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Trade View Report-



Published Date	April 17 th , 2026
Rating	BUY
Trade Type	Long Term
Stock Name	ZENSARTECH
Entry Price	600
Target	690
Stop Loss Price	570
Target%	15%
SL%	5%

Rationale-

Zensar Technologies (ZENSARTECH) in 2026 centers on its aggressive pivot toward an "AI-first" strategy, strong fiscal management, and a deliberate shift in its vertical exposure.

As of April 2026, here are the core pillars of the company's growth rationale:

1. The "AI-Native" Pivot

Zensar has aggressively integrated Artificial Intelligence into its core operations, branding itself as an AI-native firm.

- **Order Book Momentum:** Approximately **20% to 28% of the new order book** is now categorized as "AI-influenced," showing that the company is successfully winning deals tied to GenAI and data engineering.
- **Workforce Readiness:** Nearly **60% of its workforce** is AI-certified through its "Ignite AI Academy," which has trained over 7,300 unique employees.
- **ZenseAI Platform:** The company is leveraging its proprietary AI-led platform to secure high-value automation and enterprise modernization deals.

2. Strategic Vertical Realignment

Zensar is actively rebalancing its portfolio to mitigate risks in volatile sectors:

- **Moving away from TMT:** The company is reducing exposure to the **Telecommunications, Media, and Technology (TMT)** vertical, where clients have been cutting operating expenses to fund heavy capital expenditures (like GPUs).
- **Focus on BFSI & Healthcare:** It is doubling down on **Banking, Financial Services, and Insurance (BFSI)** and **Healthcare**, both of which have shown more resilient growth and increased digital spending.

3. Financial Discipline & Margin Expansion

Despite a challenging global macro environment, Zensar has maintained a strong focus on profitability:

- **EBITDA Margins:** Management has consistently targeted and achieved margins in the **mid-teens (15%–17.4%)**. This has been driven by a "shift to offshore" strategy and higher employee utilization (around 84.8%).
- **Robust Cash Reserves:** With a cash balance exceeding **\$320 million**, the company is well-positioned for "revenue-enhancing" M&A opportunities and consistent dividend payouts (the most recent being an interim dividend of ₹2.4/share).

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- **Fiscal Tailwinds:** The **2026 Union Budget** in India raised the safe harbor threshold for IT services to ₹2,000 crore, providing Zensar with greater tax predictability and simplified compliance for its global operations.

4. Valuation Context

Zensar is often viewed as an "attractive price" play compared to the broader IT sector:

- **P/E Ratio:** It currently trades at a P/E of approximately **17–18x**, which is significantly lower than the sector average of ~36x.

Latest Financials

1. Top-Line Performance (Revenue)

- **Quarterly Revenue:** Stood at **\$160.5 million**, a modest **2.2% YoY growth** in reported currency (1.3% in Constant Currency).
- **Sequential Dip:** Revenue saw a **1.4% QoQ decline**, primarily attributed to seasonal furloughs and a "soft" macro environment.
- **Vertical Performance:** * **BFSI:** Strong growth at **12.2% YoY**.
 - **Healthcare:** Steady growth at **5.2% YoY**.
 - **TMT:** Significant drag, declining **11.6% YoY**.

2. Profitability & Margins (The High Point)

- **Net Profit:** Jumped to **₹199.8 crore**, representing a robust **25% YoY increase**.
- **EBITDA Margin:** Improved significantly to **17.4%** (up 200 bps QoQ), beating management's typical mid-teens guidance.
- **PAT Margin:** Recorded at **13.9%**, up from 12.1% in the same quarter last year.
- **Efficiency Drivers:** Higher offshore mix (**3.1% volume growth offshore**) and tight operational discipline were the primary drivers for margin expansion.

3. Order Book & Liquidity

- **Order Book:** Reached **\$180.2 million**, showing a healthy **13.6% QoQ growth**.
- **Book-to-Bill Ratio:** Stood at **1.12**, indicating a steady pipeline for the upcoming quarters.

- **Cash Position:** Highest ever cash and cash equivalents at **\$322.4 million** (up nearly \$30M sequentially).
- **DSO (Days Sales Outstanding):** Improved to **71 days**, reflecting efficient collection cycles.

4. Workforce & Operational Metrics

- **Attrition:** Remained stable and healthy at **9.5%**, staying below the 10% mark for four consecutive quarters.
- **Utilization:** Dipped slightly to **83.5%** due to seasonality, but remains within the target range.
- **Dividend:** The board declared an interim dividend of **₹2.40 per share** during this fiscal cycle.

Disclaimer-

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Intraday- Not more than one day

Short term – 0-15 days

Medium term – 1- 3 months

Long term – more than a Year

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13. The subject company is or was not a client of Research entity or Research analyst or its associates during twelve months preceding the date of distribution of the research report and recommendation services provided.
14. Research Analysts or its associates has not served as an officer, director or employee of the subject company.
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