



# Intensifying Digital Transformation

## **R Systems Reports Record Revenue with Strong Margins in Q3 2020**

### **Q3 2020: Revenue: Rs. 224.3 Crores with 16% EBITDA**

Noida, India – November 03, 2020

#### **Highlights**

##### **Consolidated results for the quarter ended September 30, 2020**

- Consolidated revenue from operations for Q3 2020 was Rs. 224.30 crores (US\$ 30.25 mn) compared to Rs. 197.39 crores (US\$ 28.09 mn) in Q3 2019 and Rs. 210.38 crores (US\$ 27.89 mn) in Q2 2020; YoY increase 13.63%.
- EBITDA for Q3 2020 was Rs. 35.59 crores (US\$ 4.81 mn) compared to Rs. 15.37 crores (US\$ 2.19 mn) in Q3 2019 and Rs. 23.11 crores (US\$ 3.07 mn) in Q2 2020. Q3 2020 EBITDA as % of revenue was 15.87 % as against 7.79 % for Q3 2019 and 10.98 % for Q2 2020.
- Net profit after taxes for Q3 2020 was Rs. 27.15 crores (US\$ 3.67 mn) compared to Rs. 10.91 crores (US\$ 1.55 mn) in Q3 2019 and Rs. 16.13 crores (US\$ 2.15 mn) in Q2 2020. YoY increase 148.92%

#### **Others**

- 7 Key wins during the quarter
- Net Addition of 175 plus associates during the quarter

Rekhi Singh, Managing Director stated “We had an outstanding quarter with record revenues. Quarterly revenue grew 13.6% year on year along with strong margin expansion resulting from broad based revenue growth, enhanced productivity, and continued cost savings due to WFH operations”.

He added, “WFH has been quite effective and we have been able to meet customer’s expectation with safe work environment for our employees. The business outlook has improved significantly over the last quarter on the back of new deal closures and traction towards digital services in this new normal.”

He further added, “The growth in revenue and margins is also reflecting in constant cash generation. Our balance sheet continues to be strong with net worth of Rs 394 crores including liquid cash of Rs 262 crores.”

Avirag Jain, Director and CTO said “Our investments over the last few years in digital technologies have fueled the revenue growth during these difficult times. We have notched one of the peak utilization levels while handling the challenges around virtual work environment.” He added, “Over the quarter, we onboarded net 175 plus associates to take care of strong sales funnel specially towards digital offerings”.

## **Key Operational Highlights**

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

AI / Analytics services include advanced analytics, machine learning / artificial intelligence, business analytics and automation. R Systems' design services include UX engineering, visual design, and mobile user experience. 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 sixteen development and service centres to serve customers in North America, Europe, and the Far East.

The brief of few key wins is listed below:

One of the leading real estate appraisal management company has mandated R Systems to digitalize their existing application suit for cloud and multitenancy for better user experience.

A Canada based leading software solution provider for water data management industry has engaged R Systems to migrate their existing solutions to AWS cloud using micro-service architecture. This will help in ensuring scalability and high availability of their products.

A Cloud based automotive retail marketing solutions provider has mandated R Systems to provide engineering and testing services to enable the automotive retailers to effectively manage their service operations.

One of the largest telecom service providers in Switzerland has engaged our European subsidiary to develop new voice services for their subscribers to enhance their experiences.

A Singapore based vertical farming company has awarded our APAC subsidiary to implement Microsoft Dynamics Cloud based ERP (Business Central) to automate and integrate their key business processes.

## **Liquidity and Shareholder Funds**

Net cash balances as of September 30, 2020, were Rs. 261.87 crores compared to Rs. 198.60 crores as of December 31, 2019. Total shareholder funds as of September 30, 2020 were Rs. 394.23 crores compared to Rs. 338.23 crores as of December 31, 2019.

## Financial Performance

### Consolidated Profit & Loss Statement (Un-audited) for the Quarter Ended September 30, 2020 (As per Ind AS)

(Figures in mn, except per share data)

Sr. No.	Particulars	Quarter Ended September 30,		Quarter Ended June 30, 2020
		2020	2019	
<b>1</b>	<b>Income</b>			
(a)	Revenue from operations	2,243.03	1,973.95	2,103.84
(b)	Other income	56.52	35.67	39.42
	<b>Total income</b>	<b>2,299.55</b>	<b>2,009.62</b>	<b>2,143.26</b>
<b>2</b>	<b>Expenses</b>			
(a)	Employee benefits expense	1,529.21	1,360.23	1,507.17
(b)	Finance costs	14.92	4.29	14.76
(c)	Depreciation and amortisation expense	64.41	45.14	66.16
(d)	Other expenses	358.02	460.64	365.60
	<b>Total expenses</b>	<b>1,966.56</b>	<b>1,870.30</b>	<b>1,953.69</b>
<b>3</b>	<b>Profit before tax</b>	<b>332.99</b>	<b>139.32</b>	<b>189.57</b>
<b>4</b>	<b>Tax expense</b>			
(a)	Current tax	60.37	31.56	45.03
(b)	Deferred tax charge / (credit)	1.14	(1.30)	(16.74)
	<b>Total tax expense</b>	<b>61.51</b>	<b>30.26</b>	<b>28.29</b>
<b>5</b>	<b>Net profit for the period</b>	<b>271.48</b>	<b>109.06</b>	<b>161.28</b>
<b>6</b>	<b>Earnings per share (Face value of Re. 1/- each) (not annualized)</b>			
(a)	Basic	2.27	0.91	1.35
(b)	Diluted	2.27	0.91	1.35

## Financial Performance

### Consolidated Profit & Loss Statement (Un-audited) for the Nine Months Ended September 30, 2020 (As per Ind AS)

(Figures in mn, except per share data)

Sr. No.	Particulars	Nine Month Ended September 30,	
		2020	2019
<b>1</b>	<b>Income</b>		
(a)	Revenue from operations	6,439.50	5,965.05
(b)	Other income	83.86	123.27
	<b>Total income</b>	<b>6,523.36</b>	<b>6,088.32</b>
<b>2</b>	<b>Expenses</b>		
(a)	Employee benefits expense	4,521.37	4,063.08
(b)	Finance costs	42.24	12.28
(c)	Depreciation and amortisation expense	196.31	132.75
(d)	Other expenses	1,129.87	1,389.82
	<b>Total expenses</b>	<b>5,889.79</b>	<b>5,597.93</b>
<b>3</b>	<b>Profit before tax</b>	<b>633.57</b>	<b>490.39</b>
<b>4</b>	<b>Tax expense</b>		
(a)	Current tax	142.52	128.13
(b)	Deferred tax charge / (credit)	(37.04)	13.33
	<b>Total tax expense</b>	<b>105.48</b>	<b>141.46</b>
<b>5</b>	<b>Net profit for the period</b>	<b>528.09</b>	<b>348.93</b>
<b>6</b>	<b>Earnings per share (Face value of Re. 1/- each) (not annualized)</b>		
(a)	Basic	4.42	2.89
(b)	Diluted	4.42	2.89

## Financial Performance

### Consolidated Profit & Loss Statement (Un-audited) for the Quarter Ended September 30, 2020 (Contribution Analysis Format)

(FIGURES IN MN)

Particulars	Q3 2020		Q3 2019		Q2 2020	
	INR	US\$	INR	US\$	INR	US\$
<b>Revenues</b>	<b>2,243.03</b>	<b>30.25</b>	<b>1,973.95</b>	<b>28.09</b>	<b>2,103.84</b>	<b>27.89</b>
Cost of revenues	1,392.61	18.78	1,305.25	18.58	1,349.22	17.88
<b>Gross margin</b>	<b>850.42</b>	<b>11.47</b>	<b>668.70</b>	<b>9.51</b>	<b>754.62</b>	<b>10.01</b>
<b>SG &amp; A</b>	37.91%		33.88%		35.87%	
Expenses	494.54	6.66	515.00	7.33	523.54	6.94
	22.05%		26.09%		24.89%	
<b>EBITDA</b>	<b>355.88</b>	<b>4.81</b>	<b>153.70</b>	<b>2.18</b>	<b>231.08</b>	<b>3.07</b>
	15.87%		7.79%		10.98%	
Depreciation and amortization	64.41	0.87	45.14	0.64	66.16	0.88
<b>EBIT</b>	<b>291.47</b>	<b>3.94</b>	<b>108.56</b>	<b>1.54</b>	<b>164.92</b>	<b>2.19</b>
Finance costs	(14.92)	(0.20)	(4.29)	(0.06)	(14.76)	(0.20)
Other income (net)	56.44	0.76	35.05	0.50	39.41	0.54
<b>Income before income tax</b>	<b>332.99</b>	<b>4.50</b>	<b>139.32</b>	<b>1.98</b>	<b>189.57</b>	<b>2.53</b>
Income tax expense	61.51	0.83	30.26	0.43	28.29	0.38
<b>Net earnings</b>	<b>271.48</b>	<b>3.67</b>	<b>109.06</b>	<b>1.55</b>	<b>161.28</b>	<b>2.15</b>

## Financial Performance

### Consolidated Profit & Loss Statement (Un-audited) for the Nine Months Ended September 30, 2020 (Contribution Analysis Format)

(Figures in mn)

Particulars	Jan to Sep 2020		Jan to Sep 2019	
	INR	US\$	INR	US\$
<b>Revenues</b>	<b>6,439.50</b>	<b>87.05</b>	<b>5,965.05</b>	<b>85.17</b>
Cost of revenues	4,101.29	55.44	3,927.82	56.08
<b>Gross margin</b>	<b>2,338.21</b>	<b>31.61</b>	<b>2,037.23</b>	<b>29.09</b>
	36.31%		34.15%	
<b>SG &amp; A</b>				
Expenses	1,549.80	20.95	1,524.10	21.76
	24.07%		25.55%	
<b>EBITDA</b>	<b>788.41</b>	<b>10.66</b>	<b>513.13</b>	<b>7.33</b>
	12.24%		8.60%	
Depreciation and amortization	196.31	2.66	132.75	1.90
<b>Income from operations</b>	<b>592.10</b>	<b>8.00</b>	<b>380.38</b>	<b>5.43</b>
Finance costs	(42.24)	(0.57)	(12.28)	(0.18)
Other income (net)	83.71	1.13	122.29	1.75
<b>Income before income tax</b>	<b>633.57</b>	<b>8.56</b>	<b>490.39</b>	<b>7.00</b>
Income tax expense	105.48	1.42	141.46	2.02
<b>Net earnings</b>	<b>528.09</b>	<b>7.14</b>	<b>348.93</b>	<b>4.98</b>

## Financial Performance

### Consolidated Balance Sheet as at September 30, 2020 (As per Ind AS)

(Rs. in million)

	Particulars	As at	
		September 30, 2020	December 31, 2019
	<b>ASSETS</b>		
<b>A.</b>	<b>Non-current assets</b>		
	(a) Property, plant and equipment	397.26	435.98
	(b) Right-to-Use Assets	496.22	-
	(c) Capital work in progress	-	19.63
	(d) Investment property	20.73	21.84
	(e) Goodwill	201.23	195.94
	(f) Other Intangible assets	52.29	66.56
	(g) Financial assets		
	(i) Investment	0.03	0.03
	(ii) Other financial assets	143.19	140.37
	(h) Deferred tax assets (net)	110.22	62.53
	(i) Non-current tax assets (net)	48.55	49.26
	(j) Other non-current assets	91.25	39.53
<b>B.</b>	<b>Total non-current assets (A)</b>	<b>1,560.97</b>	<b>1,031.67</b>
	<b>Current assets</b>		
	(a) Financial assets		
	(i) Investments	287.29	342.45
	(ii) Trade receivables	1,148.09	1,323.97
	(iii) Cash and cash equivalents	1,996.83	1,103.11
	(iv) Other bank balances	130.37	366.08
	(v) Other financial assets	888.70	501.93
	(b) Other current assets	289.68	259.31
	<b>Total current assets (B)</b>	<b>4,740.96</b>	<b>3,896.85</b>
	<b>Total assets (A+B)</b>	<b>6,301.93</b>	<b>4,928.52</b>
	<b>EQUITY AND LIABILITIES</b>		
<b>A.</b>	<b>Equity</b>		
	(a) Equity share capital	119.64	119.60
	(b) Other equity	3,822.68	3,262.74
	(c) Non Controlling Interest	-	-
	<b>Total equity (A)</b>	<b>3,942.32</b>	<b>3,382.34</b>
<b>B.</b>	<b>Liabilities</b>		
	<b>Non-current liabilities</b>		
	(a) Financial liabilities		
	(i) Borrowings	106.32	53.08
	(ii) Other financial liabilities	486.28	120.22
	(b) Provisions	162.42	133.20
	(c) Deferred tax liabilities (net)	3.72	1.32
	(d) Other non-current liabilities	14.47	-
	<b>Total non-current liabilities (B)</b>	<b>773.21</b>	<b>307.82</b>
<b>C.</b>	<b>Current liabilities</b>		
	(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	186.07	253.39
	(ii) Other financial liabilities	719.16	383.49
	(b) Provisions	226.71	166.60
	(c) Current tax liability (Net)	60.66	50.95
	(d) Other current liabilities	393.80	383.93
	<b>Total current liabilities (C)</b>	<b>1,586.40</b>	<b>1,238.36</b>
	<b>Total liabilities (B+C)</b>	<b>2,359.61</b>	<b>1,546.18</b>
	<b>Total equity and liabilities (A+B+C)</b>	<b>6,301.93</b>	<b>4,928.52</b>



## Consolidated Operational Data (Un-audited)

Profitability in Percentage	Quarter ended		
	Sep 30, 2020	Sep 30, 2019	Jun 30, 2020
Revenues	100.00	100.00	100.00
Gross margin	37.91	33.88	35.87
SG & A	22.05	26.09	24.89
EBITDA	15.87	7.79	10.98
EBIT	12.99	5.50	7.84
EAT	12.10	5.52	7.67

Revenue from Top 10 Clients	Quarter ended		
	Sep 30, 2020	Sep 30, 2019	Jun 30, 2020
Top 10 Clients	28.73%	31.31%	29.87%
Top 5 Clients	18.83%	19.68%	20.05%
Top 3 Clients	14.10%	14.18%	15.14%
Largest Client	8.01%	5.84%	8.83%

Revenues by Geographies	Quarter ended		
	Sep 30, 2020	Sep 30, 2019	Jun 30, 2020
North America	66.82%	66.25%	68.26%
Europe	13.28%	13.96%	12.67%
SEAC (South East Asia)	17.79%	16.05%	16.37%
India	1.35%	1.83%	1.58%
Others	0.76%	1.91%	1.12%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Utilization (excluding trainees)	Quarter ended		
	Sep 30, 2020	Sep 30, 2019	Jun 30, 2020
Onsite	95.65%	94.96%	96.06%
Offshore	77.03%	74.70%	74.83%
Blended	79.01%	76.95%	76.93%

Utilization (including trainees)	Quarter ended		
	Sep 30, 2020	Sep 30, 2019	Jun 30, 2020
Onsite	95.65%	94.96%	96.06%
Offshore	75.66%	73.17%	74.21%
Blended	77.76%	75.55%	76.35%

## Consolidated Operational Data (Un-audited)

Human resources	As at		
	Sep 30, 2020	Sep 30, 2019	Jun 30, 2020
<b>Technical</b>	<b>2,506</b>	<b>2,347</b>	<b>2,335</b>
<b>Software services</b>			
Onsite	406	377	387
Offshore	1,611	1,454	1,495
<b>BPO</b>			
Offshore	438	469	436
Trainees	51	47	17
<b>Sales &amp; other Support</b>	<b>425</b>	<b>402</b>	<b>416</b>
<b>Total count</b>	<b>2,931</b>	<b>2,749</b>	<b>2,751</b>

(Rs. in mn, except DSO)

Key Balance Sheet Data	As At	
	Sep 30, 2020	Dec 31, 2019
Receivable	1,148.09	1,323.97
Receivable in days (“DSO”)	53	53
Cash and bank balance #	2,618.75	1,986.01
Shareholders’ funds	3,942.32	3,382.34

# Net of debt and like items.

Development/Service Centres Location	As on Sep 30, 2020	
	Covered areas in sq ft.	No. of seats
<b>India</b>		
Noida	152,400	2,567
Chennai	5,905	65
	158,305	2,632
<b>North America</b>		
Sacramento, CA, USA	9,500	60
Milpitas, CA, USA	1,787	12
Chicago, IL, USA	3,003	15
Ontario, Canada	600	10
	14,890	97
<b>South East Asia</b>		
Singapore	8,054	91
Malaysia	6,434	81
Thailand	592	6
Indonesia	2,151	53
	17,231	231
<b>Europe</b>		
Romania	19,795	184
Poland	9,006	81
Moldova	3,398	43
	32,199	308
<b>Total</b>	<b>222,626</b>	<b>3,268</b>



**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 Banking and Finance, Independent Software Vendors, Telecom and Digital Media, Retail & E-commerce, Healthcare, and Manufacturing and Logistic Industries. R Systems maintains sixteen development and service centres to serve customers in North America, Europe, and the Far East.

**Safe Harbor:**

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