



ZEN TECHNOLOGIES LIMITED

Certified CMMI Dev/5, AS9100C, ISMS 27001, EMS 14001
Regd. Office : B-42, Industrial Estate, Sanathnagar
Hyderabad – 500 018, Telangana, India
Phone: +91 40 23813281, 23811205, 23811206
Fax No: +91 40 23813694, 23814894
Email: info@zentechnologies.com Website: www.zen.in
Corporate Identity Number : L72200TG1993PLC015939

Ref/Zen/SE/2017-18/161017

Date: 16 October 2017

To
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai- 400001

To
National Stock Exchange of India Ltd.,
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex,
Bandra (E), Mumbai – 400 051

Dear Sir/Madam,

Sub: Submission of Annual Report as per Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Ref: Symbol/Security ID: ZENTEC; Security Code: 533339

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we herewith enclose the 24th Annual Report of the Company approved in the Annual General Meeting of the Company held on 28 September 2017.

This is for your information and record.

Thanking you
For Zen Technologies Limited


M Satish Choudhury
Company Secretary



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



CMMI DEV/5SM
Exp. 2018-11-26 / Appraisal #25686



THE WAY IS IN THE TRAINING



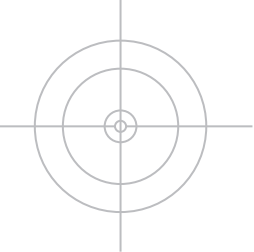
being there...

ZEN TECHNOLOGIES LIMITED

being there...

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



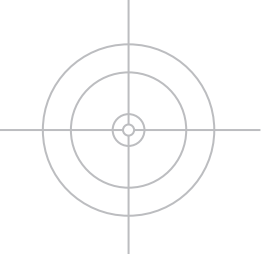


THE WAY IS IN THE TRAINING



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

- FROM WEBSTER'S NEW WORLD DICTIONARY



OUR PRODUCTS

Zen has been at the forefront of applying new technologies and developing new products and is actively involved in indigenization of technologies, which are helpful for Security Forces in India and Other Friendly Countries.

- Zen Advanced Weapons Simulator (Zen AWeSim®)
- Zen Small Arms Training Simulator-SL (Zen SATS®)
- Zen Hand Grenade Simulator (Zen HE36S®)
- Zen Driving Training Simulator (Zen DTS®)
- Zen BMP-II Driving Simulator (Zen BMP - II DS)
- Zen Artillery Forward Observer Simulator (Zen ArtyFOS)
- Zen Driving Simulator (Zen DS) & Zen Automated Driving Simulator (Zen ADS™)
- Zen Tactical Engagement Simulator (Zen TacSim®)
- Zen Anti-Tank Guided Missile Simulator (Zen ATGM®Sim)
- Zen BMP-II Integrated Missile Simulator (Zen BMP - II IMS)
- Zen Tank Gunnery / Crew Gunnery Simulators
- Zen Tank Driving Simulator
- Zen Combat Training Simulation System (Zen CTSS)
- Zen Bus Driving Simulator (Zen BusSim)
- Zen 81mm Mortar Integrated Simulator (Zen 81mm MIS)
- Zen Smart Target System (Zen STS®)
- Zen Multi-Mode Hand Grenade Simulator (Zen MMHG Sim)
- Zen Multi-Functional Target System (Zen MFTS®)
- Zen Infantry Weapons Training Simulator (Zen IWTS®)
- Zen Unmanned Aerial Vehicle Simulator (Zen UAV Sim)
- Zen Driver Aptitude Testing System (Zen DATS™)
- Zen Medium Machine Gun Simulator (Zen MMG Sim)
- Zen Automatic Grenade Launcher Simulator (Zen AGL Sim)
- Zen Tank Zeroing System (Zen TZS)
- Zen Armour Combat Training System (Zen ACTS™)
- Zen Containerized Tubular Shooting Range (Zen CTSR)
- Shoot House for Live and Simulated Indoor Tactical Training
- Zen Anti-Aircraft Air Defence Simulator (Zen 3AD Sim)
- Zen Rotary Wing Simulator (Zen RWS)
- Zen Wargaming Simulations (Zen WGS)
- Zen Combat Training Centre (Zen CTC)

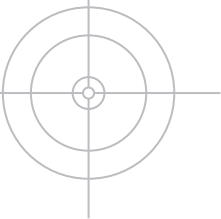
ZEN COMBAT TRAINING CENTER

Zen Combat Training Centre (Zen CTC) is a one-stop training infrastructure solution for Defence, Security, Paramilitary and the Police forces. The secure facility, equipped with modern training equipment /infrastructure, free from routine encumbrances and other disturbances, is designed to provide performance-oriented training in realistic, tactical and operational environment. The CTC consists of simulators and live trainingsolutions to enable co-ordinated team training under various realistic threat scenarios. This centre can train people who are in the business of protecting various infrastructure, crowd management etc especially where the threat can come from any direction without warning.

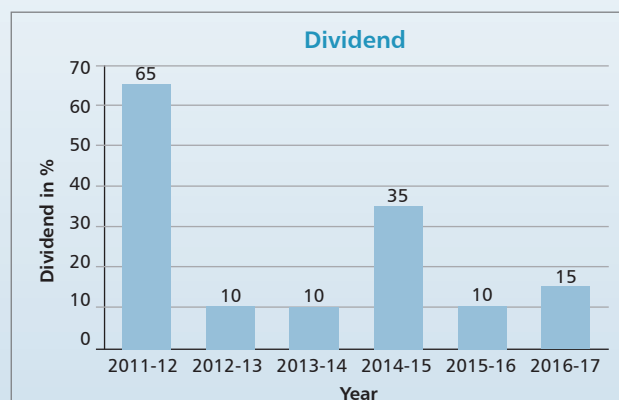
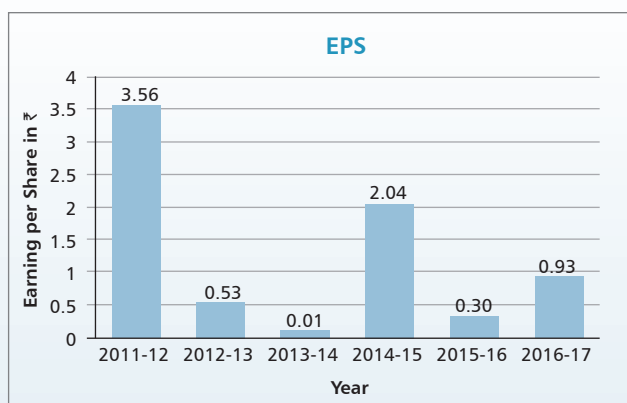
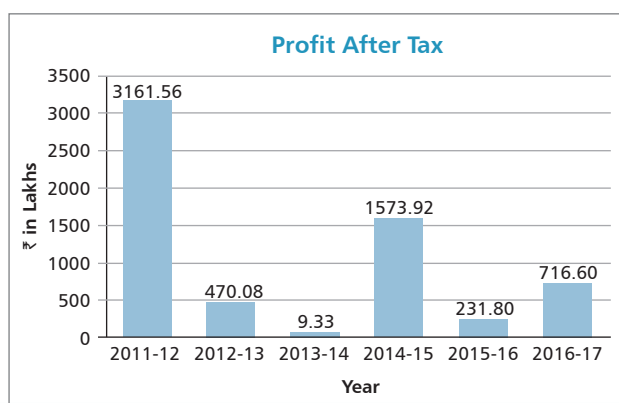
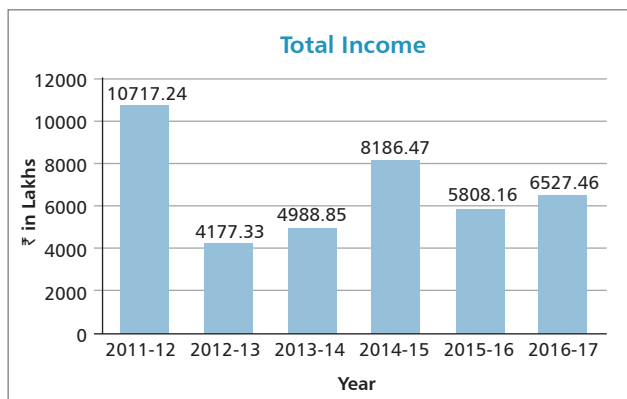
Majority of the Security Forces follow the individual training cycles combined with sub unit level training which is the bed rock of training doctrines and instructions. This gets synergized at war games and collective exercises. The weakest link in the chain is the individual and Section/team level combat skills that are often the forte of Special Forces and Covert Forces. These skills form the back bone to take on the threat manifestations of the current kind in any terrain and environment.

“Zen Combat Training Centre”(ZenCTC), enables an average soldier to become a highly skilled fighting machine and these skills get accentuated by the collective combat training at unit level and formation level. Enabled by the exploitation and analysis by high precision tactical simulators the tactical battle drills and operational readiness gets highly enhanced with immediate reflection, correction and after action review offered by “Zen Combat Training Centre”.





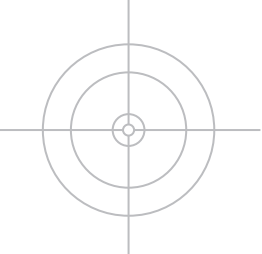
PERFORMANCE OF THE COMPANY AT A GLANCE



CORPORATE INFORMATION

Registered Office	B-42, Industrial Estate Sanathnagar, Hyderabad-500018, Telangana, INDIA CIN: L72200TG1993PLC015939 Phone: +91- 40 - 23813281, 23812894 Fax: +91- 40 – 23813694 Email id: info@zentechnologies.com Website: www.zentechnologies.com	
Board Of Directors	Mr Ashok Atluri (DIN: 00056050) Mr Midathala Ravi Kumar (DIN: 00089921) Mr Venkat Samir Kumar Oruganti (DIN: 06699271) Ms Madati Sridevi (DIN: 02446610) Mr Rajesh Katragadda (DIN: 02727491) Mr Gajjala Prasad (DIN: 00026718)	- Chairman and Managing Director - Whole Time Director - Director - Director - Director (appointed on 24.08.2017) - Director (ceased on 31.03.2017)
President	Mr Kishore Dutt Atluri	
Chief Financial Officer	CA G Sankara Rao	
Company Secretary	CS M Satish Choudhury	
Statutory Auditors	Gokhale & Co., Chartered Accountants 3-6-322, Off.306, Mahavir House Basheerbagh, Hyderabad-500 029	
Secretarial Auditors	P. S. Rao & Associates Company Secretaries Flat No.10, 4 th Floor, D. No.6-3-347/22/2, Ishwarya Nilayam, Opp. Sai Baba Temple, Dwarakapuri Colony, Punjagutta, Hyderabad – 500 082	
Banker	Indian Bank	
R & D Division	B-42, Industrial Estate Sanathnagar, Hyderabad-500018, Telangana, INDIA Phone : +91- 40 - 23813281, 23812894 Fax : +91- 40 – 23813694	
Registrar and Share Transfer Agents	Karvy Computershare Private Limited Unit: Zen Technologies Limited Karvy Selenium Tower B, Plot No 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad – 500 032 Phone: +91 -40 - 67161605 Fax: + 91- 40 - 23001153 Email id: einward.ris@karvy.com	
Listed With	BSE Limited, Mumbai National Stock Exchange of India Limited, Mumbai	





BOARD COMMITTEES

Audit Committee

Mr Venkat Samir Kumar Oruganti	- Chairman
Mr Ashok Atluri	- Member
Ms Madati Sridevi	- Member
Mr Rajesh Katragadda	- Member

Stakeholders Relationship Committee

Mr Venkat Samir Kumar Oruganti	- Chairman
Mr Ashok Atluri	- Member
Ms Madati Sridevi	- Member

Nomination and Remuneration Committee

Mr Rajesh Katragadda	- Chairman
Mr Venkat Samir Kumar Oruganti	- Member
Ms Madati Sridevi	- Member

Corporate Social Responsibility Committee

Ms Madati Sridevi	- Chairperson
Mr Ashok Atluri	- Member
Mr M Ravi Kumar	- Member

Risk Management Committee

Mr Ashok Atluri	- Chairman
Mr M Ravi Kumar	- Member
Mr G Sankara Rao	- Member

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Chairman's Letter

Dear Fellow Shareholders,

Zen provides training solutions with primary focus on security forces. The solutions are very scalable. The aim is to train the defence and homeland forces for 24x7 combat readiness. Zen's focus has shifted to Combat Training Centres (CTC) in the recent past. CTC, instead of focusing on honing skills on specific equipment, focuses on solving customers' problems and tailor-makes a training centre in consonance with customer objectives.

Zen is an IP focused company and believes that long term sustainable competitive advantage comes from building your own IP and protecting them where possible. Before we invest in R&D to develop our products we apply filters that are based on the target market (defence/homeland); size of the market; availability in India (it should be, at least, import substitute or, better, the first time in the world), and finally whether it is high and complex cross-disciplinary technology. We take risks with little downside but potentially huge upside. We are averse to big bets and would never bet the farm, no matter how alluring the prospect.

World Snapshot

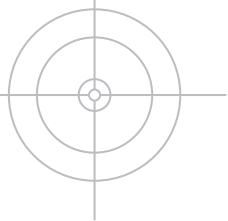
The situation across the world is becoming dismal by the day. The days when extremists were trained by some enemy country and sent to another country for wreaking havoc is not the only threat. Now a days, youngsters are getting self-radicalised by watching extremist videos so easily available on the net and turning extremist. Once they turn extremist they find weapons - very easy in some countries - and then they kill people, sometimes, in large numbers and in as sensational a manner as possible. All this with a very high-sense of morality and conviction that is very troublesome.

Cities and towns that seem safe now are actually soft targets and innocent citizens are sitting ducks for such attacks. Therefore, most of the experts in the field agree that the question now is not if, but when. And the solution to that is, instead of just praying, we should prepare. Prepare by anticipating such scenarios and formulate prompt responses to minimize the damage caused by such attacks. It therefore becomes important that both the local police and defence forces are organised, equipped and trained to conduct such operations.

Zen has unique capabilities to address such training needs of any country's security forces holistically. The latest offering from Zen, the Combat Training Centre(CTC) facility, is such a solution. It helps police and defence personnel in honing their Individual as well as team skills to successfully combat terrorists and insurgents in urban or rural environments. The solution can be scaled to handle anything from "lone-wolf" attacks to full-fledged wars.

With more than 30 different types of training simulators and systems in its portfolio and the R&D wherewithal to quickly develop new training simulators/solutions, Zen can provide tailor-made solutions to serve the training needs of any country and force.

In this regard, we are in talks with security forces of various countries to enable them to handle the threats they are facing. We believe when defence forces are not fighting they should be training, at least, most of the time. Preparation itself may help in preventing wars and attacks as the adversary sees us as "unassailable".



#Keep Training

One moment of patience may ward off a great disaster; one moment of impatience may ruin a whole life.

Will Zen diversify? Into other defence segments or any other industry?

Zen's focus, since its inception, has been on training solutions. While many companies are trying to be mile deep and inch wide, Zen has always focused on being a few metres wide and miles deep. Our competence is in training solutions and we have remained focused on it. Unless there is a compelling reason for us to move into other domains, even within defence, we will be focused only on training solutions. There is still immense scope for growth, both product-wise and geographically, for Zen within the training solutions market and we intend to exploit it.

Marketing Efforts Update

Angulimala was a well-known and very feared bandit who lived about 2,500 ago. Once Buddha was crossing the forest in which Angulimala lived; Angulimala ran after Buddha with the intention to kill him. No matter how fast Angulimala ran, Buddha would, magically, be one-step ahead of him.

Similarly, Zen has been running after the orders from Defence for a long time now, and we always feel that we are one step behind and we will get the order "soon". Last year, I said one order was in the 'final' stage of finalization. We continue to hope that it will be finalized in the next few months. Other orders are also expected to catch pace as we move ahead. Again, the finalization of these orders has been already delayed beyond reasonable time. In the story, Angulimala is able to reach Buddha, not because of his efforts but because Buddha stops and finally converts him to a non-violent way of life. We also hope that this year the running will stop for these particular Defence orders.

AMC: Our efforts to increase AMC income continue to grow under a very competent after-sales service team. We are hopeful that our ideal target of ensuring that AMC revenues offset our annual overheads of the company.

Exports: In the export market, many countries' defence and homeland forces are worried about potential attacks - from "lone-wolf" and full-scale attacks. They need to prepare to thwart such incidents. Such preparation requires a combination of training tactics, training equipment and simulation technologies that Zen has developed over the past quarter century. In this regard, Zen has initiated strong efforts to make deeper penetration into export markets.

Zen participated in IDEX, Abu Dhabi in February 2017. The response has been very encouraging. While last year we did exports worth about Rs 30Crores, we expect that in the coming years this figure will grow manifold. Some reasons as to why we are so optimistic about the future of defence exports for Zen:

1. Mr Manohar Parrikar (when he was the defence minister) was categorical that all Indian defence companies should focus on exports as a source of revenue as Ministry of Defence, India was a very "erratic" customer due to various reasons including long procedures and strong oversight. IN the event all the Defence Attaches of various countries station in Delhi were invited and shown the various offerings from Indian companies (conference by www.BharatShakti.in). A very high level effort to promote exports was kickstarted by Mr Parrikar.
2. In addition, under Mr Parrikar, the process of issuing NOC was streamlined and such permissions are now being granted routinely within 2 weeks (earlier they used to take months).
3. Support from Embassies abroad has been unprecedented. For example, for IDEX 2017 in Abu Dhabi, the Indian Embassy in Abu Dhabi went overboard to support Indian companies. They ensured that important countries visited Indian stalls and were proactive in offering help in all areas. Many countries that we were targeting came to the Indian stalls including Zen's stall.

4. While, earlier, we had to fight the negative perception of Made in India defence equipment (compounded by the ignominy of being world's largest importer of defence equipment). This time, the army delegations of various countries came specifically looking for Indian companies with whom they could do business. The reason they offered was "Our Govt has instructed to do business with Indian companies". The goodwill that Mr Narendra Modi & team have generated for India was on full display as the potential buyers enthusiastically connected with Indian manufacturers and continue to engage with them. With the Ministry of Defence, Ministry of External Affairs and the PMO playing such proactive and coordinated role, we expect significant orders to come to Indian defence companies in the next few years. Zen will benefit tremendously from such efforts.

Generally speaking, the great achieve their greatness by industry rather than by brilliance – Bruce Barton..

Government Policies

A new category Buy Indian (IDDM – Indigenously Designed, Developed and Manufactured) was introduced in June 2016. The implementation of the policy has been tardy. We expect that implementation of the IDDM category will be hastened during this year. IDDM is the only way that India can reduce the import of defence equipment and build a robust defence industry. Without IP-ownership in defence equipment we are just glorified manufacturing coolies. We need to get out of the mentality build-to-blueprint manufacturing. Not only can we innovate, we should innovate.

System Driven Organisation:

Zen has started focusing on strengthening the processes within the company. New efforts include innovation in the field of appraisals, Inventory Management System, full kitting for manufacturing, continuous development of new vendors, identifying and leveraging bottlenecks (based on Goldratt's Theory of Constraints).

We have been combining existing technologies in an innovative way to increase the productivity of the company. In addition, we have been experimenting with innovative technologies like adaptive learning to develop cutting-edge training solutions.

Conclusion

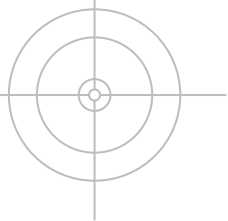
Again, I would like to thank our shareholders for being patient and continuing to support us through such delays. We hope that Zen will do extremely well in the years to come, thanks to the new policies in India and the changing world security scenario. Thanks also to Zenists who have been extremely committed in making Zen a global player in training solutions for defence and police forces. Finally, our heartfelt gratitude to our customers, the eco-system comprising of our vendors, Government authorities, and bankers.

Warm regards

Ashok Atluri

Chairman and Managing Director

Twitter: @ashokatluri



NOTICE TO SHAREHOLDERS

Notice is hereby given that the 24th Annual General Meeting (AGM) of the Company will be held on Thursday the 28 September 2017 at 9.30 a.m. at B-42, Industrial Estate, Sanathnagar, Hyderabad - 500 018, Telangana, India to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Annual Audited Financial Statements (Standalone and Consolidated) of the Company for the year ended 31 March 2017 including Audited Balance Sheet as at 31 March 2017, the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date along with the Reports of the Board of Director's and Auditor's thereon.
2. To approve the dividend declared by board of directors for the financial year ended 31 March 2017.
3. To appoint a director in place of Mr Ashok Atluri (DIN: 00056050), who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Statutory Auditors by passing the following resolution with or without modification(s):
"RESOLVED THAT pursuant to the provisions of Section 139, 141 and 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, M/s Sekhar & Co, Chartered Accountants, (Registration number 0036955), Secunderabad, be and are hereby appointed as Statutory Auditors of the Company to hold the office for a period of 5 years from the conclusion of this meeting till the conclusion of 29th Annual General Meeting of the Company, subject to ratification by the members at every Annual General Meeting, on such remuneration as may be agreed upon by the Board of Directors and the Auditors, in addition to reimbursement of all out of pocket expenses in connection with the audit of the accounts of the Company."

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:
"RESOLVED THAT pursuant to the provisions of Sections 149, 152, 160 and other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder read with Schedule IV to the Act and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, Ms Madati Sridevi (DIN: 02446610), who was appointed as an Additional Director of the Company by the Board of Directors in their meeting held on 29 May 2017 on expiry of her tenure of office as Independent Director of the Company on 31 March 2017, having submitted a declaration that she meets the criteria of Independence under Section 149 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member proposing her candidature for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for a second term of 3 (Three) consecutive years up to 28 May 2020, not liable to retire by rotation."
6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT pursuant to the provisions of Sections 149, 152, 160 and other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder read with Schedule IV to the Act and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, the consent of members of the Company be and is hereby accorded to appoint Mr Rajesh Katragadda (DIN: 02727491), who was appointed as an Additional Director of the Company by the Board of Directors in their meeting held on 24 August 2017 and who has submitted a declaration that he meets the criteria of Independence under Section 149 of the Companies Act, 2013 and who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director of the Company, be and is hereby appointed

as an Independent Director of the Company to hold office for a period of 3 (Three) consecutive years up to 23 August 2020, not liable to retire by rotation."

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

"**RESOLVED THAT** pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013, if any, read with Companies (Incorporation) Rules, 2014 (including any statutory modifications(s) or re-enactment thereof, for the time being in force), a new set of Articles of Association placed before the members, be and is hereby adopted and substituted in place of the existing Articles of Association of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, matters, deeds and things, as may be considered necessary, proper or expedient to give effect to this resolution and for matters connected herewith or incidental thereto in the best interest of the Company."

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

"**RESOLVED THAT** in supersession of the shareholders resolution dated 27 September 2014 and in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 and the 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), pursuant to the resolutions passed by the Nomination and Remuneration Committee and Board of Directors, approval of the members be and is hereby accorded to reappointment of Mr Ashok Atluri (DIN: 00056050) as the Managing Director of the Company for a period of 3 years with effect from 1 October 2017 to 30 September 2020 on the following terms and conditions:

- A. **BASIC SALARY:** ₹ 3,00,000/- (Rupees Three Lakhs only) per month.
- B. **PERQUISITES:** In addition to the aforesaid salary, Mr Ashok Atluri shall also be entitled to the following perquisites classified into three categories I, II & III as follows:

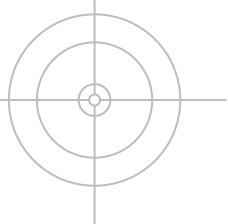
CATEGORY – I

The following perquisites given in this Category will be allowed in addition to the salary and restricted to a maximum amount of ₹ 22,00,000/- (Rupees Twenty Two lakhs only) per annum.

- House Rent Allowance: House Rent Allowance at the rate of forty percent of salary (40%). The expenditure incurred by the company on gas, electricity, water and furnishing shall be evaluated as per the Income Tax Rules, 1962 or any modification thereof subject to a ceiling of ten percent of the salary (10%).
- Medical Insurance: As provided by the Company group mediclaim policy insurance coverage upto a maximum of ₹ 5,00,000/- per annum.
- Leave Travel Concession: For self and family, once in a year incurred in accordance with the rules specified by the Company.
- Club Fee: Fee of clubs subject to maximum of two clubs. This will not include admission and life membership fees.
- Personal Accident Insurance: As per Company's policy.

CATEGORY – II

- Contribution to Provident Fund, Superannuation Fund or Annuity Fund shall be in accordance with the rules and regulations of the Company. Such contribution will not be included in the computation of the ceiling on perquisites to the extent either singly or put together are not taxable under the Income Tax Act, 1961.



- g) Gratuity at the rate not exceeding half a month's salary for each completed year of service.

CATEGORY – III

- h) Use of Car with Driver: The Company shall provide a car with driver for business use. The Company will bill use of car for personal purposes.
- i) Communication facilities: The Company will provide all communication facilities like Telephone / Internet /Mobiles /Fax at residence of the Managing Director and will pay the bills on actual basis. Personal long distance telephone calls shall be borne by Mr Ashok Atluri.

C. OTHER TERMS:

- 1) Encashment of Leave at the end of tenure shall be allowed as per the Company Rules. Leave accumulated but not availed in the previous financial year will be carried forward to next financial year as per the Company Rules.
- 2) Reimbursement of reasonable entertainment and other expenses actually and properly incurred in connection with the business of the Company.
- 3) Mr Ashok Atluri shall not, so long as he functions as the Chairman and Managing Director, be entitled to receive any fee for attending any meeting of the Board or Committee thereof.

D. COMMISSION:

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

E. INCREMENTS:

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

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

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

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

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits, in any financial year during the tenure of Managing Director, salary, perquisites and other allowances shall be paid subject to the limits stipulated under Schedule V read with Sections 197 of the Companies Act, 2013."

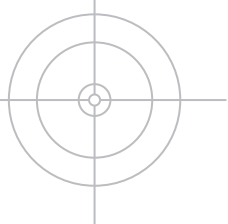
By order of the Board
For Zen Technologies Limited

M Satish Choudhury
Company Secretary
(M.No. ACS 30204)

Place : Hyderabad
Dated : 24 August 2017

NOTES:

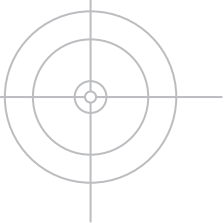
1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Businesses to be transacted at the AGM is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS AGM IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF / HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxy forms in order to be effective must be deposited at the registered office of the Company not less than 48 hours before the meeting.
3. Members/proxies/authorized representatives are requested to bring their copies of Annual Report and produce duly filled in attendance slip at the entrance of the venue. Members holding shares in Demat form shall write their DP ID No. and Client ID and those holding in Physical form shall write their Folio No. in the attendance slip for attending the meeting. Copies of Annual Reports will not be provided at the meeting.
4. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board resolution to the Company, authorizing their representative to attend and vote on their behalf at the meeting.
5. The Register of Members and Share Transfer books of the Company will remain closed from **21 September 2017 to 28 September 2017 (both days inclusive)** for the purpose of payment of dividend for the financial year ended 31 March 2017 and the AGM.
6. The Company's ISIN for its equity shares is INE251B01027.
7. Members holding shares in physical form are requested to notify/send any change in their address and bank account details to the Company / Registrar and Share Transfer Agents, M/s Karvy Computershare Private Limited (Karvy). Members are encouraged to utilize Electronic Clearing System (ECS) for receiving dividends.
8. Subject to the provisions of the Companies Act, 2013, dividend as recommended by the Board of Directors for the year ended 31 March 2017, if declared at the meeting, will be paid within a period of 30 days from the date of declaration to those members whose names appear on the Register of Members of the Company as on record date after giving effect to all valid share transfers in physical form which would be received by the Company up to the end of business hours on record date. In respect of shares held in electronic form, the dividend will be paid on the basis of particulars of beneficial ownership furnished by the Depositories for this purpose.
9. Pursuant to the provisions of Section 124 of Companies Act, 2013, the Company has transferred the unpaid/unclaimed dividend for the financial year upto 2008-09 to the "Investor Education and Protection Fund" (IEPF) established by the Central Government. The Company transfers the unclaimed or un-encashed dividend to IEPF after the expiry of seven years from the date of transfer to unpaid dividend account. Members, who have a valid claim to any unclaimed dividends which are not yet transferred, may claim the same from the Company immediately.
10. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts (till date of last Annual General Meeting) on the website of the Company at http://www.zentechnologies.com/investor_relations/zen-unpaid-unclaimed-dividend-24-september-2016.php
For the year 2015-16, the unclaimed dividend details are provided at: http://www.zentechnologies.com/investor_relations/Unclaimed-dividend-2015-16-as-on-31-12-2016.pdf
11. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the Members at the AGM.



12. All relevant documents referred in the accompanying Notice and explanatory statement are open for inspection to the Members at the Registered Office of the Company during business hours between 11.00 a.m. to 1.00 p.m. on all days except Saturdays, Sundays and Public Holidays up to the date of the AGM.
13. The Securities and Exchange Board of India has mandated submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in physical form can submit their PAN details to Karvy.
14. To support the 'Green Initiative', the Members who have not registered their e-mail addresses are requested to register the same with Karvy/Depository Participant to enable the Company to send communications electronically.
15. The Notice of the AGM along with the Annual Report 2016-17 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/ Depository Participant, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.
16. Members may also note that the Notice of the 24th AGM and the Annual Report 2016-17 will be available on the Company's website, www.zentechologies.com. The physical copies of the documents will also be available at the Company's registered office for inspection during normal business hours on working days. Members desiring any information as regards accounts are requested to write to the Company to: investors@zentechologies.com, at least seven days before the date of the meeting to enable the management to keep the information ready at the meeting.
17. Additional information, pursuant to Regulation 36 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the stock exchanges, in respect of the directors seeking appointment / re-appointment at the AGM is annexed as **Annexure-A** to this Notice. The Directors have furnished consent / declaration for their appointment / re-appointment as required under the Companies Act, 2013 and the Rules thereunder.
18. **Voting by electronic means:**
 - I. The Company pursuant to Section 108 of Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 substituted by the Companies (Management and Administration) Rules, 2015 and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, is providing e-voting facility to its Members holding shares on **21 September 2017**, being the cut-off date fixed for determining voting rights of members to exercise their votes electronically on the items of business given in the Notice through the electronic voting service facility provided by M/s Karvy Computershare Private Limited.
 - II. Instructions and other information relating to remote e-voting:
 - 1) **A)** In case a member receives an **e-mail** from Karvy [for members whose e-mail addresses are registered with the Company/Depository Participant(s)]:
 - (a) Launch internet browser by typing the URL: <https://evoting.karvy.com>.
 - (b) Enter the login credentials i.e. User ID and password which is sent separately.

The e-voting event number + Folio No. or DP ID Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote. If required, please visit <https://evoting.karvy.com> or contact toll free number 1-800-3454-001 for your existing password.

- (c) After entering these details appropriately click on "LOGIN".
 - (d) You will now reach password change menu wherein you are required to mandatorily change your password. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
 - (e) You need to login again with the new credentials.
 - (f) On successful login, the system will prompt you to select the e-voting event number for the Company.
 - (g) On the voting page, enter the number of shares (which represents the number of votes) as on the cut-off date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed your total shareholding as on the cut off date. You may also choose the option "ABSTAIN". If the shareholder does not include either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
 - (h) Shareholders holding multiple folios/demat accounts shall choose the voting process separately for each of the folios/demat accounts.
 - (i) Voting has to be done for each resolution of the notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.
 - (j) You may then cast your vote by selecting an appropriate option and click on "Submit".
 - (k) A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, members can login any number of times till they have voted on the resolution(s).
 - (l) Corporate/Institutional members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (pdf format) of the Board Resolution/Power of Attorney/ Authority Letter, etc., together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at e-mail ID: rao_ds7@yahoo.co.in with a copy marked to evoting@karvy.com and may also upload the same in the e-voting in their login. The scanned image of the above mentioned documents should be in the naming format "Corporate Name_EVENT NO."
- B)** In case a member receives physical copy of the notice **by courier / post** [for members whose e-mail ids are not registered with the Company/Depository Participant(s)]:
- (a) User ID and initial password – as provided overleaf.
 - (b) Please follow all steps from sr. no. (a) to (l) as mentioned in (1A) above, to cast your vote.
 - 2) Once the vote on a resolution is cast by a member, the member shall not be allowed to change it subsequently or cast the vote again.
 - 3) In case of any query pertaining to e-voting, please visit help & FAQ's section available at Karvy's website <https://evoting.karvy.com>.



- 4) Members can cast their vote online **from 25 September 2017 from 10.00 a.m. to 27 September 2017 up to 5.00 p.m.** During this period, Members of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date, i.e., **21 September 2017**, may cast their vote electronically. The remote e-voting module will be disabled by Karvy for voting thereafter.
- 5) Members holding multiple folios / demat accounts shall choose the voting process separately for each of the folios / demat accounts.
- 6) Only those Members, whose names appear in the Register of Members / List of beneficial owners as on Thursday the 21 September 2017 (Cut-off date), shall be entitled to vote (through remote e-voting / physical ballot paper) on the resolutions set forth in the Notice of the 24th AGM and their voting rights shall be in proportion to their shares in the paid up equity share capital of the Company as on the Cut-off date.
- 7) Since the Company is required to provide members the facility to cast their vote by electronic means, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 21 September 2017 and who have not already cast their votes by remote e-voting shall be able to exercise their right to vote at the AGM.
- 8) Members can opt for only one mode of voting i.e. either by physical ballot paper or remote e-voting. However, if Members cast their vote through both mode of voting, then the voting through remote e-voting shall prevail.
- 9) The Members who have cast their vote by remote e-voting may also attend the AGM but shall not be entitled to cast their vote again.
- 10) Any person, who acquires shares and becomes Member of the Company after the dispatch of the Notice and holds shares as on the Cut-off date i.e. Thursday the 21 September 2017 may obtain the login ID and password may call Karvy's toll free number 1800-345-4001. Member may send an e-mail request to evoting@karvy.com or contact Mr V Raghunath, Ph: 040-67161602 /1605, at Karvy Computershare Private Limited, Unit: Zen Technologies Limited, Karvy Selenium Tower B, Plot No 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad – 500 032, requesting for User ID and Password. After receipt of the above credentials, please follow all the steps explained in 1 above, to cast the vote.
- 11) The Board of Directors has appointed Mr D S Rao, Practicing Company Secretary, (M. No. 12394), as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- 12) At the AGM, at the end of the discussion on the resolutions on which voting is to be held, the Chairman shall, with the assistance of the Scrutinizer, order voting through ballot paper for all those members who are present but have not cast their votes electronically using the remote e-voting facility.
- 13) The Scrutinizer shall, immediately after the conclusion of voting at the AGM, count the votes cast at the AGM and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in employment of the Company. The Scrutinizer shall submit a consolidated Scrutinizer's Report of the total votes cast in favor of or against, if any, not later than three days after the conclusion of the AGM to the Chairman of the

Company. The Chairman, or any other person authorized by the Chairman, shall declare the result of the voting forthwith.

- 14) Subject to the receipt of requisite number of votes, the resolution shall be deemed to be passed at the 24th Annual General Meeting of the Company held on Thursday the 28 September 2017. The result declared, along with the Scrutinizer's Report, will be placed on the Company's website, www.zentechnologies.com and on the website of Karvy immediately after the result is declared by the Chairman or any other person authorized by the Chairman, and the same shall be communicated to the BSE Ltd and National Stock Exchange of India Ltd.
- 15) All the documents referred to in the accompanying Notice and the Statement pursuant to Section 102 (1) of the Companies Act, 2013, will be available for inspection at the Registered Office of the Company during business hours on all working days (except Saturday & Sunday) up to the date of declaration of the result of the 24th Annual General Meeting of the Company.

EXPLANATORY STATEMENT

(Pursuant to Section 102 of the Companies Act, 2013)

Item No. 5

Ms Sridevi Madati whose period of office as an Independent Director of the Company expired on 31 March 2017 was appointed as Additional Director (Non-Executive Independent) of the Company with effect from 29 May 2017, in the Board Meeting held on 29 May 2017 pursuant to the provisions of Section 161 of the Companies Act, 2013 read with Articles of Association of the Company and holds office up to the date of this AGM.

The Company has received from Ms Sridevi Madati (i) consent in writing to act as director in Form DIR 2, (ii) intimation in Form DIR 8 to the effect that she is not disqualified under Sub-section (2) of Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that she meets the criteria of independence as provided in Sub-section (6) of Section 149 of the Companies Act, 2013.

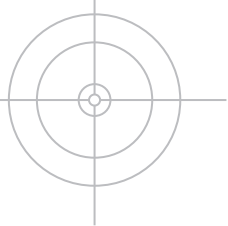
The Board of Directors of the Company, after reviewing the documents submitted by Ms Sridevi Madati are of the opinion that she fulfills the conditions specified in the Companies Act, 2013 and the Rules made thereunder and Ms Sridevi Madati is independent of the Management. The terms and conditions of appointment of Ms Sridevi Madati shall be open for inspection by the Members at the Registered Office of the Company during the business hours on any working day, up to the date of Annual General Meeting and during the Annual General Meeting.

The Company has also received a notice in writing from members along with the deposit of ₹ 1,00,000/- in terms of Section 160 of the Act proposing the candidature of Ms Sridevi Madati for the office of Director of the Company to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of members by way of special resolution for the appointment of Ms Sridevi Madati as Independent Director of the Company for a period of 3 years pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. She will not be liable to retire by rotation.

No Director, Key Managerial Personnel or their relatives, except Ms Sridevi Madati, to whom the resolution relates, are concerned or interested in the resolution.

The Board of Directors in the interest of the Company recommends the resolution set out at Item No 5 of the Notice for the approval of the members.



Item No. 6

Mr Katragadda Rajesh was appointed as Additional Director (Non-Executive Independent) of the Company with effect from 24 August 2017, in the Board Meeting held on 24 August 2017, pursuant to Section 161 of the Companies Act, 2013 read with Articles of Association of the Company and holds office up to the date of this AGM.

The Company has received from Mr Katragadda Rajesh (i) consent in writing to act as director in Form DIR 2, (ii) intimation in Form DIR 8 to the effect that he is not disqualified under Sub-section (2) of Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that he meets the criteria of independence as provided in Sub-section (6) of Section 149 of the Companies Act, 2013.

The Board of Directors of your Company, after reviewing the documents submitted by Mr Katragadda Rajesh are of the opinion that the said Director fulfills the conditions specified in the Companies Act, 2013 and the Rules made thereunder and Mr Katragadda Rajesh is independent of the Management. The terms and conditions of appointment of Mr Katragadda Rajesh shall be open for inspection by the Members at the Registered Office of the Company during the business hours on any working day, up to the date of Annual General Meeting and during the Annual General Meeting.

The Company has also received a notice in writing from members along with the deposit of ₹ 1,00,000/- in terms of Section 160 of the Act proposing the candidature of Mr Katragadda Rajesh for the office of Director of the Company to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Mr Katragadda Rajesh as Independent Director of the Company for a period of 3 years up to 23 August 2020 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. He will not be liable to retire by rotation.

No Director, Key Managerial Personnel or their relatives, except Mr Katragadda Rajesh, to whom the resolution relates, are concerned or interested in the resolution.

The Board of Directors in the interest of the Company recommends the resolution set out at Item No 6 of the Notice for the approval of the members.

Item No. 7

The Articles of Association ("AoA") of the Company currently in force was originally adopted when the Company was incorporated under the Companies Act, 1956 and subsequent amendments made.

With the introduction of the Companies Act, 2013 several regulations of the existing AoA of the Company require alteration or deletions. It is therefore considered and proposed by the Board to replace the existing AoA with the entirely new set of AoA. The substitution of the existing AoA with the new AoA is proposed to align the AoA of the Company with the provisions of the Companies Act, 2013.

A copy of the proposed set of new draft Articles of Association is annexed to the annual report.

The Board commends your approval by way of special resolution for the resolution proposed for Alteration of Articles of association as per the provisions of section 14 of the Companies Act, 2013.

None of the Directors/ Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, financially or otherwise, in the special resolution.

Item No. 8

Mr Ashok Atluri has been appointed as Managing Director at 21st Annual General Meeting of Company for a period 5 years w.e.f. 1 November, 2014. Considering the provisions of Section 196 and Schedule V, the Board proposed

to reappoint him for a period of 3 years w.e.f. 1 October, 2017 on the terms and conditions set-out hereunder, in supersession of the earlier resolution, on the recommendation of Nomination and Remuneration Committee.

During his tenure as Managing Director of your Company, he has made significant contribution to the growth of the Company in terms of business and profitability. Considering the immense contribution made by Mr Ashok Atluri and in the interest of efficient management and further progress of your Company, the Board of Directors based on the recommendations made by the Nomination and Remuneration committee of the Board have decided to reappoint him as Managing Director of the Company for another term of 3 years on the terms and conditions as set out in the resolution at Item No 8 for reappointment of Managing Director effective from 1 October 2017 subject to your approval.

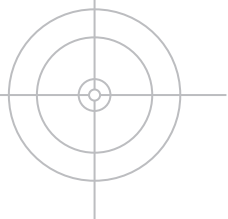
Mr Ashok Atluri, a Bachelor of Commerce and a PG Diploma holder in Applied Computer Science also has experience in the field of Business Management, Strategy, Finance and Administration. He has been instrumental in helping to design the simulators so that they would be simple to use, and ensured that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

He holds 2,01,76,250 equity shares of the Company. He is also Director on the Board of your Company's subsidiary, Version 2 Games Limited, Zen Skillproc Private Limited, Zentech Offsets Management Services Private Limited and also Director of Defence Innovators and Industry Association.

As per Section 196 and 197 and the rules made thereunder read with Schedule V of the Companies Act, 2013, the reappointment of Mr Ashok Atluri as the Managing Director of the Company requires your approval by way of special resolution and hence this resolution is proposed.

No Director, Key Managerial Personnel or their relatives, except Mr Ashok Atluri, to whom the resolution relates and Mr Kishore Dutt Atluri, is in any way, concerned or interested in the resolution.

The Board of Directors in the interest of the Company recommends the resolution set out at Item No 8 of the Notice for the approval of the members.



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

I. GENERAL INFORMATION:

- (1) Nature of industry: Manufacturing of Training Simulators and allied products
- (2) Date of commencement of commercial production: 9 July 1993
- (3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not Applicable
- (4) Financial performance based on given indicators: (₹ in Lakhs)

Financial performance	2012-13	2013-14	2014-15	2015-16	2016-17
Revenue from Operations	3711.28	4635.25	7854.77	5261.53	6165.71
Other Income	466.05	353.60	331.70	546.62	361.75
Total Income	4177.33	4988.85	8186.47	5808.15	6527.46
Net profit /(loss) as per profit and loss account	470.08	9.33	1573.92	231.80	716.62
Amount of dividend paid (excluding dividend tax)	88.88	77.16	270.06	77.16	*115.74
Rate of dividend declared	10%	10%	35%	10%	*15%

* The Board of Directors recommended the dividend which will be paid subject to approval of shareholders in the ensuing Annual General Meeting.

- (5) Export performance and net foreign exchange collaborations: (₹ in Lakhs)

Particulars of Foreign Exchange	2012-13	2013-14	2014-15	2015-16	2016-17
Earned during the year	59.98	109.31	36.54	203.39	2239.04
Used during the year	63.47	669.94	178.07	208.05	487.45

- (6) Foreign investments or collaborators, if any:

Foreign Investment

Name of Entity	Paladin Paradigm Knowledge Solutions INC., Canada
Amount of investment as on 31 March 2017	₹ 34,12,000/-

II. INFORMATION ABOUT THE APPOINTEE:

- (1) Background details:

Mr Ashok Atluri, aged 51 years is a PG Diploma holder in Applied Computer Science also has experience in the field of Business Management, Strategy, Finance and Administration. He has been instrumental in designing the simulators on the Windows-Intel platforms to ensure the products are simple to use and meet industry standards.

- (2) Past remuneration: Paid ₹ 51.80 Lakhs per annum and ₹ 9.56 Lakhs commission during the FY 2016-17
- (3) Recognition or awards: He received the "Small Scale Entrepreneur of the Year" award from Hyderabad Management Association in 1998
- (4) Job profile and suitability:

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

needs and understanding the process helps in delivering the developed equipment to the customer. Mr Ashok Atluri has deep experience with the customer and has deep grasp of the procurement process.

(5) Remuneration proposed:

Salary, perquisites and other allowances shall be paid subject to the limits stipulated under Schedule V read with Sections 197 of the Companies Act, 2013.

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

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

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

Mr Ashok Atluri is Chairman and Managing Director of the Company and holds 2,01,76,250 equity shares.

III. OTHER INFORMATION:

(1) Reasons of loss or inadequate profits:

Lower turnover due to delay in government procedures to finalize orders, increase in R&D expenditure and the fixed overheads.

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

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

IV. DISCLOSURES:

All elements of remuneration package of the Directors have been given in the Report on Corporate Governance under the head Remuneration paid to Directors for the Financial Year 2016-17.

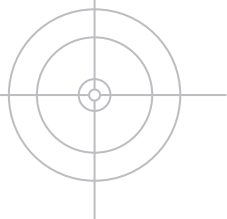
By order of the Board
For Zen Technologies Limited

M Satish Choudhury
Company Secretary
(M.No. ACS 30204)

Place : Hyderabad
Dated : 24 August 2017

Registered Office:

B-42, Industrial Estate,
Sanathnagar, Hyderabad -18
CIN: L72200TG1993PLC015939
Email: investors@zentechnologies.com
Website: www.zentechnologies.com
Tel: +91 40 23813281
Fax: +91 40 23813694



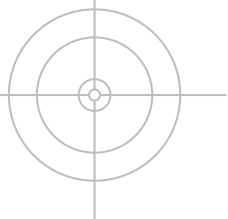
Annexure A

**Details of Directors seeking appointment /re-appointment at the Annual General Meeting
(Pursuant to Regulation 36 of SEBI (Listing obligations and disclosure Requirements) Regulations, 2015)**

Name of the Director	Mr Ashok Atluri	Ms Sridevi Madati	Mr Katragadda Rajesh
Date of Birth	31-12-1965	10-01-1977	22-08-1975
Date of Appointment	1-10-2007	29-05-2017	24-08-2017
Relationship with Directors	Not related to any Director	Not related to any Director	Not related to any Director
Expertise in specific functional Area	Being CMD of the Company since more than two decades, he has good knowledge of all functional and marketing areas. He has been instrumental in the growth of the Company over the years and key management decisions, having very good experience in the field of business and functional aspects of the Company. He has been instrumental in helping to design the simulators from the users prospective.	Practicing Company Secretary having experience of more than 12 years. She has varied experience in corporate sector, Secretarial, legal and financial matters.	His expertise in finance domain areas includes funds flow, cash credits, working capital management and understanding the key vitals on micro economics which effect the key functioning of the business.
Qualification	a) PG Diploma holder in Applied Computer Science b) Bachelor's degree in Commerce	a) Fellow member of Institute of Company Secretaries of India b) She has completed her MDBA (Masters Diploma in Business Administration) from Symbiosis Institute of Management Studies c) She has also done degree in LLB from Osmania University.	a) Master's degree in International Business, International Finance from IIFT b) Bachelor's degree in Commerce, Economics emphasis
@Board Membership of other companies	1. Version 2 Games Limited 2. Zentech Offsets Management Services Private Limited 3. Zen SkillProc Private Limited 4. Defence Innovators and Industry Association	NIL	1. Viceroy Hotels Limited 2. Athena Global Technologies Limited 3. Rich `N` Rich Finance And Holdings Limited 4. Bodhtree Consulting Limited 5. Quick Wrap (India) Private Limited

Name of the Director	Mr Ashok Atluri	Ms Sridevi Madati	Mr Katragadda Rajesh
			6. Silly Monks Entertainment Limited 7. Papercats Creative Solutions Private Limited 8. E-Way Lipids Private Limited
Chairman/ Member of the Committee of the Board of Directors	Audit, Nomination & Remuneration, Stakeholders Relationship Committees.	Audit , Stakeholders Relationship and CSR Committees	Audit, Nomination & Remuneration Committees
Chairman/ Member of the committee of Directors of other companies in which he is a director	NIL	NIL	4
a) Audit Committee	NIL	NIL	2
b) Stakeholders' Relationship Committee	NIL	NIL	1
c) Nomination and Remuneration Committee	NIL	NIL	1
Number of shares held in the Company	2,01,76,250	NIL	Nil

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



BOARD'S REPORT

Dear Members,

Your Directors are pleased to present the 24th Annual Report of the Company along with the Audited Financial Statements for the financial year ended 31 March 2017.

FINANCIAL RESULTS

The financial highlights of the Company are as follows:

(₹ in Cr)

Particulars	2016-17	2015-16
Total Income	65.27	58.08
Total Expenditure	50.30	48.48
Operating Profit (PBITD)	14.97	9.60
Interest	2.33	2.37
Depreciation & Amortization	3.64	4.31
Profit before tax	9.00	2.92
Provision for Tax	1.83	0.60
Deferred Tax Liability	-	-
Profit after Tax	7.17	2.32
Earnings per Share (₹) (face value of Equity share of ₹ 1/- each) - Basic	0.93	0.30

STATE OF THE COMPANY'S AFFAIRS

During the year under review, your Company achieved total income of ₹ 65.27 Crores as against ₹ 58.08 Crores during the previous year. The Net profit after tax stood at ₹ 7.17 Crores as against ₹ 2.32 Crores for the previous year. The Earnings per Share (EPS) of face value of ₹ 1/- each is ₹ 0.93 (previous year's EPS is ₹ 0.30).

The order book size as on 31 March 2017 is around ₹ 73.99 Crores including AMCs of worth ₹ 70.03 Crores as against ₹ 76.41 Crores including AMCs of worth ₹ 76.36 Crores for the previous year.

During the year, the R&D expenditure (capital and revenue) is ₹ 12.98 Crores (previous year ₹ 14.55 Crores). The R&D products developed during the year have substantial scope for revenue generation and are expected to become commercially viable in the next few years.

DIVIDEND

Your Directors have recommended a dividend of 15 (Fifteen) percent i.e. ₹ 0.15 on the equity share of ₹ 1/- each for the year 2016-17 amounting to ₹ 1.40 Crores, (including dividend tax of ₹ 0.24 Crores).

CORPORATE DEVELOPMENTS

During the year under review the Company has continued to focus on exports market. The efforts have started yielding results as we got an order of ₹ 30 Cr. We expect this trend to continue and more export orders to come.

Internally, the Company has been focusing on becoming a System Driven Organisation. This should free the Company from routine tasks and focus on innovation and growth.

PERFORMANCE AND FINANCIAL POSITION OF EACH OF THE SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES

Pursuant to Rule 8 of the Companies (Accounts) Rules, 2014, report on the performance and financial position of the subsidiary included in the consolidated financial statement is appended as **Annexure 1** in the format of AOC-1 to this Report.

SUBSIDIARY

VERSION 2 GAMES LTD

As per the provisions of Section 129(3) of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014, a separate statement containing the salient features of the financial statement of the subsidiary in the prescribed format AOC -1 is appended to this Annual Report.

During the year under review the Board decided to file an application to close down this subsidiary company as it has not been carrying on any operations since quite some time.

CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to Section 129(3) of the Companies Act, 2013, consolidated financial statements of the Company and its subsidiary have been prepared in accordance with the requirements of Accounting Standards issued by Institute of Chartered Accountants of India (ICAI) and as per the provisions of the Companies Act, 2013, which form part of the Annual Report.

Pursuant to Section 136 of the Companies Act, 2013, the audited financial statements of the Company, including the consolidated financial statements and financial statements of its subsidiary, are placed on the Company's website http://www.zentechnologies.com/investor_relations/financial_reports.html. A copy of separate audited financial statements of subsidiary will be provided to the shareholders at their request.

EXTRACT OF ANNUAL RETURN

In accordance with Section 134(3)(a) of the Companies Act, 2013, an extract of the annual return in the prescribed format in Form MGT-9 as per the provisions of the Companies Act, 2013 read with Rule 12 of Companies (Management and Administration) Rules, 2014 is appended as **Annexure 2** to this report.

NUMBER OF MEETINGS OF THE BOARD

The Board met four times during the year 2016-17.

The dates on which the Board meetings were held are 30 May 2016, 8 August 2016, 7 November 2016, 6 February 2017.

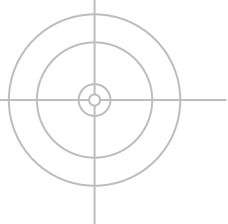
DIRECTORS' RESPONSIBILITY STATEMENT

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

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

STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTORS UNDER SUB-SECTION (6) OF SECTION 149

The Independent directors have submitted the declaration of independence, as required under Section 149(7) of the Companies Act, 2013 stating that they meet the criteria of independence as provided in Section 149(6) and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.



COMPANY POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION

The Board of Directors, on recommendation of the Nomination and Remuneration Committee, framed a Nomination and Remuneration policy on directors' appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under Section 178(3) of the Companies Act, 2013. The Policy is posted under the Investors section of the Company's website at: http://www.zentechnologies.com/investor_relations/Nomination-Remuneration-Policy.pdf

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Particulars of loans, guarantees and investments as required under the provisions of Section 186 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014 are provided in the notes to the Financial Statements.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

Particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013, in the prescribed Form AOC-2, is appended as **Annexure 3** to the Board's report.

All Related Party Transactions were placed before the Audit Committee and the Board for approval. The Board of Directors framed a policy for Related Party Transactions to ensure a process for approval and reporting of transactions between the Company and its Related Parties. The policy is posted under the Investors section of the Company's website at: http://www.zentechnologies.com/investor_relations/Related-Party-Transaction-Policy.pdf

MATERIAL CHANGES AND COMMITMENTS

There are no material changes and commitments affecting the financial position of the Company from the financial year ended 31 March 2017 to the date of signing of the Director's Report.

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 4** to this Report.

DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY

The Board formulated a Risk Management Policy identifying different kinds of risks which are good and bad and the mitigation measures adopted and to be adopted for dealing with the risks of the Company.

The Board constituted a Risk Management Committee constituting Mr Ashok Atluri, Chairman and Managing Director, Mr M Ravi Kumar, Whole-time Director and Mr G Sankara Rao, Chief Financial Officer. The Committee regularly meets to monitor and review the risk management policy.

The Audit Committee and Board reviews and evaluates the internal financial controls and risk management systems of the Company.

The Risk Management Policy, inter alia, includes identification therein of elements of risk, including those that may threaten the existence of the Company. Risk management process has been established across the organization and is designed to identify, assess and frame a response to threats that affect the achievement of its objectives.

The Risk mitigation measures which are adopting by the Company are posted under the Investors section of the Company's website at: http://www.zentechnologies.com/investor_relations/Zen-Risk-Management-Policy.pdf

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

CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

Pursuant to Section 135 of the Companies Act, 2013, the Board constituted Corporate Social Responsibility Committee consisting Ms Sridevi Madati, Independent Director, Mr Ashok Atluri, Chairman and Managing Director and Mr M Ravi Kumar, Whole-time Director. The Committee was reconstituted with effect from August 24 2017 consequent to cessation of Mr. G Prasad as director of the Company.

The Committee periodically recommends the activities to be taken up under the CSR policy. The Corporate Social Responsibility Policy is posted under the Investors section of the Company's website at:

http://www.zentechnologies.com/investor_relations/CSR-Policy.pdf

"Corporate Social Responsibility is the continuing commitment of the Company to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large. The Company believes in undertaking business in such a way that its leads to overall development of all stake holders and society"

As part of CSR policy, during the year 2015-16, the Company implemented CSR activities by spending money on providing education to school children orphaned by Naxal attack and helping hands to martyrs families like Scholarships, women empowerment program through Agastya and Vasantharatna Foundations.

During the year the Company has formed a Trust namely "VEER SAMMAAN FOUNDATION" specifically to take-up the CSR activities of the Company. Accordingly, the Company has transferred the unspent CSR amount of ₹ 34,99,228/- to the Trust.

As per Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, annual report on CSR is prepared and the same is enclosed as **Annexure 5** to this Report.

ANNUAL EVALUATION OF PERFORMANCE OF BOARD, COMMITTEES AND INDIVIDUAL DIRECTORS

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

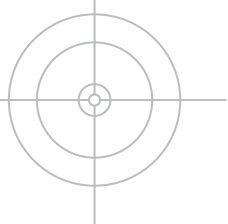
A separate meeting of Independent Directors was held on 6 February 2017 to review the performance of the Non-Independent Directors and the Board as a whole, review the performance of Chairperson of the Company and assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

CRITERIA FOR PERFORMANCE EVALUATION

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

FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS

All Independent Directors inducted into the Board attended an orientation programme. The details of training and familiarization program are available on website http://www.zentechnologies.com/investor_relations/Details-of-Familiarization-Programmes-imparted-to-Independent-Directors.pdf



CHANGE IN THE NATURE OF BUSINESS

During the Financial year 2016-17 there is no change in the nature of the business of the Company.

DETAILS OF DIRECTORS OR KEY MANAGERIAL PERSONNEL WHO WERE APPOINTED OR HAVE RESIGNED OR CEASED DURING THE YEAR

- Mr Ravi Kumar Midathala has been reappointed as Whole-time Director W.e.f 29 June 2016.
- Mr. Gajjala Prasad (DIN: 00026718) has ceased to be a director w.e.f. 31 March 2017 on expiry of his term of office.
- Ms. Sridevi Madati (DIN: 02446610) has ceased to be a director w.e.f. 31 March 2017 on expiry of her term of office. However, she has been co-opted as an Additional Director w.e.f. 29 May 2017.
- Mr. Chada Jagadish Reddy resigned as Company Secretary w.e.f 1 August 2017.
- Mr M Satish Choudhury appointed as Company Secretary w.e.f. 24 August 2017.

Names of companies which have become or ceased to be its Subsidiaries, joint ventures or associate companies during the year: NIL

FIXED DEPOSITS

Your Company has not accepted any fixed deposits and, as such, no amount of principal or interest was outstanding on the date of the Balance Sheet.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

No significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

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

In every quarter during the approval of Financial Statements, Internal Audit Report is presented by the Internal Auditor. The Audit Committee reviews the Internal Audit Report along with the Management Replies.

The internal financial controls are evaluated and reviewed by the Audit Committee and the Board for ensuring orderly and efficient conduct of its business, including adherence to Company's policies safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and the timely preparation of reliable financial statements.

VIGIL MECHANISM

The Board of Directors, on recommendation of the Audit Committee, established a vigil mechanism for Directors and Employees called "Whistle Blower Policy" pursuant to the provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 to report genuine concerns or grievances about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy and to provide adequate safeguards against victimization of persons who use such mechanism and to provide for 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:

http://www.zentechologies.com/investor_relations/Whistle-Blower-Policy-2014.pdf

SEXUAL HARASSMENT POLICY

The Company has adopted 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.

During the financial year ended 31 March 2017, the Company has not received any Complaints pertaining to Sexual Harassment.

ZEN TECHNOLOGIES LIMITED'S CODE OF CONDUCT FOR THE 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 dealing with shares of the Company, as well as the consequences of violations. The Policy has been formulated to regulate, monitor and ensure reporting of deals by employees and to maintain the highest ethical standards of dealing in Company Securities.

The Insider trading Policy of the Company covering code of practices and procedures for fair disclosures of unpublished price sensitive information and code of conduct for the prevention of insider trading is available on our website (<http://www.zentechnologies.com>)

MANAGEMENT DISCUSSION & ANALYSIS REPORT

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

DIRECTORS

In accordance with the provisions of Companies Act, 2013 and the Articles of Association of the Company, Mr Ashok Atluri, who is a Chairman and Managing Director, retires by rotation at the ensuing Annual General Meeting and, being eligible, offers himself for re-appointment. The aforesaid appointment/reappointment as Chairman and Managing Director is subject to your approval.

Further, a resolution proposing Mr Ashok Atluri as Managing Director for a period of 3 years w.e.f. 1 October 2017 to 30 September 2020 is forming part of the notice to ensuing Annual General Meeting.

Ms Sridevi Madati whose period of office as director of the Company was completed on 31 March 2017, was co-opted as an Additional Director w.e.f. 29 May 2017 to act as an Independent Director for another term, subject to the approval of shareholders by way of a special resolution at the ensuing Annual General Meeting.

Mr Rajesh Katragadda has been co-opted as an Additional Director w.e.f. 24 August 2017 to act as an Independent Director subject to the approval of shareholders at the ensuing Annual General Meeting.

The Company has received declarations from all the Independent Directors of the Company confirming that they continue to meet with the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 with the Stock Exchanges.

AUDITORS

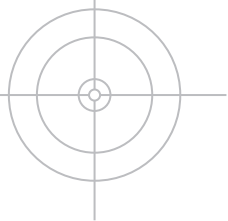
Statutory Auditors:

As part of rotation of auditors as required under the provisions of section 139 of the Companies Act, 2013 M/s Gokhale & Co., Chartered Accountants, Statutory Auditors will retire at the ensuing Annual General Meeting. Considering this the Board recommended M/s Sekhar & Co, Chartered Accountants, (Registration number 003695S), Secunderabad, as Statutory Auditors to hold office from the conclusion of the 24th Annual General Meeting and till the conclusion of 29th Annual General Meeting subject to the approval of members at the ensuing Annual General Meeting. In this regard, the Company has received a certificate from the auditors to the effect that if they are reappointed, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013.

The Notes on the Financial Statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

SECRETARIAL AUDITORS:

M/s P S Rao & Associates, Practicing Company Secretaries were appointed to conduct secretarial audit for the financial year 2016-17. Pursuant to Section 204 of the Companies Act, 2013 and Rules there under, the Secretarial Audit Report for the financial year ended 31 March 2017 in form MR-3, is annexed to this Annual Report as **Annexure 6**. The Board has appointed M/s P S Rao & Associates, Practicing Company Secretaries, as Secretarial Auditors of the Company for the financial year 2017-18.



REPLY TO OBSERVATION OF SECRETARIAL AUDITORS

Your Company is as such committed to CSR activities. The Company during the year 2015-16 has contacted Agastya International Foundation, Dantewada, Chattisgarh and Vasantaratna Foundation for taking up certain identified CSR activities in consultation with the CSR Committee of the Company. The CSR Committee is envisaging various CSR projects which are in the larger interest of the society and for a long lasting benefit to the deserving for every penny of CSR amount spent by the Company.

In view of the same, your Company has formed a Trust namely 'Veer Sammaan Foundation' specifically to take-up the CSR activities of the Company and has transferred the unspent CSR amount of ₹ 34,99,228/- for the FY 2014-15 and FY 2016-2017. The amount could not be spent during the year since the Company is under the process of identifying and making a schedule of implementation of the deserving projects. The CSR Committee is optimistic to take-up some CSR projects in the current financial year where the aforesaid corpus contributed to 'Veer Sammaan Foundation' will be spent for identified CSR activities in accordance with the CSR Policy of the Company.

AUDIT COMMITTEE

Audit Committee has been reconstituted w.e.f. 29 May, 2019 as Mr G Prasad ceased to be the member on expiry of his term of directorship. The details of the composition of the Audit Committee as required under the provisions of Section 177(8) of the Companies Act, 2013, is given in the Corporate Governance Report furnished as part of the Annual Report. During the year under review, the Board has accepted all the recommendations of the Audit Committee.

NOMINATION AND REMUNERATION COMMITTEE:

The Nomination and Remuneration Committee was reconstituted with effect from 24 August 2017. The details of the composition of the Committee is given in the Corporate Governance Report furnished as part of the Annual Report.

STAKEHOLDERS RELATIONSHIP COMMITTEE:

The Stakeholders Relationship Committee was reconstituted with effect from 24 August 2017. The details of the composition of the Committee is given in the Corporate Governance Report furnished as part of the Annual Report.

PARTICULARS OF EMPLOYEES

The table containing the names and other 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, is appended as **Annexure 7** to the Board's report.

CORPORATE GOVERNANCE

The Report on Corporate Governance along with a certificate from the Statutory Auditors of the Company with regard to the compliance of Corporate Governance as per Regulation 27 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 forms part of this Annual Report.

ACKNOWLEDGMENTS

The Board of Directors thank the Company's customers, suppliers, dealers, banks, financial institutions, Government and Regulatory authorities and consultants for their continued support. The Directors express their sincere gratitude to the shareholders and also wish to place on record their appreciation for the committed services rendered by all the employees of the Company.

For and on behalf of the Board

Place : Hyderabad
Date : 24 August 2017

Ashok Atluri
Chairman & 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)

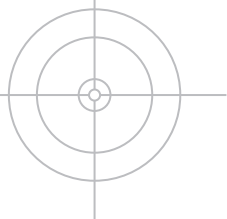
Report on the performance and financial position of the Subsidiary
(Pursuant to Rule 8 of Companies (Accounts) Rules, 2014)

1	Name of the subsidiary	Version 2 Games Limited
2	Date since it is subsidiary	31 May 2010
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	1 April 2016 to 31 March 2017
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	INR
5	Share capital	5,00,000 Equity Shares of ₹ 1/- each ₹ 5,00,000/-
6	Reserves & surplus (in ₹)	(6,06,089)
7	Total assets	548
8	Total Liabilities	1,06,636
9	Investments	-
10	Turnover	635
11	Profit before taxation	54,109
12	Provision for taxation	-
13	Profit after taxation	54,109
14	Proposed Dividend	NIL
15	% of shareholding	100

For and on behalf of the Board

Ashok Atluri
Chairman & Managing Director
(DIN: 00056050)

Place : Hyderabad
Date : 24 August 2017



Annexure 2

Form No. MGT-9 EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31 March 2017

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

I. REGISTRATION AND OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Wireless Infantry Small Arms Shooting Range & Wireless Tactical Shooting Range	8549	48.21%
2	Service Income (Maintenance Charges)	9700	21.06%

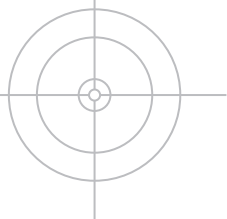
III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Version 2 Games Limited B-42, Industrial Estate, Sanathnagar, Hyderabad - 500018, Telangana	U74999TG2010PLC068661	Subsidiary Company	100%	Section 2(87)

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

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year
	Demat	Physical	Total	Demat	Physical	Total	
A. Promoters							
(1) Indian							
a) Individual/HUF	45,865,340	0	45,865,340	45,867,340	0	45,867,340	59.44
b) Central Government	0	0	0	0	0	0	0
c) State Government(s)	0	0	0	0	0	0	0
d) Bodies Corporate	0	0	0	0	0	0	0
e) Banks / FI	0	0	0	0	0	0	0
f) Any Other	0	0	0	0	0	0	0
Sub-total (A) (1):-	45,865,340	0	45,865,340	45,867,340	0	45,867,340	59.44
(2) Foreign							
a) NRIs - Individuals	0	0	0	0	0	0	0
b) Other – Individuals	0	0	0	0	0	0	0
c) Bodies Corporate	0	0	0	0	0	0	0
d) Banks / FI	0	0	0	0	0	0	0
e) Any Other	0	0	0	0	0	0	0
Sub-total (A) (2):-	0	0	0	0	0	0	0
Total shareholding of Promoter (A) = (A)(1) + (A)(2)	45,865,340	0	45,865,340	45,867,340	0	45,867,340	59.44
B. Public Shareholding							
1. Institutions							
a) Mutual Funds	0	0	0	0	0	0	0
b) Banks / FI	34,730	0	34,730	66,294	0	66,294	0.09
c) Central Government	0	0	0	0	0	0	0
d) State Government(s)	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0
g) FIs	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0



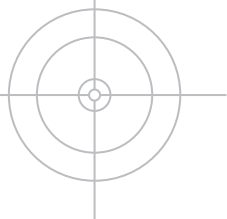
Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
i) Others (specify) a) Qualified Foreign Investor	316,956	0	316,956	0.41	81,748	0	81,748	0.11	-0.3
b) Foreign Nationals	0	0	0	0	320	0	320	0	0
Sub-total (B)(1):-	351,686	0	351,686	0.46	148,362	0	148,362	0.2	0.26
2. Non-Institutions									
a) Bodies Corporate									
i) Indian	3,942,105	0	3,942,105	5.11	4,944,176	0	4,944,176	6.41	1.3
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹2 lakh	14,907,666	494,320	15,401,986	19.96	16,374,588	429,320	16,803,908	21.78	1.82
ii) Individual shareholders holding nominal share capital in excess of ₹2 lakh	10,927,921	0	10,927,921	14.16	8,563,790	0	8,563,790	11.1	-3.06
c) Others (NBFC Registered with RBI)	26,542	0	26,542	0.03	13,500	0	13,500	0.02	-0.01
Clearing Members	58,887	0	58,887	0.08	201,796	0	201,796	0.26	0.18
Non Resident Indians	585,593	0	585,593	0.76	388,122	0	388,122	0.5	-0.26
NRI-non repatriable	-	-	-	-	229,066		229,066	0.3	0.3
Sub-total (B)(2):-	30,448,714	494,320	30,943,034	40.10	30,715,038	429,320	31,144,358	40.36	0.26
Total Public Shareholding (B)=(B)(1) + (B)(2)	30,762,400	494,320	31,294,720	40.56	30,863,400	429,320	31,292,720	40.56	0
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	76,665,740	494,320	77,160,060	100	76,730,740	429,320	77,160,060	100	0

ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year				Shareholding at the end of the year				% change in share-holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares			
1	Ms Nandita Sethi	50,000	0.06	0	50,000	0.06	0	0	0	0
2	Ms Beena Atluri	395,000	0.51	0	395,000	0.51	0	0	0	0
3	Mr Kishore Dutt Atluri	15,416,002	19.98	0	17,556,250	22.75	0	0	2.77	2.77
4	Mr Ravi Kumar Midathala	792,000	1.03	0	794,000	1.03	0	0	0	0
5	Mr Ashok Atluri	22,316,498	28.92	23.47	20,176,250	26.15	19.44	19.44	-2.77	-2.77
6	Ms A Rama Devi	2,670,000	3.46	0	2,670,000	3.46	0	0	0	0
7	Ms Tara Dutt Atluri	2,800,000	3.63	0	2,800,000	3.6	0	0	0	0
8	Mr Nagarjunudu Kilari	121,840	0.16	0	121,840	0.16	0	0	0	0
9	Mr Satish Atluri	1,184,000	1.53	0	1,184,000	1.53	0	0	0	0
10	Ms Indira Garapati	120,000	0.16	0	120,000	0.16	0	0	0	0
	Total	45,865,340	59.44	23.47	45,867,340	59.44	19.44	19.44	0	0

iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total Shares of the company	No. of shares	% of total Shares of the company
	At the beginning of the year	45,865,340	59.44	45,867,340	59.44
	Changes during the year				
1	Mr Kishore Dutt Atluri				
	At the beginning of the year	15,416,002	19.98	15,416,002	19.98
	Purchase (Inter-se Transfer) on 22/04/2016	2,140,248	2.77	17,556,250	22.75
	At the end of the year	17,556,250	22.75	17,556,250	22.75
2	Mr Ashok Atluri				
	At the beginning of the year	22,316,498	28.92	22,316,498	28.92
	Sale (Inter-se Transfer) on 22/04/2016	-2,140,248	-2.77	20,176,250	26.15
	At the end of the year	20,176,250	26.15	20,176,250	26.15



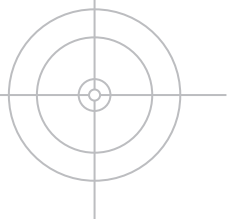
Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total Shares of the company	No. of shares	% of total Shares of the company
3	Mr Ravi Kumar Midathala				
	At the beginning of the year	792,000	1.03	792,000	1.03
	Purchase on 25/11/2016	2,000	0	794,000	1.03
	At the end of the year	794,000	1.03	794,000	1.03
	At the end of the year	45,867,340	59.44	45,867,340	59.44

iv) Shareholding Pattern of top ten Shareholders:

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

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total Shares of the company	No. of shares	% of total Shares of the company
1	Ravi Kamepalli				
	At the beginning of the year	2,660,430	3.45	2,660,430	3.45
	Purchase on 17/02/2017	4,425	0	2,664,855	3.45
	At the end of the year	2,664,855	3.45	2,664,855	3.45
2	Moturu Chandra Sekhar				
	At the beginning of the year	1,856,718	2.41	1,856,718	2.41
	Purchase on 30/09/2016	25,000	0.03	1,881,718	2.44
	Purchase on 07/10/2016	25,000	0.03	1,906,718	2.47
	At the end of the year	1,906,718	2.47	1,906,718	2.47
3	Logical Solutions Ltd				
	At the beginning of the year	1,334,640	1.73	1,334,640	1.73
	At the end of the year	1,334,640	1.73	1,334,640	1.73
4	Mukul Agrawal				
	At the beginning of the year	1,000,000	1.3	1,000,000	1.3
	At the end of the year	1,000,000	1.3	1,000,000	1.3

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total Shares of the company	No. of shares	% of total Shares of the company
5	Ashish Kacholia				
	At the beginning of the year	1,549,456	2.01	1,549,456	2.01
	Purchase on 23/12/2016	948,642	1.23	2,498,098	3.24
	Sale on 20/01/2017	-43,417	-0.06	2,454,681	3.18
	Sale on 27/01/2017	-183,312	-0.24	2,271,369	2.94
	Sale on 03/02/2017	-176,901	-0.23	2,094,468	2.71
	Sale on 10/02/2017	-772,968	-1.00	1,321,500	1.71
	Sale on 17/02/2017	-207,148	-0.27	1,114,352	1.44
	Sale on 24/02/2017	-107,321	-0.14	1,007,031	1.31
6					
	Vimal Sagarmal Jain				
	At the beginning of the year	700,000	0.91	700,000	0.91
7					
	Suresh Bhatia				
	At the beginning of the year	781,469	1.01	781,469	1.01
	12/16/2016	-33,630	0.04	747,839	0.97
	12/23/2016	-60,000	0.08	687,839	0.89
	3/17/2017	-10,000	0.01	677,839	0.88
	At the end of the year	677,839	0.88	677,839	0.88
8	Trust Financial Consultancy Services Pvt Ltd				
	At the beginning of the year	0	0	-	-
	Purchase on 23/12/2016	270,000	0.35	270,000	0.35
	At the end of the year	270,000	0.35	270,000	0.35
9	Raveev Manilal Sangoi Huf				
	At the beginning of the year	255,000	0.33	255,000	0.33
	At the end of the year	255,000	0.33	255,000	0.33
10	Tradelink Exim India Pvt Ltd Anil Raika Family Trust				
	At the beginning of the year	-	-	-	-
	Purchase on 10/03/2017	250,000	0.32	250,000	0.32
	At the end of the year	250,000	0.32	250,000	0.32



v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total Shares of the company	No. of shares	% of total Shares of the company
	At the beginning of the year				
	Directors				
1	Mr Ashok Atluri	22,316,498	28.9	20176250	26.15
2	Mr M Ravi Kumar	792,000	1.03	794,000	1.03
4	Ms Sridevi Madati	0	0	0	0
5	Mr Venkat Samir Kumar Oruganti	0	0	0	0
6	Mr G Prasad*	0	0	0	0
	Key Managerial Personnel				
1	Mr G Sankara Rao	0	0	2,000	0.002
2	Mr Chada Jagadish Reddy	0	0	0	0

* Ceased with effect from 31 March 2017

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

(In ₹)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	39,99,05,678	-	-	39,99,05,678
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	5,337,328	-	-	5,337,328
Total (i+ii+iii)	40,52,43,006	-	-	40,52,43,006
Change in Indebtedness during the financial year				
* Addition	-	-	-	-
* Reduction	29,19,29,299	-	-	29,19,29,299
Net Change	29,19,29,299	-	-	29,19,29,299
Indebtedness at the end of the financial year				
i) Principal Amount	10,93,66,554	-	-	10,93,66,554
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	3,947,153	-	-	3,947,153
Total (i+ii+iii)	11,33,13,707	-	-	11,33,13,707

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

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

(In ₹)

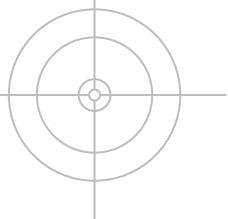
Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Ashok Atluri	M Ravi Kumar	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	5,040,000	3,660,000	8,700,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	140,370	39,842	1,80,212
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	- as 3 % of net profits	956,778	-	956,778
	(net profits calculated as per Section 198 of the Companies Act, 2013)			
	- Others, specify...	-	-	-
5	Others, please specify	-	-	-
	Total (A)	6,137,148	3,699,842	9,836,990
	Ceiling as per the Act	12,000,000	12,000,000	

B. Remuneration to other directors

(In ₹)

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount
		G Prasad*	Sridevi Madati	Venkat Samir Kumar Oruganti	
1	Independent Directors				
	Fee for attending board committee meetings	150,000	100,000	200,000	450,000
	Commission	-	-		-
	Others, please specify	-	--		-
	Total (1)	150,000	100,000	200,000	450,000
2	Other Non-Executive Directors	-	-		-
	Fee for attending board committee meetings	-	-		-
	Commission	-	-		-
	Others, please specify	-	-		-
	Total (2)	-			-
Total (B)=(1+2)		150,000	100,000	200,000	450,000
Total Managerial Remuneration					
Overall Ceiling as per the Act					

* Ceased with effect from 31 March 2017



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

(In ₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary CH Jagadesh Reddy*	Chief Financial Officer G Sankara Rao	Total
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	345,000	1,215,330	1,560,330
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	others, specify...	-	-	-
5	Others, please specify	-	-	-
	Total	345,000	1,215,330	1,560,330

* Ceased with effect from 1 August 2017.

VII. PENALTIES/PUNISHMENTS/COMPOUNDING OF OFFENCES:

There were no penalties/punishments/compounding of offences under the Companies Act 2013 for the year ended 31 March 2017.

For and on behalf of the Board

Place : Hyderabad
Date : 24 August 2017

Ashok Atluri
Chairman & Managing Director
(DIN: 00056050)

Annexure 3

Form No. AOC-2

DISCLOSURE OF PARTICULARS OF CONTRACTS/ARRANGEMENTS ENTERED INTO BY THE COMPANY WITH RELATED PARTIES REFERRED TO IN SUB-SECTION (1) OF SECTION 188 OF THE COMPANIES ACT, 2013

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

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

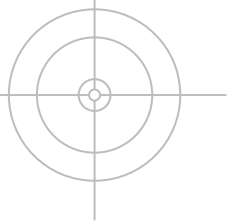
S. No	(a) Name(s) of the related party and nature of relationship	(b) Nature of contracts/ arrangements/ transactions	(c) Duration of the contracts / arrangements/ transactions	(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	(e) Date(s) of approval by the Board, if any:	(f) Amount paid as advances, if any:
1.	Mr Kishore Dutt Atluri - Brother of Mr Ashok Atluri, Chairman and Managing Director of the Company	Appointed to office or place of profit in the Company	Ongoing	During the year 2016-17 he received remuneration ₹30,86,691/-p.a. (including perks) and incentive of ₹ 48,50,068/-.	14-08-2016	NIL
2.	Mrs Rama Devi	Control	*01 June 2015 to 31 May 2017 (Renewal with mutual consent of the parties)	Taking on lease 3 bedroom fully furnished flat jointly owned by Mr Kishore Dutt Atluri, President of the Company and his wife Mrs A Rama Devi for use as Guest House for Company executives and business clients for ₹5,48,000/- p.a. for the FY 2016-17.	24-08-2017	Security deposit – lease rent of two months

* The lease period of 2 years vide agreement dated 1 June 2015 ended on 31 May 2017. In view of the Company's need for the guest house, a fresh lease agreement was signed on 1 June 2017, which was ratified by the Audit Committee in its meeting held on 24 August 2017.

For and on behalf of the Board

Ashok Atluri
Chairman & Managing Director
(DIN: 00056050)

Place : Hyderabad
Date : 24 August 2017



Annexure 4

STATEMENT OF PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO PURSUANT TO THE PROVISIONS OF SECTION 134(3)(M) OF THE COMPANIES ACT, 2013 READ WITH RULE 8 OF COMPANIES (ACCOUNTS) RULES, 2014

A. Conservation of Energy

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

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

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

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

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

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.

- (a) The details of technology imported: NIL
- (b) The year of import: NIL
- (c) Whether the technology been fully absorbed: NIL
- (d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof: NIL

- (iv) The expenditure incurred on Research and Development:

The Company has incurred ₹ 12.98 Crores as R&D expenditure for the financial year 2016-17 for the development of various products. Out of ₹ 12.98 Crores, ₹ 12.72 Crores was for R&D Revenue expenditure and ₹ 0.26 Crores for R&D Capital Expenditure. The Company has incurred 21.05% 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

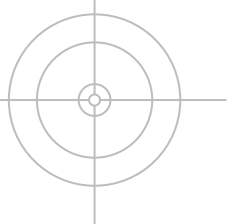
(₹ in Lakhs)

Particulars	2016-17	2015-16
Earned during the year	2239.04	203.39
Used during the year	487.45	208.05

For and on behalf of the Board

Place : Hyderabad
Date : 24 August 2017

Ashok Atluri
Chairman & Managing Director
(DIN: 00056050)



Annexure 5

ANNUAL REPORT ON REPORT ON CSR ACTIVITIES

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

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

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

The Corporate Social Responsibility Policy is posted under the Investors section of the Company's website at: http://www.zentechologies.com/investor_relations/CSR-Policy.pdf

2. Composition of the CSR Committee:

Mr G Prasad, Chairman (Independent Director) (Ceased w.e.f. 31 March 2017)

Ms Sridevi Madati (Independent Director) (Appointed w.e.f. 24 August 2017)

Mr Ashok Aturi, Member (Chairman and Managing Director)

Mr M Ravi Kumar, Member (Whole-Time Director)

3. Average net profit of the Company for the last three financial years

Financial Year	Profit before tax (₹)
2013-14	1,123,825
2014-15	198,160,186
2015-16	29,183,424
Total	22,84,67,435
Average of the PBT	7,61,55,812

4. Prescribed CSR expenditure (2% of Average Net Profits): ₹ 15,23,116/-

5. Details of CSR spent during the financial year 2016-17:

- (a) Total amount to be spent for the financial year: ₹ 15,23,116/-
- (b) Amount unspent, if any: ₹ 15,23,116/-

6. Your Company is as such committed to CSR activities. The Company during the year 2015-16 has contacted Agastya International Foundation, Dantewada, Chattisgarh and Vasantaratra Foundation for taking up certain identified CSR activities in consultation with the CSR Committee of the Company. The CSR Committee is envisaging various CSR projects which are in the larger interest of the society and for a long lasting benefit to the deserving for every penny of CSR amount spent by the Company.

In view of the same, your Company has formed a Trust namely 'Veer Sammaan Foundation' specifically to take-up the CSR activities of the Company and has transferred the unspent CSR amount of ₹ 34,99,228/- for the FY 2014-15 and FY 2016-2017. The amount could not be spent during the year since the Company is under the process of identifying and making a schedule of implementation of the deserving projects. The CSR Committee is optimistic to take-up some CSR projects in the current financial year where the aforesaid corpus contributed to 'Veer Sammaan Foundation' will be spent for identified CSR activities in accordance with the CSR Policy of the Company.

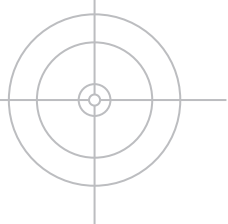
7. **Responsibility Statement:** The CSR Committee confirms that the implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and policy of the Company.

For and on behalf of Corporate Social Responsibility Committee

Place : Hyderabad
Date : 24 August 2017

Ashok Atluri
Chairman & Managing Director
(DIN: 00056050)

Sridevi Madati
Chairman of the Committee
(DIN: 02446610)



Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.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 **M/s Zen Technologies Limited**, (hereinafter called the company). 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 secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on **31st March, 2017** has 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 on 31st March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) (Applicable Sections as on date) and the Rules made under that Act;
- (ii) The Companies Act, 1956 (Applicable Sections as on date) and the Rules made under that Act;
- (iii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iv) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (v) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment and Overseas Direct Investment (If applicable);
- (vi) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - (e) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996;
- (vii) 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 under the financial year under report:-

- (a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (c) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - (d) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (viii) The industry specific laws that are applicable to the company are as follows:
- a) The Indian Copy Right Act, 1957
 - b) The Patents Act, 1970
 - c) The Trade Marks Act, 1999
 - d) The Designs Act, 2000
 - e) The Factories Act, 1948
 - f) The Bonus Act, 1965
 - g) The Employees' State Insurance Act, 1948
 - h) The Information Technology Act, 2008
 - i) The e-waste (Management and Handling) Rules, 2011
 - j) The Official Secrets Act, 1923
 - k) Security Manual, Category B, Ministry of Defence

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

- a. Secretarial Standards SS-1 and SS-2 with respect to meetings of the board of directors and general meetings respectively issued and notified by The Institute of Company Secretaries of India which came into force w.e.f. 1st July, 2015 under the provisions of section 118(10) of the Act.

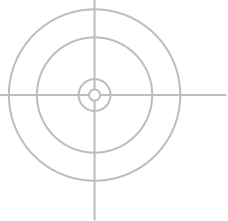
During the period under review the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following Observation that:

- (i) *the Company has transferred unspent CSR Amount of ₹ 34,99,228/- relating to the years 2014-15 & 2016-17 to VEER SAMMAAN FOUNDATION, a trust formed by the Company specifically to carry out the CSR activities. Said trust is yet to spend the amount.*

We further report that

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

- a) Mr M Ravi Kumar, Whole-time Director has been reappointed for a period of 3 years w.e.f. 29 June 2016 and the same has been approved by shareholders at 23rd annual general meeting.
- b) Mr Gajjala Prasad and Ms Madati Sridevi both Independent Directors retired from the Board w.e.f. 31 March 2017. Ms Madati Sridevi has been co-opted as an Additional Director w.e.f. 29 May 2017 to act as an Independent Director subject to the approval of shareholders in the ensuing annual general meeting.



Adequate notice has been given to all 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 are taken on unanimous consent.

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

We further report that during the period of 2015-16

- a) Consent of the members was obtained under section 196 read with Schedule V of the Act for the remuneration paid to the Mr.Ashok Atluri, Chairman & Managing Director for the year 2015-16.

For P.S. Rao & Associates
Company Secretaries

N Vanitha
Company Secretary
ACS No: 26859
C P No: 10573

Place : Hyderabad
Date : 24 August 2017

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

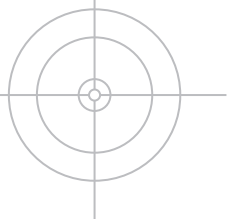
Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record 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. Where ever required, we have obtained the 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, standards is the responsibility of 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.

For P.S. Rao & Associates
Company Secretaries

N Vanitha
Company Secretary
ACS No: 26859
C P No: 10573

Place : Hyderabad
Date : 24 August 2017



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 of the Company for the financial year:

S. No	Name of the Director, Designation	Ratio of remuneration to the median remuneration of the employees
1	Mr Ashok Atluri, Chairman and Managing Director	15.59*
2	Mr M Ravi Kumar, Whole-time Director	11.13
3	Mr G Prasad, Independent Director	Nil
4	Ms Sridevi Madati, Independent Director	Nil
5	Mr Venkat Samir Kumar Oruganti, Independent Director	Nil

Note: * Commission is not included in the remuneration paid to the Chairman and Managing Director.
- Independent Directors were paid sitting fees for attending the Meetings.

- (ii) The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:

S. No	Name of the Director / KMP, Designation	Percentage increase in remuneration
1	Mr Ashok Atluri, Chairman and Managing Director	NA*
2	Mr M Ravi Kumar, Whole-time Director	NA*
3	Mr G Prasad, Independent Director	Nil
4	Ms Sridevi Madati, Independent Director	Nil
5	Mr Venkat Samir Kumar Oruganti, Director	Nil
6	Mr G Sankara Rao, Chief Financial Officer	NA**
7	Mr Chada Jagadish Reddy	NA**

* There was no increase in the remuneration paid to Mr Ashok Atluri, Managing Director and Mr Ravi Kumar Midathala, Whole Time Director during the financial year 16-17.

** Mr G Sankara Rao, Chief Financial Officer and Mr Chada Jagadish Reddy, Company Secretary were appointed during the financial year 16-17.

- (iii) The percentage increase in the median remuneration of employees in the financial year:

5.82% increase

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

There are 242 permanent employees on the rolls of the Company.

- (v) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year: 6.75%

Percentile increases in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration: Nil

(vi) The key parameters for any variable component of remuneration availed by the directors:

The key parameters for the variable component of remuneration availed by the directors are considered by the Board of Directors based on the recommendations of the Nomination and Remuneration Committee as per the Remuneration Policy of the Company.

(vii) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy of the Company.

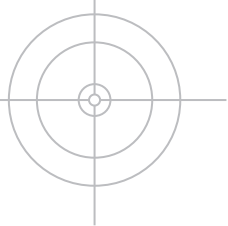
(viii) Particulars of Employees in accordance with the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment of Remuneration of Managerial Personnel) Rules, 2014:

S No	Particulars	Details of Employee
1	Employee Name	Mr Kishore Dutt Atluri
2	Designation & Nature of Employment	President, Technical
3	Educational qualification	Master of Computer Application
4	Age	55 years
5	Experience	31 years
6	Date of Joining	29 June 1993
7	Gross Remuneration Paid (Rs. In Lacs)	₹ 7,936,759/- (including incentive of ₹ 4,050,068/-)
8	Previous Employment and Designation, If any	—
9	No. Shares held, If any	17,556,250 equity shares of ₹ 1/- each
10	Remarks	Promoter and Brother of Mr Ashok Atluri, Chairman and Managing Director

For and on behalf of the Board

Place : Hyderabad
Date : 24 August 2017

Ashok Atluri
Chairman & Managing Director
(DIN: 00056050)



MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and Developments

Simulator is defined as a machine designed to provide a realistic imitation of the controls and operation of a vehicle, aircraft, or other systems, used for training purposes. Simulation is used in many contexts, such as simulation of technology for performance optimization, safety engineering, testing, training, education, and video games. A few areas where simulators are being used extensively include weapons training, aviation, medicine, power plant, bridges, ships, entertainment, robotics, satellite navigation and maintenance.

Simulated training programs in combination with conventional training offers distinct advantages. In addition to economic and safety benefits, simulated training systems allow trainers to deliver scientific, standardized and hands-on training experience ensuring that trainees transition into using the real equipment effectively and efficiently with ease and confidence. This type of experiential learning is invaluable in getting the safety lessons across and is more likely to be absorbed, especially by a generation growing up with video game technology.

Simulation has emerged as an effective way to train personnel at all the levels of responsibility, and to both develop and assess new tactics, techniques or procedures.

Financial constraints coupled with changing security scenario will push many countries to reduce defence and homeland spending and rapidly introduce and integrate simulators into their training methodology.

Opportunities and threats

The defence simulation and training market is a growing and increasingly significant sector in the defence industry. Simulators are the most cost and time effective methodology for training personnel. Simulators spare real-world equipment from wear-and tear and exposure to the elements, as well as enable training in situations that would be difficult to practice in the field. Moreover, they can be used in all weather conditions and around the clock.

The market for defence simulation and training is primarily dependent on the present stock and future acquisition of defence equipment. Keeping in mind the increased defence spending by countries, including India, the simulation training market demand will see strong growth in the coming years. Zen's addressable market opportunity in India and abroad for the coming few years is estimated at US\$2 Billion.

India has the ignominy of being one of the largest importers of defence equipment. This attracts large and established defence companies. Therefore, we expect that the competition our company will face will increase and margins that the company enjoys will slowly reduce based on tremendous competition that we face. Even new and established companies within India are eying the defence market. While the news is good for the defence it would mean that our company will have to be more nimble, more technologically savvy and more cost conscious than ever before to meet and beat the competition.

Product-wise performance

The Company develops, manufactures and markets advanced high-tech training simulations for military and security personnel. The Company's fully interactive training systems feature state-of-the-art vehicle simulator technology enabling training in situation awareness, risk analysis and decision-making, emergency reaction and avoidance procedures, conscientious equipment operation, and coordination. The Company's training products and services allow forces to train their personnel in safe, productive, and realistic environments. The Company also provides consulting, maintenance and developmental services for simulation solutions.

The main customers for simulators are Police and Para-military Forces, Armed Forces, Government Departments (like Transport) and in a very limited manner the Civilian Market. Some of the products of the Company that have seen

enormous interest include Zen Smart Target Systems, Zen Multi-Function Target Systems, Zen Shooting Ranges, Zen Containerised Tubular Shooting Range, (Zen CTSR), Zen Containerised Indoor Shooting Range (Zen CISR), Indoor Shooting Ranges, Outdoor Shooting Ranges, Hand Grenade Simulator (Zen HE36S®), Advanced Weapons Simulator (Zen AWeSim™), Tactical Engagement Simulator (Zen TacSim®), Zen Tank Simulators, among others,

Outlook

The global market for simulators presents enormous opportunities for your Company. And we intend to focus on exports in a big way in the coming years.

At home, we expect to benefit from the decisive actions of the Ministry of Defence (MoD) with respect to procurements including introduction of a new category of procurement called IDDM. Operational preparedness has become important, both with the defence and police forces. For operational preparedness adequate training with different scenarios is a must, which can be effectively imparted with simulators. We expect such focus should result in procurement of more simulators.

In addition to offering training and simulator equipment, Zen is also providing full-fledged solutions like Combat Training Centres (CTCs) to its clients both in India and abroad. These are customized solutions for clients' needs and involve integrated training simulators, equipment, software, terrains and training methodologies into a package. It offers specialised training to enhance individual skills, sub-unit/units' combat capabilities as well as tactical skills of Commanders for conventional and special operations such as Counter-Insurgency and Counter-Terrorism tasks. This training infrastructure is equipped to conduct Marksmanship training with Small Arms and Infantry-support weapons, Close Quarter Battle (CQB) engagements and tactical training in urban/rural terrain and built-up area.

Still, we expect volatility in earnings to continue. As we depend on Government for business, we expect quarterly results to be quite lumpy and corresponding quarter-on-quarter results to be uneven. To mitigate volatility in earnings, we are focusing on Exports. Exports promotion is a priority target for Zen and efforts to promote Zen simulators through exhibitions and direct sales contacts are on.

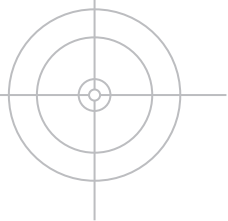
Risks and Concerns

We are seeing more players entering the field of simulation and expect competition to be stiff and margins to drop for products that have huge market demand as this represents the segment that can be commercialized.

Your Company is committed to developing cutting-edge simulators for Security Forces. These simulators have been typically developed with feedback from the end-users but with no commitment from them to buy the resulting system. Such a line of action, where you develop critical simulation technologies for security forces entails definite expenditure and no promise of matching income. The government's policy of buying the system from the lowest bidder may harm us if any foreign supplier, with the development costs already amortized, competes with us and dumps the simulators at a cost far below what they have charged overseas. Fortunately the Government now has IDDM policy that explicitly prefers indigenously designed and developed equipment. We feel companies like Zen, that invest in R&D and develop their own IP and products, rather than just manufacture other's IP-owned products, will benefit tremendously from this initiative.

As part of our business, we give performance guarantee to our clients. In the unlikely event that such a claim for guarantee is invoked, adequate provision for the same will be required.

The other risks that your Company faces are dependence on Government for huge chunk of business, high R&D costs with no certainty that the product will be accepted by the customer, stricter user acceptance and marketing costs, long receivables and unpredictability of earnings.



Financial Performance as against Operational Performance

During the financial year under review, the Company registered a total income of Rs 65.27 Cr as against Rs 58.08 Cr in the previous year. The operations have resulted in a net profit of Rs 7.17 Cr during the financial year under report as against Rs 2.32 Cr in the previous financial year.

Internal Control Systems and their adequacy

The Company has adequate internal control systems including suitable monitoring procedures commensurate with its size and the nature of the business. The internal control systems provide for all documented policies, guidelines, authorization and approval procedures. The Company has an internal audit system for various systems and procedures throughout the year. The statutory auditors while conducting the statutory audit, review and evaluate the internal controls and their observations are discussed with the Audit committee of the Board. Apart from this the Company conducts periodical system/ procedure audits in compliance with the certifications AS9100C from DQS Inc., ISO 9001:2008 (QMS), ISO 14001:2004 (EMS), ISO/IEC 27001:2013 (ISMS).

The Company also has a monitoring and security system to safeguard its data and information from any pilferages or copying by unauthorized persons.

Human Resource Development and Industrial Relations

The human resource plays a vital role in the growth and success of an organization. The Company has maintained cordial and harmonious relations with employees across various locations. During the year under review, various training and development workshops were conducted to improve the competency level of employees with an objective to improve the operational performance of individuals. The Company has built a competent team to handle challenging assignments.

During the year under review, relations with customers, partners, suppliers, workers, employees, and other industries were mostly cordial.

Zen's team strength stands at 242 members (previous year 234). The management and employees in the Company regularly meet to address the areas of concern.

Cautionary Statement: *Certain statement/s in the management discussion and analysis may be forward looking within the meaning of applicable securities law and regulations and actual results may differ materially from those expressed or implied. Factors that would make differences to Company's operations include competition, price realization, currency fluctuations, regulatory issues, changes in government policies and regulations, tax regimes, economic development within India and the countries in which the Company conducts business and other incidental factors.*

CORPORATE GOVERNANCE REPORT

1) Company's Philosophy on Code of Governance

Zen is committed to good corporate governance. Your Company aims to achieve the objective of enhancing the shareholders' value by ensuring effective relationship with stakeholders and protecting their interests. The Company 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.

The Company has been practicing the principles of good corporate governance with a great zeal of commitment and sincerity. The Company'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

During Financial year 2016-17 the Board of Directors of the Company consists of five (5) Directors. To ensure transparent and professional conduct of board procedures in all aspects and related thereto, more than fifty percent i.e., 3 out of 5 Directors are Independent Directors. The Chairman of the Board is an Executive Director. The composition of the Directors is in accordance with Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The constitution of the Board is as follows:

S. No	Name of the Director	Designation	Date of Appointment	Category
1	Mr Ashok Atluri	Chairman and Managing Director	14-06-1994	Promoter & Executive Director
2	Mr M Ravi Kumar	Whole Time Director	29-06-1993	Promoter & Executive Director
3	Ms G Prasad*	Director	27-09-2014	Independent Non-Executive Director
4	Ms Sridevi Madati@	Director	05-02-2014	Independent Non-Executive Director
5	Mr Venkat Samir Kumar Oruganti	Director	14-08-2015	Independent Non-Executive Director
6.	Mr Rajesh Katragadda#	Director	24-08-2017	Independent Non-Executive Director

Note: * Ceased as director w.e.f 31 March 2017.

@ Ceased as director w.e.f 31 March 2017 and reappointed w.e.f.29 May 2017.

Appointed w.e.f 24 August 2017

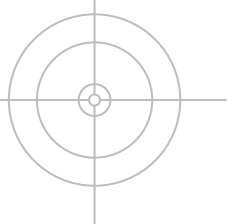
b. Attendance of each Director at the Board Meetings and the last AGM

The table hereunder gives the attendance record of the Directors at the five (4) Board Meetings held during the year 2016-17 and the last Annual General Meeting (AGM) held on 24 September 2016:

Name of the Director	Number of Board meetings attended	Attendance at the last AGM
Mr Ashok Atluri	4	Present
Mr M Ravi Kumar	4	Present
Mr G Prasad*	3	Present
Ms Sridevi Madati@	4	Present
Mr Venkat Samir Kumar Oruganti	4	Present

Note: * Ceased as director w.e.f. 31 March, 2017

@ Ceased as director w.e.f 31 March 2017 and reappointed w.e.f.29 May 2017.



c. Number of other Boards or Board Committees in which he/she is a member or Chairperson

S. No	Name of the Director	Number of other Directorships*	Board Committees*	
			Membership	Chairmanship
1	Mr Ashok Atluri	1	2	Nil
2	Mr M Ravi Kumar	1	Nil	Nil
4	Mr G Prasad	1	2	2
5	Ms Sridevi Madati	Nil	1	Nil
6	Mr Venkat Samir Kumar Oruganti	0	1	Nil

* Excluding Private Limited Companies and Foreign Companies.

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

None of the Directors on the Board is a member on more than 10 committees or Chairman of more than 5 committees as specified in **Regulation 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**, across all the Companies in which he/she is a Director. Necessary disclosures regarding Committee positions have been made by the Directors.

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

During the Financial Year 2016-17, the Board of Directors met 4 times on the following dates:

30 May 2016, 8 August 2016, 11 November 2016, 6 February 2017.

The maximum gap between any of two consecutive meetings did not exceed 120 days.

e. Meeting of Independent Directors

A separate meeting of Independent Directors was held on 6 February 2017 interalia 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.

- f. Mr Ashok Kumar Atluri, Managing Director is the brother of Mr Kishore Dutt Atluri who has been appointed as President of the Company as per the provisions of Section 188 of the Companies Act. None of the Directors are related to each other.

g. Shares held by Non-Executive Independent Directors

S. No.	Name of the Director	Number of Equity Shares (face value of ₹ 1/- each held in the Company)
1	Mr G Prasad	Nil
2	Ms Sridevi Madati	Nil
3	Mr Venkat Samir Kumar Oruganti	Nil
4.	Mr Rajesh Katragadda	Nil

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

The details of programs for familiarization of the Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters are available on the website of the Company at the Web link:http://www.zentechologies.com/investor_relations/Familiarisation-program.pdf

i. Code of Conduct

The Board has laid down two separate Codes of Conduct, one for all the Board Members and the other for Senior Management of the Company. These Codes have been posted on the Company's website

http://www.zentechnologies.com/about_us/zen-code-of-conduct.php. All the Board Members and Senior Management Personnel have affirmed compliance with these Codes. A declaration signed by the Chairman and Managing Director to this effect is enclosed at the end of this Report. The Code of Conduct for the Board Members of the Company has been amended in line with the provisions of the Companies Act, 2013, which includes Code for Independent Directors, which is a guide to professional conduct for Independent Directors of the Company pursuant to section 149(8) and Schedule IV of the Companies Act, 2013.

j. **CEO/CFO Certification**

As required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Chairman and Managing Director and CFO of the Company have certified the Financial Statements for the year ended 31 March 2017 before their submission to the Board. The Chairman and Managing Director and CFO also furnish quarterly certification on Financial Statements while placing the Financial Statements before the Board in terms of Regulation 17(8). The Annual Certificate given by the Chairman and Managing Director and CFO forms part of the Annual Report.

3) **Audit Committee**

i. **Brief description of terms of reference**

The Committee is empowered with the role and powers as prescribed under Regulation 18 of SEBI (LODR) Regulations, 2015 and section 177 of the Companies Act, 2013. The Committee also acts in terms of reference and directions of the Board from time to time.

ii. **Composition, Name of Members and Chairperson**

The Audit Committee of the Board is constituted with three (3) Directors comprising of two (2) Independent Directors forming a majority. The Chairman is a fellow member of the Institute of Chartered Accountants of India and all of the members of the Committee are financially literate and have adequate accounting knowledge. Accordingly, the Composition of the Audit Committee is in conformity with **Regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015** entered with Stock Exchanges.

The Composition, Meetings and Attendance of Members of Audit Committee, is given below:

S.No	Name of the Director	Designation	No. of meetings held	No. of meetings attended
1	Mr G Prasad*	Chairperson	4	3
2	Mr Venkat Samir Kumar Oruganti@	Chairperson		
3	Mr Ashok Atluri	Member	4	4
4	Ms Sridevi Madati@	Member	4	4
5.	Mr Rajesh Katragadda#	Member	-	-

* Ceased as member of committee with effect from 31 March 2017

@ The Audit Committee was reconstituted on 29 May 2017 by inducting Ms Sridevi Madati as Member and designating Mr Venkat Samir Kumar Oruganti as Chairperson.

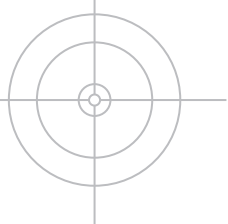
Appointed with effect from 24 August 2017

During the Financial Year 2016-17, the Audit Committee met 4 times on the following dates:

30 May 2016, 8 August 2016, 11 November 2016 and 6 February 2017.

The Statutory Auditor, Internal Auditor, Chief Financial Officer and Assistant General Manager (Finance and Accounts) are invited to the meetings of the Audit Committee. The Company Secretary acts as the Secretary to the Audit Committee.

The Chairperson of the Audit Committee is always present at the AGM to give clarifications, if any, required by the members thereat.



4) Nomination and Remuneration Committee

i. Brief description of terms of reference

The Committee is empowered with the role and powers as prescribed under Regulation 19 of SEBI (LODR) Regulations, 2015, section 178 of the Companies Act, 2013 and in the Nomination & Remuneration Policy of the Company. The Committee also acts in terms of reference and directions of the Board from time to time.

ii. Composition, name of members and Chairperson

The Nomination and Remuneration Committee of the Board is constituted with three Independent Directors and one Executive Director. During financial year 2016-17 Nomination and Remuneration committee met on 30 May 2016.

The Composition, Meetings and Attendance of Members of Nomination and Remuneration Committee, is given below:

S. No	Name of the Director	Designation	No. of meetings held	No. of meetings attended
1	Mr G Prasad*	Chairperson	1	1
2	Mr Ashok Atluri#	Member	1	1
3	Ms Sridevi Madati	Member	1	1
4	Mr Venkat Samir Kumar Oruganti	Member	1	1
5	Mr Rajesh Katragadda@	Chairperson	NA	NA

* Ceased as member of committee with effect from 31 March 2017

Ceased as member of the Committee with effect from 24 August 2017

@ The Nomination and Remuneration Committee was reconstituted on 24 August 2017 by inducting Mr Rajesh Katragadda as Member and Chairperson.

iii. Nomination and Remuneration policy

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

The Policy ensures that

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

iv. Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out an annual evaluation of its own performance and that of its Committees as well as performance of the Directors individually. The performance evaluation of the Non-Independent Directors and the Board as a whole was carried out by the Independent Directors. The performance evaluation of the Chairman of the Company was also carried out by the Independent Directors, taking into account the views of the Executive Director and Non-Executive Directors. The Directors expressed their satisfaction with the evaluation process.

v. Details of remuneration to all the directors

- There are no pecuniary transactions with any non-executive director of the Company.
- Non-Executive Directors are paid sitting fee for attending the Board and Committee meetings.

The details of sitting fee paid to the Independent Directors during the year are as follows:

Name of the Director	Amount (₹)
Mr G Prasad	1,50,000
Ms Sridevi Madati	1,00,000
Mr Venkat Samir Kumar Oruganti	2,00,000

The details of remuneration paid to Executive Directors during the year are as follows: Amount (₹)

Name of the Director and Designation	Salary	Benefits	Bonus	Pension	Commission	Service Contracts	Notice Period
Mr Ashok Atluri, Chairman and Managing Director	5,040,000	1,40,370	-	-	9,56,778	Appointed for a period of 5 years w.e.f 1 November 2014	As per the Company Rules
Mr M Ravi Kumar, Whole Time Director	36,60,000	39,842	-	-	-	Appointed for a period of 3 years w.e.f 29 June 2016	As per the Company Rules

There were no severance fees, stock option plan or performance linked incentive for Executive / Non-Executive Directors. The Chairman and Managing Director was appointed for a period of 3 years and the Whole Time Director for a period of 3 years as per the terms and conditions mentioned in the respective resolutions passed by the Members of the Company in the General Meetings.

5) Stakeholders Relationship Committee

i. Composition

The Stakeholders Relationship Committee of the Board is constituted with the following Directors:

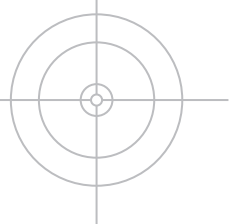
S. No	Name of the Director	Designation
1	Mr G Prasad*	Chairperson
2	Mr Venkat Samir Kumar Oruganti@	Chairperson
3	Mr Ashok Atluri	Member
4	Ms Sridevi Madati	Member

* Ceased as member of committee with effect from 31 March 2017

@ Appointed with effect from 24 August 2017

The Committee has been delegated with following powers:

- To review and redress shareholder / investor's complaints etc. relating to transfer of shares, non-receipt of balance sheet/ annual reports, non-receipt of declared dividends etc.
- To approve transfer and transmission and issue of duplicate/fresh share certificates
- To consolidate and sub-division of share certificates etc.
- To redress, approve and dispose of any other complaint, transaction and request etc. received from any shareholder of the Company and investor in general.



M/s Karvy Computershare Private Limited, the Registrar and Share Transfer Agents has been delegated the power to process the transfer and transmission of shares. The share transfers are processed within the time prescribed under the statute from the date of request in case of shares held in physical form.

ii. Name and designation of Compliance Officer

Mr M Satish Choudhury, Company Secretary is appointed to act as Compliance Officer as per Regulation 6 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 entered with the Stock Exchanges.

Email id for investor grievances: investors@zentechnologies.com

iii. Number of shareholders' complaints received so far

During the year ended 31 March 2017, the Company has received and resolved 16 Investor Complaints and there were no pending complaints as at the year end.

iv. Number not solved to the satisfaction of shareholders: Nil

v. Number of pending complaints: Nil

6) General Body Meetings

i. Location and time, where last three AGMs held

The following are the details of the last three Annual General Meetings held:

Financial Year	Date	Time	Venue
2013-14	27-09-2014	10.30 a.m.	B - 42, Industrial Estate, Sanathnagar, Hyderabad - 500018
2014-15	26-09-2015	9.30 a.m	B - 42, Industrial Estate, Sanathnagar, Hyderabad - 500018
2015-16	24-09-2016	9.30 a.m	B - 42, Industrial Estate, Sanathnagar, Hyderabad - 500018

ii. Special Resolutions passed in the previous three AGMs:

- 21st AGM: No Special Resolution was passed
- 22nd AGM: No Special Resolution was passed
- 23rd AGM : Reappointment and revision in terms of appointment of Mr. M. Ravi Kumar, Whole Time Director and revision Remuneration paid to Mr Ashok Atluri

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

There was no Special Resolution passed during the year 2016-17 through Postal ballot

7) Means of Communication

1. Quarterly results:

The quarterly results of the Company are published in accordance with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in widely circulated newspapers namely Business Standard (English daily) and Andhra Prabha (Telugu daily).

Quarterly financial results are forthwith announced to the Stock Exchanges as per the proforma prescribed by the listing Regulations.

2. Newspapers wherein results normally published:

Quarterly/Half Yearly / Annual Audited Results are published in widely circulated newspapers viz., Business Standard (English daily) and Andhra Prabha (Regional Newspaper – Telugu Daily).

3. Any website, where displayed:

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

4. Whether it also displays official news releases:

All Press Releases are displayed on the Company's website at http://www.zentechnologies.com/investor_relations/press_releases/

5. Presentations made to institutions investors or to the analysts:

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

8) General Shareholder Information

- a. Annual General Meeting** : 24th Annual General Meeting
Day, Date & Time : Thursday, 28 September 2017 at 9.30 a.m.
Venue : B-42, Industrial Estate, Sanathnagar, Hyderabad-500018.
Last Date of Proxy forms submission : 26 September 2017 at 9.30 a.m.
Period Date for exercising e-voting : 25 September 2017 to 27 September 2017
- b. Financial Year** : 1 April to 31 March
- c. Date of Book Closure** : 21 September 2017 to 28 September 2017 (both days inclusive)

d. Dividend Payment Date

Within 30 days from the date of declaration of dividend in AGM i.e., on or before 28 October 2017

- e. Listing on Stock Exchanges** : BSE Limited, Mumbai
National Stock Exchange of India Limited, Mumbai

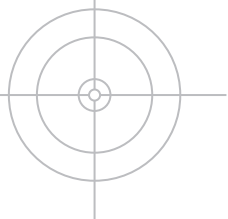
The Equity Shares of the Company are listed on BSE Limited, Mumbai and National Stock Exchange of India Limited, Mumbai. The Company confirms that it has paid annual listing fees to the Stock Exchanges for the year 2017-18.

f. Stock Code

- (a) Security ID / Symbol : ZENTEC
(b) Demat ISIN number in NSDL & CDSL : INE251B01027
(c) Scrip Code : 533339

g. Electronic Connectivity

National Securities Depository Limited, Trade World, Kamala Mills Compound SenapatiBapat Marg, Lower Parel Mumbai- 400 013	Central Depository Services (India) Limited Phiroze Jeejeebhoy Towers, 28th Floor Dalal Street, Mumbai-400 023
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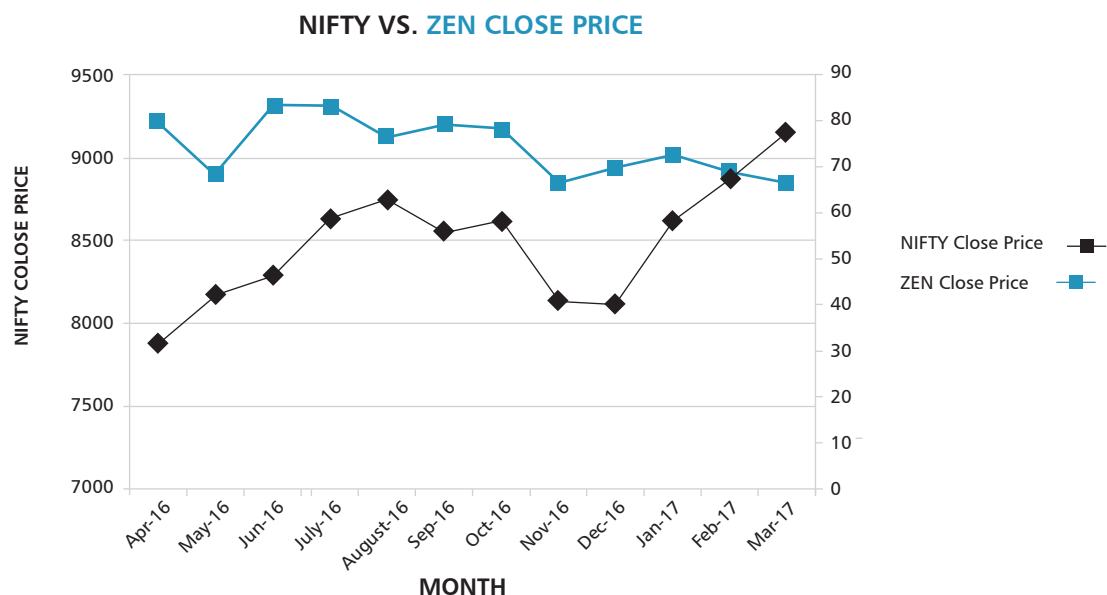
h. **Market Price Data: High, Low during each month in financial year 2016-17**
BSE Limited

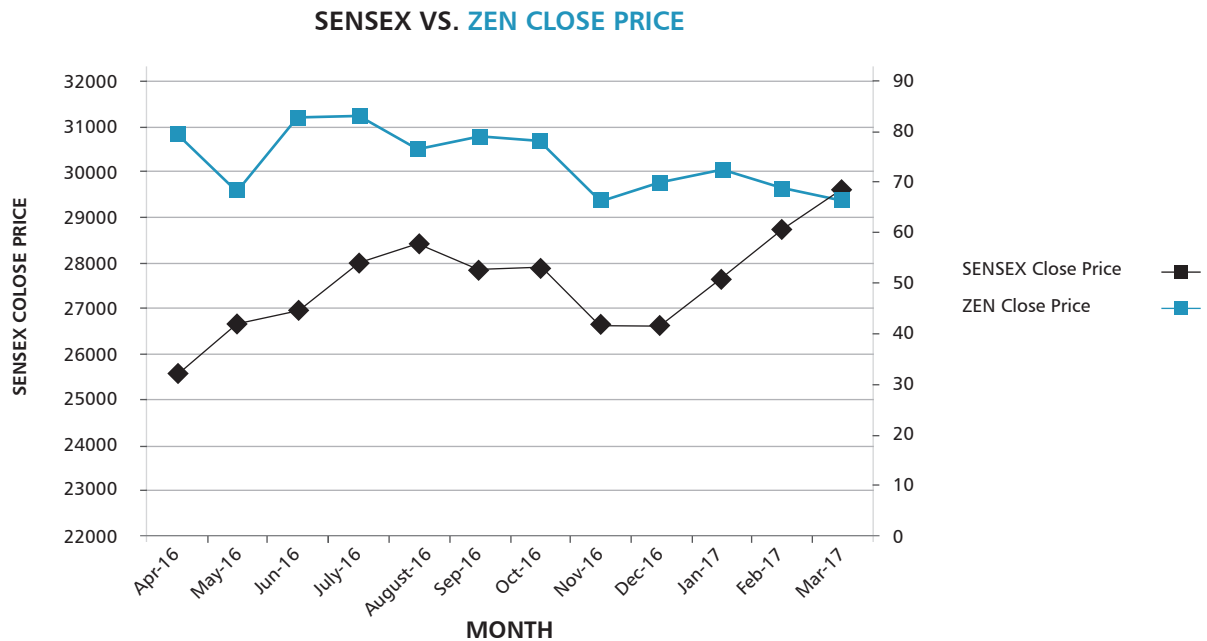
Month	High (₹)	Low (₹)	No. of Shares traded
April 2016	90.20	73.60	6,57,201
May 2016	83.40	67.00	2,63,072
June 2016	86.00	63.50	8,07,801
July 2016	88.50	76.40	3,79,947
August 2016	86.75	74.25	4,03,697
September 2016	91.00	74.50	6,08,344
October 2016	83.00	75.00	3,83,824
November 2016	78.50	54.85	4,41,026
December 2016	73.40	60.05	13,25,363
January 2017	83.70	70.30	13,62,043
February 2017	85.40	68.90	18,42,372
March 2017	75.70	66.00	11,27,993

NSE Limited

Month	High (₹)	Low (₹)	No. of Shares traded
April 2016	90.35	74.15	22,13,085
May 2016	83.40	68.00	10,29,068
June 2016	86.05	63.55	37,32,823
July 2016	88.70	75.20	19,28,034
August 2016	87.00	74.60	13,81,966
September 2016	91.35	74.00	23,99,122
October 2016	82.75	75.00	10,16,582
November 2016	78.90	54.50	12,07,124
December 2016	73.80	57.10	34,27,884
January 2017	83.90	70.40	45,62,993
February 2017	84.50	67.00	57,26,081
March 2017	75.80	66.00	39,07,052

i. **Performance in comparison to NSE NIFTY, BSE SENSEX**





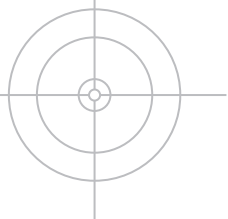
j. There was no suspension of trading in Securities of the Company during the year under review.

k. **Registrars and Share Transfer Agents:**

Karvy Computershare Private Limited
Unit: Zen Technologies Limited,
Karvy Selenium Tower B,
Plot No 31 & 32, Gachibowli,
Financial District, Nanakramguda,
Serilingampally Mandal,
Hyderabad – 500 032.
Phone: +91 -40 - 67161605
Fax: + 91- 40 - 23001153
Email id: einward.ris@karvy.com

l. **Share Transfer system**

The Company has appointed Karvy Computershare Private Limited, Hyderabad as Registrar and Share Transfer Agents for the purpose of carrying on the work relating to share transfers both physical and demat form. The requests received for transfer of shares from the shareholders are normally completed within prescribed time, subject to the documents being valid and complete in all respects.



m. Distribution of Shareholding

Distribution of Shareholding as on 31 March 2017 is as follows:

Shareholding of nominal value of ₹		Shareholders		Share Amount	
		Number	% to Total	In ₹	% to Total
1	5,000	10,082	93.65	6,698,202	8.6809
5,001	10,000	303	2.81	2,320,179	3.0070
10,001	20,000	174	1.61	2,582,281	3.3467
20,001	30,000	74	0.68	1,806,707	2.3415
30,001	40,000	30	0.27	1,060,618	1.3746
40,001	50,000	25	0.23	1,146,871	1.4864
50,001	1,00,000	36	0.33	2,701,799	3.5016
1,00,001 and Above		41	0.38	58,843,403	76.2615
TOTAL		10,765	100.00	77160060	100.00

Shareholding Pattern as on 31 March 2017:

Sl. No	Category	No. of Shares Held	% of Shareholding
1	Promoters and Promoters Group	45,867,340	59.44
2	Bodies Corporate	4,944,176	6.40
3	Resident Individuals	23,566,862	30.50
4	HUF	1,800,836	2.33
5	NRI	388,122	0.50
6	Non Resident Indian Non Repatriable	229,066	0.29
7	Clearing Members	201,796	0.26
8	Foreign Portfolio Investors	81,748	0.10
9	Banks	40,313	0.05
10	Indian Financial Institutions	25,981	0.03
11	NBFC	13,500	0.01
12	Foreign Nationals	320	0.0004
Total		77,160,060	100.00

n. Dematerialization of shares and liquidity

As on 31 March 2017, **7,67,30,740** equity shares were dematerialized which constitute 99.44 % of the total paid up capital.

The particulars of dematerialization are as follows:

Sl. No.	Category	No. of Cases	Total No. of Shares	% of Equity
1	PHYSICAL	140	4,29,320	0.56
2	NSDL	6074	5,02,97,126	65.18
3	CDSL	4551	26,433,614	34.26
Total		10,765	7,71,60,060	100.00

- o. **Outstanding ADRs/GDRs/Warrants or any convertible instruments, conversion date and likely impact on equity:** Nil

- p. **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.

- q. **Plant Locations:**

1. Ward No 6. Ram Shehar Road, Nalagarh, Solan (Dist) -174101
Himachal Pradesh, India, Phone: +91-1795-220671
2. Plot No.35, 36 & 37, Kancha Imarath, Near Ravirala Village
Hardware Park, Ranga Reddy District - 501 510, Telangana, India

- r. **Address for correspondence**

Company:

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

Registrar and Share Transfer Agents:

Karvy Computershare Private Limited
Unit: Zen Technologies Limited
Karvy Selenium Tower B, Plot No 31 & 32,
Gachibowli, Financial District, Nanakramguda,
Serilingampally Mandal, Hyderabad – 500 032
Phone: +91 -40 - 67161605, Fax: + 91- 40 - 23001158
Email id: einward.ris@karvy.com

- s. **Corporate Identity Number:** L72200TG1993PLC015939

9) Disclosures

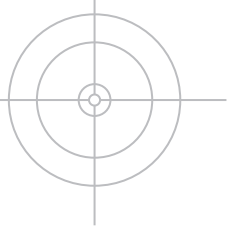
- i. **Disclosures on materially significant related party transactions that may have potential conflict with the interests of company at large**

During the year 2016-17, there was no materially significant related party transaction which had potential conflict with the interests of the Company at large. The details of the related party transactions are disclosed in the notes on accounts forming part of the Annual Report. In terms of **Regulation 23 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015**, the Board has formulated a Related Party Transaction Policy.

The Related Party Transaction Policy is uploaded on the website of the Company at http://www.zentechnologies.com/investor_relations/Related-Party-Transaction-Policy.pdf

- ii. **Details of non-compliance by the company, penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years**

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



iii. Whistle Blower policy and affirmation that no personnel has been denied access to the Audit Committee

The Company has framed a Whistle Blower Policy with a view to provide a vigil mechanism for Directors and Employees of the Company to report genuine concerns about unethical behavior, any wrongdoings, actual or suspected fraud or violation of the Company's Code of Conduct, legal or regulatory requirements and to provide direct access to the Chairperson of the "Audit Committee" in appropriate or exceptional cases, to provide adequate safeguards for protection of Employees and Directors from victimization or unfair treatment and ensure that frivolous accusations are not made.

The Audit Committee periodically reviews the functioning of the Whistle Blower Mechanism.

No personnel have been denied access to the Audit Committee. Whistle Blower Policy is uploaded on the website of the Company at:

http://www.zentechnologies.com/investor_relations/Whistle-Blower-Policy-2014.pdf

The Whistle Officer has not received any complaint for the financial year ended 31 March 2017.

iv. Details of compliance with mandatory requirements and adoption of the non-mandatory requirements

The Company has complied with all the mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 entered into with the Stock Exchanges. During the year under review, there is no audit qualification in your Company's financial statements. Your Company continues to adopt best practices to ensure regime of unqualified financial statements from non-mandatory requirements.

v. Policy for determining 'material subsidiaries'

Regulation 16(1) (c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 defines a "material non-listed Indian subsidiary" as an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid-up capital and free reserves) exceeds 20% of the consolidated income or net worth respectively, of the listed holding Company and its subsidiaries in the immediately preceding accounting year. Under this definition, the Company did not have any "material non-listed Indian subsidiary" during the year under review.

The Subsidiary of the Company functions independently, with an adequately empowered Board of Directors. For more effective governance, the Minutes of Board Meetings of Subsidiary of the Company are placed before the Board of Directors of the Company for their review.

vi. Disclosure of Accounting Treatment in preparation of Financial Statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) and comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.

vii. Code for Prevention of Insider Trading Practices

Pursuant to the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time (the "old Regulations") the Company has framed a Code of Conduct for prevention of Insider Trading.

The Securities and Exchange Board of India (SEBI) on 15 January 2015 notified the SEBI Prohibition of Insider Trading) Regulations, 2015 (the "new Regulations") which have come into force from 14 May 2015, thereby revamping the two-decade old Regulations. In accordance with the provisions of the new Regulations, the Company has formulated Code of Fair Disclosure and Code of Conduct to Regulate, Monitor and Report Trading by Insiders.

The Code of Conduct to Regulate, Monitor and Report Trading by Insiders has been formulated to regulate, monitor and ensure reporting of trading by the Employees and Connected Persons designated on the basis of their functional role in the Company towards achieving compliance with the new Regulations and is designed to maintain the highest ethical standards of trading in Securities of the Company by persons to whom it is applicable.

The Code of Conduct is posted on the website of the Company under Investors Section at: http://www.zentechnologies.com/investor_relations/Code-of-Conduct-to-Regulate-Monitor-and-Report-Trading-by-Insiders.pdf

viii. Management Discussion and Analysis Report

The Report on Management Discussion and Analysis is annexed to the Directors' Report and forms part of this Annual Report.

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

During the year, there were no proceeds from public issues, rights issues, preferential issues etc.

DECLARATION BY THE MANAGING DIRECTOR UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

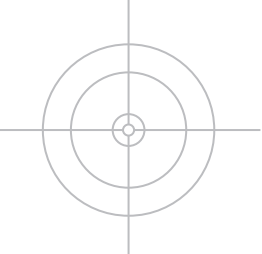
To

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 2017.

Place : Hyderabad
Date : 24 August 2017

Ashok Atluri
Chairman & Managing Director
(DIN: 00056050)



AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CHAPTER IV OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To
The Members
Zen Technologies Limited
Hyderabad

We have examined the compliance of the requirements of Corporate Governance by **Zen Technologies Limited** for the year ended on 31 March 2017, as stipulated in Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the said Company with Stock Exchange.

The compliance of the requirements is the responsibility of the Management. Our examination has been limited to the procedures and implementation thereof, adopted by the Company, for ensuring such compliance. This examination is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the requirements of Corporate Governance as stipulated in the above mentioned Regulations.

The above compliance however is not an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For Gokhale & Co
Chartered Accountants
Firm Regn. No 000942S

Chandra Shekhar Gokhale
Partner
Membership No 023839

Place : Hyderabad
Date : 24 August 2017

CERTIFICATION BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

We, Ashok Atluri, Chairman and Managing Director and G Sankara Rao, Chief Financial Officer of Zen Technologies Limited, certify that:

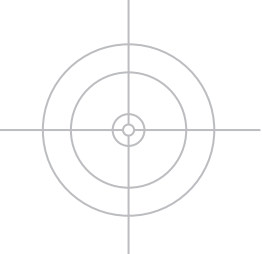
1. We have reviewed financial statements and the cash flow statement for the financial year ended 31 March 2017 and that to the best of our knowledge and belief:
 - These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading
 - 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 : 29 May 2017

Ashok Atluri
Chairman & Managing Director
(DIN: 00056050)

G Sankara Rao
Chief Financial Officer
(M. No. ACA 202650)



INDEPENDENT AUDITOR'S REPORT

To
The Members
ZEN TECHNOLOGIES LIMITED
Hyderabad.

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **Zen Technologies Limited**, which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

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 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 31st March, 2017, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order 2016 ('the order'), issued by the Central Government of India in terms of Subsection 11 of Section 143 of the Companies Act, 2013, we give in the Annexure-A, a statement on the matters specified in paragraphs 3 and 4 of the order to the extent applicable.

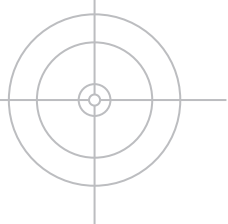
As required by Section 143 (3) of the Act, we report that:

- (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
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (g) 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, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed impact of pending litigation in Notes on Financial Statements under 'Commitments and contingent liabilities not provided for in respect of disputed matters'
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company
 - iv. The company has provided requisite disclosures in its standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period November 08, 2016 to December 30, 2016 and these are in accordance with the books of account maintained by the company.

For Gokhale & Co
Chartered Accountants
FRN:000942S

Chandrashekhhar Gokhale
Partner
Membership No. 023839

Place : Hyderabad
Date : 29 May 2017



Annexure-A to the Auditor's Report dated 29 May 2017 issued to the Members of Zen Technologies Limited

As required by the Companies (Auditor's Report) Order, 2015 issued by the Central Government of India in terms of Sub-section (11) of section 143 of the Companies Act, 2013 (18 of 2013) and on the basis of such checks, as we considered appropriate, we further report that:

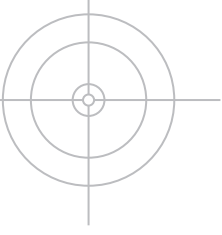
- (i) (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management according to a phased programme designed to cover all assets on rotation basis. In respect of assets verified according to this programme, which is reasonable, no material discrepancies were noticed.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the company, the title deeds of the immovable property are held in the name of the company.
- (ii) Physical verification of inventory has been conducted at reasonable intervals by the management and no material discrepancies were noticed on such physical verification
- (iii) the company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) The company has not given any loans, guarantees or security to which provisions of section 185 and 186 of the Companies Act, 2013 are applicable. With respect to investment in its subsidiary, provisions of section 185 and 186 of the Companies Act, 2013 have been complied with.
- (v) The company has not accepted deposits from the public covered by the provisions of sections 73 to 76 of the Companies Act.
- (vi) We have been informed that maintenance of cost records has not been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of records of the company, amounts deducted or accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues have been regularly deposited during the year by the company with the appropriate authorities and there are no such amounts outstanding due for a period of more than six months as at the Balance Sheet date.
- (b) According to the information and explanations given to us, no disputed dues of income tax or sales tax or service tax or duty of customs or value added tax were pending payment. Excise duty details of disputed amounts are given in Notes on Financial Statements under ' Commitments and Contingent liabilities not provided for in respect of disputed matters'.
- (viii) The company has not defaulted in repayment of loans or borrowing from Technology Development Board and Banks. There were no loans taken from Government and the company has not issued any debentures.
- (ix) During the year no money was raised by way of initial public offer or further public offer (including debt instruments) by the company. Term loans were applied for the purposes for which those were raised.
- (x) On the basis of information and explanations give to us no material fraud by the company or on the Company by its officers or employees has been noticed or reported during the year.

- (xi) According to the information and explanations given to us and based on our examination of the records of the company, the company has paid or provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
- (xii) In our opinion and according to the information and explanations given to us, the company is not a Nidhi company. Accordingly paragraph 3 (xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of records of the company transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details of such transactions have been disclosed in the Financial Statements as required by the applicable accounting standards.
- (xiv) The company has not made any preferential allotment / private placement of shares/fully or partly convertible debentures during the year under review.
- (xv) According to the information and explanations given to us and based on our examination of records the company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly paragraph 3 (xv) of the Order is not applicable.
- (xvi) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Gokhale & Co
Chartered Accountants
Firm Regn. No 000942S

Chandrashekhar Gokhale
Partner
Membership No 023839

Date : 29 May 2017



Annexure - B to the Auditors' Report

Report on the Internal Financial Controls over Financial Reporting in terms of Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act").

We have audited the Internal Financial Controls over financial reporting of **Zen Technologies Limited** ('the Company') as of March 31, 2017 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 Company's Management 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". 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 Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures

of the company are being made only in accordance with authorisations of management and directors of the company; and

- (iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

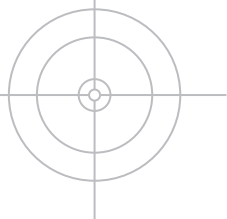
Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of Internal Financial Control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Gokhale & Co
Chartered Accountants
Firm Regn. No 000942S

Chandrashekhar Gokhale
Partner
Membership No 023839

Date : May 29, 2017



BALANCE SHEET AS AT 31 MARCH 2017

(in ₹)

Particulars	Notes No.	As at 31 March	
		2017	2016
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	3.01	77,160,060	77,160,060
(b) Reserves and surplus	3.02	1,118,891,965	1,047,230,341
		1,196,052,025	1,124,390,401
Non current liabilities			
(a) Long-term borrowings	3.03	58,038,876	77,646,279
(b) Long-term provisions	3.04	13,689,246	9,057,094
		71,728,122	86,703,373
Current liabilities			
(a) Short term borrowings	3.03	21,581,775	295,027,070
(b) Trade payables	3.05	30,709,295	20,890,900
(c) Other current liabilities	3.06	124,957,647	125,786,254
(d) Short-term provisions	3.04	18,354,233	15,290,650
		195,602,951	456,994,874
TOTAL		1,463,383,097	1,668,088,648
ASSETS			
Non current assets			
(a) Fixed assets			
- Tangible assets	3.07	446,364,096	431,154,254
- Intangible assets		1,951,611	12,393,170
- Capital work-in-progress		166,901,667	147,174,315
(b) Non current investments	3.08	3,912,000	500,000
(c) Long-term loans and advances	3.09	46,083,259	35,692,772
		665,212,633	626,914,511
Current assets			
(a) Inventories	3.11	79,179,088	97,861,044
(b) Trade receivables	3.12	203,515,267	80,601,563
(c) Cash and bank balances	3.13	342,110,557	679,678,026
(d) Short-term loans and advances	3.14	122,782,037	145,592,259
(e) Other current assets	3.10	50,583,512	37,441,245
		798,170,461	1,041,174,137
TOTAL		1,463,383,097	1,668,088,648
Summary of significant accounting policies		1&2	
The accompanying notes are an integral part of the financial statements			

As per our Report of even date

For and on behalf of the Board

Gokhale & Co.,
Chartered Accountants
Firm Regn. No.: 000942S

Chandrashekhar Gokhale
Partner
M.No: 23839

Place : Hyderabad
Date : 29 May 2017

Ashok Atluri
Chairman & Managing Director
(DIN: 00056050)

Chada Jagadish Reddy
Company Secretary
(M.No. ACS 43388)

M Ravi Kumar
Whole Time Director
(DIN: 00089921)

G Sankara Rao
Chief Financial Officer
(M.No. ACA 202650)

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017 (in ₹)

Particulars	Notes	For the Year ended 31 March	
		2017	2016
INCOME			
Revenue from operations	3.15	619,921,241	527,653,471
Less: Excise Duty		3,350,000	1,500,000
Net Revenue from operations		616,571,241	526,153,471
Other income	3.16	36,174,805	54,662,133
Total (A)		652,746,046	580,815,604
EXPENSES			
Cost of Materials and Components consumed	3.17	119,799,526	80,684,914
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	3.18	2,331,959	66,793,067
Manufacturing Expenses	3.19	22,211,272	15,749,628
Employee Benefits Expense	3.20	147,909,457	132,990,443
Other Expenses	3.22	210,792,464	188,561,317
Total (B)		503,044,678	484,779,369
Earning Before Interest, Tax, Depreciation and Amortization (EBITDA)	(A-B)	149,701,368	96,036,235
Finance Costs	3.21	23,305,806	23,681,730
Depreciation and Amortization Expense	3.23	36,379,704	43,171,081
Profit/(Loss) before tax		90,015,858	29,183,424
Tax Expense	3.24		
Current tax		18,354,233	6,003,665
Total Tax Expenses		18,354,233	6,003,665
Profit/(Loss) for the period		71,661,625	23,179,759
Earning per equity share of face value of ₹ 1/- each	3.25		
Basic -		0.93	0.30
Diluted -		0.93	0.30
Summary of significant accounting policies	1&2		
The accompanying notes are an integral part of the financial statements			

As per our Report of even date

Gokhale & Co.,
Chartered Accountants
Firm Regn. No.: 000942S

Chandrashekhar Gokhale
Partner
M.No: 23839

Place : Hyderabad
Date : 29 May 2017

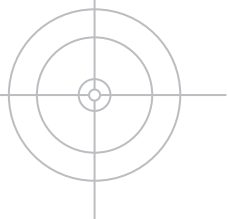
For and on behalf of the Board

Ashok Atluri
Chairman & Managing Director
(DIN: 00056050)

Chada Jagadish Reddy
Company Secretary
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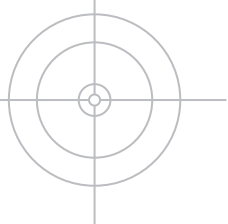
STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017 (₹ in Lakhs)

Particulars	For the Year ended 31 March	
	2017	2016
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	900.16	291.83
Non-cash adjustments:		
Depreciation and amortisation expenses	363.80	431.71
Interest expense/Finance cost	233.06	209.38
Interest income	(317.39)	(537.44)
Net gain/(loss) on foreign currency exchange fluctuation	(40.51)	(1.06)
Profit on sale of asset	(1.47)	-
Operating profit before working capital changes	1,137.64	394.43
Changes in working capital:		
Increase/(decrease) in trade payables	98.18	(103.59)
Increase/(decrease) in other current liabilities	(8.29)	(403.77)
Increase/(decrease) in short-term provisions	30.64	(672.69)
Increase/(decrease) in long-term provisions	46.32	1.82
Decrease/(increase) in trade receivables	(1,188.63)	5,143.63
Decrease/(increase) in inventories	186.82	523.12
Decrease/(increase) in short-term loans & advances	175.06	(401.77)
Decrease/(increase) in other current assets	(131.42)	(47.81)
Cash generated from /(used in) operations	346.32	4,433.37
Direct tax payments (net of refunds)	(130.50)	(142.54)
NET CASH FLOW FROM/(USED IN) OPERATING ACTIVITIES (A)	215.83	4,290.84

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017 (₹ in Lakhs)

Particulars	For the Year ended 31 March	
	2017	2016
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase)/decrease in tangible and intangible fixed assets	(410.01)	(133.31)
(Increase)/decrease in capital work-in-progress	(197.27)	(1,440.59)
interest received	317.39	537.44
(increase)/Non-current Investments	(34.12)	-
(Increase)/decrease in long-term loans & advances	(103.90)	111.28
Net cash flow from/(used in) investing activities (B)	(427.92)	(925.19)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase/(decrease) in long-term borrowings	(196.07)	408.85
Increase/(decrease) in short-term borrowings	(2,734.45)	(532.15)
Interest paid	(233.06)	(209.38)
Net cash flow from/(used in) in financing activities (C)	(3,163.59)	(332.69)
Net increase/(decrease) in cash & cash equivalents (A+B+C)	(3,375.67)	3,032.96
Cash & cash equivalents at the beginning of the year	6,796.78	3,763.82
Cash & cash equivalents at the end of the year	3,421.11	6,796.78
Note: 1. Figures in brackets indicate cash outgo.		
2. Previous year figures have been regrouped wherever necessary to conform to the current year's classification.		

As per our Report of even date	For and on behalf of the Board	
Gokhale & Co., Chartered Accountants Firm Regn. No.: 000942S		
Chandrashekhar Gokhale Partner M.No: 23839	Ashok Atluri Chairman & Managing Director (DIN: 00056050)	M Ravi Kumar Whole Time Director (DIN: 00089921)
Place : Hyderabad Date : 29 May 2017	Chada Jagadish Reddy Company Secretary (M.No. ACS 43388)	G Sankara Rao Chief Financial Officer (M.No. ACA 202650)



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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, India. The Equity Shares of the Company are listed on Bombay Stock Exchange (BSE) and National Stock Exchange Ltd (NSE) in India. The company is engaged in design, development and manufacture of Training Simulators for Police and Para-military Forces, Armed Forces, Security Forces, Government Departments like Transport, Mining, Infrastructure and Civilian market. The products of the company are divided into 3 major categories viz. Land-based Military Simulators, Driving Simulators and Mining & Special Equipment Simulators. The company caters to both domestic and international market. The Company is having two manufacturing units- 1) Hardware Park, Maheswaram Mandal, Telangana, India and 2) Nalagarh, Dist Solan, Himachal Pradesh, India.

The Company owns a 100% subsidiary, Version 2 Games Limited, India.

2 SIGNIFICANT ACCOUNTING POLICES

2.1 Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) under the historical cost convention on accrual basis. GAAP comprise mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and guidelines issued by the Securities Exchange Board of India (SEBI).

2.2 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known / materialize.

2.3 Inventories

Raw materials, components, stores and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above the cost. Cost of raw materials, components and stores and spares is determined on a weighted average basis.

Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials, labour and a proportion of manufacturing overheads based on normal operating capacity.

2.4 Cash and cash equivalents

Cash and cash equivalent for the purposes of cash flow statement comprise cash at bank, cash in hand, demand deposits and other bank balances.

2.5 Cash flow statement

Cash flows are reported using the indirect method in accordance with 'Accounting Standard -3' issued under the Companies (Accounting Standards) Rules, 2006, whereby profit / (loss) before the extraordinary items and tax, is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.6 Depreciation and amortization

Effective from 01.04.2014, the Company has charged Depreciation based on the revised remaining useful life of the assets as per the requirement of Schedule II of the Companies Act, 2013. Depreciation on all assets

is provided on the Straight Line Method over the useful lives of the assets estimated by the Management. Depreciation for assets purchased/sold during the period is proportionately charged. Individual low cost assets (acquired for Rs. 5,000/- or less) are depreciated fully in the year of acquisition / purchase.

The following rates have been used for providing the depreciation on the tangible & intangible fixed assets

Asset Description	Useful life of Asset
Buildings	60 years
Factory Buildings	30 years
Lease Buildings	6 years
Plant and Machinery	15 years
Office Equipment	5 years
Computers	3 years
Vehicles	8 years
Furniture & Fixtures	10 years
Testing Equipment	10 years
Software	33.33%

Amounts spent for capital work-in-progress including advance given for capital goods are grouped under capital work-in-progress.

Impairment of Assets: The management assesses at regular intervals using external and internal sources whether there is any indication that an asset may be impaired.

2.7 Tangible fixed assets

Fixed assets are carried at cost less accumulated depreciation. The cost of fixed assets includes interest on borrowings attributable to acquisition of fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date. Subsequent expenditure relating to fixed assets is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Capital work-in-progress:

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost and related incidental expenses.

2.8 Revenue recognition

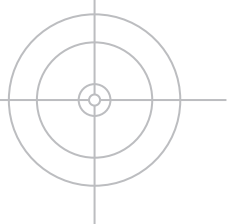
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following recognition criteria is applied before revenue is recognized:

Sale of goods

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on dispatch of goods. The Company collects sales tax and value added tax (VAT) on behalf of the government and therefore, these are not economic benefits flowing to the Company, hence they are excluded from the revenue. Excise duty deducted from revenue (gross) is the amount that was included in the revenue (gross).

Excise duty

Excise duty has been accounted as and when goods are dispatched and no provision is made for the goods lying at the year end. This accounting treatment has been followed consistently and has no impact on the profitability of the company.



Sale of Services

Revenue from Annual Maintenance Contracts (AMC) is recognized on pro-rata basis over the period in which such services are rendered. The Company collects service tax on behalf of the government and therefore, it is not an economic benefit flowing to the company. Hence, it is excluded from the revenue.

Interest on bank deposits

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "Other Income" in the statement of profit and loss.

2.9 Foreign currency transactions

Expenses and income are recorded at the exchange rate prevailing on the date of transaction. Assets and liabilities on the date of the balance sheet are restated at the exchange rate prevailing on the balance sheet date. Exchange rate differences arising on settlement of the transaction and on account of restatement of assets and liabilities are dealt with in the statement of Profit and Loss.

2.10 Investments

Long-term investment held in equity share capital of wholly owned subsidiary company i.e Version 2 Games is carried at cost.

The company is desiring to make an equity investment of THREE HUNDRED THOUSAND U.S. Dollars (\$ 300,000) in M/s. Paladin Paradigm Knowledge Solutions Inc. duly incorporated and having registered office at # 2881 Place du Lievre, Saint –Lazare, Quebec, J7T2M4, Canada. The share subscription is divided in to SIX Installments. During the year company has invested \$ 50,000 (USD Fifty Thousand only) and has been allotted 3,414 Class A shares against first subscription and the same is valued at cost.

2.11 Employee Retirement and other benefits

The Company operates defined benefit plan of Group Gratuity for its employees. The Company has taken a Group Gratuity Scheme with Life Insurance Corporation of India. The premium payable under the scheme is provided in the books on accrual basis. The present value of the defined benefit obligation and the related current service cost were measured using actuarial valuation carried out by an independent actuary consultant at each year end. Actuarial valuation is carried out using the projected unit credit method. Gratuity is calculated as per the Payment of Gratuity Act, 1972 on actual liability basis.

The Company does not have any scheme for leave encashment in place.

In respect of retirement benefits in the form of provident fund, the contribution payable by the company for the year is charged to the Statement of Profit and Loss. The Company has no obligation other than the contribution payable to the provident fund.

2.12 Earnings per share

Basic earnings per share are computed by dividing the net profit / (loss) after tax attributable to equity share holders by the weighted average number of equity shares outstanding during the year.

2.13 Taxes on income

Minimum alternate tax (MAT) paid in a year is charged to the statement of Profit and Loss as current tax.

2.14 Provisions

A provision is recognized when the company has a present obligation as a result of past events and it is probable that an out flow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

2.15 Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an out flow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

2.16 Research and development costs

Revenue costs are expensed in the year in which they are incurred and the capital expenditure is added to fixed assets and are depreciated in accordance with depreciation policy of the Company.

2.17 Dividends

Provision made in the accounts for the dividends payable by the Company as recommended by the Board of Directors, pending approval of the shareholders at the Annual General Meeting. Income tax on dividends payable is provided for in the year to which such dividends relate.

2.18 Overdraft facilities from banks are secured by way of pledge of Fixed Deposits and the working capital facilities (Rs. 15 Crore) from Indian bank are secured by equitable mortgage of immovable properties and other fixed assets pari-pasu charge with Technology Development Board (TDB).

2.19 The Company operates in one segment i.e., Training and simulation.

2.20 The Common expenses incurred at Head Office were allocated between Head Office and Himachal Pradesh unit based on Net turnover.

2.21 All Fixed deposits were kept with Scheduled banks only.

2.22 The unclaimed dividend amount for all the earlier financial year as on 31 March 2017 is Rs 7,25,386.95/- details of which are given below:

Sl. No	Name of the Bank	Year of declaration of dividend	Unclaimed Amount (₹)
1	HDFC	2009-10	1,55,281.50
2	HDFC	2010-11	60,976.50
3	HDFC	2011-12	2,25,036.50
4	HDFC	2012-13	49,656.00
5	HDFC	2013-14	51,954.00
6	HDFC	2014-15	1,32,592.25
7	HDFC	2015-16	49,890.20
	Total		7,25,386.95

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

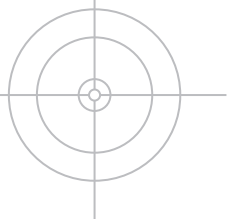
2.24 The balances of Sundry Debtors, Creditors and advances in various personal accounts are subject to reconciliation and conformation with the concerned parties.

2.25 There are no disclosures required to be made under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 as there are no outstanding amounts remaining unpaid at the end of the year.

2.26 The Company has transferred Rs. 34,99,228/- to Veer Samman Foundation under Corporate Social Responsibility (CSR) activity for the financial year 2016-17.

2.27 None of the pending litigations have any impact on company's financial Position.

2.28 As per Cost Audit Applicability, cost compliance is not applicable for FY 2016-17 as ZEN is Small Scale Industry Under MSME.



Managing Directors remuneration and commission has been worked out as per provision of Under Section 198 of Companies Act, 2013.

2.29 Directors Remuneration

(in ₹)

S. No	Particulars	2016-17	2015-16
1	Directors' Remuneration		
	Chairman & Managing Director		
	Salary, Allowances & perquisites	51,80,370	51,21,448
	Commission	9,56,778	-
	Total	61,37,148	51,21,448
2	Other Director		
	Salary, perquisites & Allowances	36,99,842	33,98,568
	Total	36,99,842	33,98,568

2.30 Foreign Currency Expenses in Rupees

Particulars	2016-17	2015-16
Capital Goods	16,408	5,25,313
Raw Materials and Components	1,28,85,066	46,14,551
Stores and Spares	3,88,707	80,901
Foreign Travel (Exclusive of tickets purchased)	75,46,901	37,18,928
Software	-	1,46,760
Membership	5,98,043	7,48,602
Professional charges	1,88,46,666	10,90,442
Exhibition Expenses	77,43,198	79,98,364
Training charges	6,00,860	4,82,288
Others	1,19,188	13,99,256
Total	4,87,45,037	2,08,05,405

2.31 The company measures EBITDA on the basis of profit/(loss) from continuing operations and the company does not include depreciation and amortization expense, finance costs and tax expense in the measurement of EBITDA.

2.32 The Company's significant operating lease arrangements are mainly in respect of residential / office premises. The aggregate lease rentals payable on these leasing arrangements are charged as rent under "Other Expenses" in Note 3.22.

These lease arrangements are for a period not exceeding five years and are in most cases renewable by mutual consent, on mutually agreeable terms.

Payable	As at 31 March 2017	As at 31 March 2016
Not Later than one year	46,89,113	81,30,027
Later than one year but not later than five years	10,80,000	27,92,220
Later than five years	-	-

Rent expenses, recognized under Other Expenses (Refer Note 3.22) pertains to minimum lease payment only.

2.33 The details of Specified Bank Notes (as defined in the MCA notification GSR 308(E) dated March 31, 2017) held and transacted during the period from November 8, 2016 to December 30, 2016 are as follows:

(in ₹)

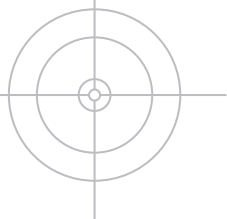
Particulars	Specified Bank Notes (SBN)	Other Denomination Notes	Total
Closing cash in hand as on 08.11.2016	2,75,000	2,67,786	5,42,786
(+) Permitted receipts @	-	5,07,846	5,07,846
(-) Permitted payments	-	6,95,817	6,95,817
(-) Amount deposited in Banks	2,75,000	-	2,75,000
Closing cash in hand as on 30.12.2016	-	79,815	79,815

2.34 Value of Imported and indigenous raw materials and components consumed. (₹ in lakhs)

Particulars	2016-17		2015-16	
	Value	%	Value	%
Indigenous raw material and stores	1069.14	89.24	888.98	94.81
Imported stores and components	128.85	10.76	46.15	5.19

2.35 In the opinion of Board of Directors, the current assets, loans and advances are expected to realize approximately the value stated in the ordinary course of business.

As per our Report of even date	For and on behalf of the Board	
Gokhale & Co., Chartered Accountants Firm Regn. No.: 000942S		
Chandrashekhar Gokhale Partner M.No: 23839	Ashok Atluri Chairman & Managing Director (DIN: 00056050)	M Ravi Kumar Whole Time Director (DIN: 00089921)
Place : Hyderabad Date : 29 May 2017	Chada Jagadish Reddy Company Secretary (M.No. ACS 43388)	G Sankara Rao Chief Financial Officer (M.No. ACA 202650)



NOTES ON FINANCIAL STATEMENTS

(in ₹)

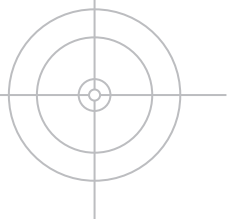
Note No.	Particulars	As at 31 March 2017		As at 31 March 2016	
3.01	SHARE CAPITAL				
	Authorised				
	20,00,00,000 (31 March 2016: 20,00,00,000) Equity shares of ₹ 1/- each	200,000,000		200,000,000	
		200,000,000		200,000,000	
	Issued, subscribed and paid-up				
	7,71,60,060 (31 March 2016: 7,71,60,060) Equity shares of ₹ 1/- each fully paid-up	77,160,060		77,160,060	
a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period					
Particulars		31 March 2017		31 March 2016	
		Nos of Shares	₹	Nos of Shares	₹
At the beginning of the period		77,160,060	77,160,060	77,160,060	77,160,060
Outstanding at the end of the period		77,160,060	77,160,060	77,160,060	77,160,060
b. Terms/rights attached to equity shares					
The Company has only one class of equity shares having a par value of ₹ 1/- each. Each holder of equity shares is entitled to one vote per share. 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. During the year ended 31 March 2017, the amount of per share dividend recognized as distributions to equity shareholders was ₹. 0.15 (previous year ₹ 0.10)					
c. Details of shareholders holding more than 5% shares in the Company of ₹ 1/- each fully paid					
Name of the share holder		As at 31 March 2017		As at 31 March 2016	
		No of Shares	%	No of Shares	%
Ashok Atluri		20,176,250	26.15	22,316,498	28.92
Kishore Dutt Atluri		17,556,250	22.75	15,416,002	19.98
As per records of the Company, including its register of shareholders/members and the declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.					
d. Aggregate number of shares bought back during the period of five years immediately preceding the reporting date:					
Particulars	2016-17	2015-16	2014-15	2013-14	2012-13
No. of Equity Shares bought back by the company during the year	-	-	-	1,172,426	-
Aggregate Number of Equity Shares bought back by the company	1,187,994	1,187,994	1,187,994	1,187,994	15,568

NOTES ON FINANCIAL STATEMENTS

(in ₹)

Note No.	Particulars	As at 31 March 2017	As at 31 March 2016
3.02	RESERVES AND SURPLUS		
	Securities premium reserve (Share premium)		
	Balance as per the last Balance Sheet	89,185,359	89,185,359
	Closing Balance	89,185,359	89,185,359
	General Reserve		
	Balance as per the last Balance Sheet	352,500,000	350,000,000
	Add: Transfer from P&L Accumulated account	-	2,500,000
	Closing Balance	352,500,000	352,500,000
	Capital Redemption Reserve		
	Balance as per the last Balance Sheet	11,724,260	11,724,260
	Closing Balance	11,724,260	11,724,260
	Surplus/(deficit) in the Statement of Profit and Loss		
	Balance as per last Balance Sheet	593,820,721	582,427,948
	Add: Net Profit/(loss) for the current period	71,661,625	23,179,759
	Balance available for appropriation	665,482,346	605,607,707
	Less: Appropriation		
	Proposed Equity dividend (amount per share ₹ 0.15) (31 March 2016: ₹ 0.10)	-	7,716,006
	Tax on proposed equity dividend	-	1,570,979
	Transfer to General Reserve	-	2,500,000
	Total appropriation	-	11,786,985
	Net surplus in the Statement of Profit and Loss	665,482,346	593,820,722
	Total Reserves and Surplus	1,118,891,965	1,047,230,341

Note No.	Particulars	Non-current portion		Current maturities	
		As at 31 March 2017	As at 31 March 2016	As at 31 March 2017	As at 31 March 2016
3.03	LONG-TERM BORROWINGS				
	Secured				
	- Term Loan from TDB (Ref Note)	51,560,000	77,340,000	25,780,000	25,780,000
	- Vehicle loan	6,478,876	306,279	3,965,903	1,452,329
	- Interest accrued on TDB loan	-	-	3,947,153	5,337,328
		58,038,876	77,646,279	33,693,056	32,569,657
	Note: The Loan taken from Technology Development Board (TDB), Ministry of Science and Technology, Govt. of India, for ₹ 1,160 lakhs was utilized for part financing the project "Development and Commercialization of Unmanned Aerial Vehicle Mission Simulator". The loan carries interest @ 5% (simple interest) per annum and is repayable in 9 half yearly installments commencing from 01 October 2015. The loan is secured by equitable mortgage of immovable properties and other fixed assets pari-passu with Indian Bank. The loan is also guaranteed by the Company's own guarantee and pledging of 15,000,000 equity shares of ₹ 1/- each owned by the Managing Director of the Company.				



NOTES ON FINANCIAL STATEMENTS

(in ₹)

Note No.	Particulars	As at 31 March 2017	As at 31 March 2016
3.03	SHORT-TERM BORROWINGS		
	Secured		
	Loan repayable on demand (Ref Note)		
	6.75% (PY 8.50%) OD I against Fixed Deposits from Indian Bank	-	42,971,123
	7.90% (PY 9.50%) OD II against Fixed Deposits from Indian Bank	11,579,034	2,051,335
	Nil (PY 9.25%) OD III against Fixed Deposits from Indian Bank	-	184,342,258
	12.45% (PY 12.70%) against Indian Bank OCC account	10,002,741	2,944,839
	8.00% (PY 9.25%) against Fixed Deposits from Corporation Bank OD account	-	62,717,515
		21,581,775	295,027,070
	Note : The above mentioned overdraft facilities are secured by way of pledge of fixed deposits. Working Capital facilities (Rs. 15 Crore) from Indian Bank are secured against hypothecation of Stocks and Book Debts and equitable mortgage of immovable properties and other fixed assets pari-passu charge with TDB.		

Note No.	Particulars	Long-term		Short-term	
		As at 31 March 2017	As at 31 March 2016	As at 31 March 2017	As at 31 March 2016
3.04	PROVISIONS				
	Provision for employee benefit				
	- Provision for gratuity (Ref Note)	13,189,246	8,557,094	-	-
	Other Provisions				
	- Proposed dividend	-	-	-	7,716,006
	- Tax on dividend	-	-	-	1,570,979
	- Provision for MAT	-	-	18,354,233	6,003,665
	- Provision for decline, other than temporary, in the value of long term investments	500,000	500,000	-	-
		13,689,246	9,057,094	18,354,233	15,290,650
	Note: The Company operates Group Gratuity Scheme for its employees. Under the scheme of gratuity, every employee who has completed minimum 5 years of service gets gratuity on departure @15 days last month's drawn salary for each completed year of service. The gratuity scheme is funded with Life Insurance Corporation of India in the form of Group Gratuity Scheme (GGS). The provision is estimated by an independent consulting actuary as per requirements of (AS) 15 (Revised 2005) as prescribed under The Companies (Accounting Standard) Rules, 2006.				

NOTES ON FINANCIAL STATEMENTS

(in ₹)

Note No.	Particulars	As at 31 March 2017	As at 31 March 2016
3.05	TRADE PAYABLES		
	Trade payables	-	-
	- Dues to Micro and Small Enterprises	-	-
	- Others	30,709,295	20,890,900
		30,709,295	20,890,900

S.No	Particulars	Gratuity 2016-17
I	Change in Present value of obligation	
	PVO at beginning of the year	22,162,513
	Interest cost	1,519,979
	Current service cost	3,352,597
	Benefits paid	(3,574,925)
	Actuarial gain/(loss) on obligation	2,791,892
	PVO at the end of the period	26,252,056
II	Change in fair value of plan Assets	
	Fair value of plan Assets at beginning of period	13,594,738
	Expected return on plan Assets	986,851
	Contributions	1,984,691
	Benefits paid	(3,574,925)
	Actuarial gain/(loss) on obligation	71,455
	Fair value of plan Assets at the end of period	13,062,810
III	Net status of Plan	13,189,246
IV	Net amount recognized	13,189,246

Note No.	Particulars	As at 31 March 2017	As at 31 March 2016
3.06	OTHER CURRENT LIABILITIES		
	Current maturities of long-term debts (Note 3.03)	33,693,056	32,569,657
	Unclaimed dividends	725,387	828,706
	Service Income billed but not due	6,577,121	4,906,623
	Employee salaries and benefits:		
	- Salaries and benefits	10,477,469	13,779,114
	- Bonus and incentives	8,311,928	8,009,519
	Other payables:		
	Provision for expenses	5,565,633	737,473
	Taxes payable:		
	- Service tax payable	23,724	505,546
	- Sales tax payable	2,621,218	314,313
	- TDS payable	3,530,742	3,345,694
	Advance from customers	53,431,369	60,789,610
		124,957,647	125,786,254

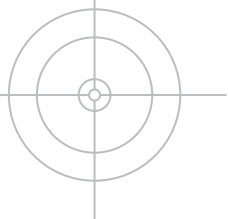


3.07 FIXED ASSETS

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(in ₹)

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NOTES ON FINANCIAL STATEMENTS

(in ₹)

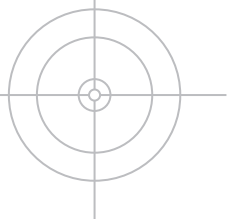
Note No.	Particulars	As at 31 March 2017	As at 31 March 2016
3.08	NON-CURRENT INVESTMENTS		
	Long term at cost, unless otherwise specified		
	Other (Unquoted) - Non trade		
	Investments in equity instrument (fully paid-up)		
	5,00,000 (previous year: 5,00,000) Equity shares of Version 2 Games Limited , Wholly owned Subsidiary, face value of ₹ 1 each	500,000	500,000
	Foreign Investment 3,414 Equity shares of Paladin Paradigm Knowledge Solutions INC. ,	3,412,000	-
	Total Investments	3,912,000	500,000
3.09	LONG-TERM LOANS AND ADVANCES		
	Unsecured, considered good		
	Capital advances	19,425,000	9,200,000
	Security deposits	9,208,306	10,012,169
	Loans and advances to related parties		
	- Version 2 Games Limited	-	60,863
	Other loans and advances		
	- Prepaid expenses	4,626,151	6,455,979
	- Deposits with government, public bodies and others	12,823,802	9,963,761
		46,083,259	35,692,772
3.10	OTHER NON-CURRENT ASSETS	Nil	Nil
	OTHER CURRENT ASSETS		
	Interest accrued on fixed deposits with banks	2,747,770	10,665,416
	Accrued AMC Income	47,835,742	26,775,829
		50,583,512	37,441,245
3.11	INVENTORIES		
	Raw material (Ref Note 3.17)	37,762,713	34,889,409
	Work in progress (Ref Note 3.18)	30,325,874	32,657,833
	Stock-in-trade (Ref Note 3.18)	3,502,149	3,502,149
	Inventory-Demo Systems	-	19,223,301
	Inventory Others	7,588,352	7,588,352
		79,179,088	97,861,044

NOTES ON FINANCIAL STATEMENTS

(in ₹)

Note No.	Particulars	Non-Current		Current	
		As at 31 March 2017	As at 31 March 2016	As at 31 March 2017	As at 31 March 2016
3.12	TRADE RECEIVABLES				
	Outstanding for a period exceeding 6 months from the date they are due for payment				
	- Unsecured, considered good	18,561,185	33,035,734	-	-
	- Doubtful	6,570,812	6,570,812	-	-
		25,131,997	39,606,546	-	-
	Provision for doubtful receivables	(6,570,812)	(6,570,812)	-	-
	(A)	18,561,185	33,035,734	-	-
	Other receivables				
	- Unsecured, considered good	-	-	184,954,082	47,565,829
	Provision for doubtful receivables	-	-	-	-
	(B)	-	-	184,954,082	47,565,829
	Total (A+B)	18,561,185	33,035,734	184,954,082	47,565,829

Note No.	Particulars	As at 31 March 2017	As at 31 March 2016
3.13	CASH AND BANK BALANCES		
	Cash and cash equivalents		
	Balances with banks:		
	- On current accounts	89,949,995	18,980,862
	Cash on hand	131,708	3,189
	Other bank balances:		
	- Deposits with original maturity for > 3 months but < 12 months Indian Bank	1,210,000	109,765,597
	- Deposits with original maturity for > 3 months but < 26 months State Bank of India	35,967,720	-
	- Balances with banks to the extent held as margin money for guarantees - Indian Bank	15,452,283	17,420,540
	- Balances with banks to the extent held as security against OD borrowings- Indian Bank	113,010,000	448,050,309
	- Balances with banks to the extent held as security against OD borrowings- HDFC Bank	10,000,000	10,000,000
	- Balances with banks to the extent held as security against OD borrowings - Corporation Bank	75,663,464	74,628,824
	Balances with banks for unpaid dividend	725,387	828,706
		342,110,557	679,678,026



NOTES ON FINANCIAL STATEMENTS

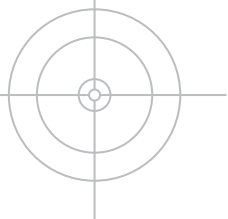
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Note No.	Particulars	As at 31 March 2017	As at 31 March 2016
3.14	SHORT-TERM LOANS AND ADVANCES		
	Unsecured, considered good		
	Advance to material suppliers	74,157,744	109,741,730
	Income tax refundable	14,820,025	6,736,194
	Advance income tax	5,304,691	14,323,377
	Other loans and advances		
	- Prepaid expenses	4,569,259	2,870,001
	- Balance with VAT, Central excise and Service tax	9,727,489	10,015,321
	- Loans and advances to employees	5,084,870	1,905,636
	- Others	9,117,959	-
		122,782,037	145,592,259

NOTES ON FINANCIAL STATEMENTS

(in ₹)

Note No.	Particulars	Year ended 31 March 2017	Year ended 31 March 2016
3.15	REVENUE FROM OPERATIONS		
	a) Sale of Products	490,079,821	426,835,426
	b) Sale of Services	129,841,420	100,818,045
		619,921,241	527,653,471
	Less : Excise duty	3,350,000	1,500,000
		616,571,241	526,153,471
3.16	OTHER INCOME		
	Interest income	31,739,368	53,744,063
	Miscellaneous income	237,787	1,023,923
	Net gain/(loss) on foreign currency exchange fluctuation	4,050,774	(105,853)
	Profit/(Loss) on Sale of Vehicle	146,876	-
		36,174,805	54,662,133
3.17	COST OF MATERIALS AND COMPONENTS CONSUMED		
	Opening stock of raw materials	34,889,409	26,676,200
	Add : Purchases	122,672,830	88,898,123
		157,562,239	115,574,323
	Less : Closing stock	37,762,713	34,889,409
		119,799,526	80,684,914
	Note: As the items of raw material purchased and consumed are dissimilar in nature, type and numerous in quantity, it is not possible to give details under different heads as required under para 5(ii) and Para 5(iii) of the general instructions for preparation of the Statement of Profit and Loss as per Schedule III of the Companies Act, 2013.		
3.18	CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
	Opening work in progress	32,657,833	117,802,500
	Opening traded goods	3,502,149	3,502,149
		36,159,982	121,304,649
	Closing work in progress	30,325,874	32,657,833
	Inventory-Demo Systems	-	18,351,600
	Closing traded goods	3,502,149	3,502,149
		33,828,023	54,511,582
	Net (increase) / decrease in stock	2,331,959	66,793,067
	Note: As the items of raw material purchased and consumed are dissimilar in nature, type and numerous in quantity, it is not possible to give details under different heads as required under para 5(ii) and para 5(iii) of the general instructions for preparation of the Statement of Profit and Loss as per Schedule III of the Companies Act, 2013.		



NOTES ON FINANCIAL STATEMENTS

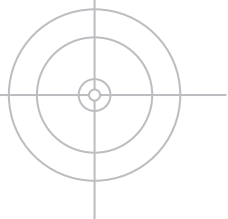
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Note No.	Particulars	Year ended 31 March 2017	Year ended 31 March 2016
3.19	MANUFACTURING EXPENSES		
	Power and fuel	2,328,071	2,718,085
	Spares and Stores	1,422,373	652,107
	Freight	2,385,163	2,302,570
	Travel expenses - Production	334,253	716,596
	System Installation & Maintenance	2,541,656	1,681,831
	Factory Maintenance	2,415,790	-
	Training Charges	1,593,616	-
	Salaries -Production	9,190,350	7,678,439
		22,211,272	15,749,628
3.20	EMPLOYEE BENEFITS EXPENSE		
	Salaries, wages and bonus	134,492,811	122,565,644
	Contribution to provident and other funds	3,170,168	2,928,279
	Gratuity expense	4,632,152	2,440,972
	Staff welfare expenses	5,614,326	5,055,548
		147,909,457	132,990,443
3.21	FINANCE COSTS		
	Bank Charges	1,910,002	1,358,000
	BG Commission	1,460,260	1,867,872
	Interest on borrowings		
	- interest on bank OD loans	15,251,592	13,132,039
	- interest on TDB loan	4,190,133	3,065,221
	- interest on Vehicle loan	325,342	243,216
	- interest Others	168,477	4,015,382
		23,305,806	23,681,730

NOTES ON FINANCIAL STATEMENTS

(in ₹)

Note No.	Particulars	Year ended 31 March 2017	Year ended 31 March 2016
3.22	OTHER EXPENSES	210,792,464	188,561,317
	Selling & Distribution expenses	58,524,572	41,617,276
	Business Promotion	13,633,022	4,778,387
	Club expenses	415,796	373,759
	Electricity Charges	11,269	16,640
	Exhibition expenses	19,368,964	31,794,199
	Freight	6,822,377	2,014,470
	Guest House Rent & Maintenance	1,575,532	2,215,563
	Hotel Boarding & Lodging	283,225	424,258
	Service Charges	16,414,387	-
	Travelling expenses	33,922,934	33,181,810
	Domestic Travel	24,126,101	23,350,183
	Travel expenses - Delivery	199,904	573,024
	Travel expenses - Demo	815,338	802,046
	Travel expenses - Installation	1,393,588	2,412,217
	Travel expenses - Servicing	10,446,998	8,003,092
	Travel expenses - Directors	719,495	1,062,993
	Travel expenses - Marketing	5,461,590	4,514,780
	Travel expenses - General	5,089,188	5,982,031
	Foreign Travel	9,796,833	9,831,627
	Travel expenses - Directors	3,554,164	4,346,702
	Travel expenses - Others	6,242,669	5,484,925
	Administrative & General expenses	118,344,958	113,762,231
	Advertisement	797,294	1,019,362
	AGM Expenses	38,768	26,748
	Annual Day Expenses	525,910	583,721
	Bad Debts	105,404	-
	Books & periodicals	230,108	335,185
	Conveyance	3,173,185	2,900,278
	Directors' sitting fees	450,000	550,000
	Donation CSR	3,503,274	2,216,120
	Donation Others	9,300	32,222
	Electricity Charges	2,788,511	3,048,577
	Listing Fee	400,000	290,000
	Insurance	2,083,505	1,617,163
	Membership & Subscription	2,674,868	3,372,282
	Office Maintenance	7,702,718	5,988,286
	Postage & Telephone	3,776,353	3,445,498
	Printing & Stationary	1,552,792	2,057,011
	Professional Charges	40,635,785	26,502,577
	Provision for doubtful Debts/Advances	-	(539,984)
	Rates & Taxes	4,983,225	2,994,425
	Rent	10,767,789	11,221,474
	Security expenses	3,588,344	3,132,587
	Software Licence fee	280,157	842,595
	Vehicle Maintenance	2,707,119	3,233,552
	Computer Maintenance	1,622,274	1,907,951



NOTES ON FINANCIAL STATEMENTS

(in ₹)

Note No.	Particulars	Year ended 31 March 2017	Year ended 31 March 2016
	Spares & Stores	22,652,824	36,241,451
	Prior Year Expenses	135,201	243,090
	Trade discount	694,000	-
	Payment to auditors		
	As Auditors		
	For Statutory & Tax audit fee	300,000	300,000
	For Internal audit	135,000	180,000
	In other capacity		
	Out of pocket expenses	31,250	20,060

3.23	DEPRECIATION & AMORTISATION EXPENSE		
	Depreciation on total Tangible assets (Ref Note 3.07)	24,163,145	21,846,310
	Depreciation on total Intangible assets (Ref Note 3.07)	12,216,559	21,324,772
		36,379,704	43,171,082

3.24	TAX EXPENSES		
	Current tax (MAT)	18,354,233	6,003,665
		18,354,233	6,003,665
	Note: Tax expense comprise current tax. The current tax represents the Minimum Alternate Tax (MAT) payable by the company on the book profits for the year. Current tax expense is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 and the tax rates and tax laws used to compute the tax amount are prevailing at the reporting date.		

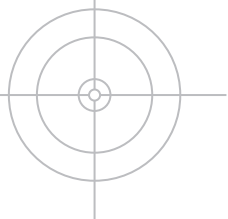
3.25	EARNINGS PER SHARE (EPS)		
	Total operations for the year		
	Profit after tax (PAT)	71,661,625	23,179,759
	Weighted average number of equity shares	77,160,060	77,160,060
	Earnings per Share (Both Basic & Diluted)	0.93	0.30

3.26	EXPENDITURE INCURRED ON R & D		
	R & D Revenue expenses	127,240,068	142,964,766
	- Salaries	74,104,637	65,431,742
	- Commission	-	484,941
	- Bonus & Gratuity	6,239,363	4,941,413
	- Electricity Charges	2,532,434	2,690,101
	- Travelling expenses	3,524,343	4,082,943
	- Spares & Stores	20,294,440	36,241,451
	- Consultancy Fee	942,205	4,043,844
	- Depreciation	13,018,883	22,279,205
	- Interest on TDB Loan (UAV Sim)	4,190,133	2,743,492
	- Training charges	35,250	11,434
	- Rates & Taxes	2,358,380	-
	- Repairs & Maintenance	-	14,200

NOTES ON FINANCIAL STATEMENTS

(in ₹)

Note No.	Particulars	Year ended 31 March 2017	Year ended 31 March 2016
3.27	COMMITMENTS AND CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF		
	I. DISPUTED MATTERS		
	(a) Appeal filed by the Excise Department before the Customs, Excise and Service Tax Appellate Tribunal (CESTAT) Hyderabad against the order passed by the Commissioner of Customs and Central Excise Hyderabad - II Commissionerate, in favour of the company vide Order-in-Original No:02/2006-C.Ex dated 05.07.2005.	5,171,356	5,171,356
	(b) Demands raised for subsequent periods by the Central Excise Department on the same issue for the period from 01.04.2006 to 31.07.2011 and the Commissioner confirmed the demands vide Order-in-Original No. Hyd-Excus-002-Com-030-15-16 dated 27.11.2015. The Company filed an appeal before CESTAT, Hyderabad and is pending for final hearing.	74,942,371	74,942,371
		80,113,727	80,113,727
	Note: The dispute in the matter (a) above was relating to inclusion of customized software in the valuation of simulators supplied by the company during the period from F.Y. 2005-06 to 2010-11 (upto 31.07.2011). The matter was first adjudicated by the Commissioner of Customs and Central Excise Hyderabad - II Commissionerate and decided in favour of the company. However, the Excise Department has filed an appeal before the Appellate Tribunal Challenging the order passed by Commissioner of Customs and Central Excise. For the subsequent periods i.e., from 01.04.2006 to 31.07.2011, the Commissioner confirmed the demand against the company and the company filed an appeal before CESTAT, Hyderabad and it is pending for final hearing. The Company, based on discussions with its solicitors and tax advisors, believes that there is a fair chance of winning the case in its favour in the appellate process and hence, no provision has been considered necessary against the same.		
	II GUARANTEES/LETTER OF CREDITS		
	(a) Bank Guarantees	155,560,994	165,898,029
		155,560,994	165,898,029



NOTES ON FINANCIAL STATEMENTS

(in ₹)

3.28 RELATED PARTY DISCLOSURE

Name of the Party	Relationship	Nature of Transaction	2016-17	2015-16
Related party disclosures as required by AS-18 are given below:				
a. Transactions during the year				
Mr Ashok Atluri Chairman and Managing Director	Key Management Personnel	Remuneration	5,180,370	5,121,448
Mr Ashok Atluri Chairman and Managing Director	Key Management Personnel	Commission	956,778	-
Mr Kishore Dutt Atluri President	Key Management Personnel (Brother of Mr Ashok Atluri)	Remuneration	3,086,691	3,580,728
Mr Kishore Dutt Atluri President	Key Management Personnel (Brother of Mr Ashok Atluri)	Incentive	48,50,068	-
Mr M Ravi Kumar Whole-Time Director	Key Management Personnel	Remuneration	3,699,842	3,398,568
b. Receivables				
Version 2 Games Limited	Wholly owned subsidiary	Debtors	Nil	Nil
Version 2 Games Limited	Wholly owned subsidiary	Investment	Nil	Nil

As per our Report of even date

For and on behalf of the Board

Gokhale & Co.,
Chartered Accountants
Firm Regn. No.: 000942S

Chandrashekhar Gokhale
Partner
M.No: 23839

Place : Hyderabad
Date : 29 May 2017

Ashok Atluri
Chairman & Managing Director
(DIN: 00056050)

Chada Jagadish Reddy
Company Secretary
(M.No. ACS 43388)

M Ravi Kumar
Whole Time Director
(DIN: 00089921)

G Sankara Rao
Chief Financial Officer
(M.No. ACA 202650)

INDEPENDENT AUDITOR'S REPORT

The Members
Zen Technologies Limited
 Hyderabad

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **Zen Technologies Limited** (hereinafter referred to as "the Holding Company") and its subsidiary Version 2 Games Limited (the Holding Company and its subsidiary together referred to as "the Group") comprising of the Consolidated Balance Sheet as at 31st March, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

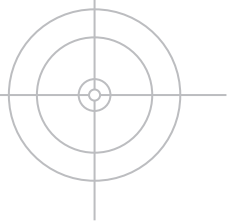
The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the



operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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.

Opinion

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 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 31st March, 2017, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matters

- (a) We did not audit the financial statements of the company's only subsidiary Version 2 Games Limited, whose financial statements reflect total assets of Rs. 548 as at 31st March, 2017, total revenues of Rs. 635 and net cash flows amounting to Rs 6,704 for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiary is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below is not modified in respect of the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

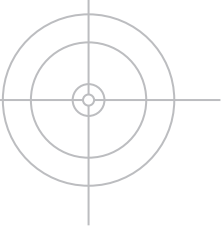
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2017 taken on record by the Board of Directors of the Holding Company, none of the directors of the Group companies, incorporated in India is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in 'Annexure A'.

- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Group has disclosed impact of pending litigation in Notes on Financial Statements under 'Commitments and contingent liabilities not provided for in respect of disputed matters'.
 - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group.
 - iv. The company has provided requisite disclosures in its consolidated financial statements as to holdings as well as dealings in Specified Bank Notes during the period November 08, 2016 to December 30, 2016 and these are in accordance with the books of account maintained by the company.

For Gokhale & Co
Chartered Accountants
Firm Regn. No 000942S

Chandrashekhhar Gokhale
Partner
Membership No 23839

Date : 29 May 2017



Annexure - A to the Auditors' Report

Report on the Internal Financial Controls over Financial Reporting in terms of Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act").

We have audited the Internal Financial Controls over financial reporting of **Zen Technologies Limited** ('the Holding Company') as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date. We have obtained and relied on a report on the Internal Financial Controls over Financial Reporting issued by the Statutory Auditors of the Company's only subsidiary Version 2 Games Limited (the subsidiary company). The Holding Company and the Subsidiary company hereafter together referred to as 'the group'.

Management's Responsibility for Internal Financial Controls

The Group's Management is responsible for establishing and maintaining Internal Financial Controls based on "the internal control over financial reporting criteria established by the Group 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". 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 Group's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Group's internal financial controls over financial reporting 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") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Group's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Group's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Group's internal financial control over financial reporting includes those policies and procedures that

- (iv) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the group;
- (v) 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 group are being made only in accordance with authorisations of management and directors of the group; and
- (vi) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the group's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

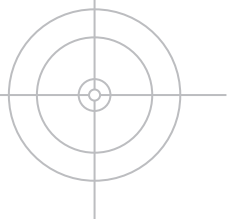
Opinion

In our opinion, the Group has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Group considering the essential components of Internal Financial Control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Gokhale & Co**
Chartered Accountants
Firm Regn. No 000942S

Chandrashekhar Gokhale
Partner
Membership No 023839

Date : 29 May 2017



CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2017

(in ₹)

Particulars		Notes No.	As at 31 March	
			2017	2016
EQUITY AND LIABILITIES				
Shareholders' funds				
(a)	Share capital	3.01	77,160,060	77,160,060
(b)	Reserves and surplus	3.02	1,118,285,876	1,046,570,144
			1,195,445,936	1,123,730,204
Non current liabilities				
(a)	Long-term borrowings	3.03	58,038,876	77,646,279
(b)	Long-term provisions	3.04	13,689,246	9,057,094
			71,728,122	86,703,373
Current liabilities				
(a)	Short-term borrowings	3.03	21,581,775	295,027,070
(b)	Trade payables	3.05	30,804,431	20,986,036
(c)	Other current liabilities	3.06	124,969,147	125,797,705
(d)	Short-term provisions	3.04	18,354,233	15,290,650
			195,709,586	457,101,461
	TOTAL		1,462,883,644	1,667,535,038
ASSETS				
Non current assets				
(a)	Fixed assets			
	- Tangible assets	3.07	446,364,096	431,154,254
	- Intangible assets		1,951,611	12,393,170
	- Capital work-in-progress		166,901,667	147,174,315
(b)	Non current investments	3.08	3,412,000	-
(c)	Long term loans and advances	3.09	46,083,259	35,631,909
			664,712,633	626,353,648
Current assets				
(a)	Inventories	3.11	79,179,088	97,861,044
(b)	Trade receivables	3.12	203,615,267	80,601,563
(c)	Cash and bank balances	3.13	342,111,105	679,685,279
(d)	Short term loans and advances	3.14	122,682,037	145,592,259
(e)	Other current assets	3.10	50,583,512	37,441,245
			798,171,009	1,041,181,390
	TOTAL		1,462,883,644	1,667,535,038
Summary of Significant accounting policies		1 & 2		
The accompanying notes are in integral part of the financial statements				

As per our Report of even date

For and on behalf of the Board

Gokhale & Co.,
Chartered Accountants
Firm Regn. No.: 000942S

Chandrashekhar Gokhale
Partner
M.No: 23839

Place : Hyderabad
Date : 29 May 2017

Ashok Atluri
Chairman & Managing Director
(DIN: 00056050)

Chada Jagadish Reddy
Company Secretary
(M.No. ACS 43388)

M Ravi Kumar
Whole Time Director
(DIN: 00089921)

G Sankara Rao
Chief Financial Officer
(M.No. ACA 202650)

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

(in ₹)

Particulars	Note No.	For the Year ended 31 March	
		2017	2016
INCOME			
Revenue from operations	3.15	619,921,876	527,655,067
Less: Excise Duty		3,350,000	1,500,000
Net Revenue from operations		616,571,876	526,155,067
Other income	3.16	36,174,805	54,662,133
Total (A)		652,746,681	580,817,200
Expenses			
Cost of Materials and Components consumed	3.17	119,799,526	80,684,914
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	3.18	2,331,959	66,793,067
Manufacturing Expenses	3.19	22,211,272	15,749,628
Employee Benefits Expense	3.20	147,909,457	132,990,443
Other Expenses	3.22	210,731,651	188,611,158
Total (B)		502,983,865	484,829,210
Earning Before Interest, Tax, Depreciation and Amortization (EBITDA) (A-B)		149,762,816	95,987,990
Finance Costs	3.21	23,313,145	23,687,877
Depreciation and Amortization Expense	3.23	36,379,704	43,171,081
Profit/(Loss) before tax		90,069,967	29,129,032
Tax Expense	3.24		
Current tax		18,354,233	6,003,665
Total Tax Expenses		18,354,233	6,003,665
Profit/(Loss) for the period		71,715,734	23,125,367
Earnings per equity share of face value of ₹ 1/- each	3.25		
Basic -		0.93	0.30
Diluted -		0.93	0.30
Summary of Significant accounting policies	1 & 2		
The accompanying notes are an integral part of the financial statements			

As per our Report of even date

For and on behalf of the Board

Gokhale & Co.,
Chartered Accountants
Firm Regn. No.: 000942S

Chandrashekhar Gokhale
Partner
M.No: 23839

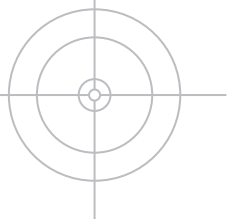
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Whole Time Director
(DIN: 00089921)

G Sankara Rao
Chief Financial Officer
(M.No. ACA 202650)



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

(₹ in Lakhs)

Particulars	For the Year ended 31 March	
	2017	2016
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	900.70	291.29
Non-cash adjustments:		
- Depreciation and amortisation expenses	363.80	431.71
Interest expense/Finance cost	233.13	209.38
Interest income	(317.39)	(537.44)
Net gain/(loss) on foreign currency exchange fluctuation	(40.51)	(1.06)
Profit on sale asset	(1.47)	-
Operating profit before working capital changes	1,138.26	393.88
Changes in working capital:		
Increase/(decrease) in trade payables	98.18	(102.64)
Increase/(decrease) in other current liabilities	(8.29)	(403.88)
Increase/(decrease) in short term provisions	30.64	(579.82)
Increase/(decrease) in long term provisions	46.32	1.82
Decrease/(increase) in trade receivables	(1,189.63)	5,141.62
Decrease/(increase) in inventories	186.82	523.12
Decrease/(increase) in short term loans & advances	176.06	(493.63)
Decrease/(increase) in other current assets	(131.42)	(47.81)
Cash generated from /(used in) operations	346.94	4,432.67
Direct tax payments (net of refunds)	(130.50)	(142.47)
Net cash flow from/(used in) operating activities (A)	216.44	4,290.20

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

(₹ in Lakhs)

Particulars	For the Year ended 31 March	
	2017	2016
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase)/decrease in tangible and intangible fixed assets	(410.01)	(133.31)
(Increase)/decrease in capital work in progress	(197.27)	(1,440.59)
interest received	317.39	537.44
(increase)/Non-current Investments	(34.12)	-
(Increase)/decrease in long term loans & advances	(104.51)	111.88
Net cash flow from/(used in) investing activities (B)	(428.52)	(924.59)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase/(decrease) in long term borrowings	(196.07)	408.85
Increase/(decrease) in short term borrowings	(2,734.45)	(532.15)
Interest paid	(233.13)	(209.38)
Net cash flow from/(used in) in financing activities (C)	(3,163.66)	(332.69)
Net increase/(decrease) in cash & cash equivalents (A+B+C)	(3,375.74)	3,032.92
Cash & cash equivalents at the beginning of the year	6,796.85	3,763.93
Cash & cash equivalents at the end of the year	3,421.11	6,796.85
Note:	1. Figures in brackets indicate cash outgo. 2. Previous year figures have been regrouped wherever necessary to conform to the current year's classification.	

As per our Report of even date

For and on behalf of the Board

Gokhale & Co.,

Chartered Accountants

Firm Regn. No.: 000942S

Chandrashekhhar Gokhale

Partner

M.No: 23839

Place : Hyderabad

Date : 29 May 2017

Ashok Atluri

Chairman & Managing Director

(DIN: 00056050)

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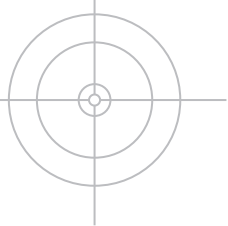
Whole Time Director

(DIN: 00089921)

G Sankara Rao

Chief Financial Officer

(M.No. ACA 202650)



NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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, India. The Equity Shares of the Company are listed on Bombay Stock Exchange (BSE) and National Stock Exchange Ltd (NSE) in India. The company is engaged in design, development and manufacture of Training Simulators for Police and Para-military Forces, Armed Forces, Security Forces, Government Departments like Transport, Mining, Infrastructure and Civilian market. The products of the company are divided into 3 major categories viz. Land-based Military Simulators, Driving Simulators and Mining & Special Equipment Simulators. The company caters to both domestic and international market. The Company is having two manufacturing units- 1) Hardware Park, Maheswaram Mandal, Telangana, India and 2) Nalagarh, Dist Solan, Himachal Pradesh, India.

The Company owns a 100% subsidiary, Version 2 Games Limited, India.

1 PRINCIPAL OF CONSOLIDATION

The consolidated financial statements present the accounts of the Company and wholly owned subsidiary Version 2 Games Limited India. The consolidated is based on the audited financial statements of Zen Technologies Limited and its subsidiary for the year ended 31 March 2017.

The consolidated financial statements are prepared in Indian rupees. The Indian rupee is the functional currency of Zen Technologies Limited and Version 2 Games Limited.

2 SIGNIFICANT ACCOUNTING POLICES

2.1 Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) under the historical cost convention on accrual basis. GAAP comprise mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and guidelines issued by the Securities Exchange Board of India (SEBI).

2.2 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known / materialize.

2.3 Inventories

Raw materials, components, stores and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above the cost. Cost of raw materials, components and stores and spares is determined on a weighted average basis.

Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials, labour and a proportion of manufacturing overheads based on normal operating capacity.

2.4 Cash and cash equivalents

Cash and cash equivalent for the purposes of cash flow statement comprise cash at bank, cash in hand, demand deposits and other bank balances.

2.5 Cash flow statement

Cash flows are reported using the indirect method in accordance with 'Accounting Standard -3' issued under the Companies (Accounting Standards) Rules, 2006, whereby profit /(loss) before the extraordinary items and tax, is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.6 Depreciation and amortization

Effective from 01.04.2014, the Company has charged Depreciation based on the revised remaining useful life of the assets as per the requirement of Schedule II of the Companies Act, 2013. Depreciation on all assets is provided on the Straight Line Method over the useful lives of the assets estimated by the Management. Depreciation for assets purchased/sold during the period is proportionately charged. Individual low cost assets (acquired for Rs. 5,000/- or less) are depreciated fully in the year of acquisition / purchase.

The following rates have been used for providing the depreciation on the tangible & intangible fixed assets

Asset Description	Useful life of Asset
Buildings	60 years
Factory Buildings	30 years
Lease Buildings	6 years
Plant and Machinery	15 years
Office Equipment	5 years
Computers	3 years
Vehicles	8 years
Furniture & Fixtures	10 years
Testing Equipment	10 years
Software	33.33%

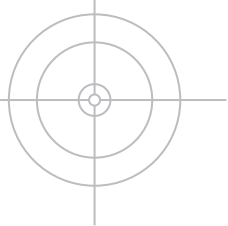
Amounts spent for capital work-in-progress including advance given for capital goods are grouped under capital work-in-progress.

Impairment of Assets: The management assesses at regular intervals using external and internal sources whether there is any indication that an asset may be impaired.

2.7 Tangible fixed assets

Fixed assets are carried at cost less accumulated depreciation. The cost of fixed assets includes interest on borrowings attributable to acquisition of fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date. Subsequent expenditure relating to fixed assets is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.





Capital work-in-progress:

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost and related incidental expenses.

2.8 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following recognition criteria is applied before revenue is recognized:

Sale of goods

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on dispatch of goods. The Company collects sales tax and value added tax (VAT) on behalf of the government and therefore, these are not economic benefits flowing to the Company, hence they are excluded from the revenue. Excise duty deducted from revenue (gross) is the amount that was included in the revenue (gross).

Excise duty

Excise duty has been accounted as and when goods are dispatched and no provision is made for the goods lying at the year end. This accounting treatment has been followed consistently and has no impact on the profitability of the company.

Sale of Services

Revenue from Annual Maintenance Contracts (AMC) is recognized on pro-rata basis over the period in which such services are rendered. The Company collects service tax on behalf of the government and therefore, it is not an economic benefit flowing to the company. Hence, it is excluded from the revenue.

Interest on bank deposits

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "Other Income" in the statement of profit and loss.

2.9 Foreign currency transactions

Expenses and income are recorded at the exchange rate prevailing on the date of transaction. Assets and liabilities on the date of the balance sheet are restated at the exchange rate prevailing on the balance sheet date. Exchange rate differences arising on settlement of the transaction and on account of restatement of assets and liabilities are dealt with in the statement of Profit and Loss.

2.10 Investments

Long-term investment held in equity share capital of wholly owned subsidiary company i.e Version 2 Games is carried at cost.

The company desires to make an equity investment of THREE HUNDRED THOUSAND U.S. Dollars (\$ 300,000) in M/s. Paladin Paradigm Knowledge Solutions Inc. duly incorporated and having registered office at # 2881 Place du Lievre, Saint-Lazare, Quebec, J7T2M4, Canada. The share subscription is divided into SIX Installments. During the year company has invested \$ 50,000 (USD Fifty Thousand only) and has been allotted 3,414 Class A shares against first subscription and the same is valued at cost.

2.11 Employee Retirement and other benefits

The Company operates defined benefit plan of Group Gratuity for its employees. The Company has taken a Group Gratuity Scheme with Life Insurance Corporation of India. The premium payable under the scheme is provided in the books on accrual basis. The present value of the defined benefit obligation and the related current service cost were measured using actuarial valuation carried out by an independent actuary consultant at each year end. Actuarial valuation is carried out using the projected unit credit method. Gratuity is calculated as per the Payment of Gratuity Act, 1972 on actual liability basis.

The Company does not have any scheme for leave encashment in place.

In respect of retirement benefits in the form of provident fund, the contribution payable by the company for the year is charged to the Statement of Profit and Loss. The Company has no obligation other than the contribution payable to the provident fund.

2.12 Earnings per share

Basic earnings per share are computed by dividing the net profit / (loss) after tax attributable to equity share holders by the weighted average number of equity shares outstanding during the year.

2.13 Taxes on income

Minimum alternate tax (MAT) paid in a year is charged to the statement of Profit and Loss as current tax.

2.14 Provisions

A provision is recognized when the company has a present obligation as a result of past events and it is probable that an out flow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

2.15 Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an out flow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

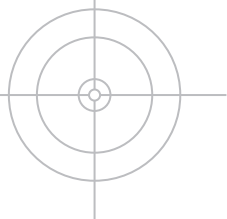
2.16 Research and development costs

Revenue costs are expensed in the year in which they are incurred and the capital expenditure is added to fixed assets and are depreciated in accordance with depreciation policy of the Company.

2.17 Dividends

Provision made in the accounts for the dividends payable by the Company as recommended by the Board of Directors, pending approval of the shareholders at the Annual General Meeting. Income tax on dividends payable is provided for in the year to which such dividends relate.

2.18 Overdraft facilities from banks are secured by way of pledge of Fixed Deposits and the working capital facilities (Rs. 15 Crore) from Indian bank are secured by equitable mortgage of immovable properties and other fixed assets pari-pasu charge with Technology Development Board (TDB).



2.19 The Company operates in one segment i.e., Training and simulation.

2.20 The Common expenses incurred at Head Office were allocated between Head Office and Himachal Pradesh unit based on Net turnover.

2.21 All Fixed deposits were kept with Scheduled banks only.

2.22 The unclaimed dividend amount for all the earlier financial year as on 31 March 2017 is Rs 7,25,386.95/- details of which are given below:

Sl. No	Name of the Bank	Year of declaration of dividend	Unclaimed Amount (₹)
1	HDFC	2009-10	1,55,281.50
2	HDFC	2010-11	60,976.50
3	HDFC	2011-12	2,25,036.50
4	HDFC	2012-13	49,656.00
5	HDFC	2013-14	51,954.00
6	HDFC	2014-15	1,32,592.25
7	HDFC	2015-16	49,890.20
	TOTAL		7,25,386.95

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

2.24 The balances of Sundry Debtors, Creditors and advances in various personal accounts are subject to reconciliation and conformation with the concerned parties.

2.25 There are no disclosures required to be made under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 as there are no outstanding amounts remaining unpaid at the end of the year.

2.26 The Company has transferred Rs. 34,99,228/- to Veer Samman Foundation under Corporate Social Responsibility (CSR) activity for the financial year 2016-17.

2.27 None of the pending litigations have any impact on company's financial Position.

2.28 As per Cost Audit Applicability, cost compliance is not applicable for FY 2016-17 as ZEN is Small Scale Industry Under MSME.

Managing Directors remuneration and commission has been worked out as per provision of Under Section 198 of Companies Act,2013.

2.29 Directors Remuneration

(in ₹)

S. No	Particulars	2016-17	2015-16
1	Directors' Remuneration		
	Chairman & Managing Director		
	Salary, Allowances & perquisites	51,80,370	51,21,448
	Commission	9,56,778	-
	Total	61,37,148	51,21,448
2	Other Director		
	Salary, perquisites & Allowances	36,99,842	33,98,568
	Total	36,99,842	33,98,568

2.30 Foreign Currency Expenses in Rupees

Particulars	2016-17	2015-16
Capital Goods	16,408	5,25,313
Raw Materials and Components	1,28,85,066	46,14,551
Stores and Spares	3,88,707	80,901
Foreign Travel (Exclusive of tickets purchased)	75,46,901	37,18,928
Software	-	1,46,760
Membership	5,98,043	7,48,602
Professional charges	1,88,46,666	10,90,442
Exhibition Expenses	77,43,198	79,98,364
Training charges	6,00,860	4,82,288
Others	1,19,188	13,99,256
Total	4,87,45,037	2,08,05,405

2.31 The company measures EBITDA on the basis of profit/(loss) from continuing operations and the company does not include depreciation and amortization expense, finance costs and tax expense in the measurement of EBITDA.

2.32 The Company's significant operating lease arrangements are mainly in respect of residential / office premises. The aggregate lease rentals payable on these leasing arrangements are charged as rent under "Other Expenses" in Note 3.22.

These lease arrangements are for a period not exceeding five years and are in most cases renewable by mutual consent, on mutually agreeable terms.

Payable	As at 31 March 2017	As at 31 March 2016
Not Later than one year	46,89,113	81,30,027
Later than one year but not later than five years	10,80,000	27,92,220
Later than five years	-	-

Rent expenses, recognized under Other Expenses (Refer Note 3.22) pertains to minimum lease payment only.

2.33 The details of Specified Bank Notes (as defined in the MCA notification GSR 308(E) dated March 31, 2017) held and transacted during the period from November 8, 2016 to December 30, 2016 are as follows:

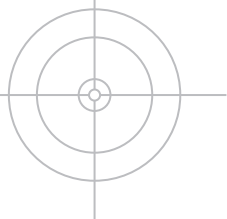
(in ₹)

Particulars	Specified Bank Notes (SBN)	Other Denomination Notes	Total
Closing cash in hand as on 08.11.2016	2,75,000	2,67,786	5,42,786
(+) Permitted receipts @	-	5,07,846	5,07,846
(-) Permitted payments	-	6,95,817	6,95,817
(-) Amount deposited in Banks	2,75,000	-	2,75,000
Closing cash in hand as on 30.12.2016	-	79,815	79,815

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

(in ₹)

Note No.	Particulars	As at 31 March 2017	As at 31 March 2016		
3.01	SHARE CAPITAL				
	Authorised				
	20,00,00,000 (31 March 2016:20,00,00,000) Equity shares of ₹1/- each	200,000,000	200,000,000		
		200,000,000	200,000,000		
	Issued, subscribed and paid-up				
	7,71,60,060 (31 March 2016: 7,71,60,060) Equity shares of ₹1/- each fully paid-up	77,160,060	77,160,060		
a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period					
Particulars	31 March 2017		31 March 2016		
	Nos of Shares	₹	Nos of Shares	₹	
At the beginning of the period	77,160,060	77,160,060	77,160,060	77,160,060	
Outstanding at the end of the period	77,160,060	77,160,060	77,160,060	77,160,060	
b. Terms/rights attached to equity shares					
The Company has only one class of equity shares having a par value of ₹ 1/- each. Each holder of equity shares is entitled to one vote per share. 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. During the year ended 31 March 2017, the amount of per share dividend recognized as distributions to equity shares holders was ₹ 0.15 (previous year ₹ 0.10)					
c. Details of shareholders holding more than 5% shares in the Company of ₹ 1/- each fully paid					
Name of the share holder	As at 31 March 2017		As at 31 March 2016		
	No of Shares	%	No of Shares	%	
Ashok Atluri	20,176,250	26.15	22,316,498	28.92	
Kishore Dutt Atluri	17,556,250	22.75	15,416,002	19.98	
As per records of the Company, including its register of shareholders/members and the declarations received from shareholders regarding beneficial interest, the above share holding represents both legal and beneficial ownership of shares.					
d. Aggregate number of shares bought back during the period of five years immediately preceding the reporting date:					
Particulars	2016-17	2015-16	2014-15	2013-14	2012-13
No. of Equity Shares bought back by the company during the year	-	-	-	1,172,426	-
Aggregate Number of Equity Shares bought back by the company	1,187,994	1,187,994	1,187,994	1,187,994	15,568



NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

(in ₹)

Note No.	Particulars	As at 31 March 2017	As at 31 March 2016
3.02	RESERVES AND SURPLUS		
	Securities premium reserve (Share premium)		
	Balance as per the last Balance Sheet	89,185,359	89,185,359
	Closing Balance	89,185,359	89,185,359
	General Reserve		
	Balance as per the last Balance Sheet	352,500,000	350,000,000
	Less: Transfer to Capital Redemption Reserve	-	-
	Add: Transfer from P&L Accumulated account	-	2,500,000
	Closing Balance	352,500,000	352,500,000
	Capital Redemption Reserve		
	Balance as per the last Balance Sheet	11,724,260	11,724,260
	Closing Balance	11,724,260	11,724,260
	Surplus/(deficit) in the Statement of Profit and Loss		
	Balance as per last Balance Sheet	593,160,523	581,822,143
	Add: Net Profit/(loss) for the current period	71,715,734	23,125,367
	Balance available for appropriation	664,876,257	604,947,510
	Less: Appropriation		
	Proposed Equity dividend (amount per share ₹ 0.15) (31 March 2016: ₹ 0.10)	-	7,716,006
	Tax on proposed equity dividend	-	1,570,979
	Transfer to General Reserve	-	2,500,000
	Total appropriation	-	11,786,985
	Net surplus in the Statement of Profit and Loss	664,876,257	593,160,525
	Total Reserves and Surplus	1,118,285,876	1,046,570,144

Note No.	Particulars	Non-current portion		Current maturities	
		As at 31 March 2017	As at 31 March 2016	As at 31 March 2017	As at 31 March 2016
3.03	LONG-TERM BORROWINGS				
	Secured				
	- Term Loan from TDB (Ref Note)	51,560,000	77,340,000	25,780,000	25,780,000
	- Vehicle loan	6,478,876	306,279	3,965,903	1,452,329
	- Interest accrued on TDB loan	-	-	3,947,153	5,337,328
		58,038,876	77,646,279	33,693,056	32,569,657
	Note: The Loan taken from Technology Development Board (TDB), Ministry of Science and Technology, Govt. of India, for ₹ 1,160 lakhs has utilized for part financing the project "Development and Commercialization of Unmanned Aerial Vehicle Mission Simulator". The loan carries interest @ 5% (simple interest) per annum and is repayable in 9 half yearly installments commencing from 01 October 2015. The loan is secured by equitable mortgage of immovable properties and other fixed assets pari-passu with Indian Bank. The loan is also guaranteed by the Company's own guarantee and pledging of 15,000,000 equity shares of ₹ 1/- each owned by the Managing Director of the Company.				

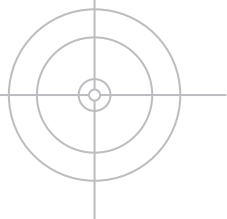
NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

(in ₹)

Note No.	Particulars	As at 31 March 2017	As at 31 March 2016
3.03	SHORT-TERM BORROWINGS		
	Secured		
	Loan repayable on demand (Ref Note)		
	6.75% (PY 8.50%) OD I against Fixed Deposits from Indian Bank	-	42,971,123
	7.90% (PY 9.50%) OD II against Fixed Deposits from Indian Bank	11,579,034	2,051,335
	Nil (PY 9.25%) OD III against Fixed Deposits from Indian Bank	-	184,342,258
	12.45% (PY 12.70%) against Indian Bank OCC account	10,002,741	2,944,839
	8.00% (PY 9.25%) against Fixed Deposits from Corporation Bank OD account	-	62,717,515
		21,581,775	295,027,070
	Note : The above mentioned overdraft facilities are secured by way of pledge of fixed deposits. Working Capital facilities (₹ 15 Crore) from Indian Bank are secured against hypothecation of Stocks and Book Debts and equitable mortgage of immovable properties and other fixed assets pari-passu charge with TDB.		

Note No.	Particulars	Long-term		Short-term	
		As at 31 March 2017	As at 31 March 2016	As at 31 March 2017	As at 31 March 2016
3.04	PROVISIONS				
	Provision for employee benefit	13,189,246	8,557,094	-	-
	- Provision for gratuity (Ref Note)				
	Other Provisions				
	- Proposed dividend	-	-	-	7,716,006
	- Tax on dividend	-	-	-	1,570,979
	- Provision for Mat Tax	-	-	18,354,233	6,003,665
	- Provision for decline, other than temporary, in the value of long term investments	500,000	500,000	-	-
		13,689,246	9,057,094	18,354,233	15,290,650
	Note: The Company operates Group Gratuity Scheme for its employees. Under the scheme of gratuity, every employee who has completed minimum 5 years of service gets gratuity on departure @15 days last month's drawn salary for each completed year of service. The gratuity scheme is funded with Life Insurance Corporation of India in the form of Group Gratuity Scheme (GGS). The provision is estimated by an independent consulting actuary as per requirements of (AS) 15 (Revised 2005) as prescribed under The Companies (Accounting Standard) Rules, 2006.				

3.05	TRADE PAYABLES		
	Trade payables		
	- Dues to Micro and Small Enterprises	-	-
	- Others	30,804,431	20,986,036
		30,804,431	20,986,036



NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

(in ₹)

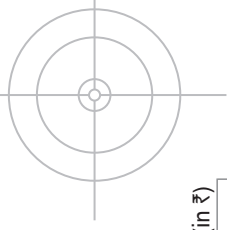
S.No	Particulars	Gratuity 2016-17
I	Change in Present value of obligation	
	PVO at beginning of the year	22,162,513
	Interest cost	1,519,979
	Current service cost	3,352,597
	Benefits paid	(3,574,925)
	Actuarial gain/(loss) on obligation	2,791,892
	PVO at the end of the period	26,252,056
II	Change in fair value of plan Assets	
	Fair value of plan Assets at beginning of period	13,594,738
	Expected return on plan Assets	986,851
	Contributions	1,984,691
	Benefits paid	(3,574,925)
	Actuarial gain/(loss) on obligation	71,455
	Fair value of plan Assets at the end of period	13,062,810
III	Net status of Plan	13,189,246
IV	Net amount recognized	13,189,246

Note No.	Particulars	As at 31 March 2017	As at 31 March 2016
3.06	OTHER CURRENT LIABILITIES		
	Current maturities of long-term debts (Note 3.03)	33,693,056	32,569,657
	Unclaimed dividends	725,387	828,706
	Service Income billed but not due	6,577,121	-
	Employee salaries and benefits:		
	- Salaries and benefits	10,477,469	13,779,114
	- Bonus and incentives	8,311,928	8,009,519
	Other payables:		
	Provision for expenses	5,577,133	5,655,546
	Taxes payable:		
	- Service tax payable	23,724	505,546
	- Sales tax payable	2,621,218	314,313
	- TDS payable	3,530,742	3,345,694
	Advance from customers	53,431,369	60,789,610
		124,969,147	125,797,705

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

3.07 FIXED ASSETS

3.07 FIXED ASSETS		(in ₹)									
Description	Life of Asset	Gross block			Accumulated depreciation			Net block			
		Opening Balance	Additions during the year	Sales/ Adj-justments during the year	As at 31 March 2017	As at 01 April 2016	Charge for the Period	Sales/ Adj-justments during the year	Total 31 March 2017	As at 31 March 2017	As at 31 March 2016
Hyderabad Unit (T.S) Production Division TANGIBLE											
Land		39,830,091	-	-	39,830,091	-	-	-	-	39,830,091	39,830,091
Building Chandralok	60 yrs	487,791	-	-	487,791	117,303	8,179	-	125,481	362,310	370,488
Building-Cherlapally	60 yrs	4,651,498	-	-	4,651,498	610,553	77,715	-	688,268	3,963,230	4,040,945
Building-New Delhi	60 yrs	137,804,361	-	-	137,804,361	6,428,553	2,297,330	-	8,725,883	129,078,478	131,375,808
Lease Building-Bangalore	6 yrs	2,946,700	-	2,920,795	25,905	368,661	371,085	732,172	7,574	18,331	2,578,039
Buildings Maheswaram	30 yrs	207,945,418	1,774,000	-	209,719,418	36,768,033	6,922,261	-	43,690,294	166,029,124	171,177,385
Computers	3 yrs	17,996,909	2,455,219	-	20,452,128	16,322,421	1,304,141	-	17,626,562	2,825,566	1,674,487
Plant and machinery	15 yrs	14,161,609	1,166,257	-	15,327,866	2,686,655	1,024,068	-	3,710,724	11,617,142	11,474,954
Office Equipment	5 yrs	18,255,900	1,246,787	-	19,502,687	14,175,324	1,521,272	-	15,696,596	3,806,091	4,080,576
Office Equipment Maheswaram	5 yrs	6,405,084	1,187,048	-	7,592,132	2,466,105	1,188,540	-	3,654,645	3,937,486	3,938,978
Furniture, fixtures	10 yrs	5,747,709	57,082	-	5,804,791	3,187,617	513,566	-	3,701,183	2,103,608	2,560,092
Furniture, fixtures Maheswaram	10 yrs	4,135,246	57,145	-	4,192,391	1,341,830	452,694	-	1,794,524	2,397,867	2,793,416
Furniture, fixtures Bangalore	yrs	309,901	-	309,901	-	31,075	23,264	54,339	0	-	278,825
Testing Equipment	10 yrs	1,393,998	156,195	-	1,550,193	197,535	151,900	-	349,435	1,200,758	1,196,463
Vehicles	10 yrs	24,621,677	13,632,235	-	38,253,912	12,383,980	2,388,415	-	14,772,396	23,481,517	12,237,697
		486,693,890	21,731,968	3,230,696	505,195,163	97,085,646	18,244,428	786,511	114,543,564	390,651,600	389,608,245
INTANGIBLE											
Software	100.00%	4,294,764	-	-	4,294,764	4,294,764	-	-	4,294,764	-	-
Software	33.33%	6,107,670	-	-	6,107,670	4,560,339	1,547,329	-	6,107,668	2	1,547,331
		497,096,324	21,731,968	3,230,696	515,597,597	105,940,750	19,791,757	786,511	124,945,996	390,651,602	391,155,575
Hyderabad Unit (T.S) R&D Division TANGIBLE											
Land		5,150,020	-	-	5,150,020	-	-	-	-	5,150,020	5,150,020
Building - Sanathnagar	60 yrs	28,186,689	-	-	28,186,689	4,682,762	475,918	-	5,158,680	23,028,009	23,503,928
Shed -B42	60 yrs	514,008	-	-	514,008	12,709	8,567	-	21,276	492,732	501,299
Computers	3 yrs	9,768,817	573,412	-	10,342,229	8,384,889	698,518	-	9,083,407	1,258,822	1,383,928
Plant and machinery	15 yrs	14,093,331	61,875	-	14,155,206	9,258,236	455,683	-	9,713,919	4,441,287	4,835,095
Office Equipment	5 yrs	6,257,266	172,496	-	6,429,762	5,854,722	107,736	-	5,962,459	467,303	402,543
Furniture, fixtures	10 yrs	4,069,927	40,388	-	4,110,315	3,901,817	25,982	-	3,927,799	182,516	168,110



NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

3.07 FIXED ASSETS

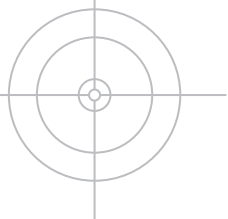
(in ₹)

Description	Life of Asset	Gross block			Accumulated depreciation			Net block	
		Opening Balance	Additions during the year	Sales/ Ad-justments during the year	As at 31 March 2017	As at 01 April 2016	Charge for the Period	Sales/ Ad-justments during the year	Total 31 March 2017
Testing Equipment	10 yrs	5,438,973	-	-	5,438,973	2,741,935	490,045	-	3,231,980
Vehicles	10 yrs	818,169	-	818,169	-	727,212	87,199	814,410	(0)
INTANGIBLE									
Software	100.00%	30,600,930	-	-	30,600,930	30,600,930	-	-	30,600,930
Software (RKT)	33.33%	58,387,438	1,775,000	-	60,162,438	47,541,598	10,669,231	-	58,210,829
		163,285,567	2,623,171	818,169	165,090,570	113,706,809	13,018,879	814,410	125,911,278
Nalagarh Unit (Himachal Pradesh)									
Production Division									
TANGIBLE									
Computers	3yrs	1,751,938	-	-	1,751,938	1,751,938	-	-	1,751,938
Plant and machinery	15 yrs	3,320,704	-	-	3,320,704	1,454,116	251,282	-	1,705,397
Office Equipment	5 yrs	580,124	17,490	-	597,614	449,508	43,297	-	492,805
Demo Equipment	5 yrs	-	19,223,301	-	19,223,301	-	2,886,128	-	2,886,128
Furniture, fixtures	10 yrs	1,356,437	-	-	1,356,437	920,313	210,401	-	1,130,715
Testing Equipment	10 yrs	952,312	-	-	952,312	593,466	168,116	-	761,582
Vehicles	10 yrs	89,400	-	-	89,400	68,483	9,844	-	78,327
		8,050,915	19,240,791	-	27,291,706	5,237,824	3,569,068	-	8,806,892
INTANGIBLE									
Software	100%	594,501	-	-	594,501	594,501	-	-	594,501
		8,645,416	19,240,791	-	27,886,207	5,832,325	3,569,068	-	9,401,393
Total of Tangible Assets A		569,042,005	41,820,930	4,048,865	606,814,071	137,887,749	24,163,145	1,600,921	160,449,975
Total of Intangible Assets B		99,985,303	1,775,000	-	101,760,303	87,592,133	12,216,559	-	99,808,692
Total of (A+B)		669,027,308	43,595,930	4,048,865	708,574,374	225,479,882	36,379,704	1,600,921	260,258,667
Previous year		655,705,156	13,337,152	15,000	669,027,308	182,317,498	43,171,081	8,698	225,479,884
Capital Work In Progress									
WIP - Buildings									97,624,718
WIP - Interiors									62,602,925
WIP - Civil Works									6,674,024
									166,901,667
									147,174,315

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

(in ₹)

Note No.	Particulars	As at 31 March 2017	As at 31 March 2016
3.08	NON-CURRENT INVESTMENTS		
	Long term at cost, unless otherwise specified		
	I. Other (Unquoted) - Non trade		
	Foreign Investment 3,414 Equity shares of Paladin Paradigm Knowledge Solutions INC.,	3,412,000	-
		3,412,000	500,000
3.09	LONG-TERM LOANS AND ADVANCES		
	Unsecured, considered good		
	Capital advances	19,425,000	9,200,000
	Security deposits	9,208,306	10,012,169
	Loans and advances to related parties		
	Other loans and advances		
	- Prepaid expenses	4,626,151	6,455,979
	- Deposits with government, public bodies and others	12,823,802	9,963,761
		46,083,259	35,631,909
3.10	OTHER NON-CURRENT ASSETS	Nil	Nil
	OTHER CURRENT ASSETS		
	Interest accrued on fixed deposits with banks	2,747,770	10,665,416
	Accrued AMC Income	47,835,742	26,775,829
		50,583,512	37,441,245
3.11	INVENTORIES		
	Raw material (Ref Note 3.17)	37,762,713	34,889,409
	Work in progress (Ref Note 3.18)	30,325,874	32,657,833
	Stock-in-trade (Ref Note 3.18)	3,502,149	3,502,149
	Inventory-Demo Systems	-	19,223,301
	Inventory Others	7,588,352	7,588,352
		79,179,088	97,861,044



NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

(in ₹)

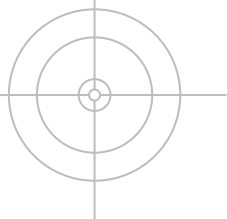
Note No.	Particulars	Non-Current		Current	
		As at 31 March 2017	As at 31 March 2016	As at 31 March 2017	As at 31 March 2016
3.12	TRADE RECEIVABLES				
	Outstanding for a period exceeding 6 months form the date they are due for payment				
	- Unsecured, considered good	18,661,185	33,035,734	-	-
	- Doubtful	6,570,812	6,570,812	-	-
		25,231,997	39,606,546	-	-
	Provision for doubtful receivables	(6,570,812)	(6,570,812)	-	-
	(A)	18,661,185	33,035,734	-	-
	Other receivables				
	- Unsecured, considered good	-	-	184,954,082	47,565,829
	(B)	-	-	184,954,082	47,565,829
	Total (A+B)	18,661,185	33,035,734	184,954,082	47,565,829

3.13	CASH AND BANK BALANCES		
	Cash and cash equivalents		
	Balances with banks:		
	- On current accounts	89,950,543	18,987,566
	Cash on hand	131,708	3,737
	Other bank balances:		
	- Deposits with original maturity for > 3 months but < 12 months Indian Bank	1,210,000	109,765,597
	- Deposits with original maturity for > 3 months but < 26 months State Bank of India	35,967,720	-
	- Balances with banks to the extent held as margin money for guarantees - Indian Bank	15,452,283	17,420,540
	- Balances with banks to the extent held as security against OD borrowings- Indian Bank	113,010,000	448,050,309
	- Balances with banks to the extent held as security against OD borrowings- HDFC Bank	10,000,000	10,000,000
	- Balances with banks to the extent held as security against OD borrowings - Corporation Bank	75,663,464	74,628,824
	Balances with banks for unpaid dividend	725,387	828,706
		342,111,105	679,685,279

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

(in ₹)

Note No.	Particulars	As at 31 March 2017	As at 31 March 2016
3.14	SHORT-TERM LOANS AND ADVANCES		
	Secured, considered good	-	-
	Unsecured, considered good		
	Advance to material suppliers	74,157,744	109,741,730
	Income tax refundable	14,820,025	6,736,194
	Advance income tax	5,304,691	14,323,377
	Other loans and advances		
	- Prepaid expenses	4,569,259	2,870,001
	- Balance with VAT, Central excise and Service tax	9,727,489	10,015,321
	- Loans and advances to employees	4,984,870	1,905,636
	- Others	9,117,959	-
		122,682,037	145,592,259



NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

(in ₹)

Note No.	Particulars	Year ended 31 March 2017	Year ended 31 March 2016
3.15	REVENUE FROM OPERATIONS		
	a) Sale of Products	490,080,456	426,837,022
	b) Sale of Services	129,841,420	100,818,045
		619,921,876	527,655,067
	Less : Excise duty	3,350,000	1,500,000
		616,571,876	526,155,067

3.16	OTHER INCOME		
	Interest income	31,739,368	53,744,063
	Miscellaneous income	237,787	1,023,923
	Net gain/(loss) on foreign currency exchange fluctuation	4,050,774	(105,853)
	Profit/(Loss) on Sale of Vehicle	146,876	-
		36,174,805	54,662,133

3.17	COST OF MATERIALS AND COMPONENTS CONSUMED		
	Opening stock of raw materials	34,889,409	26,676,200
	Add : Purchases	122,672,830	88,898,123
		157,562,239	115,574,323
	Less : Closing stock	37,762,713	34,889,409
		119,799,526	80,684,914

Note: As the items of raw material purchased and consumed are dissimilar in nature, type and numerous in quantity, it is not possible to give details under different heads as required under para 5(ii) and Para 5(iii) of the general instructions for preparation of the Statement of Profit and Loss as per Schedule III of the Companies Act, 2013.

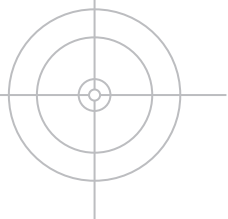
3.18	CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
	Opening work in progress	32,657,833	117,802,500
	Opening traded goods	3,502,149	3,502,149
		36,159,982	121,304,649
	Closing work in progress	30,325,874	32,657,833
	Inventory-Demo Systems	-	18,351,600
	Closing traded goods	3,502,149	3,502,149
		33,828,023	54,511,582
	Net (increase) / decrease in stock	2,331,959	66,793,067

Note: As the items of raw material purchased and consumed are dissimilar in nature, type and numerous in quantity, it is not possible to give details under different heads as required under para 5(ii) and para 5(iii) of the general instructions for preparation of the Statement of Profit and Loss as per Schedule III of the Companies Act, 2013.

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

(in ₹)

Note No.	Particulars	Year ended 31 March 2017	Year ended 31 March 2016
3.19	MANUFACTURING EXPENSES		
	Power and fuel	2,328,071	2,718,085
	Spares and Stores	1,422,373	652,107
	Freight	2,385,163	2,302,570
	Travel expenses - Production	334,253	716,596
	System Installation & Maintenance	2,541,656	1,681,831
	Factory Maintenance	2,415,790	-
	Training Charges	1,593,616	-
	Salaries -Production	9,190,350	7,678,439
		22,211,272	15,749,628
3.20	EMPLOYEE BENEFITS EXPENSE		
	Salaries, wages and bonus	134,492,811	122,565,644
	Contribution to provident and other funds	3,170,168	2,928,279
	Gratuity expense	4,632,152	2,440,972
	Staff welfare expenses	5,614,326	5,055,548
		147,909,457	132,990,443
3.21	FINANCE COSTS		
	Bank Charges	1,917,341	1,364,147
	BG Commission	1,460,260	1,867,872
	Interest on borrowings		
	- interest on bank OD loans	15,251,592	13,132,039
	- interest on TDB loan	4,190,133	3,065,221
	- interest on Vehicle loan	325,342	243,216
	- interest Others	168,477	4,015,382
		23,313,145	23,687,877



NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

(in ₹)

Note No.	Particulars	Year ended 31 March 2017	Year ended 31 March 2016
3.22	OTHER EXPENSES	210,731,651	188,611,158
	Selling & Distribution expenses	58,524,572	41,617,276
	Business Promotion	13,633,022	4,778,387
	Club expenses	415,796	373,759
	Electricity Charges	11,269	16,640
	Exhibition expenses	19,368,964	31,794,199
	Freight	6,822,377	2,014,470
	Guest House Rent & Maintenance	1,575,532	2,215,563
	Hotel Boarding & Lodging	283,225	424,258
	Service Charges	16,414,387	-
	Travelling expenses	33,922,934	33,181,810
	Domestic Travel	24,126,101	23,350,183
	Travel expenses - Delivery	199,904	573,024
	Travel expenses - Demo	815,338	802,046
	Travel expenses - Installation	1,393,588	2,412,217
	Travel expenses - Servicing	10,446,998	8,003,092
	Travel expenses - Directors	719,495	1,062,993
	Travel expenses - Marketing	5,461,590	4,514,780
	Travel expenses - General	5,089,188	5,982,031
	Foreign Travel	9,796,833	9,831,627
	Travel expenses - Directors	3,554,164	4,346,702
	Travel expenses - Others	6,242,669	5,484,925
	Administrative & General expenses	118,284,145	113,812,072
	Advertisement	797,294	1,019,362
	AGM Expenses	38,768	26,748
	Annual Day Expenses	525,910	583,721
	Bad Debts	33,091	-
	Books & periodicals	230,108	335,185
	Conveyance	3,173,185	2,900,278
	Directors' sitting fees	450,000	550,000
	Donation CSR	3,503,274	2,216,120
	Donation Others	9,300	32,222
	Electricity Charges	2,788,511	3,048,577
	Listing Fee	400,000	290,000
	Insurance	2,083,505	1,617,163
	Membership & Subscription	2,674,868	3,372,282
	Office Maintenance	7,702,718	5,988,286
	Postage & Telephone	3,776,353	3,445,498
	Printing & Stationary	1,552,792	2,057,011

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

(in ₹)

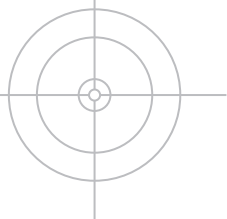
Note No.	Particulars	Year ended 31 March 2017	Year ended 31 March 2016
	Professional Charges	40,635,785	26,531,077
	Provision for doubtful Debts/Advances	-	(539,984)
	Rates & Taxes	4,983,225	2,994,425
	Rent	10,767,789	11,221,474
	Security expenses	3,588,344	3,132,587
	Software Licence fee	280,157	842,595
	Vehicle Maintenance	2,707,119	3,233,552
	Computer Maintenance	1,622,274	1,914,242
	Spares & Stores	22,652,824	36,241,451
	Prior Year Expenses	135,201	243,090
	Trade discount	694,000	-
	Payment to auditors		
	As Auditors		
	For Statutory & Tax audit fee	311,500	311,450
	For Internal audit	135,000	180,000
	In other capacity		
	For Certification and Advisory in respect of Income tax, Company law etc.,	-	-
	Out of pocket expenses	31,250	20,060

3.23	DEPRECIATION & AMORTISATION EXPENSE		
	Depreciation on total Tangible assets (Ref Note 3.07)	24,163,145	21,846,310
	Depreciation on total Intangible assets (Ref Note 3.07)	12,216,559	21,324,772
		36,379,704	43,171,082

3.24	TAX EXPENSES		
	Current tax (MAT)	18,354,233	6,003,665
		18,354,233	6,003,665

Note: Tax expense comprise current tax. The current tax represents the Minimum Alternate Tax (MAT) payable by the company on the book profits for the year. Current tax expense is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 and the tax rates and tax laws used to compute the tax amount are prevailing at the reporting date.

3.25	EARNINGS PER SHARE (EPS)		
	Total operations for the year		
	Profit after tax (PAT)	71,715,734	23,125,367
	Weighted average number of equity shares	77,160,060	77,160,060
	Earnings per Share (Both Basic & Diluted)	0.93	0.30



NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

(in ₹)

Note No.	Particulars	Year ended 31 March 2017	Year ended 31 March 2016
3.26	EXPENDITURE INCURRED ON R & D		
	R & D Revenue expenses	127,240,068	142,964,766
	- Salaries	74,104,637	65,431,742
	- Commission		484,941
	- Bonus & Gratuity	6,239,363	4,941,413
	- Electricity Charges	2,532,434	2,690,101
	- Travelling expenses	3,524,343	4,082,943
	- Spares & Stores	20,294,440	36,241,451
	- Consultancy Fee	942,205	4,043,844
	- Depreciation	13,018,883	22,279,205
	- Interest on TDB Loan (UAV Sim)	4,190,133	2,743,492
	- Training charges	35,250	11,434
	- Freight	-	-
	- Rates & Taxes	2,358,380	-
	- Repairs & Maintenance	-	14,200

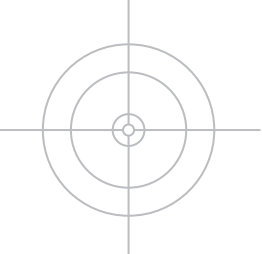
Note No.	Particulars	As at 31 March 2017	As at 31 March 2016
3.27	COMMITMENTS AND CONNGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF		
	I. DISPUTED MATTERS		
	(a) Appeal filed by the Excise Department before the Customs, Excise and Service Tax Appellate Tribunal (CESTAT) Hyderabad against the order passed by the Commissioner of Customs and Central Excise Hyderabad - II Commissionerate, in favour of the company vide Order-in-Original No: 02/2006-C.Ex dated 05.07.2005.	5,171,356	5,171,356
	(b) Demands raised for subsequent periods by the Central Excise Department on the same issue for the period from 01.04.2006 to 31.07.2011 and the Commissioner confirmed the demands vide Order-in-Original No. Hyd-Excus-002-Com-030-15-16 dated 27.11.2015. The Company filed an appel before CESTAT, Hyderabad and is pending for final hearing.	74,942,371	74,942,371
		80,113,727	80,113,727
	Note: The dispute in the matter (a) above was relating to inclusion of customized software in the valuation of simulators supplied by the company during the period from F.Y. 2005-06 to 2010-11 (upto 31.07.2011). The mater was first adjudicated by the Commissioner of Customs and Central Excise Hyderabad - II Commissionerate and decided in favour of the company. However, the Excise Department has filed an appeal before the Appellate Tribunal Challenging the order passed by Commissioner of Customs and Central Excise. For the subsequent periods i.e., from 01.04.2006 to 31.07.2011, the Commissioner confirmed the demand against the company and the company filed an appeal before CESTAT, Hyderabad and it is pending for final hearing. The Company, based on discussions with its solicitors and tax advisors, believes that there is a fair chance of winning the case in its favour in the appellate process and hence, no provision has been considered necessary against the same.		
	II GUARANTEES/LETTER OF CREDITS		
	(a) Bank Guarantees	155,560,994	165,898,029
		155,560,994	165,898,029

3.28 RELATED PARTY DISCLOSURE

(in ₹)

Name of the Party	Relationship	Nature of Transaction	2016-17	2015-16
Related party disclosures as required by AS-18 are given below:				
a. Transactions during the year				
Mr Ashok Atluri Chairman and Managing Director	Key Management Personnel	Remuneration	5,180,370	5,121,448
Mr Ashok Atluri Chairman and Managing Director	Key Management Personnel	Commission	956,778	-
Mr Kishore Dutt Atluri President	Key Management Personnel (Brother of Mr Ashok Atluri)	Remuneration	3,086,691	3,580,728
Mr Kishore Dutt Atluri President	Key Management Personnel (Brother of Mr Ashok Atluri)	Incentive	48,50,068	-
Mr M Ravi Kumar Whole-Time Director	Key Management Personnel	Remuneration	3,699,842	3,398,568
b. Receivables				
Version 2 Games Limited	Wholly owned subsidiary	Debtors	Nil	Nil
Version 2 Games Limited	Wholly owned subsidiary	Investment	Nil	Nil

As per our Report of even date	For and on behalf of the Board	
Gokhale & Co., Chartered Accountants Firm Regn. No.: 000942S		
Chandrashekhar Gokhale Partner M.No: 23839	Ashok Atluri Chairman & Managing Director (DIN: 00056050)	M Ravi Kumar Whole Time Director (DIN: 00089921)
	Chada Jagadish Reddy Company Secretary (M.No. ACS 43388)	G Sankara Rao Chief Financial Officer (M.No. ACA 202650)
Place : Hyderabad Date : 29 May 2017		



ELECTRONIC CLEARING SERVICES (ECS) MANDATE FORM

To
ZEN TECHNOLOGIES LIMITED
B-42, Industrial Estate, Sanathnagar
Hyderabad – 500 018

For Shares held in physical mode

Please complete this form and send it to
Karvy Computershare Private Limited
Unit: Zen Technologies Limited
Karvy Selenium Tower B, Plot No 31 & 32,
Gachibowli, Financial District, Nanakramguda,
Serilingampally Mandal, Hyderabad – 500 032
Phone: +91 -40 - 67161605
Fax: + 91- 40 - 23001153
Email id: einward.ris@karvy.com

For Shares held in Demat mode

Please inform your DP's directly

For Shares held in Demat mode form

Master Folio No.									
------------------	--	--	--	--	--	--	--	--	--

FOR OFFICIAL USE ONLY

ECS Ref.
No.

Name of First Holder										
Bank Name										
Branch Name & Address										
Branch Code	<table border="1"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table> (9 Digits Code Number appearing on the MICR band of the cheque supplied by the Bank) Please attach a xerox copy of a blank cheque of your bank duly cancelled for ensuring accuracy of the banks name, branch name and code number.									

Account type	Savings	10		Current	11		Cash Credit	13	
--------------	---------	----	--	---------	----	--	-------------	----	--

A/c No. (as appearing in the chequebook)								
--	--	--	--	--	--	--	--	--

Effective date of this Mandate								
--------------------------------	--	--	--	--	--	--	--	--

I, hereby, declare that the particulars given above are correct and complete. If any transaction is delayed or not effected at all for reasons of incompleteness or incorrectness of information supplied as above, Zen Technologies Limited and Karvy Computershare Private Limited, will not be held responsible. I have read the optional invitation letter and agree to discharge the responsibility expected of me as a participant under the scheme.

I further undertake to inform the Company any change in my Bank/branch and account number.

(Signature of First holder)

Date: _____

Note: On de-materialization of existing physical shares, for which you have availed ECS facility, this form needs to be re-submitted to your Depository Participant.

Payment of Dividend through Electronic Clearing Service (ECS)

The Securities Exchange Board of India (SEBI) has advised the Companies to mandatorily use ECS facility wherever available for distributing dividends or other cash benefits, etc., to the investors. This facility provides instant credit of dividend amount to your Bank Account electronically at no extra cost. ECS also eliminates the delay in postal transit and fraudulent encashment of warrants. Only individual transactions upto ₹ 500,000/- would be covered under the Scheme.

Under this facility the amount of dividend payable to you would be directly credited to your bank account. Your bank's branch will credit your account and indicate the credit entry as 'ECS' in your pass book/ statement account. We would be issuing an advice to you directly after the transaction is effected.

In case you wish to have your dividends paid through ECS and are holding the Company's shares in electronic form you may kindly fill in the enclosed ECS mandate Form and submit it to your Depository Participant. However, in case you are holding the company shares in physical form and wish to have your future dividends paid through ECS you may kindly return the said ECS mandate form duly completed and signed by you at our Registered Office address mentioned elsewhere in this report.

If you do not wish to opt for ECS facility, we strongly recommend that you provide the details of your Bank's Name, Bank's Branch, type of Account and Account Number to your depository participant, in cases where shares are held in electronic form and to us in cases where shares are held in physical form for printing the same on the dividend warrants which will be dispatched to you. In the event of any change or correction in the details that might have been provided by you earlier, kindly send revised particulars to your depository participants or to us as the case may be at an early date.

We request you to kindly submit the ECS / Bank details latest by Wednesday the 20 September 2017 to enable us to include the same for the payment of the current year's dividend.

ZEN TECHNOLOGIES LIMITED

CIN: L72200TG1993PLC015939

Registered Office: B-42, Industrial Estate, Sanathnagar, Hyderabad – 500018, Telangana, India

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies
(Management and Administration) Rules, 2014]

Name of the Member(s):	
Registered address:	
Email ID:	
Folio No. / Client ID:	
DP ID:	

I/We, being the member (s) of shares of the above named Company, hereby appoint:-

1.	Name:	E-mail id:
	Address:	
		Signature:
	or failing him/her	
2.	Name:	E-mail id:
	Address:	
		Signature:
	or failing him/her	
3.	Name:	E-mail id:
	Address:	
		Signature:

as my / our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 24th Annual General Meeting of the Company, to be held on Thursday the 28 September 2017 at 9.30 a.m. at its Registered Office and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolution	Vote*	
Ordinary Business		In Favour	Against
1	To receive, consider and adopt the Annual Audited Financial Statements (Stand-alone and Consolidated) of the Company for the year ended 31 March 2017 including Audited Balance Sheet as at 31 March 2017, the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date along with the Reports of the Board of Directors' and Auditors' thereon.		
2	To approve the dividend declared by board of directors for the financial year ended 31 March 2017.		
3	To appoint a director in place of Mr Ashok Atluri (DIN: 00056050), who retires by rotation and being eligible offers himself for reappointment.		
4	To appointment of M/s Sekhar & Co, Chartered Accountants, (ICAI Firm Registration number 0036955), Secunderabad as Statutory Auditors of the Company for a period of 5 years.		
Special Business			
5	To appoint Ms Madati Sridevi (DIN: 02446610) as an Independent Director of the Company to hold office for a second term of 3 (Three) consecutive years up to 28 May 2020.		
6	To appoint Mr Rajesh Katragadda (DIN: 02727491) as an Independent Director of the Company to hold office for a period of 3 (Three) consecutive years up to 23 August 2020.		
7	To adopt new Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013.		
8	To reappointment of Mr Ashok Atluri (DIN: 00056050) as the Managing Director of the Company for a period of 3 years with effect from 1 October 2017 to 30 September 2020.		

Signed this day of 2017.

Affix
Revenue
Stamp of
Re 1/- and
sign across

Signature of Member:

Signature of Proxy holder(s):

Notes:

- The proxy duly stamped, completed, signed should be deposited at the Registered Office of the Company, not less than 48 (Forty Eight) hours before commencement of the meeting.
- A Proxy need not be a member of the Company.
- A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- *4. It is optional to indicate your preference. Please put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
- Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.
- In the case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.

ZEN TECHNOLOGIES LIMITED

CIN: L72200TG1993PLC015939

Registered Office: B-42, Industrial Estate, Sanathnagar, Hyderabad – 500018, Telangana, India

ATTENDANCE SLIP

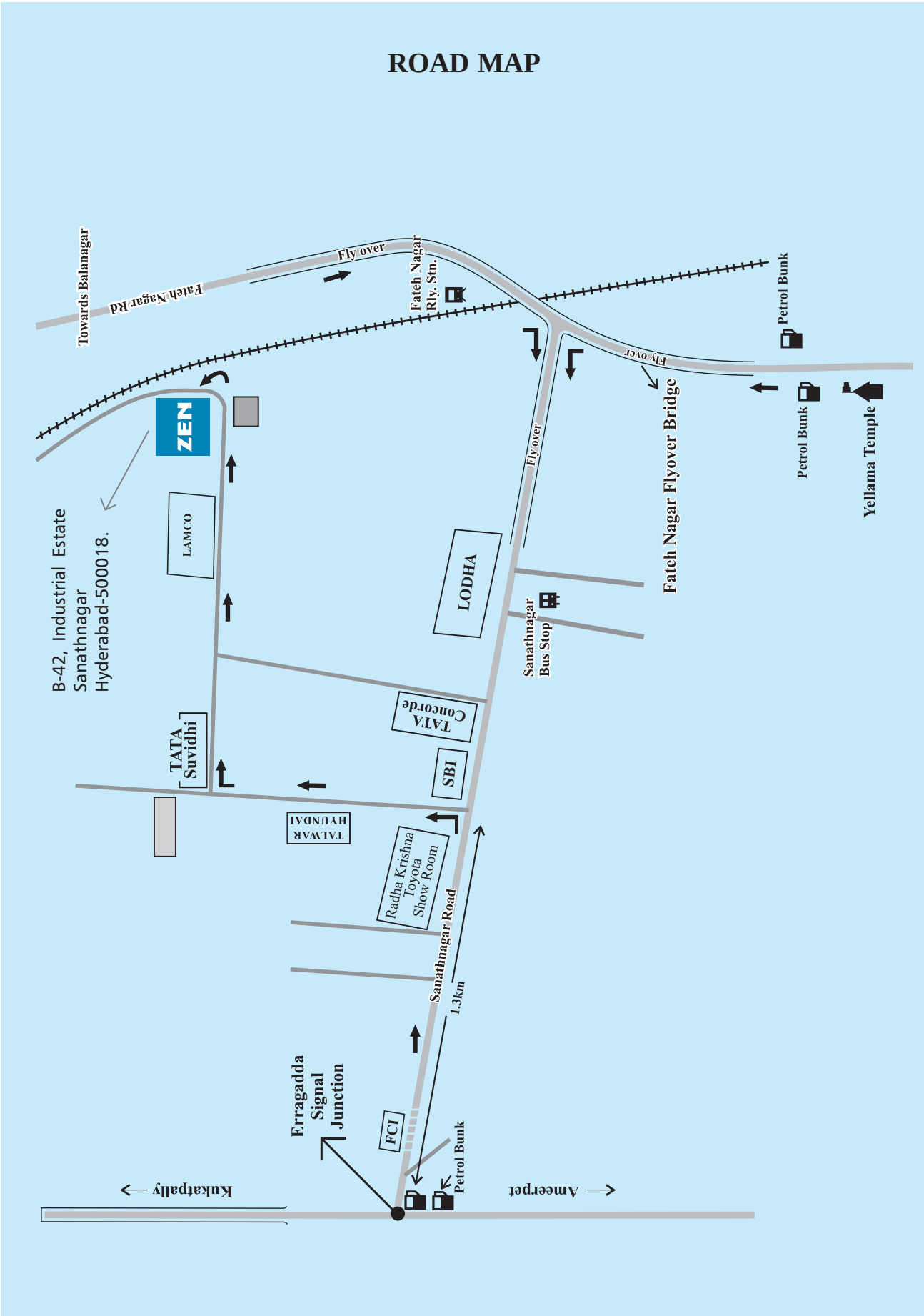
24th Annual General Meeting **to be held on Thursday the 28 September 2017 at 9.30 a.m.**

I hereby record my presence at the 24th Annual General Meeting of the Company being held on Thursday the 28 September 2017 at 9.30 a.m. at its Registered Office.

Name of the Shareholder:	
Name of the Proxy:	
Registered Folio no. /DP ID no. / Client ID no. :	
Number of Equity Shares held:	
Signature of Shareholder / Proxy :	

Note: Please fill up this attendance slip and hand it over at the entrance of the venue. Members are requested to bring their copies of the Annual Report to the AGM.

ROAD MAP



www.zentechnologies.com

If undelivered, Please return to:



ZEN TECHNOLOGIES LIMITED

Registered Office: B-42, Industrial Estate Sanathnagar
Hyderabad-500018, Telangana, INDIA
CIN : L72200TG1993PLC015939