

Date: October 19, 2020

BSE Limited

Corporate Service Department,
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Mumbai 400 001

Fax: (022) 2272 2039/2272 3121

Scrip ID: ZENSARTECH

Scrip Code: 504067

The National Stock Exchange of India Ltd.

Exchange Plaza, 03rd floor,
Plot No. C/1, 'G' block,
Bandra Kurla Complex, Bandra (E),
Mumbai 400 051

Fax: (022) 26598237/26598238

Symbol: ZENSARTECH

Series: EQ

Sub: Disclosure pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and all other applicable provisions.

This is to inform you that the Board of Directors ("**Board**") of Zensar Technologies Limited (the "**Company**") at its meeting held on October 19, 2020, has *inter-alia* consented and authorised its wholly owned subsidiary, Zensar Technologies Inc, being a material subsidiary of the Company, to divest 100 equity shares (being 100% of its equity shareholding) held by it in PSI Holding Group Inc. ("**proposed divestment**"), subject to approval of shareholders and other relevant, statutory, regulatory and/or governmental approvals as may be required. The same has been approved/noted/concurred by the Board of the respective subsidiary(ies) as per the details below:

- Divestment of 100 equity shares (being 100% of its equity shareholding) of PSI Holding Group Inc. held by Zensar Technologies Inc., wholly owned subsidiary of the Company, to Service Express, LLC, by way of sale, transfer, assignment, disposal or otherwise, in one or more tranches, at such aggregate price comprising of USD 10 Million in cash on the closing date, subject to closing conditions and an additional deferred earnout of USD 5 Million based on performance, set out in the Stock Purchase Agreement ("**SPA**") entered into with Service Express, LLC, USA on October 19, 2020, on such terms and conditions with such modification(s) and in such manner as may be deemed necessary by the Board (including any Committee thereof) of the Company and/or its subsidiary(ies).

PSI Holding Group Inc. is a wholly owned subsidiary of Zensar Technologies Inc. USA. Zensar Technologies IM, Inc. and Zensar Technologies IM BV are wholly owned subsidiary(ies) of PSI Holding Group Inc. PSI Holding Group Inc. along with its subsidiaries is primarily engaged in Third Party Maintenance ('TPM') business, which has been identified as non-core business. It is proposed to divest its investment in PSI Holding Group Inc. and its subsidiaries and consequently the TPM business. On such disposal, the estimated loss would be in the range of USD 11-13 Million.


The details in the prescribed format under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read along with the circular dated September 9, 2015, as attached form an integral part of this disclosure and have to be read in conjunction with the same.

We request you to kindly take the above information on record and acknowledge receipt of the same.

Thanking you,

Yours faithfully,

For **Zensar Technologies Limited**



Navneet Khandelwal

Chief Financial Officer



Encl.: 1. As above
2. Press Release

All dates and time mentioned herein are as per IST.

Divestment of 100 equity shares (being 100% of its equity shareholding) of PSI Holding Group Inc. held by Zensar Technologies Inc.			
Sl. No.	Disclosure Requirement	Details	
a.	The amount and percentage of the turnover or revenue or income and net worth contributed by such unit or division of the listed entity during the last financial year	Particulars <i>(Amount and Percentage are based on Consolidated Financial Statements prepared as per IND AS)</i>	FY 2019-20
		Revenue/turnover/income contributed	Revenue of INR 34,226 Lakhs [#]
		Percentage of revenue/turnover/income contributed	Approx. 8% [#] of total income of Zensar Technologies Limited (Consolidated Financials)
		Net worth of transferred business	INR 10,423 Lakhs [#]
		Percentage of net worth	Approx. 5% [#] of net worth of Zensar Technologies Limited (Consolidated Financials)
b.	Date on which the agreement for sale has been entered into*	October 19, 2020	
c.	The expected date of completion of sale/disposal	December 18, 2020 or upon fulfilment of closing conditions, whichever is earlier, or such other date, as mutually agreed.	
d.	Consideration received from such sale/disposal	Sale consideration comprising of USD 10 Million in cash on the closing date, subject to closing conditions and an additional deferred earnout of USD 5 Million, based on performance, set out in the SPA.	
e.	Brief details of buyers and whether any of the buyers belong to the promoter/ promoter group/group companies. If yes, details thereof	Service Express, LLC, c/o Harvest Partners, LP, 280 Park Avenue, 25th Floor, New York, New York 10017 ('Buyer') is a third party maintenance provider specialising in data center maintenance for server, storage and networking equipment since 1993. Buyer does not belong to the promoter/promoter group/group companies.	

f.	Whether the transaction would fall within related party transactions? If yes, whether the same is done at "arm's length"	Not Applicable
g.	Additionally, in case of a slump sale, indicative disclosures provided for amalgamation/merger, shall be disclosed by the listed entity with respect to such slump sale	Not Applicable

**The agreement is subject to fulfilment of closing conditions, as set out therein.*

During FY20, PSI and its subsidiaries carried on both TPM and non TPM business. On the date of Board approval, PSI entity carries balances only related to TPM business. For FY20, TPM business in PSI and its subsidiaries had revenue of Rs 15,350 Lakhs which is around 4% of the Consolidated Revenue and net worth of Rs 8,302 Lakhs which is around 4% of the Consolidated Net worth respectively.



Zensar divests its non-core TPM / MVS Business

Pune, India, October 19, 2020: [Zensar](#), a digital solutions and technology services company that specialises in partnering with global organisations on their digital transformation journey, announced that it has entered into an agreement with Service Express LLC to divest its global Third Party Maintenance (TPM) business. This is in line with Zensar's commitment to focus on and invest in its core businesses which comprised 96 % of its revenues as on Q1FY21.

The TPM business provides third party hardware maintenance support for a wide variety of data center equipment and platforms. These services include remote support, call handling, spare parts, logistics management, replacement & installation, repairs and field support.

As part of its long-term strategy, Zensar had identified two non-core businesses, comprising Rest of the World (RoW) business and the TPM business. Zensar had divested the RoW business last year and is now divesting the TPM business.

Under the terms of the transaction, Zensar's TPM business will be transferred to Service Express, a leading TPM service provider headquartered in the US, by way of a 100% share sale of Zensar's equity shareholding in PSI Holding Group Inc., a wholly owned subsidiary of Zensar Technologies Inc. The closing of the transaction is subject to approval by shareholders of Zensar Technologies Limited.

[Sandeep Kishore](#), **Chief Executive Officer and Managing Director, Zensar Technologies commented**, "With the divestment of both the non-core businesses, RoW earlier and TPM with this transaction, our complete focus and attention is to grow our core businesses comprising of Digital, Cloud and IT services business. We are executing very well to our long term strategic priorities and growth."

Speaking on this announcement, Ron Alvesteffer, Chief Executive Officer of Service Express said, "This business is in line with our core offerings and we are confident that it will help accelerate our growth in the TPM industry."

Navneet Khandelwal, Chief Financial Officer, Zensar Technologies added, "Zensar is committed to redesign its business strategy to meet changing demands of the marketplace. This divestiture provides us with additional resources to invest in primary business areas, which will be of relevance to our customers and partners. The transaction will be EBITDA, PAT, Cashflow and ROCE accretive to Zensar."

[About Zensar \(www.zensar.com\)](#)

Zensar is a leading digital solutions and technology services company that specialises in partnering with global organisations across industries on their digital transformation journey. A technology partner of choice, backed by strong track record of innovation; credible investment in digital solutions; and assertion of commitment to a client's success, Zensar's comprehensive range of digital and technology services and solutions enables its customers to achieve new thresholds of business performance. Zensar, with its experience in delivering excellence and superior client satisfaction through myriad technology solutions, is uniquely positioned to help clients surpass challenges around running their existing business most efficiently and to help in their legacy transformation and plan for business expansion and growth through innovative digital solutions

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[About RPG Enterprises](#)

RPG Enterprises, established in 1979, is one of India's fastest growing business groups with a turnover of US\$ 4 Billion. The group has diverse business interests in the areas of Infrastructure, Tyres, Pharma, IT and Specialty as well as in emerging innovation led technology businesses.

[About Service Express LLC.](#)

Service Express traces its origins to the service division of Great Lakes Computer ("GLC"), a local hardware reseller based in Grand Rapids, MI and founded in 1986. Service Express was spun out of GLC in 1993 and has grown to become a leading provider of Third Party Maintenance ("TPM") services for mission-critical data center infrastructure focused on server and storage equipment. As a TPM provider, Service Express also provides additional service solutions including hardware system solutions, sales and upgrades, OS support, and data center relocations. Today, Service Express maintains servers and storage in data centers for hospitals, manufacturing plants, universities, banks, Fortune 500 companies, financial institutions, government agencies, and other mid to large companies. In November 2019, Service Express was recapitalized by Harvest in order to accelerate Service Express' track record of growth and profitability through both organic and inorganic initiatives.

For any queries please feel to reach out:

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Safe Harbor

Certain statements in this release concerning our future growth prospects are forward-looking statements which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, intense competition in IT services including those factors which may affect our cost advantage, wage increases in India, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed price, fixed-time frame contracts, client concentration, restrictions on immigration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, withdrawal of governmental fiscal incentives, political instability, legal restrictions on raising capital or acquiring companies outside India, and unauthorised use of our intellectual property and general economic conditions affecting our industry. The Company does not undertake to update any forward-looking statement that may be made from time to time by or on behalf of the Company.