

May 23, 2025

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

To
Dept. of Corp. Services
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai- 400001

Symbol: ZENTEC

Scrip Code: 533339

Dear Sir/Madam,

Sub: Transcript of the Conference Call held on May 19, 2025

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the earning conference call held on May 19, 2025.

This is for your kind information and records.

Thanking you

Yours faithfully,
For Zen Technologies Limited

Sourav Dhar
Company Secretary & Compliance Officer

Encl: as above



**“Zen Technologies Limited
Q4 FY2025 Earnings Conference Call”**

May 19, 2025

**MANAGEMENT: MR. ASHOK ATLURI – CHAIRMAN AND MANAGING
DIRECTOR – ZEN TECHNOLOGIES LIMITED
MR. AFZAL MALKANI – CHIEF FINANCIAL OFFICER –
ZEN TECHNOLOGIES LIMITED
MS. SHILPA CHOUDARI – WHOLE TIME DIRECTOR –
ZEN TECHNOLOGIES LIMITED
MS. ABHILASHA ATLURI – INVESTOR RELATIONS – ZEN
TECHNOLOGIES LIMITED**



Zen Technologies Limited
May 19, 2025

Moderator: Ladies and gentlemen, good day and a warm welcome to Zen Technologies Limited Q4 FY 2025 earnings conference call. Please note all participants 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 over the conference to Teena Virmani from Motilal Oswal. Thank you and over to you.

Teena Virmani: Thank you moderator. Good afternoon everyone and thank you for joining us for the Q4 FY2025 earnings conference call of Zen Technologies Limited. We are pleased to welcome the management team of Zen Technologies to this call. Mr. Ashok Atluri, Chairman and Managing Director, Mr. Afzal Malkani CFO, Ms. Shilpa, Whole Time Director and Ms. Abhilasha Atluri from Investor Relations. We will start today's call with brief overview of company's performance after which we will open the floor for question and answer. With that I now hand over the call to Mr. Afzal first for the compliance related disclosures and then to Mr. Ashok for his opening remarks. Over to you Sir.

Afzal Malkani: Good afternoon everyone so the results and investor updates have already been e-mailed to you and are also available on the stock exchanges. If anyone has not received a copy please let us know we will be happy to send it over. Before we begin, I would like to remind you that today's discussion may include forward-looking statement which must be viewed in conjunction with the risks and uncertainties that the company faces. These are detailed in our internal reports and other public disclosures. We will start today's call with a brief overview of the company's performance after which we will open the floor for the question and answer with that I now hand over to our Chairman and Managing Director, Mr. Ashok Atluri for his opening remarks. Thank you.

Ashok Atluri: Good afternoon to fellow investors and other participants here. I am assuming that you have seen the presentation and I will not go delve into the presentation itself but I will talk about some peripheral points, which may be of interest to the investors. One of the questions which should be worrying investors is about the order book position. I have indicated that we should be getting about 800 Crores worth of orders by H1. I think we still are on to it. In addition to that there may be some other orders because of the recent operations there may be something additional in those areas. These orders that I am talking about in course are all simulators so the other segment orders may be activated due to the recent actions that our neighbors have taken against us. To understand the anti-drone systems that we have, we started R&D in 2018. In fact, we were the only private company to the best of my knowledge, everybody else was screaming drones and we were thinking why is not anyone talking about anti-drone systems and complete silence on that regard and we saw the signal in the silence and we decided that we should focus entirely on that.

Around that time, we acquired UTS team of extremely competent experts led by Srinivas Raju Raju and Nagendra Prasad. Our bet proved very very prescient and while they were doing lot of other projects we tried to focus exclusively on anti-drone systems and the results have been very very encouraging. Again this was a long four, five year kind of research and it is still ongoing, extreme amount of investment and still ongoing because the threats are evolving the new threat that are coming are being accommodated in the product. Even though we initially started the product typically has lot of components. We initially started with detector and jammer but later we added the radar which was again created which is a multi-year at least five, six years of effort which was created in less than a year kind of situation because we were really hard pressed for time, the electronic optics everything is now in house so we are completely giving design developed and made in India. I always hate just made in India because I like design developed also to be added to that so yes this was a complete design developed and made in India solution to it and in the initial, in the first tender that was floated by the armed forces had by Indian category. You could get a foreign collaborator. In 2023, when they floated their RFP they insisted on IDDM that means to say that even the technology and the IP in the product should be owned by Indian companies. Even though initially we had about 12 companies finally only two companies came for the trials and only one company emerged as a resultant single vendor in that because we were the only company that was able to comply with the requirements there. What were the requirements? The requirements were in the sense, typically most of the anti- drone system in the world handle only two frequencies 2.4 GHz and 5.8 GHz, which are basically commercial frequencies. Our bet was that the actual war when it will happen it will not be the commercial frequencies that will be tapped, but it may be any frequency, so we have to develop anti-drone system that was band independent not band dependent so that is a solution that we were able to make and now we have that solution and that solution has been very very helpful to our armed forces so I think the bet was very, very taken early on. As we speak lot of improvements, lot of feedbacks are being incorporated and I think we will absolutely have a world-class anti-drone system, which will help India to be absolutely unbeatable in any war. India and its allies which our Indian government feels we will be supplying to them too, so this is the statement with anti-drone system. Again we are hearing lot of statements about anti-drone systems but we really have to see whether this is indigenously designed, developed, and made. Again we have been tested and we have been proven beyond doubt by the Government. We qualified in IDDM case so we know that we have been tested. We have to see any competition in this regard from any other vendor. I have been always saying that 50% average CAGR growth is expected. My confidence still is there that the average rate will continue, but again because of the delay in receiving the order this year may be muted. Prediction was made when it was 900 so on 900 if you take that as the base, 1350, 2,000 and 3,000 Crores so it will be little more than 6,000 Crores in the next three years.



Zen Technologies Limited
May 19, 2025

We still feel confident that we can achieve those figures. As a company this is what we could do but Government we feel should be doing a little more aggressively in the sense. After the pager incident in Israel which happened in which Israelis gave the pagers to Hamas and activated it after a few months probably a little longer than that and they were able to kill them so we actually believe that lot of these Chinese stuff which is there in India is actually that kind of stuff, their cars, their weapons because they control the software especially electric cars are very, very dangerous. At least the Government should take control of the software. The mobile phones they are very dangerous. They should be probably looking at the software and try to take control of the software otherwise we will be in big trouble with China. I am very sure, you might have read the article where even solar farms can be switched off by the Chinese when they want because they have switch in the panels which can be activated and put off. I will open the floor for question and answer and if there is any clarification required, I will be more than happy to answer them. The floor is open now.

Moderator: Thank you Sir. Ladies and gentlemen, we will now begin with the question and answer session. Anyone who wishes to ask a question may click on the raise hand icon from the participant tab on your screen. We will wait for a few minutes until the queue assembles. Ladies and gentlemen please stay connected.

Ashok Atluri: Moderator I think we should keep in mind that we want to end this in one hour. There will be no extension. We should treat the time very precious and try to close it, see that everybody accommodated and can you request the questions to be, let them be long, but as brief as possible.

Moderator: Sir we will take care of that. Ladies and gentlemen we will have our first question from Mr. Amit Dikshit from ICICI Securities.

Amit Dikshit: Good afternoon everyone and congratulations for a good performance record quarter and record year. I have couple of questions. The first one is that in the proposed revisions to DAP we have seen that there was a mention of simulators being contemplated for reducing the testing time, have you seen any traction around that particular aspiration of the government and anything you hear on that front that is my first question.

Ashok Atluri: So the simulators are actually now being used in the shipping acquisitions especially for products where it is very very difficult to do NCNC because they are actually built to purpose. It is already there but I think they want to make it more generic. This is one of the suggestion. DAP was released in 2016 and then in 2020, now it is due for revision and the suggestions are coming in.



Zen Technologies Limited
May 19, 2025

One of the suggestions is using simulation as a way to do the trials instead of actually doing the equipment. I have owned my own reservations but I feel that it should be applied very very fairly and to your question what would be our involvement. We may get involved as the opportunity evolves, but at this point in time we do not see much role for Zen to play in this kind of simulated evaluation.

Amit Dikshit:

Okay, the second one is essentially on the delay in ordering that we have seen so do you attribute this to the general delay that we saw last year, I mean because of general elections are there some more structural element to it because we saw few bulky orders being expedited but unfortunately I would say gamut of products or services did not kind of evolve but after this conflict do you see some more chance of at least ADS happening. You mentioned in your prepared remarks, but just wanted to get little bit more clarity on it. There is a budget of 40,000 Crores emergency procurement being talked about so just wanted to get a little bit more colour on that aspect.

Ashok Atluri:

To be fair to the government they were actually consolidating the requirements of the anti-drone systems to really understand how much is the requirement, when to procure etc, bulky orders were placed on other equipment, but even though as an industry we do feel that they could probably have placed but the fact was they were trying to assemble but this is fortunate for us, Operation Sindoor has been I would say a stroke of luck in the sense for the dastardly act what was committed that was a really really bad act but post that what happened was a stroke of luck for us in the sense we were able to actually go destroy you know 10 times of the what damage they did to us and then we were able to test our equipment and government was able to see what happens in the real war and of course it was also almost like a PR and a marketing plan for the Indian equipment where we proved beyond doubt that our equipment works. I think post the horrific incident what has happened is actually very good in my estimate and now we see that there is absolute sense of urgency to acquire these new age war equipment, the drones and the anti-drone stuff. Yes to your question the short answer is yes, we think the Government has really really appreciated the role of the drones and anti-drone systems and they are accelerating the procurement and we think companies like Zen will benefit from this new sense of urgency that the Government has.

Moderator:

Thank you Sir. We have our next question coming in from the line of Mr. Krishna P. Mr. Krishna please go ahead with your question.

Krishna:

Good afternoon. Sir my first question is regarding the DRDO anti-drone. We are part of the DRDO system, how we are part of that Sir, anti-drone system, what we are supplying to them?



Zen Technologies Limited
May 19, 2025

Ashok Atluri: Zen does not supply anything to DRDO. Our subsidiary which has developed anti-drone system, they have also collaborated with the DRDO and they supply the jammer and the detector. Maybe little part of that but these are the two major elements that UTS has collaborated with DRDO to supply to them.

Krishna: Okay Sir. My second question is regarding the chip. Are we designing the chip Sir for what we are using in our systems?

Ashok Atluri: No Krishna we are not designing the chip ourselves. We are making use of readymade chips so again our dependency is not on a particular chipset what has happened during COVID and Ukraine war, there was shortage of chips so we had to design multiple times the same chipset the same PCB with different chipsets so we are chip independent we are not tied to any chip and of course the chips are not made by us. They are procured from foreign sources. It is like think of the product like a windows operating system or the Intel chip, we buy it from outside, we build the applications around that. The chips are still procured from abroad. We are hoping that with the new policy that the Government has done for semiconductors some of these chips will be made in India eventually but as of now most of the chips are procured from abroad but again from non-Chinese sources.

Krishna: Okay Sir, thank you Sir. Sir Bhairav Robotics they have any patent Sir. You have not mentioned anything about the patent.

Ashok Atluri: They have applied for some patents and I think the patents have yet to be granted. They have been applied I think, yes.

Krishna: Okay Sir one more last question is there. Sir in anti-drone now we are saying with the laser technology the drones are killed off, are we working on that.

Ashok Atluri: No laser technology we have not integrated. I think the laser technology was found wanting in the current operation so but we have integrated the L70 weapon and we have launched this remote control weapon stations through AI turning and those weapon stations can be integrated with anti-drone systems and also those remote control weapon stations can be used independently of the ADS so this is the market that is showing lot of interest in our products and so we look forward to those accretive sales also as we go ahead.

Krishna: Okay Sir. Thank you Sir.

Moderator: Thank you. We request participants to restrict to two questions and then return to the queue for more questions. To rejoin the queue you may click raise hand icon again.



Zen Technologies Limited
May 19, 2025

We will have our next question coming in from CA Garvit Goyal from Invest Analytics Advisory, LLP.

Garvit Goyal: Good evening Sir. Congrats for a good set of numbers. My first question is on your guidance like you mentioned FY2026 is expected to be muted one although medium to longer term guidance is very much aggressive so can you put some colour on why we are looking for a muted FY2026 despite the current environment that you mentioned the Government is increasing the procurement, emergency procurement particularly after the incident happened with our neighbor country so that is my first question Sir.

Ashok Atluri: So Goyal the thing is that while the orders decline, we think the order book position will improve significantly and that may happen by end of H1 and by that time if we get the orders how much of it can be executed during the current year is a question so that we will come to know as we go ahead in the in the couple of months I think we will be in a better position but we are saying that by the end of H1 we should definitely have a very clear picture, possibly a clear picture and as soon as we get we will share this year's thing. Even if lot of orders come the execution will spill into the next financial year so that is the reason we are saying that this year will be muted.

Garvit Goyal: When you say this year will be muted, can you put any number to it, like 10% kind of growth or anything like that.

Ashok Atluri: I am not putting any number to it Goyal. Unfortunately, the thing looks tentative at this point in time and I am a very aggressive number giver, if I have even a slightest inkling I go ahead and give the number but at this point in time I am restraining myself from doing that.

Garvit Goyal: And 50% CAGR is intact for next three years right.

Ashok Atluri: Yes cumulatively we think yes, if it comes to about 6,000 Crores plus of turnover in FY2026 to FY2028 and we think that is achievable.

Garvit Goyal: So that means for FY2028 you are looking for 6,000 CR kind of turnover right.

Ashok Atluri: No, no it is a cumulative turnover.

Garvit Goyal: Cumulative turnover.

Ashok Atluri: But our prediction was the base is 900 Crores so FY2026 would have been 1,350 which we think will not happen.



Zen Technologies Limited
May 19, 2025

Our FY2027 would have been 2,000 and FY2028 would have been 3,000 Crores so when you add up it is a bit more than 6,000 Crores.

Garvit Goyal: Got your point Sir. Got your point and just last one thing on the margin side Sir. Are we able to maintain the kind of margin that we are doing currently?

Ashok Atluri: We have given a guidance of margins of you know 25% and 35%, 25 PAT and 35 EBITDA and even if you see this time even though it looks little more. If you take out the interest income that we have got from the QIP raise the net comes to around that region only 25 for PAT and 35 for EBITDA margins.

Garvit Goyal: And you will maintain that right.

Ashok Atluri: Yes we feel very confident about those margins, yes.

Garvit Goyal: Understood Sir. Thank you very much Sir for your time. All the best for the future.

Moderator: Thank you. Our next question is coming in from Mr. Akshay Patel from AK Investment.

Akshay Patel: Hello congratulations Sir on the great set of number. Sir my first question is that recently BEL gets order of 572 Crores for counter drone system so are we also expecting some modern flow to also come in this quarter as now the government has expedited the procurement for the defense equipments and all these things.

Ashok Atluri: Yes we are expecting orders to come during this quarter and next quarter at least in the H1 we are expecting some orders to come through for anti-drone systems yes.

Akshay Patel: Okay Sir just in the context of the industry so how many players currently are in India that is developing the anti-drone system and what might be our market share in the anti-drone solutions in India and also can you put some light on the global anti-drone defence solution.

Ashok Atluri: I think the indigenously developed IDDM category in India. I am not aware of any other company than Zen where all the products like detector, jammer, radar, EO any hard kill integration has been done so we are the only company in the private sector for sure. Again to the question in 2023 we participated in a tender, a year-and a half back and that was open tender with specs, which were absolutely suitable for actual operations and there is no public sector or private sector company even qualified in the trials. We were the only company that qualified so to your question the answer is that Zen is way ahead in terms of technology in these products and if they want war tested technologies Zen is the way to go but again to your question who are the other players, DRDO has transferred technology to



Zen Technologies Limited
May 19, 2025

some five six companies so they are the other players with DRDO technology but again no one has done the self-funding like we have done and no one has the technology that we have and nobody has been tested the way we have been tested in actual situations.

Akshay Patel: Alright Sir and can you please put some light on our US business expansion and what is the traction over there. We are expecting significant orders to come in FY2027 so are these things intact?

Ashok Atluri: So yes the work with the US is going. I think he is getting a lot of business for US and our move to US was well planned. We have now at least four people working there for us, very senior resources who are going and meeting customers, attending exhibitions, and we think we will be getting some business. FY2027 should be the year in which we should get the orders, the plan is intact.

Akshay Patel: Okay Sir alright and consolidated order book, it consists of all three recently acquired companies like ARI, Bhairav Robotics and Vector Technics or is it our standalone order book.

Ashok Atluri: 692 Crores is our standalone thing. They have additionally I think at least 100 plus Crores so that would be another 100 Crores, consolidated would be way bigger than that yes but the 692 Crores is standalone only.

Akshay Patel: Okay Sir thank you so much and best wishes for the next year.

Moderator: Thank you. Our next question is coming in from the line of Mr. Rajamohan Vaikuntaraman who is a professional investor. Please go ahead.

Rajamohan: Thank you for the opportunity and congratulations on a great set of numbers. Basically, in the anti-drone, especially in the light of Operation Sindoor. You had also indicated to use of our equipment in an interview. Could you quantify the value of anti-drone of Zen that got used was our hard kill used? There were mentions of D4 anti-drone so I was just trying to understand how did Zen fit in terms of value as well as in terms of quality.

Ashok Atluri: Obviously Rajamohan these are the questions that we will not be able to answer the specific use. So again, my feedback is based on the ground feedback that we received from the forces. And where was it used? How much was it used is something that I do not know. And even if I knew, I would not be able to share that because of the restrictions that we have. But broadly, our systems were used and we have got a lot of thankful notes from the people who are there. And there were significant interceptions. We know that if they were



Zen Technologies Limited
May 19, 2025

not there, probably it would have been a bad situation. But yes, significant intervention were done by our ADS.

Rajamohan: That is really great. Congratulations on that. Next on the acquisition, especially on ARIPL, and the synergies that Zen would provide. From your internal assessment, does it feel combining weapon with commercial simulator could create a scale multiplier different to the growth trajectory of ARIPL. Like Zen from what it was three, four years back about 150 odd Crores company to 900 Crores now, could a similar thing play out here in ARIPL?

Ashok Atluri: Rajamohan it is a very insightful question. I think you are really doing a good homework on this. So this is exactly the plan that what we did for the army, we want to do in the field of naval simulation also. And there is a lot of demand for the naval simulation. And the ARI has all the products that are required minus the weapon simulator which Zen has, which are used in naval products. And navy is certainly acquiring very, very big role.

Maybe I shared earlier, but we just focus with the land borders that we have but when you turnaround the map of India, the huge ocean that is there, where everyone from America, US, Russia, everyone is interested in that part of the ocean. It has a lot of trade that is happening. So, yes, I think this is a very good acquisition that we have. And I really want to thank Shravan who built that company. So we really, really think that this was a great acquisition. And it is going to be very good for the country and also for the friendly navies around the world. Yes, I think it is a very big story. If we crack the code, this could really run into multiple. Of course, 900 Crores includes anti-drone systems also. So this 400, 500 Crores kind of turnover is something that can be achieved with ARI. I definitely feel may be much more than that.

Rajamohan: That is great. One final question similarly for say Vector Technics. Basically what is the kind of market opportunity they indicated to 23 product lines in the last quarter call? Generally wanted to understand in terms of scale of opportunity that this company provides.

Ashok Atluri: So as we speak, post the recent event, these guys have won, they are going really big and they are getting lots of calls as we speak for the components that they are developing and they are also getting pressure to develop new R&D. So one is the developed products, they are setting up the manufacturing facility so they can deliver on scale. Second is developing new products which they have a prototype to be into commercially available products. So, Rajamohan, I think it should be tens of Crores in the immediate future. But eventually it is running into at least 300-400 Crores kind of thing.

Rajamohan: Thank you very much Sir for your insightful answers and though I understand there is a lot of pressure in terms of objectively determining and expressing, you are trying to be as best



Zen Technologies Limited
May 19, 2025

as possible trying to give us answers. Thank you very much and best wishes on bagging quicker orders.

Moderator: Thank you. We will have our next question coming in from the line of Mr. Mehul Panjwani from 40 Cents. Please go ahead.

Mehul Panjwani: Sir thank you so much for the opportunity. And first of all, I would like to congratulate the entire Zen team, because, we are talking about that we are playing a very significant role in the nation's defense system. So that is amazing to be associated with such a great company. Sir I have a question on UTS, which is, you mentioned that primarily the anti-drone system developed by UTS was provided to the DRDO. So when did we acquire UTS? And how much is it contributing to the turnover of Zen?

Ashok Atluri: The acquisition was between 2018 and 2019. We acquired the company and we started developing these anti-drone systems.

And in terms of the turnover, I think the exact turnover, I will ask Afzal to share but yes, UTS has single-handedly developed the complete anti-drone of all the components of the thing. Of course, the electronic optics, which is now becoming very important, have been developed by Ai Turing but the other part, including the radar, because radar is a decade-long project. But these guys pulled it off very, very fast. Of course, we started the effort and we kind of lagged between but it was a really short term that Raju and Nagendra were able to pull it off. So again, Afzal would you just share the figures?

Afzal Malkani: So out of the total revenue, it is around 125 to 130 Crores.

Mehul Panjwani: This is around the contribution.

Afzal Malkani: Yes.

Ashok Atluri: For quarter.

Afzal Malkani: Total for the year.

Mehul Panjwani: I am newly tracking this company. So I would like you to please list down all the subsidiaries which we have and how much is our holding? Is it like we are 100% holding each of the subsidiaries or much we hold.

Ashok Atluri: You are asking holding of how much we hold in each of the companies, right?



Zen Technologies Limited
May 19, 2025

- Mehul Panjwani:** Yes list of the companies and what are they specializing in, sorry.
- Ashok Atluri:** I will tell you. UTS is there of course, and then we have ARI which is into naval simulation, then we have AI Turing that is into remote controlled weapon station. And then we have Bhairava that is into Robotics, and then we have Vector that is into the drone ecosystem. So these are the major ones. Of course, we have subsidiaries in the US, and these companies also have their own subsidiaries but these are the major segments that we play in.
- Mehul Panjwani:** Right and do we hold 100% of the subsidiaries?
- Ashok Atluri:** No some are 51. In fact, Bhairava is 45% or so. It is different. ARI is 100%.
- Mehul Panjwani:** Right Sir. Sir last question from my side. So where do we see that some of the defence areas where we do not have products, where are the gaps which we have still? I mean I know defence is a very wide area, but pardon my ignorance.
- Ashok Atluri:** There are a lot of things, artillery, tanks, we do not do a lot of things. But what we have taken a call is what is the Pareto focus? Initially, we were just focusing on training, because training was the most feared, but now we are trying to focus on two areas. One is the drone ecosystem, anti-drone systems and drone. We think these will absolutely determine who is going to win a war. So we are really focused on that. The second is the robotics part of automated weapon system and robots themselves. So these are two things we think are really, really Pareto in determining who is going to win a war. And so we are focused on that. And the rest of the thing, we do not have any plans as such. And so we will be just focusing on them.
- Mehul Panjwani:** Right, Sir. Thank you so much. And once again feels great to be associated with this organization. Thank you.
- Moderator:** Thank you. We will have our next question coming in from Rudresh Kalyani from Kalyani Private Business. Please go ahead.
- Rudresh Kalyani:** Recently Indian government project from Armenia. So, have we got anything from that bucket?
- Ashok Atluri:** You are saying, did Zen get any orders from Armenia? So again, Rudresh unfortunately, we cannot name the countries from which we have got the orders but we have done almost 300 Crores worth of order execution this year of exports. And typically other countries that we deal with are Africa, CIS, and Middle East. So this is the broad classification that we have but when they sign the contract, they tell us that we cannot share the details of what we



Zen Technologies Limited
May 19, 2025

have purchased, how much we have purchased, and we honour because they kind of gives away some kind of preparation levels. So that is the point.

Rudresh Kalyani: With our products being tested in Operation Sindoor, so you get any inputs from the Indian Army about products so that when we re-launch the next version, we can make use of it and come up with a better product?

Ashok Atluri: Rudresh absolutely. As we speak the inputs are helping improve the products that we have and typically what we do is not only for the new products but existing products also we try to give the technology away free so that the Government is better prepared and they do not have to buy new equipment. So yes the inputs some have been gathered they are still being gathered and as and when we get the things they will be incorporated into the new systems and you know to make them absolutely state of the art.

Rudresh Kalyani: I think this is the first time we use product in domestic market. So, what are the lessons for us from this versus the lessons which we got when we used it in Armenian region?

Ashok Atluri: I do not know, you are so sure your intelligence says that we are in Armenia, I cannot help that. I would not say that what was the gap there. But here what we got is really, really good imports. And again I think that this is not the end of the war and this is just a pause. And this is the pause where we should really, really regroup and put in our best efforts to upgrade our systems. And next time, it is not going to be a simple war. I think it will not be with one neighbor, but it will be a multi-front war. And we should be prepared to handle multiple enemies at the same time. So that means to say that we really need to ramp up from domestic technology only we cannot import this technology. If we import, we are on our own. We have seen this time. No one came to our aid. Everybody is busy with their own life, or they will not help you. So this has to be indigenously developed. And Zen is moving earth and heaven to see that these technologies are developed. Our teams are really sweating out the days and night to ensure that we have the absolute number one technology in the world. I think we are on track for that, Rudresh.

Rudresh Kalyani: And my final question is, if you see Zen five years or 10 years down the line, how will be our revenue breakup like between the simulation, drone like that.

Ashok Atluri: I think anti-drone when you start adding the hard kill and the EO and all the other options, we think that anti-drone will become a significant segment and of course, we have drones also now. We will be getting into drones also. So that will, I think, probably be around 70% of the business. Drones, anti-drones, and hard kill options will be about 70% and five years time, maybe 30% will be training and simulation.



Zen Technologies Limited
May 19, 2025

- Rudresh Kalyani:** Okay thank you. All the best.
- Moderator:** Thank you. Our next question is from Gyan Prakash Yadav, who is an Individual Investor.
- Gyan Prakash Yadav:** Hi Sir. Congratulations for the good set of number. Just wanted to know what is the present cash balance we have on hand and what is the plan for the utilization of same. Secondly, then I would like to verify what was the revenue from the ARI? That is all Sir.
- Ashok Atluri:** I will pass it on to Afzal to answer this question. Afzal the floor is yours.
- Afzal Malkani:** Yes, sure. So total cash balance is around 1037 Crores. Out of which Rs.410 Crores is from the proceeds of the QIP and Rs.625 Crores for the Zen's internal accruals. So total cash balance is 1037 Crores. Most of the cash balance we are going to utilize for this organic and inorganic growth, both. And financial year 2024-2025 ARIPL revenue was 137 Crores.
- Gyan Prakash Yadav:** So Sir ARI got included to us, I think only in February.
- So, 137 is for them for the whole year, right, Sir?
- Afzal Malkani:** Yes, for the whole year, yes.
- Gyan Prakash Yadav:** Okay and Sir any acquisition planned in future because we have lots of cash in hand?
- Afzal Malkani:** We have been working on that. Okay.
- Gyan Prakash Yadav:** Noted Sir thank you. That is all. Thank you, Sir.
- Moderator:** Thank you. Our next question is coming in from the line of Raj Rishi from DCPL. Please go ahead.
- Raj Rishi:** This constant news flow of defence spending being increased or being forced to increase. After this Trump administration has come in. The talk of EU upping the percentage of GDP to almost 5% that is what Mr. Trump is asking them to do. Some people say it is like a sort of defence super cycle world over so how do you stand to benefit from say Europe upping the defence spend the way it is being talked about?
- Ashok Atluri:** I think the impression was that wars have ended and there will be no significant war. So, that belief has been completely upended by Ukraine and Russia and prior to that, Armenia and Azerbaijan. The thing is a strong neighbor is a good neighbor kind of thing. It is better to have stronger neighbors. So this spend of GDP of 5% is a welcome change because



Zen Technologies Limited
May 19, 2025

especially if it is defensive and not offensive use. And how is Zen going to benefit out of this? One is that we are setting up our office in US and I think the decision was little cliché and we are going to benefit a lot from that and asking EU to spend and EU themselves said that we are going to spend \$800 billion and it will be mostly internal so the good news was we are talking to somebody, a NATO consultant and what they told us was that this is a very good opportunity for Indian industry not only for Zen because there will be a free trade agreement that may be signed with them. So we are trying to prepare for that free trade opportunity with EU. So I think this is a very, very big opportunity, especially if your products are world class. And like we feel our simulators, naval simulators, and simulator and anti-drone systems are world class. And as we speak for the drone ecosystem, Vector is being approached by European and American companies. So I think we are there to take advantage of this.

Raj Rishi: Sir one more question. Like what is your vision about Indian defence spend? Like right now it is around 1.9%. What would be your perception over the next year or so?

Ashok Atluri: Raj, very frankly, there is X and a function of X. The function of X is how much am I getting out of the total spend? So, I would be really focused on that. They should spend smart. I do not think they should just increase for the sake of increasing. Somebody was saying they should buy F35. F35 is the worst kind of aircraft. Elon Musk has gone on record and saying it has broken that requirement, it is jack of all, worst value for money in military history. But still, some people are talking about it. So if they spend smart, I think they really do not have to increase the thing. Spending smart would be the key to thing. So I do not have any wish list that from 1.9, they should spend 5% or 3%. I do not have any wish list like that at all. The only thing is they should spend strategically on Pareto technologies. And I think we are in that field. If they act in a focused and Pareto way, we will benefit from that.

Raj Rishi: Thank you Sir.

Moderator: Thank you. We will go forward with our next question from Aryan Oswal from Fintest Capital. Mr. Aryan, please go ahead.

Aryan Oswal: Yes, congratulations on a good set of numbers, sir. Sir my question is on the line of cash conversion cycle. We have seen a significant decline in the last couple of years. So are we expecting further decline or where do we expect the cash conversion to be for the next year?

Ashok Atluri: I will let Afzal answer that.



Zen Technologies Limited
May 19, 2025

Afzal Malkani: So last quarter, our cash conversion cycle was around 237 days. On March 31st 2025, our cash conversion cycle was reduced to 160 days. If we give the further breakup, then the receivable was 148 days, 20 days for the inventory, nine days for the advance to supplier. The total of this three comes to 177 days. And if we deduct five days for this payables and 12 days for the advance from customers, then net working capital cycle is 160 days. And going forward, we are expecting in the range of around 135 to 140 days.

Aryan Oswal: 135 to 140 days? Is that correct Sir?

Afzal Malkani: Yes for next year.

Aryan Oswal: Okay and Sir one more question how much are we looking to spend on R&D for next year and FY2026 and FY2027.

Ashok Atluri: There is a 70 Crores expenditure that we are doing for setting up the R&D facility and another 5 Crores for the equipment, etc. But again, Aryan, the thing here is that we are very opportunistic.

Even though people give five-year plan budgets and all that. We do give the budgets but as and when the opportunities arises. As and when some gap is seen in our product we go after that. At present we are doing already R&D expenditure of around 35 Crores. We expect this to go to 50 to 60 Crores on a consistent basis, but there may be a large investment when required to ensure that we are able to supply the required technology that is asked by the armed forces.

Aryan Oswal: Okay thank you so much Sir. That is all.

Moderator: Thank you. Next question is coming in from Dipen Vakil from Philip Capital.

Dipen Vakil: Thank you so much for the opportunity and congratulations on a great performance and also on in your role in operations in Operation Sindoor. So, my first question is on the line of your fourth quarter performance was largely driven by the export segment, which has even more or less dried your export order book now. So, any outlook in terms of export orders that you are expecting in near term? So how do you see your export business panning out in FY2026? How is the visibility on export business?

Ashok Atluri: So export business, our discussions are ongoing and I think post the recent crisis, we think that the conversations have changed and they want the equipment that we were initially offering, but they said we do not want that. They were trying to buy, the commercial drone neutralizing version. It was only a toy, actually. And most of the 90% of the companies

make that anti-drone system, which only neutralizes 2.4 and 5.8 GHz DJI drones. But now with this thing, people have come to know that this is a band independent field, and people will come after us. So that has changed the conversation in the export market for us. And the export guys have been now asking about this information. So, once we are able to fulfill the extraordinary need for the Indian Armed Forces, then post that we will definitely be focusing on exports also. But the conversations have started and there is a huge demand for anti-drone systems in the road. And of course, the training simulator demand is still going on. We are talking about the army simulators and naval simulators. There is a lot of demand for naval simulators, a lot of conversation. ARI themselves have a very large export setup. For a 100 Crores they have a very robust export setup. Even though it is more commercial focused, we are, leveraging them to get into Navy also in various foreign countries. So I think the exports, we will start getting the order, we do not have orders in hand, but we should start getting orders sometime, maybe a couple of quarters from now.

Dipen Vakil: Got it, Sir. Apologies for the repeat question, but possible for you to reiterate your order inflow guidance?

Ashok Atluri: We think by end of H1, we should be having about 800 Crores. Out of that 150 Crores we already received another 650 Crores we will be receiving by H1 and that is our expectation. This is what I have said earlier also and still we feel that holds good.

Dipen Vakil: And that is largely coming in from the simulator side.

Ashok Atluri: Yes it is all simulators as of now.

Dipen Vakil: Got it Sir. So thank you so much for answering my question and all the best for FY2026.

Moderator: Thank you. Ladies and gentlemen, due to paucity of time, we will take questions from two more last participants. Our next question is coming in from Ajay Surya from Niveshaay. Please go ahead.

Ajay Surya: Sir, thank you for the opportunity. Sir, looking at the recent war, the necessity along with the opportunity size for anti-drone is quite big and important. But Sir, if you can break the opportunity size and share more details, because even under the anti-drone, there are several type of components and based on the requirement of Indian Army, maybe like the radar, sensors, jamming, hard kill, command control, etc. So, I wanted to understand if you can break the opportunity side and does the Indian Army give order as a single segment order or a multiple segment order? Like maybe they require just a jamming anti-drone so they will give an order to a player like someone like us or do they want jamming plus hard kill? So is

it a multiple segment order? So, if you can also share details on how does the order cycle or order procurement happens?

Ashok Atluri:

There are different kind of necessities that they have. For example, they may have a very, very small portable requirement where they say, listen, I just want to neutralize commercial range of drones. So that is a different thing. It is good that you brought up command and control center also, that is the software that binds all the hardware together. And it is the soul and heart of the thing. So, I have not been speaking about it but that is a very very major thing that we also we have developed and we use that. So when I need a comprehensive solution with the radar, detector, jammer, electronic optics, and a hard kill with a robust command and control center and ability to handle non-commercial band independent drones, Zen is the vendor to go to. We do not think anybody else is doing that at this point in time. And again in 2023, there was a tender and we did not have anyone qualifying there. So, I think Zen is positioned for these high-end kind of simulators. To your question, if somebody just wants to buy a radar or a jammer or a detector, typically, they would be very useless in case of an attack, especially from the armed forces point of view. And given the fact even now there are a lot of drones that were coming through with a ground control kind of situation.

But in future, we expect them to be autonomous. So, for handling the autonomous, it is a different game altogether because the videos are also very advanced. To handle autonomous, we will probably be doing a hard kill kind of situation. No longer soft kill will work. So that evolution is happening as we speak. But I think as on today, Zen is the go to company for giving this full-fledged solutions to the Indian Armed Forces.

Ajay Surya:

So Sir, based on this, the bigger opportunity lies in maybe the hard kill and command control is my understanding, right? And this is the area which Zen is dominant and want to focus going ahead.

Ashok Atluri:

No, no, command and control center is a software which binds together. So it has to go along with the system. Some people say that our command and control is independent. Maybe it is, think of Apple versus PC. PC world, you can keep buying everything and assemble but Apple gives a complete full-fledged solution. Think of it as Apple, Mac kind of a solution and yes we think the whole has a lot of market. What was your second question? We do not sell CNC separately. We sell it only as a package.

Ajay Surya:

Okay so just like breaking the opportunity, the larger opportunity even in the anti-drone segment wise if you can break that up like maybe like its a 5000 to 10,000 Crores market so maybe the hard kill would be a 1000 Crores kind of market or?



Zen Technologies Limited
May 19, 2025

- Ashok Atluri:** You are right Ajay. The thing is moving towards hard kill is absolutely right. So that thing is right. But we got the estimate for this project to be around 10,000 Crores, this was about two or two-and-a-half years back, but that figure is no longer valid, it is much, much larger than that at this point in time. And it is a multiple of that not just a percentage. So we think that market size has increased tremendously as we speak. And we think that we should be getting some reasonable chunk out of that.
- Ajay Surya:** Okay Sir, all the best for future.
- Moderator:** We will take our last question from Manan Vandur from Walfort PMS. Please go ahead.
- Manan Vandur:** Hello Sir. It has been a pleasure speaking with you for so many quarters. So Sir, in Q1 you all had a SIM expo, which happened in Orlando. And you said that you had a stall over there and you got enquiries for containerized tank simulators in that expo and you said that that in Orlando the next five-year budget of Orlando they are having huge demand for that and you said that we are already making it for the Indian Army for the decade and you said that we might start exporting etc. etc. So it has been a year. Any update on that Sir?
- Ashok Atluri:** This was last November, December. The expo is called IDSEC. It is a simulation exhibition. So in that, they came to approach with R&D proposal for doing R&D for the next five years, they are having R&D budget, they said, can you make containerized tank simulator with our funding? So we said, we already have it and we connected to India and showed it live to them. The fact that we have is going to them now. So the budgets are being formed and we have informed them that these are the things. So now we are waiting for them to actually float a tender. The tenders may be floated next year, not earlier than that. Typically, that is a one, one-and-a-half year cycle before the tender.
- Manan Vandur:** Okay understood. And the last question we had numerous new products like Hawkeye, Barbarik, Vastra, Sthir Stab 640. All of those we have, all those new products we have started supplying?
- Ashok Atluri:** Some of them we are conducting trials and we think that during the years, some orders will start trickling in, but they will become much, much larger next year. But this year, we should definitely be getting some orders in the segment that you spoke of RCWS and surveillance stations.
- Manan Vandur:** Okay because for those products itself, you had said that these new products itself will become new revenue streams and thousands of Crores.



Zen Technologies Limited
May 19, 2025

Ashok Atluri: Eventually they will, if you are able to integrate them into anti-drone system, they will be the hard kill part of the thing and they can become very, very big for us. There is no doubt about that.

Manan Vandur: Okay understood. Thank you so much, Sir. All the best.

Moderator: Ladies and gentlemen, that was the last question for today. I will now hand it over back to Ashok Sir. Over to you Sir.

Ashok Atluri: Thank you fellow investors and other participants who are here. It is always a pleasure interacting and the questions that I asked usually are high quality. And I am pleased that the tradition continues. Again, we are open. The investors@zentechnologies.com is the e-mail address, if any of you have not been answered the question, you can send your questions there. And we look forward to your continued association with the company. Thank you so much.

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