

Zen Technologies Ltd

- MCAP 17,423 cr. P/E.tr 62, P/S 18, ROCE 37% ROE 26%
- MR. ASHOK ATLURI (MD), MR. AFZAL MALKANI (CFO), MS. SHILPA CHOUDARY (WTD)
- Develops indigenous combat training simulators and counter-drone systems for defence and security forces, with a global presence in the UAE and USA
- Market Position: Largest supplier of simulation training and anti-drone systems in India, over 1,000 training systems shipped globally.
- Product Portfolio: Live Ranges, Live Simulation, Virtual Simulation, Combat Training Centre, Operational Equipment.
- Clientele: Includes Ministry of Defence, state police, paramilitary, and private sector, 90% of revenue from repeat customers.
- Order book at ₹817 Cr in Q3 FY25, with 52% from anti-drone systems and 40% from exports.
- R&D spend was 3.3% of revenue in 9M FY25, with 172+ patents filed to date.
- Acquired ARI and ARI Labs for ₹130 Cr, with strategic stakes in Bhairav Robotics (45.33%) and Vector Technics (51%).
- Focused on growing anti-drone sales, expanding AMC business, and improving operational efficiency to boost profitability.
- The shareholding pattern shows DIIs with Motilal Oswal Focused Fund increasing from 3.50% in December 2024 to 3.80% in March 2025 (+0.30%), and Kotak India Equity Contra Fund rising from 3.18% to 3.63% (+0.45%), indicating a steady increase in institutional holdings over the period.
- The total number of shareholders increased significantly from 1,70,421 in March 2024 to 2,83,289 in March 2025, marking a distribution of approximately 66%, the highest in the last 12 years.

FORWARD FORECASTING : ZEN TECHNOLOGIES LTD				
	Trailing	Management Guidance		
Forecasting Period	FY25	FY26E	FY27E	FY28E
Sales(50 gr%)	974	974	2080	3120
OPM	38%	38%	38%	38%
OP(50 gr%)	370	370	790	1186
Other Income	58	10	10	10
Interest Expense	10	3	3	3
Depreciation	15	30	30	30
PBT(50 gr%)	403	347	767	1162
PAT(tax 26%)(50 gr%)	298	257	568	860
Mcap 2025	17423	17423	17423	17423
PE(50% gr)	58	68	31	20
PS(50% gr)	18	18	8	6
PEG ratio(50% gr)	1.17	1.36	0.61	0.41
EG Of 1 or below,stock is trading at good value				
	Trailing PE Required	Mcap Target		Price/share
50 gr%	50	14915.44		1651.77

MODEL ASSUMPTIONS	
FY25 base (₹900 Cr), FY26–28 forecast, 50% CAGR target	
35% EBITDA margin	
25 % PAT Margin	
No debt discussed, ₹1037 Cr cash balance	

Expected MCAP in Muted Year (2026)	12827
Expected change in MCAP in Muted year (2026)	-26%

- Based on management commentary, FY26 is expected to be a muted year.
- With limited growth visibility. The FY26 sales have been held constant in the forward projections, reflecting the conservative stance and management's own assessment that achieving a 50% YoY growth rate in FY26 is unlikely.
- Despite projecting robust growth in FY27 and FY28, the base case scenario results in a decline in the expected market capitalization in FY26. The projected market cap stands at ₹12,827 crore by FY26 because of expected short term stagnation in sales.
- Which is approximately 26% lower than the current market capitalization of ₹17,423 crore.