



Date: August 2, 2024

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Through: NEAPS
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To
Dept. of Corp. Services
BSE Limited
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Dalal Street
Mumbai- 400001
Through: BSE Listing Centre
Security Code: 533339

Dear Sir/Madam,

Sub: Transcript of the Conference call with Investors / Analysts pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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With reference to the subject cited above, please find enclosed the transcript of the Conference Call with Investors / Analysts held on July 29, 2024, on the Q1FY2025 performance of the Company.

Kindly take the same on record and acknowledge the receipt.

Thanking you.
Yours faithfully,

For Zen Technologies Limited



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

Encl: as above



“Zen Technologies Limited
Q1 FY2025 Earnings Conference Call”

July 29, 2024

Analyst: Mr. Abhishek Mehra – TIL Advisors.
Ms. Teena Virmani – Motilal Oswal

Management: Mr. Ashok Atluri – Chairman and Managing Director – Zen
Technologies Limited

Mr. Afzal Malkani – Chief Financial Officer– Zen Technologies Limited

Mrs. Shilpa Choudari – Whole Time Director – Zen Technologies
Limited

Moderator: Ladies and gentlemen, good day and welcome to the Zen Technologies Limited Q1 FY2025 Earnings Conference Call. Please note all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the management's opening remarks. Please note that this conference is being recorded. I now hand the conference over to Mr. Abhishek Mehra from TIL Advisors Private Limited. Thank you and over to you.

Abhishek Mehra: Thank you Inba. Welcome everyone and thank you for joining this Q1 and FY2025 earnings conference call of Zen Technologies Limited. The results and investor updates have been e-mailed to you and are also available on the stock exchanges. In case anyone does not have a copy of the same, please do write to us and we will be happy to send it over to you. Today, we will start the call with a brief overview of the performance and product demonstration, which would then be followed by the Q&A session. As a disclaimer, I would like to remind you all that everything said in this call reflecting any outlook for the future, which can be construed as a forward-looking statement must be viewed in conjunction with the risks and uncertainty that the company faces. These risks and uncertainties are included, but not limited to what we have mentioned in our annual reports. With that, I will now hand over the call to Teena Virmani from Motilal Oswal. Over to you, Teena.

Teena Virmani: Thanks, Abhishek. We welcome the management team of Zen Technologies for Q1 FY2025 results con call. We have with us Mr. Ashok Atluri, Chairman and Managing Director, Mr. Afzal Malkani, CFO and Ms. Shilpa. So, over to you, Sir, for your opening remarks and after that, we will open the floor for question and answer.

Ashok Atluri: Thank you, Teena. Hello, fellow shareholders and prospective shareholders. Thank you for joining on the call. I think the results were on the expected lines and we think we are on track to meet the 900 Crores target that we have set for the year of the turnover. As we have been saying on various calls that on average we expect the EBITDA to be around 35% and PAT to be around 25%, so this may keep varying depending on the product mix and the export and domestic mix, so in exports we have higher margins and within the simulators and counter drone system, simulators have more margins and within simulators also there is variance depending on training systems and simulators, there is different margins for different products. But overall I think we will be easily able to sustain the 25% PAT that we have been suggesting. The two main markets for us have been the training and simulator and counter-drone markets and what we see is that in the initial years we were very much focused on the technical training aspect of the simulators and training systems, which basically makes you a good marksman, but does not prepare you for actual war things where there is another intelligent being in front of you and he or she is attacking you. So that requires some specialized training called the tactical training. Now we see that not only in India but overseas also, there is a movement towards tactical training simulators, which is actually helping us. Again we think that we are the best in that category. Because of this realization as the war is progressing between Ukraine and Russia, we can see that people have come to the conclusion that it does not matter, you may have the world's latest equipment, but still if you are not trained, you will lose the war. So people are okay with having a little older equipment, but training has become paramount now. That is a big win for us in the sense that we have been saying the same thing for many decades now and now the world's armies have come to that conclusion. The training market is exploding now and more and more inquiries are coming from both the Indian customers and the overseas customers, which is very good and very, very heartening for us. Second product that we have are the counter-drone systems. We see that in every place the drones are playing havoc and people are looking for systems to neutralize the oncoming drones and that is where a counter-drone system works very effectively. And what we have seen is that the enquiries are accelerating at a very very healthy pace and initially it was

mostly soft kill and anti-drone systems. The enquiries are coming now it is moving to hard kill. And fortunately again we are in the forefront of hard kill and again our target is to lead the market both in soft kill and hard kill. We have supplied one hard kill system now to the Indian Army, but we expect this to really scale up. So when we look at the whole scenario, the two major product segment that the world is actually really thirsting for, one is the training to upgrade their skill set, and second is the threat to neutralize the drones. So we are in the sweet intersection between both of these. And I think the patience of fellow shareholders is paying off now.

In addition, recently we launched a few new products, which were from the recent acquisition investment in AI Turing Technologies and we see there is a lot of scope for this product. And what I thought was that even the press release did mention and we did share the link there. I would like to actually physically show the products once. I just did some informal survey and there was a lot of interest in seeing the products in action. So what I will do is I will just take a few seconds break and then I will just walk down to the products and try to show you how the products actually look and how they work and then again these products will take some time to generate revenues but what we see is extremely healthy demand for these products.

We have been talking to the armed forces and one of the products has been demonstrated to them and they said this is exactly what we want and nobody has been able to give it. So we look forward to this. It started as an extension of anti-drone system, the camera side, but now we see that it is a complete whole market by itself. So as we go ahead into the next few quarters, we will be talking more about it and explaining how the market is panning out for us. So, I will just take a break and I will start the thing there. Thank you.

So, this is the product that we had originally. We had it some few months back, we had shown it. This is actually a remote control weapon system and this could actually fire at the target, but what we found out was that this is so heavy, it is very, very difficult to actually move the system around. And so then we went into the new product that we were launching. So we are looking at the remote control weapon station. Now the weight of this compared to the earlier one which was 250 kilos, the weight of this was less than 40 kilos and we think that this is the world's lightest system. Again in a typical combat scenario, the soldier moves through narrow lanes and is behind the weapon and when he wants to lift it, this is the way they can actually lift and go and place it. Otherwise for a typical weapon system, you would actually require a crane or something like that. Another advantage is you can use the joystick and the ruggedized display to fire at the weapon. So this will help to move the thing and again, how do we save the life of the soldiers? Keeping the soldier out of the harm's way has been our main focus. So this is another advantage we have. This can be integrated with our anti-drone system and the radar can give the cue and it can automatically fire. And it can also be used by any soldier who is going on duty to go and check the thing and it can also be used for firing the weapon.

So this is the Hawkeye and this camera is the one that we have already supplied to the Indian Army along with the anti-drone system. Actually the one we had supplied was little scaled down version. The Hawkeye, the current one which you are seeing has a range of 40 kilometers. So, that is a very good range, for humans it is 15 kilometers but this is something that we feel is having lot of demand. So, camera has got the mid-wave infrared thermal imaging sensor, CMOS sensor and laser range finder and in the recent trials this site we were able to engage the UAV at more than 1 kilometer range with the L70 gun and we were able to bring down the drone. Good thing about this thing is, it can be used as a vehicle for tracking the drone, but also it can be used as a surveillance camera on ships, vehicles, and standalone system and even for border surveillance.

Next, we move to the rugged sight. This is our latest innovation actually. We call it Durgam the

rugged sight and this is designed especially for armored and artillery forces. The gunners and commander site in tank and artillery system need to be very rugged and capable of withstanding shock, heat plumes and erosive dust. Currently, the Indian armed forces are using foreign-made fire control systems and expensive Indian alternatives to solve this problem. We have developed Durgam to provide our armed forces. It is a state-of-the-art indigenous capability while increasing its lethality. This is very light camera, which is less than 15 kilos, can withstand 800 G-shock for 6 milliseconds and can be submerged under water. The camera is ready to plug and play and can be integrated with any fire control system of the tanks and artillery.

Finally, the robot of Prahasta. So, this is the force multiplier and protects the soldier and can be used in actual operations. Anyway if you look at the typical operation like when 26/11 happened, we had a lot of casualties. So, this is the kind of a thing that can actually take out the terrorist, go to the places and take out the terrorist without the soldiers being put into harm's way. So this is the AI powered and as it is walking, it sees obstacles, it learns those obstacles, masters it and then tries to improve it further. And with LIDAR, the versions that we are experimenting include a LIDAR where we can send the robot dog inside and we can map the whole building for the operations that are there. So, these are the things again, we are trying to integrate it with 12.7 BMG also. So, these are the kind of weapon system that can be used on the robo dog in the future. Overall, these are the products, but there are many others under R&D, but these are the product that we will be launching soon and one of them we already sold. So with this I will end the new product introduction and we will get into the Q&A mode. Thank you.

Moderator: Thank you very much, Sir. Ladies and gentlemen, we will now begin the question and answer session. We take the first question from the line of Mohit Motwani from Tara Capital. Sir you may unmute your connection and ask your question now.

Mohit Motwani: Thank you for the opportunity. Sir, my first question is for the anti-drone systems and these new products that you have spoken about, can you give us a sense of what is the future opportunity you are looking at maybe three to five year perspective and also what you could have seen in other markets, what is the future of these spends and what is the opportunity size for the company? If you can you give a broad sense of that?

Ashok Atluri: In terms of product, what we have done is recently there were EUROSATORY exhibition that we went. Our team went and assessed and, we actually feel that we are in absolute top range in the anti-drone space. And again, coming to the demand side, we think that the demand is increasing. We have earlier indicated that the demand is 10,000 Crores for the next three to five years, but we would be revising that upwards significantly pretty soon when we get more data. But the demand is very high, not only from India, but even from overseas market. We started the R&D at the right time. Around 2018-2019, we started it and now we have come to a very, very mature stage. Again, this is a relentless R&D product. We have to keep doing R&D because the threats keep emerging. They keep evolving and the product has to keep in pace with the threats. I hope I have answered your question, Mohit.

Mohit Motwani: My second question is on the export revenues. I think if I understood correctly in the presentation, there were no export revenues recognized during the quarter. I think from the previous quarter, export revenues. So I just want to understand, is it like the execution times are a bit longer on that front or is there a spillover maybe for this quarter and next quarter.

Ashok Atluri: So the execution is going as per schedule Mohit and we expect the next couple of quarters to recognize exports in a major way. So that will maybe become a little heavier than the domestic. But yes, export there were no revenues during the current quarter and that is usually expected. You will have to see the balance between simulators and anti-drone system. In some quarters,

anti-drone system may be very dominant, in some the simulators and in some the exports may be very dominant and in some domestic. But overall, it will be in line with the projections that we have given about the required deliveries that we have to make.

Mohit Motwani: Basically, timeline was in line with the expectation it was not a separate asset right like in terms of revenue, finances.

Ashok Atluri: Absolutely it was not separate, not at all.

Mohit Motwani: Okay and Sir last question for me you have mentioned in your presentation, you are looking at some acquisitions. So anything that you can speak about or maybe the size of the acquisition or the capability area that you are looking at for the lines that you are looking to add to your product.

Ashok Atluri: So two areas that we are looking at is electronic warfare and training and simulation. These are the two. We want to have more even though it is inorganic, but the absorption should be easy for us. So we are looking at those two areas. As of now, we have not definitely committed to anybody to acquire, but as usual we are looking around very, very aggressively so that we can increase the attractiveness of our product by creating some kind of synergy with the acquisition.

Mohit Motwani: Thank you Sir. Thank you for taking my questions.

Moderator: Thank you. We take the next question from the line of Amit Dixit from ICICI Securities. Please go ahead.

Amit Dixit: Good evening everyone and thanks for the opportunity. First of all, congratulations for a very good set of numbers. I have two questions. The first one is on order inflow. So while I understand that order inflow cannot be linear in this business, it will be lumpy and last three quarters prior to that we had a very good order inflow. Just wanted to understand what kind of order inflow we are looking at in this financial year, some of the major platforms that we can expect in the ensuing quarters, that is the first question.

Ashok Atluri: So, Amit, the order inflow, this question was asked earlier also and what I have indicated is the fourth quarter will be where we will get substantial order, but they will start from the end of third quarter. So, this is the order flow that is expected during the year and we are confident looking at the pipeline that we should get reasonable amount of orders and we will be able to execute also in the next year. So that is our outlook on the order flow.

Amit Dixit: Yes, the next question is essentially the four platforms that you showed just now, and it was in the press release also. Pretty interesting platforms and things you are combining your capabilities into solutions, and they go beyond that actually. You cannot classify them as anti-drone, cannot classify them as simulators. I mean, they are going into artificial intelligence based systems. And you hinted that you would be providing some more colour in the ensuing quarters. Just wanted to understand the broad opportunity as we have been highlighting that, okay for simulator, for example, we know that 15,000 Crores is the opportunity in next five years. If you can let us know a similar number for these kind of platforms, that is the first part. Then the second is what kind of new things we can expect from this particular unit going ahead.

Ashok Atluri: So, you know again your intuition is right that this system is not only about anti-drone system, increasing the effectiveness and the attractiveness of the anti-drone system which will be substantial but you know for example the sites that are there that can be used in artillery and even tanks etc. So yes this is a huge market again, I personally think that it is going to be a third source of revenue, but I do not want to commit because we did a lot of in-depth review when we were

predicting the market for both anti-drone and simulators. But again, it will definitely run into thousands of Crores of market that we are talking about this. And in terms of new things that are expected, we think that in this area, there will be some more announcements as we go ahead. We have an extremely hardworking R&D team working as we speak to build a lot of AI capability into the product so there is less of human intervention required, less of human role. The humans are taken off harm's way and the machines take over the work of wherever there is a danger to human life. So that is the actual agenda.

Amit Dixit: Okay, I have a couple of more questions but I will come back in the queue. Thank you.

Moderator: Thank you. We will move to our next question that is from Abhishek Shah of Ambit. Please go ahead.

Abhishek Shah: Hello. Good afternoon Sir and again and congratulations on another superb quarter. So I think the question on order flow you have already answered. Just wanted to get a sense in terms of these new products you mentioned that they were from the recent acquisition. So is there anything else in terms of the pipeline that you are looking at and can we expect more expansion in this current market of products from this acquisition also the QIP funds that were raised, I am sure that there is still a significant amount of that remaining. So any thoughts on how you are looking at that?

Ashok Atluri: So again, new products this is going to be a third stream of revenue for us in terms of sites and surveillance. Again we want to carefully come into this field. This is a very established field, unlike anti-drone system and simulator, which were almost greenfield venture and nobody was there and we came in but in this case, there are players who have been there, but what we have seen is that they have not been able to deliver the system that the customer wants. So we are delivering that system, and we will definitely go deeper include more software into it, and almost like a Tesla kind of model, we will keep updating on a regular basis the software. So, we are very excited about this. Regarding the second question about the QIP funds before the enabling provision that was passed, but no funds have been raised. So, the provision stays in place and as and when the raising happens, we will keep you informed about it.

Abhishek Shah: That is it from my end. Thank you so much and good luck for the future.

Moderator: Thank you. We will take a next question from Dipen Vakil of Phillip Capital. Please go ahead. Sir you may unmute your connection.

Dipen Vakil: Congratulations on great set of numbers. Sir, my first question is on the lines of your margins. Sir, can you help us understanding your margins in terms of between export and domestic and also between anti-drone and training as to how your margins move?

Ashok Atluri: Again I will broadly tell you in the sense that ADS, we talk about, EBITDA of around 30% or so and in training stimulators we talk about EBITDA of 40% or so. So, on an average we get about 35% EBITDA margins and in terms of domestic and international exports, export is a much higher market and that will depend on the kind of customer that is, is the customer buying a huge number or what are the risks involved, what are the requirements for maintenance, etc. When we take the kind of product that we have, we add additional margin that requires us to go out of the country and maintain it. But we have seen that over a period of time, the export margins are much higher than the domestic markets, very broadly. So, I hope I have answered your question.

Dipen Vakil: Yes, Sir, absolutely. I am sorry I missed your opening remarks. So have you mentioned regarding your order pipeline for this year?

Ashok Atluri: We just said that it will start from the third quarter and fourth quarter we will get the bulk of the

orders. So that will keep us on track for the growth that we have spoken about in the past meetings.

Dipen Vakil: Got it Sir. So this year, our guidance remains intact for about 900 Crores of revenue and for following years. So you had also mentioned that you have a target of close to around 2000 Crores revenue in next two to three years. So that also remains intact.

Ashok Atluri: Yes, that is right. So we have been talking about average CAGR of about 50%. So, I think that should get us to 2000 Crores in about two years' time.

Dipen Vakil: Sir, lastly on the bit of an exclamation part of it. Sir how do you get orders for training and simulator? I mean do government places the orders or is it included in the platform that government places orders with the respective agencies? So, how are the budgetary allocation happen for training and simulators?

Ashok Atluri: So typically what the government has been doing till now is they already have the systems and they are buying training simulators for them. So that is happening as a special allocation and they also issued a framework for simulators mandating the transition to simulator training.

So based on that the conventional training is being discontinued where we see that they actually use the actual weapon, there is wear and tear, actual ammo is being fired, ammunition is being fired. So all these things are actually kind of pushing the government to get away from conventional training to simulator training and there have been policy initiatives in that direction and recently TERI did a report in which it is clearly mentioned the positive impact of using simulators over conventional training where ammunition and actual equipment is used and in a staggering statistic, they said if you spend as much as 30 Crores on simulators over a period of next 30 years for a particular weapon platform, the savings can be as much as 380 Crores. So that is a 12x or a 13x kind of a saving. So it is a no brainer. Till now, it was like you want to do just for modernization but now we can see that the savings are good. Forget the carbon footprint, just the ammunition; the logistic saving that is happening is phenomenal. So yes, the government is really, really going towards simulator procurement and in a recent video the just retired Chief of Army Staff, General Manoj Pandey was asked this question that how fast are the simulators being inducted, so his response was it is being inducted and it has just started. So, whatever we have got the orders are just fraction of the total demand and we feel that based on the statement by the Chief of Army Staff I think it is going to be very very huge.

Dipen Vakil: Got it Sir. Got it. Thank you so much for answering my questions and all the best.

Moderator: Thank you. We will take a next question from Hiral Nandu from Kalpvruksh Capital. Please go ahead.

Hiral Nandu: Congratulations for the great set of numbers. And today's call was very exciting to see you showing product live on the call. So that was very unique experience we faced. So thank you for that. Just one question. My couple of questions got already answered earlier, but one question that when we estimate 900 Crores for the current year, do we expect any additional revenue for these four products, new product or that will come in next financial year onwards?

Ashok Atluri: It will start in the next financial year at the earliest actually. By the way we have something, it is being sold as part of the anti-drone system.

So, one system we have sold, but we think major sales will happen in the next year onwards.

Hiral Nandu: Okay. So that 2000 Crores milestone what we have thought for next two years down the line does

that include this revenue from these four products or that will be additional?

Ashok Atluri: No, it does not include that. This was not there in the reckoning then, so we will have to add this separately.

Hiral Nandu: Okay, great. So, hoping for a next revised growth target from your end in next couple of quarters.

Ashok Atluri: Let us see. Let us hope for the best.

Hiral Nandu: All the best and thank you.

Moderator: Thank you. Our next question is from the line of Harshit Kapadia from Elara Capital, please go ahead.

Harshit Kapadia: First of all congratulations for a very strong performance in this quarter. Just a few questions, on the simulation side, I understand you have a very strong market share on the army side and you are looking to enter into the other services as well. So have you made any inroads into that? So we understand in the simulation side, we have a very strong market share on the army side. We have been there for more than three decades and we are now trying to enter into Air Force and Navy. As in, do we have a product ready? Right now doing an R&D on that? And what kind of size it could be like we have 10,000 Crores for simulation market majorly for army, anything for Air Force and maybe if you can give colour to?

Ashok Atluri: So Harshit, you are absolutely right in that, Army we have a dominant market share. With respect to Navy and Air Force, they are our customers. We have sold them various other simulators, the simulators that are used by the army and we have a very good relationship with them. And in addition, Air Force, we have also sold anti-drone systems and they are actually seeing the product grow in front of their eyes and meeting extraordinarily demanding requirements.

Air Force, as a customer actually believes in Zen very much and then they floated, they categorized the anti-drone system as IDDM product. IDDM means it is indigenously designed, developed and manufactured by Indian company. Till then they were not willing to classify the IDDM product. Once something becomes IDDM, then you have to go and buy from Indian IP owned company only and there are two companies in that space, which is Zen and BEL. There are no other companies in that space to best of my knowledge. So to your question, we have the customers, we know the customers, but we have not done specific products for them like a flight simulator or a bridge simulator. So that is one area that we are focused on and we are doing some R&D and we are looking at collaborations in that space. So we expect that will be definitely happening in the next couple of next few quarters definitely.

Harshit Kapadia: Okay, great to hear any size if you have already done your study if you can share something that this could be the opportunity size for us that we can enter and right now it is all imported right? My sense is right.

Ashok Atluri: Majority of them is imported and very little is done by India, especially Air Force, everything is imported but I think there are some players who are coming into this field and I would not be surprised that if there are some Indian players also. But with respect to the size again, I would be just hazarding a guess especially for the Air Force it runs into thousands of Crores and Navy also it is a huge market coming up especially because of the demand, the threats that are being faced in the ocean, especially naval ships. So I think there is a huge, huge demand for both the air force and the navy simulators also.

Harshit Kapadia: Understood Sir. The second question is, there has been a thought that every product which is

developed by our armed forces also needs to have a simulator when they are delivering it. Is it a correct understanding that going forward any new product which is developed by the armed forces a simulator will be a must thing and which will give a tie up. So you have to probably tie up with let us say the OEM and then also be part of the simulation and then you will deliver your simulator. Is that a correct understanding?

Ashok Atluri:

I think that is a fair understanding that in some of the products they are asking that it should be supplied along with the simulator, but not in all the cases, but most of the cases, but I think it will progressively move towards simulator. So, they may ask the same. Again, what we see is that OEMs are extraordinarily good at making the product and they always partner with somebody else to do the simulator. And because of the complexity involved in not only making of the simulator, simulator is not just a mechanical, but there is lot of software mechanical and electronics in it and even if your product works it really does not matter because what will happen is your product has to work for 10 years. That mean to say if I supply the system today somebody may say listen I can make the product, even if you make then what happens. We have seen that in multiple cases where some competition accidentally wins a product then what happens is that they do not sustain in that market. Why do not they sustain? Because the product that they have supplied has to be maintained for next 10 to 15 years depending on the life of the product. Typically, because these are electronic products, after three years the display fails. And when the display fails, they send us, they say okay change the graphics card when we change the graphics card, the graphics does not fit the motherboard and when we change the motherboard the old operating system does not work, they say upgrade the Windows operating system. We upgrade the Windows operating, then our app does not work on that so we have to rewrite the app, so the people who are bidding they should know that the team that has developed this three years, five years back, should be able to rewrite the code for the new operating system, even after five years. So, this is typically a very, very specialized job. Especially in the overseas market, they say, boss, do you have a track record for maintaining this 10 years? So, this is a very specialized market and the experienced buyers like to go with experienced simulator manufacturers. To your question, yes, we are also tying up with OEMs as we speak to deliver whenever they are being asked to deliver a simulator along with that even for export market, we are doing the tie-up. So yes, that is another thing that we are fully focused on.

Harshit Kapadia:

Nicely explained by you, Sir. Similarly, if you can also help me understanding the counter-drone system, what is the edge where Zen has over other players? This is a place where a lot of competition is entering. So what is Zen's edge over the others?

Ashok Atluri:

Last year when these tenders were floated, the government is again very, very focused but more than buying Indian is, buying Indian with indigenous IP ownership. So when you talk about indigenous ownership of IP. This was actually when the tender came for one of the thing. The questions came from other guys. There are a lot of people who came for that pre-bid meeting and the question was asked by them, what do you mean by IP? I will say that I own the IP, I may collaborate with someone and say, then they very specifically mentioned, listen we are going to go through your software, compile it, we are going to test it for various things. For example, we will ask you to identify and track a drone and will fly the drone on a particular frequency and then we will say okay now rewrite the code so that it is not identified. It is a friendly drone, do not show it on the thing and then we will check your PCB Gerber file. We will see your mechanical drawings both the CAD drawings and the exploded solid works drawings. So when all this came we had only two people who actually came for the trial. There were some 12 people initially, more than 12 actually. They said this is the way we are going to do. They said okay then only two people came. So two organizations participated in that. So the point here is that nobody has done the required R&D to develop their own indigenous system. And again, what we are saying is, when we recently went to EUROSATORY and saw what are the things being offered

by others. They are pathetically underprepared for actual kind of counter drone operations. So, we think we are definitely at the top of the ring in this and this indigenous completely. The key components of any anti-drone systems are the following, the detector, which detects and the radar, which again will be helping in the detection, then the camera, and then the radar, and then the command and control system. Now, we are one of the few companies that own all the IP in all these five of them. Thanks to the recent acquisition, UTS did the actual major part of that, which is the anti-drone system, jammer, detector, radar, and the command and control system, now the camera was not available, the camera also will. Now with this remote control for the hard kill, we needed something near the remote control weapon station that is also developed. We developed it was very high, 250 kilos. Now we have reduced it to 40 kilos. Actually, a man can actually carry it, use it along with anti-drone system or by itself it can be used again multiple option. So we think that in counter drone we are really, really far ahead in the thing but again we will let us wait for more tenders to come and we will see if there are any surprises.

Harshit Kapadia: Understood Sir, fair enough. And just continuing on the QIP that you proposed whatever the amount that you raised will this be used for acquisition, will it be used only in simulation or counter, can you give us some colour what is it that you will be wanting the use of this funds towards.

Ashok Atluri: It may be premature to do that, but again primarily the part of it may be used in acquisitions and we are also looking the kind of scaling that is happening with sales also, we may require some for the working capital also and again we are looking at doing some high, high level the R&D for simulators and anti-drone systems. So these will be the major headings but let us cross the bridge when it comes.

Harshit Kapadia: Fine Sir wishing you all the best for all your targets. Thank you, Sir.

Moderator: Thank you. Our next question is from the line of Ashish Soni from Family Office. Please go ahead.

Ashish Soni: You recently did a press release for some of the products, right? I think I will just read that. The Hawkeye anti-drone system.

Ashok Atluri: Ashish I know. please go ahead.

Ashish Soni: Does it improve our market size in any way? And do you see any potential revenue coming in this year or next year for this?

Ashok Atluri: Already one of the products we already sold along with our anti-drone system, but we do think that next year onwards there will be incremental contribution to our sales through these products.

Ashish Soni: Okay, but market size wise does it like improve the micro site or is like subset of whatever market size you already had?

Ashok Atluri: Of course we are going deeper with our product. For example, this product can be integrated with the anti-drone systems, but there is the additional revenue stream that is being generated with these sites and remote control weapon station, the dog etc. So it will be additional income for us.

And I think as to your question can you estimate the size of the market, we do not have the exact figures, we are doing some R&D on that as it becomes clearer we will definitely share the market size also, but it runs into thousands of Crores.

- Ashish Soni:** Okay and regarding order book any specific reason it is coming only in Q3, Q4 because of tenders or something else?
- Ashok Atluri:** We have been saying from the beginning, in fact Q3 of the last year itself, we have started saying that next year the orders will be predominantly in the Q3 and Q4. In fact, they will be very heavy in the Q4, starting in Q3 is what our expectation is. Typically, this will be the regular way of getting the orders. Last year there was some emergency procurement, so we got orders little scattered across various quarters but the regular way of orders is typically based on the fourth quarter.
- Ashish Soni:** Any ramp up in exports you are seeing? Because I have been hearing that it will go up substantially sort of thing from few quarters. So any indications on that export market?
- Ashok Atluri:** I mean, we are really talking to some big, big customers and we are getting a lot of support from the Indian government. So something happens it will be very big but in the meantime we do expect some smaller orders to come, but let us cross our fingers and wait for a couple of quarters. I think you will hear some very good news in that.
- Ashish Soni:** Okay Sir thanks and all the best.
- Moderator:** Thank you. Our next question is from the line of Raj Mohan Vaikundaraman Please go ahead, Sir.
- Raj Mohan:** Thank you for the opportunity and congratulations on the phenomenal results. Also, thank you for a uniquely explosive presentation at the start, which is quite unique because in none of the calls do we have this kind of a direct presentation that happens on the products. My questions are largely related to the order book. On order book, you had indicated to around 1200 to 1300 Crores of order inflow by the third and fourth quarter this was in the previous earnings call. On completing one quarter after you indicated to this target, is our clarity stronger on we attaining to the target of that 1200 to 1300 Crores?
- Ashok Atluri:** Yeah it is. We are on track with that. With our ear to the ground and our interaction with the customer, this looks absolutely in target and on time kind of inflow that we are expecting.
- Raj Mohan:** Okay as a continuation to that and my more important question, based on the huge demand for simulators as well as anti-drone, would it be fair to expect our year-on-year growth in order book for the next three to five years to resemble a linear trajectory of say 300 or 400 Crores incremental or the previous order inflow of the previous year or is there an inflection angle and order inflow could have a J curve as you indicated to in your opening remarks to explosion and demand. So broadly some guidance on order inflow over the next three years on an approximate basis because basically this year you have guided us to 900 Crores. Next year 50% will be 1350 Crores. So based on the orders that come in this year of 1200-1300 Crores additional, we would have leftover orders of about 350 Crores. So then to achieve from 1350 Crores of sales in FY2026 to 2000 Crores, we need a huge order inflow. So will there be an inflection angle and based on the existing trends that are happening within the company as well as in the ecosystem as such, do we see an inflection in order book by say FY2026?
- Ashok Atluri:** Very frankly, I think that there are going to be really some pleasant black swans on positive events for us. And while this linear projection of 50% CAGR is something that we feel reasonably confident about but with ears to the ground, I think somehow Indian defence market is completely on a different trajectory where government which has been buying forever from outside from foreign markets suddenly realized that there is so much of skill set internally available that we need to do that. That is one thing and the second thing is that at the export

markets when we are going and talking to customers they are flabbergasted at the skill sets that we have. For example, I do not know whether I mentioned before last November there was ITSEC, stimulation defence exhibition in Orlando, that is the world's largest simulation exhibition.

We went there and we had a stall there. Because there the army comes and actually pleads with the customer, pleads with the people who have stalls, can you develop this for us, can you develop this for us, this is what we have in future in for our requirement. One of the requirement what they were talking was a containerized tank simulator. Their question was can you develop a containerized tank simulator for us because that is there in our next five-year budget. So Mr. Kishore who was there with the thing, in a container you want to fit it. He said, we want to transport it and wherever the troops move, we want to train them. Because tank simulators are so big, they are always stationed and routed to the ground. So then Kishore connected to the simulator center and he actually showed the tank simulator in a container and he said the Indian Armed Forces are using them for more than a decade. So they were flabbergasted. They said, listen, this is exactly what we want and wanted to develop. And the second point they were flabbergasted about was about they said, what is the time now in India? We said it is around 2 am. And he said, your team is still working at 2 am. So our team actually works 24 by X. If there is a requirement that is the greatness of our team. So they were actually kind of really, really shocked that they were talking about something which we have developed a long time back ago. And second thing was the reassurance, they were kind of flabbergasted that somebody can work at 2 am just to show demonstrations. So I think in the export market also we are really, really big in that. So again, to come to your point, we do expect some pleasant surprises, but very frankly are not able to put a thing, but you get a feel about that with your ear to the ground.

Raj Mohan: Thank you very much Sir and I think we need to salute you with a thanks for all the efforts you are taking and thank you very much and best wishes.

Moderator: Thank you. We will move to our next participant that is Sanjay K an individual investor. Please unmute your microphone and ask your question.

Sanjay K: Mr. Atluri congratulations on great set of numbers and really impressive demonstration there. Sir my question is about you have guided about 900 Crores revenue for this financial year. In Q1 we already crossed 250 plus and Q4 is generally a stronger quarter so are we saying that Q2 and Q3 is going to be smaller than Q1 to cross 900 Crores?

Ashok Atluri: Sanjay, do not get into the quarterly guessing game. Just stick to the yearly projection only please. I am telling you will be very unhappy investor. I know a lot of investors who have jumped out of Zen because one quarter went her and there. Even though I am very positive about the next few quarters but what I am saying is, just look at the macro picture in this case and do not try to be extra. I know you are trying to be microscopically intelligent, but this has really not served our investors at all. So all the investors that are there in Zen are there because they really believe that Zen is a big story. They develop the IP, they own the IP, and they are playing a big role in India's indigenization efforts I mean I do not want to sound very arrogant or anything like that. Very frankly, we do not play the quarterly games and we do not know how to play it also. We will just report good or bad to you as it is. Again we are saying two things that yearly revenue will be about 900 Crores and we are expecting a PAT of 25% on that. So we stick to that but I will not try to say that you are right or wrong about your predictions.

Sanjay K: Sure I understand. I just want to get the idea because I was expecting definitely that you will revise it definitely more than 1000 Crores, but yes it may take some time as you have more clarity on the business maybe in next quarter or so.

- Ashok Atluri:** Last time we predicted 450 and we reached only 430 Crores be careful about that, mindful of that.
- Sanjay K:** Definitely and in the presentation is mentioned about AMC of 261 Crores and export revenue of 437 Crores remains to be consumed. So, all this revenue, I mean how much of AMC will be consumed for this financial year or it will go in to next financial year as well?
- Ashok Atluri:** So typically you can divide little more than five perhaps and 40 to 50 Crores is recognized during the year and I think exports most of the order may be executed. I think the whole of the export may be executed during the year.
- Sanjay K:** Yes, that is great and my last question is about Goa facility, the work is already started when is the facility going to be functional?
- Ashok Atluri:** So it is still in the blueprint stage. We are just designing the buildings etc., and that will take some time. In fact, the access roads still have to be made by the government. So we are just requesting them to ease in the work so that we can start our work as soon as possible.
- Sanjay K:** Thank you very much and wishing you all the best.
- Moderator:** Thank you. We will take the next question from Mr. V. Aditya Ravindran from Sowilo Investment Managers. Please go ahead.
- Aditya Ravindran:** I mean I had a good look at the products, but on a components level like how much of this is indigenized and how much of this is imported? Because I am just trying to understand how susceptible you are to see any supply chain shocks and if say relationships sour between the countries from where you are importing, especially something like as niche as your camera modules, the lenses and things like that.
- Ashok Atluri:** Again what I can say very broadly is that most of the software, the components, even in our simulator, when we look at the hardware part of it, most of the hardware would be like, a motherboard or a graphics card, this is mostly commercial off the shelf available. So they are not very, very technical or something like that but the software that is developed over there that is what adds value to the product. So similarly we think that the software element, the AI part of recognizing objects, tracking them, moving it, the engine design, the way it moves, the design to make it so lightweight. So that is the IP that we own but again to your question if Taiwan is taken over by China, will it impact us? It will definitely impact us. I mean, it will impact us significantly even though actually as we speak, we are trying to get a little away from at least developing alternate designs, where suppose Taiwan is taken over so as of now, we are still struggling with that solution but the point is if the TSMC, Taiwan Semiconductor Manufacturing Company is taken over it stops working, what will happen? We think the most of the world system will come to a standstill, but still we are trying to find some alternate solutions to that. But again, we will always try to maintain the bill of material as very minimal at a minimal level and the IP content, the software content will be significant for us.
- Aditya Ravindran:** I mean I am just asking this as a follow on because how vulnerable you will be to any malicious factors for example would it be easy for somebody to track your supply chain and then say with some malicious intent cause, I mean let us say some kind of back door entry, which we would say in a real war like scenario render the product useless how vulnerable are we to that.
- Ashok Atluri:** One thing is that the systems that we are supplying, some component is not available. This has exactly happened to us during COVID with the product that we design some component disappeared from the market for whatever reason. So if the people who were paying very high

premium so whatever could be manufactured, if high margins were manufactured low margins item disappeared from the market. So, what happened was we came back to the drawing board and we redesigned the boards with the available things because we bought something for testing, will this work? It worked. And when we went to manufacturing, the thing that we had tested with, disappeared again. So we had to go back to this drawing board two or three times actually. Because the software, the heart of the system is with us, we are able to rewrite the software to accommodate disappearance of any component. So to your question whether a bad factor can actually, I do not know what you have in mind but if he stops something or he does something again we can rewrite the software and do it.

We do not think that we are dependent on any one vendor in such a way that they can really harm us in our ability to supply and again when we supply our goods, the Indian Army is the world's toughest army by the way. The Indian Army you just cannot supply something which is one rank lower than acceptable limits. This is the reason why we are able to sell abroad also. The first question they ask is have you sold to the Indian Army? We say yes, they say okay fine, let us procure then. I hope I have answered your question Aditya.

Aditya Ravindran: I mean partly you answered.

The part which I was looking about is not just procurement, it is also like, say suppose you get a system which is tampered with, it may work fine, but then because of the presence of a backdoor, eventually in a war-like scenario, they can render it useless. From that point of view, are there any safeguards you adopt to ensure that in a real world scenario, you are safeguarded like you have a fence and there is no scope for that.

Ashok Atluri: Suppose you want to activate a malware, you should be connected to the internet or something like that. That is what my understanding is so typically they are completely air gap in these systems, they do not have connection to the internet or anything and even if they have internet connection, even if they are part of a network those networks are not connected to the internet so they are completely irrelevant. I do not understand how they will be activated but this would be a thing but to your question we do enough input, output checking, all kind of tests we put to ensure that there is no malware and but to your question is there any remote possibility, I do not think there is any remote possibility given the kind of tests we go through and by the way also remember the Indian Army also tests at the component level to see if there is any malware in the software. They have extremely smart people working with them so these things I think even if it slips by us I think even at the army level these will be filtered and they will be caught. So, I think we are on a safe wicket in this area.

Aditya Ravindran: Thanks.

Moderator: Thank you. Ladies and gentlemen, we take that as a last question for today. For any other unanswered questions, please reach out to the investor relations team of Zen Technologies. I now hand over to the management for their closing comments. Over to you Sir.

Ashok Atluri: Thank you so much, participants. I really, really appreciate extremely intelligent set of questions. Always a pleasure to interact with the current and the prospective shareholders of Zen Technologies and again I am fully available please reach out to our IR team, ask any questions and they will be answered. We would be more than happy to answer. I am very sure there are so many people on the line and Abhishek next time onward we should do a 90-minute call boss.

Moderator: Thank you. Ladies and gentlemen on behalf of Zen Technologies Limited that concludes today's conference. Thank you for joining us and you may click on the leave icon to exit the meeting. Thank you for your participation.