"R Systems International Limited Q2 & H1 FY22 Earnings Conference Call"

August 24, 2022

MANAGEMENT: **DR. SATINDER SINGH REKHI – MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER, R SYSTEMS**
MR. AVIRAG JAIN – DIRECTOR & CHIEF TECHNOLOGY OFFICER, R SYSTEMS
MR. NAND SARDANA - CHIEF FINANCIAL OFFICER, R SYSTEMS
MR. KUMAR GAURAV– AVP (FINANCE & ACCOUNTS), R SYSTEMS

Moderator: Good morning, ladies and gentlemen, and welcome to R Systems Q2 & H1 FY22 Earnings Conference Call. As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Kumar Gaurav. Thank you and over to you, sir.

Kumar Gaurav: Thank you, Michelle. Good morning to you all. On behalf of R Systems, I welcome all participants to Quarter 2, 2022 Earnings Conference Call. We have senior management of R Systems with us in this call. We will start the call with opening remark on the performance of the Company by Dr. Rekhi followed by financial overview by Mr. Nand and business overview by Mr. Avirag. Thereafter, we will have a closer statement by Dr. Rekhi. Subsequently, we will open up for a Q&A session.

Before I hand over, let me read out the customary disclaimer statement on behalf of the Company: Investors are cautioned that this presentation contains certain forward-looking statements that involve risk and uncertainties. The Company undertakes no public obligation to update or revise any such statement. The statement may undertake revision because of new information, future events or otherwise. Actual results, performance, or achievement could differ from those expressed or implied in such forward-looking statements.

Now, I pass it to Dr. Rekhi for his opening comment. Thank you. Over to you, sir.

Dr. Rekhi Singh: Thank you, Kumar. Good morning everybody and thank you for being part of this Investor Call. I trust all of you and your loved ones are keeping safe and well.

The technology companies are continuing to be benefited by renewed focus towards adaptation of digital technologies, post the pandemic. Businesses have accepted this new normal and started exploring new digital products, business models to convert the challenges into opportunities.

With this, I would like to present an overview of R Systems for the benefit of all those who are joining us in this conference for the first time. R Systems was established in 1993 in California as a software engineering company and is now spread across three continents with 18 development and service centers worldwide.

R Systems delivers digital transformation services with new types of innovation and creativity to businesses in various industries, technology, telecom, digital media, healthcare and life sciences, finance and insurance, retail and e-commerce. Our deep industry domain knowledge combined with our expertise in big data, advanced analytics, AI, mobility, IoT, RPA, and cloud, help us in transformation of businesses in this digital age.

We have witnessed strong revenue during H1 2022, especially for digital and product engineering services. Our revenue grew year-on-year 38% to Rs. 718 crores i.e.

US$ 94.4 million. The growth was backed by the strong demand environment across all business units. We added 20 new logos during H1 2022 with bigger deal sizes.

The EBITDA for the first half of FY 2022 was 12.6% as against 13% last year in the same period. The EBITDA margins were under pressure primarily on account of salary hikes and attrition challenges. Our efforts of rate hike and higher rack rates have started yielding results. However, the full impact of these initiatives will reflect in the next few quarters. We have on boarded more than 170 associates to cater to the growing demand.

During Quarter 2, the utilization has improved and there is further scope to improve offshore utilization. Profit after tax was Rs. 61.5 crores as against Rs. 71 crores in the same period last year. This was further impacted by mark-to-market losses on forward covers amid sharp rupee depreciation.

We continue to have a strong balance sheet with shareholder funds of Rs. 452 crores and net cash balances of Rs. 218 crores to support liquidity and growth. We serve 47 million $ plus customers as against 33 million $ a year ago.

I will now hand over to our CFO, Nand Sardana, to provide a detailed financial analysis.

Nand Sardana: Thank you, Dr. Rekhi. Good morning to all. Thank you everybody for attending the call. Hope you and family are doing fine.

Let me go into detail of each line item of profitability statement.

Revenue for the quarter was Rs. 375 Crore or $48.7 million, quarter-on-quarter increase of 9.3% and year-on-year increase of 37.1%. The increase is primarily on account of volume growth, impact of higher billable days and rupee depreciation. We witnessed good revenue growth for our technology and digital services. We are quite optimistic for coming quarters and strengthened our delivery team to cater to growth opportunities. There has been good growth from existing customers on top of adding 10 key wins during the quarter.

Getting down to gross margin – it was 35.3% in this quarter compared to 33.2% in last quarter, and 35.6% in the same quarter last year. Increase of 2.1% is on account of higher billable days, increase in billing rates and rupee depreciation as offset by impact of higher average salaries. We got rate hikes from existing customers plus improved rack rate for new customers over the last few quarters. To some extent, it helped us to offset the impact of salary hike. Still we are working on these initiatives to further improve margins in coming quarters.

Getting down to SG&A expense line – SG&A expense has increased quarter-on-quarter by Rs. 11.3 crores. It was Rs. 83.4 crores in this quarter compared to Rs. 72.1 crores last quarter. The increase is mainly due to addition of new sales and pre-sales staff, capacity expansion, increased marketing spends, and H1 Visa fee.

EBITDA in this quarter was Rs. 49.1 crore or $6.4 million compared to Rs. 41.7 crore or $5.6 million last quarter, and Rs. 36.6 crores or $5 million in the same quarter last year. As a percentage of revenue, EBITDA was 13.1% in this quarter, compared to 12.1% last quarter and 13.4% same quarter, last year. Revenue growth has led the margin improvement quarter-on-quarter but was impacted year-on-year due to impact of salary hikes. We continue to witness strong pipeline for technology and digital services and are committed for further improving the yearly EBITDA numbers during second half of 2022.

Getting down to depreciation: The total expense was Rs. 8.2 crores compared to almost same last quarter and Rs. 6.3 crores in the same quarter, last year. Interest expense is Rs. 1 crore in this quarter compared to Rs. 1.1 crore last quarter. Interest expense is primarily due to adoption of Ind AS-116 and we are near debt-free.

Other income in this quarter was negative Rs. 56 lakhs compared to positive Rs. 5.1 crore, last quarter. Other income mainly consists of interest income and net exchange gains or losses. Interest income for the quarter was Rs. 1 crore. The exchange income during the quarter is negative Rs. 3.1 crore mainly due to mark-to-market on restatement of outstanding forward covers.

At the end of the quarter, we had total forward cover of US$ 38.95 million with average rate of Rs. 78.65 and Euro cover of 2.3 million with average rate of Rs. 88.93. This has already been mark-to-market as at closing rate of 30th June. Over the last three months, the rupee has depreciated sharply due to global environment and we have been taking forward cover as per our hedging policy. Our tax expense was Rs. 7.4 crore in this quarter as against Rs. 7.8 crore last quarter.

Our effective tax rate during the quarter is 19%, primarily due to SEZ benefits and lower corporate tax rate in European and Singapore subsidiaries. Net profit after tax was Rs. 31.8 crores or $4.1 million compared to Rs. 29.7 crore or $4 million last quarter. The resultant EPS for the quarter is Rs. 2.69/-.

Getting down to the asset side in the balance sheet – Total receivable including unbilled at the end of this quarter were Rs. 296.8 crores compared to Rs. 230.8 crores at the end of December quarter. The receivable in terms of DSO were 58 days at the end of this quarter compared to 52 days at the end of December quarter. This is mainly due to timing reason and our realization from the customer has been good.

Net cash balance were Rs. 217.7 crore at the end of the quarter compared to Rs. 277.4 crores at the end of December quarter. The reduction is mainly due to interim dividend paid, CAPEX for expense in SEZ facility and taxes paid during the first half of 2022. We have been constantly generating cash from the business.

R Systems shareholder fund were Rs. 452.3 crore at the end of the quarter compared to Rs. 460.3 crores at the end of December quarter. We have a strong balance sheet to support liquidity and growth.

With that, let me hand over to Avirag ji for review of operations.

Avirag Jain: Thank you, Nand ji. Thank you everybody for being on the call.

We continue to focus on Digital Technology and Digital Transformation project. The strategy has continued to help us in growth and getting momentum. Now, we will give you a brief flavor of our global operation.

Digital Transformation continued to be the focus for us in select key verticals like technology, telecom, banking and finance, healthcare and life science, retail and e-commerce. Our digital transformation offerings include cloud, analytics, machine learning, artificial intelligence, data speech analytics, robotic process automation, IoT, Salesforce. These continued to be our arrowhead for growth.

On cloud, we work on all the leading platform such as Amazon, Microsoft, Azure and Google. We are advanced partner with Amazon and Gold partner with Salesforce. This is a significant traction in the cloud space. Most of our existing clients and all new leads that are coming our way are in the cloud space.

On analytics side, we see high growth in ML/ AI, data and speech analytics. We are currently serving many key clients in this space.

Mobility, we work on a wide range of technology devices such an Android, iOS, hybrid, and web app. We do right from app development to enterprise level application.

We have 10 key wins during the quarter. The brief of few key wins are:

Under product lifecycle management, a USA leading market insurance company has engaged R Systems to revamp its legacy platform to deliver operational efficiency and enhance user experience.

Another customer from US based solution provider for energy industry has chosen R Systems to provide software development, automation testing, data engineering and support for its existing product.

Another from US is a leading digital experience agency that has mandated R Systems to provide digital transformation solution and cloudification for its legacy application.

Another client is leader in the electricity production in Eastern Europe. They have engaged R Systems, Europe to digitize their customer onboarding process for the household customers.

In this project, R Systems, Europe is integrating the customer onboarding portal with SAP IS-U with Salesforce along with automating their interaction with their stakeholder in energy sector through UiPath Automation.

Under Southeast Asia, one of the largest footwear and leading lifestyle retailer in Southeast Asia has awarded R Systems to upgrade their current Microsoft Dynamics NAV application to Microsoft Dynamics Business Central and LS Central.

In terms of technical headcount, It is increased from 3,548 last year to 3,718 in H1 '22. We have added 170 technical associate during H1 '22 to support strong demand environment. On utilization front increased from 75.8% in Q1 to 77.8% in Q2. This is mainly due to our disciplined execution. We are working to improve utilization for margin expansion.

On quarterly basis, geography wise, North America contributes 74.2%, Europe 10.8%, Southeast Asia 12.1% and rest of the world is 2.9% for us.

On quarterly basis, client concentration, top 10 client contribute 23.1% with the largest client about 6.7%.

With this brief overview, I will hand over to Dr. Rekhi for his closing comment. Over to you, Sir.

Dr. Rekhi Singh: Thank you, Avirag. Our performance in H1 2022 towards revenue growth is encouraging. However, the margins are shy due to increased salary cost and attrition challenges. Our efforts for improving the realization rates, improvement in utilization coupled with pyramid rationalization will help us to improve margins in coming quarters. Further, we have taken focused efforts for larger deal sizes to strengthen the margins. Rupee at present level against USD will also support us to improve margins in H2 2022.

We continue to invest in sales, pre-sales, digital marketing and newer technologies. These are helping us to win larger digital transformation projects. The business outlook continues to be positive with a strong demand environment as evident from strong sales pipeline. We are confident of continuing this growth momentum and margin expansion in H2 2022. We endeavor to utilize strong balance sheet to support operations and growth.

And this brings us to the end of our presentation today. We will hand you back to the organizers for your questions and our answers.

Moderator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press '*' and '1' on your touch tone telephone. If you wish to remove yourself from the question queue, you may press '*' and '2'. Participants are requested to use handsets while asking a question.

Ladies and gentlemen we will wait for a moment, while the question queue assembles.

The first question is from the line of Vishal Khurana, an individual investor. Please go ahead.

Vishal Khurana: Hi Sir, Thank You for the opportunity. I have a couple of questions. First one is on the demand side. Now, as sir mentioned that currently, demand is strong, but then how are you seeing the demand going forward given the recessionary pressure that we are seeing in Europe and US? So, what is your sense on a longer term perspective? So, that is my first question.

Nand Sardana: So, Mr. Khurana, on the demand side, we are also hearing about the US's and Europe's recession. Frankly telling you, as of now, we are not seeing the impact. As of now, as you would notice that we have grown 37%, year-on-year, and for the first half also, more than 35%. Today, we have at least 200 open positions to be filled in, which we are not able to do that because of a shortage of talent. So, I think we are just a drop in the ocean, a small company, and our customers are doing well. But, I mean, may be a quarter or so some dip may happen, but I think, like we have grown 30% in last two years, we probably may grow 5% less or so, but as of now I do not see any much impact of the demand on our business.

Vishal Khurana: One follow-up question on that, sir. So, are you also seeing that recessionary pressure easing off now like we have so many start-up companies who are laying off those tech people? So, do you see going forward like you say may come down sooner than we expected and the margins will inch up?

Nand Sardana: I think so. On the ground, as of now, we are not seeing the less impact of attrition, but, I mean, we have been hearing what is happening in the industry and we feel that going forward, the attrition impact will kind of reduce and that will help improve our utilization, less pressure or average salaries and all that. To be honest with you, as of now, I am not seeing that, but Avirag ji, you may like to add, please.

Avirag Jain: The attrition is definitely, Nand ji, I will just like to add, while the industry is going through an attrition period, every company is facing that. We are also facing the attrition, but impact on business is not that high. We keep a cushion with our customers, our people. So, we do not see much impact of that, but we are also facing attrition but not that significant that impacts our business.

Vishal Khurana: And, sir, may I know the attrition rate for this quarter, for Quarter 1?

Nand Sardana: So, attrition rate at senior level i.e. project manager and above is very low actually, less than 5- 6%, but at the below project manager level, it is close to 25% on an overall basis.

Vishal Khurana: Ok. And, sir, if I go back, the last quarter and last to last quarter, you mentioned that we would be able to expand our margins by 100 to 200 BPS, based on the higher utilization levels and all those things that we are bringing in with price hikes. So, are we still hoping to do that?

Nand Sardana: I think so. Last year we have done 14% EBITDA. The first half, we have done close to 12.5%. Historically, the second half is much better than the first half. So, I think we should be able to do better than last year and growth is the one which surely is helping when you grow more than 30%-35%, it is of help to you. Fortunately, Rupee is depreciating, which is again good for us. I mean, however the Euro depreciation to some extent impacts our 15% European business, which kind of gives us a negative impact, but overall rupee depreciation helps us. And the billing rate improvement is definitely helping us, but the negative factors are the increase in average salary, utilization being not that high and attrition. I have a feeling we should be improvising as compared to last year. I still hold that.

Vishal Khurana: Last year we did 14%. This year if everything goes as planned, we may go up to 16% also on the higher side?

Nand Sardana: I can't give you the exact number but I feel that there is a good chance that we will improvise on that.

Vishal Khurana: Ok. And one last question, sir. I have been a shareholder in this company for more than a year now. I have been tracking all the calls. So, if I go 3 to 4 quarters back, there was some mentioning about the inorganic opportunity that we were eyeing. And during that time, there were higher valuations on the IT front, but are we still looking into the opportunity now that the valuations are also coming off so we can leverage on that?

Nand Sardana: We always are in look for inorganic opportunity. What we look for in any inorganic opportunity is either the good customer base or the good talent base. Whenever we see that, we want to look at that, but off late, our experience in last 2-3 years, the valuation has become very expensive, and that is the reason probably we are not able to do a meaningful acquisition. We still look for that, and anything which fits in us within our culture and gives us these two critical things of good customer base, good talent addition, we will be open for that.

Vishal Khurana: Ok. And, sir, last year we did a very good dividend. So, can we expect the same thing happening this year also?

Nand Sardana: We are a shareholder friendly company, and if you see our past record, we endeavor to do, I mean, though our dividend policy is in the public domain, we endeavor to distribute more than 50% to our shareholders. So, we will like to look at that, but again, Board is the final decision maker, but we want to be shareholder friendly Company.

Vishal Khurana: Thank you sir, that's all from my side.

Nand Sardana: Thank you.

Moderator: Any further questions, Mr. Khurana?

Vishal Khurana: No, that's all from my side. Thank you.

Moderator: Thank you. The next question is from the line of Madhav Das, an individual investor. Please go ahead.

Madhav Das: First of all, I would like to congratulate the Company and management for the good quarter and continue good momentum. As I know that the company is having its operation in Eastern Europe, is there any impact of Russia-Ukraine war on the company, if you can enlight that?

Nand Sardana: So, Mr. Madhav, we have development centers mainly in India in Noida and Chennai. Also Eastern Europe, we are in Romania, Poland and Moldova. So, the war and all that, though Romania is on the border, so to be honest with you, there was a psychological impact towards the start of the war. But as of now, it's business as usual. And moreover, these countries are NATO countries, so, we do not see any impact of war. So, I think we are okay with that. But, I mean, this is not a good thing for the war to happen because the whole world and all these commodity and inflation and all that has happened. But our business is not impacted. There is hardly any impact.

Madhav Das: Thank you sir.

Moderator: Mr. Das, any further question.

Madhav Das: No I don't have. Thank you.

Moderator: Thank you. I remind to all the participant if you want to ask question you press '*' and '1' on your touch tone phone. The next question is from the line of Abhay Jain, an individual investor. Please go ahead.

Abhay Jain: First of all congratulations for the great set of numbers and also thanks for rewarding well to shareholders. I just have a small question regarding the current geography. Do you see any challenges pertaining to current geopolitical situations? Just want to know the current geographical areas in which company is working currently.

Nand Sardana: So, let me explain to you. R Systems is a 190 million plus dollar company on Q2 run rate basis. We have close to 4,200 associates. Out of that 3,000 associates are based out of Noida, close to 70 in Chennai, so close to 3,070 are in India. We have operation in Eastern Europe, in Romania, Poland, Moldova. Close to 430 associates are based there. In addition, we are in USA, I mean, North America, USA, Canada, Chicago, where we have close to 260 associates. We are also in Southeast Asia, Singapore being the headquarters, then Malaysia, Indonesia, Thailand. So, here put together we will have close to 450 resources. So, total 4,200 plus resources and 190 million plus revenue on run rate basis.

Abhay Jain: Thank you, Mr. Nand. Just a follow-up question. Are we thinking of any expansion plan in other geographies? I think, it will do wonders for the company, if company opens let's say in Latin America, Australia etc., considering lower salary base there?

Nand Sardana: Honestly telling you, we keep on debating that. We keep on debating that for a 200 million odd company, we have close to 18 development centers. Do we need to have more development centers? But I think near shore centers like Mexico, and other side in Latin America, we are seriously looking at. In fact, we were looking for a company also, but that deal did not fructify. So, we are open to look at Latin America, some, you know, peaceful kind of location based decent companies we may acquire or we may open it. Australia as of now, we do not have plan. So, Latin America is something which we are quite open to open some center.

Abhay Jain: Thank you sir, that's all from my side.

Moderator: Thank you. The next question is from the line of Jagdishwar Toppo from R Systems. Please go ahead.

Jagdishwar Toppo: I am sorry. I did not specify my company. My company name is Japa Investment Adviser. So, congratulations to the management team and the staff for the good performance despite their challenges. So, my questions are as follows. When I see the DSO level, you know, last three quarters sequentially, it has been trending up, you know, 52 days in Q4 '21, 55 days in first quarter, and this quarter 58 days. And when I see YOY basis also, it is going up. Q4 '21, 52 days versus last year, 43 days. Similarly, Q2 last year was 41 days. So, my question is, is it strategic or it is a market factor? we have been very well managed as far as DSO level is concerned. So, we are letting the DSO level increase to attract more business and better margin or is it a business pressure? So, can you throw your insight into these, you know, key metrices?

Nand Sardana: Thank you, Mr. Jagdishwar. Honestly telling you, 58, 52 or 45 days, I tell you, earlier that 42 or 45 days probably was because some unbilled we were not counting. Now when we do this 58 days, this is like a full point kind of a thing. So, I would see in any normal business contract, 30 days are the normal payment terms. Less than 30 days, no customer agrees with you. In fact, in some of the cases, the payment terms are 45 days. And by the time you follow up and all that, it's 45- 50 days.

So, I feel that between 50 to 58 days is not a concerning point at all. Moreover, Mr. Jagdishwar, we have grown 30% last year. This year also we are all set to grow 32%- 33%. When you kind of grow such fast, small aberration in, you know, this DSO may happen.

If you notice, we have made a provision of close to $350,000 in this quarter from two of the customers where we feel little bit doubt, though probably I feel that that money may come, but as a precautionary measure, we have made a provision.

So, honesty telling you, it is not alarming, and it is not a big concern. In fact, the biggies and all that, they probably have 55 or 60 days DSO’s. So, I would say don't read too much into this. And going forward between 50 to 60 days would be like our kind of a standard DSOs. And if there is any variation, we will report that.

Jagdishwar Toppo: No, I am not alarmed to see, given the cash levels, I was thinking that whether we can increase business side and margin, you know, sacrificing few days of DSO. So, that was my question. So, strategically, we can do more business in terms of topline, as well as improvement in margins if you give more extra credit term to the customer. I mean, that was my specific question, and whether you would like to evaluate that option as well?

Nand Sardana: Normally, you see we do not want to risk AR for small gain or some interest or all that. That is not our policy. But if some good customer is there, he asks for 45 days or 50 days, normally we agree to that. Of course, we do our D&B checks and credit rating checks and all that. But the aim is not to make money out of extended AR terms. But if the business requires that, we are flexible on that, but the last thing we want the risk on our AR. So, I would say that that is reasonably okay.

Jagdishwar Toppo: Ok, Got it. I mean, you are on right track. That's what I would say. Now coming back to your overseas subsidiaries, you know, the overseas subsidiaries has been, in general, lower margin business historically, and you have made efforts or we have made efforts to improve the margin of the overseas operations. And also we got impacted because of Euro this time around, but is there a target level of EBITDA margin for the overseas operations? And what are we doing to achieve those target level of EBITDA margin for the overseas operations?

Nand Sardana: That's a very good question, Mr. Jagdishwar. There is lot of complementary and global kind of a situation which we have to kind of analyze. Let's take the last completed year. We had 14% EBITDA margin. The EBITDA margin at Noida location is historically had been better because offshoring gross margins are better and all that. So, that is there. You always get 2% to 3% better margins in our Noida offshore development center.

Eastern Europe is also doing equally well. Our European subsidiaries are doing well and EBITDA margins are more or less in line with our overall 14% margin. Only for this last four, five months, because of the Euro depreciation, there is a slight hit on their EBITDA margins which I explained in my answer to the earlier question. So to some extent some impact is happening because of that.

Coming onto the USA, Noida and USA are very complementary to each other. In USA, for the 220 odd people which are kind of stationed and working from USA, the margins are a bit lower, but they are complementary to Noida. If you look together, then there is no problem. But you are right. The margins at on-site business is comparatively like I would say 8% to 9% in USA, but offshore will be like 16% to 17%. You are right on that.

Coming on to Southeast Asia, that is a reselling of ERP business and consulting business we do there. Historically, margins there are less, maybe 6% to 8%. So, you are right in the analysis that the margins at overseas subsidiary level are a bit less compared to the holding company in India. But I tell you that this is a kind of, we have to look at the overall situation, and there are a lot of complimentary in between US, Noida and Southeast Asia. But we will take your point. I think we need to do better job on those subsidiaries, but we take your feedback.

Jagdishwar Toppo: Thank you. The last question if you permit is there is a term mentioned in your analyst presentation called pyramid rationalization. So, can you elaborate on that what this has been and what is the strategy of this term being used in the presentation?

Nand Sardana: One of the concern we are facing that our average salaries are increasing, especially in Noida business. You see our average salaries have increased like 7%- 8% in last one quarter, and 12%-13% in last one year. What we are trying to do is in big projects, we are trying to infuse less senior resources. So, by doing that, we are trying to rationalize the average salary. It can be done if the project size is like 20, 30 and all that. Small project it is not possible because the customer expectation is to always get high and good quality. So, by pyramid rationalization, literally, I mean that we will try to add few less expensive resources in bigger projects to kind of reduce the overall costs. Like in some of the Eastern Europe businesses, we get people from Noida. So, Noida is little cheaper, less expensive resources compared to what you get in Romania. So, these kind of things we are doing to kind of maintain our margins.

Jagdishwar Toppo: Thank you so much, it was quite helpful. Thank you so much and all the best.

Nand Sardana: Thank you.

Moderator: Thank you. Anyone who wishes to ask a question may press '*' and '1' now. Sir, we do not have anybody in the queue now.

Nand Sardana: So, you may close, please.

Moderator: As there are no further questions, I would now like to hand the conference over to Dr. Rekhi Singh for closing comments.

Dr. Rekhi Singh: I want to thank everybody for attending this conference and for giving us the questions and your advice. Thank you very much.

Moderator: Thank you. On behalf of R Systems, that concludes this conference. Thank you for joining us, and you may now disconnect your line.

(This document has been edited for readability purposes.)

Please note that no unpublished price sensitive information was shared/ discussed during or in pursuance to this Earnings Call.