

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.

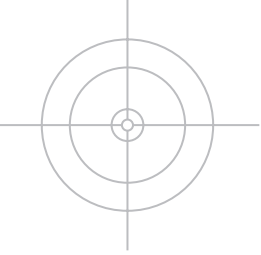
- FROM WEBSTER'S NEW WORLD DICTIONARY



## 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

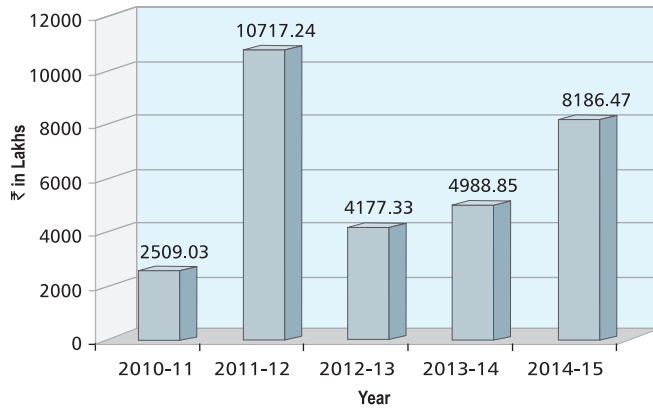
Zen has been at the forefront of applying new technologies and developing new products and is actively involved in indigenization of technologies, which are helpful for Indian Security Forces and civilian simulation market.

### LIST OF PRODUCTS

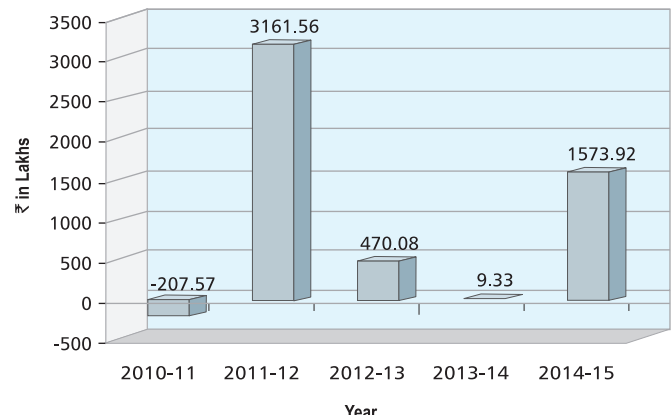
- Zen Advanced Weapon Simulator (Zen AWeSim)
- Zen Small Arms Training Simulator-SL (Zen SATS-SL)
- Zen Hand Grenade Simulator (Zen HE36S)
- Zen Driving Training Simulator (Zen DTS)
- Zen BMP-II Driving Simulator (Zen BMP - II DS)
- Zen Artillery Forward Observer Simulator (Zen ArtyFOS)
- Zen Driving 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 Simulator
- Zen Tank Driving Simulator
- Zen Combat Training Simulator 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 (Zen MMHG)
- Zen Multi-Functional Target System (ZEN MFTS)
- Zen Infantry Weapon Training Simulator (Zen IWTS)
- Zen Unmanned Aerial Vehicle Simulator (Zen UAV Sim)
- Zen Automated Driving Simulator (ZEN ADS)
- Zen Driver Aptitude Testing System (ZEN DATS)
- Zen Dumper Training Simulator
- Zen Dozer Training Simulator
- Zen Excavator Training Simulator
- Zen Medium Machine Gun Simulator (ZEN MMG Sim)
- Zen Automatic Grenade Launcher Simulator (ZEN AGL Sim)
- Zen Tank Zeroing Simulator (ZEN TZS)
- Zen Armour Combat Training Systems (ZEN ACTS)
- Zen Containerized Target 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)

## PERFORMANCE OF THE COMPANY AT A GLANCE

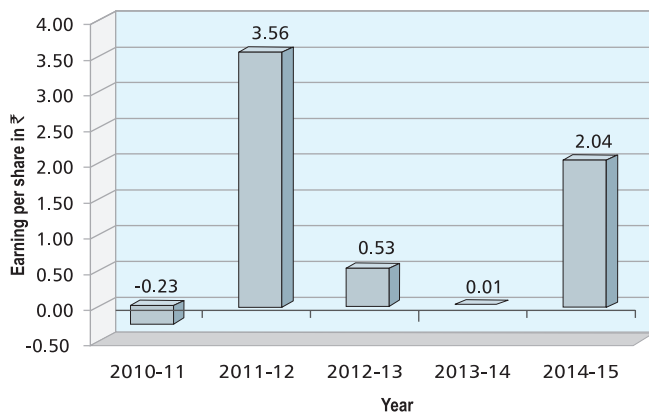
Total Income



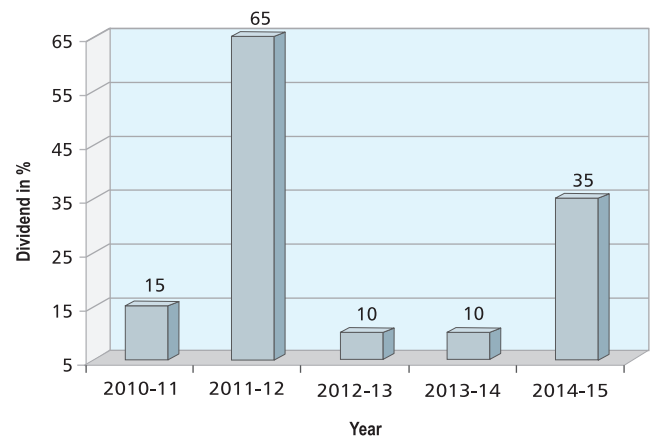
Profit after Tax



EPS

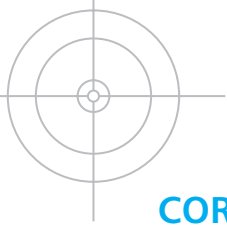


Dividend



**Note** - During the year 2014-15, the Company has sub-divided each Equity Share of face value of ₹ 10/- (Rupees Ten only) as existing on the Record Date (24 November 2014) into 10 (Ten) Equity Shares of face value of ₹ 1/- (Rupee One only) each fully paid-up, with effect from the Record Date. Accordingly, per share information reflects the effect of subdivision retrospectively for the earlier reporting periods.





## 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

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**Board of Directors**

Mr Ashok Atluri (DIN: 00056050)	- Chairman and Managing Director
Mr Midathala Ravi Kumar (DIN: 00089921)	- Whole Time Director
Cmdr Sarvotham Rao (DIN: 00015530)	- Director (up to 29 June 2015)
Mr Gajjala Prasad (DIN: 00026718)	- Director
Mrs Madati Sridevi (DIN: 02446610)	- Director
Mr Venkat Samir Kumar Oruganti (DIN: 06699271)	- Additional Director (w.e.f 14 August 2015)

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**President** Mr Kishore Dutt Atluri

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**Chief Financial Officer** CA Mr P V Krishna Mohan (up to 30 June 2015)

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**Company Secretary** CS Ms M Amala

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**Statutory Auditors** Gokhale & Co.,  
Chartered Accountants  
3-6-322, Off.306, Mahavir House  
Basheerbagh, Hyderabad-500 029  
Phone: +91- 40 – 23221167 / 23228874  
Email: gokhaleandco@ymail.com

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**Banker** Indian Bank

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**R & D Division** B-42, Industrial Estate  
Sanathnagar, Hyderabad-500018, Telangana, INDIA  
Phone : +91- 40 - 23813281, 23812894  
Fax : +91- 40 – 23813694

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**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

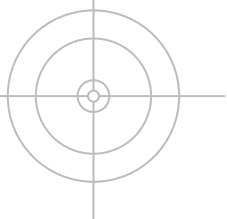
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**Listed With** BSE Limited, Mumbai  
National Stock Exchange of India Limited, Mumbai

## BOARD COMMITTEES

<b>Audit Committee</b>	Mr Gajjala Prasad	- Chairman
	Cmde Sarvotham Rao	- Member (up to 29 June 2015)
	Mr Ashok Atluri	- Member
	Mr Venkat Samir Kumar Oruganti	- Member (w.e.f. 14 August 2015)
<b>Stakeholders Relationship Committee</b>	Mr Gajjala Prasad	- Chairman
	Mr Ashok Atluri	- Member
	Mrs Madati Sridevi	- Member
<b>Nomination and Remuneration Committee</b>	Cmde Sarvotham Rao	- Chairman (up to 29 June 2015)
	Mr Gajjala Prasad	- Member (Chairman w.e.f. 14 August 2015)
	Mr Ashok Atluri	- Member
	Mrs Madati Sridevi	- Member
	Mr Venkat Samir Kumar Oruganti	- Member (w.e.f. 14 August 2015)
<b>Corporate Social Responsibility Committee</b>	Mr Gajjala Prasad	- Chairman
	Mr Ashok Atluri	- Member
	Mr M Ravi Kumar	- Member
<b>Risk Management Committee</b>	Mr Ashok Atluri	- Chairman
	Mr M Ravi Kumar	- Member
	Mr P V Krishna Mohan	- Member (up to 30 June 2015)
<b>Compensation Committee</b>	Mr Ashok Atluri	- Chairman
	Mr Gajjala Prasad	- Member
	Mrs Madati Sridevi	- Member
<b>Selection Committee</b>	Mr Gajjala Prasad	- Chairman
	Mr Midathala Ravi Kumar	- Member
	Mrs Madati Sridevi	- Member





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## CHAIRMAN'S LETTER

Dear Fellow Shareholders,

I am writing this letter to update you on the current reality and how are we placed to exploit the opportunities that are there and may come in the future.

We are in the business of design, development and manufacture of simulators for over two decades. We cater to the training needs of Indian Armed Forces, Para Military Forces (PMF), Special Forces, Police Forces, mining companies, transport fleet companies, and other customers who may need simulators. Primary focus continues to be Indian security forces.

Countries across the globe are realizing the need to develop training tools and simulators that enable the forces to train hard and be battle ready. Value of global military simulation and virtual training programs is expected to reach US\$12.6 billion by 2024. Militaries across the world are focusing on implementing innovative simulations and virtual training systems which are both cost effective and successful in the delivery of training.

The Indian forces are also on track to adapt defence simulators and create a customized training vertical. Use of simulators as a training and operational readiness tool in the Indian military has risen considerably since the late 90s. The Indian Armed Forces have recognized the significance of simulators when it comes to being battle ready.

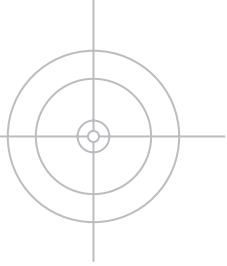
Simulators spare real-world equipment from wear-and-tear and exposure to the various variables, as well as enabling training in extreme situations that would be virtually impossible to practice live. Moreover, they can be used 24x7, under all weather conditions, and geographies. Efficacy of simulators in equipping personnel with combat and other skills have been repeatedly proved under various test conditions.

We have sold over 700 simulators to over 100 customers across length and breadth of our country and abroad, sometimes against very tough international competition. Our customers are very happy with the results they have achieved by using our simulators. As a result, we have been getting Repeat Orders from our satisfied customers. We will continue to strive to exceed their expectations.

We owe our modest success to our proactive approach, strong focus on R&D, well-calculated risks, and careful financial planning. Almost 40% of Zenists are involved in the R&D and significant part of the revenue continues to be invested in R&D. As a result we have an impressive array of products. I am proud to say that all our land forces simulators are almost 100% indigenously designed and developed with the Intellectual Property (IP) ownership resident with us.

Our focus so far has been in design and development of virtual and live simulators to meet the needs of the land forces. We want to expand our focus as:-

- Indian Armed Forces have huge requirement of flying simulators for fixed as well as rotary wing aircrafts. So far they have been depending on foreign companies for the same. We plan to address this market by offering users an indigenous solution. For this purpose, we have entered into a Strategic MoU with Rockwell Collins USA to address this segment for Indian market.
- We see huge opportunities in the field of constructive Simulation. Indian Air Force (IAF) & Indian Navy have already issued RFIs for war-gaming solutions and Army is also going to follow suit. We have Strategic Partnership with IABG Germany for co-development of products for Indian Defence Forces for this requirement.
- We are also focusing on the huge opportunities offered to us through Defence Offsets. We are actively pursuing various foreign OEMs to opt us as their Indian Offset Partners (IOP). We have received encouraging response and hope to generate reasonable amount of business through Defence Offset in the coming years.



- Annual Maintenance Contracts (AMC) for repair & maintenance of our simulators sold to defence forces are expected to bring in substantial revenues to Zen over the next few years. We have a very strong Customer Support Department (CSD), which is the second largest department in your company after R&D department. We respond to the customer calls immediately. We use information technology extensively to monitor the quality of the response from our team. Recently, we have started using a mobile app called AloClient that has helped us in improving the service quality of the CSD personnel and their productivity which has been effective in bringing down the costs. Because of such efforts we have recently got a AMC contract for maintaining about 120 simulators for a period of five years. We hope to get a few more AMC Contracts soon.
- We see huge opportunity in export of our systems and are pursuing the same very seriously. Earlier the focus was on selling training simulators per se, but now the focus has shifted to offering full-fledged solutions through Combat Training Centres.
- Zen's main strength is in Research & Development; once an R&D product is prototyped, we make the hardware part of it ready for production and release the drawings to our vendor base to manufacture majority of the components. We integrate various sub-systems received from the vendors after requisite quality checks. If we were to get large orders, say of the value ₹ 500 Crores, we expect our vendors to scale up and execute our orders with ease. Zen, per se, will not have to invest in scaling up its plant and machinery. Any capex requirements if we get large orders, is expected to be very minimal. It may be relevant to bear in mind that the major component in Zen's products is software for which the marginal cost of production is almost zero.

### Interaction with Government

In addition to the above initiatives, to ensure that our Govt, in line with its commitment to make India self-reliant in defence, favors indigenization of defence technologies, a group of companies including Zen, through industry chambers such as DIIA, CII, and FICCI, are interacting with MoD to bring changes in defence procurement policies and procedures that will

1. Encourage procurement of indigenously designed, developed and manufactured defence weapons and systems
2. Procure items that are manufactured under Transfer of Technology (licensed or bought-out) only if indigenously designed and developed technology (as in 1) is not available, and
3. Import equipment only when such items are not being manufactured under ToT (as in 2) in India .

In addition to rapid innovation leading to global leadership in defence industry, these changes will help companies which have indigenously designed and developed products for existing requirements to be ready to take on other future development of indigenous projects as and when it is projected by the Armed Forces. Defence Procurement procedure (DPP)-2013, which contains policies and procedures for procurement of defence equipment, is under revision and new version is likely to be announced soon.

We are hopeful that new document will be directed to facilitate indigenous design and development and require higher indigenous content for Buy Indian programs, in alignment with Govt's objective of making India a net exporter of defence equipment in years to come.

**#DesignDevelop&MakeInIndia:** The new Government is aggressively promoting #MakeInIndia. While #MakeInIndia may be very good for other sectors, for strategic industry like Defence, it has to be #DesignDevelop&MakeInIndia. Make in India will only encourage setting up manufacturing facilities which may create a few job opportunities, even though that is also doubtful as most of foreign OEMs who want to manufacture in India have plans to do so with automated plant & machinery generating very few jobs. They are justifying their actions by giving complex labour laws, difficult labour unions, non-availability of skilled workforce, financial non-viability, etc., as the reasons. Unless the labor laws are simplified and streamlined, chances of labor intensive plants coming to India are quite remote. In any case rapid automation of factory is a reality which we will have to face eventually. Cost of robots will come down rapidly following the familiar Moore's law which will result in widespread unemployment. So how does the