

October 30, 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 Earnings Conference Call held on October 27, 2025

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the earnings conference call held on Monday, October 27, 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 Q2 FY2026 Earnings Conference Call”

October 27, 2025



**MANAGEMENT: MR. ASHOK ATLURI - CHAIRMAN & MANAGING
DIRECTOR
MR. AFZAL MALKANI - CHIEF FINANCIAL OFFICER
MS. ABHILASHA ATLURI - INVESTOR RELATIONS
OFFICER**

Moderator: Ladies and gentlemen, good day and a warm welcome to Zen Technologies Limited Q2 FY2026 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. I would like to remind you all that everything said in this call that reflects any outlook for the future, which can be construed as a forward-looking statement, must be viewed in conjunction with the risk and uncertainty that the company faces. Please note that this conference is being recorded. I now hand over the conference to Ms. Teena Virmani from Motilal Oswal. Thank you, hand over to you.

Teena Virmani: Thank you. Good afternoon, everyone. And thank you for joining us for Q2 FY2026 Earnings Conference Call of Zen Technologies. 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, and Ms. Abhilasha Atluri, Investor Relations Head. So we will start the call with a brief overview about the company's performance, after which we will open the floor for question and answer. With that, I now hand over the call to Mr. Ashok Atluri for his opening remarks. Over to you, sir.

Ashok Atluri: Hello, fellow shareholders and potential investors and friends. Thank you for coming on the call. And as you see that Q2 results have come out and one of the main expectations during the Q2 was in addition to results, which were not as encouraging as I would want it to be, was the order book position did not build up as we had sought out. Again, as explained in the press release, this delay in orders has been attributable to the government's extreme focus on emergency procurement post-Operation Sindoor. And while part of that was good news because in that we had our anti-drone systems also, but the regular procurement of training and equipment and simulators were delayed. But again, I want to assure you that this is just a question of when, not a question of if the things are moving in the right direction and we expect orders to come. So having said that, I would like I request Afzal Malkani to just brief you on the financials key points in that and then we can actually dig deep into the Q&A and try to answer your questions.

Afzal Malkani: Yes, thank you, sir. So, good evening, everyone and we welcome to our earning conference call for the Q2 FY2026 and H1 FY2026. Let's begin with a quick update on standalone performance for the Q2 FY2026. Our revenue from operation was Rs.124.65 Crores, compared to Rs.241.69 Crores in Q2 FY2025. However, in Q2 FY2026, this is much better than Q1 FY2026. Our Operational EBITDA for the Q2 FY2026 decreased to Rs.42.10 Crores compared to Rs.79.69 Crores in Q2 FY2025. In percentage terms, Operational EBITDA is 34% of the revenue compared to 33% in Q2 FY2025. Our total EBITDA is Rs. 64.79 Crores compared to Rs. 87.84 Crores in Q2 FY2025. In percentage terms, EBITDA is 52% of the revenue compared to 36% in the last year. Our profit after tax has decreased to

Rs. 46.16 Crores in Q2 FY2026 compared to Rs. 65.24 Crores in the same period last year. The profit after tax in percentage terms is 37% compared to 27% in Q2 FY2025. Coming on to the half yearly performance for the H1 FY2026, our revenue for the H1 FY2026 is Rs.235.71 Crores compared to Rs.495.64 Crores in H1 FY2025. Our operational EBITDA for the H1 FY2026 decreased to Rs.81.27 Crores compared to Rs. 183.73 Crores in H1 FY2025. Operational EBITDA in percentage terms is 34% compared to 37% in H1 FY2025. Our total EBITDA for H1 FY2026 is Rs.122.72 Crores compared to Rs.194.08 Crores in H1 FY2025. So in percentage terms, it is 52% compared to 39% in H1 FY2025. Now coming on to the profit after tax, our profit after tax has reduced to Rs.83.28 Crores compared to Rs.139.42 Crores in H1 FY2025. In percentage terms it is 35% compared to 28% in H1 FY2025.

Now coming on to the consolidated financials. Total consolidated revenue for the Q2 FY2026 is around Rs.173.57 Crores compared to Rs.24.84 Crores in Q2 FY2025. There is a degrowth of 28% on a consolidated basis. Our consolidated operational EBITDA for the Q2 FY2026 has decreased to Rs.65.54 Crores compared to Rs.80.31 Crores in Q2 FY2025. The operational EBITDA on consolidated basis is 38% compared to 33% in Q2 FY2025. Consolidated EBITDA for the Q2 FY2026, total EBITDA is Rs.90.05 Crores compared to Rs.88.48 Crores in Q2 FY2025. The consolidated EBITDA in percentage terms is 52% compared to 37% in Q2 FY2025. And consolidated profit after tax, after adjusting non-controlling interest, has decreased to Rs.59.40 Crores compared to Rs.62.67 Crores in Q2 FY2025. In percentage terms, it is 34% compared to 26% in Q2 FY2025. Coming on to the consolidated half yearly performance for the H1 FY2026, our consolidated revenue is Rs. 331.79 Crores compared to Rs.496.46 Crores in H1 FY2025. Our consolidated operational EBITDA for the H1 FY2026 is Rs.131.47 Crores compared to Rs.192.53 Crores in H12025. In percentage terms it is 40% of the revenue compared to 39% in H12025. Our total consolidated EBITDA for H1 FY2026 is Rs.176.55 Crores compared to Rs.202 Crores in H1 FY2025. In percentage terms it is 53% of the revenue compared to 41% in H1 FY2025. Coming on to the profit after tax for the H1 FY2026, after deducting non-controlling interest, reduced to Rs.107.15 Crores compared to Rs.139.48 Crores. In percentage terms, it is 32% compared to 28% in H1 FY2025. Now moving on to the balance sheet part, Zen remains focused on maintaining a strong liquidity and leveraging its asset light business model. Our net cash position as on 30th September 2025 is Rs.1103 Crores and we continue to debt free status. With that, we conclude our opening remarks and would now like to open the floor for question and answers. Thank you.

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 moment until the question queue assembles. We have Manish Gupta who would be asking his question. Manish Gupta of

Equinox Investment Advisors. Manish Gupta, please unmute your microphone and you can go ahead with your question, please. Mr. Manish Gupta, please unmute your microphone.

Manish Gupta: Sir, am I audible?

Moderator: Yes, please go ahead.

Manish Gupta: Sir, thank you for the opportunity. Sir, as per media reports, Iranian Shahed-136 drones which cost about only \$35000 to \$40000 each are being seen as a game changer in UAV warfare. And Zen has always been at the forefront of technology and cost effectiveness. Does this low priced and highly effective drone undermine drone and anti-drone companies globally including Zen, sir?

Ashok Atluri: Yes, great question. So the thing is we are not doing drones at this point in time, we are focusing exceptionally on anti-drone systems and anti-drone systems, I think there are no cheaper versions than, what we have been supplying are very cost competitive globally and we have not seen any country including China making anything as competent and as cost effective as we have made. So there is no competition with respect to our anti drone system globally. So to your point about, what is our answer to those drones, I think that is something the drone companies are working on and Zen has acquired vector techniques that are trying to make something better than the Shahed kind of drones, which are really cheap and the cost to neutralize them is very, very high but the anti-drone system, which are basically soft kill like the ones we have, are very effective solutions and can block those kinds of drones effectively. And there is no, when you look at the cost for bringing down these kinds of drones, as long as it is not a hard kill, it is just a soft kill blocking, jamming the signal, which is being sent from the ground station to the drone that is almost negligible. There is no cost involved. Only when we try to shoot it down by sending multiple missiles or very expensive solution, then it becomes very expensive. So that is not the case. That is not what we are doing in Zen in the capability, we are doing a hard kill, but we integrate it with L70 and other weapons system that we have and they are not as expensive as one would, not very expensive. So they are also very effective solutions.

Manish Gupta: All right, sir. Just a follow up, sir. In your opinion, these drones are amenable to soft kill or they require only hard kill, sir?

Ashok Atluri: No, so it depends if the weapon systems are if the ground control, so what happens is the most of the drones, they work in both the categories. One is through the ground control, they work and at some point in time, they can become autonomous based on maybe a GPS system, or maybe some kind of AI based waypoint, where they see the physical characteristics and keep going. So, if it is a ground control thing, then the soft kill works,

where the drones become independent autonomous there either we have to do GPS spoofing to make mislead them over the geographical location, or the second option is actually shoot them down. So it will depend on so to your question, they may work in a hybrid mode, both ground control and autonomous modes.

Manish Gupta:

All right, sir and sir my second question is that you have always encouraged investors to stay put in Zen for the long term and not look at short-term aberrations, particularly due to the peculiarities of the defense industry, the lumpiness of the orders and other stuff. In your opinion, sir, has anything fundamentally changed, which makes you worried about the long term prospects of the Indian defense industry, including Zen?

Ashok Atluri:

No, no, not at all. I think in the long term, the story is intact, and I personally believe that we have it is after the dot-com bust happened in 2000. The really serious, deep tech companies actually emerged the Google and all that. I think that is what is happening now. Companies with indigenous R&D, their own R&D, with long-term game plan, a lot of products in the pipeline, they are the companies that are going to survive this thing for the long term. And typically, again, we are prime contractors. While there is a downside to being a prime contractor, the prime contractors for which one of the customers is the Indian armed forces, but Indian government is pushing us to go and sell to friendly allied nations. So we have multiple customers and we are de-risking ourselves that way. But again, to your question, has it fundamentally changed? I think the change is this, that the government is looking not for me-too guys or people who are just reselling other technology or just setting up a Make in India label manufacturing for becoming a manufacturing coolie for some high-end foreign technology developer, but actually developing in-house technology for India complete IP ownership. So they are looking, I think for them the story is improving now. And the government is saying that we want Indian IP, because they are really worried about what will happen if the software inside has a malware. We have seen again as I said earlier, the even the pager incident with the Hezbollah was a wakening call in the sense, you could even program them to be destructive. So whatever we are getting from outside is a question mark.

How do you know that it will not turn against India at some point in time? It does not matter which country it is. So any country may be having a malware which is to turn on the switch and all our software will go. So Indian government is very, very aware of that and they are insisting that the software be ours and we should be able to read it, compiled in front of us, all the electronic designs, mechanical design should be our own and I think that is good news for companies like Zen which believe in this IP ownership and own R&D so I think fundamentally it has it is changed in a way, which is very positive for companies like that.

- Manish Gupta:** Thank you sir, thank you sir, I will join back in the queue.
- Moderator:** Thank you. We have our next question coming in from Pritish Urumkar of ICICI Securities. Please unmute your microphone.
- Pritish Urumkar:** Hello, this is Vikas Singh from ICICI Securities. Sir, just wanted to understand our cumulative revenue guidance of Rs.6000 Crores, given the first half has been pretty weaker. So how should we look at this Rs.6000 Crores cumulative revenue guidance? Should we think that it will spill over to FY2029, given our order is also pretty low as compared to our historical rate.
- Ashok Atluri:** So Pritish, our feeling is that based on the pipeline, order pipeline that we have, that the orders will start accelerating in the edge to especially towards the end. And in 2027, also the acceleration will continue. There will be a lot of orders that will keep coming and what we are saying is cumulatively these orders will be executed in 2027 and 2028 at this point in time. I do not think that what as of now our feeling is that all the Rs.6000 Crores whatever 6000 minus whatever we execute during FY2026 will be executed in FY2027 and 2028, assuming the order book will be in place as we are assuming. So I think the chance of this Rs.6000 Crores going to FY2029 is not there as of now and I we feel personally very confident that I think 2027 and 2028 are going to be great years for zen.
- Pritish Urumkar:** Noted sir. Sir, last year had been a year of acquisition for you. Given those four verticals which you have acquired, how should we look at your total addressable market right now because since we are looking at Rs.6000 cumulative and how much you think that those four divisions would contribute in this cumulative Rs.6000 Crores?
- Ashok Atluri:** So the four companies that we have acquired, the thing is the Zen's acquisition strategy has been very, very clear in the sense that first we are saying that we should become strong in training and simulation. And one of the acquisition in that regard was ARI, for the naval simulation. So it is a very, very, almost even though it is inorganic, but organic in terms of strategy. And then we are also looking at now, we are trying to build our own air force simulators, but we are also looking at some interesting acquisitions in that regard. So this is the training and simulation. The second was in the area of anti-drone systems. And anti-drone systems, we are already doing soft kill kind of a thing. Now, how do we add the hard kill portion of that? AI Turing made the remote control weapon stations, and they were able to integrate weapon and they were tested in the, by the way, they are trusting the recent trials. And I think we were the only one stop shop solution for the complete hard kill requirement. And the end user really appreciated what we have offered. It is not like we are getting a ragtag of five, six items and trying to put it together and try to offer, a very, very integrated and very intuitive solution we have given. And again, we are looking at the

vector. So we are also trying to understand the ecosystem of the drones. And in that regard, we have invested in vector techniques. And TISA is another thing that are required. Again, when you look at the robotics, for robotics, we have invested in Bhairav Robotics, which is again a very integral part of the what would I say automated weapon system, the RCWS kind of a system. So these are not verticals, but they are actually very, very accretive in nature to our strategy. So I think these acquisitions, when we are talking about the 6000 Crores, we are adding all whatever solution we are offering, the incremental solutions being offered by these companies are included in that, subsumed in that.

Prithish Urumkar: Noted, sir. And sir, just one thing, this we are talked about a lot on the anti-drone system, soft kill and hard kill, but as we know that this space is also getting crowded. So what is the differentiator for you?

Ashok Atluri: So, one thing is the software, the hardware, everything is indigenous. What we are developing is completely IP owned by us. And we have seen in 23 when tenders were issued that under IDDM, it is very difficult for any other Indian company to qualify. So they are getting it from outside and they are trying to collaborate with partners and try to pass it. So the first thing is that the IP ownership and second is the amount of the coverage that we give. Most of the guys are giving coverage of commercial frequency drones and they were saying, when they say commercial frequency, typically, they are 2.5, 2.4, 5.8, 900 megahertz, etc. They are commercial frequencies in which the DJI all these Chinese drones, third rate Chinese drones fly. So those we are able to actually do those were being stopped earlier by everybody, including Zen. But when the war started, when the actual requirement came, we realized that they will not be flying in commercial frequency. They will be flying in any frequency in between. And that is where when we started doing wideband anti-drone system, we were the only people who qualified in that. During 2023, when this was done, 2024, 2025 was supplied, we were the only guys who were able to do it. So even now if IDDM requirement, the IP requirement is there, there is no way we feel that any company can do it. Because we have done research for three to four years, very, very heavy research in this and it is very important that the IP in this company should be owned by India, we cannot have anybody else owning it because at the time of war, the software may fail. And you know, may means will, Murphy's Law comes into operation in wars. So we have to ensure that these are completely India owned. And, and the third point was that we are doing a complete solution. It was hard kill a lot of people are saying, but where are they getting the remote control weapon station from? Where are they getting the weapons from? So all these are question marks, actually, in that, but we are, as one company, as one group, Zen and their subsidiaries are giving one integrated, comprehensive, non-negotiable solution. So I think that is what is the standing. But again, you are right in the sense there are a lot of claimants at this point in time. And because there is too much of decentralization happening in the armed forces, there may be some orders that the others are picking up. But

in terms of quality and the comprehensiveness of the solution, Zen is way ahead of the competition. Again, we think that if it is IDDM, where the government actually verifies the software, the electronics and the mechanical hardware, they will immediately know that Zen is the only serious player in this segment.

Pritish Urumkar: Thank you sir.

Moderator: We will now move to our next participant, Akshay Patel of AK Investment. Please unmute your microphone sir.

Akshay Patel: Hello sir. Sir, my first question is regarding government procurement. So as you said that government is on the fast track procurement of defense equipment and our anti-drone system is one of them. So why are we not getting orders since the Operation Sindoor and earlier we had talked about Rs.650 Crores of order flow in the first half that is getting delayed. So can we expect this in the second half of FY2026?

Ashok Atluri: Yes, so the thing we are very positive Akshay that these orders will come through again. It is a matter of time and not whether we will get it or not. And, so that was those Rs.650 Crores that we talked about were related to simulators and training equipment. So that has got pushed because of the government's focus on post-Operation Sindoor on operational equipment. And so that will come through, we are very sure. We were actually very sure that it will come by September 30th. But we were very wrong about the slowness with which things would happen. But now, they will definitely come in. So, there is no doubt about that. To your second question, why no orders with respect to even anti-drone systems? So, the thing is, anti-drone system tenders have just been floated. As we speak this is it is almost a week in terms of government time. May this thing happened, they started doing it in June, July, August. Now we are in September, it is the three or four months after the Operation Sindoor. But we think that in the next couple of months, most some of the results will come through and you will probably hear good news. If the government sticks to its own proposed timeline and this emergency procurement, typically even the delivery has to happen within 12 months or so. So I think we are waiting for the evaluations to be over, RFPs to be floated, evaluations to be open, orders to be placed. But they should happen in the next couple of months is what our expectation is.

Akshay Patel: Ok, sir. And sir, my second question is, what is the total addressable market for simulators and anti-drone system, particularly in India? And my follow-up question on that would be when do you expect these segments, both these segments to get stagnant? That is when all the area will be covered by anti-drone systems or all the simulation has been placed. When do we expect this segment to be stagnant and since the growth will be flattish over the how many years?

Ashok Atluri: I think next four to five years, the growth will continue Akshay and two things. One is for simulator market simulators will be required, they will have a typical lifecycle of 10 years. And after 10 years, they need to buy again. So as we grow and keep supplying the simulators, I think the growth will keep happening but those old simulators are required to be refurbished. So there is a recycling of the market that is happening. Second is the anti-drone system. Again, they also have a very limited life cycle of 10 years. But not only that, in addition to having a limited life cycle, they also, the threat is evolving in almost every year. When we started, everybody was saying that we want a soft kill. We do not want hard kill, they would say, where they said we are not worried about hard kill, only soft kill. And we made the soft kill system. And then they said, Listen, we want soft kill but now we also want autonomous, there are autonomous drones, when they ground control to drone, there is a communication link, we break it through jamming, but then the adversary came up with something called autonomous, I will not use the ground control, after it reaches the enemy destination, we will move into GPS, the drone will go through GPS and no ground control will be there, so the jamming will not work. So we had to come up with something called as GPS spoofing, we did the GPS spoofing. And then they then now they are coming up with something called as autonomous just not even GPS, they look at the waypoints, AI vision based drones. So now we have to do nothing but shoot them down. So our systems are evolving. So we think this cat and mouse game will come but they keep they will try to overcome us and we will try to overcome what they overcome so this thing will keep going on and the systems will be required every two to three years upgradation will be required almost like our PC or laptops I think this is going to be a continuous market for us.

Moderator: Thank you sir. We have our next question coming in from Balasubramanian A. of Arihant Capital. Please go ahead with your question.

Balasubramanian A: Good evening, sir. Thank you so much for the opportunity. Sir, my first question, you talked about AI. We are transforming through AI. Beyond using LLMs in simulators, what specific proprietary AI models you are developing for core products like anti-drone systems, especially for threat classifications or loitering munitions, it is like for autonomous targeting. How much of the increased R&D spend in H1 nearly Rs.12.3 Crores allocated specifically to this AI initiatives?

Ashok Atluri: Yes, so AI has become a real obsession within the company. So when we look at AI, there are two types of AI we are talking about. One is within the company, how do you implement AI across processes, where you are buying or when you are trying, procurement, R&D, the operations, aftersales service, the CSB. So all this value chain, how do you apply the process so that things become more faster and the bottlenecks are resolved? So that is the process-based AI that we do. Second that you are alluding to is the product-based AI, where we put AI into the product. And for example, take simulators. One of the better,

when we are looking at simulators, the best way to train somebody in simulators is, one on one is what we would say the best kind of training is. So, we build that one on one training with the AI experts being developed into integrated system. So I think that is that is what we are trying to achieve, we will be able to do one on one expert. So unless the AI is integrated into the product, Once AI is integrated, what happens is, what is the best kind of training? This is a one on one training where an expert coaches a training. So that is the best kind of training. And the second thing is, how do we ensure that so AI is that kind of a coach, if there are 100 people, it will detect what is this guy's weakness, and it will be able to coach the guy as an expert. So similarly, in anti-drone systems also threat classification, everything is being integrated in a large way. So we are actually eating, drinking, breathing air at this point in time, we are at a very, very basic level, the AI is completely integrated. Sorry, Bala, please go ahead with your next question.

Balasubramanian A: Yes, sir. So my second question for that equipment order book nearly Rs.346 Crores, but the major execution is happening in Q3 only. And any further like significant new orders are we are expecting, especially for new anti-drones? And what is our current production capacities?

Ashok Atluri: So we have adequate again remember Bala we do not do most of our production in-house we have a value chain that addresses the production issues. So we have enough bandwidth within the supply chain that to execute the order. So we do not think there is any constraint there. With respect to the order book, yes, I think in H2 we will be executing considerable part of the order book that we have. And we see some more accretions also happening. And whatever accretions are happening, we will try to execute them also. So I think that way H2 will also be, it will not be as good as last year, but it will be muted. The whole year will be muted. But again, we think that 2027-2028 will more than make up for the deficiency in the current year.

Moderator: Thank you, sir. We have our next question coming in from Bhawna Singh of Yes Securities. Please go ahead with your question.

Bhawna Singh: Yes, thank you so much for taking my question. First is I obviously would like to understand the muted macroenvironment that we are sitting on with the product mix that we have. So what is the expectation in terms of, a product mix, kind of an outlook maybe for a mix between simulator and anti-drone system or with the new acquisitions that we have done, is it that we are trying to pivot in terms of a product mix segment? You did mention earlier in the call that Rs.650 Crores simulator order was expected which is obviously pushed to sometimes for the next quarter or so. So one is obviously trying to understand on the product mix for this year that we should look at it probably the guidance that you have

given out for Rs.6000 Crores of a top line say, in the next two years or so. So what would lead the contribution or which product would lead the contribution over there?

Ashok Atluri:

Thanks, Bhawna. So, in terms of product mix, we are looking only between simulators and anti-drone systems and the simulators would be across three services and anti-drone system again Indian and foreign, India and exports, Indian armed forces and friendly allied nations and simulators also similarly domestic and international markets. So what you are saying out of the Rs.6000 Crores, what would be the breakup between simulator and anti-drone systems, I will make a very wild guess, and so I may be off the mark. But typically, we are thinking, we are thinking 40-60, but now we are starting to think maybe it is 50-50 kind of thing. So it is evolving situation, but the pipeline for the anti-drone systems has become very strong post-Operation Sindoor and I think that is going to lead the demand for the product that we have. With respect to, are we going to pivot to something else because of the acquisitions or not? They are very, very, focused acquisitions. And very frankly, first 25 years of our existence, you are just focused on one line that was your training simulator for the Army, not even for the Navy or Air Force. We were just doing that. Now, after that, we added the second line, which was you know, anti-drone systems. And again, that has been eight years and we are not really, we are trying to consolidate. So what we feel is that whenever you are, if you are in a field in which you have some lead and some kind of a leadership position and there is a lot of markets still left untapped. Do not try to make yourself spread over many avenues. So we really want to go deep into these things, simulation and anti-drone systems and we do not want to pivot unless there is a very, very good acquisition that has deep capabilities and can help us have a leadership plan to become a global number one or number two in the next three to five years. We do not want to really pivot. So the short answer is that we will go deeper into what we have because these markets have a lot of potential. Somebody was asking the, addressable market, again, we think a couple of billion dollars in both the cases, at the minimum markets are there, and we want to exploit those markets rather than spread, go across something else.

Bhawna Singh:

So just to follow up on that, obviously as you mentioned, but if you probably can give a little bit overview on what is the mix that you are probably looking to have even on the geographic side of it, be domestic or exports. Earlier on the call, I think sometime last quarter, you did mention that H2 probably will pivot more towards export oriented segments. So just like to probably understand on how you are placed for the year in terms of the order pipeline and for the next year on that front.

Ashok Atluri:

So, again, in terms of geographic focus, we have, Africa is one region that we really focus on, we are looking at Middle East, we are looking at CIS countries and now with our acquisition of ARI, they have a very strong presence in Southeast Asia, we are leveraging their connections there and they have office in Singapore. So we are trying to leverage that

to actually get entry into those markets. So we think that, again, the efforts, H2 in the efforts are being accelerated. And we do hope that between H2 and H1 of next year, there will be very, very some very nice pleasant surprises in exports market and we will get a lot of revenues in that regard. So again, we think simulator is our big part of the exports demand that we are getting, but also anti-drone systems, we see a lot of inquiries coming. So again, this will be a mix of both the anti-drone systems and simulators, which will be leading our efforts into exports. Thank you.

Moderator: We have our next question coming in from Rupesh Tatiya of Long Equity Partners. Please go ahead with your question.

Rupesh Tatiya: Yes, hello sir, am I audible?

Moderator: Yes sir.

Rupesh Tatiya: Yes. Thank you for the opportunity. Just following up on the previous participant's question. So you said 50-50, Rs.6000 Crores order book, rough guess is 50-50, but is it fair to say that the competitive landscape in simulator is very favorable, but the competitive landscape in counter-drone system may worsen? So the margin profile will be significantly different? Any qualitative or quantitative comment if you can provide around the margins of the two segments?

Ashok Atluri: Again, I think just to explain to you, you know the value cap, where does the value capture come, where do the margins come from is deep R&D. If you are actually done a tremendous amount of R&D in a product, and you are able to offer features, and you are able to give them at a price which is the best in the world though to the customer I think customer is willing to pay so what we are saying is these margins that we have are in competition with the similar kind of system that are being done and now how much they have spent R&D typically their cost of actually achieving this system is much, much higher than what we are able to gain, and we operate very efficiently, R&D is very efficient, our productions are very efficient. So all these also add up to the savings that are there, which are not possible with two other companies. And for example, we know one very large company that has got about six vendors together to offer an offering that we were given. Again, it is a broken system that they are offering. But the fact is, everybody is adding their margins and finally, by the time they come and actually compete with us, they will not be able to become cost competitive to us. And, even if they are trying to match us, they would not have any margins. So these margins are because we have created deep R&D and in-house R&D. So I think that is why we are able to think and so to your question, the answer is that these margins are sustainable, at least in the next couple of years, we do not see any threat of margins being compromised. But again I will let the market speak in the next two

and three years and let us see how, how again, again, you are right in the sense that if they become very aggressive, we will also become very aggressive and try to compete with them. But as of now, we see no threat to the margins that we are having.

Rupesh Tatiya: Okay and sir counter drone system tailwinds, I think I understand and most of us understand based on what is happening around the world. But what, what is the, what are like two, three things that are driving this big order inflow in the simulator segment? Because I do not think we have ever seen such large quantum of orders in simulators. So what is driving this?

Ashok Atluri: So Rupesh, what has changed is this, five years back, the wars were not happening at all. I mean, there were no wars, people were not, before Armenia, Azerbaijan, nobody was even thinking about war, somebody said, what happens with war, they did not want to prepare for war. And then you know, Armenia, Azerbaijan happened, then Russia, Ukraine happened. Now, everybody is wishing to go for a war, right was saying that 17 or 18 skirmishes or wars, battles going on in the world. And who would have imagined Thailand and Cambodia fighting? So, the thing is, now war is no longer looking like a distant fantasy, but it is knocking right at the door of every nation. And for that, they need to prepare, they need to be really trained efficiently in a shorter time and in a continuous manner. So preparation for war is no longer an option, but an absolute necessity for every nation at this point in time. So this shift of, wars happening, potential threats, somebody coming and attacking them is very real. And that is why we see the simulator, the tailwinds in the case, as you said, for anti-drone systems, they are also there for training and similar simulation equipment.

Moderator: Thank you, sir. We have our next question coming in from Dipen Vakil of Phillip Capital. Please go ahead with your question.

Dipen Vakil: Hi sir, challenging times but EBITDA margin resilience has been something which is positive. Sir my first question is, in this quarter out of Rs.94 Crores worth of new order wins, almost Rs.90 Crores have been from your subsidiaries. So can you tell us about which subsidiaries are contributing to such order wins and the kind of execution that we can expect from subsidiaries also going forward and the kind of split that is there in the order book right now. So Rs.675 Crores between say equipment, AMC and subsidiaries.

Ashok Atluri: Yes, I will let Afzal handle it.

Afzal Malkani: So if you say, Dipen, so total order book position is on a consolidated basis, it is under Rs.675 Crores, out of which Rs.375 Crores is equipment and remaining is for the AMC. Out of this Rs.675 Crores order book Rs.484 is Zen, UTS is around Rs.98 Crores, ARIPL is

around Rs.92 Crores and Vector is around Rs.1 Crores. So total subsidiaries is Rs.190 Crores.

Dipen Vakil: Got it sir. So also recently there was some news flow around so basically an RFP for something like your Prahastha product so any progress or any RFP that has come out for your product on that front?

Ashok Atluri: Yes we have some RFPs that have come up again, for various reasons, we cannot really get into that. But they are largely anti-drone systems tenders have come out and they are actually kind of, going to increase in size and the size are pretty big. But again, not now, but in 27, I think the size of the orders are going to be very, very big. And we expect that the demand, especially in the anti-drone segment is going to be huge. But again, simulators also, they are going to be huge. To your question, yes, there are some new tenders that have come up.

Moderator: Thank you sir. We will take our next question from Akshay Jogani of Xponent Tribe. Please go ahead with your question.

Akshay Jogani: Thank you for the opportunity. I have a few questions on the drone side. Sir, a few days ago you gave a press release of getting a contract for a hard kill system. Can you just give some color on what exactly in terms of, is it a full system and what are the specs of that particular hard kill system that we are supplying?

Ashok Atluri: So, I will not go much into details. But typically the system consists of detector, jammer, radar, electronic optic, which is the camera, and then a hard kill weapon, that is a remote control weapon station, and the actual weapon which is required. So all this put together make up the system and we are able to supply we were able to win the thing again, this was a typically single vendor situation, resulting single, nobody else could even come up with the offer to the government. So this is what the configuration was.

Akshay Jogani: Sure. So this is one system or multiple systems?

Ashok Atluri: Please come again.

Akshay Jogani: So this was one system like this is connected to one L70 gun or is it like multiple?

Ashok Atluri: It was not L70, it was some other weapon.

Akshay Jogani: But one, this is a one system.

- Ashok Atluri:** Yes, I am not sure about it. Maybe it must be two systems or something like that. Not sure about the quantity.
- Akshay Jogani:** Sure. The reason I am asking is I sort of want to kind of extrapolate to get a sense of kind of how, because we have a bunch of air defense guns, right? And we, the conversations are to kind of retrofit these systems to the air defense guns as a hard kill system, right? So the objective of kind of asking this is, if we have 1000 guns that you have to attach this one to multiple is sort of what?
- Ashok Atluri:** Yes, so again we have already integrated our system with the L70. It has been proven so it has been, it actually on trials to shoot down or shot down and been used at many places. So the ability to integrate with air defense guns is proven in the case of Zen simulators. Do you know to for you to say, listen, these many guns are there. So if all get integrated, what is the size of the market pertaining for a two air defense gun, then simulator, then anti-drone systems, I think it is a little difficult exercise to do. So we will, but one thing we know is that we are, we know, L70 Zen is the only company that has the mainstay of air defense, Zen is the only company that is integrated and demonstrated to the armed forces.
- Moderator:** Thank you, sir. We will take our next question from Harshit Kapadia of Elara Capital. Please unmute your microphone.
- Harshit Kapadia:** Yes, hi, am I audible? And I know it is a tough time, sir, but margins remains to be healthy and we think the order book should see some ramp up going forward. In relation to that, just wanted to check with you, sir, we were expecting the simulator order for Rs.600 Crores to Rs. 650 odd Crores. Now, considering what you understand, do you think what will happen in Q3 or Q4? What could be your best guess? Or could there be a slippage going to FY2027?
- Ashok Atluri:** No, sir I think the orders will definitely come in H2, we are very confident about that. And so there were not only these orders, there are some other orders that have to come through. And we see that the government is now, again, because of this emergency procurement push, we are not able to really commit by when they will get the order. But we think it will be sooner than later. But given the experience of H2, our confidence level, we are kind of a little reticent to actually give it with so much of confidence. But I think orders are on track and we should be getting them, sooner than later, probably, but definitely naturally, there is no question of it spilling out to 2027.
- Harshit Kapadia:** Great, so great to know this. Secondly, sir, you mentioned about emergency procurement, any clarity by when do you expect the emergency procurement orders or any announcement

to happen or has it also started? Secondly, what could be the size of order that Zen could get within the emergency procurement? Any tentative idea would be of great help.

Ashok Atluri: So, one thing is each size, each order should be less than Rs.300 Crores because this emergency procurement, the size is typically limited to less than Rs.300 Crores and especially if it is within the, IFS power, which is the vice chief in this case. And the second one is with respect to when the orders will be concluded, I think they have to be concluded before March of 2026, unless there is extension given to the EP. But it may happen even earlier in some of the cases but not later than March 2026.

Moderator: Thank you so much, sir. Our next question is coming in from Shrenik Mehta of Indoalps Wealth. Please go ahead with your question.

Shrenik Mehta: Hi, you can hear me?

Moderator: Yes.

Shrenik Mehta: So my question was about the ADS orders that you received and also some media reports which were showing that a large part of these orders are going more to the defense companies like BEL and DRDO compared to the private companies like Zen. So we get orders probably for faster deployment areas. And the BEL and the DRDOs are probably getting orders for the bigger deployments which are not very time critical. Do you have some comments which reflect on what is really happening here?

Ashok Atluri: So, anti-drone systems, I think we are in a very good position. Any end user who is very serious about protecting the border or whatever it is, if they really dig deep, there is only one company that can actually deliver a very serious system that is Zen Technologies. And with respect to DRDO, typically the orders are placed on BEL, because DRDO is the R&D organization, very rarely orders are placed on DRDO, except for maybe trial or something. But BEL would be the when they get it, I do not think they are getting anything in this area, but they are getting a lot of other orders. But again, one of the benefits of being, public sector is that you can place you get direct orders from the government. So that is a plus point that they have, which we do not have because even though under IDDM, we get single vendor benefits but most of the time we will never be nominated so yes but an anti-drone systems again I think we are by far the best solution available in India and most of the other places and so that is the answer. Please go ahead with your next question.

Shrenik Mehta: So we are looking little worried about the scale up to Rs.6000 Crores in three years' time. This will really mean that from something like Rs.100 Crores order in a quarter, we will have to scale next year to maybe Rs.500 Crores in a quarter and then going forward to

Rs.750 Crores in a quarter. So that kind of scale up looks very difficult if you look at what is happening in the last 3-4 quarters. Is it more like a hope that we will get to the Rs.6000 Crores by FY2028 cumulatively or is it you feel that there is a very strong reality that it could happen?

Ashok Atluri:

So the two things Shrenik, one is the will we get the order book, will the order book scale up to that? And second is your will you be able to execute the orders? So I think the first is given the pipeline that we have with the order pipeline is very, very strong, and we should be able to get it. Second is as we speak, we are scaling ourselves to execute these large orders, whether you are saying exactly, it is Rs.500 Crores and Rs. 750 Crores per quarter, that is a very, very strong order. And given the fact that we have done Rs.250 Crores – Rs. 300 Crores, let us not take this as an exception, but we have done Rs.250 Crores - Rs.300 Crores, will we be able to scale to Rs.500 Crores? I think that is easy. 750 would require some changes, but we are hopeful that we will be able to achieve that.

Moderator:

Thank you so much sir. We will take our last question for the day from Abhijeet Singh of Systematix. Please go ahead with your question.

Abhijeet Singh:

So my question is, like in drones, we have capabilities that we can define in terms of altitude, endurance, payload, etc. Similarly, in terms of counter drones, is there any objective capability that we can define in general to understand the competitive landscape that we are operating in, both in the domestic market as well as exports. So right now, what I understand is that we are working on solutions which will counter the capabilities of our main adversary. But like going forward, if we talk about the global landscape, what are the capabilities that we are looking at, adding to our portfolio to be able to compete.

Ashok Atluri:

In the anti-drone segment, Abhijeet, we look at, distance and how far can you detect it and how can you disable the incoming drones? And what are the different ways you can do? Can you do, jamming? Can you do spoofing? Can you do actually hard kill? Can you shoot them down? So these are the different characteristics that that are there. And then there also what kind of frequency ranges you can do. So initially, it was just commercial drones, then it became from, 400 to 6 gigahertz. But now when I went to the DSEI, we know that our adversaries are procuring drones in the, 100 megahertz, 200 megahertz categories. So those drones are not detectable by the previous anti drone systems. So how do we make our anti-drone systems that are capable of detecting drones from 100 megahertz all the way to 12 gigahertz, that is the kind of, drones that were being purchased by our adversaries. So these are the capabilities that we be able to jam them and bring them down. So those are number one, that is the thing that we are looking at. Globally, when we are looking at what we think is that the game is changing now in the sense that the detection capabilities will be vastly different at some point in time. For example, we are talking about incoming drone at a

height of 10,000 or 20,000 feet. But what happens if a mothership, which is very large and flies at 45,000 to 50,000 feet, it comes just above us and then leaves a lot of drones down. So how do we handle those kind of drones? So these kind of threats are emerging. And companies like Zen are really, really preoccupied with how to solve these issues. And that is one of the reasons I am saying that, if you as a country, you will have to buy it from Indian companies, because that is the only way that you will be able to upgrade when the problem peaks. If you were to buy something from a foreign company, and you go to them and say, listen, this is not working, the new threat has emerged, will you upgrade me? They are saying, sorry, you have to buy a new system, or they will just refuse to upgrade if there is a war going on. So this is a capability that the Indian government should really, really focus on trying to get it solved with indigenous technologies.

Abhijeet Singh:

Right, sir. Sir just a last question. So in line with the first question, are we looking to partner with some global company or a technology provider in order to scale up to these higher frequencies and adding up more capabilities? So is there a plan in that sense or the plan is to do a significant amount of R&D and IP in-house?

Ashok Atluri:

So the thing is, Abhijeet that these capabilities are already there what I am talking about the drones of 100 to 12 gigahertz all these capabilities are already, there which most of the companies in the world do not have. So when we are looking to if you were to partner with somebody what are we going to partner for? We do not need the technology and not only that, as we speak now, we are working on more futuristic technologies, which other people may not even be wondering that this is a threat which should be coming up in the future. So, we are working already in those technologies. But to be very frank, if India needs us to partner with somebody because that technology is not available with zen, we would be open to it but we are looking for such an opportunity where the technology that we do not have somebody else has and we can partner with them. But as of now, again, we are way ahead of the game and we are still investing in more futuristic R&D. And, let's hope that, we as India are able to export this to our friendly nations. But again, to your question, if there is some capability that Zen does not have and the country needs, we will be willing to partner with a technology partner to deliver the solution to them. Again, we would like to indigenize that solution rather than being their manufacturing coolie and keep manufacturing for them. We would definitely learn to partner with them because Zen is very strong technically and if some technology partner comes we would do R&D with them to create the next version of their product, which would be much much stronger than what they were to do by themselves. So I think yes we are open to technical partnership as long as it is a technological partnership not a relationship of master-slave kind of a thing where they throw the technology at us and ask us to manufacture. We do not do that thing but definitely we will collaborate on doing R&D together.

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

Ashok Atluri: Thank you, friends. Thanks for being patient and asking questions. I really appreciate shareholders who continue to be with Zen, thick and thin. And we think that the big picture is playing out now, the version two of the growth, the way dot-com bust happened, and then the actual companies came up. The version two of the defense thing is coming up and which are the companies that will really flourish are the companies that have the in-house R&D, not just the partnering and doing a jugaadu job for each tender, but actually having a long-term strategy to develop some deep capabilities in some verticals, which is what Zen is doing and I think we will be big beneficiaries of the government's focus on IDDM, indigenous IP, and we will also be significantly addressing friendly nations from India and do a good job of exports, both in simulators and anti-drone systems. 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 now click the Leave icon to exit the meeting. Thank you all for your participation.