

August 01, 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 July 28, 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, July 28, 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
Q1 FY2026 Earnings Conference Call”**

July 28, 2025

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



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Moderator: Good morning ladies and gentlemen and thank you for joining this Q1 FY2026 earnings conference call of Zen Technologies Limited. The results and investor presentation have been uploaded on the stock exchange. To take you through the results of this quarter and answer your questions, we have with us today Mr. Ashok Atluri, Chairman and Managing Director, Mr. Afzal Malkani, Chief Financial Officer and Mr. Abhilasha Atluri, Investor Relations Officer. We will be starting the call with a brief overview of the performance which will be followed by the Q&A session. 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 risks and uncertainty that the company faces. With that said, I will hand over the call to Mr. Ashok Atluri for the opening remarks.

Ashok Atluri: Good morning, fellow investors and friends. Just to come to brass tacks, this quarter has been kind of disappointing even for us. And we expected a little better than what we had done. And around I think 60 Crores or so because of some design changes asked by our end user, because of the evolving reality of war, we had to accommodate these changes in specifications and our execution has spilled over for that particular product into Q2. So we expect that it will be reflected in the Q2 but overall our feeling is that the government is very serious. And again while Operation Sindoor has hastened some purchases, the regular purchases like simulators, they took a little backstage kind of thing but again, we do feel that the simulator that we said by H1 we should have another 650 Crores, we still feel that orders will come through by end of September but the reality is that the regular procurements were kind of a little slowed down because of the new emergency procurement happening after post Operation Sindoor. And one bright spot in the whole thing, if we can say that the subsidiary ARI has been performing well. And we feel that this year, they will ask almost 170 Crores of top line to our turnover that will be 100% subsidiary by the end of the year. Now we hold 76%, but it is transitioning. And the UTS will again at least add 80 Crores even if we were to take out our cross transactions. So another expectation was EBITDA and PAT were in line with our expectations and what we had indicated to the customers but this is the overall picture. And I will request Afzal to run through the financials. And then I will continue from there. Afzal can you take over, please?

Afzal Malkani: Good morning everyone. As our CMD, Mr. Ashok Atluri has mentioned that in Q1 FY2026 results reflects a temporary execution timing adjustments with the quarter subdued revenue and profitability largely attributable to the deferred loss of significant amount worth of equipment segment to Q2 FY2026. Despite this softness, the consolidated performance was supported by the strong contributions from our subsidiaries UTS and ARIPL. And now coming on to the results, let's begin with a quick update on standalone performance for the

Q1 FY2026. Our revenue from operation was Rs.111 Crores compared to Rs.253 Crores in Q1 FY2025. The degrowth in percentage terms is around 55%. Our operational EBITDA for the Q1 FY2026 decreased to Rs.38.05 Crores compared to Rs.103.20 Crores in Q1 FY2025. Though our total EBITDA is more than 40%, but operational EBITDA is reduced to 34.26% compared to 40.64% in Q1 FY2025. Our profit after tax has decreased to Rs. 37.12 Crores compared to Rs.74 Crores in the same period last year and profit after tax in percentage terms is still 33.44% compared to 29.20% in Q1 FY2025. So here there is an increase of around 4%. Out of our total revenues of 111 Crores, 101 Crores were contributed by the sale of equipment, while Rs.9.78 Crores came from our AMC business. Now coming on to the consolidated performance, our consolidated performance is much better than standalone performance. So our revenue from operation was Rs.158 Crores compared to Rs.254 Crores in Q1 FY2025. The degrowth in percentage terms is 38%. Our operational EBITDA for the Q1 FY2026 decreased to Rs.64.70 Crores compared to Rs.111.35 Crores in Q1 FY2025. In percentage terms, operational EBITDA is 40.90% it is above our benchmark of 35%, compared to 43% in Q1 FY2025. Our consolidated profit after tax has decreased to Rs.47.75 Crores compared to 76.81 Crores in the same period last year. Profit after tax in percentage terms is 30% compared to 30% in Q1 FY2025, the same. With that we conclude our opening remarks and we would now like to open the floor for question and answer.

Moderator: Thank you very much Sir. Ladies and gentlemen, we will now begin the question and answer session. The first question is from Jai Chauhan from Trinetra Asset Management. Please go ahead.

Jai Chauhan: Good morning and thank you for the opportunity. So I just have one question. Given Zen's dominant position in anti-drone systems with ITDM qualification and successful field testing during Operation Sindoor, like how do you see the competitive mode evolving as more players enter this space? And what specific technological differentiators will maintain, Zen's leadership in the next three to five years.

Ashok Atluri: In 2023, there were open tenders, IDDM category from Indian Air Force and other tender from Indian Army. And in both the cases, we were the resultant single vendor. And again, at that point in time, there was no other player who was able to demonstrate what the Government of India needed in terms of wideband requirement. Now, typically most of the anti-drone systems that have been developed in the country, they are meant to handle commercial frequencies and not non-commercial frequencies. What Zen had done much earlier, they had lot of R&D investment in anti-drone systems to expand the scope to be band independent. It does not matter which band whether commercial or military or any other band. We should be able to detect and jam it. That was a mandate that we had given.



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Because as Zen Technology always said that it is not just winning RFPs, but winning wars for the country is important. And fortunately, at that point, they did go for a wide band because most of the customers were going only for commercial band. The Indian Armed Forces did go for wide band and they bought it. So what we see is even recently, very recently, couple of months back, there was a demonstration of this indigenous system. And we did not come across any company that has indigenously designed and developed wideband. So they are trying to cheat in terms of wideband. One of the guy was saying that listen, we are doing wideband. What do you mean by wideband? And they said, in the wideband, we do 902.4 and 5.8 gigahertz. In the wideband, you have to do anything from 100 megahertz to 6 gigahertz or 8 gigahertz or whatever the condition. So they are trying to play around with the word wideband. Wideband means anything. And to the best of my knowledge, none of these companies have that. So we still stand a good chance if they really go for the product with what is actually being used and will be used in future. We stand a good chance. There are a lot of people who are coming and saying, even the last time the RFP was called, there were 12 people who came for the pre-bid, but only two came to the actual trial. So a lot of claimants were there even then in 2023 and 2025, they have still increased but we will have to see who will actually come to the trial getting the equipment. Because Government of India is very, very serious. If somebody gets foreign technology or some pretended technology and tries to sneakily qualify it as indigenous, the government will really, really go after them. And in 2023 also during the pre-meeting lot of people asked, how are you going to verify that the technology is IDDM, indigenously designed, developed, and manufactured? So the officers there were very, very clear. Listen, we are going to go through your software code. And you have to explain each major blocks in that. We may dig deep wherever we want. Then you compile in front of us the whole software. And then you will run the anti-drone system in front of us. And the electronic, all the PCBs, designs, the Gerber files, everything will be taken. And we also want a GitHub, the version control system that you have in place. When was it started? What are the different versions? Similarly for mechanical engineering, CAD drawings, exploded solid works, used simulations, which we have done. So I think with all these strict checks in place, Zen has a very, very good chance of getting substantial anti-drone system orders. So I think, yes that is the confidence we have but only as things open up, we expect the tenders to come up pretty soon. And we will see who are the participants but again, they have to physically demonstrated and proved that it is indigenously designed, developed, and manufactured. I hope I have answered your question, Jai.

Jai Chauhan:

Yes Sir understood. And Sir, the core competency that you mentioned, is this product patented?

Ashok Atluri: So what we do is in terms of patent, there are the technologies that can be easily copied and done. We look at the product and we say listen, this can be easily patent, this can be easily copied, you get an intuitive idea about it, those kind of IP is typically patented by us but when the IP is extremely cutting edge, like where the algorithms are very, very hard for complex we do not patent that because we do not want any foreign country to copy that and create that product so yes some parts are patented but some parts are not patented due to the sensitivity in them but as you said yes it is patented.

Moderator: Thank you. Our next question is from C.A. Garvit Goyal of Seven Islands PMS. Please go ahead.

Garvit Goyal: Hi good morning Sir. First question is on the execution side. Like you mentioned, some of our contracts are deferring to Q2. So I want to understand here, like when you are writing in the PPT, like this year is going to be a muted year. So what does that mean? Like, is it in line with FY2025?

Ashok Atluri: Very frankly, that will all depend on the order book that we have by end of Q2. And we are not able to put a real figure onto this, whether it will be as much as or little less or a little more. We are not able to put a figure on that but again, as I have been saying on many occasions, that our confidence of the overall revenue for the next three years, including this year, FY2026, 2027, 2028, we still feel very confident that we can achieve the 6000 plus Crores target but to your question we are not able to give the exact figure for this year at this point in time.

Garvit Goyal: Okay and you mentioned in the PPT, like we are expecting a significant orders in next couple of months. So what is the execution timeline for the existing order book and along with the orders that we are looking to get?

Ashok Atluri: So whatever orders that we are planning to get by Q2, our intention is to execute it within the same year. So that is what the preparation is going on. And again because of the internal policy of the company, we do not buy the raw material in advance till we get the order, especially government orders. And even though it has never happened, but we have seen companies going down, where preemptively bought raw material in anticipation of orders because the order never came through and these companies went bankrupt. So, we are being cautious in the sense, but everything non-related to actual procurement, getting the drawings ready, every discussion with our vendors, making them ready for taking the orders from us, all that work is being done. And so, our anticipation is if these orders come, how much of it can be executed in the next two quarters, Q3 and Q4? Our ambition would be to execute all of it, but I think some of it will get into the Q1 of the next year.



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- Garvit Goyal:** Understood. And just a follow up on your reply, you mentioned about raw material procurement. Are you facing any challenges in the terms of uses of any rare earth metals, which is currently restricted by China?
- Ashok Atluri:** We do not have any such problem in our products till now. And our raw materials are clear as of now. So the Chinese banning has not impacted us. I think most of our products are electronic-based, and China-dependent is almost zero so we will not be having any impact on that, except our subsidiary Vector Technics, I think they may be having some impact on there because of the magnets that you were talking about but they are also working on creating alternate sources at this point in time. But for Zen's order book or order execution, it should not pose any problem.
- Garvit Goyal:** Understood Sir. I will join back the queue Sir. Thank you very much and all the best for the future.
- Moderator:** Thank you. Our next question is from Dipen Vakil of Philip Capital. Please go ahead.
- Dipen Vakil:** Hi thank you for the opportunity. Sir my first question is in your presentation you mentioned that out of 750 Crores, 600 Crores is from your core business which we believe consists of simulators and ADS. So can you give us a breakup as to how much of it is simulator ADS and amongst the rest of 150 Crores what would be the breakup?
- Ashok Atluri:** Sorry, this is the order that we are expecting in the Q2 you are talking about?
- Dipen Vakil:** No it is your current order book.
- Ashok Atluri:** If you take out the AMC out of that, that is about 200 and some Crores, the actual anti-drone systems is 64. And the training simulation is about 282, 282 Crores is training simulators and anti-drone system about 64.
- Dipen Vakil:** Got it. Sir now I wanted to understand a little bit more on your order wins. So you are expecting 650 Crores of order wins in next two months. So are those on the advanced stages of negotiation and or there is a bigger pipeline which is at play and from which you are expecting 60 Crores because this also excludes the emergency procurement as per your opening remarks, so I wanted to understand a little bit more on to the ordering. So which segment are these purely from simulators or even the anti-drone system as a part of that?
- Ashok Atluri:** So this is purely simulators. I will tell you where we are with it. We are the last man standing as of now so the likelihood of order is coming is almost certain. We do not think there is anything in that. It is only when will they actually sign and give the order to us. So



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there is no other competitor in this at this point in time. So we expect that the order will come through but again, as I said earlier, because of the emergency procurement, this was little slowed down or probably by now we would have got it, but otherwise to your question to the all simulator related and we are already the only person who was qualified. And so our expectation is that we will get the order for sure.

Dipen Vakil: Got it Sir and just a small follow up on the previous participant's question, what could be the lead time for you from the time you win the order to commencing on the deliveries? Because since you mentioned that you will be executing most of the products in the same year itself, I just wanted to understand the lead time from winning the order to execution.

Ashok Atluri: Typically the lead time is around four months for simulators, but anti-drone system it is little larger, it can go up to six months or a little more than that because of the electronic and certain components that need to be ordered. But otherwise, yes the maximum lead time for any raw material is typically four months for simulators and six months for anti-drone systems.

Dipen Vakil: Got it Sir. Thank you so much for answering my question and all the best for your 6000 Crores target.

Moderator: Thank you. Our next question is from Akshay Patel from AK Investments. Please go ahead.

Akshay Patel: Thanks for the opportunity Sir. Sir, my first question is that despite the fact that we are the single vendor for government of India, and currently for the past one year, we have not got significant order inflow. So what might be the reason for the same?

Ashok Atluri: One thing is that the simulators are in the process. They are being processed. And actually orders have been very, very slow. They have been reduced to a trickle. We think that the cycle has slowed down a bit. I think inclusion says that and even the facts say that, that these were orders that we should have probably got a little earlier. And again, as I said that, government has some emergency things to do. So the regular procurement is a little on the slow track but again, this should have happened much earlier to even Operation Sindoor. And we should have had a very good order book position and the execution should have started by now. But again, in the case of anti-drone systems, we understand that it is a very, very evolving field. And as we speak, government is making changes to the specs, because now they have been proven in war and the kind of threats they actually happen and the ability of the country to have this technology in house, because everything that is happening is evolving. Earlier, we used to think soft kill is enough, because all the drones are controlled from ground to the drone, there is always a control going on. And then we did the soft jamming where you can block the frequencies by using jammers but then the drone

guys came up with another thing called autonomous drone that could go just by the GPS. They do not need any ground control. They would be pre-programmed with the destination, and they could go. And then we came up with spoofers, where we can spoof when the drone is in India. We can spoof that it is in some other country, maybe in China or something like that and it would get lost. And then to come out of the spoofing, they came up with AI-based technology, like vision-based technology with waypoints, etc. And now we are actually saying that to ensure that the waypoint is eliminated, we have to use hard kill techniques, like shooting it down, using various weapon systems, etc. So this cat and mouse is going up, that is why it is very essential that when the government buys this product, they buy from an Indian IP ownership company because in any upgrade of this software level, and all that can be done very, very fast if it is indigenously designed and developed. Just imagine if you buy it from a foreign country, they are going to ask for an arm and leg. For all you know, they will say, listen, I cannot upgrade your product. So what do you do? You go and buy new products but in India, I think we have a very open architecture where these evolving threats are accommodated very easily. And they are upgraded. Even if it is a hardware upgrade, we are talking to them at a reasonable price, we upgrade them. So that is why I think this is very essential that the country goes on the same path as the IDDM procurement. Because of these changes that were happening, they are still finalizing, I think, but thanks to Operation Sindoor the actual threat is now crystallized, the specs are finalized. And when they come out with this, I think significant orders will come in for even anti-drone systems.

Akshay Patel:

Thanks for the elaborate answer. Can you assume that there is no scarcity of the demand, but just order has been delayed by some time because of some geopolitical issues? And if your answer is yes, then can we assume that after this first half, order inflow will pick up. And for the next year, we will have good amount of inflow and also you we have previously talked that from FY2027 we will also receive some on order inflow from US as well because we have set up in US as well so can you put some light on this.

Ashok Atluri:

So your first question was yes, I think H2 will have significant order inflow. There is no doubt about that. And we expect the order inflow considerably for anti-drone systems in addition to simulators. And we hope that we win as many as possible out of that. With respect to the USA thing, I think in USA very interesting developments are happening as we speak. As you know, we acquired this company called ARI. They have a full fledged setup of network of dealers in America, in South America and other countries. So we are interacting with them in fact, they also have in Japan, Far East also, they are pretty strong. So we are talking with their vendors who are actually already engaged with the armed forces there to push our products from US and even from India. So we expect that by



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FY2027, there will be significant orders coming in and we will be able to supply to not only to US but South America also through the US contact.

Moderator: Mr. Patel may we request you to return to the queue. There are several participants waiting for their turn. We now move to our next question that is from Darshil Jhaveri from Crown Capital. Please go ahead.

Darshil Jhaveri: Good morning Sir. Hi Sir so a lot of my questions are nearly answered. So I just wanted to know like in terms of order flow, so you are already in negotiations and those parts are delayed, but what about the emergency procurement? Is there a sizable opportunity available there also? And what would be the timeline for us out there, Sir?

Ashok Atluri: They government issues the RFP under REP; typically they will have to finish the procurement by March. Even though there have been cases where they have extended it to June and September. But typically the mandate is that please complete the placing of the orders by before March. And most of the time it so happened that they are able to complete the order placement in sometimes even in Q3. They issue the thing and within 45 days they try to complete it. There have been cases like that. So our confidence is that all the orders will be concluded before March end and whatever orders then they should be placed by then. Did you ask any other question other than this?

Darshil Jhaveri: No, one more question I have is regarding our export opportunity, like I think last day was very good for our export and this year we have 100 Crores I think our order book for export. So, I understand Indian Government has been a bit slow, but what about other places? Because I think drones right now are in thing where every country wants them, right? And it is a big threat also to every country. So how are we placed in being able to get a newer market in export? Are there any plans? Can you just elaborate a bit more on the export opportunity and what is our role in that?

Ashok Atluri: We have been getting a lot of inquiries and a lot of visits in the past few months and especially after Operation Sindoor, the Government of India has been doing a considerable job and we are getting inquiries for anti-drone systems also. And we think that H2, the second half we should be getting some orders in export, but FY2027 will be a significant year in terms of exports. So yes, exports will start coming in H2 is what our feeling is. And they will be in both for simulators and for anti-drone systems. But a big year for us will be FY 2027 for in terms of exports.

Darshil Jhaveri: Sir could we quantify which all countries are there? Is there some qualification required or we have this qualifications like in general in pharma USFD or something like that like we



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have for any country that we are qualified to be able to provide to these and what all countries are we targeting to exports to Sir.

Ashok Atluri:

I will broadly speak in terms of regions. We talk about Africa. We talk about Middle East and we talk about CIS countries and we also now looking at Southeast Asia. So these are the major regions. For obvious reasons, some countries do not like being named if the negotiation is going on or something like that. Again, there is secrecy involved in that in the sense that if they know that we are buying simulators for this product, they will know we have this equipment. And if they know that we have this equipment, they will also be able to assess that this is the strength of our equipment. Even though most of the times Wikipedia gives a good rate, but they expect us not to reveal it. So we honour that. So we never name the countries. We think that in these four regions significant order will be coming. Of course, the US and the South America market and the NATO countries will be something that next year we expect some orders to come through in that region also.

Moderator:

Thank you. Our next question is from Amit Dixit of Goldman Sachs. Please go ahead.

Amit Dixit:

Good morning and thanks for the opportunity. A couple of questions from my side. The first one is that recently defense secretary has been on air mentioning that simulators are the way forward for expediting the procurement of defense equipment and part of reforms in DAP. Are we seeing some traction from the government, some feelers? I know these are early days, but still, are there some feelers that in long term, say there would be an enhanced use of simulators in various platforms, including air and navy? That is my first question.

Ashok Atluri:

I think there is no doubt about that. If you go little earlier in 2021 September, in the government website, the government issued a framework for simulation policy. So in the simulation framework, they very clearly said, you have to start moving all the training and if simulated equipment can be done, then we should simulate the equipment and go ahead faster with the procurement cycle. So I think there is no doubt about that. And we have seen that growth in fact from 2021 if you see 2022, 2023, 2024, 2025, we have really, really grown 60, 160, 430 to 930 Crores. So the growth has been significant for us. And we expect this thing to continue, again as I keep cautioning our investors, that the quarter and quarter growth and even sometime year on year may not happen. But overall, the trajectory is set that the government is going to increase more and more. And I personally think maybe we have done 7-8% of the simulation market till now. There is another 92-93% that still needs to be bought in terms of simulator. So there is a long game still there for both the anti-drone and simulators. And of course, in anti-drone system, you are asking for simulators. I think there is a huge market pending to be tapped there.

Amit Dixit:

So the second question is on the recent acquisition that we have done for the company in UAVs and loitering munitions. Now while it dovetails nicely or complements our existing offering in ADS, but what is the use case over there? I mean what kind of UAVs, loitering munition market we are trying to enter and how much time it will take us to commercialize that particular product. And if you can highlight some of the products that we are actively looking at in this particular domain. Again, just to go back in a little in time, we looked at the field in 2018. We wanted to get into drones but we saw there were so many players there. And we thought, listen, I think this is a winner's curse. Even if you win, you will never make money in drones. And we moved to anti-drone systems. And there again, nobody was working on that. As we say, sometimes silence is the signal. So we went into that and that paid off well but in terms of drones in 2024, when we looked, government was blacklisting companies for using Chinese parts. And we think, why was R&D not done? Why was this not done? And we consciously took a decision that we have to get into this field. And when we started looking around into the ecosystem, almost everybody said, Ashok these parts are not available, except from a company called Vector Technics who are actually supplying, but their supply is on and off. But in a strange coincidence, a week later Vector approached us for investment and we looked into them. We saw their capabilities and we said we will go ahead and invest. So our intention was to get into drone system to accelerate the indigenization of complete systems. So now we are firmly into the ecosystem of drones. Now we were looking at what are the other things that the Government of India will need in case of war. So we were looking at loitering munitions and TISA has a proven track record. They have executed order with the DRDO. So they have the technology. They have the product but again, we are doing some very, very high end. Again, as I say, that we do not want to sell to the Indian Government that is just doing well, but we aim to become world global number one in that. So we are investing a lot of money now as we speak. And we expect that in a year and a half, the loitering munitions version should be ready for full fledged demonstration and for competition with other players in the field. And we obviously expect it to do better than others in terms of specs, etc.

Amit Dixit:

Sir what kind of drones we are looking at? We are looking at kamikaze drones?

Ashok Atluri:

Kamikaze drones. At this point in time, only kamikaze.

Amit Dixit:

Okay, got it. Thank you so much Sir and all the best.

Moderator:

Thank you. Our next question is a follow up from Garvit Goyal of Seven Islands PMS. Please go ahead.

Garvit Goyal:

Hi, thanks for the follow up. Regarding the emergency procurements which are happening now due to which regular procurements are delayed. So at the same time we are saying we

will get some orders in future in emergency procurement. So I am not understanding why did not we get these orders and emergency procurements are currently happening, right?

Ashok Atluri: They have just started, Garvit. And it is not that they have exhausted all the funds. We expect that orders will continue in Q2, even Q3, the orders will continue. And typically, they have to close the placing orders by March of the year. If they have placed, they have placed for very few emergency procurement till now but the real emergency procurement has to go in a big way which will be starting in the next few weeks.

Moderator: Thank you. We will take our next question from Sanjeev Zarbade of Antique Stock Broking. Please go ahead.

Sanjeev Zarbade: Thank you Sir for taking my question. Sir, could you give us an idea about what kind of opportunity is there for us in the emergency procurement plan of the government?

Ashok Atluri: Our expectation is, the emergency procurement will happen in the field of anti-drone systems significantly. There is one thing and they would prefer anti-drone system with hard kill capability. So Zen has been able and typically unmanned hard kill would be better in the sense that you do not want people to be actually holding a weapon and firing because you become a target very easily. People detect where you are. So you should be able to shoot and scoot, they call it. They shoot from your weapon and then you move from there. So we have this remote control weapon station which are easily loadable onto the vehicles. And we have tested them with most of the vehicles that the Government of India is using. And they are working perfectly. I mean remotely you give the coordinates of the drone through the anti-drone system; it is able to point and shoot them down. So I think the soft kill and hard kill system of anti-drone system is where the big market is going to be. And I think they will form part of the emergency procurement. And I think there we stand a good chance of getting some offers.

Sanjeev Zarbade: But would you be able to quantify the overall?

Ashok Atluri: In fact, we do not know how much of procurement will be going on this field so till tenders come out we will be able to compute our likelihood and then maybe come up with a figure.

Sanjeev Zarbade: And Sir my question regarding the other expenditure which has fallen very sharply on a quarter on quarter basis. So are there some expenditure that we book in the fourth quarter largely?

Afzal Malkani: So reason for reduction in the other expense, if you see in percentage terms, it is 7.35% in Q1 FY2026 and in Q1 FY2025 it was 5.5%. So in percentage terms, it has not reduced. So



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most of the other expense are semi variable in nature so other expenses reduced from 14.10 Crores to 8.16 Crores. In last quarter, it was on a higher side significantly on higher. So the reasons are in the last quarter in Q4, there was a substantial amount of professional charges and incentives, which was a variable in nature and linked with the revenue. And also last year, consumptions of stores and spare parts was on the higher side. Last year, there were some exceptional one of expense like impairment of investments, written off advances, provision of expected credit loss, provision for the warranty charges. So these are the five to six reasons due to which in Q4, it was on the higher side but compared to Q1 FY2025 it is in the same level only.

Moderator: Thank you. Our next question is from Aditya Moona from YES Securities. Please go ahead. Mr. Moona, could you please unmute your microphone and ask your question?

Aditya Moona: So my question one was regarding the translation of order book towards execution in Q2. Currently our order book is about 750 Crores. Out of that, what are we expecting to be executed in Q2 FY2026? Second question was towards the order book. One is the 650 Crores of orders that we are expecting in the next two months. Other than that for H2, what is our order intake that we are expecting and the execution timeline for that?

Afzal Malkani: So Aditya, so on question of Q2, we would not be able to give the specific guidance on a quarter on that. And order wise, as we discussed, if we are expecting around 650 Crores by September for the simulator's order.

Aditya Moona: Other than 650 Crores in September order is there any other orders that we are also expecting in H2?

Afzal Malkani: As we mentioned apart from this anti-drone system that is under the emergency procurement, that we do not know whether it can happen or not by September.

Aditya Moona: Okay and for FY2027, what is our order expectation? Is it something that Is going to be much larger than FY2026?

Afzal Malkani: FY2027, we expect the orders to be much, much larger than what we have done in FY2026. Again, we have to accommodate what we are projecting that by implication when we are saying 6000 Crores, we do expect 2027 and 2028 to be very, very large years compared to 2026.

Aditya Moona: Okay that will be all.

Moderator: Thank you. Our next question is from Jatin Jadhav from Sahasrar Capital. Please go ahead.



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Jatin Jadhav: Actually, all my questions have been answered. I just had a small suggestion Sir. So there is a company called in US called Duality AI. And I have been to your facility and I have seen how beautiful simulator software's you make. So what their product is essentially they make a digital twin of the environment and use that to generate synthetic data for test training and testing AI models for counter drone and as well as they use it as a simulators for the FPV drone pilots also. So this perfectly fits in Zen Technologies foray and while doing research a lot of US military, what do you call it, the bases have given them orders. So it does two things. It gives you data to train AI models also and it gives you a simulation platform also for your FPV and kamikaze drones. So it is something you could look into, Sir. That is pretty much it from my side. I had no particular questions. They all have been answered.

Ashok Atluri: Thank you so much. I just noted it down, Duality AI. And you just send an email also, just to give more information but we definitely love the suggestions from our investors. I think we are looking out much beyond what others are doing. We will definitely try to track on this but again, just to get everybody up to date, we are extremely focused on AI at this point in time. And we have launched a programme within the company called Transforming Zen into an AI native company, where everywhere, just not the products, just not the R&D, but across operations, across finance, across IT infrastructure, across logistics, everywhere AI is being used and everyone one is getting used, some of the results, something which used to take weeks is being done in few minutes, if not seconds. So things are really, really exciting on the front of AI. And everybody is in a learning mode at this point in time. And I think you will see the benefits of AI find tech in terms of not only just the product and building LLM within our simulators, which are learning and becoming better as the customers interact with them, but across board, across finance, and I think this will be a very, very exciting time at Zen. And we as Zenists are very, very hypercharged but thanks. We really appreciate these inputs. The give us ideas, sometimes we can also not only get the idea but also collaborate with these kinds of companies. Appreciate it Jatin. Thank you so much.

Jatin Jadhav: Just I had a question. So where should I mail you the details on the IR?

Ashok Atluri: It is investors@zentechnologies.

Jatin Jadhav: Got it. Thank you so much Sir. All the best.

Moderator: Thank you. We will take our next question from Harshad Kapadia of Elara Capital. Please go ahead.

Harshad Kapadia: Good morning so just a few questions from my side. So you mentioned in the start of the call, some orders got some revenues got deferred because of which you were not able to

meet your target. I probably have missed it. Can you quantify that value? And secondly, is this that you have already done the production and the customer has not taken that delivery of that? That is the reason why it got deferred or is it that you are expecting some orders to come in and you will execute and then it was supposed to deliver?

Ashok Atluri: The orders have been almost executed by this time as we speak. The delay in order execution was because of the change specs from the customer. So they were changing till the last moment and we had to accommodate that. So it was the revenue defers, not the order revenue, it is actually revenue recognition. So now we will be recognizing it in Q2, whatever we have deferred in Q1.

Harshad Kapadia: So can you quantify that number Sir?

Ashok Atluri: A little more than between 60 to 70 Crores is my estimate on that.

Harshad Kapadia: Okay. Secondly Sir on the 650 Crores simulator order, what kind of simulator orders you are expecting Sir in this particular quarter?

Ashok Atluri: So these are army-based simulators. I do not want to mention the product for obvious reasons, but they are army they are not navy or air force, but mostly army simulators.

Harshad Kapadia: Any particular area in Army you can specify? Is it guns, tanks or anything, any colour you can provide?

Ashok Atluri: I think as the orders come across. They are little sensitive things, Harshad and sometimes the government does not like it. So let us try to get the orders in hand and then check with them and then announce it.

Harshad Kapadia: Fair enough Sir. This was all from my side. I wish you all the best. Thank you.

Moderator: Thank you. Our next question is from Nirmal Rawat Singh individual investor. Please go ahead.

Nirmal Rawat Singh: I am an individual investor not from Axis. Sir my question was on kamikaze drone and there was this article in ET about a startup from BITS Hyderabad, two guys, they made kamikaze drone and they sold it to Indian army. So my question was that we also have got order on kamikaze drones or not?

Ashok Atluri: This was our DRDO project that TISA, our acquisition had done. They had executed for DRDO so that has to be productionized and then offered to the end user who bought it from



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them and to other Indian users and overseas also but we have not sold anything to the end user till now. It is in R&D stage at this point in time. It is BITS Pilani Hyderabad, even we have seen the article. We are pretty excited if they have achieved what they have said, which looks very, very exciting actually.

Nirmal Rawat Singh: Definitely you could consider collaborating with them.

Ashok Atluri: One thing again, very frankly, Nirmal, what we want to do is if there are companies that have a better product than us, we would definitely want to collaborate with them. We do not want to offer something that is second grade or which is not the best in the world. At least best in India that is the minimum criteria. So definitely, if BITS they have a product that is better than us, we would love to collaborate. And it is quite surprising because Vector is the only guys who do the indigenous components in India. They are also not aware of these guys. So we need to really know, where did they get the components from, etc but if they have achieved it is quite significant. We would love to collaborate with the best in the field.

Nirmal Rawat Singh: Yes Sir that is my question. Thank you.

Moderator: Thank you. Our next question is from Manish Gupta of Equinox Investment Advisors. Please go ahead. Mr. Manish Gupta, could you please unmute and ask your question?

Manish Gupta: Yes Sir thank you very much for taking my question. Sir with wars evolving more towards drones and anti-drones, particularly hard kill, so does Zen have the capability and technology for hard kill, Sir? This is my first question.

Ashok Atluri: There was a kind of a semi-trial where they called all the capable companies in India for demonstrations. Army had called. And we were the only company that actually took hard kill system with guns and all that to that particular trial that, maybe they called it a demonstration. They called it actually trials, so yes, we are not only having anti-drone hard kill system, we are demonstrating it to our end users. And this capability is very deep with us. And it has been at various commands. We have seen the product, the remote control weapon station with surveillance and they have really appreciated it. And I think hard kill is a area that we are really focusing on. As we go into the next few quarters, you will see some very good announcements in this area, that these are the new products that, again, these are all in consultation with the customers. Customers have been saying that we want this, and so we are going and accommodating their request. The hard kill is one area we really want to dominate by offering the best in the world. So to your question, yes, Zen is in a big way into hard kill and I think that will be a significant area of investment in the coming few quarters for us.



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Manish Gupta: All right Sir. Just as a follow up, Sir, in coming years and quarters Sir, what do you feel more optimistic in terms of contribution to top line, whether it is going to be stimulators or it is going to be anti-drone systems?

Ashok Atluri: I personally think in anti-drone systems will keep catching up. We will keep increasing and we may go as much as you know 40% or even 50% of the simulators. So I would say, even hard kill when we say anti-drone system, we are trying to add other things also, like the hard kill system, including surveillance, everything, the camera, the electronic optics. So when we start adding the non-simulator revenues, even robotic automated systems, I think they will become a significant part compared to simulators. So I would like to classify not as simulators and anti-drone system, but simulators and non-simulators. I think they may become as big as 50:50.

Manish Gupta: All right Sir. And my second question is a pretty layman kind of a thing. I mean, compared to some advanced countries like Israel's Iron Dome, and we read them in media, how efficient they were. So where does India and particularly Zen stand in this kind of capability, Sir?

Ashok Atluri: So the feedback that we have got from our end users is very, very positive, very encouraging in the sense that they were able to thwart all kind of drone attacks. And we have so many testimonials saying that the products work extraordinarily. And we are very grateful that the products have been developed by Indian company with completely indigenous technology. We got a lot of testimonials like that. And again, they also commented how focused and committed our staff were. They were there helping them, wherever there were gaps, our guys were trying to help them. So I think overall, it has been a very, very good experience. And to your question, we definitely think we are in the top two or three in the world. It is not that we are number one at this point in time but that is our objective. How do we become number one? We definitely need to improve the hard kill game, where we try to integrate as we go ahead. Again, I said hard kill is the area of focus for us. How do we improve the missiles and other higher technologies to bring down the drones when we once we detect them, and especially they are now becoming AI based drones, where they are doing vision-based attacks, etc so given all this, I think we are not there. But we will definitely be there in the next maybe one or one and a half year we should be there at the top of the game.

Moderator: We will move to our next participant that is Krishna Doshi from Ashika Institutional Equities. Please go ahead.

Krishna Doshi: Thank you for the opportunity Sir. Since we have already mentioned the NATO countries in our con call today, I just wanted an update as to how much of an opportunity are we seeing from that side now that we know that NATO is planning this massive rearmament plan.

So what kind of opportunities are we seeing there, is it possible to quantify? And also it will be more inclined towards which segment of us?

Ashok Atluri: So one thing is, NATO countries, difficulty simulator is a big thing, in the sense that their training and requirements have gone up. And one hard reality that has hit all the NATO countries is that even though Ukraine has been really given world's latest equipment and in terms of whatever you say, the tanks, the missiles, the hand-held missiles, everything they were given, but still they did not stand a chance against Russia, which predominantly using very old equipment. And, the realization is that because of training, and we feel that because of that, there is a lot of focus on simulators as a requirement to take on any formidable enemy in the future. So yes, that is there. The second IS even anti-drone systems and drones also, as we speak our subsidiary Vector is talking about exporting to both America and Europe and very, very big names at that. So I think the opportunity is there. And of course, anti-drone systems is something that we will be pushing a lot. And again, once we expose it to their environment, we will get a real-time feedback. And I think our agility and speed of customizing the product to their needs is much quicker than any of the competition that we have. I think in overall holistic approach all our products will be pushed in the NATO and US market and South America also.

Moderator: Thank you. We will take the next question from Hitesh Choudhary of ULJK Financial Services. Please go ahead.

Hitesh Choudhary: Thank you for giving me opportunity Madam. Actually, I am seeing on the operational side the margins are fluctuating. So can you give light on which segment is fluctuating this EBITDA margin? Is it from anti-drone system or training simulators?

Afzal Malkani: So, if you see the operational EBITDA margin is around 34.27% on a standalone basis and overall EBITDA margin is around 52%. So if we exclude the other income that it is coming around 34.27%. Our guidance is around 35%. As we guided earlier in the simulators, the EBITDA margin is a little bit on the higher side and anti-drone system is a little bit on the lower side but on an average, it is 35%. So in this quarter also, we achieved around 34.27%, almost near to 35% EBITDA. And on consolidation basis, yes, this time EBITDA margin itself is around 40% due to the good contribution from our both the subsidiaries ARIPL as well as UTS.

Hitesh Choudhary: Thank you, Sir. That is it from my side.



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- Moderator:** Thank you. Our next question is from Nikhil Purohit from Fident Asset Management. Please go ahead.
- Nikhil Purohit:** Yes thanks for the opportunity. My first question is just a follow-up on early participant's question. So in the existing order books, 750 Crores what are the timelines for execution? And how much is executable by this year?
- Afzal Malkani:** So if you see, our total order book position is around Rs.754 Crore out of which 148 Crores rupees is for the subsidiaries. For the Zen standalone basis, it is around Rs.605, out of which AMC is around Rs.260 Crores. If we deduct this 260 from 606 Crores, then total equipment order is around 346 Crores. This is purely equipment orders only. So this will be executed by at least Q3. Maybe most of the equipment orders will be executed in Q2, but yes a few equipment orders will be spilled over to Q3 also.
- Nikhil Purohit:** What order book are we targeting by year end for us, if you could also give a breakup for the order book of these subsidiaries and throw some light on numbers, like any EBITDA, PAT for ARI, Unistring, TISA for FY2026.
- Afzal Malkani:** Whatever is a standalone numbers in this year you can add Rs.250 Crores in the consolidation as a top line maybe from the ARIPL 170 and another is from the other subsidiaries around Rs.80 Crores. Obviously it will be more than 250 but there will be an Ind AS effect which will be knocked off. So after knocking off this effect, at the consolidated level you can add Rs.250 Crores revenue from the subsidiaries. And EBITDA, this will be in line with 35% and as per the Zen's benchmark and profitability will be also 25% as per the benchmark of the Zen and we have seen this in Q1 also they have achieved the same.
- Nikhil Purohit:** Got it. Just one last question, what will be the capex for FY2026?
- Afzal Malkani:** In FY2026 there is no significant, maybe Rs.40 to 50 Crores capex will be there.
- Nikhil Purohit:** Okay, got it. Those are my questions. Thanks.
- Moderator:** Thank you. Ladies and gentlemen, that was the last question for today. I hand the call back to Mr. Ashok Atluri for closing comments.
- Ashok Atluri:** Thank you fellow investors. I really appreciate the interaction. And again this year, we expect it to be muted but next two years, I think we are very, very hopeful that they are going to be very exciting. As a further update, thanks to somebody bringing up the AI part. We are really, really working and getting AI into our products, our operations, everything



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and that will start yielding significant results in the next few months and we will probably keep you updated on that too. And thank you so much for the interaction and looking forward to the next earnings call with you. Thank you.

Moderator:

Thank you very much. On behalf of Zen Technologies Limited that concludes today's conference. Thank you for joining us and you may now click on the leave icon to exit the meeting. Thank you for your participation.