



Stakeholders Empowerment Services

Analyze >>> Educate >>> Empower

#### ABOUT SES

Stakeholders Empowerment Services (SES) is a Corporate Governance Research and Advisory Firm. SES assists Investors to analyze Governance Practices including matters relating to sustainability, prevalent at Listed Entities and empower Investors to undertake meaningful engagement with Investee Entities.

#### SES SERVICES

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#### SES AIMS:

Designed primarily for Institutional Investors to carry out their stewardship activities in an efficient manner.

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#### Proxy Advisory:

Advises Investors on the matters that require shareholder approval at Listed Entities and identify Governance Issues.

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#### ESG Scores:

Analyze sustainability initiatives of Companies based on various environmental, social and governance factors.

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#### Corporate Governance Score (CGS):

CGS model measures the Company's compliance and also evaluates the Governance Practices with respect To Global Benchmarks. [Read More](#)

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A web-based, one-stop vote management system to cater to the requirements of Institutional Investors.

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## Proxy Advisory Report (Addendum)

# Zen Technologies Ltd

#### COMPANY INFORMATION

**BSE CODE:** 533339

**NSE SYMBOL:** ZENTEC

**ISIN:** INE251B01027

**Industry:** Aerospace & Defense

**Email:** [cosec@zentechnologies.com](mailto:cosec@zentechnologies.com)

**Phone:** +91 40 2381 4894

**Registered Office:** B-42, Industrial Estate, Sanathnagar, Hyderabad-500018, Telangana, India.

#### MEETING DETAILS

**Meeting Type:** PB

**Voting Deadline:** 24<sup>th</sup> April, 2026

**Notice Date:** 31<sup>st</sup> January, 2026

**Notice:** [Click here](#)

**Annual Report:** [FY 2024-25](#)

**SES PA Report (Last AGM):** [Report](#)

#### E-VOTING DETAILS

**e-Voting Platform:** [KFintech](#)

**Cut-off Date:** 13<sup>th</sup> March, 2026

**Remote E-voting:**

- **Start:** 26<sup>th</sup> March, 2026
- **Ends:** 24<sup>th</sup> April, 2026

**ADDENDUM REPORT RELEASE DATE:** 21<sup>st</sup> April, 2026

**Research Analyst:** Pooja Patra

**Conflict Disclosure:** SES - No Conflict | Analyst - No Conflict



## ADDENDUM

There is no change in the SES Recommendations on any resolution. However, shareholders may take note of the Company's clarification and SES' comments thereon.

### BACKGROUND

SES as per its policy, had emailed its PA Report [weblink](#) to the Company on 15<sup>th</sup> April, 2026 in respect of the PB of the Company.

Post release of PA Report, SES received an email from the Company on 17<sup>th</sup> April, 2026. The Company, through the email, provided its view point, which is reproduced at the last in *blue text*.

It may be noted that the email of the Company dated 17<sup>th</sup> April, 2026 (as per SES policy framed to comply with SEBI Circular dated 3<sup>rd</sup> August, 2020 [SEBI/HO/IMD/DF1/CIR/P/2020/147](#)) has already been forwarded to SES clients as it is, without any inputs from SES.

This Addendum provides appropriate responses of SES, wherever required.

### SES COMMENTS TO COMPANY'S RESPONSE

#### *Company's Views: (in Blue colour) & SES Reply: (in Black colour)*

#### **1. Material Related Party Transactions with Unistring Tech Solutions Private Limited.**

*The ₹750 crore figure is not a committed purchase order or guaranteed drawdown; it represents the maximum outer limit being sought under omnibus approval in accordance with Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Securities and Exchange Board of India Master Circular dated 11 November 2024. Actual transaction values will depend on order execution timelines, delivery schedules, working capital cycles, and business requirements during the relevant financial year.*

*As of 31 January 2026, Zen's consolidated order book stood at ₹1,427 crores, largely driven by orders from the Ministry of Defence. For execution of this order book, UTS acts as a principal supplier of components including Electronic Warfare systems, Communication Systems and RADAR, that are developed and manufactured in alignment with the technical and security compliance requirements of India's defence procurement ecosystem. Given the specialized nature of these components and the strict qualification requirements for use in defence operations, sourcing from UTS forms an important part of the Company's supply chain. Accordingly, the proposed ₹750 crore related party transaction limit is aligned with the scale of Zen's current executable order pipeline and anticipated procurement requirements.*

*Further, the limits being sought are not only in relation to the existing order book but also to provide operational flexibility for potential new orders that may be received during the financial year, ensuring timely sourcing, execution capability, and uninterrupted business operations.*

*It is also clarified that transactions with UTS are undertaken on an arm's length basis, in the ordinary course of business, and are subject to review and approval by the Audit Committee in accordance with applicable legal and governance requirements.*

*Accordingly, the proposed ₹750 crore RPT limit with UTS is neither arbitrary nor excessive, but a prudent and forward-looking ceiling calibrated to Zen's existing order book, expected business opportunities, and ongoing operational needs.*

#### **SES Reply:**

Shareholders may take note of the clarification provided by the Company in response to SES's concern regarding the sustainability of the proposed related party transaction limit of ₹750 crore with Unistring Tech Solutions Private Limited ("UTS").

SES notes that the Company has provided additional justification for the proposed limit and has clarified that the approval sought represents an enabling ceiling linked to anticipated business requirements rather than a committed transaction value. The Company has also highlighted the strategic relevance of UTS within its supply chain.



While the above clarification provides additional context on the commercial rationale for seeking the proposed limit, it does not sufficiently address SES's primary concern regarding the ability of UTS to execute transaction volumes of such scale, particularly in view of its reported financial position.

Accordingly, although the clarification provides some comfort on the business rationale, governance concerns continue to persist w.r.t the scale of the proposed transactions vis-à-vis the current financial standing of the related party.

In view of the above, there is **no change** in the SES' recommendation on the proposed resolution.

**Shareholders may take a note of the Company's clarification above along with the SES' comments thereon, and take an informed and adequate voting decision.**

## **2. Re-appointment of Mr. Ashok Atluri and Mr. Kishore Dutt Atluri.**

*The proposed variable remuneration framework for Mr. Ashok Atluri and Mr. Kishore Dutt Atluri should be evaluated in the context of their distinct yet complementary roles in driving Zen's operational scale, profitability, and long-term shareholder value. In our view, the variable pay structure reflects a justified rational alignment between compensation and measurable business outcomes rather than an open-ended governance concern. The variable remuneration structure has been reviewed and approved by the Nomination and Remuneration Committee (NRC), which comprises qualified independent directors. The NRC has exercised its fiduciary responsibility in determining that the proposed structure is fair, reasonable, and in the long-term interests of the Company and its shareholders.*

*Mr. Ashok Atluri, Chairman and Managing Director, handles critical function which focuses on enterprise strategy, capital allocation, and long-term value creation. His responsibilities include setting strategic direction, strengthening defence sector positioning, evaluating inorganic opportunities, allocating capital efficiently, building technology partnerships, and managing key institutional relationships. These leadership functions materially impact profitability through better order quality, pricing discipline, operating leverage, cost efficiency, and return ratios. Accordingly, linking his incentive to profits rather than sales is economically appropriate, as it aligns compensation with bottom-line performance and shareholder returns.*

*Mr. Kishore Dutt Atluri's role encompasses end-to-end ownership of the Company's revenue pipeline, spanning product development, technical customer engagement and programme delivery across defence and paramilitary verticals. His responsibilities are intrinsically revenue-generating in nature. In India's defence procurement ecosystem, products must undergo qualification and operational acceptance by end users such as the Army, Navy, and Air Force before acceptance of orders. Mr. Kishore's direct technical engagement with these customers, his product customisation capabilities, and his hands-on execution support are therefore materially linked to business development. His R&D leadership directly underpins the Company's product differentiation, technological moat, and competitive positioning in a sector characterised by specialised capability requirements and high barriers to entry. As such, linking his incentive to sales performance is commercially justified, as his role materially contributes to order inflows, revenue growth, and topline expansion.*

*The Company's recent financial performance indicates strong execution under the current leadership structure. Net sales increased from ₹ 218.85 crore in FY23 to ₹ 973.64 crore in FY25, representing 4.5x growth in two years, while net profit rose from ₹49.97 crore to ₹299.33 crore, representing an approximate 6x increase over the same period. This demonstrates that management has not only scaled revenue, but also translated growth into stronger profitability, improved operating leverage, and enhanced net worth.*

*Further, the managerial remuneration paid by the Company to Mr. Kishore Dutt Atluri and Mr. Ashok Atluri are within the applicable limits prescribed under Schedule V of the Companies Act, 2013 and other applicable legal provisions.*

*In a specialised sector such as defence technology where innovation cycles are characteristically long, execution complexity is inherently high, and sustained R&D investment is a prerequisite for maintaining technological leadership and product relevance retaining robust variable incentives for senior executive leadership is strategically prudent and justified. Accordingly, the proposed remuneration structure may be viewed not as an uncapped governance risk, but as a performance-linked incentive framework for two key promoter executive directors whose contributions are measurable across multiple dimensions of value creation spanning product innovation, intellectual property development, programme execution, revenue growth, profitability expansion, and capital-efficient scaling of the business.*



**SES Reply:**

Shareholders may take note of the clarification provided by the Company in response to SES's earlier observations on the proposed re-appointment and remuneration of Mr. Ashok Atluri and Mr. Kishore Dutt Atluri.

SES notes that the Company has provided additional rationale for linking the variable remuneration of the two executive directors to different financial parameters based on their respective roles and responsibilities. The Company has also highlighted its recent financial performance under the current leadership structure. Accordingly, the clarification provides additional context on the basis of the proposed remuneration framework and partially addresses SES's earlier observation regarding the use of different performance metrics.

However, the response does not address SES's primary concerns regarding the absence of an absolute cap on variable remuneration.

SES is of the view that variable pay for executive directors should be linked to both individual performance and the overall performance of the Company. Further, where remuneration is structured solely as a percentage of financial metrics without an overall monetary ceiling, payouts may increase disproportionately with business growth, as results an open-ended remuneration structure.

Hence, concern regarding no absolute cap on commission and consequently on total remuneration has **not been addressed**.

Further, SES, as a policy, raises concern wherever the Board is Chaired by MD/ED, or where the Board chair is related to EDs / MD, since, SES is of the opinion that, such position / arrangement may blurs the demarcation between Board and Management and may lead to concentration of powers in the hands of a single director.

Hence, there is **no change** in SES recommendation on the proposed resolution #2 and #3.

**Shareholders may take a note of the Company's clarification above along with the SES' comments thereon, and take an informed and adequate voting decision.**

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**COMPANY'S EMAIL**

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*Dear \*\*\*\*,*

*We have reviewed the comments provided by SES. In this regard, we are providing our clarification letter for reconsideration of voting recommendation provided by your office,*

*Thanks & Regards*

*Sourav Dhar*

Attachment: [Weblink](#)

**Disclaimer Sources**

Only publicly available data has been used while making the report. Our data sources include Notice of Shareholders' Meeting, BSE, NSE, SEBI, Capitaline, MCA, Moneycontrol, Businessweek, Reuters, Annual Reports, Sustainability Reports, IPO Documents and Company Website.

**Analyst Certification**

The Analyst(s) involved in development of this Report certify that no part of the Research Analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the Research Analyst(s) in this Report. The concerned Research Analyst(s) and Director(s) do not have any pecuniary relationship with the Reported Company, except that they may be holding miniscule shares in the Company which does not impact their independence in respect of this Report.

SES may be a shareholder in the Company holding equity shares as disclosed on its [website](#). The objective of SES' investment is solely to obtain Shareholders' communications from the Company as a shareholder.

**CAUTIONARY STATEMENT**

The recommendations made by SES are based on publicly available information and conform to SES's stated Proxy-Advisory Guidelines. SES opinion is based on SES's interpretation of law and governance benchmarks, which may differ from opinion/ benchmarks of other analysts or practitioners. Further, SES analysis is recommendatory in nature and reflects how SES would have voted if it was a shareholder. Therefore, SES expects that the clients will evaluate the effect of their vote on their investments independently and diligently and will vote accordingly. Subscribers may also carry out an impact analysis of their votes and keep the same as an addendum for their records. In our opinion, Institutional investors are positioned significantly differently from other shareholders due to their ability to engage with the board and the management to bring out desired result. As a firm, it is our endeavour to improve the level of corporate governance while not causing any disruption in company's proceedings and therefore we respect the independence of investors to choose alternate methods to achieve similar results.

**Disclaimer**

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All disputes shall be subject to jurisdiction of High Court of Bombay, Mumbai.

**Concern terminology**

**NC – Compliance Concern:** The Company has not met statutory compliance requirements

**FC – Fairness Concern:** The Company has proposed steps which may lead to undue advantage to a particular class of shareholders and can have adverse impact on non-controlling shareholders including minority shareholders

**GC – Governance Concern:** SES questions the governance practices of the Company. The Company may have complied with the statutory requirements in letter. However, SES finds governance issues as per its standards.

**TC - Disclosures & Transparency Concern:** The Company has not made adequate disclosures necessary for shareholders to make an informed decision. The Company has intentionally or unintentionally kept the shareholders in dark.

**Company Information**

Stakeholders Empowerment Services

SEBI Reg. No. INH000000016

CIN No. -

U74120MH2012NPL232154

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