

R SYSTEMS INTERNATIONAL LIMITED

CIN : L74899DL1993PLC053579

Registered Office : GF-1-A, 6, Devika Tower, Nehru Place, New Delhi- 110019

Tel : +91 120 4303500; Fax : +91 120 4082699

Website : www.rsystems.com; Email : rsil@rsystems.com

Statement of Consolidated Unaudited Financial Results for the Quarter and Nine Months Ended September 30, 2021

S.No.	Particulars (Refer notes)	(Rs. in million, except per share data)					
		Three months ended			Nine months ended		Year ended
		30.09.2021 (Unaudited)	30.06.2021 (Unaudited)	30.09.2020 (Unaudited)	30.09.2021 (Unaudited)	30.09.2020 (Unaudited)	31.12.2020 (Audited)
1	Income						
(a)	Revenue from operations	3,057.74	2,735.67	2,243.03	8,269.93	6,439.50	8,805.91
(b)	Other income	64.89	251.21	56.44	368.13	83.57	129.00
	Total income	3,122.63	2,986.88	2,299.47	8,638.06	6,523.07	8,934.91
2	Expenses						
(a)	Employee benefits expense	1,976.42	1,881.63	1,529.21	5,629.21	4,521.37	6,116.27
(b)	Finance costs	11.98	10.80	14.92	35.43	42.24	56.66
(c)	Depreciation and amortisation expense	71.33	63.31	64.41	197.32	196.31	256.04
(d)	Other expenses	596.17	489.91	359.17	1,483.62	1,132.67	1,525.08
	Total expenses	2,655.90	2,445.65	1,967.71	7,345.58	5,892.59	7,954.05
3	Profit before tax and exceptional items	466.73	541.23	331.76	1,292.48	630.48	980.86
4	Exceptional Items (refer to Note 7)	-	-	-	-	-	18.65
5	Profit before tax	466.73	541.23	331.76	1,292.48	630.48	962.21
6	Tax expense						
(a)	Current tax	81.37	91.85	60.37	227.87	142.52	206.17
(b)	Deferred tax charge / (credit)	9.41	(12.26)	1.14	(21.82)	(37.04)	(61.95)
	Total tax expense	90.78	79.59	61.51	206.05	105.48	144.22
7	Net profit for the period / year	375.95	461.64	270.25	1,086.43	525.00	817.99
8	Other comprehensive income / (loss)						
	<i>Items that will not be reclassified to profit or loss</i>						
(a)	Re-measurements of the defined benefit plans	(1.09)	3.57	5.99	3.16	(9.42)	(15.79)
(b)	Deferred tax relating to re-measurements of the defined benefit plans	0.38	(1.25)	(1.74)	(1.06)	2.74	4.60
	<i>Items that will be reclassified to profit or loss</i>						
(a)	Foreign Currency Translation reserve	(35.33)	44.66	(14.11)	(31.93)	52.60	87.11
	Total Other comprehensive income / (loss)	(36.04)	46.98	(9.86)	(29.83)	45.92	75.92
9	Total comprehensive income for the period / year (7+8)	339.91	508.62	260.39	1,056.60	570.92	893.91
10	Profit attributable to						
	Equity shareholders to the company	375.95	461.64	270.25	1,086.43	525.00	817.99
	Non controlling interest	-	-	-	-	-	-
		375.95	461.64	270.25	1,086.43	525.00	817.99
11	Total comprehensive income attributable to						
	Equity shareholders to the company	339.91	508.62	260.39	1,056.60	570.92	893.91
	Non controlling interest	-	-	-	-	-	-
		339.91	508.62	260.39	1,056.60	570.92	893.91
12	Earnings per share						
	(Face value of Re. 1/- each) (not annualised)						
(a)	Basic	3.14	3.86	2.26	9.08	4.39	6.84
(b)	Diluted	3.14	3.86	2.26	9.08	4.39	6.84

See accompanying notes to the financial results

Notes:

- 1 The financial results for the quarter and nine months ended September 30, 2021 have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 'Interim Financial Reporting' ('Ind AS 34'). The above results were reviewed by the Audit Committee and have been approved by the Board of Directors at their meetings held on November 02, 2021.
- 2 The Limited Review as required under Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been completed by the Statutory Auditor for the quarter and nine months ended September 30, 2021 and September 30, 2020, quarter ended June 30, 2021 and audit for the year ended December 31, 2020 and expressed an unmodified opinion on the aforesaid results.
- 3 During the quarter ended March 31, 2021, the Hon'ble National Company Law Tribunal, New Delhi Bench vide its order dated February 01, 2021 approved the scheme of amalgamation between R Systems International Limited (Transferee Company) and RightMatch Holdings Limited (Transferor Company) and their respective Shareholders and Creditors (the Scheme) under Section 230 to 232 of the Companies Act, 2013.

Pursuant to the necessary filing with appropriate statutory authorities in India and Mauritius, the scheme became effective on March 09, 2021. As per the Scheme, the appointed date was January 01, 2020.

The amalgamation has been accounted for under the "Pooling of interest" method referred to in Appendix C of IND AS 103 – Business Combination of Entities under Common Control, as prescribed by the Scheme. Accordingly, all the assets, liabilities and other reserves of the Transferor Company as on January 01, 2020 have been aggregated with those of the Transferee Company at their respective book values. The comparative financial information in the standalone financial statements of the Transferee Company have been restated for the accounting impact of amalgamation, as if the amalgamation had occurred from the beginning of the comparative period. Consequent to this restatement, the profit after tax for the quarter and nine months ended September 30, 2020 and year ended December 31, 2020 is lower by INR 1.23 million, INR 3.09 million, INR 3.90 million respectively. The total comprehensive income for the quarter and nine months ended September 30, 2020 and year ended December 31, 2020 is lower by INR 1.32 million, 2.89 million INR 3.72 million respectively.

- 4 In previous year, the Company and its USA subsidiaries had obtained a forgivable loan of Rs. 223.17 mn (USD 3.04 mn) under Paycheck Protection Program (PPP) by Small Business Administration, United States of America ("SBA"). During the previous quarter, the Company and its USA subsidiaries received forgiveness of the entire loan amount upon satisfaction of the underlying conditions. Consequently, the amount of loan forgiven was recognised as income and presented under the head other income.
- 5 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.
- 6 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.

- 7 During the year ended December 31, 2019, R Systems, Inc. (a wholly owned subsidiary of the Company) had completed the acquisition of 100% interest in Innovizant LLC, (Innovizant) effective January 1, 2019. Innovizant was engaged in providing IT Services focused on advanced analytics, data engineering, and digital connected systems. As on the date of acquisition the management had assessed the fair value of investment at USD 2.85 million, out of which USD 1 million was paid on closing of the transaction and balance to be paid as earn outs on fulfillment of certain conditions.

During the year ended December 31, 2020, the management reversed the earn out payable amounting to Rs. 88.03 mn (USD 1.19 mn) which was not due to the ex-shareholder of Innovizant, basis the conditions specified in the agreement. The management assessed the carrying value of goodwill recognised on acquisition and impaired Rs. 106.68 mn (USD 1.44 mn) as the expected recoverable value was less than the carrying value of the asset due to non-achievement of thresholds as specified in the agreement. The impairment charge, net off the reversal of earn out payable has been disclosed as "Exceptional items" in the Statement of Financial Results.

8 Estimation of uncertainties relating to the global health pandemic from COVID-19:

In assessing the recoverability of receivables including unbilled receivables, contract assets and contract costs, goodwill, intangible assets, and certain investments, the Group has considered internal and external information upto the date of approval of these consolidated financial results including credit reports and economic forecasts. The Group has performed sensitivity analysis on the assumption used and based on certain indicators of future economic conditions, the Group expects to recover the carrying amounts of these assets. The impact of the global health pandemic may be different from that estimated as at the date of approval of these consolidated financial results and the Group will continue to closely monitor any material changes to future economic conditions.

- 9 During the year ended December 31, 2020, the Company had issued 37,500 equity shares of Re. 1/- each pursuant to exercise of employee stock options under the R Systems International Limited Employee Stock Option Scheme 2007.
- 10 The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.
- 11 The consolidated segment information is set out in Annexure A.

For and on behalf of the Board of Directors of
R SYSTEMS INTERNATIONAL LIMITED

Sd/-

Lt. Gen. Baldev Singh (Retd.)
President & Senior Executive Director
DIN: 00006966

Place : NOIDA
Date : November 02, 2021

R SYSTEMS INTERNATIONAL LIMITED
Consolidated Segment Information

S.No.	Particulars	Three months ended			Nine months ended		(Rs. in million)
		30.09.2021	30.06.2021	30.09.2020	30.09.2021	30.09.2020	31.12.2020
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Segment revenue						
	- Information technology services	2,851.22	2,544.19	2,076.43	7,693.52	5,954.91	8,144.49
	- Business process outsourcing services	212.76	197.71	172.87	595.09	503.41	686.48
	Total	3,063.98	2,741.90	2,249.30	8,288.61	6,458.32	8,830.97
	Less: Elimination of intersegment sales	6.25	6.23	6.27	18.68	18.82	25.06
	Revenue from operations	3,057.73	2,735.67	2,243.03	8,269.93	6,439.50	8,805.91
2	Segment results before tax, interest and exceptional items						
	- Information technology services	436.17	282.27	305.95	976.74	632.64	926.89
	- Business process outsourcing services	49.02	54.26	51.22	147.56	83.14	129.63
	Total	485.19	336.53	357.17	1,124.30	715.78	1,056.52
	(i) Finance costs	(11.98)	(10.80)	(14.92)	(35.43)	(42.24)	(56.66)
	(ii) Interest income	17.87	17.81	13.30	53.10	37.22	53.20
	(iii) Other unallocable income	3.33	225.30	3.97	231.30	15.89	18.87
	(iv) Exceptional Items (refer to Note 6)	-	-	-	-	-	18.65
	(v) Other unallocable expenses	(27.68)	(27.61)	(27.76)	(80.79)	(96.17)	(128.37)
	Profit before tax	466.73	541.23	331.76	1,292.48	630.48	962.21

Note: Assets and liabilities of the Company are used interchangeably between segments and the Chief Operating Decision Maker (CODM) does not review assets and liabilities at reportable segment level. Accordingly, segment disclosure relating to assets and liabilities has not been provided as per Ind AS 108.

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Statement of Standalone Audited Financial Results for the Quarter and Nine Months Ended September 30, 2021

(Rs. in million, except per share data)

S.No.	Particulars (Refer notes)	Three months ended			Nine months ended		Year ended
		30.09.2021 (Audited)	30.06.2021 (Audited)	30.09.2020 (Audited)	30.09.2021 (Audited)	30.09.2020 (Audited)	31.12.2020 (Audited)
1	Income						
(a)	Revenue from operations	1,540.09	1,335.28	1,080.05	4,090.73	3,177.57	4,387.15
(b)	Other income (Refer note 5)	228.65	64.09	59.93	341.07	75.33	125.93
	Total income	1,768.74	1,399.37	1,139.98	4,431.80	3,252.90	4,513.08
2	Expenses						
(a)	Employee benefits expense	1,026.38	929.34	714.30	2,820.56	2,189.64	2,972.00
(b)	Finance costs	9.27	8.97	9.51	27.53	27.62	37.02
(c)	Depreciation and amortisation expense	36.81	33.77	34.82	104.44	101.56	134.61
(d)	Other expenses	200.59	166.73	123.14	512.06	412.09	553.65
	Total expenses	1,273.05	1,138.81	881.77	3,464.59	2,730.91	3,697.28
3	Profit before tax	495.69	260.56	258.21	967.21	521.99	815.80
4	Tax expense						
(a)	Current tax	68.91	72.46	45.50	180.47	106.95	149.86
(b)	Deferred tax credit	(7.05)	(12.59)	(6.88)	(38.45)	(26.59)	(31.13)
	Total tax expense	61.86	59.87	38.62	142.02	80.36	118.73
5	Net profit for the period / year	433.83	200.69	219.59	825.19	441.63	697.07
6	Other comprehensive income / (loss)						
	<i>Items that will not be reclassified to profit or loss</i>						
(a)	Re-measurements of the defined benefit plans	(1.09)	3.57	5.99	3.16	(9.42)	(15.79)
(b)	Deferred tax relating to re-measurements of the defined benefit plans	0.38	(1.25)	(1.75)	(1.06)	2.74	4.60
	<i>Items that will be reclassified to profit or loss</i>						
(a)	Foreign currency translation reserve	-	-	(0.09)	(0.18)	0.20	0.18
	Total Other comprehensive income / (loss)	(0.71)	2.32	4.15	1.92	(6.48)	(11.01)
7	Total comprehensive income for the period / year (5+6)	433.12	203.01	223.74	827.11	435.15	686.06
8	Earnings per share (Face value of Re. 1/- each) (not annualised)						
(a)	Basic	3.63	1.68	1.84	6.90	3.69	5.83
(b)	Diluted	3.63	1.68	1.84	6.90	3.69	5.83

See accompanying notes to the financial results

Notes:

- 1 The financial results for the quarter and nine months ended September 30, 2021 have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 'Interim Financial Reporting' ('Ind AS 34'). The above results were reviewed by the Audit Committee and have been approved by the Board of Directors at their meetings held on November 02, 2021.
- 2 The Statutory Auditors have carried out an audit for the quarter and nine months ended September 30, 2021 and September 30, 2020, quarter ended June 30, 2021 and year ended December 31, 2020. The audit report for the aforementioned results is not modified.
- 3 During the quarter ended March 31, 2021, the Hon'ble National Company Law Tribunal, New Delhi Bench vide its order dated February 01, 2021 had approved the scheme of amalgamation between R Systems International Limited (Transferee Company) and RightMatch Holdings Limited (Transferor Company) and their respective Shareholders and Creditors (the Scheme) under Section 230 to 232 of the Companies Act, 2013.

Pursuant to the necessary filing with appropriate statutory authorities in India and Mauritius, the scheme became effective on March 09, 2021. As per the Scheme, the appointed date was January 01, 2020.

The amalgamation has been accounted for under the "Pooling of interest" method referred to in Appendix C of IND AS 103 – Business Combination of Entities under Common Control, as prescribed by the Scheme. Accordingly, all the assets, liabilities and other reserves of the Transferor Company as on January 01, 2020 have been aggregated with those of the Transferee Company at their respective book values. The comparative financial information in the standalone financial statements of the Transferee Company have been restated for the accounting impact of amalgamation, as if the amalgamation had occurred from the beginning of the comparative period. Consequent to this restatement, the profit after tax for the quarter and nine months ended September 30, 2020 and year ended December 31, 2020 is lower by INR 1.23 million, INR 3.09 million, INR 3.90 million respectively. The total comprehensive income for the quarter and nine months ended September 30, 2020 and year ended December 31, 2020 is lower by INR 1.32 million, 2.89 million INR 3.72 million respectively.

- 4 In previous year, the Company had obtained a forgivable loan of Rs. 31.76 million (USD 431,700) under Paycheck Protection Program (PPP) by Small Business Administration, United States of America ("SBA"). During the previous quarter, the Company received the forgiveness of the entire loan amount upon satisfaction of the underlying conditions. Consequently, the amount of loan forgiven was recognised as income and presented under the head other income.
- 5 Other income for the quarter and nine months ended September 30, 2021 includes Rs. 172.94 million received as dividend from R Systems Computaris International Limited, UK (a wholly-owned subsidiary of the Company).
- 6 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.
- 7 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.

- 8 **Estimation of uncertainties relating to the global health pandemic from COVID-19:**
In assessing the recoverability of receivables including unbilled receivables, contract assets and contract costs and certain investments, the Company has considered internal and external information upto the date of approval of these standalone financial results including credit reports and economic forecasts. The Company has performed sensitivity analysis on the assumption used and based on certain indicators of future economic conditions, the Company expects to recover the carrying amounts of these assets. The impact of the global health pandemic may be different from that estimated as at the date of approval of these standalone financial results and the Company will continue to closely monitor any material changes to future economic conditions.
- 9 During the year ended December 31, 2020, the Company had issued 37,500 equity shares of Re. 1/- each pursuant to exercise of employee stock options under the R Systems International Limited Employee Stock Option Scheme 2007.
- 10 The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.
- 11 The standalone segment information is set out in Annexure A.

For and on behalf of the Board of Directors of
R SYSTEMS INTERNATIONAL LIMITED

Sd/-
Lt. Gen. Baldev Singh (Retd.)
President & Senior Executive Director
DIN: 00006966

Place : NOIDA

Date : November 02, 2021

R SYSTEMS INTERNATIONAL LIMITED
Standalone Segment Information

(Rs. in million)

S.No.	Particulars	Three months ended			Nine months ended		Year ended
		30.09.2021	30.06.2021	30.09.2020	30.09.2021	30.09.2020	31.12.2020
		(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
1	Segment revenue						
	- Information technology services	1,327.33	1,137.57	907.18	3,495.64	2,674.16	3,700.67
	- Business process outsourcing services	212.76	197.71	172.87	595.09	503.41	686.48
	Revenue from operations	1,540.09	1,335.28	1,080.05	4,090.73	3,177.57	4,387.15
2	Segment results before tax, interest and exceptional items						
	- Information technology services	287.36	187.35	220.82	655.73	482.65	745.72
	- Business process outsourcing services	49.02	54.26	51.22	147.56	83.14	129.63
	Total	336.38	241.61	272.04	803.29	565.79	875.35
	(i) Finance costs	(9.27)	(8.97)	(9.51)	(27.53)	(27.62)	(37.02)
	(ii) Interest income	17.22	17.11	12.14	50.99	32.46	47.35
	(iii) Other unallocable income (Refer note 5)	175.69	34.47	3.97	212.83	15.89	18.87
	(iv) Other unallocable expenses	(24.33)	(23.66)	(20.43)	(72.37)	(64.53)	(88.75)
	Profit before tax	495.69	260.56	258.21	967.21	521.99	815.80

Note: Assets and liabilities of the Company are used interchangeably between segments and the Chief Operating Decision Maker (CODM) does not review assets and liabilities at reportable segment level. Accordingly, segment disclosure relating to assets and liabilities has not been provided as per Ind AS 108.