

Making
Ideas *Happen*

Forward looking Message

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Financial Highlights

Revenue from Operations

(₹ in Crores)

49.57



Profit After Tax

(₹ in Crores)

4.09



Order Book

as at 31st March 2021 (₹ in Crores)

192.67



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Further information can be found online by visiting
zentechnologies.com

Making Ideas Happen

*After almost 28 years of being in this industry we often ask ourselves - What have we really achieved? What have we really done all these years? And every time we ask ourselves this question, we know what the answer is - **we made ideas happen.***

What seemed like small ideas, tossed around in our office and meetings, have turned into milestone achievements today, and that's what we have done. We took the smallest of ideas, the most challenging and unachievable thoughts, and molded them to make them into a reality. Our robust R&D, our willingness to take the plunge, and our indomitable spirit is what has made this possible.

We at Zen Technologies firmly believe in innovation, and we are willing to sacrifice for the larger picture. While our customers or even our peers sometimes fail to see what the future holds, we never fail to believe and hope that the future is nothing but bountiful.

We are strongly invested in the future of our industry, our business, our people, and most importantly our capabilities, and that's what makes us unique. We never shun away even the smallest of feedback, and we don't shy away from researching and developing until we are satisfied with what we have. It is our strong resolve which keeps us going and our belief in ourselves.

We know that we can make ideas happen!

About Zen Technologies

With almost three decades of experience in the industry, Zen Technologies Limited is a pioneer and leader in providing world class state-of-the-art Defence Training Solutions, Drones and Anti-Drones solutions.



Combat ready soldiers save lives and increase the chance of a successful mission. Zen Technologies creates training solutions that develop combat ready soldiers.



The Company has an impeccable track record in creating training systems to facilitate defense training and measure combat readiness of the armed forces.

Having served over 100+ institutional customers the Company is engaged in indigenous design, development and manufacturing of defence training systems based on sensors and simulators technology. Zen Technologies has relentlessly served the Ministry of Defence, Government of India and its Armed Forces, Security Forces and Paramilitary Forces, thus having the privilege of serving the nation at large. The Company is engaged in manufacturing land based military training simulators, driving simulators, live range equipment and anti-drone systems. Zen Technologies also has its own training platform to provide a realistic battle experience by integrating its entire range of product offerings.

With a dedicated R&D (recognized by the Ministry of Science and Technology, Government of India) and production facility in Hyderabad, the Company has applied for over 109 patents and shipped more than 1,000 training systems across the globe.



Vision
To be a leading global defence training solutions provider



Mission
To provide training solutions through innovative and cost-effective solutions

Years of experience



27+

Order book
(₹ in Crores)



192+

Customers served



100+

Investments in R&D
in the last 5 years
(₹ in Crores)



~67

Patents filed



109

Cumulative sales
invested in R&D
in the last 5 years
(in %)



~17%

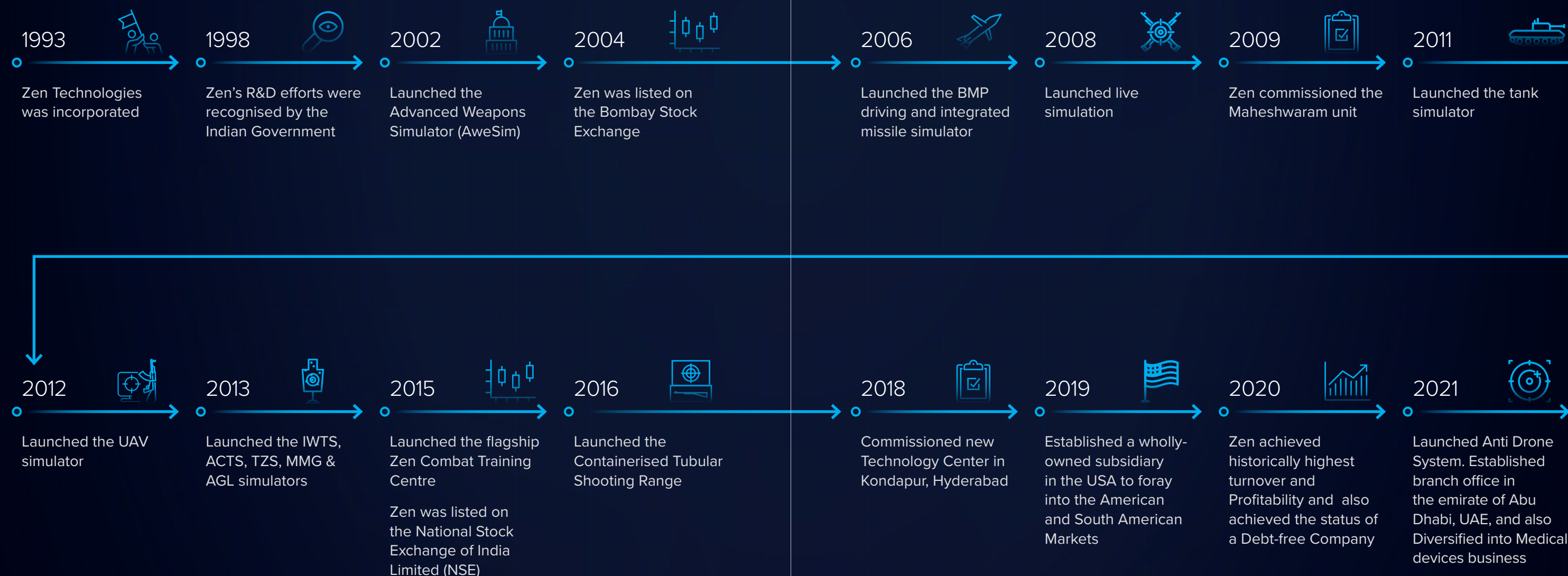
Employees



200+

Our Journey so far

In the last almost three decades of Zen Technologies journey, the Company has achieved many a milestones with its revolutionary innovations for the defence industry. Zen has launched many simulators in these years and has partnered with the armed forces, thus enabling the safety of the nation. From building training simulators for the armed forces to developing drones and anti-drones systems for actual warfare to foraying into medical technologies, Zen has truly come a long way.



Our Product Portfolio



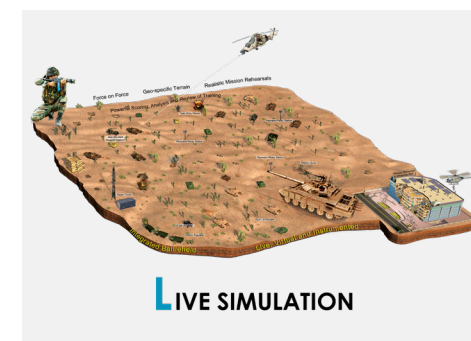
Zen Technologies prides itself in being the pioneer of many simulator-based technologies, which has revolutionized defence and other security training. With years of research knowledge, Zen has now forayed into drones and anti-drones systems for the security forces of India and other nations.



ANTI-DRONE

ANTI-DRONE SYSTEM (ZADS)

This system works on drone detection, classification and tracking on passive surveillance, camera sensors and neutralization of threat by jamming drone communication. This is a multi-layer, multi-sensor system aimed at providing comprehensive security against drone attacks.



COMBAT TRAINING CENTRE

COMBAT TRAINING CENTRE (CTC)

A soldier must always be prepared for battle and must be well-trained to do so. At Zen, we create an expansive portfolio of live, virtual, constructive and mixed reality combat training systems to develop and maintain combat-ready soldiers.

WAR GAMING SOLUTIONS (WGS)

Zen WGS is a gen-next constructive simulation supporting conventional and non-conventional operations. It provides doctrine-neutral solutions for joint-services/combined and standalone operations. The models consist of Air, Land, Naval exercises along with MOOTW and NBC operations in limited capacity.



DIGITAL BEAMFORMING SOLUTIONS

MULTI-CHANNEL PHASED ARRAY DIGITAL MODULE

This is a state-of-the-art virtual simulator used for the training of L 70 and ZU 23-2 gun crews, with enhanced realism in weapon handling along with realistic battle scenarios. It can transform the crews to deliver accurate fire power.



LIVE RANGES

CONTAINERISED INDOOR SHOOTING RANGE (CISR)

This is a self-contained, transportable, live-fire shooting facility which is designed and built to include the target retrieval system/firearm judgmental training video simulator or to serve as a forensic ballistic test facility. Latest acoustic and ricochet materials have been used inside the Shooting Range to create a clean, safe and discreet environment to carry out the live-fire requirements.

CONTAINERISED TUBULAR SHOOTING RANGE (CTSR)

This is a secure indoor substitute for live firing. It is self-contained, transportable and reduces the area required for a range considerably.

Total Product Offerings

40+



◦ **HAND GRENADE SIMULATOR (HE36S™)**

This is a patented hand grenade simulator that helps trainees develop a high degree of mind-body coordination which is essential for effectively firing hand grenades and preventing accidents.

◦ **SMART TARGET SYSTEM (ZEN STS™) - LOMAH™**

This is an electro-mechanical, software-driven, acoustical projectile detection and reporting system designed to be used at outdoor ranges for live small arms firing. The equipment is rugged, light-weight and easy to assemble and operate.

◦ **SHOOT HOUSE FOR LIVE AND SIMULATED INDOOR TACTICAL TRAINING**

This is a safe indoor facility built to meet the training needs of security personnel involved in operations to eliminate enemy/terrorist threat in closed environment of a built-up area.

◦ **MASTER CONTROL STATION FOR LIVE-FIRING RANGES (MCS)**

This is a live firing range control system that enables display and control for all targets in the range.

◦ **TANK TARGETS**

These tank targets are ideal for range firing and for tactical firing practices. We offer both static and moving tank target systems.

◦ **AIR-TO-GROUND FIRING RANGE SCORING SYSTEM**

This has been designed to provide training for air-to-ground weapons delivery, wherein a variety of targets can be deployed, tracked and hit and miss scores of the exercise can be recorded.

◦ **TANK ZEROING SYSTEM (TZS)**

This is an accurate system for bore-sighting and zeroing in on the main gun of tanks and other Armoured Fighting Vehicles (AFV). It ensures a speedy and reliable process, with savings in man-power and ammunition.

◦ **SHOOTEDGE® (CSWS)**

This is an advance corner shot weapon system that facilitates shooting around corners, over the top or over the walls, without exposing the shooter. It helps fire accurately in darkness and low light conditions and also facilitates firing in various positions.

This system was developed by Zen Technologies in association with DRDO for which TOT has been awarded to Zen Technologies.

◦ **MULTI-FUNCTIONAL TARGET SYSTEM (MFTS®)**

This is an electro-mechanical system for versatile targets which are programmable from the shooters end to perform various movements for firing practices. This portable and easy to operate system is designed for use both at outdoor and indoor shooting ranges.



LIVE SIMULATION

◦ **ARMOUR COMBAT TRAINING SYSTEM (ZEN ACTS™)**

This is designed to meet the training requirements of the mechanised forces in field craft, battle drills, tactical and gunnery procedures. It is ideal for force-on-force tactical training including simulated battle engagements.

◦ **TACSIM® INDOOR TRACKING SYSTEM**

This system is designed to meet the training needs of armed forces tasked to combat enemy /terrorists operating from built-up area/buildings, by physical intervention. The system is akin to the Zen outdoor Tactical Engagement Simulator (TacSim®) with additional features that enable its functioning indoors, where GPS does not work.

◦ **TACSIM® TACTICAL ENGAGEMENT SIMULATOR**

This simulator trains soldiers to utilize the skills acquired during training in field craft, battle drills and live-fire practice while carrying out operational exercises. It is ideal for Commando Units, Special Operation Groups, Special Task Forces, Special Forces, Training Centres, Armed Battalions of Police and all Law Enforcement Agencies. This simulator enables training in near-real life scenarios and training of large troops in a cohesive manner in complete confidentiality.



VIRTUAL SIMULATION

◦ **81MM MORTAR INTEGRATED SIMULATOR (81MM MIS)**

This simulator is designed to enable the soldier to gain proficiency in operating and firing the 81 mm Mortar.

◦ **ANTI-AIRCRAFT AIR DEFENCE SIMULATOR (3ADS)**

This light-weight and user-friendly simulator is designed to train operators on laying procedures in both simulated and field conditions as well as psycho-physiological training, experienced at the time of launch. It provides data of missile launch, details of target movements and hit and miss information for analysis.

◦ **ANTI-TANK GUIDED MISSILE SIMULATOR (ATGM® SIM)**

This is an indoor simulator, designed and developed to meet the challenging training requirements of missile pilots. This simulator trains recruits and hones the skills of trained pilots in handling and firing missiles. The guided missile simulator enables instructor to track the performance of trainees in real time.

◦ **ARTILLERY FORWARD OBSERVERS SIMULATOR (ARTYFOS)**

This simulator trains observation post officers, forward observers of the artillery and other officers of combat wings of army; who may be required to fire long-range, indirect fire weapons like mortars, guns, howitzers, rockets and missiles.

◦ **AUTOMATIC GRENADE LAUNCHER SIMULATOR (AGL SIM)**

This simulator offers complete training solutions to the crew of an automatic grenade launcher. The trainee-in-loop gets the benefit of life-like environment of terrain, combat situation and weapon.

◦ **CARRIER MORTAR TRACKED SIMULATOR (CMT SIM)**

This is a fully integrated state-of-the-art in-door simulator, designed to seek total realism for operational training needs of mechanised forces.

◦ **INFANTRY WEAPONS TRAINING SIMULATOR (IWTS®)**

This modularly-designed wireless system facilitates marksmanship training and battle handling of weapons, both individually and up to a section of recruits/soldiers in tactical scenarios of conventional and unconventional operations.



- UAV MISSION SIMULATOR (UAV SIM)**

This is a comprehensive system developed to train external and internal pilots, mission commanders, observers/special payload operators and image interpreters.

- ROTARY WING SIMULATOR (RWS)**

In partnership with Rockwell Collins, Zen has developed a full mission rotary wing simulator that is fully configurable to meet the varying training needs of the Indian Armed Forces. This can facilitate ab initio training, conversion training, mission training and high-fidelity Level-D training.

- MEDIUM MACHINE GUN SIMULATOR (MMG SIM)**

This is an interactive indoor training aid to train MMG detachment numbers in techniques of engagement of various targets, fire control and tactical employment of the weapon system.

- INTEGRATED AIR DEFENCE COMBAT SIMULATOR (ZEN IADCS)**

This is a state-of-the-art virtual simulator used for the training of L 70 and ZU 23-2 gun crews, with enhanced realism in weapon handling along with realistic battle scenarios. It can transform the crews to deliver accurate fire power.

- INFANTRY COMBAT VEHICLE DRIVING SIMULATOR (BMP II DS)**

This simulator has been developed to train recruits as well as special drivers to drive Infantry Combat Vehicle (ICV) or the Armoured Personnel Carrier (APC) in operational and peace time scenarios.

- CREW GUNNERY SIMULATOR FOR T-72 TANK (T-72 CGS)**

This is a comprehensive simulator designed to train both commanders and gunners of Tank T-72, thus enabling skill development from basic to advanced levels.

- DRIVING SIMULATOR FOR T-72 TANK (T-72 DS)**

This is a holistic driving simulator that provides training features that enable skill development from basic to advance levels. Features include, interactive controls familiarisation, starting and stopping drills and procedures, driving techniques, instructor and driver stations and motion platform.

- GUNNERY SIMULATOR FOR T-72 TANK (T-72 GS)**

This simulator is for gunner trainees of Tank T-72. It provides multiple features such as, interactive controls familiarisation, gunnery drills and procedures, target acquisition and engagement etc. that enable skill development from basic to advance levels.

- CREW GUNNERY SIMULATOR FOR T-90 TANK (T-90 CGS)**

This is a crew gunnery training simulator for both commander and gunner trainees of Tank T-90. It provides multiple features such as, interactive controls familiarisation, gunnery drills and procedures, target acquisition and engagement, etc. that enable skill development from basic to advance levels.

- DRIVING SIMULATOR FOR T-90 TANK (T-90 DS)**

This simulator provides training features such as interactive controls familiarisation, starting and stopping drills and procedures, driving techniques, instructor and driver stations and motion platform etc. that enable skill development from basic to advance levels.

- GUNNERY SIMULATOR FOR T-90 TANK (T-90 GS)**

This is a gunnery training simulator for gunner trainees of Tank T-90. It provides multiple features such as, interactive controls familiarisation, gunnery drills and procedures, target acquisition and engagement etc. that enable skill development from basic to advance levels.



- BMP II INTEGRATED MISSILE SIMULATOR (BMP II IMS)**

This simulator has been developed to meet the training requirements of gunners and commanders of Infantry Combat Vehicle (ICV)/Armoured Personnel Carrier (APC). It trains recruits and hones the skills of trained gunners in handling and firing different types of weapon systems.

- ADVANCED WEAPONS SIMULATOR (AWESIM®)**

This is a state-of-the-art firearms simulator that recreates small arms firing range indoors and is aimed at training recruits to Special Forces and Commandos. The simulator can be adapted to a number of firearms to impart basic training, hone firing skills, improve weapon handling skills and tests the skill level of trainees in complex and war-like scenarios.

- DRIVER APTITUDE TESTING SYSTEM (ZEN DATS™)**

This is a reflex testing system that tests a driver's alertness, depth perception, peripheral vision, night vision and ability to recover quickly from the effects of glare. The system identifies individuals prone to accidents by exposing psycho-motor deficiencies.

- DRIVING TRAINING SIMULATOR (ZEN DTS®)**

This is a versatile, indoor training system for light, medium and heavy vehicle drivers. The simulator facilitates training in a 'to-scale' vehicle cabin with actual indicators and controls.

- AUTOMATED DRIVING SIMULATOR (ZEN ADS™)**

This is a standalone, versatile, indoor, classroom driver training simulator for light, medium and heavy vehicles. The simulator

facilitates training in a mock-up vehicle cabin with actual indicators and controls, thereby creating a realistic driving environment.

- DRIVING SIMULATOR (DS)**

This is a dynamic indoor, classroom driver training simulator for light, medium and heavy vehicles. The basic system is supplied with a single instructor station and a driver station but it has the facility to control up to 10 driver stations of various combinations of vehicles, individually or simultaneously.

- BUS DRIVING SIMULATOR (BUSSIM)**

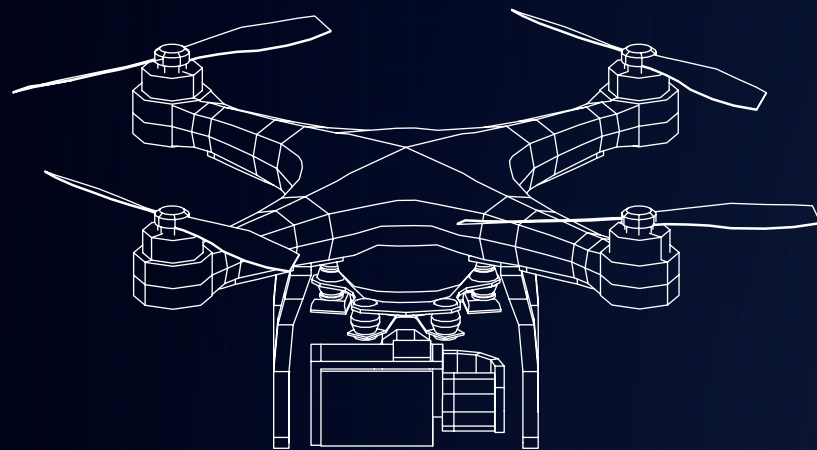
This is a versatile indoor training system that trains bus drivers of varied skill-sets and experience. The simulator uses 'to-scale' bus cabin with all gauges, controls, transmission systems and indicators found in a bus. This software has been specially developed to recreate the real-life environment in which bus drivers operate.

- TATRA DRIVING SIMULATOR (TDS)**

This is an indoor system that transforms recruits into skilled drivers through various levels of complex exercises, in all kinds of terrain, visibility and weather conditions, using 3D computer-generated visuals.

Our Product Portfolio

New product additions



ANTI-DRONE

Our superior quality anti-drone systems are a revolutionary new product addition to our basket. With the advent of drone technology in warfare, there is a huge scope of developing anti-drone technologies to neutralise and track down drones from enemy nations. At Zen Technologies, we are aware of what the future of defence looks like and are prepared to take up the challenge head-on.



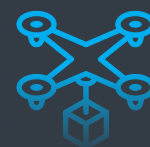
Anti- drone
systems



Anti- drone
simulators and
drone simulators



Integrated air
defence combat
simulators



Logistic
drones



- With changing warfare dynamics, drones have become a major threat to any country's security. Not only does it pose a harm to the integrity of a nation but it could potentially be a huge security and information breach, which is crucial for any nation.
- Authorities across the globe are investing in technologies to neutralize this threat.
- Drones have a much wider application beyond military training. It can be used commercially for business purposes as well, and the world is geared in that direction.
- This proves to be a huge opportunity for us as we have the first movers advantage in this space.
- New products such as logistic drones and anti-drone solutions will contribute significantly to the revenues and profitability of the Company in the coming years.



ZEN MEDICAL TECHNOLOGIES

At Zen Technologies, we are not limited or restricted with our offerings. We have recently delved into medical simulator solutions which could potentially revolutionise the medical industry as we know it. The Company has also received transfer of technology for the oxygen enrichment unit.

We are currently focused on developing medical simulators and have developed a medical ventilator as well. Zen Technologies plans to introduce at least 2-3 new products in this segment by the end of FY 2021-2022. This foray into medical technologies is expected to add further value to the Company. We will also be buying technologies, both from domestic and foreign sources, for quicker development of products.



Chairman's Communique



With almost three decades of experience in the industry, Zen Technologies Limited is a pioneer and leader in providing world class state-of-the-art Defence Training Solutions, Drones and Anti-Drones solutions.

ASHOK ATLURI

CHAIRMAN AND
MANAGING DIRECTOR

Our Company has always been at the helm of innovation and has always paved the way for advanced research in military solutions.

Dear Fellow Shareholders,

It gives me immense pleasure to present our annual report for the financial year 2020-2021. This was a challenging year for Zen Technologies for many reasons. As goes the saying, to never waste a crisis - and we didn't waste this opportunity. We adapted, unlearned, re-learned, and kept trying new ideas.

Throughout the COVID-19 crisis, the Company stood strong. In addition, we continued to innovate both at the process and product level. For instance, one of the challenges we faced during our sales and marketing endeavour was getting our customers to the demo location. Our products are to be seen and tested, it can be very difficult to communicate the essence of our products virtually or through other medias. Just talking about our products may not translate into our customers believing in its efficacy.

**Pre-Covid
physical customer
demonstrations
(per month)**

2

Therefore, having a proper demo is crucial, and even before the pandemic we barely had two demos a month. Simply speaking, the demos improve our chance of sales. But with the advent of COVID-19 our customer visits were reduced to none and we had to do some introspection, and it is then that we had an epiphany. We thought to ourselves, how can we take our demos to the customers if they are unable to visit the demo centre? With this larger question in mind, we finally embarked on a journey to create a world-class remote demonstration facility. This was an extremely successful initiative as it had its intended effect – the number of potential customers going through the product demo shot from twice in a month to an average of four times in a week. These demos were given to both our national and international customers. At Zen, we expect such innovations to result in huge increase in orders in the near future.

**Customer
demonstrations
post advent
of remote
demonstration
facility
(per week)**

4

During the crisis, we also expanded our range of products to include drone and anti-drone solutions. We believe that in the anti-drone space we enjoy a privileged position and are in the top of the list of companies providing such solutions. Our solutions were developed completely in-house and are used for identifying and jamming drones in all bands (not restricted to 2.8Ghz or 5.6-5.8Ghz, which most of our competitors solutions are restricted to). We have integrated a camera to this solution as well and are just a few months away from developing our own radar solution. Currently, we offer off-the-shelf radars along with our system. Finally, in the space of hard kill, we are partnering with companies that have hard kill equipment like laser, micro-missiles, guns, etc. At the moment we have an integrated solution but just in a few months we should be in a position to offer a range of hard-kill options tailor made to customer requirements.

Another product that we have developed during the crisis is the logistic drone, which is capable of taking 20kgs of weight over 10kms distance in high altitude areas. This product has a tremendous demand within the armed forces. In addition to the armed forces, we expect lots of non-military applications for this product as well. Other areas that we are focusing on include anti-drone and drone simulators, and integrated air defence combat simulators.



Our Company is unique and one of a kind in the defence industry. The number of players in this space is very limited, and our experience of three decades puts us at the leading position within this industry in India. Moreover, with respect to some of our products, Zen Technologies enjoys a very deep and meaningful position with the customers. This puts our Company on a great footing to remain the industry leader in the future. In addition, our years of experience inspire further confidence and trust from our customers, thus making our Company stronger.

At Zen Technologies, our consistent research efforts have resulted in the creation of diverse technological solutions and a corresponding patent portfolio. To date, our Company has filed about 109 patents for the pioneering initiatives undertaken by us. Since our business is IP-driven and our bill of materials costs usually between 10-30% of the final price, our contribution post break-even point is significant. We are also a highly asset-light business entity as we outsource most of our manufacturing to a reliable supply chain which we have developed over the last three decades. Further, our high investments in R&D throughout our Company's lifetime create a high entry barrier for any new entrant, making it a competitive advantage for us.

Our Company has always been at the helm of innovation and has always paved the way for advanced research in training solutions for military forces. We saw a huge opportunity in the anti-drone technologies and are proud to share that we have invested heavily in these new technologies as we strongly believe that this is the future of warfare.



Drones have been used to locate hidden units and people, and therefore it is a great strategic tool for anyone using them, as we have seen in multiple instances in the past couple of years. With drones being a self-sufficient tool, which requires remote handling and minimal human interference, it is indeed an individual technological soldier in the military forces. Drones are therefore a considerable threat to the integrity and security of any nation. Therefore, anti-drone systems are crucial to ensure that such threats are neutralized and save a country from any security or information breach. Authorities across the globe are investing heavily in such technologies. These new products are expected to contribute significantly to the revenues and profitability in the years ahead. Our Company is poised to be the forerunner in this industry in India. With the right training equipment and tools, Indian armed forces will be geared to fight such battles. Our Company is aiding and partnering with the Indian Government to ensure that our nation is protected and safe from any external threat.

We are also pleased to inform that Zen Technologies, through its medical devices subsidiary is focusing its R&D on medical devices. We have already received the transfer of technology for the oxygen enrichment unit. This foray into medical technologies is expected to add further value to our Company. We will also be buying technologies, both from domestic and foreign sources, for quicker development of products.

The defence business is a highly regulated one, which is largely impacted by Government policies and budget allocation to the sector. Needless to say, that the COVID-19 spectre has brought in budgetary cuts and re-allocation of funds towards the medical crisis that India is facing at the moment. This has reduced the funds for police and military modernisation, especially with regards to training. According to Covey matrix, training would fall in the second quadrant – which makes it important

but not urgent. Many decision makers in the Government fail to understand the importance of training. Without proper training one cannot undertake any mission at hand and it might render a disadvantageous position as well. We hope that the decision makers take cognizance of this issue during the coming months.

Given the recent turmoil with China with regard to the border issues in Galwan valley (Ladakh), India has taken a strict stance to reduce import of Chinese made goods. To that effect many emergency procurements were made from foreign countries instead of purchasing from the Indian industries. That seemed like a lost opportunity, as many companies would have benefitted from the inflow of cash and could have strengthened their indigenous R&D. If such opportunities are lost in the future then the budding defence industry will wither away.

At Zen Technologies, we amplify the thoughts of Mr. Benjamin Netanyahu (Leader of the Opposition in Israel) who said that even if Israeli companies have a 60% capability, it still makes more sense to buy home-made Israeli products rather than buying superior 100% defence equipment from a foreign Company. He believes that the Israeli companies will then be incentivised to spend more on R&D which will enhance its capabilities and the companies will be able to make far more superior defence equipment. This thought could potentially radicalise the defence industry in India, and companies such as ours can hugely benefit from it.

GOVERNMENT INITIATIVES

The Indian Government's keen focus on the 'Make in India' and 'Atmanirbhar Bharat' campaigns has created a conducive environment for Zen Technologies and has also opened up a huge array of opportunities for us. The Indian Government is promoting and supporting these initiatives with favourable policies and simpler procedures that encourage indigenous development, exports while discouraging imports. The Ministry of Defence (MoD) has formulated policies that promote and support self-reliance, simplify procedures and provide serious impetus to defence export.

- The focus of the MoD has now shifted from procurement of equipment to acquisition of equipment. It implies that efforts will be taken to procure from an Indian vendor and even if the equipment is procured from a foreign OEM, there will still be lot of work that will be undertaken by the Indian Industry.

MoD has put over 200 defence items under import embargo

- For modernization of armed forces under the Capital Acquisition Schemes, MoD favours procurement under the categorisation of 'Buy Indian (IDDM)', 'Buy Indian', 'Buy & Make Indian' and discourages procurement from foreign sources under 'Buy and Make' and Buy Global' categories, which are relegated to least preferred options.
- MoD is seriously pushing for indigenous design, development and manufacture of defence Equipment under 'MAKE Categorisation' and the list of such products is ever-growing. Only Indian Defence Industry can participate in these developmental projects and orders for such products will be given to them.
- MoD has put over 200 defence items under import embargo. It implies that these items can no longer be procured from a foreign OEM in a fully finished state. They would either be designed, developed and manufactured by Indian Defence Industry or they will be manufactured in India by the foreign OEM in collaboration with an Indian Company. This applies to many simulators as well, which are in the Import Embargo list now.



The Ministry of Defence (MoD) has formulated policies that promote and support self-reliance, simplify procedures and provide serious impetus to defence export.

- MoD is encouraging innovation and any innovation by the industry can now be shared with them through suo moto proposals. These proposals will be holistically analysed by MoD and user directorates in a time bound manner. If found useful, procurement action for such products will be initiated by the Government. MoD has also allocated funds to DRDO and Service HQs to support such innovations.
- MoD is encouraging export of defence equipment and is supporting export through suitable strategy for the same, simpler procedures particularly for issue of NOC, defence diplomacy, export financing and other incentives and also through the Defence Offset Policy.
- One noteworthy policy by MoD that would positively impact the growth of Zen, is about

greater involvement of simulators in training of officers and men of the armed forces, which will significantly cut down the cost incurred by the armed forces presently. This will imply that the armed forces will have to buy simulators for all their legacy equipment and that all future acquisitions of weapons, platforms, equipment and systems will be done along with the simulators which will further improve the business prospects of Zen.

We are certain that our Company is well-positioned to use this opportunity and make the most of it. This strong regulatory tailwind will push our Company to do its absolute best and further encourage our position as an industry leader with a rich experience of almost three decades.

WAY FORWARD

Anti-drone systems, drones, and training solutions will continue to be the core business of Zen Technologies Limited and we have all the simulators required for the legacy equipment used by the Indian Army. At Zen, we will also focus on products embedded with Artificial Intelligence, so that we continue to provide state-of-the-art equipment to our users.

As far as our export business goes, we have many equipments that are of interest to friendly foreign nations and over the years we have had modest success in selling of some of these equipments to them. We will continue to ramp up our efforts to sell these products to them and utilise such export opportunities.

With respect to the new policy from MoD about greater dependence on simulators for training of officers and men of the armed forces, we need to work towards ensuring a bigger share of this emerging huge business. We have submitted many suo moto proposals of our products to MoD and a few of them have been accepted and are being procured as well. We endeavour to continue to work in this direction as we develop more products in the future.

We are diversifying our defence business in areas other than training simulators and are participating in design and developmental projects of MoD under MAKE Categorisation. These are high value projects and we are implementing some of them in collaboration with foreign OEMs of repute.

ASHOK ATLURI

CHAIRMAN AND MANAGING DIRECTOR

Asset Light business operations with bill of materials being 10-30% of final product price