

zensar

Target ₹410-420
Recommendation BUY
Highlights

- Q4FY23 reported revenue of US\$147.5 mn, + 1.1% QoQ while in CC terms revenue grew 0.4% QoQ. The services revenue came in at US\$145.8 mn, up 2.7% QoQ (2% QoQ in CC terms) while the pass through revenue during the quarter was US\$1.7 mn. In rupee terms, the company reported revenue of ₹12,126mn, up 1.3% QoQ.
- Vertical wise in CC terms on a QoQ basis, Hitech, manufacturing & insurance grew 7.5%, 4.3% & 8%, respectively, while consumer services, banking & emerging declined 12.7%, 2.1% & 6.7%, respectively.
- Geography wise in CC terms US region (70.3% of mix) grew 1.4% QoQ while Europe region declined 5.7% QoQ. South Africa region grew 4.3% QoQ during the quarter.
- The company continued its margin improvement endeavour and during the quarter the EBITDA margin improved 323 bps QoQ to 14.5%. The company mentioned that the levers for margin improvement were as follows: i) +230 bps impact of decline in cost of delivery due to lower subcontractor cost & operational efficiency, ii) +190 bps impact due to increase in utilisation and iii) +30 bps impact of currency benefits mitigated by the headwinds impact of 130 bps due to increase in SG&A expenses due to reversal of one-time benefit in Q3. The company also mentioned that its subcontractor cost during the quarter declined 329 bps QoQ to 12.1%.
- The company won a strong TCV of US\$174.9 mn, +34% QoQ& +5.6% YoY.
- Management stated that delay in decision making is visible in Hitech and consumer verticals. The company, however, indicated that it continues to be closer to clients to understand their needs and continue to provide solutions in terms of cost saving solutions, etc.
- Zensar indicated that Q4FY23 performance came in strong due to strong execution and on account of strong wins. Q1FY24 is expected to another better quarter for them as deal wins is an indicator of revenue visibility.
- Management indicated that it is not facing any headwinds in BFSI space as its clients are skewed towards insurance sub verticals. Hence, it does not expect any material impact of recent regional bank crisis in US.
- Over the last two years it has added four services lines i) SaaS with Salesforce, Oracle and SAP, ii) Data & Analytics (which was one of the key spend areas from the clients, which Zensar was not addressing properly, it has now taken corrective action on the same), iii) Advanced engineering & iv) Customer experience through dedicated design centres. These four new service lines collectively now contribute 35% of revenue. Plans to add one or two more verticals

Q4FY23 Result Highlights

- **Revenue growth continues with margin improvement** – Zensar reported revenue of US\$147.5 mn, + 1.1% QoQ while in CC terms revenue grew 0.4% QoQ. The services revenue came in at US\$145.8 mn, up 2.7% QoQ (2% QoQ in CC terms) while the pass through revenue during the quarter was US\$1.7 mn. In rupee terms, the company reported revenue of ₹12,126mn, up 1.3% QoQ. Vertical wise in CC terms on a QoQ basis, Hitech, manufacturing & insurance grew 7.5%, 4.3% & 8%, respectively, while consumer services, banking & emerging declined 12.7%, 2.1% & 6.7%, respectively. Geography wise in CC terms US region (70.3% of mix) grew 1.4% QoQ while Europe region declined 5.7% QoQ. South Africa region grew 4.3% QoQ during the quarter. The company continued its margin improvement endeavour and during the quarter the EBITDA margin improved 323 bps QoQ to 14.5%. The company mentioned that the levers for margin improvement were as follows: i) +230 bps impact of decline in cost of delivery due to lower subcontractor cost & operational efficiency, ii) +190 bps impact due to increase in utilisation and iii) +30 bps impact of currency benefits mitigated by the headwinds impact of 130 bps due to increase in SG&A expenses due to reversal of one-time benefit in Q3. The company also mentioned that its subcontractor cost during the quarter declined 329 bps QoQ to 12.1%. The company won a strong TCW of US\$174.9 mn, + 34% QoQ & +5.6% YoY.

The revenue from its top five, 10, 20 clients increased by 8.7%, 4.3% & 1.3% QoQ, respectively. The company mentioned that it was mainly on the back of reversal of furloughs, which impacted Q3FY23 performance. The company indicated that pass through revenues were US\$6.6mn, US\$3.9mn and US\$1.7mn for Q2FY23, Q3FY23, Q4FY23, respectively. The company mentioned that its client relationships are sticky and long term. The company mentioned that some of the clients are with the company since long and few crises like in 2001, 2008 financial crisis, Covid did not impact its relationships with clients and they continue to be with the company. The management mentioned that growth that it is seeing is much more secular and not concentrated in any geography or vertical or client and also mentioned that new service lines are growing faster than traditional service lines.

For FY23, the company reported revenue of US\$604.3 mn, up 6.1% while in CC terms revenue grew 10.3%. In rupee terms revenue grew 14.2% to ₹48,482mn. The EBITDA margin in FY23 declined 408 bps to 11.4% while in absolute terms EBITDA came in at ₹5,522mn. The company, for the year, reported PAT of ₹3,276mn while PAT margin came in at 6.8%. The company declared a final dividend of ₹3.5 per share during the quarter.

- **Management view delays in decision making in Hitech and consumer verticals** – Company indicated that the demand environment continues to be challenging and it is witnessing a delay in decision making from clients. Management stated that delay in decision making is visible in Hitech and consumer verticals. The company, however, indicated that it continues to be closer to clients to understand their needs and continue to provide solutions in terms of cost saving solutions, etc. Zensar indicated that Q4FY23 performance came in strong due to strong execution and on account of strong wins. Q1FY24 is expected to another better quarter for them as deal wins is an indicator of revenue visibility. The company indicated that it is not facing any headwinds in BFSI space as its clients are skewed towards insurance sub verticals. Hence, it does not expect any material impact of recent regional bank crisis in US. The company indicated that the UK market continues to be a growth driver for it due to client relationships and same is applicable for the South Africa region where the growth momentum is likely to continue, going forward, while it also mentioned that revenue from three clients could not be recognised in Q4FY23 due to lack of proper documentation, which is likely to reflect in next quarter's revenues.

- **Increase in addressable market with addition of four service lines along with organisational changes** – Regarding the addressable market, the company mentioned that the addressable market for it has increased substantially in the last two years. The company mentioned that two years back they were offering only two service lines, which

Important Data

Nifty	18,208
Sensex	61,664
CMP	₹346.9
Market Cap (₹)	₹78.6bn
52W High/Low	₹390/202
Shares o/s (mn)	226.5
Daily Vol. (3M NSE Avg.)	9,172,113
BSE Code	504067
NSE Code	ZENSARTECH
Bloomberg Code	ZENT:IN

Shareholding Pattern (%)

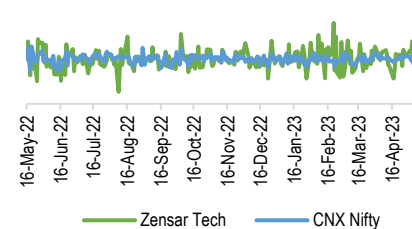
	Mar'23
Promoter	49.2
DIs	15.8
FIs	10.5
Public & Others	24.5

FINANCIALS & VALUATIONS

Particulars	FY19	FY20	FY21	FY22
Operating Revenue	39,663	41,817	37,814	42,438
Growth YoY (%)	27.6	5.4	(9.6)	12.2
EBITDA	4,794	5,071	6,848	6,565
EBITDA Margin (%)	12.1	12.1	18.1	15.5
Net Profit	3,136	2,634	3,000	4,163
EPS (₹)	13.9	11.7	13.3	18.4
DPS (₹)	2.8	2.8	6.4	5.0
RoE (%)	18.0	12.9	15.5	16.3
RoIC (%)	17.9	13.1	8.0	7.8
P/E (x)	25.1	29.8	26.2	18.9
EV/EBITDA (x)	16.0	15.3	12.0	12.7
P/BV (x)	4.0	3.7	3.3	2.9

Particulars	FY23P	FY24E	FY25E
Operating Revenue	48,482	50,768	56,879
Growth YoY (%)	14.2	4.7	12.0
EBITDA	5,522	6,997	8,398
EBITDA Margin (%)	11.4	13.8	14.8
Net Profit	3,276	4,798	5,874
EPS (₹)	13.3	21.2	26.0
DPS (₹)	5.0	5.5	6.0
RoE (%)	11.0	14.6	16.0
RoIC (%)	8.5	9.8	11.4
P/E (x)	24.0	16.3	13.3
EV/EBITDA (x)	14.9	8.9	7.0
P/BV (x)	2.8	2.4	2.1

Source- Company, Way2Wealth

Relative performance

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were infrastructure management and application development and management (ADM). Zensar mentioned that over the last two years it has added four services lines i) SaaS with Salesforce, Oracle and SAP, ii) Data & Analytics (which was one of the key spend areas from the clients, which Zensar was not addressing properly, it has now taken corrective action on the same), iii) Advanced engineering & iv) Customer experience through dedicated design centres. The company mentioned that these four new service lines collectively now contribute 35% of revenue. The company indicated that it may add one or two more verticals.

The company indicated that to serve the addressable market in most efficient way and capture growth opportunities, it has made certain organisation changes. Zensar mentioned that it is looking for more collaborative approach where capabilities are integrated. The company mentioned that i) it has appointed chief business officer ii) it has created separate new function for new growth areas, where multi service line deals can be catered. Zensar also welcomed its chief operating officer. The company indicated that it made the structure more accountable. Hence, there are certain targets given to them to achieve. It also mentioned that it has revamped its sales incentive plans to encourage more cross selling opportunities across verticals.

- **Mid – teens margins reached earlier than expected** – On margins, the company mentioned that as per its earlier guidance, it was supposed to reach mid teen EBITDA margins by Q2FY24 but the company reached it in Q4FY23 itself. It also mentioned that it is not only likely to sustain these margins, going forward, but likely to reach mid teen yearly margins in next couple of years (this including regular wage hikes in Q2). The company also indicated that although headcount may have reduced this quarter but the billed headcount has increased. The company also mentioned that reduction of subcontractor's costs was one of the main levers for margin expansion in Q4FY24 and further reduction is possible, which will aid margin expansion despite its continued investments in sales and marketing. Zensar also mentioned that Hitech revenues generally pick up in Q4 after reversal of furlough impact in Q3 (large impact in last week of Dec'22 and relatively lower impact in first week of Jan'23) and there is no different trend this year.
- On the back of easing supply side challenges & employee retention efforts, the company's LTM attrition declined 300 bps QoQ & 810 bps YoY to 19.8%. The company mentioned that attrition will moderate further. The net employees during the quarter declined by 282 bringing the total employees to 10,563. Utilisation improved by 380 bps QoQ to 81.4% due to reversal of furloughs impact from Q3FY23 and deployment of freshers increasing the billable employees of the company.

View

The company continued its good performance in Q4FY23 with improvement in margins enabled by moderation of subcontractor costs, which is further expected to be one of the levers for margin expansion apart from pricing, utilisation improvement, more offshoring, etc in the future quarters. The company has added four services lines in the recent one and a half years, which has increased the addressable market and subsequently revenue growth opportunities. The company mentioned that these four new service lines collectively now contribute 35% of revenue for it with plans to add further one or two more verticals. Key beneficiary of growth in digital technologies and exposure to growth segments like healthcare & BFSI to further benefit Zensar for the long term. **Hence, we continue with our BUY stance with target range of ₹410-420.** We recommend investor to **Book Profits** once the stock reaches the above mentioned target range, long term investors can continue to stay invested.

FINANCIALS & OPERATIONAL PERFORMANCE

(₹ mn)

Particulars	Q4FY23	Q4FY22	YoY (%)	Q3FY23	QoQ (%)	FY23	FY22	YoY (%)
Revenue (USD mn)	148	153.2	(3.7)	146	1.1	604	569	6.2
Revenue	12,126	11,538	5.1	11,976	1.3	48,482	42,438	14.2
Goods Purchased	60	253	(76.3)	297	(79.8)	1,322	1,102	20.0
Subcontracting Cost	1,465	1,770	(17.2)	1,841	(20.4)	7,055	6,173	14.3
Employee Exps	7,988	7,118	12.2	7,754	3.0	31,230	25,750	21.3
Other Exps	855	754	13.4	735	16.3	3,353	2,848	17.7
EBITDA	1,758	1,643	7.0	1,349	30.3	5,522	6,565	(15.9)
EBITDA Margin (%)	14.5	14.2	26	11.3	323	11.4	15.5	(408)
Depreciation	351	481	(27.0)	497	(29.4)	1,830	1,848	(1.0)
EBIT	1,407	1,162	21.1	852	65.1	3,692	4,717	(21.7)
EBIT Margin (%)	11.6	10.1	153	7.1	449	7.6	11.1	(350)
Other Income	272	723	(62.4)	259	5.0	1,028	1,377	(25.3)
Finance Cost	63	89	(29.2)	76	(17.1)	279	354	(21.2)
PBT	1,616	1,796	(10.0)	1,035	56.1	4,441	5,740	(22.6)
Tax	424	488	(13.1)	270	57.0	1,165	1,524	(23.6)
Minority Interest (Profit)/Loss	-	9	(100.0)	-	#DIV/0!	-	53	(100.0)
Net Profit	1,192	1,299	(8.2)	765	55.8	3,276	4,163	(21.3)
EPS (₹)	5.3	5.7	(8.4)	3.4	55.8	14.5	18.4	(21.5)

Source- Company, Way2Wealth

Segment Revenue	Q4FY23	Q4FY22	YoY (%)	Q3FY23	QoQ (%)	FY23	FY22	YoY (%)
Digital and Application Services	10,018	9,430	6.2	9,663	3.7	39,445	35,415	11.4
Digital Foundation Services	2,108	2,108	-	2,323	(9.3)	9,037	7,023	28.7
Revenue Mix (%)	Q4FY23	Q4FY22	YoY (bps)	Q3FY23	QoQ (bps)	FY23	FY22	YoY (bps)
Digital and Application Services	82.6	81.7	89	80.7	193	81.4	83.5	(209)
Digital Foundation Services	17.4	18.3	(89)	19.3	(193)	18.6	16.5	209
EBIT (₹ mn)	Q4FY23	Q4FY22	YoY (%)	Q3FY23	QoQ (%)	FY23	FY22	YoY (%)
Digital and Application Services	1,580	1,464	7.9	1,335	18.4	5,255	5,773	(9.0)
Digital Foundation Services	451	353	27.8	399	13.0	1,429	1,082	32.1
EBIT (%)	Q4FY23	Q4FY22	YoY (bps)	Q3FY23	QoQ (bps)	FY23	FY22	YoY (bps)
Digital and Application Services	15.8	15.5	25	13.8	196	13.3	16.3	(298)
Digital Foundation Services	21.4	16.7	465	17.2	422	15.8	15.4	41

Source – Company, Way2Wealth

As % of Sales	Q4FY23	Q4FY22	YoY (bps)	Q3FY23	QoQ (bps)	FY23	FY22	YoY (bps)
Cost of Goods	0.5	2.2	(170)	2.5	(199)	2.7	2.6	13
Subcontracting Cost	12.1	15.3	(326)	15.4	(329)	14.6	14.5	1
Employee Exps	65.9	61.7	418	64.7	113	64.4	60.7	374
Other Exps	7.1	6.5	52	6.1	91	6.9	6.7	21

Source – Company, Way2Wealth

Revenue from Top 5 accounts

	Q3 FY20	Q4 FY20	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23
Revenue (USD mn)	56.7	53.4	53.9	50.0	46.5	44.5	48.9	49.6	50.3	51.0	51.9	53.6	49.4	52.4
QoQ (%)	(1)	(6)	1	(7)	(7)	(4)	10	1	1	1	2	3	(8)	6
YoY (%)	4	-3	-8	-7	-18	-17	-9	2	8	15	6	8	(2)	3

Source – Company, Way2Wealth

Revenue from Top 6-10 Accounts

	Q3 FY20	Q4 FY20	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23
Revenue (USD mn)	13.9	12.7	13.3	14.1	12.2	13.2	14	17.7	18.9	19.5	18.6	16.9	19.8	18.2
QoQ (%)	(11)	(9)	5	6	(13)	8	6	26	7	3	(5)	(9)	17	(8)
YoY (%)	24	(7)	(22)	(10)	(12)	4	5	26	55	47	33	(5)	5	(6)

Source – Company, Way2Wealth

Revenue from Top 11-20 Accounts

	Q3 FY20	Q4 FY20	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23
Revenue (USD mn)	20.5	18.8	18	18.6	17.3	18	18.2	20.5	21	24.5	24.9	23.6	25.7	23.4
QoQ (%)	(8)	(8)	(4)	3	(7)	4	1	13	2	17	2	(6)	9	(9)
YoY (%)	33	11	(3)	(17)	(16)	(4)	1	10	21	36	37	15	23	(4)

Source – Company, Way2Wealth

Revenue by Industry Contribution and Trend

Industry Mix (%)	Q3 FY20	Q4 FY20	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3FY 23	Q4FY 23
Manufacturing & Hi-Tech	54.2	53.1	57.9	55.0	51.9	51.5	53.2	49.8	46.4	45.9	40.6	38.1	38.1	40.3
Retail and Consumer Services	13.8	15.0	12.4	13.9	15.3	15.3	14.5	15.4	16.1	16.1	18.8	17.9	18.4	16.1
Financial Services	29.3	29.4	27.3	29.0	30.2	30.2	28.6	31.0	31.7	32.0	33.2	34.2	35.5	36.3
Emerging	2.7	2.5	2.4	2.1	2.6	3.0	3.7	3.8	5.8	5.9	7.5	9.8	7.9	7.3

Source – Company, Way2Wealth

Constant Currency (QoQ Growth %)	Q3 FY20	Q4 FY20	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23
HI Tech	(3.5)	(0.7)	3.0	(5.3)	(10.6)	(3.8)	13.9	4.2	(2.1)	(0.4)	(0.8)	(5.5)	(4.9)	7.5
Manufacturing	(3.2)	(11.1)	(2.2)	(3.6)	-	(2.1)	(0.9)	7.2	(5.6)	17.0	3.3	(4.7)	(7.0)	4.3
Consumer Service	(21.5)	6.0	(21.1)	11.1	6.2	(3.8)	(2.2)	18.9	9.6	(2.6)	(0.4)	(2.5)	(2.3)	(12.7)
Insurance	(8.7)	(3.9)	(7.1)	2.5	(8.7)	0.1	(5.7)	13.4	(1.4)	4.1	5.6	3.9	(10.3)	8.0
BFS	6.0	6.1	(11.6)	7.0	1.3	(2.7)	2.0	39.2	22.4	7.5	10.6	8.3	7.4	(2.1)

Source – Company, Way2Wealth

Revenue by Services Contribution and Trend

Services Mix %	Q4 FY19	Q1 FY20	Q2 FY20	Q3 FY20	Q4 FY20	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23
Digital Services	41.1	43.1	46.1	49.4	52.3	52.8	54.3	55.0	55.9	57.9	61.5	59.9	59.8	54.5	57.7	58.6	58.7
Core Application Services	43.6	43.1	43.1	37.9	35.0	32.1	30.8	29.9	29.0	27.5	23.3	22.5	22.0	30.5	30.5	22.0	23.9
Digital & Application Services (DAS)	84.7	86.2	89.2	87.3	87.3	84.9	85.1	84.9	84.9	85.4	84.8	82.4	81.8	85.0	80.0	80.6	82.6

Source – Company, Way2Wealth

Services Mix %	Q4 FY19	Q1 FY20	Q2 FY20	Q3 FY20	Q4 FY20	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2FY 23	Q3FY 23	Q4FY 23
Cloud, Digital Led next gen CIS	5.3	7.4	6.1	6.9	7.3	9.3	9.5	10.0	10.0	10.1	9.6	11.7	12.2	11.9	12.0	13.6	12.7
Core Infrastructure Services	5.8	6.4	4.6	5.8	5.4	5.8	5.4	5.1	5.1	4.5	5.6	6.0	6.1	5.9	8.0	5.7	4.7
Total IMS Services	11.1	13.8	10.7	12.7	12.7	15.1	14.9	15.1	15.1	14.6	15.2	17.7	18.3	17.8	20.0	19.3	17.4

Source – Company, Way2Wealth

Revenue by Geography

Geography Mix (%)	Q2 FY20	Q3 FY20	Q4 FY20	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23
North Americas	72.9	73.1	73.2	74.9	73.3	70.3	69.6	70.2	70.4	70.9	70.4	70.9	71.6	70.0	70.3
Europe	16.0	16.3	15.6	14.9	16.0	17.4	18.6	17.6	17.6	18.0	19.0	18.1	17.4	18.7	18.1
Africa	11.1	10.6	11.2	10.2	10.7	12.3	11.8	12.2	12.0	11.1	10.7	11.0	11.0	11.3	11.5

Source – Company, Way2Wealth

Project Type Mix(%)	Q2 FY20	Q3 FY20	Q4 FY20	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23
Fixed Price	56.6	56.6	58.8	59.8	60.5	61.4	61.5	64.4	60.8	60.3	58.6	58.8	58.3	58.0	56.3
T&M	43.4	43.4	41.2	40.2	39.5	38.6	38.5	35.6	39.2	39.7	41.4	41.2	41.7	42.0	43.7

Source – Company, Way2Wealth

Revenue Concentration %	Q2 FY20	Q3 FY20	Q4 FY20	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23
Top 5	39.2	41.2	39.6	43.1	39.8	37.8	37.0	38.4	35.0	34.2	33.3	33.3	34.6	31.9	34.3
Top 10	50.0	51.2	49.0	53.7	51.0	47.8	48.0	49.4	47.4	47.0	46.0	45.2	45.5	44.7	46.1
Top 20	65.3	66.1	62.8	68.1	65.8	61.9	63.0	63.7	61.9	61.3	61.1	61.2	60.7	61.3	61.4
No of Active Clients	145	142	138	132	134	134	134	135	143	144	147	147	146	148	148

Source – Company, Way2Wealth

Revenue Mix (%)	FY17	FY18	FY19	FY20	FY21	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23
Onsite	66.8	62.9	66.5	66.6	59.4	58.3	57.5	57.7	56.4	58.4	57.1	55.3	53.6
Offshore	33.2	37.1	33.5	33.4	40.6	41.7	42.5	42.3	43.6	41.6	42.9	44.7	46.4

Source – Company, Way2Wealth

Particulars	Q3 FY20	Q4 FY20	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23
Utilization %	81	83.5	82.2	83.3	80.1	81.3	80.4	83.3	79.9	81.5	80.7	80.7	77.6	81.4
Attrition %	16	16.3	13.5	11.7	12.9	14.8	18.1	23.2	26.7	27.9	28.1	26.3	22.8	19.8
DSO Days (Billed)	57	51	44	51	48	51	55	60	53	64	58	54	57	52
DSO Days(Unbilled)	36	35	29	25	25	26	25	22	25	26	25	26	23	22

Source – Company, Way2Wealth

Employee Headcount-Nos.	Q3 FY20	Q4 FY20	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23
Total	9,879	9,452	8,955	8,542	8,809	9,111	9,512	10,375	10,641	11,839	11,559	11,250	10,845	10,563
Gross Additions	611	471	229	394	991	1,332	1,508	1,545	1,416	2,331	1,220	1,194	593	552

Source – Company, Way2Wealth

Employee Mix	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23
Onsite (%)	26.7	24.6	22.3	22.3	21.9	22.6	22.6	19.9	20.6	20.1	20.3	20.3
Offshore (%)	73.3	75.4	77.7	77.7	78.1	77.4	77.4	80.1	79.4	29.9	79.7	79.7

Source – Company, Way2Wealth

FINANCIALS & VALUATIONS

(₹ mn)

Particulars	FY17	FY18	FY19	FY20	FY21	FY22	FY23P	FY24E	FY25E
Revenue (USD mn)	459	482	567	590	494	569	604	612	684
YoY Growth (%)	1.4	5.0	17.6	4.0	(16.2)	15.2	6.1	1.2	11.8
Revenue	30,604	31,077	39,663	41,817	37,814	42,438	48,482	50,768	56,879
YoY Growth (%)	3.7	1.5	27.6	5.4	(9.6)	12.2	14.2	4.7	12.0
EBITDA	3,867	3,649	4,794	5,071	6,848	6,565	5,522	6,997	8,398
EBITDA Margin (%)	12.6	11.7	12.1	12.1	18.1	15.5	11.4	13.8	14.8
Net Profit	2,349	2,415	3,136	2,634	3,000	4,163	3,276	4,798	5,874
YoY Growth (%)	(18.9)	2.8	29.8	(16.0)	13.9	38.8	(21.3)	46.5	22.4
EPS (₹)	10.4	10.7	13.8	11.6	13.2	18.4	13.3	21.2	26.0
DPS (₹)	12.0	7.0	2.8	2.8	3.6	5.0	5.0	5.5	6.0
RoE (%)	17.2	14.7	18.0	12.9	15.5	16.3	11.0	14.6	16.0
RoCE (%)	23.2	17.7	21.4	15.1	18.6	4.8	11.3	12.5	14.1
RoIC (%)	19.9	15.6	17.9	13.1	8.0	7.8	8.5	9.8	11.4
Debtor Days	94	78	82	58	59	60	74	65	65
FCF	2,694	1,398	1,043	6,081	8,187	2,974	6,775	4,992	5,423
Cash Balances	5,996	5,137	3,259	5,166	6,986	8,559	7,280	11,031	14,572
Dividend Payout (%)	115.3	65.4	20.1	24.0	27.1	27.1	34.4	25.9	23.1
Dividend Yield (%)	5.2	3.0	1.2	1.2	1.6	2.2	1.4	1.6	1.7
P/E (x)	34.3	33.3	25.7	30.5	26.8	19.3	24.6	16.7	13.7
EV/EBITDA (x)	21.7	23.0	16.4	15.6	12.3	13.0	15.3	9.1	7.2
P/BV (x)	5.4	4.8	4.1	3.8	3.4	2.9	2.8	2.4	2.2
EV/Sales (x)	2.7	2.7	2.0	1.9	2.2	2.0	1.1	0.9	0.8

Source- Company, Way2Wealth

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Name of the Security	Zensar Technologies Ltd.
Name of the analyst	Jayakanth Kasthuri
Analysts' ownership of any stock related to the information contained	NIL
Financial Interest Analyst :	No
Analyst's Relative : Yes / No	No
Analyst's Associate/Firm : Yes/No	No
Conflict of Interest	No
Receipt of Compensation	No
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