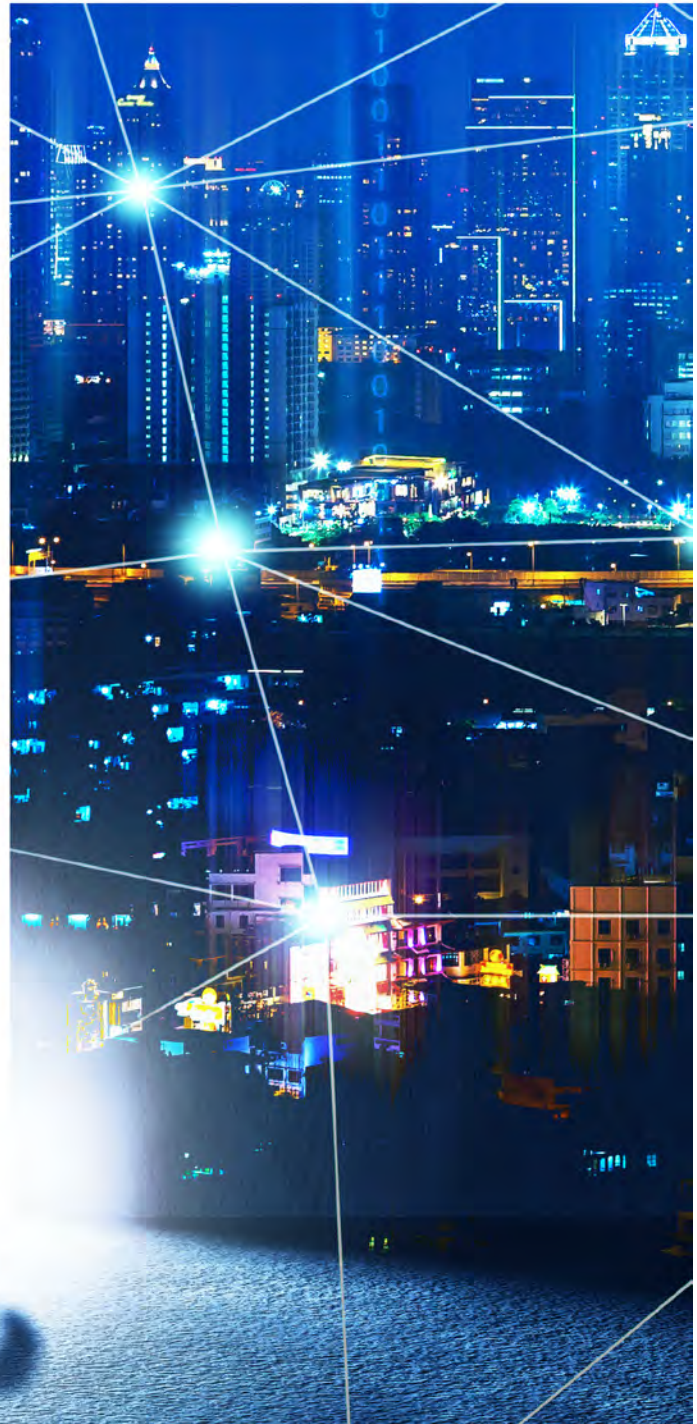




R Systems International Limited

Ready for the TECH TIPPING POINT



Press Release
Q1 2021



R Systems Reports 18% YoY Revenue Growth in Q1 2021 **Q1 2021: Revenue: Rs. 248 Crores with EBIDTA: Rs. 31 Crores**

Noida, India – May 7, 2021

Highlights

Consolidated results for the quarter ended March 31, 2021

- Consolidated revenue from operations for Q1 2021 was Rs. 247.65 crores (US\$ 33.99 mn) compared to Rs. 209.26 crores (US\$ 28.91 mn) in Q1 2020 and Rs. 236.64 crores (US\$ 32.12 mn) in Q4 2020; YoY increase 18.35% and QoQ increase 4.65% .
- EBITDA for Q1 2021 was Rs. 30.86 crores (US\$ 4.23 mn) compared to Rs. 20.14 crores (US\$ 2.78 mn) in Q1 2020 and Rs. 38.00 crores (US\$ 5.16 mn) in Q4 2020. Q1 2021 EBITDA as % of revenue was 12.46% as against 9.63% for Q1 2020 and 16.06% for Q4 2020.
- Net profit after taxes for Q1 2021 was Rs. 24.88 crores (US\$ 3.41 mn) compared to Rs. 9.50 crores (US\$ 1.32 mn) in Q1 2020 and Rs. 29.30 crores (US\$ 3.97 mn) in Q4 2020.

Others

- Added 6 key accounts during this quarter.
- Net addition of 130 plus associates during this quarter.

Dr. Rekhi Singh, Managing Director and CEO stated, “We had an outstanding quarter with robust revenue growth backed by a strong demand environment for digital and technology services. However, our margins for the quarter were impacted by salary raises and ramp up costs on new projects.”

He added, “While our employees continue to work from home even through this new pandemic wave, we remain committed for their health and wellness during these challenging times.” He further added, “We continue to invest in our people and in newer capabilities, to deliver state of the art software solutions solving complex business problems.”

Avirag Jain, CTO said, “During the quarter, we have onboarded 130 plus net associates to support the strong demand across our offerings”. He added, “Our investments over the last few years in digital technologies have fueled the revenue growth and helped us to win large digital transformation projects.”

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 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 USA based software solution provider for infrastructure sector has mandated R Systems to develop a cloud-based rental solution to allow their existing fleet management software to support supplementary vehicles.

One of the largest mining company in Canada has engaged R Systems to deliver a digital rating solution to rate the responsible mining and mineral development to enhance the operational efficiency.

A USA based Technology Company having expertise in hands-free solutions for frontline workers has engaged R Systems to develop a robust suite of cloud services to accelerate the roll-out of connected work programs.

A leading mobile marketing platform provider helping enterprises to create powerful brand has mandated R Systems Europe to digitally revamp their existing solution and implement a robust framework for removal of obsolete messages.

A motor and travel insurance company based out of Singapore has awarded R Systems APAC division to implement Dynamics 365 CRM Sales and Customer Service solutions to automate and integrate their operations.

Liquidity and Shareholder Funds

Net cash balances as of March 31, 2021, were Rs. 311.58 crores compared to Rs. 303.15 crores as of December 31, 2020. Total shareholder funds as of March 31, 2021 were Rs. 447.63 crores compared to Rs. 426.83 crores as of December 31, 2020.

Financial Performance

Consolidated Profit & Loss Statement for the Quarter Ended March 31, 2021

(As per Ind AS)

(Figures in mn, except per share data)

Sr. No.	Particulars	Quarter Ended March 31,		Quarter Ended December 30, 2020
		2021	2020	
1	Income			
(a)	Revenue from operations	2,476.53	2,092.62	2,366.41
(b)	Other income	53.23	(12.29)	45.44
	Total income	2,529.76	2,080.33	2,411.85
2	Expenses			
(a)	Employee benefits expense	1,771.16	1,484.99	1,594.90
(b)	Finance costs	12.65	12.56	14.42
(c)	Depreciation and amortisation expense	62.69	65.74	59.73
(d)	Other expenses	398.74	406.34	392.42
	Total expenses	2,245.24	1,969.63	2,061.47
3	Profit before tax and exceptional items	284.52	110.70	350.38
4	Exceptional items	-	-	18.65
5	Profit before tax	284.52	110.70	331.73
6	Tax expense			
(a)	Current tax	54.65	37.11	63.65
(b)	Deferred tax credit	(18.97)	(21.44)	(24.91)
	Total tax expense	35.68	15.67	38.74
7	Net profit for the period	248.84	95.03	292.99
8	Earnings per share (Face value of Re. 1/- each) (not annualized)			
(a)	Basic	2.08	0.80	2.45
(b)	Diluted	2.08	0.80	2.45

Financial Performance

Consolidated Profit & Loss Statement for the Quarter Ended March 31, 2021 (Contribution Analysis Format)

(FIGURES IN MN)

Particulars	Q1 2021		Q1 2020		Q4 2020	
	INR	US\$	INR	US\$	INR	US\$
Revenues	2,476.53	33.99	2,092.62	28.91	2,366.41	32.12
Cost of revenues	1,618.16	22.21	1,359.47	18.78	1,477.94	20.06
Gross margin	858.37	11.78	733.15	10.13	888.47	12.06
	34.66%		35.04%		37.55%	
SG & A						
Expenses	549.80	7.55	531.72	7.35	508.47	6.90
	22.20%		25.41%		21.49%	
EBITDA	308.57	4.23	201.43	2.78	380.00	5.16
	12.46%		9.63%		16.06%	
Depreciation and amortization	62.69	0.86	65.74	0.91	59.73	0.81
EBIT before exceptional items	245.88	3.37	135.69	1.87	320.27	4.35
Exceptional Items	-	-	-	-	18.65	0.25
EBIT	245.88	3.37	135.69	1.87	301.62	4.10
Interest expense	(12.65)	(0.17)	(12.56)	(0.17)	(14.42)	(0.20)
Other income (net)	51.29	0.70	(12.43)	(0.17)	44.53	0.60
Income before income tax	284.52	3.90	110.70	1.53	331.73	4.50
Income tax provision	35.68	0.49	15.67	0.21	38.74	0.53
Net earnings	248.84	3.41	95.03	1.32	292.99	3.97

Financial Performance

Consolidated Balance Sheet as at March 31, 2021 (As per Ind AS)

(Rs. in million)

	Particulars	As at	
		March 31, 2021	December 31, 2020
	ASSETS		
A.	Non-current assets		
	(a) Property, plant and equipment	449.21	471.67
	(b) Right-to-Use Assets	433.75	470.42
	(c) Capital work in progress	3.34	0.21
	(d) Investment property	20.00	20.37
	(e) Goodwill	95.45	97.24
	(f) Other Intangible assets	44.55	49.12
	(g) Financial assets		
	(i) Investment	0.03	0.03
	(ii) Other financial assets	84.60	79.53
	(h) Deferred tax assets (net)	151.88	133.44
	(i) Non-current tax assets (net)	63.84	67.13
	(j) Other non-current assets	17.76	18.84
B.	Total non-current assets (A)	1,364.41	1,408.00
	Current assets		
	(a) Financial assets		
	(i) Investments	129.01	128.02
	(ii) Trade receivables	1,291.84	1,312.54
	(iii) Cash and cash equivalents	2,558.47	2,135.85
	(iv) Other bank balances	34.60	370.62
	(v) Other financial assets	1,072.81	889.51
	(b) Other current assets	258.98	251.62
	Total current assets (B)	5,345.71	5,088.16
	Total assets (A+B)	6,710.12	6,496.16
	EQUITY AND LIABILITIES		
A.	Equity		
	(a) Equity share capital	119.64	119.64
	(b) Other equity	4,356.68	4,148.62
	(c) Non Controlling Interest	-	-
	Total equity (A)	4,476.32	4,268.26
B.	Liabilities		
	Non-current liabilities		
	(a) Financial liabilities		
	(i) Borrowings	182.91	83.62
	(ii) Other financial liabilities	406.78	472.05
	(b) Provisions	178.53	174.94
	(c) Deferred tax liabilities (net)	-	-
	Total non-current liabilities (B)	768.22	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	219.35	216.53
	(ii) Other financial liabilities	446.01	491.36
	(b) Provisions	249.84	224.01
	(c) Current tax liability (Net)	57.34	67.14
	(d) Other current liabilities	493.04	498.25
	Total current liabilities (C)	1,465.58	1,497.29
	Total liabilities (B+C)	2,233.80	2,227.90
	Total equity and liabilities (A+B+C)	6,710.12	6,496.16

Consolidated Operational Data (Un-audited)

Profitability in Percentage	Quarter ended		
	Mar 31, 2021	Mar 31, 2020	Dec 31, 2020
Revenues	100.00	100.00	100.00
Gross margin	34.66	35.04	37.55
SG & A	22.20	25.41	21.49
EBITDA	12.46	9.63	16.06
EBIT	9.93	6.48	13.53*
EAT	10.05	4.54	12.38

* Before exceptional item

Revenue from Top 10 Clients	Quarter ended		
	Mar 31, 2021	Mar 31, 2020	Dec 31, 2020
Top 10 Clients	28.13%	29.09%	27.22%
Top 5 Clients	19.01%	19.07%	18.08%
Top 3 Clients	14.21%	13.95%	13.31%
Largest Client	8.12%	6.61%	7.31%

Revenues by Geographies	Quarter ended		
	Mar 31, 2021	Mar 31, 2020	Dec 31, 2020
North America	67.48%	68.54%	68.48%
Europe	14.18%	12.88%	13.95%
South East Asia	15.74%	15.93%	14.96%
India	1.85%	1.80%	1.62%
Others	0.75%	0.85%	0.99%
Total	100.00%	100.00%	100.00%

Utilization (excluding trainees)	Quarter ended		
	Mar 31, 2021	Mar 31, 2020	Dec 31, 2020
Onsite	95.39%	96.04%	96.61%
Offshore	76.47%	75.53%	77.52%
Blended	78.47%	77.60%	79.53%

Utilization (including trainees)	Quarter ended		
	Mar 31, 2021	Mar 31, 2020	Dec 31, 2020
Onsite	95.39%	96.04%	96.61%
Offshore	75.85%	74.68%	76.74%
Blended	77.91%	76.81%	78.81%

Consolidated Operational Data (Un-audited)

Human resources	As at		
	Mar 31, 2021	Mar 31, 2020	Dec 31, 2020
Technical	2,801	2,453	2,672
Software services			
Onsite	449	388	419
Offshore	1,832	1,575	1,742
BPO			
Offshore	503	471	488
Trainees	17	19	23
Support	440	416	431
Total count	3,241	2,869	3,103

(Rs. in mn, except DSO)

Key Balance Sheet Data	As At	
	Mar 31, 2021	Dec 31, 2020
Receivable	1,291.84	1,312.54
Receivable in days (“DSO”)	52	43
Cash and bank balance #	3,115.76	3,031.48
Shareholders’ funds	4,476.32	4,268.26

Net of debt and like items.

Development/Service Centres Location	As on Mar 31, 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	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 Independent Software Vendors, 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.

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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