



# ZEN TECHNOLOGIES LIMITED

## 21<sup>st</sup> AGM Presentation

27 September 2014

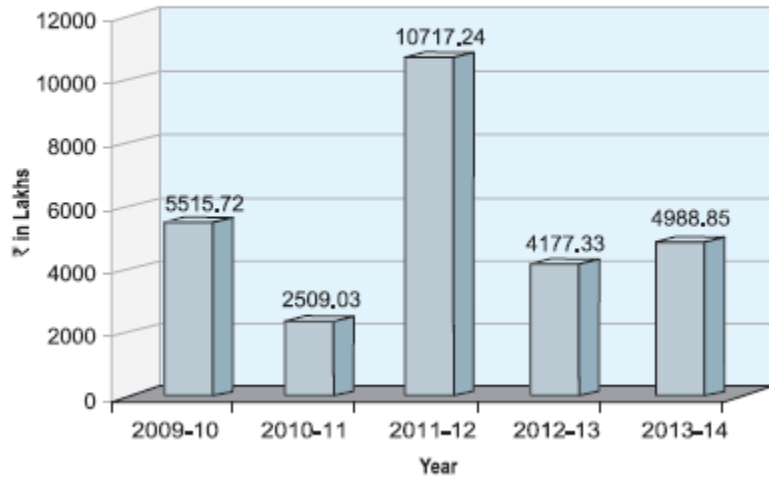
## **Disclaimer**

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

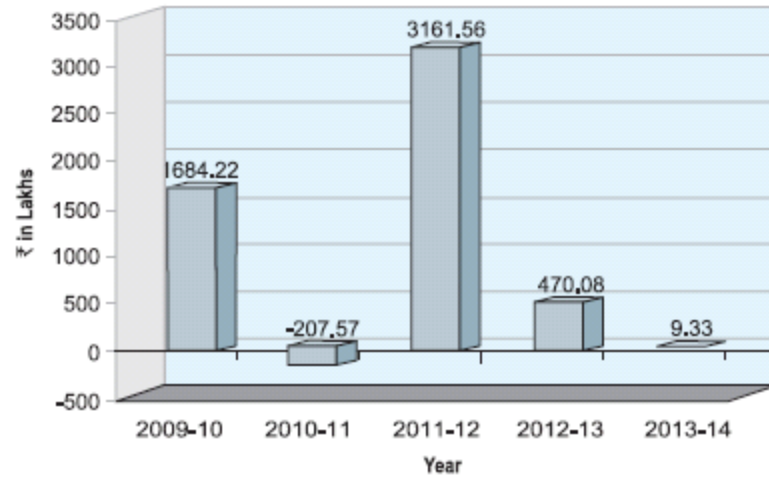
# Zen – A Brief

- **Incorporated in 1993**
- **Traded on BSE since 2004**
- **Focus on Defence Simulators**
- **Big Opportunity Now in Defence**
- **Future Plans**

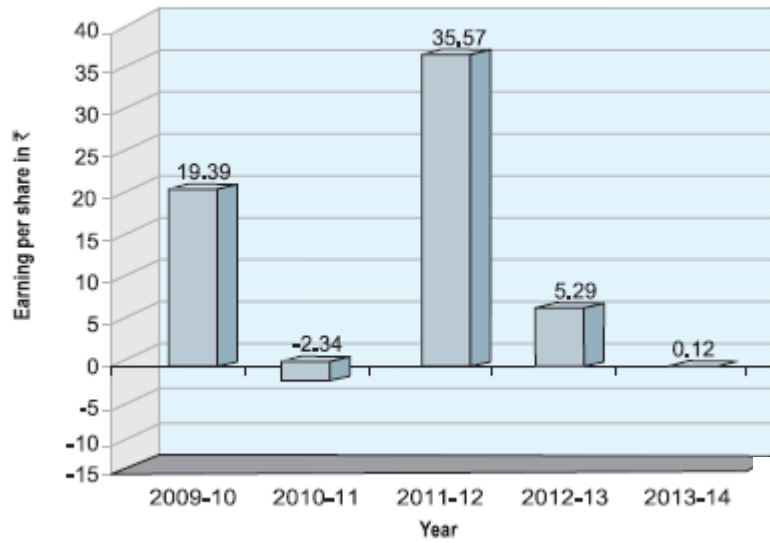
### Total Income



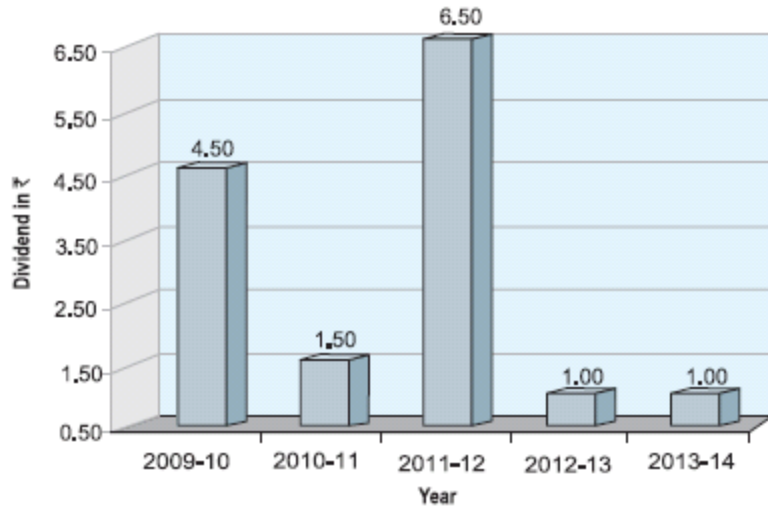
### Profit after Tax



EPS



Dividend



# Current Year Highlights

- **Rs 49.89 Crores turnover**
- **Profit After Tax of Rs 9.33 lakhs**
- **Earnings Per Share of Re 0.12**
- **Recommended Dividend of Re 1.00 per equity share**
- **Bought back 11,72,426 equity shares of the Company for an about Rs 8.10 crores**

# Risks and Concerns:

- **More players entering the field of simulation**
- **No commitment from the end-users**
- **Definite expenditure**
- **No promise of matching income**
- **Government policy**
- **Performance guarantee to our clients**
- **Dependence on Government**
- **High R & D Costs**
- **Long receivables and unpredictability of earnings**

# Inflection Point for Zen & India



“I will prepare and some day my chance will  
come.”

— Abraham Lincoln



# Preparation

- **R&D**
- **Systems Engineering**
- **Building Customer Interfaces**
  - For Products
  - For Trials
  - For Payment
- **Lean Process for Manufacturing**

# Opportunities

- **Existing Opportunity**
- **SME4 Defence Initiative**
- **Enhanced R&D for Simulators**
- **Exports – Eurosatory Experience**
- **Aviation Sector – No Credible Indian Player**

# Procurement Issues - Amplified

- **Long Procurement Cycle:**
  - 3 years Minimum as per DPP
- **Extremely Complicated Process**
- **Very Stringent Requirements**
- **Uncertainty – Threat of Cancellation**
- **Production Requirements**
- **Payment Process**

# Indian Defence

- **Most Innovation Takes Place in SMEs**
- **SMEs cannot afford the Trials**
- **Solution is to Simplify the Process**

# A Zen Proverb



# Existing Player to Bat for SMEs

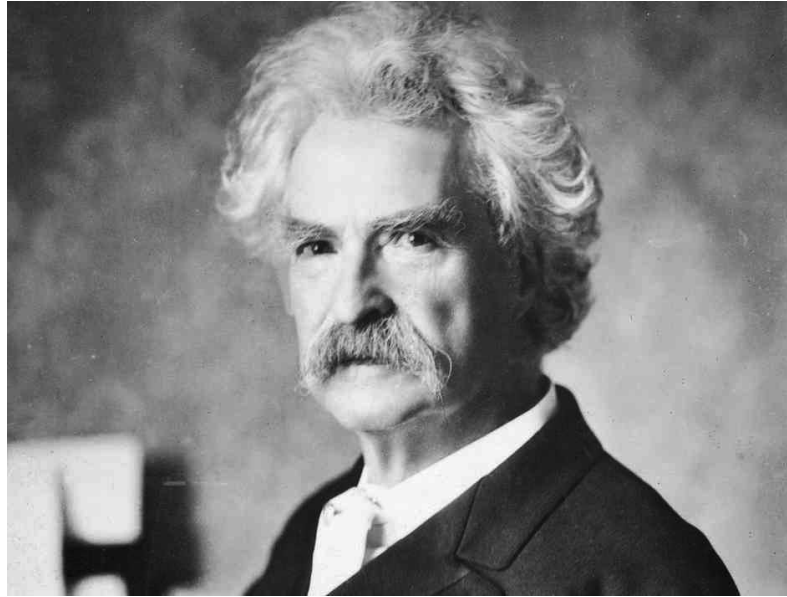
- **Big Companies Do Bat**
  - Extremely Tedious Process
  - Sometimes Tender Based
  - Payment Delayed
- **Opportunity for Player**
  - Who Is A Technology Player
  - Who Can Manufacture
  - Who Has Experience in Trials: Inc. Pre and Post

# SME4Def Initiative by Zen

- **As part of Indian Ambition - 75% Self Sufficiency by 2025**
- **Zen will identify products meant for end use**
- **Will license technology**
- **Will convert prototype to trial-ready system**
- **Will share prototype with defence**
- **Will field the trial ready system**
- **Will share royalty with SME when successful**

# What about Large Existing Players?





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

# Existing R&D

- **Make Products NATO, etc., Compliant**
- **Add Features to Make Target Country Acceptable**
- **Rigorously Test the Products**
- **Make them Export Worthy**

# Overseas Ops

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

# Aviation Simulators

- **No Credible Domestic Players**
- **Upcoming Pref for Indigenous Design**
- **Zen – Perfect**
- **Need Expertise to Fill the Gap – Tie-up with a Major Player**
- **Hire A Team with Knowledge**
- **Located in Bangalore**

# Chinese Bamboo Tree

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

# Summary

- **An Inflection Point – A Great Opportunity**
- **Existing Opportunity for Police and Def Sims >1 Bn US\$**
- **SME4Def Initiative**
- **Existing Simulators**
- **Aviation Simulators**
- **Overseas Opportunity**



being there...

**THANK YOU**