



## Zensar reports 2.3% sequential QoQ services revenue growth, PAT improved by 290 basis points for Q1FY24

Pune, India, July 20, 2023: [Zensar Technologies](https://www.zensar.com), a leading experience engineering and technology solutions company, announced its consolidated financial results for its first quarter, ending June 30, 2023, of the fiscal year 2023-2024.

### Financial Highlights:

- In Q1FY24, the company reported services revenue of \$149.2M, a sequential QoQ growth of 2.3% and constant currency 2.4%.
- In Q1FY24, the company reported total revenue of \$149.3M, sequential QoQ growth of 1.3% both in reported and constant currency term.
- In Q1FY24, the EDITDA stood at 18.7% and the PAT stood at 12.7% of revenues.
- The company reported net cash of \$233.8M at the end of Q1FY24, with a QoQ growth of \$32.3M and YoY growth of 42.9%.
- Europe region registered a sequential QoQ services revenue growth of 6.0% in constant currency and a quarterly YoY services revenue growth of 3.4% in constant currency.
- US region registered a sequential QoQ services revenue growth of 1.3% in constant currency and a quarterly YoY services revenue decline of 0.2% in constant currency.
- South Africa registered a sequential QoQ services revenue growth of 3.4% in constant currency and a quarterly YoY services revenue growth of 19.6% in constant currency.
- Banking, Financial Services, and Insurance reported sequential QoQ services revenue growth of 4.0% in constant currency and a quarterly YoY services revenue growth of 13.2% in constant currency.
- Hi-Tech and Emerging registered a sequential QoQ services revenue decline of 2.6% in constant currency and a quarterly YoY services revenue decline of 4.0% in constant currency.
- Manufacturing and Consumer Services registered a sequential QoQ services revenue growth of 6.2% in constant currency and YoY services revenue decline of 1.3% in constant currency.
- Headcount as of June 30, 2023, stood at 10,540.

**Manish Tandon, CEO and Managing Director, Zensar Technologies**, said, "In Q1FY24, we saw good growth in revenue and improved margins despite the macro challenges within the industry. Our quarterly services revenue stood at \$149.2M, a sequential QoQ growth of 2.4% in constant currency. Our quarterly revenues are at \$149.3M, with a sequential QoQ growth of 1.3% in both reported and constant currency terms. In line with our stated strategy, we continue to defocus on pass through revenues. Our EBITDA increased by 420 basis points to 18.7%. We have witnessed good improvement in margins, and a portion of these are being reinvested into the business. As one of our core principles, we continue to drive client-centricity across the organization. We remain committed to allocating resources for the skill enhancement of our employees and strengthening our diverse pool of talent. Through these strategic initiatives, we aim to drive client success and foster sustainable business expansion."

**Sachin Zute, CFO, Zensar Technologies**, commenting on the Q1FY24 performance, said "Our PAT stood at 12.7% for the quarter, a sequential QoQ increase of 290 basis points and YoY increase of 660 basis points. We saw an increase in our cash and cash equivalents which stood at \$233.8M, a QoQ increase of \$32.3M and quarterly YoY growth of 42.9%. The DSO for the quarter continues

to be healthy and remained at 74 days. Our unwavering commitment to enhancing operational improvements has helped us bolster the financial performance of Zensar.”

**Significant Wins in Q1FY24:**

- Advanced Engineering & Application Services, and Data Engineering & Analytics (+AI/ML) Services for a US-based multinational digital communications technology conglomerate
- Enterprise Applications (SaaS) Services for a US-based company advancing and optimizing clinical laboratories
- Enterprise Applications (SaaS) Services for a leading employee-owned electrical contractor in the US
- Application Services for a US-based global risk management products and services provider
- Application Services for an international multilateral developmental bank headquartered in London, that promotes private and entrepreneurial development through finance
- Application Services for a provider of financial technology services that is based in the US
- Application Services for a US-based gaming equipment manufacturing company

**Corporate Excellence Snapshot in Q1FY24:**

- Zensar named in Tool: Gartner Vendor Revenue Profile Data, 2022
- Zensar named in Tool: Dynamic Sourcing — IT Infrastructure Service Provider Selection in 90 Minutes
- Zensar named in Gartner Market Share Data: Top 10 Providers by Market Segment, Worldwide, 2022

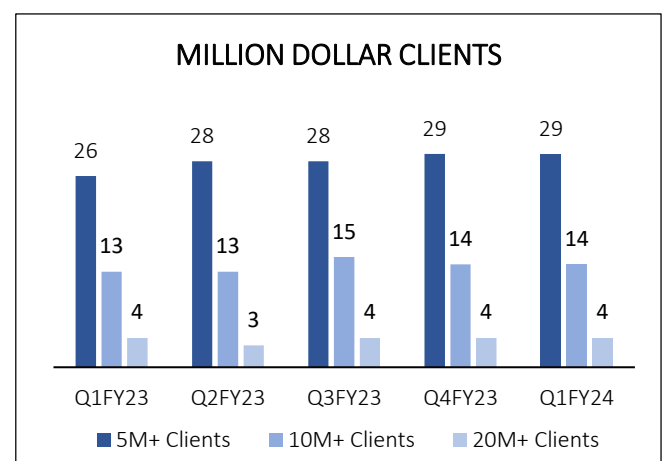
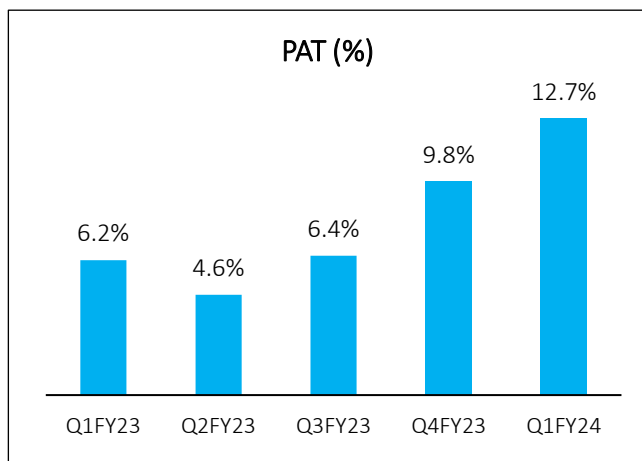
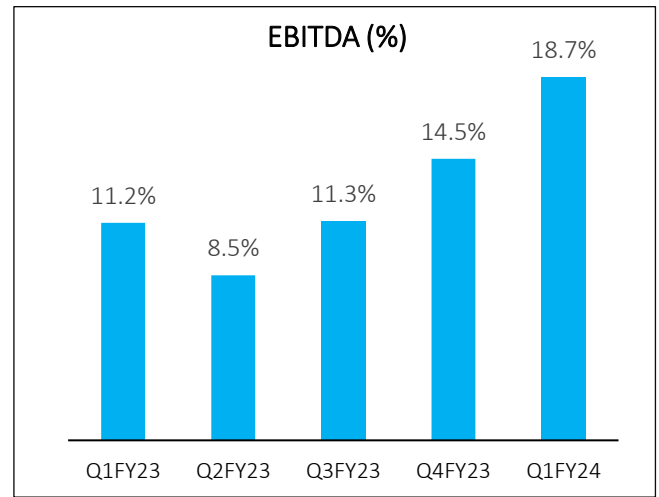
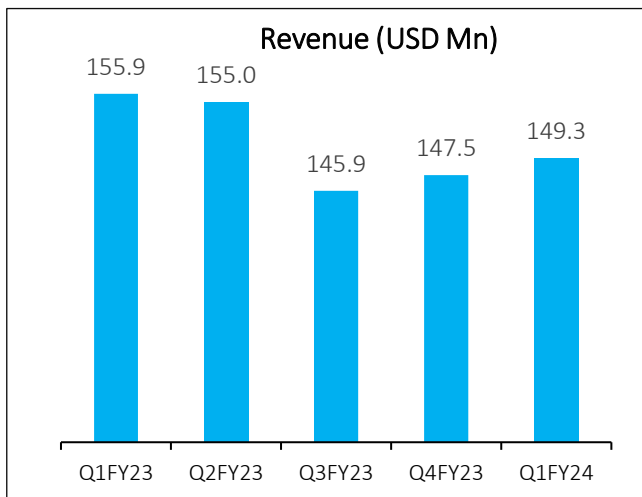
**Awards and Recognitions in Q1FY24:**

- Zensar’s Indigo Slate won Gold and Bronze at the Telly Awards 2023 in recognition of the Amazon Alexa YouTube series
- Zensar was recognized as a finalist in two categories at the LinkedIn Talent Awards 2022 - Best Employer Brand on LinkedIn and Talent Insights Pioneer for the India region

## Q1FY24 Revenue and Profitability snapshot:

Particulars	Q1FY24		Growth					
	USD Mn	INR Mn	Q-o-Q			Y-o-Y		
			USD	INR	CC	USD	INR	CC
Revenue	149.3	12,272	1.3%	1.2%	1.3%	-4.2%	2.0%	-1.6%
EBITDA	28.0	2,301	31.0%	30.9%		60.2%	69.1%	
EBIT	22.8	1,878	33.5%	33.4%		105.3%	115.5%	
PAT	19.0	1,562	31.1%	31.0%		98.0%	107.9%	

### Performance Highlights:



## Income Statement (USD Mn)

Income Statement (USD Mn)	Q1 FY 23	FY23	Q4 FY 23	Q1 FY 24
<b>Operating revenue</b>	<b>155.9</b>	<b>604.2</b>	<b>147.5</b>	<b>149.3</b>
<i>Sequential Growth</i>	1.7%		1.1%	1.3%
<i>Year-Over-Year Growth</i>	22.6%	6.1%	-3.7%	-4.2%
Cost of revenue	114.5	436.6	100.4	99.1
<b>Gross profit</b>	<b>41.4</b>	<b>167.6</b>	<b>47.1</b>	<b>50.2</b>
<i>Gross profit % of revenue</i>	26.6%	27.7%	31.9%	33.6%
<i>Sequential Growth</i>	-10.3%		17.9%	6.6%
<i>Year-Over-Year Growth</i>	-6.5%	-5.5%	2.0%	21.3%
Sales and marketing expenses	9.6	43.6	11.4	9.3
General and administration expenses	14.3	55.6	14.3	12.9
<b>Operating expenses</b>	<b>23.9</b>	<b>99.2</b>	<b>25.7</b>	<b>22.2</b>
<i>% of revenue</i>	15.4%	16.4%	17.4%	14.9%
<b>Earnings before interest, tax, depreciation and amortization (EBITDA)</b>	<b>17.5</b>	<b>68.5</b>	<b>21.4</b>	<b>28.0</b>
<i>EBITDA % of revenue</i>	11.2%	11.3%	14.5%	18.7%
<i>Sequential Growth</i>	-19.3%		30.1%	31.0%
<i>Year-Over-Year Growth</i>	-25.6%	-22.2%	-1.2%	60.2%
Depreciation and amortization	6.3	22.9	4.3	5.2
<b>Earnings before interest and tax (EBIT)</b>	<b>11.1</b>	<b>45.6</b>	<b>17.1</b>	<b>22.8</b>
<i>EBIT % of revenue</i>	7.1%	7.5%	11.6%	15.3%
<i>Sequential Growth</i>	-27.0%		64.9%	33.5%
<i>Year-Over-Year Growth</i>	-37.2%	-27.9%	12.2%	105.3%
Interest	0.8	3.5	0.8	0.7
Exchange Gain/(Loss)	1.3	4.8	0.7	0.1
Other income	1.5	8.0	2.6	3.4
<b>Profit before tax</b>	<b>13.0</b>	<b>54.9</b>	<b>19.6</b>	<b>25.6</b>
<i>% of revenue</i>	8.4%	9.1%	13.3%	17.1%
<i>Sequential Growth</i>	-45.2%		55.9%	30.2%
<i>Year-Over-Year Growth</i>	-31.4%	-28.7%	-17.3%	96.3%
Provision for taxation	3.4	14.4	5.1	6.6
<b>Profit after tax (before minority interest)</b>	<b>9.6</b>	<b>40.5</b>	<b>14.5</b>	<b>19.0</b>
<i>% of revenue</i>	6.2%	6.7%	9.8%	12.7%
<b>Profit after tax</b>	<b>9.6</b>	<b>40.5</b>	<b>14.5</b>	<b>19.0</b>
<i>Profit after tax % of revenue</i>	6.2%	6.7%	9.8%	12.7%
<i>Sequential Growth</i>	-44.2%		55.6%	31.1%
<i>Year-Over-Year Growth</i>	-30.3%	-27.5%	-15.8%	98.0%

## Income Statement (INR Mn)

Income Statement (INR Mn)	Q1 FY 23	FY 23	Q4 FY 23	Q1 FY 24
<b>Operating revenue</b>	<b>12,034</b>	<b>48,482</b>	<b>12,127</b>	<b>12,272</b>
<i>Sequential Growth</i>	4.3%		1.3%	1.2%
<i>Year-Over-Year Growth</i>	28.5%	14.2%	5.1%	2.0%
Cost of revenue	8,829	35,000	8,254	8,146
<b>Gross profit</b>	<b>3,205</b>	<b>13,482</b>	<b>3,872</b>	<b>4,126</b>
<i>Gross profit % of revenue</i>	26.6%	27.8%	31.9%	33.6%
<i>Sequential Growth</i>	-8.0%		18.2%	6.6%
<i>Year-Over-Year Growth</i>	-1.6%	2.0%	11.2%	28.7%
Sales and marketing expenses	740	3,546	981	768
General and administration expenses	1,104	4,414	1,133	1057
<b>Operating expenses</b>	<b>1,844</b>	<b>7,960</b>	<b>2,114</b>	<b>1,825</b>
<i>% of revenue</i>	15.3%	16.4%	17.4%	14.9%
<b>Earnings before interest, tax, depreciation and amortization (EBITDA)</b>	<b>1,361</b>	<b>5,523</b>	<b>1,758</b>	<b>2,301</b>
<i>EBITDA % of revenue</i>	11.3%	11.4%	14.5%	18.7%
<i>Sequential Growth</i>	-17.1%		30.4%	30.9%
<i>Year-Over-Year Growth</i>	-21.1%	-15.9%	7.0%	69.1%
Depreciation and amortization	490	1,830	351	423
<b>Earnings before interest and tax (EBIT)</b>	<b>871</b>	<b>3,693</b>	<b>1,407</b>	<b>1,878</b>
<i>EBIT % of revenue</i>	7.2%	7.6%	11.6%	15.3%
<i>Sequential Growth</i>	-25.0%		65.4%	33.4%
<i>Year-Over-Year Growth</i>	-33.0%	-21.7%	21.2%	115.5%
Interest	64	279	63	60
Exchange Gain/(Loss)	98	385	58	5
Other income	115	643	214	279
<b>Profit before tax</b>	<b>1,020</b>	<b>4,441</b>	<b>1,616</b>	<b>2,102</b>
<i>% of revenue</i>	8.5%	9.2%	13.3%	17.1%
<i>Sequential Growth</i>	-43.2%		56.2%	30.1%
<i>Year-Over-Year Growth</i>	-26.9%	-22.6%	-10.0%	106.1%
Provision for taxation	269	1,165	424	540
<b>Profit after tax (before minority interest)</b>	<b>751</b>	<b>3,275</b>	<b>1,192</b>	<b>1,562</b>
<i>% of revenue</i>	6.2%	6.8%	9.8%	12.7%
<b>Profit after tax</b>	<b>751</b>	<b>3,275</b>	<b>1,192</b>	<b>1,562</b>
<i>Profit after tax % of revenue</i>	6.2%	6.8%	9.8%	12.7%
<i>Sequential Growth</i>	-42.2%		55.9%	31.0%
<i>Year-Over-Year Growth</i>	-25.6%	-21.3%	-8.2%	107.9%

## Other Metrics

Other Metrics	Q1 FY 23	FY 23	Q4 FY 23	Q1 FY 24
<b><u>Revenue By Service Offering (as % of Revenue)</u></b>				
<b>Digital Application Services</b>	<b>82.2%</b>	<b>81.4%</b>	<b>82.6%</b>	<b>81.7%</b>
<i>Application Services + Enterprise Application (SaaS)</i>	50.7%	49.1%	50.5%	47.9%
<i>Advanced Engineering Services</i>	12.7%	13.7%	14.8%	15.4%
<i>Experience Services</i>	10.8%	9.6%	8.7%	8.9%
<i>Data Engineering and Analytics</i>	8.0%	8.9%	8.6%	9.5%
<b>Digital Foundation Services</b>	<b>17.8%</b>	<b>18.6%</b>	<b>17.4%</b>	<b>18.3%</b>
<b><u>Revenue By External Vertical (as % of Revenue)</u></b>				
Hitech	27.4%	26.6%	27.6%	26.2%
Manufacturing	13.2%	12.6%	12.7%	12.4%
Banking	16.7%	18.2%	19.3%	20.9%
Insurance	16.5%	16.5%	17.0%	16.1%
Consumer Serv.	18.8%	17.8%	16.1%	17.7%
Emerging	7.5%	8.1%	7.3%	6.7%
<b><u>Revenue By Geographical Segment (as % of Revenue)</u></b>				
US	70.9%	70.7%	70.3%	69.4%
Europe	18.1%	18.1%	18.1%	19.2%
Africa	11.0%	11.2%	11.6%	11.4%
<b>Operating revenue (Constant Currency mn)</b>	<b>157.9</b>	<b>628.0</b>	<b>146.5</b>	<b>149.4</b>
Sequential Growth	3.1%	10.3%	0.4%	1.3%
Year-Over-Year Growth	26.3%	10.3%	-0.3%	-1.6%
<b><u>Constant Currency Growth By External Vertical (QoQ %)</u></b>				
Hitech	-0.8%	-7.6%	7.5%	-3.5%
Manufacturing	3.3%	8.6%	4.3%	-1.8%
Banking	10.6%	47.6%	-2.1%	10.2%
Insurance	5.6%	13.8%	8.0%	-3.5%
Consumer Serv.	-0.4%	0.1%	-12.7%	10.3%
Emerging	5.1%	43.7%	-6.7%	-7.3%
<b><u>Number of million dollar Clients (LTM Revenue)</u></b>				
1 Million dollar +	86	84	84	87
5 Million dollar +	26	29	29	29
10 Million dollar +	13	14	14	14
20 Million dollar +	4	4	4	4

Other Metrics	Q1 FY 23	FY 23	Q4 FY 23	Q1 FY 24
<b><u>Revenue from top clients</u></b>				
Revenue- top 5 clients	33.3%	33.2%	34.3%	34.0%
Revenue- top 10 clients	45.2%	44.6%	46.1%	45.2%
Revenue- top 20 clients	61.2%	60.8%	61.4%	61.7%
<b>Number of active clients</b>	<b>147</b>	<b>148</b>	<b>148</b>	<b>147</b>
<b><u>Onsite:Offshore (as % of Revenue)</u></b>				
<b>Revenue mix</b>				
Onsite	58.4%	56.1%	53.6%	52.0%
Offshore	41.6%	43.9%	46.4%	48.0%
<b><u>Utilization (excluding Trainees)</u></b>				
Utilization (excluding Trainees)	80.7%	81.4%	81.4%	82.5%
<b><u>Headcount</u></b>				
<b>Total Headcount</b>	<b>11,559</b>	<b>10,563</b>	<b>10,563</b>	<b>10,540</b>
Technical - Onsite	2,376	2,141	2,141	2,139
Technical - Offshore	8,215	7,497	7,497	7,454
<b>Gross employees added during the period</b>	1,220	3,559	552	654
<b>% of women employees</b>	<b>29.7%</b>	<b>30.0%</b>	<b>30.0%</b>	<b>30.2%</b>
<b>Voluntary Attrition %(LTM)</b>	28.1%	19.8%	19.8%	15.9%
<b><u>Exchange Rates (Rupee Dollar Rate)</u></b>				
Period Closing Rate	79.0	82.2	82.2	82.0
Period Average Rate	77.1	80.3	82.2	82.2
<b><u>Accounts receivables (in days)</u></b>				
Billed	59	52	52	50
Unbilled	25	22	22	24
<b>Total</b>	<b>83</b>	<b>74</b>	<b>74</b>	<b>74</b>
<b><u>Summary of Cash and Cash Equivalents</u></b>				
Balances with Banks	97.5	88.6	88.6	103.3
Investments	66.0	112.9	112.9	130.4
<b>Cash and Cash Equivalents including investments</b>	<b>163.5</b>	<b>201.5</b>	<b>201.5</b>	<b>233.8</b>
<b>Debt (USD mn)</b>	-	-	-	-
<b>Total Outstanding Hedges (In USD)</b>	<b>154.2</b>	<b>173.7</b>	<b>173.7</b>	<b>246.7</b>



**About Zensar** ([www.zensar.com](http://www.zensar.com)):

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:**

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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.