

# Zensar Technologies

Analyst Presentation - For the Quarter and  
Year ending March 31st, 2016

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# Agenda

- Zensar FY16 Business Performance
- Market Opportunity and Company Outlook
- RPG Group Overview

# Highlights for FY16

## ■ Revenue Performance :

- Grew 5.1% Year-on-Year in CC organic basis led by good growth in our Applications business which grew at 11.3% Year-on-Year on CC organic basis
- The efforts to mine existing accounts and to add new clients and reduce tail accounts continues to show good results with Top 20 accounts now accounting for 55% against 51% last year
- Large deal wins across all key geographies

## ■ Profitability & EPS Performance :

- All profitability parameters showed improvement on a Year-on-Year basis
- Profit After Tax grew by 9.4%, Operating profit grew 5.1%
- Diluted EPS grew 15.7%

## ■ Digital Performance :

- Digital now accounts for 27% of Zensar revenues, led by strong growth in Digital Commerce
- Digital commerce increased 25% Year-on-Year
- All aspects of Digital have recorded a growth of 25%+

# Highlights for FY16

- **Key Territory Performance:**

- Africa grew 30% Year-on-Year in Constant currency
- Europe grew 10% Year-on-Year in Constant currency
- US grew by 7% and we continue to see increased customer traction led by Digital conversations

- **Key Verticals Performance:**

- Retail continues to grow strongly on the back of commerce and digital revenues and grew 27% in USD terms
- BFSI was impacted both by the loss of a key account and the continuing slide of the ZAR
- Manufacturing was impacted by large project ramp downs and the delay in start of a few projects

- **Onsite-Offshore portfolio :**

- Onsite offshore mix has improved from 66:34 to 64:36
- Managed Services as a component of total revenue continue to improve now at 51% against 47% last year

# Several Large Deal Wins in FY16

- Won a Multi-year Managed Services Deal for UK's largest department store retailer to manage their Custom and package applications
- Chosen by one of Great Britain's leading purchaser of energy generated by the independent sector, to be the sole system integrator across SFDC and other 3<sup>rd</sup> part systems
- Won a multimillion dollar with a leading US kids products retailer to build and install their Ecommerce site
- Signed our first Oracle Commerce Cloud deal with Latin America's leading Speciality retailer and financial services company
- Chosen by an International inter-governmental organisation to enhance and reengineer its ERP & BI applications as a part of a multi-year business transformation program.

# Analyst Recognition for Zensar

- **Identified by Gartner** as a niche player in its Magic Quadrant for 'Data Centre Outsourcing and Infrastructure Utility Services' in North America – *July 2015*
- **Recognised by Gartner** for its Oracle Application Management Service, Worldwide and SAP Application Management Service, Worldwide – *October 2015*
- **Recognized by IDC** in its report on IoT capabilities offered by SIs in manufacturing – *Jan 2016*
- **Recognized by Forrester** for its Digital Experience Delivery Services – *Feb 2016*
- **Acknowledged by Everest** in its PEAK Matrix as a major contender for Insurance Application Outsourcing – *Nov 2015*
- **Acknowledged by Everest** in its PEAK Matrix for its Digital Services – *Nov 2015*
- **Recognized by SAP** for Zensar's SAP solutions - SAP S/4HANA for Life Sciences, 'ZenLife'; for Dairy Industries, 'ZenDairy'; for Industrial Machinery & Components, 'ZenMach' and for migration, 'ZenMIG'
- **Silver Shield for Excellence** in Financial Reporting by the Research & Development committee of the Institute of Chartered Accountants of India for FY14-15 – *Feb 2016*



An aerial photograph of a stone staircase and a green lawn, with a blue diagonal overlay on the left side. The text 'FY16 Business Performance' is written in white on the blue overlay.

# FY16 Business Performance



# FY16 Financials

Particulars	FY16		Year-on-Year Growth		
	USD Mn	INR Cr	USD	INR	Constant Currency
Revenue	\$ 453	₹ 2,964	5.4%	12.8%	8.5%
EBITDA	\$ 67	₹ 440	5.1%	12.3%	
EBIT	\$ 60	₹ 395	5.4%	12.6%	
PAT	\$ 47	₹ 309	9.4%	16.8%	

## Traditional to the Transformational

Complete technology services portfolio – Applications, Infrastructure, Digital & Industry specific solutions



**8200+**  
**Associates**

# Q4 FY16 Performance

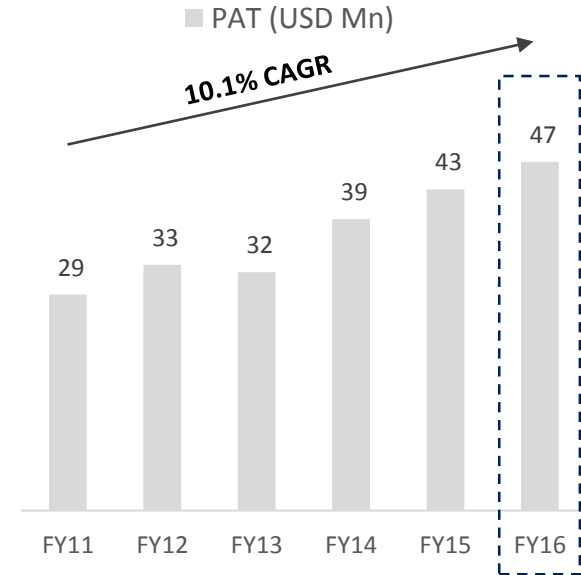
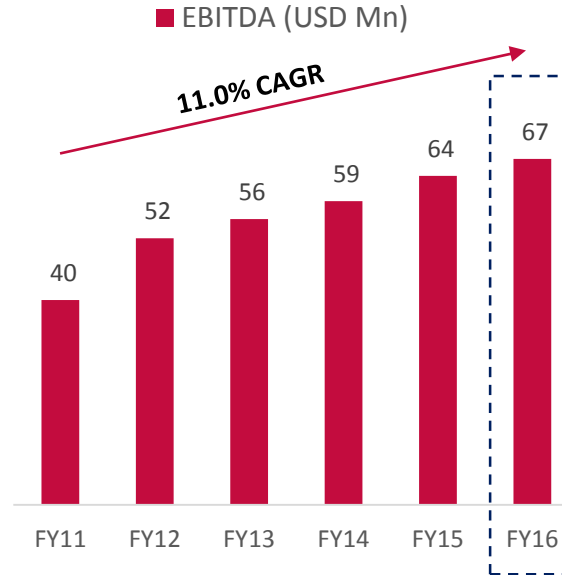
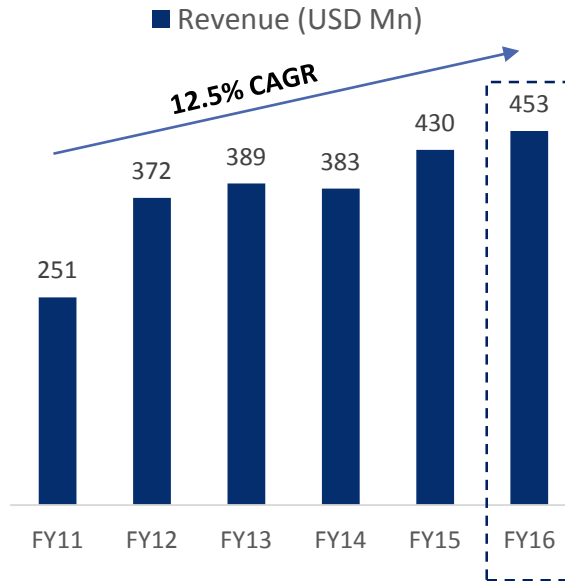
US\$ Million	Q4 FY16	Q3 FY16	Q4 FY15	QoQ Growth	YoY Growth
Revenue	\$ 110.5	\$ 114.8	\$ 105.7	(3.7%)	4.6%
EBITDA	\$ 14.4	\$ 17.3	\$ 16.6	(16.9%)	(13.2%)
EBITDA%	13.0%	15.1%	15.7%		
Tax	\$ 2.8	\$ 4.8	\$ 2.3		
Effective Tax Rate	21.1%	30.4%	16.8%		
PAT*	\$ 10.4	\$ 10.9	\$ 11.5	(4.2%)	(9.9%)
PAT%	9.4%	9.5%	10.9%		
EPS - Diluted (INR)	15.5	15.8	16.0		

\* PAT after minority interest

# FY16 Performance

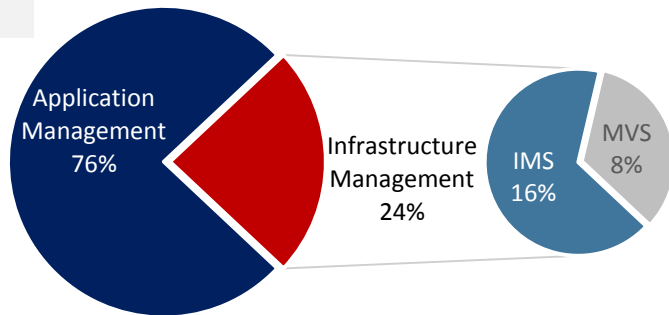
US\$ Million	FY16	FY15	YoY Growth
Revenue	\$ 452.8	\$ 429.7	5.4%
Revenue growth (CC)	\$ 466.4	\$ 429.7	8.5%
EBITDA	\$ 67.4	\$ 64.1	5.1%
EBITDA%	14.9%	14.9%	
Tax	\$ 17.9	\$ 16.6	
Effective Tax Rate	27.3%	27.7%	
PAT*	\$ 47.3	\$ 43.2	9.4%
PAT%	10.4%	10.1%	
EPS - Diluted (INR)	68.6	59.3	* PAT after minority interest

# Long-term Growth and Profitability Track Record

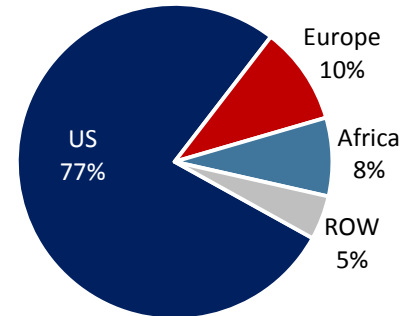


# FY16 Revenue Mix

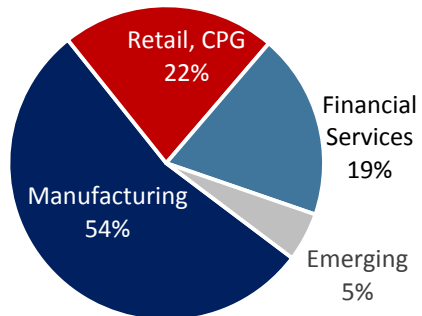
## Services



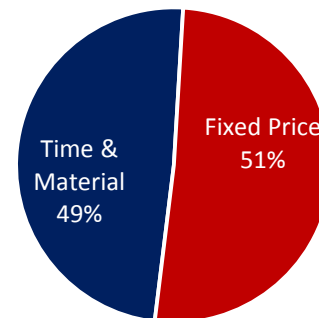
## Geographies



## Industries



## Project





# Infrastructure Business

- **Focused Businesses:**

- MVS and IMS & Cloud to be run separately as focused businesses
- Each entity being staffed with relevant Industry experts

- **IMS & Cloud:**

- Now being run as an independent end-to-end horizontal
- Focused on growing through multi- service deals in existing marquee clients
- Zensar's differentiated propositions include Hybrid IT, Unified IT, Next-Gen EUC, and Network Security solutions

- **MVS:**

- Separate entity to focus on Scale & Density
- Increase focus on Direct clients and revamp Product Mix

# FY16 Client Profile

## Million Dollar Clients

20 Mn Dollar+

2

10 Mn Dollar+

4

5 Mn Dollar+

5

1 Mn Dollar+

64

## Revenue Concentration

Top 5 Clients

37%

Top 10 Clients

45%

Top 20 Clients

55%

# FY16 Employee Details

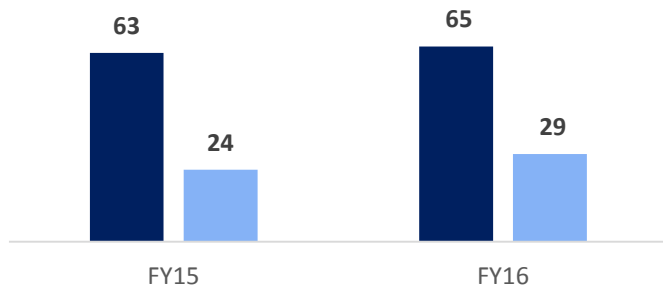
Headcount	
<b>FY15 Headcount</b>	<b>8,174</b>
Net Additions	82
<b>FY16 Headcount</b>	<b>8,256</b>
Technical – Onsite	1,522
Technical – Offshore	5,633
Technical – BPO/Others	361
Marketing	137
Support (including Trainees)	603
<b>% of women employees</b>	<b>25.1%</b>

Utilization	
<b>Excluding Trainees</b>	<b>81%</b>
Attrition	
<b>Attrition (Annualised)</b>	<b>16.0%</b>
Revenue Mix	
Onsite	64%
Offshore	36%
<b>Total</b>	<b>100%</b>

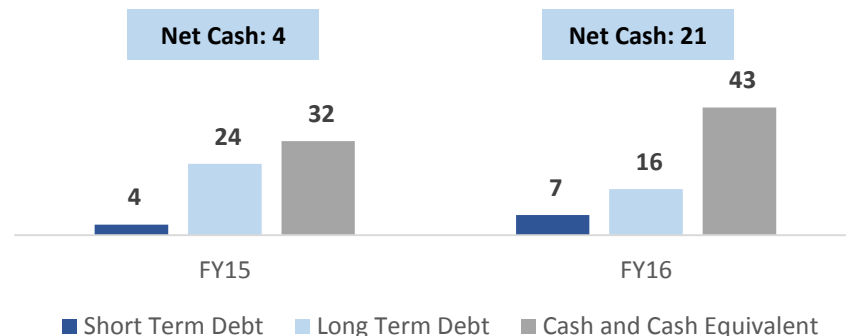
# Balance Sheet and Cash Flow

DSO (Days)

■ Billed ■ Unbilled



USD Mn



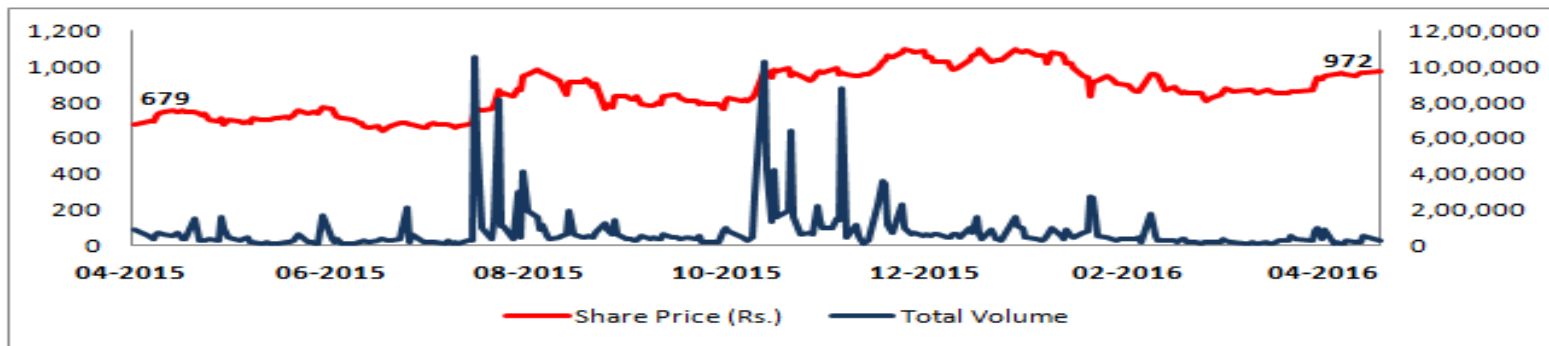
■ Cash Conversion (% of EBITDA)



■ Capex (US\$ Mn)



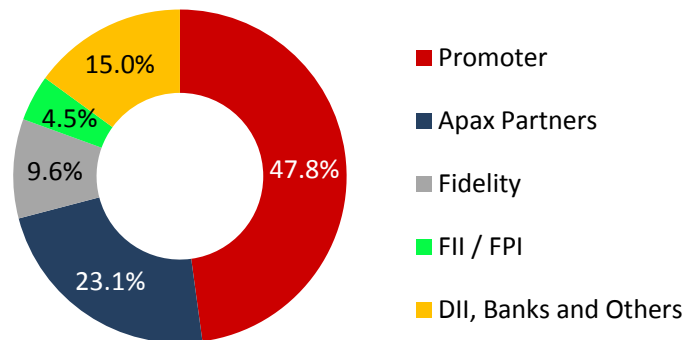
# Stock Price and Shareholding



## Equity Share Information:

- Share Price (31 Mar,16): INR 935 / share
- Market Cap (31 Mar,16): INR 4,418 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 31<sup>st</sup> Mar 2016):





An aerial photograph of a wide, light-colored stone staircase leading down to a green lawn. To the left of the stairs are some trees and a black lamp post. To the right is a large, dense tree with yellow-green foliage. A semi-transparent blue diagonal shape covers the left side of the image, serving as a background for the title text.

# Market Opportunity and Company Outlook



*Digital is the single biggest factor impacting the future of enterprises*

*new technologies  
led strategy,  
business model*

*disrupts  
status quo*

*Relevancy – the  
most important  
currency*





*Zensar is focused on **Return on Digital** for our customers*  
*Enabled by*  
***Digital Agility, Digital Cross-over of Business & IT Processes,***  
***& Stability of Core systems***

# *Effective business is about Return on Digital*

^ in sales  
for B2C



Personalized  
consumer experience

^ in customer loyalty  
for an Insurer



Customizable  
premiums

^ as a service products  
for a Manufacturer



Platform based digital  
solutions, sensors driven,  
Analytics





# 「Digital...is *the Business*」

47%

Manufacturers  
expect big data  
analytics to be  
central to the  
*Digital Factory*

86%

Retail consumers  
will pay 25% more  
for a *Personalized  
Customer  
Experience*

42%

Physical activities  
in Insurance will  
be *Automated in  
the digital world*

50%

*Technology*  
spend will be for  
*new digital  
technologies*

Source: SCM World, Oracle Right Now user survey analysis, PwC Insurance 2020, IDC predictions 2016



# Agility through Digital

## Analytics

Manage and Analyse Internal and External data through proprietary platforms  
Enable customers make data/information driven decision

## Cloud

Migrate on premise application to public/private cloud  
Integrate applications across Infrastructure

## Commerce

Commerce platform implementation and 100% uptime during peak season  
Uniform experience across channels

## Customer Experience

Provide insights to enable customized customer experience  
Click-and-Collect solution for omni-channel experience

## Automation

Reduced development time and cost through automation

# Digital Delivery $\propto$ Business Outcome

## Return on Digital

- Insightful Discoveries
- Effective Engagement
- Delightful Experiences
- Native Digital Business
- Predictable Lifetime Value

## Digital Stack

- Social Business
- Internet of Things
- Commerce
- Cloud
- Analytics

## Modernization & Automation

Reinvent business applications with intelligent automation

## Technology Stack

- Custom Applications
- Enterprise Applications
- Infrastructure Management

# Digital Ready - The 2 Speed world

## Traditional

**Custom Apps and Testing**  
'O' disruption to business with Zensar's tool  
*ServiceEdge*  
**Enterprise Apps**  
Template & domain based Implementations, Upgrades & Rollouts  
**Infrastructure**  
**Management Services**  
Managed Services in Infrastructure across data centre, end-user, networks, security and mobility

## Cross-over

**Hybrid IT**  
Transform and align existing infrastructure with Cloud Infrastructure  
**Legacy Modernization**  
Business processes led custom/package apps and cloud deployment  
**Next Gen End User Engagements**  
Self Service, Admin based unique tool across devices

## Digital

**Commerce**  
200+ Digital Commerce Implementations globally  
**Digital Analytics**  
Business outcome driven engagements  
**Customer & User Experience**  
Analytics & Usability drives adoption and business results



# *Stability Through Core Systems*

## **Managed Services**

Outcome based services framework ensures 99.9% uptime for customers

## **Custom Apps with Domain Experience**

Helps organizations build domain specific next-gen applications extensible across systems

## **Infrastructure Mgmt.**

Enables leading companies worldwide to optimize, secure, manage and support their mission-critical infrastructure

## **Oracle**

Trusted Transformation Partner globally across the Oracle Stack with 800+ Implementations, Upgrades, & Global Rollouts



60% reduction in test cycles thru  
**automation**, improving the **multi**  
**country time-to-market** by 30%  
for a leading Insurance company

Automation



100% of orders from **B2B**  
**platform** resulting in year-  
on-year revenue **8% increase** for  
Fortune 100 Mfg Leader

Customer  
Experience



70% savings thru **Self-Service**  
**Digital platform** integrated with  
**Legacy Claims system**  
for leading Insurance provider

Two Speed



91% increase in **online revenue**  
and 60% increase in **order**  
**placed** for a leading luxury  
fashion retailer

Commerce



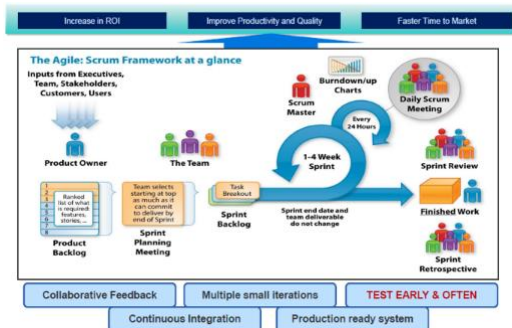
17% increase in revenues for a  
leading supermarkets chain thru  
**Recommendation engine** built  
on **Zensar Analytics platform**

Analytics

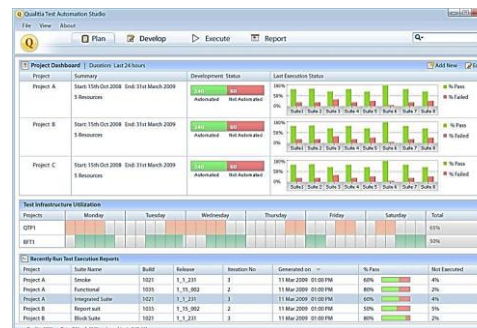
# Delivering the Return



# Through Zensar's *Solutions & IPs*



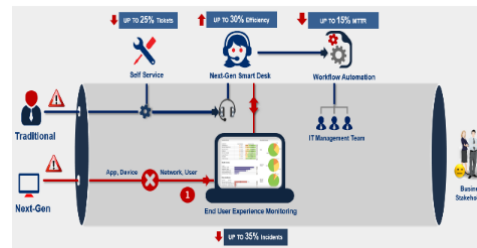
*Agile  
Commerce  
Delivery*



*Scriptless  
Automation*



*ZAFOe –  
Hybrid Agile  
Methodology for  
Oracle Applications*



*Next-Gen End  
User Computing*

# Stability Delivered

## *Managed Services @ top UK retailer with Fashion and Grocery chains*

- > 20% direct savings Vs T&M
- > 600 service improvements delivered
- > 25% reduction in Incidents & callouts in last two yrs
- > 8000+ person days - enhancements & changes delivered

Metric based managed services for Application management and Service Control for

- Buying and Merchandising
- Allocation and Replenishment
- Supply chain, warehouse and Inventory management
- Commercial information systems, Omni-channel Online, in-store ordering, Click & Collect, and Customer services business areas

## *Application Maintenance & Support @ among the top 3 global game provider*

- > 99% First time Resolution and SLA Adherence
- > 50 M order lines managed

Metrics based managed services for Maintenance and Support of applications for

- 15 countries
- On-premise applications like oracle and legacy
- Cloud applications on Force.com and Fusion HCM
- Infrastructure, DBA and Middleware
- Marketing applications
- Financials Order Management, Procure-to-pay and BI

## *Oracle Upgrade @ leading network equipment manufacturer, part of a Fortune 200 company*

- > 35% Reduction in inventory costs
- > 8% Improvement in on time delivery

- Oracle EBS upgrade along with redesigning supply chain and implementation of the customized warehouse management system with scalable Infrastructure Plan
- Seamless upgrade with business as usual from the very first day of go live without any issue impacting business across globe
- Upgraded critical OAF and Java customizations for online transactions with enhanced functionality
- Incorporated new technologies like Apex to replace aging customizations

# Our *Growth* Engines



## Zensar Digital

- To grow to 30% of Revenues in 12 months
- 15% of Revenues from Oracle Commerce & Magento
- Balance from Other Digital and Cross-Over services
- Largest Oracle Commerce practice in the world
- Analytics focus on CX and Shopfloor & IOT



## Strategic Deals

- Focus on Deal sizes of 10+ M TCV
- Zensar's differentiation is its Automation frameworks
- Multi-service focus
- Digital led



## IMS Cloud

- To grow to 15% of Zensar Revenues in 12 months
- Hybrid IT and RIM\* to drive all growth
- Zensar's cutting edge Automation IP key differentiator



## Oracle

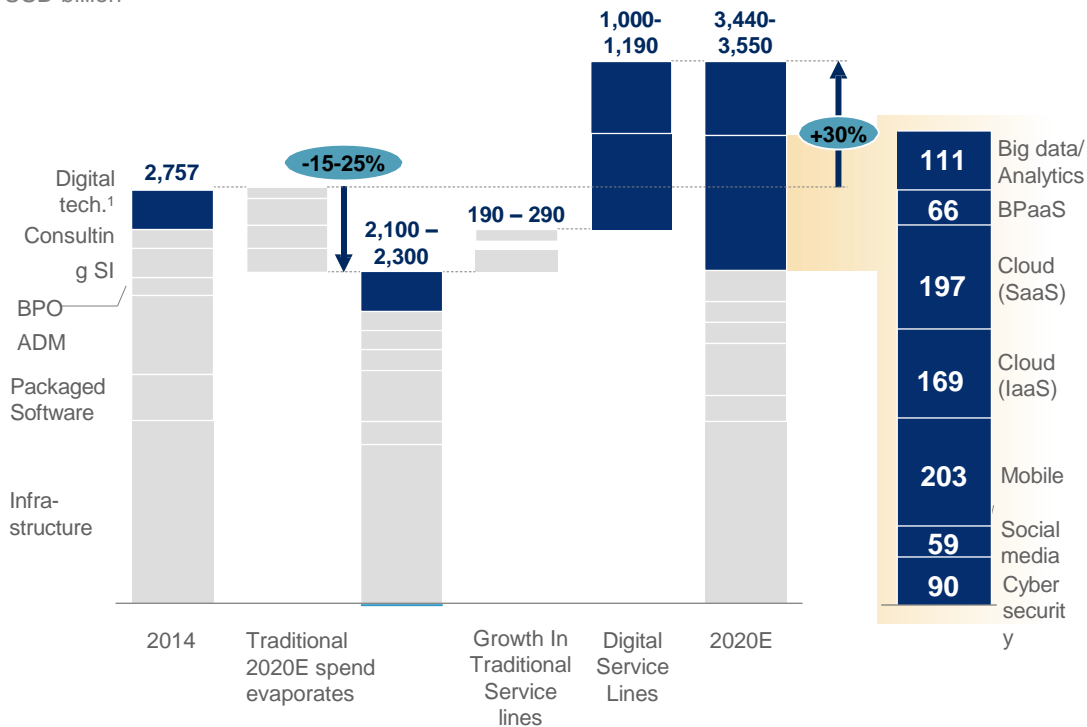
- 33% of Zensar's revenues from the Oracle Ecosystem
- Oracle Platinum partner
- Complete Portfolio of Services
- Big Bet on Oracle Cloud SaaS and PaaS solutions

# 80% incremental spend to be around Digital

## Significant shift in the spending mix

### Global enterprise technology and business services spend

USD billion



### Opportunities



SOURCE: Gartner (April 2014); IDC; Team analysis

1. Digital Technologies include Social Media, Mobile Applications, Big Data/Analytics, Cloud (IaaS, SaaS, BPaaS) and Cyber Security

# Zensar Digital – Solutions Stack

## Big Data & Analytics

- Grew **29%** YoY
- Data Wrangling, Data Science, Analytics & Visualization
- Retail, Insurance, Manufacturing Solutions
- Zensar's proprietary context platform

## Cloud

- Grew **30%** YoY
- SaaS, IaaS, PaaS
- Migration, Integration & development
- Focus on Hybrid Application & Infra clouds with cloud architecture
- Oracle, SFDC, SAP, AWS, Navisite

## Design Experience

- Grew **34%** YoY
- Customer Journey Mapping, UX, CXM, Augmented Reality, Wearables
- Delivering E2E customer experience across multiple channels & devices
- Zensar's proprietary experience platform

## Digital Marketing Services

- Grew **37%** YoY
- Web ops, Data ops, Marketing ops, Social ops
- Business Outcome driven engagements
- Adobe, Oracle, Marketo, SFDC, Sitecore

# Zensar Digital – Solutions Stack

## B2C Commerce

- Grew **25%** YoY
- Implementation of high performance Omni channel experience
- Ecommerce, Mobile Commerce, Data Analytics, UX, CX
- Oracle Commerce, SAP Hybris & Magento

## IoT/ Industrial Internet

- Extensive domain expertise in discrete manufacturing & SCM
- Proven Solution framework with Outcome-based delivery model
- Strong partner eco system with respective proprietary frameworks

## B2B Commerce

- Grew **35%** YoY
- Customer Acquisition to Service
- Implementation, Integration & Development
- Focus on E2E Customer Success
- Oracle, SFDC, SAP

## Cybersecurity

- Grew **21%** YoY
- Zensar's proprietary Compliance and Risk Assessment tool
- Capability across GRC, SEIM, HIPPA, PCI DSS, Threat & Vulnerability Management, DLP, Threat Discovery & Analytics

# Zensar IMS and Cloud Solutions

## Unified IT Management

- Driven by automation, orchestration, and analytics
- **IP:** Bimodal IT Operations Management through platform integration and orchestration
- **Partners :** Computer Associate, Arago, ServiceNow, BMC, Manage Engine, Solarwinds
- Up to 30% productivity gains and 40% MTTR improvement delivered for a large Credit Rating agency

## Next-Gen EUC

- Proactive support, with 360 real time visibility around user experience and productivity
- **IP:** Zensar WorkEdge provides Proactive, Preventive and Predictive support
- **Partners :** Aternity, Nano Heal, Lakeside Software, Service Now
- Up to 54% business app performance Improvement, 36% productivity gains delivered for a US Finance Major

## Hybrid IT

- Automated and Orchestrated provisioning and management of Public, Private and On-Premise Infrastructure
- **IP:** Integrated platform across technologies and hosting models
- **Partners :** AWS, Azure, NaviSite, OpenStack, VMware, Docker, Chef, Puppet
- Up to 45% cost reduction over on premise hosting for a large Manufacturing company

## Network Security

- Design, Implement and Manage comprehensive IT Security frameworks,
- **IP:** Global SOC built on market leading automation technologies with predictable defence mechanism
- **Partners :** Check Point, RSA, Infoblox, Extreme Networks, Forescout
- Up to 32% efficiency gains, security prevention improvements of 40% for a leading Chip manufacturer

# Superscaling *Farm*

- 65 High Potential Accounts with an average relationship age of 6 years
- Zensar rated highly in Delivery in all these accounts
- Multiple Vectors at play where Zensar is ideally positioned to grow



## Core Services

- Automation based AMS and IM
- Application cloud migration with Zensar's differentiated capability in SaaS and PaaS



## Disintermediation through Commerce

- Commerce to scale Online B2C business for retail and Insurance
- B2B commerce to help scale Manufacturing accounts
- Digital CX solutions to stitch the entire Customer experience together



## Outcome based models

- Integration of Application – Infra – Business Process to help Zensar scale these accounts through out-come models

## Other Investments



Three-in-a-box



Client  
Partner  
Model



Client  
Specific IP



An aerial photograph of a stone walkway and a green lawn, with a blue triangular overlay on the left side. The walkway is made of light-colored stone tiles and runs vertically through the center. To the left of the walkway is a dark grey stone wall with horizontal steps. To the right is a green lawn. In the bottom right corner, there are trees with yellow-green foliage. A black lamp post is visible on the far left.

# RPG Group Overview

# UNLEASH TALENT TOUCH LIVES OUTPERFORM AND😊

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.

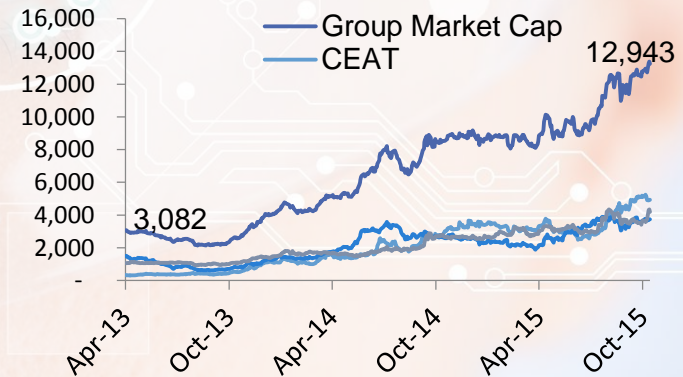
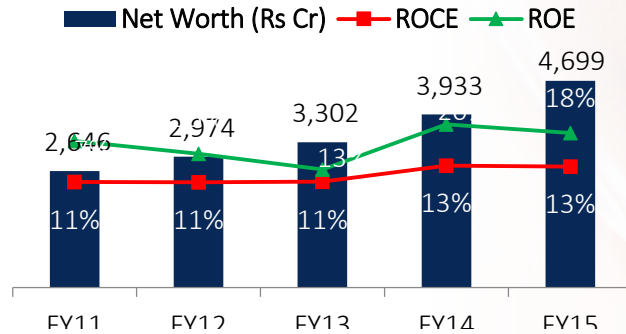
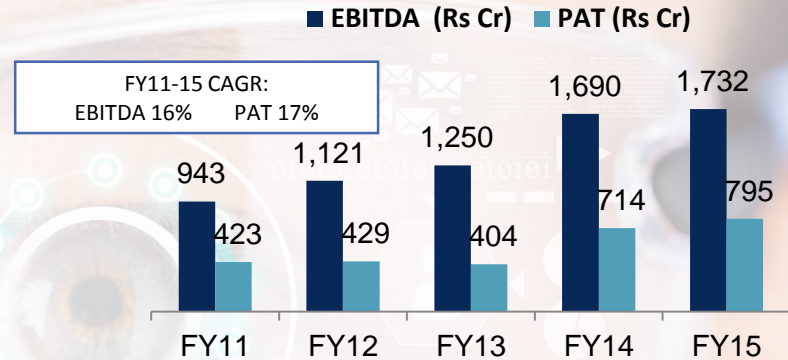
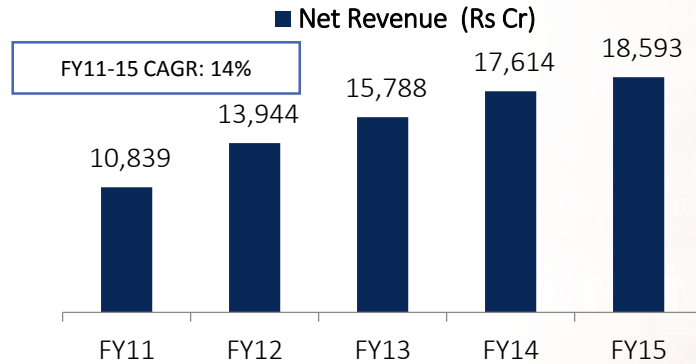


## **Harrisons Malayalam**

One of India's  
largest plantation  
companies with  
tea, rubber and  
other agro  
products.



# RPG Group Key Financials



## Note:

- 1) ROCE is calculated by taking Operating 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

# Thank You