

Zensar's Q3FY22 revenues register 19.8% YoY growth

Pune, India, January 24, 2022: Zensar Technologies, a leading experience engineering and technology solutions company, announced its consolidated financial results for its third quarter ending December 31, 2021, of the fiscal year 2021-2022.

Financial Highlights

- In Q3FY22, the company reported revenue of \$147.1Mn, a quarterly YoY growth of 19.8%
- PAT stood at \$12.1Mn or 8.2% of revenues, a quarterly YoY decline of 270 bps
- The company reported net cash of \$168Mn in Q3FY22
- On a quarterly YoY basis, the US region reported growth of 20.8%, the Europe region reported growth of 23.7%, and the South Africa region reported growth of 8.3%
- From a vertical perspective, the Banking vertical posted a quarterly YoY growth of 76.5%, while the Insurance vertical posted a quarterly YoY growth of 8.9%. The Consumer Services vertical posted a quarterly YoY growth of 26%, and the Hi-Tech and Manufacturing vertical reported a quarterly YoY growth of 7.1%

Ajay S. Bhutoria, CEO and Managing Director, Zensar Technologies, said, "Our revenue growth of 19.8% quarterly YoY reinforces the value our clients place on our services. Our efforts in the Banking vertical are bearing fruit with a 76.5% quarterly YoY growth. Similarly, our Consumer Services business grew by 26% YoY during the same quarter. These outcomes are the result of initiatives launched in the first half of the year and include the integration of M3bi into our overall strategy."

Adding further, he said, "To meet increasing demand, we have stepped up investments in strengthening our talent pool by expanding lateral hiring and hiring from campuses, as well as by upskilling our existing workforce. As always, the safety and well-being of our associates continue to be a top priority as we continue to work largely from home in all locations."

Navneet Khandelwal, Chief Financial Officer, Zensar Technologies, said, "Increased operational efficiency has resulted in improved working capital by reducing our DSO in Q3FY22 to 78 days, down from 82 days in Q2. Our new offerings across all regions continue to bear positive results. Our US region reported robust growth of 20.8% quarterly YoY and 4.4% sequential QoQ, while Europe posted quarterly YoY growth of 23.7% and sequential QoQ 6.1%. Meanwhile, Africa posted 8.3% quarterly YoY growth. We continue to streamline operational metrics and fresher intake on margins. Additionally, the Board of Directors of Zensar Technologies Ltd. at its meeting held on January 24, 2022, has recommended payment of Interim Dividend at the rate of Rs. 1.5 per Equity Share for the financial year 2021-22."

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

Significant wins in Q3FY22

- Application development services mandate for a large US technology company
- Enterprise applications services for a large US not-for-profit
- Advanced engineering services for an international financial institution based in the UK
- Application and experience services offering for a South Africa-based financial services organization

- Applications services for a UK-based food catering company
- Experience services for a Singapore-based multinational real estate company
- Multiple mandates, including experience services, application development, and advanced engineering for a leading manufacturer of specialty chemicals in the UK
- Enterprise applications for a leading multinational retail brand in South Africa
- Experience services for a leading US home furnishings company
- Experience services for a leading UK hospitality group
- Marketing services for a global technology company
- Enterprise application mandate for a leading US aesthetic treatment devices maker

Corporate excellence snapshot in Q3FY22

- Zensar has been mentioned as Innovator in Avasant Digital Workplace Services 2021 RadarView™
- Zensar has been mentioned as Disruptor in Avasant Oracle Cloud ERP Services 2021-2022 RadarView™
- Zensar has been mentioned as Major Contender in Everest Group's Insurance Platforms IT Services PEAK Matrix® Assessment 2022

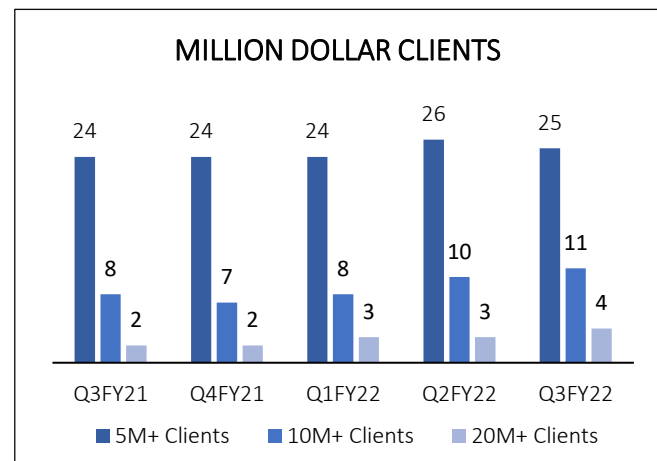
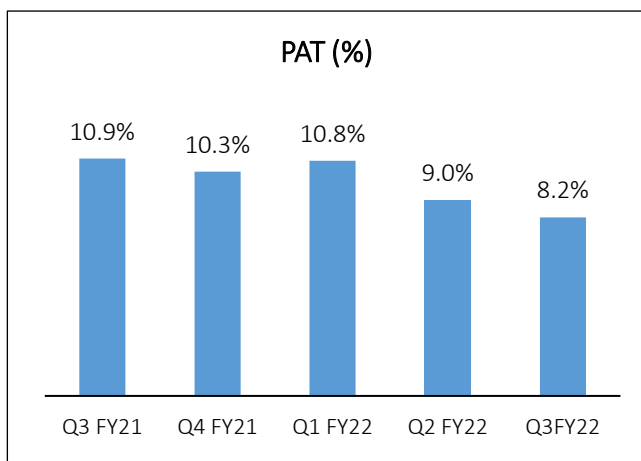
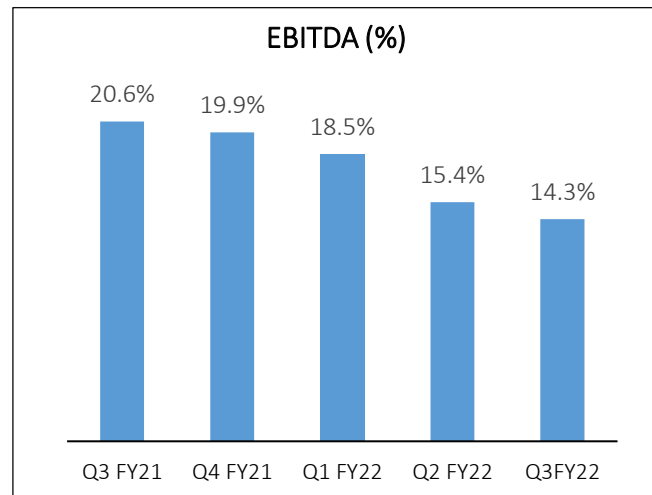
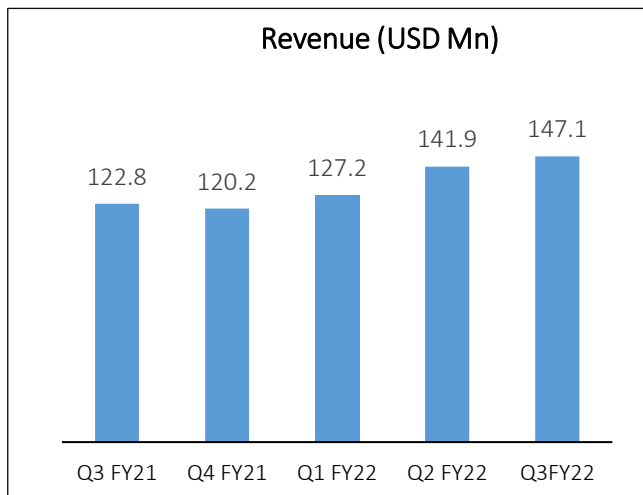
Awards and recognitions in Q3FY22

- Foolproof, a Zensar company and One Shot Immersive won the 'Most Effective Use of AR and VR' category at The Drum Awards for the Digital Industries 2021

Q3 FY22 Revenue and Profitability snapshot:

Particulars	Q3 FY22		Growth					
	USD Mn	INR Mn	Q-o-Q			Y-o-Y		
			USD	INR	CC	USD	INR	CC
Revenue	147.1	11,025	3.7%	4.9%	4.7%	19.8%	21.6%	19.9%
EBITDA	21.1	1,585	-3.2%	-1.7%		-16.4%	-14.9%	
EBIT	14.8	1,111	-4.6%	-2.9%		-24.3%	-23.0%	
PAT	12.1	910	-5.3%	-3.7%		-9.4%	-7.8%	

Performance Highlights





Income Statement (USD Mn)

Income Statement (USD Mn)	Q3 FY21	FY21	Q2 FY22	Q3 FY22
Operating revenue	122.8	494.0	141.9	147.1
<i>Sequential Growth</i>	-2.4%		11.6%	3.7%
<i>Year-Over-Year Growth</i>	-10.9%	-12.7%	12.7%	19.8%
Cost of revenue	80.3	328.7	98.4	103.5
Gross profit	42.5	165.3	43.4	43.6
Gross profit % of revenue	34.6%	33.5%	30.6%	29.6%
<i>Sequential Growth</i>	-2.9%		-1.9%	0.3%
<i>Year-Over-Year Growth</i>	28.9%	3.3%	-0.8%	2.4%
Sales and marketing expenses	7.7	28.2	8.7	9.3
General and administration expenses	9.6	44.9	12.9	13.2
Operating expenses	17.3	73.0	21.6	22.5
% of revenue	14.1%	14.8%	15.2%	15.3%
Other operating income				
Earnings before interest, tax, depreciation and amortization (EBITDA)	25.2	92.3	21.8	21.1
EBITDA % of revenue	20.6%	18.7%	15.4%	14.3%
<i>Sequential Growth</i>	3.3%		-7.1%	-3.2%
<i>Year-Over-Year Growth</i>	167.3%	29.9%	-10.7%	-16.4%
Depreciation and amortisation	5.7	23.3	6.3	6.3
Earnings before interest and tax (EBIT)	19.5	68.9	15.5	14.8
EBIT % of revenue	15.9%	14.0%	10.9%	10.0%
<i>Sequential Growth</i>	4.5%		-12.5%	-4.6%
<i>Year-Over-Year Growth</i>	422.1%	40.9%	-17.1%	-24.3%
Interest	1.8	7.2	1.2	1.2
Exchange Gain/(Loss)	-0.8	-1.5	1.0	1.2
Other income	1.5	4.9	2.1	2.1
Profit before tax	18.4	65.1	17.4	16.8
% of revenue	15.0%	13.2%	12.3%	11.4%
<i>Sequential Growth</i>	12.4%		-8.3%	-3.5%
<i>Year-Over-Year Growth</i>	145.0%	23.2%	6.3%	-8.7%
Provision for taxation	4.9	17.0	4.4	4.5
Profit after tax (before minority interest)	13.5	48.1	13.0	12.3
% of revenue	11.0%	9.7%	9.1%	8.4%
Minority interest	0.2	0.9	0.2	0.2
Profit after tax	13.4	47.2	12.8	12.1
Profit after tax % of revenue	10.9%	9.5%	9.0%	8.2%
<i>Sequential Growth</i>	13.3%		-7.1%	-5.3%
<i>Year-Over-Year Growth</i>	148.8%	27.4%	8.3%	-9.4%





Income Statement (INR Mn)

Income Statement (INR Mn)	Q3 FY21	FY21	Q2 FY22	Q3 FY22
Operating revenue	9,065	36,682	10,506	11,025
<i>Sequential Growth</i>	-3.2%		12.2%	4.9%
<i>Year-Over-Year Growth</i>	-7.7%	-8.5%	12.2%	21.6%
			-	
Cost of revenue	5,925	24,417	7,292	7,758
Gross profit	3,140	12,264	3,214	3,268
<i>Gross profit % of revenue</i>	34.6%	33.4%	30.6%	29.6%
<i>Sequential Growth</i>	-3.6%		-1.3%	1.7%
<i>Year-Over-Year Growth</i>	33.6%	8.1%	-1.4%	4.1%
Sales and marketing expenses	569	2,090	648	696
General and administration expenses	708	3,332	954	987
Operating expenses	1,277	5,423	1,602	1,683
<i>% of revenue</i>	14.1%	14.8%	15.2%	15.3%
Other operating income	-	-	-	-
Earnings before interest, tax, depreciation and amortization (EBITDA)	1,863	6,841	1,613	1,585
<i>EBITDA % of revenue</i>	20.6%	18.7%	15.3%	14.4%
<i>Sequential Growth</i>	2.5%		-6.5%	-1.7%
<i>Year-Over-Year Growth</i>	177.1%	35.8%	-11.3%	-14.9%
Depreciation and amortisation	421	1,733	468	474
Earnings before interest and tax (EBIT)	1,442	5,109	1,145	1,111
<i>EBIT % of revenue</i>	15.9%	13.9%	10.9%	10.1%
<i>Sequential Growth</i>	3.7%		-11.9%	-2.9%
<i>Year-Over-Year Growth</i>	441.1%	47.2%	-17.7%	-23.0%
Interest	130	535	87	89
Exchange Gain/(Loss)	-59	-112	77	87
Other income	107	367	152	154
Profit before tax	1,360	4,828	1,286	1,263
<i>% of revenue</i>	15.0%	13.2%	12.2%	11.5%
<i>Sequential Growth</i>	11.5%		-7.8%	-1.8%
<i>Year-Over-Year Growth</i>	154.0%	28.8%	5.5%	-7.1%
Provision for taxation	360	1,262	328	339
Profit after tax (before minority interest)	999	3,566	958	924
<i>% of revenue</i>	11.0%	9.7%	9.1%	8.4%
Minority interest	13	70	14	14
Profit after tax	987	3,497	944	910
<i>Profit after tax % of revenue</i>	10.9%	9.5%	9.0%	8.2%
<i>Sequential Growth</i>	12.3%		-6.5%	-3.7%
<i>Year-Over-Year Growth</i>	157.9%	33.0%	7.5%	-7.8%





Other Metrics	Q3FY21	FY21	Q2 FY22	Q3 FY22
<u>Revenue By Service Offering (as % of Revenue)</u>				
Digital & Application Services (DAS)	84.9%	85.0%	84.8%	82.3%
<i>Digital Services</i>	55.0%	54.5%	61.5%	59.9%
<i>Core Application Services</i>	29.9%	30.5%	23.3%	22.5%
Digital Foundation Services (DFS)	15.1%	15.0%	15.2%	17.7%
<i>Cloud, Digital Led next gen CIS</i>	10.0%	9.7%	9.6%	11.7%
<i>Core Infrastructure Services</i>	5.1%	5.3%	5.6%	6.0%
Total Digital Services	65.0%	64.2%	71.1%	71.5%
<u>Revenue By Industry (as % of Revenue)</u>				
Hi-Tech	39.6%	41.9%	39.0%	36.7%
Mfg	12.3%	12.2%	10.8%	9.7%
Consumer Services	15.3%	14.2%	15.4%	16.1%
Insurance	19.3%	19.8%	18.8%	17.6%
Banking	9.6%	9.1%	12.2%	14.1%
Emerging	3.9%	2.8%	3.8%	5.8%
<u>Revenue By Geographical Segment (as % of Revenue)</u>				
US	70.3%	72.1%	70.4%	70.9%
Europe	17.4%	16.7%	17.6%	18.0%
Africa	12.3%	11.3%	12.0%	11.1%
<u>Revenue By Project Type (as % of Revenue)</u>				
Fixed Price	61.4%	60.8%	60.8%	60.3%
Time & Materials	38.6%	39.2%	39.2%	39.7%
<u>Constant Currency</u>				
Operating revenue (Constant Currency mn)	121.2	497.9	142.8	148.6
Sequential Growth	-3.7%	-12.0%	12.3%	4.7%
Year-Over-Year Growth	-10.6%	-12.0%	9.7%	19.9%
<u>Constant Currency Growth By Industry (QoQ %)</u>				
Hi-Tech	-10.6%	-8.9%	4.2%	-2.1%
Mfg	0.0%	-15.4%	7.2%	-5.6%
Consumer Services	6.2%	-21.6%	18.9%	9.6%
Insurance	-8.7%	-12.6%	13.4%	-1.4%
Banking	1.3%	2.1%	39.2%	22.4%
Emerging	78.9%	-22.2%	16.1%	57.2%





Other Metrics	Q3FY21	FY21	Q2 FY22	Q3 FY22
Number of million dollar Clients (LTM Revenue)				
1 Million dollar +	83	78	85	81
5 Million dollar +	24	24	26	25
10 Million dollar +	8	7	10	11
20 Million dollar +	2	2	3	4
Revenue from top clients				
Revenue- top 5 clients	37.8%	38.8%	35.0%	34.2%
Revenue- top 10 clients	47.8%	50.0%	47.4%	47.0%
Revenue- top 20 clients	61.9%	63.7%	61.9%	61.3%
Number of active clients	134	134	143	144
<u>Onsite:Offshore (as % of Revenue)</u>				
Revenue mix				
Onsite	57.2%	59.4%	57.5%	57.7%
Offshore	42.8%	40.6%	42.5%	42.3%
<u>Utilization</u>	80.1%	81.3%	83.3%	79.9%
<u>Employee data</u>				
Headcount	8,809	9,111	10,375	10,641
Technical - Onsite	1,811	1,820	2,120	2,187
Technical - Offshore	6,071	6,338	7,273	7,472
Gross employees added during the period	991	2,946	1,545	1,416
% of women employees	30.8%	30.1%	29.6%	29.2%
Voluntary Attrition %(LTM)	14.1%	14.8%	23.2%	26.7%
<u>Exchange Rates (Rupee Dollar Rate)</u>				
Period Closing Rate	73.1	73.1	74.2	74.3
Period Average Rate	73.8	74.2	74.1	74.9
<u>Accounts receivables (in days)</u>				
Billed	48	51	60	53
Unbilled	25	26	22	25
Total	73	77	82	78
<u>Summary of Cash and Cash Equivalents*</u>				
Cash and Cash Equivalents (USD mn)				
Balances with Banks	99.1	95.6	107.6	119.3
Investment in Mutual Funds	61.1	70.7	53.3	48.7
Debt (USD mn) *	-	-	-	-
Total Outstanding Hedges (In USD)	120.6	122.3	126.4	124.5
Capex (USD Mn) *	1.0	5.3	3.3	2.3

* Not adjusted for TPM



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We conceptualize, build, and manage digital products through experience design, data engineering, and advanced analytics for over 130 leading companies. Our solutions leverage industry-leading platforms, and help clients be competitive, agile, and disruptive as they navigate transformational changes with velocity. With headquarters in Pune, India, our 10,000+ associates work across 33 locations, including San Jose, Seattle, Princeton, Cape Town, London, Singapore, and Mexico City.

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For any queries please feel free to reach out:**Media Contact****Aradhana Prabhu**

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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-



The logo for Zensar, featuring the word "zensar" in a bold, black, sans-serif font with a trademark symbol (TM) to its upper right. The logo is positioned in the top left corner of the page. To the right of the logo is a decorative horizontal band composed of a series of overlapping squares and circles in various colors including blue, red, green, and tan.

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