19th ANNUAL REPORT 2011-2012

THE WAY IS IN THE TRAINING

being there...

ZEN TECHNOLOGIES LIMITED

The Way is in the Training

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

- From Webster's New World Dictionary

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...**

OUR PRODUCTS

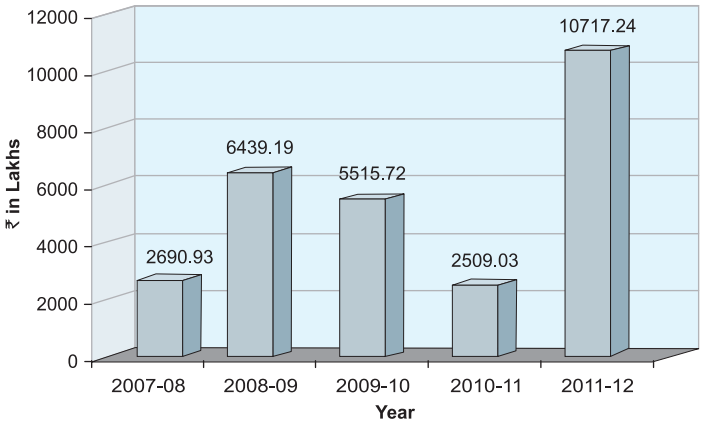
Zen has been at the forefront of applying new technologies and developing new products and is actively involved in indigenisation of technologies, which are helpful for Indian Security Forces and civilian simulation market.

LIST OF PRODUCTS

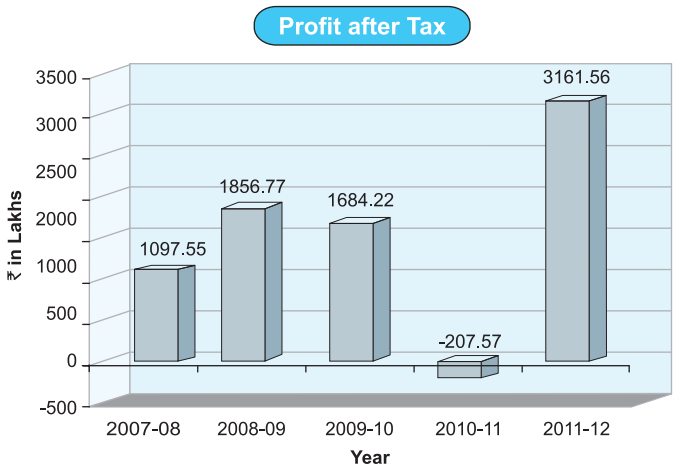
- Zen Advanced Weapon Simulator (Zen AWeSim)
- Zen Small Arms Training SimulatorSL (Zen SATSSL)
- Zen Hand Grenade Simulator (Zen HE36S)
- Zen Driving Training Simulator (Zen DTS)
- Zen BMP-II Driving Simulator (Zen BMP - II DS)
- Zen Forward Observer Simulator (Zen FOS)
- Zen Driving Simulator (Zen DS)
- 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 Simulator
- Zen Tank Driving Simulator
- Zen Combat Training Simulator System (Zen CTSS)
- Zen Bus Simulator (Zen BusSim)
- Zen 81mm Integrated Mortar Simulator (Zen 81mm IMS)
- Zen Mining Equipment Training Simulator (Zen METS)
- Zen Smart Target System (Zen STS)
- Zen Multi Mode Hand Grenade (Zen MMHG)
- Zen Infantry Weapon Training Simulator (Zen IWTS)
- Zen Un-manned Aerial Vehicle Simulator (Zen UAV)

PERFORMANCE OF THE COMPANY AT A GLANCE

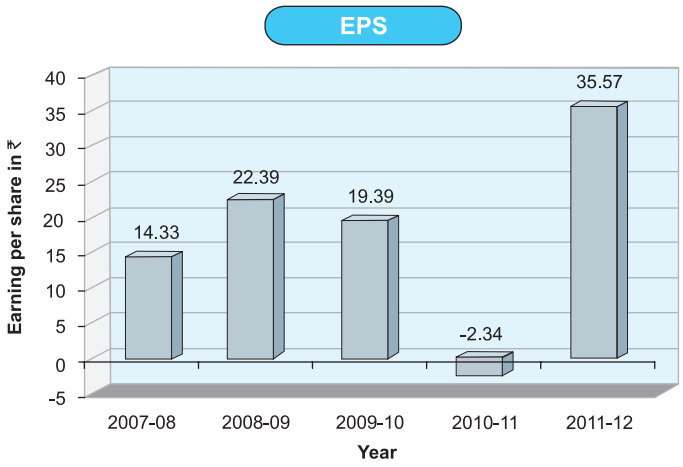
Total Income



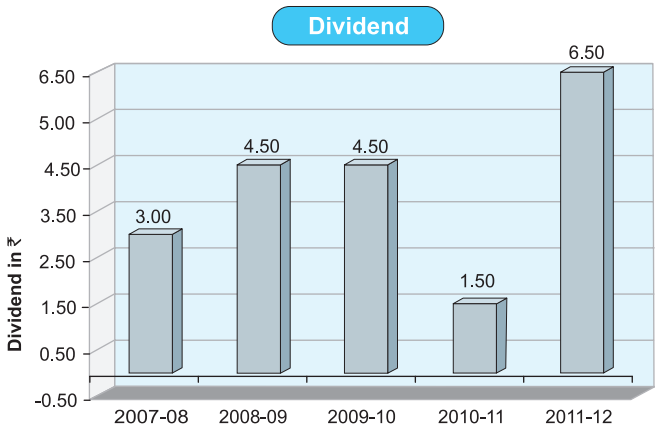
Profit after Tax



EPS



Dividend



Registered Office	B-42, Industrial Estate Sanathnagar, Hyderabad-500018, A P, INDIA Phone : +91- 40 - 23814894, 23813294 Fax : +91- 40 - 23813694 Email id : info@zentechnologies.com Website : www.zentechnologies.com
Board of Directors	Mr Ashok Atluri - Chairman and Managing Director Mr Midathala Ravi Kumar - Whole Time Director Dr Pamidi Kotaiah - Director Cmde Sarvotham Rao - Director Mr Davuluri Satish Babu - Director Mr Utpal H Sheth - Director
President	A. Kishore Dutt
General Manager - Finance	Mr. Satyanarayana S
Company Secretary	M Amala (w.e.f . 2 July 2012)
Auditors	Gokhale & Co., Chartered Accountants 3-6-322, Off. 306, Mahavir House Basheerbagh, Hyderabad-500 029. Phone : +91- 40 - 23221167 / 23228874 e-mail : gokhaleandco@vsnl.net
Bankers	Indian Bank
R & D Division	B-42, Industrial Estate Sanathnagar, Hyderabad-500018, A P, INDIA Phone : +91- 40 - 23814894, 23813294 Fax : +91- 40 - 23813694
Registrars and Share Transfer Agents	Karvy Computershare Private Limited Plot No. 17 to 24, Vithal Rao Nagar, Madhapur, Hyderabad - 500 081. Phone : +91- 40 - 44655000 Fax : +91- 40 - 23420814 Email id : einward.ris@karvy.com
Listed with	Bombay Stock Exchange Limited, Mumbai

BOARD COMMITTEES

Audit Committee	Dr Pamidi Kotaiah	-	Chairman
	Cmde Sarvotham Rao	-	Member
	Mr Davuluri Satish Babu	-	Member
Selection Committee	Mr Davuluri Satish Babu	-	Chairman
	Dr Pamidi Kotaiah	-	Member
	Mr Midathala Ravi Kumar	-	Member
	Mr Feroz Bhote	-	External Expert
Share Transfer & Investors' Grievance Redressal Committee	Mr Davuluri Satish Babu	-	Chairman
	Mr Ashok Atluri	-	Member
	Mr Midathala Ravi Kumar	-	Member
Remuneration Committee	Cmde Sarvotham Rao	-	Chairman
	Dr Pamidi Kotaiah	-	Member
	Mr Davuluri Satish Babu	-	Member
Compensation Committee	Mr Ashok Atluri	-	Chairman
	Mr Davuluri Satish Babu	-	Member
	Dr Pamidi Kotaiah	-	Member

CONTENTS

	PAGE NO.
Notice	1
Directors' Report	4
Management Discussion and Analysis	11
Corporate Governance Report	16
Certification by Chief Executive Officer and Chief Financial Officer	28
Auditors' Certification on Corporate Governance	29
Auditors' Report on Financial Statements	30
Balance Sheet as at 31 March 2012	33
Statement of Profit and Loss for the year ended 31 March 2012	34
Notes on Financial Statements	35
Cash Flow Statement for the year ended 31 March 2012	56
Auditors' Report on the Consolidated Financial Statements	58
Consolidated Balance Sheet as at 31 March 2012	59
Consolidated Statement of Profit and Loss for the year ended 31 March 2012	60
Notes on Consolidated Financial Statements	61
Consolidated Cash Flow Statement for the year ended 31 March 2012	83

* The ECS Mandate form, Proxy form, Attendance Slip and Road Map

NOTICE

Notice is hereby given that the 19 Annual General Meeting of the Company will be held on 27 September 2012 at 9.00 a.m. at B-42, Industrial Estate, Sanathnagar, Hyderabad - 500 018, to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Audited Balance Sheet as at 31 March 2012 and Statement of Profit and Loss for the year ended on that date along with the reports of Directors and Auditors thereon.
2. To declare dividend for the financial year ended 31 March 2012.
3. To resolve not to fill the vacancy for the time being in the Board caused by the retirement of Dr. Pamidi Kotaiah who retires by rotation and doesn't seek reappointment.
4. To appoint M/s Gokhale & Co. Membership No.23839, Firm Regn No.000942S Chartered Accountants, Hyderabad as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and authorize the Board of Directors to fix their remuneration.

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

Place: Hyderabad
Date: 3 August 2012

M. Amala
Company Secretary

NOTES:

1. A member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy or proxies to attend and to vote on a poll instead of himself / herself and such proxy need not be a member of the Company. The instrument appointing the Proxy should be duly filled in, stamped, signed and should be deposited at the Registered Office of the Company at least Forty Eight hours before the commencement of the meeting.

2. Members/proxies 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 Client ID and DP ID No. and those holding in Physical form to write their Folio No. in the attendance slip for attending the meeting. Copies of Annual Reports will not be provided at the meeting.

3. Voting is by show of hands unless a poll is demanded by a member/members present in person, or by proxy, holding at least one-tenth of the total shares entitled to vote on the resolution, or by those holding paid up capital of at least ₹ 50,000/-. A proxy shall not vote except on poll. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

4. The Register of Members and Share Transfer books of the Company will remain closed from 24 September 2012 to 27 September 2012 (both the days inclusive).

5. The International Securities Identification Number (ISIN) allotted to the Company's equity shares is INE251B01019. Trading in the equity shares of the Company through Stock Exchanges was made compulsory in dematerialized form. Shareholders are advised to open demat accounts with any of the Depository Participants (DPs) of their choice registered with NSDL and CDSL and convert their physical holding into electronic holding.

6. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their depository participants with whom they are maintaining their demat accounts, so as to enable the Company to dispatch dividend warrants to their correct address. Members holding shares in physical form are requested to notify/send any change in their address and bank account details to the Company / Registrar & Share Transfer Agents, M/s. Karvy Computershare Private Limited (Karvy).

7. The dividend as recommended by the Board of Directors for the year ended 31 March 2012, if declared at the meeting, will be payable 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 upto 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.

8. Subject to the provisions of Section 205A(5) and 205C of the Companies Act, 1956, the Company has transferred the unpaid/unclaimed dividend for the financial year 2003-04 in November 2011 to the "Investor Education and Protection Fund" (IEPF) established by the Central Government. The Company will be transferring the unpaid/unclaimed dividend declared for the financial year 2004-05 to IEPF in October 2012. Please note that once the unclaimed dividend is transferred to the aforesaid 'Investor Education and Protection Fund', no claim shall lie in respect thereof. Last