b>Total</b>	<b>7,95,10,000</b>	<b>100.00</b>



### (m) Outstanding ADRs/GDRs/Warrants or any convertible instruments, conversion date and likely impact on equity:

The Compulsory Convertible Debentures and the convertible Warrants which were issued at the price of ₹ 213/- each on preferential basis on 25 November 2021, were due for conversion on 24 May 2023, and the Board of Directors on 24 May 2023 approved:

- the allotment of 40,64,627 equity shares pursuant to the conversion of Compulsory Convertible Debentures to certain persons belonging to "Public Category" in terms of Chapter V of SEBI (ICDR) Regulations, 2018.
- the allotment of 4,69,633 equity shares pursuant to the conversion of convertible Warrants to certain persons belonging to "Promoter Category" in terms of Chapter V of SEBI (ICDR) Regulations, 2018.

The amount so raised as per the above preferential issue was utilized for the objects approved by the shareholders at their meeting held on 11 November 2021 and there has been no deviation or variation in the utilization of the proceeds of the preferential issue.

The pre and post shareholding pattern considering full conversion of the CCDs and Convertible Warrants are as follows:

S. No	Category of Shareholder	Pre-Issue		Post-Issue	
		Shares held	% of Total Holding	Shares held	% of Total Holding
1	Promoters and Promoter Group	4,78,15,850	60.14%	4,82,85,483	57.45%
2	Public holding	3,12,12,626	39.26%	3,52,77,153	41.97%
3	Non-Promoter - Non-Public	4,81,524	0.61%	4,81,524	0.57%
	<b>Total</b>	<b>7,95,10,000</b>	<b>100.00%</b>	<b>8,40,44,260</b>	<b>100.00%</b>

### (n) 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.

### (o) Plant Location(s):

#### Maheswaram Manufacturing Unit:

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

### (p) Address for correspondence

#### Company:

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

#### Registrar and Share Transfer Agents:

KFin Technologies Limited  
Unit: Zen Technologies Limited  
Selenium Tower B, Plot No 31 & 32,  
Gachibowli, Financial District, Nanakramguda,  
Serilingampally Mandal, Hyderabad - 500 032.  
Phone: +91 - 40 - 67161606  
Fax: + 91 - 40 - 23001158  
Email id: einward.ris@kfintech.com

### (q) Credit Ratings obtained along with any revisions thereto:

CRISIL revised the credit ratings for total bank loan facilities of the Company in FY 2022-23 to BBB/Positive (Outlook revised from 'Stable'; Rating Reaffirmed).

## 12) OTHER DISCLOSURES:

- Disclosures on materially significant related party transactions that may have potential conflict with the interests of Company at large.

During the year 2022-23, 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 to 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 and the same is made available on the website of the Company at: <https://www.zentechnologies.com/policies-and-code-of-conduct>

Related party disclosure as prescribed in Para A to Schedule V of the Listing Regulations is not applicable to the Company as there were no transactions in the nature of loans/advances with the subsidiary Companies.

- The Company has complied with the requirements of the Stock Exchanges/SEBI and Statutory Authorities on all matters related to the capital markets during the last three years. No penalty or strictures were imposed on the Company by any of these authorities. None of the Company's listed securities is suspended from trading.
- The Company has established a mechanism for Whistle Blower Policy and no personnel had been denied to access the Audit Committee. The Policy is placed on the website of the Company under the web link: <https://www.zentechnologies.com/policies-and-code-of-conduct>

During the year under review, no complaints were received under this mechanism.

- (d) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements:

The Company is in compliance with all the mandatory requirements enumerated in the Listing Regulations and the Act read with rules made thereunder.

- (e) The Company had formulated a policy for determining 'material' subsidiaries and the policy is available on the Company's website under the web link: <https://www.zentechnologies.com/policies-and-code-of-conduct>

- (f) The Board has formulated a policy for related party transactions and revised it in line with the Listing Regulations and including any statutory modification and re-enactment thereof which is available on the Company's website under the web link: <https://www.zentechnologies.com/policies-and-code-of-conduct>

- (g) The Company is not carrying on any Commodity Business and has also not undertaken any hedging activities.

- (h) Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32(7A):

The amount so raised through the issuance of the Compulsory Convertible Debentures and the convertible Warrants which were issued at the price of ₹ 213/- each on preferential basis on 25 November 2021, was utilized for the objects approved by the shareholders at their meeting held on 11 November 2021 and there has been no deviation or variation in the utilization of the proceeds of the preferential issue.

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

- (i) A certificate from a Company Secretary in Practice that none of the directors on the board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the SEBI/Ministry of Corporate Affairs or any such statutory authority has been enclosed separately to this report.
- (j) Whether the board had not accepted any recommendation of any committee of the board which is mandatorily required, in the relevant financial year: **No**
- (k) Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part: **₹ 6.15 lakhs**
- (l) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

- i) The disclosures of the compliance with corporate governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 are as follows:

Regulation	Particulars of regulations	Compliance status (Yes/No)
17	Board of Directors	Yes
17A	Maximum Number of Directorship	Yes
18	Audit committee	Yes
19	Nomination and Remuneration committee	Yes
20	Stakeholders Relationship committee	Yes
21	Risk Management committee	Yes
22	Vigil mechanism	Yes

- a. number of complaints filed during the financial year: **Nil**
- b. number of complaints disposed of during the financial year: **NA**
- c. number of complaints pending as on end of the financial year: **Nil**

- (m) Disclosure by listed entity and its subsidiaries of 'Loans and advances in the nature of loans to firms/Companies in which directors are interested by name and amount': **Nil and Not Applicable.**

- (n) Details of material subsidiaries of the listed entity:

Name of material subsidiary	Unistring Tech Solutions Private Limited
Date and place of incorporation	06 February 2007, Hyderabad
The name of the statutory auditors	VSRA& Associates, Hyderabad
Date of appointment of statutory auditors	30 September 2021

- (o) Non-compliance of any requirement of corporate governance report as prescribed in the Listing Regulations: **Nil**

- (p) The extent to which the discretionary requirements as specified in Part E of Schedule II have been adopted:

### Discretionary Requirements

The Company has adopted/complied with the discretionary requirements specified in Part E of Schedule II as detailed below:

#### i. The Board:

Since the Chairperson is an Executive Chairman, the maintenance of office by the Non-Executive Chairperson at the Company's expense is not applicable.

#### ii. Shareholders' rights:

All the quarterly financial results are submitted to both the stock exchanges and are simultaneously placed on the website of the Company at: <https://www.zentechnologies.com/half-yearly-quarterly-results> apart from publishing the same in the newspapers.

iii. There are no modified opinions in the Audit Reports.

#### iv. Reporting of internal auditor:

The Internal auditor reports to the Chairman of the Audit Committee directly.

Regulation	Particulars of regulations	Compliance status (Yes/No)
23	Related party transactions	Yes
24	Corporate Governance requirements with respect to Subsidiary of listed entity	Yes
24A	Secretarial Audit	Yes
25	Obligations with respect to Independent Directors	Yes
26	Obligation with respect to Directors and Senior Management	Yes
27	Other Corporate Governance requirements	Yes
46	Website	Yes

#### **Policy for determining materiality of an event or information and for making disclosures to Stock Exchanges:**

As required under Regulation 30 of the Listing Regulations, the Board of Directors of the Company approved the Policy for determining materiality of an event or information and for making disclosures to Stock Exchanges and has been hosted on the website of the Company at the following link: <https://www.zentechnologies.com/policies-and-code-of-conduct>

#### **Preservation of Documents:**

The Company adopted the policy on preservation of documents in accordance with the Regulation 9 of the Listing Regulations, which was placed on the Website of the Company at: <https://www.zentechnologies.com/policies-and-code-of-conduct>

#### **Corporate governance requirements with reference to Subsidiary Companies:**

During the year under review, pursuant to Regulation 24 of the Listing Regulations, Mr. Ajay Kumar Singh, Independent Director of the Company, has been appointed as a Director on the Board of Directors of Unistring Tech Solutions Private Limited (UTS), an unlisted material subsidiary of the Company.

Further, pursuant to Regulation 24 of Listing Regulations, the financial statements, significant transactions, investments and the minutes of the Board meetings of the subsidiary companies are considered at the meetings of the Audit committee/Board of Directors of the Company, as the case may be.

#### **Prohibition of Insider trading:**

In compliance with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (as amended from time to time) and to preserve the confidentiality and prevent misuse of unpublished price sensitive information, the Company has adopted a Code of Conduct for Prohibition of Insider Trading. This Policy also provides for periodical disclosures from the designated employees as well as pre-clearance of transactions by such persons.

The code is applicable to all Insiders who are likely or may reasonably be expected to have access to the unpublished price sensitive information relating to the Company and the same is being implemented as a self-regulatory mechanism.

#### **Website:**

The Company's website <https://www.zentechnologies.com> contains a separate dedicated section: 'Investors', where shareholders' information is available. The Annual report of the Company is also available on the website in a user-friendly and downloadable form.

#### **SEBI Complaints Redress System (SCORES):**

The Investor complaints are processed in a centralized web-based complaints redress system. The salient features of this system are centralized database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status.

#### **Compliance certificate:**

A compliance certificate under Regulation 17(8) of the Listing Regulations, signed by the Company's Chairman and Managing Director and Chief financial Officer is enclosed separately to this Report.

#### **Compliance certificate from practicing Company secretaries regarding compliance of conditions of corporate governance:**

Compliance certificate from Mr. D. S. Rao, Practicing Company Secretary, regarding compliance of conditions of corporate governance pursuant to para E of Schedule V to Listing Regulations is enclosed separately to this Report.

**Disclosures in respect of demat suspense account/unclaimed suspense account as on 31.03.2023:** Not Applicable

**Disclosure of agreements pursuant to clause 5A of paragraph A of Part A of Schedule III of the Listing Regulations binding listed entities:** 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 2023.

**Place:** Hyderabad  
**Date:** 06 May 2023

**Ashok Atluri**  
Chairman and Managing Director  
DIN: 00056050

---

## COMPLIANCE CERTIFICATE

### CERTIFICATION BY CHAIRMAN & MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER

We, Chairman & 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 2023 and that to the best of our knowledge and belief:
  - These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - These statements together present a true and fair view of Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or in violation of Company's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated to the Auditors and Audit Committee:
  - a) Significant changes in internal control over financial reporting during the year;
  - b) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - c) That there have been no instances of significant fraud of which we have become aware, involving of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**For Zen Technologies Limited**

**Place:** Hyderabad  
**Date:** 06 May 2023

**Afzal Harunbhai Malkani**  
Chief Financial Officer

**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.

I 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 2023**, 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. My 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.

I conducted my examination of the Corporate Governance Report in accordance with the established systems and procedures selected by me depending on my judgement, including assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. The procedures include, but are not limited to, verification of secretarial records and other information of the Company, as I deem necessary to arrive at an opinion.

Based on the procedures performed by me as mentioned above and according to the information and explanations provided to me, I am in 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 **31 March 2023**.

I 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.

**Place:** Hyderabad  
**Date:** 05 August 2023

**C.S.D.S. RAO**  
Practicing Company Secretary  
ACS No.: 12394  
CP. No.: 14487  
UDIN: A012394E000748349  
Peer review Cer. no.: 1817/2022

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

[Pursuant to Regulation 34(3) read with clause (10)(i) of Para C of Schedule V to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To  
The Members  
**Zen Technologies Limited**  
B-42, Industrial Estate, Sanathnagar,  
Hyderabad- 500018.

I 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 my opinion and to the best of my information and according to the verifications (including Director Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the directors on the Board of the Company as stated below, for the financial year ending on 31 March 2023, 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.

<b>Sr. No.</b>	<b>Name of Director</b>	<b>Nature/Category of Directorship</b>	<b>Director Identification Number (DIN)</b>
1	Mr. Ashok Atluri	Managing Director	00056050
2	Mr. Kishore Dutt Atluri	Joint Managing Director	09691242
3	Mr. Ravi Kumar Midathala	Whole-Time Director	00089921
4	Mrs. Shilpa Choudari	Whole-Time Director	06646539
5	Mr. Ravindra Kumar Tyagi	Independent Director	01509031
6	Ms. Sirisha Chintapalli	Independent Director	08407008
7	Mr. Amreek Singh Sandhu	Independent Director	08064880
8	Mr. 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. My responsibility is to express and opinion on these, based on my 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.

**Place:** Hyderabad  
**Date:** 05 August 2023

**CS D.S. RAO**  
Practicing Company Secretary  
ACS No.:12394  
CP.No.: 14487  
UDIN: A012394E000748327  
Peer review Cer. no.: 1817/2022

# Business Responsibility and Sustainability Report

## SECTION A: GENERAL DISCLOSURES

### I. Details of the listed entity

1.	<b>Corporate Identity Number (CIN) of the Listed Entity</b>	L72200TG1993PLC015939
2.	<b>Name of the Listed Entity</b>	Zen Technologies Limited
3.	<b>Year of incorporation</b>	29/06/1993
4.	<b>Registered office address</b>	B-42, Industrial Estate, Sanathnagar, Hyderabad - 500018, Telangana, India.
5.	<b>Corporate address</b>	B-42, Industrial Estate, Sanathnagar, Hyderabad - 500018, Telangana, India.
6.	<b>E-mail</b>	<a href="mailto:cosec@zentechnologies.com">cosec@zentechnologies.com</a>
7.	<b>Telephone</b>	+91 - 40 - 2381 4894/3294
8.	<b>Website</b>	<a href="http://www.zentechnologies.com">www.zentechnologies.com</a>
9.	<b>Financial year for which reporting is being done</b>	01 April 2022 to 31 March 2023
10.	<b>Name of the Stock Exchange(s) where shares are listed</b>	National Stock Exchange of India Limited (NSE) & BSE Limited
11.	<b>Paid-up Capital (as on 31 March 2023)</b>	₹ 7,95,10,000
12.	<b>Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report</b>	Name: Mr. Ashok Atluri Ph. No: 040-2381 4894/3294; 04023813281 Mail Id: <a href="mailto:cosec@zentechnologies.com">cosec@zentechnologies.com</a> / <a href="mailto:info@zentechnologies.com">info@zentechnologies.com</a> Address: B-42, Industrial Estate, Sanath Nagar, Hyderabad-500018, Telangana, India.
13.	<b>Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e., only for the entity) or on a consolidated basis (i.e., for the entity and all the entities which form a part of its consolidated financial statements, taken together).</b>	This report is made on Standalone Basis

### II. Products/services

#### 14. Details of business activities (accounting for 90% of the turnover):

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
a.	Manufacturing and Sale of security equipment and Simulators	Computer, electronic, Communication and scientific measuring & control equipment	78%
b.	Providing Training Solutions and other services	Other support services to organizations	22%

#### 15. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

S. No.	Product/Service	NIC Code	% of total Turnover contributed
a.	Manufacturing and Sale of Simulators	26700	78%
b.	Providing Training Solutions and other services	85499	22%

### III. Operations

#### 16. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	1	3	4
International	-	1	1

**17. Markets served by the entity:****a. Number of locations**

Locations	Number
National (No. of States)	All States
International (No. of Countries)	9 Countries

**b. What is the contribution of exports as a percentage of the total turnover of the entity?**

The contribution of exports as a percentage of total turnover is 35.37%

**c. A brief on types of customers**

Zen Technologies Limited ("Zen Technologies"/"Zen") has been operating since 1993, specializing in the provision of training systems and counter-drone solutions. We supply these cutting-edge resources to prestigious organizations like the Ministry of Defence (MoD), Govt. of India, friendly foreign Armed Forces, State police units, security forces, and paramilitary forces. With a strong focus on delivering high-quality services, we cater to the diverse needs of our esteemed clientele, contributing significantly to enhancing their training and security capabilities both domestically and internationally.

**IV. Employees****18. Details as at the end of Financial Year:****a. Employees and workers (including differently abled):**

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
<b>EMPLOYEES</b>						
1.	Permanent (D)	258	222	86.05%	36	13.95%
2.	Other than Permanent (E)	-	-	-	-	-
3.	<b>Total employees (D + E)</b>	258	222	86.05%	36	13.95%
<b>WORKERS</b>						
4.	Permanent (F)	-	-	-	-	-
5.	Other than Permanent (G)	199	137	69%	62	31%
6.	<b>Total workers (F + G)</b>	199	137	69%	62	31%

**b. Differently abled Employees and workers:**

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
<b>DIFFERENTLY ABLED EMPLOYEES</b>						
1.	Permanent (D)	-	-	-	-	-
2.	Other than Permanent (E)	-	-	-	-	-
3.	<b>Total differently abled employees (D + E)</b>	-	-	-	-	-
<b>DIFFERENTLY ABLED WORKERS</b>						
4.	Permanent (F)	-	-	-	-	-
5.	Other than permanent (G)	-	-	-	-	-
6.	<b>Total differently abled workers (F + G)</b>	-	-	-	-	-

**19. Participation/Inclusion/Representation of women**

	Total (A)	No. and percentage of Females	
		No. (B)	% (B/A)
Board of Directors	8	2	25%
Key Management Personnel	2	Nil	NA

**20. Turnover rate for permanent employees and workers**

Particulars	FY2022-23 (Turnover rate in current FY)			FY2021-22 (Turnover rate in previous FY)			FY2020-21 (Turnover rate in the year prior to the previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	14.5%	2.7%	17.2%	19.6%	6.6%	26.3%	13.1%	2.9%	16.0%
Permanent Workers	-	-	-	-	-	-	-	-	-

**V. Holding, Subsidiary and Associate Companies (including joint ventures)****21. (a) Names of holding/subsidiary/associate companies/joint ventures**

S. No.	Name of the holding/subsidiary/associate companies/joint ventures (A)	Indicate whether holding/Subsidiary/Associate/Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1.	Unistring Tech Solutions Private Limited	Subsidiary	51%	
2.	Zen Medical Technologies Private Limited	Subsidiary	100%	
3.	Zen Defence Technologies L.L.C.	Subsidiary	99%	No
4.	Zen Technologies USA Inc	Subsidiary	100%	

**VI. CSR Details****22. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013:**

Yes, CSR is applicable to Zen Technologies Limited

(ii) Turnover (in ₹): ₹ 1,61,43,57,973

(iii) Net worth (in ₹): ₹ 3,19,19,23,102

**VII. Transparency and Disclosures Compliances****23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:**

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No)	FY 2022-23 Current Financial Year			FY2021-22 Previous Financial Year		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	<a href="https://www.zentechnologies.com/investor-contacts">https://www.zentechnologies.com/investor-contacts</a>	-	-	-	-	-	-
Investors (other than shareholders)		-	-	-	-	-	-
Shareholders		-	-	-	-	-	-
Employees and workers	<a href="https://www.zentechnologies.com/investor_relations/Whistle-Blower-Policy.pdf">https://www.zentechnologies.com/investor_relations/Whistle-Blower-Policy.pdf</a>	3	3	-	-	-	-
Customers		-	-	-	-	-	-
Value Chain Partners		1	1	-	1	1	-
Other (please specify)	<a href="https://www.zentechnologies.com/Zen-Technologies-SHP.pdf">https://www.zentechnologies.com/Zen-Technologies-SHP.pdf</a>	-	-	-	-	-	-

**24. Overview of the entity's material responsible business conduct issues**

<b>S. No.</b>	<b>Material issue identified</b>	<b>Indicate whether risk or opportunity (R/O)</b>	<b>Rationale for identifying the risk/opportunity</b>	<b>In case of risk, approach to adapt or mitigate</b>	<b>Financial implications of the risk or opportunity (Indicate positive or negative implications)</b>
1.	Technological Advancements and Innovation	Opportunity	Identifying and capitalizing on technological advancements and fostering innovation can give Zen Technologies Limited a competitive edge, leading to the development of cutting-edge products and services, increased market share, and improved customer satisfaction.	NA	Potential revenue growth, cost savings through improved efficiency, and increased profitability.
2.	Government Regulations and Policies	Risk and Opportunity	Adherence to government regulations is critical to avoid penalties and maintain a favourable business environment. On the other hand, favourable policies can present opportunities for Zen Technologies Limited to secure government contracts and incentives.	Stay informed about changing regulations, maintain compliance, and actively engage with policymakers for favourable policies.	Non-compliance may lead to fines and reputational damage, while compliance can lead to increased business opportunities and potential cost savings.
3.	Geopolitical and Economic Stability	Risk and Opportunity	Zen Technologies Limited's operations may be affected by geopolitical tensions and economic fluctuations in different regions where it operates or sells its products.	Diversify markets, assess geopolitical risks, and implement risk management strategies.	Instability can lead to market volatility and impact revenue, while stability can provide growth opportunities in stable markets.
4.	Customer Satisfaction and Retention	Opportunity	Satisfied customers are more likely to be loyal and recommend Zen Technologies Limited's products and services to others, leading to increased sales and a positive brand image.	NA	Increased customer retention can lead to higher recurring revenue and reduced marketing costs for acquiring new customers.
5.	Cybersecurity and Data Privacy	Risk	As a technology Company dealing with sensitive data, the risk of cybersecurity breaches and data privacy violations can lead to legal liabilities, reputational damage, and financial losses.	Implement robust cybersecurity measures, conduct regular security audits, and comply with data protection regulations.	Data breaches can result in financial losses, legal penalties, and damage to the Company's reputation.
6.	Talent Acquisition and Retention	Opportunity and Risk	Attracting and retaining skilled and talented employees is crucial for the Company's growth and success. On the other hand, high employee turnover can lead to increased recruitment costs and loss of valuable expertise.	Offer competitive compensation packages, career development opportunities, and foster a positive work culture.	Effective talent management can result in increased productivity and reduced recruitment costs, while high turnover can lead to higher expenses and lower productivity.
7.	Supply Chain Disruption	Risk	Identifying the risk of supply chain disruption is crucial as it can lead to production delays, increased costs, and customer dissatisfaction.	The Company maintains a diversified supplier base, conducts regular risk assessments, and establishes contingency plans to mitigate supply chain disruptions. Collaborative relationships with suppliers and real-time monitoring also contribute to timely responses to potential disruptions.	Proper risk management helps minimize financial losses associated with supply chain disruptions, such as production downtime and increased operational expenses.

**24. Overview of the entity's material responsible business conduct issues** (Contd.)

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
8.	Capacity or Infrastructure Constraint	Opportunity and Risk	Recognizing capacity or infrastructure constraints is essential to ensure optimal resource allocation and prevent operational bottlenecks that may impede growth.	The Company continuously invests in capacity expansion and infrastructure development based on demand forecasts. This proactive approach enables seamless operations and supports business growth. Additionally, partnerships and collaborations can help address temporary capacity constraints.	Adequate capacity and infrastructure planning enhance operational efficiency, reduce disruptions, and support revenue growth by meeting customer demands effectively.
9.	Dependence on Outsourcing to External Vendors for Manufacturing Sub-systems	Opportunity and Risk	Recognizing the dependence on external vendors for manufacturing sub-systems helps assess potential risks to quality control, delivery timelines, and cost fluctuations, as well as opportunities for collaboration and innovation.	The Company employs stringent vendor selection criteria, quality control processes, and regular performance assessments to ensure consistent and reliable supply. Exploring strategic partnerships and joint development initiatives can also enhance collaboration with vendors.	Effective vendor management contributes to stable costs, high-quality products, and innovation, positively impacting the Company's financial performance.
10.	Financial Risk - Timely Availability of Fund Based and Non-fund Based Finance	Risk	Recognizing financial risks associated with the timely availability of fund-based and non-fund-based finance is crucial to ensure uninterrupted business operations and growth plans.	The Company maintains strong banking relationships, diversifies funding sources, and regularly assesses financial requirements. Developing contingency plans and optimizing working capital management help mitigate the risk of financial constraints.	Effective financial risk management safeguards against potential cash flow disruptions, penalties, and missed growth opportunities, ensuring the Company's financial stability, and supporting strategic initiatives.

**SECTION B: MANAGEMENT AND PROCESS DISCLOSURES**

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
<b>Policy and management processes</b>									
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
b. Has the policy been approved by the Board? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
c. Web Link of the Policies, if available	P1: 1. <a href="https://www.zentechnologies.com/assets/uploads/files/business-responsibility-policy.pdf">https://www.zentechnologies.com/assets/uploads/files/business-responsibility-policy.pdf</a> 2. <a href="https://www.zentechnologies.com/investor_relations/Zen-Risk-Management-Policy.pdf">https://www.zentechnologies.com/investor_relations/Zen-Risk-Management-Policy.pdf</a> 3. <a href="https://www.zentechnologies.com/investor_relations/CODE-OF-CONDUCT-FOR-THE-BOARD-MEMBERS.pdf">https://www.zentechnologies.com/investor_relations/CODE-OF-CONDUCT-FOR-THE-BOARD-MEMBERS.pdf</a> 4. <a href="https://www.zentechnologies.com/investor_relations/code-of-conduct-for-senior-management.pdf">https://www.zentechnologies.com/investor_relations/code-of-conduct-for-senior-management.pdf</a> 5. <a href="https://www.zentechnologies.com/investor_relations/code-of-practices-and-procedures-for-fairdisclosure-of-upsi.pdf">https://www.zentechnologies.com/investor_relations/code-of-practices-and-procedures-for-fairdisclosure-of-upsi.pdf</a>								

**SECTION B: MANAGEMENT AND PROCESS DISCLOSURES** (Contd.)

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9	
	6.	<a href="https://www.zentechnologies.com/investor_relations/code-of-conduct-to-regulate-monitor-and-report-trading-by-insiders-(effective-from-01.04.2019).pdf">https://www.zentechnologies.com/investor_relations/code-of-conduct-to-regulate-monitor-and-report-trading-by-insiders-(effective-from-01.04.2019).pdf</a>								
	7.	<a href="https://www.zentechnologies.com/investor_relations/Code-of-Conduct-to-Regulate-Monitor-and-Report-Trading-by-Insiders.pdf">https://www.zentechnologies.com/investor_relations/Code-of-Conduct-to-Regulate-Monitor-and-Report-Trading-by-Insiders.pdf</a>								
	8.	<a href="https://www.zentechnologies.com/investor_relations/Familiarization-Program-for-Independent-Directors.pdf">https://www.zentechnologies.com/investor_relations/Familiarization-Program-for-Independent-Directors.pdf</a>								
	P2:									
	1.	<a href="https://www.zentechnologies.com/assets/uploads/files/business-responsibility-policy.pdf">https://www.zentechnologies.com/assets/uploads/files/business-responsibility-policy.pdf</a>								
	P3:									
	1.	<a href="https://www.zentechnologies.com/assets/uploads/files/business-responsibility-policy.pdf">https://www.zentechnologies.com/assets/uploads/files/business-responsibility-policy.pdf</a>								
	2.	Code of conduct for Employees								
	P4:									
	1.	<a href="https://www.zentechnologies.com/assets/uploads/files/business-responsibility-policy.pdf">https://www.zentechnologies.com/assets/uploads/files/business-responsibility-policy.pdf</a>								
	2.	<a href="https://www.zentechnologies.com/investor_relations/CSR-Policy.pdf">https://www.zentechnologies.com/investor_relations/CSR-Policy.pdf</a>								
	P5:									
	1.	<a href="https://www.zentechnologies.com/assets/uploads/files/business-responsibility-policy.pdf">https://www.zentechnologies.com/assets/uploads/files/business-responsibility-policy.pdf</a>								
	P6:									
	1.	<a href="https://www.zentechnologies.com/assets/uploads/files/business-responsibility-policy.pdf">https://www.zentechnologies.com/assets/uploads/files/business-responsibility-policy.pdf</a>								
	P7:									
	1.	<a href="https://www.zentechnologies.com/assets/uploads/files/business-responsibility-policy.pdf">https://www.zentechnologies.com/assets/uploads/files/business-responsibility-policy.pdf</a>								
	P8:									
	1.	<a href="https://www.zentechnologies.com/assets/uploads/files/business-responsibility-policy.pdf">https://www.zentechnologies.com/assets/uploads/files/business-responsibility-policy.pdf</a>								
	2.	<a href="https://www.zentechnologies.com/investor_relations/CSR-Policy.pdf">https://www.zentechnologies.com/investor_relations/CSR-Policy.pdf</a>								
	P9:									
	1.	<a href="https://www.zentechnologies.com/assets/uploads/files/business-responsibility-policy.pdf">https://www.zentechnologies.com/assets/uploads/files/business-responsibility-policy.pdf</a>								
2. Whether the entity has translated the policy into procedures. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes	No	No	No	No	No	No	No	No	
4. Name of the national and international codes/certifications/labels/standards (e.g., Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g., SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	Zen Technologies aligns its policies with globally recognized standards and practices, such as ISO 9001:2015 for quality management systems and ISO/IEC 27001:2013 for information security management systems. By adhering to these international standards, the Company demonstrates its commitment to ensuring high-quality products and services and safeguarding sensitive information with robust security measures.									

**SECTION B: MANAGEMENT AND PROCESS DISCLOSURES** (Contd.)

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
5. Specific commitments, goals, and targets set by the entity with defined timelines, if any.	Zen is currently taking steps to measure energy, water, emissions and other relevant sustainability data. Also, Zen is in the process of reviewing our sustainability parameters and would suitably identify areas that require improvement, including but not limited to training, awareness within the organization around sustainability.								
6. Performance of the entity against the specific commitments, goals, and targets along-with reasons in case the same are not met.	As this is our first year for Business Responsibility and Sustainability Reporting, we have not set formal goals to report against. Our performance against goals would be reported based on some of the goals that we set and actions that we take during the year.								
<b>Governance, leadership, and oversight</b>									
7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets, and achievements (listed entity has flexibility regarding the placement of this disclosure)	Please refer page no: 16								
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	Mr. Ashok Atluri Chairman & Managing Director +91 40 23813281 E-mail: <a href="mailto:cosec@zentechnologies.com">cosec@zentechnologies.com</a> / <a href="mailto:info@zentechnologies.com">info@zentechnologies.com</a>								
9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes/No). If yes, provide details.	No								

**10. Details of Review of NGRBCs by the Company:**

Subject for Review	Indicate whether review was undertaken by Director/Committee of the Board/Any other Committee	Frequency (Annually/Half yearly/Quarterly/ Any other – please specify)									
		P1	P2	P3	P4	P5	P6	P7	P8	P9	
Performance against above policies and follow up action	The Policies adhere to relevant laws and National Standards. The responsibility for implementing the Policies rests with the respective functional Heads, and they are subject to review by the Management.										Periodically whenever required
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	The Company complies with all applicable regulations.										Periodically whenever required
		P1	P2	P3	P4	P5	P6	P7	P8	P9	
11. Has the entity carried out independent assessment/evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.											Yes, Zen Technologies regularly conducts audits and internal reviews of all policies and processes. These assessments are performed periodically by the Company to ensure compliance, effectiveness, and continuous improvement in its operations.

**12. If answer to question (1) above is "No" i.e., not all Principles are covered by a policy, reasons to be stated:**

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
The entity does not consider the principles material to its business (Yes/No)	-	-	-	-	-	-	-	-	-
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)	-	-	-	-	-	-	-	-	-
The entity does not have the financial or/human and technical resources available for the task (Yes/No)	-	-	-	-	-	-	-	-	-
It is planned to be done in the next financial year (Yes/No)	-	-	-	-	-	-	-	-	-
Any other reason (please specify)	-	-	-	-	-	-	-	-	-

## SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

### Principle 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

#### Essential Indicators

#### 1. Percentage coverage by training and awareness programmes on any of the principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
<b>Board of Directors</b> <b>Key Managerial Personnel</b>		Throughout the year, Zen Technologies held multiple meetings with its Directors and Key Management Personnel (KMPs) to provide comprehensive updates on the Company's overall performance. These presentations covered various aspects of the business, including macroeconomic and market reviews, equity performance, earnings outlook, the Company's strategy, business model, operations, service and product offerings, and the allocation of funds for Corporate Social Responsibility (CSR). Additionally, Senior Function Heads also participated in these meetings with the Board members to gain deeper insights into different facets of the business.	
<b>Employees other than BoD and KMPs</b>		Zen Technologies provides orientation and on-the-job training programs to enhance employees' comprehension of the Company's business and to support their professional growth. These initiatives aim to improve employee performance and contribute to their overall development within the organization.	
<b>Workers</b>		Zen Technologies provides orientation and on-the-job training programs to enhance workers' comprehension of the Company's business and to support their professional growth. These initiatives aim to improve worker performance and contribute to their overall development within the organization.	

#### 2. Details of fines/penalties/punishment/award/compounding fees/settlement amount paid in proceedings (by the entity or by directors/KMPs) with regulators/law enforcement agencies/judicial institutions, in the financial year:

During the financial year 2022-23, Zen Technologies Showcased its ethical and transparent practices across all its operations, resulting in a clean record without any fines, penalties, punishments, awards, compounding fees, or settlement amounts imposed by regulators, law enforcement agencies, or judicial institutions.

#### 3. Of the instances disclosed in Question 2 above, details of the Appeal/Revision preferred in cases where monetary or non-monetary action has been appealed.

Not Applicable

#### 4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Yes, Zen Technologies places paramount importance on transparency and ethical conduct in all aspects of its business operations. The Company's Non-Disclosure Agreement with every employee/worker/vendor/consultants/professionals incorporates provisions specifically addressing anti-corruption and anti-bribery measures. Serving as a comprehensive guideline, the process sets forth the ethical and responsible business standards that are to be strictly adhered to by management, employees, agents, suppliers, vendors, and business partners.

#### 5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/corruption:

The Directors, Key Management Personnel (KMPs), and employees of the Company consistently demonstrate ethical and transparent behaviour. As a result, no disciplinary action has been initiated by any law enforcement agency against them for charges related to bribery.

#### 6. Details of complaints with regard to conflict of interest:

Particulars	FY2022-23		FY2021-22	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to the issues of Conflict of Interest of the Directors	-	-	-	-
Number of complaints received in relation to the issues of Conflict of Interest of the KMPs	-	-	-	-

**7. Provide details of any corrective action taken or underway on issues related to fines/penalties/action taken by regulators/law enforcement agencies/judicial institutions, on cases of corruption and conflicts of interest.**

Not Applicable as there have been no issues related to fines/penalties/action taken by regulators/law enforcement agencies/judicial institutions, on cases of corruption and conflicts of interest

**Principle 2: Businesses should provide goods and services in a manner that is sustainable and safe**

**ESSENTIAL INDICATORS**

**1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.**

Particulars	FY2022-23	FY2021-22	Details of improvements in environmental and social impacts
R & D	11.68%	8.45%	The research and development department at Zen Technologies focuses on producing simulators while considering both global and local standards and requirements. The primary objective of this endeavour is to enhance the product's environmental and social impacts, aiming for a more sustainable and socially responsible approach.
Capex	-	-	

**2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)**

No, the entity currently does not have procedures in place for sustainable sourcing. However, we understand the importance of sustainable practices and are actively exploring ways to integrate sustainable sourcing into our operations. We are committed to adopting responsible sourcing practices in the future to minimize environmental impacts, uphold ethical standards, and contribute positively to the communities and regions from which we source our materials. We are currently working on improving and align with sustainable sourcing principles and industry best practices to meet the expectations of our stakeholders and fulfil our corporate social responsibility.

**3. Describe the processes in place to safely reclaim your products for reusing, recycling, and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste:**

As a leading provider of cutting-edge combat training solutions for global defense and security forces, we want

to be transparent with our stakeholders about our waste management practices. We currently do not have a system in place to reclaim products once they are sold.

**4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes/No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**

As part of our commitment to environmental responsibility, Zen Technologies acknowledges the importance of Extended Producer Responsibility (EPR) for electronic waste and plastic waste generated by our products. We understand that once the simulators are sold, they do not come back to the Company, making it challenging to reclaim the products.

At present, we do not have a dedicated mechanism to recycle the products and waste.

**Principle 3: Businesses should respect and promote the well-being of all employees, including those in their value chains**

**ESSENTIAL INDICATORS**

**1. a. Details of measures for the well-being of Employees:**

Category	% of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity benefits		Day Care facilities	
		No (B)	%(B/A)	No (B)	%(B/A)	No (B)	%(B/A)	No (B)	%(B/A)	No (B)	%(B/A)
Male	222	222	100%	222	100%	-	-	-	-	-	-
Female	36	36	100%	36	100%	36	100%	-	-	-	-
<b>Total</b>	<b>258</b>	<b>258</b>	<b>100%</b>	<b>258</b>	<b>100%</b>	<b>36</b>	<b>100%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**b. Details of measures for the well-being of Workers:**

Category	% of workers covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity benefits		Day Care facilities	
		No (B)	%(B/A)	No (B)	%(B/A)	No (B)	%(B/A)	No (B)	%(B/A)	No (B)	%(B/A)
Male	-	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-	-	-	-

Note: All eligible workers are covered under ESI Act.

**2. Details of retirement benefits, for current financial year and previous financial year**

Benefits	FY2022-23			FY2021-22		
	No. of employees covered as a % of total employees	No. of employees covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of employees covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
<b>PF</b>	100%	100%	Yes	100%	100%	Yes
<b>Gratuity</b>	100%	100%	Yes	100%	100%	Yes
<b>ESI</b>	13%	70%	Yes	22%	65%	Yes
<b>NPS</b>	-	-	-	-	-	-
<b>Superannuation</b>	-	-	-	-	-	-

**3. Accessibility of workplaces**

**Are the premises/offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.**

Zen Technologies does not currently have the necessary infrastructure to make workplaces accessible to differently abled employees and workers. We recognize the importance of providing an inclusive work environment and are committed to taking the necessary steps to improve accessibility in the future. As part of our ongoing efforts to promote diversity and equal opportunities, we will actively work on implementing infrastructural arrangements to cater to the needs of differently abled individuals, ensuring their full participation and comfort within our organization.

**4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.**

Zen Technologies may not have a specific written policy addressing the issue directly, but the principles of non-discrimination and equal treatment are deeply ingrained within the Company's Employees Code of Conduct. This code

sets the expected standards of behaviour for all employees, emphasizing the importance of treating each individual with fairness and respect.

Moreover, Zen is unwavering in its commitment to maintaining an inclusive and equitable environment, regardless of gender, caste, creed, religion, or disability status. The Company upholds the core principle of non-discrimination, striving to create a workplace that values diversity and treats all employees with equality and dignity. This dedication reflects Zen's strong belief in fostering a culture of respect and inclusivity, where everyone can thrive and contribute to the Company's success.

**5. Return to work and Retention rates of permanent employees and workers that took parental leave.**

The return to work and retention rates of permanent employees and workers who took parental leave stand at an impressive rate of 100%, reflecting the Company's commitment to fostering a supportive and inclusive work environment that enables seamless transitions back to work after parental leave. This achievement underscores our dedication to ensuring a positive work-life balance and nurturing long-term career growth for our employees.

**6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.**

	Yes/No (If yes, then give details of the mechanism in brief)
<b>Permanent Workers</b>	Zen Technologies prioritizes the well-being and feedback of its employees and workers by providing multiple channels to raise grievances and concerns. In addition to the Prevention of Sexual Harassment (POSH) committee and the Whistle Blower platform, the Company offers various forums for employees to voice their complaints and share suggestions. These options encompass Business HR intervention, team meetings, quarterly business update meetings, and meetings with the Management. By offering these accessible avenues, Zen ensures that employees can comfortably express their concerns and contribute their valuable ideas, fostering a supportive and inclusive work environment.
<b>Other than Permanent Workers</b>	
<b>Permanent Employees</b>	
<b>Other than Permanent Employees</b>	

**7. Membership of employees and worker in association(s) or Unions recognized by the listed entity:** Not Applicable

**8. Details of training Programs given to employees and workers:**

Category	FY2022-23				FY2021-22					
	Total (A)	On Health and safety measures		On skill upgradation		Total (A)	On Health and safety measures		On skill upgradation	
	No (B)	% (B/A)	No (B)	% (B/A)	No (B)	% (B/A)	No (B)	% (B/A)		
<b>Employees</b>										
<b>Male</b>	222	214	96.3%	188	84.7%	203	198	97.5%	162	79.8%
<b>Female</b>	36	35	97.2%	30	83.3%	24	23	95.8%	19	79.2%
<b>Total</b>	258	249	96.5%	218	84.5%	227	221	97.3%	181	79.7%
<b>Workers</b>										
<b>Male</b>	137	133	97.0%	116	84.7%	79	75	94.9%	63	79.7%
<b>Female</b>	62	62	100%	52	83.9%	6	6	100%	4	66.7%
<b>Total</b>	199	195	97.9%	168	84.4%	85	81	95.2%	67	78.8%

**9. Details of performance and career development reviews of employees and workers:**

Category	FY 2022-23			FY2021-22		
	Total (A)	No (B)	% (B/A)	Total (A)	No (B)	% (B/A)
<b>Employees</b>						
<b>Male</b>	222	139	63%	166	107	64%
<b>Female</b>	36	15	42%	15	7	47%
<b>Total</b>	258	154	60%	181	114	63%
<b>Workers</b>						
<b>Male</b>	137	45	33%	79	35	44%
<b>Female</b>	62	15	24%	6	3	50%
<b>Total</b>	199	60	30%	85	38	45%

**10. Health and safety management system:**

**a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/No). If yes, the coverage such system?**

Zen Technologies goes above and beyond mere compliance with health and safety standards. The Company is deeply committed to driving continuous improvement and striving for excellence in all its operations to ensure the highest level of safety for its employees. By fostering a safety-focused culture and promoting adherence to international standards, Zen creates a work environment where employees

can thrive, knowing that their health and well-being are paramount. This unwavering dedication to safety underscores Zen's commitment to creating a workplace where employees feel secure and valued, ensuring their overall growth and success.

**b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?**

Zen Technologies conducts regular safety drills to evaluate the effectiveness of its safety protocols and identify potential risks during work operations. The Company places significant importance on maintaining

open communication with on-site personnel to gather feedback and assess encountered or anticipated hazards. This valuable feedback is thoroughly analysed to identify risks and develop appropriate mitigation strategies. By prioritizing safety drills and actively engaging with employees, Zen showcases its unwavering commitment to upholding a secure work environment and continuously enhancing safety measures. This proactive approach to safety reflects the Company's dedication to ensuring the well-being and protection of its workforce.

**c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)**

Zen Technologies actively monitors and addresses work-related hazards to maintain a safe working environment. The Company places great importance on identifying potential hazards and taking swift corrective actions.

Zen values the feedback from its workers, leveraging their firsthand experiences and observations to identify areas for improvement and implement necessary measures to mitigate risks.

By adopting a proactive approach to hazard monitoring and involving workers in the feedback process, Zen demonstrates its unwavering commitment to workplace safety. This approach empowers employees to report

concerns and actively participate in the continuous enhancement of safety protocols.

Through continuous monitoring and prompt rectification of work-related hazards, Zen prioritizes the well-being of its employees and fosters a healthy work environment that promotes safety and productivity.

**d. Do the employees/worker of the entity have access to non-occupational medical and healthcare services? (Yes/No)**

Zen Technologies prioritizes the availability of non-occupational medical and healthcare services at its sites. To meet the health needs of employees beyond occupational requirements, the Company provides these services either on-site or through partnerships with trusted nearby medical entities.

Furthermore, Zen places a strong emphasis on equipping its personnel with the necessary training to respond effectively to on-site medical emergencies. Through comprehensive training programs, employees are prepared to handle such situations and provide necessary assistance until professional medical help arrives, ensuring swift and efficient emergency response.

By taking these measures, Zen demonstrates its commitment to the well-being of its workforce, promoting a safe and healthy working environment that goes beyond meeting just occupational health requirements.

**11. Details of safety related incidents, in the following format:**

Safety Incident/Number	Category	FY2022-23	FY2021-22
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	-	-
Total recordable work-related injuries	Employees	-	-
No. of fatalities	Employees	-	-
High consequence work-related injury or ill-health (excluding fatalities)	Employees	-	-

**12. Describe the measures taken by the entity to ensure a safe and healthy workplace.**

Zen Technologies has developed a comprehensive business responsibility policy that encompasses various crucial areas, including competence building, training, occupational health, inspection systems, audits, procurement, contractors' control, and risk assessments. These policies and systems are carefully designed to proactively identify and address potential risks effectively.

Compliance with all pertinent statutory requirements concerning preventive healthcare and occupational health

and safety is of utmost priority for Zen. The Company endeavours to establish, implement, and maintain a proactive process that systematically identifies hazards, determines appropriate controls to eliminate or minimize risks to an acceptable level, and identifies relevant risks and opportunities for the occupational health and safety management system.

By emphasizing a proactive approach to safety and risk management, Zen demonstrates its unwavering commitment to ensuring the well-being of its workforce and creating a secure and healthy working environment.

**13. Number of Complaints on the following made by employees and workers:**

Category	FY2022-23			FY2021-22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	-	-	-	-	-	-
Health & Safety	-	-	-	-	-	-

#### 14. Assessments for the year:

	<b>% of your plants and offices that were assessed (by entity or statutory authorities or third parties)</b>
<b>Health and safety practices</b>	Zen Technologies has established robust procedures for the assessment of its plants and offices by entities, statutory authorities, and third parties concerning health and safety practices and working conditions. These procedures include:
<b>Working Conditions</b>	<ol style="list-style-type: none"> <li>1. Inspection by regulatory authorities: Regulatory authorities conduct yearly visits to Zen's plants, conducting thorough inspections to assess various aspects of health, safety, and working conditions, ensuring compliance with regulations.</li> <li>2. Annual inspection by regulatory bodies: Zen's plants undergo comprehensive annual inspections by regulatory bodies to evaluate health, safety, and working conditions, ensuring adherence to industry standards and regulations.</li> </ol> <p>These assessment visits and inspections, conducted by competent persons and regulatory authorities, exemplify Zen's unwavering commitment to maintaining a safe and compliant work environment across all its plants and offices. The Company takes proactive measures to uphold the highest standards of health and safety for its workforce, aligning with its dedication to employee well-being and a culture of excellence.</p>

#### 15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks/concerns arising from assessments of health & safety practices and working conditions.

Zen Technologies has implemented several significant corrective actions based on assessments of health and safety practices and working conditions. These actions include:

1. Installation of Fire Hydrant Systems: In hazardous areas, Zen installed fire hydrant systems to prevent fire incidents and ensure the safety of personnel and assets.
2. Provision of Handrails: Handrails were added to staircases and tapping platforms to enhance safety, reduce the risk of falls or slips, and provide stability for employees.
3. Eye Vision and Colour Vision Testing: All individuals underwent eye vision and colour vision tests to identify potential visual impairments that could impact safety or job performance. This enables appropriate measures or accommodations to be implemented for improved safety and well-being.
4. Implementation of Safety Work Permit System: A safety work permit system was established for non-routine tasks, ensuring strict adherence to safety protocols, and minimizing the likelihood of accidents or incidents.
5. Dust Extraction Systems and Maintenance: Dust extraction systems were put in place to control dust emissions from conveyor transfers, reducing health risks associated with dust exposure. Regular maintenance and timely replacement of dust bags are conducted to maintain optimal functionality.

Through these proactive and targeted corrective actions, Zen Technologies demonstrates its commitment to continuous improvement in health and safety practices.

By addressing specific areas of concern, the Company ensures a safer work environment for its employees and contractors. This commitment reflects Zen's dedication to the well-being and protection of its workforce, fostering a culture of safety and excellence across all operations.

#### Principle 4: Businesses should respect the interests of and be responsive to all its stakeholders

#### ESSENTIAL INDICATORS

##### 1. Describe the processes for identifying key stakeholder groups of the entity.

Zen is in the process of establishing a formal Stakeholder Engagement Framework to identify stakeholders. The process considers various factors in identifying stakeholders:

**Dependency:** Groups or individuals who directly or indirectly rely on Zen's activities, products, services, and associated performance, or on whom Zen depends on to operate.

**Responsibility:** Groups or individuals to whom Zen has, or may have in the future, legal, commercial, operational, or ethical/moral responsibilities.

**Attention:** Groups or individuals who require immediate attention from Zen regarding financial, economic, social, or environmental issues.

**Influence:** Groups or individuals who can impact Zen's strategic or operational decision-making.

**Diverse perspectives:** Groups or individuals who offer different viewpoints that can lead to new insights and identify opportunities for action.

By considering these factors, Zen ensures comprehensive stakeholder identification, enabling effective engagement and collaboration with various groups to address their needs and concerns.

## 2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group	Channels of communication	Frequency of engagement	Purpose and scope of engagement including key topics and concerns raised during such engagement
Employees and Workers	No	<ul style="list-style-type: none"> <li>Personalised learning and development programmes.</li> <li>Regular performance review and feedback.</li> <li>One-on-one engagement, townhall meetings.</li> <li>Employee engagement surveys.</li> <li>Programmes catered around overall wellbeing.</li> <li>Intranet Portal.</li> <li>Emails, Notice Board, Meetings</li> </ul>	Continuous	<p>The purpose is to foster an open forum for employee concerns and improve Company culture. Key topics include communication, feedback, and addressing employee concerns. Concerns involve unresolved issues, low trust, and morale.</p> <p>Meetings facilitate communication and decision-making. Key topics are agendas, participation, and outcomes. Concerns include ineffective meetings, lack of follow-up, and low attendance.</p> <p>Suggestion schemes encourage innovative ideas and operational improvements. Key topics are suggestion submissions, evaluation criteria, and implementation. Concerns include inadequate incentives, lack of follow-up, and low engagement.</p> <p>Enquiries investigate and resolve issues. Key topics are the enquiry process, documentation, and stakeholder communication. Concerns involve unresolved issues, lack of transparency, and negative impact on Company culture.</p>
Customers and Suppliers	No	Partnering with customers in their transition from products to services. Utilizing one-on-one interactions, customer satisfaction surveys, and feedback calls after addressing complaints. Providing customer service helpline and communication channels including email, telephone, and physical meetings as needed. Leveraging emails, supplier portals, collaborative platforms, supplier forums, and periodic face-to-face meetings for effective engagement.	Fortnightly	Addressing customer queries, suggestions, and complaints for improved satisfaction and brand reputation. Understanding customer requirements to enhance products and services. Gathering feedback from suppliers and evaluating their performance for better collaboration and quality. Supporting supplier capacity building and fostering collaborative innovation. Ensuring ethical and sustainable practices throughout the supply chain.
Shareholders	No	Annual General Meeting, Shareholder meets, email, Stock Exchange (SE) intimations, investor/analysts meet/conference calls, annual report, quarterly results, media releases and Company/ SE website. E-mail, Notice, Investor Calls & Newspaper advertisements.	Quarterly/ annually and whenever required	<p>Evaluating financial performance and stability for growth: Share price trends, dividends, profitability, and financial statements. Concerns include volatility, fluctuating dividends, low profitability, and financial risks.</p> <p>Addressing shareholder queries, suggestions, complaints, and providing assurance. Concerns include poor communication, unresolved issues, lack of transparency, and declining investor confidence.</p> <p>Identifying shareholder expectations and aligning operations and strategies: Shareholder demographics, engagement, and feedback mechanisms. Concerns include divergent expectations, lack of engagement, and inadequate feedback mechanisms.</p>

## 2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

(Contd.)

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group	Channels of communication	Frequency of engagement	Purpose and scope of engagement including key topics and concerns raised during such engagement
Bankers	No	Periodical Meetings	Need basis	Understanding banking compliance, maintaining rapport with bankers, and managing banking/credit facilities. Key topics include regulations, compliance, credit facilities, and relationship management. Concerns involve non-compliance, strained relationships, and limited access to credit facilities.
Board of Directors	No	Engaging with Board members through regular meetings to discuss Company performance, strategy, and challenges. Engaging with specific Board committees for focused updates on specific areas. Providing regular reports on Company performance and progress. Providing informal updates through various channels.	Quarterly and on any event/ need basis.	The Board of Directors is reviewing the Company's business operations, planning, and strategies to identify improvement opportunities. Key topics include the business model, operational efficiency, growth strategies, risk management, and financial performance. Concerns involve poor performance, outdated strategies, lack of innovation, and insufficient risk management.
Government/ Regulatory Authorities	No	E-mails and letters, Conferences, Industry forums. Regulatory filings, Meetings with officials, Representations.	On periodical basis whenever required	Zen strives to achieve strong performance and execute its strategic objectives. We actively engage with public and business concerns, seeking to understand and contribute to insightful discussions surrounding these issues. We believe in addressing responsible business matters in a proactive manner. By aligning our response to such concerns, Zen aims to demonstrate our commitment to responsible and ethical business practices.

### Principle 5: Businesses Should Respect and Promote Human Rights

#### ESSENTIAL INDICATORS

##### 1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY2022-23 (Current Financial Year)			FY2021-22 (Previous Financial Year)		
	Total (A)	No. of employees/ workers covered (B)	% (B/A)	Total (C)	No. of employees/ workers covered (D)	% (D/C)
<b>Employees</b>						
Permanent	-	-	-	-	-	-
Other than permanent	-	-	-	-	-	-
<b>Total Employees</b>	-	-	-	-	-	-
<b>Workers</b>						
Permanent	-	-	-	-	-	-
Other than permanent	-	-	-	-	-	-
<b>Total Workers</b>	-	-	-	-	-	-

**2. Details of minimum wages paid to employees and workers, in the following format:**

Category	FY2022-23 (Current Financial Year)				FY2021-22 (Previous Financial Year)					
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No.(B)	%(B/A)	No. (C)	%(C/A)		No. (E)	%(E/D)	No.(F)	%(F/D)
<b>Employees</b>										
<b>Permanent</b>										
Male	222	-	-	222	100%	203	-	-	203	100%
Female	36	-	-	36	100%	24	-	-	24	100%
<b>Other than Permanent</b>										
Male	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-
<b>Workers</b>										
<b>Permanent</b>										
Male	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-
<b>Other than Permanent</b>										
Male	137	-	-	137	100%	79	-	-	79	100%
Female	62	-	-	62	100%	6	-	-	6	100%

**3. Details of remuneration/salary/wages, in the following format:**

Category	Male		Female	
	Number	Median remuneration/ salary/wages of respective category (₹ Per Annum)	Number	Median remuneration/ salary/wages of respective category (₹ Per Annum)
<b>Board of Directors (BoD)</b>	6 <sup>#</sup>	1,76,58,791	2 <sup>#</sup>	24,38,796
<b>Key Managerial Personnel</b>	2	38,88,486	-	-
<b>Employees other than BoD and KMP</b>	217	5,35,925	35	4,31,600
<b>Workers</b>	137	2,28,085	62	2,13,980

<sup>#</sup>Note: Includes 3 male independent directors and 1 female independent directors to whom no remuneration is not required to be paid.

**4. Do you have a focal point (Individual/Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No):**

Yes, Zen Technologies Limited has a focal point or committee dedicated to addressing human rights impacts or issues caused or contributed to by the business. This committee is responsible for ensuring that the Company's operations, policies, and practices align with international human rights standards. It proactively identifies and addresses any potential human rights risks and works to implement measures to respect and promote human rights throughout the Company's activities and supply chain. The committee's focus is to foster a culture of respect for human rights and ensure that the Company operates in a socially responsible and ethical manner.

**5. Describe the internal mechanisms in place to redress grievances related to human rights issues:**

Zen Technologies actively promotes human rights through its Code of Conduct and Standing Orders. These documents outline the Company's commitment to upholding fundamental human rights principles and standards within its operations. In addition, Zen has established a Whistle Blower and Protection Policy that allows employees to confidentially report any violations or concerns related to human rights. The Company encourages a culture of accountability, transparency, and ethical conduct, ensuring that reported concerns are promptly and appropriately addressed. By fostering such a culture, Zen strives to create a workplace where human rights are respected and protected, aligning with its commitment to social responsibility and ethical practices.

## 6. Number of Complaints on the following made by employees and workers:

Category	FY 2022-23 (Current Financial Year)			FY 2021-22 (Previous Financial Year)		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment						
Discrimination at workplace						
Child Labour			Throughout the reporting period, Zen received no complaints pertaining to any human rights issues			
Forced Labour/Involuntary Labour						
Wages						
Other human rights related issues						

## 7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases

Zen Technologies Limited's Whistle Blower & Protection Policy places significant emphasis on confidentiality and protection against victimization. The policy enables confidential or anonymous reporting of wrongful conduct, with strict measures to maintain confidentiality and conduct thorough investigations. Breaches of confidentiality are treated seriously to ensure a safe reporting environment. This policy fosters a trusting atmosphere where stakeholders can report wrongdoing without fear of retaliation, promoting accountability, transparency, and ethical standards within the organization. By prioritizing the protection of all stakeholders' rights, Zen ensures a culture of integrity and compliance with the highest ethical principles.

## 8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

At Zen Technologies, we are committed to ensuring that our agreements consistently reflect values and principles that promote responsible and sustainable practices throughout our supply chain. Our top priority is the well-being and safety of individuals, ethical conduct, and the respect for human rights. Through transparent collaboration with our partners, we actively strive to create a positive impact on people, the environment, and the communities we operate in. By upholding these values, we aim to foster a culture of integrity and sustainability, contributing to the betterment of society and the protection of our planet for future generations.

## 9. Assessments for the year:

Category	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	100%
Forced/involuntary labour	100%
Sexual harassment	100%
Discrimination at workplace	100%
Wages	100%
Others – please specify	-

## 10. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 9 above

During the self-assessment process and through diligent evaluation by our customers, Zen Technologies has not identified any significant risks or concerns. This positive outcome reflects our commitment to maintaining high standards of quality, safety, and ethical practices in our operations and products. We will continue to be proactive in assessing and addressing any potential issues to ensure the satisfaction and trust of our customers and stakeholders.

## Principle 6: Businesses should respect and make efforts to protect and restore the environment

### ESSENTIAL INDICATORS

#### 1. Details of total energy consumption (in GJ) and energy intensity, in the following format:

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Total electricity consumption (A)	1,950.37	1,818.88
Total fuel consumption (B)	139.99	-
Energy consumption through other sources (C)	-	-

**1. Details of total energy consumption (in GJ) and energy intensity, in the following format:** (Contd.)

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
<b>Total energy consumption (A+B+C)</b>	2,090.36	1,818.88
<b>Energy intensity per rupee of turnover (Total energy consumption/turnover in rupees)</b>	0.13 GJ/₹ 1 Lakh	0.31 GJ/₹ 1 Lakh
<b>Energy intensity (optional) – the relevant metric may be selected by the entity</b>	-	-

**Note:** We have established procedures to capture the required information from FY23.

**Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.**

No, Zen Technologies has not conducted any assessment, evaluation, or obtained assurances from an external agency. The Company is committed to continuously improving its practices and remains open to exploring opportunities for third-party assessments in the future to ensure transparency and build trust with its customers and stakeholders.

**2. Does the entity have any sites/facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set.**

No, Zen Technologies does not have any site identified as Designated Consumers (DCs) under the Perform, Achieve, and Trade (PAT) scheme. This indicates that the Company is not currently covered under the PAT scheme, which aims to promote energy efficiency and conservation in industries designated as DCs by the government.

**3. Provide details of the following disclosures related to water, in the following format:**

At Zen Technologies Limited, currently we do not have processes that consume water except for domestic purposes, and we prioritize responsible water usage in our manufacturing processes, ensuring minimal water consumption. We strictly reserve water resources for

human consumption only, aligning with our commitment to sustainability and environmental stewardship. However, we would implement processes and systems to capture relevant information. By adhering to these principles, we contribute to the preservation of water resources and promote a more sustainable future for all.

**Note: Indicate if any independent assessment/evaluation/assurance have been carried out by an external agency? (Y/N) If yes, name of the external agency.**

Not Applicable

**4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.**

Not Applicable

**5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:**

Our Company operates in the service sector and does not produce any products that release emissions into the air.

**Note: Indicate if any independent assessment/evaluation/assurance have been carried out by an external agency? (Y/N) If yes, name of the external agency.**

Not Applicable

**6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:**

Parameter	Unit	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
<b>Total Scope 1 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	tCO <sub>2</sub> e	10.37	-
<b>Total Scope 2 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	tCO <sub>2</sub> e	438.83	409.25
<b>Total Scope 1 and Scope 2 emissions per rupee of turnover</b>	tCO <sub>2</sub> e/₹ 1 Lakh	0.03	0.07
<b>Total Scope 1 and Scope 2 emission intensity</b> (optional) – the relevant metric may be selected by the entity	-	-	-

**7. Does the entity have any project related to reducing Green House Gas emission? If yes, then provide details:**

Currently, the entity does not have any specific projects or initiatives in place aimed at reducing Green House Gas emissions. While environmental considerations are important, the Company's current focus may be directed toward other sustainability efforts or operational aspects.

**8. Provide details related to waste management by the entity, in the following format:**

The Company does not have any mechanism to recycle the products and waste. All the wastes are being sold as scrap.

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
<b>Total waste generated (in Metric tonnes)</b>		
E-waste	-	4.71
<b>For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)</b>		
Other disposal operations	-	4.71

**9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your Company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.**

At our establishment, we consider integrating sustainability aspects in our process. We have implemented various initiatives to reduce our environmental footprint and promote responsible waste management.

Our efforts include the implementation of recycling programs and composting organic waste, reducing waste generation wherever possible. Embracing green chemistry principles and exploring alternative materials, we aim to minimize the use of hazardous and toxic chemicals, prioritizing the safety of both our employees and the environment.

Compliance with relevant regulations is of utmost importance to us, and we strictly follow safety measures such as proper storage, labelling, and segregation of chemicals to prevent accidents. Thorough employee training ensures the safe handling and disposal of waste materials.

In collaboration with certified waste handlers, we ensure that hazardous waste undergoes appropriate treatment and disposal. By responsibly managing waste, including hazardous substances, and reducing landfill usage, we actively contribute to building a sustainable future for our planet.

Our commitment to effective waste management aligns with our dedication to environmental preservation and responsible business practices. We will continue to evolve and innovate in our waste reduction efforts to make a positive impact on the environment and the communities we serve.

**10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals/clearances are required, please specify details in the following format:**

Not Applicable as Zen does not operate or have offices in or around ecologically sensitive areas, including national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, and coastal regulation zones.

**11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:**

During the current financial year, Zen Technologies Limited did not undertake any projects that required environmental

impact assessments as per relevant laws. As a result, there were no obligations or requirements for conducting environmental impact assessments for the projects undertaken by the Company.

Zen remains committed to adhering to all applicable environmental regulations and ensuring responsible business practices that minimize the Company's environmental impact. As we continue to grow, we will maintain our focus on sustainability and environmental stewardship, seeking opportunities to contribute positively to the protection and conservation of the environment.

**12. Is the entity compliant with the applicable environmental law/regulations/guidelines in India, such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:**

Zen Technologies is fully committed to adhering to and ensuring compliance with a wide range of environmental laws, regulations, and guidelines applicable in India. This includes strict adherence to key laws such as the Water (Prevention and Control of Pollution) Act, the Air (Prevention and Control of Pollution) Act, and the Environment Protection Act, along with relevant rules framed under these laws. The Company demonstrates its dedication to environmental responsibility and sustainability through the maintenance of a robust system that ensures complete compliance with these legal frameworks.

**Principle 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent****ESSENTIAL INDICATORS:****1. A) Affiliations with trade and industry chambers/associations:**

Zen Technologies has formed partnerships with five trade and industry chambers/associations. These affiliations enhance the Company's network and engagement in the trade and industry sectors. Through these collaborations, Zen gains access to valuable knowledge, industry insights, and collective efforts to address shared challenges and drive progress. By staying connected to broader industry trends and developments, the Company remains informed and actively contributes to its sector's advancement and advocacy efforts.

**B) List the top 10 trade and industry chambers/associations (determined based on the total members of such body) the entity is a member of/affiliated to:**

S. No.	Name of the trade and industry chambers/associations	Reach of trade and industry chambers/associations (State/National)
1.	Federation Of Indian Chambers of Commerce and Industry (FICCI)	National
2.	Confederation Of Indian Industry (CII)	National
3.	Society Of Indian Defence Manufacturers (SIDM)	National
4.	The Federation of Telangana Chambers of Commerce and Industry (FTCCI)	State
5.	Aerospace & Defence Consultants Association of India	National

**2. Provide details of corrective action taken or underway on any issues related to anticompetitive conduct by the entity, based on adverse orders from regulatory authorities:**

Zen Technologies has a strong track record of fair competition and has not engaged in any anti-competitive conduct. The Company has not faced any adverse orders from regulatory authorities in relation to such practices. We maintain a steadfast commitment to upholding fair competition and adhere to all applicable laws and regulations, ensuring a competitive and equitable marketplace for all stakeholders.

**Principle 8: Businesses should promote inclusive growth and equitable development**

**ESSENTIAL INDICATORS:**

**1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year:**

No, Zen Technologies Limited currently does not have any Social Impact Assessment (SIA) projects in place. We will keep our stakeholders informed if any such projects are initiated in the future. Our commitment to responsible business practices and social responsibility remains unwavering, and we will continue to explore opportunities to make a positive impact on the communities we serve.

**2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:**

Not applicable, Zen Technologies Limited has not undertaken any ongoing Rehabilitation and Resettlement (R&R) projects at this time.

**3. Describe the mechanisms to receive and redress grievances of the community.**

Zen Technologies has established a structured and responsive system to address community complaints and concerns. A dedicated committee, consisting of representatives from various departments, handles written complaints, conducts thorough investigations, and takes prompt and appropriate actions.

It is noteworthy that the Company has not received any complaints related to its corporate social responsibility (CSR) efforts, showcasing its strong commitment to upholding high standards and fulfilling social responsibilities in a responsible manner. This approach fosters a positive and harmonious relationship with the community, reflecting our dedication to being a responsible corporate citizen.

We will continue to prioritize transparent communication and community engagement, ensuring that our CSR initiatives align with the needs and aspirations of the communities we serve. By actively listening to and addressing community feedback, we strive to build enduring partnerships that contribute positively to the welfare and development of society.

**4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:**

Category	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Directly sourced from MSMEs/small producers	15.14%	5.63%
Sourced directly from within the district and neighbouring districts	48.24%	54.96%

**Principle 9: Businesses should engage with and provide value to their consumers in a responsible manner**

**1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.**

Zen Technologies Limited is dedicated to providing excellent customer service, and multiple mechanisms are in place for customers to report complaints or provide feedback. Every customer concern is treated with utmost care at all levels within the organization.

When incidents occur, the Company identifies and analyses them thoroughly, and a well-defined action plan is developed to address the issues. Regular engagement with the customer is maintained to validate the action plan, and updates about the progress of the actions taken are provided.

Feedback from customers is valued and taken positively, and the action plans are refined based on this feedback to continuously improve and update performance.

At Zen Technologies, customer satisfaction is of paramount importance, and we are committed to fostering a strong relationship with our customers by actively listening to their concerns and continuously striving to enhance our products and services to meet their needs.

## 2. Turnover of products and/services as a percentage of turnover from all products/service that carry information about:

All our products carry information about safe and responsible usage.

## 3. Number of consumer complaints in respect of the following:

Category	FY 2022-23 (Current Financial Year)		Remarks	FY 2021-22 (Previous Financial Year)		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy			Throughout the reporting period, Zen received no complaints which are relevant to this section			
Advertising						
Cyber-security						
Delivery of essential services						
Restrictive Trade Practices						
Unfair Trade Practices						
Other						

## 4. Details of instances of product recalls on account of safety issues:

Particulars	Number	Reasons for recall
Voluntary recalls	-	-
Forced recalls	-	-

## 5. Does the entity have a framework/policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

At Zen Technologies, we place the highest importance on our cyber security policy to protect our digital assets from potential cyber threats. The policy covers multiple areas, including information systems, networks, data security, roles and responsibilities, and incident response procedures.

All individuals within the organization, including employees, contractors, and interns, are required to strictly adhere to this policy. It includes a comprehensive set of measures to ensure security, such as safeguarding confidential data, securing devices, adopting safe email practices, managing passwords effectively, ensuring secure data transfer, and promptly reporting any security breaches that may occur.

By enforcing these measures, we aim to maintain a robust and secure cyber environment, safeguarding our data, systems, and operations from cyber risks. We are committed to continuously enhancing our cyber security practices to stay ahead of emerging threats and protect our valuable digital assets and information.

## 6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty/action taken by regulatory authorities on safety of products/services

Zen Technologies Limited has not encountered any reported incidents relating to issues such as advertising and delivery of essential services, cyber security, and data privacy of customers, re-occurrence of product recalls, or penalties/actions taken by regulatory authorities on the safety of products/services. This indicates the Company's diligent efforts in adhering to high standards and best practices to ensure the safety, security, and quality of its products and services. Zen remains committed to upholding its commitment to customer satisfaction and compliance with all applicable regulations to maintain a positive reputation and build trust with its stakeholders.

# Independent Auditor's Report

## TO THE MEMBERS OF ZEN TECHNOLOGIES LIMITED

### Report on the Audit of the Standalone Financial Statements

#### OPINION

We have audited the accompanying standalone financial statements of **ZEN TECHNOLOGIES LIMITED** (the "Company"), which comprise the Balance Sheet as at 31 March 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013, as amended (the "Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, its profit including total other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

#### BASIS FOR OPINION

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing ("SA's") specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Standalone Financial Statements" section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are

relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

#### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended 31 March 2023. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone financial statements section of our report, including in relation to these matters.

Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material mis-statement of the standalone financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone financial statements.

Key Audit Matters	How our audit addressed the key audit matter
<p><b>Exceptional item</b> (As described in Note 45 of the standalone financial statements)</p> <p>We have identified the exceptional item as a key audit matter due to the significance of the project to the standalone financial statements and the fact that the integral part of Maheshwaram Building was damaged as a result of a fire during the year ended 31 March 2022.</p> <p>As disclosed in note 45 to the standalone financial statements, the carrying value of CWIP of Maheshwaram Plant was approximately ₹ 154.89 lakhs at 31 March 2022 which were incurred as a part of renovation to damaged building due to fire accident. The relevant accounting policies in relation to capitalization of additions to CWIP are set out in Note 3H.</p> <p>The management performed an assessment of the damage of building, plant &amp; Machinery on account of fire accident and likelihood of recoverability of damages based on the reports from the Company's project management team and external quantity surveyors and the analysis from the Company's in-house legal counsels, and considered that there will be an exceptional item of amount ₹ 27.96 lakhs due to derecognition of damaged PPE and the same was disclosed under Note 45 to the standalone financial statements.</p>	<p>Our audit procedures included the following:</p> <ol style="list-style-type: none"> <li>Obtaining an understanding of the progress of Maheshwaram Plant by inquiring the Company's project management team, external quantity surveyors and architects;</li> <li>Evaluating the appropriateness of the Company's construction costs and borrowing costs capitalization policies by analysing the nature of those costs capitalized against the requirements of Ind AS 16 "Property, Plant and Equipment";</li> <li>Checking, on a sample basis, the number of additions capitalized with reference to the contractors' invoices, and quantity surveyors' and architects' certificates of the construction contract works capitalized in CWIP of Maheshwaram Plant;</li> <li>Obtaining an understanding from the Company's project management team and external quantity surveyors in relation to the damage caused by the fire to PPE of Maheshwaram Plant and the management's assessment of the impact of the fire on the future economic performance and useful lives of the PPE of Maheshwaram Plant;</li> </ol>

**Key Audit Matters**

During the current financial year (FY.2022-23) the management has filed an total insurance claim of ₹ 712.00 lakhs out of which it received an ad-hoc amount of ₹ 200.00 lakhs and the total insurance claim has been revised to ₹ 656 lakhs and the balance is yet to receive by the Company amounting to ₹ 456.00 lakhs.

**How our audit addressed the key audit matter**

- e) Evaluating the analysis performed by the Company's management in respect of the contractual performance obligations of the contractors arising from the fire under the terms of construction contracts; and
- f) Evaluating the overall appropriateness of the Company's management's assessment of the financial effect of the fire on the carrying values of the respective PPE in Maheshwaram Plant.
- g) Evaluating the total amount spend by the Company on renovation of factory building at maheshwaram and the same has been accounted as capital work in progress (refer note 4C) after capitalisation of identifiable items which are ready for intended use by the management.

**Accounting for Employee Stock Option Plan-2021** (As described in Note 44 of the Standalone financial statements)

We identified significant transaction which occurred during the year: During the Annual General meeting held on 28 August 2021, Zen technologies limited has issued the Employee stock option plan-2021 (ESOP) which was subsequently ratified by the shareholders on 29 September 2022 in accordance with SEBI Regulations.

As disclosed in the note-44 the management has decide to grant the ESOP shares on 21 February 2023. The exercise price for these options is set as ₹ 100/- per option.

As at 31 March 2023, the ESOP Trust purchased 4,81,524 shares from secondary market for an aggregate consideration of ₹ 966.13 lakhs. The management has adopted the policy of treating the shares purchased by ESOP trust as treasury shares under "other equity" in the standalone financial statements.

As at 31 March 2023, the management has considered an amount of ₹ 44.21 lakhs as share-based payments expenses (refer Note-29 & Note-44)

Our audit procedures include the following:

- a) We have assessed the appropriateness of the accounting of employee stock option plan is in compliance with applicable Indian accounting standards.
- b) We have assessed whether all the statutory regulations and rules governing the Company regarding employee stock option plan have been complied.
- c) We have examined the relevant disclosures made in the financial statements
- d) We have examined the general resolution and the board resolution approving the Employee stock option plan.

**Revenue from operations** (As described in Note 24 of the standalone financial statements)

During the year, the Company's revenue from operation has been increased by 200.60%. Revenue is recognized when control of the underlying products have been transferred along the satisfaction of performance obligation. The terms of sales arrangements, including the timing of transfer of control and delivery specifications, create complexity and judgment in determining sales revenues.

Due to the judgement relating to determination of point of time in satisfaction of performance obligations, this matter is considered as key audit matter.

We have assessed the Company's processes and controls for recognizing revenue as part of our audit. Our audit procedures included the following:

- a) We have assessed the appropriateness of the revenue recognition policies by comparing with the applicable Indian accounting standards (Ind AS 115).
- b) We understood the nature of goods sold/services rendered to the customers, assessed the design and tested the operating effectiveness of internal controls related to the revenue recognition.
- c) We have performed the following tests for a sample of transactions pertaining to sale of goods or services during the year.
  - Tested supporting documentation including sale invoices, customer contracts/sales orders, shipping documents and other related records.
  - Verified the terms of contracts and confirmed whether the performance obligations stipulated under the contract are the same as identified by the Company.
  - Verified whether the amount of revenue recognized is based on the transaction price identified to the performance obligation satisfied as per the contract.

Key Audit Matters	How our audit addressed the key audit matter
	<ul style="list-style-type: none"> <li>- Verified whether the revenue recognized by the management is in line with the conditions for revenue recognition.</li> <li>- Tested the supporting documentation for significant value of sale transactions recorded during the period closer to the year end to ensure revenue recognition criteria is met as per Ind AS 115.</li> <li>- Examined the relevant disclosures made in the financial statements</li> </ul>

## OTHER INFORMATION

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility & Sustainability Report (BRSR), 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 mis-statement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material mis-statement, whether due to fraud or error.

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

Those charged with governance are also responsible for overseeing the Company's financial reporting process.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material mis-statement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material mis-statement when it exists. 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 mis-statement 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 mis-statement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the financial year ended 31 March 2023 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## OTHER MATTER

We did not audit the financial statements and other financial information of one branch included in the accompanying standalone financial statements of the Company whose financial statements and other financial information reflect total assets of ₹ 2,103.82 lakhs as at 31 March 2023 and total revenues of ₹ 2,111.27 lakhs for the year ended on that date, as considered in the financial statements of these branch have been audited by branch auditor whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of branch, is based solely on the report of such branch auditor. Our opinion is not modified in respect of these matters.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branch not visited by us;
- c) The report on the accounts of the branch office of the Company audited under Section 143(8) of the Act by branch auditor have been sent to us and have been properly dealt with by us in preparing this report;
- d) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account and with the returns received from the branch not visited by us;
- e) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- f) On the basis of the written representations received from the directors as on 31 March 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act;
- g) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**" to this report;
- h) In our opinion, the managerial remuneration for the year ended 31 March 2023 has been paid/provided by the Company to its directors is in accordance with the provisions of section 197 read with Schedule V to the Act;
- i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 37(a) to the standalone financial statements;
  - ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
  - iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether,

directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- (b) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- (c) Based on such audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.
- v. The final dividend paid by the Company during the year in respect of the same declared for the previous year is

in accordance with section 123 of the Act to the extent it applies to payment of dividend.

As stated in note 47 to the standalone financial statements, Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend proposed is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from 01 April 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended 31 March 2023.
2. As required by the Companies (Auditor's Report) Order, 2020 (the "Order") issued by the Central Government in terms of sub-section (11) of section 143 of the Act, we give in "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Ramasamy Koteswara Rao and Co LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 010396S/S200084

**Murali Krishna Reddy Telluri**  
Partner  
Membership No: 223022  
UDIN:23223022BGQJLR2244

**Place:** Hyderabad  
**Date:** 06 May 2023

## Annexure A referred to in paragraph 2 under the heading 'Report on Other Legal and Regulatory Requirements' of our report to the Members of Zen Technologies Limited of even date

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

- i. (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) The Company has a program of physical verification to cover all the items of Property, Plant and Equipment in a phased manner over a period of every three years which, in our opinion is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain Property, Plant and Equipment were physically verified by the management during the year and no material discrepancies were noticed on such verification.
- (c) Title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.
- (d) The Company has not revalued its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year ended 31 March 2023.
- (e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.
- ii. (a) The management has conducted physical verification of inventory at reasonable intervals during the year. In our opinion the coverage and the procedure of such verification by the management is appropriate. There were no material discrepancies noticed on such physical verification.
- (b) As disclosed in note 21 to the standalone financial statements, the Company has been sanctioned working capital limits in excess of ₹ five Crores from banks during the year on the basis of security of current assets of the Company. Based on the records examined by us in the normal course of audit of the financial statements, the quarterly returns/statements filed by the Company with such bank are in agreement with the books of accounts of the Company.
- iii. The Company has not made any investments in, provided any guarantee or security, and granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year, and hence reporting under clause (iii) of the Order is not applicable.
- iv. According to information and explanation given to us, the Company has not granted any loans that are covered under the provisions of sections 185 and Company is in compliance with provisions of section 186 of the Companies Act, 2013.
- v. The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended), to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order are not applicable to the Company.
- vi. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- vii. (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Goods and Services tax, Provident Fund, Employees, State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Custom, Duty of Excise, Value Added Tax, Cess and other statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on 31 March 2023 on account of disputes are given below:

Name of the statute	Nature of the dues	Amount (₹ in lakhs)	Period to which the amount relates	Forum where the dispute is pending
The Income Tax Act, 1961	Income Tax	1.60	2016-17	Commissioner of Income Tax (Appeals), Hyderabad
The Income Tax Act, 1961	Income Tax	385.84	2019-20	Commissioner of Income Tax (Appeals), Hyderabad
The Income Tax Act, 1961	Income Tax	54.04	2017-18	Commissioner of Income Tax (Appeals), Hyderabad

(b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on 31 March 2023 on account of disputes are given below: (Contd.)

Name of the statute	Nature of the dues	Amount (₹ in lakhs)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act, 1944	Excise Duty	244.75	2006-07	CESTAT, Hyderabad
Central Excise Act, 1944	Excise Duty	186.72	2007-08	CESTAT, Hyderabad
Central Excise Act, 1944	Excise Duty	107.92	2008-09	CESTAT, Hyderabad
Central Excise Act, 1944	Excise Duty	150.89	2009-10	CESTAT, Hyderabad
Central Excise Act, 1944	Excise Duty	59.12	2010-11	CESTAT, Hyderabad
Central Excise Act, 1944	Penalty on Excise Duty	25.00	2006-07	CESTAT, Hyderabad
Central Excise Act, 1944	Penalty on Excise Duty	18.00	2007-08	CESTAT, Hyderabad
Central Excise Act, 1944	Penalty on Excise Duty	10.00	2008-09	CESTAT, Hyderabad
Central Excise Act, 1944	Penalty on Excise Duty	15.00	2009-10	CESTAT, Hyderabad
Central Excise Act, 1944	Penalty on Excise Duty	6.00	2010-11	CESTAT, Hyderabad

- viii. The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income-tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.
- ix. (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- (b) The Company has not been declared a wilful defaulter by any bank or financial institution or government or any government authority.
- (c) The Company has not taken any term loans during the year and there are no unutilized term loans at the beginning of the year and hence, reporting under clause 3(ix)(c) of the Order is not applicable.
- (d) On an overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries as defined under the Companies Act, 2013.
- (f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries as defined under the Companies Act, 2013. Hence, the requirement to report on clause 3(ix)(f) of the Order is not applicable to the Company.
- x. (a) The Company has not raised any money during the year by way of initial public offer/further public offer (including debt instruments) and hence, the requirement to report on under clause 3(x)(a) of the Order is not applicable to the Company.
- (b) During the year the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause (x)(b) of the Order is not applicable to the Company.
- xi. (a) No fraud by the Company or no fraud on the Company has been noticed or reported during the year.
- (b) During the year, no report under sub-section (12) of Section 143 of the Companies Act, 2013 has been filed by secretarial auditor or by us in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- xii. The Company is not a Nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a), (b) and (c) of the Order is not applicable to the Company.
- xiii. Transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013, where applicable, and the details of the related party transactions have been disclosed in the notes to the standalone financial statements as required by the applicable accounting standards.
- xiv. (a) The Company has an internal audit system commensurate with the size and nature of its business.
- (b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.
- xv. The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.
- xvi. (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company. Accordingly, the requirement to report on clause 3(xvi)(a) of the Order is not applicable to the Company.
- (b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause 3(xvi)(b) of the Order is not applicable to the Company.

- (c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India (RBI). Accordingly, the requirement to report on clause 3(xvi)(c) of the Order is not applicable to the Company.
- (d) There is no Core Investment Company as a part of the group. Accordingly, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company.
- xvii. The Company has not incurred cash losses in the current year and in the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors during the year and accordingly requirement to report on clause 3(xviii) of the Order is not applicable to the Company.
- xix. On the basis of the financial ratios disclosed in Note 46 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx. The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there are no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of sub-section (6) of section 135 of the said Act. Accordingly, reporting under clause (xx) of the Order is not applicable for the year.

For **Ramasamy Koteswara Rao and Co LLP**

Chartered Accountants

ICAI Firm Registration Number: 010396S/S200084

**Murali Krishna Reddy Telluri**

Partner

Membership No: 223022

UDIN:23223022BGQJLR2244

**Place:** Hyderabad

**Date:** 06 May 2023

## **Annexure B preferred to in paragraph 1(g) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Zen Technologies Limited of even date**

### **Report on the Internal Financial Controls under Clause (i) of sub section 3 of Section 143 of the Companies Act, 2013 (the "Act")**

We have audited the internal financial controls with reference to standalone financial statements of **ZEN TECHNOLOGIES LIMITED** (the "Company") as of 31 March 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS**

The Management of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and

operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material mis-statement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to these standalone financial statements.

#### **MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THESE STANDALONE FINANCIAL STATEMENTS**

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

#### **INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO STANDALONE FINANCIAL STATEMENTS**

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

## OPINION

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at 31 March 2023, based on the criteria for internal financial control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For **Ramasamy Koteswara Rao and Co LLP**

Chartered Accountants

ICAI Firm Registration Number: 010396S/S200084

**Murali Krishna Reddy Telluri**

Partner

Membership No: 223022

UDIN:23223022BGQJLR2244

**Place:** Hyderabad

**Date:** 06 May 2023

# Standalone Balance Sheet

As at 31 March 2023

(₹ In lakhs)

Sl.No	Particulars	Note No.	As at 31 March 2023	As at 31 March 2022
<b>I</b>	<b>ASSETS</b>			
<b>(1)</b>	<b>Non-current assets</b>			
	(a) Property, Plant and Equipment	4A	6,633.80	5,811.52
	(b) Capital work-in-progress	4C	191.73	252.28
	(c) Right-of-use asset	4D	87.21	90.22
	(d) Intangible assets	4B	19.46	8.37
	(e) Financial assets			
	(i) Investments	5	2,434.16	2,434.16
	(ii) Deposits	6	43.20	48.15
	(iii) Other financial assets	13	252.84	-
	(f) Deferred Tax Assets (Net)	7	1,342.70	2,014.21
	(g) Other non-current assets	8	67.39	100.15
	<b>Total Non-Current Assets</b>		<b>11,072.50</b>	<b>10,759.06</b>
<b>(2)</b>	<b>Current assets</b>			
	(a) Inventories	9	4,111.51	1,417.32
	(b) Financial assets			
	(i) Trade receivables	10	6,615.70	1,954.53
	(ii) Cash and cash equivalents	11	9,133.16	1,470.48
	(iii) Bank balances other than (ii) above	12	5,588.77	6,139.39
	(iv) Other financial assets	13	5,493.51	11,843.19
	(c) Current Tax Assets (Net)	14	88.66	194.33
	(d) Other current assets	15	2,541.07	2,006.91
	<b>Total Current Assets</b>		<b>33,572.39</b>	<b>25,026.15</b>
	<b>Total Assets</b>		<b>44,644.90</b>	<b>35,785.21</b>
<b>II</b>	<b>EQUITY AND LIABILITIES</b>			
	<b>Equity</b>			
	(a) Equity Share Capital	16	795.10	795.10
	(b) Other Equity	17	31,124.14	28,374.75
	<b>Total Equity</b>		<b>31,919.24</b>	<b>29,169.85</b>
	<b>Liabilities</b>			
<b>(1)</b>	<b>Non-current liabilities</b>			
	(a) Financial Liabilities			
	(i) Borrowings	18	-	301.39
	(ii) Lease liabilities	19	10.12	9.36
	(b) Provisions	20	228.92	182.38
	<b>Total Non-Current Liabilities</b>		<b>239.04</b>	<b>493.13</b>
<b>(2)</b>	<b>Current liabilities</b>			
	(a) Financial Liabilities			
	(i) Borrowings	21	584.42	922.79
	(ii) Trade payables	22		
	- total outstanding dues of micro and small enterprises		74.03	107.59
	- total outstanding dues of creditors other than micro and small enterprises		291.03	224.47
	(iii) Other Financial liabilities	19	934.50	332.74
	(b) Other current liabilities	23	10,602.64	4,534.63
	<b>Total Current Liabilities</b>		<b>12,486.62</b>	<b>6,122.22</b>
	<b>Total Equity and Liabilities</b>		<b>44,644.90</b>	<b>35,785.21</b>

Summary of Significant Accounting Policies

3

The accompanying notes form an integral part of the standalone financial statements

As per our report attached of even date

For **Ramasamy Koteswara Rao and Co LLP**  
Chartered Accountants  
Firm Registration Number: 010396S/S200084

**Murali Krishna Reddy Telluri**  
Partner  
Membership Number: 223022

**Ashok Atluri**  
Chairman & Managing Director  
DIN: 00056050

**Afzal Harunbhai Malkani**  
Chief Financial Officer

For and on behalf of the Board of Directors of  
**Zen Technologies Limited**

**M. Ravi Kumar**  
Whole-Time Director  
DIN: 00089921

**M. Raghavendra Prasad**  
Company Secretary  
M.No.: A41798

Place: Hyderabad  
Date: 06 May 2023

Place: Hyderabad  
Date: 06 May 2023

# Standalone Statement of Profit and Loss

For the year ended 31 March 2023

(₹ In lakhs)

Sl.No	Particulars	Note No.	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>1</b>	<b>Income</b>			
	Revenue from operations	24	16,143.58	5,370.53
	Other Income	25	705.32	528.10
	<b>Total Income</b>		<b>16,848.90</b>	<b>5,898.63</b>
<b>2</b>	<b>Expenses</b>			
	Cost of materials consumed	26	6,363.03	1,446.87
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	27	(2,279.20)	(619.88)
	Manufacturing expenses	28	760.34	405.00
	Employee benefits expense	29	2,279.32	1,482.29
	Finance Costs	30	202.55	140.38
	Depreciation and Amortization Expense	31	437.62	373.40
	Other expenses	32	3,892.51	2,456.22
	<b>Total Expenses</b>		<b>11,656.17</b>	<b>5,684.28</b>
<b>3</b>	<b>Profit/(Loss) before exceptional items and tax(1 - 2)</b>		<b>5,192.74</b>	<b>214.35</b>
<b>4</b>	Exceptional Items	45	200.00	(27.96)
<b>5</b>	<b>Profit/(Loss) before tax (3+4)</b>		<b>5,392.74</b>	<b>186.39</b>
<b>6</b>	<b>Tax expense</b>	34		
	(i) Current tax		952.00	36.33
	(ii) Adjustment of tax relating to earlier years		-	(92.84)
	(iii) Deferred tax		676.96	40.54
	<b>Total Tax expense</b>		<b>1,628.96</b>	<b>(15.97)</b>
<b>7</b>	<b>Profit for the year (5-6)</b>		<b>3,763.78</b>	<b>202.36</b>
<b>8</b>	<b>Other Comprehensive Income</b>			
	<b>Items that will not be reclassified subsequently to statement of profit or loss</b>			
	Remeasurement gains/(losses) on defined benefit plans	33	(18.70)	3.30
	Income tax relating to items that will not be reclassified to profit/loss		5.45	(0.92)
	<b>Other Comprehensive (loss)/income for the year (net of tax)</b>		<b>(13.25)</b>	<b>2.38</b>
<b>9</b>	<b>Total Comprehensive Income for the year (7+8)</b>		<b>3,750.53</b>	<b>204.74</b>
<b>10</b>	<b>Earning per Share</b>	35		
	<b>(Face Value of ₹ 1/- Each)</b>			
	Basic earnings per share (In ₹)		4.75	0.25
	Diluted earnings per share (In ₹)		4.58	0.25

Summary of Significant Accounting Policies 3

The accompanying notes form an integral part of the standalone financial statements

As per our report attached of even date

For **Ramasamy Koteswara Rao and Co LLP**  
Chartered Accountants  
Firm Registration Number: 010396S/S200084

**Murali Krishna Reddy Telluri**  
Partner  
Membership Number: 223022

Place: Hyderabad  
Date: 06 May 2023

For and on behalf of the Board of Directors of  
**Zen Technologies Limited**

**Ashok Atluri**  
Chairman & Managing Director  
DIN: 00056050

**Afzal Harunbhai Malkani**  
Chief Financial Officer

**M. Ravi Kumar**  
Whole-Time Director  
DIN: 00089921

**M. Raghavendra Prasad**  
Company Secretary  
M.No.: A41798

Place: Hyderabad  
Date: 06 May 2023

# Standalone Statement of Cash Flows

For the year ended 31 March 2023

(₹ In lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>A. Cash Flows from Operating Activities</b>		
<b>Net profit before tax</b>	<b>5,392.74</b>	<b>186.39</b>
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortization expense	437.62	373.40
Profit on sale of asset	(0.93)	-
Expected Credit loss allowance	38.83	7.19
Interest Income	(635.31)	(425.15)
Finance Cost	154.97	124.94
Share based Payment Expenses	44.21	-
<b>Operating profit before working capital changes</b>	<b>5,432.12</b>	<b>266.77</b>
<b>Working Capital Adjustment</b>		
(Increase)/Decrease in Trade Receivables	(4,681.42)	(222.47)
(Increase)/Decrease in Other financial assets	6,359.52	(6,663.01)
(Increase)/Decrease in Inventories	(2,694.19)	(553.26)
(Increase)/Decrease in Other Current Assets	(534.16)	(1,535.72)
(Increase)/Decrease in Other Non-Current Assets	167.33	(15.85)
Increase/(Decrease) in Trade Payables	33.00	83.32
Increase/(Decrease) in Other financial liabilities	601.76	18.88
Increase/(Decrease) in Other Current liabilities	6,068.01	4,345.41
Increase/(Decrease) in Provisions	46.54	18.73
<b>Cash generated from/(used in) operating activities</b>	<b>10,798.50</b>	<b>(4,257.20)</b>
Income tax paid	(870.12)	(123.81)
<b>Net Cash from/(used in) operating activities (A)</b>	<b>9,928.38</b>	<b>(4,381.01)</b>
<b>B. Cash flows from Investing Activities</b>		
Purchase of property, plant and equipment and CWIP	(1,207.61)	(357.23)
Sale proceeds from Property, Plant and Equipment	1.10	-
Advance for acquisition on investments	(252.84)	-
Purchase of Investments	-	(25.00)
Interest received	640.20	377.25
(Increase)/Decrease in Other Bank Balances	550.62	(4,311.33)
<b>Net Cash used In Investing Activities (B)</b>	<b>(268.53)</b>	<b>(4,316.31)</b>
<b>C. Cash flows from Financing Activities</b>		
Proceeds from/(Repayment of) borrowings (net)	(639.76)	(6.75)
Purchase of Treasury shares by Zen Technologies Limited Employee Welfare Trust	(966.13)	-
Dividend paid	(79.23)	(79.51)
Finance costs paid	(154.97)	(90.36)
Amount received towards share warrants	-	250.08
Amount received towards Compulsory Convertible Debentures	-	8,657.66
<b>Net Cash From/(Used in) Financing Activities (C)</b>	<b>(1,840.08)</b>	<b>8,731.12</b>
<b>Net Increase in cash and cash equivalents (A+B+C)</b>	<b>7,819.76</b>	<b>33.80</b>
Cash and Cash equivalents at the beginning of the year	1,470.48	1,436.68
<b>Cash and Cash equivalents at the end of the year</b>	<b>9,290.24</b>	<b>1,470.48</b>

a) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS-7) - Statement of Cash Flows.

## b) Cash and Cash equivalents include following for the Cash flow purpose:

(₹ In lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>Cash and Cash Equivalents as per Balance sheet</b>	<b>9,133.16</b>	<b>1,470.48</b>
<b>Less: OD/CC accounts forming part of Cash &amp; Cash Equivalents</b>	(157.08)	-
<b>Cash and Cash Equivalents for the Cash flow statement</b>	<b>9,290.24</b>	<b>1,470.48</b>

Summary of significant accounting policies - Refer Note 3

The accompanying notes referred to above form an integral part of the standalone financial statements.

As per our report attached of even date

For **Ramasamy Koteswara Rao and Co LLP**  
Chartered Accountants  
Firm Registration Number: 010396S/S200084

**Murali Krishna Reddy Telluri**  
Partner  
Membership Number: 223022

**Place:** Hyderabad  
**Date:** 06 May 2023

For and on behalf of the Board of Directors of  
**Zen Technologies Limited**

**Ashok Atluri**  
Chairman & Managing Director  
DIN: 00056050

**Afzal Harunbhai Malkani**  
Chief Financial Officer

**M. Ravi Kumar**  
Whole-Time Director  
DIN: 00089921

**M. Raghavendra Prasad**  
Company Secretary  
M.No.: A41798

**Place:** Hyderabad  
**Date:** 06 May 2023

# Standalone Statement of Changes in Equity

For the year ended 31 March 2023

## (A) SHARE CAPITAL

(₹ In lakhs)

Particulars	Number of shares	Amount
<b>As at 01 April 2021</b>	<b>7,95,10,000</b>	<b>795.10</b>
Issued during the year	-	-
<b>Redeemed/transferred during the year</b>	<b>-</b>	<b>-</b>
<b>As at 31 March 2022</b>	<b>7,95,10,000</b>	<b>795.10</b>
Issued during the year	-	-
<b>Redeemed/transferred during the year</b>	<b>-</b>	<b>-</b>
<b>As at 31 March 2023</b>	<b>7,95,10,000</b>	<b>795.10</b>

**(B) OTHER EQUITY (REFER NOTE NO.17)**

(₹ In lakhs)

Particulars	Reserves and Surplus						Equity Component of Compound Financial Instruments	Other Comprehensive Income	Total Equity	
	Securities Premium	Capital Redemption Reserve	General Reserve	Retained Earnings	Treasury Shares	Share Based Payment Reserve				Share Warrants
<b>Balances as at 01 April 2021</b>	<b>2,654.31</b>	<b>117.24</b>	<b>3,525.01</b>	<b>14,170.56</b>	-	-	-	-	<b>53.00</b>	<b>20,520.12</b>
Profit for the Year	-	-	-	202.36	-	-	-	-	-	202.36
Amount received on account of allotment of share warrants	-	-	-	-	-	-	250.08	-	-	250.08
Other Comprehensive income (net of tax)	-	-	-	-	-	-	-	-	2.38	2.38
Dividend paid	-	-	-	(79.51)	-	-	-	-	-	(79.51)
Equity component of Compulsorily Convertible Debentures (CCD's) issued	-	-	-	-	-	-	-	7,479.32	-	7,479.32
<b>Balance as at 31 March 2022</b>	<b>2,654.31</b>	<b>117.24</b>	<b>3,525.01</b>	<b>14,293.41</b>	-	-	<b>250.08</b>	<b>7,479.32</b>	<b>55.38</b>	<b>28,374.75</b>
<b>Balances as at 01 April 2022</b>	<b>2,654.31</b>	<b>117.24</b>	<b>3,525.01</b>	<b>14,293.41</b>	-	-	<b>250.08</b>	<b>7,479.32</b>	<b>55.38</b>	<b>28,374.75</b>
Profit for the Year	-	-	-	3,763.79	-	-	-	-	-	3,763.79
Other Comprehensive income (net of tax)	-	-	-	-	-	-	-	-	(13.25)	(13.25)
Dividend paid	-	-	-	(79.23)	-	-	-	-	-	(79.23)
Purchase of Treasury Shares	-	-	-	-	(966.13)	-	-	-	-	(966.13)
Employee Share Based Payment Expense	-	-	-	-	-	-	44.21	-	-	44.21
Equity component of Compulsorily Convertible Debentures (CCD's) issued	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2023</b>	<b>2,654.31</b>	<b>117.24</b>	<b>3,525.01</b>	<b>17,977.98</b>	<b>(966.13)</b>	<b>44.21</b>	<b>250.08</b>	<b>7,479.32</b>	<b>42.13</b>	<b>31,124.14</b>

Summary of Significant Accounting Policies refer note 3

The accompanying notes form an integral part of the standalone financial statements

As per our report attached of even date

For **Ramasamy Koteswara Rao and Co LLP**

Chartered Accountants

Firm Registration Number: 010396S/S200084

**Murali Krishna Reddy Telluri**

Partner

Membership Number: 223022

**Ashok Atluri**

Chairman &amp; Managing Director

DIN: 00056050

**Afzal Harunbhai Malkani**

Chief Financial Officer

For and on behalf of the Board of Directors of  
**Zen Technologies Limited****M. Ravi Kumar**

Whole-Time Director

DIN: 00089921

**M. Raghavendra Prasad**

Company Secretary

M.No.: A41798

**Place:** Hyderabad**Date:** 06 May 2023**Place:** Hyderabad**Date:** 06 May 2023

# Notes to the Standalone Financial Statements

For the year ended 31 March 2023

(All amounts in Indian Rupees in lakhs, unless otherwise stated)

## 1. CORPORATE INFORMATION

Zen Technologies Limited is a Public Company incorporated under the provisions of the Companies Act, 1956 having corporate office at B-42, Industrial Estate, Sanathnagar, Hyderabad-500018, Telangana, India. The Equity Shares of the Company are listed on BSE Ltd and National Stock Exchange of India Ltd (NSE) in India.

The Company is principally engaged in design, development and manufacture of Training Simulators, Anti Drone Systems and operations for Para-military Forces, Armed Forces, Security Forces, Police and Government Departments. The Company caters to both domestic and international market. The Company's manufacturing unit is located at Hardware Park, Maheswaram Mandal, Telangana, India.

The standalone financial statements for the year ended 31 March 2023, were approved by the Board of Directors and authorised for issue on 06 May 2023.

## 2. BASIS OF PREPARATION AND MEASUREMENT

### (i) Statement of compliance & Basis for preparation

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

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

### (ii) Functional and presentation currency

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

### (iii) Basis of measurement

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

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

### (iv) Use of estimates and judgements

In preparing these standalone financial statements, management has made judgements, estimates and assumptions that affect the

application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

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

### Judgements

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

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

### Assumptions and estimation uncertainties

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

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

### (v) Measurement of fair values

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

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

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

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

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

it to another market participant that would use the asset in its highest and best use.

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

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

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

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

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

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

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

Further information about the assumptions made in the measuring fair values is included in the following notes:

- Note 41 - Financial instruments

#### **(vi) Current and non-current classification:**

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

#### **Assets**

An asset is classified as a current when it is:

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

All other assets are classified as non-current.

#### **Liabilities**

A liability is classified as a current when:

- it expects to settle the liability in its normal operating cycle;
- it is due to be settled within twelve months from the reporting date;
- it is held primarily for the purposes of being traded;

- the Company does not have an unconditional right to defer settlement of liability for at least twelve months from the reporting date.

All other liabilities are classified as non-current.

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

#### **Operating Cycle**

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

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **A. Revenue from contracts with customers**

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

#### **Revenue from sale of products**

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

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

#### **Revenue from rendering of services**

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

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

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

## Contract Balances

### Contract Asset:

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

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

### Contract Liability:

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

### Trade Receivables:

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

## B. Recognition of Other income

### i) Interest income

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

### ii) Export Incentives

The Company receives export incentives in the form of MEIS (Merchandise Exports from India Scheme) scripts which do not fall under the scope of Ind AS 115 and are accounted for in accordance with the provisions of Ind AS 20 considering such incentives as Government Assistance. Accordingly government grant relating to Income is recognised on accrual basis when the relevant expense has been charged to statement of Profit and Loss.

### iii) Other Income

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

## C. Borrowing cost

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition, construction or production of an asset which necessarily take a substantial period of time to get ready for

their intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

## D. Foreign Currency Transactions and Translation

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

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

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

## E. Financial instruments

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

### Financial assets

#### i) Initial Recognition and measurement

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

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

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

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

## ii) Classification and subsequent measurement

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

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

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

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

### Financial assets at amortised cost (debt instruments)

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

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

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

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

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

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

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

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

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

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL.

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

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

### Financial assets at fair value through profit or loss

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

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

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

### Derecognition

A Financial asset is primarily derecognised when the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

## Financial Liabilities

### i) Initial Recognition and measurement

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

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

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

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

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

### Financial liabilities at fair value through profit or loss

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

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

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

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

### Financial liabilities at amortised cost (Loans and borrowings)

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

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

### iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated

as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

### iv) Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if there is a currently and legally enforceable right to set-off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

### v) Compulsorily Convertible Debentures

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

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

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

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

### vi) Reclassification of financial Instruments

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

## F. Property, plant and equipment

### i) Recognition and measurement

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and

maintenance are charged to statement of profit or loss during the reporting period in which they are incurred. If an item of property, plant and equipment is purchased with deferred credit period from supplier, such asset is recorded at its cash price equivalent value.

## ii) Depreciation

Depreciation is recognized in the statement of profit and loss on a straight line basis over the estimated useful lives of property, plant and equipment based on to the Companies Act, 2013 ("Schedule II"), which prescribes the useful lives for various classes of tangible assets. For assets acquired or disposed off

during the year, depreciation is provided on pro rata basis. Land is not depreciated.

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

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

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

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

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

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

## G. Intangible assets

### i) Recognition and measurement

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

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon

derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss, when the asset is derecognised.

### ii) Amortisation

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

The estimated useful lives are as follows:

- Software - 3 years

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

## H. Capital work-in-progress

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

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

## I. Inventories

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

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

## J. Impairment of assets

### i) Impairment of financial instruments

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

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

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

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

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

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

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

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

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

### Measurement of expected credit losses

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

### Presentation of allowance for expected credit losses in the balance sheet

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

### Write-off

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

### ii) Impairment of non-financial assets

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

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

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

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

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

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

In respect of assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been

a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

## K. Employee benefits

### (i) Short-term employee benefits

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

### (ii) Defined contribution plans

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

### (iii) Defined benefit plans

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

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

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

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

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

### (iv) Termination Benefits

Termination benefits are recognized as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage

voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Company has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

### (v) Other long-term employee benefits

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

### (vi) Employee Share Based Payments Equity Settled Transactions

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

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

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

## L. Leases

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

### Company as a Lessor

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

### Company as a Lessee

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

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

that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

### Right of use asset

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

### Lease Liability

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

### Short-term leases and leases of low-value assets

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

## M. Income Taxes

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

### (i) Current tax

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

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

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

### (ii) Deferred tax

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

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

Deferred tax assets are recognised for deductible temporary differences, the carry forwards of unused tax credits and unused tax losses. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets-unrecognised or recognised, are reviewed at each reporting date and are recognised/reduced to the extent that it is probable/no longer probable respectively that the related tax benefit will be realised.

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

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

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

### (iii) Minimum Alternate Tax (MAT) Credit

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

## N. Provision, contingent liabilities and contingent assets Provision

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

### Contingent liabilities and contingent assets:

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

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

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

## O. Government Grants Recognition and measurement

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

- The Company will comply with the conditions attached to the grant
- There is a reasonable certainty that the grant will be received.

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

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

## P. Earnings per share

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

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

## Q. Statement of cash flow

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

## R. Cash and cash equivalents

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

Bank overdrafts and Cash Credit that are repayable on demand and form an integral part of our cash management are included as a component of cash and cash equivalents for the purpose of the

statement of cash flows. Whereas they are classified as borrowings under current liabilities in the balance sheet.

### S. Investments in subsidiaries

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

### T. Research and Development Costs (Product Development):

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

- a) The technical feasibility of completing the intangible asset so that the asset will be available for use or sale.
- b) Its intention to complete and its ability and intention to use or sell the product.
- c) How the asset will generate future economic benefits
- d) The availability of resources to complete the asset
- e) The ability to measure reliably the expenditure during development.

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

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

### U. Events after reporting date

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

### V. Treasury Shares

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

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

### W. Cash Dividend to Equity Holders

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

### X. Errors and Estimates

The Company revises its accounting policies if the change is required due to a change in Ind AS or if the change will provide more relevant and reliable information to the users of the financial statements. Changes in accounting policies are applied retrospectively, unless it is impracticable to apply.

A change in an accounting estimate that results in changes in the carrying amounts of recognised assets or liabilities or to statement of profit and loss is applied prospectively in the period(s) of change."

### Y. Recent pronouncements:

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 31 March 2023, MCA issued the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from 01 April 2023, as below:

#### Ind AS 1 – Presentation of Financial Statements

The amendments require companies to disclose the material accounting policies rather than significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general-purpose financial statements.

#### Ind AS 12 – Income Taxes

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

#### Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.

The Company is assessing the impact of these changes and will accordingly incorporate the same in the financial statements for the year ending 31 March 2024.

# Notes to financials statements

For the year ended 31 March 2023

## NOTE 4A. PROPERTY, PLANT AND EQUIPMENT

(₹ In lakhs)

Particulars	Land	Building	Computers	Plant & Machinery	Office Equipment	Testing Equipment	Demo Equipment	Furniture & Fixtures	Vehicles	Total
Gross Block										
<b>As at 01 April 2021</b>	<b>648.95</b>	<b>5,565.59</b>	<b>404.77</b>	<b>300.39</b>	<b>571.08</b>	<b>76.51</b>	<b>441.40</b>	<b>600.12</b>	<b>361.49</b>	<b>8,970.30</b>
Additions during the year	-	0.84	38.89	-	40.19	8.41	-	15.01	-	103.34
Sales/adjustments	-	(14.03)	-	(37.52)	(3.30)	-	-	(1.42)	-	(56.27)
<b>As at 31 March 2022</b>	<b>648.95</b>	<b>5,552.40</b>	<b>443.66</b>	<b>262.87</b>	<b>607.97</b>	<b>84.92</b>	<b>441.40</b>	<b>613.71</b>	<b>361.49</b>	<b>9,017.37</b>
Additions during the year	-	11.91	112.31	3.94	79.24	334.14	660.07	47.15	-	1,248.75
Sales/adjustments	-	-	-	-	(0.30)	-	-	-	(13.00)	(13.30)
<b>As at 31 March 2023</b>	<b>648.95</b>	<b>5,564.31</b>	<b>555.97</b>	<b>266.81</b>	<b>686.91</b>	<b>419.06</b>	<b>1,101.47</b>	<b>660.86</b>	<b>348.49</b>	<b>10,252.82</b>
Depreciation										
<b>As at 01 April 2021</b>	<b>-</b>	<b>1,056.07</b>	<b>380.46</b>	<b>195.13</b>	<b>461.06</b>	<b>63.33</b>	<b>236.50</b>	<b>258.30</b>	<b>218.93</b>	<b>2,869.77</b>
For the year	-	129.44	20.84	14.29	54.78	4.65	59.63	52.66	28.08	364.37
Sales/adjustments	-	(5.50)	-	(21.00)	(0.90)	-	-	(0.88)	-	(28.29)
<b>As at 31 March 2022</b>	<b>-</b>	<b>1,180.00</b>	<b>401.31</b>	<b>188.42</b>	<b>514.93</b>	<b>67.98</b>	<b>296.13</b>	<b>310.08</b>	<b>247.01</b>	<b>3,205.85</b>
For the year	-	128.67	36.55	12.90	54.38	37.59	73.69	54.00	28.40	426.18
Sales/adjustments	-	-	-	-	(0.01)	-	-	-	(13.00)	(13.01)
<b>As at 31 March 2023</b>	<b>-</b>	<b>1,308.67</b>	<b>437.86</b>	<b>201.32</b>	<b>569.30</b>	<b>105.57</b>	<b>369.82</b>	<b>364.08</b>	<b>262.40</b>	<b>3,619.02</b>
Net Block										
<b>As at 31 March 2022</b>	<b>648.95</b>	<b>4,372.40</b>	<b>42.35</b>	<b>74.45</b>	<b>93.04</b>	<b>16.94</b>	<b>145.27</b>	<b>303.63</b>	<b>114.48</b>	<b>5,811.52</b>
<b>As at 31 March 2023</b>	<b>648.95</b>	<b>4,255.64</b>	<b>118.11</b>	<b>65.49</b>	<b>117.61</b>	<b>313.49</b>	<b>731.64</b>	<b>296.78</b>	<b>86.09</b>	<b>6,633.80</b>

**NOTE 4B. INTANGIBLE ASSETS**

(₹ In lakhs)

Particulars	Computer Software	Total
<b>Gross Block</b>		
<b>As at 01 April 2021</b>	<b>1,045.03</b>	<b>1,045.03</b>
Additions during the year	1.60	1.60
Sales/adjustments	-	-
<b>As at 31 March 2022</b>	<b>1,046.64</b>	<b>1,046.64</b>
Additions during the year	19.53	19.53
Sales/adjustments	-	-
<b>As at 31 March 2023</b>	<b>1,066.16</b>	<b>1,066.16</b>
<b>Amortization</b>		
<b>As at 01 April 2021</b>	<b>1,032.25</b>	<b>1,032.25</b>
For the year	6.02	6.02
Sales/adjustments	-	-
<b>As at 31 March 2022</b>	<b>1,038.27</b>	<b>1,038.27</b>
For the year	8.43	8.43
Sales/adjustments	-	-
<b>As at 31 March 2023</b>	<b>1,046.70</b>	<b>1,046.70</b>
<b>Net Block</b>		
<b>As at 31 March 2022</b>	<b>8.37</b>	<b>8.37</b>
<b>As at 31 March 2023</b>	<b>19.46</b>	<b>19.46</b>

**NOTE 4C. CAPITAL WORK-IN-PROGRESS**

(₹ In lakhs)

Particulars	31 March 23	31 March 22
<b>Opening Balance</b>	252.28	-
<b>Add:</b> Additions during the year	257.96	252.28
<b>Less:</b> Capitalisations during the year	(318.51)	-
<b>Closing Balance</b>	<b>191.73</b>	<b>252.28</b>

**Ageing Schedule of Capital work-in-progress:**

(₹ In lakhs)

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
<b>As at 31 March 2023</b>					
- Projects in progress	100.96	90.77	-	-	<b>191.73</b>
- Projects temporarily suspended	-	-	-	-	-
<b>As at 31 March 2022</b>					
- Projects in progress	252.28	-	-	-	<b>252.28</b>
- Projects temporarily suspended	-	-	-	-	-

**NOTE 4D. RIGHT-OF-USE ASSETS**

The Company has entered into lease agreement for land and building. These lease have a lease term of 33 years.

(₹ In lakhs)

Particulars	Right-of-use assets	Total
<b>Gross Block</b>		
<b>As at 01 April 2021</b>	<b>99.24</b>	<b>99.24</b>
Additions during the year	-	-
Sales/adjustments	-	-

**NOTE 4D. RIGHT-OF-USE ASSETS** (Contd.)

The Company has entered into lease agreement for land and building. These lease have a lease term of 33 years.

(₹ In lakhs)

Particulars	Right-of-use assets	Total
<b>As at 31 March 2022</b>	<b>99.24</b>	<b>99.24</b>
Additions during the year	-	-
Sales/adjustments	-	-
<b>As at 31 March 2023</b>	<b>99.24</b>	<b>99.24</b>
<b>Depreciation</b>		
<b>As at 01 April 2021</b>	<b>6.02</b>	<b>6.02</b>
For the year	3.01	3.01
Sales/adjustments	-	-
<b>As at 31 March 2022</b>	<b>9.02</b>	<b>9.02</b>
For the year	3.01	3.01
Sales/adjustments	-	-
<b>As at 31 March 2023</b>	<b>12.03</b>	<b>12.03</b>
<b>Net Block</b>		
<b>As at 31 March 2022</b>	<b>90.22</b>	<b>90.22</b>
<b>As at 31 March 2023</b>	<b>87.21</b>	<b>87.21</b>

The following amounts related to Right-of-use assets were recognised in the statement of profit or loss:

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
Interest expense	0.77	0.77
Amortisation expense	3.01	3.01
<b>Total</b>	<b>3.78</b>	<b>3.78</b>

**5. INVESTMENTS (NON-CURRENT)**

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
<b>Unquoted investments:</b>		
<b>Investment in Subsidiaries (At cost unless otherwise stated)</b>		
19,80,001 (31 March 2022 - 19,80,001) Equity shares of \$1/- each, fully paid up of Zen Technologies USA, INC	1,434.67	1,434.67
2,88,794 (31 March 2022 - 2,88,794) Equity shares of ₹ 10/- each, fully paid up of Unistring Tech Solutions Pvt Ltd	700.07	700.07
75,20,000 (31 March 2022 - 75,20,000) Equity shares of ₹ 1/- each fully paid up of Zen Medical Technologies Pvt Ltd	75.20	75.20
<b>Investment in Others:</b>		
17,500 (31 March 2022 - 17,500) Equity shares and 2,139 (31 March 2022 - 2,139) Class Seed Preferred shares of Paladin AI INC.,*	224.22	224.22
	<b>2,434.16</b>	<b>2,434.16</b>

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

**6. DEPOSITS (UNSECURED, CONSIDERED GOOD)**

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
Security deposits	28.99	34.11
Deposits with government, public bodies and others	14.21	14.04
	<b>43.20</b>	<b>48.15</b>

**7. DEFERRED TAX ASSETS (NET)**

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
<b>Deferred Tax Asset</b>		
Deferred Tax Asset on MAT credit entitlement	1,886.92	2,496.42
Deferred Tax on Gratuity and Bonus	96.52	72.17
Deferred Tax on Leases	0.20	0.15
<b>Deferred Tax Liability</b>		
Accelerated depreciation for tax purposes	(646.38)	(553.61)
On Other comprehensive income items	5.45	(0.92)
	<b>1,342.70</b>	<b>2,014.21</b>

Note: Refer Note 34 for further details.

**8. OTHER NON-CURRENT ASSETS**

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
Prepaid expenses <sup>#</sup>	15.55	48.31
Others <sup>##</sup>	51.84	51.84
	<b>67.39</b>	<b>100.15</b>

<sup>#</sup> represents amount paid in advance for the items that had not yet occurred as of the end of the financial year, including Bank Guarantee Commission, Employees Health Insurance and General Insurance expenses.

<sup>##</sup> represents the cost of articles owned by the Company for the purpose of business promotion.

**9. INVENTORIES (VALUED AT LOWER OF COST AND NET REALISABLE VALUE)**

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
Raw material	1,015.69	600.70
Work in progress	3,095.82	816.62
	<b>4,111.51</b>	<b>1,417.32</b>

**Note:**

- Valuation of Inventories has been made as per Company's Accounting Policy No. 31
- Cost of inventories (including cost of purchased products) recognized as expense during the year ended 31 March 2023 and 31 March 2022 amounted to ₹ 4083.83 lakhs and ₹ 826.99 lakhs, respectively.
- For details of hypothecation of inventory, refer Note No 21(i).

**10. TRADE RECEIVABLES**

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
Trade Receivables	6,661.72	1,961.72
<b>Less:</b> Allowance for expected credit losses	(46.02)	(7.19)
	<b>6,615.70</b>	<b>1,954.53</b>

**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.
- For details of hypothecation of trade receivables, refer Note No 21(i).

### 10A. Ageing Schedule of Trade receivables: As at 31 March 2023

(₹ In lakhs)

Particulars	Outstanding for the following periods from the due date of payment						Total
	Not Due	Less than 6 months	6 Months-1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables - considered good	5,712.59	293.89	121.19	399.38	-	-	6,527.05
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	3.02	131.65	134.67
(iii) Undisputed Trade Receivables - Credit Impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
(v) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
	<b>5,712.59</b>	<b>293.89</b>	<b>121.19</b>	<b>399.38</b>	<b>3.02</b>	<b>131.65</b>	<b>6,661.72</b>
<b>Less:</b> Allowance for expected credit losses							(46.02)
<b>Total</b>	<b>5,712.59</b>	<b>293.89</b>	<b>121.19</b>	<b>399.38</b>	<b>3.02</b>	<b>131.65</b>	<b>6,615.70</b>

### As at 31 March 2022

(₹ In lakhs)

Particulars	Outstanding for the following periods from the due date of payment						Total
	Not Due	Less than 6 months	6 Months-1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables - considered good	1,213.02	200.77	94.98	294.52	10.25	24.08	1,837.62
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	0.63	3.77	119.70	124.10
(iii) Undisputed Trade Receivables - Credit Impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
(v) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
	<b>1,213.02</b>	<b>200.77</b>	<b>94.98</b>	<b>295.15</b>	<b>14.02</b>	<b>143.78</b>	<b>1,961.72</b>
<b>Less:</b> Allowance for expected credit losses	-	-	-	-	-	-	(7.19)
<b>Total</b>	<b>1,213.02</b>	<b>200.77</b>	<b>94.98</b>	<b>295.15</b>	<b>14.02</b>	<b>143.78</b>	<b>1,954.53</b>

### 11. CASH AND CASH EQUIVALENTS

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
Cash on hand	6.18	0.55
<b>Balances with banks:</b>		
- In current accounts	7,480.56	509.93
- In Fixed Deposits with original maturity less than 3 months	1,646.42	960.00
	<b>9,133.16</b>	<b>1,470.48</b>

#### Note:

- There is no restriction with regard to cash and cash equivalents as at the end of each reporting period and prior period.
- Refer Note 41 for Classification of financial instruments.

**11A. Reconciliation of liabilities from financing activities**

As at 31 March 2023

Particulars	As at 31 March 2022	Cash flows		Non-Cash Transactions		(₹ In lakhs)
		Proceeds	Repayment	Finance Cost*	Equity Portion of CCD's	As at 31 March 2023
(a) Long-term borrowings (including current maturities)	1,224.18	-	-	-	(796.84)	427.34
(b) Lease liabilities	9.35	-	-	0.77	-	10.12
(c) Short-term borrowings	-	157.08	-	-	-	157.08
	<b>1,233.53</b>	<b>157.08</b>	-	<b>0.77</b>	<b>(796.84)</b>	<b>594.54</b>

\*Excluding BG commission charges.

As at 31 March 2022

Particulars	As at 31 March 2021	Cash flows		Non-Cash Transactions		(₹ In lakhs)
		Proceeds	Repayment	Finance Cost*	Equity Portion of CCD's	As at 31 March 2022
(a) Long-term borrowings (including current maturities)	18.78	8,657.66	(6.75)	33.81	(7,479.32)	1,224.18
(b) Lease liabilities	8.58	-	-	0.77	-	9.35
(c) Short-term borrowings	65.81	-	(65.81)	-	-	-
	<b>93.17</b>	<b>8,657.66</b>	<b>(72.56)</b>	<b>34.58</b>	<b>(7,479.32)</b>	<b>1,233.53</b>

\*Excluding BG commission charges.

**12. OTHER BANK BALANCES**

Particulars	(₹ In lakhs)	
	31 March 2023	31 March 2022
Balances with banks for unclaimed dividend	7.10	8.08
- Deposits against Bank Guarantee's*	5,514.58	6,064.86
- Other Fixed Deposits	67.09	66.45
	<b>5,588.77</b>	<b>6,139.39</b>

**Note:**

- All Fixed deposits were kept with Scheduled banks only.

- There are no amounts due and outstanding to be credited to the Investors Education and Protection Fund as at 31 March 2023 and 31 March 2022.

- Refer Note 41 for Classification of financial instruments.

\*These deposits are held as margin money against bank guarantee.

**13. OTHER FINANCIAL ASSETS****Non-Current**

Particulars	(₹ In lakhs)	
	31 March 2023	31 March 2022
Advance for Acquisition of investments*	252.84	-
	<b>252.84</b>	<b>-</b>

\*Advance given to Paladin AI INC, for the acquisition of shares which are yet to be allotted.

**Current**

Particulars	(₹ In lakhs)	
	31 March 2023	31 March 2022
<b>Unsecured, Considered good</b>		
Accrued Income but not due	895.08	968.99
Current Investments at amortised cost	4,450.43	10,731.09
Interest accrued but not due on deposits	148.00	143.11
	<b>5,493.51</b>	<b>11,843.19</b>

**Note:**

- Refer Note 41 for Classification of financial instruments.

**14. CURRENT TAX ASSETS (NET)**

(₹ In lakhs)

Particulars	31 March 2023		31 March 2022	
Taxes paid under protest				
Advance Income Tax (Net of Provision)		88.66		194.33
		<b>88.66</b>		<b>194.33</b>

**15. OTHER CURRENT ASSETS**

(₹ In lakhs)

Particulars	31 March 2023		31 March 2022	
<b>Unsecured, considered good</b>				
Prepaid Expenses		177.53		133.54
Balance with Statutory Authorities		891.51		597.98
Advance to material suppliers (Creditors)		1,444.24		1,232.03
Reimbursement of expenses to subsidiary (refer note-50)		0.80		-
Duty Credit Scripts under MEIS scheme		-		14.78
Advances to Employees		27.00		28.58
		<b>2,541.07</b>		<b>2,006.91</b>

**16. EQUITY SHARE CAPITAL**

(₹ In lakhs)

Particulars	Equity Shares	
	No. of shares	Amount
<b>(i) Authorised share capital</b>		
<b>As at 01 April 2021</b>	20,00,00,000	2,000.00
Increase/(Decrease) during the year	-	-
<b>As at 31 March 2022</b>	<b>20,00,00,000</b>	<b>2,000.00</b>
Increase/(Decrease) during the year	-	-
<b>As at 31 March 2023</b>	<b>20,00,00,000</b>	<b>2,000.00</b>

(₹ In lakhs)

Particulars	Equity Shares	
	No. of shares	Amount
<b>(ii) Issued share capital</b>		
Equity share of ₹ 1 each issued, subscribed and fully paid up		
<b>As at 01 April 2021</b>	7,95,10,000	795.10
Increase/(Decrease) during the year	-	-
<b>As at 31 March 2022</b>	<b>7,95,10,000</b>	<b>795.10</b>
Increase/(Decrease) during the year	-	-
<b>As at 31 March 2023</b>	<b>7,95,10,000</b>	<b>795.10</b>

**(iii) Terms/rights attached to equity shares**

The Company has only one class of equity shares having par value of ₹ 1/- each. Each equity shareholder is entitled to one vote per equity share held. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**(iv) The details of shares held by shareholder holding more than 5% of shares in the Company**

Particulars	31 March 2023		31 March 2022	
	Number of shares held	% of holding	Number of shares held	% of holding
Equity shares of ₹ 1/- each fully paid up				
Ashok Atluri	2,13,11,220	26.80%	2,13,11,220	26.80%
Kishore Dutt Atluri	1,57,56,220	19.82%	1,57,56,220	19.82%

(v) For Compulsorily Convertible Debentures (CCDs) refer Note 48.

(vi) Shares held by promoters.

**As at 31 March 2023**

(₹ In lakhs)

Promoter Name	Class of Equity share	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total shares	% Change during the year
Ashok Atluri	Equity share of ₹ 1 each	2,13,11,220	-	2,13,11,220	26.80%	0.00%
Kishore Dutt Atluri	Equity share of ₹ 1 each	1,57,56,220	-	1,57,56,220	19.82%	0.00%
Tara Dutt Atluri	Equity share of ₹ 1 each	34,19,756	(30,000)	33,89,756	4.26%	-0.88%
Rama Devi Atluri	Equity share of ₹ 1 each	26,70,000	-	26,70,000	3.36%	0.00%
Satish Atluri	Equity share of ₹ 1 each	11,84,000	-	11,84,000	1.49%	0.00%
Anisha Atluri	Equity share of ₹ 1 each	10,00,000	-	10,00,000	1.26%	0.00%
Arjun Dutt Atluri	Equity share of ₹ 1 each	10,00,000	-	10,00,000	1.26%	0.00%
Ravi Kumar Midathala	Equity share of ₹ 1 each	7,90,000	(40,000)	7,50,000	0.94%	-5.06%
Beena Atluri	Equity share of ₹ 1 each	4,04,364	30,000	4,34,364	0.55%	7.42%
Nagarjunudu Kilari	Equity share of ₹ 1 each	1,50,290	-	1,50,290	0.19%	0.00%
Indira Garapati	Equity share of ₹ 1 each	1,20,000	-	1,20,000	0.15%	0.00%
Nandita Sethi	Equity share of ₹ 1 each	50,000	-	50,000	0.06%	0.00%

**As at 31 March 2022**

(₹ In lakhs)

Promoter Name	Class of Equity share	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total shares	% Change during the year
Ashok Atluri	Equity share of ₹ 1 each	2,13,11,220	-	2,13,11,220	26.80%	0.00%
Kishore Dutt Atluri	Equity share of ₹ 1 each	1,77,56,220	(20,00,000)	1,57,56,220	19.82%	-11.26%
Tara Dutt Atluri	Equity share of ₹ 1 each	34,19,756	-	34,19,756	4.30%	0.00%
Rama Devi Atluri	Equity share of ₹ 1 each	26,70,000	-	26,70,000	3.36%	0.00%
Satish Atluri	Equity share of ₹ 1 each	11,84,000	-	11,84,000	1.49%	0.00%
Anisha Atluri	Equity share of ₹ 1 each	-	10,00,000	10,00,000	1.26%	100.00%
Arjun Dutt Atluri	Equity share of ₹ 1 each	-	10,00,000	10,00,000	1.26%	100.00%
Ravi Kumar Midathala	Equity share of ₹ 1 each	7,94,000	(4,000)	7,90,000	0.99%	-0.50%
Beena Atluri	Equity share of ₹ 1 each	4,02,364	2,000	4,04,364	0.51%	0.50%
Nagarjunudu Kilari	Equity share of ₹ 1 each	1,48,290	2,000	1,50,290	0.19%	1.35%
Indira Garapati	Equity share of ₹ 1 each	1,20,000	-	1,20,000	0.15%	0.00%
Nandita Sethi	Equity share of ₹ 1 each	50,000	-	50,000	0.06%	0.00%

**(vii) Shares Reserved for issue under options**

For details of shares reserved for issue under the employee stock option ("ESOP") plan of the Company, please refer note 44.

**17. OTHER EQUITY**

Particulars	Note no	(₹ In lakhs)	
		31 March 2023	31 March 2022
Securities premium	17.1	2,654.31	2,654.31
Capital redemption reserve	17.2	117.24	117.24
General reserve	17.3	3,525.01	3,525.01
Retained earnings	17.4	17,977.97	14,293.41
Share Warrants	17.5	250.08	250.08
Other Comprehensive Income	17.6	42.13	55.38
Equity Component of Compound Financial Instruments	17.7	7,479.32	7,479.32
Share Based Payments Reserve	17.8	44.21	-
Treasury Shares	17.9	(966.13)	-
		<b>31,124.14</b>	<b>28,374.75</b>

**17.1 Securities premium**

Particulars	(₹ In lakhs)	
	31 March 2023	31 March 2022
Opening balance	2,654.31	2,654.31
<b>Add:</b> Additions during the year	-	-
	<b>2,654.31</b>	<b>2,654.31</b>

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

**17.2 Capital redemption reserve**

Particulars	(₹ In lakhs)	
	31 March 2023	31 March 2022
Opening balance	117.24	117.24
<b>Add:</b> Additions during the year	-	-
	<b>117.24</b>	<b>117.24</b>

As per the Companies Act, 2013 Capital Redemption Reserve is created when Company purchases its own shares out of free reserves or securities premium. A sum equal to the nominal value of shares so purchased during the FY 13-14 is transferred to capital redemption reserve. The reserve is utilised in accordance with the provisions of section 69 of the Companies Act, 2013.

**17.3 General reserve**

Particulars	(₹ In lakhs)	
	31 March 2023	31 March 2022
Opening balance	3,525.01	3,525.01
<b>Add:</b> Additions during the year	-	-
	<b>3,525.01</b>	<b>3,525.01</b>

The Company has transferred a portion of the net profit of the Company before declaring dividend to general reserve pursuant to the earlier provisions of the Companies Act, 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013.

**17.4 Retained earnings**

Particulars	(₹ In lakhs)	
	31 March 2023	31 March 2022
Opening balance	14,293.41	14,170.56
<b>Add:</b> Net profit for the year	3,763.79	202.36
	(A) <b>18,057.20</b>	<b>14,372.92</b>
<b>Less:</b> Dividend distributed to equity shareholders	(B) (79.23)	(79.51)
	(A-B) <b>17,977.97</b>	<b>14,293.41</b>

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

**17.5 Share Warrants**

		(₹ In lakhs)	
Particulars		31 March 2023	31 March 2022
Opening balance		250.08	-
<b>Add:</b> Amount received on account of allotment of share warrants		-	250.08
	(A)	<b>250.08</b>	<b>250.08</b>
<b>Less:</b> Allotment of equity Shares pursuant to conversion of share warrants	(B)	-	-
	(A-B)	<b>250.08</b>	<b>250.08</b>

During the FY 2021-22, the Company has issued share warrants and 25% of the subscription amount was received at the time of allotment of share warrants. Balance amount (75%) will be received pursuant to duly conversion of share warrants into equity shares.

**17.6 Other Comprehensive Income**

		(₹ In lakhs)	
Particulars		31 March 2023	31 March 2022
<b>Actuarial Gain or Loss:</b>			
Opening balance		55.38	53.00
<b>Add:</b> Additions during the year		(13.25)	2.38
<b>Closing Balance</b>		<b>42.13</b>	<b>55.38</b>
		<b>42.13</b>	<b>55.38</b>

Other Comprehensive Income (OCI) represents the amount recognised in other equity consequent to remeasurement of Defined Benefit Plan and Exchange differences arising on translation of the foreign operations.

**17.7 Equity Component of Compound Financial Instruments**

		(₹ In lakhs)	
Particulars		31 March 2023	31 March 2022
<b>Opening balance</b>		7,479.32	-
<b>Add:</b> Equity component of Compulsorily Convertible Debentures (CCD's) issued		-	7,479.32
	(A)	<b>7,479.32</b>	<b>7,479.32</b>
<b>Less:</b> Allotment of equity Shares pursuant to conversion of CCD's	(B)	-	-
	(A-B)	<b>7,479.32</b>	<b>7,479.32</b>

Refer Note 48 for further details.

**17.8 Share Based Payments Reserve**

		(₹ In lakhs)	
Particulars		31 March 2023	31 March 2022
<b>Opening Balance</b>		-	-
<b>Add:</b> Employee Share Based Payment Expense		44.21	-
		<b>44.21</b>	-
<b>Less:</b> Exercise of Share Options		-	-
		<b>44.21</b>	-

**Share-based payment reserve:** The Share based payment reserve is used to record the grant date fair value of options issues to employees under employee stock option plan.

**17.9 Treasury Shares**

		(₹ In lakhs)	
Particulars		31 March 2023	31 March 2022
<b>Opening Balance</b>		-	-
<b>Add:</b> Purchase of treasury shares		(966.13)	-
		<b>(966.13)</b>	-
<b>Less:</b> Issue of Treasury Shares		-	-
		<b>(966.13)</b>	-

**Treasury Shares:** The reserve for shares of the Company held by the Zen Technologies Limited Employees Welfare Trust (ESOP Trust). The Company has issued employees stock option scheme for its employees. The shares of the Company have been purchased and held by ESOP Trust to issue and allot to employees at the time of exercise of ESOP by Employees.

## 18. BORROWINGS (NON-CURRENT)

Particulars	(₹ In lakhs)	
	31 March 2023	31 March 2022
<b>Secured (at amortized cost)</b>		
<b>Vehicle loans from banks</b>		
(a) Yes Bank	-	3.05
<b>Unsecured (at amortized cost)</b>		
(b) Compulsory Convertible Debentures (CCDs)	-	298.34
	<b>-</b>	<b>301.39</b>

### Details of borrowings:

- (i) Borrowings mentioned in (a) are secured by the hypothecation of respective vehicles for which loans are availed.
- (ii) Borrowings mentioned in (b) is the financial liability component of CCDs issued during the previous year which is carried at interest rate of 8.50% p.a.

## 19. OTHER FINANCIAL LIABILITIES

Particulars	(₹ In lakhs)	
	31 March 2023	31 March 2022
<b>Non-Current</b>		
<b>At amortised cost</b>		
Lease Liability	10.12	9.36
	<b>10.12</b>	<b>9.36</b>
<b>Current</b>		
Unclaimed dividends	7.10	8.08
Provision for expenses	520.25	110.38
Salaries and benefits	155.53	116.82
Bonus and incentives	102.53	77.04
Other Payables	149.09	20.42
	<b>934.50</b>	<b>332.74</b>

Note: Refer Note 41 for classification of financial instruments.

## 20. PROVISIONS

Particulars	(₹ In lakhs)	
	31 March 2023	31 March 2022
<b>Non-current</b>		
- Provision for gratuity	228.92	182.38
	<b>228.92</b>	<b>182.38</b>

Note: Refer Note 36 for further details.

## 21. BORROWINGS (CURRENT)

Particulars	(₹ In lakhs)	
	31 March 2023	31 March 2022
<b>Secured</b>		
(a) CC account forming part of Cash and Cash equivalents	-	-
(b) OD account forming part of Cash and Cash equivalents	157.08	-
(c) Current maturities of vehicle loans	3.09	8.21
<b>Unsecured</b>		
(d) Compulsory Convertible Debentures (CCDs)	424.25	914.58
	<b>584.42</b>	<b>922.79</b>

**Details of borrowings:**

(i) Cash Credit (CC) mentioned in (a) amounting to ₹ Nil (31 March 2022: ₹ Nil) and Over draft (OD) mentioned in (b) amounting to ₹ 157.08 lakhs (31 March 2022: ₹ Nil) obtained from Indian Bank (₹ 26.24 lakhs) and from HDFC Bank (₹ 130.84 lakhs) are secured by way of:

**Primary Security:** Inventories, Other Current Assets and Trade Receivables

**Collateral Security:****- HDFC Bank**

- Signature Tower Building, 11 Kothaguda Village and 12 floor of Signature building of 25000 Sq Ft, SY No:6 Kondapur, Kothaguda - 500084.
- Delhi 1, Apartment NH 24 adjacent to Akshardham No. T-27-06-04, Fifth floor of 1969 Sq Ft, Common Wealth Games Village - 110092.
- Delhi 2, Apartment NH 24 adjacent to Akshardham No. T-27-01-03, Ground floor of 2654.3 Sq Ft, Common Wealth Games Village - 110092.
- Delhi 3, Apartment NH 24 adjacent to Akshardham No. T-20-07-04, Sixth floor of 1969.52 Sq ft, Common Wealth Games Village - 110092.
- Delhi 4, Apartment NH 24 adjacent to Akshardham No. T-20-01-02, Ground floor of 2654.32 Sq Ft, Common Wealth Games Village - 110092.

**- Indian Bank**

- Corporate Office/Building Admeasuring 2540 Sq yards Located at B-42, Industrial Estate, Sanath nagar, Hyderabad-500018.

**- EXIM Bank**

- Industrial Plot of Land Admeasuring 2034.10 Sq Meters located at Plot No 99/2, IDA Cherlapally, Cherlapally village, Kapra Mandal, Medchal, Telangana.

**- ICICI Bank**

- Plot No: 35,36,37 Hardware Park, Maheshwaram Mandal, Ravirala Village, Hyderabad - 501510.

**- AXIS Bank**

- First Pari Passu charge on entire Current Assets of the Company, both Present and Future and the First Pari Passu charge on Collateral Property shared along with ICICI.

**Other Details:**

The Avg. Rate of Interest of CC is 9.67% p.a of and Cash credit is the sub-limit of ₹ 3,000 lakhs of total limits of ₹ 21,100 lakhs which consists of Bank Guarantee, Letter of Credit, Pre and Post Shipment Credit, PSR and Corporate Card Limits.

(ii) Borrowings mentioned in (c) are secured by the hypothecation of respective vehicles for which loans are availed.

(iii) Borrowings mentioned in (d) is the financial liability component of CCDs issued during the previous year which is carried at interest rate of 8.50% p.a. For further Details refer Note 48.

**22. TRADE PAYABLES**

Particulars	(₹ In lakhs)	
	31 March 2023	31 March 2022
<b>Trade payables</b>		
- Dues to Micro and Small Enterprises	74.03	107.59
- Dues to creditors other than micro and small enterprises	291.03	224.47
	<b>365.06</b>	<b>332.06</b>

**Note:** Trade payable are non interest bearing and normally settled in 30-45 days.

**22A. Ageing Schedule of Trade Payables:**

As at 31 March 2023

Particulars	(₹ In lakhs)					
	Outstanding for the following periods from the due date of payment					
	Not Due	<1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	52.19	2.37	0.05	0.40	19.04	74.03
(ii) Others	169.76	74.80	12.01	1.33	33.13	291.03
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
	<b>221.95</b>	<b>77.17</b>	<b>12.05</b>	<b>1.72</b>	<b>52.17</b>	<b>365.06</b>

## As at 31 March 2022

(₹ In lakhs)

Particulars	Outstanding for the following periods from the due date of payment					Total
	Not Due	<1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	80.48	19.29	2.68	3.73	1.41	107.59
(ii) Others	166.94	21.49	2.12	6.80	27.12	224.47
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
	<b>247.42</b>	<b>40.78</b>	<b>4.80</b>	<b>10.53</b>	<b>28.53</b>	<b>332.06</b>

## 23. OTHER CURRENT LIABILITIES

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
Income billed but not due	3.48	49.76
Statutory Liabilities	739.41	149.44
Advance from customers	9,859.75	4,335.43
	<b>10,602.64</b>	<b>4,534.63</b>

## 24. REVENUE FROM OPERATIONS

(₹ In lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
(a) Revenue from sale of products	12,553.73	2,062.24
(b) Revenue from rendering of services	3,589.85	3,308.29
	<b>16,143.58</b>	<b>5,370.53</b>

## Contract balances:

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
<b>(a) Receivables</b>		
Trade Receivables (gross) (refer note 10)	6,661.72	1,961.72
<b>Less:</b> Allowance for expected credit losses	(46.02)	(7.19)
<b>Net Receivables</b>	<b>6,615.70</b>	<b>1,954.53</b>
<b>(b) Contract Liabilities</b>		
Advances received from customers (refer note 23)	9,859.75	4,335.43
Income billed but not due (refer note 23)	3.48	49.76
<b>Total</b>	<b>9,863.23</b>	<b>4,385.19</b>
<b>(c) Contract Assets</b>		
Accrued income but not due (Refer note 13)	895.08	968.99
<b>Total</b>	<b>895.08</b>	<b>968.99</b>

## 25. OTHER INCOME

(₹ In lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Interest income	624.72	425.15
Foreign exchange fluctuation gain (net)	20.25	49.77
Interest on Income Tax Refund	10.59	-
Profit on sale of Property, Plant and Equipment	0.93	-
Miscellaneous income	48.83	53.18
	<b>705.32</b>	<b>528.10</b>

**Note: Foreign Exchange fluctuation gain (net)** - The Foreign Exchange Gain/Loss is on account of rate variations arising on transactions in foreign currency between the date of recording of such transactions and the settlement/reporting date.

**26. COST OF MATERIALS CONSUMED**

(₹ In lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Opening stock of raw materials	600.70	667.32
<b>Add:</b> Purchases	6,778.02	1,380.25
	<b>7,378.72</b>	<b>2,047.57</b>
<b>Less:</b> Closing stock of raw materials	(1,015.69)	(600.70)
	<b>6,363.03</b>	<b>1,446.87</b>

**27. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE**

(₹ In lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Opening work in progress	816.62	196.74
Closing work in progress	3,095.82	816.62
<b>Net (increase)/decrease in stock</b>	<b>(2,279.20)</b>	<b>(619.88)</b>

**28. MANUFACTURING EXPENSES**

(₹ In lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Power and fuel	29.95	21.56
Spares and Stores	47.74	59.52
Material Handling Charges	13.82	8.96
Travel expenses - Production	12.52	3.13
Factory Maintenance	355.90	148.48
Training Charges	3.71	0.96
Factory Wages	296.70	162.39
	<b>760.34</b>	<b>405.00</b>

**29. EMPLOYEE BENEFITS EXPENSE**

(₹ In lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Salaries, wages and bonus	2,062.95	1,366.94
Contribution to provident and other funds	54.85	46.58
Gratuity expense	42.94	35.01
Staff welfare expenses	74.37	33.76
Share based Payment Expenses	44.21	-
	<b>2,279.32</b>	<b>1,482.29</b>

**Note:** Refer Note 38 for Remuneration to key Managerial Personnel.

**30. FINANCE COSTS**

(₹ In lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Bank Charges	29.40	9.69
BG Commission	76.42	80.26
Processing Charges	18.19	5.75

**30. FINANCE COSTS** (Contd.)

(₹ In lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>Interest on borrowings</b>		
- interest on cash credit account	-	7.96
- interest on Vehicle loan	0.68	1.37
- interest Others	77.87	35.35
	<b>202.55</b>	<b>140.38</b>

**31. DEPRECIATION AND AMORTISATION**

(₹ In lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Depreciation and Amortization Expense	434.61	370.39
Depreciation on Right-of-use assets	3.01	3.01
	<b>437.62</b>	<b>373.40</b>

**32. OTHER EXPENSES**

(₹ In lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Business Promotion	160.54	111.34
Exhibition expenses	184.99	212.49
Commission on Sales	464.38	99.25
System Installation & Maintenance	93.55	80.45
Freight	77.82	68.10
Domestic Travel	409.55	280.22
Foreign Travel	245.86	137.87
Advertisement	117.12	112.89
Conveyance	55.27	13.21
Directors' sitting fees	12.00	11.25
Corporate Social Responsibility Expense*	44.79	55.00
Electricity Charges	35.13	29.08
Insurance	42.12	18.16
Office Maintenance	151.83	114.30
Postage & Telephone	33.38	26.22
Printing & Stationery	12.53	5.64
Professional Charges	580.84	415.72
Rates & Taxes	63.24	33.72
Rent	184.53	50.47
Security expenses	53.76	35.39
Vehicle Maintenance	33.95	17.76
Computer Maintenance	20.43	4.85
Spares & Stores-R&D	663.64	409.55
Provision for doubtful trade receivables	38.83	7.19
Payment to Auditors (refer details below)	5.65	4.00
Miscellaneous expenses	106.78	102.10
	<b>3,892.51</b>	<b>2,456.22</b>

**32. OTHER EXPENSES** (Contd.)

(₹ In lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>(i) Payment to auditors</b>		
Audit fee	5.50	4.00
Other Services (Certification fees)	0.15	-
Reimbursement of expenses	-	-
	<b>5.65</b>	<b>4.00</b>

**\*(ii) Details of CSR expenditure**

(₹ In lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
a) Gross amount required to be spent by the Company during the year	44.79	55.00
b) Amount approved by the board to be spent during the year	44.79	55.00
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above	44.79	55.00

(₹ In lakhs)

Amount spent during the year ending on 31 March 2023:	In Cash	Yet to be paid in Cash	Total
i) Construction/acquisition of any asset	-	-	-
ii) On purpose other than (i) above	44.79	-	44.79

(₹ In lakhs)

Amount spent during the year ending on 31 March 2022:	In Cash	Yet to be paid in Cash	Total
i) Construction/acquisition of any asset	-	-	-
ii) On purpose other than (i) above	55.00	-	55.00

**Details of spent/unspent obligations**

(₹ In lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
i) Contribution to Public Trust	-	-
ii) Contribution to Charitable trust	44.79	55.00
iii) unspent amount in relation to:		
- Ongoing Project	-	-
- Other than Ongoing Project	-	-
	<b>44.79</b>	<b>55.00</b>

**33. COMPONENTS OF OTHER COMPREHENSIVE INCOME**

(₹ In lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>Items that will not be reclassified to profit or loss</b>		
Re-measurement gains/(losses) on defined benefit plans	(18.70)	3.30
Deferred tax on remeasured gain/(loss)	5.45	(0.92)
	<b>(13.25)</b>	<b>2.38</b>

### 34. INCOME TAX

The major components of income tax expenses for the year ended 31 March 2023 and 31 March 2022 are as follows:

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
<b>Profit or loss section</b>		
Current tax expense	952.00	36.33
Adjustment of tax relating to earlier periods	-	(92.84)
MAT credit utilisation	609.50	41.37
Deferred tax	67.46	(0.83)
<b>Total income tax expense recognised in Statement of Profit and Loss</b>	<b>1,628.96</b>	<b>(15.97)</b>
<b>OCI section</b>		
Tax Effect on remeasurement of defined benefit plans	5.45	(0.92)
<b>Income tax charged to OCI</b>	<b>5.45</b>	<b>(0.92)</b>

#### a) Reconciliation of tax expense to the accounting profit is as follows:

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
Profit before tax	5,392.74	186.39
At India's statutory income tax rate of 29.12% (31 March 2022: 27.82%)	1,570.37	51.85
Adjustments in respect of current income tax of previous years	-	(92.84)
<b>Adjustments:</b>		
Items which are not tax deductible for computing taxable income	47.34	18.94
Effect of change in income tax rate for deferred tax recognised	68.33	-
Effect of items which are not taxable for computing taxable income	(58.24)	0.78
Others	1.17	5.30
<b>Income tax expense recognised in the Statement of Profit and Loss</b>	<b>1,628.96</b>	<b>(15.97)</b>

#### b) Deferred tax asset/(liability)

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
Deferred tax liability (net)	(544.22)	(482.21)
MAT credit entitlement	1,886.92	2,496.42
<b>Deferred tax asset (net)</b>	<b>1,342.70</b>	<b>2,014.21</b>

#### 2022-23

(₹ In lakhs)

Particulars	Opening balance	Recognised in Statement of profit and loss	Recognised in other comprehensive income	MAT Credit availed/ (utilization)	Closing balance
Deferred tax (liabilities)/assets in relation to:					
MAT credit	2,496.41	-	-	(609.50)	1,886.92
<b>Timing difference on:</b>					
- Property, plant and equipment	(553.61)	(92.77)	-	-	(646.38)
- Disallowances under Income Tax Act, 1961, allowed on payment basis	75.83	24.39	-	-	100.23
- Remeasurement of defined benefit plans	(4.59)	-	5.45	-	0.86
- Others	0.16	0.92	-	-	1.08
<b>Deferred tax (liabilities)/assets (Net)</b>	<b>2,014.21</b>	<b>(67.46)</b>	<b>5.45</b>	<b>(609.50)</b>	<b>1,342.70</b>

## 2021-22

Particulars	(₹ In lakhs)				
	Opening balance	Recognised in Statement of profit and loss	Recognised in other comprehensive income	MAT Credit availed/ (utilization)	Closing balance
Deferred tax (liabilities)/assets in relation to:					
MAT credit	2,537.78	-	-	(41.37)	2,496.41
<b>Timing difference on:</b>					
- Property, plant and equipment	(549.68)	(3.93)	-	-	(553.61)
- Disallowances under Income Tax Act, 1961, allowed on payment basis	71.13	4.70	-	-	75.83
- Remeasurement of defined benefit plans	(3.67)	-	(0.92)	-	(4.59)
- Others	0.10	0.06	-	-	0.16
<b>Deferred tax (liabilities)/assets (Net)</b>	<b>2,055.67</b>	<b>0.83</b>	<b>(0.92)</b>	<b>(41.37)</b>	<b>2,014.21</b>

## 35. EARNINGS PER SHARE

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the holding Company by the weighted average number of Equity shares outstanding during the year excluding the treasury shares as per Ind AS 33 Earnings per share.

Diluted earnings per share is calculated by dividing the profit/(loss) attributable to equity holders of the holding Company (after adjusting for interest on the Compulsory convertible debentures) by the weighted average number of equity shares outstanding during the period/year used for computing Basic EPS plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

Particulars	31 March 2023	31 March 2022
<b>Earnings per equity share</b>		
Profit attributable to equity shareholders	3,763.78	202.36
<b>Add:</b> Interest on Compulsory Convertible Debentures (CCD's)	54.65	24.96
<b>Adjusted earnings</b>	<b>3,818.43</b>	<b>227.32</b>
Weighted average number of equity shares outstanding (Nos.) of Face Value of ₹ 1/-each	7,95,10,000	7,95,10,000
<b>Less:</b> Weighted average number of equity shares held by ESOP trust (Nos.) of Face value of ₹ 1/-each*	2,61,366	-
<b>Weighted average number of equity shares for Basic EPS (Nos.)</b>	7,92,48,634	7,95,10,000
Effect of dilutive equivalent Compulsorily convertible debentures	40,64,627	40,64,627
<b>Weighted average number of equity shares for dilutive EPS (Nos.)</b>	8,33,13,261	8,35,74,627
Face value per equity share (₹)	1.00	1.00
<b>Earning per share - Basic (₹)</b>	4.75	0.25
<b>Earning per share - Diluted (₹)*</b>	4.58	0.25

\*The Weighted average Number of Equity Shares takes into account the weighted average effect of treasury shares (ESOP's) transaction during the year as per Ind AS 33 Earnings per Share.

#The conversion of above mentioned potential equity shares (CCDs) would increase the earnings per share, these are anti-dilutive in nature and thus the effects of anti-dilutive potential equity shares are not considered in calculating the diluted equity per share.

During the FY 2021-22, the Company has issued 4,69,633 share warrants to the promoters of the Company at the market price. Therefore, these share warrants are assumed to be fairly priced and they are not considered in calculating Dilutive EPS (DEPS) as per Ind AS 33. Earnings per share.

## 36. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS

## (a) Defined contribution plan

The following amount recognised as an expense in Statement of profit and loss on account of provident fund and other funds. There are no other obligations other than the contribution payable to the respective authorities.

Particulars	(₹ In lakhs)	
	31 March 2023	31 March 2022
<b>Profit or loss section</b>		
Contribution to provident fund recognised as expense in the Statement of Profit and Loss	54.85	46.58

**(b) Defined benefit plan**

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of continuous service gets a gratuity on retirement at 15 days last drawn basic salary for each completed year of service. The scheme is funded with an insurance Company in the form of a qualifying insurance policy.

The following table's summaries the components of net benefit expense recognised in the Statement of profit and loss and the funded status and amounts recognised in the balance sheet for the gratuity plan:

Particulars	(₹ In lakhs)	
	31 March 2023	31 March 2022
<b>Statement of profit and loss</b>		
<b>Net employee benefit expense recognised in the employee cost</b>		
Current service cost	33.40	29.99
Past service cost	-	-
Interest cost on defined benefit obligation	17.36	15.55
Interest income on plan assets	(7.82)	(6.15)
Other adjustments	-	(4.38)
<b>Net benefit expense</b>	<b>42.94</b>	<b>35.01</b>
Re-measurement during the period/year due to:		
Actuarial loss/(gain) arising from change in financial assumptions	(8.24)	(2.32)
Actuarial loss/(gain) arising from change in demographic assumptions	-	-
Actuarial loss/(gain) arising on account of experience changes	26.49	0.41
Return on plan assets excluding interest income	0.45	(1.39)
<b>Amount recognised in OCI outside profit and loss statement</b>	<b>18.70</b>	<b>(3.30)</b>
<b>Balance Sheet</b>		
<b>Reconciliation of net liability/asset</b>		
Closing Present Value of Defined Benefit Obligation	351.58	304.27
Closing Fair Value of Plan Assets	(122.65)	(121.89)
<b>Closing net defined benefit liability</b>	<b>228.92</b>	<b>182.38</b>
<b>Changes in the present value of the defined benefit obligation are as follows:</b>		
Opening defined benefit obligation	182.38	166.03
Current service cost	33.40	29.99
Past service cost	-	-
Interest cost	9.54	9.40
Adjustment to opening balance	-	(5.09)
Re-measurement during the period due to:		
Actuarial loss/(gain) arising from change in financial assumptions	(8.24)	(2.32)
Actuarial loss/(gain) arising from change in demographic assumptions	-	-
Actuarial loss/(gain) arising on account of experience changes	26.49	0.41
Return on plan assets excluding interest income	0.45	(1.39)
Benefits paid	(15.10)	(14.65)
<b>Closing defined benefit obligation</b>	<b>228.92</b>	<b>182.38</b>
<b>Change in fair value of plan assets during the year</b>		
Opening Fair Value of Plan Assets	121.89	104.36
Adjustment to opening balance	-	5.09
Contributions paid by the employer	15.10	14.65
Return plan assets (Excluding interest income)	(0.45)	1.39
Benefits paid	(21.71)	(9.75)
Interest income on Plan Assets	7.82	6.15
<b>Closing Fair Value of Plan Assets</b>	<b>122.65</b>	<b>121.89</b>

The principal assumptions used in determining gratuity benefit obligation for the Company's plans are shown below:

Particulars	31 March 2023	31 March 2022
Discount rate (p.a.)	7.14%	6.59%
Salary escalation rate (p.a.)	6.00%	6.00%
Mortality rate	IALM (2012-14) Ult	IALM (2012-14) Ult
Disability rate	0.00%	0.00%
Withdrawal rate (Past service (PS))	PS:0 to 42: 15%	PS: 0 to 42: 12%
Normal retirement age (in years)	60	60
Adjusted average future service	5.14	6.49

A quantitative analysis for significant assumptions is as shown below:

Particulars	31 March 2023	31 March 2022
(₹ In lakhs)		
<b>Assumptions - Discount rate</b>		
Sensitivity Level (a hypothetical increase/(decrease) by)		
Impact of Increase in 1% on defined benefit obligation	337.67	289.78
Impact of Decrease in 1% on defined benefit obligation	366.90	320.51
<b>Assumptions - Salary Escalation rate</b>		
Sensitivity Level (a hypothetical increase/(decrease) by)		
Impact of Increase in 1% on defined benefit obligation	363.54	317.23
Impact of Decrease in 1% on defined benefit obligation	340.14	292.06

Asset Liability Comparisons

Year	31 March 2019	31 March 2020	31 March 2021	31 March 2022	31 March 2023
(₹ In lakhs)					
PVO at the end of the period	257.77	252.00	270.39	304.27	351.58
Plan Assets	117.17	95.23	104.36	121.89	122.65
Surplus/(Deficit)	(140.60)	(156.77)	(166.03)	(182.38)	(228.92)
Experience adjustment on plan assets	0.06	16.48	1.63	1.39	(0.45)

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors. Such as supply and demand in the employment market.

The following payments are expected contributions to the defined benefit plan in future years:

Particulars	31 March 2023	31 March 2022
(₹ In lakhs)		
<b>Expected future benefit payments</b>		
Within the next 12 months (next annual reporting period)	99.80	81.78
Between 2 and 5 years	163.22	123.09
Between 6 and 10 years	122.13	101.29
<b>Total expected payments</b>	<b>385.15</b>	<b>306.17</b>

The weighted average duration of the defined benefit plan obligation at the end of the reporting period (based on discounted cash flows 4.17 years. (31 March 2022: 5.09 years).

## 37. CONTINGENT LIABILITIES AND COMMITMENTS

### (a) Contingent liabilities

#### i) Claims against the Company not acknowledged as debts:

- i) On account of Direct Tax matters - ₹ 441.48 lakhs (31 March 2022: ₹ 54.04 lakhs)
- ii) On account of Indirect Tax matters (Central Excise Duty) - ₹ 823.40 lakhs (31 March 2022: ₹ 823.40 lakhs)

The Company is contesting the demands and the management, including its tax advisors, believe that its position will likely be upheld in the appellate process with respect to Direct Tax and Indirect tax matters. No tax expense has been accrued in the financial statements for the

tax demand raised. The Management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the Company's financial position and results of operations.

#### Note:

Income tax demands mainly include the appeals filed by the Company before various appellate authorities against the disallowance by income tax authorities of certain expenses being claimed and the computation of, or eligibility of, the Company's use of certain tax incentives or allowances. During the year, the Company has reassessed the existing possible obligations, accordingly considered under contingent liability.

## II) Guarantees

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
<b>Corporate Guarantee issued infavour of customer(s) of</b>		
Unistring Tech Solutions Private Limited	1,012.44	1,234.61

### (b) Commitments

#### Estimated amount of contracts remaining to be executed on capital account and not provided for:

At 31 March 2023, the Company has commitments of ₹ 36.32 lakhs (31 March 2022: ₹ 45.79 lakhs) relating to renovation of factory buildings at Maheswaram.

## 38. RELATED PARTY TRANSACTIONS

Information on names of related parties and nature of relationship as required by Ind AS 24 on related party disclosures are given below:

### A) Nature of relationship and names of related parties:

Name of the party	Nature of relationship
<b>(a) Parties where control exists:</b>	
Zen Technologies USA Inc	Subsidiary Company
Unistring Tech Solutions Private Limited	Subsidiary Company
Zen Medical Technologies Private Limited	Subsidiary Company
Zen Defence Technologies L.L.C, UAE	Subsidiary Company
<b>(b) Key Managerial Personnel (KMP):</b>	
Mr. Ashok Atluri	Chairman & Managing Director
Mr. Kishore Dutt Atluri	President & Joint Managing Director (w.e.f 01-08-2022)
Mr. M Ravi Kumar	Whole Time Director
Ms. Shilpa Choudari	Whole Time Director
Dr. Ravindra Kumar Tyagi	Independent Director
Mr. Venkata Samir Kumar Oruganti	Independent Director (till 13-08-2021)
Mr. Amreek Singh Sandhu	Independent Director
Ms. Sirisha Chintapalli	Independent Director
Dr. Ajay Kumar Singh	Independent Director
Mr. Hansraj Singh Rajput	Company Secretary & Compliance Officer (till 14-12-2022)
Mr. Raghavendra Prasad Movva	Company Secretary & Compliance Officer (w.e.f 06-05-2023)
Mr. Afzal Harunbhai Malkani	Chief Financial Officer (w.e.f 01-08-2022)
<b>(c) Relatives of Key Managerial Personnel</b>	
Mr. Arjun Dutt Atluri	Management Engineer, Son of Mr. Kishore Dutt Atluri
Mrs. Rama Devi Atluri	Spouse of Mr. Kishore Dutt Atluri
Ms. Anisha Atluri	Manager - HR & Admin, Daughter of Mr. Kishore Dutt Atluri
<b>(d) Other related firms &amp; associates</b>	
Veer Sammaan Foundation	Founder Trustee
Zen Technologies Limited Employee Welfare Trust	Entity under the control of the Company
<b>(e) Entities controlled by persons having control/significant influence over Company</b>	
Indigenous Defence Equipment Exporters Association	Entity accustomed to act in accordance with the advice, directions or instructions of a Director.

**B) Following are the transactions with related parties during the year:**

(₹ In lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>i) Purchase of equity shares</b>		
Zen Medical Technologies Private Limited	-	25.00
<b>ii) Lease Rental Income of office premises</b>		
Zen Medical Technologies Private Limited	-	1.18
<b>iii) Purchases</b>		
Unistring Tech Solutions Private Limited	842.01	97.35
<b>iv) Remuneration to KMP</b>		
Mr. Ashok Atluri	61.22	60.83
Mr. Kishore Dutt Atluri	69.24	48.23
Mr. M Ravi Kumar	69.79	53.59
Ms. Shilpa Choudari	24.39	25.04
Mr. Hansraj Singh Rajput-CS	11.25	15.02
Mr. Raghavendra Prasad Movva-CS	-	-
Mr. Afzal Harunbhai Malkani-CFO	66.52	-
<b>v) Commission to KMP</b>		
Mr. Ashok Atluri	115.36	5.82
Mr. Kishore Dutt Atluri	161.44	18.10
<b>vi) Remuneration to relatives of KMP</b>		
Mr. Arjun Dutt Atluri	22.78	11.78
Ms. Anisha Atluri	11.33	6.38
<b>vii) Sitting Fee to Independent Directors</b>		
Ms. Sirisha Chintapalli	3.00	1.75
Mr. O Venkata Samir Kumar	-	1.25
Mr. Amreek Singh Sandhu	4.50	2.75
Dr. Ravindra Kumar Tyagi	4.50	2.75
Dr. Ajay Kumar Singh	-	2.75
<b>viii) Rent</b>		
Mrs. Ramadevi Atluri	6.70	6.38
<b>ix) CSR Expenditure</b>		
Veer Sammaan Foundation	44.79	55.00
<b>x) Reimbursement of expenses</b>		
Zen Defence Technologies L.L.C, UAE	0.80	-
<b>xi) Corporate Guarantee</b>		
Corporate Guarantee issued infavour of customer(s) of Unistring Tech Solutions Pvt Ltd (Guarantee Given by the Company's Bankers)	-	1,234.61

**C) Balances with the related parties are summarised below:**

(₹ In lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
<b>i) Related party receivables grouped under</b>		
<b>a) Other current assets</b>		
Unistring Tech Solutions Private Limited (Advance to material suppliers(Creditors))	745.02	674.97
Arjun Dutt Atluri (Advances to Employees)	-	6.81
Ms. Anisha Atluri (Advances to Employees)	-	0.01
Zen Defence Technologies L.L.C, UAE	0.80	-
<b>b) Investments</b>		
Zen Technologies USA Inc	1,434.67	1,434.67
Unistring Tech Solutions Private Limited	700.07	700.07
Zen Medical Technologies Private Limited	75.20	75.20
<b>ii) Related party payables grouped under:</b>		
<b>a) Other current liabilities</b>		
Mr. M Ravi Kumar (Other Payables)	-	0.04
<b>iii) Corporate Guarantee</b>		
Corporate Guarantee issued infavour of customer(s) of Unistring Tech Solutions Pvt Ltd (Guarantee Given by the Company's Bankers)	1,012.44	1,234.61

Key managerial personnel of the Company is covered by the Company's gratuity policy and is eligible for compensated absences along with other employees of the Company. The proportionate amount of gratuity and compensated absences cost pertaining to them have not been included in the aforementioned disclosure as these cannot be determined on an individual basis.

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. Outstanding balances at the year-end are unsecured.

**39. THE FOLLOWING DETAILS RELATING TO MICRO, SMALL AND MEDIUM ENTERPRISES SHALL BE DISCLOSED IN THE NOTES**

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
a) the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year;	74.03	107.59
b) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
c) the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
d) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

**Note:** The list of undertakings covered under MSMED Act was determined by the Company on the basis of information available with the Company.

## 40. DISCLOSURE PURSUANT TO INDIAN ACCOUNTING STANDARD (IND AS) 108 "OPERATING SEGMENTS"

### Operating Segments

The Company's operations predominantly consist of Military Training & Operations. The Company's Chief Operating Decision Maker (CODM) review the operations of the Company as a single reportable segment and operations from other than Training & Simulation does not qualify as a reportable segment as these operations are not material. Hence there are no reportable segments under Ind AS 108. Accordingly, the Company has only one operating and reportable segment, the disclosure requirements specified in paragraphs 22 to 30 are not applicable.

(₹ In lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>Geographical Information</b>		
<b>Revenue</b>		
Domestic	10,460.71	5,005.56
Overseas	5,682.87	364.97
<b>Total revenue as per statement of profit or loss</b>	<b>16,143.58</b>	<b>5,370.53</b>

The revenue information above is based on the locations of the customers.

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
<b>Non-current operating assets</b>		
India	67.39	100.15
Outside India	-	-
<b>Total non-current operating assets</b>	<b>67.39</b>	<b>100.15</b>

Non-current assets for this purpose excludes financial assets and deferred tax assets.

### Information about major customers

During FY 2022-23, total revenue consists of 35.67% from single customer.

## 41. FINANCIAL INSTRUMENTS

### A. Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy:

(₹ In lakhs)

Particulars	Note no.	31 March 2023		31 March 2022		Fair value level
		Amortised cost	Fair value	Amortised cost	Fair value	
<b>Financial assets</b>						
Trade receivables	10	6,615.70	-	1,954.53	-	
Cash and cash equivalents	11	9,133.16	-	1,470.48	-	
Other bank balances	12	5,588.77	-	6,139.39	-	
Deposits	6	43.20	-	48.15	-	
Other financial assets	13	5,746.35	-	11,843.19	-	
<b>Total financial assets</b>		<b>27,127.19</b>	<b>-</b>	<b>21,455.75</b>		
<b>Financial liabilities</b>						
Borrowings	18 & 21	584.42	-	1,224.18	-	
Lease liabilities	19	10.12	-	9.36	-	
Trade payables	22	365.06	-	332.06	-	
Other financial liabilities	19	934.50	-	332.74	-	
<b>Total financial liabilities</b>		<b>1,894.10</b>	<b>-</b>	<b>1,898.34</b>	<b>-</b>	

The fair value of trade receivables, other financial assets, cash and cash equivalents, other bank balances, borrowings, trade payables and other financial liabilities approximate their carrying amount largely due to short-term nature of these instruments.

Investment in subsidiaries have been accounted at historical cost. Since, these are scoped out of Ind AS 109 for the purpose of measurement, the same are not disclosed in the table above.

## B. Measurement of fair values

### i. Transfer between Level 1 and 2

There have been no transfers from Level 2 to Level 1 or vice-versa in the current year and no transfers in either direction in previous year.

## 42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's financial liabilities comprise mainly of borrowings, trade payables and other payables. The Company's financial assets comprise mainly of investments, cash and cash equivalents, other balances with banks, loans, trade receivables and other receivables.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. In performing its operating, investing and financing activities, the Company is exposed to the Credit risk and Liquidity risk.

### i) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Company's exposure to market risk is primarily on account of

interest rate risk. Financial instruments affected by market risk include loans, borrowings and deposits.

### a. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates.

The Company is having current borrowings in the form of working capital, Compulsory Convertible Debentures (CCDs) and current maturities of vehicle loan. There is a fixed rate of interest in case of vehicle loan, Compulsory Convertible Debentures (CCDs) hence, there is no interest rate risk associated with these borrowings. The Company is exposed to interest rate risk associated with working capital facility due to floating rate of interest.

The following analysis is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax. The correlation of variables will have significant effect in determining the ultimate impact of interest rate risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non-linear. The method used for deriving sensitivity information and significant variables have not been changed from the previous period.

As at 31 March 2023 and 31 March 2022, Current borrowings (Working capital facility) of ₹ 157.08 lakhs and ₹ Nil, respectively, were subject to variable interest rates.

Particulars	(₹ In lakhs)	
	Impact on Profit Before Tax	
	31 March 2023	31 March 2022
<b>Change in Interest Rate</b>		
Increase in 100 basis points	(1.57)	-
Decrease in 100 basis points	1.57	-

### b. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency). Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries.

Any movement in the functional currency of the various operations of the Company against major foreign currencies may impact the Company's revenue in international business. The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks.

Particulars	(₹ In lakhs)	
	31 March 2023	31 March 2022
<b>Expenditure in foreign currency</b>		
Raw Materials and Components	1,621.04	412.80
Stores and Spares	1.59	6.96
Foreign Travel (Exclusive of Tickets Purchased)	278.91	110.18
Membership	1.05	3.16
Professional Charges	1.28	12.78
Exhibition Expenses	18.17	140.17
Employee benefits expense	219.46	116.90
Others	694.72	57.67

Particulars	(₹ In lakhs)	
	31 March 2023	31 March 2022
<b>Receivables/(Payables) in Foreign Currency</b>		
Advance from customers	5,979.14	(2,362.22)
Trade payables	35.12	3.34
Trade Receivables	3,208.67	234.31
Advance to Material suppliers	257.48	16.34

Exchange gain of ₹ 20.25 lakhs and ₹ 49.77 lakhs has been recognised in the standalone statement of profit and loss for the years ended 31 March 2023 and 31 March 2022 respectively.

## ii) Credit Risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from credit exposures from trade receivables, advances given to suppliers (for procurement of goods, services and capital goods), cash and cash equivalent with banks, security deposits and loans.

### Trade Receivables and Other Receivables

The credit risk of the Company is managed at a corporate level by the risk management committee which has established the credit policy norms for its customers. The Company expects to continue to derive most of its revenue from the Indian Defence Services under the contracts of the Ministry of Defence (MoD), consequent to which the Company has a negligible credit risk associated with such receivables.

### Provision for expected credit losses

As the debtors are predominantly the Government of India (Indian Defence Services, Ministry of Home Affairs), Public Sector Undertakings where the counter-parties have sufficient capacity to meet the obligations and where the risk of default is negligible. Accordingly, impairment on account of expected credit losses is being assessed on a case to case basis in respect of dues outstanding for significant period of time as per the accounting policy. Further, management believes that the unimpaired amounts that are due is collectable in full, based on historical payment behaviour and extensive analysis of customer credit risk.

In a few cases credit is extended to customers based on market conditions after assessing the solvency of the customer and the necessary due diligence to determine credit worthiness. Advance payments are made against bank guarantee which safeguards the credit risk associated with such payments. Impairment losses on financial assets have been made after factoring contractual terms and other indicators.

The table below analyses derivative and non-derivative financial liabilities of the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

Particulars	(₹ In lakhs)					
	Carrying Value	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years
<b>As at 31 March 2023</b>						
Borrowings	584.42	157.08	427.34	-	-	-
Other financial liabilities	944.62	7.10	824.87	102.53	10.12	-
Trade payables	365.06	-	365.06	-	-	-

## Financial instruments and cash deposits

The cash and cash equivalent with banks are in the form of short term deposits with maturity period of up to 1 year. The Company has a well structured Risk Mitigation Policy whereby there are present limits for each bank based on its net worth and earning capacity which is reviewed on a periodic basis. The Company has not incurred any losses on account of default from banks on deposits.

The credit risk in respect of other financial assets is negligible as they are mostly due from government department/other parties.

Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the top management on an annual basis, and may be updated throughout the year subject to approval of the Company board of directors.

The limits are set to minimize the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

## iii) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Company has an established liquidity risk management framework for managing its short term, medium term and long term funding and liquidity management requirements. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company manages the liquidity risk by maintaining adequate funds in cash and cash equivalents. The Company also has adequate credit facilities agreed with banks to ensure that there is sufficient cash to meet all its normal operating commitments in a timely and cost-effective manner.

(Contd.)

(₹ In lakhs)

Particulars	Carrying Value	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years
<b>As at 31 March 2022</b>						
Borrowings	1,224.18	-	2.22	920.57	301.39	-
Other financial liabilities	342.10	8.08	247.62	77.04	9.36	-
Trade payables	332.06	-	332.06	-	-	-

At present, the Company does expects to repay all liabilities at their contractual maturity. In order to meet such cash commitments, the operating activity is expected to generate sufficient cash inflows.

### 43. CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the equity shareholders of the Company. The primary objective of the Company when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value.

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
<b>Gearing ratio</b>		
Borrowings (non-current and current, including current maturities of non-current borrowings, interest accrued and due, Interest accrued but not due)	584.42	1,224.18
<b>Less:</b> Cash and cash equivalents (including balances at bank other than cash and cash equivalents and margin money deposits with banks)	(19,172.37)	(18,340.96)
<b>Net debt (A)</b>	<b>(18,587.95)</b>	<b>(17,116.78)</b>
Equity (B)	31,919.24	29,169.85
Gearing ratio (%) $\{A/(A+B)\}^*$	-	-

#### Gearing ratio:

The Company monitors capital using gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep the gearing ratio within 50%. In order to achieve this overall objective, the Company makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Company aims to ensure that it meets the financial covenants attached to the interest bearing loans and borrowings that define the capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowings in the current year.

\*As at 31 March 2023 and 31 March 2022, Gearing Ratio is negative on hence represented as Nil.

### 44. EMPLOYEE STOCK OPTION SCHEME

a) The objective of the Employee Stock Option Scheme is to attract and retain talent and align the interest of employees with the Zen Technologies Limited (ZTL) as well as to motivate them to contribute to its growth and profitability. The Company adopts Senior Executive Plan in granting Stock options to its Senior Employees. (Employee Stock Option Plan-2021).

During the Annual General Meeting held on 28 August 2021, Zen Technologies Limited introduced the Employee Stock Option Plan-2021, which was subsequently ratified by the shareholders on 29 September 2022, in accordance with SEBI Regulations. The plan received in-principle approval from the National Stock Exchange of India Limited and BSE Limited to issue a maximum of 4,000,000 equity shares with a face value of ₹ 1/- each, under the Zen Technologies Limited Employee Stock Option Plan-2021.

To facilitate the implementation of the ESOP scheme, the ESOS trust borrowed funds of ₹ 10 Crores from the Company, as approved by the Board of Directors on 30 October 2021. The trust utilized these funds to purchase 4,81,524 shares

from the secondary market, with a total consideration of ₹ 966.13 lakhs, for allocation to eligible employees under the ESOS scheme. As of 31 March 2023, these shares were acquired.

During the Nomination and Remuneration Committee meeting on 21 February 2023, it was decided, in compliance with the Zen Technologies Limited Employee Stock Option Plan-2021 and relevant laws and regulations, to grant 2,70,900 Employee Stock Options (ESOPs) to eligible employees as identified and determined by the committee. The exercise price for these options is set at ₹ 100/- (Rupees Hundred Only) per option.

In the standalone financial statements, the Company had adopted the policy of consolidating the ESOP Trust, the related loan and advances appearing in the standalone financial statements of the Company were eliminated and investment in own shares the Company held by the trust is shown as treasury shares in "other equity".

As at 31 March 2023, the ESOP Trust purchased 4,81,524 shares from secondary market for an aggregate consideration of ₹ 966.13 lakhs.

**b) The nature and extent of share-based payment arrangements that existed during the period.**

Summary of options granted under plan:

Particulars	31 March 2023	31 March 2022
Options Outstanding at the beginning of the year	-	-
No. of Options Granted during the Year	2,70,900	-
No. of Options Exercised during the year	-	-
No. of Options Forfeited/Expired during the year	-	-
Options Outstanding at the ending of the year	2,70,900	-
Vested and Exercisable	-	-

**c) The Model Inputs for the options as at 31 March 2023 Included:**

Grant Date	21-02-2023
Grant price	₹ 100
Vesting period	1 year from the date of Grant
Market price at Grant date	₹ 256.75/- (Grant day closing price on the Recognised Stock Exchange)
Exercise Period	1 year from the date of vesting
Fair value of the option on Grant Date	₹ 156.75
Method of Accounting	Intrinsic value
Method of Settlement	Equity

d) The Company has estimated fair value of options on grant date is determined using Intrinsic value method.

e) The effect of expenses arising from equity settled share based payments on the entity's profit or loss for the period is ₹ 44.21 lakhs.

**45. EXCEPTIONAL ITEMS**

During the previous year Company filed total insurance claim of ₹ 712.00/- lakhs, Out of which entity received an ad-hoc amount of ₹ 200.00/- lakhs and the total insurance claim has been revised to a total of ₹ 656 lakhs under the assessment with Insurance Company against the claim lodged with reference to a loss of property, plant and equipment that were destroyed due to a fire at the Company's Demonstration Centre located at Maheshwaram Hardware Park near Shamshabad Airport on 30 November 2021. As on 31 March 2023, Company has not received any approval/ acknowledgement of claim from Insurer for the balance amount of ₹ 456.00/- lakhs. Hence, the claim receivable from the insurer

is not accounted which is in line with the provisions of Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets.

The entity has recognised the expenditure incurred in the process of replacing the assets lost and renovation of building which is damaged and the same has been accounted as Capital work in progress (Refer Note 4C) after capitalization of identifiable items which are ready for intended use by the management.

Further, Company has recognised the loss of ₹ 27.96 lakhs pertaining to a loss of property plant and equipment under exceptional items in the Statement of Profit and Loss during the previous year 2021-22.

**46. RATIO ANALYSIS AND ITS ELEMENTS**

Ratio	Numerator	Denominator	31-03-2023	31-03-2022	% change	Reason for variance
Current Ratio (in times)	Total Current Assets	Total Current Liabilities	2.69	4.09	(34.23%)	Note A
Debt-Equity Ratio (in times)	Total Debt (Current borrowings and non-current borrowings)	Shareholder's Equity	0.02	0.04	(56.37%)	Note B
Debt Service Coverage Ratio (in times)	Earning for Debt Service = Net Profit after taxes + Non-cash operating expenses + Interest + Other non-cash adjustments	Debt service = Interest & Lease Payments + Principal Repayments	5.03	13.72	(63.33%)	Note C

**46. RATIO ANALYSIS AND ITS ELEMENTS** (Contd.)

Ratio	Numerator	Denominator	31-03-2023	31-03-2022	% change	Reason for variance
Return on Equity Ratio (in %)	Profit for the year less preference dividend (if any)	Average Shareholder's Equity	12.32%	0.80%	1437.09%	Note D
Inventory turnover ratio (in times)	Cost of goods sold/Sales	Average Inventory	1.75	1.08	62.25%	Note E
Trade Receivables turnover ratio (in times)	Revenue From Operations	Average Trade Receivable	3.77	2.91	29.56%	Note F
Trade payables turnover (in times)	Cost of material + Manufacturing Expenses + Other expenses	Average Trade Payables	32.79	14.61	124.53%	Note G
Net capital turnover ratio (in times)	Revenue From Operations	Working capital = Current assets – Current liabilities	0.77	0.28	169.49%	Note H
Net profit ratio (in %)	Profit for the year	Revenue From Operations	23.31%	3.77%	518.75%	Note I
Return on Capital employed (in %)	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability	17.97%	1.15%	1459.99%	Note J
Return on Investment*	Income from Investment	Cost of Investment	NA	NA	NA	

**Note A:** There is an increase in advances received from customers. As a result, there is an increase in Current Liabilities and decrease the current ratio from Previous year.

**Note B:** With the reduction in total debt during the year and increase in shareholders' equity on account of higher profits despite adjustment of treasury shares during the year, the ratio has decreased compared to previous year.

**Note C:** Due to repayment of borrowings related to debt component of Compulsory Convertible Debentures (CCD's) which were issued during the FY 2021-22, there is a decrease in Debt service coverage ratio in current year.

**Note D:** Improved due to increase in PAT on account of increase in Revenue from operations, relatively lower fixed overheads.

**Note E:** Due to normalizing of inventories based on the increase in capacity utilisation in the current year.

**Note F:** Due to Significant increase in revenue from operations whereas the trade receivable ratio did not reflect a proportional rise

that can be attributed to the fact that the substantial portion of the sales made during this period were covered by advance payments received from customers.

**Note G:** During the year, there has been no significant increase in average trade payables and with higher sales, material consumption for the year has also increased resulting into an increase in the trade payable turnover ratio.

**Note H:** Revenue growth along with higher efficiency on working capital improvement has resulted in an improvement in the ratio.

**Note I:** Due to new orders, favourable market conditions which resultant to increase in revenue from operations with better operation performance leads to increase in net profits during the year.

**Note J:** Due to increase in profit before interest and tax during the year because of revenue is recognised after performing obligations under contracts.

\*The Company is not having any market linked investments.

**47. DIVIDEND PROPOSED AND PAID**

The final dividend on shares is recorded as a liability on the date of the approval by the shareholders. The Company declares and pays dividends in Indian Rupees. Companies are required to pay/distribute dividend after deducting applicable withholding income taxes. The remittance of dividends outside India is governed by Indian law on foreign exchange and is also subject to withholding tax at applicable rates

The amount of per share dividend recognised as distribution to equity shareholders in accordance with Companies Act, 2013 is as follows:

Particulars	(₹ In lakhs)	
	31 March 2023	31 March 2022
Final Dividend for the Financial Year 2020-21	-	79.51
Final Dividend for the Financial Year 2021-22*	79.23	-
	<b>79.23</b>	<b>79.51</b>

\*Net after elimination of amount of ₹ 0.28 lakhs pertaining to purchase of shares (Treasury Shares) held by Zen Technologies Limited Employee Welfare Trust for ESOP Scheme-2021.

During the year ended 31 March 2023, on account of final dividend for FY 2021-22, the Company has incurred a net cash outflow of ₹ 79.23 lakhs. The Board of Directors at its meeting on 06 May 2023, recommended a final dividend of ₹ 0.20/- per equity share for the financial year ended 31 March 2023. This payment is subject to the approval of shareholders in the ensuing Annual General Meeting (AGM) to be held in September 2023 and if approved, equity shares for considering dividend would include conversion of Compulsorily Convertible Debenture (CCD's) & Convertible warrants which is due on before 24 May 2023 as stated in Note-48 which would result in a net cash outflow of approximately ₹ 168.09 lakhs.

#### 48. COMPULSORILY CONVERTIBLE DEBENTURES

On 25 November 2021, the Company has made a preferential allotment of 40,64,267 10% Compulsorily convertible debentures having face value of ₹ 213/- each, for cash, for an aggregate amount of up to ₹ 86,57,65,551/-, which shall be converted into equal number of equity shares of ₹ 1/- each at a premium of ₹ 212/- within a period of 18 months.

We have accounted this instrument as per Ind AS 109. Financial Instruments, by considering the same as Compound Financial Instrument. This instrument consists of 2 components.

- 1) Mandatory interest payment by the Company for a fixed amount at a fixed future date and this component is treated as a Financial liability - Borrowings (Note-18 & 21). The financial liability is done by measuring the net present value of the discounted cashflows of interest payment. The discount rate we have considered is HDFC Bank's CC Rate of interest which is 8.50% p.a as the same have tenure near to the CCD's.
- 2) As the holder of the instrument has the option to convert the CCDs into Equity shares on or before 18 months and even in case of holder not exercising the conversion option before 18 months, each CCD's shall be automatically be converted into Equity share of ₹ 1/- each at a premium of ₹ 212/- on the last date of the 18 month i.e 24 May 2023 without any action of the investor. Hence we have treated this component as a equity and presented the same under "Other Equity" in Note 17.7. The carrying amount of the equity instrument is determined by deducting the fair value of the financial liability from the fair value of the CCDs as a whole.

#### 49. RESEARCH & DEVELOPMENT EXPENSES

There are 2 units in which Research & Development operations were conducted by the Company. Location of the units were as follows:

**Unit - I:** B-42 Industrial Estate, Sanath Nagar, Hyderabad - 500018.

**Unit - II:** Signature Towers, Opposite Botanical Garden, Kondapur, Hyderabad - 500084.

Particulars	(₹ In lakhs)	
	For the year ended 31 March 2023	For the year ended 31 March 2022
Employee Benefits expense	687.19	467.88
Electricity Charges	25.29	23.35
Travelling expenses	58.27	49.64
Spares & Stores	669.75	412.00
Consultancy Fee	103.61	81.68
Depreciation	28.90	30.73
Rates & Taxes	0.03	0.05
Repairs & Maintenance	5.00	4.98
Others	23.57	15.70
<b>R&amp;D Expenses for Unit-I</b>	<b>1,601.59</b>	<b>1,086.02</b>
Employee Benefits expense	298.52	195.96
Electricity Charges	6.92	3.30
Depreciation	90.00	81.22
Repairs & Maintenance	13.68	0.62
Others	10.40	12.95
<b>R&amp;D Expenses for Unit-II</b>	<b>419.52</b>	<b>294.05</b>
<b>R&amp;D Expenses for Unit I &amp; Unit II</b>	<b>2,021.11</b>	<b>1,380.07</b>

**Note:** The above expenditure of research & development has been determined on the basis of information available with the Company and as certified by the management.

**The following are the details of the assets related to R & D division  
Unit-1, B-42, Sanath Nagar**

(₹ In lakhs)

Particulars	Gross block				Accumulated depreciation				Net block	
	As at 01 April 2022 Balance	Additions	Sales/ Adjustments	As at 31 March 2023	As at 01 April 2022 Balance	Charge for the year	Sales/ Adjustments	As at 31 March 2023	As at 31 March 2023	As at 31 March 2022
<b>Tangible Assets (A)</b>	<b>1,084.24</b>	-	-	<b>1,084.24</b>	<b>535.70</b>	<b>28.90</b>	-	<b>564.60</b>	<b>519.64</b>	<b>548.54</b>
Land	51.50	-	-	51.50	-	-	-	-	51.50	51.50
Building - Sanathnagar	481.88	-	-	481.88	88.80	8.09	-	96.89	384.99	393.09
Shed - B42	5.12	-	-	5.12	0.64	0.09	-	0.72	4.40	4.48
Computers	106.74	-	-	106.74	106.74	-	-	106.74	0.00	0.00
Plant and machinery	141.55	-	-	141.55	120.07	4.58	-	124.64	16.91	21.49
Office Equipment	84.74	-	-	84.74	80.22	4.07	-	84.29	0.45	4.51
Furniture & fixtures	148.51	-	-	148.51	84.31	10.95	-	95.26	53.25	64.20
Testing Equipment	64.20	-	-	64.20	54.93	1.13	-	56.06	8.14	9.27
<b>INTANGIBLE (B)</b>	<b>907.82</b>	-	-	<b>907.82</b>	<b>907.82</b>	-	-	<b>907.82</b>	-	-
Software	306.01	-	-	306.01	306.01	-	-	306.01	-	-
Software (RKT)	601.81	-	-	601.81	601.81	-	-	601.81	-	-
<b>Total (A+B)</b>	<b>1,992.06</b>	-	-	<b>1,992.06</b>	<b>1,443.52</b>	<b>28.90</b>	-	<b>1,472.42</b>	<b>519.64</b>	<b>548.54</b>

**Unit-2, Signature Towers, Kondapur**

(₹ In lakhs)

Particulars	Gross block				Accumulated depreciation				Net block	
	As at 01 April 2022 Balance	Additions	Sales/ Adjustments	As at 31 March 2023	As at 01 April 2022 Balance	Charge for the year	Sales/ Adjustments	As at 31 March 2023	As at 31 March 2023	As at 31 March 2022
<b>Tangible Assets (A)</b>	<b>2,120.31</b>	<b>57.70</b>	-	<b>2,178.00</b>	<b>312.68</b>	<b>90.00</b>	-	<b>402.68</b>	<b>1,775.32</b>	<b>1,807.62</b>
Land	199.15	-	-	199.15	-	-	-	-	199.15	199.15
Building	1,459.39	-	-	1,459.39	91.90	24.32	-	116.22	1,343.17	1,367.50
Computers	29.31	45.96	-	75.28	17.92	11.93	-	29.85	45.43	11.39
Office Equipment	98.69	5.98	-	104.68	76.36	20.27	-	96.63	8.05	22.34
Furniture & fixtures	333.75	5.75	-	339.50	126.51	33.47	-	159.98	179.52	207.25
<b>R&amp;D Total Assets for Unit I &amp; Unit II</b>	<b>4,112.37</b>	<b>57.70</b>	-	<b>4,170.06</b>	<b>1,756.20</b>	<b>118.90</b>	-	<b>1,875.10</b>	<b>2,294.96</b>	<b>2,356.16</b>

**50. DISCLOSURES PURSUANT TO SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AND SECTION 186 OF THE COMPANIES ACT, 2013**

**Reimbursement of expenses to Subsidiary**

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
<b>Zen Defence Technologies L.L.C, UAE</b>		
Balance at the year end	0.80	-
Maximum amount outstanding at any time during the year (Reimbursement for preliminary Expenses)	0.80	-

The advance given to others subsidiaries are in the nature of trade advances against orders for supply of goods & services and hence not require to disclose as per regulation 53(f) read with para A of Schedule V of Securities And Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015.

**51. OTHER STATUTORY INFORMATION**

- (i) The Company does not hold any Investment Property.
- (ii) The Company has not revalued its property, plant and equipment and intangible assets during the year.
- (iii) The Company do not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- (iv) The Company has not been declared as wilful Defaulter by any bank or financial institution or other lender.
- (v) The Company do not have any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.
- (vi) The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- (vii) The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries); or
  - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

- (viii) The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries); or
  - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (ix) The Company have not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (x) The Company have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.)
- (xi) The Company has borrowings from banks, secured by hypothecation of inventories and by charge on book debts and other assets of the Company, and quarterly returns or statements of current assets filed by the Company are in agreement with books of accounts without any material discrepancies.

**52.** Previous year figures have been reclassified/regrouped to confirm to those of current year.

As per our report attached of even date

For **Ramasamy Koteswara Rao and Co LLP**  
Chartered Accountants  
Firm Registration Number: 010396S/S200084

**Murali Krishna Reddy Telluri**  
Partner  
Membership Number: 223022

**Place:** Hyderabad  
**Date:** 06 May 2023

For and on behalf of the Board of Directors of  
**Zen Technologies Limited**

**Ashok Atluri**  
Chairman & Managing Director  
DIN: 00056050

**Afzal Harunbhai Malkani**  
Chief Financial Officer

**M. Ravi Kumar**  
Whole-Time Director  
DIN: 00089921

**M. Raghavendra Prasad**  
Company Secretary  
M.No.: A41798

**Place:** Hyderabad  
**Date:** 06 May 2023

# Independent Auditor's Report

## TO THE MEMBERS OF ZEN TECHNOLOGIES LIMITED

### Report on the Audit of the Consolidated financial statements

#### OPINION

We have audited the accompanying Consolidated Financial Statements of **ZEN TECHNOLOGIES LIMITED** (hereinafter referred to as the "Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the consolidated Balance Sheet as at 31 March 2023, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013, as amended (the "Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2023, its consolidated profit including total other comprehensive income, its consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

#### BASIS FOR OPINION

We conducted our audit of the Consolidated Financial Statements in accordance with the Standards on Auditing ("SA's") specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated financial statements" section of our report. We are independent of the Group in accordance with the

'Code of Ethics' issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

#### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements for the financial year ended 31 March 2023. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Consolidated Financial Statements section of our report, including in relation to these matters.

Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material mis-statement of the Consolidated Financial Statements. The results of our audit procedures performed by us, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Consolidated Financial Statements.

Key Audit Matters	How our audit addressed the key audit matter
<p><b>Exceptional item</b> (As described in Note 46 of the Consolidated Financial Statements)</p> <p>We have identified the exceptional item as a key audit matter due to the significance of the project to the Consolidated Financial Statements and the fact that the integral part of Maheshwaram Building was damaged as a result of a fire during the year ended 31 March 2022.</p> <p>As disclosed in note 46 to the Consolidated Financial Statements, the carrying value of CWIP of Maheshwaram Plant was approximately ₹ 154.89 lakhs at 31 March 2022 which were incurred as a part of renovation to damaged building due to fire accident. The relevant accounting policies in relation to capitalization of additions to CWIP are set out in Note 31.</p> <p>The management performed an assessment of the damage from the fire and likelihood of recoverability of damages based on the reports from the Company's project management team and external quantity surveyors and the analysis from the Company's in-house legal counsels, and considered that there will be an exceptional item of amount ₹ 27.96 lakhs due to derecognition of damaged PPE and the same was disclosed under Note 46 to the Consolidated Financial Statements.</p>	<p>Our audit procedures included the following:</p> <ol style="list-style-type: none"> <li>Obtaining an understanding of the progress of Maheshwaram Plant by inquiring the Company's project management team, external quantity surveyors and architects;</li> <li>Evaluating the appropriateness of the Company's construction costs and borrowing costs capitalization policies by analysing the nature of those costs capitalized against the requirements of Ind AS 16 "Property, Plant and Equipment";</li> <li>Checking, on a sample basis, the number of additions capitalized with reference to the contractors' invoices, and quantity surveyors' and architects' certificates of the construction contract works capitalized in CWIP of Maheshwaram Plant;</li> <li>Obtaining an understanding from the Company's project management team and external quantity surveyors in relation to the damage caused by the fire to PPE of Maheshwaram Plant and the management's assessment of the impact of the fire on the future economic performance and useful lives of the PPE of Maheshwaram Plant;</li> </ol>

Key Audit Matters	How our audit addressed the key audit matter
<p>During the current financial year (FY.2022-23) the management has filed an total insurance claim of ₹ 712.00 lakhs out of which it received an ad-hoc amount of ₹ 200.00 lakhs and the total insurance claim has been revised to ₹ 656 lakhs and the balance is yet to receive by the group amounting to ₹ 456.00 lakhs.</p>	<p>e) Evaluating the analysis performed by the Company's management in respect of the contractual performance obligations of the contractors arising from the fire under the terms of construction contracts; and</p> <p>f) Evaluating the overall appropriateness of the Company's management's assessment of the financial effect of the fire on the carrying values of the respective PPE in Maheshwaram Plant.</p> <p>g) Evaluating the total amount spend by the Company on renovation of factory building at Maheshwaram and the same has been accounted as capital work in progress (refer note 4C) after capitalisation of identifiable items which are ready for intended use by the management.</p>
<p><b>Accounting for Employee Stock Option Plan</b> (As described in Note 45 of the Consolidated financial statements)</p>	
<p>We identified significant transaction which occurred during the year: During the Annual General meeting of parent Company held on 28 August 2021, Zen technologies limited has issued the Employee stock option plan-2021 (ESOP) which was subsequently ratified by the on 29 September 2022 in accordance with SEBI Regulations</p> <p>As disclosed in the note-45 the management has decide to grant the ESOP shares on 2 February 2023. The exercise price for these options is set as ₹ 100/- per option.</p> <p>As at 31 March 2023, the ESOP Trust purchased 4,81,524 shares from secondary market for an aggregate consideration of ₹ 966.13 lakhs. The parent Company management has adopted the policy of treating the shares purchased by ESOP trust as treasury shares under "other equity" in the parent's Company financial statements.</p> <p>As at 31 March 2023, the management has considered an amount of ₹ 44.21 lakhs as share-based payments expenses (refer Note-30 &amp; Note-45)</p>	<p>Our audit procedures include the following:</p> <p>a) We have assessed the appropriateness of the accounting of employee stock option plan is in compliance with applicable Indian accounting standards.</p> <p>b) We have assessed whether all the statutory regulations and rules governing the Company regarding employee stock option plan have been complied.</p> <p>c) We have examined the relevant disclosures made in the financial statements.</p> <p>d) We have examined the general resolution and the board resolution approving the Employee stock option plan.</p>
<p><b>Revenue from operations</b> (As described in Note 25 of the Consolidated Financial Statements)</p>	
<p>During the year, the Group's revenue from operation has been increased by 213.75%. Revenue is recognized when control of the underlying products have been transferred along the satisfaction of performance obligation. The terms of sales arrangements, including the timing of transfer of control and delivery specifications, create complexity and judgment in determining sales revenues.</p> <p>Due to the judgement relating to determination of point of time in satisfaction of performance obligations, this matter is considered as key audit matter.</p>	<p>We assessed the Company's processes and controls for recognizing revenue as part of our audit. Our audit procedures included the following:</p> <p>a) We have assessed the appropriateness of the revenue recognition policies by comparing with the applicable Indian accounting standards (Ind AS 115).</p> <p>b) We understood the nature of goods sold/services rendered to the customers, assessed the design and tested the operating effectiveness of internal controls related to the revenue recognition.</p> <p>c) We performed the following tests for a sample of transactions pertaining to sale of goods or services during the year.</p> <ul style="list-style-type: none"> <li>- Tested supporting documentation including sale invoices, customer contracts/sales orders, shipping documents and other related records.</li> <li>- Verified the terms of contracts and confirmed whether the performance obligations stipulated under the contract are the same as identified by the Company.</li> <li>- Verified whether the amount of revenue recognized is based on the transaction price identified to the performance obligation satisfied as per the contract.</li> </ul>

**Key Audit Matters****How our audit addressed the key audit matter**

-Verified whether the revenue recognized by the management is in line with the conditions for revenue recognition.

-Tested the supporting documentation for significant value of sale transactions recorded during the period closer to the year end to ensure revenue recognition criteria is met as per Ind AS 115.

-Examined the relevant disclosures made in the financial statements

**OTHER INFORMATION**

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility & Sustainability Report (BRSR), Corporate Governance and Shareholder's Information, but does not include the Consolidated Financial Statements and our auditor's report thereon.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

**RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these Consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give

a true and fair view and are free from material mis-statement, whether due to fraud or error, which have been used for the purpose of preparation of Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the Companies included in the Group are responsible for overseeing the Group's financial reporting process.

**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS**

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

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

- Identify and assess the risks of material mis-statement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material mis-statement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on the internal

financial controls with reference to the Consolidated Financial Statements and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are independent auditors, to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Consolidated Financial Statements of which we are the

independent auditors. For the other entities included in the Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statement of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements for the financial year ended 31 March 2023 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## OTHER MATTER

We did not audit the financial statements and other financial information, in respect of three Subsidiaries, whose financial statements are as follows

		(₹ In lakhs)
Sl. No	Name of the Company	Year ended 31-03-2023
1.	Unistring Tech Solutions Pvt Ltd	
	- Total Assets	4,603.32
	- Revenue from Operations	6,583.05
	- Net profit/(Loss)	1,475.52
	- Net Cash Inflow/(Outflow)	1,370.77
2.	Zen Medical Technologies Pvt Ltd	
	- Total Assets	47.34
	- Revenue from Operations	-
	- Net profit/(Loss)	(2.14)
	- Net Cash Inflow/(Outflow)	(0.46)
3.	Zen Technologies Inc, USA	
	- Total Assets	489.30
	- Revenue from Operations	-
	- Net profit/(Loss)	(169.68)
	- Net Cash Inflow/(Outflow)	(109.22)

These financial statements and other financial information have been audited by other auditors, whose financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections(3) of section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of such other auditors.

The accompanying statement includes the unaudited financials of one subsidiary which was incorporated during the year only whose financial statements includes are as follows

		(₹ In lakhs)
Sl. No	Name of the Company	Year ended 31-03-2023
1	Zen Defence Technologies L.L.C, UAE	
	- Total Assets	-
	- Revenue from Operations	-
	- Net profit/(Loss)	(0.80)
	- Net Cash Inflow/(Outflow)	(0.80)

Two of these subsidiaries is located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and one of them (Zen Technologies Inc, USA) have been audited by other auditor under generally accepted auditing standards applicable in their respective country and the other (Zen Defence Technologies L.L.C, UAE) is newly incorporated during the current financial year for which audit is not mandated as per laws governing the country. The Holding Company's management has converted the financial statements of such subsidiary located outside India from accounting principles generally accepted in their respective country to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiary located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Our opinion above on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of other auditors and the financial statements and other financial information certified by the Management.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements;
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and reports of other auditors;
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the Consolidated Financial Statements;
- d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified

under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

- e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2023 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, none of the directors of the Group's companies, incorporated in India, is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act;
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" to this report;
- g) In our opinion and based on the consideration of the reports of other statutory auditors of the subsidiaries, the managerial remuneration for the year ended 31 March 2023 has been paid/provided by the Holding Company and its subsidiaries to their directors is in accordance with the provisions of section 197 read with Schedule V to the Act;
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Consolidated Financial Statements disclose the impact of pending litigations on its consolidated financial position of the Group in its Consolidated Financial Statements – Refer Note 38(a) to the Consolidated Financial Statements;
  - ii. The Group did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company;
  - iv. (a) The respective managements of the Holding Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and other auditors of such subsidiaries respectively that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned

or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective holding Company or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- (b) The respective managements of the Holding Company and of its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and other auditors of such subsidiaries respectively that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the respective Holding Company or any of such subsidiaries from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing

has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.

- v. The final dividend paid by the Holding Company during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

As stated in note 47 to the Consolidated Financial Statements, Board of Directors of the Holding Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend proposed is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from 1 April 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended 31 March 2023.

2. With respect to the matters specified in paragraphs 3(xxii) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/"CARO") issued by the Central Government in terms of sub-section (11) of section 143 of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Holding Company and its subsidiaries included in the Consolidated financial statements of the Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports.

For **Ramasamy Koteswara Rao and Co LLP**

Chartered Accountants

ICAI Firm Registration Number: 010396S/S200084

**Murali Krishna Reddy Telluri**

Partner

Membership No: 223022

UDIN:23223022BGQJLS9647

**Place:** Hyderabad

**Date:** 06 May 2023

## **Annexure A referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Zen Technologies Limited of even date**

### **Report on the Internal Financial Controls under Clause (i) of sub section 3 of Section 143 of the Companies Act, 2013 (the "Act")**

We have audited the internal financial controls with reference to Consolidated Financial Statements of **ZEN TECHNOLOGIES LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiary companies, which are companies incorporated in India, as of 31 March 2023 in conjunction with our audit of the Consolidated Financial Statements of the Holding Company for the year ended on that date. Further, as two of the subsidiary companies and branch is located outside India, the provisions of clause (i) of sub-section 3 of Section 143 of the Act are not applicable to them.

#### **MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS**

The respective Board of Directors of the Holding Company and its subsidiary companies which are incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on the internal financial controls over financial reporting with reference to Consolidated Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these Consolidated Financial Statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these Consolidated Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Consolidated Financial Statements included obtaining an understanding of internal financial controls with

reference to Consolidated Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material mis-statement of the Consolidated Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to these Consolidated Financial Statements.

#### **MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THESE CONSOLIDATED FINANCIAL STATEMENTS**

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

#### **INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO CONSOLIDATED FINANCIAL STATEMENTS**

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

**OPINION**

In our opinion, to the best of our information and according to the explanations given to us, the Holding Company and its subsidiary companies incorporated in India, have in all material respects, an adequate internal financial controls with reference to Consolidated Financial Statements and such internal financial controls with reference to Consolidated Financial Statements were operating effectively as at 31 March 2023, based on the criteria for internal financial control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For **Ramasamy Koteswara Rao and Co LLP**

Chartered Accountants

ICAI Firm Registration Number: 010396S/S200084

**Murali Krishna Reddy Telluri**

Partner

Membership No: 223022

UDIN:23223022BGQJLS9647

**Place:** Hyderabad

**Date:** 06 May 2023

# Consolidated Balance Sheet

As at 31 March 2023

(₹ In lakhs)

Sl. No	Particulars	Note No.	As at 31 March 2023	As at 31 March 2022
<b>I</b>	<b>ASSETS</b>			
<b>(1)</b>	<b>Non-current assets</b>			
(a)	Property, Plant and Equipment	4A	6,798.72	5,914.38
(b)	Capital work-in-progress	4C	191.73	252.28
(c)	Right-of-use asset	4D	162.72	205.12
(d)	Goodwill	4E	115.80	115.80
(e)	Intangible assets	4B	447.20	502.64
(f)	Financial assets			
(i)	Investments	5	224.22	224.22
(ii)	Other Financial Assets	6	296.17	48.25
(g)	Deferred Tax Assets (Net)	7	1,405.44	2,021.09
(h)	Other non-current assets	8	73.53	106.28
			<b>9,715.53</b>	<b>9,390.06</b>
<b>(2)</b>	<b>Current assets</b>			
(a)	Inventories	9	4,899.96	2,495.11
(b)	Financial assets			
(i)	Trade receivables	10	8,539.24	3,168.72
(ii)	Cash and cash equivalents	11	11,025.36	2,104.79
(iii)	Bank balances other than (ii) above	12	5,710.99	6,182.55
(iv)	Other financial assets	13	5,493.96	11,843.19
(c)	Current Tax Assets (Net)	14	88.66	205.28
(d)	Other current assets	15	1,895.84	1,505.87
			<b>37,654.00</b>	<b>27,505.50</b>
	<b>Total Assets</b>		<b>47,369.53</b>	<b>36,895.56</b>
<b>II</b>	<b>EQUITY AND LIABILITIES</b>			
	<b>Equity</b>			
(a)	Equity Share Capital	16	795.10	795.10
(b)	Other Equity	17	30,822.05	27,506.62
	<b>Equity attributable to equity holders of the parent</b>		<b>31,617.15</b>	<b>28,301.72</b>
(c)	Non-controlling interests	17	1,410.82	687.81
	<b>Total Equity</b>		<b>33,027.97</b>	<b>28,989.53</b>
	<b>Liabilities</b>			
<b>(1)</b>	<b>Non-current liabilities</b>			
(a)	Financial Liabilities			
(i)	Borrowings	18	-	419.80
(ii)	Lease liabilities	19.1	43.38	85.19
(b)	Provisions	20	282.96	205.02
			<b>326.34</b>	<b>710.02</b>
<b>(2)</b>	<b>Current liabilities</b>			
(a)	Financial Liabilities			
(i)	Borrowings	21	589.47	931.42
(ii)	Lease Liabilities	19.1	42.57	39.13
(iii)	Trade payables	22		
	Dues to micro enterprises and small enterprises		74.03	107.59
	Dues to creditors other than micro and small enterprises		599.41	285.58
(iv)	Other Financial liabilities	19.2	1,009.91	402.14
(b)	Provisions	20	760.73	-
(c)	Other current liabilities	23	10,939.10	5,338.53
(d)	Current Tax Liabilities (Net)	24	-	91.62
			<b>14,015.21</b>	<b>7,196.01</b>
	<b>Total Equity and Liabilities</b>		<b>47,369.53</b>	<b>36,895.56</b>

Summary of Significant Accounting Policies 3

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

As per our report attached of even date

For **Ramasamy Koteswara Rao and Co LLP**  
Chartered Accountants  
Firm Registration Number: 010396S/S200084

**Murali Krishna Reddy Telluri**  
Partner  
Membership Number: 223022

**Ashok Atluri**  
Chairman & Managing Director  
DIN: 00056050

**Afzal Harunbhai Malkani**  
Chief Financial Officer

For and on behalf of the Board of Directors of  
**Zen Technologies Limited**

**M. Ravi Kumar**  
Whole-Time Director  
DIN: 00089921

**M. Raghavendra Prasad**  
Company Secretary  
M.No.: A41798

**Place:** Hyderabad  
**Date:** 06 May 2023

**Place:** Hyderabad  
**Date:** 06 May 2023

# Consolidated Statement of Profit and Loss

For the year ended 31 March 2023

(₹ In lakhs)

Sl. No	Particulars	Note No.	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>1</b>	<b>Income</b>			
	Revenue from operations	25	21,884.62	6,975.24
	Other Income	26	724.74	537.83
	<b>Total Income</b>		<b>22,609.36</b>	<b>7,513.07</b>
<b>2</b>	<b>Expenses</b>			
	Cost of Materials and Components consumed	27	7,853.05	2,458.63
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	28	(1,989.86)	(1,144.98)
	Manufacturing expenses	29	760.34	405.00
	Employee benefits expense	30	3,592.13	2,100.85
	Finance Costs	31	407.55	153.05
	Depreciation and Amortization Expense	32	605.65	483.35
	Other expenses	33	4,407.82	2,698.89
	<b>Total Expenses</b>		<b>15,636.70</b>	<b>7,154.79</b>
<b>3</b>	<b>Profit/(Loss) before exceptional items and tax(1 - 2)</b>		<b>6,972.66</b>	<b>358.28</b>
<b>4</b>	<b>Exceptional Items</b>	46	200.00	(27.96)
<b>5</b>	<b>Profit/(Loss) before tax (3+4)</b>		<b>7,172.66</b>	<b>330.32</b>
<b>6</b>	<b>Tax expense</b>	<b>35</b>		
	(i) Current tax		1,548.71	127.95
	(ii) Adjustment of tax relating to earlier years		-	(92.84)
	(iii) Deferred tax		627.14	34.24
	<b>Total Tax expense</b>		<b>2,175.84</b>	<b>69.35</b>
<b>7</b>	<b>Profit for the year (5-6)</b>		<b>4,996.82</b>	<b>260.96</b>
<b>8</b>	<b>Other Comprehensive Income</b>	34		
	Items that will be reclassified to profit or loss		63.84	1.53
	Income tax relating to items that will be reclassified to profit or loss		(3.10)	(0.42)
	<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</b>		<b>60.74</b>	<b>1.10</b>
	Items that will not be reclassified to profit or loss		(28.02)	3.30
	Income tax relating to items that will not be reclassified to profit or loss		7.80	(0.92)
	<b>Net other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>		<b>(20.23)</b>	<b>2.38</b>
	<b>Other Comprehensive Income for the year, net of tax</b>		<b>40.51</b>	<b>3.48</b>
<b>9</b>	<b>Total Comprehensive Income for the year (7+8)</b>		<b>5,037.33</b>	<b>264.45</b>
	<b>Profit/(loss) for the year is attributable to:</b>			
	Equity holders of the parent		4,273.81	198.51
	Non-Controlling interests		723.00	62.45
	<b>Other comprehensive income/(loss) is attributable to:</b>			
	Equity holders of the parent		43.93	3.48
	Non-Controlling interests		(3.42)	-
	<b>Total comprehensive income is attributable to:</b>			
	Equity holders of the parent		4,317.74	201.99
	Non-Controlling interests		719.59	62.45
<b>10</b>	<b>Earning per Share</b>	<b>36</b>		
	<b>(Face Value of ₹ 1/- Each)</b>			
	Basic earnings per share (In ₹)		5.39	0.25
	Diluted earnings per share (In ₹)		5.20	0.25
	Summary of Significant Accounting Policies	3		
	The accompanying notes form an integral part of the consolidated financial statements			

As per our report attached of even date

For **Ramasamy Koteswara Rao and Co LLP**  
Chartered Accountants  
Firm Registration Number: 010396S/200084

**Murali Krishna Reddy Telluri**  
Partner  
Membership Number: 223022

**Ashok Atluri**  
Chairman & Managing Director  
DIN: 00056050

**Afzal Harunbhai Malkani**  
Chief Financial Officer

For and on behalf of the Board of Directors of  
**Zen Technologies Limited**

**M. Ravi Kumar**  
Whole-Time Director  
DIN: 00089921

**M. Raghavendra Prasad**  
Company Secretary  
M.No.: A41798

**Place:** Hyderabad  
**Date:** 06 May 2023

**Place:** Hyderabad  
**Date:** 06 May 2023

# Consolidated Statement of Cash Flows

For the year ended 31 March 2023

(₹ In lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>A. Cash Flows from Operating Activities</b>		
<b>Net profit before tax</b>	<b>7,172.66</b>	<b>330.32</b>
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortization expense	605.65	483.35
Profit on Sale of Property, Plant and Equipment	(0.93)	-
Expected Credit Loss allowance	38.83	7.19
Other non-cash items	(31.43)	(5.25)
Interest Income	(642.05)	(429.31)
Finance Cost	345.64	128.19
Share based Payment Expenses	44.21	-
Foreign Exchange Fluctuation	37.27	(5.76)
<b>Operating profit before working capital changes</b>	<b>7,569.84</b>	<b>508.73</b>
<b>Changes in Working Capital</b>		
(Increase)/Decrease in Trade Receivables	(4,555.54)	(1,300.62)
(Increase)/Decrease in Other financial assets	6,282.07	(6,663.01)
(Increase)/Decrease in Inventories	(2,404.85)	(1,046.37)
(Increase)/Decrease in Other Current Assets	275.32	(1,065.24)
(Increase)/Decrease in Other Non-Current Assets	167.33	(15.85)
Increase/(Decrease) in Trade Payables	(561.74)	92.42
Increase/(Decrease) in Other financial liabilities	424.64	(26.94)
Increase/(Decrease) in Other Current liabilities	5,202.88	5,134.92
Increase/(Decrease) in Provisions	675.88	171.55
<b>Cash generated from/(used in) operating activities</b>	<b>13,075.84</b>	<b>(4,210.40)</b>
Income tax paid	(1,439.65)	(215.43)
<b>Net Cash from/(used in) operating activities (A)</b>	<b>11,636.19</b>	<b>(4,425.83)</b>
<b>B. Cash flows from Investing Activities</b>		
Purchase of property, plant and equipment and CWIP	(1,314.89)	(430.57)
Proceeds from sale of Property, Plant and Equipment	1.10	-
Advance for Acquisition of shares	(252.84)	-
Interest received	646.94	381.41
(Increase)/Decrease in Other Bank Balances	550.62	(4,311.33)
<b>Net Cash from/(used in) Investing Activities (B)</b>	<b>(369.08)</b>	<b>(4,360.50)</b>
<b>C. Cash flows from Financing Activities</b>		
Increase in share capital	-	-
Proceeds/(Repayment) of Long term borrowings	(758.18)	63.62
Purchase of Treasury shares by Zen technologies welfare trust	(966.13)	-
Dividend paid	(79.23)	(79.51)
Finance costs paid	(345.64)	(93.61)
Amount received towards share warrants	-	250.08
Amount received towards Compulsory Convertible Debentures	-	8,657.66
Principal portion of the lease liability	(39.14)	-
<b>Net Cash from/(used in) Financing Activities (C)</b>	<b>(2,188.31)</b>	<b>8,798.23</b>
<b>Net Increase in cash and cash equivalents (A+B+C)</b>	<b>9,078.81</b>	<b>11.91</b>
Cash and Cash equivalents at the beginning of the year	2,103.63	2,092.88
<b>Cash and Cash equivalents at the end of the year</b>	<b>11,182.44</b>	<b>2,104.79</b>

a) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS-7) - Statement of Cash Flows.

## b) Cash and Cash equivalents include following for the Cash flow purpose

(₹ In lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>Cash and Cash Equivalents as per Balance sheet</b>	<b>11,025.36</b>	<b>2,104.79</b>
<b>Less: OD/CC accounts forming part of Cash &amp; Cash Equivalents</b>	(157.08)	-
<b>Cash and Cash Equivalents for the Cash flow statement</b>	<b>11,182.44</b>	<b>2,104.79</b>

Summary of significant accounting policies - Refer Note 3

The accompanying notes referred to above form an integral part of the Consolidated Financial Statements

As per our report attached of even date

For **Ramasamy Koteswara Rao and Co LLP**  
Chartered Accountants  
Firm Registration Number: 010396S/S200084

**Murali Krishna Reddy Telluri**  
Partner  
Membership Number: 223022

**Place:** Hyderabad  
**Date:** 06 May 2023

For and on behalf of the Board of Directors of  
**Zen Technologies Limited**

**Ashok Atluri**  
Chairman & Managing Director  
DIN: 00056050

**Afzal Harunbhai Malkani**  
Chief Financial Officer

**M. Ravi Kumar**  
Whole-Time Director  
DIN: 00089921

**M. Raghavendra Prasad**  
Company Secretary  
M.No.: A41798

**Place:** Hyderabad  
**Date:** 06 May 2023

# Consolidated Statement of Changes in Equity

For the year ended 31 March 2023

## (A) SHARE CAPITAL

(₹ In lakhs)

Particulars	Number of shares	Amount
<b>As at 01 April 2021</b>	<b>7,95,10,000</b>	<b>795.10</b>
Issued during the year	-	-
Redeemed/transferred during the year	-	-
<b>As at 31 March 2022</b>	<b>7,95,10,000</b>	<b>795.10</b>
Issued during the year	-	-
Redeemed/transferred during the year	-	-
<b>As at 31 March 2023</b>	<b>7,95,10,000</b>	<b>795.10</b>

**(B) OTHER EQUITY (REFER NOTE NO.17)**

(₹ in lakhs)

Particulars	Reserves and Surplus					Financial Instruments			Other Comprehensive Income			Equity attributable to the shareholders of the holding Company	Non-Controlling interests	Total Equity
	Securities Premium	Capital Redemption Reserve	General Reserve	Retained Earnings	Treasury Shares	Share Based Payment Reserve	Share Warrants	Debt Instruments	Compulsory Convertible Debentures (CCDs)	Re-Measurements of Defined Benefit Plans	Foreign Currency Translation Reserve			
<b>Balances as at 01 April 2021</b>	<b>2,654.31</b>	<b>117.24</b>	<b>3,525.01</b>	<b>13,302.81</b>	-	-	-	-	<b>53.00</b>	<b>(7.11)</b>	<b>19,645.26</b>	<b>625.36</b>	<b>20,270.62</b>	
Profit for the Year	-	-	-	198.51	-	-	-	-	-	-	198.51	62.45	260.96	
Amount received on account of allotment of share warrants	-	-	-	-	250.08	-	-	-	-	-	250.08	-	250.08	
Issue of equity shares	-	-	-	-	-	-	-	-	-	-	-	-	-	
Allotment of equity Shares pursuant to conversion of share warrants	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other Comprehensive income (net of tax)	-	-	-	-	-	-	-	-	2.38	10.57	12.95	-	12.95	
Dividend paid	-	-	-	(79.51)	-	-	-	-	-	-	(79.51)	-	(79.51)	
Share based payment charge on account of options granted during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	
purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	
Equity component of Compulsorily Convertible Debentures (CCDs) issued	-	-	-	-	-	-	-	7,479.32	-	-	7,479.32	-	7,479.32	
<b>Balances as at 31 March 2022</b>	<b>2,654.31</b>	<b>117.24</b>	<b>3,525.01</b>	<b>13,421.81</b>	<b>250.08</b>	-	-	<b>7,479.32</b>	<b>55.39</b>	<b>3.46</b>	<b>27,506.61</b>	<b>687.81</b>	<b>28,194.43</b>	
<b>Balances as at 01 April 2022</b>	<b>2,654.31</b>	<b>117.24</b>	<b>3,525.01</b>	<b>13,421.81</b>	<b>250.08</b>	-	-	<b>7,479.32</b>	<b>55.39</b>	<b>3.46</b>	<b>27,506.61</b>	<b>687.81</b>	<b>28,194.43</b>	
Profit for the Year	-	-	-	4,272.55	-	-	-	-	-	-	4,272.55	723.00	4,995.56	
Amount received on account of allotment of share warrants	-	-	-	-	-	-	-	-	-	-	-	-	-	
Issue of equity shares	-	-	-	-	-	-	-	-	-	-	-	-	-	
Allotment of equity Shares pursuant to conversion of share warrants	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other Comprehensive income (net of tax)	-	-	-	(79.23)	-	-	-	-	(20.23)	64.26	44.03	-	44.03	
Dividend paid	-	-	-	-	-	-	-	-	-	-	(79.23)	-	(79.23)	
Share based payment charge on account of options granted during the year	-	-	-	-	-	-	-	-	-	-	44.21	-	44.21	
purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	(966.13)	-	(966.13)	
Equity component of Compulsorily Convertible Debentures (CCDs) issued	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Balances as at 31 March 2023</b>	<b>2,654.31</b>	<b>117.24</b>	<b>3,525.01</b>	<b>17,615.13</b>	<b>250.08</b>	<b>44.21</b>	<b>(966.13)</b>	<b>7,479.32</b>	<b>35.16</b>	<b>67.72</b>	<b>30,822.05</b>	<b>1,410.82</b>	<b>32,232.87</b>	

Summary of Significant Accounting Policies - refer note 3

The accompanying notes form an integral part of the consolidated financial statements

As per our report attached of even date

For **Ramasamy Koteswara Rao and Co LLP**  
Chartered Accountants  
Firm Registration Number: 010396S/S200084

**Muraili Krishna Reddy Telluri**  
Partner  
Membership Number: 223022

**Ashok Atluri**  
Chairman & Managing Director  
DIN: 00056050

**Afzal Harunbhai Malkani**  
Chief Financial Officer

For and on behalf of the Board of Directors of  
**Zen Technologies Limited**

**M. Ravi Kumar**  
Whole-Time Director  
DIN: 00089921

**M. Raghavendra Prasad**  
Company Secretary  
M.No.: A41798

**Place:** Hyderabad  
**Date:** 06 May 2023

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

(All amounts in Indian Rupees in lakhs, unless otherwise stated)

## 1. CORPORATE INFORMATION

The Consolidated Financial Statements (CFS) comprise financial statements of **Zen Technologies Limited** (the Holding Company) and its subsidiaries (collectively, the Group) for the year ended 31 March 2023.

The Holding Company is a Public Company incorporated under the provisions of the Companies Act, 1956 having corporate office at B-42, Industrial Estate, Sanathnagar, Hyderabad-500018, Telangana, India. The Equity Shares of the Holding Company are listed on BSE Ltd and National Stock Exchange of India Ltd (NSE) in India.

The group is principally engaged in design, development and manufacture of Training Simulators, Anti Drone Systems and operations for Para-military Forces, Armed Forces, Security Forces, Police and Government Departments like Transport, Mining, Infrastructure and Civilian market. The group caters to both domestic and international market. Information on the Group's structure is provided in Note 51.

The Consolidated Financial Statements for the year ended 31 March 2023, were approved by the Board of Directors and authorised for issue on 06 May 2023.

## 2. BASIS OF PREPARATION AND MEASUREMENT

### (i) Statement of compliance & Basis for preparation

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

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

The Consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the year are included in the Consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the Consolidated Financial Statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the Consolidated Financial Statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent Company, i.e., year ended on 31 March. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

### Consolidation procedure:

- Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the Consolidated Financial Statements at the acquisition date.
- Offset (eliminate) the carrying amount of the holding Company's investment in each subsidiary and the holding Company's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

- c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the Consolidated Financial Statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Holding Company of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- Derecognises the carrying amount of any non-controlling interests;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Recognise that distribution of shares of subsidiary to Group in Group's capacity as owners;
- Reclassifies the holding Company's share of components previously recognised in OCI to profit or loss or transferred directly to retained earnings, if required by other Ind ASs as would be required if the Group had directly disposed off the related assets or liabilities.

### (ii) Functional and presentation currency

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

### (iii) Basis of measurement

The Consolidated Financial Statements have been prepared on the historical cost basis except for the following assets and liabilities which have been measured at fair value:

- Certain financial assets and liabilities: Measured at fair value.
- Net defined benefit (asset)/liability: Fair value of plan assets less present value of defined benefit obligations.

- Borrowings: Amortised cost using effective interest rate method.

### (iv) Use of estimates and judgements

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

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

### Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the Consolidated Financial Statements is included in the following notes:

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

### Assumptions and estimation uncertainties

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

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

### (v) Measurement of fair values

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

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

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

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic

benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

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

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

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

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

Further information about the assumptions made in the measuring fair values is included in the following notes:

Note 42 - Financial instruments.

#### **(vi) Current and non-current classification:**

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

#### **Assets**

An asset is classified as a current when it is:

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

All other assets are classified as non current

#### **Liabilities**

A liability is classified as a current when:

- it expects to settle the liability in its normal operating cycle;
- it is due to be settled within twelve months from the reporting date;

- it is held primarily for the purposes of being traded;

- there is no unconditional right to defer settlement of liability for at least twelve months from the reporting date.

All other liabilities are classified as non-current.

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

#### **Operating Cycle**

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

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **A. Business combinations and goodwill**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- a) Deferred tax assets or liabilities, and the liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.
- b) Potential tax effects of temporary differences and carry forwards of an acquiree that exist at the acquisition date or arise as a result of the acquisition are accounted in accordance with Ind AS 12.
- c) Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.

- d) Assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.
- e) Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognised in profit or loss in accordance with Ind AS 109. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS and shall be recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in

the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed off, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

## B. Revenue from contracts with customers

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

### Revenue from sale of products

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

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

### Revenue from rendering of services

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

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

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

### Contract Balances

#### Contract Asset:

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

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

#### Contract Liability:

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

#### Trade Receivables:

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

## C. Recognition of Other income

### i) Interest income

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

### ii) Export Incentives

The group receives export incentives in the form of MEIS (Merchandise Exports from India Scheme) scripts which do not fall under the scope of Ind AS 115 and are accounted for in accordance with the provisions of Ind AS 20 considering such incentives as Government Assistance. Accordingly government grant relating to Income is recognised on accrual basis when the relevant expense has been charged to statement of Profit and Loss.

## D. Borrowing cost

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition, construction or production of an asset

which necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

## E. Foreign Currency Transactions and Translation

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Group uses average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of the following:

- Exchange differences arising on monetary items that forms part of a reporting entity's net investment in a foreign operation are recognised in profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity (e.g., Consolidated Financial Statements when the foreign operation is a subsidiary), such exchange differences are recognised initially in OCI. These exchange differences are reclassified from equity to profit or loss on disposal of the net investment.
- Exchange differences arising on monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed-off, at which time, the cumulative amount is reclassified to profit or loss.
- Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

### Group Companies:

On consolidation, the assets and liabilities of foreign operations are translated into INR at the rate of exchange prevailing at the reporting date and their statements of profit and loss are translated

at exchange rates prevailing at the dates of the transactions. For practical reasons, the group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit and loss.

Any goodwill arising in the acquisition/business combination of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Any goodwill or fair value adjustments arising in business combinations/acquisitions, which occurred before the date of transition to Ind AS (1 April 2015), are treated as assets and liabilities of the entity rather than as assets and liabilities of the foreign operation. Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the parent and no further translation differences occur.

Gain or loss on a subsequent disposal of any foreign operation excludes translation differences that arose before the date of transition but includes only translation differences arising after the transition date.

## F. Financial instruments

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

### Financial assets

#### i) Initial Recognition and Measurement

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

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

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

The group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result

from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling."

#### ii) Classification and subsequent measurement

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

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

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

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

#### Financial assets at amortised cost (debt instruments)

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

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

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

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

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

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

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

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

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

Upon initial recognition, the group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL.

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

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

#### **Financial assets at fair value through profit or loss**

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

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

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

#### **Derecognition**

A Financial asset is primarily derecognised when the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

### **Financial Liabilities**

#### **i) Initial Recognition and measurement**

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

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

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

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

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

#### **Financial liabilities at fair value through profit or loss**

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

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

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

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

#### **Financial liabilities at amortised cost (Loans and borrowings)**

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

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

**iii) Derecognition**

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

**iv) Offsetting**

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet, if there is a currently and legally enforceable right to set-off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

**v) Compulsorily Convertible Debentures**

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

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

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

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

**vi) Reclassification of financial Instruments**

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business

model for managing those assets. If the Group reclassifies financial assets, it applies the reclassification prospectively.

**G. Property, plant and equipment****i) Recognition and measurement**

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

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

**ii) Depreciation**

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

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

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

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

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

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

## H. Intangible assets

### i) Recognition and measurement

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

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

### ii) Amortisation

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

The estimated useful lives are as follows:

- Software - 3 years

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

## I. Capital work in progress

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

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

## J. Inventories

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

The cost of all categories of inventories is based on the weighted average method. Cost includes expenditures incurred in acquiring

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

## K. Impairment of assets

### i) Impairment of financial instruments

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

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

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

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

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

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

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

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

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

### Measurement of expected credit losses

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

### **Presentation of allowance for expected credit losses in the balance sheet**

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

### **Write-off**

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

### **ii) Impairment of non-financial assets**

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

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

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

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

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

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

In respect of assets for which impairment loss has been recognised in prior periods, the group reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a

reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

## **L. Employee benefits**

### **(i) Short-term employee benefits**

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

### **(ii) Defined contribution plans**

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

### **(iii) Defined benefit plans**

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

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

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

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

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

### **(iv) Termination benefits**

Termination benefits are recognized as an expense when the group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary

redundancies are recognized as an expense if the group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

#### **(V) Other long-term employee benefits**

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

#### **(vi) Employee Share Based Payments Equity Settled Transactions**

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

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

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

#### **M. Leases**

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

##### **Group as a Lessor:**

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

##### **Group as a Lessee:**

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

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

##### **Right of use asset:**

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

##### **Lease Liability:**

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

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

#### **N. Income Taxes**

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

##### **(i) Current tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The

amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

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

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

### (ii) Deferred tax

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

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

Deferred tax assets are recognised for deductible temporary differences, the carry forwards of unused tax credits and unused tax losses. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the group recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/reduced to the extent that it is probable/no longer probable respectively that the related tax benefit will be realised.

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

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognised within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date. If the carrying amount of goodwill is zero, any remaining deferred tax benefits are recognised in OCI/capital reserve depending on the

principle explained for bargain purchase gains. All other acquired tax benefits realised are recognised in profit or loss.

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

### (iii) Minimum Alternate Tax (MAT) Credit

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

### O. Provision, contingent liabilities and contingent assets Provision

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

### Contingent liabilities and contingent assets:

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

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

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

### P. Government Grants

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

- a. The group will comply with the conditions attached to the grant
- b. There is a reasonable certainty that the grant will be received.

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

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

### Q. Earnings per share

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

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

### R. Statement of cash flow

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

### S. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts and Cash Credit that are repayable on demand and form an integral part of our cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Whereas they are classified as borrowings under current liabilities in the balance sheet.

### T. Research and Development Costs (Product Development):

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

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale.
- Its intention to complete and its ability and intention to use or sell the product.
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development.

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

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

### U. Events after reporting date

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

### V Treasury Shares

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

Own equity instruments that are re-acquired (treasury shares) are recognised at cost and deducted from other equity. No gain or loss is recognised on the purchase, sale, issue, or cancellation of the Group's own equity instruments. Share options whenever exercised, would be settled from such treasury shares. Any difference between the carrying amount and the consideration, if reissued/sold, is recognised in other equity (General Reserve). "

### W. Cash Dividend to Equity Holders

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

### X. Errors and Estimates

The Group revises its accounting policies if the change is required due to a change in Ind AS or if the change will provide more relevant and reliable information to the users of the financial statements. Changes in accounting policies are applied retrospectively, unless it is impracticable to apply.

A change in an accounting estimate that results in changes in the carrying amounts of recognised assets or liabilities or to statement of profit and loss is applied prospectively in the period(s) of change."

#### **Y. Recent pronouncements:**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA issued the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

#### **Ind AS 1 – Presentation of Financial Statements**

The amendments require companies to disclose the material accounting policies rather than significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general-purpose financial statements

#### **Ind AS 12 – Income Taxes**

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations.

The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

#### **Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors**

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.

The Group is assessing the impact of these changes and will accordingly incorporate the same in the financial statements for the year ending March 31, 2024.

# Notes to financials statements

For the year ended 31 March 2023

## NOTE 4A. PROPERTY, PLANT AND EQUIPMENT

(₹ In lakhs)

Particulars	Land	Building	Computers	Plant & Machinery	Office Equipment	Testing Equipment	Demo Equipment	Furniture & Fixtures	Vehicles	Total
<b>Gross Block</b>										
<b>As at 01 April 2021</b>	<b>648.95</b>	<b>5,565.59</b>	<b>489.13</b>	<b>341.52</b>	<b>583.69</b>	<b>76.51</b>	<b>441.40</b>	<b>611.87</b>	<b>361.49</b>	<b>9,120.15</b>
Additions during the year	-	0.84	101.31	9.86	40.95	8.41	-	15.40	-	176.77
Sales/adjustments	-	(14.03)	-	(37.52)	(3.30)	-	-	(1.42)	-	(56.27)
<b>As at 31 March 2022</b>	<b>648.95</b>	<b>5,552.40</b>	<b>590.44</b>	<b>313.86</b>	<b>621.34</b>	<b>84.92</b>	<b>441.40</b>	<b>625.86</b>	<b>361.49</b>	<b>9,240.65</b>
Additions during the year	-	11.91	172.88	36.82	80.03	334.01	660.09	50.68	21.50	1,367.91
Sales/adjustments	-	-	-	-	(0.30)	-	-	-	(13.00)	(13.30)
<b>As at 31 March 2023</b>	<b>648.95</b>	<b>5,564.31</b>	<b>763.31</b>	<b>350.68</b>	<b>701.07</b>	<b>418.93</b>	<b>1,101.48</b>	<b>676.53</b>	<b>369.99</b>	<b>10,595.27</b>
<b>Depreciation</b>										
<b>As at 01 April 2021</b>	<b>-</b>	<b>1,056.07</b>	<b>439.59</b>	<b>205.75</b>	<b>463.51</b>	<b>63.33</b>	<b>236.50</b>	<b>264.68</b>	<b>218.93</b>	<b>2,948.37</b>
For the Year	-	129.44	52.29	20.36	56.92	4.65	59.63	53.37	28.08	404.72
Sales/adjustments	-	(5.50)	-	(21.00)	(0.90)	-	-	3.69	-	(23.72)
Exchange Difference	-	-	(3.10)	-	-	-	-	-	-	(3.10)
<b>As at 31 March 2022</b>	<b>-</b>	<b>1,180.00</b>	<b>488.78</b>	<b>205.11</b>	<b>519.53</b>	<b>67.98</b>	<b>296.13</b>	<b>321.74</b>	<b>247.01</b>	<b>3,326.27</b>
For the Year	-	128.67	87.16	16.72	55.65	37.61	73.69	55.03	28.76	483.28
Sales/adjustments	-	-	-	-	(0.01)	-	-	-	(13.00)	(13.01)
Exchange Difference	-	-	-	-	-	-	-	-	-	-
<b>As at 31 March 2023</b>	<b>-</b>	<b>1,308.67</b>	<b>575.94</b>	<b>221.83</b>	<b>575.17</b>	<b>105.59</b>	<b>369.82</b>	<b>376.76</b>	<b>262.76</b>	<b>3,796.55</b>
<b>Net Block</b>										
<b>As at 31 March 2022</b>	<b>648.95</b>	<b>4,372.40</b>	<b>101.66</b>	<b>108.75</b>	<b>101.81</b>	<b>16.94</b>	<b>145.27</b>	<b>304.12</b>	<b>114.48</b>	<b>5,914.38</b>
<b>As at 31 March 2023</b>	<b>648.95</b>	<b>4,255.64</b>	<b>187.38</b>	<b>128.85</b>	<b>125.90</b>	<b>313.34</b>	<b>731.66</b>	<b>299.77</b>	<b>107.23</b>	<b>6,798.72</b>

**NOTE 4B. INTANGIBLE ASSETS**

(₹ In lakhs)

Particulars	Computer Software	Other Intangible Assets	Total
<b>Gross Block</b>			
<b>As at 01 April 2021</b>	<b>1,045.03</b>	<b>696.02</b>	<b>1,741.05</b>
Additions during the year	1.60	-	1.60
Sales/adjustments	-	-	-
<b>As at 31 March 2022</b>	<b>1,046.64</b>	<b>696.02</b>	<b>1,742.66</b>
Additions during the year	24.53	-	24.53
Sales/adjustments	-	-	-
<b>As at 31 March 2023</b>	<b>1,071.16</b>	<b>696.02</b>	<b>1,767.18</b>
<b>Amortization</b>			
<b>As at 01 April 2021</b>	<b>1,032.25</b>	<b>132.15</b>	<b>1,164.40</b>
For the Year	6.02	69.60	75.62
Sales/adjustments	-	-	-
<b>As at 31 March 2022</b>	<b>1,038.27</b>	<b>201.75</b>	<b>1,240.02</b>
For the Year	10.36	69.60	79.96
Sales/adjustments	-	-	-
<b>As at 31 March 2023</b>	<b>1,048.63</b>	<b>271.35</b>	<b>1,319.98</b>
<b>Net Block</b>			
<b>As at 31 March 2022</b>	<b>8.37</b>	<b>494.27</b>	<b>502.64</b>
<b>As at 31 March 2023</b>	<b>22.53</b>	<b>424.67</b>	<b>447.20</b>

**NOTE 4C. CAPITAL WORK-IN-PROGRESS**

(₹ In lakhs)

Particulars	31 March 23	31 March 22
<b>Opening Balance</b>	252.28	-
<b>Add:</b> Additions during the year	257.96	252.28
<b>Less:</b> Capitalisations during the year	(318.51)	-
<b>Closing Balance</b>	<b>191.73</b>	<b>252.28</b>

**Ageing Schedule of Capital work-in-progress:**

(₹ In lakhs)

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
<b>As at 31 March 2023</b>					
- Projects in progress	100.96	90.77	-	-	<b>191.73</b>
- Projects temporarily suspended	-	-	-	-	-
<b>As at 31 March 2022</b>					
- Projects in progress	252.28	-	-	-	<b>252.28</b>
- Projects temporarily suspended	-	-	-	-	-

**NOTE 4D. RIGHT-OF-USE ASSETS**

The Company has entered into lease agreement for land and building. These lease have a lease term of 33 years(Holding Company) & 3 years (Subsidiary Company) respectively.

(₹ In lakhs)

Particulars	Right-of-use assets	Total
<b>Gross Block</b>		
<b>As at 01 April 2021</b>	<b>214.15</b>	<b>214.15</b>

**NOTE 4D. RIGHT-OF-USE ASSETS** (Contd.)

The Company has entered into lease agreement for land and building. These lease have a lease term of 33 years(Holding Company) & 3 years (Subsidiary Company) respectively.

(₹ In lakhs)

Particulars	Right-of-use assets	Total
Additions during the year	-	-
Sales/adjustments	-	-
<b>As at 31 March 2022</b>	<b>214.15</b>	<b>214.15</b>
Additions during the year	-	-
Sales/adjustments	-	-
<b>As at 31 March 2023</b>	<b>214.15</b>	<b>214.15</b>
<b>Depreciation</b>		
<b>As at 01 April 2021</b>	<b>6.02</b>	<b>6.02</b>
For the Year	3.01	3.01
Sales/adjustments	-	-
<b>As at 31 March 2022</b>	<b>9.02</b>	<b>9.02</b>
For the Year	42.41	42.41
Sales/adjustments	-	-
<b>As at 31 March 2023</b>	<b>51.43</b>	<b>51.43</b>
<b>Net Block</b>		
<b>As at 31 March 2022</b>	<b>205.12</b>	<b>205.12</b>
<b>As at 31 March 2023</b>	<b>162.72</b>	<b>162.72</b>

The following amounts related to Right-of-use assets were recognised in the statement of profit or loss:

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
Interest expense	5.25	0.77
Amortisation expense	42.41	3.01
<b>Total</b>	<b>47.66</b>	<b>3.78</b>

**Note 4E. Goodwill**

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
Opening balance	115.80	115.80
Add/(Less): Acquisition/(Sale) of subsidiaries	-	-
<b>Closing balance</b>	<b>115.80</b>	<b>115.80</b>

During the FY 2019-20, the holding Company has acquired 51% of control through purchase of equity shares of Unistring Tech Solutions Private Limited. The Group has accounted for business combination based on fair value of the identified assets, liabilities and contingent liabilities as on date of acquisition and recognised goodwill of ₹115.80 lakhs.

**5. INVESTMENTS (NON-CURRENT)**

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
<b>Unquoted investments:</b>		
<b>Investment in Others:</b>		
17,500 (31 Mar 2022 - 17,500) Equity shares and 2,139 (31 Mar 2022 - 2,139) Class Seed Preferred shares of Paladin AI INC.,*	224.22	224.22
	<b>224.22</b>	<b>224.22</b>

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

**6. DEPOSITS (UNSECURED, CONSIDERED GOOD)**

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
Security Deposits	29.02	34.21
Deposits with government, public bodies and others	14.31	14.04
Advance for acquisition of Shares*	252.84	-
	<b>296.17</b>	<b>48.25</b>

\*Advance for Acquisition for investments are in Paladin AI INC., which is yet to allot the Shares.

**7. DEFERRED TAX ASSETS (NET)**

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
<b>Deferred Tax Asset</b>		
Deferred Tax Asset on MAT credit entitlement	1,886.92	2,496.42
Deferred Tax Asset on Gratuity	154.65	78.06
Deferred Tax Asset on Leases	0.16	0.17
Disallowances under Income Tax Act, 1961, allowed on payment basis	-	-
<b>Deferred Tax Liability</b>		
Accelerated depreciation for tax purposes	(644.07)	(552.19)
On Other comprehensive income	7.79	(1.37)
<b>Net Deferred tax Asset</b>	<b>1,405.44</b>	<b>2,021.09</b>

Note: Refer Note 35 for further details.

**8. OTHER NON CURRENT ASSETS**

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
<b>Prepaid expenses#</b>	15.55	48.31
Capital Advances	6.13	6.13
Others##	51.84	51.84
	<b>73.53</b>	<b>106.28</b>

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

## represents the cost of articles owned by the group for the purpose of business promotion.

**9. INVENTORIES (VALUED AT LOWER OF COST AND NET REALISABLE VALUE)**

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
<b>Raw material</b>	1,247.79	744.91
Work in progress	3,367.00	1,046.35
Finished Goods	285.17	703.86
	<b>4,899.96</b>	<b>2,495.11</b>

**Note:**

'- Valuation of Inventories has been made as per Company's Accounting Policy No 3J

- Cost of inventories (including cost of purchased products) recognized as expense during the year ended 31 March 2023 and 31 March 2022 amounted to ₹ 5,683.20 lakhs and ₹ 1,313.65 lakhs, respectively.

'- For details of hypothecation of inventory, refer Note No 21(i).

**10. TRADE RECEIVABLES**

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
<b>Unsecured, considered good</b>		
Trade Receivables	8,585.26	3,175.91
<b>Less:</b> Allowance for expected credit losses	(46.02)	(7.19)
	<b>8,539.24</b>	<b>3,168.72</b>

**Note:**

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

- Trade Receivables are Non Interest Bearing.

- For details of hypothecation of trade receivables, refer Note No 21(i).

**10A. Ageing Schedule of Trade receivables:****As at 31 March 2023**

(₹ In lakhs)

Particulars	Outstanding for the following periods from the due date of payment				Total
	6 Months- 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables-considered good	121.19	399.38	-	-	8,450.59
(ii) Undisputed Trade Receivables -which have significant increase in credit risk	-	-	3.02	131.65	134.67
(iii) Undisputed Trade Receivables-Credit Impaired	-	-	-	-	-
(iv) Disputed Trade Receivables considered good	-	-	-	-	-
(v) Undisputed Trade Receivables -which have significant increase in credit risk	-	-	-	-	-
(vi) Undisputed Trade Receivables-credit impaired	-	-	-	-	-
	<b>121.19</b>	<b>399.38</b>	<b>3.02</b>	<b>131.65</b>	<b>8,585.26</b>
<b>Less:</b> Allowance for expected credit losses					(46.02)
<b>Total</b>	<b>121.19</b>	<b>399.38</b>	<b>3.02</b>	<b>131.65</b>	<b>8,539.24</b>

**As at 31 March 2022**

(₹ In lakhs)

Particulars	Outstanding for the following periods from the due date of payment				Total
	6 Months- 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables-considered good	94.98	321.15	10.25	24.08	3,051.81
(ii) Undisputed Trade Receivables -which have significant increase in credit risk	-	0.63	3.77	119.70	124.10
(iii) Undisputed Trade Receivables-Credit Impaired	-	-	-	-	-
(iv) Disputed Trade Receivables-considered good	-	-	-	-	-
(v) Undisputed Trade Receivables -which have significant increase in credit risk	-	-	-	-	-
(vi) Undisputed Trade Receivables-credit impaired	-	-	-	-	-
	<b>94.98</b>	<b>321.78</b>	<b>14.02</b>	<b>143.78</b>	<b>3,175.91</b>
<b>Less:</b> Allowance for expected credit losses	-	-	-	-	(7.19)
<b>Total</b>	<b>94.98</b>	<b>321.78</b>	<b>14.02</b>	<b>143.78</b>	<b>3,168.72</b>

**11. CASH AND CASH EQUIVALENTS**

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
Cash on hand	11.21	2.15
<b>Balances with banks:</b>		
- In current accounts	7,952.18	1,088.65
- In Overdraft accounts	1,415.54	51.55
- In Fixed Deposits with original maturity Less than 3 months	1,646.42	962.44
	<b>11,025.36</b>	<b>2,104.79</b>

**Note:**

-There is no restriction with regard to cash and cash equivalents as at the end of each reporting period and prior period.

-Refer Note 43 for Classification of financial instruments.

**12. OTHER BANK BALANCES**

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
Balances with banks for unclaimed dividend	7.10	8.08
Fixed Deposits with original maturity More than 3 months & Less than 12 months	2.05	-
Deposits against Bank Guarantee's*	5,514.68	6,064.96
Other Fixed Deposits	187.15	109.51
	<b>5,710.99</b>	<b>6,182.55</b>

**Note:**

- All Fixed deposits were kept with Scheduled banks only.

- There are no amounts due and outstanding to be credited to the Investors Education and Protection Fund as at 31<sup>st</sup> March 2023 and 31<sup>st</sup> March 2022.

- Refer Note 42 for Classification of financial instruments.

\*These deposits are held as margin money against bank guarantee.

**13. OTHER FINANCIAL ASSETS (CURRENT)**

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
Unsecured, Considered good		
Accrued Income but not due	895.08	968.99
Current Investments at amortised cost	4,450.43	10,731.09
Interest accrued but not due on deposits	148.44	143.11
	<b>5,493.96</b>	<b>11,843.19</b>

**Note:** -Refer Note 42 for Classification of financial instruments.

**14. CURRENT TAX ASSETS (NET)**

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
Advance Income Tax (Net of Provision)	88.66	205.28
	<b>88.66</b>	<b>205.28</b>

**15. OTHER CURRENT ASSETS**

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
<b>Unsecured, considered good</b>		
Prepaid Expenses	191.81	157.91
Office Rent Advance	14.72	-
Balance with Statutory Authorities	953.19	655.01
Advance to material suppliers(Creditors)	700.83	647.84
Duty Credit Scripts under MEIS scheme	-	14.78
Advances to Employees	35.30	30.33
	<b>1,895.84</b>	<b>1,505.87</b>

**16. EQUITY SHARE CAPITAL**

(₹ In lakhs)

Particulars	Equity Shares	
	No. of shares	Amount
<b>(i) Authorised share capital</b>		
<b>As at 01 April 2021</b>	20,00,00,000	2,000.00
Increase/(Decrease) during the year	-	-
<b>As at 31 March 2022</b>	<b>20,00,00,000</b>	<b>2,000.00</b>
Increase/(Decrease) during the year	-	-
<b>As at 31 March 2023</b>	<b>20,00,00,000</b>	<b>2,000.00</b>

**(ii) Issued share capital**

(₹ In lakhs)

Particulars	Equity Shares	
	No. of shares	Amount
<b>Equity share of ₹ 1 each issued, subscribed and fully paid up</b>		
<b>As at 01 April 2021</b>	7,95,10,000	795.10
Increase/(Decrease) during the year	-	-
<b>As at 31 March 2022</b>	<b>7,95,10,000</b>	<b>795.10</b>
Increase/(Decrease) during the year	-	-
<b>As at 31 March 2023</b>	<b>7,95,10,000</b>	<b>795.10</b>

**(iii) Terms/rights attached to equity shares**

The Company has only one class of equity shares having par value of ₹ 1/- each. Each equity share holder is entitled to one vote per equity share held. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**(iv) The details of shares held by shareholder holding more than 5% of shares in the Company**

Particulars	31 March 2023		31 March 2022	
	Number of shares held	% of holding	Number of shares held	% of holding
Equity shares of ₹ 1/- each fully paid up				
Ashok Atluri	2,13,11,220	26.80%	2,13,11,220	26.80%
Kishore Dutt Atluri	1,57,56,220	19.82%	1,57,56,220	19.82%

(v) For Compulsorily Convertible Debentures (CCD's) refer Note 49

**(vi) Shares held by promoters****As at 31 March 2023**

(₹ In lakhs)

Promoter Name	Class of Equity share	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total shares	% Change during the year
Ashok Atluri	Equity share of ₹ 1 each	2,13,11,220	-	2,13,11,220	26.80%	0.00%
Kishore Dutt Atluri	Equity share of ₹ 1 each	1,57,56,220	-	1,57,56,220	19.82%	0.00%
Tara Dutt Atluri	Equity share of ₹ 1 each	34,19,756	(30,000)	33,89,756	4.26%	-0.88%
Rama Devi Atluri	Equity share of ₹ 1 each	26,70,000	-	26,70,000	3.36%	0.00%
Satish Atluri	Equity share of ₹ 1 each	11,84,000	-	11,84,000	1.49%	0.00%
Anisha Atluri	Equity share of ₹ 1 each	10,00,000	-	10,00,000	1.26%	0.00%
Arjun Dutt Atluri	Equity share of ₹ 1 each	10,00,000	-	10,00,000	1.26%	0.00%

## As at 31 March 2023

(₹ In lakhs)

Promoter Name	Class of Equity share	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total shares	% Change during the year
Ravi Kumar Midathala	Equity share of ₹ 1 each	7,90,000	(40,000)	7,50,000	0.94%	-5.06%
Beena Atluri	Equity share of ₹ 1 each	4,04,364	30,000	4,34,364	0.55%	7.42%
Nagarjunudu Kilaru	Equity share of ₹ 1 each	1,50,290	-	1,50,290	0.19%	0.00%
Indira Garapati	Equity share of ₹ 1 each	1,20,000	-	1,20,000	0.15%	0.00%
Nandita Sethi	Equity share of ₹1 each	50,000	-	50,000	0.06%	0.00%

## As at 31 March 2022

(₹ In lakhs)

Promoter Name	Class of Equity share	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total shares	% Change during the year
Ashok Atluri	Equity share of ₹ 1 each	2,13,11,220	-	2,13,11,220	26.80%	0.00%
Kishore Dutt Atluri	Equity share of ₹ 1 each	1,77,56,220	(20,00,000)	1,57,56,220	19.82%	-11.26%
Tara Dutt Atluri	Equity share of ₹ 1 each	34,19,756	-	34,19,756	4.30%	0.00%
Rama Devi Atluri	Equity share of ₹ 1 each	26,70,000	-	26,70,000	3.36%	0.00%
Satish Atluri	Equity share of ₹ 1 each	11,84,000	-	11,84,000	1.49%	0.00%
Anisha Atluri	Equity share of ₹ 1 each	-	10,00,000	10,00,000	1.26%	100.00%
Arjun Dutt Atluri	Equity share of ₹ 1 each	-	10,00,000	10,00,000	1.26%	100.00%
Ravi Kumar Midathala	Equity share of ₹ 1 each	7,94,000	(4,000)	7,90,000	0.99%	-0.50%
Beena Atluri	Equity share of ₹ 1 each	4,02,364	2,000	4,04,364	0.51%	0.50%
Nagarjunudu Kilaru	Equity share of ₹ 1 each	1,48,290	2,000	1,50,290	0.19%	1.35%
Indira Garapati	Equity share of ₹ 1 each	1,20,000	-	1,20,000	0.15%	0.00%
Nandita Sethi	Equity share of ₹ 1 each	50,000	-	50,000	0.06%	0.00%

## (vii) Shares Reserved for issue under options

For details of shares reserved for issue under the employee stock option ("ESOP") plan of the Company, please refer note 46.

## 17. OTHER EQUITY

(₹ In lakhs)

Particulars	Note no	31 March 2023	31 March 2022
Securities premium	17.1	2,654.31	2,654.31
Capital redemption reserve	17.2	117.24	117.24
General reserve	17.3	3,525.01	3,525.01
Retained earnings	17.4	17,615.13	13,421.81
Share Warrants	17.5	250.08	250.08
Other Comprehensive Income	17.6	102.88	58.84
Equity Component of Compound Financial Instruments	17.7	7,479.32	7,479.32
Share Based Payments Reserve	17.8	44.21	-
Treasury Shares	17.9	(966.13)	-
		<b>30,822.05</b>	<b>27,506.62</b>
Non-Controlling Interests (NCI)	17.10	1,410.82	687.81
		<b>32,232.87</b>	<b>28,194.43</b>

## 17.1 Securities premium

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
Opening balance	2,654.31	2,654.31
Add: Additions during the year	-	-
	<b>2,654.31</b>	<b>2,654.31</b>

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

**17.2 Capital redemption reserve**

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
Opening balance	117.24	117.24
<b>Add:</b> Additions during the year	-	-
	<b>117.24</b>	<b>117.24</b>

As per the Companies Act, 2013 Capital Redemption Reserve is created when Company purchases its own shares out of free reserves or securities premium. A sum equal to the nominal value of shares so purchased during the FY 13-14 is transferred to capital redemption reserve. The reserve is utilised in accordance with the provisions of section 69 of the Companies Act, 2013.

**17.3 General reserve**

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
Opening balance	3,525.01	3,525.01
<b>Add:</b> Additions during the year	-	-
	<b>3,525.01</b>	<b>3,525.01</b>

The Company has transferred a portion of the net profit of the Company before declaring dividend to general reserve pursuant to the earlier provisions of the Companies Act, 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013.

**17.4 Retained earnings**

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
Opening balance	13,421.81	13,302.81
<b>Add:</b> Net profit for the year	4,272.55	198.51
	(A) <b>17,694.36</b>	<b>13,501.32</b>
<b>Less:</b> Dividend distributed to equity shareholders	(B) (79.23)	(79.51)
	(A-B) <b>17,615.13</b>	<b>13,421.81</b>

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

**17.5 Share Warrants**

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
Opening balance	250.08	-
<b>Add:</b> Amount received on account of allotment of share warrants	-	250.08
	(A) <b>250.08</b>	<b>250.08</b>
<b>Less:</b> Allotment of equity Shares pursuant to conversion of share warrants	(B) -	-
	(A-B) <b>250.08</b>	<b>250.08</b>

During the FY 2021-22, the Company has issued share warrants and 25% of the subscription amount was received at the time of allotment of share warrants. Balance amount (75%) will be received pursuant to duly conversion of share warrants into equity shares.

**17.6 Other Comprehensive Income**

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
<b>Actuarial Gain or Loss:</b>		
Opening balance	55.38	53.00
<b>Add:</b> Additions during the year	(20.23)	2.38
<b>Closing Balance</b>	<b>35.16</b>	<b>55.38</b>
<b>Foreign Currency Translation Reserve:</b>		
Opening balance	3.46	(7.11)
<b>Add:</b> Additions during the year	64.26	10.57
<b>Closing Balance</b>	<b>67.72</b>	<b>3.46</b>
	<b>102.88</b>	<b>58.84</b>

Other Comprehensive Income (OCI) represents the amount recognised in other equity consequent to remeasurement of Defined Benefit Plan and Exchange differences arising on translation of the foreign operations.

**17.7 Equity Component of Compound Financial Instruments**

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
<b>Opening balance</b>	7,479.32	-
<b>Add:</b> Equity component of Compulsorily Convertible Debentures (CCD's) issued	-	7,479.32
	(A) 7,479.32	7,479.32
<b>Less:</b> Allotment of equity Shares pursuant to conversion of CCD's	(B) -	-
	(A-B) <b>7,479.32</b>	<b>7,479.32</b>

Refer Note 49 for further details

**17.8 Share based payment reserve**

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
<b>Opening balance</b>	-	-
<b>Add:</b> Share based payment charge on account of options granted during the year	44.21	-
	<b>44.21</b>	-

The share options based payment reserve is used to recognise the grant date fair value of options issued to employees under Employee stock option plan.

**17.9 Treasury Shares**

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
<b>Opening balance</b>	-	-
<b>Add:</b> Amount on account of purchase of treasury shares	(966.13)	-
	<b>(966.13)</b>	-

**Treasury Shares:** The reserve for shares of the parent Company held by the Zen Technologies Limited Employees Welfare Trust (ESOP Trust). The parent Company has issued employees stock option scheme for its employees. The shares of the parent Company have been purchased and held by ESOP Trust to issue and allot to employees at the time of exercise of ESOP by Employees.

**17.10 Non-Controlling interests (NCI)**

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
<b>Opening balance</b>	687.81	625.36
<b>Add:</b> Net profit/(loss) attributable to NCI	723.00	62.45
	<b>1,410.82</b>	<b>687.81</b>

It represents the difference between the consideration paid and the carrying value of non- controlling interest acquired in subsidiaries.

**18. BORROWINGS (NON CURRENT)**

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
<b>Secured (at amortized cost)</b>		
<b>Vehicle loans from banks</b>		
(a) Yes Bank	-	3.05
<b>Unsecured (at amortized cost)</b>		
(b) Compulsory Convertible Debentures (CCDs)	-	298.34
(c) Others	-	118.41
	-	<b>419.80</b>

**Details of borrowings:**

- (i) Borrowings mentioned in (a) are secured by the hypothecation of respective vehicles for which loans are availed.
- (ii) Borrowings mentioned in (b) is the financial liability component of CCDs issued during the year which is carried at interest rate of 8.50% p.a.

**19.1 Lease liabilities**

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
<b>Non Current</b>		
<b>At amortised cost</b>		
'Lease Liability	43.38	85.19
	<b>43.38</b>	<b>85.19</b>
<b>Current</b>		
<b>At amortised cost</b>		
'Lease Liability	42.57	39.13
	<b>42.57</b>	<b>39.13</b>

**19.2 Other financial liabilities**

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
Unclaimed dividends	7.10	8.08
Provision for expenses	520.25	112.60
Salaries and benefits	227.65	174.22
Bonus and incentives	102.53	77.04
Other payables	152.38	30.19
	<b>1,009.91</b>	<b>402.14</b>

**Note:** Refer Note 42 for classification of financial instruments.

**20. PROVISIONS**

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
<b>Non-Current</b>		
- Provision for gratuity	282.96	205.02
	<b>282.96</b>	<b>205.02</b>
<b>Current</b>		
Provision for Income Tax	599.71	-
Other Provisions	6.18	-
Provision for QPA & Bonus	154.84	-
	<b>760.73</b>	<b>-</b>

**Note:** Refer Note 37 for further details of Gratuity.

**21. BORROWINGS (CURRENT)**

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
<b>Secured</b>		
(a) CC account forming part of Cash and Cash equivalents	-	-
(b) OD account forming part of Cash and Cash equivalents	157.08	-
(c) Current maturities of vehicle loans	3.09	8.22
<b>Unsecured</b>		
(d) Credit card	5.05	8.63
(e) Compulsory Convertible Debentures (CCDs)	424.25	914.57
(f) Others	-	-
	<b>589.47</b>	<b>931.42</b>

**Details of borrowings:**

(i) Cash Credit (CC) mentioned in (a) amounting to ₹ Nil (31 March 2022: ₹ Nil) and Over draft (OD) mentioned in (b) amounting to ₹ 157.08 lakhs (31 March 2022: ₹ Nil) obtained from Indian Bank (₹ 26.24 lakhs) and from HDFC Bank (₹ 130.84 lakhs) are secured by way of:

**Details of Securities of holding Company (Zen Technologies Limited)**

**Primary Security:** Inventories, Other Current Assets and Trade Receivables

**Collateral Security:****-HDFC Bank**

- Signature Tower Building, 11 Kothaguda Village and 12 floor of Signature building of 25000 Sq Ft, SY No:6 Kondapur, Kothaguda-500084
- Delhi 1, Apartment NH 24 adjacent to Akshardham No. T-27-06-04, Fifth floor of 1969 Sq Ft, Common Wealth Games Village - 110092
- Delhi 2, Apartment NH 24 adjacent to Akshardham No. T-27-01-03, Ground floor of 2654.3 Sq Ft, Common Wealth Games Village - 110092
- Delhi 3, Apartment NH 24 adjacent to Akshardham No. T-20-07-04, Sixth floor of 1969.52 Sq Ft, Common Wealth Games Village - 110092
- Delhi 4, Apartment NH 24 adjacent to Akshardham No. T-20-01-02, Ground floor of 2654.32 Sq Ft, Common Wealth Games Village - 110092

**-Indian Bank**

- Corporate Office/Building Admeasuring 2540 Sq Ft Located at B-42, Industrial Estate, Sanath nagar, Hyderabad-500018

**-EXIM Bank**

- Industrial Plot of Land Admeasuring 2034.10 Sq Meters located at Plot No 99/2, IDA Cherlapally, Cherlapally village, Kapra Mandal, Medchal, Telangana.

**-ICICI Bank**

- Plot No: 35,36,37 Hardware Park, Maheshwaram Mandal, Ravirala Village, Hyderabad - 501510

**-AXIS Bank**

- First Pari Passu charge on entire Current Assets of the Company, both Present and Future and the First Pari Passu charge on Collateral Property shared along with ICICI.

**Details of Securities of Subsidiary Company (Unistring Tech Solutions Private limited)**

-The working capital facilities (₹ 75,00,000) from City Union Bank are secures equitable mortgage of immovable properties and other fixed assets. 'The above Overdraft facility is secured inter - alia by suitable charge on 02 Properties locatedMunicipal No.35-6-2 (G.P.No.6-2) (Constructed in Sy No.70 of (V) Gopalpur) located at Gopalpur, Hanamakonda, Warrangal & new door no. 21-93, old no. 18-115, at Survey no. 24/9, Muppavarapu Vari Street, Bhagath Singh Nagar, Main Road, Yanamalakuduru, Vijayawada, Krishna District which are offered as collateral securities.

**Other Details:**

The Avg.Rate of Interest of CC is 9.83% p.a of and Cash credit is the sub-limit of ₹ 1500 lakhs of total limits of ₹ 21,100 lakhs which consists of Bank Guarantee, Letter of Credit, Pre and Post Shipment Credit, PSR and Corporate Card Limits.

- (ii) Borrowings mentioned in (c) are secured by the hypothecation of respective vehicles for which loans are availed.
- (ii) Borrowings mentioned in (e) is the financial liability component of CCDs issued during the previous year which is carried at interest rate of 8.50% p.a.For further Details refer Note 48.

**22. TRADE PAYABLES**

Particulars	(₹ In lakhs)	
	31 March 2023	31 March 2022
<b>Trade payables</b>		
- Dues to Micro and Small Enterprises	74.03	107.59
Dues to creditors other than micro and small enterprises	599.41	285.58
	<b>673.44</b>	<b>393.17</b>

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

**22A. Ageing Schedule of Trade Payables:**

As at 31 March 2023

Particulars	(₹ In lakhs)					
	Outstanding for the following periods from the due date of payment					
	Not Due	<1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	52.19	2.37	0.05	0.40	19.04	74.03
(ii) Others	176.34	375.34	13.27	1.33	33.13	599.41
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
	<b>228.53</b>	<b>377.71</b>	<b>13.32</b>	<b>1.73</b>	<b>52.17</b>	<b>673.44</b>

## As at 31 March 2022

(₹ In lakhs)

Particulars	Outstanding for the following periods from the due date of payment					Total
	Not Due	<1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	80.61	4.16	1.68	12.73	8.41	107.59
(ii) Others	166.94	82.32	2.40	6.80	27.12	285.58
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
	<b>247.55</b>	<b>86.48</b>	<b>4.08</b>	<b>19.53</b>	<b>35.53</b>	<b>393.17</b>

## 23. OTHER CURRENT LIABILITIES

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
<b>Income billed but not due</b>	3.48	49.76
Taxes payable	815.03	164.36
Advance from customers	<b>9,858.35</b>	<b>5,124.40</b>
<b>Audit Fee Payable</b>	1.75	-
Other payables	260.49	-
	<b>10,939.10</b>	<b>5,338.53</b>

## 24. CURRENT TAX LIABILITIES (NET)

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
Provision for Income Tax	-	91.62
	-	<b>91.62</b>

## 25. REVENUE FROM OPERATIONS

(₹ In lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
(a) Revenue from sale of products	18,294.77	3,666.95
(b) Revenue from rendering of services	3,589.85	3,308.29
	<b>21,884.62</b>	<b>6,975.24</b>

## Contract balances:

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
<b>(a) Receivables</b>		
Trade Receivables (gross) (refer note 10)	8,585.26	3,175.91
<b>Less:</b> Allowances for Doubtful debts	(46.02)	(7.19)
<b>Net Receivables</b>	<b>8,539.24</b>	<b>3,168.72</b>
<b>(b) Contract Liabilities</b>		
Advances received from customers (refer note 23)	9,858.35	5,124.40
Income billed but not due (refer note 23)	3.48	49.76
	<b>9,861.83</b>	<b>5,174.16</b>
<b>(c) Contract Assets</b>		
Unbilled revenue for other than passage of time (refer note 13)	895.08	968.99
	<b>895.08</b>	<b>968.99</b>

**26. OTHER INCOME**

(₹ In lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Interest income	631.65	430.39
Foreign exchange fluctuation gain (net)	22.08	49.77
Interest on Income Tax Refund	10.59	-
Profit on sale of Property, Plant and Equipment	0.93	-
Miscellaneous income	59.49	57.68
	<b>724.74</b>	<b>537.83</b>

**Note: Foreign Exchange fluctuation gain (net)** - The Foreign Exchange Gain/Loss is on account of rate variations arising on transactions in foreign currency between the date of recording of such transactions and the settlement/reporting date.

**27. COST OF MATERIALS CONSUMED**

(₹ In lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Opening stock of raw materials	600.70	667.32
<b>Add:</b> Purchases	8,268.04	2,392.01
	<b>8,868.74</b>	<b>3,059.33</b>
<b>Less:</b> Closing stock of raw materials	(1,015.69)	(600.70)
	<b>7,853.05</b>	<b>2,458.63</b>

**28. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE**

(₹ In lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Opening work in progress	5,203.03	196.74
Opening Finished Good	-	552.69
Opening stock-in-trade	-	-
	<b>5,203.03</b>	<b>749.43</b>
Closing work in progress	7,192.88	(1,190.55)
Closing Finished Good	-	-
Closing stock-in-trade	-	(703.86)
	<b>7,192.88</b>	<b>(1,894.41)</b>
<b>Net (increase)/decrease in stock</b>	<b>(1,989.86)</b>	<b>(1,144.98)</b>

**29. MANUFACTURING EXPENSES**

(₹ In lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Power and fuel	29.95	21.56
Spares and Stores	47.74	59.52
Material Handling Charges	13.82	8.96
Travel expenses - Production	12.52	3.13
System Installation & Maintenance	-	-
Factory Maintenance	355.90	148.48
Training Charges	3.71	0.96
Factory Wages	296.70	162.39
	<b>760.34</b>	<b>405.00</b>

**30. EMPLOYEE BENEFITS EXPENSE**

(₹ In lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Salaries, wages and bonus	3,289.95	1,944.35
Contribution to provident and other funds	87.41	60.19
Salary arrears	12.33	-
Gratuity expense (Refer Note-38(b))	65.02	57.65
Share based Payment Expenses	44.21	-
Staff welfare expenses	93.21	38.66
	<b>3,592.13</b>	<b>2,100.85</b>

**Note:** Refer Note 39 for Remuneration to key Managerial Personnel.

**31. FINANCE COSTS**

(₹ In lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Bank Charges	33.11	12.47
BG Commission	88.20	86.90
Processing Charges	18.19	5.75
Interest on borrowings		
- interest on cash credit account	1.56	10.71
- interest on Vehicle loan	0.68	1.37
- interest Others	265.82	35.85
	<b>407.55</b>	<b>153.05</b>

**32. DEPRECIATION AND AMORTISATION**

(₹ In lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Depreciation of property plant & equipment	493.65	410.75
Amortisation of Intangible Assets	69.60	69.60
Depreciation on Right-of-use assets	42.41	3.01
	<b>605.65</b>	<b>483.35</b>

**33. OTHER EXPENSES**

(₹ In lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Business Promotion	245.03	114.57
Exhibition expenses	259.81	212.49
Commission on Sales	464.38	99.25
System Installation & Maintenance	93.55	80.55
Freight	82.51	72.27
Domestic Travel	428.07	282.53
Foreign Travel	245.86	137.87
Advertisement	117.12	112.89
Bad debts written off	3.27	15.93
Books & periodicals	-	0.32
Conveyance	105.94	45.38
Consumables	22.42	18.67

**33. OTHER EXPENSES**

(₹ In lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Directors' sitting fees	12.00	11.25
Donations	-	-
CSR expenditure	44.79	55.00
Electricity Charges	60.76	39.95
Insurance	42.12	18.16
Membership & Subscription	0.11	0.09
Office Maintenance	205.03	126.30
Postage & Telephone	44.70	35.33
Printing & Stationary	18.56	7.72
Professional Charges	661.58	503.29
Rates & Taxes	77.61	35.33
Rent	187.90	50.18
Security expenses	53.76	35.39
Vehicle Maintenance	35.22	18.11
Computer Maintenance	20.86	4.85
Liquidated Damages	21.94	-
Spares & Stores	663.64	409.55
Provision for bad and doubtful debts	38.83	7.19
Payment to Auditor	5.65	4.00
Telephone and Internet Expenses	1.11	-
Annual subscriptions and periodicals	0.08	-
Miscellaneous expenses	143.61	140.82
	<b>4,407.82</b>	<b>2,698.89</b>

**34. COMPONENTS OF OTHER COMPREHENSIVE INCOME**

(₹ In lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>Items that will be reclassified to profit or loss</b>		
Exchange differences on translation of foreign operations	63.84	1.53
Deferred tax on exchange differences	(3.10)	(0.42)
	<b>60.74</b>	<b>1.10</b>
<b>Items that will not be reclassified to profit or loss</b>		
Re-measurement gains/(losses) on defined benefit plans	(28.02)	3.30
Deferred tax on remeasured gain/(loss)	7.80	(0.92)
	<b>(20.23)</b>	<b>2.38</b>

**35. INCOME TAX**

The major components of income tax expenses for the year ended 31 March 2023 and 31 March 2022 are as follows:

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
<b>Profit or loss section</b>		
Current tax expense	1,548.71	127.95
Adjustment of tax relating to earlier periods	-	<b>(92.84)</b>
MAT credit utilisation	609.50	41.37
Deferred tax	17.64	(7.13)
<b>Total income tax expense recognised in Statement of Profit and Loss</b>	<b>2,175.84</b>	<b>69.35</b>

Particulars	(₹ In lakhs)	
	31 March 2023	31 March 2022
<b>OCI section</b>		
Tax Effect on OCI items	4.70	(1.34)
Income tax charged to OCI	<b>4.70</b>	<b>(1.34)</b>

**(a) The income tax expense for the year can be reconciled to the accounting profit as follows:**

Particulars	(₹ In lakhs)	
	31 March 2023	31 March 2022
<b>Profit before tax</b>	7,172.66	330.32
At India's statutory income tax rate of 29.12% (31 March 2022: 27.82%)	2,088.68	91.89
Adjustments in respect of current income tax of previous years	-	(92.84)
<b>Add/(Less): Tax effect on account of:</b>		
Items which are not tax deductible for computing taxable income	47.34	18.94
Effect of change in income tax rate for deferred tax recognised	68.33	-
Effect of items which are not taxable for computing taxable income	(58.24)	0.78
Others	29.74	50.58
<b>Income tax expense recognised in the Statement of Profit and Loss</b>	<b>2,175.84</b>	<b>69.35</b>

Particulars	(₹ In lakhs)	
	31 March 2023	31 March 2022
<b>Deferred tax</b>		
Deferred tax asset/(liability) (net)	(481.48)	(475.33)
MAT credit entitlement	1,886.92	2,496.42
<b>Deferred tax asset (net)</b>	<b>1,405.44</b>	<b>2,021.09</b>

**(b) Deferred tax (liabilities)/assets (net) as at 31 March 2023, as detailed below reflect the quantum of tax liabilities/ (assets) accrued up to 31 March 2023**

2022-23

Particulars	(₹ In lakhs)				
	Opening balance	Recognised in Statement of profit and loss	Recognised in other comprehensive income	MAT Credit availed/ (utilization)	Closing balance
Deferred tax (liabilities)/assets in relation to:					
MAT credit	2,496.42	-	-	(609.50)	1,886.92
<b>Timing difference on:</b>					
-Property, plant and equipment	(553.61)	(91.88)	-	-	(645.50)
-Disallowances under Income Tax Act, 1961, allowed on payment basis	78.45	76.59	-	-	155.04
-Remeasurement of defined benefit plans	(0.32)	-	7.80	-	7.47
-Exchange difference on translation of foreign operation	-	-	(3.10)	-	(3.10)
-Others	0.16	4.45	-	-	4.61
<b>Deferred tax (liabilities)/assets (Net)</b>	<b>2,021.09</b>	<b>(10.85)</b>	<b>4.70</b>	<b>(609.50)</b>	<b>1,405.44</b>

**(c) Deferred tax (liabilities)/assets (net) as at 31 March 2022, as detailed below reflect the quantum of tax liabilities/ (assets) accrued up to 31 March 2022**

2021-22

(₹ In lakhs)

Particulars	Opening balance	Recognised in Statement of profit and loss	Recognised in other comprehensive income	MAT Credit availed/ (utilization)	Closing balance
Deferred tax (liabilities)/assets in relation to:					
MAT credit	2,537.78	-	-	(41.37)	2,496.42
<b>Timing difference on:</b>					
-Property, plant and equipment	(549.68)	(3.93)	-	-	(553.61)
-Disallowances under Income Tax Act, 1961, allowed on payment basis	67.47	10.98	-	-	78.45
-Remeasurement of defined benefit plans	1.02	-	(1.34)	-	(0.32)
-Others	0.11	0.06	-	-	0.16
<b>Deferred tax (liabilities)/assets (Net)</b>	<b>2,056.70</b>	<b>7.10</b>	<b>(1.34)</b>	<b>(41.37)</b>	<b>2,021.09</b>

**36. EARNINGS PER SHARE**

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the holding Company by the weighted average number of Equity shares outstanding during the year excluding the treasury shares as per Ind AS 33 Earnings per share.

Diluted earnings per share is calculated by dividing the profit/(loss) attributable to equity holders of the holding Company (after adjusting for interest on the Compulsory convertible debentures) by the weighted average number of equity shares outstanding during the period/year used for computing Basic EPS plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

(₹ In lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>Earnings per equity share</b>		
Profit attributable to equity shareholders of the holding Company	4,273.81	198.51
<b>Add:</b> Interest on Compulsorily Convertible Debentures (CCD's)	54.65	24.96
<b>Adjusted earnings</b>	<b>4,328.46</b>	<b>223.47</b>
<b>Weighted average number of equity shares outstanding (Nos.) of Face Value of ₹ 1/-each</b>	<b>7,95,10,000</b>	<b>7,95,10,000</b>
<b>Less:</b> Weighted average number of equity shares held by ESOP trust (Nos.) of Face value of ₹ 1/-each*	2,61,366	-
<b>Weighted average number of equity shares for Basic EPS (Nos.)</b>	<b>7,92,48,634</b>	<b>7,95,10,000</b>
Effect of dilutive equivalent Compulsorily convertible debentures (CCD's)	40,64,627	13,54,876
<b>Weighted average number of equity shares for diluted EPS (Nos.)</b>	<b>8,33,13,261</b>	<b>8,08,64,876</b>
Face value per equity share (₹)	1.00	1.00
<b>Earning per share - Basic (₹)</b>	<b>5.39</b>	<b>0.25</b>
<b>Earning per share - Diluted (₹)*</b>	<b>5.20</b>	<b>0.25</b>

\*The Weighted average Number of Equity Shares takes into account the weighted average effect of treasury shares transaction during the year as per Ind AS 33 Earnings per Share.

#The conversion of above mentioned potential equity shares (CCDs) would increase the earnings per share, these are anti-dilutive in nature and thus the effects of anti-dilutive potential equity shares are not considered in calculating the diluted equity per share.

During the FY 2021-22, the Group has issued 4,69,633 share warrants to the promoters of the holding-Company at the market price. Therefore, these share warrants are assumed to be fairly priced and they are not considered in calculating Dilutive EPS (DEPS) as per Ind AS 33.Earnings per share.

### 37. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS

#### (a) Defined contribution plan

The following amount recognised as an expense in Statement of profit and loss on account of provident fund and other funds. There are no other obligations other than the contribution payable to the respective authorities.

(₹ In lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Contribution to provident fund recognised as expense in the Statement of Profit and Loss	87.41	60.19

#### (b) Defined benefit plan

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of continuous service gets a gratuity on retirement at 15 days last drawn basic salary for each completed year of service. The scheme is funded with an insurance Company in the form of a qualifying insurance policy.

The following table's summaries the components of net benefit expense recognised in the Statement of profit and loss and the funded status and amounts recognised in the balance sheet for the gratuity plan:

(₹ In lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>Statement of profit and loss</b>		
<b>Net employee benefit expense recognised in the employee cost</b>		
Current service cost	53.80	39.17
Past service cost	-	13.46
Interest cost on defined benefit obligation	19.03	15.55
Interest income on plan assets	(7.82)	(6.15)
Other adjustments	-	(4.38)
<b>Net benefit expense</b>	<b>65.01</b>	<b>57.65</b>
Re measurement during the period/year due to:		
Actuarial loss/(gain) arising from change in financial assumptions	(8.73)	(3.24)
Actuarial loss/(gain) arising from change in demographic assumptions	(1.55)	-
Actuarial loss/(gain) arising on account of experience changes	37.85	1.33
Return on plan assets excluding interest income	0.45	(1.39)
<b>Amount recognised in OCI outside profit and loss statement</b>	<b>28.02</b>	<b>(3.30)</b>
<b>Balance Sheet</b>		
<b>Reconciliation of net liability/asset</b>		
Closing Present Value of Defined Benefit Obligation	405.62	326.91
Closing Fair Value of Plan Assets	122.65	121.89
<b>Closing net defined benefit liability</b>	<b>282.96</b>	<b>205.02</b>
<b>Changes in the present value of the defined benefit obligation are as follows:</b>		
Opening defined benefit obligation	205.02	166.03
Current service cost	53.80	39.17
Past service cost	-	13.46
Interest cost	11.21	9.40
Adjustment to opening balance	-	(5.09)
Re measurement during the period due to:		
Actuarial loss/(gain) arising from change in financial assumptions	(8.73)	(3.24)
Actuarial loss/(gain) arising from change in demographic assumptions	(1.55)	-
Actuarial loss/(gain) arising on account of experience changes	37.85	1.33
Return on plan assets excluding interest income	0.45	(1.39)
Benefits paid	(15.10)	(14.65)
<b>Closing defined benefit obligation</b>	<b>282.96</b>	<b>205.02</b>

(Contd.)

Particulars	(₹ In lakhs)	
	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>Change in fair value of plan assets during the year</b>		
Opening Fair Value of Plan Assets	121.89	104.36
Adjustment to opening balance	-	5.09
Contributions paid by the employer	15.10	14.65
Return plan assets (Excluding interest income)	(0.45)	1.39
Benefits paid	(21.71)	(9.75)
Interest income on Plan Assets	7.82	6.15
<b>Closing Fair Value of Plan Assets</b>	<b>122.65</b>	<b>121.89</b>

The principal assumptions used in determining gratuity benefit obligation for the Company's plans are shown below:

Particulars	(₹ In lakhs)	
	31 March 2023	31 March 2022
Discount rate (p.a.)	7.14%	6.59%
Salary escalation rate (p.a.)	6.00%	6.00%
Mortality rate	IALM (2012-14) Ult	IALM (2012-14) Ult
Disability rate	0.00%	0.00%
Withdrawal rate (Past service (PS))	PS:0 to 42: 15%	PS: 0 to 42: 12%
Normal retirement age (in years)	60	60
Adjusted average future service	5.14	6.49

A quantitative analysis for significant assumptions is as shown below:

Particulars	(₹ In lakhs)	
	31 March 2023	31 March 2022
<b>Assumptions - Discount rate</b>		
Sensitivity Level (a hypothetical increase/(decrease) by)		
Impact of Increase in 1% on defined benefit obligation	337.67	289.78
Impact of Decrease in 1% on defined benefit obligation	366.90	320.51
<b>Assumptions - Salary Escalation rate</b>		
Sensitivity Level (a hypothetical increase/(decrease) by)		
Impact of Increase in 1% on defined benefit obligation	363.54	317.23
Impact of Decrease in 1% on defined benefit obligation	340.14	292.06

### Asset Liability Comparisons

Year	(₹ In lakhs)				
	31 March 2019	31 March 2020	31 March 2021	31 March 2022	31 March 2023
PVO at the end of the period	257.77	252.00	270.39	304.27	351.58
Plan Assets	117.17	95.23	104.36	121.89	122.65
Surplus/(Deficit)	(140.60)	(156.77)	(166.03)	(182.38)	(228.92)
Experience adjustment on plan assets	0.06	16.48	1.63	1.39	(0.45)

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors. Such as supply and demand in the employment market.

The following payments are expected contributions to the defined benefit plan in future years:

Particulars	(₹ In lakhs)	
	31 March 2023	31 March 2022
<b>Expected future benefit payments</b>		
Within the next 12 months (next annual reporting period)	102.52	81.81
Between 2 and 5 years	188.43	132.91
Between 6 and 10 years	151.00	113.50
Total expected payments	<b>441.95</b>	<b>328.22</b>

The weighted average duration of the defined benefit plan obligation at the end of the reporting period (based on discounted cash flows) 4.17 years. (31 March 2022: 5.09 years).

## 38. CONTINGENT LIABILITIES AND COMMITMENTS

### (a) Contingent liabilities

#### I) Claims against the Group not acknowledged as debts:

- On account of Direct Tax matters - ₹ 441.48 lakhs (31 March 2022: ₹ 54.04 lakhs)
- On account of Indirect Tax matters (Central Excise Duty) - ₹ 823.40 lakhs (31 March 2022: ₹ 823.40 lakhs)

The Group is contesting the demands and the management, including its tax advisors, believe that its position will likely be upheld in the appellate process with respect to Direct Tax and Indirect tax matters. No tax expense has been accrued in the financial statements for the tax demand raised. The Management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the Company's financial position and results of operations.

#### II) Guarantees

Particulars	(₹ In lakhs)	
	31 March 2023	31 March 2022
<b>Corporate Guarantee issued in favour of customer(s) of</b>		
'Unistring Tech Solutions Private Limited	1,012.44	1,234.61

### (b) Commitments

#### Estimated amount of contracts remaining to be executed on capital account and not provided for:

At 31 March 2023, the Company has commitments of ₹ 36.32 lakhs (31 March 2022: ₹ 45.79 lakhs) relating to renovation of factory buildings at Maheswaram.

## 39. RELATED PARTY TRANSACTIONS

Information on names of related parties and nature of relationship as required by Ind AS 24 on related party disclosures are given below:

### A) Nature of relationship and names of related parties:

Name of the party	Nature of relationship
<b>(a) Key Managerial Personnel (KMP):</b>	
Mr. Ashok Atluri	Chairman & Managing Director
Mr. Kishore Dutt Atluri	President & Joint Managing Director (w.e.f 01-08-2022)
Mr. M Ravi Kumar	Whole Time Director
Ms. Shilpa Choudari	Whole Time Director
Dr. Ravindra Kumar Tyagi	Independent Director
Mr. Venkata Samir Kumar Oruganti	Independent Director (till 13-08-2021)
Mr. Amreek Singh Sandhu	Independent Director
Ms. Sirisha Chintapalli	Independent Director
Dr. Ajay Kumar Singh	Independent Director
Ms. Devraj Shravani	Managing Director - Unistring Tech Solutions Pvt.Ltd
Mr. Srinivasa Raju Kolahalam	CEO & Director - Unistring Tech Solutions Pvt.Ltd
Mr. S Nagendra Babu	Vice President - Unistring Tech Solutions Pvt.Ltd
Mr. Hansraj Singh Rajput	Company Secretary & Compliance Officer (till 14-12-2022)

### 39. RELATED PARTY TRANSACTIONS

Information on names of related parties and nature of relationship as required by Ind AS 24 on related party disclosures are given below:

#### A) Nature of relationship and names of related parties:

Name of the party	Nature of relationship
Mr. Raghavendra Prasad Movva	Company Secretary & Compliance Officer (w.e.f 06-05-2023)
Mr. Afzal Harunbhai Malkani	Chief Financial Officer (w.e.f 01-08-2022)
<b>(b) Relatives of Key Managerial Personnel</b>	
Mr. Arjun Dutt Atluri	Management Engineer, Son of Mr. Kishore Dutt Atluri
Mrs. Rama Devi Atluri	Spouse of Mr. Kishore Dutt Atluri
Ms. Anisha Atluri	Manager - HR & Admin, Daughter of Mr. Kishore Dutt Atluri
<b>(c) Other related firms &amp; Associates</b>	
Veer Sammaan Foundation	Founder Trustee
Zen Technologies Limited Employee Welfare Trust	Entity under the control of the Company
<b>(d) Entities controlled by persons having control/significant influence over Company</b>	
Indigenous Defence Equipment Exporters Association	Entity accustomed to act in accordance with the advice, directions or instructions of a Director.

#### B) Following are the transactions with related parties during the year:

Particulars	(₹ In lakhs)	
	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>i) Remuneration to KMP</b>		
Mr. Ashok Atluri	61.22	60.83
Mr. Kishore Dutt Atluri	69.24	48.23
Mr. M Ravi Kumar	69.79	53.59
Ms. Shilpa Choudari	24.39	25.04
Mrs. Devraj Shravani	24.75	-
Mr. Srinivasa Raju Kolahalam	88.11	-
Mr. S Nagendra Babu	66.85	-
Mr. Hansraj Singh Rajput-CS	11.25	15.02
Mr. Raghavendra Prasad Movva-CS	-	-
Mr. Afzal Harunbhai Malkani-CFO	66.52	-
<b>ii) Commission to KMP</b>		
Mr. Ashok Atluri	115.36	5.82
Mr. Kishore Dutt Atluri	161.44	18.10
<b>iii) Remuneration to relatives of KMP</b>		
Mr. Arjun Dutt Atluri	22.78	11.78
Ms. Anisha Atluri	11.33	6.38
<b>iv) Sitting Fee to Independent Directors</b>		
Ms. Sirisha Chintapalli	3.00	1.75
Mr. O Venkata Samir Kumar	-	1.25
Mr. Amreek Singh Sandhu	4.50	2.75
Dr. Ravindra Kumar Tyagi	4.50	2.75
Dr. Ajay Kumar Singh	-	2.75
<b>v) Rent</b>		
Mrs. Ramadevi Atluri	6.70	6.38
<b>vi) CSR Expenditure</b>		
Veer Sammaan Foundation	44.79	55.00
<b>vii) Corporate Guarantee</b>		
Corporate Guarantee issued infavour of customer(s) of Unistring Tech Solutions Pvt Ltd(Guarantee Given by the Company's Bankers)	-	1,234.61

**C) Balances with the related parties are summarised below:**

Particulars	(₹ In lakhs)	
	31 March 2023	31 March 2022
<b>i) Related party receivables grouped under</b>		
<b>a) Other current assets</b>		
Mr. Arjun Dutt Atluri (Advances to Employees)	-	6.81
Ms. Anisha Atluri (Advances to Employees)	-	0.01
<b>b) Other current liabilities</b>		
<b>ii) Related party payables grouped under:</b>		
<b>a) Other current liabilities</b>		
Mr. M Ravi Kumar (Other Payables)	-	0.04
<b>iii) Corporate Guarantee</b>		
Corporate Guarantee issued infavour of customer(s) of Unistring Tech Solutions Pvt Ltd (Guarantee Given by the Company's Bankers)	1,012.44	1,234.61

Key managerial personnel of the Company is covered by the Company's gratuity policy and is eligible for compensated absences along with other employees of the Company. The proportionate amount of gratuity and compensated absences cost pertaining to them have not been included in the aforementioned disclosure as these cannot be determined on an individual basis.

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. Outstanding balances at the year-end are unsecured.

#### **40. THE DISCLOSURE PURSUANT TO THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006, (MSMED ACT) FOR DUES TO MICRO ENTERPRISES AND SMALL ENTERPRISES AS AT MARCH 31, 2023 AND MARCH 31, 2022 IS AS UNDER**

Particulars	(₹ In lakhs)	
	31 March 2023	31 March 2022
a) the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year;	74.03	107.59
b) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
c) the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
d) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

**Note:** The list of undertakings covered under MSMED Act was determined by the Group on the basis of information available with the Group.

#### **41. DISCLOSURE PURSUANT TO INDIAN ACCOUNTING STANDARD (IND AS) 108 "OPERATING SEGMENTS"**

##### **Operating Segments**

The Group's operations predominantly consist of Military Training & Operations. The Group's Chief Operating Decision Maker (CODM) review the operations of the Group as a single reportable segment and operations from other than Training & Simulation does not qualify as a reportable segment as these operations are not material. Hence there are no reportable segments under Ind AS 108. Accordingly, the Group has only one operating and reportable segment, the disclosure requirements specified in paragraphs 22 to 30 are not applicable.

**Geographical Information**

(₹ In lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>Revenue</b>		
Domestic	10,460.71	6,610.27
Overseas	11,423.91	364.97
<b>Total revenue per statement of profit or loss</b>	<b>21,884.62</b>	<b>6,975.24</b>

The revenue information above is based on the locations of the customers.

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
<b>Non-current operating assets:</b>		
India	73.53	106.28
Outside India	-	-
<b>Total non-current operating assets</b>	<b>73.53</b>	<b>106.28</b>

Non-current assets for this purpose excludes financial assets and deferred tax assets.

**Information about major customers**

During FY 2022-23, total revenue consists of 35.67% from single customer.

**42. FINANCIAL INSTRUMENTS****A. Accounting classifications and fair values**

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy:

(₹ In lakhs)

Particulars	Note no.	31 March 2023		31 March 2022		Fair value level
		Amortised cost	Fair value	Amortised cost	Fair value	
<b>Financial assets</b>						
Trade receivables	10	8,539.24	-	3,168.72	-	
Cash and cash equivalents	11	11,025.36	-	2,104.79	-	
Other bank balances	12	5,710.99	-	6,182.55	-	
Other financial assets (Current)	13	5,493.96	-	48.25	-	
Other financial assets (Non current)	6	296.17	-	11,843.19	-	
<b>Total financial assets</b>		<b>31,065.71</b>	<b>-</b>	<b>23,347.50</b>		
<b>Financial liabilities</b>						
Borrowings	18 & 21	589.47	-	1,351.23	-	
Lease liabilities	19.1	85.95	-	124.33	-	
Trade payables	22	673.44	-	393.17	-	
Other financial liabilities	19.2	1,009.91	-	402.14	-	
<b>Total financial liabilities</b>		<b>2,358.77</b>	<b>-</b>	<b>2,270.86</b>	<b>-</b>	

The fair value of trade receivables, other financial assets, cash and cash equivalents, other bank balances, borrowings, trade payables and other financial liabilities approximate their carrying amount largely due to short-term nature of these instruments.

**B. Measurement of fair values****i. Transfer between Level 1 and 2**

There have been no transfers from Level 2 to Level 1 or vice-versa in the current year and no transfers in either direction in previous year.

### 43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial liabilities comprise mainly of borrowings, trade payables and other payables. The Group's financial assets comprise mainly of investments, cash and cash equivalents, other balances with banks, loans, trade receivables and other receivables.

The Group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Board of Directors of the holding Group has overall responsibility for the establishment and oversight of the Group's risk management framework. In performing its operating, investing and financing activities, the group is exposed to the Credit risk and Liquidity risk.

#### i) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Group's exposure to market risk is primarily on account of interest

rate risk. Financial instruments affected by market risk include loans, borrowings and deposits.

#### a. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The group's exposure to the risk of changes in market interest rates relates primarily to the debt obligations with floating interest rates.

The group is having current borrowings in the form of working capital, Compulsory Convertible Debentures (CCDs) and current maturities of vehicle loan. There is a fixed rate of interest in case of vehicle loan, Compulsory Convertible Debentures (CCDs) hence, there is no interest rate risk associated with these borrowings. The group is exposed to interest rate risk associated with working capital facility and credit card facility due to floating rate of interest.

The following analysis is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax. The correlation of variables will have significant effect in determining the ultimate impact of interest rate risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non-linear. The method used for deriving sensitivity information and significant variables have not changed from the previous period.

As at March 31, 2023 and March 31, 2022, Current borrowings (Working capital facility, Credit card facility) of ₹ 162.13 lakhs and ₹ 8.63 lakhs, respectively, were subject to variable interest rates.

Particulars	(₹ In lakhs)	
	Impact on Profit Before Tax	
	For the Year ended 31 March 2023	For the Year ended 31 March 2022
<b>Change in Interest Rate</b>		
Increase in 100 basis points	(1.62)	(0.09)
Decrease in 100 basis points	1.62	0.09

#### b. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency). Considering the countries and economic environment in which the group operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries.

Any movement in the functional currency of the various operations of the group against major foreign currencies may impact the Group's revenue in international business. The group evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks.

Particulars	(₹ In lakhs)	
	For the year ended 31 March 2023	For the year ended 31 March 2022
Expenditure in foreign currency		
Raw Materials and Components	2,417.25	936.96
Stores and Spares	1.59	6.96
Foreign Travel (Exclusive of Tickets Purchased)	278.91	110.18
Membership	1.05	3.16
Professional Charges	1.28	12.78
Exhibition Expenses	18.17	140.17
Employee benefits expense	219.46	116.90
Others	694.72	57.67

Particulars	(₹ In lakhs)	
	31 March 2023	31 March 2022
<b>Receivables/(Payables) in Foreign Currency</b>		
Advance from customers	5,979.14	(2,362.22)
Trade payables	115.37	14.47
Trade Receivables	3,208.67	234.31
Advance to Material suppliers	257.51	25.10

Exchange gain of ₹ 22.08 lakhs and ₹ 49.77 lakhs has been recognised in the standalone statement of profit and loss for the years ended 31 March 2023 and 31 March 2022 respectively.

## ii) Credit Risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the group. Credit risk arises from credit exposures from trade receivables, advances given to suppliers (for procurement of goods, services and capital goods), cash and cash equivalent with banks, security deposits and loans.

### Trade Receivables

The credit risk of the group is managed at a corporate level by the risk management committee which has established the credit policy norms for its customers. The group expects to continue to derive most of its revenue from the Indian Defence Services under the contracts of the Ministry of Defence (MoD), consequent to which the Company has a negligible credit risk associated with such receivables.

### Provision for Credit Impaired Receivables

As the debtors are predominantly the Government of India (Indian Defence Services, Ministry of Home Affairs), Public Sector Undertakings where the counter-parties have sufficient capacity to meet the obligations and where the risk of default is negligible. Accordingly, impairment on account of expected credit losses is being assessed on a case to case basis in respect of dues outstanding for significant period of time as per the accounting policy. Further, management believes that the unimpaired amounts that are due is collectable in full, based on historical payment behaviour and extensive analysis of customer credit risk.

In a few cases credit is extended to customers based on market conditions after assessing the solvency of the customer and the necessary due diligence to determine credit worthiness. Advance payments are made against bank guarantee which safeguards the credit risk associated with such payments. Impairment losses on financial assets have been made after factoring contractual terms and other indicators.

The table below analyses derivative and non-derivative financial liabilities of the group into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Particulars	(₹ In lakhs)					
	Carrying Value	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years
<b>As at 31 March 2023</b>						
Borrowings	589.47	-	589.47	-	-	-
Other financial liabilities	1,095.86	7.10	824.87	102.53	85.95	-
Trade payables	673.44	-	673.44	-	-	-

## Financial instruments and cash deposits

The cash and cash equivalent with banks are in the form of short term deposits with maturity period of up to 1 year. The group has a well structured Risk Mitigation Policy whereby there are present limits for each bank based on its net worth and earning capacity which is reviewed on a periodic basis. The group has not incurred any losses on account of default from banks on deposits.

The credit risk in respect of other financial assets is negligible as they are mostly due from government department/parties.

Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. counterparty credit limits are reviewed by the top management on an annual basis, and may be updated throughout the year subject to approval of the group's board of directors.

The limits are set to minimize the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

## iii) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group has an established liquidity risk management framework for managing its short term, medium term and long term funding and liquidity management requirements. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group manages the liquidity risk by maintaining adequate funds in cash and cash equivalents. The Group also has adequate credit facilities agreed with banks to ensure that there is sufficient cash to meet all its normal operating commitments in a timely and cost-effective manner.

(Contd.)

(₹ In lakhs)

Particulars	Carrying Value	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years
<b>As at 31 March 2022</b>						
Borrowings	1,351.23	-	129.27	920.57	301.39	-
Other financial liabilities	526.47	8.08	392.85	116.17	9.36	-
Trade payables	393.17	-	393.17	-	-	-

At present, the group does expects to repay all liabilities at their contractual maturity. In order to meet such cash commitments, the operating activity is expected to generate sufficient cash inflows.

#### 44. CAPITAL MANAGEMENT

For the purpose of the Group's capital management, capital includes issued capital, non-controlling interest and all other equity reserves attributable to the equity shareholders of the holding Group. The primary objective of the Group when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value.

(₹ In lakhs)

Particulars	31 March 2023	31 March 2022
<b>Gearing ratio</b>		
Borrowings (non-current and current, including current maturities of non-current borrowings, interest accrued and due, Interest accrued but not due)	589.47	1,351.23
Less: Cash and cash equivalents (including balances at bank other than cash and cash equivalents and margin money deposits with banks)	(21,186.78)	(19,018.43)
<b>Net debt (A)</b>	<b>(20,597.30)</b>	<b>(17,667.20)</b>
Equity (B)	33,027.97	28,989.53
Gearing ratio (%) $\{A/(A+B)\}^*$	-	-

#### Gearing ratio:

The group monitors capital using gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio within 50%. In order to achieve this overall objective, the group makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The group aims to ensure that it meets the financial covenants attached to the interest bearing loans and borrowings that define the capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowings in the current year.

\*As at 31<sup>st</sup> March 2023 and 31<sup>st</sup> March 2022, Gearing Ratio is negative on hence represented as Nil

#### 45. EMPLOYEE STOCK OPTION SCHEME

a) The objective of the Employee Stock Option Scheme is to attract and retain talent and align the interest of employees with the Zen Technologies Limited (ZTL) as well as to motivate them to contribute to its growth and profitability. The Group adopts Senior Executive Plan in granting Stock options to its Senior Employees. (Employee Stock Option Plan – 2021).

During the Annual General Meeting held on August 28, 2021, Zen Technologies Limited introduced the Employee Stock Option Plan - 2021, which was subsequently ratified by the shareholders on September 29, 2022, in accordance with SEBI Regulations.

The plan received in-principle approval from the National Stock Exchange of India Limited and BSE Limited to issue a maximum of 4,000,000 equity shares with a face value of ₹ 1/- each, under the Zen Technologies Limited Employee Stock Option Plan - 2021.

To facilitate the implementation of the ESOP scheme, the ESOS trust borrowed funds of ₹ 10 Crores from the parent Company, as approved by the Board of Directors on October 30, 2021. The trust utilized these funds to purchase 4,81,524 shares from the secondary market, with a total consideration of ₹ 966.13 lakhs, for allocation to eligible employees under the ESOS scheme. As of March 31, 2023, these shares were acquired.

During the Nomination and Remuneration Committee meeting on February 2, 2023, it was decided, in compliance with the Zen Technologies Limited Employee Stock Option Plan-2021 and relevant laws and regulations, to grant 2,70,900 Employee Stock Options (ESOPs) to eligible employees as identified and determined by the committee. The exercise price for these options is set at ₹ 100/- (Rupees Hundred Only) per option.

In the standalone financial statements of the parent Company, the Company had adopted the policy of consolidating the ESOP Trust, the related loan and advances appearing in the standalone financial statements of the Company were eliminated and investment in own shares the Company held by the trust is shown as treasury shares in "other equity"

As at 31 March 2023, the ESOP Trust purchased 4,81,524 shares from secondary market for an aggregate consideration of ₹ 966.13 lakhs.

**b) The nature and extent of share-based payment arrangements that existed during the period.**

Summary of options granted under plan:

Particulars	31 March 2023	31 March 2022
<b>Options Outstanding at the beginning of the year</b>	-	-
No. of Options Granted during the Year	2,70,900	-
No. of Options Exercised during the year	-	-
No. of Options Forfeited/Expired during the year	-	-
Options Outstanding at the ending of the year	2,70,900	-
Vested and Exercisable	-	-
<b>c) The Model Inputs for the options as at 31<sup>st</sup> March, 2023 Included:</b>		
Grant Date	21-02-2023	
Grant price	₹ 100	
Vesting period	1 year from the date of Grant	
Market price at Grant date	₹ 256.75/- (Grant day closing price on the Recognised Stock Exchange)	
Exercise Period	1 year from the date of vesting	
Fair value of the option on Grant Date	₹ 156.75	
Method of Accounting	Intrinsic value	
Method of Settlement	Equity	

**d)** The Company has estimated fair value of options on grant date is determined using Intrinsic value method.

**e)** The effect of expenses arising from equity settled share based payments on the entity's profit or loss for the period is ₹ 44.21 lakhs.

**46. EXCEPTIONAL ITEMS**

During the previous year, Group filed total insurance claim of ₹ 712 lakhs, Out of which entity received an ad-hoc amount of ₹ 200 lakhs and the total insurance claim has been revised to a total of ₹ 656 lakhs under the assessment with Insurance Company against the claim lodged with reference to a loss of property, plant and equipment that were destroyed due to a fire at the parent Company's Demonstration Centre located at Maheshwaram Hardware Park near Shamshabad Airport on November 30, 2021. As on 31 March 2023, Group has not received any approval/acknowledgement of claim from Insurer for the balance amount of ₹ 456 lakhs. Hence, the claim receivable from the insurer is not accounted which is in line with the provisions of Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets.

The Group has recognised the expenditure incurred in the process of replacing the assets lost and renovation of building which is damaged and the same has been accounted as Capital work in progress (Refer Note 4C) after capitalization of identifiable items which are ready for intended use by the management.

Further, Group has recognised the loss of ₹ 27.96 lakhs pertaining to a loss of property plant and equipment under exceptional items in the Statement of Profit and Loss during the previous year 2021-22.

**47. DIVIDEND PROPOSED AND PAID**

The final dividend on shares is recorded as a liability on the date of the approval by the shareholders. The Holding Group declares and pays dividends in Indian Rupees. Companies are required to pay/distribute dividend after deducting applicable withholding income taxes. The remittance of dividends outside India is governed by Indian law on foreign exchange and is also subject to withholding tax at applicable rates.

The amount of per share dividend recognised as distribution to equity shareholders in accordance with Companies Act 2013 is as follows:

Particulars	(₹ In lakhs)	
	31 March 2023	31 March 2022
Final Dividend for the Financial Year 2020-21	-	79.51
Final Dividend for the Financial Year 2021-22*	79.23	-
	<b>79.23</b>	<b>79.51</b>

\*Net after elimination of amount of ₹ 0.28 lakhs pertaining to purchase of shares (Treasury Shares) held by Zen Technologies Limited Employee Welfare Trust for ESOP Scheme-2021

During the year ended 31 March 2023, on account of final dividend for FY 2021-22, the Group has incurred a net cash outflow of ₹ 79.23 lakhs. The Board of Directors at its meeting on 06 May 2023, recommended a final dividend of ₹ 0.20/- per equity share for the financial year ended 31 March 2023. This payment is subject to the approval of shareholders in the ensuing Annual General Meeting (AGM) to be held in september 2023 and if approved, equity shares for considering dividend would include conversion of Compulsorily Convertible Debentures (CCD's) & Convertible warrants. which is due on or before 24 May 2023 as stated in Note-48 which would result in a net cash outflow of approximately ₹ 168.09 lakhs.

#### 48. COMPULSORILY CONVERTIBLE DEBENTURES

On 25 November 2021, the Group has made a preferential allotment of 40,64,267, 10% Compulsorily convertible debentures having face value of ₹ 213/- each, for cash, for an aggregate amount of up to ₹ 86,57,65,551/-, which shall be converted into equal number of equity shares of ₹ 1/- each at a premium of ₹ 212/- within a period of 18 months.

We have accounted this instrument as per Ind AS 109. Financial Instruments, by considering the same as Compound Financial Instrument. This instrument consists of 2 components.

- 1) Mandatory interest payment by the Group for a fixed amount at a fixed future date and this component is treated as a Financial liability - Borrowings (Note-18 & 21). The financial liability is done by measuring the net present value of the discounted cashflows of interest payment. The discount rate we have considered is HDFC Bank's CC Rate of interest which is 8.50% p.a as the same have tenure near to the CCD's.
- 2) As the holder of the instrument has the option to convert the CCDs into Equity shares on or before 18 months and even in case of holder not exercising the conversion option before 18 months, each CCD's shall be automatically be converted into Equity share of ₹ 1/- each at a premium of ₹ 212/- on the last date of the 18<sup>th</sup> month i.e., 24 May 2023 without any action of the investor. Hence we have treated this component as a equity and presented the same under "Other Equity" in Note 17.7. The carrying amount of the equity instrument is determined by deducting the fair value of the financial liability from the fair value of the CCDs as a whole.

#### 49. RESEARCH & DEVELOPMENT EXPENSES

There are 2 units in which Research & Development operations were conducted by the Company. Location of the units were as follows:

**Unit - I:** B-42 Industrial Estate, Sanath Nagar, Hyderabad - 500018

**Unit - II:** Signature Towers, Opposite Botanical Garden, Kondapur, Hyderabad - 500084

Particulars	(₹ In lakhs)	
	For the year ended 31 March 2023	For the year ended 31 March 2022
Employee Benefits expense	687.19	467.88
Electricity Charges	25.29	23.35
Travelling expenses	58.27	49.64
Spares & Stores	669.75	412.00
Consultancy Fee	103.61	81.68
Depreciation	28.90	30.73
Rates & Taxes	0.03	0.05
Repairs & Maintenance	5.00	4.98
Others	23.57	15.70
<b>R&amp;D Expenses for Unit-I</b>	<b>1,601.59</b>	<b>1,086.02</b>
Employee Benefits expense	298.52	195.96
Electricity Charges	6.92	3.30
Depreciation	90.00	81.22

**49. RESEARCH & DEVELOPMENT EXPENSES** (Contd.)

(₹ In lakhs)

Particulars	For the year ended	
	31 March 2023	31 March 2022
Repairs & Maintenance	13.68	0.62
Others	10.40	12.95
<b>R&amp;D Expenses for Unit-II</b>	<b>419.52</b>	<b>294.05</b>
<b>R&amp;D Expenses for Unit I &amp; Unit II</b>	<b>2,021.11</b>	<b>1,380.07</b>

**Note:** The above expenditure of research & development has been determined on the basis of information available with the Company and as certified by the management

**The following are the details of the assets related to R & D division****Unit-1, B-42, Sanath Nagar**

(₹ In lakhs)

Particulars	Gross block				Accumulated depreciation				Net block		
	As at 01 April 2022 Balance	Additions	Sales/ Adjustments	As at 31 March 2023	As at 01 April 2022 Balance	Additions	Sales/ Adjustments	As at 31 March 2023	As at 31 March 2023	As at 31 March 2022	
<b>Tangible Assets (A)</b>	<b>1,084.24</b>	-	-	<b>1,084.24</b>	<b>535.70</b>	<b>28.90</b>	-	<b>564.60</b>	<b>519.64</b>	<b>548.54</b>	
Land	51.50	-	-	51.50	-	-	-	-	51.50	51.50	
Building - Sanathnagar	481.88	-	-	481.88	88.80	8.09	-	96.89	384.99	393.09	
Shed -B42	5.12	-	-	5.12	0.64	0.09	-	0.72	4.40	4.48	
Computers	106.74	-	-	106.74	106.74	-	-	106.74	0.00	0.00	
Plant and machinery	141.55	-	-	141.55	120.07	4.58	-	124.64	16.91	21.49	
Office Equipment	84.74	-	-	84.74	80.22	4.07	-	84.29	0.45	4.51	
Furniture & fixtures	148.51	-	-	148.51	84.31	10.95	-	95.26	53.25	64.20	
Testing Equipment	64.20	-	-	64.20	54.93	1.13	-	56.06	8.14	9.27	
<b>INTANGIBLE (B)</b>	<b>907.82</b>	-	-	<b>907.82</b>	<b>907.82</b>	-	-	<b>907.82</b>	-	-	
Software	306.01	-	-	306.01	306.01	-	-	306.01	-	-	
Software (RKT)	601.81	-	-	601.81	601.81	-	-	601.81	-	-	
<b>Total (A+B)</b>	<b>1,992.06</b>	-	-	<b>1,992.06</b>	<b>1,443.52</b>	<b>28.90</b>	-	<b>1,472.42</b>	<b>519.64</b>	<b>548.54</b>	

**Unit-2, Signature Towers, Kondapur**

(₹ In lakhs)

Particulars	Gross block				Accumulated depreciation				Net block		
	As at 01 April 2022 Balance	Additions	Sales/ Adjustments	As at 31 March 2023	As at 01 April 2022 Balance	Additions	Sales/ Adjustments	As at 31 March 2023	As at 31 March 2023	As at 31 March 2022	
<b>Tangible Assets (A)</b>	<b>2,120.31</b>	<b>57.70</b>	-	<b>2,178.00</b>	<b>312.68</b>	<b>90.00</b>	-	<b>402.68</b>	<b>1,775.32</b>	<b>1,807.62</b>	
Land	199.15	-	-	199.15	-	-	-	-	199.15	199.15	
Building	1,459.39	-	-	1,459.39	91.90	24.32	-	116.22	1,343.17	1,367.50	
Computers	29.31	45.96	-	75.28	17.92	11.93	-	29.85	45.43	11.39	
Office Equipment	98.69	5.98	-	104.68	76.36	20.27	-	96.63	8.05	22.34	
Furniture & fixtures	333.75	5.75	-	339.50	126.51	33.47	-	159.98	179.52	207.25	
<b>R&amp;D Total Assets for Unit I &amp; Unit II</b>	<b>4,112.37</b>	<b>57.70</b>	-	<b>4,170.06</b>	<b>1,756.20</b>	<b>118.90</b>	-	<b>1,875.10</b>	<b>2,294.96</b>	<b>2,356.16</b>	

**50. OTHER STATUTORY INFORMATION:**

- The Group does not hold any Investment Property.
- The Group has not revalued its property, plant and equipment and intangible assets during the year.
- The Group do not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

- (iv) The Group has not been declared as wilful Defaulter by any bank or financial institution or other lender.
- (v) The Group do not have any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.
- (vi) The Group do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- (vii) The Group have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
- (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (viii) The Group have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (ix) The Group have not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (x) The Group have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.
- (xi) The Group has borrowings from banks, secured by hypothecation of inventories and by charge on book debts and other assets of the Company, and quarterly returns or statements of current assets filed by the Company are in agreement with books of accounts without any material discrepancies.

## 51. GROUP INFORMATION

### Information about subsidiaries

The Consolidated Financial Statements of the Group include subsidiaries listed in the table below:

(₹ In lakhs)

Name of the entity	Principal activities	As at 31 March 2023							
		Net Assets i.e., total assets minus total liabilities		Share in profit and loss		Share in Other Comprehensive income		Share in total Comprehensive income	
		%	Amount	%	Amount	%	Amount	%	Amount
<b>Holding Company</b>									
Zen Technologies Limited	Military Training & operations	96.64%	31,919.23	75.32%	3,763.51	(32.71%)	(13.25)	74.45%	3,750.26
<b>Indian Subsidiaries</b>									
Unistring Tech Solutions Private Limited	Development of electronic warfare solutions	6.82%	2,251.62	29.53%	1,475.52	(17.22%)	(6.98)	29.15%	1,468.54
Zen Medical Technologies Pvt Ltd	Manufacturing of medical devices	0.14%	47.03	(0.04%)	(2.14)	-	-	(0.04%)	(2.14)
<b>Foreign Subsidiaries</b>									
Zen Technologies USA, INC	Training Simulators manufacturing	1.40%	461.77	(3.40%)	(169.68)	149.92%	60.74	(2.47%)	(124.43)
<b>Foreign Subsidiaries</b>									
Zen Defence Technologies L.L.C, UAE	Training Simulators manufacturing	-	(0.80)	(0.02%)	(0.80)	-	-	(0.02%)	(0.80)
<b>Total</b>		105.00%	34,678.86	<b>101.39%</b>	5,066.42	100.00%	<b>40.51</b>	101.09%	5,091.44
Consolidation adjustments		(5.00%)	(1,650.89)	(1.39%)	(69.60)	-	-	(1.07%)	(54.11)
<b>Net amount</b>		100.00%	33,027.97	<b>100.00%</b>	4,996.82	100.00%	<b>40.51</b>	100.02%	5,037.33

Name of the entity	Principal activities	As at 31 March 2022							
		Net Assets i.e., total assets minus total liabilities		Share in profit and loss		Share in Other Comprehensive income		Share in total Comprehensive income	
		%	Amount	%	Amount	%	Amount	%	Amount
<b>Holding Company</b>									
Zen Technologies Limited	Military Training & operations	100.62%	29,169.85	77.55%	202.37	68.33%	2.38	77.43%	204.75
<b>Indian Subsidiaries</b>									
Unistring Tech Solutions Private Limited	Development of electronic warfare solutions	4.41%	1,277.35	75.51%	197.05	-	-	73.50%	194.38
Zen Medical Technologies Pvt Ltd	Manufacturing of medical devices	0.17%	49.16	(3.55%)	(9.27)	-	-	(3.51%)	(9.27)
<b>Foreign Subsidiaries</b>									
Zen Technologies USA, INC	Training Simulators manufacturing	2.03%	587.30	(22.83%)	(59.59)	31.58%	1.10	(22.12%)	(58.49)
<b>Total</b>		<b>107.22%</b>	<b>31,083.66</b>	<b>126.67%</b>	<b>330.56</b>	<b>99.91%</b>	<b>3.48</b>	<b>125.31%</b>	<b>331.37</b>
Consolidation adjustments		(7.22%)	(2,094.13)	(26.67%)	(69.60)	0.09%	-	(25.31%)	(66.92)
<b>Net amount</b>		<b>100.00%</b>	<b>28,989.53</b>	<b>100.00%</b>	<b>260.96</b>	<b>100.00%</b>	<b>3.48</b>	<b>100.00%</b>	<b>264.45</b>

**52.** Previous year figures have been reclassified/regrouped to confirm to those of current year.

As per our report attached of even date

For **Ramasamy Koteswara Rao and Co LLP**  
Chartered Accountants  
Firm Registration Number: 010396S/S200084

**Murali Krishna Reddy Telluri**  
Partner  
Membership Number: 223022

**Place:** Hyderabad  
**Date:** 06 May 2023

For and on behalf of the Board of Directors of  
**Zen Technologies Limited**

**Ashok Atluri**  
Chairman & Managing Director  
DIN: 00056050

**Afzal Harunbhai Malkani**  
Chief Financial Officer

**M. Ravi Kumar**  
Whole-Time Director  
DIN: 00089921

**M. Raghavendra Prasad**  
Company Secretary  
M.No.: A41798

**Place:** Hyderabad  
**Date:** 06 May 2023



**Zen Technologies Limited**

**REGISTERED OFFICE:**

B-42, Industrial Estate Sanathnagar  
Hyderabad-500 018, Telangana, India  
CIN: L72200TG1993PLC015939

[www.zentechnologies.com](http://www.zentechnologies.com)

TIL Advisors Product

**til**