

We bank on design & development capabilities to grow to next level: Ashok Atluri

Q&A with managing director of Zen Technologies

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Though a small company, Hyderabad-based Zen Technologies Limited has emerged as a pioneer in the area of combat training simulator products, ranging from small arm training to the use of an unmanned aerial vehicle, in India. The company owns 100 percent IPR of its entire range of 32 products. The first large size order worth of Rs 30-crore received last month from Egypt's Defence Ministry gives a first hint at its potential to tap the global market.

Ashok Atluri, managing director of Zen Technologies, tells *B Dasarath Reddy* that the company is ready to take the competition to the doorsteps of foreign players. **Excerpts of the interview:**

How big is the market for combat training simulators in India and globally? How much business Zen has got from Indian defence forces and state police departments in the last five years?

Combat training simulator products is a Rs 20,000-crore market globally and a potential Rs 7,000-crore market exists in India itself. Here, the market is still in the nascent stages as you can see from the fact that we had sold Rs 300 crore worth of combat training simulators to Indian armed forces and police departments of various states in the last five years and that accounts for almost 100 per cent market share.

Are these training simulators relevant enough for the use of defence and police forces in India?

Training of people on a T-90 tank is only possible in places like desert areas of Rajasthan and that involves a lot of cost and effort. We had developed a 7-tonne simulator with all the systems on board T-90 tank and the army personnel can undergo extensive training on T-90s before entering the cabin of a real T-90. Today, these training simulators are being used by the Indian army. Integration of technology into combat training is a key requirement to keep the forces fit and battle-ready.

Also, police needs combat skills as they have to protect the lives of citizens in unpredictable situations, where we see terrorists attacking malls and other public places elsewhere in the world. The Combat Training Centre, which is being procured from Zen Technologies by Egyptian government, is a simulator especially meant to train the police and defence personnel in countering such terrorist actions. The combat training simulators save costs for the defence forces and in most cases the cost of a simulator is recovered in the first year itself.

How do you benchmark these products with those being offered by foreign companies and how technologically advanced are your products?

We are receiving 100 per cent repeat orders from army and police, which is a testimony to the product reliability and cost competitiveness. These simulators are built using software, electronics, optics and mechanics and they are world class. We are capable of building a combat training centre with a cost ranging from as low as Rs 30 crore to as large as Rs 500 crore depending on the requirement. In terms quality and price, we are now ready to take the competition to the doorsteps of the US and European companies operating in this segment. Safety has gone. They have to run for cover.

Considering the size of your present operations, will it be possible to aim for a bigger market globally?

As long as the IP and the design and development capabilities are with the company, scaling up of operations is not at an issue. Today, I can deliver an order worth of Rs 1,000 crore as there is enough spare capacity available in the city of Hyderabad and using the spare capacities we can build as many simulators as possible. Scaling up of operations is a Capex-neutral exercise and we do exactly the same what the iPhone maker Apple Inc., does. Our IP gives us all the margins.