



Zensar's constant currency revenues grow 12.3% QoQ in Q2FY22

Pune, India, October 26, 2021: Zensar Technologies, a leading experience engineering and technology solutions company, announced its consolidated financial results for its second-quarter ending September 30, 2021, of the fiscal year 2021-2022.

Financial Highlights:

- In Q2FY22, the company reported revenue of \$141.9Mn, a constant currency sequential QoQ growth of 12.3%
- PAT stood at \$12.8Mn or 9.0% of revenues, a sequential QoQ decline of 181 bps
- The company reported net cash of \$160.8Mn in Q2FY22
- Sequential QoQ, the US region reported growth of 11.9%, UK region reported growth of 11.2%, and South Africa reported growth of 10.0%
- From a vertical perspective, on a sequential QoQ basis, the Banking vertical posted growth of 37.0%, while Insurance grew by 12.2%. Revenues from Hi-Tech clients grew sequentially by 3.9% QoQ, while Manufacturing posted a sequential QoQ growth of 6.8%. The Consumer Services vertical posted a sequential QoQ growth of 18.1%

(Revenues of M3bi have been included in Q2 numbers)

Ajay S. Bhutoria, CEO and Managing Director, Zensar Technologies, said, "Q2FY22 has been one of our strongest quarters in the recent past, with revenues seeing a sequential QoQ growth of 12.3% on a constant currency basis. This performance is bolstered by broad-based growth across all geographies, service lines, and verticals. Our regions have posted strong performances, with new clients being added and incremental business being driven from existing clients. Our clients continue to see in us reliable, future-driven partners as we bring in world-class processes and learnings."

Adding further, he stated, "We continue to build competency and scale in focus strategic growth opportunities (SGOs) such as Experience Services, Advanced Engineering and Data Analytics in addition to our core services. We added new leadership across our markets and SGOs, bringing in diverse industry experience and vision. As our business expands, we are transforming demand fulfilment and talent acquisition to stay competitive in a highly competitive talent market."

Navneet Khandelwal, Chief Financial Officer, Zensar Technologies, said, "We have delivered a strong quarter with robust revenue growth and our headcount crossing 10,000 associates. Our PAT has increased by 8.3% on a YoY basis. Our net cash position continues to be strong. We also completed salary increments across the board effective July 1, 2021, which was the second such hike in this calendar year."

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

Significant Wins in Q2FY22:

- Mandate from the City of San Diego to modernize the city's data center and end-user services
- Cloud and infrastructure services from a US-based global healthcare company
- Application and development maintenance support for a large US Hi-Tech company
- Application and development services for a global NGO
- Application services for a leading South Africa-based entertainment company



- Multiple services, including cloud, infrastructure, testing, and application development for an international financial institution based in the UK

Corporate Excellence Snapshot in Q2FY22:

- Zensar has been recognized as a **"Leader"** in Managed Services for Midmarket and as a **"Product Challenger"** in Managed Services for Large Accounts in the ISG Provider Lens™ Quadrant Report for Next-Gen Private/Hybrid Cloud, Data Center Services and Solutions US 2021
- Zensar has been featured as a **"Disruptor"** in Avasant's Digital Talent Capability 2021 RadarView report
- Zensar has been positioned as a **"Major Contender"** on the Application and Digital Services in Banking PEAK Matrix® Assessment 2021, Global

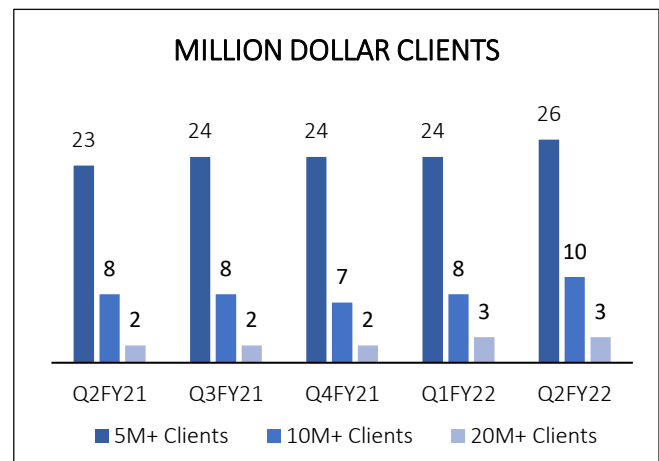
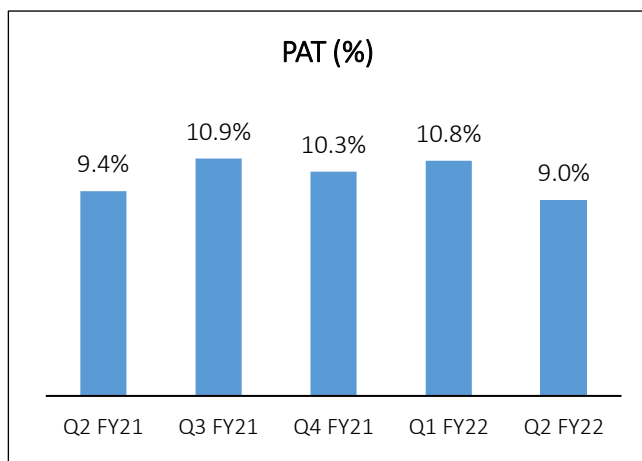
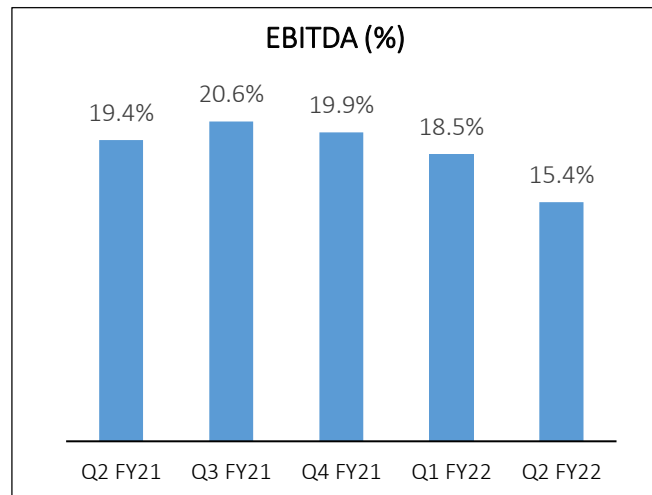
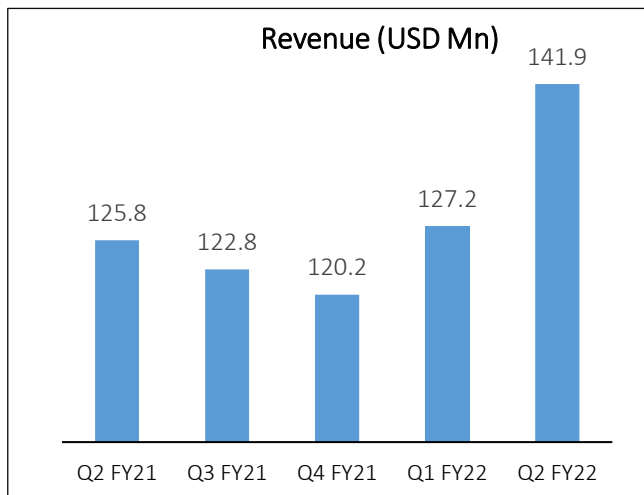
Awards and Recognitions in Q2FY22:

- Foolproof, a Zensar company, was named one of the #BIMA10 (British Interactive Media Association) for their work with One Shot Immersive
- Foolproof, a Zensar company, won Digital Agency of the Year and Design Agency of the Year at the UK Agency Awards
- Zensar was named Tech Company of the year at the Tech India Transformation Awards 2021
- Zensar was recognized as the first runner-up at the UN Women Award for Transparency and Reporting on Gender Equality

Q2 FY22 Revenue and Profitability snapshot:

Particulars	Q2 FY22		Growth					
	USD Mn	INR Mn	Q-o-Q			Y-o-Y		
			USD	INR	CC	USD	INR	CC
Revenue	141.9	10,506	11.6%	12.2%	12.3%	12.7%	12.2%	9.7%
EBITDA	21.8	1,613	-7.1%	-6.5%		-10.7%	-11.3%	
EBIT	15.5	1,145	-12.5%	-11.9%		-17.1%	-17.7%	
PAT	12.8	944	-7.1%	-6.5%		8.3%	7.5%	

Performance Highlights





Income Statement (USD Mn)

Income Statement (USD Mn)	Q2 FY21	FY21	Q1 FY22	Q2 FY22
Operating revenue	125.8	494.0	127.2	141.9
<i>Sequential Growth</i>	0.5%		5.8%	11.6%
<i>Year-Over-Year Growth</i>	-13.8%	-12.7%	1.6%	12.7%
Cost of revenue	82.1	328.7	82.9	98.4
Gross profit	43.8	165.3	44.3	43.4
Gross profit % of revenue	34.8%	33.5%	34.8%	30.6%
<i>Sequential Growth</i>	18.2%		5.5%	-1.9%
<i>Year-Over-Year Growth</i>	2.3%	3.3%	19.5%	-0.8%
Sales and marketing expenses	8.0	28.2	8.1	8.7
General and administration expenses	11.4	44.9	12.7	12.9
Operating expenses	19.4	73.0	20.8	21.6
% of revenue	15.4%	14.8%	16.4%	15.2%
Other operating income	-	-	-	-
Earnings before interest, tax, depreciation and amortization (EBITDA)	24.4	92.3	23.5	21.8
EBITDA % of revenue	19.4%	18.7%	18.5%	15.4%
<i>Sequential Growth</i>	30.6%		-1.8%	-7.1%
<i>Year-Over-Year Growth</i>	19.9%	29.9%	25.5%	-10.7%
Depreciation and amortisation	5.7	23.3	5.8	6.3
Earnings before interest and tax (EBIT)	18.7	68.9	17.7	15.5
EBIT % of revenue	14.8%	14.0%	13.9%	10.9%
<i>Sequential Growth</i>	44.7%		-0.5%	-12.5%
<i>Year-Over-Year Growth</i>	24.6%	40.9%	37.1%	-17.1%
Interest	1.8	7.2	1.2	1.2
Exchange Gain/(Loss)	-1.4	-1.5	0.8	1.0
Other income	0.8	4.9	1.7	2.1
Profit before tax	16.4	65.1	19.0	17.4
% of revenue	13.0%	13.2%	14.9%	12.3%
<i>Sequential Growth</i>	23.4%		11.5%	-8.3%
<i>Year-Over-Year Growth</i>	5.2%	23.2%	43.0%	6.3%
Provision for taxation	4.3	17.0	5.0	4.4
Profit after tax (before minority interest)	12.0	48.1	14.0	13.0
% of revenue	9.6%	9.7%	11.0%	9.1%
Minority interest	0.2	0.9	0.2	0.2
Profit after tax	11.8	47.2	13.8	12.8
Profit after tax % of revenue	9.4%	9.5%	10.8%	9.0%
<i>Sequential Growth</i>	23.0%		10.9%	-7.1%
<i>Year-Over-Year Growth</i>	9.9%	27.4%	43.4%	8.3%

Income Statement (INR Mn)

Income Statement (INR Mn)	Q2 FY21	FY21	Q1 FY22	Q2 FY22
Operating revenue	9,364	36,682	9,368	10,506
<i>Sequential Growth</i>	-1.3%		6.8%	12.2%
<i>Year-Over-Year Growth</i>	-8.9%	-8.5%	-1.2%	12.2%
Cost of revenue	6,106	24,417	6,109	7,292
Gross profit	3,258	12,264	3,258	3,214
<i>Gross profit % of revenue</i>	34.8%	33.4%	34.8%	30.6%
<i>Sequential Growth</i>	16.1%		6.5%	-1.3%
<i>Year-Over-Year Growth</i>	8.0%	8.1%	16.1%	-1.4%
Sales and marketing expenses	596	2,090	596	648
General and administration expenses	845	3,332	937	954
Operating expenses	1,441	5,423	1,533	1,602
<i>% of revenue</i>	15.4%	14.8%	16.4%	15.2%
Other operating income	-	-	-	-
Earnings before interest, tax, depreciation and amortization (EBITDA)	1,818	6,841	1,725	1,613
<i>EBITDA % of revenue</i>	19.4%	18.7%	18.4%	15.3%
<i>Sequential Growth</i>	28.2%		-1.0%	-6.5%
<i>Year-Over-Year Growth</i>	26.6%	35.8%	21.7%	-11.3%
Depreciation and amortisation	427	1,733	426	468
Earnings before interest and tax (EBIT)	1,390	5,109	1,300	1,145
<i>EBIT % of revenue</i>	14.8%	13.9%	13.9%	10.9%
<i>Sequential Growth</i>	42.1%		0.1%	-11.9%
<i>Year-Over-Year Growth</i>	31.6%	47.2%	32.8%	-17.7%
Interest	132	535	89	87
Exchange Gain/(Loss)	-102	-112	58	77
Other income	63	367	126	152
Profit before tax	1,220	4,828	1,395	1,286
<i>% of revenue</i>	13.0%	13.2%	14.9%	12.2%
<i>Sequential Growth</i>	21.1%		12.3%	-7.8%
<i>Year-Over-Year Growth</i>	11.1%	28.8%	38.5%	5.5%
Provision for taxation	323	1,262	369	328
Profit after tax (before minority interest)	896	3,566	1,026	958
<i>% of revenue</i>	9.6%	9.7%	11.0%	9.1%
Minority interest	18	70	16	14
Profit after tax	878	3,497	1,010	944
<i>Profit after tax % of revenue</i>	9.4%	9.5%	10.8%	9.0%
<i>Sequential Growth</i>	20.7%		11.7%	-6.5%
<i>Year-Over-Year Growth</i>	16.1%	33.0%	38.9%	7.5%



Other Metrics	Q2 FY21	FY21	Q1FY22	Q2 FY22
<u>Revenue By Service Offering (as % of Revenue)</u>				
Digital & Application Services (DAS)	85.1%	85.0%	85.4%	84.8%
<i>Digital Services</i>	54.3%	54.5%	57.9%	61.5%
<i>Core Application Services</i>	30.8%	30.5%	27.5%	23.3%
Digital Foundation Services (DFS)	14.9%	15.0%	14.6%	15.2%
<i>Cloud, Digital Led next gen CIS</i>	9.5%	9.7%	10.1%	9.6%
<i>Core Infrastructure Services</i>	5.4%	5.3%	4.5%	5.6%
Total Digital Services	63.8%	64.2%	68.0%	71.1%
<u>Revenue By Industry (as % of Revenue)</u>				
Hi-Tech	43.1%	41.9%	41.9%	39.0%
Mfg	11.9%	12.2%	11.3%	10.8%
Consumer Services	13.9%	14.2%	14.5%	15.4%
Insurance	20.2%	19.8%	18.7%	18.8%
Banking	8.9%	9.1%	9.9%	12.2%
Emerging	2.1%	2.8%	3.7%	3.8%
<u>Revenue By Geographical Segment (as % of Revenue)</u>				
US	73.3%	72.1%	70.2%	70.4%
Europe	16.0%	16.7%	17.6%	17.6%
Africa	10.8%	11.3%	12.2%	12.0%
<u>Revenue By Project Type (as % of Revenue)</u>				
Fixed Price	60.5%	60.8%	64.4%	60.8%
Time & Materials	39.5%	39.2%	35.6%	39.2%
<u>Constant Currency</u>				
Operating revenue (Constant Currency mn)	124.2	497.9	126.0	142.8
Sequential Growth	-0.7%	-12.0%	4.8%	12.3%
Year-Over-Year Growth	-12.9%	-12.0%	-3.1%	9.7%
<u>Constant Currency Growth By Industry (QoQ %)</u>				
Hi-Tech	-5.3%	-8.9%	13.0%	4.2%
Mfg	-3.6%	-15.4%	-4.4%	7.2%
Consumer Services	11.1%	-21.6%	-0.1%	18.9%
Insurance	2.5%	-12.6%	-3.8%	13.4%
Banking	7.0%	2.1%	2.3%	39.2%
Emerging	-11.1%	-22.2%	28.5%	16.1%



Other Metrics	Q2 FY21	FY21	Q1 FY22	Q2 FY22
Number of million dollar Clients (LTM Revenue)				
1 Million dollar +	81	78	79	85
5 Million dollar +	23	24	24	26
10 Million dollar +	8	7	8	10
20 Million dollar +	2	2	3	3
Revenue from top clients				
Revenue- top 5 clients	39.8%	38.8%	38.4%	35.0%
Revenue- top 10 clients	51.0%	50.0%	49.4%	47.4%
Revenue- top 20 clients	65.8%	63.7%	63.7%	61.9%
Number of active clients	134	134	135	143
<u>Onsite:Offshore (as % of Revenue)</u>				
Revenue mix				
Onsite	60.2%	59.4%	58.3%	57.5%
Offshore	39.8%	40.6%	41.7%	42.5%
<u>Utilization</u>	83.3%	81.3%	80.4%	83.3%
<u>Employee data</u>				
Headcount	8,542	9,111	9,512	10,375
Technical - Onsite	1,883	1,820	1,870	2,120
Technical - Offshore	5,768	6,338	6,654	7,273
Gross employees added during the period	394	2946	1,508	1,545
% of women employees	30.3%	30.1%	29.5%	29.6%
Voluntary Attrition %(LTM)	14.8%	14.8%	18.1%	23.2%
<u>Exchange Rates (Rupee Dollar Rate)</u>				
Period Closing Rate	73.8	73.1	74.3	74.2
Period Average Rate	74.4	74.2	73.7	74.1
<u>Accounts receivables (in days)</u>				
Billed	51	51	55	60
Unbilled	25	26	25	22
Total	75	77	80	82
<u>Summary of Cash and Cash Equivalents*</u>				
Cash and Cash Equivalents (USD mn)				
Balances with Banks	76.0	95.6	117.8	107.6
Investment in Mutual Funds	52.8	70.7	65.4	53.3
Debt (USD mn) *	11.5	-	-	-
Total Outstanding Hedges (In USD)	172.0	122.3	136.1	126.4
Capex (USD Mn) *	1.5	5.3	0.9	3.3

* 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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