

Zensar reports PAT at 7.4% in Q1FY21
An increase of 5.5% QoQ in INR terms

Pune, India, July 23, 2020: [Zensar](https://www.zensar.com), a digital solutions and technology services company that specialises in partnering with global organisations on their digital transformation journey, announced its consolidated financial results for Quarter ending June 30, 2020, of the fiscal year 2020-2021.

Financial Highlights:

- In Q1FY21, the Company reported revenue of \$130.8Mn
- In Q1FY21, the Company reported a PAT of \$9.7Mn
- EBITDA increased from 13.9% in Q4FY20 to 14.4% in Q1FY21
- DSO reduced by 12 days and net cash is \$101.1Mn

Sandeep Kishore, Chief Executive Officer and Managing Director, Zensar Technologies, said, “In Q1FY21, we have continued our focus to ensure wellness and safety of all our people and to support all our global clients in their Digital, Cloud and IT systems as the world deals with the pandemic. We have invested into launching several new propositions tailored to help our customers remain relevant during and post the pandemic period. Our Digital Foundation Services has performed very well, posting a QoQ growth of 7.6% and our hi-tech business grew by 2.9% QoQ.”

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Navneet Khandelwal, Chief Financial Officer, Zensar Technologies said, “In Q1FY21, we continued our cash management initiatives and our rigour on collections. This has resulted in an improvement on our cash conversion or DSO by 12 days sequentially and an increase in our net cash position by \$41.3Mn sequentially. Our focus on operational efficiencies has resulted in an increase in EBITDA despite decline in revenues to 14.4%. Our PAT is at 7.4% of revenue which is an increase from 6.8% in Q4FY20.”

Significant Wins in Q1FY21:

- Cloud and infrastructure mandate for a large American pharmaceutical company
- Application and development mandate for a leading American hi-tech company
- Application and services mandate for a global internet entity
- Financial services application for a leading conglomerate in banking and financial services segment in South Africa

Corporate Excellence Q1FY21:

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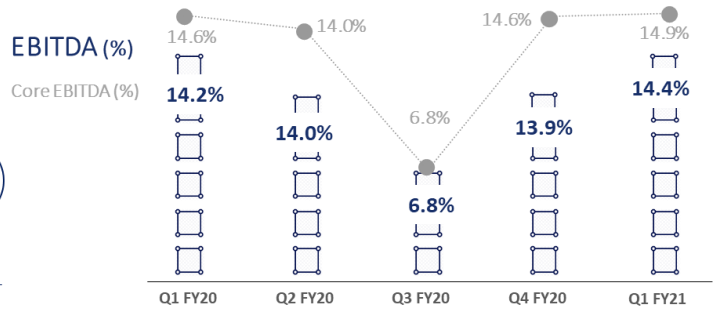
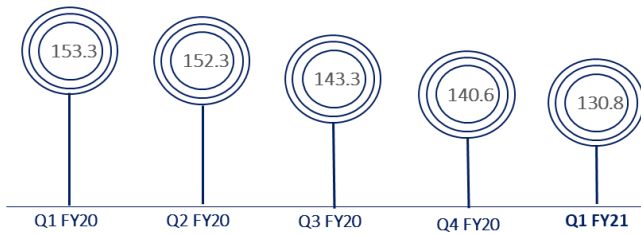
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Q1 FY 21 Revenue and Profitability snapshot

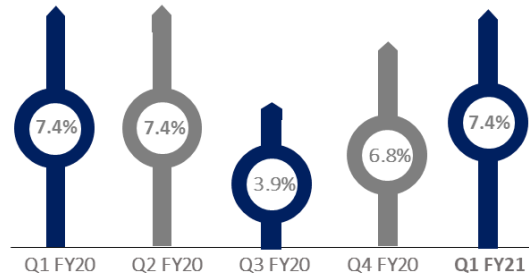
Particulars	Q1 FY21		Growth					
	USD Mn	INR Mn	Q-o-Q			Y-o-Y		
			USD	INR	CC	USD	INR	CC
Revenue	\$ 130.8	₹ 9912	(7.0%)	(2.6%)	(4.8%)	(14.7%)	(7.0%)	(12.1%)
EBITDA	\$ 18.9	₹ 1430	(3.5%)	1.0%		(13.4%)	(5.6%)	
EBIT	\$ 13.0	₹ 987	(5.9%)	(1.4%)		(20.3%)	(13.2%)	
PAT	\$ 9.7	₹ 733	0.7%	5.5%		(14.5%)	(6.9%)	

Performance Highlights

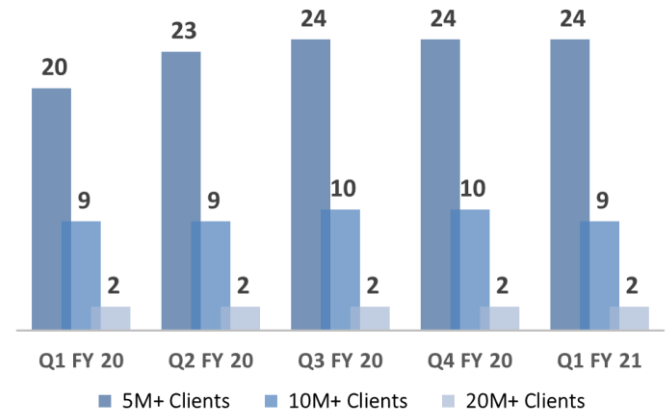
REVENUE (USD M)



PAT (%)



MILLION DOLLAR CLIENTS



Income Statement (USD Mn)

Income Statement (USD Mn)	Q1 FY 20	Q4 FY 20	FY 20	Q1 FY 21
Operating revenue	153.3	140.6	589.5	130.8
<i>Sequential Growth</i>	3.1%	-1.9%		-7.0%
<i>Year-Over-Year Growth</i>	16.4%	-5.4%	5.8%	-14.7%
Cost of revenue	108.2	100.0	425.6	93.1
Gross profit	45.1	40.6	163.9	37.7
<i>Gross profit % of revenue</i>	29.4%	28.9%	27.8%	28.8%
<i>Sequential Growth</i>	5.0%	20.0%		-7.2%
<i>Year-Over-Year Growth</i>	10.2%	-5.5%	0.8%	-16.5%
Sales and marketing expenses	10.1	9.0	38.3	7.0
General and administration expenses	13.3	12.1	53.2	11.8
Operating expenses	23.4	21.0	91.5	18.8
<i>% of revenue</i>	15.2%	15.0%	15.5%	14.4%
Other operating income	0.0	-	0.0	-
Earnings before interest, tax, depreciation and amortization (EBITDA)	21.8	19.6	72.4	18.9
<i>EBITDA % of revenue</i>	14.2%	13.9%	12.3%	14.4%
<i>Sequential Growth</i>	11.2%	100.2%		-3.5%
<i>Year-Over-Year Growth</i>	16.6%	-0.2%	-0.4%	-13.4%
Depreciation and amortisation	5.5	5.7	22.4	5.9
Earnings before interest and tax (EBIT)	16.3	13.8	50.0	13.0
<i>EBIT % of revenue</i>	10.7%	9.8%	8.5%	10.0%
<i>Sequential Growth</i>	1.9%	247.0%		-5.9%
<i>Year-Over-Year Growth</i>	2.3%	-13.7%	-16.6%	-20.3%
Interest	2.4	2.4	8.5	2.0
Exchange Gain/(Loss)	1.6	0.9	6.4	1.1
Other income	0.5	1.3	6.1	1.2
Profit before tax	16.0	13.7	53.9	13.4
<i>% of revenue</i>	10.5%	9.7%	9.1%	10.2%
<i>Sequential Growth</i>	-9.3%	76.2%		-2.1%
<i>Year-Over-Year Growth</i>	-9.0%	-22.7%	-18.4%	-16.6%
Provision for taxation	4.6	3.7	14.9	3.5
Profit after tax (before minority interest)	11.5	9.9	39.0	9.9
<i>% of revenue</i>	7.5%	7.1%	6.6%	7.6%
Minority interest	0.2	0.3	1.2	0.2
Profit after tax	11.3	9.6	37.8	9.7
<i>Profit after tax % of revenue</i>	7.4%	6.8%	6.4%	7.4%
<i>Sequential Growth</i>	-8.3%	72.9%		0.7%
<i>Year-Over-Year Growth</i>	-9.3%	-22.2%	-18.7%	-14.5%

Income Statement (INR Mn)

Income Statement (INR Mn)	Q1 FY 20	Q4 FY 20	FY 20	Q1 FY 21
Operating revenue	10,661	10,178	41,768	9,912
<i>Sequential Growth</i>	1.8%	-0.3%		-2.6%
<i>Year-Over-Year Growth</i>	20.8%	-2.8%	7.1%	-7.0%
Cost of revenue	7,524	7,240	30,159	7,058
Gross profit	3,137	2,938	11,608	2,855
<i>Gross profit % of revenue</i>	29.4%	28.9%	27.8%	28.8%
<i>Sequential Growth</i>	3.6%	21.9%		-2.8%
<i>Year-Over-Year Growth</i>	14.3%	-2.9%	2.2%	-9.0%
Sales and marketing expenses	701	649	2,715	528
General and administration expenses	923	873	3,767	896
Operating expenses	1,624	1,522	6,482	1,424
<i>% of revenue</i>	15.2%	15.0%	15.5%	14.4%
Other operating income	2	-	2	-
Earnings before interest, tax, depreciation and amortization (EBITDA)	1,515	1,416	5,128	1,430
<i>EBITDA % of revenue</i>	14.2%	13.9%	12.3%	14.4%
<i>Sequential Growth</i>	9.8%	103.5%		1.0%
<i>Year-Over-Year Growth</i>	21.0%	2.6%	1.0%	-5.6%
Depreciation and amortisation	379	415	1,592	444
Earnings before interest and tax (EBIT)	1,136	1,001	3,536	987
<i>EBIT % of revenue</i>	10.7%	9.8%	8.5%	10.0%
<i>Sequential Growth</i>	0.6%	252.7%		-1.4%
<i>Year-Over-Year Growth</i>	6.1%	-11.4%	-15.5%	-13.2%
Interest	166	172	605	152
Exchange Gain/(Loss)	108	67	448	86
Other income	38	94	435	93
Profit before tax	1,116	990	3,815	1,014
<i>% of revenue</i>	10.5%	9.7%	9.1%	10.2%
<i>Sequential Growth</i>	-10.5%	79.1%		2.5%
<i>Year-Over-Year Growth</i>	-5.5%	-20.6%	-17.1%	-9.1%
Provision for taxation	316	270	1,057	265
Profit after tax (before minority interest)	799	720	2,757	749
<i>% of revenue</i>	7.5%	7.1%	6.6%	7.6%
Minority interest	12	25	82	16
Profit after tax	787	695	2,676	733
<i>Profit after tax % of revenue</i>	7.4%	6.8%	6.4%	7.4%
<i>Sequential Growth</i>	-9.5%	75.8%		5.5%
<i>Year-Over-Year Growth</i>	-5.8%	-20.1%	-17.5%	-6.9%

Other Metrics	Q1 FY 20	Q4 FY 20	FY 20	Q1 FY 21
Revenue by Service Offering (as % of Revenue)				
Digital & Application Services (DAS)	82.8%	83.8%	84.0%	81.2%
<i>Digital Services</i>	41.4%	50.2%	45.7%	50.5%
<i>Core Application Services</i>	41.4%	33.6%	38.3%	30.7%
Digital Foundation Services (DFS)	13.3%	12.2%	12.0%	18.8%
<i>Cloud, Digital Led next gen DFS</i>	7.1%	7.0%	6.6%	8.9%
<i>Core Infrastructure Services</i>	6.2%	5.2%	5.3%	5.5%
<i>Third Party Maintenance (TPM)</i>	3.9%	4.0%	4.0%	4.3%
Total Digital Services	48.5%	57.2%	52.4%	59.5%
Revenue by Industry (as % of Revenue)				
Hi-Tech	39.5%	41.8%	40.7%	46.2%
Mfg	13.2%	12.2%	12.9%	12.4%
Consumer Services	17.4%	14.5%	15.4%	12.0%
Insurance	17.9%	19.7%	19.7%	18.8%
Banking	6.9%	9.3%	8.1%	8.0%
Emerging	5.1%	2.6%	3.3%	2.6%
Revenue by Geographical Segment (as % of Revenue)				
US	76.3%	74.3%	74.7%	76.0%
Europe	15.0%	14.9%	15.2%	14.2%
Africa	8.7%	10.8%	10.1%	9.8%
Revenue by Project Type (as % of Revenue)				
Fixed Price	57.0%	59.4%	57.8%	61.3%
Time & Materials	43.0%	40.6%	42.2%	38.7%
Constant Currency				
Operating revenue (Constant Currency mn)	154.0	141.1	594.7	133.8
Sequential Growth	3.6%	-1.5%	6.7%	-4.8%
Year-Over-Year Growth	17.9%	-4.2%	6.7%	-12.1%
Constant Currency Growth by Industry (QoQ %)				
Hi-Tech	1.6%	-0.7%	10.6%	3.5%
Mfg	16.1%	-11.1%	11.6%	-4.3%
Consumer Services	-10.9%	6.0%	-20.3%	-20.8%
Insurance	4.8%	-3.9%	13.2%	-7.0%
Banking	20.1%	6.1%	49.6%	-12.8%
Emerging	20.8%	-10.4%	10.3%	-7.5%

Other Metrics	Q1 FY 20	Q4 FY 20	FY 20	Q1 FY 21
<u>Client Data</u>				
Number of million dollar Clients (LTM Revenue)				
1 Million dollar +	91	87	87	85
5 Million dollar +	20	24	24	24
10 Million dollar +	9	10	10	9
20 Million dollar +	2	2	2	2
Revenue from top clients				
Revenue- top 5 clients	38.0%	38.0%	37.2%	41.2%
Revenue- top 10 clients	49.2%	47.0%	47.7%	51.4%
Revenue- top 20 clients	61.3%	60.4%	61.3%	65.2%
Number of active clients	308	283	283	252
<u>Onsite: Offshore (as % of Revenue)</u>				
Revenue mix				
Onsite	68.1%	64.3%	66.6%	65.0%
Offshore	31.9%	35.7%	33.4%	35.0%
<u>Utilization</u>				
Utilization (excluding Trainees)	82.4%	83.5%	83.5%	82.2%
<u>Employee data</u>				
Headcount	10,166	9,524	9,524	9,027
Technical - Onsite	2,579	2,318	2,318	2,218
Technical - Offshore	6,213	6,119	6,119	5,919
Gross employees added during the period	1,279	463	3,327	229
% of women employees	29.8%	30.3%	30.3%	30.2%
Attrition	16.7%	16.3%	16.3%	13.5%

Other Metrics	Q1 FY 20	Q4 FY 20	FY 20	Q1 FY 21
<u>Exchange Rates</u>				
Rupee Dollar Rate				
Period Closing Rate	69.0	75.7	75.7	75.5
Period Average Rate	69.5	72.4	70.9	75.8
<u>Accounts receivables (in days)</u>				
Billed	68	54	54	49
Unbilled	36	33	33	26
Total	104	87	87	75
Cash and Cash Equivalents (USD mn)				
<i>Balances with Banks:</i>	47.8	68.3	68.3	86.8
Investment in Mutual Funds	25.1	35.3	35.3	42.6
Debt (USD mn)	46.0	43.8	43.8	28.3
Total Outstanding Hedges (In USD)	139.7	163.1	163.1	152.6
Capex (USD Mn)	5.0	2.3	11.0	2.6

About Zensar (www.zensar.com)

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Catch our refreshed new website at: www.zensar.com

About RPG Enterprises (www.rpggroup.com)

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For any queries please feel reach out:

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Aradhana Prabhu Public Relations Zensar Technologies aradhana.prabhu@zensar.com

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