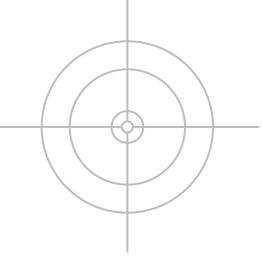


" THE WAY IS IN THE TRAINING "



being there...

ZEN TECHNOLOGIES LIMITED



"THE WAY IS IN THE TRAINING"



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

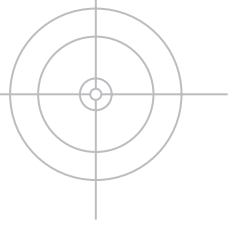
- From Webster's New World Dictionary



being there...

Our training simulators mimic 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.

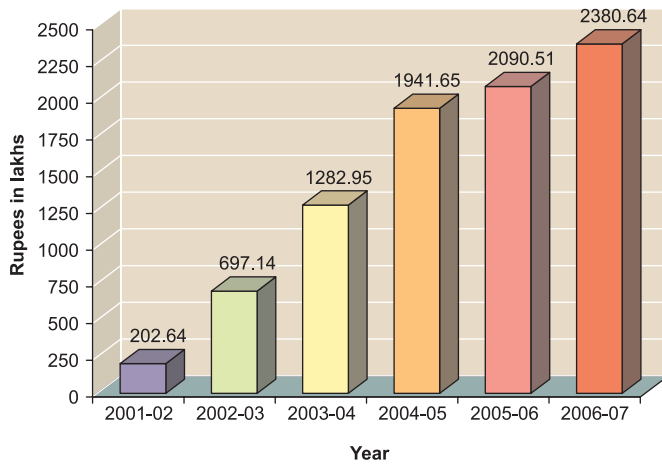
LIST OF PRODUCTS

- ZEN Advanced Weapon Simulator (ZEN AWeSim)
- ZEN Small Arms Training Simulator (ZEN SATS)
- ZEN Basic Driving Simulator (ZEN BDS)
- ZEN Driving Training Simulator (ZEN DTS)
- ZEN Tactical Engagement Simulator (ZEN TacSim)
- ZEN Hand Grenade Simulator (ZEN HE36S)
- ZEN Forward Observer Simulator (ZEN FOS)
- ZEN Anti Tank Guided Missile Simulator (ZEN ATGM Sim)
- ZEN Radar Scan Converter (ZEN RSC)
- ZEN BMP-II Integrated Missile Simulator (ZEN BMP- II IMS)
- ZEN BMP-II Driving Simulator (ZEN BMP-II DS)

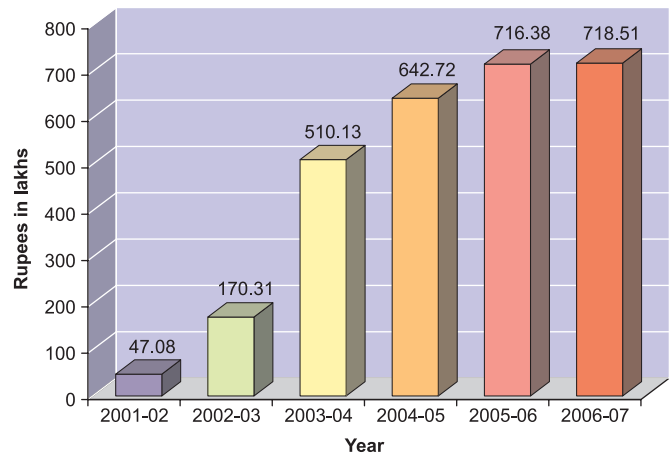


PERFORMANCE OF THE COMPANY AT A GLANCE

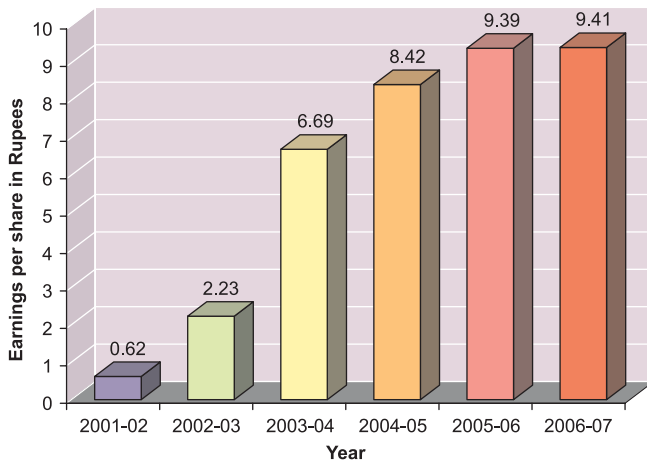
TOTAL INCOME



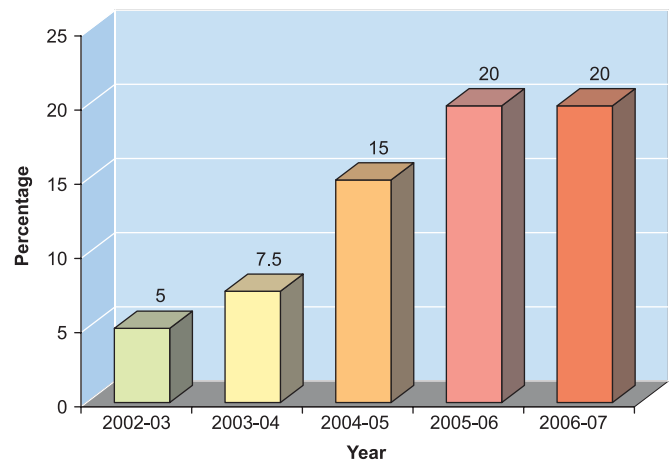
PROFIT AFTER TAX

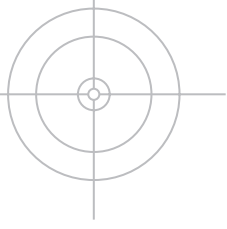


EPS

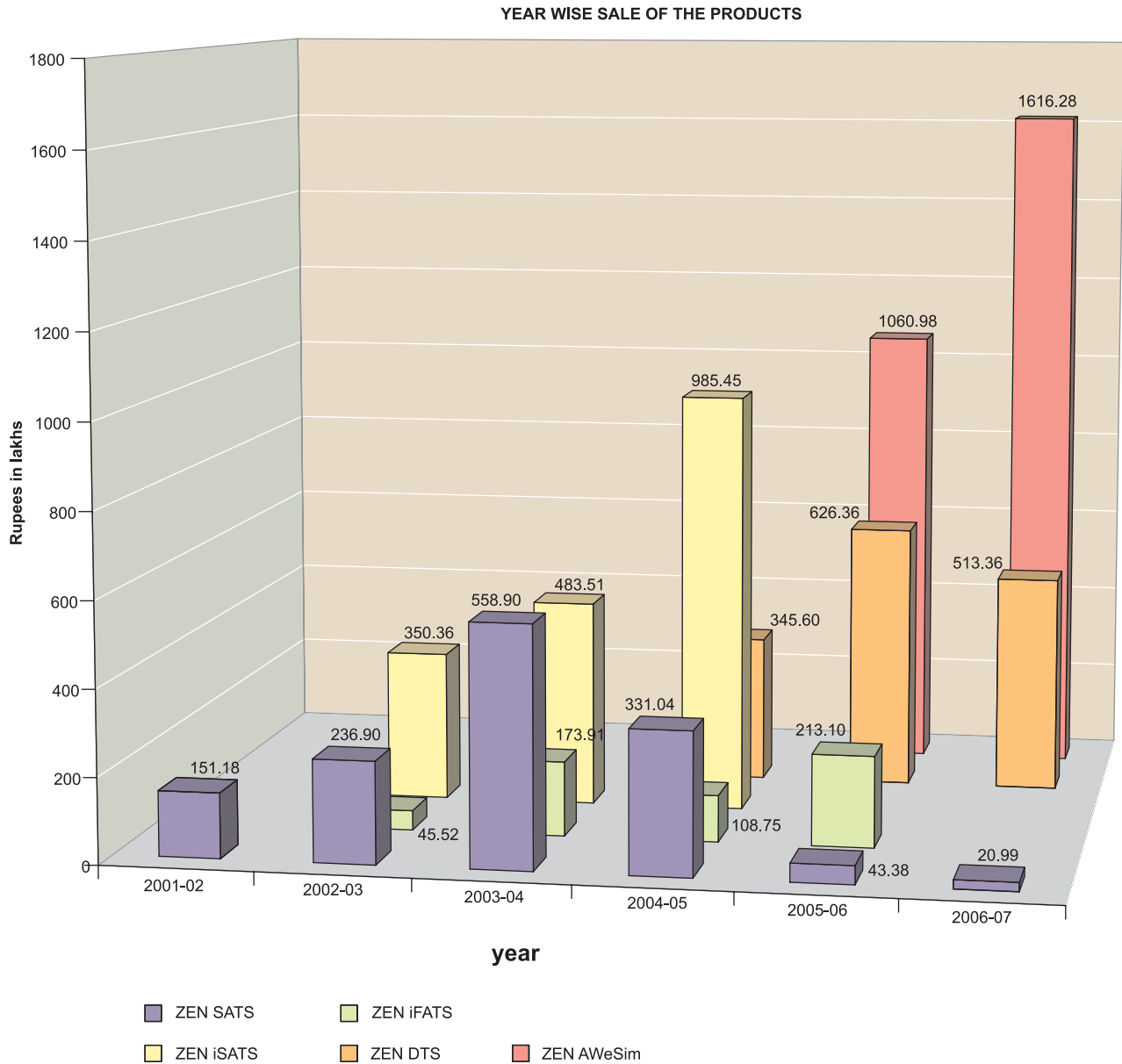


DIVIDEND





PRODUCT WISE SALES



ZEN SATS, ZENiSATS, ZENiFATS, ZEN DTS and ZEN AWeSim have been commercialised in the year 1998, 2002, 2002, 2004 and 2006 respectively.

ZEN AWeSim has superseded ZEN iFATS and is being offered with advanced options for training.

Registered Office C-63, 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 M Ravi Kumar	-	Whole-Time Director
Dr P Kotaiah	-	Director
Cmdr S Rao	-	Director
Mr D Satish Babu	-	Director

Company Secretary Mrs Y Shobha Rani

Auditors Gokhale & Co.,
Chartered Accountants
Basheerbagh, Hyderabad-500 029

Bankers Corporation Bank
Indian Bank
Oriental Bank of Commerce

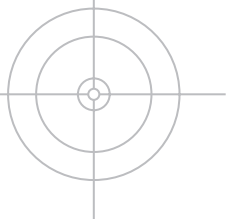
R & D Division B-42, Industrial Estate
Sanathnagar, Hyderabad-500018, A.P., INDIA
Phone : 91- 40 - 23814894, 23813294
Fax : 91- 40 - 23813694

Registrars Sathguru Management Consultants Private Limited
Plot No.15, Hindi Nagar
Behind Saibaba Temple
Punjagutta, Hyderabad - 500 034
Phone : 91- 40 - 2335 6507 / 6975 / 0586
Fax : 91- 40 - 2335 4042
Email id: sta@sathguru.com

Listing The Hyderabad Stock Exchange Limited, Hyderabad

Permitted Trading The Bombay Stock Exchange Limited, Mumbai





BOARD COMMITTEES

Audit Committee

Dr P Kotaiah - Chairman

Cmdr S Rao - Member

Mr D Satish Babu - Member

Compensation/Selection Committee

Mr D Satish Babu - Chairman

Dr P Kotaiah - Member

Mr M Ravi Kumar - Member

Mr Feroz Bhote - External Expert

Share Transfer & Investor

Mr D Satish Babu - Chairman

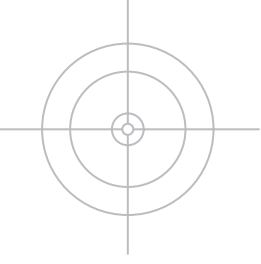
Grievance Committee

Mr Ashok Atluri - Member

Mr M Ravi Kumar - Member

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NOTICE

Notice is hereby given that the Fourteenth Annual General Meeting of the members of Zen Technologies Limited will be held on Friday, the 28 September 2007, at 10.30 a.m. at B-42, Industrial Estate, Sanath Nagar, Hyderabad - 500 018, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31 March 2007 and the Profit and Loss Account for the year ended on that date together with the Reports of Directors and Auditors thereon.
2. To declare dividend for the financial year ended 31 March 2007.
3. To appoint a Director in place of Mr M Ravi Kumar, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint M/s Gokhale & Co., Chartered Accountants as Statutory Auditors, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board to fix their remuneration.

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded for the revision in payment of remuneration to Mr Ashok Atluri, Managing Director with effect from 01 October 2007 on the following terms and conditions:

SALARY	:	Rs. 1,25,000/- (Rupees One Lakh Twenty Five Thousand only) per month.
COMMISSION	:	Commission @ 3 % on the net profits of the Company calculated as per the provisions of Section 349 & 350 of the Companies Act, 1956.
PERQUISITES	:	In addition to the above, he shall be entitled to the following perquisites classified into three categories A, B & C as follows:

CATEGORY - A:

The following perquisites given in this Category shall be allowed in addition to the salary and restricted to a maximum amount of Rs. 10,00,000/- (Rupees Ten Lakhs only) per annum.

- a) House Rent Allowance: House Rent Allowance at the rate of forty percent of salary. The expenditure incurred by the company on gas, electricity, water and furnishing shall be evaluated as per the Income Tax Rules, 1962 subject to a ceiling of ten percent of the salary.
- b) Medical Reimbursement: Expenses incurred for self and family, subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
- c) Leave Travel Concession: For self and family, once in a year incurred in accordance with the rules specified by the Company.

- d) Club Fee: Fee of clubs subject to maximum of two clubs. This will not include admission and life membership fees.
- e) Personal Accident Insurance: As per company's policy.

CATEGORY-B:

- f) The Company's contribution to provident fund, superannuation fund or annuity fund shall be in accordance with the rules and regulations of the Company. Such contribution will not be included in the computation of the ceiling on perquisites to the extent either singly or put together are not taxable under the Income Tax Act, 1961.
- g) Gratuity at the rate not exceeding half month's salary for each completed year of service.

CATEGORY - C:

- h) Car for the purpose of Company's business and telephone(s) at residence will be provided. Personal long distance calls on the telephone(s) and use of car for personal purposes, will be billed by the company. The provisions for car and telephone will not be considered as perquisites.

OTHER TERMS:

- i) One month's leave with full pay and perquisites for every eleven months service. Leave accumulated but not availed of at the time of retirement or superannuation or otherwise shall be allowed to be encashed.
- j) Reimbursement of reasonable entertainment and other expenses actually and properly incurred in connection with the business of the Company.
- k) Mr Ashok Atluri shall not, so long as he functions as the Managing Director, be entitled to receive any fee for attending any meeting of the Board or Committee thereof.

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 aggregate remuneration inclusive of salaries and other benefits to Mr Ashok Atluri shall always be within the overall ceiling laid down in the Section 198, 309, 310 and other applicable provisions of the Companies Act 1956.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits, in any financial year during the tenure of service, the payment of salary, commission, perquisites and other allowances shall be governed by Part II of Schedule XIII to the Companies Act 1956 including all statutory modifications or re-enactment thereof, as may, for the time being in force."

By Order of the Board

Hyderabad
20 July 2007

Y Shobha Rani
Company Secretary



ANNEXURE TO THE NOTICE

NOTES

1. A member entitled to attend and vote at the general meeting is entitled to appoint a proxy or proxies to attend and to vote on a poll instead of him or her. A proxy need not be a member of the Company.
2. An instrument appointing the proxy to be effective must be lodged at the Registered Office of the Company at least 48 hours before the commencement of the meeting. Completion and return of the form of proxy will not prevent a member attending the meeting and voting in person, if he or she so wishes. A form of proxy is given at the end of the Annual Report.
3. Voting is by show of hands unless a poll is demanded by a member or 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 Rs. 50,000/-. A proxy shall not vote except on a poll.
4. An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 is annexed herewith
5. Pursuant to Section 154 of the Companies Act, 1956, the Share Transfer Books and the Register of Members of the Company will be closed from Wednesday, 26 September 2007 to Friday, 28 September 2007 (both days inclusive).
6. Shareholders / Proxies should bring duly filled attendance slips sent herewith along with the copies of Annual Reports to attend the Annual General Meeting.
7. In case of joint holders attending the meeting, only first joint holder will be entitled to vote.
8. Members who hold shares in dematerialised form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio No. in the attendance slip for attending the meeting.
9. Members holding shares in physical form are requested to notify / send any change in their address and updation of bank account details to the Company's Share Transfer Agents or to the Company at its Registered Office. Members having shares in electronic form may inform the same to their depository participants immediately so as to enable the Company to dispatch dividend warrants at their correct address.
10. Subject to the provisions of Section 206A of the Companies Act, 1956, dividend as recommended by the Board of Directors, if declared at the meeting, will be payable on or after 04 October 2007 to those members whose names appear on the Register of Members as on 26 September 2007. 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.
11. The Company has paid dividend for the financial years 2002-03, 2003-04, 2004-05 and 2005-06. Members who wish to claim dividend, which remain unclaimed, are requested to either correspond with the Company's Registrar and Share Transfer Agent (Sathguru Management Consultants Pvt. Ltd) or the Company at its Registered Office. Members are requested to note that dividends not encashed or claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 205A of the Companies Act, 1956, be transferred to the Investor Education and Protection Fund.

12. Information on Directors seeking reappointment as required under Clause 49 of the Listing Agreement

Mr M Ravi Kumar, aged 46 years is a technical director has over 20 years of experience in the Software Industry. He worked in Bureau of Data Processing Services (BDPS), Nova Computers Private Limited and as Director at the Institute of Engineers. He is an expert in Systems Programming and Robotics. He is actively involved in the design and development of the present range of Simulators for the Company in his role as Head, R&D Division.

Mr M Ravi Kumar does not have any directorship in other Companies.

Mr M Ravi Kumar holds 28,800 Equity Shares of Zen Technologies Ltd.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No.5

Revision of Remuneration payable to Mr Ashok Atluri Chairman and Managing Director of the Company

The members of the Company at the 12th Annual General Meeting of the Company held on 30 September 2005 approved the re-appointment of Mr Ashok Atluri as the Managing Director of the Company for a period of five years with effect from 01 November 2004 and also approved revision in remuneration payable to him.

Mr Ashok Atluri holds a bachelors degree in Commerce and also PG Diploma holder in Applied Computer Science. With the dedicated efforts of Mr Ashok Atluri the Company is running on profitable growth ladder. Mr Ashok Atluri is instrumental in expanding its operations to its present level.

In line with the general increase in remuneration levels of management personnel in the Corporate Sector, the Board of Directors recommended the resolution at item no.5 for the approval of the members of the Company. This increase is in accordance with Schedule XIII to the Companies Act, 1956. The terms as set at the item no.5 of the resolution may be treated as the abstract of the terms of variation required to be sent to every member of the Company pursuant to Section 302 of the Companies Act, 1956.

As per the provisions of the Companies Act, 1956 this resolution is subject to the approval of members hence the same is placed before you.

None of the Directors except Mr Ashok Atluri is interested or concerned for item no.5.

By Order of the Board

Hyderabad
20 July 2007

Y Shobha Rani
Company Secretary



DIRECTORS' REPORT

To

The Members

Your Directors are pleased to present their Fourteenth Report on the business and operations of your Company together with the audited Balance Sheet, Profit & Loss Account and Cash Flow Statement for the financial year ended 31 March 2007.

FINANCIAL PERFORMANCE

(Rs in Lakhs)

Particulars	2006-07	2005-06
Total Income	2380.64	2090.51
Total Expenditure	1300.13	1019.29
Operating Profit (PBIDT)	1080.51	1071.22
Interest	51.74	28.13
Depreciation	24.47	17.80
Profit before tax	1004.30	1025.29
Provision for Tax	282.79	279.42
Fringe Benefit Tax	5.53	3.67
Deferred Tax Liability	(2.53)	25.82
Profit after Tax	718.51	716.38
Appropriations		
Transferred to General Reserve	300.00	300.00
Proposed Dividend	152.79	152.60
Dividend Tax	25.97	21.40
Retained profit	239.75	242.38
Earning Per Share (Rs)	9.41	9.39

RESULTS OF OPERATIONS

Your Company achieved good performance this year as well, with the total revenue of Rs. 2380.64 lakhs compared to the previous year revenue of Rs. 2090.51 lakhs. Net Profit after tax is increased to Rs. 718.51 lakhs from Rs. 716.38 lakhs in the previous year. In line with the profit, the Earnings Per Share (EPS) has also increased to Rs. 9.41 compared to previous years EPS of Rs. 9.39.

DIVIDEND

Your Directors recommend a dividend of 20% per Equity Share of Rs.10/- each of the Company for the financial year ended 31 March 2007. The amount of dividend outflow is Rs. 152.79 lakhs excluding dividend tax of Rs. 25.97 lakhs.

APPROPRIATIONS

Your Company has proposed to transfer Rs. 300.00 lakhs to the General Reserve. An amount of Rs. 239.75 lakhs is retained in the Profit and Loss Account.

SUBSIDIARY COMPANY

During the Financial Year under review, your Company had incorporated a Wholly Owned Subsidiary Company namely Zen Technologies FZE at RAK Free Trade Zone in the Emirate of Ras Al Khaimah on 25th January 2007.

INCREASE IN SHARE CAPITAL

During the year, 9600 Equity Shares of Rs.10/- each were allotted to the Employees of the Company under Employee Stock Option Scheme, 2004. Due to this the issued, subscribed and paid-up equity share capital increased from 76,30,000 Equity Shares of Rs.10/- each to 76,39,600 Equity Shares of Rs.10/- each.

CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to Clause 41 of the Listing Agreement with Stock Exchanges, and in accordance with AS 21, the audited Consolidated Financial Statements are provided.

DEPOSITS

Your Company has not accepted any deposits and, as such, no amount of principal or interest was outstanding on the date of the Balance Sheet, therefore the provisions of Section 58A of the Companies Act, 1956 and the rules made there under are not applicable to the Company.

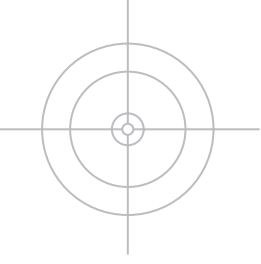
DIRECTORS

In accordance with the provisions of the Companies Act, 1956, Mr M Ravi Kumar, Director, retires by rotation at the Fourteenth Annual General Meeting and being eligible offers himself for re-appointment.

CORPORATE GOVERNANCE

Your Company has been practicing the principles of sound Corporate Governance since its inception. In addition to the basic governance issues, the Board lays strong emphasis on transparency, accountability and integrity.

A report on Corporate Governance and Management's Discussion and Analysis along with a certificate from the Auditor with regard to the compliance of Corporate Governance as per Clause 49 of the Listing Agreement with the Hyderabad Stock Exchange Limited is annexed to this report.



AUDITORS

M/s Gokhale & Co., Chartered Accountants, the Statutory Auditors of the Company will retire at the conclusion of the ensuing Annual General Meeting. The Company is in receipt of confirmation from the Statutory Auditors that in the event of their reappointment as Statutory Auditors of the Company, such reappointment will be in accordance with the limits specified in sub-section (1B) of Section 224 of the Companies Act, 1956

EMPLOYEE STOCK OPTION SCHEME (ESOS)

In terms of special resolution passed by the members at the 10th Annual General Meeting held on 30 September 2003, the Company is implementing ESOS Scheme 2004. The Company had granted 27,000 options based on performance appraisal by the management. Out of 27,000 options granted 10,800 options were vested in the employees during the financial year 2006-07. The employees exercised 9600 options. 1200 options lapsed due to non-exercise. As a result of exercise of options 9600 Equity Shares of Rs.10/- each were allotted and an amount of Rs.96,000/- (Rupees Ninety Six thousand only) realised from the employees. No single employee/allottee has been issued shares under this Scheme in excess of 1% of the Paid up share capital of the Company. No single employee/allottee has been issued shares under this Scheme in excess of 50,000 equity shares. The shares/options reserved under the scheme to Employees does not exceed 5% of Paid-up shares of the Company.

EMPLOYEE PARTICULARS

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended and forming part of Director's Report for the year ended 31 March 2007.

- (i) The employees who were in the Company's employment throughout the year under review and were in receipt of remuneration for the year which in the aggregate, was not less than Rs.24,00,000/- including perquisites, if any.

Name of the Employee	Age	Designation	Remuneration Rs.	Qualification	Experience	Date of Commencement of employment	Last Employment
Ashok Atluri	42 years	Chairman and Managing Director	42,43,131/-	B.Com.	13 years	01.11.1994	-

- (ii) There were no employees who were in the Company's employment for a part of the year under review and were in receipt of remuneration for any part of the financial year at a rate which in the aggregate, was not less than Rs.2,00,000/- per month.

DISCLOSURES

- A) Disclosures in terms of Companies (Disclosure of Particulars in report of the Board of Directors) Rules, 1988 in respect of Conservation of Energy, Technology Absorption, and Foreign Exchange Earnings & Outgo are attached (Annexure I) and forms part of this Report.
- B) Directors' Responsibility Statement as required under Section 217(2AA) of the Companies Act, 1956
- The Directors hereby confirm that:
- In the preparation of Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
 - The Directors had selected such accounting policies and applied them consistently and made judgements 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 of the Company for that period.
 - 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.
 - The Directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGMENTS

Your Directors thank the company's customers, Partners, Suppliers, Dealers, Bankers, Financial Institutions, Department of Scientific and Industrial Research, Government Authorities and Consultants for their continued support. Your Directors express their sincere gratitude to the shareholders and place on record their appreciation for the contribution made by all the employees of the Company.

For and on behalf of the Board

Hyderabad
20 July 2007

Ashok Atluri
Chairman & Managing Director



ANNEXURE - I TO THE DIRECTORS' REPORT

Particulars pursuant to Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

A. Conservation of Energy

The Company does not use energy-intensive equipment for its operations. However, due to significant awareness campaigns within the Company the employees are very averse to the wastage of power and consequently the 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.

B. Research and Development (R & D)

One of the key strengths of your Company is the innate ability to innovate and realize state of the art products.

a. Specific areas in which R & D carried out by the Company

Significant efforts have been made to make the driving simulators to serve two markets: licensing and driver training. Continuous feedback has been taken and incorporated to ensure that the systems meet the exacting standards that our customers have come to expect from us.

b. Future plan of action

Your Company plans to invest significant amount in the years to come to keep the technological edge that it enjoys now. The basis of arriving at the R&D expenditure is not as a percentage of the sales or any such pre-determined formula, but the strategies that we design for long-term and newer opportunities that are available in the short-term. We expect that there may be wild swings in our R&D expenditure. Such opportunity-based investment is, we believe, the only way to retain the technological edge.

c. Expenditure on R & D

The Company has incurred Rs. 381.64. lakhs as R & D expenditure for the financial year 2006-07 for the development of various products.

C. Efforts made towards Technology absorption, adoption and innovation

S.No	Particulars	Efforts
1	Efforts, in brief, made towards technology absorption, adoption and innovation.	Company has indigenously developed significant technologies that are useful in various products. The technologies harnessed within the Company have been incorporated into various products.
2	Benefits derived as a result of the above efforts e.g., product improvement, cost reduction.	We expect that such technologies will give us an unbeatable edge in evolving our products into more technologically rich, reliable, sustainable and robust.
3	Information about Technology imported	The Company has not imported any technology.

D. Foreign Exchange Earnings and Outgo

(Rs in Lakhs)

Particulars	2006-07	2005-06
Earned during the year	137.34	Nil
Used during the year	107.12	94.52

For and on behalf of the Board

Hyderabad
20 July 2007

Ashok Atluri
Chairman & Managing Director



MANAGEMENT'S DISCUSSION AND ANALYSIS

Industry Structure and Development

Webster's New World Dictionary defines Simulator as "a training device that duplicates artificially the conditions likely to be encountered in some operation."

Simulators are used in various fields and their use is not restricted just to training security forces. A few areas where simulators are being used extensively include weapons training, aviation, maintenance, medicine, power plant, bridges, ships and entertainment. This list is not exhaustive and as technology becomes more affordable inventive minds are finding more and better applications.

The Simulation Industry is at a nascent stage at this point of time. There are very few established players in this field who pose threat to the Company now. But we expect the scenario to change and anticipate competition to come up in the years to come, especially in the civilian simulation.

In the defence simulation we have had competition from both domestic players and international players in a limited way. We have stressed on the export market and have had modest success.

Opportunities and threats

The company has supplied a system to a driving school and we expect that the driving schools will be going in for simulators in a modest way in the next few years. However, unless, the Government regulates the usage of simulators as mandatory for training, the simulators will not become a major factor in driver training in the near future.

In the defence simulation field we are pursuing some big opportunities and expect to see the outcome starting this year-end. The benefit of positive outcome will be spread over next three years. On the export front we achieved some modest success. Again some big opportunities are being pursued on the export front and we expect to see the outcome in the next two years

The company has been working on improving the simulators to the evolving needs of the end-users. However, we see that foreign competition for the simulators will be a significant factor in years to come.

Strengths

Your company's competitive advantages include

Dedicated Team

The Zenists who are involved in the development of the simulators are your Company's biggest strength.

Short Development Cycle

Your Company has developed project methodologies which enable us to develop products in a very short span of time.

Cross-disciplinary skills

To develop simulators we have had to acquire a range of skills including software, electronics, mechanical, and optics. For most of the products that we have developed, we had needed these skills in different ratios but nevertheless they were indispensable to the realization of the products.

Customer Acceptance

With a track record of having the widest penetration across Indian security forces for simulators and having received positive reviews from our customers we are today one of the most preferred brand names in the field of training simulators.

Formidable Quality

Zen's products are ranked as one of the best products in their range. When we factor in the price at which your company has priced them, they become an unbeatable and compelling choice for the customers.

Performance

ZEN SATS contributed Rs 20.99 lakhs (Previous year Rs 43.38 lakhs), ZEN iFATS nil (Previous year Rs 213.10 lakhs) ZEN AWeSim Rs 1616.28 lakhs (Previous year Rs 1060.98 lakhs) and DTS contributed Rs 513.36 Lakhs (Previous Year Rs 626.36 Lakhs). The remaining contribution was from activities incidental to the sale of simulator including after sales service, annual maintenance contracts and customisation of the system, apart from interest.

Awards/Ratings

We are happy to inform you that:

CRISIL (International Rating Agency) has assigned an 'SME 1' rating to your Company, which indicates "Highest level of Credit Worthiness" adjudged in relation to other small and medium enterprises.

Your Company was awarded by FAPCCI (The Federation of Andhra Pradesh Chambers of Commerce & Industry) for "EXCELLENCE IN PRODUCT INNOVATION" for the year 2005-06.

Products and the Market

The main Markets are: Police and Para-military Forces, Armed Forces, other Government Departments (like Transport) and Civilian Market.

New product that we have launched this year was the Cabin Crew Simulator. The Cabin Crew simulator is being used by CMTES based in Secunderabad and the company is planning to acquire some more simulators from us.

Your company has four products that are already in the market, viz., Small Arms Training Simulator (ZEN SATS), Hand Grenade Simulator (ZEN HE36S), Advanced Weapons Simulator (ZEN AWeSim), and Driving Training Simulator (ZEN DTS). The first three products have security forces as the target market. Out of the three both ZEN SATS & ZEN AWeSim have a limited market in the civilian sector (with private security agencies that have a demand to train their guards in arms handling). However, it is with ZEN DTS that we will be targeting the civilian market in a big way.

Research and Development Efforts

Your Company has been doing R&D in two directions

1. Existing Products: To maintain a competitive edge the Company has been evolving existing products to their next level. The changes being made are both incremental and innovative.
2. New Products: To expand the scope of offering to our customers we have been developing new products. These products are meeting the stringent standards our customers have come to expect from us - way above the current market standards.

Profit Margins and Cost Control Exercise

Cost controlling is a way of life at Zen. The Zenists abhor wastage of any kind and keen sense of responsibility has been internalized. Profit margins continue to be healthy but may come under pressure in future when competition shows up.

Personnel Relationships

Your Company had outstanding personnel relationships during the last year. Zenists have internalised what we call Zen's Final Expectation, which is "Always Do What Needs to be Done without Waiting to be Asked." This understanding has resulted in some team members going beyond the call of duty and making some breakthrough contributions.

Outlook

The global market for simulators presents an enormous opportunity for your Company in the years to come. This multi-billion dollar market is growing exponentially and the use of simulators is spawning



to include weapons training, aviation, maintenance, medicine, power plant, bridges, ships, and entertainment. The list is not exhaustive and as technology becomes more affordable inventive minds are finding more and better applications.

The company in the Year 2006-07 launched a Cabin Crew Simulator for in-flight cabin crew training. We expect the volatility seen in this year earnings to continue into the foreseeable future. Also, given the fact that we depend on business from Government, we expect quarterly results to be quite lumpy and corresponding quarter on quarter results to be uneven.

We have started construction of integrated facilities on the land about 1,00,000 Sft. allotted near Hyderabad new international airport. We expect the construction to be ready by December 2008. With this facility in place we will be able to streamline our operations and have one integrated facility for all our operations.

Risks and Concerns

We are seeing more and more players entering into the field of simulation - though most of them do not compete directly with us, we do foresee a time - where the competition will be more and margins will drop for products that have had huge market demands.

Your company is committed to developing cutting edge simulators for the Security Forces. These simulators are typically developed with feedback from the end users but with no-commitment from them to buy the resulting system. Such a commitment to develop critical simulation technologies for security forces will cause definite expenditure with 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 their development costs already amortized, competes with us. The Government does not have any explicit policy or procedure to encourage indigenous technology in such situations. Our problem will be compounded if such foreign supplier ties up with organizations (like a PSU) who are given a price advantage over us by procuring agencies.

Internal Control Systems and their Adequacy

The Company has a proper and adequate system of internal controls to ensure that all assets are safeguarded, and protected against loss from unauthorized use or disposition.

The internal control system is supplemented by an extensive program of internal audits and review by management.

Human Resource Development

Zen's team strength today stands at about 121 members. The management and employees in the company regularly meet to address the areas of concern.

Industrial Relations

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

Disclaimer

Statements in the Annual Report describing the company's objectives and expectations may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the company's operations include economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the company operates, changes in the government regulations, changes in relationships with suppliers, partners and customers, tax laws and other statutes and other incidental factors.

CORPORATE GOVERNANCE REPORT

i) Corporate Governance at ZEN

Your Company is committed to good Corporate Governance and 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.

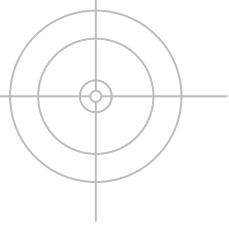
ii) Board of Directors

A. Composition

The Board of Directors of the Company consists of a majority of Non-Executive Directors. The Board has composition of two Executive Directors and Three Non-Executive Directors. three out of five are Independent Directors.

Composition and category of Directors as on date are given below:

Name of the Director	Category	Date of Appointment	Number of Directorships in other Companies	Committee Membership as on date. (in other companies)	
				Member	Chairman
Ashok Atluri	Promoter & Managing Director	01-11-1994	Nil	Nil	Nil
M Ravi Kumar	Promoter & Executive Director	29-06-1993	Nil	Nil	Nil
D Satish Babu	Independent Director	02-02-2004	Nil	Nil	Nil
Dr P Kotaiah	Independent Director	17-01-2005	06	02	02
Cmde S Rao	Independent Director	30-03-2005	Nil	Nil	Nil



B. Pecuniary relationship or transactions of the Non-Executive Directors vis-à-vis the Company.

None of the Non-Executive Directors have any pecuniary relationship or transactions with the Company except to the extent of sitting fees.

C. Meetings and Attendance

The Board met on 02 May 2006, 14 July 2006, 25 October 2006, 28 November 2006 and 20 January 2007 (five times) during the Financial Year 2006-07.

Attendance of Directors at Board Meetings and at the last Annual General Meeting (AGM) held on 29 September 2006.

Name of the Director	Number of Board meetings held	No. of Board meetings attended	Attendance at the last AGM
Ashok Atluri	5	5	Present
M Ravi Kumar	5	4	Present
*Satish Atluri	5	1	Absent
D Satish Babu	5	3	Present
Dr P Kotaiah	5	5	Present
Cmde S Rao	5	3	Present

*Mr Satish Atluri had resigned from the Board with effect from 19.05.2007.

D. Board's Procedure

Agenda papers along with explanatory statements were circulated to the Directors in advance for each of these meetings. All relevant information as per Clause 49 of the Listing Agreement was placed before the Board from time to time.

iii) Audit Committee

A. Composition

The Audit Committee consists of three Non-Executive Independent Directors. Further, Dr P Kotaiah is the Chairman of the Committee and its constitution is as follows:

1. Dr P Kotaiah - Chairman
2. Cmde S Rao - Member
3. Mr D Satish Babu - Member

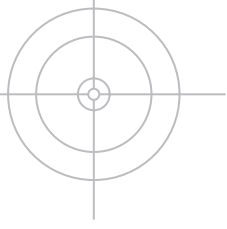
All the members including the Chairman have adequate financial and accounting knowledge.

B. The Audit Committee shall have the following powers:-

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

C. The role of the Audit Committee shall include the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of Statutory Auditors and fixation of audit fees.
3. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
4. Reviewing with the management, the annual financial statements before submission to the Board for approval, with particular reference to:-
 - Matters required to be included in the Directors' Responsibility Statement to be included in the Directors' Report in terms of sub-section (2AA) of Section 217 of the Companies Act, 1956.
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgement by management.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with listing and other legal requirements relating to financial statements.
 - Disclosure of related party transactions.
 - Qualifications in draft audit report.
5. Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
6. Reviewing with the management, the performance of Statutory and Internal Auditors, adequacy of internal control systems.
7. Reviewing the adequacy of internal audit function, reporting structure, coverage and frequency of internal audit.
8. Discussion with Internal Auditors any significant findings and follow up thereon.
9. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
10. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the shareholders (in case of non payment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower Mechanism.
13. Carrying out such other function as may be specifically referred to the Committee by the Board of Directors and/or other Committees of Directors of the Company.
14. To review the following information:
 - The management discussion and analysis of financial condition and results of operations;



- Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
 - Management letters / letters of internal control weaknesses issued by the Statutory Auditors;
 - Internal audit reports relating to internal control weaknesses; and
 - The appointment, removal and terms of remuneration of Internal Auditors.
15. Reviewing the financial statements and in particular the investments made by the unlisted subsidiaries of the Company.

D. Meetings and Attendance

The Audit Committee met on 2 May 2006, 14 July 2006, 25 October 2006 and 20 January 2007 (4 times) during the year under review.

Attendance during the year 2006-07:

Name	Number of meetings held	Number of meetings attended
P Kotaiah	4	4
Cmde S Rao	4	2
D Satish Babu	4	3

The Chairman of the Audit Committee is always present at the Annual General Meeting to give clarifications, if any, required by the members thereat.

iv) Remuneration of Directors

The remuneration of Managing Director, Whole time Director and sitting fee paid to Non-Executive Directors for the Financial Year ended 31 March 2007 is as follows:

(Amount in Rupees)

Name of the Director	Ashok Atluri	M Ravi Kumar	P Kotaiah	S Rao	D Satish Babu	A Satish
Designation	Managing Director	Whole-time Director	Independent Non-Executive Director	Independent Non-Executive Director	Independent Non-Executive Director	Non-Independent Non-Executive Director
Salary	9,00,000	7,20,000	–	–	–	–
Perquisites	4,03,057	2,93,433	–	–	–	–
Commission on profits	27,48,282	–	–	–	–	–
Leave Travel Allowance	1,91,792	–	–	–	–	–
Sitting Fee	–	–	35,000	25,000	30,000	5,000
Total	42,43,131	10,13,433	35,000	25,000	30,000	5,000

v) Share Transfer and Investor Grievance Committee

A. Composition

Your Company has constituted a Share Transfer and Investor Grievance Committee consisting of

Mr D Satish Babu	-	Chairman
Mr Ashok Atluri	-	Member
Mr M Ravi Kumar	-	Member

B. Powers

The Committee has been delegated with the following powers:

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

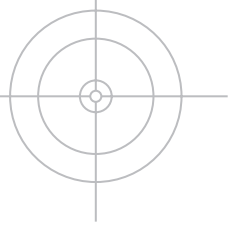
Sathguru Management Consultants Private Limited, the Registrar and Share Transfer Agent have been delegated the power to process the transfer and transmission of shares. The share transfers are processed within the time prescribed under the statute from the date of lodgement in case of shares held in physical form.

Investor Complaints received and resolved during the year 2006-07

Nature of Complaint	No. of days taken	Received and Resolved
a) Relating to change of address, revalidation of dividend and non receipt of dividend	1 - 10	15
	11 - 20	06
	21 - 30	01
b) Others	31 and above	0

Share Transfers (in physical mode) made during the year 2006-07

Sl.No.	No. of days taken	No. of transfers	No.of Shares
1.	1-15	2	200
2.	16-20	1	100
3.	21-30	1	800
4.	31 and above	Nil	Nil



vi) General Body Meetings

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

Financial Year	Date	Time	Venue	Nature of special resolutions, if any passed
2003-04	30-09-2004	10.00 a.m.	Gayatri Gardens 26 Part, Sikh Road sikh Village, Near Diamond Point Hotel Secunderabad-500 009	No Special Resolution was passed
2004-05	30-09-2005	10.30 a.m.	Gayatri Gardens 26 Part, Sikh Road Sikh Village, Near Diamond Point Hotel Secunderabad - 500 009	<ul style="list-style-type: none">Revision of Remuneration to Mr Kishore A D, a relative of Mr Ashok Atluri, Managing Director and Mr Satish Atluri, Director to hold an office or place of profit
2005-06	29-09-2006	10.30 a.m.	B - 42, Industrial Estate Sanathnagar Hyderanad - 500018	No Special Resolution was passed

No Special Resolution was put through postal ballot last year. All the resolutions were passed unanimously by show of hands.

The Company shall comply with the provisions of postal ballot under the Companies Act, 1956 as and when required.

vii) Disclosures

- The Company has not entered into any transaction of material nature with related parties' i.e, Directors or Management or their relatives, conflicting with the Company's interest.
- There were no instances of non-compliance of any matter relating to the capital markets during the year under review. Hence, there have been no penalties, strictures imposed by SEBI / Stock Exchange or any other statutory authorities on matters related to capital market.

viii) Means of Communication

1. The Board of Directors of the Company approves and takes on record the quarterly unaudited financial results in the proforma prescribed by the Hyderabad Stock Exchange Limited and Bombay Stock Exchange Limited, where the shares of the Company are traded, within one month of the close of the quarter and announces forthwith the results to the Hyderabad Stock Exchange Limited and Bombay Stock Exchange Limited and usually publish the results in Business Standard (Nation Wide) and Andhra Bhoomi (Regional Newspaper).
2. The annual audited Accounts of the Company are likewise communicated in the prescribed proforma to the Hyderabad Stock Exchange Limited and Bombay Stock Exchange Limited and also to the newspapers as mentioned above.

3. Management's Discussion and Analysis forms part of the annual report, which is posted to the shareholders of the Company.

ix) General Shareholder Information

The following information would be useful to the shareholders:

A. 14th Annual General Meeting

Date : Friday, 28 September 2007
 Time : 10.30 a.m.
 Venue : B-42, Industrial Estate, Sanathnagar, Hyderabad - 500 018

B. Financial Calendar 2007-08 (Tentative Schedule)

Annual General Meeting (Next year) : September 2008

Adoption of Quarterly results for the Quarter ending	3rd/4th Week of
30 June 2007	July 2007
30 September 2007	October 2007
31 December 2007	January 2008
31 March 2008	June 2008 (audited)

C. Date of Book Closure

Wednesday, 26 September 2007 to Friday, 28 September 2007 (both days inclusive)

D. Dividend Payment Date

First Week of October 2007

E. Listing on Stock Exchanges

The Equity Shares of the Company are listed on The Hyderabad Stock Exchange Limited. The Company confirms that it has paid annual listing fees to the Stock Exchange for the year 2007-08.

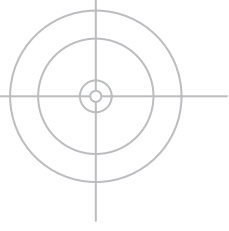
The Company's shares are traded under permitted category on Bombay Stock Exchange Limited

F. Stock Code

(a) Trading Symbol : ZENTEC
 (b) Demat ISIN number in NSDL & CDSL : INE251B01019
 (c) Scrip ID on HOSR in HSE : 6443
 (d) Scrip ID on BOLT in BSE : 590032
 (e) Scrip code on finance.yahoo.com : 590032.BO

Electronic Connectivity

National Securities Depository Limited Trade World, Kamala Mills Compound Senapati Bapat 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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G. Market Price Data

Hyderabad Stock Exchange Limited, Hyderabad

There is no trading during Financial Year under consideration in HSE.

The Bombay Stock Exchange Limited, Mumbai

Month & Year	High (Rs.)	Low (Rs.)	Monthly Average (Rs.)
April 2006	171.00	134.30	151.99
May 2006	183.40	133.10	162.68
June 2006	150.00	72.00	89.94
July 2006	87.20	59.30	76.16
August 2006	91.50	62.00	78.71
September 2006	84.00	73.10	78.10
October 2006	101.00	69.55	87.38
November 2006	78.90	55.00	70.89
December 2006	74.15	57.10	65.84
January 2007	80.95	59.70	68.59
February 2007	66.80	55.55	61.90
March 2007	72.00	56.00	62.74

H. Liquidity

During the Financial Year under review, 98,60,774 shares were traded on BSE. The value of Shares traded is Rs. 81,05,34,203/-

I. Demat Registrars and Share Transfer Agents

Communication regarding transfers in Physical/Electronic form and other related correspondence

Sathguru Management Consultants Private Limited

Plot No.15, Hindi Nagar

Behind Saibaba Temple

Punjagutta, Hyderabad - 500 034

Phone : 91 - 40 - 2335 6507 / 6975 / 0586

Fax : 91 - 40 - 2335 4042

Email id : sta@sathguru.com

J. Share Transfer system

The Company has appointed Sathguru Management Consultants 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 in the prescribed time.

K. Distribution of Shareholding

Distribution of Shareholding as on 31 March 2007 is as follows:

Category (No. of Shares)		Number of Shareholders	Percentage	No. of Shares	Percentage
From	To				
Up to 500		4668	82.93	7,39,662	9.69
501	1000	437	7.76	3,60,794	4.72
1001	2000	246	4.37	3,77,036	4.94
2001	3000	91	1.62	2,34,646	3.07
3001	4000	44	0.78	1,59,248	2.08
4001	5000	38	0.68	1,77,505	2.32
5001	10000	52	0.92	3,73,441	4.89
10001 and Above		53	0.94	52,17,268	68.29
TOTAL		5629	100.00	76,39,600	100.00

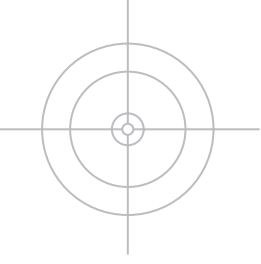
L. Shareholding Pattern as on 31 March 2007

SI No	Particulars	No of Shares	% of holding
1	Promoters	40,52,950	53.05
2	United India Insurance	46,035	0.60
3	Foreign Institutional Investors	1,46,000	1.91
4	Bodies Corporate	5,40,666	7.08
5	Non Resident Indians/Overseas Corporate Bodies	1,66,493	2.18
6	Residential individuals	26,87,456	35.18
	Total	76,39,600	100.00

M. Dematerialisation of Shares

As on 31 March 2007, 42,03,298 shares are dematerialised which constitute 55.02% of the paid up capital. The particulars of dematerialisation are as follows:

Sl.No.	Category	No. Of Cases	Total Shares	% of Equity
1	Physical	225	34,36,302	44.98
2	NSDL	3998	34,66,840	45.38
3	CDSL	1406	7,36,458	9.64
	Total	5629	76,39,600	100



N. Address for Investor correspondence

Mrs Y Shobha Rani, Company Secretary & Compliance Officer
Zen Technologies Limited
C-63, Industrial Estate
Sanathnagar, Hyderabad-500018
Phone : 91- 40 - 23814894, 23813294
Fax : 91- 40 - 23813694
Email id : shobharani.y@zentechnologies.com

x) Nomination Facility

Shareholders holding shares in physical form and desirous to making a nomination in respect of their shareholding in the Company as permitted under Section 109A of the Companies Act, 1956 are requested to submit to the Company the prescribed Form 2B for this purpose.

xi) Company's Policy on prevention of Insider Trading

Pursuant to the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992, the Company has framed a Code of Conduct for prevention of Insider Trading.

For and on behalf of the Board

Hyderabad
20 July 2007

Ashok Atluri
Chairman & Managing Director

Managing Director and Manager-Finance Certification

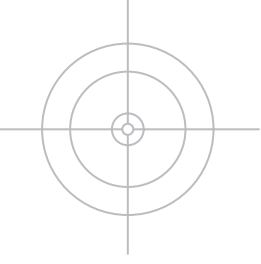
We, Ashok Atluri, Managing Director and P Bheem Reddy, Manager-Finance of *Zen Technologies Limited*, to the best of our knowledge and belief, certify that:

1. We have reviewed financial statements and the cash flow statements and that to the best of our knowledge:
 - The statements do not contain any materially untrue or misleading statement or omit any material fact.
 - The statements present a true and fair view of Company's affairs and are in compliance of applicable laws, regulations and accounting standards.
2. To the best of our knowledge, no transactions entered into by the Company during the year, are fraudulent, illegal or in violation of Company's Code of Conduct.
3. We are responsible for establishing and maintaining internal controls and we have:
 - a. Evaluated effectiveness of internal control system
 - b. Disclosed deficiencies in the design or operation of internal controls we are aware of
 - c. Taken steps to rectify the internal control deficiencies
4. We have indicated to the auditors and Audit Committee
 - a. Significant changes in internal control 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. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.
5. We further declare that all board members and senior managerial personnel have affirmed compliance with the code of conduct for the current year.

Hyderabad
20 July 2007

Ashok Atluri
Managing Director

P Bheem Reddy
Manager-Finance



AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members

Zen Technologies Limited

We have examined the compliance of the requirements of Corporate Governance by Zen Technologies Limited for the year ended on 31 March 2007, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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 Listing Agreement.

The above compliance however is not an assurance of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For Gokhale & Co
Chartered Accountants

Chandrashekhar Gokhale
Partner
Memb. No 23839

Date : 19 July 2007

AUDITORS' REPORT

The Members

Zen Technologies Limited

Hyderabad

We have audited the attached Balance Sheet of Zen Technologies Limited, Hyderabad as at March 31, 2007 and the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of Subsection (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the annexure referred to in paragraph 1 we report that:
 - a) We have 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 appears from our examination of those books.
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with books of account.
 - d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Subsection (3C) of Section 211 of the Companies Act, 1956.
 - e) On the basis of written representation received from the Directors, as on March 31, 2007 and taken on record by the Board of Directors, we report that, none of the directors is disqualified as on March 31, 2007 from being appointed as director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2007
 - ii) In the case of the Profit & Loss Account, of the Profit of the company for the year ended on March 31, 2007; and
 - iii) In the case of the Cash Flow Statement of the Cash Flows for the year ended on March 31, 2007

For Gokhale & Co
Chartered Accountants

Chandrashekhhar Gokhale
Partner
Memb. No 23839

Hyderabad
19 May 2007



ANNEXURE

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Subsection (4A) of Section 227 of the Companies Act, 1956 (1 of 1956) and on the basis of such checks, as we considered appropriate, we further report that:

- (i) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets. The fixed assets have been physically verified by the management according to the 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. The company has not disposed off substantial part of its fixed assets during the year.
- (ii) Inventories have been physically verified during the year by the management and in our opinion the frequency of verification is reasonable. According to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business. On the basis of our examination of the records the company is maintaining proper records of inventories and the discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) The company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of Clauses 4 (iii)(b), 4 (iii)(c) and 4 (iii)(d) of the Order are not applicable for the year under audit.
- (iv) In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of its products.
- (v) In our opinion and according to the information and explanations given to us the company had no transactions that need to be entered into a register in pursuance of section 301 of the Act.
- (vi) The company has not accepted deposits from the public covered by the provisions of section 58 A of the Companies Act.
- (vii) The company has an internal audit system commensurate with its size and nature of its business.
- (viii) The company is not required to maintain any cost records under clause (d) of sub-section (1) of section 209 of the Act.
- (ix) The company is regular in depositing its undisputed statutory dues. According to the explanations and information given to us there were no undisputed statutory dues including Investor Education and Protection Fund, Income-tax, Sales-tax, Wealth Tax, Custom Duty, Excise Duty etc outstanding for a period of more than six months from the date they became payable.
- (x) The company had no accumulated losses and has not incurred cash losses during the financial year covered by our audit or in the immediately preceding financial year.
- (xi) The company has not defaulted in repayment of dues to its Bank in respect of Loans taken by it. There were no dues payable to any financial institution/s.

- (xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xiv) The company has not taken any term loans during the year.
- (xv) According to the information and explanations given to us and on an overall examination of the financial statements, we report that no part of the funds raised on short-term basis have been used for long-term investments and vice-versa.
- (xvi) The company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
- (xvii) During the period covered by our audit report, the company has not issued any debentures.
- (xviii) the company has not raised any money by way of public issue during the year.
- (xix) On the basis of information and explanations given to us no fraud on or by the company has been noticed or reported during the year.

The other clauses of the order are not applicable to the company for the year under audit.

For Gokhale & Co
Chartered Accountants

Chandrashekhhar Gokhale
Partner
Memb. No 23839

Hyderabad
19 May 2007

BALANCE SHEET AS AT 31 MARCH 2007

(in Rupees)

Particulars	Schedule	As at 31 March	
		2007	2006
SOURCES OF FUNDS:			
Share holders Funds :			
Share Capital	1	76,396,000	76,300,000
Reserves & Surplus	2	234,439,841	180,464,677
Loan Funds :			
Secured Loans	3	97,918,970	35,074,067
Deferred Tax Liability	4	18,613,362	18,866,621
TOTAL		427,368,173	310,705,365
APPLICATION OF FUNDS:			
Fixed Assets	5	123,002,399	74,385,989
Less : Depreciation		25,065,516	19,994,667
Net Block		97,936,884	54,391,322
Add: Capital Work in progress		5,852,132	5,935,334
Investments	6		
Current Assets, Loans & Advances	7		
a. Inventories		11,312,964	13,123,750
b. Sundry Debtors		137,121,138	93,702,581
c. Cash and Bank Balances		207,256,526	188,621,199
d. Loans and Advances		11,497,920	10,207,543
		367,188,548	305,655,073
Less : Current Liabilities & Provisions	8		
Current Liabilities		41,336,852	47,401,862
Provisions		20,617,044	23,975,832
		61,953,896	71,377,694
Net Current Assets		305,234,652	234,277,379
Miscellaneous Expenditure (To the extent not written off or adjusted)	9	12,531,035	16,101,330
TOTAL		427,368,173	310,705,365
Notes forming part of the accounts	19		

As per our report of even date

For Gokhale & Co.,
Chartered Accountants

C Gokhale
Partner

Hyderabad
19 May 2007

For and on behalf of the Board

Ashok Atluri
Chairman & Managing Director

M Ravi Kumar
Whole-Time Director

Y Shobha Rani
Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2007

(in Rupees)

Particulars	Schedule	For the Year ended 31 March	
		2007	2006
INCOME :			
Sales		224,581,242	202,299,841
Other Income	10	13,483,209	6,751,021
		238,064,451	209,050,862
EXPENDITURE			
Materials Consumed	11	20,291,811	26,475,636
Manufacturing Expenses	12	2,041,580	1,872,482
Taxes & Duties	13	10,141,117	9,534,972
Payments and Benefits to employees	14	12,485,399	7,556,320
R&D expenses	15	34,781,278	17,113,802
Administrative & General Expenses	16	42,587,567	41,066,342
Interest & Financial Charges	17	5,173,596	2,813,286
(Increase)/Decrease in Stocks	18	4,114,373	(5,261,768)
Depreciation	5	2,446,971	1,780,361
Miscellaneous Expenses written off:			
Amortisation of R&D Exp. on Product development		3,386,720	3,386,720
Preliminary and Pre-operative Expenses		183,576	183,576
		137,633,988	106,521,729
Profit for the year before tax		100,430,463	102,529,133
Less : Provision for Income Tax			
Current year Tax Liability		27,931,785	27,801,235
Tax for earlier period		347,080	141,080
Fringe Benefit Tax		553,794	366,799
Deferred Tax Liability/ (Asset)		(253,259)	2,581,859
Profit after tax		71,851,063	71,638,160
Add : Opening Balance		100,464,677	76,226,732
		172,315,740	147,864,892
Transferred to General Reserve		30,000,000	30,000,000
Proposed Dividend		15,279,200	15,260,000
Dividend Tax		2,596,700	2,140,215
		124,439,840	100,464,677
Earning Per Share of Rs. 10/- each		9.41	9.39
Notes forming part of the accounts	19		

As per our report of even date

For Gokhale & Co.,
Chartered Accountants

C Gokhale
Partner

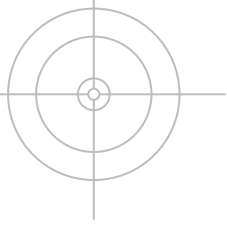
Hyderabad
19 May 2007

For and on behalf of the Board

Ashok Atluri
Chairman & Managing Director

M Ravi Kumar
Whole-Time Director

Y Shobha Rani
Company Secretary



SCHEDULES FORMING PART OF THE ACCOUNTS

(in Rupees)

Particulars	As at 31 March	
	2007	2006
SCHEDULE-1		
Share Capital		
Authorised :		
1,00,00,000 Equity Shares of Rs.10/- each	100,000,000	100,000,000
Issued, Subscribed & Paid up :		
76,39,600 Equity Shares of Rs.10/- each Fully Paid Up	76,396,000	76,300,000
SCHEDULE-2		
Reserves & Surplus		
General Reserve	110,000,000	80,000,000
Profit & Loss A/c	124,439,841	100,464,677
	234,439,841	180,464,677
SCHEDULE-3		
Secured Loans		
Indian Bank-OD	82,126,538	32,108,435
Corporation Bank-OD (Secured by way of pledge of fixed deposits)	15,702,039	2,670,893
Vehicle Loans from ICICI Bank (Secured by Hypothecation of Vehicle)	90,393	294,739
	97,918,970	35,074,067
SCHEDULE-4		
Deferred Tax Liability:		
Opening Balance	18,866,621	16,284,762
Add:Provision for the year	(253,259)	2,581,859
	18,613,362	18,866,621



SCHEDULE -5
Fixed Assets

(in Rupees)

Sl. No.	Description	Rate %	GROSS BLOCK				DEPRECIATION				NET BLOCK		
			Opening Balance	Additions For the Period	Deletions	Total	Opening Balance	For the Period	Deletions	Total	As at 31 March 2007	2006	
A ASSETS													
1	Land	-	1,528,011	37,090,980	-	38,618,991	-	-	-	-	-	38,618,991	1,528,011
2	Building	1.63	487,791	-	-	487,791	-	7,951	-	45,288	-	442,503	450,454
3	Vehicles	9.50	10,105,078	106,233	27,152	10,184,181	21,029	964,324	2,846,362	2,846,362	7,337,819	8,202,010	
4	Furniture & Fittings	6.33	1,858,545	201,580	-	2,060,125	-	111,970	645,247	645,247	1,414,877	1,325,290	
5	Office Equipment	16.21	3,824,803	1,283,011	-	5,107,814	-	742,484	2,108,017	2,108,017	2,999,797	2,459,272	
6	Computers	16.21	2,352,611	500,336	-	2,852,947	-	387,116	1,172,205	1,172,205	1,680,742	1,567,517	
7	Software	100.00	416,922	12,078	-	429,000	-	233,125	403,215	403,215	25,785	246,832	
	Sub Total		20,573,761	39,194,218	27,152	59,740,849	21,029	2,446,970	7,220,334	7,220,334	52,520,514	15,779,386	
B ASSETS- R & D DIVISION													
1	Land	-	5,150,020	-	-	5,150,020	-	-	-	-	-	5,150,020	5,150,020
2	Building	1.63	18,220,987	7,737,200	-	25,958,187	-	297,348	602,131	602,131	25,356,056	17,916,203	
3	Plant & Machinery	4.75	7,630,310	-	-	7,630,310	-	360,796	3,281,637	3,281,637	4,348,673	4,709,469	
4	Testing Equipment	4.75	1,060,216	-	-	1,060,216	-	50,007	516,612	516,612	543,604	593,612	
5	Computers	16.21	3,390,583	123,047	-	3,513,630	-	157,443	2,939,241	2,939,241	574,389	608,780	
6	Software	100.00	8,054,507	1,541,340	-	9,595,847	-	672,076	8,685,714	8,685,714	910,133	40,869	
7	Furniture & Fittings	6.33	4,623,585	99,761	870,196	3,853,150	-	187,414	356,040	356,040	3,497,110	4,454,959	
8	Vehicles	9.50	-	818,169	-	818,169	-	213	213	213	817,956	-	
9	Office Equipment	16.21	5,682,021	-	-	5,682,021	-	919,597	1,463,593	1,463,593	4,218,428	5,138,026	
	Sub Total		53,812,229	10,319,517	870,196	63,261,550	2,644,894	17,845,181	17,845,181	17,845,181	45,416,369	38,611,938	
	Total (A+B)		74,385,990	49,513,735	897,348	123,002,399	19,994,682	5,091,864	25,065,515	25,065,515	97,936,883	54,391,324	
	Previous year		56,686,895	19,196,926	1,497,832	74,385,989	15,575,698	4,565,774	19,994,667	19,994,667	54,391,323	41,111,197	

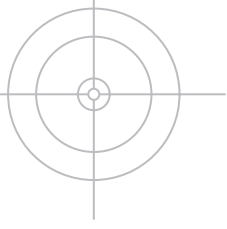
SCHEDULES FORMING PART OF THE ACCOUNTS

(in Rupees)

Particulars	As at 31 March	
	2007	2006
SCHEDULE-6		
Investments		
Investment in Zen Technologies FZE (Wholly Owned Subsidiary - 1 Equity Share of face value of AED1,00,000) 1,53,500 Equity Shares of CMTES informatics Limited face value of Rs.10/- each (Un-quoted - Value Shown at cost)	1,208,470	-
	4,605,000	-
	<u>5,813,470</u>	<u>-</u>
SCHEDULE-7		
Current Assets, Loans & Advances :		
A. Inventories (As Valued and Certified by the Management)	11,312,964	13,123,750
SUB TOTAL (A)	<u>11,312,964</u>	<u>13,123,750</u>
B. Sundry Debtors (Unsecured and considered good)		
Outstanding for a period exceeding 6 months	40,345,608	32,949,411
Others	96,775,530	60,753,170
SUB TOTAL (B)	<u>137,121,138</u>	<u>93,702,581</u>
C. Cash And Bank Balances:		
Cash on hand	83,180	486,900
Balance with Scheduled Banks in Current Accounts Deposit Accounts	23,800,010	43,007,229
	183,373,336	145,127,070
SUB TOTAL (C)	<u>207,256,526</u>	<u>188,621,199</u>
D. Loans & Advances : (Unsecured and considered good)		
Advance for purchases	3,898,369	3,831,266
Advances recoverable in cash or in kind or for value to be received	2,356,940	2,472,910
Loans and Advances (includes Rs. 89,753/- given to Wholly Owned Subsidiary Company)	1,163,200	719,499
Input Vat	125,587	440,843
Deposits	3,053,503	2,540,727
Prepaid Expenses	246,661	202,298
Income Tax refundable	653,660	-
SUB TOTAL (D)	<u>11,497,920</u>	<u>10,207,543</u>
TOTAL (A+B+C+D)	<u>367,188,548</u>	<u>305,655,073</u>

(in Rupees)

Particulars	As at 31 March	
	2007	2006
SCHEDULE-8		
Current Liabilities & Provisions		
A. Current Liabilities		
Sundry Creditors for goods		
Dues to Small Scale Industrials undertakings	2,597,549	1,506,841
Others	3,761,966	3,782,196
for other liabilities	31,149,979	41,891,356
Advances from Customers	3,506,112	–
Unclaimed Dividend	321,246	221,469
SUB TOTAL (A)	41,336,852	47,401,862
B. Provisions		
Proposed Dividend	15,279,200	15,260,000
Dividend Tax	2,596,700	2,140,215
Provision for Income Tax	–	4,546,137
Provision for F B T	98,794	86,799
Provision for staff benefits	2,642,350	1,942,681
SUB TOTAL (B)	20,617,044	23,975,832
TOTAL (A+B)	61,953,896	71,377,694
SCHEDULE-9		
Miscellaneous Expenditure		
(To the extent not written off or adjusted)		
Marketing Development Expenses	165,755	331,415
Preliminary Expenses	17,919	35,835
R & D Expenses	12,347,361	15,734,080
	12,531,035	16,101,330



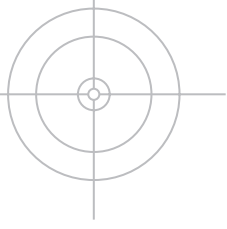
SCHEDULES FORMING PART OF THE ACCOUNTS

(in Rupees)

Particulars	For the Year ended 31 March	
	2007	2006
SCHEDULE- 10		
Other Income		
Interest Received	8,647,802	6,528,454
Foreign Exchange rate fluctuation	461,692	222,567
Rent Received	69,000	–
Others	4,304,715	–
	<u>13,483,209</u>	<u>6,751,021</u>
SCHEDULE-11		
Materials Consumed		
Opening Stock	2,017,586	1,752,285
Add: Purchases	22,595,398	26,740,937
	24,612,984	28,493,222
Less: Closing Stock	4,321,173	2,017,586
Materials Consumed	<u>20,291,811</u>	<u>26,475,636</u>
SCHEDULE-12		
Manufacturing Expenses		
Electricity Charges	155,667	193,513
Systems installation & maintenance	1,885,913	1,678,969
	<u>2,041,580</u>	<u>1,872,482</u>
SCHEDULE- 13		
Taxes & Duties		
Excise Duty	2,102,320	1,840,080
Service Tax	–	48,475
Sales Tax	8,038,797	7,646,417
	<u>10,141,117</u>	<u>9,534,972</u>
SCHEDULE- 14		
Payments & Benefits To Employees		
Salaries, wages and other employees Benefits	12,117,790	7,173,952
Contribution to P F and E S I	367,609	382,368
	<u>12,485,399</u>	<u>7,556,320</u>

(in Rupees)

Particulars	As at 31 March	
	2007	2006
SCHEDULE-15		
R&D Revenue Expenses		
Travelling	1,631,922	40,451
Electrical Charges	983,223	587,640
Rates & Taxes	141,368	410,825
Professional Charges	420,000	2,759,833
Bonus & Gratuity	660,110	429,241
Leave Encashment	265,907	138,236
Salaries	11,327,549	7,149,257
Spares & Stores	14,807,273	2,730,106
Rent	–	82,800
Depreciation	2,644,893	2,785,413
R&D Radar Scan Converter	1,619,667	–
Freight	208,005	–
R&D Office Expenses	62,361	–
Testing Charges	9,000	–
	34,781,278	17,113,802
SCHEDULE-16		
Administrative Selling And General Expenses		
Rent	1,608,140	843,967
Rates & Taxes	323,658	246,437
Printing & Stationery	320,008	417,204
Postage & Telephone	2,523,663	1,969,992
Travelling Expenses	5,507,585	4,946,418
Conveyance	658,207	232,322
Insurance	656,317	377,427
Audit Fees - Internal Audit	20,000	22,040
Audit Fees - Statutory Audit	50,000	55,100
Office Maintenance	3,652,433	3,494,480
Vehicle Maintenance	1,004,786	892,032
Directors Remuneration	5,224,534	4,980,119
Selling Expenses	16,726,765	20,608,193
Professional Charges	596,185	996,697
Membersip and Subscriiption	537,774	52,591
Advertisement	508,145	545,300
Loss on Sale of Assests	1,623	227,027
Listing Fee	21,500	14,000
Sitting Fee	95,000	145,000
Incidental exp	13,000	–
Bad Debts	2,538,244	–
	42,587,567	41,066,346



(in Rupees)

Particulars	As at 31 March	
	2007	2006
SCHEDULE-17		
Interest & Financial Charges		
Interest on Bank OD	4,703,643	2,571,713
Bank Charges, Commission	469,953	241,573
	<u>5,173,596</u>	<u>2,813,286</u>
SCHEDULE-18		
(Increase)/Decrease In Stocks		
Opening Stock		
Finished Goods	2,850,124	1,360,904
Work in Progress	8,256,040	4,483,492
	<u>11,106,164</u>	<u>5,844,396</u>
Less : Closing Stock		
Finished Goods	2,541,926	2,850,124
Work in Progress	4,449,865	8,256,040
	<u>6,991,791</u>	<u>11,106,164</u>
	<u>4,114,373</u>	<u>(5,261,768)</u>

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

SCHEDULE - 19

1. Basis of Financial Statements:

- a. Financial statements have been prepared under the historical cost convention method in accordance with the Generally Accepted Accounting Principles and Provisions of the Companies Act, 1956.
- b. The Company generally follows Mercantile System of Accounting and recognizes significant items of Income and Expenditure on accrual basis.

2. Fixed Assets and Depreciation:

- a. Fixed Assets are stated at cost less accumulated depreciation. All costs directly attributable to bringing the assets to their working conditions for the intended use are capitalized.
- b. Depreciation on the Fixed Assets of the Company is provided on straight line method in accordance with Schedule XIV of the Companies Act, 1956.
- c. Amounts spent for capital work-in-progress including advance given for capital goods are grouped as capital work-in-progress.

3. Inventories:

Stores, spare parts and Raw material are valued at cost, Work-in-Progress and Finished Goods are valued at cost of production or realizable value whichever is lower.

4. 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 differences arising on settlement of the transaction and on account of restatement of assets and liabilities are dealt with in the Profit and Loss Account.

5. Employee Retirement Benefits:

The Company has taken a Group Gratuity Scheme with the Life Insurance Corporation of India. The premium payable under the scheme is provided in the books.

Liability towards Leave encashment benefits is provided in the books as per Company's rules on accrual basis.

6. Sales:

Sales include Sales Tax, Excise duty.

7. Miscellaneous Expenses:

- a. Expenditure incurred for marketing development is amortized over a period of 10 years.
- b. Preliminary expenses incurred for the formation of the Company are being amortized over a period of 10 years.

8. Research and Development Expenses:

Revenue R & D Expenditure is being charged to the Profit and Loss Account for the year in which it is incurred. The amount so charged in 2006-07 is Rs.3,47,81,278/- (Previous year Rs.1,71,13,802/-) and this includes depreciation of Rs.26,44,893/- (Previous year Rs. 27,85,413/-) on R & D Fixed Assets

9. Revenue Recognition:

Revenue from sales is recognized when the goods have been dispatched.

10. Excise Duty:

Excise Duty has been accounted as and when goods are dispatched and no provision has been made for goods lying at the year end. This accounting treatment has no impact on the profitability of the Company.

11. Deferred Tax:

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognized, subject to the consideration of prudence on timing difference between

taxable income and accounting income that originate in one period and are capable of reversal in one or more periods.

Deferred tax asset and Liability are measured at the rates that have been enacted or substantively enacted at the Balance Sheet date.

12. Dividends:

Provision is 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.

13. Over Draft facilities from banks are secured by way of pledge of Fixed Deposits.

14. The Company operates in one segment i.e., simulation.

15. During the year the company has incurred expenditure of Rs.381.64 lakhs on Research and Development. (Previous year Rs. 305.05 lakhs) Out of this R&D Revenue Expenditure is Rs. 347.81 lakhs (Previous year Rs. 171.14 lakhs) and R&D Capital Expenditure is Rs.103.20 lakhs (Previous year Rs. 133.91 lakhs).

16. Estimated amount of contracts remaining to be executed on capital account (net of advances) not provided for Rs.147.03 lakhs (previous year Rs. 311.42 lakhs).

Additional Information under Part II of Schedule VI

17. Payment to auditors

Particulars	2006-07 (Rs.)	2005-06 (Rs.)
Statutory Audit	50,000	55,100
Tax Audit fee	25,000	20,000
Other Services	33,450	11,000
Total	1,08,450	86,100

18. Particulars of capacity, Production, Sales and Stocks

Particulars	2006-07		2005-06	
Particulars of capacity				
Licensed Capacity	NA		NA	
Installed Capacity	NA		NA	
Actual Production				
Basic Systems	48		45	
Software sets	50		42	
Sales and Stock	Qty.	Value (Rs. in lakhs)	Qty	Value (Rs. in lakhs)
Sales				
Basic Systems	49	302.14	41	177.05
Software Sets	50	1920.51	42	1637.89
Opening stock (System)				
Basic Systems	8	28.50	4	13.61
Closing Stock (System)				
Basic Systems	7	25.41	8	28.50

19. Value of imported and indigenous raw materials and components consumed

Particulars	2006-07		2005-06	
	Value (Rs.)	%	Value (Rs.)	%
Indigenous raw material and stores	2,02,91,811	100%	2,64,75,636	100%
Imported stores	–	–	–	–
Total	2,02,91,811	100%	2,64,75,636	100%

20. Contingent Liabilities:

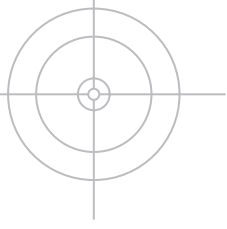
	2006-07	2005-06
Contingent Liabilities in respect of Bank Guarantees	Rs. 1,47,03,814	Rs. 2,33,67,915

21. Fixed Deposits under Cash and Bank balances includes:

Particulars	2006-07	2005-06
Lodged as security with authorities	Rs. 500/-	Rs.500/-
Towards margin money deposits for Over Drafts	Rs. 13,00,00,000	Rs. 9,92,18,514/-
Towards margin money deposits for B G's	Nil	Rs. 2,33,67,915/-

22 i) Directors Remuneration

S.No.	Particulars	2006-07 Rs.	2005-06 Rs.
1	Managing Director		
	Salary	9,00,000	7,20,000
	House Rent Allowance	3,60,000	3,30,000
	Others	2,34,849	82,730
	Commission	27,48,282	28,80,159
	Total	42,43,131	40,12,889
2	Other Director		
	Salary	7,20,000	5,70,000
	Allowances	2,88,000	2,28,000
	Others	5,433	–
	Total	10,13,433	7,98,000



ii) Calculation of Managerial Remuneration to the Director

Particulars	2006-07		2005-06	
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Net profit as per Profit and Loss A/c		10,04,30,463		10,25,29,133
Add: Depreciation	24,46,971		17,80,361	
Sitting Fee	95,000		1,45,000	
LTA	1,91,792		82,730	
Loss on Sale of assets	1,623	27,35,386	2,27,027	22,35,118
		10,31,65,849		10,47,64,251
Less: Depreciation	24,46,971		17,80,361	
Interest/ Others Received	86,47,802		67,51,021	
Foreign Exchange fluctuations	4,61,692	1,15,56,465	2,27,567	87,58,949
		9,16,09,384		9,60,05,302
Commission @ 3%		27,48,282		28,80,159

iii) Foreign Currency Expenses

Particulars	2006-07 (Rs.)	2005-06 (Rs.)
CIF Value of Imports		
Capital Goods	Nil	5,93,998
Raw materials and Components	Nil	Nil
Stores and Spares	6,02,467	11,14,893
Foreign Travel (Exclusive of tickets Purchased)	10,82,593	7,49,092
London office expenses	13,55,405	8,48,595
Retainer fee	30,31,200	61,15,108
Internet Charges	33,42,392	29,880
Investment in Wholly Owned Subsidiary Company	12,08,470	Nil
Un-secured Loan given to Wholly Owned Subsidiary Company	89,753	Nil
iv Remittance in Foreign Currency on account of Dividends	Nil	Nil
v Foreign Currency Earnings	1,37,33,996	Nil
vi Previous year's figures are regrouped and rearranged wherever necessary.		
vii Figures have been rounded off to the nearest rupee.		

23. List of SSI Units to whom amount is due for more than 30 days as on 31 March 2007 is Rs. Nil (Previous year Rs. 29,480/-)

24. Related party transactions

As per Accounting Standard - 18 on Related Party disclosures issued by the Institute of Chartered Accountants of India the disclosure of transactions with the Related Party as defined in the Accounting Standard are given below:

(i) List of Related Parties and Nature of Relationship:

Sl. No	Name of the Party	Nature of Relationship
1	Mr Ashok Atluri	Key Management Personnel
2	Mr Ravi Kumar	Key Management Personnel
3	Mr Kishore AD	Relative of Key Management Personnel

(ii) Details of Transactions with the Related Parties:

Sl. No.	Nature of Relation / Nature of Transactions	2006-07		2005-06	
		Amount of Transaction	Amount outstanding as on 31.03.2007	Amount of Transaction	Amount outstanding as on 31.03.2006
1	Key Management Personnel: Remuneration	Refer Note 22(i)	Nil	Refer Note 22(i)	Nil
2	Relatives of Key Management Personnel: Remuneration	Rs. 10,59,386/-	Nil	Rs. 8,97,818/-	Nil
3	Company in which the Relative of the Key Management personnel has Substantial Interest	Nil	Nil	Nil	Nil

25. The balances of Sundry Debtors, Creditors and advances in various personal accounts are subject to confirmation by and reconciliation with the concerned parties.
26. 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	
For Gokhale & Co., Chartered Accountants C Gokhale Partner Membership No. 23839 Hyderabad 19 May 2007	Ashok Atluri Chairman & Managing Director	M Ravi Kumar Whole-Time Director Y Shobha Rani Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2007

(Rs. in lakhs)

Particulars	As at 31 March	
	2007	2006
A Cash flow from the operations		
Net profit before income tax	1004.30	1025.29
Adjustments:		
Depreciation	50.92	45.66
Interest Paid	51.73	28.13
Miscellaneous Expenses written off	35.70	35.70
Loss on sale of assets	0.02	2.27
Interest received	(86.47)	51.90
Operational profit before Working Capital	(65.28)	46.48
Adjustments:	1056.20	1071.77
(Increase)/Decrease in Trade receivable	(434.19)	316.73
(Increase)/Decrease in Inventories	18.11	(55.27)
(Increase)/Decrease in other Current assets	(12.90)	(3.95)
Increase/(Decrease) in Current Liabilities	(60.65)	105.91
Increase/(Decrease) in Other Liabilities	(326.69)	(255.06)
Interest paid	239.88	1180.14
Net Cash flow from Operations	(51.74)	(28.13)
	188.14	1152.01
B Cash Flow from Investing Activities		
(Increase)/Decrease in Fixed Assets	(495.13)	(191.97)
(Increase)/Decrease in Capital Work in Progress	0.83	(6.48)
(Increase)/Decrease in Investments	(58.13)	-
Interest received on deposits	86.47	65.28
Sale of Assets	8.76	11.24
Net Cash Flow from Investing Activities	(457.20)	(121.92)
C Cash Flow From Financing Activities		
Increase/(Decrease) in Borrowings	628.45	202.78
Increase/(Decrease) in Share Capitals	0.96	-
Dividend	(152.60)	(114.45)
Dividend Tax paid	(21.40)	(16.05)
Net Cash Flow From Financing Activities	455.41	72.28
Net increase in Cash & Cash equivalents	186.35	1102.36
Cash & Cash equivalents- Opening Balance	1,886.21	783.85
Cash & Cash equivalents- Closing Balance	2,072.56	1886.21

As per our report of even date

For and on behalf of the Board

For Gokhale & Co.,
Chartered Accountants

Ashok Atluri
Managing Director

M Ravi Kumar
Whole-Time Director

C Gokhale
Partner

Y Shobha Rani
Company Secretary

Hyderabad
19 May 2007

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details	
Registration No.	01-15939
State Code	01
Balance Sheet Date	31 March 2007
II Capital Raised during the year (Rs.in 000)	
Public Issue	NIL
Rights Issue	NIL
Bonus Issue	NIL
Private Placement	96
Financial Institutions	NIL
III Position of Modification and deployment of funds (Rs.in 000)	
Total Liabilities	427,368
Total Assets	427,368
Sources of Funds	
Paid up Capital	76,396
Share Application Money	–
Secured Loans	97,919
Unsecured Loans	–
Deferred Tax Liability	18,613
Reserves & Surplus	234,440
Application of Funds	
Net Fixed Assets	97,937
Capital W.I.P.	5,852
Net Current Assets	305,235
Investments	5,813
Miscellaneous Expenditure	12,531
Accumulated Losses	–
IV Performance of the Company (Rs.in 000)	
Turnover	224,581
Profit/Loss Before Tax	100,430
Profit/Loss After Tax	71,851
Earning Per share in Rs. (Annualised)	9.41
Dividend	20%
V Generic name of Three Principal Products/services of the Company (As per Monetary Terms)	
Item Code No.(ITC Code)	3689
Product Description	Training Simulator

As per our report of even date

For and on behalf of the Board

For Gokhale & Co.,
Chartered Accountants

Ashok Atluri
Managing Director

M Ravi Kumar
Whole-Time Director

C Gokhale
Partner

Y Shobha Rani
Company Secretary

Hyderabad
19 May 2007



Auditors' Report on the Consolidated Financial Statements

The Members

Zen Technologies Limited
Hyderabad

We have examined the attached Consolidated Balance Sheet of Zen Technologies Limited and its wholly owned subsidiary Zen Technologies FZE, United Arab Emirates as at March 31, 2007 and the Profit and Loss Account as well as the Cash Flow statement for the year ended on that date.

These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21 on Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Zen Technologies Limited and the audited financial statements of its wholly owned subsidiary Zen Technologies FZE, United Arab Emirates.

On the basis of the information and explanations given to us and on the consideration of the audited financial statements of Zen Technologies Limited and the audited financial statements of its wholly owned subsidiary, we are of the opinion that:

- a) the Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of Zen Technologies Limited and its wholly owned subsidiary Zen Technologies FZE, UAE as at March 31, 2007;
- b) the Consolidated Profit & Loss Account for the year ended March 31, 2007 gives a true and fair view of the consolidated results of operations of the company and
- c) the consolidated cash flow statement shows a true and fair view of the consolidated cash flows for the year ended on March 31, 2007.

For Gokhale & Co
Chartered Accountants

Chandrashekhar Gokhale
Partner
Membership No 23839

Hyderabad
19 May 2007

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2007

(in Rupees)

Particulars	Schedule	As at 31 March	
		2007	2006
SOURCES OF FUNDS:			
Share holders Funds :			
Share Capital	1	76,396,000	76,300,000
Reserves & Surplus	2	<u>233,094,996</u>	<u>180,464,675</u>
		309,490,996	256,764,675
Loan Funds :			
Secured Loans	3	97,918,970	35,074,068
Unsecured Loans		1,313,753	-
Deferred Tax Liability	4	18,613,362	18,866,622
TOTAL		427,337,081	310,705,365
APPLICATION OF FUNDS:			
Fixed Assets	5	123,002,399	74,385,989
Less : Depreciation		<u>25,065,516</u>	<u>19,994,667</u>
Net Block		97,936,884	54,391,322
Add : Capital Work in progress		5,852,132	5,935,334
		103,789,016	60,326,656
Investments	6	4,605,000	-
Current Assets, Loans & Advances	7		
a. Inventories		11,312,964	13,123,750
b. Sundry Debtors		137,121,138	93,702,581
c. Cash and Bank Balances		208,523,657	188,621,199
d. Loans and Advances		11,408,167	10,207,543
		<u>368,365,926</u>	<u>305,655,073</u>
Less : Current Liabilities & Provisions	8		
Current Liabilities		41,336,852	47,401,862
Provisions		20,617,044	23,975,832
		<u>61,953,896</u>	<u>71,377,694</u>
Net Current Assets		306,412,030	234,277,379
Miscellaneous Expenditure (To the extent not written off or adjusted)	9	12,531,035	16,101,330
TOTAL		427,337,081	310,705,365
Notes forming part of the accounts	19		

As per our report of even date

For Gokhale & Co.,
Chartered Accountants

C Gokhale
Partner

Hyderabad
19 May 2007

For and on behalf of the Board

Ashok Atluri
Chairman & Managing Director

M Ravi Kumar
Whole-Time Director

Y Shobha Rani
Company Secretary

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2007

(in Rupees)

Particulars	Schedule	For the Year ended 31 March	
		2007	2006
INCOME :			
Sales		224,581,242	202,299,841
Other Income	10	13,455,067	6,751,021
		<u>238,036,309</u>	<u>209,050,862</u>
EXPENDITURE :			
Materials Consumed	11	20,291,811	26,475,636
Manufacturing Expenses	12	2,041,580	1,872,482
Taxes & Duties	13	10,141,117	9,534,972
Payments and Benefits to employees	14	12,519,383	7,556,320
R&D expenses	15	34,781,278	17,113,802
Administrative & General Expenses	16	43,865,920	41,066,345
Interest & Financial Charge	17	5,177,962	2,813,286
(Increase)/Decrease in Stocks	18	4,114,373	(5,261,768)
Depreciation	5	2,446,971	1,780,361
Miscellaneous Expenses written off:			
Amortisation of R&D Exp. on Product development		3,386,720	3,386,720
Preliminary and Pre-operative Expenses		183,576	183,575
		<u>138,950,691</u>	<u>106,521,731</u>
Profit before tax		99,085,618	102,529,131
Less : Provision for Income Tax:			
Current year Tax Liability		27,931,785	27,801,235
Tax for earlier period		347,080	141,080
Fringe Benefit Tax		553,794	366,799
Deferred Tax Liability/ (Asset)		(253,259)	2,581,859
Profit after tax		<u>70,506,219</u>	<u>71,638,158</u>
Add : Opening Balance		100,464,677	76,226,732
		<u>170,970,896</u>	<u>147,864,890</u>
Transferred to General Reserve		30,000,000	30,000,000
Proposed Dividend		15,279,200	15,260,000
Dividend Tax		2,596,700	2,140,215
		<u>123,094,996</u>	<u>100,464,675</u>
Earning Per Share of Rs. 10/- each		9.23	9.39
Notes forming part of the accounts	19		

As per our report of even date

For Gokhale & Co.,
Chartered Accountants

C Gokhale
Partner

Hyderabad
19 May 2007

For and on behalf of the Board

Ashok Atluri
Chairman & Managing Director

M Ravi Kumar
Whole-Time Director

Y Shobha Rani
Company Secretary

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

(in Rupees)

Particulars	As at 31 March	
	2007	2006
SCHEDULE-1		
Share Capital		
Authorised :		
1,00,00,000 Equity Shares of Rs.10/- each	100,000,000	100,000,000
Issued, Subscribed & Paid up :		
76,39,600 Equity Shares of Rs.10/- each Fully Paid Up	76,396,000	76,300,000
SCHEDULE-2		
Reserves & Surplus		
General Reserve	110,000,000	80,000,000
Profit & Loss A/c	123,094,996	100,464,675
	233,094,996	180,464,675
SCHEDULE-3		
Secured Loans		
Indian Bank -OD	82,126,538	32,108,435
Corporation Bank-OD	15,702,039	2,670,893
(Secured by way of pledge of fixed deposits)		
Vehicle Loans from ICICI Bank	90,393	294,739
(Secured by Hypothication of Vehicle)		
	97,918,970	35,074,067
SCHEDULE-4		
Deferred Tax Liability		
Opening Balance	18,866,621	16,284,762
Add: Provision for the year	(253,259)	2,581,859
	18,613,362	18,866,621

SCHEDULE -5
Fixed Assets

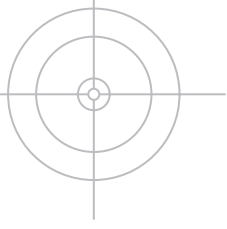
(in Rupees)

Sl. No.	Description	Rate %	GROSS BLOCK				DEPRECIATION				NET BLOCK	
			Opening Balance	Additions For the Period	Deletions	Total	Opening Balance	For the Period	Deletions	Total	As at 31 March 2007	2006
A ASSETS												
1	Land	-	1,528,011	37,090,980	-	38,618,991	-	-	-	-	38,618,991	1,528,011
2	Building	1.63	487,791	-	-	487,791	37,337	7,951	-	45,288	442,503	450,454
3	Vehicles	9.50	10,105,078	106,233	27,152	10,184,181	1,903,067	964,324	21,029	2,846,362	7,337,819	8,202,010
4	Furniture & Fittings	6.33	1,858,545	201,580	-	2,060,125	533,277	111,970	-	645,247	1,414,877	1,325,290
5	Office Equipment	16.21	3,824,803	1,283,011	-	5,107,814	1,365,533	742,484	-	2,108,017	2,999,797	2,459,272
6	Computers	16.21	2,352,611	500,336	-	2,852,947	785,089	387,116	-	1,172,205	1,680,742	1,567,517
7	Software	100.00	416,922	12,078	-	429,000	170,090	233,125	-	403,215	25,785	246,832
	Sub Total		20,573,761	39,194,218	27,152	59,740,849	4,794,393	2,446,970	21,029	7,220,334	52,520,514	15,779,386
B ASSETS- R & D DIVISION												
1	Land	-	5,150,020	-	-	5,150,020	-	-	-	-	5,150,020	5,150,020
2	Building	1.63	18,220,987	7,737,200	-	25,958,187	304,784	297,348	-	602,131	25,356,056	17,916,203
3	Plant & Machinery	4.75	7,630,310	-	-	7,630,310	2,920,842	360,796	-	3,281,637	4,348,673	4,709,469
4	Testing Equipment	4.75	1,060,216	-	-	1,060,216	466,605	50,007	-	516,612	543,604	593,612
5	Computers	16.21	3,390,583	123,047	-	3,513,630	2,781,798	157,443	-	2,939,241	574,389	608,780
6	Software	100.00	8,054,507	1,541,340	-	9,595,847	8,013,638	672,076	-	8,685,714	910,133	40,869
7	Furniture & Fittings	6.33	4,623,585	99,761	870,196	3,853,150	168,626	187,414	-	356,040	3,497,110	4,454,959
8	Vehicles	9.50	-	818,169	-	818,169	-	213	-	213	817,956	-
9	Office Equipment	16.21	5,682,021	-	-	5,682,021	543,996	919,597	-	1,463,593	4,218,428	5,138,026
	Sub Total		53,812,229	10,319,517	870,196	63,261,550	15,200,289	2,644,894	-	17,845,181	45,416,369	38,611,938
	Total (A+B)		74,385,990	49,513,735	897,348	123,002,399	19,994,682	5,091,864	21,029	25,065,515	97,936,883	54,391,324
	Previous year		56,686,895	19,196,926	1,497,832	74,385,989	15,575,698	4,565,774	146,805	19,994,667	54,391,323	41,111,197

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

(in Rupees)

Particulars	As at 31 March	
	2007	2006
SCHEDULE-6		
Investments:		
1,53,500 Equity Shares of CMTES Informatics Limited, face value of Rs.10/- each (Un-quoted - Value Shown at cost)	4,605,000	-
	<u>4,605,000</u>	<u>-</u>
SCHEDULE-7		
Current Assets, Loans & Advances :		
A. Inventories	11,312,964	13,123,750
(As Valued and Certified by the Management)		
SUB TOTAL (A)	<u>11,312,964</u>	<u>13,123,750</u>
B. Sundry Debtors		
(Unsecured and considered good)		
Outstanding for a period exceeding 6 months	40,345,608	32,949,411
Others	96,775,530	60,753,170
SUB TOTAL (B)	<u>137,121,138</u>	<u>93,702,581</u>
C. Cash And Bank Balances:		
Cash on hand	83,180	486,900
Balance with Scheduled Banks in:		
Current Accounts	25,067,141	43,007,229
Deposit Accounts	183,373,336	145,127,070
SUB TOTAL (C)	<u>208,523,657</u>	<u>188,621,199</u>
D. Loans & Advances :		
(Unsecured and considered good)		
Advance for purchases	3,898,369	3,831,266
Advances recoverable in cash or in kind or for value to be received	2,356,940	2,472,910
Loans and Advances	1,073,447	719,499
Input Vat	125,587	440,843
Deposits	3,053,503	2,540,727
Prepaid Expenses	246,661	202,298
Income Tax refundable	653,660	-
SUB TOTAL (D)	<u>11,408,167</u>	<u>10,207,543</u>
TOTAL (A+B+C+D)	<u>368,365,926</u>	<u>305,655,073</u>



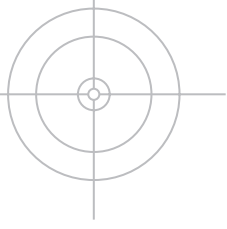
(in Rupees)

Particulars	As at 31 March	
	2007	2006
SCHEDULE-8		
Current Liabilities & Provisions		
A. Current Liabilities		
Sundry Creditors for goods		
Dues to Small Scale Industrial undertakings	2,597,549	1,506,841
Others (purchases)	3,761,966	3,782,196
for other liabilities	31,149,979	41,891,356
Other liabilities		
Advances from Customers	3,506,112	–
Unclaimed Dividend	321,246	221,469
SUB TOTAL (A)	41,336,852	47,401,862
B. Provisions		
Proposed Dividend	15,279,200	15,260,000
Dividend Tax	2,596,700	2,140,215
Provision for Income Tax	–	4,546,137
Provision for F B T	98,794	86,799
Provision for staff benefits	2,642,350	1,942,681
SUB TOTAL (B)	20,617,044	23,975,832
TOTAL (A+B)	61,953,896	71,377,694
SCHEDULE-9		
Miscellaneous Expenditure		
(To the extent not written off or adjusted)		
Marketing Development Expenses	165,755	331,415
Preliminary Expenses	17,919	35,835
R & D Expenses	12,347,361	15,734,080
	12,531,035	16,101,330

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

(in Rupees)

Particulars	For the Year ended 31 March	
	2007	2006
SCHEDULE- 10		
Other Income		
Interest Received	8,648,510	6,528,454
Foreign Exchange rate fluctuation	432,842	222,567
Rent Received	69,000	–
Others	4,304,715	–
	<u>13,455,067</u>	<u>6,751,021</u>
SCHEDULE-11		
Materials Consumed		
Opening Stock	2,017,586	1,752,285
Add: Purchases	22,595,398	26,740,937
	24,612,984	28,493,222
Less: Closing Stock	4,321,173	2,017,586
Materials Consumed	<u>20,291,811</u>	<u>26,475,636</u>
SCHEDULE-12		
Manufacturing Expenses		
Electricity Charges	155,667	193,513
Systems installation & maintenance	1,885,913	1,678,969
	<u>2,041,580</u>	<u>1,872,482</u>
SCHEDULE- 13		
Taxes & Duties		
Excise Duty	2,102,320	1,840,080
Service Tax	–	48,475
Sales Tax	8,038,797	7,646,417
	<u>10,141,117</u>	<u>9,534,972</u>
SCHEDULE- 14		
Payments & Benefits To Employees		
Salaries, wages and other employees Benefits	12,151,774	7,173,952
Contribution to P F and E S I	367,609	382,368
	<u>12,519,383</u>	<u>7,556,320</u>

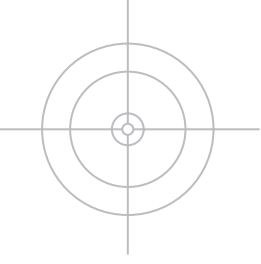


(in Rupees)

Particulars	For the Year ended 31 March	
	2007	2006
SCHEDULE-15		
R&D Revenue Expenses		
Travelling	1,631,922	40,451
Electricity Charges	983,223	587,640
Rates and Taxes	141,368	410,825
Professional Charges	420,000	2,759,833
Bonus & Gratuity	660,110	429,241
Leave Encashment	265,907	138,236
Salaries	11,327,549	7,149,257
Spares & Stores	14,807,273	2,730,106
Rent	–	82,800
Depreciation	2,644,893	2,785,413
R&D Radar Scan Converter	1,619,667	–
R&D office exps	62,361	–
Freight	208,005	–
Testing Charges	9,000	–
	<u>34,781,278</u>	<u>17,113,802</u>
SCHEDULE-16		
Administrative Selling And General Expenses		
Rent	1,608,140	843,967
Rates & Taxes	1,087,944	246,437
Printing & Stationery	322,049	417,204
Postage & Telephone	2,552,538	1,969,992
Travelling Expenses	5,749,520	4,946,418
Conveyance	685,017	232,322
Insurance	656,317	377,427
Audit Fees - Internal Audit	20,000	20,000
Audit Fees- Statutory Audit	50,000	50,000
Office Maintenance	3,666,310	3,494,480
Vehicle Maintenance	1,004,786	892,032
Directors Remuneration	5,224,534	4,980,119
Selling Expenses	16,726,765	20,608,193
Professional charges	796,714	1,003,837
Membership & Subscription	537,774	52,591
Advertisement	508,145	545,300
Loss On Sale of Assets	1,623	227,027
Listing Fee	21,500	14,000
Sitting fee	95,000	145,000
Incidental exp	13,000	–
Bad Debts	2,538,244	–
	<u>43,865,920</u>	<u>41,066,346</u>

(in Rupees)

Particulars	For the Year ended 31 March	
	2007	2006
SCHEDULE-17		
Interest & Financial Charges		
Interest on Bank OD	4,703,643	2,571,713
Bank Charges, Commission	474,319	241,573
	<u>5,177,962</u>	<u>2,813,286</u>
SCHEDULE-18		
(Increase)/Decrease In Stocks		
Opening Stock		
Finished Goods	2,850,124	1,360,904
Work in Progress	8,256,040	4,483,492
	<u>11,106,164</u>	<u>5,844,396</u>
Less : Closing Stock		
Finished Goods	2,541,926	2,850,124
Work in Progress	4,449,865	8,256,040
	<u>6,991,791</u>	<u>11,106,164</u>
	<u>4,114,373</u>	<u>(5,261,768)</u>



SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

SCHEDULE - 19

1. Basis of Financial Statements:

- a. Financial statements have been prepared under the historical cost convention method in accordance with the Generally Accepted Accounting Principles and Provisions of the Companies Act, 1956.
- b. The Company generally follows Mercantile System of Accounting and recognizes significant items of Income and Expenditure on accrual basis.

2. The Company owns a 100% subsidiary, Zen Technologies FZE incorporated in UAE.

3. Principles of Consolidation:

The consolidated financial statements present the accounts of the Company and its wholly owned subsidiary Zen Technologies FZE, UAE. The consolidation is based on the audited financial statements of Zen Technologies FZE, UAE and Zen Technologies Limited, India for the year ended 31st March 2007.

The consolidated financial statements are prepared in Indian Rupees. The Indian Rupee is the functional currency of Zen Technologies Limited and AED is the functional currency of Zen Technologies FZE, UAE

The translation of the functional currencies into Indian Rupees (reporting currency) is performed for fixed assets acquired during the year 2006-07 the exchange rate in effect on the transaction date, other assets and liabilities using the exchange rate in effect at the Balance Sheet date, for revenues, costs and expenses using the average exchange rates prevailing during the reporting period.

4. Fixed Assets and Depreciation:

- a. Fixed Assets are stated at cost less accumulated depreciation. All costs directly attributable to bringing the assets to their working conditions for the intended use are capitalized.
- b. Depreciation on the Fixed Assets of the Company is provided on straight line method in accordance with Schedule XIV of the Companies Act, 1956.
- c. Amounts spent for capital work-in-progress including advance given for capital goods are grouped as capital work-in-progress.

5. Inventories:

Stores, spare parts and Raw material are valued at cost, Work-in-Progress and Finished Goods are valued at cost of production or realizable value whichever is lower.

6. 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 differences arising on settlement of the transaction and on account of restatement of assets and liabilities are dealt with in the Profit and Loss Account.

7. Previous Year's figures:

As there is no subsidiary Company in the previous year, previous (i.e., 2005-06) figures of Stand alone and Consolidated Accounts are same,

8. Employee Retirement Benefits:

The Company has taken a Group Gratuity Scheme with the Life Insurance Corporation of India. The premium payable under the scheme is provided in the books.

Liability towards Leave encashment benefits is provided in the books as per Company's rules on accrual basis.

9. Sales:

Sales include Sales Tax, Excise duty.

10. Miscellaneous Expenses:

- a. Expenditure incurred for marketing development is amortized over a period of 10 years.
- b. Preliminary expenses incurred for the formation of the Company are being amortized over a period of 10 years.

11. Research and Development Expenses:

Revenue R & D Expenditure is being charged to the Profit and Loss Account for the year in which it is incurred. The amount so charged in 2006-07 is Rs.3,47,81,278/- (Previous year Rs.1,71,13,802/-) and this includes depreciation of Rs.26,44,893/- (Previous year Rs. 27,85,413/-) on R & D Fixed Assets

12. Revenue Recognition:

Revenue from sales is recognized when the goods have been dispatched.

13. Excise Duty:

Excise Duty has been accounted as and when goods are dispatched and no provision has been made for goods lying at the year end. This accounting treatment has no impact on the profitability of the Company.

14. Deferred Tax:

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

Deferred tax is recognized, subject to the consideration of prudence on timing difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more periods.

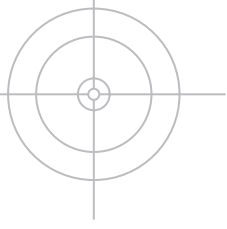
Deferred tax asset and Liability are measured at the rates that have been enacted or substantively enacted at the Balance Sheet date.

15. Dividends:

Provision is 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.

16. Over Draft facilities from banks are secured by way of pledge of Fixed Deposits.

17. The Company operates in one segment i.e., simulation.



18. During the year the company has incurred expenditure of Rs. 381.64 lakhs on Research and Development. (Previous year Rs. 305.05 lakhs) Out of this R&D Revenue Expenditure is Rs. 347.81 lakhs (Previous year Rs. 171.14 lakhs) and R&D Capital Expenditure is Rs.103.20 lakhs (Previous year Rs. 133.91 lakhs).
19. Estimated amount of contracts remaining to be executed on capital account (net of advances) not provided for Rs.147.03 lakhs (Previous year Rs. 311.42 lakhs).
20. List of SSI Units to whom amount is due for more than 30 days as on 31 March 2007 is Rs. Nil (Previous year Rs.29,480/-)

21. Related party transactions

As per Accounting Standard - 18 on Related Party disclosures issued by the Institute of Chartered Accountants of India the disclosure of transactions with the Related Party as defined in the Accounting Standard are given below:

- (i) Details of Transactions with the Related Parties:

Sl. No.	Nature of Relation / Nature of Transactions	2006-07		2005-06	
		Amount of Transaction	Amount outstanding as on 31.03.2007	Amount of Transaction	Amount outstanding as on 31.03.2006
1	Mr Ashok Atluri Key Management Personnel (Chairman and Managing Director) Remuneration	Rs.42,43,131	Nil	Rs.40,12,889	Nil
2	Mr M Ravi Kumar Key Management Personnel (Whole-Time Director) Remuneration	Rs.10,13,433		Rs.7,98,000/-	Nil
3	Mr Kishore A D Relative of Key Management Personnel Remuneration	Rs.10,59,386	Nil	Rs.8,97,818/-	Nil
4	Company in which the Relative of the Key Management personnel has Substantial Interest	Nil	Nil	Nil	Nil

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

23. 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.

24. Statement Pursuant to Section 212 of the Companies Act, 1956 related to Subsidiary Companies

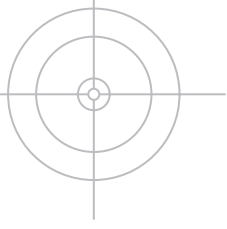
1. Name of the Subsidiary	:	Zen Technologies FZE
2. Financial Period of the Subsidiary	:	5th February 2007 to 31st March 2007
3. Shares of the Subsidiary held by the Company on the above date	:	One Equity Share of AED 1,00,000 equivalent to Rs.12,08,470/-
Extent of holding	:	100%
4. Net aggregate amount of profits/(losses) of the Subsidiary for the above financial period of the subsidiary so far as they concern members of the Company		
■ dealt with in the accounts of the Company for the period 31 March 2007	:	Rs.(13,44,845/-)
■ not dealt with in the accounts of the Company for the period 31 March 2007	:	Nil
5. Net aggregate amount of profits/(losses) of the Subsidiary since it became the subsidiary for the above financial period of the subsidiary so far as they concern members of the Company		
■ dealt with in the accounts of the Company for the period 31 March 2007	:	Rs.(13,44,845/-)
■ not dealt with in the accounts of the Company for the period 31 March 2007	:	Nil

Notes: (a) Previous year's figures have not been given since the above company is incorporated during the current year.

25. Summary of the financial information of the Subsidiary Company

Funds Employed:

A. Capital	:	Rs.12,08,470
B. Reserves	:	-
C. Liabilities	:	-
Secured Loans	:	-
Unsecured Loans	:	Rs.89,753
Deferred Tax Liability	:	-
Total Liabilities	:	Rs.89,753



D. Total Funds Employed	:	Rs.12,98,223
Application of Funds:		
E. Assets		
Net Block(including Capital WIP)	:	–
Investments	:	–
Net Current Assets	:	Rs. (46,622)
Miscellaneous Expenditure (to the extent not written off)	:	–
Profit & Loss Account	:	Rs.13,44,845
Total Assets (Net)	:	Rs.12,98,223
F. Turnover	:	–
G. Profit before Taxes	:	Rs.(13,44,845)
H. Provision for Taxation	:	–
I. Profit after Taxes	:	Rs.(13,44,845)
J. Proposed Dividend	:	–

As per our report of even date

For Gokhale & Co.,
Chartered Accountants

C Gokhale
Partner
Membership No. 23839

Hyderabad
19 May 2007

For and on behalf of the Board

Ashok Atluri
Chairman & Managing Director

M Ravi Kumar
Whole-Time Director

Y Shobha Rani
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2007

(Rs. in lakhs)

Particulars	As at 31 March	
	2007	2006
A Cash flow from the operations		
Net profit before income tax	990.85	1,025.29
Adjustments:		
Depreciation	50.92	45.66
Interest Paid	51.78	28.13
Miscellaneous Expenditure	35.70	35.70
Loss on sale of assets	0.02	2.27
Other Income	(86.48)	(65.28)
Operational profit before Working Capital	51.94	46.48
Adjustments:		
(Increase)/Decrease in Trade receivable	(434.19)	316.73
(Increase)/Decrease in Inventories	18.11	(55.27)
(Increase)/Decrease in other Current assets	(12.00)	(3.95)
Increase/(Decrease) in Current Liabilities	(47.51)	105.91
Increase/(Decrease) in Other Liabilities	(326.69)	(255.06)
Interest paid	240.50	1,180.14
Net Cash flow from Operations	188.72	1,152.01
B Cash Flow from Investing Activities		
(Increase)/Decrease in Fixed Assets	(495.13)	(191.97)
(Increase)/Decrease in Capital Work in Progress	0.83	(6.48)
(Increase)/Decrease in Investments	(46.05)	-
Interest received on deposits	86.49	65.28
Sale of Assets	8.76	11.24
Net Cash Flow from Investing Activities	(445.11)	(121.93)
C Cash Flow From Financing Activities		
Increase/(Decrease) in Borrowings	628.45	202.78
Increase/(Decrease) in Share Capitals	0.96	-
Dividend	(152.60)	(114.45)
Dividend Tax paid	(21.40)	(16.05)
Net Cash Flow From Financing Activities	455.41	72.28
Net increase in Cash & Cash equivalents	199.03	1,102.36
Cash & Cash equivalents- Opening Balance	1,886.21	783.85
Cash & Cash equivalents- Closing Balance	2,085.24	1,886.21

As per our report of even date

For Gokhale & Co.,
Chartered Accountants

C Gokhale
Partner

Hyderabad
19 May 2007

For and on behalf of the Board

Ashok Atluri
Chairman & Managing Director

M Ravi Kumar
Whole-Time Director

Y Shobha Rani
Company Secretary



DIRECTOR'S REPORT OF ZEN TECHNOLOGIES FZE

Your Director has pleasure to present the audited accounts for the year ended 31 March 2007.

Legal Status

Zen Technologies FZE is registered as a Free Zone Establishment with limited liability at RAK Free Trade Zone in the Emirate of Ras Al Khaimah.

Financial Results

During the first year under review the Company has not done any business.

Equity Share Capital

The paid-up equity share capital during the year 2006-07 is Rs. 12,08,470 (One Equity Share of face value of AED100000).

Auditors

The Accounts for the period ended 31 March 2007 have been audited by M/s Kothari Auditors & Accountants, Sharjah (U.A.E).

Amount, if any, to be paid as dividend

The Board of Directors of the Company has not recommended any dividend for the first financial year.

Material changes

There were no material events occurring after the Balance Sheet date that would materially affect the working or the financial statements of the company.

The Directors have prepared the annual accounts on a going concern basis.

Sincerely

ASHOK ATLURI
Director

20 July 2007

Independent Auditor's Report of
Zen Technologies FZE
RAK Free Trade Zone, Ras Al Khaimah U.A.E

To,
The Shareholder
Zen Technologies FZE
Rak Free Trade Zone, Ras Al Khaimah U.A.E.

1. Scope:

We have audited the accompanying financial statements of Zen Technologies FZE, RAK Free Trade Zone, Ras Al Khaimah U.A.E., for the financial period ended on 31st March 2007 comprising of Balance Sheet as at 31st March 2007, related Statement of Income, Changes in Equity and cash flows for the period ended on 31st March 2007 as set out on pages 4 to 7 read along with notes to the financial statements on pages 8 to 12.

2. Respective Responsibilities:

These statements are the responsibility of the management and our responsibility is to express an opinion on these financial statements based on our audit and information & explanations that were considered necessary for the purpose of our audit

3. Basis of Opinion:

Our audit was conducted in accordance with International Auditing Standards, which requires that we carry out the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

Our Audit thus included such tests of the accounting records and other auditing procedures, as we considered necessary in the circumstances. It also included assessment of the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis of our opinion.

4. Opinion:

In our opinion, the aforesaid financial statements read along with the notes to the enclosed statements represent fairly, in all material respect, the financial position of Zen Technologies FZE, Rak Free Trade Zone, Ras Al Khaimah U.A.E. as at 31st March 2007, the result of its operations changes in equity and cash flows for the period ended 31st March 2007 and were prepared in conformity with International Financial Reporting Standards.

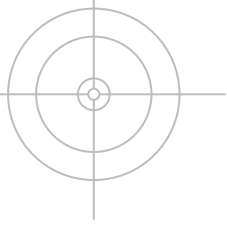
5. Other Matters:

- a. Without qualifying our opinion, we would like to state that the company has accumulated losses of AED 111,525 as at 31st March 2007, which exceeds 50% of its Share Capital. The continuance of the Company's operation is dependent on sufficient funds being made available by the shareholder. The shareholder has confirmed that necessary financial assistance will be provided to the company vide resolution passed at Extra Ordinary General Meeting dated 10th May 2007. Hence the financial statements have been prepared on a going concern basis.
- b. We confirm that, in our opinion proper books of accounts have been maintained by the company and these financial statement and the contents of the Manager's Report are in agreement with the books of accounts.
- c. We have obtained all information & explanations necessary for our audit and to the best of our knowledge and belief, there was no violation of the provisions of the U.A.E. Commercial Companies Law No.8 of 1984 (as amended by Law No.13 of 1988), Free Zone Regulations and Memorandum of Association of the Company and that would effect materially the working or the financial statements of the Company.

Kothari
Auditors & Accountants

Date : 18 May 2007
Place : Sharjah U.A.E.

Kothari Vipul R.
Ministry of Economy Reg.No.159



ZEN TECHNOLOGIES FZE'S BALANCE SHEET AS AT 31 MARCH 2007

Particulars	AED	AED	Rs.	Rs.
SOURCES OF FUNDS:				
Share holders Funds :				
Share Capital	100,000		1,208,470	
Reserves & Surplus	–	100,000	–	1,208,470
Loan Funds :				
Unsecured Loans		7,574		89,753
TOTAL :		<u>107,574</u>		<u>1,298,223</u>
APPLICATION OF FUNDS:				
Current Assets, Loans & Advances				
a. Cash and Bank Balances	107,384		1,267,131	
b. Loans and Advances	2,000		23,600	
	<u>109,384</u>		<u>1,290,731</u>	
Less : Current Liabilities & Provisions				
a. Accrued Expenses	2,000		23,600	
b. Current Liabilities	111,335		1,313,753	
	<u>113,335</u>		<u>1,337,353</u>	
Net Current Assets		(3,951)		(46,622)
Profit and Loss account		111,525		1,344,845
TOTAL:		<u>107,574</u>		<u>1,298,223</u>

Ashok Atluri
Director

ZEN TECHNOLOGIES FZE'S PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2007

Particulars	AED	Rs.
INCOME :		
Other Income (Interest Received)	60	708
Foreign Exchange Rate fluctuations		(28,850)
	60	(28,142)
EXPENDITURE		
a. Payments and Benefits to employees	2,880	33,984
b. Administrative & General Expenses		
Rates & Taxes	64,770	764,286
Printing & Stationery	173	2,041
Postage & Telephone	2,447	28,875
Travelling Expenses	20,503	241,935
Conveyance	2,272	26,810
Office Maintenance	1,176	13,877
Professional charges	16,994	200,529
c. Interest & Financial Charge		
Bank Charges & Commission	370	4,366
TOTAL	111,585	1,316,703
Profit / Loss	(111,525)	(1,344,845)
Balance carried to Balance Sheet	(111,525)	(1,344,845)

Ashok Atluri
Director



SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

1. Accounting Period & Currency:

The financial statements cover the period 05 February 2007 to 31 March 2007. This being the first financial year, previous period figures are not applicable.

2. Basis of Financial Statements:

Financial statements have been prepared under the historical cost convention method.

The Company generally follows Mercantile System of Accounting and recognizes significant items of Income and Expenditure on accrual basis.

3. Fixed Assets:

During the period under review, the company had not acquired any property.

4. Translation of AED (functional currencies) into Indian Rupees (reporting currency):

The translation of the functional currencies into Indian Rupees (reporting currency) is performed for fixed assets acquired during the year 2006-07 the exchange rate in effect on the transaction date, other assets and liabilities using the exchange rate in effect at the Balance Sheet date, for revenues, costs and expenses using the average exchange rates prevailing during the reporting period.

5. Employee Benefits:

Staff benefits have been provided for in accordance with UAE Labour Law requirements.

6. Revenue Recognition:

During the period under review, the company had not undertaken any trading or manufacturing activities and so the Company has not generated any revenue.

7. Related Party Transactions:

During the period under review, the Company has received an unsecured loan from Zen Technologies Limited, Holding Company of the Company, which is free of interest and is shown as unsecured loan.

8. Auditor's Report

Independent Auditor's Report of the company is furnished based on the Accounts prepared in accordance with U.A.E. law.

Ashok Atluri
Director

ELECTRONIC CLEARING SERVICES (ECS) MANDATE FORM

To
ZEN TECHNOLOGIES LIMITED
 C-63, Industrial Estate,
 Sanathnagar,
 Hyderabad - 500 018.

For Shares held in physical mode
 Please complete this form and send it to
 Sathguru Management Consultants Pvt. Ltd
 Plot No.15, Hindi Nagar,
 Behind Saibaba Temple, Punjagutta,
 Hyderabad - 500 034
 Phone : 91- 40 - 2335 6507 / 6975 / 0586
 Fax : 91- 40 - 2335 4042
 Email id: sta@sathguru.com

For Shares held in Demat mode
 Please inform your DP's directly.

For Shares held in physical mode form

Master Folio No.

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FOR OFFICE USE ONLY	
ECS Ref. No. <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width: 100px; height: 30px;"></td></tr></table>	

Name of First holder											
Bank Name											
Branch Name & Address											
Branch Code	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td></tr></table>										
<p>(9 Digits Code Number appearing on the MICR Band of the cheque supplied by the Bank) (In lieu of the bank certificate to be obtained as under, please attach a blank cancelled cheque or photocopy of a cheque or front page of your savings bank passbook issued by your bank for verification of the above particulars)</p>											

Account type (Please tick)	→	Savings 10 <input style="width: 20px; height: 20px;" type="checkbox"/>	Current 11 <input style="width: 20px; height: 20px;" type="checkbox"/>	Cash Credit 13 <input style="width: 20px; height: 20px;" type="checkbox"/>										
A/c.No. (as appearing on the cheque book)	→	<table style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td></tr></table>												
Active date of this Mandate	→	<table style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td></tr></table>												

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 Sathguru Management Consultants 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.

Dated: _____

(Signature of First holder)

Note: On Dematerialisation of existing physical shares, for which you have availed ECS facility, the above form needs to be re-submitted.

Certified that the particulars furnished above are correct as per our records

Bank's Stamp

Date: _____

(Signature of the Official of the Bank)

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 Rs 5,00,000/- 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 Tuesday, the 25 September 2007 to enable us to include the same for the payment of the current year's dividend.



ZEN TECHNOLOGIES LIMITED

Registered Office: C-63, Industrial Estate, Sanathnagar,
Hyderabad - 500 018.

PROXY FORM

Folio No _____ DP ID _____ Client ID _____

I/We _____
of _____ being
Member/ Members of Zen Technologies Limited, hereby appoint Mr./ Ms. _____
of _____ or failing him / her, Mr./ Ms. _____ of
_____ as my/our proxy to attend and vote for me/us on my/our
behalf at the Fourteenth Annual General Meeting of the Company to be held on Friday, the 28 September
2007 at 10.30 a.m. and at any adjournment thereof.

Signed by the said _____

Address _____

Signature _____

Affix
Rs 0.15
Revenue
Stamp

Note : *The Proxy form duly completed must be deposited at the registered office of the Company not less than 48 hours before the time for holding the meeting. A proxy need not be a member.*

Kindly note that as in the past, this year also no gifts will be given



ZEN TECHNOLOGIES LIMITED

Registered Office: C-63, Industrial Estate, Sanathnagar,
Hyderabad - 500 018.

14th ANNUAL GENERAL MEETING

ATTENDANCE SLIP

Folio No _____ DP ID _____ Client ID _____

I hereby record my presence at the Fourteenth Annual General Meeting of the Company:

Date	Venue	Time
28 September 2007	B-42, Industrial Estate Sanathnagar, Hyderabad-500018 A.P., INDIA Phone : 91- 40 - 23814894, 23813294 Fax : 91- 40 - 23813694	10.30 a.m.

Kindly note that as in the past, this year also no gifts will be given

Empty rectangular box for additional information or signature.

www.zentechnologies.com



being there...

ZEN TECHNOLOGIES LIMITED

Registered Office: C-63, Industrial Estate, Santhnagar
Hyderabad - 500 018, A.P., INDIA