being there...
ZEN TECHNOLOGIES

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July 31, 2026

To
Listing Department
National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex,
Bandra (E), Mumbai – 400051

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

Symbol ID: ZENTEC

Security Code: 533339

Dear Sir/Madam,

Sub: Transcript of the Conference Call held on July 27, 2026

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the earning conference call held on July 27, 2026. This is for your kind information and records.

Thanking you

Yours faithfully,

For Zen Technologies Limited

SOURAV DHAR
Digitally signed by SOURAV DHAR
Date: 2026.07.31 23:00:38 +05'30'

Sourav Dhar
Company Secretary & Compliance Officer

Encl: As above

"Zen Technologies Limited
Q1 FY2027 Earnings Conference Call"

July 27, 2026

Management: Mr. Ashok Atluri – Chairman & Managing Director – Zen Technologies Limited
Mr. Hari Haran Chalat – Chief Financial Officer – Zen Technologies Limited
Ms. Abhilasha Atluri – Head of Investor Relations – Zen Technologies Limited

Moderator: Ladies and gentlemen, good day, and a warm welcome to Zen Technologies Limited's Q1 FY2027 Earnings Conference Call. Please note all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the management's opening remarks. Please note that this conference is being recorded. I now hand over the conference to Abhishek Mehra from TIL Advisors. Thank you and over to you!

Abhishek Mehra: Welcome everyone and thank you for joining this Q1 FY2027 earnings conference call of Zen Technologies Limited. The results and investor updates have been e-mailed to you and are also available on the Stock Exchanges. In case anyone does not have a copy of the same, please do write to us and we will be happy to send it over to you. To take us through the results of the quarter and answer your questions, we have with us today Mr. Ashok Atluri, Chairman and Managing Director; Mr. Hari Haran Chalat, Chief Financial Officer; and Ms. Abhilasha Atluri, Head of Investor Relations. We will be starting the call with a brief overview of the performance, which will be followed by the Q&A session. With that said, I will now hand over the call to Mr. Hari Haran Chalak. Over to you Sir!

Hari Haran Chalat: Thank you, Abhishek. Good evening and a warm welcome to all. Thank you for joining us on our Q1 FY2027 earnings call. I will take you through our financial performance for the quarter ended June 30, 2026. Consolidated revenue for operations for Q1 FY2027 stood at Rs.141.6 Crores, compared with Rs.178.1 Crores in Q4 FY2026 and Rs.158.2 Crores in Q1 FY2026. As communicated in our Q4 FY2026 post earnings investors meeting, a significant portion of the current order book was secured from the second half of FY2026 and given a typical execution cycle of around 12 months, revenue for the year is expected to be weighted towards Q2 and Q3. Q1 has come in as we expected and we remain on track with our delivery schedules. Operational EBITDA for the quarter stood at Rs.38.7 Crores at an operational EBITDA margin of 27.3%, compared with 28.6% in Q4 FY2026 and 40.9% in Q1 FY2026. Profit after tax for the quarter stood at Rs.34.5 Crores at a PAT margin of 24.3% compared with Rs.31.5 Crores in Q4 FY2026 and Rs.47.8 Crores in Q1 FY2026. I would note that this quarter's consolidated PAT includes a one-off exceptional loss of Rs.3.4 Crores relating to a fire incident at one of our subsidiaries in which certain inventory, which is adequately insured was damaged. Adjusted for this exceptional item, on a post-tax basis, profit after tax for the quarter would have been approximately Rs.37 Crores at a margin of approximately 26.1%.

I would like to spend a moment on the margin movement this quarter. The margin for this quarter is lower than the guidance of 35% at the EBITDA level, largely due to negative operating leverage. A significant portion of our cost base, both at the standalone level and across the group, is fixed in nature. On a lower revenue base, this fixed cost absorption compresses the margins. As revenue picks up through the year, in line with our order book execution, this same operating leverage works in our favor. Importantly, our gross margin for the quarter stood at 72.9%, broadly consistent both sequentially and year-on-year. This indicates that the profitability of our business has not changed structurally. The compression at the EBITDA level is largely a function of the operating leverage. Our fixed cost base being spread over lower revenue quarter and not a reflection of any change in the underlying economics of our products. On the year-on-year comparison specifically, I would add an important point of context. Q1 FY2026 benefited from the reversal of certain provisions created in FY2025, amounting to Rs.7.65 Crores that were no longer required. These provision releases had given Q1 FY2026 an additional margin measurement of approximately 5%. In addition, this quarter has seen an increase in warranty provisions of Rs.2.88 Crores and incremental R&D costs of Rs.4.25 Crores. On a sequential basis, our margin of 27.3% is broadly in line with the 28.6% in Q4 FY2026, reflecting a stable underlying run rate. Taking these points together, I want to affirm that the margin this quarter is a function of revenue timing and operating leverage, not of any structural change in the profitability of the business. As revenue scales through the year, we expect margins to recover and to end FY2027 with a full year operational EBITDA margin in the mid-30s, in line with our guidance.

Now coming to the order book. The consolidated order book stood at Rs.1239 Crores as of June 30,2026, comprising an equipment order book of Rs.920.6 Crores and an AMC order book of Rs.318.4 Crores. I want to address the movement in the order book directly. During the quarter, we executed Rs.141.6 Crores of orders and secured Rs.44.6 Crores of new orders, resulting in a net reduction over the March position. Subsequent to the quarter end, we received a further order of Rs.177.5 Crores from the Ministry of Defense for the upgradation and integration of the tank and crew gunnery simulators. Our pipeline of opportunities across counter and training systems remains strong. On working capital, a consolidated working capital cycle stood at 257 days as of June 30, 2026. The increase over the year-end position is primarily driven by a buildup in advance to suppliers and inventory, both of which reflect the procurement and production activity currently underway to execute the order book for delivery through FY2027. Debtor days remained stable at 122 days. On the balance sheet, the liquidity position of the group remains strong with cash and bank balances of approximately Rs.1217 Crores as of June 30, 2026 and the group remains debt free. This is the brief on our financial performance for the quarter. We can now take questions. Thank you.

Moderator: Thank you so much, 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 participants tab on your screen. We request participants to keep their questions as brief as possible and precise as possible. We will wait for a few minutes until the question queue assembles. Ladies and gentlemen, please stay connected. We will wait until the question queue assembles. Requesting participants to click on the raise hand icon from the participants tab on your screen. We are taking our first question now from Bala Murali Krishna of Oman Investment. Bala, please go ahead.

Bala Murali Krishna: Good evening here. So, the first question is on the margins only. So, Y-o-Y deep in the margins, even the revenue. So, if you see that the revenue, if there is a scale up in revenue, then the operational leverage will kick in. So as the revenue is almost similar to the Y-o-Y, what could be the reason for this margin shrinkage?

Hari Haran Chalat: Thank you Bala. So Bala, like I mentioned in my opening comments, in Q1 of FY2026 there were a couple of provision releases which happened, so if you see the comparison between the selling and other admin expenses, you would see a big difference that is primarily because FY2025 was a year when we executed a lot of orders and we had to create provisions in the balance sheet and most of the provisions after the balance sheet we released it because they were no longer required and that has given a picture wherein the EBITDA margin is around 40% for Q1 FY2026. Adjusted for whatever provisions have been released, the actual margin for Q1 FY2026 would be around 35%.

Bala Murali Krishna: Understood. So on the order book front, as of now, even if we include this July order, so it is around Rs.1400 Crores Sir, so by the end of FY2027, what is your expectation for the order book?

Hari Haran Chalat: So like we have communicated earlier in our investor meetings as well, our expectation is that we will end the year at around Rs.2500 Crores of order book that is after the execution for the current year. The pipeline of orders that we are currently evaluating is very healthy and once the government procurement starts, we should see a healthy amount of this pipeline converted into the order book by end of the year.

Bala Murali Krishna: So projections fund for the next two years and we have a target of cumulative Rs.4000 Crores of revenue in FY2027 and FY2028 together, so with the current geopolitical situations and there should be some rush in the anti-drone systems those things, so do you see any probability to get some bigger figures in FY2027 and FY2028?

Ashok Atluri: Yes, I think we should be getting quite a lot of orders. We are getting inquiries from India's friendly allies about this and given the fact that the product that we have actually been proven, battle proven, the government itself, as you have seen, that they almost placed Rs.800 Crores worth of anti-drone orders on us postop Sindoor and there are a lot of upcoming tenders. We saw that thousands of Crores of money has been allocated to them and lot of tenders are going to come. I think we will be one of the beneficiaries of these anti-drone system tenders and in the meantime, we have been saying that some simulator orders have been pending. I think the start has happened that we have got the Rs.177 Crores order. I think some more orders will be coming through we expect that to happen, some order to come through pretty soon and, one larger order that may take a couple of months, but that should actually improve our simulator order book position substantially and similarly, the demand is, even in foreign countries, what has happened is, these guys were never prepared. They have never had any training because it was a peaceful country, but now with all these wars happening, there is almost a rush happening especially for simulator because that is the only way they can train in a compressed manner and, everybody feels that the war is knocking on their door and we have seen and the technology that we have. We have seen Agniveers 100-week training program was shrunk to 30 weeks after using our simulators. So, I think this with simulators also are becoming very important and we are trying to get into our traditional markets of Middle East Africa, Southeast Asia and CIS countries, but now we are also looking very, very aggressively into both North American and EU markets and of course, from North America, we are tapping into the South American markets. These markets, we think are very, very big and, for example, one estimate is that, the simulators, the time for the product that Zen makes in the US itself is about $10 billion. That is how huge that is and we have started talking to the Marines there to the primes because we are not eligible to be directly bidding, so we are trying to be a subcontractor and try to get into those markets. So I think it is a very, very large market and it is playing out now as we speak, that there is a lot of interest and again, we also have a special position with EU, because we make simulators for the Russian equipment and that is what they would like to actually practice on and how do we thwart the attacks from, possibly Russia kind of a thing. So yes, I think we are in a very good position and we think the next few months will be very interesting.

Bala Murali Krishna: Thanks for the great explanation. Sir lastly on this high altitude anti-drone system, what is that TAM and maybe this is India's first one but in the other parts of the world it is already existing, so what could be that TAM even if you consider the exports also for this product?

Ashok Atluri: We have just launched, we are waiting for this man-portable anti-drone system to be evaluated by the armed forces and we think that it is a very, very large market, but again, the government has to publish the tenders and we expect that there will be some tenders in this regard, but we do not have a real estimate at this, but the government is across the whole gamut of simulators they are starting from actually border based, then they are going to tank, and then they are going to infantry, so I think it is a very large market and I am not able to give a right figure, but it is going to be very large.

Bala Murali Krishna: Sir just a follow up on that one, if I may ask. So if we come up with some new product which is useful for our defense system, so how we will exhibit that product to the government so that they can think from their operation point of view and maybe they can understand the significance of this product then they can think of tendering for this product?

Ashok Atluri: It is a valid question in the sense that, whatever product we are developing, we actually are continuously engaging with the armed forces telling that this product is available and then with this new defense acquisition procedure, if that comes in, they actually have provisions for actually buying new products and then trying it out and then scaling the order. They will probably see a basic trial and say, okay, we want to try it out in the field and if it works in the trail they will scale up. That is the new DAP 2020 is yet to be announced, but in the draft, this was there, so, but to your question, yes, as a Company we do continuously keep telling our customers what exactly we are developing and what is the future development path and they do know what we have developed much in advance than we actually share with our other stakeholders.

Bala Murali Krishna: Thank you, Sir. That is all from my side. All the best.

Moderator: Thank you so much. We will take our next question from Pawan Punjabi of Viansh Ventures. Pawan please unmute.

Pawan Punjabi: I just wanted to check on the simulator market once because we have not been growing into, I have been following this for a while now and seemingly with the number of armed forces which are using simulators is very less in India that itself was supposed to grow exponentially. so, X of anti-drones also we do not see simulator orders also perform very well in the last one or two years in terms of growth rates, so how do we see this market only from the Indian perspective?

Ashok Atluri: Pawan, the thing is, again, I was telling that the order that we got recently of Rs.177 Crores for simulators, and there is another, we had talked about almost Rs.700 Crores to Rs.800 Crores worth of order that is actually playing out now. We expect more simulator orders to come as we go into the next couple of months. Again, I have been talking like this for a long time, but actually I think one order has come, I think the second order may come, maybe the third order may take a bit of a time, but that will also come. I think with the simulator market is expanding and now we actually we have got into the flight simulator, we have made a simulator for C295 so the Air Force entry is a very crucial step for us where the simulators are very, very required, even for a regular practice. Every pilot has to clock certain number of simulator hours to even fly, so we are getting into that also, but as far as the army and naval market in which we are dominant these are very big and as we speak, there are a lot of studies that have come out and that are again telling the government that you should get into simulators and the government is really increasing the simulator budget. I think there has been a gap in the orders to come, but again, we have started getting the orders. I think this will be the start and as we go into the future, I think there will be some pleasant surprises. I think there are some couple of very large orders we are expecting. So I think overall, I am happy with the way the simulator thing is going. Of course, I wish that the government moves faster. Yes, please go ahead.

Pawan Punjabi: Just to put a number to it, so we are expecting some Rs.4000 Crores of revenues for the next two years, in your estimate what should the simulator number be out of this Rs.4000 Crores guidance?

Ashok Atluri: So it will be about Rs.2000 Crores close to that.

Pawan Punjabi: That is what we are expecting with some pleasant surprises probably in Q2 and Q3.

Ashok Atluri: No. The order wise may take a little longer the very large order we are talking about, sometime back said that, that Rs.700 Crores to Rs.800 Crores worth of orders were in the pipeline, so I think those may materialize very much, much sooner than Q2 and Q3.

Pawan Punjabi: A little bit of update probably on the HyperStrike. I read that this is this sort of area is being probed by multiple peers out here and the timing is more critical in terms of this long range strike drones of the market, so where are we and are we on track to get this by FY2028?

Ashok Atluri: So yes, the product has been demonstrated in the sense that the payloads, etc., integration is going on, but this is a lot of long range thing. This is what we call it as, even though it does, it goes very, very fast. We have actually flown at 300 very comfortably, but now we are really testing the limits of physics in the thing and with the payloads and all that, so it is when the drones are actually very near, we try to send it the range typically would be within 20 kilometers range we go and destroy the incoming Shahed kind of a drone. So, that is what is HyperStrike. It is an intercepted drone. So, this is at a short range it does it, but it goes very fast, even if it misses it chases till it actually destroys the incoming drone that is what the interceptor drone does and I think this will make us completely safe from so called Shahed drones, which our enemies have.

Pawan Punjabi: I believe there was one interceptor drone by Paras launched very recently how do we stack up against them?

Pawan Punjabi: I am really not aware of what they have launched but our product is completely in-house. We have developed the technology completely in-house but I am really not aware of that part of somebody some of the subsequent speaker can just tell us the detail then maybe that would be of interest but what we are developing is I think absolutely on the cutting edge, very fast, very reliable and reasonably priced.

Pawan Punjabi: Understood Sir. Thanks a lot. That is all from my side.

Moderator: Thank you so much Pawan. We are now moving to our next speaker. We have Akshay Kaila of AK Investment. Akshay, please unmute and go ahead with your question.

Akshay Kaila: Sir, first of all, congratulations for introducing a new product line recently on the Kargil Vijay Diwas. So, Sir, my first question is about, as you have said, that in the US, Zen Technology's addressable markets are like $10 billion for all of our products, so what gives us the right to win in that strict regulatory market, and how are we preparing ourselves for that type of market?

Ashok Atluri: Yes, so in the sense that very frankly, the market size is very large, but US is one of the very closed markets and very difficult for an Indian Company to go and sell there. So how are we approaching is that first we are trying to get all the compliances and there are very heavy strict compliances and I think they should be there because they are letting a foreign Company into their ecosystem, to do the FOCI clearance, ITAR clearances, all those clearances are going on now and once they feel comfortable with us, then that is when they will actually let us bid directly. But as of now, the strategy is that, we should align ourselves with the prime vendors. If somebody wants to come to India, they will try to align with Zen and try to sell it through, we do not do that much, but if there is a real high tech Company would like to collaborate with them and offer something to the armed forces, but similarly, in the US, we are looking for companies that want to actually do something for us and have the access to the customer while we have the product and we want to collaborate with them and supply. So this is the market that we are looking at. We expect some orders to come through. Again, this will not be very large, even though I said $10 billion for the next three years, actually, that is the market size. We have very modest ambition that, even if we touch $100 million in the third year, we should be very happy with that result but it is a long term game and we expect, given the fact that our products have very well received in exhibitions in US, we expect that some breakthrough may happen, but if luck favors, it may be much, much larger breakthrough, but as of now, I think a year or two, there is no big news from US as such or the EU but maybe third year onwards something may happen there.

Akshay Kaila: My second question is about our solutions. So we already have the strong holding army solution, so what are we developing in the Navy and Air Force and can Navy and Air Force be the same addressable market and growth for Gentex Army in the coming months and years?

Ashok Atluri: Yes, I think Navy is a very big market because the very fact is that, even though we are obsessed with our east and west border, which is shared by our lovely friends, we have the rest of the whole peninsular place, which is completely unguarded and that is where the next game is being played, power game is being played, which is the Indian Ocean. So, how do we actually control that ocean without being trained? So, in terms of training simulator, there is going to be a very, very large market and I think a lot of sea-related products are also going to have a lot of demand, even though we are not much into that but I think naval simulators are going to be very, very big and they want to train and how do you actually to see certain kind of situation? For example, I see a swarm of drones coming and attacking me How do I actually simulate that? So if I really want to practice, I cannot practice in reality it has to be through simulation. If 100 drones are coming, how do I neutralize the 100 drones on a ship forget about ground? So all these things have to be practiced before the things happen and they are not very far away. 100 drones coming and attacking a ship or even an army post or something. So, we have a drone and counter drone simulator where the drones actually simulate the bombs being sent and counter drone simulators the operator is struggling how do I neutralize, how do I work with order, and what hard-kill options do I activate. All these decisions have to be taken and this cannot be done in practice except through simulators and we have those simulators. I think yes, for Navy also, these counter drone simulators are there. Of course, they are very well entrenched in the submarine, the tactical trainers, we have the bridge simulators, the engine room simulator, etc. So, we all have those simulators, which is again very, very big and growing market. Yes, so I think, yes, we are there and of course, now we are trying to push our solutions into Air Force and we think that there is a huge demand for the Air Force simulators also, but we have yet to get some orders or any indication of participation tenders in that regard.

Akshay Kaila: So in the Navy front, do we have any developed products up till now or are we in the progress of developing the product?

Ashok Atluri: Naval simulators we have a lot of those simulators. In fact, if you just go to the website, ARA simulation website, we have almost all kinds of simulators and with Zen's capability, we are giving weapon simulators for the Navy ships also. So we have the complete range available for the bridge simulator, tank simulator, and submarine simulator. The naval simulator, we have a whole range. So I think we have the most exhaustive range in the world. Nobody else has like army. It is in the air force that was recently started.

Akshay Kaila: Understood. I will join back in the queue. Thank you.

Moderator: Please, if you can rejoin. Thank you so much, Akshay. We are taking a next question now. We have Ashith Koti of Almondz Global. Ashith, please go ahead and please restrict to two questions and then you can rejoin the queue if you have any follow up.

Ashith Koti: Yes, I have one question for Ashok, Sir. Sir, just one basic question with regards to anti-drone system? The speed at which the drones are being flown, I suppose, from 240 kilometers per hour or 300 kilometers per hour to 600 kilometers per hour in that scenario, our anti-drone system, if it the parameters are, let us say, radius of 5 kilometers or 6 kilometers, how can they intercept and stop?

Ashok Atluri: So, Ashith there are different ways of stopping the drones. One is, number one, are they being controlled from the ground? Is there a ground to drone communication happening in which case we will be using the jamming system. We will just jam the system and we will be able to stop the communication, when the communication stops, typically what happens is the drone itself gets lost and either it lands itself wherever it is or it goes back to the home station, so we have neutralized the threat. In case it is coming autonomously using the GPS thing, then what we do is we try to spoof the GPS and say that, you are not in India you are probably in Pakistan or Baluchistan or whatever, and mislead and it gets again disoriented and the same thing, the same two things happen back to home or land where it is. Third is where they use autonomous AI-based intelligence in the sense that what happens is the drone has the complete topographical map and the camera keeps taking the live photograph and tries to match and says okay I am in this location I have to go in this direction without even if you jam it does not work in those cases the only way to destroy them is through actually the hard-kill system weapon system it could be typically you can either shoot them down, very difficult to shoot at the speed you are saying, but the only possible way to block them is to intercept the drones that is what we are doing, so we should be able to neutralize the incoming interceptor drone with that. So I think interceptor drones are the solution, but people are making this HPM based, high power microwave-based solutions are there. We have a laser solution that we are offering to the armed forces, so it will be a combination of solution, how do you actually jam the thing? So at 600 kilometers, it will become a challenge, but I think we are coming up with a solution for that, but at a lower speed of up to 400 we can handle the threat of drones, but actually drones flying more than 400 kilometers are very, very few, but we will be coming up with a solution for that.

Moderator: Ashit, do you have any other question? You can unmute your microphone and ask your next question.

Ashith Koti: Yes, basically, Sir, my question, why this was, because when I am having drones flying from the opposition side, which is, let us say 300 kilometer inside and from there, when they are flying, so by the time they reach the borders, I have very less amount of time to kill them or confuse them or spoof them as you say, so in that scenario, a combination of your drones and anti-drone system, does it involve UAV whereby your UAV would be kind of be there in the air and also identifying those flying drones well in advance and then using your technology of spoofing and other things?

Ashok Atluri: Yes, that is right. Once the drone is detected on the radar the action is to typically dictate in collaboration with AI. AI will actually tell you this is the speed at which it is coming this is the solution that you have and man in the loop has to initiate the hard-kill. They will immediately say that, okay, immediately let me launch a UAV or I can destroy it with a particular type of a weapon that decision will be authenticated by the man in the loop because for any hard-kill the human element will be there and they say yes to the suggestion and the drone goes and counteracts the drone immediately. So what you are saying is, listen, they are flying at 300 kilometers, that would be the speed can we really stop them? Yes, we can stop them. The answer is, we have the solution for that, at that speed, we can definitely send our counter drone system, the UAV is much faster than that, wherever it is coming, it is being detected at a probable distance of 100 kilometers or so, so we are talking about 20 minutes to reach us. So can we stop in between? Yes, my answer is yes, we can do that.

Ashith Koti: That would decide our overall market size, market size of any system because that is where I have been saying, if my system has that kind of a power, then my market size would expand many fold?

Ashok Atluri: Yes, I think I am now getting what you are saying that basically you will require if these kind of thousands of drones would be required to actually stop those incoming because now it is not going to be one drone, one drone or three drones being sent, they will be sending a swarm hundreds and thousands of these drones. For example, we look at China, they say that each infantry unit is having 1000 drones. Now, how will you exact? So, when they walk, by the time they are exposed, they would have destroyed the armed forces if they do not have counter solution for their drones. So, yes, this market for these interceptor drones is going to be very, very large, especially for the Shahed class. What I was talking about the infantry may be smaller as a kind of solution, but yes, I think the market is very large. You are right about it.

Ashith Koti: Thank you, Sir. I will come again.

Moderator: Thank you so much. Thank you. Thank you, Ashith. We have our next question now coming in from Shivam Parekh of Value Wise Wealth Management. Shivam, please go ahead.

Shivam Parekh: Good evening. So my first question relates to your recent press release on Vector Technics. So in that we mentioned that the capacity expanded to 3 lakh units, so do we sell the propulsion stack to other drone manufacturers or is it only for ourselves to sell to the market and what is the revenue contribution that is coming if at all you can mention for Vector Technics for us and second, any update for a recently launched integrated smart border suite? These were my questions.

Ashok Atluri: For your first question, vector techniques has expanded its capacity to almost 300,000 units. To your second question was, Actually, Vector is very, very agnostic they do not care whether Zen wants or anybody wants everybody is a customer for them, so they are looking to sell it to all the customers in India, but the strange part is, almost 50% of the queries that they are getting are from overseas including Europe and America. So last year, I think they have done very small turnover, but almost 50% has been sent to overseas, so I think the product that they are making is really world class. The second is that they are selling to all Indian participants and friendly nations, Indian friendly allies and the third thing is that we expect that they are waiting for orders to come. I think what I hear from Vector is that the drone segment itself has slowed down. They are not getting as many orders as they should be, but once orders come to the drone companies in India, I think Vector will be the first beneficiary and then, of course, from the export market, I think it is going to be very, very large as we go. I cannot put any figure to that, but I think it is a very good bet that they will be able to use the whole capacity if the orders come. I mean to say if the order come at even at Rs.10,000 that is almost like I think Rs.300 Crores of them. Rs.300 Crores yes I think that could be the potentially revenue contribution from them, but I think they are doing more technologies and I think it is a much bigger story than what I would assume, but let us wait how it plays out. With respect to the integrated smart board sorry. Shivam, you are saying something?

Shivam Parekh: Yes. Just a follow up on that. So, as you mentioned in the press release that most of the propulsive stack is currently being imported by the domestic drone manufacturers, so, since we are one of the first subsidiary, one of the first to build everything in-house, so for the entire Indian drone market, so we would be a direct proxy play for all the players there out in the drone ecosystem so we would be able to supply for them the propulsion stack?

Ashok Atluri: Yes, I am not so sure how many people, the other people are there, but I think what Vector breaks is really cutting edge and one of the best in the world forget about India. So I think every order comes potentially Vector hopes to win from that you are absolutely right. It is a proxy win for Vector, but let us hope by how it translates in reality, but first let the orders come to the drone companies from the armed forces I think then we will see how much of the benefit is derived by Vector.

Shivam Parekh: Sir, secondly, on the smart border suite.

Ashok Atluri: Yes, so I was going to answer that. Yes, so integrated smart border suite is basically, it is a solution where, there are multiple armed forces, there is BSF, there is state police and there is the army itself. At the border location, what happens is everybody is manning the borders by themselves. Now this integrated smart border management system is actually seeking that all the different kinds of sensors by different units, including human intel, should be fused into a common operating picture and shown to the decision makers. So that is what the one which we released was doing. So the product is being, as we speak, we are talking to various security forces and showing the system and we expect this is a very large market. I think there will be multiple players, I think, in this game because it cannot be serviced by one Company, what my feeling is, even though we would love to services as a Company, but I think there will be multiple players and I think Zen will definitely be a beneficiary when they roll out this in terms of placing orders, etc.

Moderator: Thank you, Sir. Shivam, please rejoin the queue if you have any followup questions. Please restrict to two questions each. This is a request for all the participants that we have. We are now moving to our next speaker. We have Gautam Rathi of CWC. Gautam, please go ahead.

Gautam Rathi: Yes. Thanks for taking my question. To Ashok and Hari, I just want to step back a bit. When I see Zen from the outside over the last three to four years, you have moved from being, say, one or two capabilities to five capability Company. You have moved from just a core simulation for army to now simulation for all the three forces. You have just being a technology provider to now even being in active warfare, hard kill weaponry, everything right, but when we look at the order flow, it does not really justify the kind of transition this Company has done over the last few years. So if you can just help me understand, two things across this is one is, if you think across each of your capabilities, right, is there some external challenges or internal challenges, which is leading to like, capability wise, I am talking about, which is actually leading to this softness in order flow and second is if you can also help if there are capabilities which we call out but maybe will take some time to mature? Maybe it is not an FY2027 game, but say FY2028 to FY2029 game. So it will be very helpful to just understand across five capabilities, which year does the technology be mature or say actively contribute significantly to the order book and second, how should we think about the order flow in view of this transition you have made?

Hari Haran Chalat: Thanks for the question, Gautam. So the way we look at it, obviously, we are the leaders in the simulator space, now almost for more than 30 years, and anti-drone systems, obviously. So these are the two main segments which, to answer your question, have matured, and there is a sizable portion of order inflow, which has happened over the past couple of months. In addition to that, the other new capabilities that we have built, especially in the drones, in the robotics space and in the drone propulsion. Drone propulsion is something that like Ashok Sir mentioned with the earlier participant, there is a huge market for the drone propulsion and we should be seeing those orders materialize for Vector Technics. Robotics is something that we have just entered into and you would have seen that we have launched a new product called Vrishabh, which is the unmanned ground vehicle. We have done our internal trials for it, we expect to take it to the customer and do the trials with them, but it is going to take some time. So to answer your question, robotics is something that is going to take time. We are doing some heavy investment in other key areas like the autonomous vehicle and for defense purposes and all that. These are investments for the future. Most probably it will take at least two to three years for these products to mature, but we are very hopeful because these are the technologies which are required for the future and globally also are required for any defense or government body to have. So, I hope I answered your question. So, to summarize, basically, simulators and anti-drone systems is something that is going to drive the Company forward, at least in the foreseeable one to two years. Whatever we have launched in the last couple of months, let it be the interceptor drone, or let it be the other hard-kill options, which is the ammunition and all these are going to complement our existing products and these are the need of the hour for the customers, but the investment that we are making in robotics, autonomous vehicles, and other capabilities that we are trying to build is something that you will start seeing the benefit in next two years at least.

Gautam Rathi: Understood. Then just if you can help me like then when we talk about your core simulation and anti-drone market, right, or the order flow, can you just help us? I see simulation, you have started to get some orders, but anti-drone still seems to be a bit softer. So is there an internal issue with technology evolving so rapidly that you have to just keep on upgrading the systems or is it something with the customer which is causing a problem like they are not able to order or they are not clear with their requirements if you can just give us some thought process around it and how should we think about it in the next you know nine to 12 months in terms of the order flow and the size that will be really helpful? Thanks.

Ashok Atluri: Gautam this is mostly demand-related issue more than our ability to supply I think. I am definitely expecting some competition to come up and some place where we do not win kind of a thing even though last few tenders we were single vendor, there was nobody at the competition. Everybody was disqualified because this IDDM the government was looking into the codes, drawings, the design, etc., nobody came, but actually nobody got qualified, even technically, but I think that will change as we go ahead. I think even the requirements will be so varied that Zen will not be able to cater to all the requirements. So there will be something in which we will qualify and do very well and something we may be disqualified. So I think the market is expanding and it is going in all directions, and there are very specific needs, multiple verticals emerging, but as of now, the problem is of demand. There are no tenders that have come out for anti-drone systems, and there are no simulator tenders that have come out, but we are expecting that, the fast track process with the government actually granted, recently, all those tenders are going to come in and we will be bidding in that and that those orders will come very, very fast. It is not that they are going to take forever. I think they will be finalized in a few months. So, I think that is going to be the thing. So, to your question, the issue is not with Zen, but the government has not floated any tenders in the recent times. As and when they float, we will be bidding for that and we will be hearing the good news.

Gautam Rathi: Sure. Thanks.

Moderator: Thank you so much, Gautam. We have our next speaker. We have Sanjeev Zarbade of Antec Limited. Sanjeev, please go ahead. Sanjeev, please unmute your microphone so that we can hear you.

Sanjeev Zarbade: Sir, wanted to get a sense of the market potential over the next three years in simulators for the three wings of our armed forces that is army, navy and air force and what would be our strategy go to market strategy regarding the air force simulators wherein we are still kind of getting our foot in, so some sense on that Sir?

Ashok Atluri: Yes, so I will start with the Air Force thing. Air force is the market that again, very strong market and that is the reason we were actually looking for acquisitions, but now we have started developing our own simulator. The first simulator was the C195 that was shown in the presentation and of course, all related technologies with flight simulator, including 3D motion platform, etc., are already available with us and we can make a full motion simulator. So we have now started bidding and inviting Air Force to come and see our capabilities. So they are shortlisting us for all future simulators in Air Force so that is one thing. With respect to the army and navy, I think our estimation is that for both the markets it is upwards of about $2.5 that is about Rs.25,000 Crores and again, when will they play out that is the question that we are not able to answer but they are definitely going into multiple, from multiple hundreds they are going to thousands of Crores is what we feel in the next couple of years. So, I think the growth prospects there are very large in both army and navy. So, that is the broad answer to you. Sanjeev, I think I addressed your question.

Sanjeev Zarbade: Sir, my second question regarding the tank gunnery order, these kinds of orders, they come on a yearly basis or like when we have got this order, the immediate requirement across India has been fulfilled and maybe the next order may come two to three years down the line when the army may need some modification or a different product, so, what is the recurrence, can this similar order come next year also or the immediate requirement is fulfilled that is what I wanted?

Ashok Atluri: Sanjeev, just to tell you how we estimate the market size, typically is, let us say that as per the Wikipedia, Government of India has 4000 tanks, let us say, it is a different number, but I am just for the sake of simplicity. For 4000 tanks, there are three operators with three backup operators, the driver, gunner and the commander, so these guys need to be trained. Now, how much time should they be trained is a question. Typically, if you say they have to be trained for 10% of their time out of 2000 hours, they need to be trained for 200 hours on the simulator so that would be say that we have six into 24,000, 24,000 soldiers who need to be trained for about 200 hours, so that would mean that there is a demand for 48 lakh hours of training. Okay, are you with me here?

Sanjeev Zarbade: Yes, Sir. Yes, Sir.

Ashok Atluri: Yes, 48 lakh hours of training. So for what the 48 lakh hours training, how many simulators are required? Just divide 48 lakhs by 2000 hours so each simulator has 2000 hours so just will give me 2400 simulators, so whatever they have procured till now, just a small slice of what their requirement. Even this, the order that came, Rs.177 Crores, is actually not a new order it was for integrating existing simulator so that the armed forces could train and the whole tank could be trained as an integrated unit. The driving simulator and the tank gunnery simulator, but are combined now and given various kinds of situations, etc., including AI were there. So, to your question, this is a very, very small part. We did not get it. So, this is a very limited number of orders. Just multiply it with maybe 100 times or something like that to really get the estimate of the size of the order. So, at least do it 30 times of this. So, we think the market size is very large, the orders that we are getting are only part of the thing and a concept proving at this point in time and again, typically, once we get the order, the order lifecycle is 10 years and after the second year, third year onward, we get the AMC. It generates revenues for us even through the life cycle of the thing. 10 years later they are replaced. Number one, the market size is very huge. The order they have given is very, very small part of that addressing and second is even for the small part, they are generating revenue typically from the third year onwards. I think I will stop here, but I hope I have answered your question.

Sanjeev Zarbade: Understood, Sir. Thank you and all the best.

Moderator: Thank you. We have Dipen Vakil of Phillip Capital with his question. Dipen, please go ahead.

Dipen Vakil: Thank you for this opportunity. Sir what I want to understand from you is that are you experiencing a change in the type of ordering or the change in the ordering scenario? So earlier the way we used to get was like a two-year, three-year ordering so now from that are we getting more of like 12 months ordering is this like something which is happening from an industry wide angle because it has been a while since and a lot of private companies are getting just 12-month orders, 12- to 15-month order and not a long term order, so are you experiencing that and that is how the industry is shaping up now or that is just a short term scenario for now?

Ashok Atluri: I think, because of the threats that are being posed, government was going in a fast-track mode to acquire faster. In fast track, typically the execution cycle is one year, so the thing has to be done, but to your question, is everything going fast track mode? The answer is no. The government is going on regular procurement in some channels, where they do not have urgency, but again, the industry would love to have this 12-month cycle more than the larger cycle, which can take anywhere up to three years. So, but yes, we are getting more and more this FTP based orders, but still the very large orders are being routed through the regular procurement.

Dipen Vakil: Got it, Sir. Sir, can you help us with, I am sorry if this is a repeat question as I joined a little late, but can you help us with what are the orders which are there on the expected side of it, say, for the rest of the year and if there are any major orders that you could highlight as to which are expected in near term?

Ashok Atluri: I was talking about the simulator orders that we were saying, we have been saying that, we are going to get in the next few months. I think that one of the order we already got for Rs.177 Crores, there are a couple of more orders. One order I think may come sooner than later, maybe very, very soon, but the second order again, we think it will take a couple of months, but all together, I think we had said that Rs.700 Crores to Rs.800 Crores worth of orders are incoming I think that is going to happen soon. This is only for the simulators, anti-drone system is a different ballgame. That is going to be much, much larger in scope and that will run into, I think, at least a couple of thousand Crores of rupees.

Dipen Vakil: So when you look at it from an overall point of view, so overall, how much order wins are you expecting in, say, FY2027?

Ashok Atluri: What I have learned from frequent prediction is not to make any prediction. So I will not make any prediction, but I think it is going to be very large, Dipen. I think, strangely, a lot of companies are going to get a lot of orders because there is so much in the works, I do not think any one Company can really service them I think it is a very, very large market and I think it is a fantastic time for the defense companies as a whole, defense industry as a whole. So I think we look forward to getting the orders, executing them, making India stronger, completely unbeatable in war. We look forward to that.

Dipen Vakil: Got it, Sir. Sir that is all from my side. I will connect again if there are any more questions.

Moderator: Thank you so much, Dipen. Ladies and gentlemen, we will take that as the last question for today. I will now hand it over back to Mr. Ashok Atluri. Over to you, Sir!

Ashok Atluri: Thanks Swapnil. Overall I want to make most of the points were covered by that but overall that what I want to say is we are very excited as a management of the Company that the way things are going and we expect the orders have started coming and we expect new orders to come in for simulators and little later much later the orders from anti-drone systems and one question that nobody touched upon was acquisitions. What is happening with acquisitions? We actually are looking to acquire more companies and I think they will really add a new dimension to the Company the way, ARI acquisition and other acquisitions have happened. I think this will be very, very interesting acquisition with huge revenue potential. We will be acquiring and we are looking around for companies. I think that will be very, very good news for our investors. Fortunately, even though we have deployed most of the QIP funds, some funds are still there, but fortunately, we have built up enough cash to actually invest in very, very interesting companies and this was one part that was not covered and again, the integrated smart border suite is something we are excited. I think this is again a very large order and Zen is really geared up to take advantage of that. There are new things coming up, the laser based direct energy weapon systems and some of technologies are really in the works in R&D, which we cannot tell at this point in time, but as we go ahead we will be announcing them. They are really cutting edge, not only from India's point of view, but world's point of view. So I think we are looking forward to that and I think, thanks for supporting us all through this and I think there have been difficult times for Zen and I see that in spite of quite a testing times you have stayed with us, but I think the time has come that good news will start trickling in slowly and long-term holders will be rewarded sufficiently. Again, thank you so much for your support.

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 on the leave icon to exit the meeting. Thank you all for your participation.