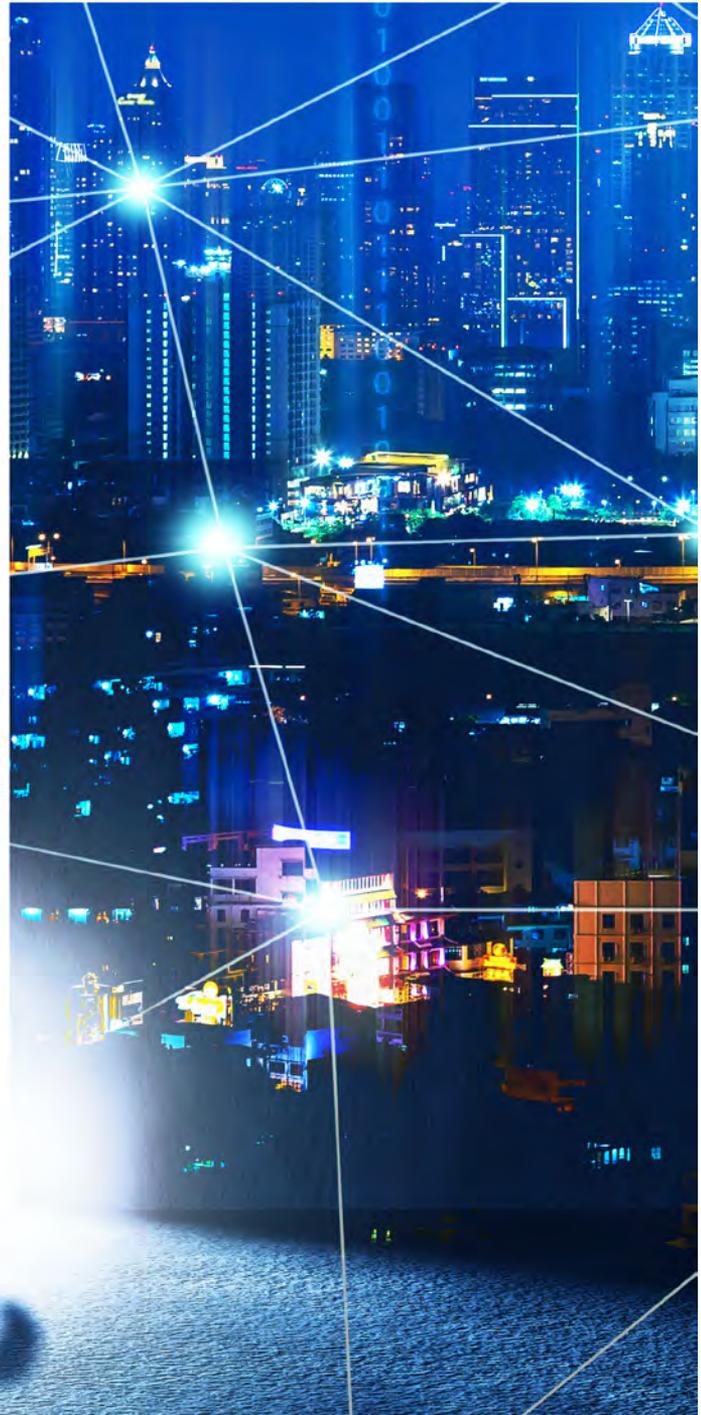




R Systems International Limited

Ready for the TECH TIPPING POINT



Press Release
Q3 2021



R Systems Reports 36% YoY Revenue Growth with Robust EBITDA Margins

Noida, India – November 02, 2021

Highlights

Consolidated results for the quarter ended September 30, 2021

- Revenue at Rs. 305.77 crores (US\$ 41.39 mn); Growth YoY 36.32% and QoQ 11.77%.
- EBITDA at Rs. 48.85 crores (US\$ 6.62 mn) i.e.15.98% of Revenue for Q3 2021 as against 13.39% for Q2 2021 and 15.87% for Q3 2020.
- Net profit after taxes at Rs. 37.60 crores (US\$ 5.09 mn); Growth YoY 39.11%.
- 12 key clients added during this quarter.
- Net addition of 320 associates during this quarter.
- Second Interim Dividend Per Share - Rs. 3.20/-

Dr. Rekhi Singh, Managing Director and CEO stated, “We had best-ever quarter where revenue grew 36% YoY and 12% QoQ along with robust margins as a result of volume growth coupled with improved utilization. It is supported by new deal closures, deepened relationship with existing customers and empowered by our digital offerings.”

He added, “We are conscious of risk of Covid. Safety and wellbeing of our employees is paramount to us in evaluating our options for work-from-office or hybrid working in a phased manner.”

He further added, “The business outlook continues to be positive with strong demand environment, and we continue to invest in newer technologies, sales and marketing initiatives to fuel our growth engine.”

Avirag Jain, Director and CTO said, “We have on-boarded 300 plus net associates during the quarter to support the strong demand across geographies. The employee utilization has also improved despite attrition challenges and helped us to report strong margins.”

He added, “We added 12 key customers during the quarter as a result of healthy demand for digital and product engineering services.”



Key Operational Highlights

Established in 1993, R Systems is a leading provider of technology, artificial intelligence, analytics and knowledge services. We partner with customers to enable or elevate their digital transformation with our diversified digital offerings. Our technology offerings include product engineering, cloud enablement, QA testing, Internet of Things (IoT), and digital platforms and solutions. This includes solution offerings i.e. Microsoft, Infor, Blue Yonder and QlikView through our subsidiaries in South East Asia.

AI / Analytics services include advanced analytics, data monetization and modernization, machine learning / artificial intelligence, business analytics, intelligent automation and modern data management. R Systems' design services include UX engineering, visual design, mobile user experience and experience re-engineering. Our knowledge service offerings cover revenue cycle management, back office service, technical support, and customer care using multi-lingual capabilities and global delivery platform.

Our services and solutions span over five major business verticals i.e. Technology, Telecom, Healthcare & Life Science, Finance & Insurance and Retail & e-commerce. R Systems maintains eighteen development and service centres to serve customers in North America, Europe, and APAC.

The brief of few wins is listed below:

Canadian Healthcare Technology provider that intelligently automates operations and enhance productivity for the dental service providers has engaged R Systems to revamp their legacy platform to deliver actionable insights using data science & engineering.

A US based global provider of technology and business services to telcos has mandated R Systems to enhance signaling functionality to analyze traffic and to develop new features.

UK based early stage Company offering all-in-one family healthcare through web technologies has engaged R Systems to digitalize their products for healthcare insurance and on-demand health services for the Asia markets.

A Singapore based Asian watch and jewellery brand and retail company has awarded R Systems APAC division the project to upgrade their current version of Navision application to Dynamics 365 Business Central (D365 BC) and LS Central, to integrate various business processes to deliver financial visibility and operational excellence.

One of the leading Japanese printer, electronic component and system device companies has engaged R Systems Consulting to upgrade Infor CloudSuite Industrial (Syteline) ERP and to enhance product certificate tracking system in Singapore region.

Liquidity and Shareholder Funds

Free cash balances as of September 30, 2021, were Rs. 291.90 crores (net of buy back and applicable taxes) compared to Rs. 303.15 crores as of December 31, 2020. Total shareholder funds as of September 30, 2021, were Rs. 502.58 crores compared to Rs. 426.83 crores as of December 31, 2020.

Corporate and Other Matters

Interim Dividend

The Board of Directors at its meeting held on November 02, 2021 has declared a second interim dividend of Rs. 3.20/- per equity share of face value of Re. 1/- each.

Share Buy-back

The Board of Directors at its meeting held on August 06, 2021 approved the buy-back of 1,333,000 equity shares of face value of Re. 1/- each from the existing shareholders of the Company as on the record date of August 27, 2021 on a proportionate basis through “Tender Offer” route using the “Stock Exchange Mechanism” in accordance with the provisions contained in the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018 and the Companies Act, 2013 and rules made thereunder, as applicable, at a price of Rs. 225/- per equity share, payable in cash for a total consideration not exceeding Rs. 299.93 million.

Subsequent to the quarter end, the Company has bought back 1,333,000 equity shares for an aggregate amount of Rs. 299.93 million on October 12, 2021. The aforesaid equity shares have been extinguished on October 14, 2021.

Financial Performance

Consolidated Profit & Loss Statement (Un-audited) for the Quarter Ended September 30, 2021 (As per Ind AS)

(Rs. in mn, except per share data)

Sr. No.	Particulars	Quarter Ended September 30,		Quarter Ended June 30, 2021
		2021	2020	
1	Income			
(a)	Revenue from operations	3,057.74	2,243.03	2,735.67
(b)	Other income	64.89	56.44	251.21
	Total income	3,122.63	2,299.47	2,986.88
2	Expenses			
(a)	Employee benefits expense	1,976.42	1,529.21	1,881.63
(b)	Finance costs	11.98	14.92	10.80
(c)	Depreciation and amortisation expense	71.33	64.41	63.31
(d)	Other expenses	596.17	359.17	489.91
	Total expenses	2,655.90	1,967.71	2,445.65
3	Profit before tax	466.73	331.76	541.23
4	Tax expense			
(a)	Current tax	81.37	60.37	91.85
(b)	Deferred tax charge / (credit)	9.41	1.14	(12.26)
	Total tax expense	90.78	61.51	79.59
5	Net profit for the period	375.95	270.25	461.64
6	Earnings per share (Face value of Re. 1/- each) (not annualized)			
(a)	Basic	3.14	2.26	3.86
(b)	Diluted	3.14	2.26	3.86

Financial Performance

Consolidated Profit & Loss Statement (Un-audited) for the Nine Months Ended September 30, 2021

(As per Ind AS)

(Rs. in mn, except per share data)

Sr. No.	Particulars	Nine Months Ended September 30,	
		2021	2020
1	Income		
(a)	Revenue from operations	8,269.93	6,439.50
(b)	Other income	368.13	83.57
	Total income	8,638.06	6,523.07
2	Expenses		
(a)	Employee benefits expense	5,629.21	4,521.37
(b)	Finance costs	35.43	42.24
(c)	Depreciation and amortisation expense	197.32	196.31
(d)	Other expenses	1,483.62	1,132.67
	Total expenses	7,345.58	5,892.59
3	Profit before tax	1,292.48	630.48
4	Tax expense		
(a)	Current tax	227.87	142.52
(b)	Deferred tax credit	(21.82)	(37.04)
	Total tax expense	206.05	105.48
5	Net profit for the period	1,086.43	525.00
6	Earnings per share (Face value of Re. 1/- each) (not annualized)		
(a)	Basic	9.08	4.39
(b)	Diluted	9.08	4.39

Financial Performance

Consolidated Profit & Loss Statement (Un-audited) for the Quarter Ended September 30, 2021 (Contribution Analysis Format)

(Figures in mn)

Particulars	Q3 2021		Q3 2020		Q2 2021	
	INR	US\$	INR	US\$	INR	US\$
Revenues	3,057.74	41.39	2,243.03	30.25	2,735.67	37.14
Cost of revenues	1,907.23	25.81	1,392.61	18.78	1,762.56	23.92
Gross margin	1,150.51	15.58	850.42	11.47	973.11	13.22
	37.63%		37.91%		35.57%	
SG & A						
Expenses	661.98	8.96	494.54	6.66	606.67	8.24
	21.65%		22.05%		22.18%	
EBITDA	488.53	6.62	355.88	4.81	366.44	4.98
	15.98%		15.87%		13.39%	
Depreciation and amortization	71.33	0.97	64.41	0.87	63.31	0.86
EBIT	417.20	5.65	291.47	3.94	303.13	4.12
Interest expense	(11.98)	(0.16)	(14.92)	(0.20)	(10.80)	(0.15)
Other income (net)	61.51	0.83	55.21	0.75	248.90	3.39
Income before income tax	466.73	6.32	331.76	4.49	541.23	7.36
Income tax provision	90.78	1.23	61.51	0.83	79.59	1.08
Net earnings	375.95	5.09	270.25	3.66	461.64	6.28

Financial Performance

Consolidated Profit & Loss Statement (Un-audited) for the Nine Months Ended September 30, 2021

(Contribution Analysis Format)

(Figures in mn)

Particulars	Jan to Sep 2021		Jan to Sep 2020	
	INR	US\$	INR	US\$
Revenues	8,269.93	112.52	6,439.50	87.05
Cost of revenues	5,287.94	71.95	4,101.29	55.44
Gross margin	2,981.99	40.57	2,338.21	31.61
	36.06%		36.31%	
SG & A				
Expenses	1,818.45	24.74	1,549.80	20.95
	21.99%		24.07%	
EBITDA	1,163.54	15.83	788.41	10.66
	14.07%		12.24%	
Depreciation and amortization	197.32	2.69	196.31	2.66
Income from operations	966.22	13.14	592.10	8.00
Interest expense	(35.43)	(0.48)	(42.24)	(0.57)
Other income (net)	361.69	4.92	80.62	1.09
Income before income tax	1,292.48	17.58	630.48	8.52
Income tax expense	206.05	2.80	105.48	1.42
Net earnings	1,086.43	14.78	525.00	7.10

Financial Performance

Consolidated Balance Sheet as at September 30, 2021 (As per Ind AS)

(Rs. in million)

	Particulars	As at	
		September 30, 2021	December 31, 2020
		(UnAudited)	(Audited)
	ASSETS		
A.	Non-current assets		
	(a) Property, plant and equipment	558.32	471.67
	(b) Right-to-Use Assets	555.05	470.42
	(c) Capital work in progress	2.39	0.21
	(d) Investment property	19.26	20.37
	(e) Goodwill	96.79	97.24
	(f) Other Intangible assets	43.64	49.12
	(g) Financial assets		
	(i) Investment	0.03	0.03
	(ii) Other financial assets	87.42	79.53
	(h) Deferred tax assets (net)	143.89	133.44
	(i) Non-current tax assets (net)	34.44	67.13
	(j) Other non-current assets	21.71	18.84
	B. Total non-current assets (A)	1,562.94	1,408.00
	Current assets		
	(a) Financial assets		
	(i) Investments	131.11	128.02
	(ii) Trade receivables	1,491.28	1,312.54
	(iii) Cash and cash equivalents	2,277.18	2,135.84
	(iv) Other bank balances	488.30	370.62
	(v) Other financial assets	953.22	889.51
	(b) Other current assets	362.53	251.62
	Total current assets (B)	5,703.62	5,088.15
	Total assets (A+B)	7,266.56	6,496.15
	EQUITY AND LIABILITIES		
A.	Equity		
	(a) Equity share capital	119.64	119.64
	(b) Other equity	4,906.12	4,148.61
	(c) Non controlling interest	-	-
	Total equity (A)	5,025.76	4,268.25
B.	Liabilities		
	Non-current liabilities		
	(a) Financial liabilities		
	(i) Borrowings	6.58	83.62
	(ii) Other financial liabilities	506.96	472.05
	(b) Deferred tax liabilities (net)	7.86	-
	(c) Provisions	191.74	174.94
	Total non-current liabilities (B)	713.14	730.61
C.	Current liabilities		
	(a) Financial liabilities		
	(i) Trade payables		
	- total outstanding dues of micro enterprises and small enterprises	-	-
	- total outstanding dues of creditors other than micro enterprises and small enterprises	319.87	216.53
	(ii) Other financial liabilities	487.53	491.36
	(b) Provisions	256.55	224.01
	(c) Current tax liability (Net)	60.60	67.14
	(d) Other current liabilities	403.11	498.25
	Total current liabilities (C)	1,527.66	1,497.29
	Total liabilities (B+C)	2,240.80	2,227.90
	Total equity and liabilities (A+B+C)	7,266.56	6,496.15

Consolidated Operational Data (Un-audited)

Profitability in Percentage	Quarter ended		
	Sep 30, 2021	Sep 30, 2020	Jun 30, 2021
Revenues	100.00	100.00	100.00
Gross margin	37.63	37.91	35.57
SG & A	21.65	22.05	22.18
EBITDA	15.98	15.87	13.39
EBIT	13.64	12.99	11.08
EAT	12.30	12.05	16.87

Revenue from Top 10 Clients	Quarter ended		
	Sep 30, 2021	Sep 30, 2020	Jun 30, 2021
Top 10 Clients	23.42%	28.73%	25.23%
Top 5 Clients	15.55%	18.83%	17.39%
Top 3 Clients	11.87%	14.10%	13.02%
Largest Client	6.99%	8.01%	7.16%

Revenues by Geographies	Quarter ended		
	Sep 30, 2021	Sep 30, 2020	Jun 30, 2021
North America	70.21%	66.82%	67.58%
Europe	12.83%	13.28%	14.32%
South East Asia	13.66%	17.79%	15.28%
India	2.64%	1.35%	2.04%
Others	0.66%	0.76%	0.78%
Total	100.00%	100.00%	100.00%

Utilization (excluding trainees)	Quarter ended		
	Sep 30, 2021	Sep 30, 2020	Jun 30, 2021
Onsite	95.61%	95.65%	95.71%
Offshore	75.46%	77.03%	74.53%
Blended	77.53%	79.01%	76.72%

Utilization (including trainees)	Quarter ended		
	Sep 30, 2021	Sep 30, 2020	Jun 30, 2021
Onsite	95.61%	95.65%	95.71%
Offshore	74.78%	75.66%	73.98%
Blended	76.90%	77.76%	76.21%

Consolidated Operational Data (Un-audited)

Human resources	As at		
	Sep 30, 2021	Sep 30, 2020	Jun 30, 2021
Technical	3,327	2,506	3,030
Software services			
Onsite	507	406	480
Offshore	2,200	1,611	1,962
BPO			
Offshore	593	438	569
Trainees	27	51	19
Support	469	425	446
Total count	3,796	2,931	3,476

(Rs. in mn, except DSO)

Key Balance Sheet Data	As at	
	Sep 30, 2021	Dec 31, 2020
Receivable	1,491.28	1,312.54
Receivable in days (“DSO”)	45	43
Cash and bank balance #	2,919.01	3,031.48
Shareholders’ funds	5,025.76	4,268.25

excluding buy back and related tax, debt and like items.

Development/Service Centres Location	As on Sep 30, 2021	
	Covered areas in sq ft.	No. of seats
India		
Noida	152,400	2,567
Chennai	5,905	65
	158,305	2,632
North America		
Sacramento, CA	9,500	60
Milpitas, CA	1,787	12
Chicago, IL	3,003	15
Mississauga, Ontario	600	10
	14,890	97
South East Asia		
Singapore	8,054	91
Malaysia	6,434	81
Thailand	1,534	13
Indonesia	2,151	53
	18,173	238
Europe		
Romania	23,659	177
Poland	9,006	81
Moldova	4,499	60
	37,165	318
Total	228,533	3,285

Notes:

1. US\$ equivalent figures are derived by converting the Rupee figures using average rates for profit & loss items and closing rate for balance sheet items.
2. Previous period's figures have been regrouped wherever applicable, to the extent possible, to conform to the current period presentation.

About R Systems International Limited

R Systems International Limited founded in 1993, is one of the leading providers of software product engineering and ITeS services and solutions. We partner with software product companies and businesses for their digital transformation by building scalable, configurable and secure products and applications using next-gen technologies and help our clients to support their customers worldwide for products and services using our global delivery model. R Systems rapidly growing customer list includes a variety of Fortune 1000, government and mid-sized organizations across a wide range of industry verticals including Independent Software Vendors, Telecom, Healthcare & Life Science, Finance & Insurance and Retail & e-commerce. R Systems maintains eighteen development and service centres to serve customers in North America, Europe, and APAC.

Safe Harbor:

Investors are cautioned that this presentation contains forward looking statements that involve risks and uncertainties. The Company undertakes no obligation publicly to update or revise any forward-looking statements, whether because of new information, future events, or otherwise. Actual results, performance, or achievements could differ from those expressed or implied in such forward-looking statements.

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For R Systems International Limited



Bhasker Dubey
(Company Secretary & Compliance Officer)

