

**Zensar reports PAT at 10.9% in Q3FY21**  
**An increase of 13.3% QoQ in USD terms**

**Pune, India, January 21, 2021:** Zensar Technologies, a leading digital solutions and technology services company that specialises in partnering with global organisations on their Digital transformation journey, announced its audited consolidated financial results for its third Quarter ending December 31, 2020 of the fiscal year 2020-2021.

**Financial Highlights:**

- The company reported revenue at \$122.8 Mn, a decline of 2.4% QoQ in USD terms
- In Q3FY21, the PAT was at 10.9% of the revenue, an increase of 13.3% QoQ and 148.8% growth YoY in USD terms
- EBITDA increased from 19.4% in Q2 FY21 to 20.6% in Q3 FY21. In absolute USD terms, EBITDA reported a growth of 3.3% QoQ and 167.3% YoY
- Digital accounted for 65% of the total revenues in Q3 FY21
- Zensar is now a zero-debt company with highest ever net cash position of \$160.2 M as a result of exceptional cash management
- Africa and Europe regions reported a growth of 11.6% QoQ and 6.3% QoQ respectively
- Global Consumer Services is back on recovery path with QoQ growth of 7.7%
- The Digital Foundation Services business grew by 6.0% YoY with new logos added to overall portfolio

*\*The reported numbers are for core business (excluding TPM business divested in Q2FY21)*

**Ajay S. Bhutoria, Chief Executive Officer and Managing Director, Zensar Technologies said,** “Our PAT has increased by 13.3% QoQ in USD terms underscoring our focus on world-class execution and operational excellence. Some of the softness in our US Hi-tech and Insurance business has been offset by healthy growth in EU and South Africa as well as our Consumer Services business. While we remain alert of current and future headwinds, we are excited with performance of our Digital business.

**Adding further he stated,** Digital Foundation Services, our visionary service line helping customers build robust and secure cloud-first infrastructure to power their digital transformation initiatives, has benefited from our consistent investment and has grown by 6.0% on YoY basis. At Zensar, we have always treasured our long-standing customer relationships, and are very encouraged by our mutual commitment to work together during times of uncertainty bolstered by our ability to deliver exceptional customer value.”

**Navneet Khandelwal, Chief Financial Officer, Zensar Technologies said,** “Our strategic focus on improving our cash management position has shown significant results in this quarter as we are now in a strong cash position, our highest ever. Additionally, we have become a zero-debt company, which enables us to pivot our initiatives on sustainable business growth. Our PAT has increased, both on QoQ and YoY basis and our DSO for Q3 is 73 days which is an improvement of 20 days on a YoY basis.”

**Significant Wins Q3FY21:**

- Application and Development mandate for a leading American hi-tech company
- Digital Experience services for a large US based hi-tech company
- Strategic tech and digital services partner for UK based mutual insurance composite
- Guidewire implementation mandate for a US based insurance company
- Application and development work for a leading US based risk management products company

- Oracle implementation for a US based manufacturer of lighting products
- Digital experience solutions and services for a leading retailer based in South Africa

**Corporate Excellence Snapshot in Q3FY21:**

- Everest Group Aware (Intelligent) IT Infrastructure Services Automation PEAK Matrix® Assessment 2021
- Zensar has been mentioned in Everest Group BFS IT Services – Application and Digital Services in Capital Markets PEAK Matrix® Assessment 2021
- Zensar has been mentioned as an aspirant in Artificial Intelligence (AI) Services PEAK Matrix® Assessment 2021
- Zensar has been mentioned as major contender in Insurance Business Model Innovation Enablement Services PEAK Matrix® Assessment 2021
- Zensar has been mentioned as a challenger in Avasant Manufacturing Digital Services 2020 2021 RadarView TM
- Zensar has been mentioned as an aspirant in Pega Services PEAK Matrix® Assessment 2021
- Zensar positioned as a Star Performer and Major Contender in Everest Group's Application and Digital Services (ADS) in Life and Annuities (L&A) PEAK Matrix® Assessment 2021

**Awards and Recognitions in Q3FY21:**

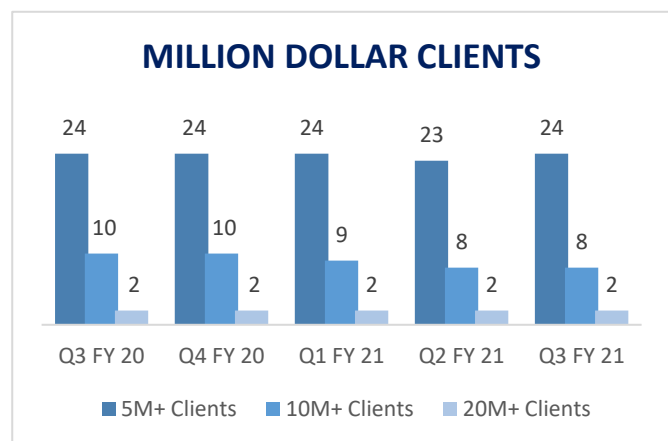
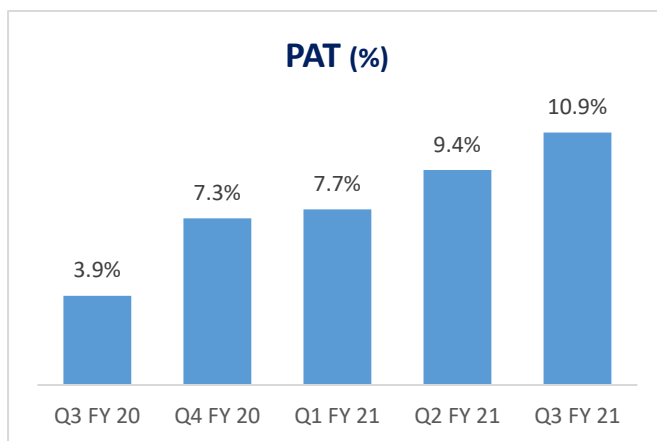
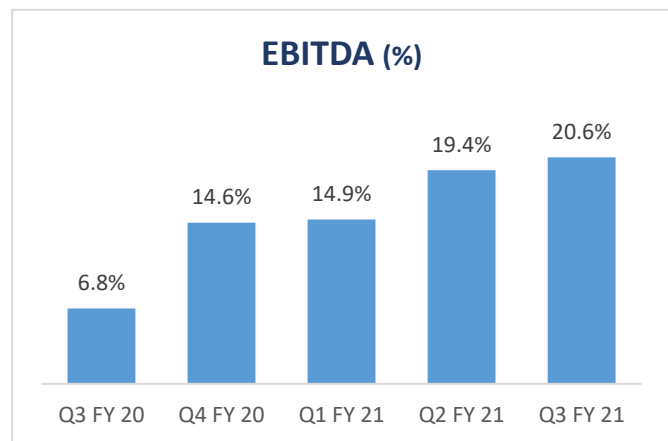
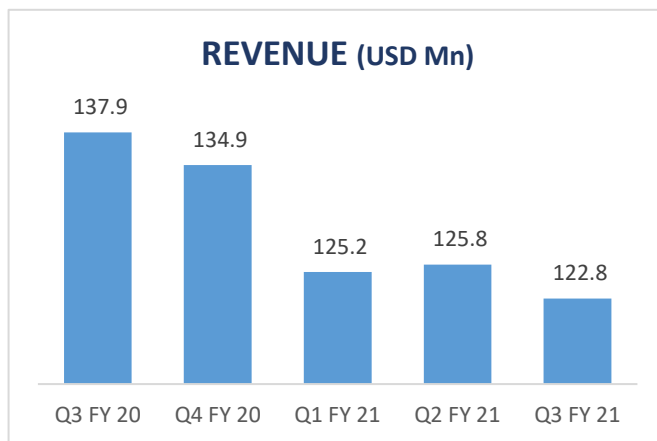
- Zensar is a winner at the 2021 Big Innovation Awards for work done by Zenlabs, its innovation hub
- Zensar recognized as an innovative company at the CII Centre for Digital Transformation DX Awards 2020 (for its employee engagement initiative)
- Zensar featured in the 100 Best Company for Women in 2020 Working Mother & Avatar Best Companies for Women in India
- Zensar's work for a customer wins the, 'Digital Transformation Project of the Year' at the global SDC Awards 2020
- Zensar wins the 'Augmented/Virtual Reality Innovation of the Year,' at the global SDC Awards 2020 for a client project
- Zensar is awarded for its work in the, 'Open Source/DevOps Innovation of the Year,' at the global SDC awards 2020
- Zensar is recognised by Idea (India Digital Enabler Awards 2020) as the 'Business App' of the year
- Zensar's Covid-19 response outreach campaigns is awarded the, 'Global Marketing Excellence award'

### Q3 FY 21 Revenue and Profitability snapshot:

Particulars	Q3 FY21		Growth					
	USD Mn	INR Mn	Q-o-Q			Y-o-Y		
			USD	INR	CC	USD	INR	CC
Revenue	\$ 122.8	₹ 9065	(2.4%)	(3.2%)	(3.7%)	(10.9%)	(7.7%)	(10.6%)
EBITDA	\$ 25.2	₹ 1863	3.3%	2.5%		167.3%	177.1%	
EBIT	\$ 19.5	₹ 1442	4.5%	3.7%		422.1%	441.1%	
PAT	\$ 13.4	₹ 987	13.3%	12.3%		148.8%	157.9%	

*\*Numbers presented above are adjusted to exclude TPM business performance and adjusted for exceptional items unless otherwise mentioned*

### Performance Highlights:



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## Income Statement (USD Mn)

Income Statement (USD Mn)	Q3 FY 20	FY 20	Q2 FY 21	Q3 FY 21
<b>Operating revenue</b>	<b>137.9</b>	<b>566.0</b>	<b>125.8</b>	<b>122.8</b>
<i>Sequential Growth</i>	-5.5%		0.5%	-2.4%
<i>Year-Over-Year Growth</i>	1.9%	6.8%	-13.8%	-10.9%
Cost of revenue	104.9	405.9	82.1	80.3
<b>Gross profit</b>	<b>33.0</b>	<b>160.1</b>	<b>43.8</b>	<b>42.5</b>
<i>Gross profit % of revenue</i>	23.9%	28.3%	34.8%	34.6%
<i>Sequential Growth</i>	-22.9%		18.2%	-2.9%
<i>Year-Over-Year Growth</i>	-12.8%	1.0%	2.3%	28.9%
Sales and marketing expenses	9.1	36.3	8.0	7.7
General and administration expenses	14.4	52.7	11.4	9.6
Operating expenses	23.6	89.1	19.4	17.3
<i>% of revenue</i>	17.1%	15.7%	15.4%	14.1%
Other operating income	-	0.0	-	-
<b>Earnings before interest, tax, depreciation and amortization (EBITDA)</b>	<b>9.4</b>	<b>71.0</b>	<b>24.4</b>	<b>25.2</b>
<i>EBITDA % of revenue</i>	6.8%	12.5%	19.4%	20.6%
<i>Sequential Growth</i>	-53.7%		30.6%	3.3%
<i>Year-Over-Year Growth</i>	-45.0%	-5.4%	19.9%	167.3%
Depreciation and amortisation	5.7	22.1	5.7	5.7
<b>Earnings before interest and tax (EBIT)</b>	<b>3.7</b>	<b>48.9</b>	<b>18.7</b>	<b>19.5</b>
<i>EBIT % of revenue</i>	2.7%	8.6%	14.8%	15.9%
<i>Sequential Growth</i>	-75.1%		44.7%	4.5%
<i>Year-Over-Year Growth</i>	-73.4%	-22.0%	24.6%	422.1%
Interest	1.8	8.5	1.8	1.8
Exchange Gain/(Loss)	1.4	6.4	-1.4	-0.8
Other income	4.1	6.1	0.8	1.5
<b>Profit before tax</b>	<b>7.5</b>	<b>52.8</b>	<b>16.4</b>	<b>18.4</b>
<i>% of revenue</i>	5.5%	9.3%	13.0%	15.0%
<i>Sequential Growth</i>	-51.8%		23.4%	12.4%
<i>Year-Over-Year Growth</i>	-40.3%	-23.2%	5.2%	145.0%
Provision for taxation	1.9	14.7	4.3	4.9
<b>Profit after tax (before minority interest)</b>	<b>5.6</b>	<b>38.2</b>	<b>12.0</b>	<b>13.5</b>
<i>% of revenue</i>	4.1%	6.7%	9.6%	11.0%
Minority interest	0.2	1.2	0.2	0.2
<b>Profit after tax</b>	<b>5.4</b>	<b>37.0</b>	<b>11.8</b>	<b>13.4</b>
<i>Profit after tax % of revenue</i>	3.9%	6.5%	9.4%	10.9%
<i>Sequential Growth</i>	-50.0%		23.0%	13.3%
<i>Year-Over-Year Growth</i>	-39.8%	-23.7%	9.9%	148.8%

\*Numbers presented above are adjusted to exclude TPM business performance and adjusted for exceptional items unless otherwise mentioned

## Income Statement (INR Mn)

Income Statement (INR Mn)	Q3 FY 20	FY 20	Q2 FY 21	Q3 FY 21
<b>Operating revenue</b>	<b>9,819</b>	<b>40,102</b>	<b>9,364</b>	<b>9,065</b>
<i>Sequential Growth</i>	-4.5%		-1.3%	-3.2%
<i>Year-Over-Year Growth</i>	0.7%	8.1%	-8.9%	-7.7%
Cost of revenue	7,469	28,756	6,106	5,925
<b>Gross profit</b>	<b>2,350</b>	<b>11,347</b>	<b>3,258</b>	<b>3,140</b>
<i>Gross profit % of revenue</i>	23.9%	28.3%	34.8%	34.6%
<i>Sequential Growth</i>	-22.1%		16.1%	-3.6%
<i>Year-Over-Year Growth</i>	-13.8%	2.4%	8.0%	33.6%
Sales and marketing expenses	651	2,573	596	569
General and administration expenses	1,027	3,739	845	708
<b>Operating expenses</b>	<b>1,678</b>	<b>6,312</b>	<b>1,441</b>	<b>1,277</b>
<i>% of revenue</i>	17.1%	15.7%	15.4%	14.1%
Other operating income	-	2	-	-
<b>Earnings before interest, tax, depreciation and amortization (EBITDA)</b>	<b>672</b>	<b>5,037</b>	<b>1,818</b>	<b>1,863</b>
<i>EBITDA % of revenue</i>	6.8%	12.6%	19.4%	20.6%
<i>Sequential Growth</i>	-53.1%		28.2%	2.5%
<i>Year-Over-Year Growth</i>	-45.6%	-4.0%	26.6%	177.1%
Depreciation and amortisation	406	1,567	427	421
<b>Earnings before interest and tax (EBIT)</b>	<b>266</b>	<b>3,470</b>	<b>1,390</b>	<b>1,442</b>
<i>EBIT % of revenue</i>	2.7%	8.7%	14.8%	15.9%
<i>Sequential Growth</i>	-74.8%		42.1%	3.7%
<i>Year-Over-Year Growth</i>	-73.7%	-20.8%	31.6%	441.1%
Interest	127	605	132	130
Exchange Gain/(Loss)	102	449	-102	-59
Other income	295	435	63	107
<b>Profit before tax</b>	<b>535</b>	<b>3,749</b>	<b>1,220</b>	<b>1,360</b>
<i>% of revenue</i>	5.5%	9.3%	13.0%	15.0%
<i>Sequential Growth</i>	-51.2%		21.1%	11.5%
<i>Year-Over-Year Growth</i>	-41.0%	-21.9%	11.1%	154.0%
Provision for taxation	136	1,038	323	360
<b>Profit after tax (before minority interest)</b>	<b>399</b>	<b>2,711</b>	<b>896</b>	<b>999</b>
<i>% of revenue</i>	4.1%	6.8%	9.6%	11.0%
Minority interest	16	82	18	13
<b>Profit after tax</b>	<b>383</b>	<b>2,629</b>	<b>878</b>	<b>987</b>
<i>Profit after tax % of revenue</i>	3.9%	6.6%	9.4%	10.9%
<i>Sequential Growth</i>	-49.4%		20.7%	12.3%
<i>Year-Over-Year Growth</i>	-40.5%	-22.4%	16.1%	157.9%

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Other Metrics	Q3 FY 20	FY 20	Q2 FY 21	Q3 FY 21
<b><u>Revenue by Service Offering (as % of Revenue)</u></b>				
<b>Digital &amp; Application Services (DAS)</b>	<b>87.3%</b>	<b>87.5%</b>	<b>85.1%</b>	<b>84.9%</b>
<i>Digital Services</i>	49.4%	47.6%	54.3%	55.0%
<i>Core Application Services</i>	37.9%	39.9%	30.8%	29.9%
<b>Digital Foundation Services (DFS)</b>	<b>12.7%</b>	<b>12.5%</b>	<b>14.9%</b>	<b>15.1%</b>
<i>Cloud, Digital Led next gen CIS</i>	6.9%	6.9%	9.5%	10.0%
<i>Core Infrastructure Services</i>	5.8%	5.6%	5.4%	5.1%
<b>Total Digital Services</b>	<b>56.2%</b>	<b>54.5%</b>	<b>63.8%</b>	<b>65.0%</b>
<b><u>Revenue by Industry (as % of Revenue)</u></b>				
Hi-Tech	41.1%	40.3%	43.1%	39.6%
Mfg	13.1%	12.5%	11.9%	12.3%
Consumer Services	13.8%	15.9%	13.9%	15.3%
Insurance	20.8%	20.2%	20.2%	19.3%
Banking	8.5%	8.0%	8.9%	9.6%
Emerging	2.7%	3.2%	2.1%	3.9%
<b><u>Revenue by Geographical Segment (as % of Revenue)</u></b>				
US	73.1%	73.6%	73.3%	70.3%
Europe	16.3%	15.9%	16.0%	17.4%
Africa	10.6%	10.5%	10.8%	12.3%
<b><u>Revenue by Project Type (as % of Revenue)</u></b>				
Fixed Price	56.6%	56.8%	60.5%	61.4%
Time & Materials	43.4%	43.2%	39.5%	38.6%
<b><u>Constant Currency</u></b>				
<b>Operating revenue (Constant Currency mn)</b>	<b>137.1</b>	<b>573.3</b>	<b>124.2</b>	<b>121.2</b>
Sequential Growth	-6.1%	8.2%	-0.7%	-3.7%
Year-Over-Year Growth	1.6%	8.2%	-12.9%	-10.6%
<b><u>Constant Currency Growth by Industry (QoQ %)</u></b>				
Hi-Tech	-2.4%	10.8%	-5.3%	-10.6%
Mfg	-2.0%	12.6%	-3.6%	0.0%
Consumer Services	-21.6%	-19.1%	11.1%	6.2%
Insurance	-8.3%	10.7%	2.5%	-8.7%
Banking	4.8%	46.7%	7.0%	1.3%
Emerging	3.8%	25.0%	-11.1%	78.9%

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Other Metrics	Q3 FY 20	FY 20	Q2 FY 21	Q3 FY 21
<b><u>Client Data</u></b>				
<b>Number of million dollar Clients (LTM Revenue)</b>				
1 Million dollar +	87	82	81	83
5 Million dollar +	24	24	23	24
10 Million dollar +	10	10	8	8
20 Million dollar +	2	2	2	2
<b>Revenue from top clients</b>				
Revenue- top 5 clients	41.2%	38.8%	39.8%	37.8%
Revenue- top 10 clients	51.2%	49.7%	51.0%	47.8%
Revenue- top 20 clients	66.1%	63.8%	65.8%	61.9%
<b>Number of active clients</b>	<b>142</b>	<b>138</b>	<b>134</b>	<b>134</b>
<b><u>Onsite: Offshore (as % of Revenue)</u></b>				
<b>Revenue mix</b>				
Onsite	66.3%	65.2%	60.2%	57.2%
Offshore	33.7%	34.8%	39.8%	42.8%
<b><u>Utilization</u></b>				
Utilization (excluding Trainees)	81.0%	83.5%	83.3%	80.1%
<b><u>Employee data</u></b>				
<b>Headcount</b>				
Technical - Onsite	2,308	2,258	1,883	1,811
Technical - Offshore	6,474	6,119	5,768	6,071
<b>Gross employees added during the period</b>	<b>611</b>	<b>3,330</b>	<b>394</b>	<b>991</b>
<b>% of women employees</b>	<b>30.6%</b>	<b>30.3%</b>	<b>30.3%</b>	<b>30.8%</b>
Attrition	16.0%	16.3%	11.7%	12.9%

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Other Metrics	Q3 FY 20	FY 20	Q2 FY 21	Q3 FY 21
<b>Exchange Rates</b>				
<b>Rupee Dollar Rate</b>				
Period Closing Rate	71.4	75.7	73.8	73.1
Period Average Rate	71.2	70.9	74.4	73.8
<b>Accounts receivables (in days)</b>				
Billed	57	51	51	48
Unbilled	36	35	24	25
<b>Total</b>	<b>93</b>	<b>86</b>	<b>75</b>	<b>73</b>
<b>Cash and Cash Equivalents (USD mn)**</b>				
<i>Balances with Banks:</i>	72.4	68.3	76.0	99.1
<b>Investment in Mutual Funds**</b>	19.6	35.3	52.8	61.1
<b>Debt (USD mn) **</b>	<b>45.3</b>	<b>43.8</b>	<b>11.5</b>	<b>-</b>
<b>Total Outstanding Hedges (In USD) **</b>	<b>177.9</b>	<b>163.1</b>	<b>172.0</b>	<b>120.6</b>
<b>Capex (USD Mn) **</b>	<b>2.2</b>	<b>11.0</b>	<b>1.5</b>	<b>1.0</b>

\*\* Not adjusted for TPM

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**About Zensar ([www.zensar.com](http://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; assertion of commitment to client's success, Zensar's comprehensive range of digital and technology services and solutions enable 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 them surpass challenges around running their existing business most efficiently, helping in their legacy transformation, and planning for business expansion and growth through innovative and digital ways.

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**For any queries please feel free to reach out:**

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**Safe Harbor**

Certain statements in this release concerning our future prospects are forward-looking statements which involve a number of underlying identified / non identified risks and uncertainties that could cause actual results to differ materially. This release and other statements – written and oral –that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. However the same are subject to risks and uncertainties, including but not limited to, our ability to manage growth; fluctuations in earnings /exchange rates; intense competition in IT services including factors affecting cost advantage; wage increases; ability to attract and retain highly skilled professionals; time and cost overruns on fixed price, fixed-time frame or other contracts; client concentration; restrictions on immigration; our ability to manage international operations; reduced demand for technology in our service offerings; disruptions in telecommunication networks; our ability to successfully complete and integrate acquisitions; liability for damages on our service contracts; government measures in India and countries where our customer operate, withdrawal of governmental fiscal incentives; economic downturn in India, and/or around the world, political instability, legal restrictions on raising capital or acquiring companies; and unauthorized use of intellectual property and general economic conditions affecting the industry.

In addition to the foregoing, global pandemic like COVID-19 may pose an unforeseen, unprecedented, unascertainable and constantly evolving risk(s), inter-alia, to us, our customers, delivery models, vendors, partners, employees, general global operations and may also impact the success of companies in which we have made strategic investments, demand for Company's offerings and the onshore-offshore-nearshore delivery model.

The results of these assumptions made relying on available internal and external information are the basis for determining the carrying values of certain assets and liabilities. Since the factors underlying these assumptions are subject to change over time, the estimates on which they are based, are also subject to change accordingly. These forward-looking statements represent only the Company's current intentions, beliefs or expectations, and any forward-looking statement speaks only as of the date on which it was made. The Company assumes no obligation to revise or update any forward-looking statements, whether as a result of new information, future events, or otherwise.