Zensar Technologies
Analyst Presentation Q3 FY17 (Quarter ending Dec 31st)
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Agenda

- Zensar’s Q3 FY17 Business Performance
- Market Opportunity and Company Outlook
- RPG Group Overview
Highlights for Q3 FY17
We continue to improve key metrics in line with our strategy

- All focus geographies registered growth in Constant Currency
- All focus Verticals registered growth in Constant Currency
- Key Fortune 1000 logos added
- Foolproof Acquisition completed and integration currently under way
- Digital now contributes 30% of Zensar’s revenues
- $100M+ in Large deal wins
- Profitability parameters continued to expand
- Continued recognition by leading technology Analysts for Zensar’s capabilities
Highlights for Q3 FY17

- **Revenue Performance:**
  - Revenue grew 1.9% Quarter-on-Quarter and 5.0% Year-on-Year, both in CC terms
  - Revenue grew 1.3% Quarter-on-Quarter in $ terms
  - Strong Large deals momentum with large deal wins worth $ 126.7 Mn registered in the quarter

- **Profitability and Gross Margin Growth:**
  - Net Profit grew 17.1% Quarter-on-Quarter and 10.9% Year-on-Year, both in $ terms
  - Gross Margin expanded from 29.7% in Q2 to 30.0% in Q3

- **Effective Client hunting:**
  - Number of Million dollar clients increased from 81 to 83

- **Digital Business Performance:**
  - Including Foolproof revenues, digital accounted for 30.0% of Zensar’s overall revenue
Highlights for Q3 FY17

- **Key Territory Performance:**
  - US remained almost flat, growing by 0.3% Quarter-on-Quarter in Constant currency, largely due to furloughs and end of the year project ramp downs
  - Europe grew 30.2% Quarter-on-Quarter in Constant currency
  - Africa grew 8.1% Quarter-on-Quarter in Constant currency
  - ROW declined 31% and was in line with our strategy of reducing focus in these markets

- **Key Verticals Performance:**
  - Financial Services grew 9.7% Quarter-on-Quarter in Constant currency
  - Manufacturing grew 1.4% Quarter-on-Quarter in Constant currency
  - Retail and Consumer Services remained almost flat, growing by 0.7% Quarter-on-Quarter in Constant currency
Digital Wins in Q3 FY17

- Development of a global unified commerce platform for a $3 Billion US based Clothing and accessories retailer
- Implementation of a next generation Commerce platform for one of America’s largest department store
- Digital Commerce enhancements and support for a multi-billion provider of personalized services
- Digital Commerce rollout using Next Gen architecture for America’s leading fashion retailer
- Robotic process automation for one of South Africa’s largest Fund administration company
- Redesign and Conversion of the mobile gaming platform of South Africa’s largest online Gaming company
- Mobile Control and Automation development for America’s leading flower and gift e-tailer
- Significant deal to test mobile application integrations with UK’s leading Utilities provider
- Developing a Real Estate business product for one of America’s largest navigation systems producer
Other Services Wins in Q3 FY17

- Providing a managed service model for mainframe development for UK’s largest employee owned retailer
- Operations and Infrastructure management support for a US based multi-Billion dollar Airline
- Large Application development and support engagement for the largest networking company globally
- Large deal to manage the Service desk operations for one of America’s largest real estate company
- Oracle Applications upgrade for the largest networking company globally which designs, manufactures and sells networking equipment worldwide
- Data Center management deal with a multi-billion dollar American Home furnishing company
- Application development and support for a leading government energy agency
- Infrastructure monitoring and management for one of the largest American airline
- Core applications development for one South Africa’s largest banks
- Application development and services for a $15 Billion Oil Exploration company
A Challenger in Gartner’s Magic Quadrant, for Oracle Application Services, North America

A Niche Player in Gartner’s Magic Quadrant for Data Center Outsourcing and Infrastructure

A Niche and Established service provider in Zinnov Zones - Digital in Retail 2016

A Niche Player in Gartner’s Magic Quadrant for Managed Mobility Services, Worldwide

An Aspirant in Everest Group’s Insurance AO PEAK Matrix 2016
Thought Leadership with Key Analyst

- Experience Management
- Marketing Cloud
- Service Edge® - Smart Operations Platform
- Rush Hour Testing
- ERP Modernization
- Next Gen End User Computing
- Outcome based Testing
- PAX
Business Performance
Q3 FY17
# Q3 FY17 Financials

## Impacting the Future of Enterprises

### Particulars | Q3 FY17 | Growth
<table>
<thead>
<tr>
<th align="center"></th>
<th align="center">USD Mn</th>
<th align="center">INR Cr</th>
<th align="center">Q-o-Q</th>
<th align="center">Y-o-Y</th>
</tr>
</thead>
<tbody>
<tr>
<td align="center">Revenue</td>
<td align="center">$117.5</td>
<td align="center">₹792.2</td>
<td align="center">1.3%</td>
<td align="center">2.3%</td>
</tr>
<tr>
<td align="center">EBITDA</td>
<td align="center">$16.3</td>
<td align="center">₹110.2</td>
<td align="center">(1.4%)</td>
<td align="center">(5.6%)</td>
</tr>
<tr>
<td align="center">EBIT</td>
<td align="center">$14.7</td>
<td align="center">₹99.3</td>
<td align="center">(0.7%)</td>
<td align="center">(5.5%)</td>
</tr>
<tr>
<td align="center">PAT</td>
<td align="center">$12.0</td>
<td align="center">₹81.1</td>
<td align="center">17.1%</td>
<td align="center">10.9%</td>
</tr>
</tbody>
</table>

### Growth

- **USD**
- **INR**
- **CC**

<table>
<thead>
<tr>
<th align="center"></th>
<th align="center">USD</th>
<th align="center">INR</th>
<th align="center">CC</th>
</tr>
</thead>
<tbody>
<tr>
<td align="center">Revenue</td>
<td align="center">2.0%</td>
<td align="center">1.9%</td>
<td align="center">4.7%</td>
</tr>
<tr>
<td align="center">EBITDA</td>
<td align="center">(0.7%)</td>
<td align="center">(5.6%)</td>
<td align="center">(3.4%)</td>
</tr>
<tr>
<td align="center">EBIT</td>
<td align="center">0.0%</td>
<td align="center">(5.5%)</td>
<td align="center">(3.3%)</td>
</tr>
<tr>
<td align="center">PAT</td>
<td align="center">17.9%</td>
<td align="center">10.9%</td>
<td align="center">13.4%</td>
</tr>
</tbody>
</table>

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8500+ Associates

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### Q3 FY17 Performance

<table>
<thead>
<tr>
<th>US$ Million</th>
<th>Q3 FY17</th>
<th>Q2 FY17</th>
<th>Q3 FY16</th>
<th>QoQ Growth</th>
<th>YoY Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>117.5</td>
<td>116.0</td>
<td>114.8</td>
<td>1.3%</td>
<td>2.3%</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>16.3</td>
<td>16.6</td>
<td>17.3</td>
<td>(1.4%)</td>
<td>(5.6%)</td>
</tr>
<tr>
<td><strong>EBITDA%</strong></td>
<td>13.9%</td>
<td>14.3%</td>
<td>15.1%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Effective Tax Rate</strong></td>
<td>29.1%</td>
<td>28.1%</td>
<td>30.4%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>PAT</strong>*</td>
<td>12.0</td>
<td>10.3</td>
<td>10.9</td>
<td>17.1%</td>
<td>10.9%</td>
</tr>
<tr>
<td><strong>PAT%</strong></td>
<td>10.2%</td>
<td>8.9%</td>
<td>9.5%</td>
<td>13.3%</td>
<td>13.7%</td>
</tr>
<tr>
<td><strong>EPS - Diluted (INR)</strong></td>
<td>18.0</td>
<td>15.9</td>
<td>15.8</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*PAT after minority interest*
Long-term Growth & Profitability Track Record

- **Revenue (USD Mn)**: 12.5% CAGR
  - FY11: 251
  - FY12: 372
  - FY13: 389
  - FY14: 383
  - FY15: 430
  - FY16: 453

- **EBITDA (USD Mn)**: 11.0% CAGR
  - FY11: 40
  - FY12: 52
  - FY13: 56
  - FY14: 59
  - FY15: 64
  - FY16: 67

- **PAT (USD Mn)**: 10.1% CAGR
  - FY11: 29
  - FY12: 33
  - FY13: 32
  - FY14: 39
  - FY15: 43
  - FY16: 47
Q3 FY17 Revenue Mix

**Services**
- Application Management: 76%
- Infrastructure Management: 24%
- IMS: 17%
- MVS: 7%

**Industries**
- Retail, CPG: 25%
- Manufacturing: 52%
- Financial Services: 19%
- Emerging: 4%

**Geographies**
- US: 75%
- Europe: 12%
- Africa: 9%
- ROW: 4%

**Project**
- Time & Material: 53%
- Fixed Price: 47%
### Million Dollar Clients

<table>
<thead>
<tr>
<th></th>
<th>Q3 FY16</th>
<th>Q2 FY17</th>
<th>Q3 FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>20 Mn Dollar+</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>10 Mn Dollar+</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>5 Mn Dollar+</td>
<td>5</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>1 Mn Dollar+</td>
<td>65</td>
<td>69</td>
<td>71</td>
</tr>
</tbody>
</table>

### Revenue Concentration

<table>
<thead>
<tr>
<th></th>
<th>Q3 FY16</th>
<th>Q2 FY17</th>
<th>Q3 FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top 5 Clients</td>
<td>35.0%</td>
<td>38.9%</td>
<td>37.5%</td>
</tr>
<tr>
<td>Top 10 Clients</td>
<td>43.0%</td>
<td>48.6%</td>
<td>45.0%</td>
</tr>
<tr>
<td>Top 20 Clients</td>
<td>52.0%</td>
<td>59.1%</td>
<td>55.6%</td>
</tr>
</tbody>
</table>

- **32** Key accounts identified for driving top-line growth with focus on Multiservice deals, ‘Return on Digital’ and Client-specific IP
- **3-in-a-box model for each account**
  - Sales Manager
  - Delivery Manager
  - Digital Evangelist
- Million dollar clients increased from **81** to **83**
- Top clients revenue concentration improved Year-on-Year. It declined sequentially due to furloughs and large new logo wins during the quarter.
## Q3 FY17 Employee Details

### Headcount

<table>
<thead>
<tr>
<th>Category</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2 FY17 Headcount</td>
<td>8,316</td>
</tr>
<tr>
<td>Net Additions</td>
<td>248</td>
</tr>
<tr>
<td>*Q3 FY17 Headcount</td>
<td>8,564</td>
</tr>
<tr>
<td>Technical – Onsite</td>
<td>1,619</td>
</tr>
<tr>
<td>Technical – Offshore</td>
<td>5,761</td>
</tr>
<tr>
<td>Technical – BPO/Others</td>
<td>333</td>
</tr>
<tr>
<td>Marketing</td>
<td>103</td>
</tr>
<tr>
<td>Support (including Trainees)</td>
<td>748</td>
</tr>
<tr>
<td>% of women employees</td>
<td>25.5%</td>
</tr>
</tbody>
</table>

*Includes Foolproof Headcount

### Utilization

<table>
<thead>
<tr>
<th>Category</th>
<th>Utilization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excluding Trainees</td>
<td>79.5%</td>
</tr>
</tbody>
</table>

### Attrition

<table>
<thead>
<tr>
<th>Category</th>
<th>Attrition (Annualised)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attrition (Annualised)</td>
<td>15.6%</td>
</tr>
</tbody>
</table>

### Revenue Mix

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Onsite</td>
<td>67%</td>
</tr>
<tr>
<td>Offshore</td>
<td>33%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
</tr>
</tbody>
</table>
Stock Price and Shareholding

**Equity Share Information:**
- Share Price (20 Jan,17): INR 920 / share
- Market Cap (20 Jan,17): INR 4,129 Crs.
- Financial Year: April to March
- Face Value: INR 10 / share
- Listed on Indian Stock Exchanges:
  - a) Bombay Stock Exchange (code: 504067)
  - b) National Stock Exchange (code: ZENSARTECH)
- Bloomberg Code: ZENT.IN
- Reuters Code: ZENT.BOX

**Shareholding Pattern (as on 31st Dec 2016):**
- Promoter: 48.6%
- Apax Partners: 13.8%
- FII/ FPI: 23.0%
- DII/ Others: 14.6%
Return on Digital™ Update
Leveraging Digital Technologies for both internal and external benefits

Digital Zensar

Accurate Data – Anytime – Anywhere
Re-Alignment and sync-up of all internal systems with new systems launched to ensure filling-up of gaps

Wi-Fi enablement of all campuses globally

Easy Access and Process Automation through Mobile Apps
Zensar has launched 21 mobile apps (multiple versions) and 5 executive dashboards

Digital Services @ Zensar

Enhanced Focus on IP creation and aligning all solutions to our ‘Return on Digital’ Vision
Have filed for 3 patents in the last 9 months ZenVerse, Z-Bot, ‘Framework for Adaptive Services’

Some of Zensar’s Digital Solutions launched

- RPA
- Service Edge
- Game Testing
- DevOps
- Digital Factory
- Oracle IoT
- ZenNavi
- IntelliZen
- PARADE
- ROMP
- SOFEA
- NextGen Automation platform
Foolproof acquisition has strengthened Zensar CX/UX/DX capability significantly

<table>
<thead>
<tr>
<th>Zensar’s Digital Business % of Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY15</td>
</tr>
<tr>
<td>12.6%</td>
</tr>
</tbody>
</table>

**Customer/Design Experience**

- **24% growth**
  - Customer Journey Mapping, UX, CXM, AR, Wearables
  - E2E CX across channels & devices
  - Proprietary experience platform

**Big Data and Analytics**

- **28% growth**
  - Data Wrangling, Analytics & Visualization
  - Vertical specific Solutions
  - Proprietary context platform

**Cloud**

- **35% growth**
  - SaaS, IaaS, PaaS
  - Migration, Integration & development
  - Hybrid Apps, Infra clouds, Cloud architecture
  - Oracle, SFDC, SAP, AWS, Navisite

**Commerce**

- **15% growth**
  - Omni channel experience
  - Ecommerce, Mobile Commerce, Data Analytics, UX, CX
  - Oracle Commerce, SAP Hybris & Magento

**Cybersecurity**

- **16% growth**
  - Proprietary Compliance & Risk Assessment tool
  - Capability across GRC, SEIM, HIPPA, PCI DSS, Threat & Vulnerability Management, DLP, Threat Discovery & Analytics

**Digital Marketing Services**

- **31% growth**
  - Web, Data, Marketing and Social ops
  - Business Outcome driven engagements
  - Adobe, Oracle, Marketo, SFDC, Sitecore

**IoT/Industrial Internet**

- **7% growth**
  - Extensive domain expertise in discrete manufacturing & SCM
  - Proven Outcome based Solution framework
  - Strong partner eco system

All growth numbers are YoY calculated for Q3 FY17 on a TTM basis in USD
RPG Enterprises was founded in 1979 by Shri Rama Prasad Goenka, popularly known as RP Goenka, a pioneering fifth generation business leader from the Goenka family. The Goenkas have a history of business dating back to 1820 AD in banking, textiles, jute and tea. Under RP Goenka’s dynamic leadership, the Group grew in size and strength with several acquisitions in the 1980s and 1990s. Zensar became a part of the RPG Group in 1989, which is now one of India’s fastest growing conglomerates with 20000+ employees, presence in 100+ countries and annual gross revenues of ~$3 Bn.

KEC International
World leader in Power Transmission EPC space.

CEAT
One of India’s leading manufacturer of automobile tyres.

Zensar Technologies
Software services provider spread across 29 locations, 200+ customers.

RPG Life Sciences
Pharma company with wide range medicines in global generics and synthetic APIs.

Raychem RPG
Engineering products and services catering to infrastructure segment of the economy.

Harrisons Malayalam
One of India’s largest plantation companies with tea, rubber and other agro products.
RPG Group Key Financials

**FY11-16 CAGR: 12%**

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Revenue (Rs Cr)</th>
<th>EBITDA (Rs Cr)</th>
<th>PAT (Rs Cr)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY12</td>
<td>13,962</td>
<td>1,117</td>
<td>429</td>
</tr>
<tr>
<td>FY13</td>
<td>15,788</td>
<td>1,250</td>
<td>404</td>
</tr>
<tr>
<td>FY14</td>
<td>17,614</td>
<td>1,690</td>
<td>714</td>
</tr>
<tr>
<td>FY15</td>
<td>18,542</td>
<td>1,731</td>
<td>795</td>
</tr>
<tr>
<td>FY16</td>
<td>18,761</td>
<td>2,090</td>
<td>1,030</td>
</tr>
</tbody>
</table>

**FY11-16 CAGR:**
- EBITDA: 17%
- PAT: 19%

**Note:**
1) ROCE is calculated by taking EBIT multiplied by (1 minus tax rate @ 33%) divided by Average Capital Employed
2) ROE is calculated by taking PAT divided by Average Net-worth
3) Market Cap updated till 20th Jan 2017