



ZEN TECHNOLOGIES LIMITED

Certified ISO 9001:2015, ISO 27001:2013, ISO 14001:2015, CMMI ML5
Regd. Office : B-42, Industrial Estate, Sanathnagar
Hyderabad – 500 018, Telangana, India
Phone: +91 40 23813281, Fax No: +91 40 23813694
Email: info@zentechnologies.com Website: www.zen.in
Corporate Identity Number : L72200TG1993PLC015939

Date: 12 August 2020

To
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai- 400001
Through: BSE Listing Centre
Security Code: 533339

To
National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex,
Bandra (E), Mumbai – 400 051
Through: NEAPS
Symbol/Security ID: ZENTEC

Dear Sir/Madam,


Sub: Investor Presentation

With reference to the above captioned subject, please find attached the updated Investor Presentation – August, 2020.

This is for your kind information and records.

Thanking You.

Yours faithfully,
For Zen Technologies Limited


Hansraj Singh Rajput
Company Secretary & Compliance Officer
M. No. A38213



Works : Plot 36, Hardware Park, Near Shamshabad International Airport, Hyderabad - 501 510, Telangana, India



CMMIDEV / 5SM
Exp. 2022-01-30 / Appraisal #2306



being there...

ZEN TECHNOLOGIES LIMITED



Investor Presentation - August 2020

"The more you sweat in peace, the less you bleed in war."

BSE: 533339 | NSE: ZENEC | ISIN: INE251B01027 | CIN: L72200TG1993PLC015939

WWW.ZEN TECHNOLOGIES.COM

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Zen Technologies : Snapshot



Pioneer and Leadership in
Defence Training Solutions
in India

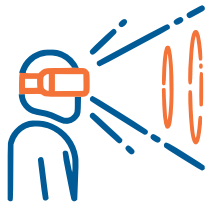


In-house Design,
Development and
Manufacturing of Simulators

BSE  **NSE**



Listed On
BSE & NSE and track record
of consistent dividend
payment



Developed & Applied
patents for 93 products and
installed over
1,000 Simulators for service
to defence



Over 25 years of successful
track record of serving
Ministry of Defence, State
Police Forces & Para Military
Forces



Establishing global
footprints through Outreach
Program. Zen Product
appears in prominence in
Google Searches



- Pioneer & Leader in Defence Training Solution Provider
- Balancing the product and fixed revenue stream from AMC
- Thurst on exports for global presence and diversifying revenue stream
- Significant service revenue from AMC ensures profitability even in absence of new equipment orders

Revenue Drivers

Simulator Products



- Orders are of large size and have long closing cycles resulting in revenue volatility
- First mover advantage with many soldiers having trained on the Company's products



Combat Training Centre (CTC)

- Combat Training Centre as a highly advanced & tailored training solution would enable deeper penetration and longevity of relationship



Annual Maintenance Contract

- Long term recurring fixed income with superior profit margins
- Lifecycle of a simulator is 15 years which creates lifetime revenue potential of 120% of product sale
- Perpetual growth in recurring fixed AMC revenue with augmentation in simulator installation base



Exports

- Thurst on sales to under served markets of CIS, Middle-East and African countries
- Focus on developed market sales with a sales team in US



Combat Training Centre

- Handful of companies globally in this segment
- Large value add to the forces with simulated war-games / large scale joint exercises
- Potential order size of USD 25-100 million for a single installation



Indian Army training requirement of Rs 8000 Cr



Global addressable market size of more than USD 8 billion



Large installed base with AMCs – significant recurring income



Abundant Global Opportunities

- Zen's products are mature
- Growing credibility of Indian Defence Vendors with active government support
- Cost of Advanced simulators very prohibitive in Africa and Middle East
- Larger established players have no thrust for Smaller markets
- No ITAR restrictions on Exports

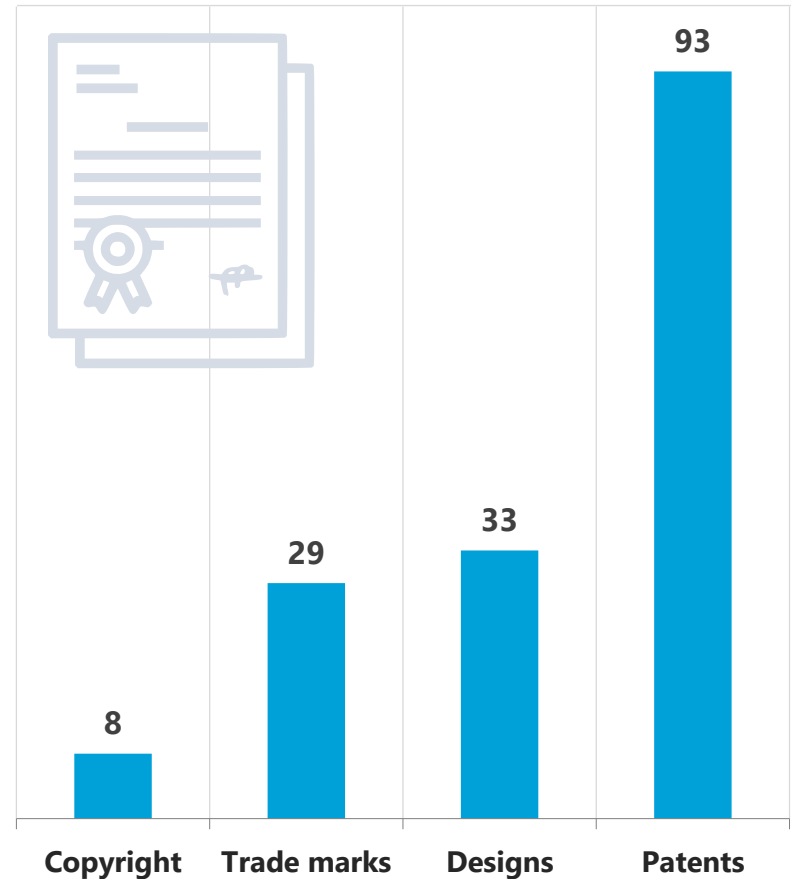
- The Company has an **Asset Light model** and outsources most of manufacturing to its supply chain.
- Mostly, software and final hardware assembly is done at the Zen facility
- Hyderabad based vendors have adequate surplus manufacturing capacity to cater to any increase in demand
- Capex requirement will be negligible to execute large size increases 2x/3x.
- The Company has adequate infrastructure. In the rare case of additional integration facility, there is surplus land in the existing facility



Focused R&D driven organisation

- R&D Driven prototyping to develop state of the art training simulators
- Over 90 in-house researchers working on specialised in-house created domain libraries
- Collaboration with universities to further augment research capabilities
- R&D investment of over 65 crs in the last 5 years, ~24% of revenues
- Significantly shortened lead time in developing new simulators with a databank of extensive simulation modules
- Filed 93 domestic and global patents applications of which 23 granted
- Almost 38% of the employees are dedicated for centralised R&D centre

Total IPR Applications





Comprehensive product range

- More than 50 simulator and other training products for varied training needs
- Comprehensive Customised Training solutions with Combat Training Centre



Credibility with 25-year track record

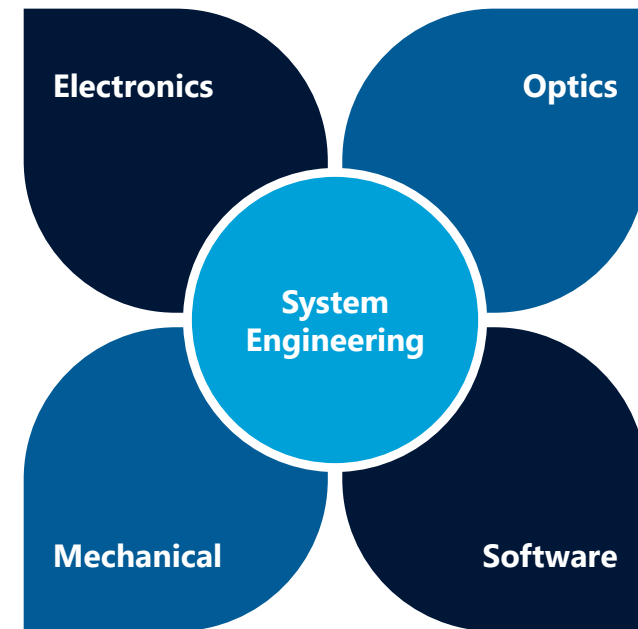
- Great understanding of Indian defence procurement process
- Good insight into the potential pipeline and armed forces pain-points
- Great credibility within the Indian Forces having supplied over 825 simulators over the last 2 decades
- Over 90% of Indian business is from repeat customers



Best-in-Class Sales Support

- 23% of workforce in after sales support
- Excellent feedback ratings
- Over 99% Uptime of product installations in AMC

Complete in-house skills



1

Domestic

- Conducive regulatory regime has opened erstwhile closed single vendor business opportunities
- Offset clauses require global defence players to partner with Indian manufacturers

2

Exports

- Target smaller erstwhile ignored markets through tailored training solution
- Dedicated marketing team to push sales
- Strong support from government vs approval hurdles in past.
- Products developed under Make II procedure can further be exported significantly enhancing the opportunity size
- Push will be from India rather than USA due to active support from Indian Govt.

3

AMC Annual Maintenance Contracts

- AMC CAGR of 38.5% over last 5 years
- Simulator sales leads to a potential 120% AMC revenue over product lifecycle
- Continued engagement with customers result in potential upsell opportunities.

Zen Medical Technologies

- Zen Tech's in-house R&D centre has successfully prototyped a medical ventilator
- There is real dearth of indigenous medical device manufacturers in India and Zen Medical Tech aspires to fill the void
- The Company foresees enormous opportunity in medical equipment and has created a subsidiary for designing, developing and manufacturing of medical devices.
- The Company is exploring tie-ups with manufacturers with clean room facility to produce medical devices
- The Company envisages to develop 3-4 medical devices by end of the financial year
- This strategic diversification will help the Company to have stable revenue stream.
- The financial commitment for this diversification is very limited

MAKE II procedure in the DPP 2016

- Industry can suo moto come up with solutions which can solve or address the challenges faced by Indian Army
- For accepted solutions the Indian armed forces will give a go ahead to develop such a system
- Indian armed forces will assure the acquisition of such system as a single vendor
- Developer will have to incur the cost of development

Make in India

- Government of India's keen focus on promoting indigenous manufacturing has created conducive environment to make in India for exports
- Offset clauses require global defence players to partner with Indian manufacturers

Indigenously Designed, Developed and Manufactured

- New Category introduced by MoD in DPP 2016:
- Under IDDM even Single vendor situations are accepted this opens up several erstwhile closed opportunities.
- Govt. to focus on IP ownership of products; not just low-cost coolie manufacturing done under licence

Exclusivity to Indigenous Products

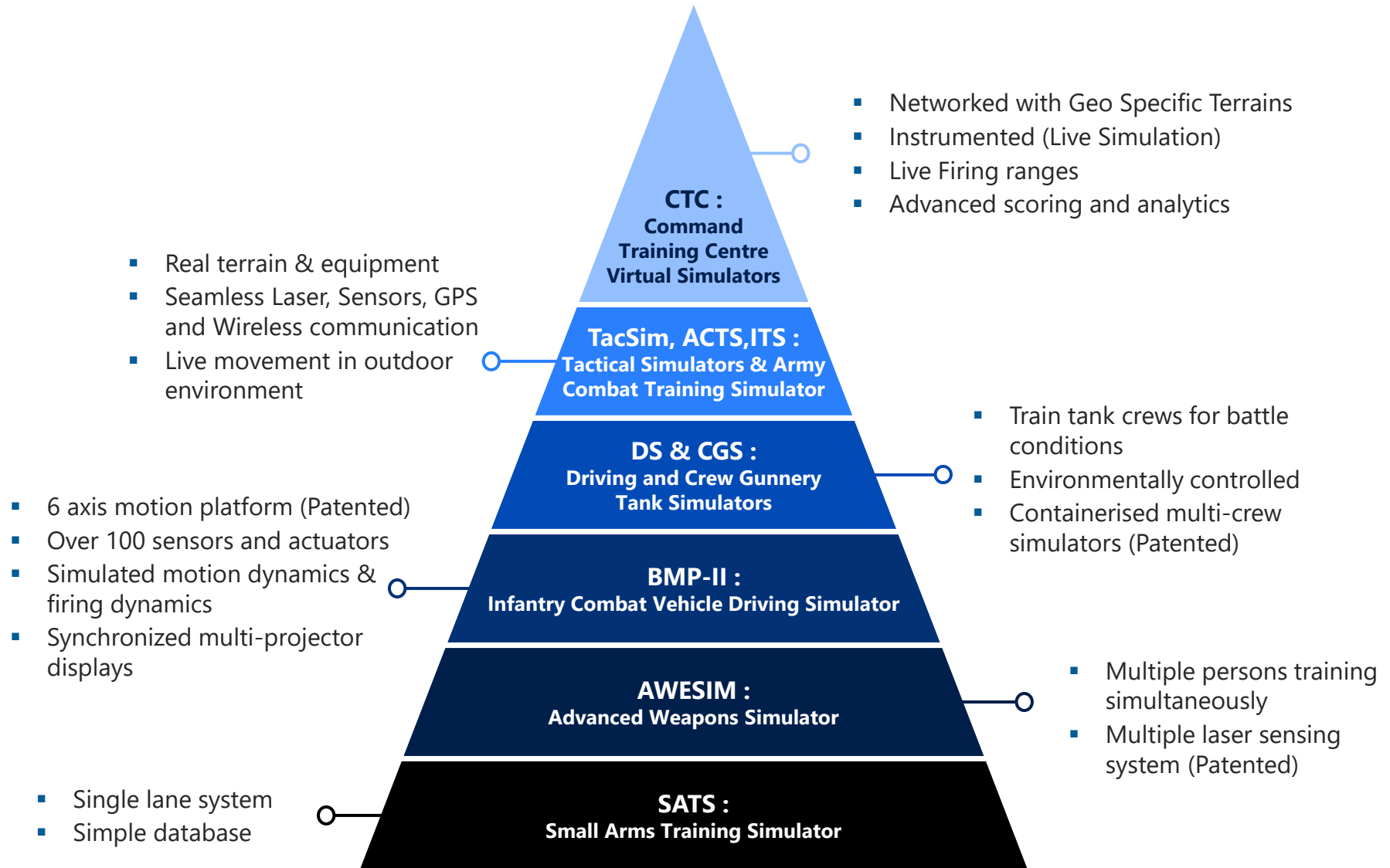
- Hon'ble Defence Minister announced a list of 101 items which will be exclusively procured from domestic defense industry.
- The list includes 9 simulators which are designed, developed and manufactured by Zen Technologies Limited.
- Indian IDDM (Indigenously Designed, Developed and Manufacturing) policy change will provide the much needed push

Zen poised for Growth like Special Bamboo Tree

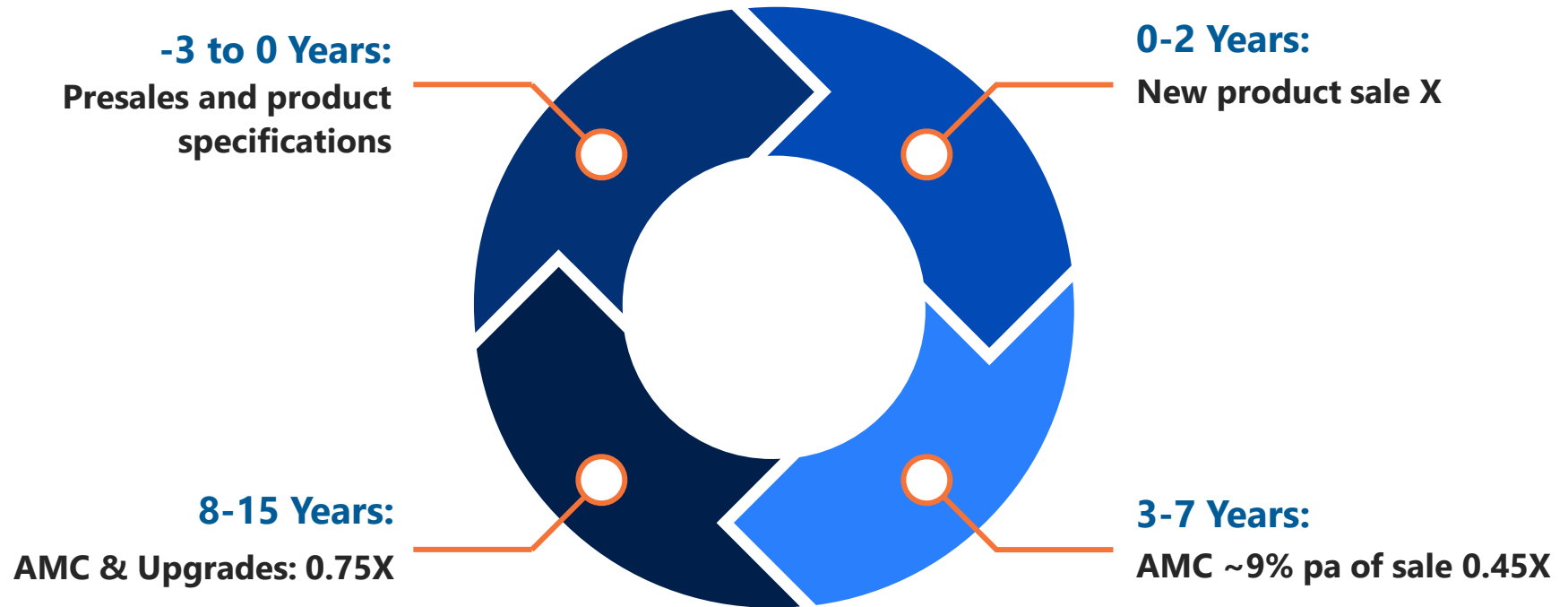


Bamboos include some of the fastest-growing plants in the world,[due to a unique [rhizome-dependent](#) system. Certain species of bamboo can grow 36 inch within a 24-hour period, at a rate of almost 1 1/2 inch an hour

Moving Up The Complexity Pyramid



Simulator Life Cycle



Simulator sale of X creates a future revenue potential of 1.2X over the product life

Simulator Product List



Defence

- 81mm Mortar Integrated Simulator
- Advanced Weapons Simulator
- Anti-Aircraft Air Defence Simulator
- Anti-Tank Guided Missile Simulator
- Armour Combat Training System
- Artillery Forward Observers Simulator
- Automatic Grenade Launcher Simulator
- BMP II Driving Simulator
- Combat Training Centre
- Combat Training Simulation System
- Containerised Shooting Range
- Containerised Tubular Shooting Range
- Driver Aptitude Testing System
- Driving Training Simulator
- Hand Grenade Simulator
- Infantry Weapons Training Simulator
- Multi-Functional Target System
- ShootEdge®
- Shoot House for Live and Simulated Indoor Tactical Training
- Smart Target System
- Tactical Engagement Simulator (TacSim®)
- Tank Simulators
- Tank targets
- T90 Crew Gunnery Simulator
- T90 Tank Driving Simulator
- T90 Tank Gunnery Simulator
- Tank Zeroing System

Homeland Security

- 81mm Mortar Integrated Simulator
- Advanced Weapons Simulator
- Air-to-Ground Firing Range Scoring System
- Artillery Forward Observers Simulator
- Automatic Grenade Launcher Simulator
- Combat Training Centre
- Containerised Shooting Range
- Containerised Tubular Shooting Range
- Driver Aptitude Testing System
- Driving Training Simulator
- Hand Grenade Simulator
- Multi-Functional Target System
- ShootEdge®
- Shoot House for Live and Simulated Indoor Tactical Training
- Smart Target System
- Tactical Engagement Simulator (TacSim®)
- TacSim® with Indoor Tracking System

Driving

- Automated Driving Simulator
- Basic Driving Simulator
- Driving Training Simulator
- Driver Aptitude Testing System

And many more.....

<http://www.zentechnologies.com/training-simulators-equipment-systems.php>

A million dollar question for Armed Forces



Are You Combat Ready?

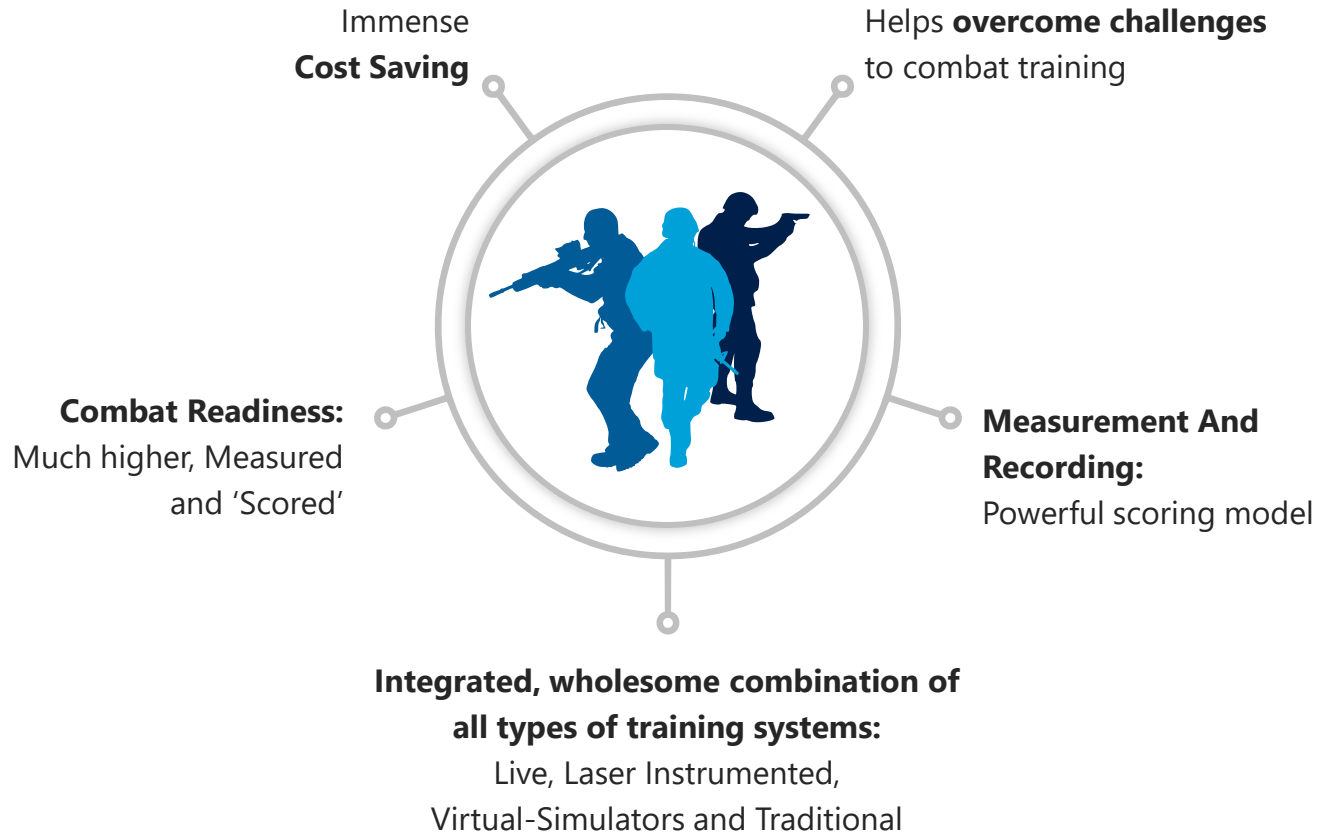


MINISTRY OF DEFENCE
Assessing and Reporting Military Readiness

REPORT BY THE COMPTROLLER AND AUDITOR GENERAL | HC 72 Session 2005-2006 | 15 June 2005



Zen CTC: One Stop Solution for higher Combat Readiness



Infrastructure Facilities



Corporate Head Office

27,000 Sq. Ft.

B-42 Industrial Estate,
Sanath Nagar, Hyderabad

Production Division

75,000 Sq. Ft. built up on 8.55 acre land

Hardware Park,
Maheshwaram, Hyderabad



New R&D centre

25,000 Sq. Ft.

Floor No.11 and 12, Signature Towers,
Kondapur, Hyderabad

Financial Snapshot



(Figures in INR Millions)

Particulars	2018	2019	2020
Sales	389.6	922.2	1,469.8
Sale of Products	184.3	698.9	1275.25
Sale of Services	205.3	223.3	194.55
Gross Profit	323.1	615.6	1022.27
R&D Expenses	128.3	122.7	148.16
EBITDA Excl R&D	109.8	348.2	784.07
PAT	2.0	190.5	605.3
Total Order Book	3,500.0	2,663.6	1607.9
AMC Order Book	1,243.0	1,108.9	948.3

Statement of Affairs

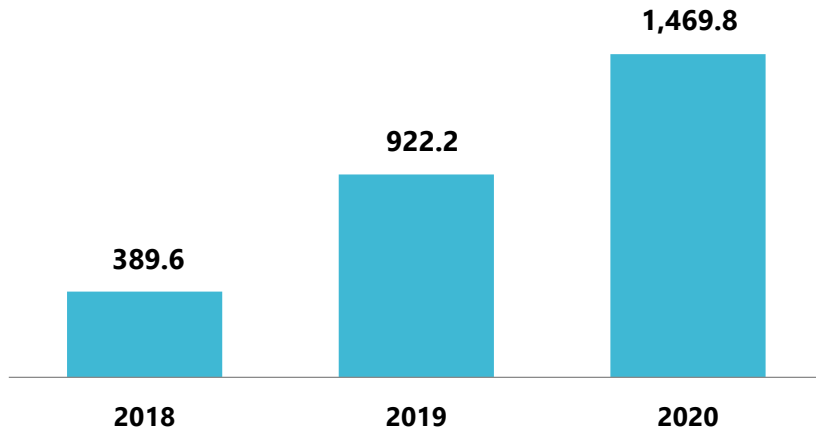


(Figures in INR Millions)

Particulars	2018	2019	2020
Net Worth	1,184.2	1410.1	1987.46
Long-Term Borrowings	32.7	88.0	1.88
Short-Term Borrowings	68.3	329.9	6.9
Trade Payables	34.7	75.2	51.26
Fixed Assets	646.4	627.7	643.61
Capital Work-in-Progress	0.0	4.0	0.0
Inventories	115.5	352.8	103.53
Trade Receivables	226.1	733.5	443.78
Cash and Cash equivalents	118.0	36.8	102.49

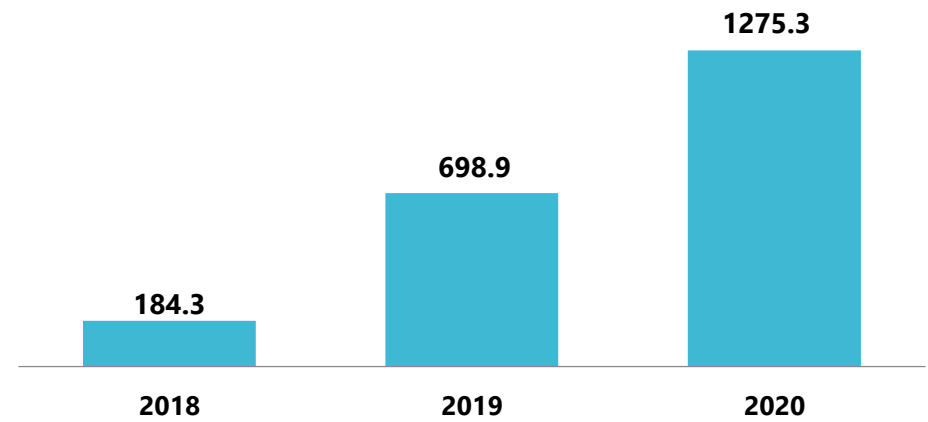
SALES

Figures in INR Millions



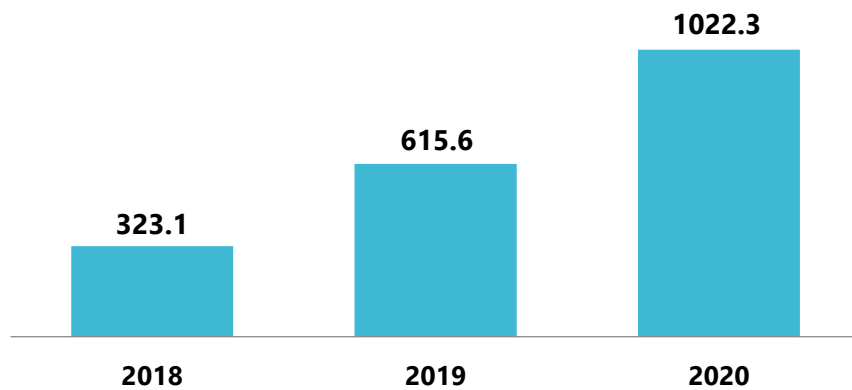
SALE OF PRODUCT

Figures in INR Millions



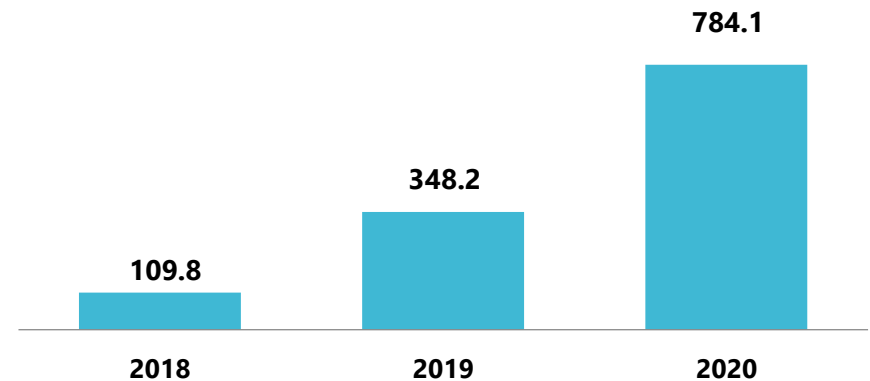
GROSS MARGINS

Figures in INR Millions



EBITDA EXCLUDING R&D

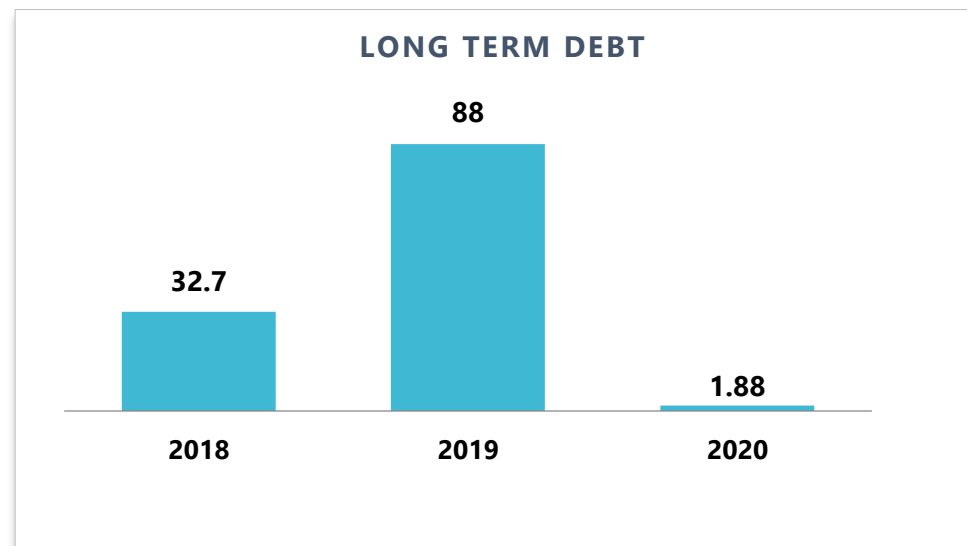
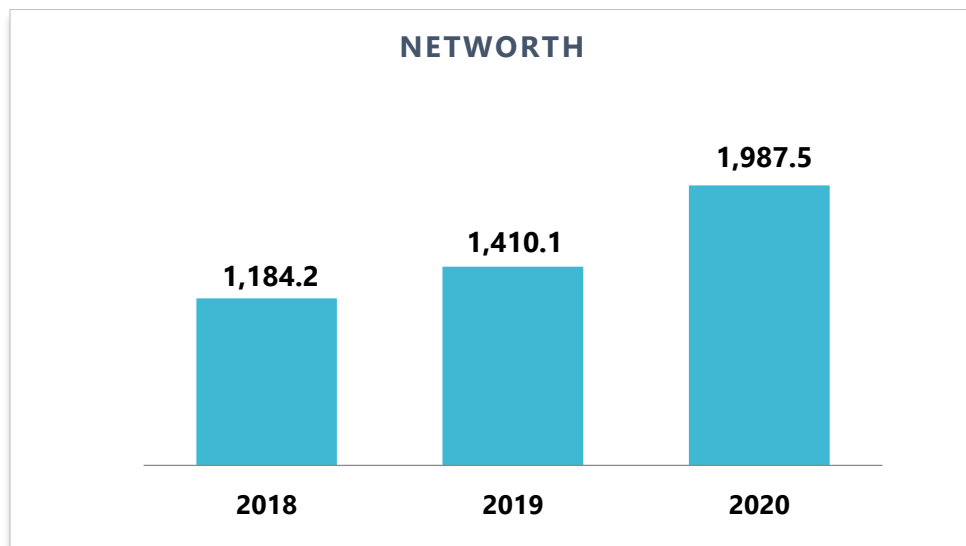
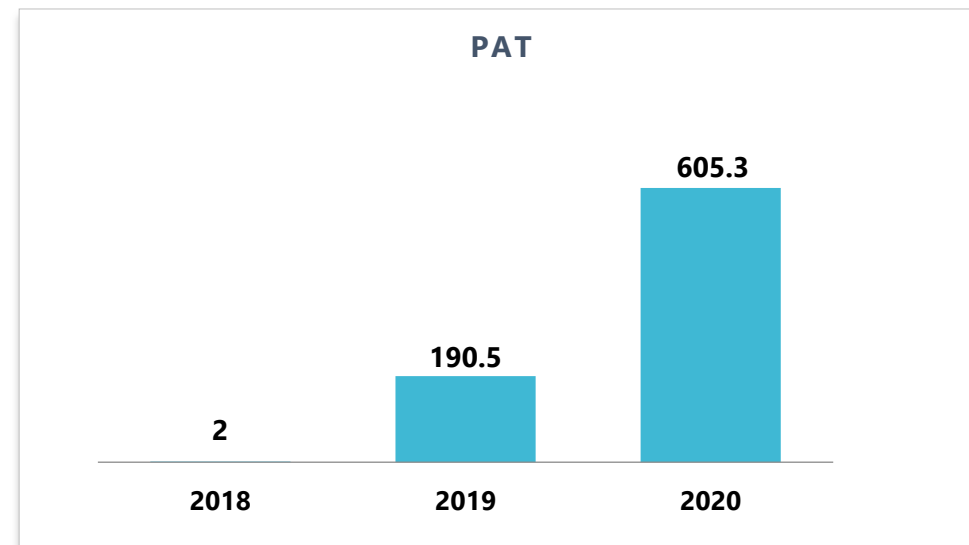
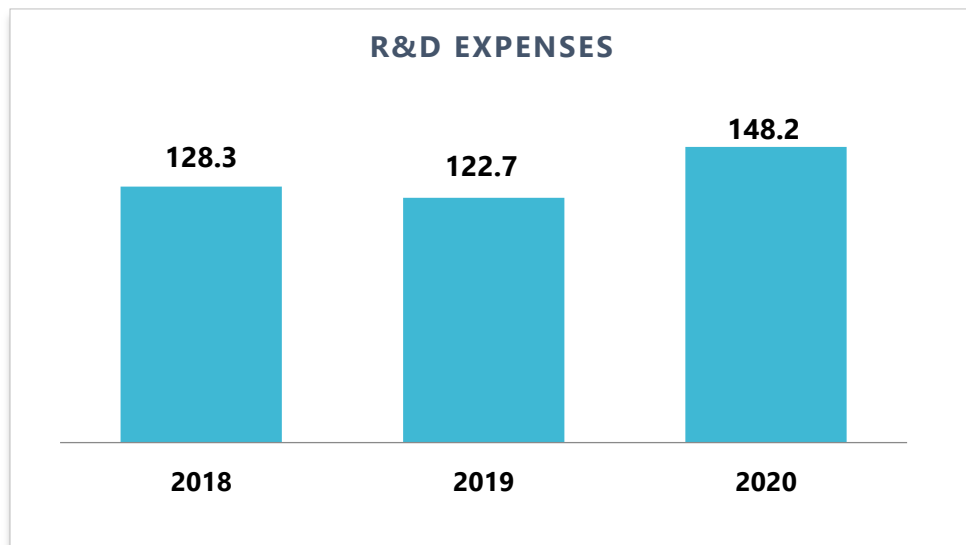
Figures in INR Millions



Trends continues.....



(Figures in INR Millions)



- The Company achieved historically highest turnover and profitability during the financial year 2019-20
- The Company prepaid Term Loan and achieved debt free status during the year
- The Company continues to maintain debt free status . The Company's surplus funds reached to new high which has been parked in fixed deposit with prestigious Banks
- Company executed the order from Army 18 months ahead of schedule
- The Company declares 40% dividend



ZEN TECHNOLOGIES LIMITED

THANK YOU

DISCLAIMER:

CERTAIN STATEMENTS IN THIS PRESENTATION 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.

Regd. Office: B-42, Industrial Estate, Sanath Nagar, Hyderabad, Telangana, India – 500018

Phone: +91-40-23812894, 23813294, 23814894, 23813281

Email: info@zentechnologies.com | www.zentechnologies.com

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