

ZEN TECHNOLOGIES LIMITED

Investor Presentation

Disclaimer

Certain statements in this release concerning our future growth prospects are forward-looking statements, which involve a number of risks, and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, intense competition, political instability and general economic conditions affecting our industry. The company does not undertake to update any forward-looking statement that may be made from time to time by or on behalf of the Company.

Zen...The Way Ahead



Make in India - Defence

- What does Make in India in Defence mean?
- Why Indigenously Developed is more important than Licensed and Bought-out Technology?
- Will the New Govt Buy Indigenously Developed Defence products?
- How do you identify indigenously developed defence products?

How do you identify indigenously developed products and technologies?



- R&D Expenditure?
- In-house R&D recognition by DSIR – since when?
- Products Realized?
- Govt of India funding for the projects?
- % of Staff in R&D?
- Indian and International Patents Held?



We can tell our values by looking at our checkbook stubs - Andy Grove

Zen's R&D Commitment

- 2013-14 & 2014-15: Rs 20.66 Cr (>40%) & Rs 13.07 Cr
- Source of funds: Internal Accruals
- Total Staff: 243; R&D: 97
- More than 30 simulators realized
- Indian and Int'l Patents Approx Held/Filed: >13/55
- DSIR and TDB funded projects
- National Technology Award Winner in 2012

Focus on R&D:

Rs in Crores

R&D	2013-14	2014-15
<i>Revenue expenditure</i>	14.85	12.92
<i>Capital expenditure</i>	5.81	0.15
Total	20.66	13.07

More Than 30 Simulators...

being there...



ZEN AWeSim



ZEN TacSim



UAV Mission Simulator



ZEN ATGM



ZEN ArtyFOS



ZEN 81mm IMS



ZEN HE36S



ZEN BMP II IMS



ZEN MMHG



ZEN Tank Simulator



ZEN MFTS



Smart Target System

Orders Pending Execution:

The total value of orders pending as on 31 March 2015 is around Rs 118.94 Cr including AMCs worth Rs 79.04 Cr

Currently in race for Orders Worth Rs 500-750 Cr. Results to be known starting Q2FY16.

AMCs will be executed over a period of 5 years after the expiry of warranty period. Warranty period is, typically, 2 years.

Assets off-Balance Sheet

Defence Opportunity for Zen

Selected Simulators

Armour Combat Training Simulators

UAV Sim

Tactical Engagement Sim

Infantry Weapons Training Sim

Driving Sim

AGL & MMG Sims

81mm Integrated Mortar Simulator

Rs 6,000 CR. OPPORTUNITY SIZE

Additional Opportunities

- Combat Training Centres
- Aviation Simulation
- Exports
- Offsets

Combat Training Centre

- From Individual to Group Training
- From Basic Marksmanship to Tactical and War Scenarios
- Each Solution Upwards of Rs 50-60Cr.
- Customized from Police, Special Forces and Army Needs

Aviation Simulators

- No Credible Domestic Players
- Preference for Indigenous Solutions
- Need Some Expertise to Fill the Gap*
- Hired A Team with Knowledge – Kamath HJ
- Located in Bangalore

Exports - Opportunity

- Eurosatory Experience
- Opportunity as Preparedness is Becoming Important in Europe, Middle East, Africa, etc
- Cost/Availability of Sims Prohibitive/Difficult
- Hire Marketing Team
- Showcase in Exhibitions
- Build Brand

Exports - Existing R&D

- Africa, Middle-East, LatAm, etc.
- NATO and other markets Compliant Specs
- Features to Make Target Country Acceptable
- Rigorously Test the Products
- Participate in Exhibitions
- Tie-up with Strong Partners *

Gaps

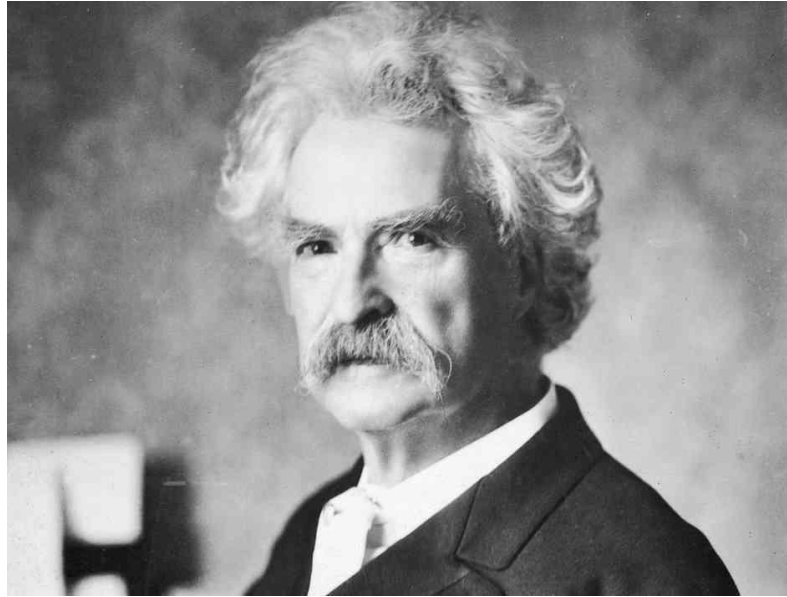
- Aviation Expertise Gaps
- Exports Global Footprint Partner
- Enter: Rockwell Collins
- 3 Main Points in the MoU

Offsets

- 30% Obligation of Overseas Vendors
- Difficult to Fulfill
- New Opportunity for Zen
- 1.5x Higher Offset Credit
- Zen Products – A Ready Made Solution
- Expect Great Demand for this Option
- Aggressively Marketing it to Vendors

Competition

- PSUs
- Large Private Companies
- Foreign Companies
 - Saab, Thales
 - Cubic Defence, Megitt



It's not the size of the dog in the fight, it's the size of the fight in the dog - [MARK TWAIN](#)

Chinese Bamboo Tree

- After the seed for this amazing tree is planted, you see nothing, absolutely nothing, for four years except for a tiny shoot coming out of a bulb. During those four years, all the growth is underground in a massive, fibrous root structure that spreads deep and wide in the earth. But then in the the fifth year the Chinese bamboo tree grows up to eighty feet!

Key Milestones

being there...

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- 1993 Incorporation
 - 1996 ZEN SATS
 - 1998 In-house R&D recognition by Govt of India
 - 2002 AWeSIM
 - 2004 Driving Training Simulator
 - 2006 BMP DS & BMP IMS
 - 2008 Live Simulation – TacSim
 - 2011 Tank Simulator (BG, CG, & DS)
 - 2013 UAV Simulator
 - 2014 ACTS; Combat Training Centres; New Govt

Risks and Concerns:

- Caveat: Risks with Forward Looking Statements
- More players entering the field of simulation
- No commitment from the end-users
- No promise of matching income
- Government policy
- Performance guarantee to our clients
- Dependence on Government
- High R & D Costs
- Long receivables and lumpiness of earnings

- Questions
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THANK YOU!