



Intensifying Digital Transformation

R Systems Reports Record Revenue & Record EBITDA Amidst the Pandemic in Financial Year 2020

Noida, India – February 16, 2021

Highlights

Consolidated results for the FY ended December 31, 2020

- Consolidated revenue for FY 2020 was Rs. 880.59 crores (US\$ 119.16 mn.) as against Rs. 809.38 crores (US\$ 115.18 mn.) in FY 2019; YoY increase 8.8%.
- Earnings before interest, depreciation, taxes and allowances (“EBITDA”) for FY 2020 was Rs. 116.84 crores (US\$ 15.80 mn.) i.e. 13.27% of revenue, as against Rs. 73.07 crores (US\$ 10.40 mn.) in FY 2019 i.e. 9.03% of revenue; YoY increase 59.9%.
- Net profit after taxes for FY 2020 was Rs. 82.19 crores (US\$ 11.12 mn) as against Rs. 58.12 crores (US\$ 8.27 mn) in FY 2019; YoY increase 41.4%.

Consolidated results for the quarter ended December 31, 2020

- Consolidated revenue from operations for Q4 2020 was Rs. 236.64 crores (US\$ 32.12 mn) compared to Rs. 212.87 crores (US\$ 30.01 mn) in Q4 2019 and Rs. 224.30 crores (US\$ 30.25 mn) in Q3 2020; YoY increase 11.2% and QoQ increase 5.5%.
- EBITDA for Q4 2020 was Rs. 38.00 crores (US\$ 5.16 mn) compared to Rs. 21.76 crores (US\$ 3.08 mn) in Q4 2019 and Rs. 35.59 crores (US\$ 4.81 mn) in Q3 2020. Q4 2020 EBITDA as % of revenue was 16.06% as against 10.22% for Q4 2019 and 15.87% for Q3 2020.
- Net profit after taxes for Q4 2020 was Rs. 29.38 crores (US\$ 3.98 mn) compared to Rs. 23.23 crores (US\$ 3.29 mn) in Q4 2019 and Rs. 27.15 crores (US\$ 3.67 mn) in Q3 2020. YoY increase 26.5% and QoQ increase 8.2%.

Others

- Added 28 key accounts during the year 2020 including 8 key accounts in this quarter.
- Net addition of 300 plus associates during the year 2020.

Mr. Rekhi Singh, Managing Director and Chief Executive Officer said, "R Systems reported record revenues of Rs. 880 crores with EBITDA of 13.3% for the year 2020. We delivered marginal revenue growth amid the pandemic along with strong improvement in margins. This is led by excellence in operations coupled with cost savings through WFH operations and rupee depreciation." He added, "We have a strong balance sheet with net worth of Rs. 427 crores and Cash and bank balance of Rs. 303 crores to support future growth."

He emphasized, "After initial setback in global economies towards the start of the pandemic, the economic activities have regained the momentum which is improving the demand for technology,



cloud and digital services. We are optimistic to deliver profitable growth on the back of strong sale pipeline specially for digital services."

Mr. Avirag Jain CTO, said, "R Systems is serving 30 million dollar plus customers including 5 accounts contributing dollar three million plus revenues on run rate basis. Our investment in digital technology has helped us to rebound quickly. The employee utilization also remained healthy and helped us to improve margins." He further added, "Digital services and solutions contributed over 40% of our revenues and helped us to win large deals. We also added 300 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 customers to enable or elevate their digital transformation with our diversified digital offerings. Our technology offerings include product engineering, cloud enablement, QA testing, RPA, 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 wins is listed below:

A Canada based innovative software solution provider for locomotive modernization and industrial IoT has mandated R Systems to digitalize their existing manual practices to deliver an enterprise level automation framework, along with maintaining their cloud-hosted device management platform.

One of the largest providers of laboratory testing in Canada has engaged R Systems to build a new automation-testing framework for their order entry system for quick releases and shorter time to market.

A Romanian government agency has engaged R Systems European arm to digitally revamp their existing document management solution using AI Platform and converting unstructured metadata into actionable insights using Robotics.

A Singapore based supply chain solution provider with operations across North America, Europe, and the Asia Pacific region has engaged our Singapore division to implement Infor CloudSuite Industrial (Syteline) ERP for its China operations to streamline and automate its various operations.

A Philippines based audio and music product distributor has awarded R Systems APAC to implement D365 business central CRM to streamline and automate their retail and supply chain operations.



Liquidity and Shareholder Funds

Net cash balances as of December 31, 2020, were Rs. 302.78 crores compared to Rs. 198.60 crores as of December 31, 2019. Total shareholder funds as of December 31, 2020 were Rs. 426.62 crores compared to Rs. 338.23 crores as of December 31, 2019.

Financial Performance

Consolidated Profit & Loss Statement for the Quarter Ended December 31, 2020 (As per Ind AS)

(Figures in mn, except per share data)

Sr. No.	Particulars	Quarter Ended December 31,		Quarter Ended September 30, 2020
		2020	2019	
1	Income			
(a)	Revenue from operations	2,366.41	2,128.71	2,243.03
(b)	Other income	45.44	30.57	56.44
	Total income	2,411.85	2,159.28	2,299.47
2	Expenses			
(a)	Employee benefits expense	1,594.90	1,399.05	1,529.21
(b)	Finance costs	14.42	3.37	14.92
(c)	Depreciation and amortisation expense	59.73	16.11	64.41
(d)	Other expenses	391.61	511.79	357.94
	Total expenses	2,060.66	1,930.32	1,966.48
3	Profit before tax and exceptional items	351.19	228.96	332.99
4	Exceptional items	18.65	-	-
5	Profit before tax	332.54	228.96	332.99
6	Tax expense			
(a)	Current tax	63.65	6.71	60.37
(b)	Deferred tax charge / (credit)	(24.91)	(10.06)	1.14
	Total tax expense / (credit)	38.74	(3.35)	61.51
7	Net profit for the period	293.80	232.31	271.48
8	Earnings per share (Face value of Re. 1/- each) (not annualized)			
(a)	Basic	2.46	1.94	2.27
(b)	Diluted	2.46	1.94	2.27

Financial Performance

Consolidated Profit & Loss Statement for Year Ended December 31, 2020 (As per Ind AS)

(Figures in mn, except per share data)

Sr. No.	Particulars	Year Ended December 31,	
		2020	2019
1	Income		
(a)	Revenue from operations	8,805.91	8,093.75
(b)	Other income	129.15	153.85
	Total income	8,935.06	8,247.60
2	Expenses		
(a)	Employee benefits expense	6,116.27	5,462.13
(b)	Finance costs	56.66	15.65
(c)	Depreciation and amortisation expense	256.04	148.86
(d)	Other expenses	1,521.33	1,901.61
	Total expenses	7,950.30	7,528.25
3	Profit before tax and exceptional items	984.76	719.35
4	Exceptional items	18.65	-
5	Profit before tax	966.11	719.35
6	Tax expense		
(a)	Current tax	206.17	134.84
(b)	Deferred tax charge / (credit)	(61.95)	3.27
	Total tax expense	144.22	138.11
7	Net profit for the year	821.89	581.24
8	Earnings per share (Face value of Re. 1/- each)		
(a)	Basic	6.87	4.82
(b)	Diluted	6.87	4.82

Financial Performance

Consolidated Profit & Loss Statement for the Quarter Ended December 31, 2020 *(Contribution Analysis Format)*

(Figures in mn)

Particulars	Q4 2020		Q4 2019		Q3 2020	
	INR	US\$	INR	US\$	INR	US\$
Revenues	2,366.41	32.12	2,128.71	30.01	2,243.03	30.25
Cost of revenues	1,477.94	20.06	1,361.51	19.18	1,392.61	18.78
Gross margin	888.47	12.06	767.20	10.83	850.42	11.47
SG & A	37.55%		36.04%		37.91%	
Expenses	508.47	6.90	549.65	7.75	494.54	6.66
	21.49%		25.82%		22.05%	
EBITDA	380.00	5.16	217.55	3.08	355.88	4.81
	16.06%		10.22%		15.87%	
Depreciation and amortization	59.73	0.81	16.11	0.23	64.41	0.87
EBIT before exceptional items	320.27	4.35	201.44	2.85	291.47	3.94
Exceptional Items	18.65	0.25	-	-	-	-
EBIT	301.62	4.10	201.44	2.85	291.47	3.94
Interest expense	(14.42)	(0.20)	(3.37)	(0.05)	(14.92)	(0.20)
Other income (net)	45.34	0.61	30.89	0.44	56.44	0.76
Income before income tax	332.54	4.51	228.96	3.24	332.99	4.50
Income tax provision / (credit)	38.74	0.53	(3.35)	(0.05)	61.51	0.83
Net earnings	293.80	3.98	232.31	3.29	271.48	3.67

Financial Performance

Consolidated Profit & Loss Statement for the Year Ended December 31, 2020 (Contribution Analysis Format)

(Figures in mn)

Particulars	Year 2020		Year 2019	
	INR	US\$	INR	US\$
Revenue	8,805.91	119.16	8,093.75	115.18
Cost of revenue	5,579.22	75.50	5,289.33	75.27
Gross margin	3,226.69	43.66	2,804.42	39.91
	36.64%		34.65%	
SG & A				
Expenses	2,058.28	27.86	2,073.74	29.51
	23.37%		25.62%	
EBITDA	1,168.41	15.80	730.68	10.40
	13.27%		9.03%	
Depreciation and amortization	256.04	3.46	148.86	2.12
EBIT before exceptional items	912.37	12.34	581.82	8.28
Exceptional Items	18.65	0.25	-	-
EBIT	893.72	12.09	581.82	8.28
Interest expense	(56.66)	(0.77)	(15.65)	(0.22)
Other income (net)	129.05	1.75	153.18	2.18
Income before income tax	966.11	13.07	719.35	10.24
Income tax provision	144.22	1.95	138.11	1.97
Net earnings	821.89	11.12	581.24	8.27

Financial Performance

Consolidated Balance Sheet as at December 31, 2020 (As per Ind AS)

(Rs. in million)

	Particulars	As at	
		December 31, 2020	December 31, 2019
	ASSETS		
A.	Non-current assets		
	(a) Property, plant and equipment	471.67	435.98
	(b) Right-to-Use Assets	470.42	-
	(c) Capital work in progress	0.21	19.63
	(d) Investment property	20.37	21.84
	(e) Goodwill	97.24	195.94
	(f) Other Intangible assets	49.12	66.56
	(g) Financial assets		
	(i) Investment	0.03	0.03
	(ii) Other financial assets	79.53	140.37
	(h) Deferred tax assets (net)	133.44	62.53
	(i) Non-current tax assets (net)	67.13	49.26
	(j) Other non-current assets	18.48	39.53
B.	Total non-current assets (A)	1,407.64	1,031.67
	Current assets		
	(a) Financial assets		
	(i) Investments	128.02	342.45
	(ii) Trade receivables	1,312.54	1,323.97
	(iii) Cash and cash equivalents	2,132.21	1,103.11
	(iv) Other bank balances	370.62	366.08
	(v) Other financial assets	889.51	501.93
	(b) Other current assets	251.62	259.31
	Total current assets (B)	5,084.52	3,896.85
	Total assets (A+B)	6,492.16	4,928.52
	EQUITY AND LIABILITIES		
A.	Equity		
	(a) Equity share capital	119.64	119.60
	(b) Other equity	4,146.51	3,262.74
	(c) Non Controlling Interest	-	-
	Total equity (A)	4,266.15	3,382.34
	Liabilities		
B.	Non-current liabilities		
	(a) Financial liabilities		
	(i) Borrowings	83.62	53.08
	(ii) Other financial liabilities	472.05	120.22
	(b) Provisions	174.94	133.20
	(c) Deferred tax liabilities (net)	-	1.32
	Total non-current liabilities (B)	730.61	307.82
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	215.97	253.39
	(ii) Other financial liabilities	490.03	383.49
	(b) Provisions	224.01	166.60
	(c) Current tax liability (Net)	67.14	50.95
	(d) Other current liabilities	498.25	383.93
	Total current liabilities (C)	1,495.40	1,238.36
	Total liabilities (B+C)	2,226.01	1,546.18
	Total equity and liabilities (A+B+C)	6,492.16	4,928.52

Consolidated Operational Data (Un-audited)

Profitability in Percentage	Quarter ended			Year ended	
	Dec 31, 2020	Dec 31, 2019	Sep 30, 2020	Dec 31, 2020	Dec 31, 2019
Revenues	100.00	100.00	100.00	100.00	100.00
Gross margin	37.55	36.04	37.91	36.64	34.65
SG & A	21.49	25.82	22.05	23.37	25.62
EBITDA	16.06	10.22	15.87	13.27	9.03
EBIT	13.53*	9.46	12.99	10.36*	7.19
EAT	12.42	10.91	12.10	9.33	7.18

* Before exceptional item

Revenue from Top 10 Clients	Quarter ended			Year ended	
	Dec 31, 2020	Dec 31, 2019	Sep 30, 2020	Dec 31, 2020	Dec 31, 2019
Top 10 Clients	27.22%	28.55%	28.73%	28.48%	31.77%
Top 5 Clients	18.08%	18.56%	18.83%	18.96%	20.39%
Top 3 Clients	13.31%	13.73%	14.10%	14.06%	14.73%
Largest Client	7.31%	5.81%	8.01%	7.68%	5.94%

Revenues by Geographies	Quarter ended			Year ended	
	Dec 31, 2020	Dec 31, 2019	Sep 30, 2020	Dec 31, 2020	Dec 31, 2019
North America	68.48%	63.38%	66.82%	68.02%	65.21%
Europe	13.95%	13.71%	13.28%	13.22%	14.98%
South East Asia	14.96%	19.88%	17.79%	16.25%	16.97%
India	1.62%	1.70%	1.35%	1.58%	1.50%
Others	0.99%	1.33%	0.76%	0.93%	1.34%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

Utilization (excluding trainees)	Quarter ended		
	Dec 31, 2020	Dec 31, 2019	Sep 30, 2020
Onsite	96.61%	94.50%	95.65%
Offshore	77.52%	79.52%	77.03%
Blended	79.53%	81.14%	79.01%

Utilization (including trainees)	Quarter ended		
	Dec 31, 2020	Dec 31, 2019	Sep 30, 2020
Onsite	96.61%	94.50%	95.65%
Offshore	76.74%	78.34%	75.66%
Blended	78.81%	80.06%	77.76%

Consolidated Operational Data (Un-audited)

Human resources	As at		
	Dec 31, 2020	Dec 31, 2019	Sep 30, 2020
Technical	2,672	2,380	2,506
Software services			
Onsite	419	390	406
Offshore	1,742	1,524	1,611
BPO			
Offshore	488	436	438
Trainees	23	30	51
Support	431	413	425
Total count	3,103	2,793	2,931

(Rs. in mn, except DSO)

Key Balance Sheet Data	As At	
	Dec 31, 2020	Dec 31, 2019
Receivable	1,312.54	1,323.97
Receivable in days (“DSO”)	53	61
Cash and bank balance #	3,027.84	1,986.01
Shareholders’ funds	4,266.15	3,382.34

Net of debt and like items.

Development/Service Centres Location	As on Dec 31, 2020	
	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	592	6
Indonesia	2,151	53
	17,231	231
Europe		
Romania	19,795	184
Poland	9,006	81
Moldova	3,398	43
	32,199	308
Total	222,626	3,268



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.

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For further information please contact:

Nand Sardana
Chief Financial Officer
Tel # 0120 – 430 3506
Email: nand.sardana@rsystems.com

Kumar Gaurav
AVP Finance & Accounts
Tel # 0120 – 408 2650
Email: kumar.gaurav@rsystems.com

Bhasker Dubey
Company Secretary & Compliance Officer
Tel # 0120 – 430 3566
Email: bhasker.dubey@rsystems.com